

Q4 2016



American Canyon Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2016)

American Canyon In Brief

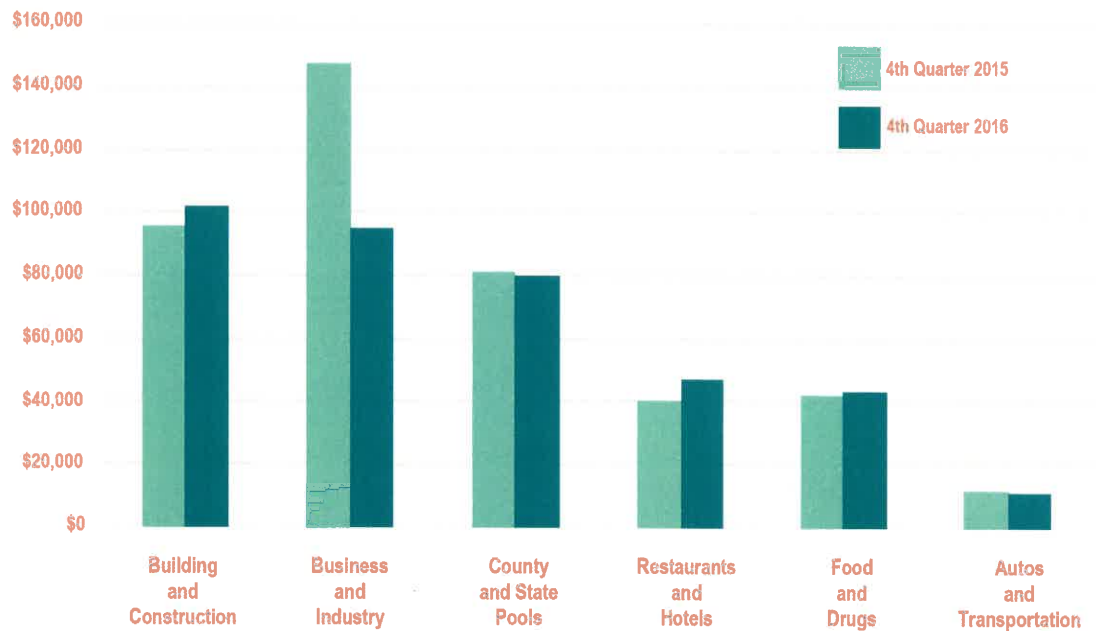
Receipts for American Canyon's October through December sales were 6.6% lower than the same quarter one year ago. After factoring out reporting aberrations, actual results declined 5.8%.

A temporary reporting error, the closeout of a merchant and weaker activity during the winter period were largely responsible for the decrease from business and industry. These events also resulted in a slight drop in the City's share of the state and county pool allocations, further compounding the overall negative results.

Partially offsetting the loss were a onetime payment generated by a local winery, improved sales by building and contractor suppliers and the recent additions of a convenience store and quick-service restaurant.

Net of aberrations, taxable sales for all of Napa County grew 3.5% over the comparable time period; the Bay Area was up 1.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

29 Outdoor Gear	Landsberg Orora
Acorn Paper Products	McDonalds
All Bay Mill & Lumber	Panda Express
Arco	Promontory
Blueline Rental	Quinlans Tire Service
Central Valley Builders Supply	Round Table Pizza
Chevron	Safeway
Coca Cola Company	Safeway Fuel
Dunkin Donuts	Sonic Drive In
General Plumbing Supply	VA Filtration & Techno Quip
Industrial Wholesale Lumber	Walgreens
Jack in the Box	Walmart Supercenter
	Wing Stop

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$1,683,902	\$1,605,882
County Pool	228,346	223,810
State Pool	1,879	923
Gross Receipts	\$1,914,127	\$1,830,615
Less Triple Flip*	\$(478,532)	\$0

*Reimbursed from county compensation fund

Statewide Results

Statewide sales tax receipts for the fourth quarter rose 1.5% over 2015, when excluding reporting aberrations.

The largest gain was in the county-wide use tax allocation pools due to the acceleration in online shopping where many of the orders are placed to, or shipped from, out-of-state fulfillment centers. Restaurant and auto sales closed the calendar year with strong results while receipts from general consumer goods were flat. Off-price apparel and dollar store gains offset declines in traditional department stores and warehouse retailers.

Business and industry receipts were down due to cutbacks in major energy projects; however, huge gains in warehouse fulfillment centers that fill in-state shipments from online orders somewhat negated the decline.

On an annual basis, the statewide gain ended 2.1% higher than calendar year 2015.

The Shrinking, Disappearing Retail Store

Agencies dependent on traditional brick-and-mortar retail stores for a major portion of their sales tax will be facing new challenges in the coming year as merchants retrench and downsize to cope with a rapidly changing environment.

Generational preferences for experiences over merchandise, plus the growing costs of health care, education and housing, are reducing discretionary spending for taxable goods while time-challenged consumers are opting for the convenience of online shopping.

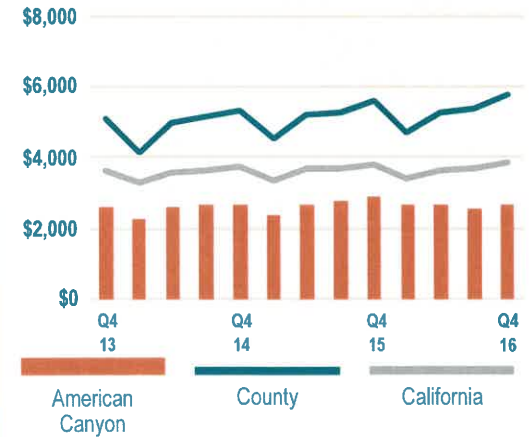
Online sales accounted for 13.0% of all general consumer goods purchased in 2016 with a 9.2% gain over calendar year 2015, while the growth in tax receipts from brick-and-mortar stores only grew 0.6%. The trend has been accelerated by the growing popularity of smart phones which Amazon estimates were used by nearly 70% of its shoppers during the most recent holiday quarter.

Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems while pulling back investment on brick-and-mortar stores. Substantial closures are planned for 2017 while experiments with smaller stores, pick-up locations for online purchases, temporary “pop-up” shops and subleasing in-store space to others are on the rise.

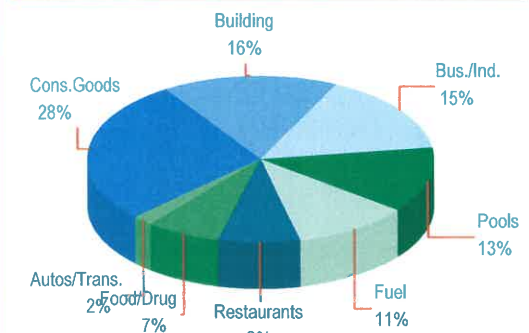
Mall operators are turning to grocers, fitness centers, medical services and residential components to fill vacant space and attract traffic. Smaller centers and downtown areas are responding by enhancing the shopping experience with more dining and entertainment options while local governments seek voter approval for higher levies to offset shrinking tax bases.

Stores are not in danger of disappearing. The ability to see, touch and feel, along with the overall shopping experience, will always be important. But evolving trends are requiring more focused economic strategies with better data and closer collaborations. The ultimate solution may be tax rates levied against today’s economy rather than the one that existed when sales tax was first imposed in 1933.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
American Canyon This Quarter



AMERICAN CANYON TOP 15 BUSINESS TYPES

Business Type	American Canyon		County	HdL State
	Q4 '16	Change	Change	Change
Automotive Supply Stores	8,719	-6.4%	-0.7%	-0.1%
Building Materials	84,055	9.3%	-1.0%	0.7%
Casual Dining	14,123	8.6%	-7.3%	2.6%
Contractors	8,811	8.4%	-20.1%	-0.1%
Convenience Stores/Liquor	12,371	9.8%	-7.6%	5.1%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.1%	-0.6%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	-11.6%	5.1%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-41.8%	12.5%
Grocery Stores	— CONFIDENTIAL —	—	3.9%	3.9%
Light Industrial/Printers	38,054	24.1%	6.6%	-0.6%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	-9.1%	1.7%
Quick-Service Restaurants	20,713	27.5%	2.5%	5.7%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	-15.5%	6.2%
Service Stations	— CONFIDENTIAL —	—	1.3%	-1.1%
Wineries	15,318	516.9%	4.9%	5.5%
Total All Accounts	539,733	-7.3%	3.3%	2.4%
County & State Pool Allocation	80,074	-1.6%	9.7%	6.9%
Gross Receipts	619,807	-6.6%	4.1%	3.0%