

Q4 2018



City of Red Bluff Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2018)

Red Bluff In Brief

Red Bluff's receipts from October through December were 6.3% above the fourth sales period in 2017. Excluding reporting aberrations, actual sales were up 3.3%.

In contrast with statewide trends which were down slightly, general consumer goods reported strong sales growth of 6% over the holiday quarter. Fuel per gallon prices were higher and resulted in service stations gains in line with expectations.

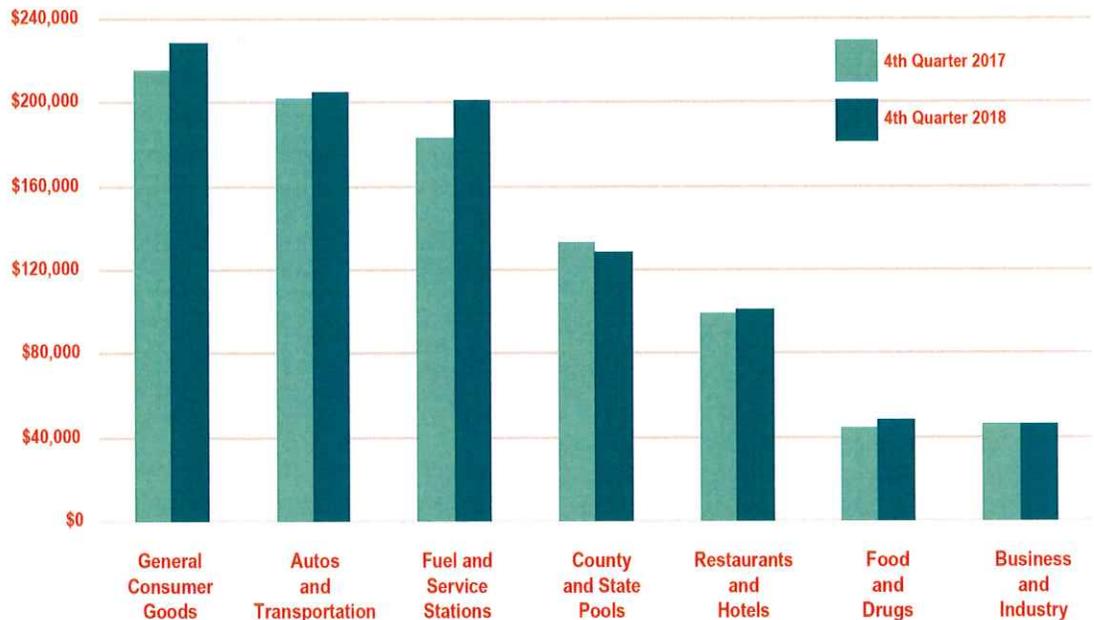
Taxes due from prior periods continued to flow as the State remedies issues with its new computer system. Drug stores included a delayed payment while missing allocations suppressed returns from quick service restaurants, home furnishings and garden-agricultural suppliers.

Current and comparable period negative account adjustments reduced use tax allocations from the countywide pool.

Additional local taxes generated by Measure A totaled \$278,444, a 4.5% improvement over last quarter 2017 totals.

Net of aberrations, taxable sales for all of Tehama County grew 4.4% over the comparable time period; the Far North region was flat.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

A Wireless	One Stop Gas & Food
Adobe Minimart	Raley's
Antelope Liquors & Gas	Red Bluff Chrysler Dodge Jeep Ram
Arco AM PM	Red Bluff Food Mart
Dollar General	Red Bluff Gas
Flyers	Red Bluff Shell
Food Maxx	Rina's Mini Mart
Growney Motors Buick/GMC	Taco Bell
Harbor Freight Tools	Tractor Supply
Home Depot	USA Gas
Les Schwab Tire Center	Valero
More for Less Gas	Walgreens
	Walmart Supercenter

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date (Q3 to Q4)

	2017-18	2018-19
Point-of-Sale	\$1,782,760	\$2,043,273
County Pool	256,279	298,550
State Pool	970	1,030
Gross Receipts	\$2,040,010	\$2,342,853
Cty/Cnty Share	(204,001)	(234,285)
Net Receipts	\$1,836,009	\$2,108,568
Measure A	\$516,422	\$619,477

Statewide Results

The local one cent share of sales and use tax from October through December sales was 2.8% higher than 2017's holiday quarter after factoring for state reporting aberrations.

The overall increase came primarily from a solid quarter for contractor materials and equipment, expanded production by an auto manufacturer and rising fuel prices. Online fulfillment centers, new technology investment and cannabis start-ups also produced significant gains. Receipts in the six county Sacramento region grew 7.9% over last year while the remainder of the state was generally flat or exhibited only minor growth.

Notable was the 0.09% rise in tax receipts from brick and mortar retailers which is the lowest holiday gain for that sector since 2009. A 9.6% increase in receipts from online shopping which is allocated to central order desks or county pools was part of the reason. Other factors include lower prices, gift cards which move purchases to future quarters and greater gifting of non-taxable experiences and services.

The Retail Evolution Continues

A recent survey identified U.S. closures of 102 million sq. ft. of retail space in 2017 and an additional 155 million sq. ft. in 2018. Similar losses are expected in 2019 with 5,300 closures already announced. Payless Shoes, Gymboree, Performance Bicycle and Charlotte Russe are going out of business while chains including Sears, Kmart, Macy's, JCPenney, Kohl's, Nordstrom, Dollar Tree, Victoria's Secret, Chico's, Foot Locker and Lowe's have announced plans for further cuts in oversaturated markets and downsizing of stores.

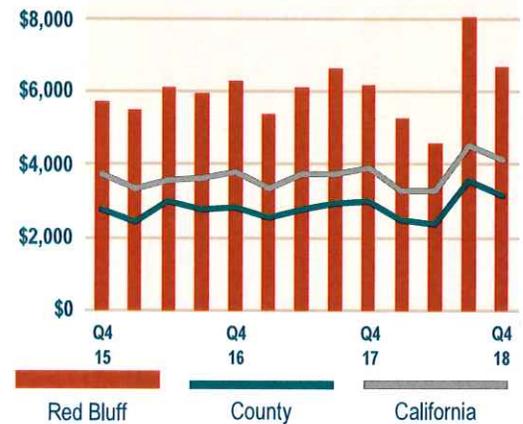
Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide more intimate shopping encounters.

With smartphones allowing purchase and delivery of almost anything at any time of the day without leaving home, big box retailers are responding by downsizing stores and subleasing excess space to compatible businesses to help draw traffic. Locations where people congregate for entertainment, food and services have become part of the evolving strategy as has integrating retail with more convenient spots for pick-up and delivery of online orders.

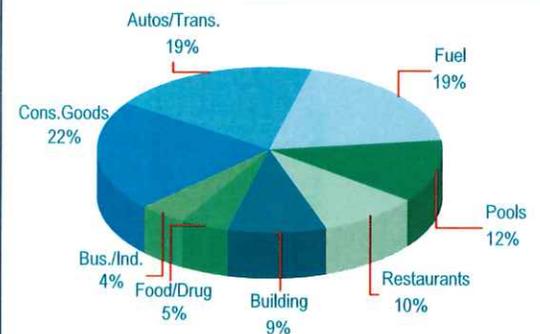
Barry Foster of HdL's EconSolutions, notes that "shifting shopping habits present challenges but also opportunities." "Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorate shopping centers."

With more companies using the internet to sell directly to customers from their warehouses, the trend also provides jurisdictions whose populations aren't adequate in size to support large scale retail to focus on industrial development for sales tax as well as jobs.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Red Bluff This Quarter



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q4 '18	Change	Change	Change
Auto Repair Shops	9,535	-8.2%	-12.6%	4.2%
Automotive Supply Stores	28,266	4.8%	6.5%	2.8%
Building Materials	— CONFIDENTIAL —		1.0%	5.4%
Casual Dining	48,273	3.0%	4.8%	2.5%
Discount Dept Stores	— CONFIDENTIAL —		10.3%	3.9%
Drug Stores	14,147	42.1%	24.5%	21.9%
Electronics/Appliance Stores	16,140	-13.4%	-9.0%	-1.6%
Garden/Agricultural Supplies	24,207	-6.2%	-23.7%	-2.3%
Grocery Stores	29,425	-2.4%	-4.2%	-11.7%
Home Furnishings	8,055	-19.0%	-18.1%	0.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —		6.8%	5.8%
Quick-Service Restaurants	47,132	2.6%	5.2%	6.6%
Repair Shop/Equip. Rentals	7,026	17.1%	14.4%	1.6%
Service Stations	194,328	9.8%	12.1%	28.5%
Variety Stores	— CONFIDENTIAL —		15.3%	-1.9%
Total All Accounts	929,128	7.9%	6.3%	7.0%
County & State Pool Allocation	128,069	-3.8%	-5.3%	8.6%
Gross Receipts	1,057,197	6.3%	4.8%	7.2%
City/County Share	(105,720)	-6.3%		
Net Receipts	951,477	6.3%		