

Q1 2016



City of Dixon Sales Tax Update

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

Dixon In Brief

Dixon's receipts from January through March were 3.4% below the first sales period in 2015.

Sharp sales declines in a couple business and industry categories offset multiple smaller gains within the group and were a major factor in the overall decrease in receipts. A further drop in gas prices produced another loss for the fuel group, which was also impacted by a payment aberration. Higher contractor sales were offset by a double payment that inflated the comparison quarter results.

The losses were partially offset by strong sales from multiple autos and transportation categories. Increased overall sales combined with receipt of a late payment from the prior quarter provided positive results for the general retail sector. The restaurant group posted a modest gain on higher returns from quick-service and casual dining categories.

Despite the decline in point of sale receipts, the City's allocation from the countywide use tax pool increased 18.8% due to a large gain in the pool during the quarter.

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

Air Perfection	Gymboree
Altec Industries	KUIU
Arco AM PM	Ramos Oil
Basalite Concrete Products	Du Pratt Ford
Baxter Healthcare	Safeway
Cardinal Health 200	Safeway Fuel
Cattlemens	SEC Auto Solutions
Chevron (2)	Texaco
Design Space	Tractor Supply
Modular Buildings	Valero
Dhami Discount	Walmart
Liquor	Supercenter
Global Rental	Wilbur Ellis
Gone Fishin Marine	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,581,749	\$4,413,419
County Pool	554,420	639,150
State Pool	2,929	3,285
Gross Receipts	\$5,139,098	\$5,055,855
Less Triple Flip*	\$(1,284,774)	\$(966,315)

*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.

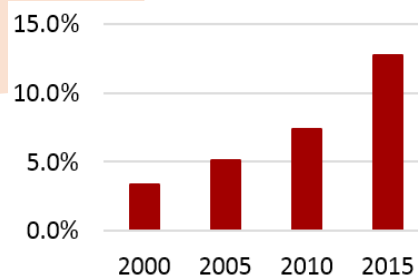
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

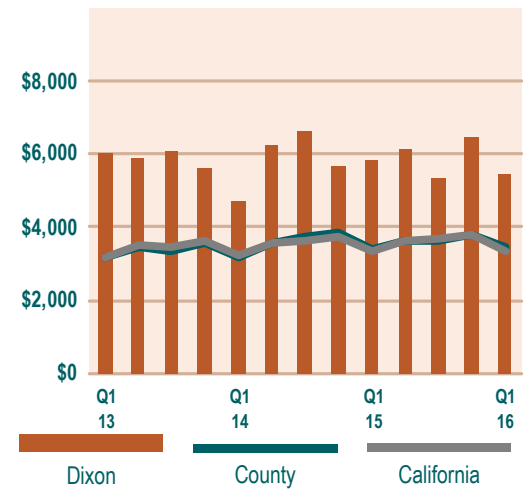
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

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.

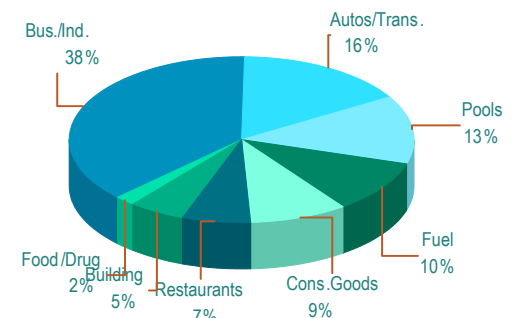
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
Dixon This Quarter**



DIXON TOP 15 BUSINESS TYPES

**In thousands of dollars*

Business Type	Dixon		County	HdL State
	Q1 '16*	Change	Change	Change
Boats/Motorcycles	—	CONFIDENTIAL	-13.8%	4.5%
Casual Dining	38.1	-1.7%	7.7%	5.7%
Contractors	54.0	-18.8%	-7.4%	3.2%
Discount Dept Stores	—	CONFIDENTIAL	2.1%	-0.3%
Fulfillment Centers	—	CONFIDENTIAL	10.4%	33.7%
Garden/Agricultural Supplies	30.1	-16.4%	-11.6%	0.0%
Heavy Industrial	—	CONFIDENTIAL	5.1%	-1.9%
Medical/Biotech	—	CONFIDENTIAL	-11.9%	7.9%
New Motor Vehicle Dealers	—	CONFIDENTIAL	12.6%	3.1%
Petroleum Prod/Equipment	—	CONFIDENTIAL	-11.5%	-44.2%
Quick-Service Restaurants	39.2	9.6%	12.3%	6.4%
Repair Shop/Equip. Rentals	—	CONFIDENTIAL	20.4%	16.9%
Service Stations	95.5	-12.4%	-8.4%	-9.3%
Sporting Goods/Bike Stores	—	CONFIDENTIAL	24.5%	1.2%
Warehouse/Farm/Const. Equip.	—	CONFIDENTIAL	-7.1%	-6.3%
Total All Accounts	1,031.6	-6.0%	2.0%	1.8%
County & State Pool Allocation	158.9	18.3%	28.3%	14.1%
Gross Receipts	1,190.6	-3.4%	4.8%	3.2%