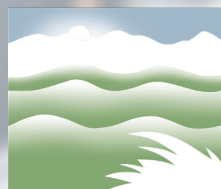


Q1 2020



City of San Jacinto Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

San Jacinto In Brief

San Jacinto's receipts from January through March were 17.2% below the first sales period in 2019. Excluding reporting aberrations, actual sales were flat.

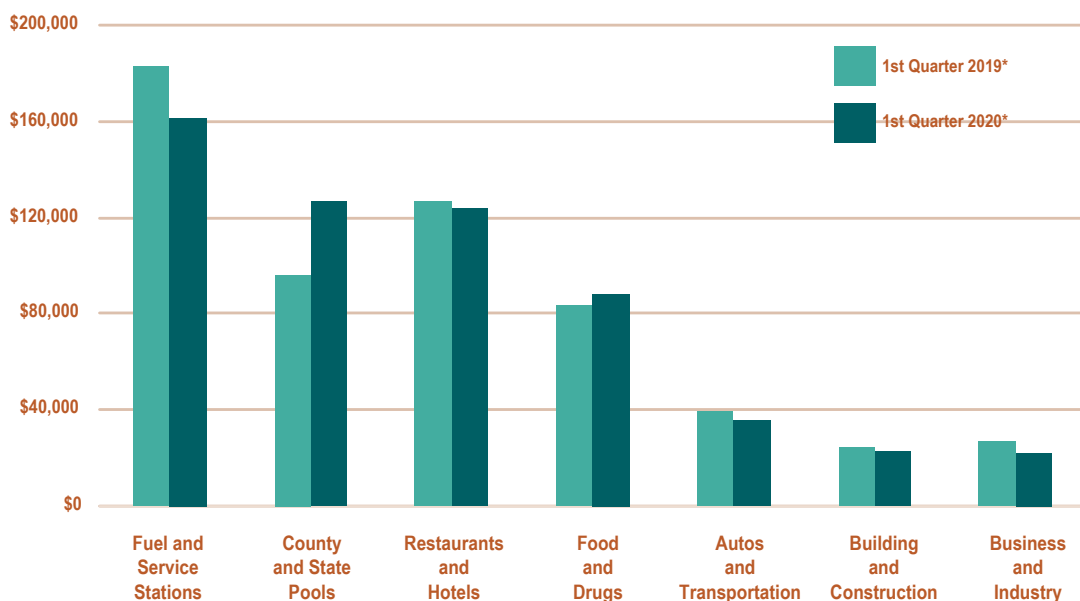
The City continued to experience strong performance from the countywide use tax pool, which was the primary reason for the overall slight gain.

Shelter in place restrictions imposed on residents contributed to a positive growth in food and drugs.

COVID-19 pushed sales down in electronics/appliance stores and business and industry. With Shelter in Place restrictions, casual dining was down, and fuel consumption ground to a halt.

Net of aberrations, taxable sales for all of Riverside County declined 0.3% over the comparable time period; the Southern California region was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



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

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Jack in the Box
Arco AM PM	Little Caesar's
AutoZone	McDonalds
Cardenas	Mobil Shop N Go Food Store
Chevron	O'Reilly Auto Parts
Circle K	Rite Aid
Crop Production Services	San Jacinto Fastrip
CVS	San Jacinto Shell
Del Taco	Stadium Pizza
Farmer Boys	Stater Bros
Hemet Valley Pipe & Supply	Walgreens
Interstate Steel Structures	Walmart Supercenter
	Wendy's

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$2,346,836	\$2,192,222
County Pool	365,980	349,812
State Pool	1,234	1,201
Gross Receipts	\$2,714,050	\$2,543,235

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

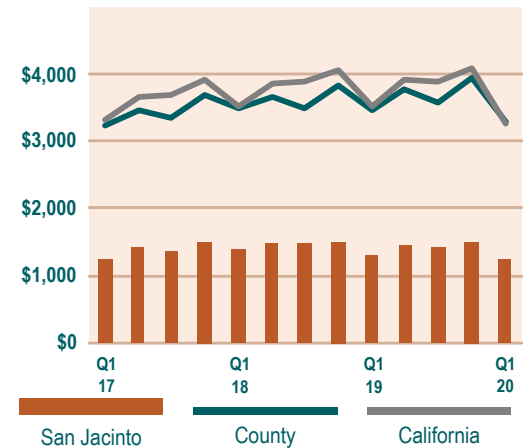
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

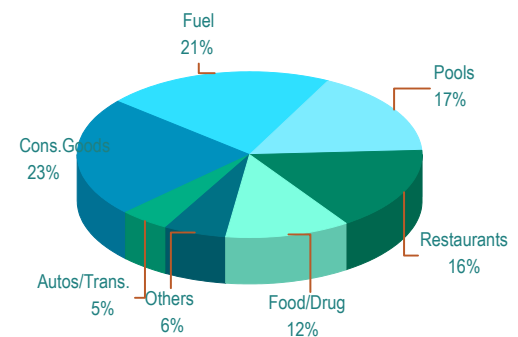
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP San Jacinto This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

SAN JACINTO TOP 15 BUSINESS TYPES**

Business Type	San Jacinto		County	HdL State
	Q1 '20	Change	Change	Change
Auto Repair Shops	12,834	-10.2%	-4.3%	-7.5%
Automotive Supply Stores	17,301	-3.4%	-7.0%	-9.5%
Casual Dining	22,551	-7.0%	-17.1%	-18.8%
Cigarette/Cigar Stores	7,753	1.9%	0.4%	-6.9%
Contractors	11,554	2.7%	12.6%	3.2%
Convenience Stores/Liquor	11,363	-23.1%	-1.6%	-4.4%
Discount Dept Stores	—	CONFIDENTIAL	4.7%	3.2%
Drug Stores	23,231	4.2%	3.1%	3.4%
Electronics/Appliance Stores	7,202	-37.7%	-17.3%	-18.0%
Fast-Casual Restaurants	—	CONFIDENTIAL	-7.5%	-9.9%
Garden/Agricultural Supplies	—	CONFIDENTIAL	15.4%	12.0%
Grocery Stores	—	CONFIDENTIAL	11.7%	11.8%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	3.8%	1.5%
Quick-Service Restaurants	87,710	-2.1%	-5.0%	-8.5%
Service Stations	161,332	-11.9%	-3.9%	-9.5%
Total All Accounts	628,848	-4.6%	-4.3%	-7.3%
County & State Pool Allocation	127,092	32.5%	27.8%	22.4%
Gross Receipts	755,939	0.1%	-0.3%	-3.0%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.