

CITY OF PLEASANTON

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



PLEASANTON

TOTAL: \$ 5,676,086

-8.3%

1Q2023



4.9%

COUNTY



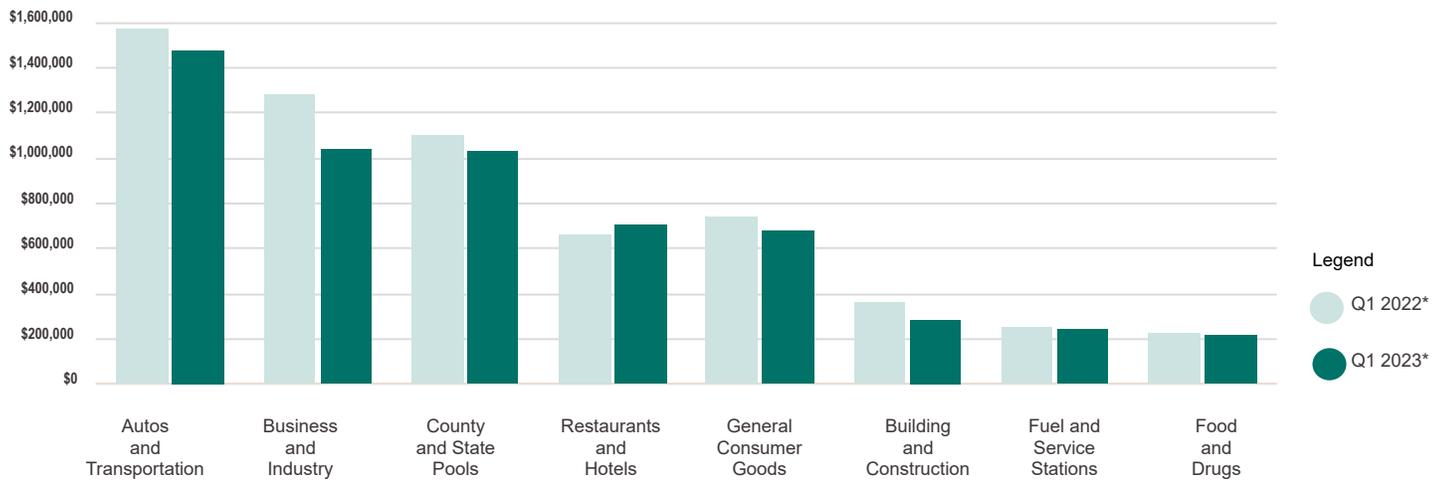
-1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's receipts from January through March were 3.1% above the first sales period in 2022. Excluding reporting aberrations, actual sales were down 8.3%.

The City's largest business type, new motor vehicle dealerships, posted flat results because prices starting to slow as inventory returns; the negative results for the auto-transportation group was from declines in other categories in the group.

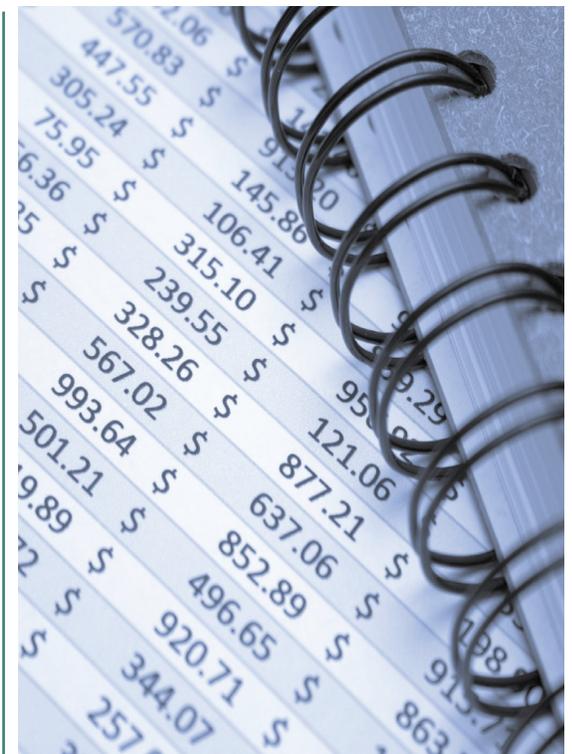
The business-industry group is made up of an assortment of business types several with fluctuating reporting patterns which fluctuated down this quarter and the declines were amplified by spikes in the medical-biotech category in comparable quarter and lessened by spikes in business services and office furniture this quarter.

Building materials were down because lumber prices dropped while service stations were also down due to the prices at the pumps falling.

Restaurants were the only group with positive results for the quarter foot traffic did not slow even as menu prices remain high.

Receipts to the countywide pool were up but other agencies in the county with larger gains in point of sale got a large portion of the pool causing a drop in Pleasanton's allocation.

Net of aberrations, taxable sales for all of Alameda County grew 4.9% over the comparable time period; the Bay Area was up 1.2%.





STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

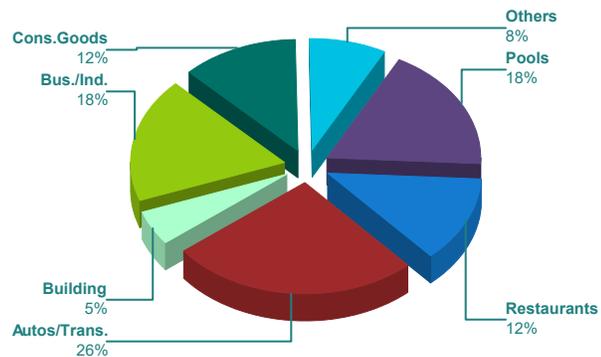
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP
Pleasanton This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q1 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	965.7	0.1% ↑	39.6% ↑	0.8% ↑
Casual Dining	404.6	8.0% ↑	8.2% ↑	9.7% ↑
Medical/Biotech	389.5	-14.3% ↓	-11.3% ↓	-6.8% ↓
Service Stations	236.4	-5.4% ↓	-9.0% ↓	-9.8% ↓
Business Services	198.8	87.0% ↑	0.6% ↑	6.7% ↑
Quick-Service Restaurants	159.2	2.0% ↑	5.8% ↑	5.1% ↑
Electronics/Appliance Stores	123.9	5.1% ↑	-5.0% ↓	-2.4% ↓
Department Stores	114.7	-15.9% ↓	-11.3% ↓	-6.9% ↓
Grocery Stores	112.7	-8.3% ↓	4.3% ↑	5.4% ↑
Contractors	99.7	-34.5% ↓	-17.2% ↓	-12.7% ↓

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*In thousands of dollars