

Q2 2020



City of Dublin Sales Tax *Update*

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

Dublin In Brief

Dublin's receipts from April through June were 9.3% below the second sales period in 2019 inflated by payments deferred from previous quarters. Excluding reporting aberrations, actual sales fell 23.1%.

COVID-19 retail closures triggered declines across all industry groups. Auto and transportation collections, the largest sales tax category, were down 28%; fewer new motor vehicle acquisitions and leases accounted for most of this reduction.

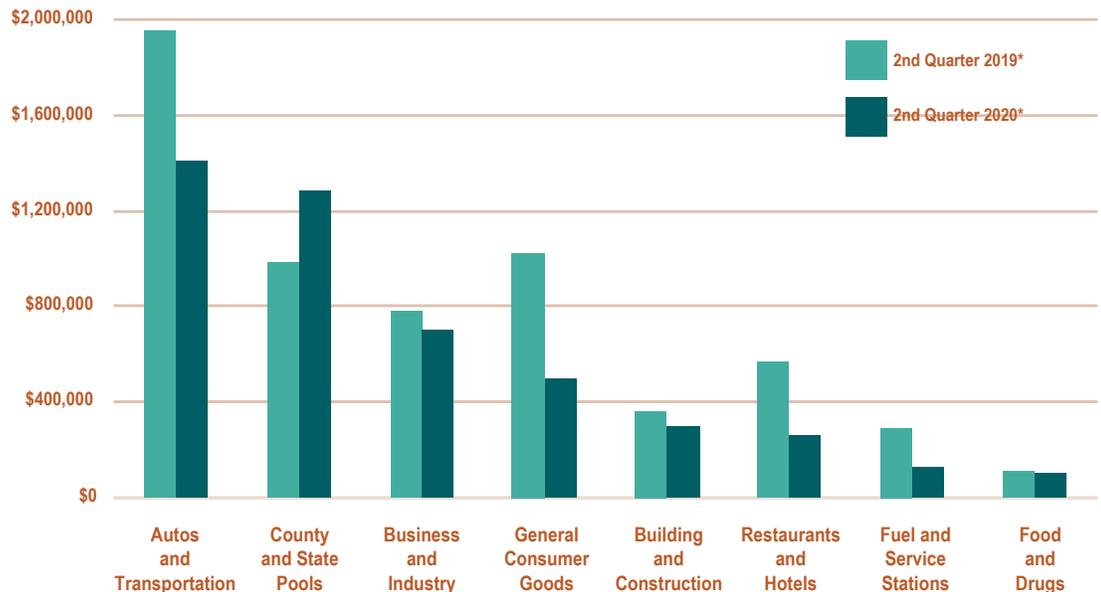
Business to business transactions weakened overall, product demand slowed in garden/agricultural and light industrial. The State lockdown orders temporarily shuttered many non-essential merchants and had a profound impact on most categories within general consumer goods.

Gasoline sales shrank as employees transitioned to working from home. The closure of restaurant dining rooms hurt casual dining.

Partially offsetting declines from local sellers was the countywide use tax pool increase, aided by accelerated online shopping behavior plus new taxes contributed by companies who serve as a platform for third party vendors.

Net of aberrations, taxable sales for all of Alameda County declined 23.4% over the comparable time period; the Bay Area was down 21.6%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Airport Appliance	Graybar Electric
Associated Building Supply	Heating & Cooling Supply
Best Buy	Henry Schein
Carl Zeiss Ophthalmic Systems	Honda
Chevrolet	Lowe's
Dick's Sporting Goods	Mazda
Dougherty Road Shell	Pace Supply
Dublin Hyundai Genesis	Safeway
Dublin Nissan	Siteone Landscape Supply
El Monte RV	Target
Fallon Gateway Chevron	Tesla Motors
	Toyota
	Volkswagen
	Whole Foods Market

REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$21,215,897	\$17,348,763
County Pool	3,835,178	4,287,754
State Pool	10,883	9,137
Gross Receipts	\$25,061,958	\$21,645,654

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

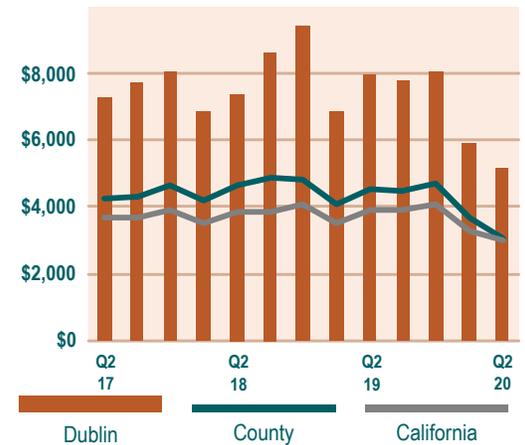
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

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.

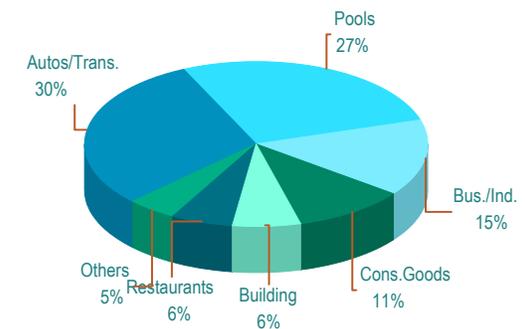
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected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

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP
Dublin This Quarter***



*Allocation aberrations have been adjusted to reflect sales activity

DUBLIN TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Dublin Q2 '20*	Change	County Change	HdL State Change
Auto Lease	63.4	-9.7%	-18.2%	-9.2%
Building Materials	174.2	0.5%	-6.0%	7.0%
Casual Dining	131.4	-62.0%	-54.6%	-53.2%
Discount Dept Stores	—	CONFIDENTIAL	-16.5%	-6.3%
Electrical Equipment	—	CONFIDENTIAL	-26.8%	-16.5%
Electronics/Appliance Stores	77.6	-58.0%	-60.3%	-50.8%
Garden/Agricultural Supplies	63.7	-11.9%	11.4%	3.5%
Grocery Stores	83.4	-10.1%	0.8%	7.8%
Light Industrial/Printers	58.2	-15.7%	-19.4%	-16.8%
Medical/Biotech	110.5	-10.3%	-31.8%	-15.2%
New Motor Vehicle Dealers	1,214.6	-29.1%	-28.6%	-15.8%
Plumbing/Electrical Supplies	75.5	-32.5%	-28.8%	-15.8%
Quick-Service Restaurants	76.2	-31.1%	-32.2%	-22.0%
Service Stations	124.4	-56.9%	-50.4%	-45.2%
Sporting Goods/Bike Stores	87.1	-26.1%	-29.9%	-11.0%
Total All Accounts	3,392.1	-33.4%	-32.4%	-24.0%
County & State Pool Allocation	1,280.0	30.4%	23.6%	28.9%
Gross Receipts	4,672.1	-23.1%	-23.4%	-16.3%

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