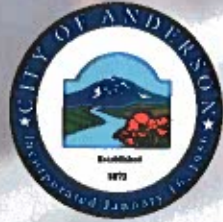


Q4 2018



City of Anderson Sales Tax *Update*

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

Anderson In Brief

Anderson's receipts from October through December were 16.8% above the fourth sales period in 2017. Excluding reporting aberrations, actual sales were up 15.1%.

Winter months did not slow enthusiastic purchasing activity for trailers-RVs; this segment alone accounted for 17% of the point of sale growth. Overall, auto-transportation rose 50% when measured against the last three months of the prior year.

Positive contributions also came from used auto dealers, casual dining and building materials. Service stations reported better returns thanks to higher fuel prices.

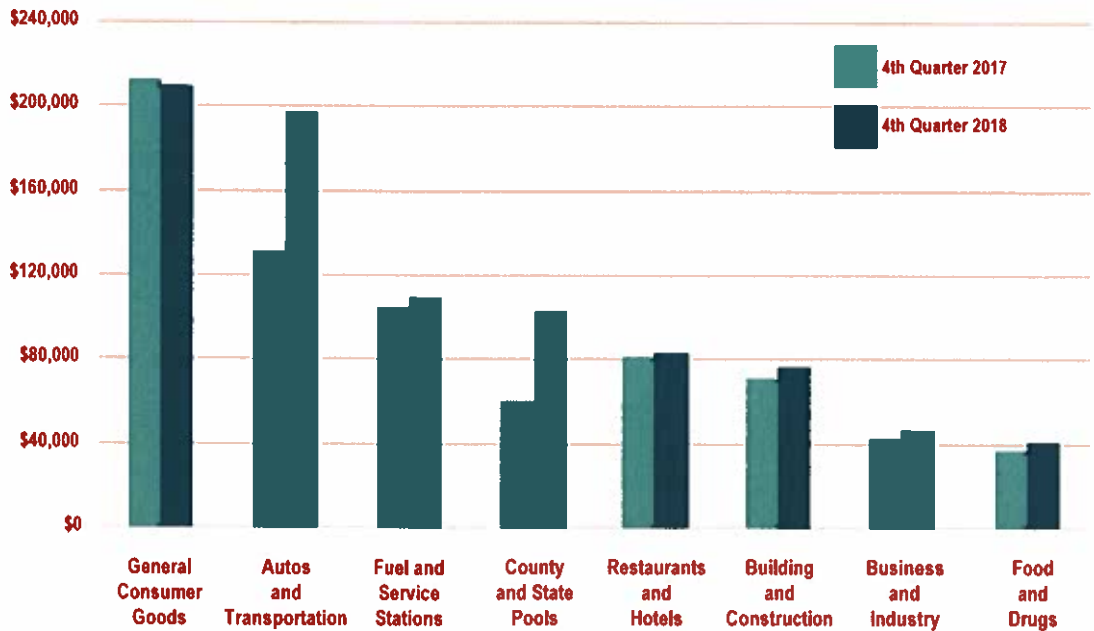
A previous negative audit correction inflated countywide pool comparisons; real results were a 20% allocation increase once all anomalies are removed.

Consumer spending dipped 1.5% in the general consumer goods group; contractors had a reduction as well.

The City's local transaction taxes, Measure A, provided \$429,408 in addition to the sales taxes described above.

Net of aberrations, taxable sales for all of Shasta County grew 6.4% over the comparable time period; the Far North region was flat.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware Express	Norcal Kenworth Anderson
Advanced Auto Wholesale	O'Reilly Auto Parts
Arco AM PM	Outdoor Creations
B & B RV	Payless Building Supply
Beacon w/Mikes Food & Fuel	Pendleton Woolen Mills
Boot Barn	Rite Aid
Camping World RV	Safeway Fuel
Fasteners	Systems Plus Lumber
Handisport Market	Taco Bell
Les Schwab Tire Center	Tower Mart
Maruti Service Station	Tractor Supply
McDonalds	USA Gas
	Walmart Supercenter

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$1,352,968	\$1,593,388
County Pool	146,798	215,950
State Pool	710	794
Gross Receipts	\$1,500,475	\$1,810,132
Measure A	\$725,373	\$901,202

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.

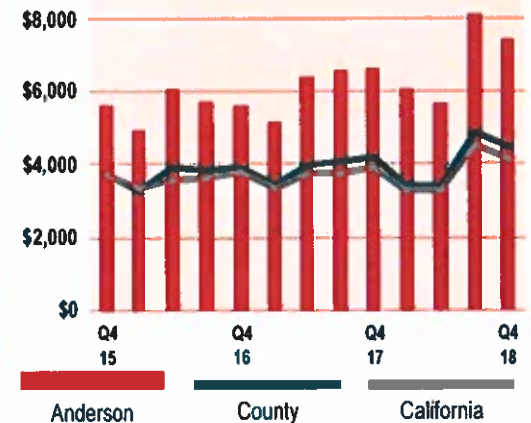
Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide more intimate shopping encounters.

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.

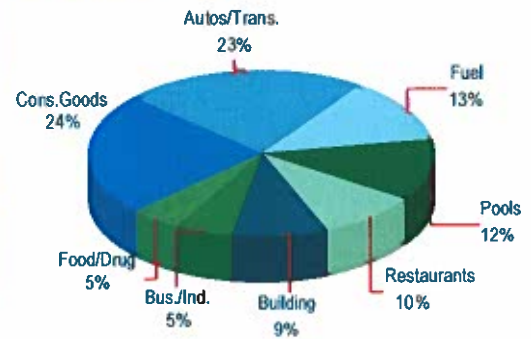
Barry Foster of HdL's EconSolutions, notes that "shifting shopping habits present challenges but also opportunities." "Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorate shopping centers."

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
Anderson This Quarter



ANDERSON TOP 15 BUSINESS TYPES

Business Type	Anderson		County	HdL State
	Q4 '18	Change	Change	Change
Automotive Supply Stores	21,107	11.2%	5.1%	2.8%
Building Materials	54,431	12.3%	12.0%	5.4%
Casual Dining	27,499	11.8%	-0.9%	2.5%
Contractors	21,341	-4.2%	27.8%	17.4%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.1%	3.9%
Electronics/Appliance Stores	12,847	-0.5%	-12.3%	-1.6%
Family Apparel	17,527	-14.5%	4.8%	0.4%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	8.2%	-2.3%
Grocery Stores	— CONFIDENTIAL —	—	-6.1%	-11.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	6.5%	5.8%
Quick-Service Restaurants	46,909	-1.2%	5.5%	6.6%
Service Stations	111,119	14.8%	13.1%	28.5%
Shoe Stores	— CONFIDENTIAL —	—	10.2%	1.8%
Trailers/RVs	131,331	93.8%	116.5%	4.3%
Used Automotive Dealers	12,736	16.7%	16.6%	5.4%
Total All Accounts	762,641	12.1%	7.3%	7.0%
County & State Pool Allocation	102,887	70.4%	63.0%	8.6%
Gross Receipts	865,528	16.8%	11.8%	7.2%