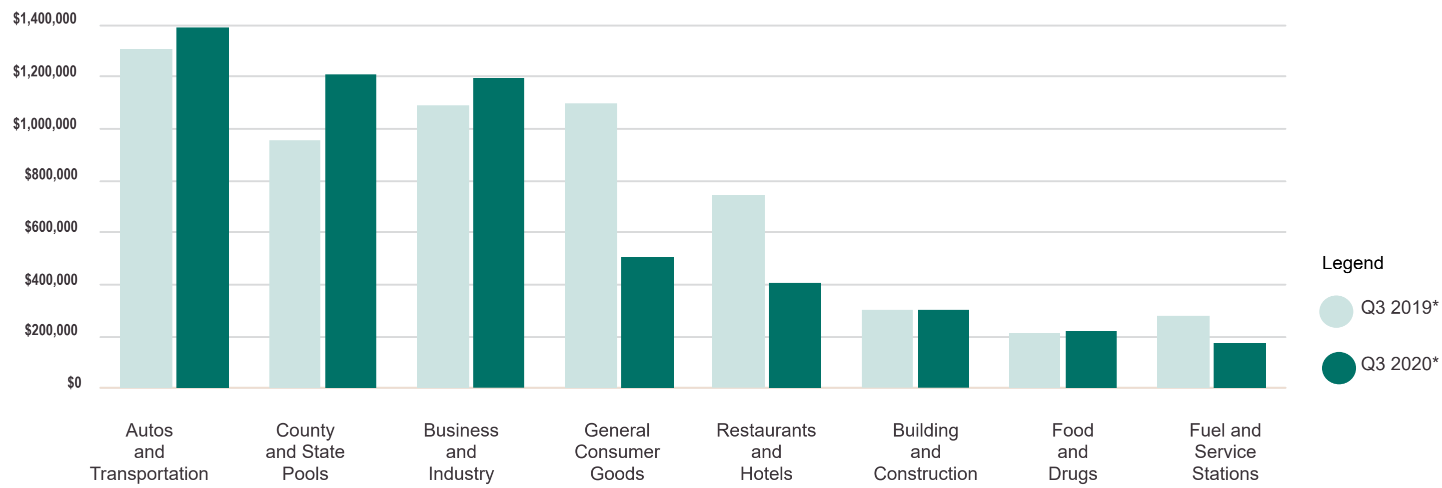
CITY OF PLEASANTON
SALES TAX UPDATE
3Q 2020 (JULY - SEPTEMBER)

THE CITY OF PLEASANTON

PLEASANTON	-9.7%	-3.8%	-0.9%
TOTAL: $ 5,405,173	3Q2020 ↓	COUNTY ↓	STATE ↓

**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's receipts from July through September were 9.1% below the third sales period in 2019.

The surge in online shopping and the implementation of AB 147 led to a 27% gain in the City's allocation from the countywide pool and created the overall positive results from the quarter.

The ongoing pandemic prompted poor performance in casual dining and quick-service restaurants bringing the restaurant-hotel group to a 45.7% decline from the comparable quarter. Fewer drivers on the road and lower prices at the pumps cause the 38.4% drop in tax receipts from service stations.

Limited access, restrictions and closures hurt general consumer goods; department stores declined 63.8%.

There were a few bright spots. Surprisingly, new motor vehicle sales grew 10% over previous year sales. Building material sales spiked as home improvement projects became priority. The medical/biotech group grew with the demand for Covid related equipment and was furthered by a new outlet.

Net of aberrations, taxable sales for all of Alameda County declined 3.8% over the comparable time period; the Bay Area was down 5.8%.

STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

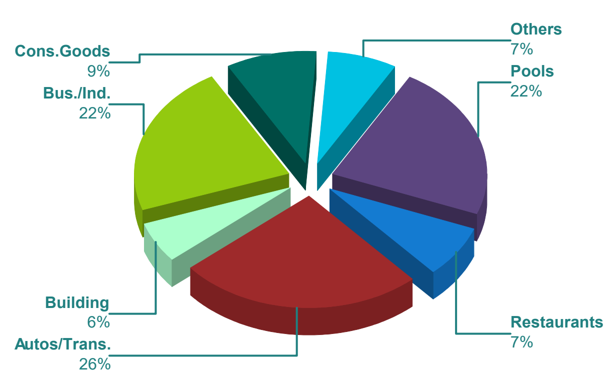
Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up of each jurisdiction's tax base.

Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP

Pleasanton This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q3 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	862.8	10.5% ↑	10.1% ↑	5.8% ↑
Medical/Biotech	386.2	49.8% ↑	3.5% ↑	4.7% ↑
Building Materials	215.2	22.3% ↑	7.8% ↑	16.4% ↑
Casual Dining	211.9	-41.8% ↓	-43.7% ↓	-38.0% ↓
Electrical Equipment	197.1	2.7% ↑	28.6% ↑	-11.4% ↓
Service Stations	171.2	-38.5% ↓	-35.1% ↓	-29.0% ↓
Auto Lease	160.1	-14.1% ↓	-16.1% ↓	-5.4% ↓
Quick-Service Restaurants	133.9	-33.7% ↓	-19.9% ↓	-10.3% ↓
Grocery Stores	107.6	-5.2% ↓	-0.8% ↓	7.1% ↑
Department Stores	107.1	-63.8% ↓	-53.5% ↓	-42.5% ↓

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**In thousands of dollars*