

Q2 2020



City of Pismo Beach Sales Tax *Update*

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

Pismo Beach In Brief

Pismo Beach's receipts from April through June were 19.4% below the second sales period in 2019. Excluding reporting aberrations, actual sales were down 31.7%.

Double payments from businesses that had missing/partial payments in 1Q20 was the main cause of the variance between cash receipts and actual sales. Actual sales in most industry groups declined due to Covid-19 impacts, although the losses were again partially offset by continued robust growth from the countywide pool resulting from the Wayfair decision that required additional out of state companies to collect sales tax. The City's allocation from the county pool increased 13.2%.

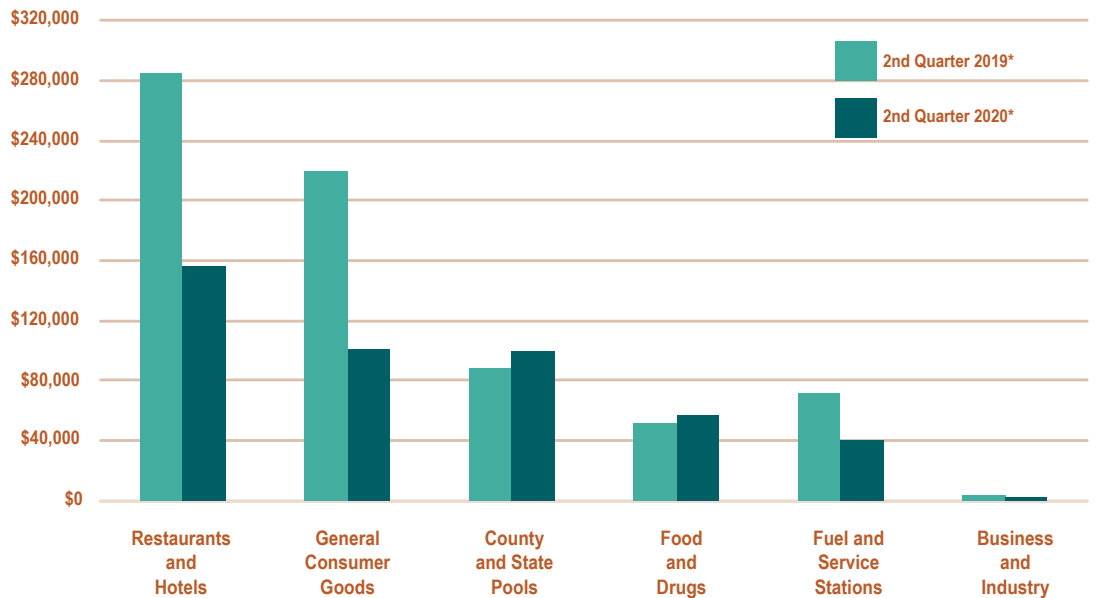
Lower sales from all dining and hospitality categories depressed restaurants and hotels 44.9%. Retail sales were down sharply, posting a 54.4% decline. Service station sales were 43.8% lower consistent with statewide trends.

Bright spots included a 39.4% gain in the automotive group and a 11.9% increase in food and drugs.

The Measure I transaction tax generated an additional \$271,114, down 33.7% from prior year sales.

Net of aberrations, taxable sales for all of San Luis Obispo County declined 15.8% over the comparable time period; the Central Coast region was down 17.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Miller 76
Big 5	Mo's Smokehouse BBQ
Brads Restaurant	Nike
California Fresh Market	Pacific Coast RV
Calvin Klein	Panchos Surf Shop
Chevron	Pismo Fish & Chip
Cliffs at Shell Beach	Rite Aid
Cool Cat Cafe	Ross
Cracked Crab	Sky River RV
CVS Pharmacy	Splash Cafe
Giuseppes Cucina	Spyglass Shell
Hoagies	Wooly's Oyster Loft
McDonalds	

REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$2,797,846	\$2,264,585
County Pool	398,019	426,026
State Pool	1,391	1,131
Gross Receipts	\$3,197,256	\$2,691,742
Measure I	\$1,651,186	\$1,393,582

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

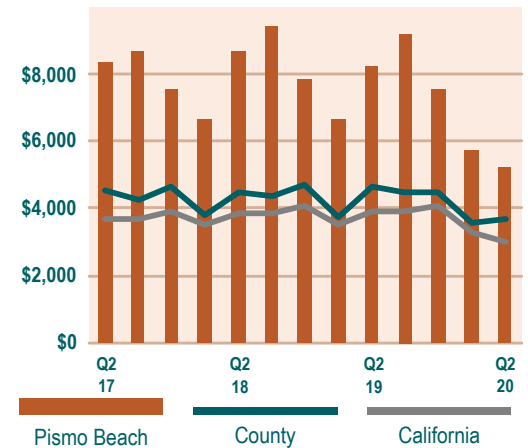
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

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.

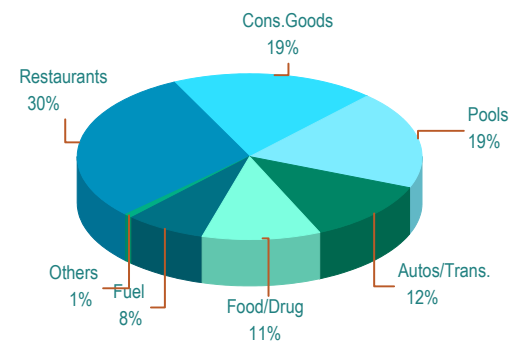
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected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

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Pismo Beach This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

PISMO BEACH TOP 15 BUSINESS TYPES**

Business Type	Pismo Beach		County	HdL State
	Q2 '20	Change	Change	Change
Casual Dining	95,052	-45.2%	-49.8%	-53.2%
Convenience Stores/Liquor	15,901	16.7%	5.5%	8.4%
Drug Stores	— CONFIDENTIAL —	—	2.1%	0.1%
Family Apparel	43,577	-52.0%	-54.1%	-66.3%
Fast-Casual Restaurants	11,548	-10.1%	-24.8%	-30.3%
Food Stores Non-Grocery	— CONFIDENTIAL —	—	-20.1%	-24.1%
Grocery Stores	— CONFIDENTIAL —	—	8.5%	7.8%
Hotels-Liquor	15,300	-58.7%	-55.0%	-80.1%
Quick-Service Restaurants	29,080	-25.7%	-18.7%	-22.0%
Service Stations	40,318	-43.8%	-43.5%	-45.2%
Shoe Stores	13,603	-68.3%	-64.2%	-59.3%
Specialty Stores	7,435	-40.2%	-38.8%	-36.2%
Sporting Goods/Bike Stores	18,681	-8.3%	3.2%	-11.0%
Trailers/RVs	— CONFIDENTIAL —	—	9.5%	7.0%
Women's Apparel	9,574	-71.1%	-64.6%	-72.1%
Total All Accounts	423,119	-37.6%	-21.9%	-24.0%
County & State Pool Allocation	99,981	13.1%	29.4%	28.9%
Gross Receipts	523,100	-31.7%	-15.8%	-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.