

Q4 2018



City of Placerville Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2018)

Placerville In Brief

Placerville's receipts from October through December were 4.1% above the fourth sales period in 2017. Excluding reporting aberrations, actual sales were up 1.6%.

The State remains focused on solving its issues with the transition to a new software system; delayed distributions from prior periods continued to flow to local agencies. Autos-transportation reported strong activity and outpaced statewide trends. Receipts from building and construction were inflated due to a remittance paid erroneously to the countywide pool in the comparable period.

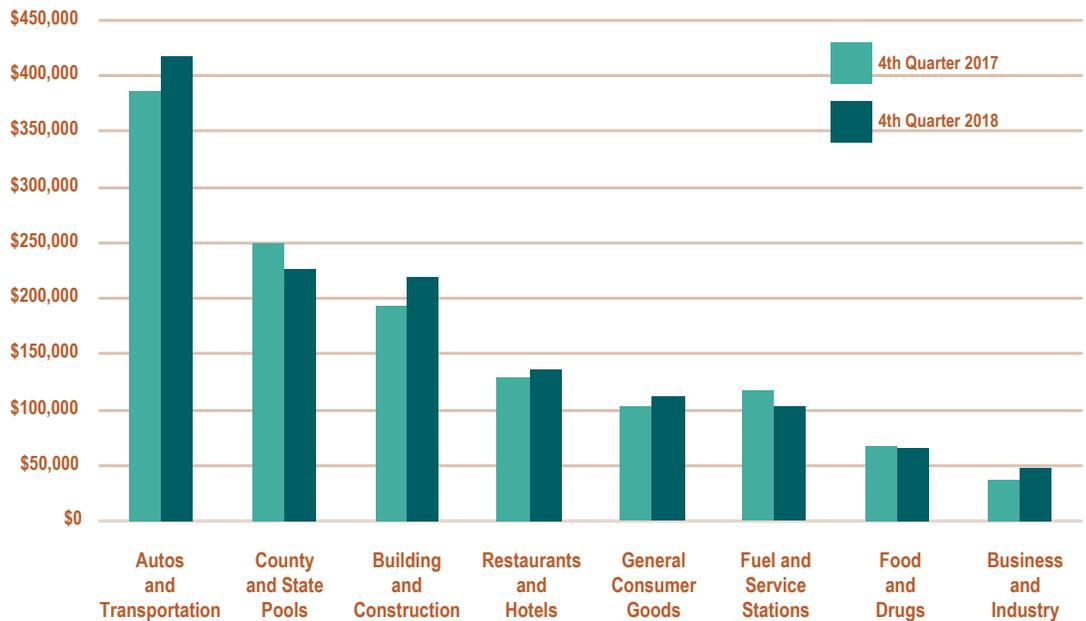
Holiday shoppers spending locally pushed revenue from general retail upward modestly. Rising fuel prices enriched service station results.

A year ago store closure caused electronics/appliance to decline.

The City has three voter-approved transaction taxes with rates that total to one cent. Combined, Measures J, H & L added \$1,180,319 beyond the amounts identified above.

Net of aberrations, taxable sales for all of El Dorado County grew 4.1% over the comparable time period; the Sacramento region was up 7.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Big Lots	Rancho Convenience Center
C & H Motor Parts	Randolph Jewelers
Diamond Pacific	Rite Aid
Ferguson Enterprises	Sierra Fuel
Fuel 4 Less	Sierra Home Alternatives
Grocery Outlet	Thompsons Toyota
Hangtown Fuel Stop	Thompsons Buick GMC
Home Depot	Thompsons Chrysler Dodge Jeep Ram
In N Out Burger	Tractor Supply
Les Schwab	Verizon Wireless
McDonalds	Western Refining Retail
Placerville Shell	
Placerville Valero	
Raley's	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2017-18	2018-19
Point-of-Sale	\$2,060,858	\$2,331,461
County Pool	479,789	510,538
State Pool	1,192	1,248
Gross Receipts	\$2,541,839	\$2,843,248
Measure J	\$544,574	\$630,565
Measure H	\$542,475	\$630,317
Measure L	\$1,101,800	\$1,256,451

Statewide Results

The local one cent share of sales and use tax from October through December sales was 2.8% higher than 2017's holiday quarter after factoring for state reporting aberrations.

The overall increase came primarily from solid sales of contractor materials and equipment, expanded production by an auto manufacturer and rising fuel prices. Online fulfillment centers, new technology investment and cannabis start-ups also produced significant gains. Receipts in the six-county Sacramento region grew 7.9% over last year while the remainder of the state was generally flat or exhibited only minor growth.

Notable was the 0.09% rise in tax receipts from brick and mortar retailers which was the lowest holiday gain for that sector since 2009. A 9.6% increase in receipts from online retailers, driven by rapidly changing consumer buying habits, was part of the reason for weak results from brick-and-mortar stores. Other factors include lower prices, gift cards which move purchases to future quarters and greater gifting of non-taxable experiences and services.

The Retail Evolution Continues

A recent survey identified U.S. closures of 102 million sq. ft. of retail space in 2017 and an additional 155 million sq. ft. in 2018. Similar losses are expected in 2019 with 5,300 closures already announced. Payless Shoes, Gymboree, Performance Bicycle and Charlotte Russe are going out of business while chains including Sears, Kmart, Macy's, JCPenney, Kohl's, Nordstrom, Dollar Tree, Victoria's Secret, Chico's, Foot Locker and Lowe's have announced plans for further cuts in oversaturated markets and downsizing of stores.

Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide

more intimate shopping experiences.

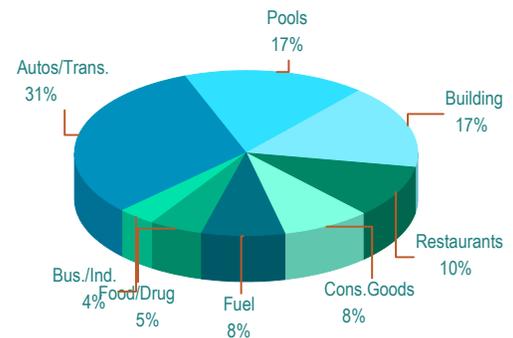
With smartphones allowing purchase and delivery of almost anything at any time of the day without leaving home, big box retailers are responding by downsizing stores and subleasing excess space to compatible businesses to help draw traffic. Locations where people congregate for entertainment, food and services have become part of the evolving strategy as has integrating retail with more convenient spots for pick-up and delivery of online orders.

Barry Foster of HdL's EconSolutions, notes that "shifting shopping habits present challenges but also opportunities." "Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorate shopping centers." With more companies using the internet to sell directly to customers from their warehouses, the trend also provides jurisdictions whose populations aren't adequate in size to support large scale retail to focus on industrial development for sales tax as well as jobs.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Placerville This Quarter



PLACERVILLE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Placerville Q4 '18*	Change	County Change	HdL State Change
Auto Repair Shops	13.3	7.0%	8.1%	4.2%
Automotive Supply Stores	43.8	13.1%	-0.8%	2.6%
Building Materials	— CONFIDENTIAL —	—	5.5%	5.5%
Casual Dining	73.1	0.4%	6.2%	2.4%
Contractors	— CONFIDENTIAL —	—	38.0%	17.5%
Drug Stores	— CONFIDENTIAL —	—	12.1%	21.9%
Electronics/Appliance Stores	11.3	-26.0%	-3.0%	-1.6%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	-11.9%	-2.6%
Grocery Stores	43.4	3.5%	8.0%	-11.7%
Jewelry Stores	— CONFIDENTIAL —	—	64.0%	-4.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	4.1%	5.8%
Quick-Service Restaurants	50.6	8.7%	7.4%	6.6%
Service Stations	92.4	11.0%	17.6%	28.5%
Specialty Stores	18.5	46.5%	19.6%	-10.7%
Variety Stores	— CONFIDENTIAL —	—	0.4%	-2.2%
Total All Accounts	1,102.5	7.4%	13.4%	7.0%
County & State Pool Allocation	227.6	-9.1%	-4.0%	8.6%
Gross Receipts	1,330.1	4.1%	10.0%	7.2%