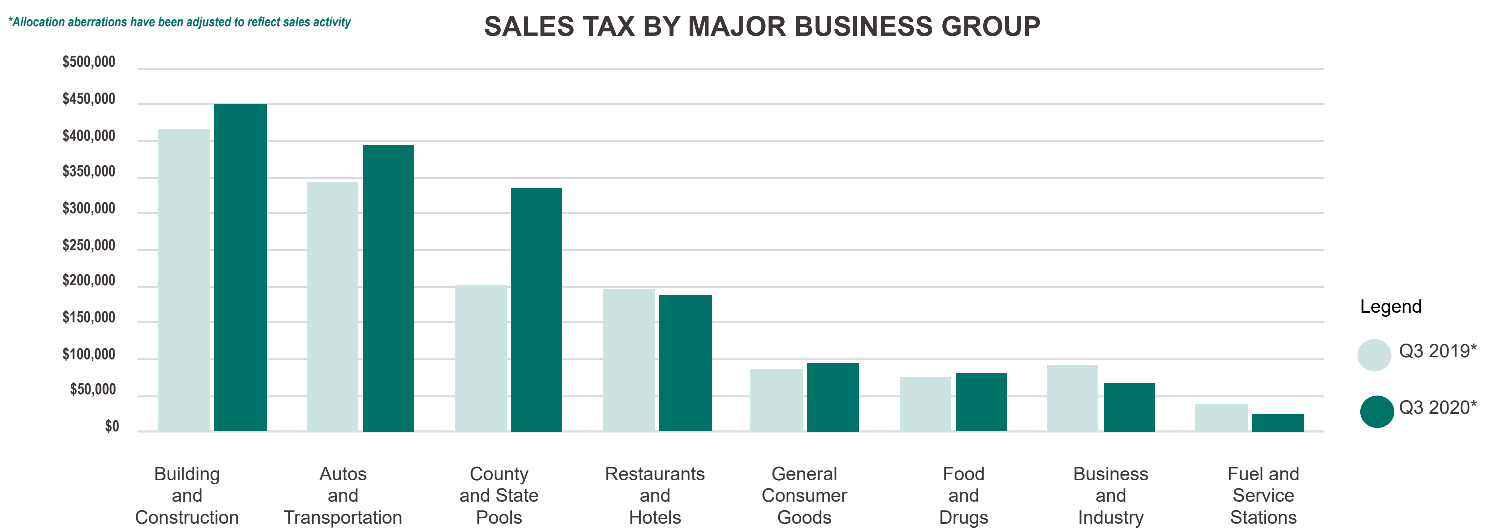
CITY OF SAN FERNANDO
SALES TAX UPDATE
3Q 2020 (JULY - SEPTEMBER)

SAN FERNANDO
TOTAL: $ 1,637,781

12.9%	-6.0%	-1.0%
3Q2020	COUNTY	STATE

*Allocation aberrations have been adjusted to reflect sales activity



Measure A
TOTAL: $709,246
10.0%

CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from July through September were 9.1% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 12.9%.

While COVID-19 continued to strike the state and most local economies, the City experienced net growth mainly attributable to ongoing strong performance in the countywide use tax pool and a boost in autos and transportation sales, which exceeded state and county trends for the eighth consecutive quarter. Many business types enjoyed positive results this quarter including contractors, electronic/appliance stores, heavy industrial/printers, and quick service and fast casual restaurants. Consumers continued to shift their shopping and eating habits and purchased more items at grocery and convenience stores. With a continuing reduction in demand and consumption of fuel and dining out at restaurants, service station and casual dining returns were down, which offset the overall quarterly gain.

The City's Transaction and Use Tax Measure A generated 43.3% of the Bradley Burns amount. Net of aberrations, taxable sales for the Southern California region was down 1.6% over the comparable time period.

TOP 25 PRODUCERS

Arco
Arroyo Building Materials
Casco
CCAP Auto Lease
CVS Pharmacy
El Pollo Loco
El Super
Enterprise Rent A Car
Ferguson Enterprises
Ganas Auto
Goodman Distribution
Home Depot
Malbros Ready Mix Concrete
McDonalds
Nachos Ornamental Supply
Pool & Electrical Products
Respond Systems
Rydell Chrysler Dodge Jeep Ram
Smart & Final
T L Shield & Associates I
T Mobile
Taco Bell
Truman Fuel
Vallarta Supermarket
WSS

STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

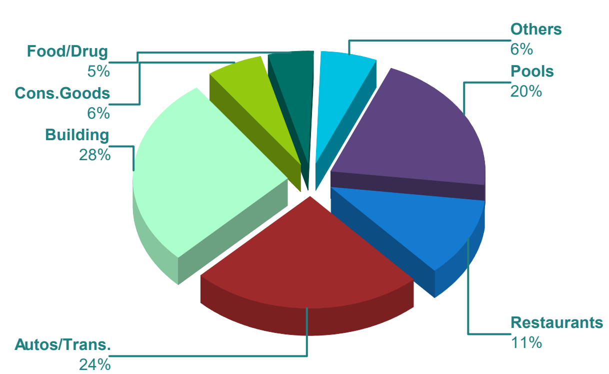
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP

San Fernando This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q3 '20*	Change	County Change	HdL State Change
Quick-Service Restaurants	132.7	8.0%	-13.5%	-10.2%
Contractors	79.0	7.6%	-5.3%	-5.7%
Plumbing/Electrical Supplies	73.5	-14.3%	10.5%	-0.3%
Grocery Stores	47.5	3.9%	5.1%	7.1%
Fast-Casual Restaurants	30.9	93.7%	-17.7%	-14.2%
Electronics/Appliance Stores	28.4	22.9%	-20.1%	-21.3%
Automotive Supply Stores	27.3	4.4%	0.5%	5.6%
Service Stations	25.6	-32.3%	-34.8%	-29.0%
Casual Dining	23.2	-59.0%	-42.0%	-38.0%
Convenience Stores/Liquor	17.5	13.8%	15.9%	15.2%

Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars*