

Q1 2014



City of Red Bluff Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Red Bluff In Brief

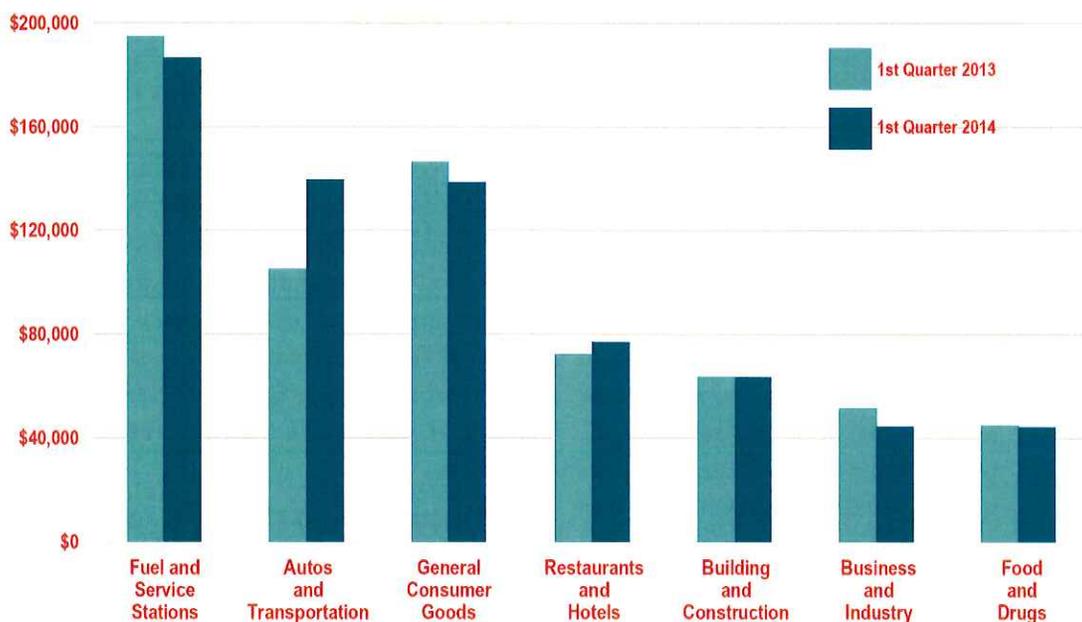
Receipts for Red Bluff's January through March sales were 4.7% higher than the same quarter one year ago. Actual sales activity was up 2.6% when reporting aberrations were factored out.

A strong sales quarter from autos and transportation was largely responsible for the overall gain. Growth from restaurants, including quick service eateries, was consistent with county and statewide results. A 33.6% increase in the city share of the countywide use tax pool allocation also contributed to the positive outcome.

The gains were offset by a weak retail quarter from electronic-appliance stores which dampened returns from general consumer goods, while lower fuel prices negatively impacted receipts from service stations. Decreased sales activity was responsible for the declines from business and industry.

Adjusted for aberrations, taxable sales for all of Tehama County decreased 4.0% over the comparable time period, while the Far North region as a whole was up 1.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Adobe Minimart	McDonalds
Antelope Valero	More for Less Gas
Arco AM PM	One Stop Gas & Food
Circle 7 Days	Raleys Supermarket
CVS Pharmacy	Red Bluff AM PM
Exxon Food Mart	Red Bluff Chrysler Dodge Jeep Ram
Food Maxx	Red Bluff Shell
Growney Motors Buick/GMC	Staples
Home Depot	Taco Bell
Jack in the Box	Tesoro West Coast
Les Schwab Tire Center	Tractor Supply Company
Liquor & Food	Walmart
Main Street Chevron	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,118,065	\$2,218,627
County Pool	200,985	246,945
State Pool	663	1,449
Gross Receipts	\$2,319,712	\$2,467,021
Cty/Cnty Share	(231,971)	(246,702)
Net Receipts	\$2,087,741	\$2,220,319
Less Triple Flip*	\$(521,935)	\$(555,080)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

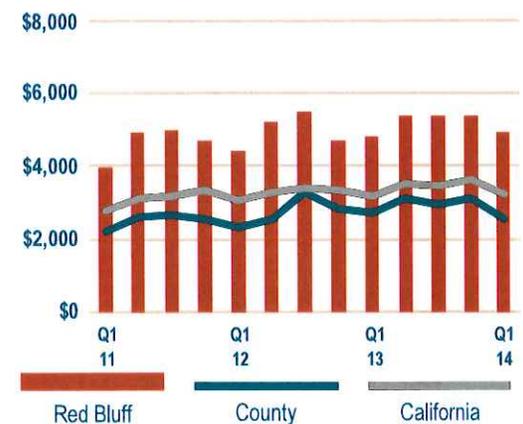
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q1 '14	Change	Change	Change
Auto Repair Shops	9,552	-6.8%	-8.4%	1.5%
Automotive Supply Stores	21,835	3.7%	4.2%	0.0%
Casual Dining	27,192	9.4%	5.6%	6.6%
Discount Dept Stores	— CONFIDENTIAL —		-3.7%	-2.6%
Drug Stores	10,262	-1.9%	-17.4%	-9.8%
Electronics/Appliance Stores	11,042	-38.1%	-37.3%	2.4%
Fine Dining	11,304	4.3%	0.7%	13.4%
Garden/Agricultural Supplies	20,707	-8.1%	-10.8%	4.2%
Grocery Stores Liquor	— CONFIDENTIAL —		-0.8%	-14.2%
Home Furnishings	9,460	11.4%	14.6%	6.8%
Lumber/Building Materials	— CONFIDENTIAL —		14.5%	16.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		12.9%	9.4%
Quick-Service Restaurants	36,083	4.8%	6.4%	4.8%
Service Stations	179,957	-4.5%	-9.1%	-1.0%
Used Automotive Dealers	11,339	16.1%	15.4%	11.6%
Total All Accounts	\$694,304	2.2%	-7.0%	3.2%
County & State Pool Allocation	\$79,986	33.6%	21.6%	7.7%
Gross Receipts	\$774,290	4.7%	-4.7%	3.7%
City/County Share	(77,429)	-4.7%		
Net Receipts	\$696,861	4.7%		