

# City Manager Weekly Update



January 26, 2023



## Landsea Homes Affordable Housing Program

Landsea Homes is currently underway with construction of Petra Avelina (Rancho Viejo Road and Calle Arroyo), a residential development approved by the City of San Juan Capistrano in 2020. As a part of the City's approval, a portion of the units in the development will be made available through the Affordable Housing Program to qualifying "Moderate Income" households. For more information about income-qualifying guidelines and to apply, please visit the Landsea [website](#). The pre-qualification application window opens on February 7, at 10:00 a.m.

## Camino Capistrano Pavement Repairs

On Friday, January 27, an SDG&E street contractor will resurface Camino Capistrano between Calle Lorenzo and Calle Bonita, adjacent to the SDG&E Camino Capistrano substation. The street rehabilitation work will begin at 6:30 a.m. and be completed by 4:00 p.m. A traffic lane will remain open at all times in both directions.

## Planned Traffic Signal Outage at Blue Fin Drive

SDG&E has scheduled a planned power outage of the traffic signal located at Del Obispo Street and Blue Fin Drive for Saturday, February 4, at 8:30 a.m. for up to eight hours.



## Third Quarter Sales Tax Revenue

The City's sales tax consultant (HdL, Inc.) has provided the results of its analysis of merchant sales activity from July through September 2022 (third calendar quarter). The City's adjusted sales tax revenue generated by third quarter sales was 2.4% higher than the third quarter of 2021. Sales taxes generated by gasoline sales were 15% higher than the same quarter a year prior due to high gasoline prices that were prevalent that quarter. Restaurant sales were 4.1% higher than the same quarter a year prior. Brick and mortar retail sales also contributed to a strong third quarter. Although new car sales continued a persistent trend of strong sales results, sales tax revenues generated by leased and used cars declined, offsetting the revenue increases associated with new car sales. The attached report summarizes third quarter sales tax data by major business category, along with commentary on the economic trends indicated by the sales activity. The HdL report also identifies the Top 25 businesses that generated the greatest amount of sales activity in the third quarter.

## Free ESL Classes for Adults

Free English classes for adults are being offered at the La Sala Auditorium (31495 El Camino Real) on Wednesdays from 10:00 a.m. – 11:30 a.m. Experienced instructors with the La Playa Center focus on everyday English to use on the job, at home, and in the community. Classes are small and all materials are provided. On-site childcare may be available upon request. Classes are also offered at the Community Center, 25925 Camino Del Avion, on Tuesdays and Thursdays from 10:00 a.m. – 11:30 a.m. For more information or to register, please call the Community Center at (949) 493-5911, or La Playa Center at (949) 355-8628.

## Adult Tennis Class

Beginning February 13, tennis classes for adults will be offered through the Community Services Department on Mondays from 9:00 a.m. to 10:00 a.m. at the public tennis courts located at 31431 El Camino Real, below the San Juan Capistrano Library. The class fee is \$75.00 for a 4-week session. To register, please call the Community Services Department at (949) 493-5911 or register in person at the San Juan Community Center located at 25925 Camino Del Avion.

## Applications for City Commissions and Committees

Applications are now being accepted from residents interested in serving on the City Council's advisory commissions and committees, including: Cultural Heritage Commission; Design Review Committee; Parks, Equestrian & Community Services Commission; and Planning Commission. Appointees will serve a term from April 2023 through March 2025. All appointees must reside in San Juan Capistrano, with the exception of two designated positions on the Cultural Heritage Commission. Application forms are available on the [City's website](#). Applications will be accepted until 4:30 p.m. on February 10. All questions regarding the committees and commissions or the application process should be directed to the Office of the City Clerk at (949) 493-1171.



## **Amtrak to Resume Weekend Passenger Service**

Beginning February 4, Amtrak's Pacific Surfliner service through San Clemente will be restored on weekends, while weekday service remains temporarily suspended. The tracks in San Clemente have been closed to passenger rail service since late September 2022 while Orange County Transportation Authority crews work to stabilize the tracks. Emergency construction work has successfully repaired the area, and a safety assessment has cleared the way for weekend rail service to resume. According to OCTA, weekday service is anticipated to resume in March 2023. For more information please visit the Amtrak [website](#).

## **Long Range Transportation Plan Survey**

The Orange County Transportation Authority (OCTA) is currently collecting community input on its Long Range Transportation Plan (LRTP), which is a framework of strategies to improve transportation and mobility in Orange County over the next 20 years. OCTA encourages residents to complete a brief online survey at [www.LRTP-Survey.com](http://www.LRTP-Survey.com). For additional information and to review the Draft LRTP, please visit the OCTA [website](#)

## **UPCOMING CITY COUNCIL AGENDA ITEMS (*Tentative and Subject to Change*)**

**February 7, 2023**

- Deputy of the Year Recognition
- Proposed Median Improvements on Camino Capistrano Near Costco
- Caltrans Presentation on El Horno Underpass Beautification Project

# SAN JUAN CAPISTRANO

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



**SAN JUAN CAPISTRANO**

TOTAL: \$ 2,972,482

2.4%  
3Q2022



8.4%  
COUNTY



8.0%  
STATE



*\*Allocation aberrations have been adjusted to reflect sales activity*

### SALES TAX BY MAJOR BUSINESS GROUP



### SAN JUAN CAPISTRANO HIGHLIGHTS

San Juan Capistrano's receipts from July through September were 0.9% below the third sales period in 2021. Excluding reporting aberrations, actual sales were up 2.4%.

With the global cost of crude oil still keeping gas prices high for commuters and travelers, revenue from service stations jumped 15%. Sensational returns from multiple retailers including family apparel stores and merchants also selling fuel were largely responsible for the dynamic general consumer growth.

Restaurants, especially sit-down casual dining establishments, experienced solid summer gains as enhanced optional dining areas, continued demand to eat out and increased menu prices all helped push receipts higher.

Furthermore, the current stable housing

market also contributed to a rise in consumer spending at building material providers and contractor suppliers.

Although revenue from new auto dealers remained steady, decreased returns from leasing and other auto activity pulled the group lower, partially offsetting the overall growth. Also hurting were results for a slightly smaller allocation from the countywide use tax pool.

Net of aberrations, taxable sales for all of Orange County grew 8.4% over the comparable time period; the Southern California region was up 8.1%.



### TOP 25 PRODUCERS

- 7 Eleven
- Capistrano Ford
- Capistrano Mazda
- Capistrano Valley Toyota
- Coastline Chrysler
- Dodge Jeep Ram
- Costco
- Devil Mountain Wholesale Nursery
- Ferguson Enterprises
- HD Supply
- Hirsch Pipe & Supply Co
- Inn at the Mission San Juan Capistrano Auto
- Marshalls
- Nissan of San Juan Capistrano
- Ocean Honda
- Pacific Sales
- Pacific Sales w/Best Buy
- Paradise Automotive Group
- Plant Depot
- Ross
- SCP Distributors
- Shell
- Target
- Tesla Motors
- Trevors at the Tracks
- Vons



**STATEWIDE RESULTS**

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

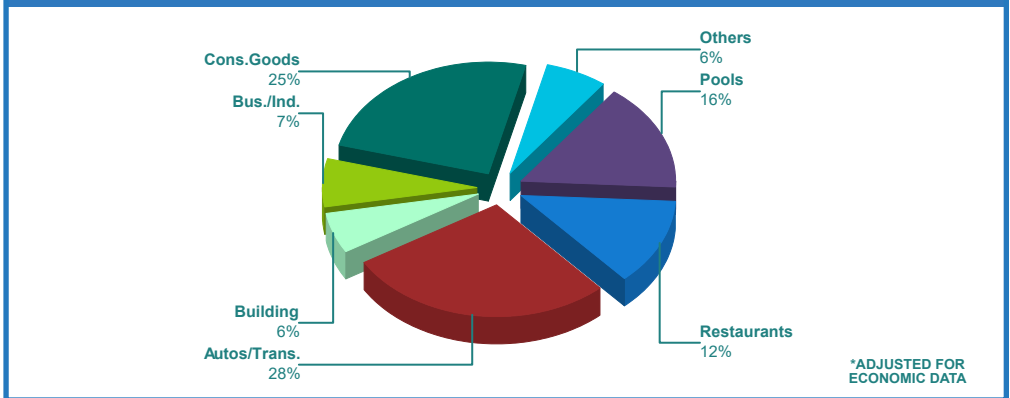
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

**REVENUE BY BUSINESS GROUP**  
San Juan Capistrano This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

San Juan Capistrano Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	658.0	0.3% ↑	11.2% ↑	9.9% ↑
Casual Dining	205.9	4.1% ↑	8.0% ↑	10.1% ↑
Service Stations	124.2	15.6% ↑	15.9% ↑	18.5% ↑
Building Materials	86.0	18.7% ↑	0.6% ↑	2.8% ↑
Quick-Service Restaurants	77.6	4.5% ↑	5.4% ↑	4.0% ↑
Garden/Agricultural Supplies	76.1	-23.8% ↓	-2.1% ↓	-2.1% ↓
Electronics/Appliance Stores	55.5	-9.9% ↓	6.7% ↑	3.6% ↑
Family Apparel	51.3	1.0% ↑	2.1% ↑	-1.7% ↓
Specialty Stores	51.3	0.5% ↑	4.5% ↑	4.0% ↑
Auto Lease	48.1	-17.0% ↓	-15.4% ↓	-13.6% ↓

\*Allocation aberrations have been adjusted to reflect sales activity      \*In thousands of dollars