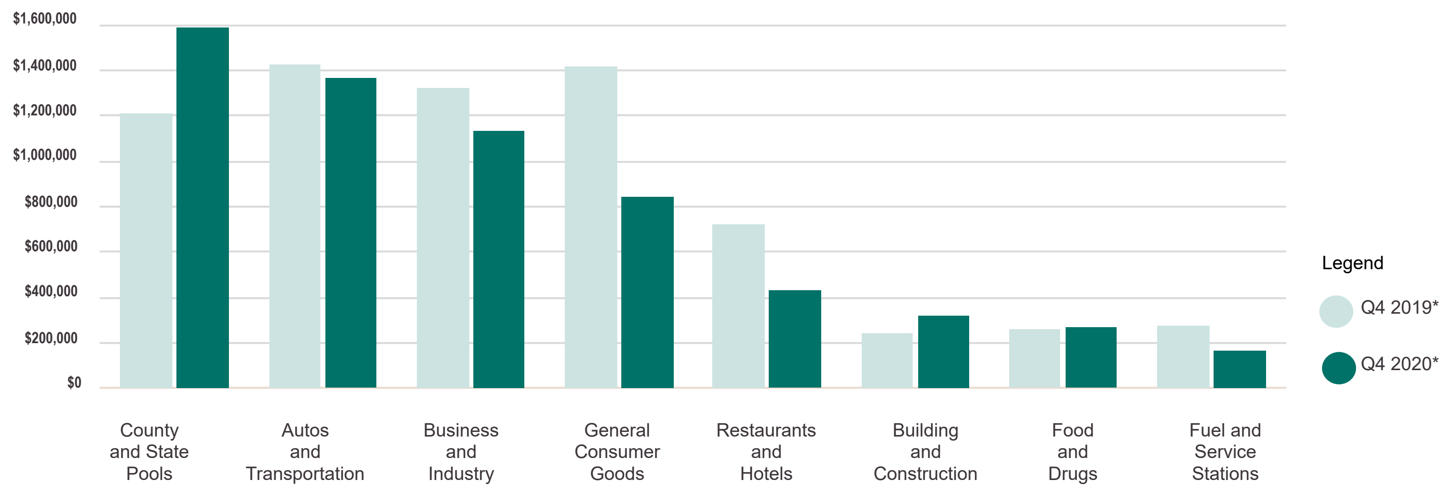
CITY OF PLEASANTON
SALES TAX UPDATE
4Q 2020 (OCTOBER - DECEMBER)

PLEASANTON	-11.3%	-6.0%	-2.0%
TOTAL: $ 6,119,180	4Q2020	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 October through December were 3.9% below the fourth sales period in 2019. Cash collections for the quarter included doubled-up payments caused by late/deferred taxpayer filings. Excluding these reporting adjustments, actual receipts for the period were down 11.3%.

Overall place of sale collections declined 20.3%, as the pandemic economy weighed on certain business sectors, while others thrived. This was the normal holiday shopping period, and general consumer retailers, largely at the mall, felt the strain of weak foot traffic and in-store buying with revenues down 41%.

The reduction in driving and lower gas prices depressed service station revenues. Similarly, quick service and casual dining plummeted as the crisis curtailed travel activity and on-premises dining.

On a positive note, the stable housing market and home-bound activities contributed to a spike in housing/building materials spending. Additionally, the inability to dine out pushed up food-drug receipts. While business-industry revenues sank, garden/agricultural supplies and business services spending softened the overall decline.

Also offsetting some of the losses, the City's share of the countywide use tax pool allocations was up 31%. This growth was boosted by new taxes on out-of-state online purchases from full implementation of AB147 and surges in online shopping.

STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

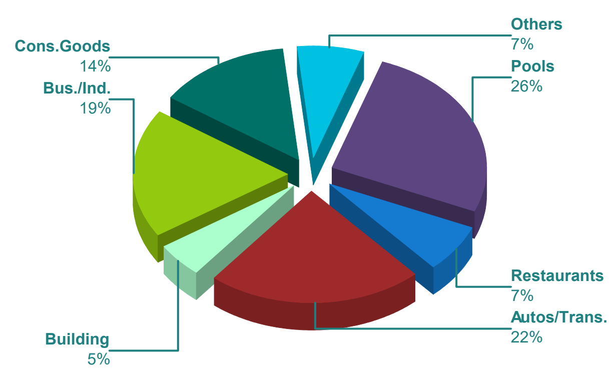
The building-construction sector, with 1) increased price of goods – like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP

Pleasanton This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q4 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	874.2	-2.4% ↓	0.9% ↑	7.2% ↑
Medical/Biotech	316.8	-5.8% ↓	-3.3% ↓	16.2% ↑
Casual Dining	210.4	-41.1% ↓	-41.8% ↓	-39.4% ↓
Electrical Equipment	193.9	-26.5% ↓	-1.7% ↓	-6.4% ↓
Auto Lease	172.2	-7.8% ↓	-7.4% ↓	2.2% ↑
Department Stores	165.8	-58.5% ↓	-44.7% ↓	-40.2% ↓
Service Stations	164.9	-40.3% ↓	-37.9% ↓	-31.2% ↓
Business Services	154.6	27.1% ↑	3.0% ↑	-16.6% ↓
Quick-Service Restaurants	152.9	-24.6% ↓	-19.1% ↓	-8.7% ↓
Grocery Stores	126.7	-10.1% ↓	-3.3% ↓	5.2% ↑

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**In thousands of dollars*