

Q1 2019



City of Rosemead Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Rosemead In Brief

Receipts from Rosemead during January through March were 6.6% higher than the same sales quarter last year but reporting aberrations skewed the data. With anomalies removed, actual sales were down 1.5%.

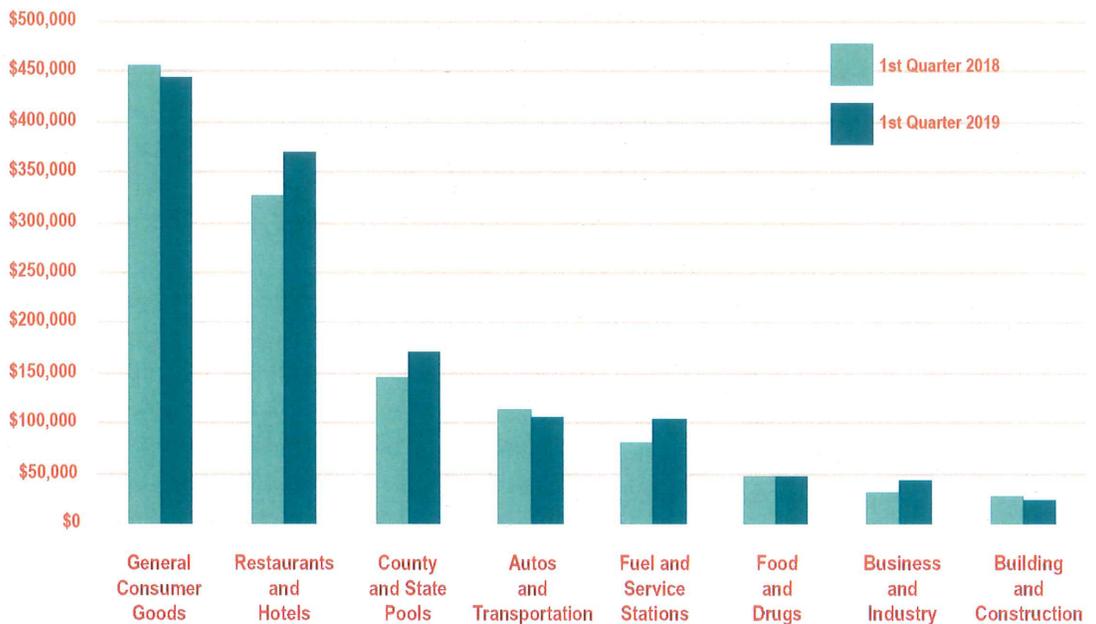
General consumer goods experience a mixed sales quarter with adjusted results up only 0.4%. Receipt of prior quarter missed payments were offset by a retail store closure and negative payment adjustments. Despite an eatery close-out, a large double payment and net higher sales boosted all restaurant categories.

On an adjusted basis, service station revenues dropped 6.0%. However double payments plus a positive payment adjustment offset lower fuel prices and volume/usage boosting cash basis 29.7%. A larger allocation from the countywide use tax pool further contributed to the gains.

Rosemead used car dealer's closure and "going out of business sale" at its' other out-of-city location temporarily siphoned current quarter sales from the autos-transportation group.

Net of aberrations, taxable sales for all of Los Angeles County grew 0.9% over the comparable time period; the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

| | |
|-----------------------------------|---------------------|
| 7 Eleven | Rosemead Valley |
| 888 Seafood | Mart Mobil |
| AutoZone | Ross |
| Boiling Crab | Sam Woo Chinese BBQ |
| California Auto Resources Service | Sea Harbour Seafood |
| Circle K | Shell |
| H J Auto Group | Spa Nails Supply |
| In N Out Burger | St Exotics |
| Kami Buffet & Grill | Sunshine Seafood |
| Lucille's | Target |
| Smokehouse Bar-B-Que | TGI Fridays |
| Macys | Ulta Beauty |
| McDonalds | Walmart |
| Olive Garden | Supercenter |

REVENUE COMPARISON

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

| | 2017-18 | 2018-19 |
|-----------------------|--------------------|--------------------|
| Point-of-Sale | \$3,781,727 | \$3,884,025 |
| County Pool | 529,474 | 556,434 |
| State Pool | 2,323 | 2,020 |
| Gross Receipts | \$4,313,523 | \$4,442,479 |

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

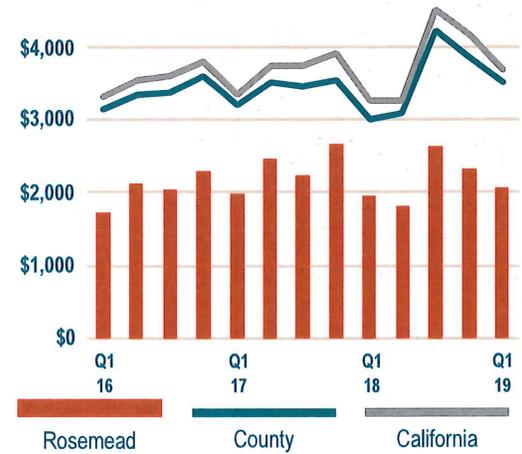
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

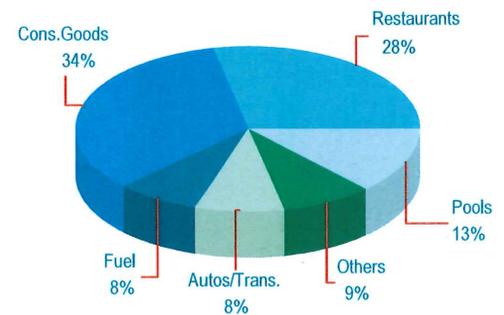
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Rosemead This Quarter



ROSEMEAD TOP 15 BUSINESS TYPES

**In thousands of dollars*

| Business Type | Rosemead | | County | HdL State |
|---|------------------|--------------|--------------|--------------|
| | Q1 '19* | Change | Change | Change |
| Auto Repair Shops | 20.2 | 8.4% | 14.1% | 12.5% |
| Automotive Supply Stores | 18.8 | 23.2% | 12.6% | 8.5% |
| Casual Dining | 246.9 | 18.2% | 14.8% | 13.3% |
| Convenience Stores/Liquor | 17.3 | 0.1% | 15.5% | 16.6% |
| Department Stores | — CONFIDENTIAL — | | 38.4% | 35.0% |
| Discount Dept Stores | — CONFIDENTIAL — | | 3.2% | 2.8% |
| Drug Stores | 12.7 | -3.7% | 22.4% | 37.8% |
| Electronics/Appliance Stores | 12.6 | 17.5% | -8.0% | -3.4% |
| Family Apparel | — CONFIDENTIAL — | | 2.7% | 7.1% |
| Fast-Casual Restaurants | 26.1 | 5.9% | 8.5% | 8.4% |
| Grocery Stores | 14.5 | 7.9% | 42.4% | 25.7% |
| Quick-Service Restaurants | 91.9 | 2.6% | 8.1% | 10.0% |
| Service Stations | 103.6 | 29.7% | 21.6% | 15.6% |
| Specialty Stores | 47.8 | 27.0% | 30.0% | 23.6% |
| Used Automotive Dealers | 59.6 | -22.1% | 14.1% | 14.2% |
| Total All Accounts | 1,139.8 | 5.1% | 16.5% | 13.5% |
| County & State Pool Allocation | 171.3 | 17.1% | 29.8% | 23.8% |
| Gross Receipts | 1,311.1 | 6.6% | 18.1% | 14.9% |