

Q1 2020



City of Dublin Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Dublin In Brief

Dublin's receipts from January through March were 33.0% below the first sales period in 2019. Cash was pulled down by eligible companies using the extra 90 days to file tax returns under the Governor's recent Executive Order. Excluding reporting aberrations, actual sales were down 8.9%.

Shelter in place orders began mid-March. Store closures and redirected customer spending contributed to declines across general consumer goods and restaurant's segments. Related, demand dropped for new vehicles.

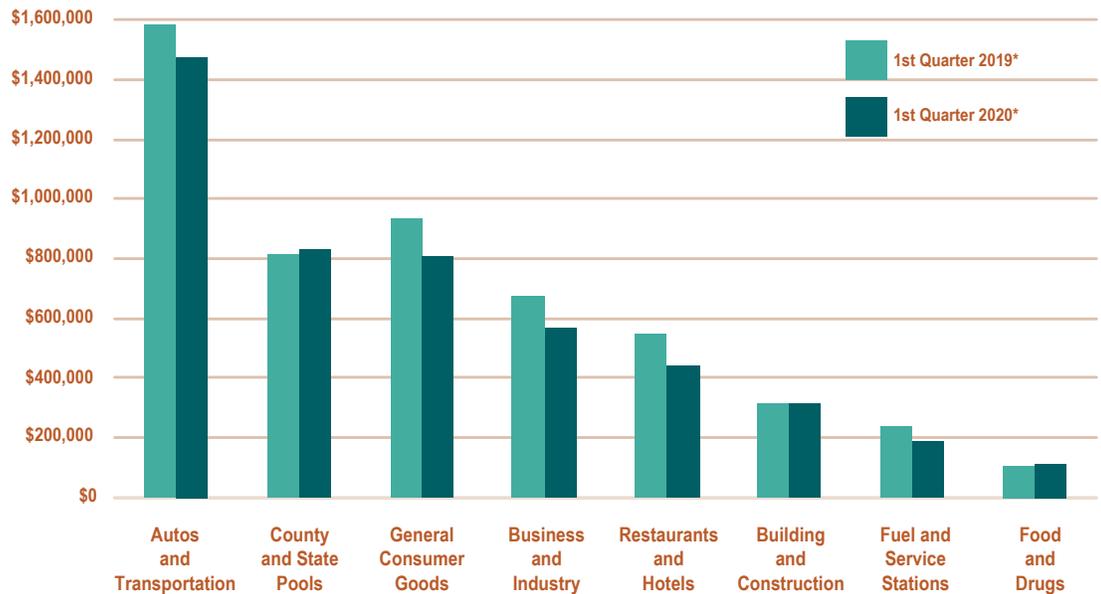
Employees mandated to work from home triggered a dramatic dive in gasoline consumption; service station's decrease incorporated a national plunge in fuel prices.

Good news came from merchants that remained open as essential businesses; med/biotech, grocers and plumbing/electrical suppliers remitted higher taxes.

The pool allocation was modest; large point of sale declines adversely impacted the overall distribution even after inclusion of new taxes coming from marketplace facilitator's requirements under recently enacted law.

Net of aberrations, taxable sales for all of Alameda County declined 4.4% over the comparable time period; the Bay Area was down 2.9%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ashley Homestore	Henry Schein
Bed Bath & Beyond	Honda
Best Buy	Lowes
Carl Zeiss Ophthalmic Systems	Mazda
Chevrolet	Nordstrom Rack
Dougherty Road Shell	Pace Supply
Dublin Hyundai Genesis	Safeway
Dublin Nissan	Safeway Fuel Station
Fallon Gateway Chevron	Target
Graybar Electric	Tesla Motors
Hacienda Crossings Shell	Toyota
	Volkswagen
	WHCI Plumbing Supply
	Whole Foods Market

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$16,018,176	\$13,008,451
County Pool	2,822,991	2,995,909
State Pool	8,554	7,347
Gross Receipts	\$18,849,721	\$16,011,706

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

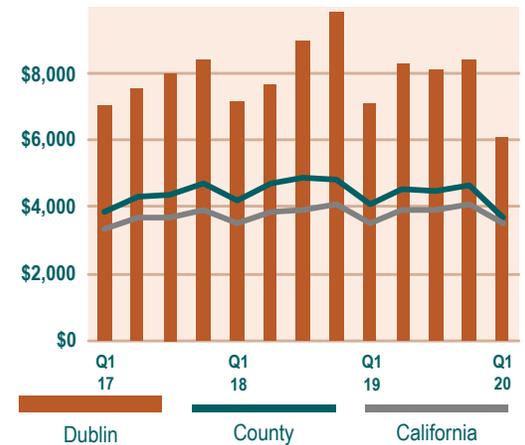
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

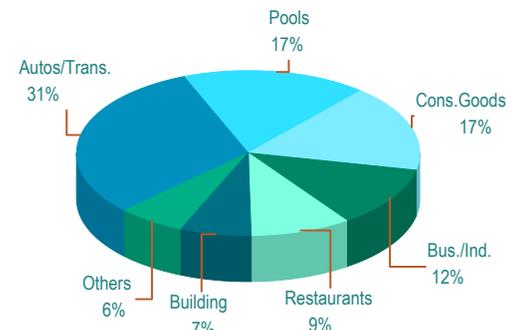
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Dublin This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

DUBLIN TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Dublin Q1 '20*	Change	County Change	HdL State Change
Building Materials	147.8	-4.5%	-0.4%	2.9%
Casual Dining	275.6	-19.5%	-18.3%	-19.2%
Discount Dept Stores	—	CONFIDENTIAL	3.5%	3.2%
Electrical Equipment	—	CONFIDENTIAL	-2.7%	-7.1%
Electronics/Appliance Stores	147.0	-14.4%	-17.7%	-18.3%
Family Apparel	81.5	-15.7%	-28.2%	-21.8%
Fast-Casual Restaurants	73.2	-14.9%	-10.4%	-10.1%
Grocery Stores	93.6	10.9%	11.9%	11.7%
Home Furnishings	131.3	-13.4%	-17.1%	-13.4%
Medical/Biotech	114.4	13.6%	-5.0%	-1.8%
New Motor Vehicle Dealers	1,296.6	-5.5%	-9.7%	-10.9%
Plumbing/Electrical Supplies	121.1	26.4%	-0.7%	1.3%
Quick-Service Restaurants	78.5	-23.0%	-14.2%	-8.7%
Service Stations	191.4	-19.9%	-16.0%	-9.9%
Sporting Goods/Bike Stores	85.9	-14.4%	-17.3%	-10.4%
Total All Accounts	3,911.2	-11.0%	-9.0%	-7.5%
County & State Pool Allocation	828.9	2.3%	20.5%	22.4%
Gross Receipts	4,740.1	-8.9%	-4.4%	-3.3%

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