

Q2 2020



City of Placerville Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Placerville In Brief

Placerville's receipts from April through June were 19.0% above the second sales period in 2019 inflated by payments deferred from earlier periods. Excluding reporting aberrations, actual sales were up 6.2%.

Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. Much smaller numbers of travelers had a profound negative impact on casual and quick service eateries and service stations. With doors closed, general consumer good's sectors reported significant declines.

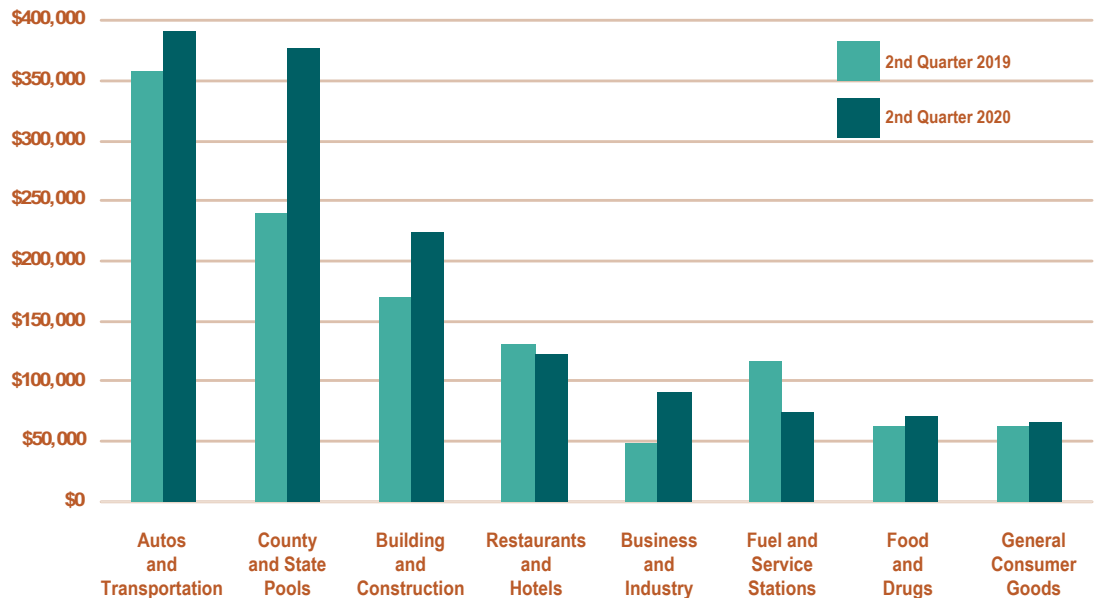
Several sectors performed much better than expected. Autos/transportation, Building/ construction and business/industry all saw gains in several categories; and food/drug stores benefitted from lack of dining options.

The growth in the countywide pool allocation from an increase in on-line sales mitigated the point of sale losses and created an overall positive outcome for the quarter.

Voter approved transaction taxes generated \$1,020,439 in sales tax revenue; experiencing the same hits to restaurants and service stations.

Net of aberrations, taxable sales for all of El Dorado County declined 5.4% over the comparable time period; the Sacramento region was down 8.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Big 5	Rancho Convenience Center
Big Lots	
C & H Motor Parts	Riebes Auto Parts
Calif Integration Coordinators	Rite Aid
Diamond Pacific	Save Mart
Ferguson Enterprises	Sierra Nevada Tire & Wheel
Grocery Outlet	Thompsons Buick Gmc
Home Depot	Thompsons Chrysler Dodge Jeep Ram
In N Out Burger	Thompson's Toyota
Les Schwab Tire Center	Tractor Supply
McDonalds	W N Hunt & Sons Distributors
Officemax	
Placerville Polaris & Power Tools	Western Refining Retail
Raley's	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$4,306,579	\$4,185,075
County Pool	1,012,171	1,347,993
State Pool	2,328	2,421
Gross Receipts	\$5,321,078	\$5,535,489
Measure J	\$1,156,971	\$1,120,912
Measure H	\$1,156,019	\$1,120,092
Measure L	\$2,305,431	\$2,247,402

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

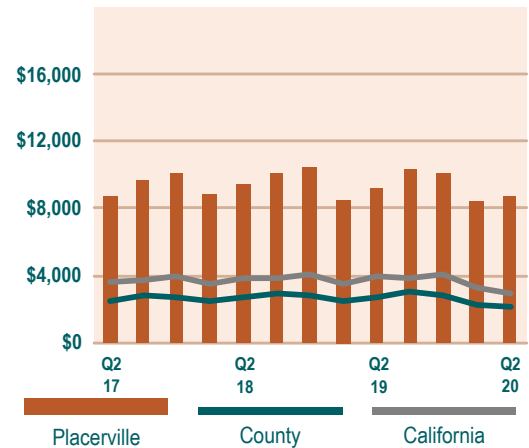
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

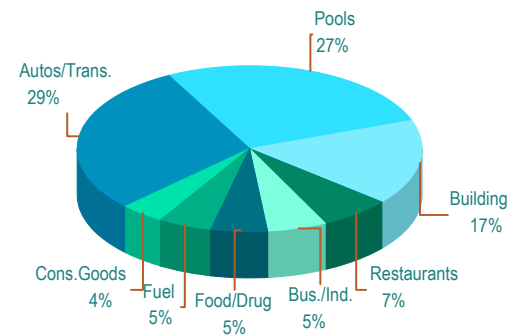
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Placerville This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

PLACERVILLE TOP 15 BUSINESS TYPES**

Business Type	Placerville		County	HdL State
	Q2 '20	Change	Change	Change
Auto Repair Shops	11,843	-12.5%	-23.6%	-28.2%
Automotive Supply Stores	44,665	8.0%	4.6%	-4.8%
Boats/Motorcycles	— CONFIDENTIAL —	—	18.9%	9.2%
Building Materials	— CONFIDENTIAL —	—	16.0%	7.0%
Casual Dining	42,364	-44.1%	-47.4%	-53.2%
Convenience Stores/Liquor	12,131	16.7%	1.8%	8.4%
Drug Stores	— CONFIDENTIAL —	—	2.1%	0.1%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	15.9%	5.6%
Grocery Stores	42,784	13.9%	18.4%	7.8%
Light Industrial/Printers	— CONFIDENTIAL —	—	9.4%	-16.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	1.6%	-15.8%
Petroleum Prod/Equipment	15,666	-38.6%	-40.7%	-56.9%
Quick-Service Restaurants	43,953	-7.5%	-16.5%	-22.0%
Service Stations	49,145	-46.9%	-43.4%	-45.2%
Variety Stores	— CONFIDENTIAL —	—	-6.2%	2.5%
Total All Accounts	961,212	-3.7%	-16.7%	-24.0%
County & State Pool Allocation	358,438	47.1%	37.9%	28.2%
Gross Receipts	1,319,651	6.3%	-5.4%	-16.4%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.