Q2 2020

City of Pleasanton Sales Tax *Update*

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

Pleasanton In Brief

Pleasanton's receipts from April through June were 13.9% below the second sales period in 2019 as payments deferred from the prior quarter were received. Excluding reporting aberrations, actual sales were down 29.7%.

Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. Lot closures and economic uncertainty kept buyers from obtaining new motor vehicles. Several business-industry sectors, including electrical equipment and medical/biotech, were down; in total, a 22% decrease occurred for this group.

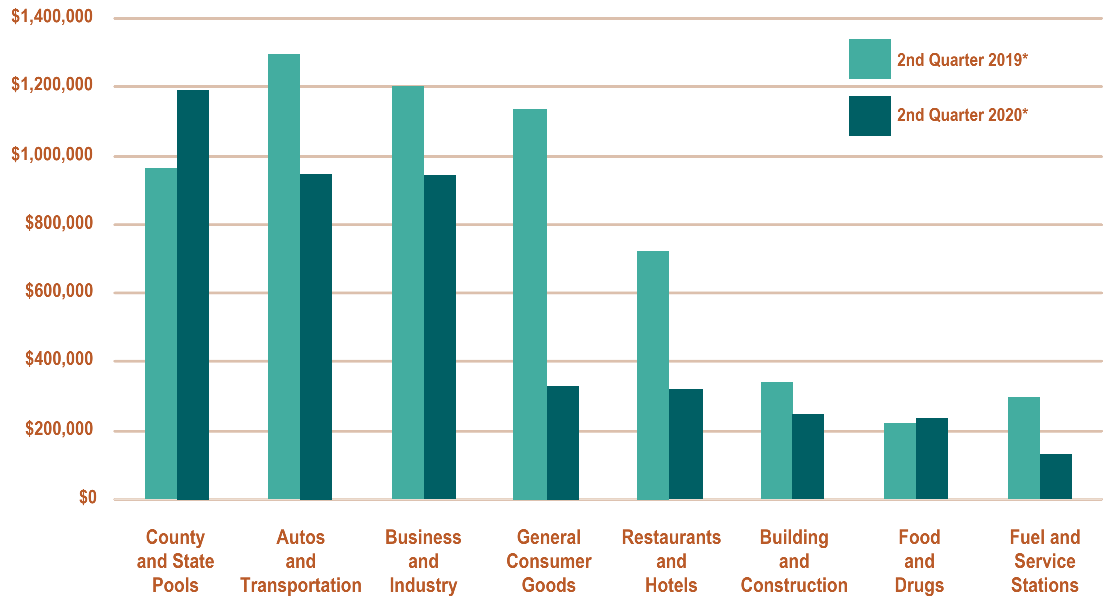
Gasoline sales plunged 56% as employees transitioned to working from home and the price of oil plummeted. Due to temporary closures, casual and quick service eateries had smaller tax returns.

With many businesses mandated to close the majority of the quarter, the biggest decline was in general consumer goods; an anchor store decided in May to not reopen, which contributed to the loss.

Convenience stores recorded big gains. Greater online shopping activity grew the state and county use tax pools distribution.

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

Revenue Comparison

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

	2018-19	2019-20
Point-of-Sale	$20,980,920	$17,679,157
County Pool	3,793,025	4,378,246
State Pool	10,794	9,614
Gross Receipts	$24,784,739	$22,067,018
Cty/Cnty Share	(1,239,237)	(1,103,351)
Net Receipts	**$23,545,502**	**$20,963,667**

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NOTES

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.

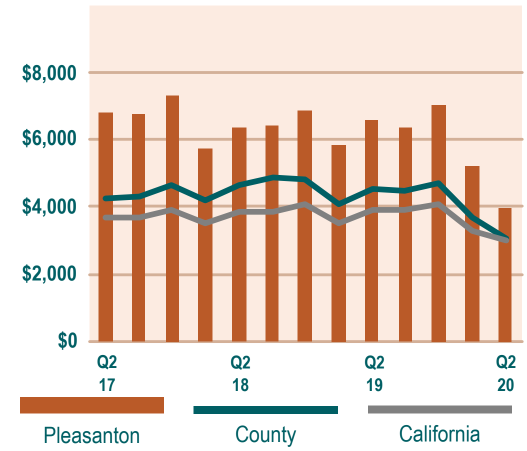
With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 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.

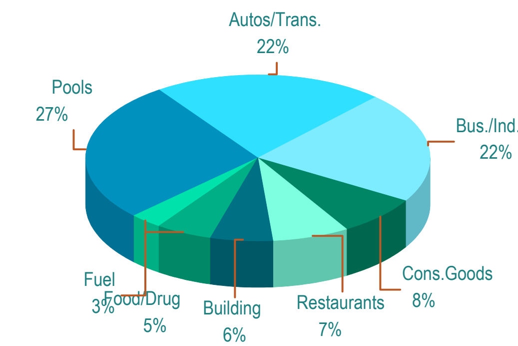
Sales Per Capita*



Allocation aberrations have been adjusted to reflect sales activity

Revenue By Business Group

Pleasanton This Quarter*



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Pleasanton Top 15 Business Types**

In thousands of dollars	Pleasanton		County	HdL State
Business Type	**Q2 '20***	**Change**	**Change**	**Change**
Auto Lease	153.9	-17.4%	-18.2%	-9.2%
Building Materials	162.3	-3.5%	-6.0%	7.0%
Business Services	103.7	-17.7%	-2.6%	-31.1%
Casual Dining	148.2	-58.0%	-54.6%	-53.2%
Convenience Stores/Liquor	89.7	42.0%	20.8%	8.4%
Discount Dept Stores	— CONFIDENTIAL —		-16.5%	-6.3%
Electrical Equipment	147.7	-28.4%	-26.8%	-16.5%
Grocery Stores	114.4	-1.8%	0.8%	7.8%
Light Industrial/Printers	86.4	-24.3%	-19.4%	-16.8%
Medical/Biotech	230.2	-23.0%	-31.8%	-15.2%
New Motor Vehicle Dealers	562.0	-25.5%	-28.6%	-15.8%
Quick-Service Restaurants	108.9	-43.9%	-32.2%	-22.0%
Service Stations	128.8	-56.2%	-50.4%	-45.2%
Used Automotive Dealers	— CONFIDENTIAL —		-40.0%	-20.6%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —		-9.5%	-2.0%
Total All Accounts	**3,162.3**	**-39.5%**	**-32.4%**	**-24.0%**
County & State Pool Allocation	**1,193.1**	**23.8%**	**23.6%**	**28.9%**
Gross Receipts	**4,355.5**	**-29.7%**	**-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.*