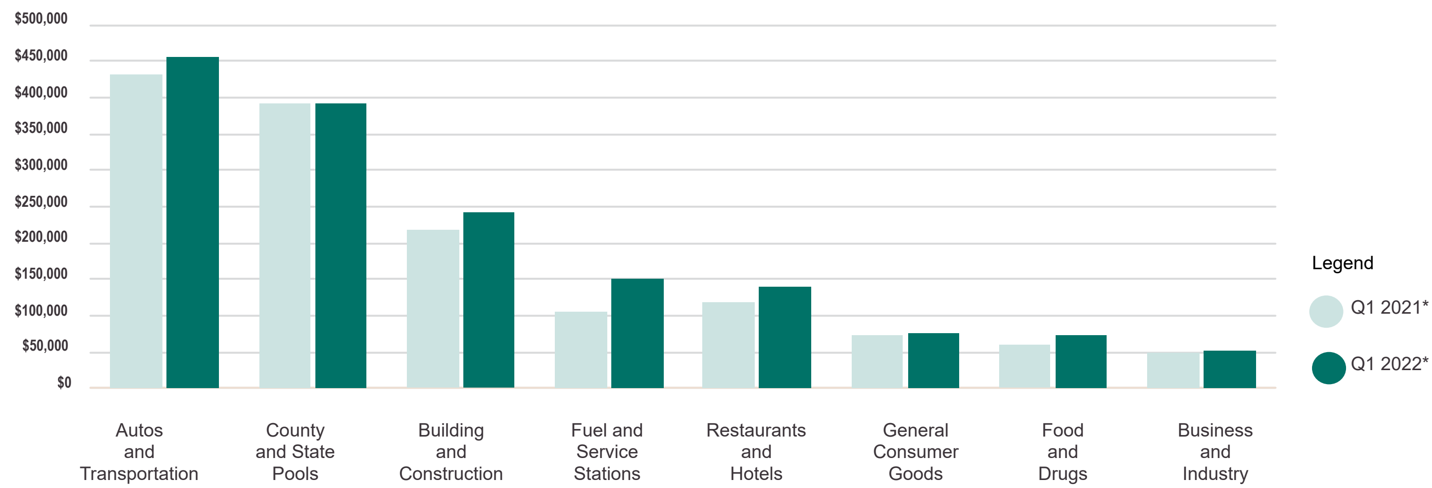
CITY OF PLACERVILLE
SALES TAX UPDATE
1Q 2022 (JANUARY - MARCH)

PLACERVILLE
TOTAL: $ 1,579,213

9.4%	11.0%	17.1%
1Q2022	COUNTY	STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure J	Measure H	Measure L
TOTAL: $397,281	TOTAL: $397,282	TOTAL: $795,067
25.1%	25.1%	25.2%

CITY OF PLACERVILLE HIGHLIGHTS

Placerville's gross receipts from January through March were 10.7% above the first sales period in 2021. Adjustments for delayed payments, audit and other reporting modifications resulted in actual sales that were up 9.4%. Place of sale collections soared almost 13% compared to a year ago.

The City's largest tax group, autos-transportation, was boosted by auto repair and supply shops. The global cost of crude oil drove higher local gas prices, and with more drivers on the road, revenue from service stations skyrocketed. Restaurants, especially casual dining, experienced another sensational sales period as patrons seemed unfazed by more expensive menus and enjoyed the experience of dining out. The food-drugs group also benefitted from increased activity; and building materials sales lifted building-construction receipts.

Allocations from the countywide use tax pool remained level compared to a year ago; however, the pools remain a solid source of local revenue, boosted by taxes on ecommerce.

Voter-approved Measures L, H and J all posted significant gains, assisted by service station and restaurant revenues.

Net of adjustments, taxable sales for all of El Dorado County grew 11.0% over the comparable time period; the Sacramento region was up 13.8%.

TOP 25 PRODUCERS

Bricks Restaurant
Broadway Smoke Shop
C & H Motor Parts
Chuck's Cannabis Collective
Diamond Pacific
Ferguson Enterprises
Grocery Outlet
Hangtown Fuel Stop
Home Depot
In N Out Burger
Kwik Serv
Les Schwab Tire Center
McDonalds
Placerville Valero
Raley's
Rancho Convenience Center
Rite Aid
Save Mart
Shell
Thompsons Buick Gmc
Thompsons Chrysler Dodge Jeep Ram
Thompson's Toyota
Tractor Supply
W N Hunt & Sons Distributors
Western Refining Retail

STATEWIDE RESULTS

California's local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

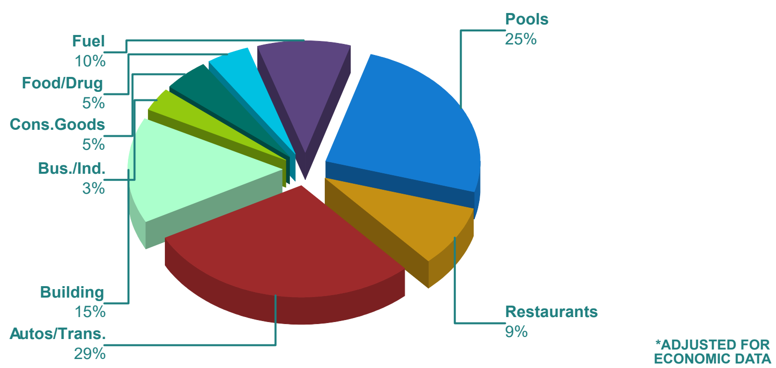
Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-sate vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP
Placerville This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Placerville Business Type	Q1 '22*	Change	County Change	HdL State Change
Service Stations	120.9	46.5%	24.3%	43.4%
Casual Dining	80.3	28.9%	28.9%	55.7%
Automotive Supply Stores	53.7	11.7%	2.8%	4.6%
Quick-Service Restaurants	51.9	0.1%	-0.9%	7.8%
Grocery Stores	37.1	3.4%	-2.9%	3.2%
Garden/Agricultural Supplies	24.9	9.0%	6.2%	2.6%
Auto Repair Shops	19.7	46.9%	16.2%	18.7%
Home Furnishings	15.2	11.4%	15.8%	1.0%
Convenience Stores/Liquor	12.3	8.4%	-1.5%	1.7%
Repair Shop/Equip. Rentals	10.6	17.1%	51.5%	7.9%

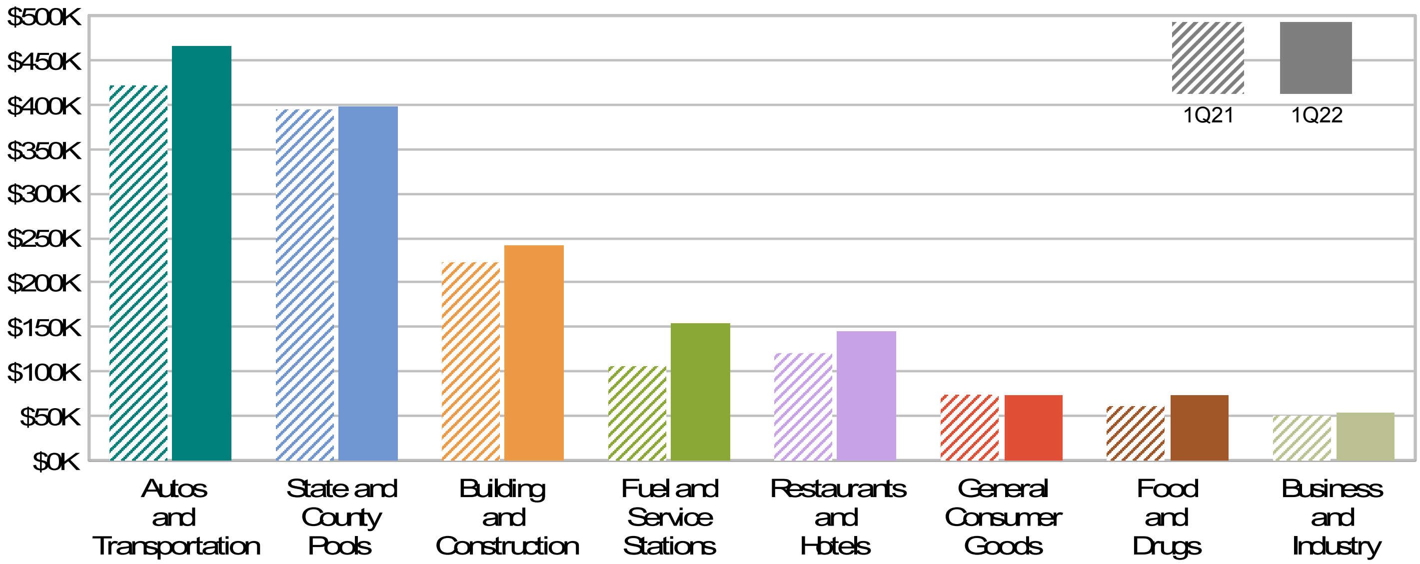
Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars*

CITY OF PLACERVILLE

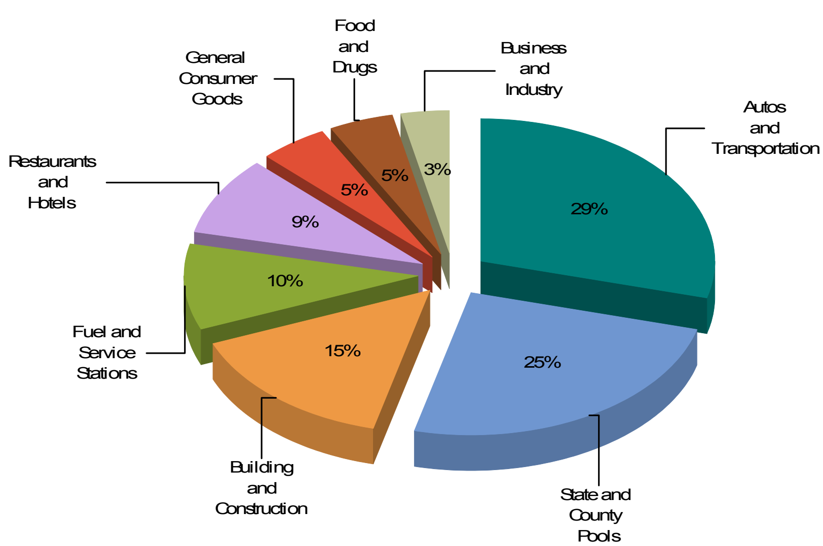
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Autos and Transportation	54	465,047	421,798	43,250	10.3%
State and County Pools	-	397,774	395,007	2,767	0.7%
Building and Construction	15	241,119	222,061	19,058	8.6%
Fuel and Service Stations	23	153,138	105,034	48,104	45.8%
Restaurants and Hotels	98	144,379	119,662	24,717	20.7%
General Consumer Goods	344	72,371	73,141	(771)	-1.1%
Food and Drugs	29	72,328	59,747	12,581	21.1%
Business and Industry	157	53,832	49,462	4,370	8.8%
Transfers & Unidentified	10	1,187	274	913	333.5%
Total	730	1,601,176	1,446,186	154,990	10.7%

1Q21 Compared To 1Q22



1Q22 Percent of Total



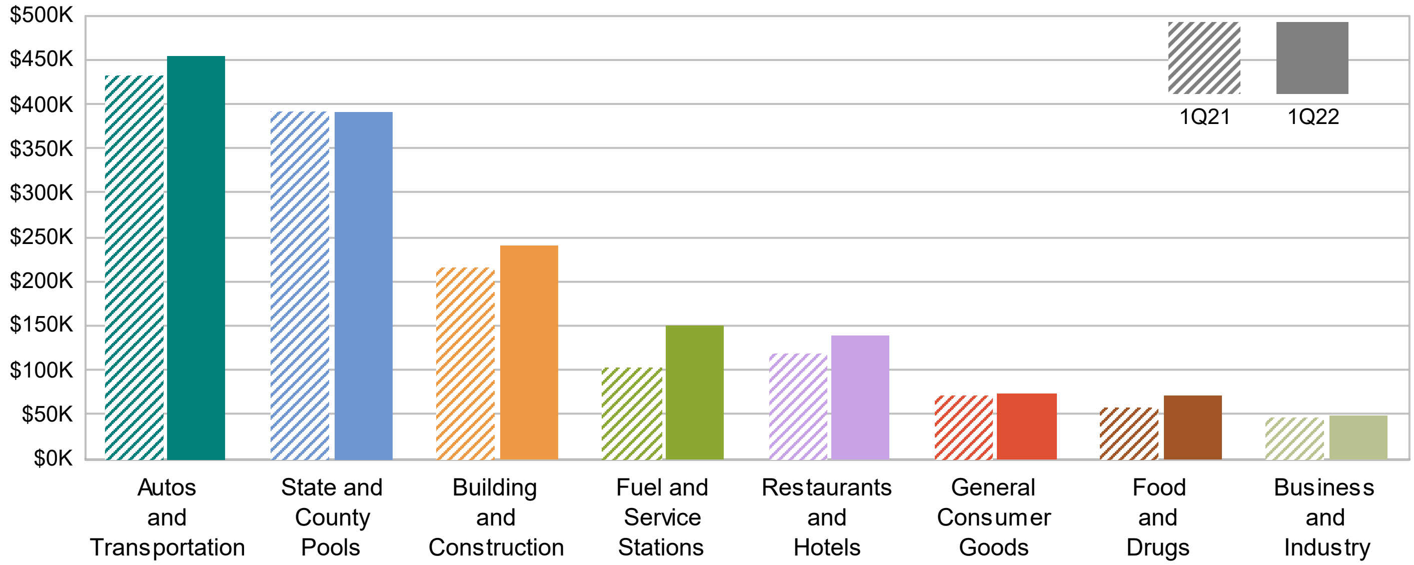
CITY OF PLACERVILLE

MAJOR INDUSTRY GROUPS

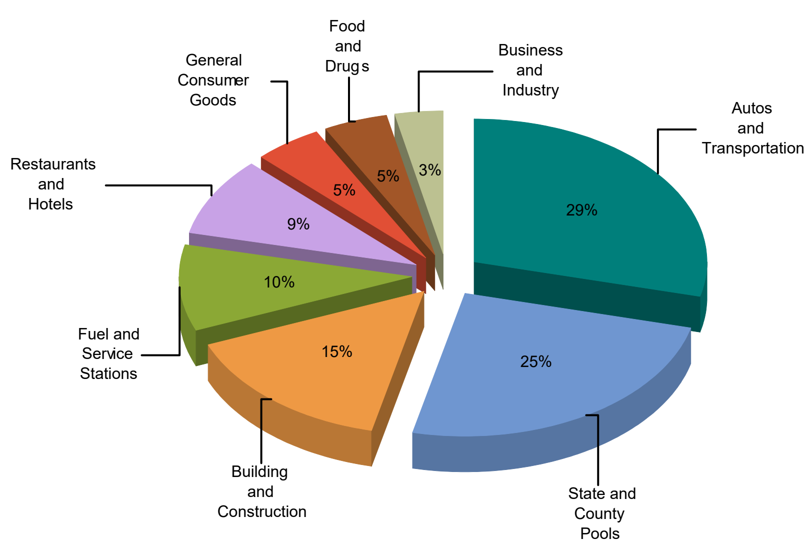
ADJUSTED FOR ECONOMIC DATA

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Autos and Transportation	54	455,261	432,861	22,400	5.2%
State and County Pools	-	391,618	391,048	570	0.1%
Building and Construction	15	241,119	216,674	24,445	11.3%
Fuel and Service Stations	23	151,470	103,719	47,751	46.0%
Restaurants and Hotels	99	139,867	119,373	20,494	17.2%
General Consumer Goods	343	75,369	72,373	2,996	4.1%
Food and Drugs	29	72,256	58,957	13,299	22.6%
Business and Industry	157	51,123	48,720	2,402	4.9%
Transfers & Unidentified	10	1,130	170	960	564.2%
Total	730	1,579,213	1,443,895	135,318	9.4%

1Q21 Compared To 1Q22



1Q22 Percent of Total



CITY OF PLACERVILLE

ADJUSTED FOR ECONOMIC DATA

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Autos And Transportation
Count: 54

State & County Pools

Building And Construction
Count: 15

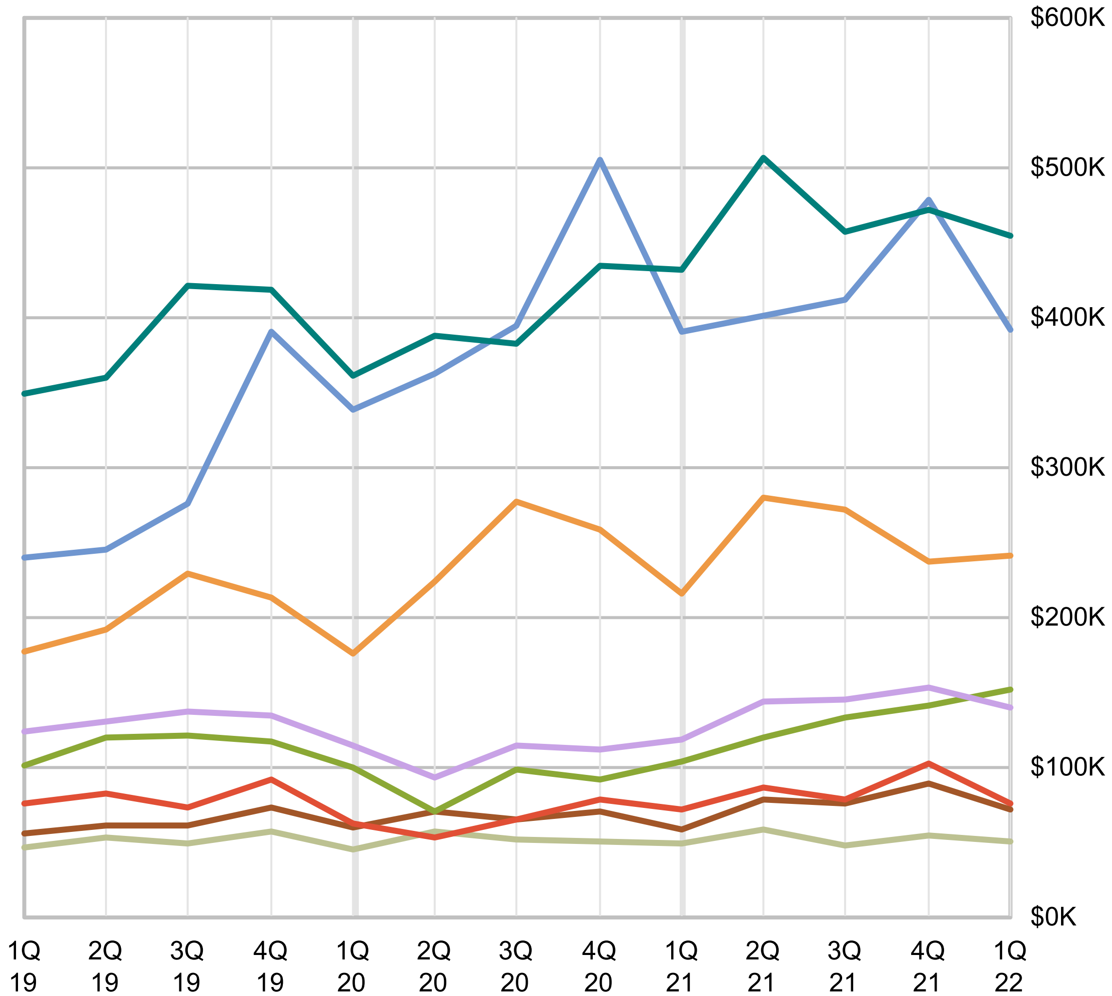
Fuel And Service Stations
Count: 23

Restaurants And Hotels
Count: 99

General Consumer Goods
Count: 343

Food And Drugs
Count: 29

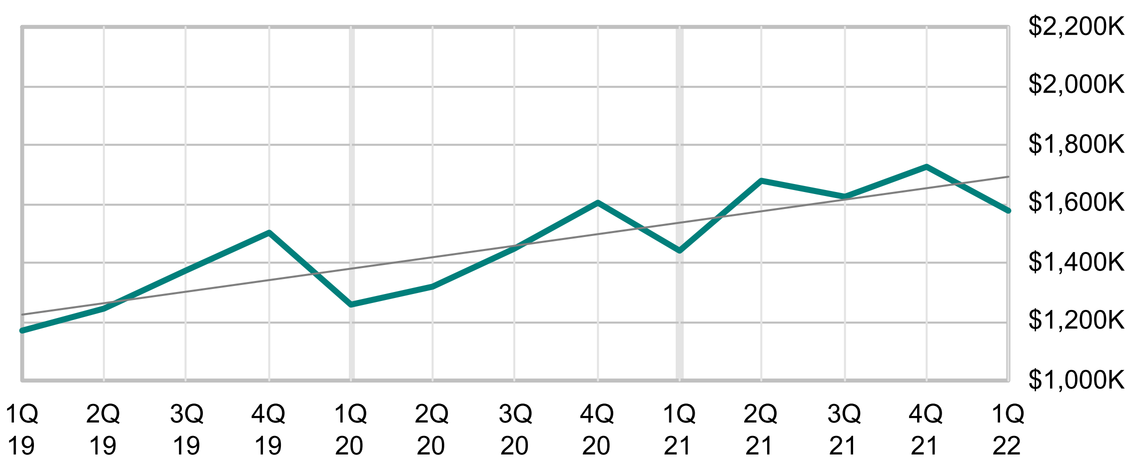
Business And Industry
Count: 157



Agency Trend

Placerville

13 Quarter Trend: +37.8%



Periods shown reflect the period in which the sales occurred - Point of Sale

CITY OF PLACERVILLE

AGENCY COMPARISONS

ADJUSTED FOR ECONOMIC DATA

Per Capita Sales

Placerville
Count: 730

South Lake Tahoe
Count: 990

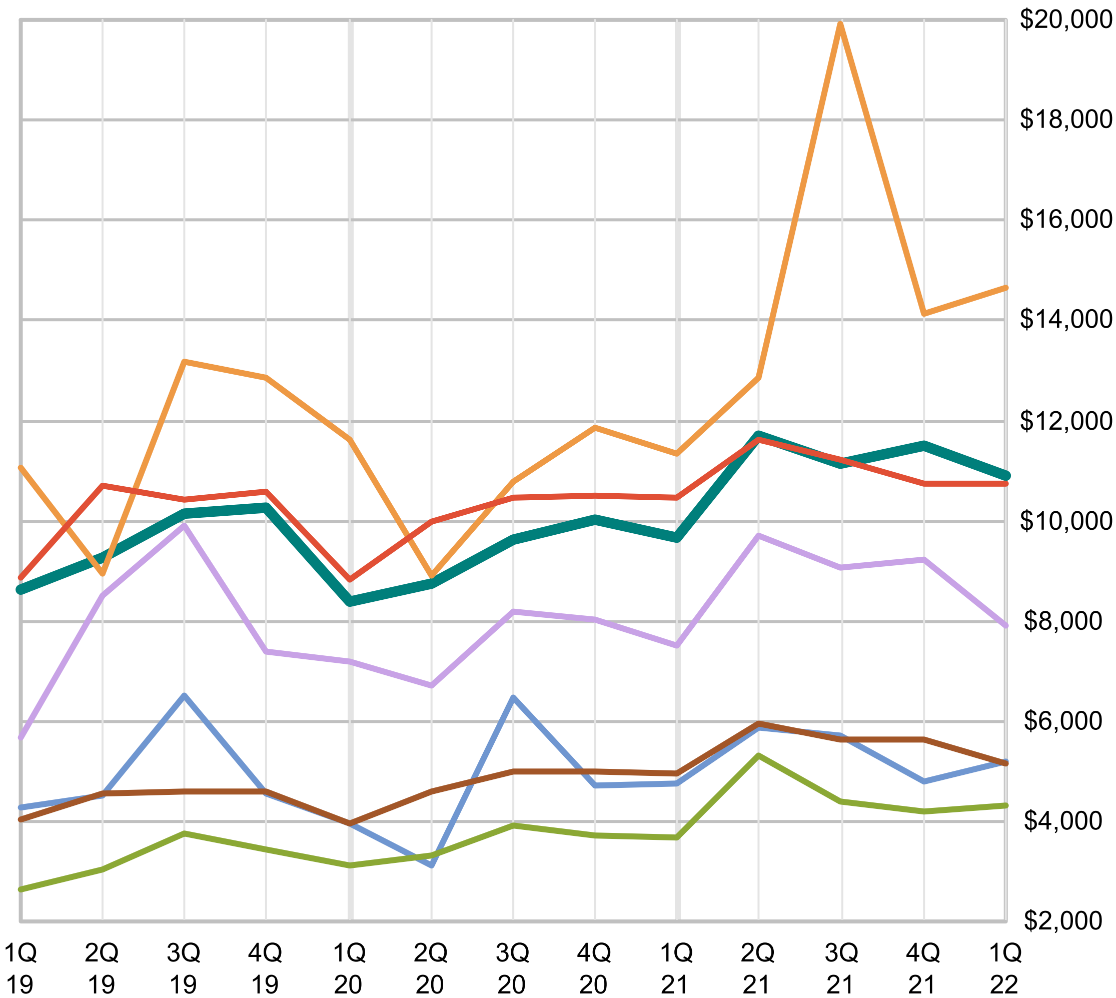
Auburn
Count: 886

Marysville
Count: 358

Nevada City
Count: 445

Grass Valley
Count: 970

Yuba City
Count: 1,646



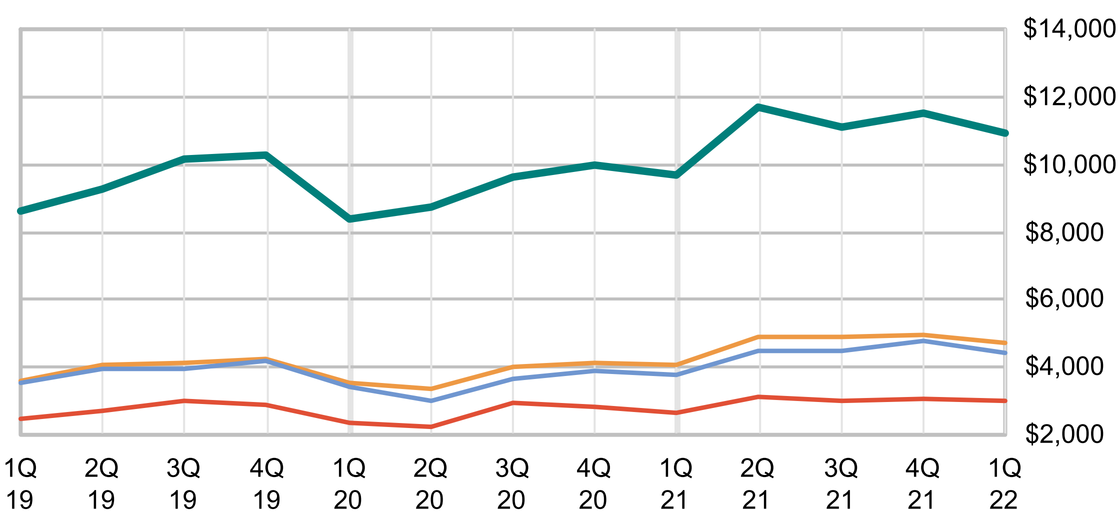
Per Capita Sales

Placerville

El Dorado County

Sacramento Region

California



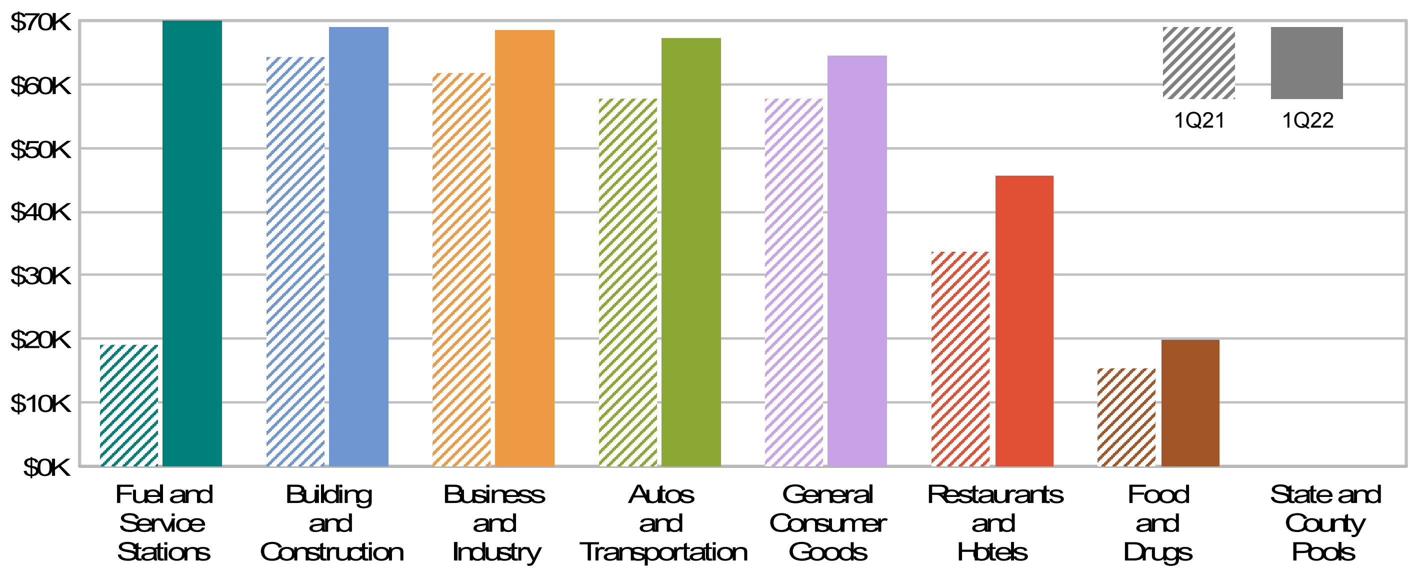
Periods shown reflect the period in which the sales occurred - Point of Sale

CITY OF PLACERVILLE MEASURE H

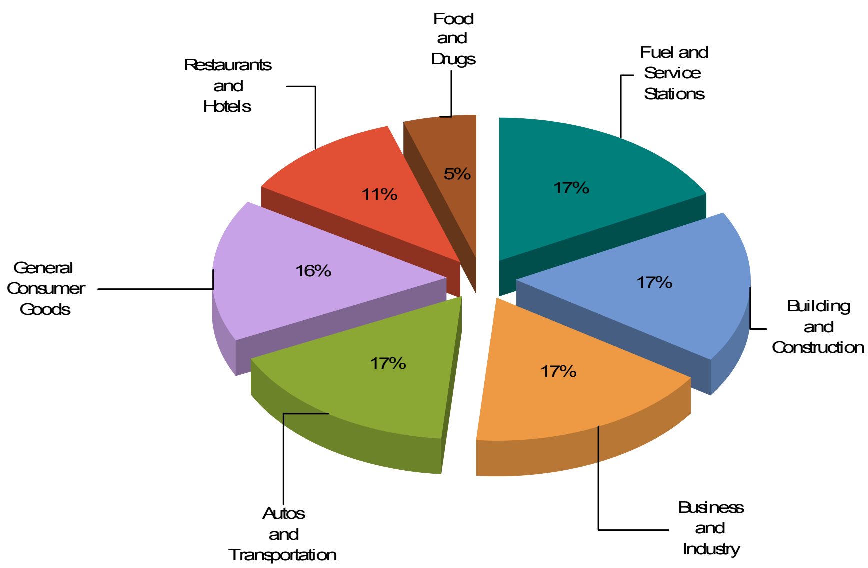
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Fuel and Service Stations	66	69,913	18,971	50,942	268.5%
Building and Construction	369	68,995	64,321	4,674	7.3%
Business and Industry	2,966	68,483	61,733	6,750	10.9%
Autos and Transportation	564	67,309	57,765	9,543	16.5%
General Consumer Goods	2,034	64,592	57,744	6,849	11.9%
Restaurants and Hotels	116	45,523	33,552	11,971	35.7%
Food and Drugs	92	19,826	15,339	4,488	29.3%
Transfers & Unidentified	1,600	4,278	2,881	1,397	48.5%
State and County Pools	-	0	0	0	-N/A-
Total	7,807	408,920	312,306	96,614	30.9%

1Q21 Compared To 1Q22



1Q22 Percent of Total



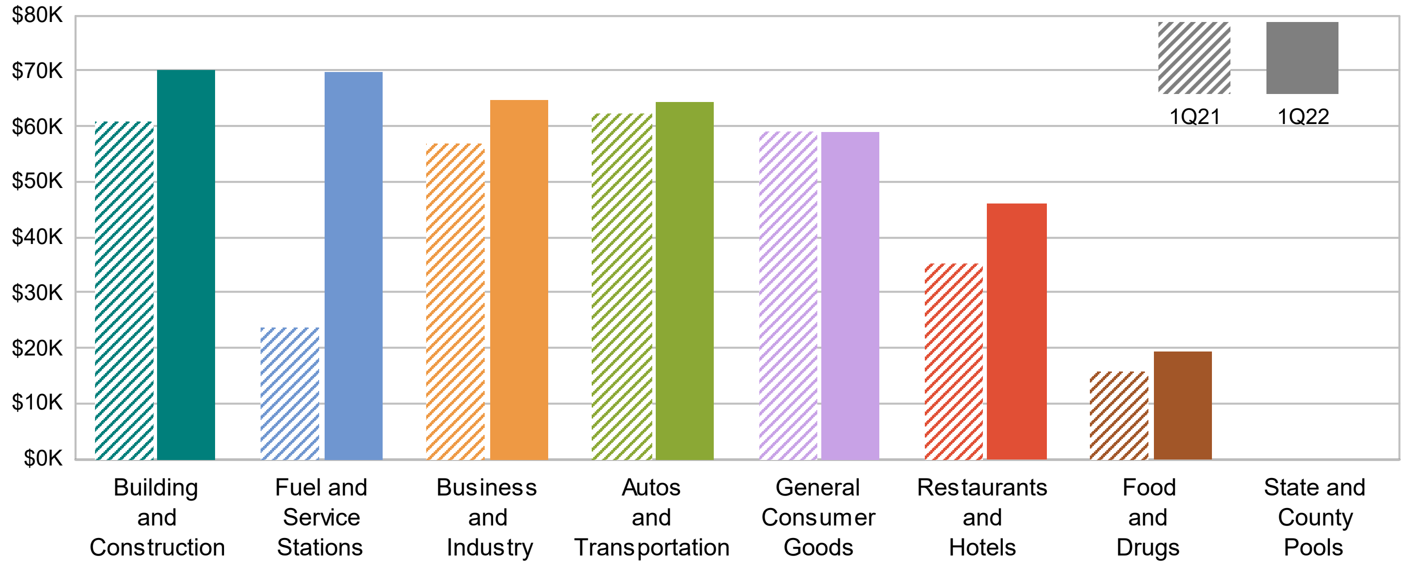
CITY OF PLACERVILLE MEASURE H

MAJOR INDUSTRY GROUPS

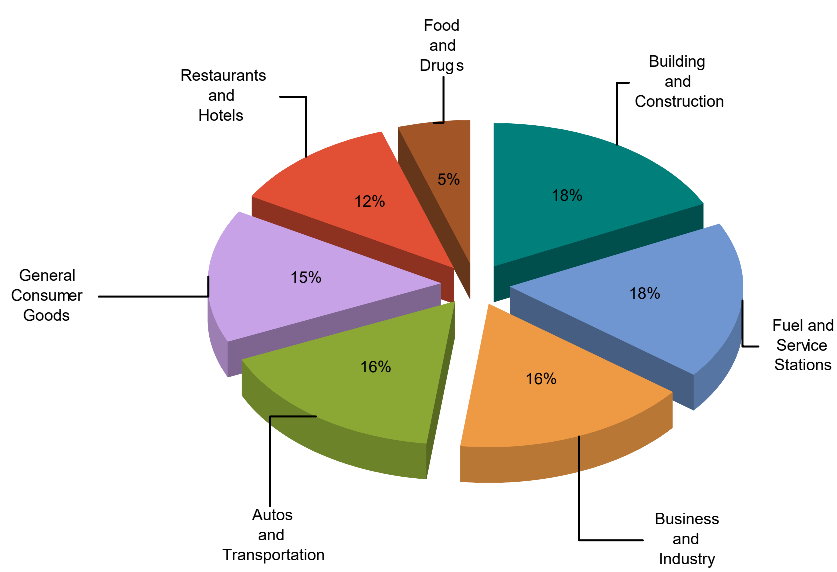
ADJUSTED FOR ECONOMIC DATA

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Building and Construction	369	70,152	60,775	9,377	15.4%
Fuel and Service Stations	66	69,795	23,874	45,920	192.3%
Business and Industry	2,985	64,708	56,822	7,886	13.9%
Autos and Transportation	563	64,451	62,463	1,987	3.2%
General Consumer Goods	2,053	59,121	59,040	81	0.1%
Restaurants and Hotels	116	46,105	35,224	10,881	30.9%
Food and Drugs	93	19,643	15,842	3,801	24.0%
Transfers & Unidentified	1,623	3,308	3,488	(180)	-5.2%
State and County Pools	-	0	0	0	-N/A-
Total	7,868	397,282	317,528	79,753	25.1%

1Q21 Compared To 1Q22



1Q22 Percent of Total

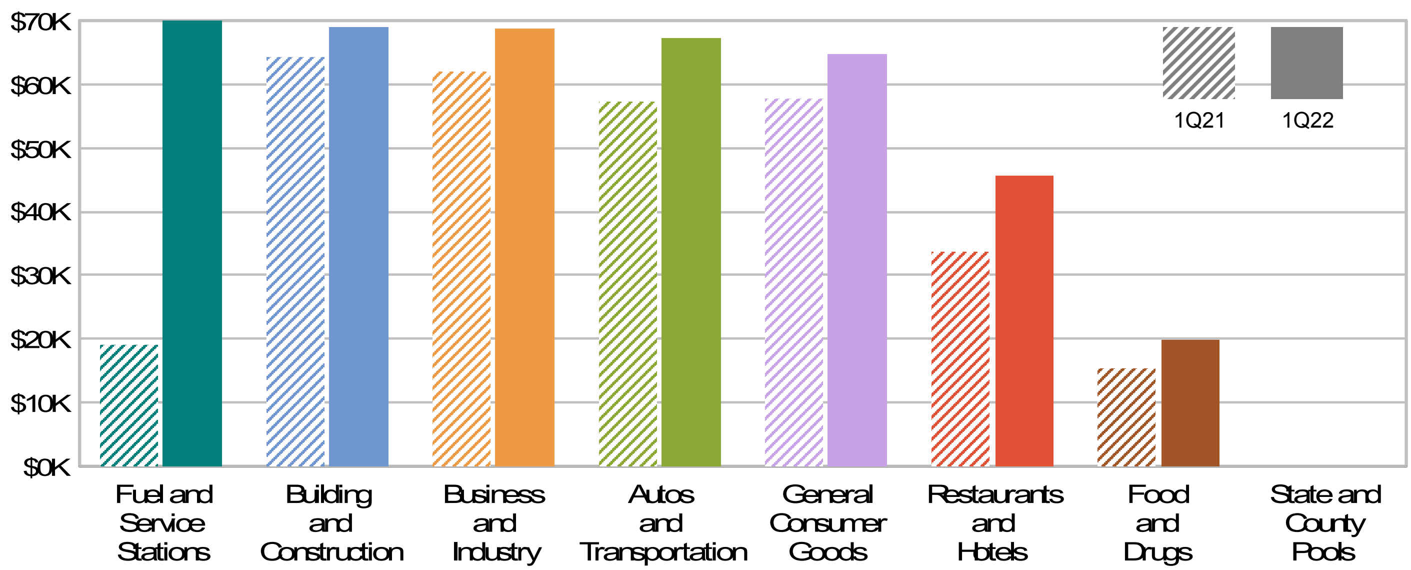


CITY OF PLACERVILLE MEASURE J

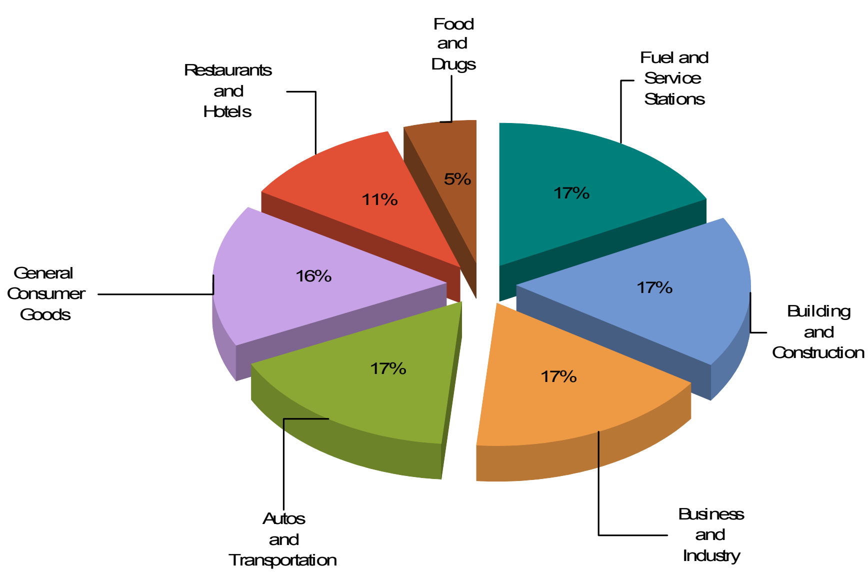
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Fuel and Service Stations	65	69,909	18,971	50,937	268.5%
Building and Construction	369	68,998	64,317	4,681	7.3%
Business and Industry	2,965	68,633	61,866	6,767	10.9%
Autos and Transportation	569	67,145	57,137	10,008	17.5%
General Consumer Goods	2,045	64,620	57,755	6,865	11.9%
Restaurants and Hotels	117	45,541	33,569	11,971	35.7%
Food and Drugs	95	19,850	15,366	4,485	29.2%
Transfers & Unidentified	1,601	4,286	2,881	1,405	48.8%
State and County Pools	-	0	0	0	-N/A-
Total	7,826	408,983	311,863	97,120	31.1%

1Q21 Compared To 1Q22



1Q22 Percent of Total



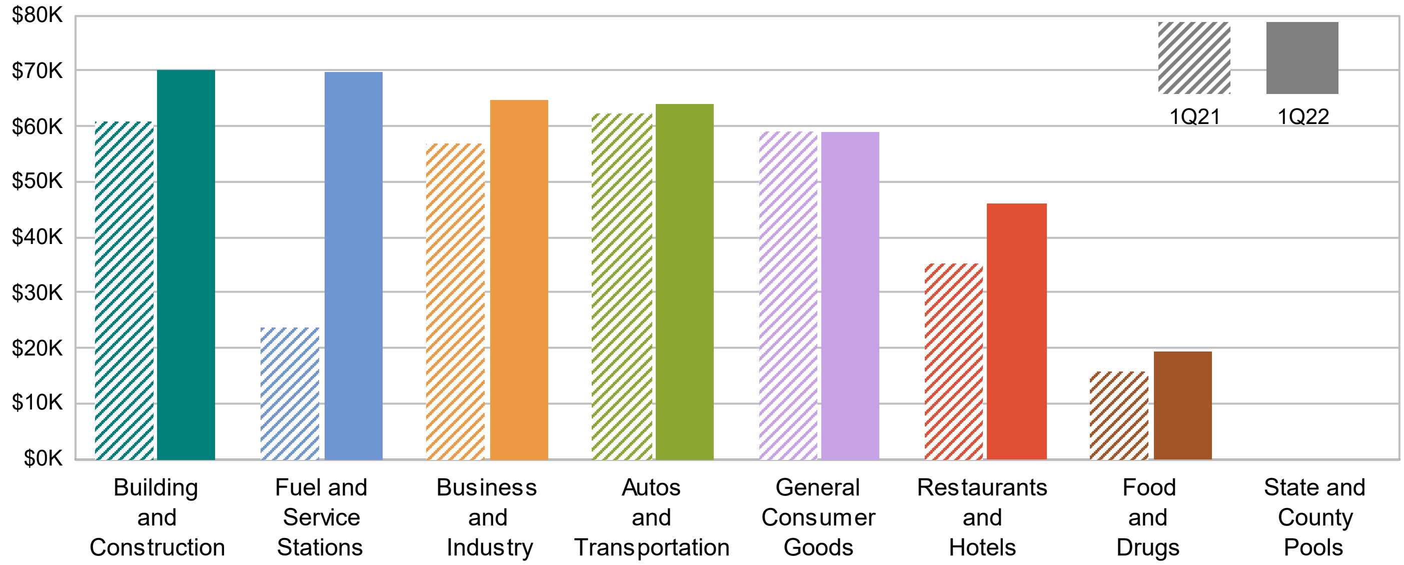
CITY OF PLACERVILLE MEASURE J

MAJOR INDUSTRY GROUPS

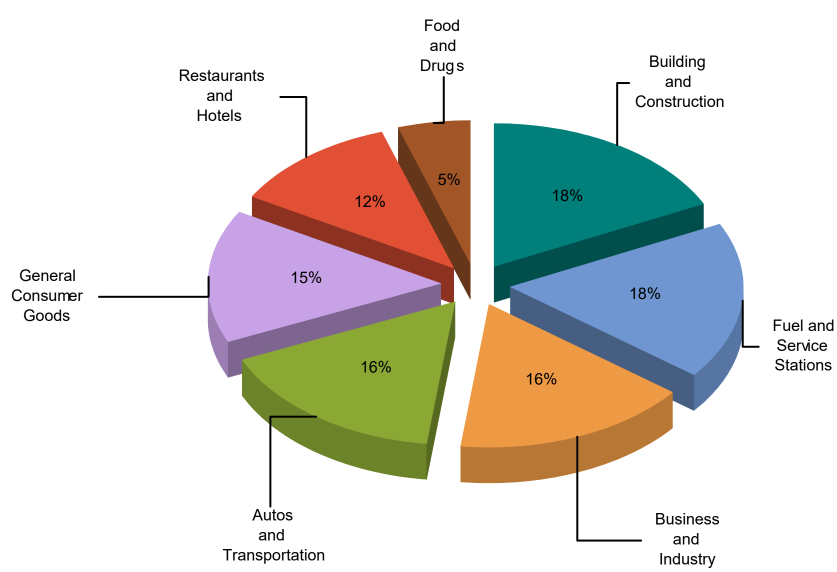
ADJUSTED FOR ECONOMIC DATA

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Building and Construction	369	70,155	60,772	9,384	15.4%
Fuel and Service Stations	65	69,790	23,872	45,918	192.4%
Business and Industry	2,984	64,829	56,876	7,953	14.0%
Autos and Transportation	568	64,284	62,384	1,900	3.0%
General Consumer Goods	2,059	59,142	59,052	90	0.2%
Restaurants and Hotels	117	46,105	35,224	10,881	30.9%
Food and Drugs	96	19,667	15,859	3,807	24.0%
Transfers & Unidentified	1,624	3,308	3,488	(180)	-5.2%
State and County Pools	-	0	0	0	-N/A-
Total	7,882	397,281	317,527	79,753	25.1%

1Q21 Compared To 1Q22



1Q22 Percent of Total

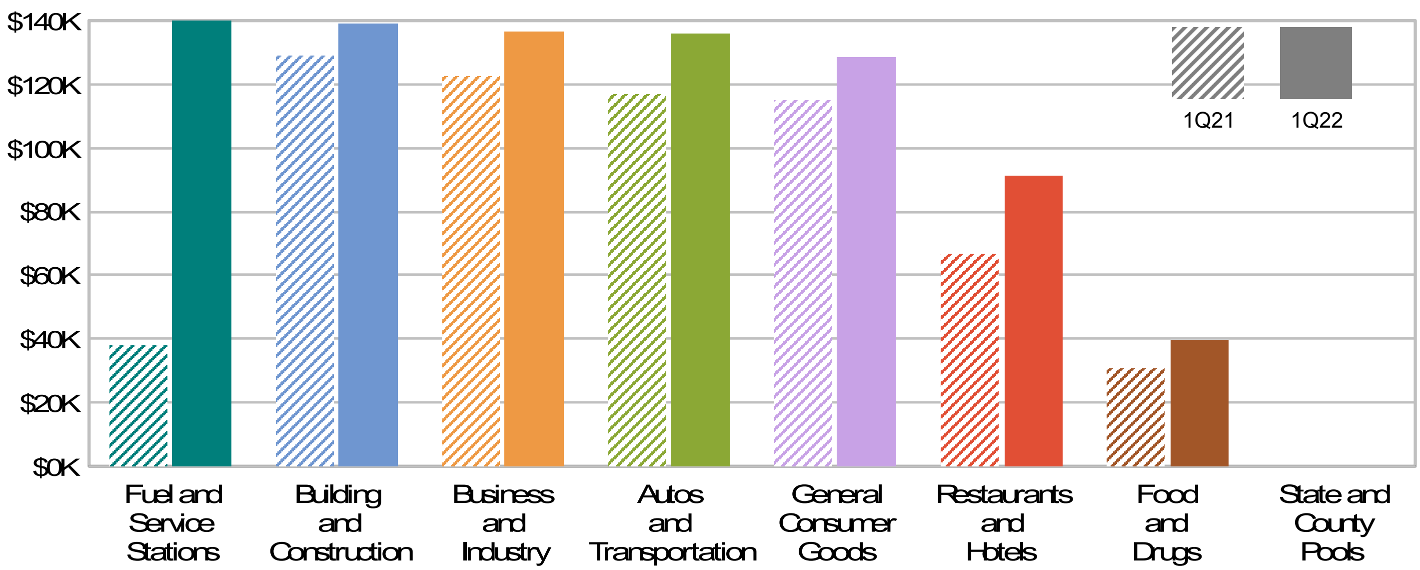


CITY OF PLACERVILLE MEASURE L

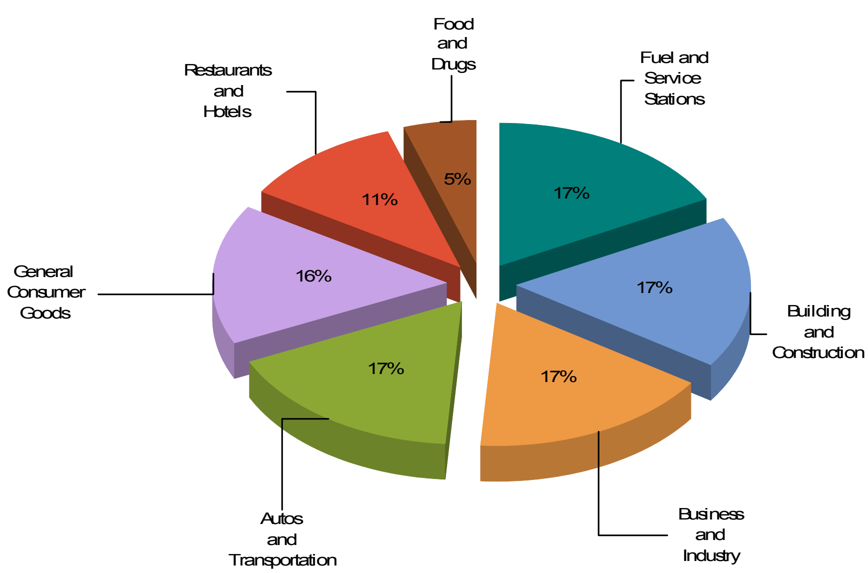
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Fuel and Service Stations	67	139,827	38,010	101,817	267.9%
Building and Construction	376	138,913	129,126	9,786	7.6%
Business and Industry	2,982	136,307	122,482	13,825	11.3%
Autos and Transportation	550	136,019	117,078	18,941	16.2%
General Consumer Goods	2,014	128,255	114,935	13,320	11.6%
Restaurants and Hotels	115	91,045	66,689	24,355	36.5%
Food and Drugs	90	39,649	30,657	8,992	29.3%
Transfers & Unidentified	1,609	8,533	5,754	2,779	48.3%
State and County Pools	-	0	0	0	-N/A-
Total	7,803	818,547	624,732	193,815	31.0%

1Q21 Compared To 1Q22



1Q22 Percent of Total



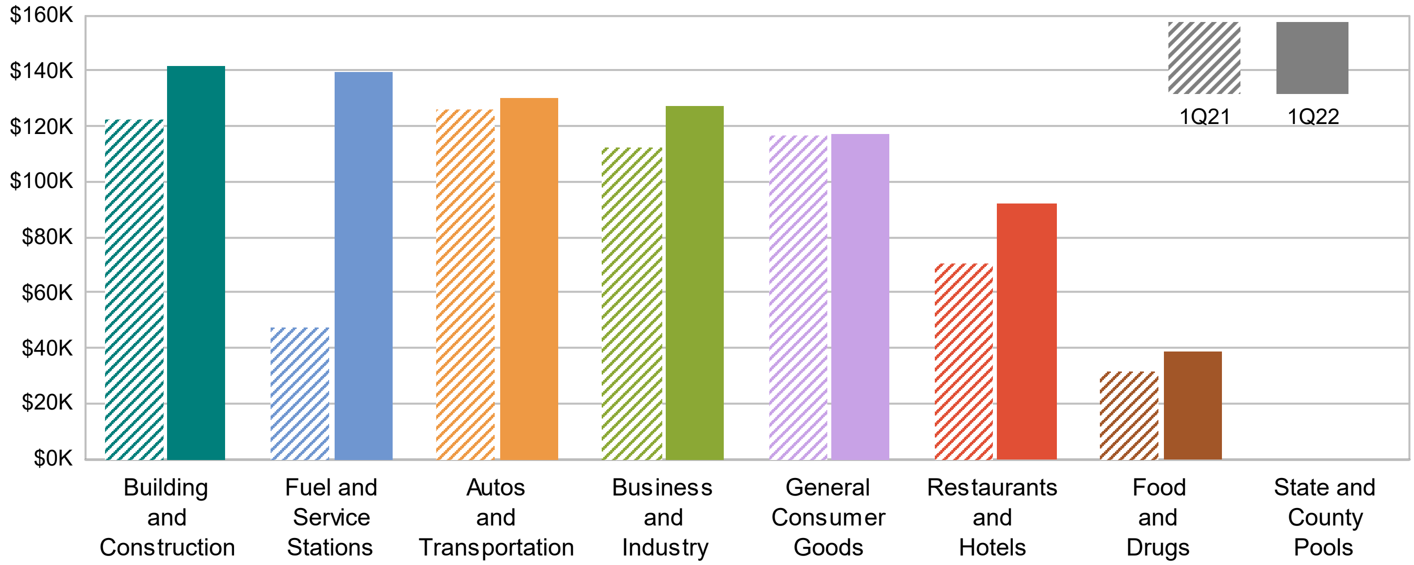
CITY OF PLACERVILLE MEASURE L

MAJOR INDUSTRY GROUPS

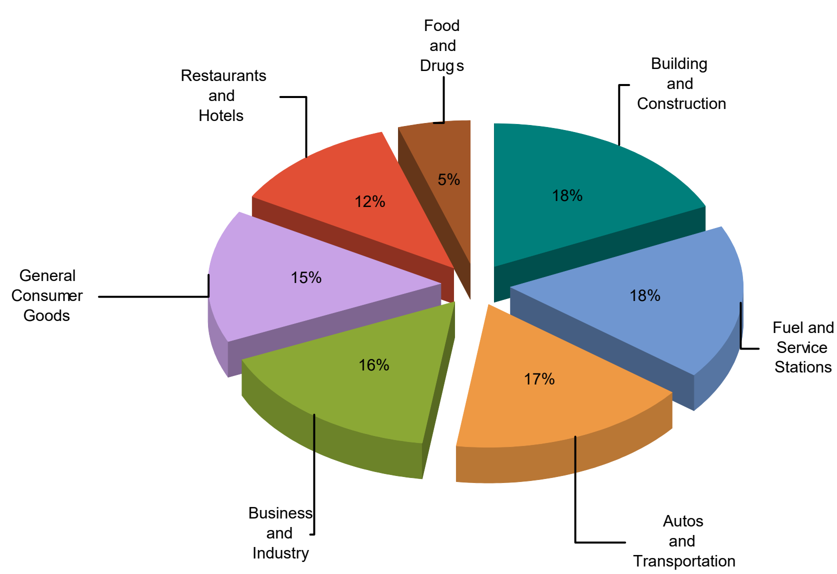
ADJUSTED FOR ECONOMIC DATA

Major Industry Group	Count	1Q22	1Q21	$ Change	% Change
Building and Construction	376	141,790	122,447	19,343	15.8%
Fuel and Service Stations	67	139,589	47,748	91,841	192.3%
Autos and Transportation	550	130,333	126,054	4,279	3.4%
Business and Industry	3,006	127,382	112,317	15,065	13.4%
General Consumer Goods	2,033	117,789	116,892	897	0.8%
Restaurants and Hotels	116	92,273	70,801	21,472	30.3%
Food and Drugs	91	39,282	31,663	7,619	24.1%
Transfers & Unidentified	1,632	6,629	6,977	(348)	-5.0%
State and County Pools	-	0	0	0	-N/A-
Total	7,871	795,067	634,899	160,168	25.2%

1Q21 Compared To 1Q22



1Q22 Percent of Total



HdL Companies

CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS

JUNE 2022

Huntington Beach, CA

Delivering Revenue, Insight and Efficiency to Local Government Since 1983

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement and Economic Development Services help clients to maximize revenues.

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com

STATEWIDE SALES TAX TRENDS

2021/22 | 2022/23
TOTAL 14.8% | 3.8%

Overview: Current and next year's effects on sales taxes include continuous high inflation into 2023. Intertwined are the three Federal Fund's interest rate increases to date with additional hikes expected through the remainder of this calendar year. Fuel price instability, stock market woes and rising consumer prices (as raw materials and components are more expensive) could further weaken consumer confidence and households will likely pull back on discretionary purchases. International supply chain issues show a steady recovery. Employee costs and worker shortages are holding back rebounds in hospitality and travel, and pandemic cycles may impact future spending patterns.

2021/22 | 2022/23

Autos/Transportation — 12.4% | 4.0%

Several vehicle manufacturers recently reported the supply chain crisis is easing earlier than anticipated, with production returning to full capacity. However, as companies work to fulfill their large backlog of existing orders, industrywide vehicle inventory available on dealers' lots remains at a record low. Rising financing rates and high prices are also clouding the outlook for consumer demand going forward. While tax receipts increased another 15% in the first calendar quarter of 2022, recent sales reports for April and May indicate a worsening trend. As inventory slowly recovers, dealers are expected to lower prices to more affordable levels to coax reluctant consumers to buy. The forecast for modest growth over the next year reflects the interplay of these various elements.

Building/Construction — 9.2% | 2.5%

The first quarter saw a jump in the amounts contractors passed on to owners for cost increases in materials, plumbing and electrical equipment. Lumber rates fell during this same quarter and prices should continue to slide closer to pre-pandemic levels. Statewide construction permits issued reflected modest gains in new housing units as valuations shot up 13%. Higher mortgage rates are limiting the number of new home buyers while also slowing the pace of home price appreciation. Meanwhile the Infrastructure Investment and Jobs Act (IIJA) started to produce cash disbursements along with complex regulations. The construction forecast shifts from neutral to growth, reflecting materials price inflation and the uptick in the statewide permit results.

Business/Industry — 12.6% | 3.5%

Continuing its pandemic bounce-back, first quarter returns shot up 10% and most of the group's 21 unique business types posted gains over the prior year period. Even with supply chain and labor challenges, industrial products demand surged, and the electrical equipment sector saw significant growth. Technology demands and other B2B needs buoyed business services outcomes. The first quarter reflected a continuing need for medical/biotechnology apparatus and supplies (note future quarters may slow). Comprising a solid 25% of all B&I revenues, fulfillment centers remained flat compared to a year ago which had swelled from e-commerce sales previously allocated to countywide pools. HdL projects modest improvement in results for the next few quarters.

Food/Drugs — 2.2% | 2.0%

While food sales are generally non-taxable items, non-food merchandise is still subject to sales taxes; grocery store's quarter filings rose 3% and paced overall improvement from this category. Drug stores also reported better totals. In contrast, cannabis retailers saw declines as competitiveness with unlicensed vendors and market saturation creeped into some regions. Supermarkets and drug stores integration of traditional shopping experiences with online technologies plus stronger demand for in-home delivery is persistent. Looking ahead, households will tighten up budgets, yet moderate tax improvement is expected over the next year.

2021/22 | 2022/23

Fuel/Service Stations — 51.6% | 8.8%

This sector endures upward pressure from multiple factors including restricted supplies (resulting from the Russian-Ukraine crisis), persistent record oil barrel and pump-related prices, and slow implementation by Saudi Arabia to increase production of global supply. A strong demand for greater road and air travel, refinery production interruptions, and conversion to summer petroleum blends are also contributing components. As a result, HdL forecasts a surge in sales tax for three more quarters, followed by a reduction beginning first quarter 2023. Additionally, the scheduled gas tax hike was proposed to be suspended by the Governor, but Legislative rejection of this idea allows Senate Bill 1 higher per gallon tax rates to take effect July 1, 2022.

General Consumer Goods — 13.3% | 1.1%

First quarter sales tax outpaced previous expectations by just over 1%. Results were skewed due to a portion of fuel sales captured by discount department stores. Most segments expanded, but lower than expected activity from apparel retailers indicate shoppers might be shifting spending to cover higher food and gas prices. Many establishments reported data supporting customers being more mindful of basket size with lower spending on discretionary items. Despite these headwinds, outlay remains strong as households draw from a stockpile of savings and available credit. HdL projects mild growth through fiscal year 2022/23 (attributed to consumer spending resiliency) and for higher borrowing costs and inflation to contribute to a slight pullback in fiscal year 2023/24.

Restaurants/Hotels — 34.5% | 4.5%

Restaurant operators' optimism has dwindled since mid-2021. While visits to restaurants continue to rise, escalating costs and staffing shortages present on-going challenges. Third-party restaurant delivery companies have reduced direct allocation to this group with a corresponding jump in allocations to the county pools. Over 3.5% of restaurant sector revenue is now reporting via the pools. Staffing shortages plague the hotel and entertainment industries as well. International tourism and business travel still have a long recovery ahead, but these other challenges are expected to slow growth over the coming few quarters.

State and County Pools — 3.8% | 5.0%

The first quarter of 2022 saw an unexpected spike in use taxes distributed proportionally based upon each agency's place of sale results within their respective counties. Revenue surges were noteworthy in private-party auto sales and contractor activity, along with strong capital investment from several segments within the business-industry group. Multiple experts confirm e-commerce sales should continue to expand with bigger portions of overall retail sales activity benefitting both B2C and B2B enterprises. Pools use taxes moderate at lower growth levels. Anticipated gains reflect the resilient desire for buying online with upticks in prices on digitally available merchandise.

Proposition 172 projections vary from statewide Bradley-Burns calculations due to the state's utilization of differing collection periods in its allocations to counties. HdL forecasts a statewide increase of 16.2% for Fiscal Year 2021/22 and 3.1% for 2022/2023.

HdL Companies Consensus Forecast
June 2022

BEACON ECONOMICS

NATIONAL AND STATEWIDE ECONOMIC DRIVERS

U.S. Real GDP Growth

2021/22 | 2022/23

4.1% | 2.1%

The economy has roared back from the brief pandemic-induced recession. In fact, many worry it is overheated and nearing the end of the decade-long expansionary period that began after the Great Recession. Inflation rates are at four-decade highs, driven in large part by strong consumer demand. Beacon Economics believes there is a very high probability of a recession in the next few years, although not likely in 2022.

A primary driver of this demand is the government stimulus that was injected into the U.S. economy during the pandemic – $6 trillion by Congress and another $5 trillion from the Federal Reserve in the form of quantitative easing. In retrospect, this was excessive. A look at national income data suggests the U.S. economy suffered $1.2 to $1.6 trillion in income losses in 2020 and the first half of 2021. The scale of the stimulus compared to the size of the loss and damage to the economy was oversized. All the extra cash in the economy pushed interest rates down, asset values surged, and as a result, spending has grown to unsustainably high levels.

Economist Herbet Stein wrote, "If something cannot go on forever, it will stop." The Federal Reserve has finally accepted it cannot allow its loose monetary policy to continue forever. The realization that high inflation was not "transitory" came late, and the Fed only recently began removing cash from the economy by raising rates and through quantitative tightening. While the fundamentals of the U.S. economy are strong and will continue to be so over the short-term, the question is whether the inflated economy will pop in the next couple years and end in a serious recession or if the Fed will be able to slowly reduce the extra pressure in a measured manner. The latter seems increasingly unlikely. The Fed is expected to continue raising rates for the rest of the year.

Gasoline and diesel prices are at record highs, not just because Russian supply in the Ural region has been disrupted, but because refining capacity is severely limited. The greater bottleneck for increased production is at the level of refining capacity, not oil extraction. While Urals are not meeting Western demand, they are still meeting demand. Notably India, and allegedly China, have been stocking up on this heavily discounted oil (discounted due to sanctions). Thus, the substantial crude needs of the world's two most populous countries are likely to be met by the discounted Urals, serving as a pressure valve for what could be higher crude prices.

U.S. Unemployment Rate

4.2% | 3.4%

As normalization in economic activity gradually progressed, the U.S. unemployment rate fell in tandem. The two-month business cycle of 2020 (Feb-April) is a technical recession, but hardly representative of a natural business cycle. It was preceded by 128 consecutive months of economic expansion. Throughout these 128 months, the unemployment rate steadily trended lower, declining from 10.0% to 3.5%. As of May 2022, national unemployment rate stood at 3.6%, back to its pre-pandemic level.

The national labor market continues to be extremely tight across all sectors. According to the U.S. Bureau of Labor Statistics, there are a record high number of jobs available in the United States, placing upward pressure on wages. With no real signs of this situation changing, Beacon Economics expects a strong job market to continue for the foreseeable future.

Scan to view the *HdL California Consensus Forecast 1Q22* webinar recording. Email solutions@hdlcompanies.com to learn more about HdL services that can help your agency maximize revenue.

CA Unemployment Rate

2021/22 | 2022/23

5.7% | 4.4%

California's unemployment rate fell to 4.6% in April 2022, still higher than the national rate of 3.6%. The underperformance of California's labor market is due to several interrelated factors. For one, there was a sizeable out-migration at the height of California's pandemic-related restrictions, largely by the virtual/mobile workforce. Simultaneously, other U.S. regions were booming and attracted workers that may have been underutilized in California due to pandemic restrictions. California's labor force participation rate troughed in May 2020 to 59.8%, only to spike back to 61.3% in July 2020 and revert back to 59.8% by October 2020. Since November 2020, California's labor force participation rate has been trending higher, most recently at 62.1%.

Since February 2020, the state's labor force has contracted by 358,100 workers, a 1.8% decline. Notably, in all regions that cover the state's major employment centers, the unemployment rate is now below the pre-pandemic rate. These figures tell us that, despite there being fewer workers employed in California than there were prior to the pandemic, for those seeking a job, there is ample work available.

CA Total Nonfarm Employment Growth

6.4% | 3.6%

There are currently 1.2 million job openings in California. To place this figure in context, in the five years prior to the pandemic, a period of economic expansion, there were 686,000 job openings in the state, on average.

Employment has returned to pre-pandemic levels in a growing number of sectors, and in the sectors where employment still lags, growth has been especially strong over the past year. From April 2021 to April 2022, employment grew fastest in Arts and Entertainment (34%), Accommodation and Food Services (19%), and Other Services (11%), which includes hair and nail salons. These sectors were the most affected by restrictions put in place to curb the spread of the COVID-19 virus and they will continue to outpace growth in other sectors of the economy throughout the year.

The labor market recovery has also been stronger in the inland parts of the state. There are more jobs today than there were prior to the pandemic in the Inland Empire, Sacramento, and Fresno. Bakersfield has had the next strongest recovery along this measure. Specifically in California, Logistics employment is now 18% higher than the pre-pandemic level, fueled by the continued and accelerated transition to online consumption.

CA Residential Building Permits

118,532 | 120,077

Home building permits will increase over the next year, but not enough to fundamentally improve the housing scarcity problem in California. In 2021, home building permits rose after a major decrease in 2020. Even with this upward trend continuing into 2022 and 2023, it is unlikely to meet Governor Newsom's 2019 goal of 3.5 million new units by 2025.

CA Median Existing Home Price

$669,680 | $686,369

In the first quarter of 2022, house prices in California averaged $685,000, an increase of 13% on a year-over-year basis. This compares to a 16% increase nationally. The tight supply fundamentals that have driven strong price growth since the outset of the pandemic have not changed, although elevated mortgage rates will constrain demand. Home building permits have been relatively flat since 2019, while new listings are comparable to levels in the pre-pandemic years. Continued constraints on supply will act as a buttress to house prices in the presence of declining demand in the face of rising mortgage rates.

HdL Companies

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com

HdL Companies

714.879.5000 | solutions@hdlcompanies.com | hdlcompanies.com

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

Beacon Economics LLC

310.571.3399 | BeaconEcon.com

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.

HdL Companies

July 07, 2022

Thank you for your continued trust in HdL. For almost 40 years we have had the pleasure of providing local government leaders the revenue solutions they require to build and sustain thriving communities. We remain passionate about this mission and are thankful for the opportunity to partner with the City of Placerville through our services.

Attached is our annual summary of the cumulative sales and use tax revenues we've recovered for City of Placerville through calendar year 2021. The recoveries represent a return of 1,301% on all fees paid to HdL since the beginning of its contract with the City of Placerville. An additional $9,471 was recovered from ongoing audits of your transaction tax.

We are always looking for opportunities to improve the breadth and quality of our offerings. Some recent enhancements include rental unit registration, utility users' tax administration, maximizing federal funding, and assistance with crafting and executing ARPA funded programs. As business operations in most communities have returned to normal during the past year, so have our business tax discovery services ensuring proper registration and revenue collections. Please visit our website for additional information about these services.

If you are looking to ensure your revenue programs are operating at peak efficiency, give us a call. We can help with tax code modernization, tax and fee administration, revenue discovery, business audits, and more. Let us know how we can help by contacting us at solutions@hdlcompanies.com, 714.879.5000, or by talking with your Client Services Representative at your next sales tax meeting.

I value our continued partnership with the City of Placerville and welcome your ideas and suggestions on ways to further improve our services. Please contact me directly at 714.879.5000 or anickerson@hdlcompanies.com.

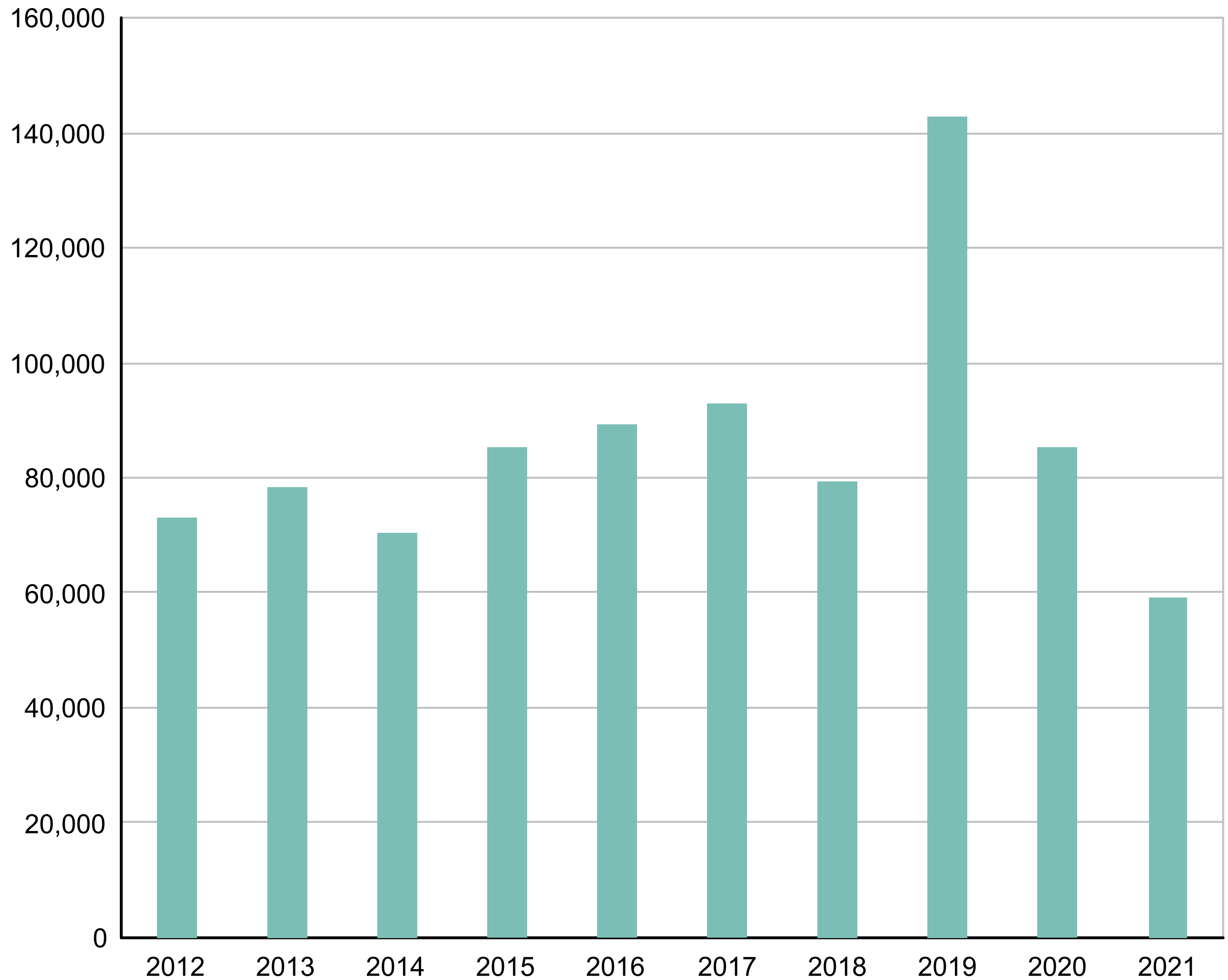
Kindly Regards,

Andy Nickerson
President/CEO

120 S. State College Blvd. Suite 200 | Brea, CA 92821 | 714.879.5000 | hdlcompanies.com

CITY OF PLACERVILLE

ANNUAL SALES TAX RECOVERY



2012	2013	2014	2015	2016
$72,972	$78,342	$70,558	$85,202	$89,203
2017	**2018**	**2019**	**2020**	**2021***
$92,865	$79,204	$142,887	$85,176	$58,988

Cumulative Recovery Since 1991: $1,563,554*

* 2021 dollars are estimated