

Q3 2015



Arroyo Grande Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Arroyo Grande In Brief

Arroyo Grande's receipts from July through September sales were 6.0% higher than the same quarter one year ago.

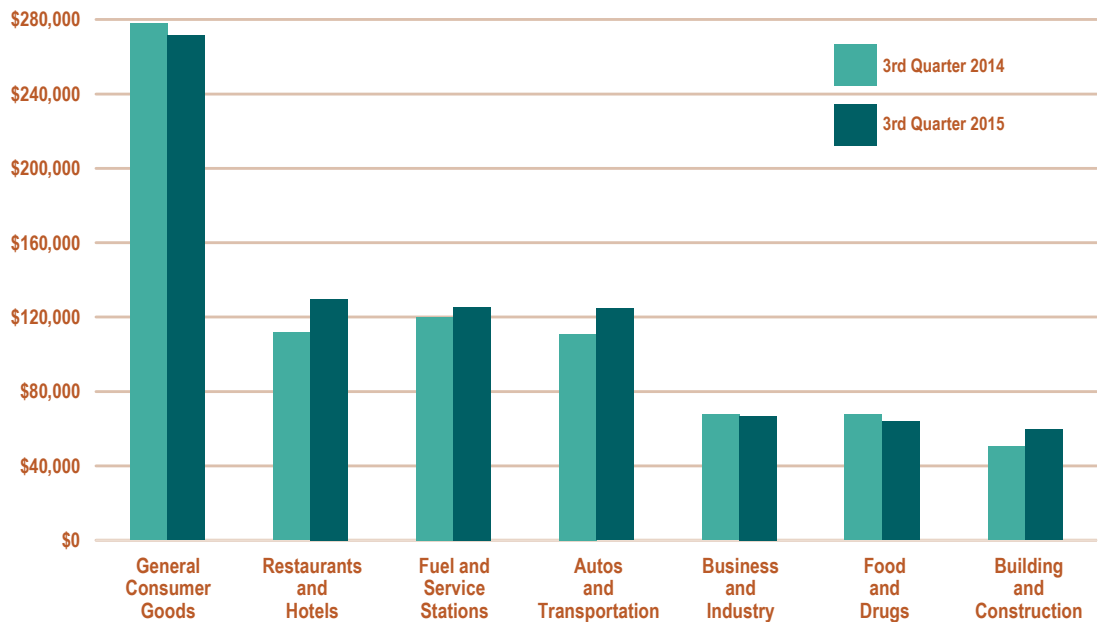
Prior additions boosted returns from casual dining. Postings were up from both the automotive and building and construction groups. The fuel and service station group posted gains overall, bucking both county and state trends related to lower petroleum prices. The larger allocation from the countywide use tax pool contributed to the overall increase.

Sales declined from the food and drugs group and some categories of general consumer goods. Payment aberrations depressed current quarter receipts from home furnishings.

Voter-approved Measure O-06 generated \$594,892 in addition to the amounts discussed above.

Adjusted for reporting anomalies, taxable sales for all of San Luis Obispo County dipped 0.8% over the same period; Central Coast regional totals were up 3.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Kmart
Aqua Systems	Marshalls
Arco AM PM	Mullahey Ford
Arroyo Grande Chevrolet	OfficeMax
Arroyo Grande Shell	PFG Arroyo Grande
Arroyo Grande Valero	R&R Furniture
Burke & Pace Lumber Sales	Rite Aid
Donnas Interiors	Rooster Creek
Figueroa Mountain Brewing	Smart & Final
Gills Food Market	Streator Pipe & Supply
Haggen	Trader Joes
In N Out Burgers	Verizon Wireless
	Walmart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,616,606	\$1,628,133
County Pool	177,328	204,978
State Pool	1,158	817
Gross Receipts	\$1,795,092	\$1,833,928
Less Triple Flip*	\$(448,773)	\$(458,482)
Measure O - 06	\$1,065,018	\$1,111,700

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

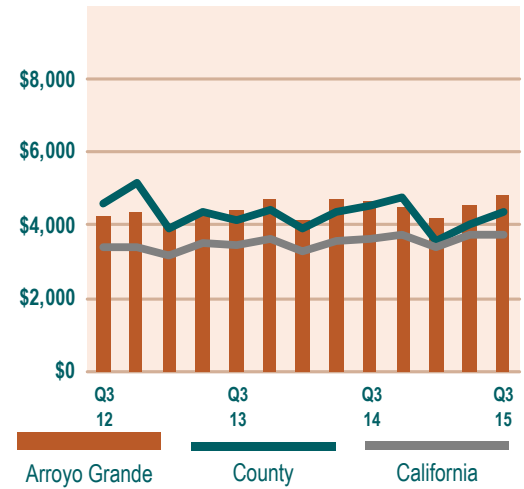
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

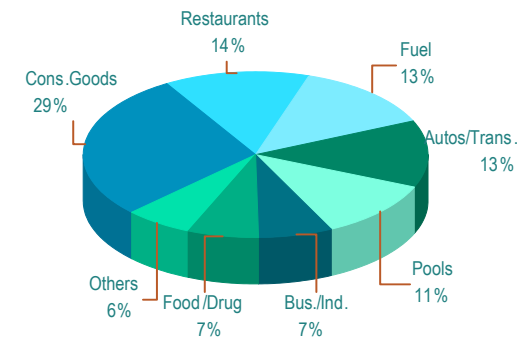
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Arroyo Grande This Quarter



ARROYO GRANDE TOP 15 BUSINESS TYPES

Business Type	Arroyo Grande		County	HdL State
	Q3 '15	Change	Change	Change
Casual Dining	70,710	26.2%	3.9%	5.6%
Discount Dept Stores	—	CONFIDENTIAL	0.7%	2.1%
Drug Stores	—	CONFIDENTIAL	2.3%	-1.5%
Electronics/Appliance Stores	18,142	8.1%	7.6%	3.9%
Family Apparel	—	CONFIDENTIAL	3.0%	2.2%
Garden/Agricultural Supplies	27,805	3.4%	8.5%	2.8%
Grocery Stores Beer/Wine	16,960	7.1%	-0.9%	1.9%
Grocery Stores Liquor	—	CONFIDENTIAL	2.2%	3.8%
Hardware Stores	—	CONFIDENTIAL	6.5%	6.7%
Home Furnishings	38,374	-17.7%	-4.1%	5.1%
Lumber/Building Materials	—	CONFIDENTIAL	5.9%	6.7%
New Motor Vehicle Dealers	—	CONFIDENTIAL	7.5%	8.2%
Quick-Service Restaurants	43,126	5.8%	10.0%	6.7%
Service Stations	117,506	-0.3%	-6.3%	-11.8%
Specialty Stores	17,800	5.1%	4.0%	5.7%
Total All Accounts	841,825	4.4%	-3.5%	2.3%
County & State Pool Allocation	106,063	20.0%	10.9%	3.5%
Gross Receipts	947,887	6.0%	-2.0%	2.4%