

Q1 2016



City of Suisun City Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Suisun City In Brief

Suisun City's receipts from January through March were 36.8% above the first sales period in 2015. Excluding reporting aberrations, actual sales were up 35.6%.

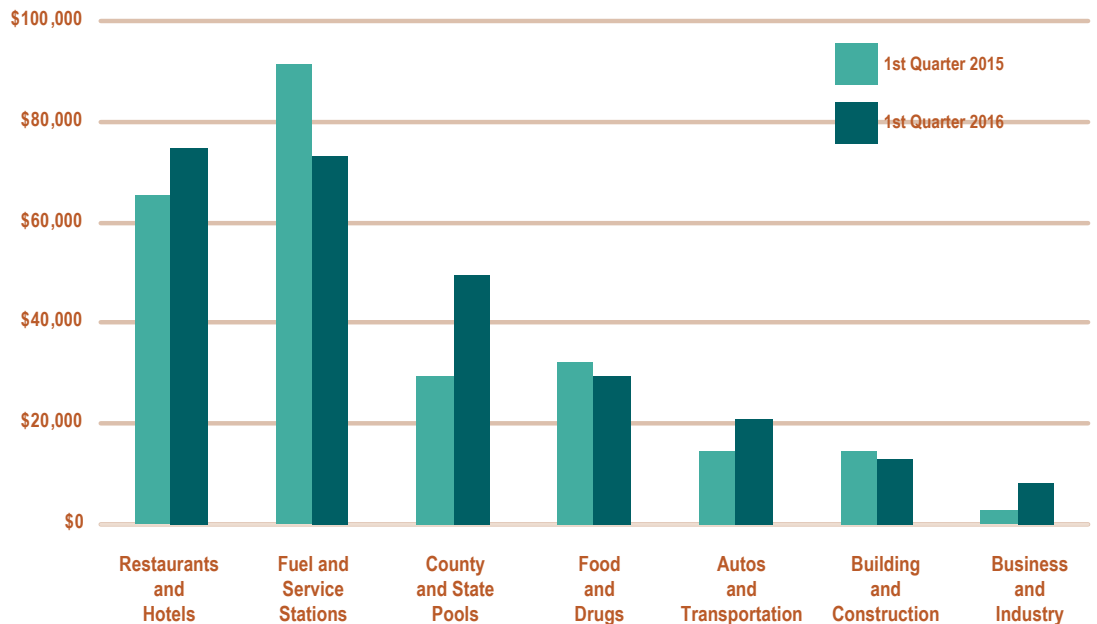
This quarter reflects the fourth full quarter for a new retail outlet and that store remains the reason for the increase in overall receipts, both directly and indirectly. In addition to the gain in point of sale receipts from that location, the City's allocation from the countywide use tax pool increased 68.1% during the quarter due largely to this opening.

Quick-service and casual dining restaurants continue to perform well. Both categories have benefited from the addition of new outlets. The autos-transportation and business-industry sectors also had strong sales quarters.

The fuel group, previously the City's largest business group, continues to be hampered by lower gas prices. A payment aberration also contributed to the decline this quarter. The building-construction and food-drugs groups reported sluggish sales in the current period.

Net of aberrations, taxable sales for all of Solano County grew 4.1% over the comparable time period; the Bay Area was up 3.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	McDonalds
Arco AM PM	Panda Express
Ashria Chevron Mart & Fast Food	Raleys
Athenian Grill	Rite Aid
AutoZone	Shell
Black Bear Diner	Stoneyard Masonry
Bonfare Market Gas	Suisun Roofing
Bonfare Market	Suisun Wine & Spirits
Burger King	Sunset Chevron
California Marine Sports	Suulutaaq
Cast Iron Grill & Bar	Taco Bell
Jack in the Box	Walmart
La Cabana	Supercenter

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$987,397	\$1,361,376
County Pool	119,507	197,069
State Pool	628	946
Gross Receipts	\$1,107,532	\$1,559,392
Less Triple Flip*	\$(276,883)	\$(297,283)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

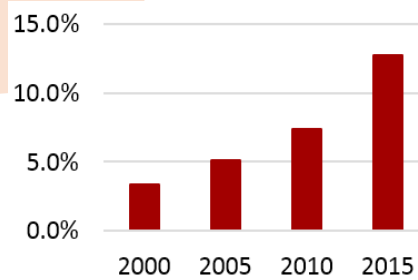
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

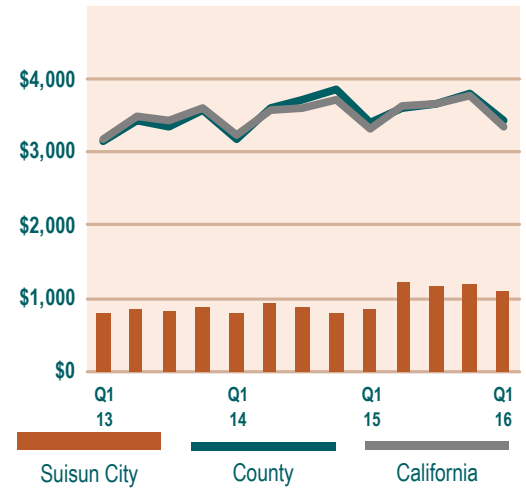
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

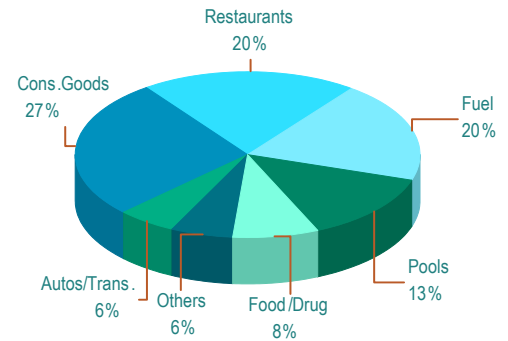
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
Suisun City This Quarter**



SUISUN CITY TOP 15 BUSINESS TYPES

Business Type	Suisun City		County	HdL State
	Q1 '16	Change	Change	Change
Auto Repair Shops	5,342	15.3%	7.7%	7.4%
Automotive Supply Stores	8,125	1.7%	5.7%	4.8%
Boats/Motorcycles	— CONFIDENTIAL —	—	-13.8%	4.5%
Business Services	— CONFIDENTIAL —	—	18.0%	-7.2%
Casual Dining	37,737	10.0%	7.7%	5.7%
Discount Dept Stores	— CONFIDENTIAL —	—	2.1%	-0.3%
Drug Stores	— CONFIDENTIAL —	—	-4.4%	0.0%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	2.1%	2.7%
Grocery Stores Beer/Wine	— CONFIDENTIAL —	—	5.3%	-1.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	2.1%	1.6%
Hardware Stores	— CONFIDENTIAL —	—	7.5%	2.8%
Liquor Stores	— CONFIDENTIAL —	—	2.6%	3.5%
Lumber/Building Materials	— CONFIDENTIAL —	—	4.3%	4.5%
Quick-Service Restaurants	31,324	21.0%	12.3%	6.4%
Service Stations	70,566	-20.0%	-8.4%	-9.3%
Total All Accounts	320,829	33.0%	2.0%	1.8%
County & State Pool Allocation	49,431	67.3%	28.3%	14.1%
Gross Receipts	370,260	36.8%	4.8%	3.2%