

Q1 2020



City of Moorpark Sales Tax *Update*

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

Moorpark In Brief

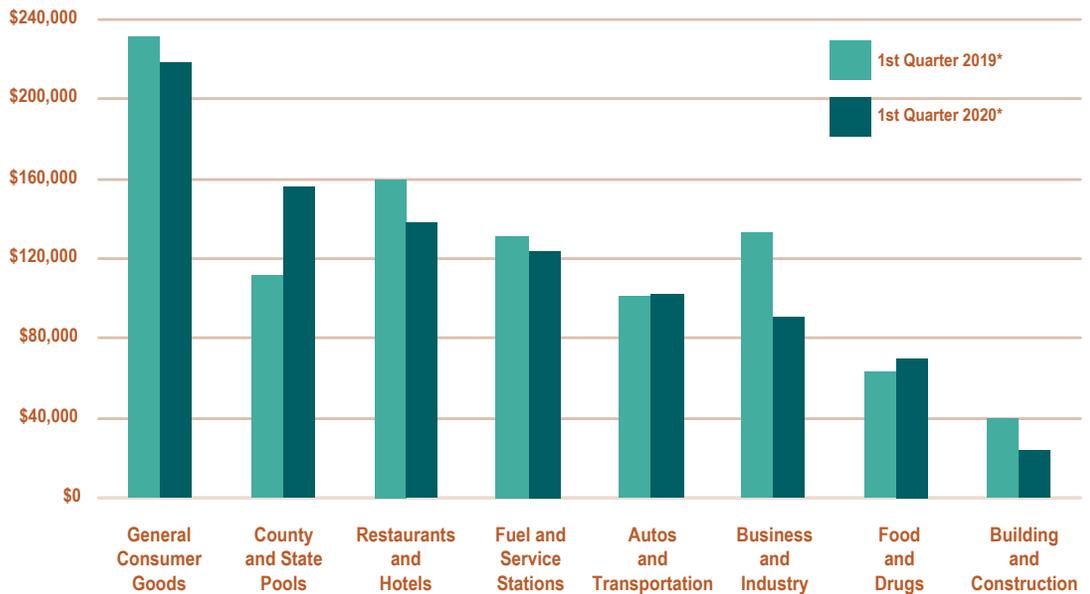
The City's allocation of sales and use tax from its January through March sales was 11.4% lower than the first quarter of 2019. However, part of the decrease was due to deferred payments related to the State's Covid-19 taxpayer relief program. The actual decline was closer to 5.0% after factoring for these and other reporting anomalies.

Losses in most major categories were partially offset by strong gains in county pool receipts which were generated by a shift to shopping over the internet as well as recent legislation that requires out-of-state retailers to collect and remit local sales and use tax.

Other positive offsets included a solid sales quarter for grocers, drug stores, and some categories within the auto-transportation group.

Adjusted for deferred payments and other accounting aberrations, sales and use tax receipts for all of Ventura County and for Southern California as a whole, declined 4.1% over the comparable time period.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Ralphs
Campus Plaza Shell	Shell
Dick's Sporting Goods	Simi Valley Harley Davidson
In N Out Burger	Smart & Final
Kahoots Pet Store	Target
Kohls	Testequity
McDonalds	TJ Maxx
Michaels	Tom Lindstrom RV
Moorpark 76	Tractor Supply
Moorpark Chevron	Vons
Moorpark Petroleum	Warehouse Discount Center
Pentair Pool Products	Wood Ranch
QEP Company	

REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$2,829,546	\$2,591,101
County Pool	406,898	487,040
State Pool	1,469	1,457
Gross Receipts	\$3,237,912	\$3,079,598
Cty/Cnty Share	(106,851)	(101,627)
Net Receipts	\$3,131,061	\$2,977,972

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.

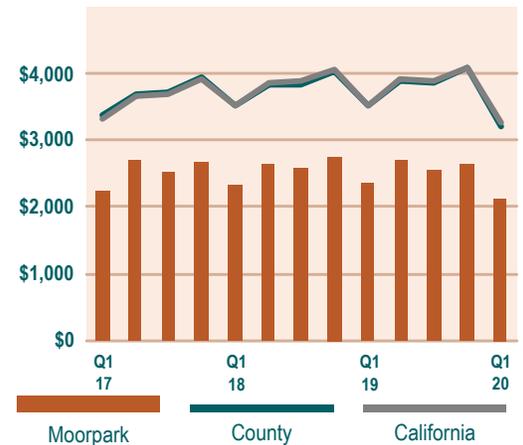
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

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*



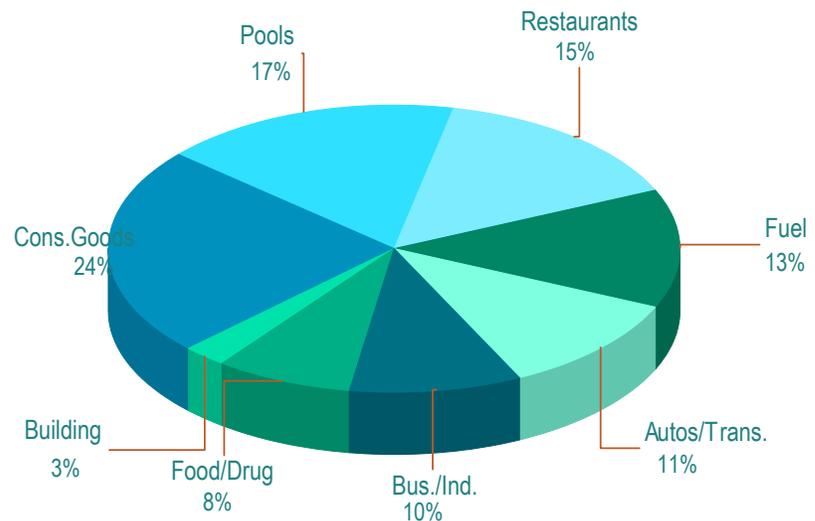
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COUNTY OVERALL 1Q YOY RECEIPTS % CHANGE

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	-22.3%	-9.5%
Building and Construction	3.8%	4.8%
Business and Industry	-27.8%	-14.0%
Food and Drugs	-1.5%	10.3%
Fuel and Service Stations	-36.6%	-9.0%
General Consumer Goods	-28.3%	-12.2%
Restaurants and Hotels	-35.7%	-13.3%
County and State Pools	13.4%	27.2%
Total	-19.3%	-4.1%

*Accounting anomalies factored out

REVENUE BY BUSINESS GROUP Moorpark This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity