

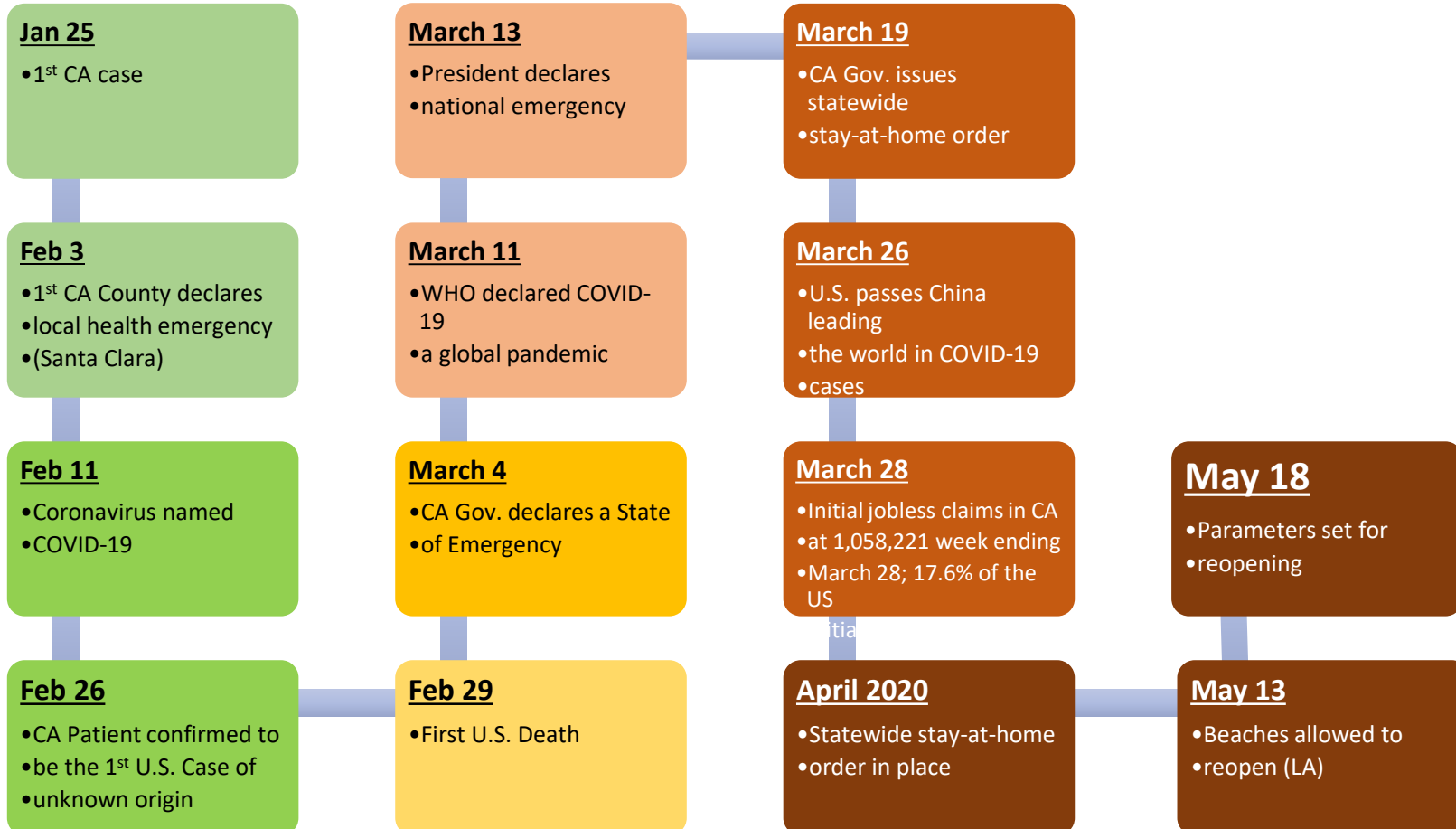


HdL Companies

CALIFORNIA FORECAST

SALES TAX TRENDS AND ECONOMIC DRIVERS

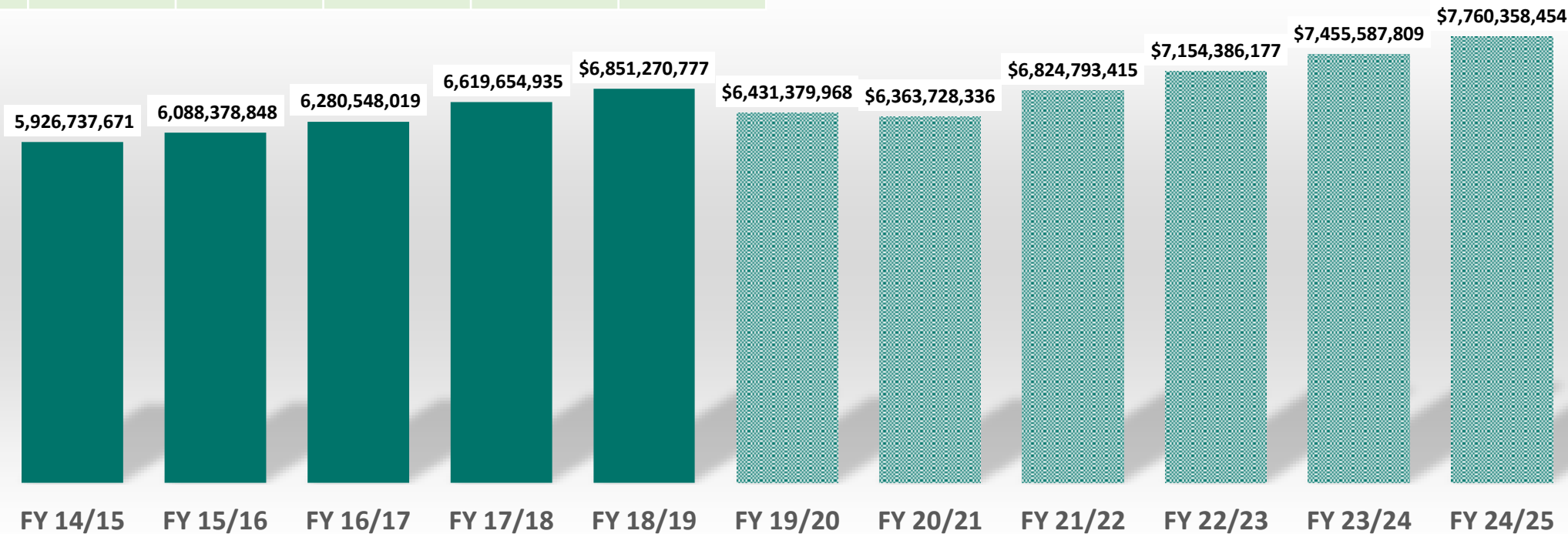
JUNE 2020



COVID-19 TIMELINE - CA

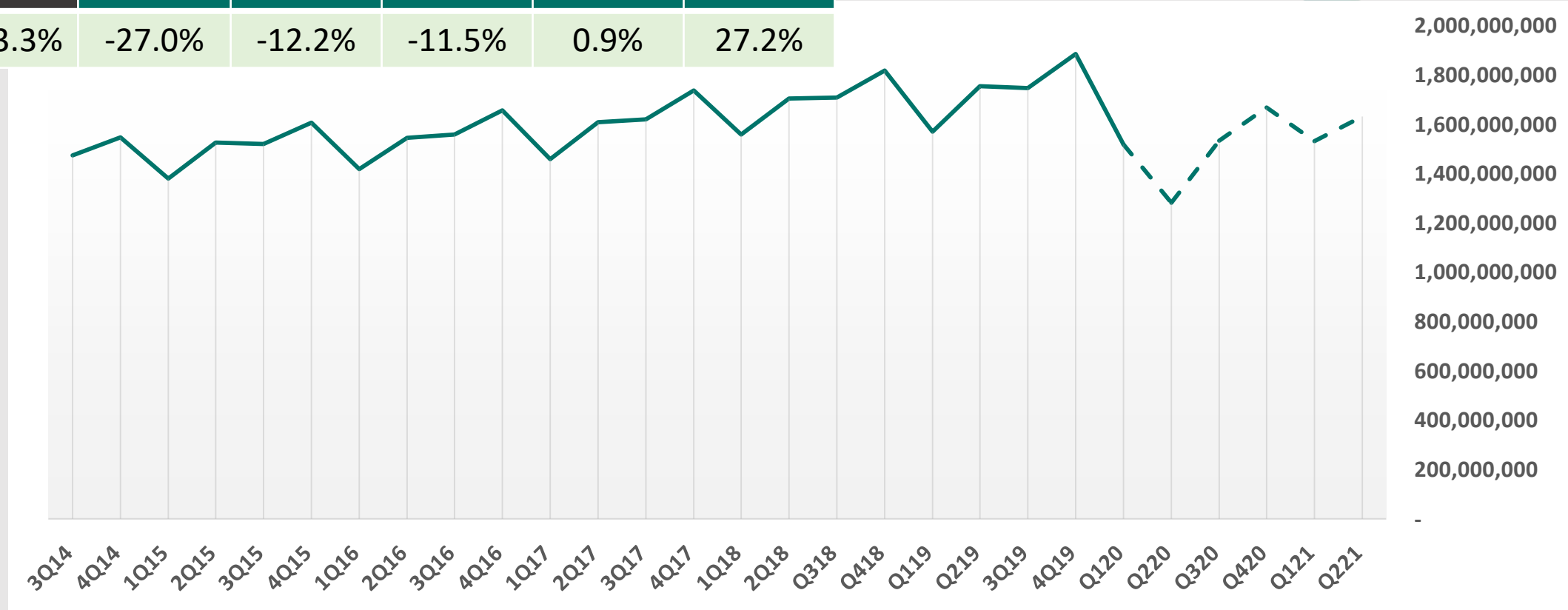
HdL STATEWIDE TREND – Annual Outlook(FY)

19/20	20/21	21/22	22/23	23/24	24/25
-6.1%	-1.1	7.2%	4.8%	4.2%	4.1%



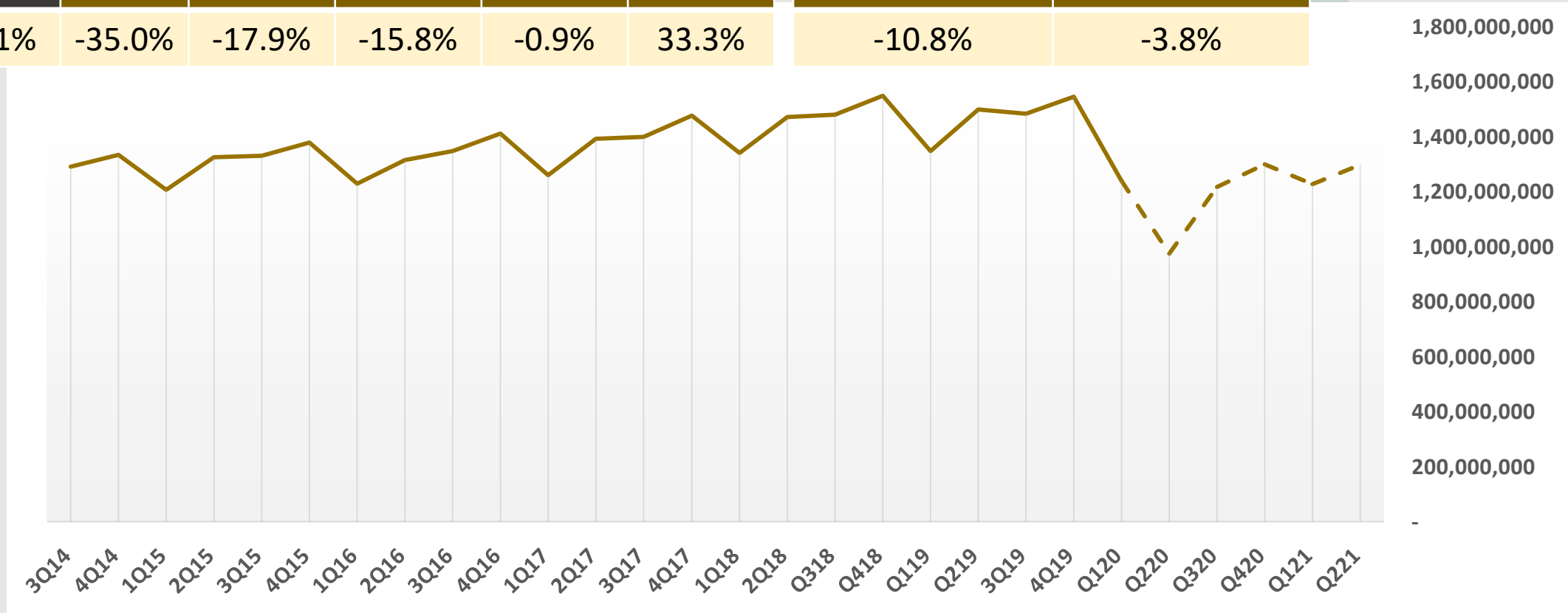
HdL STATEWIDE TREND – Quarterly Outlook

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
-3.3%	-27.0%	-12.2%	-11.5%	0.9%	27.2%



PLACE OF SALE

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
-8.1%	-35.0%	-17.9%	-15.8%	-0.9%	33.3%	-10.8%	-3.8%



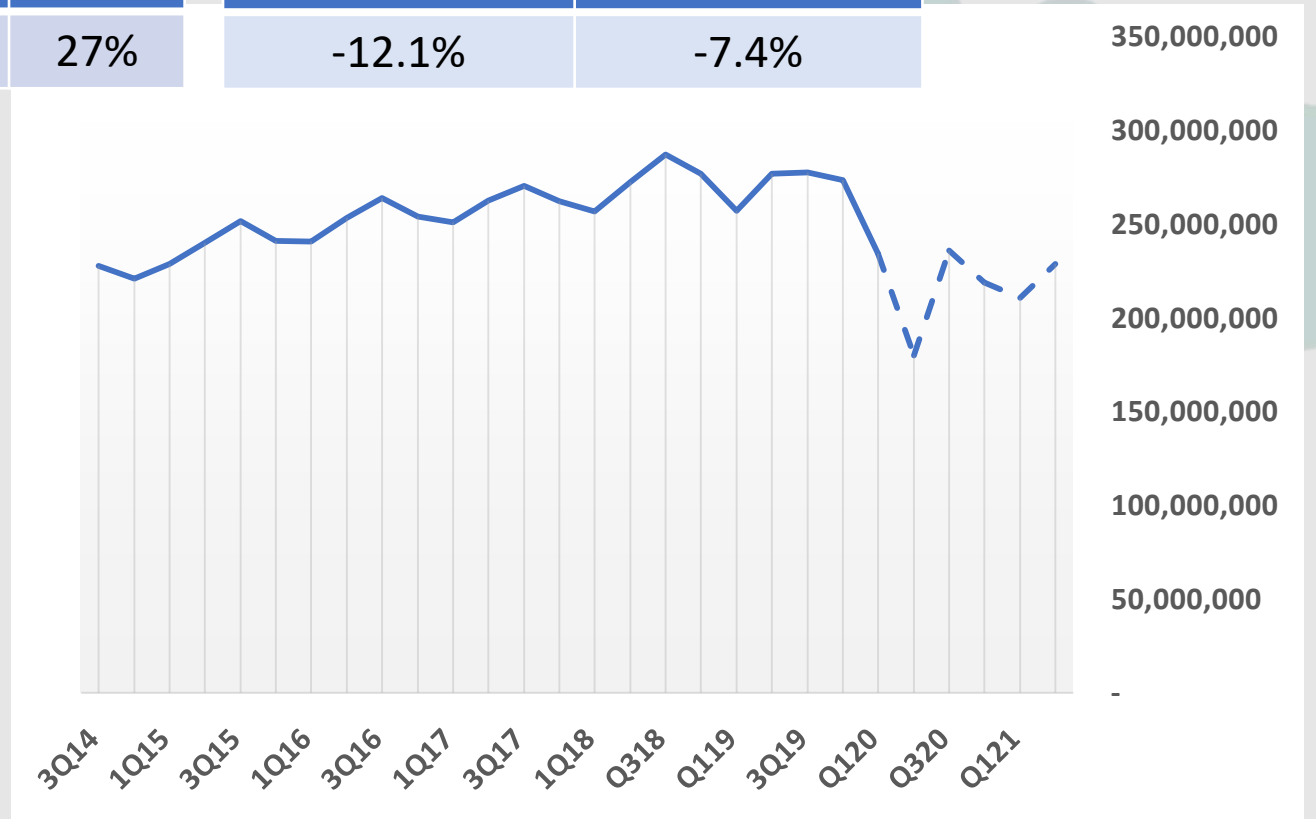
AUTOS & TRANSPORTATION

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
-8.9%	-35%	-15.0%	-20.0%	-10.0%	27%	-12.1%	-7.4%

May auto sales are better than expected.

Income disruptions expected to weigh on the market in the short term.

Factory shutdowns may impact production, causing shortages of popular models.





AUTO CONSIDERATIONS

Firm	Forecast Date	Forecast
ALG (TrueCar)	April 20	-23%
	(3 rd revision)	-26%
		-34%
Moody's	May 13	-25%
JD Power	May 14	-15% to -21%
AlixPartners LLP	June 5	-20%

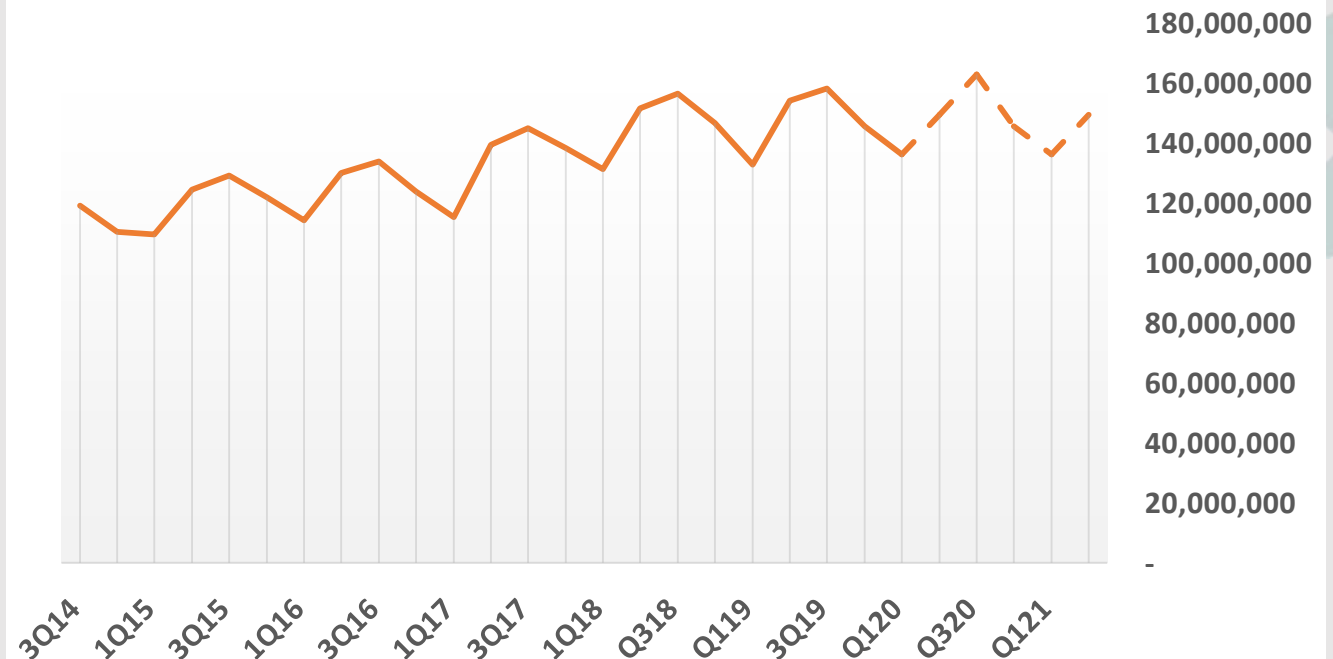
BUILDING & CONSTRUCTION

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
2.7%	-3.0%	3.0%	0.0%	0.0%	0.0%	-0.1%	0.8%

Backlog of work due to productivity declines; Reductions in hours worked.

Surge in tenant improvements as employees prepare to return to the office.

Government sponsored transportation projects may decline as funding is diverted.



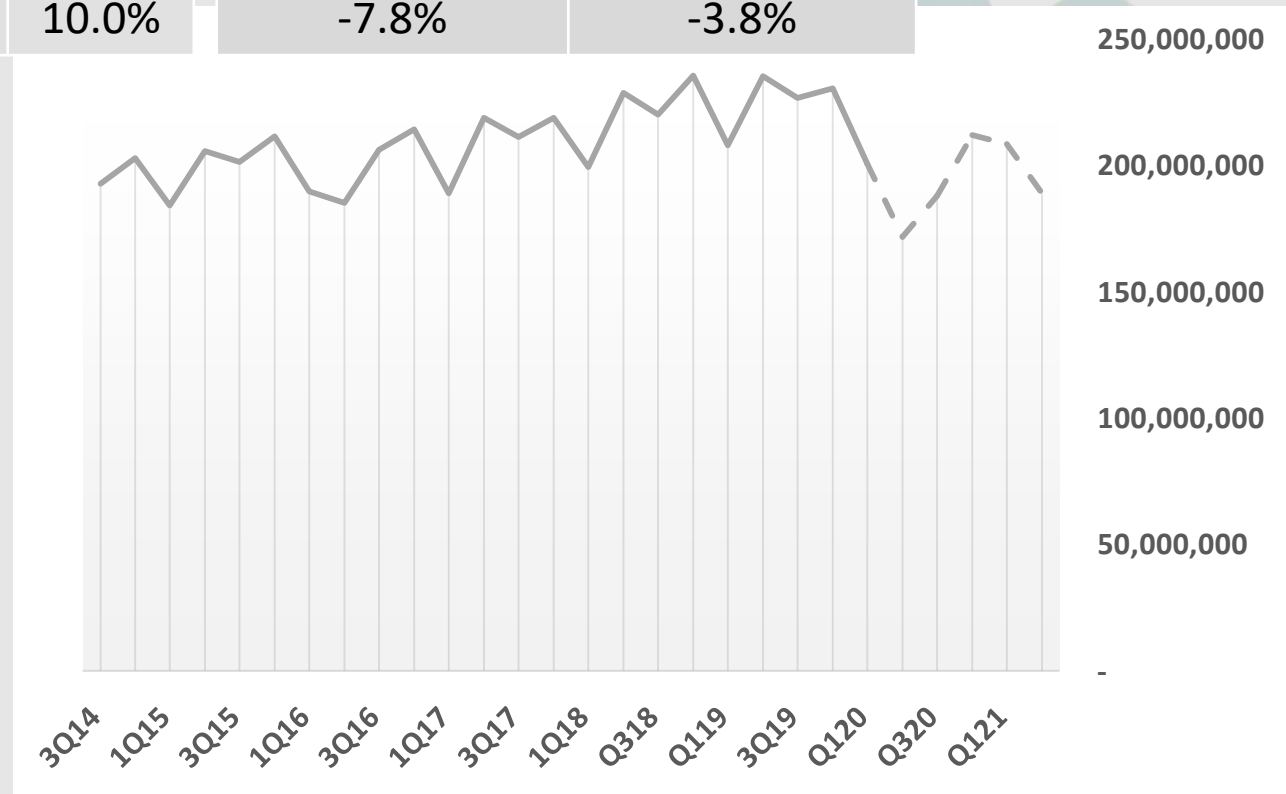
BUSINESS & INDUSTRY

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
-3.6%	-27.0%	-17.0%	-8.0%	4.0%	10.0%	-7.8%	-3.8%

Most supply chain disruptions resolved by end of third quarter.

Disruptions in supply chains and social distancing is limiting capacity.

Current operating rate at 75.9% capacity;
Capital expenditures expected to decrease 19.1% in 2020 (ISM Survey).



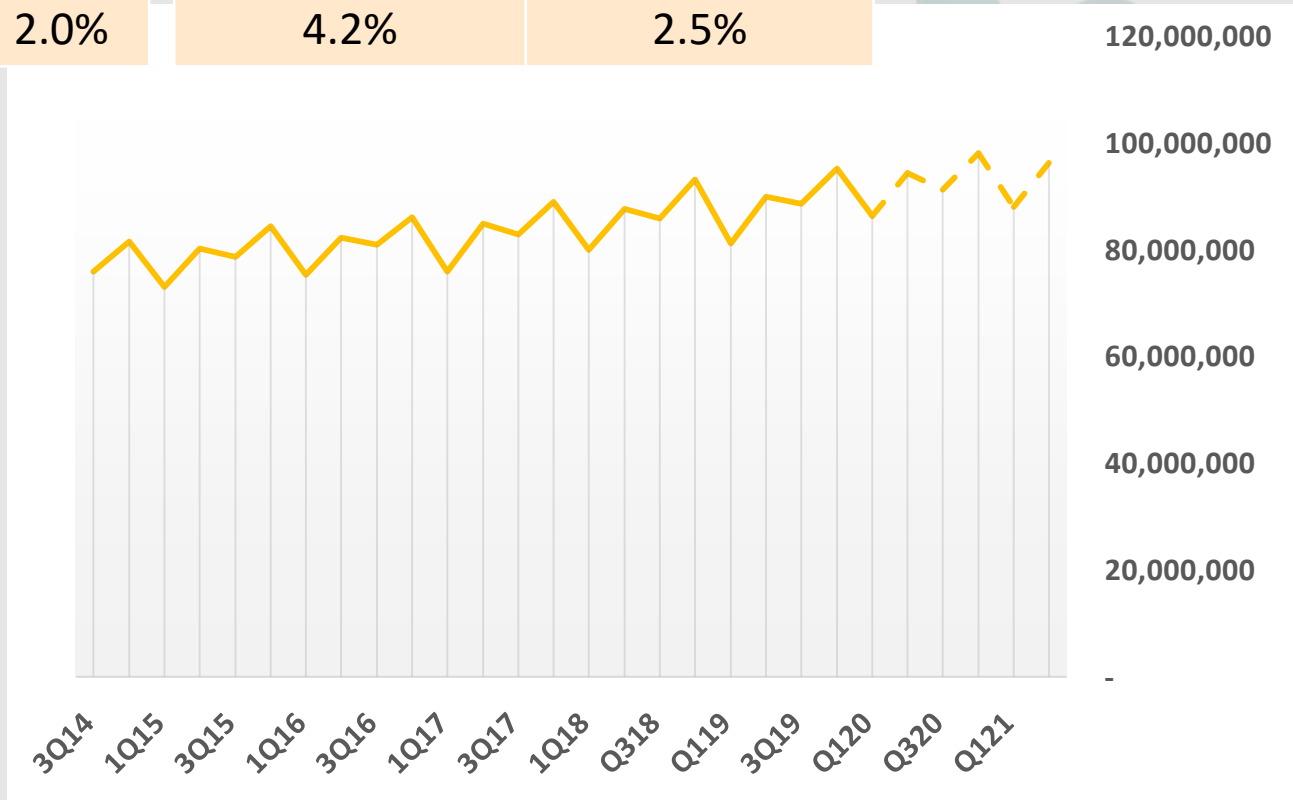
FOOD & DRUGS

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
6.4%	5.0%	3.0%	3.0%	2.0%	2.0%	4.2%	2.5%

Grocery Stores category increased 12% in 1Q20.

Sales Tax from Cannabis sector increased 13.5% in 1Q20.

Increased alcohol sales expected to boost this segment.



FUEL & SERVICE STATIONS

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
-9.3%	-55.0%	-25.0%	-25.0%	0.0%	75.0%	-16.9%	-4.7%

Crude oil prices plummeted.

Demand ↓ & Supply ↑

Commuting, travel and tourism declines.



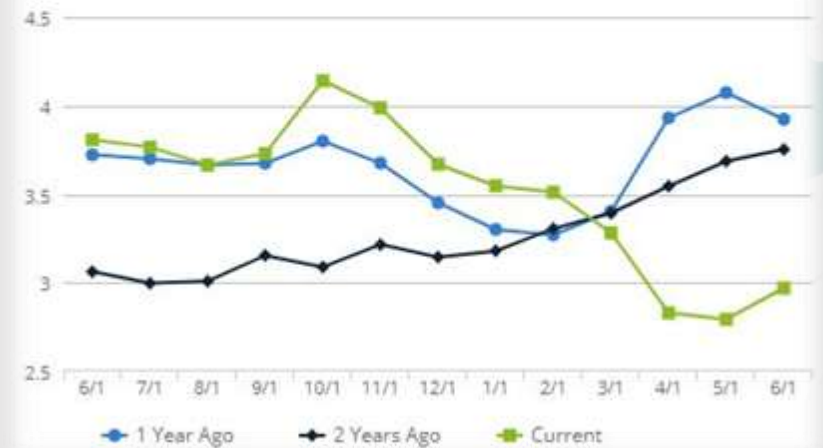
FUEL TRENDS

Benchmarked YoY Weekly Fuel Demand



California Monthly Price Trends for Regular

[Click Here for Interactive Charting](#)



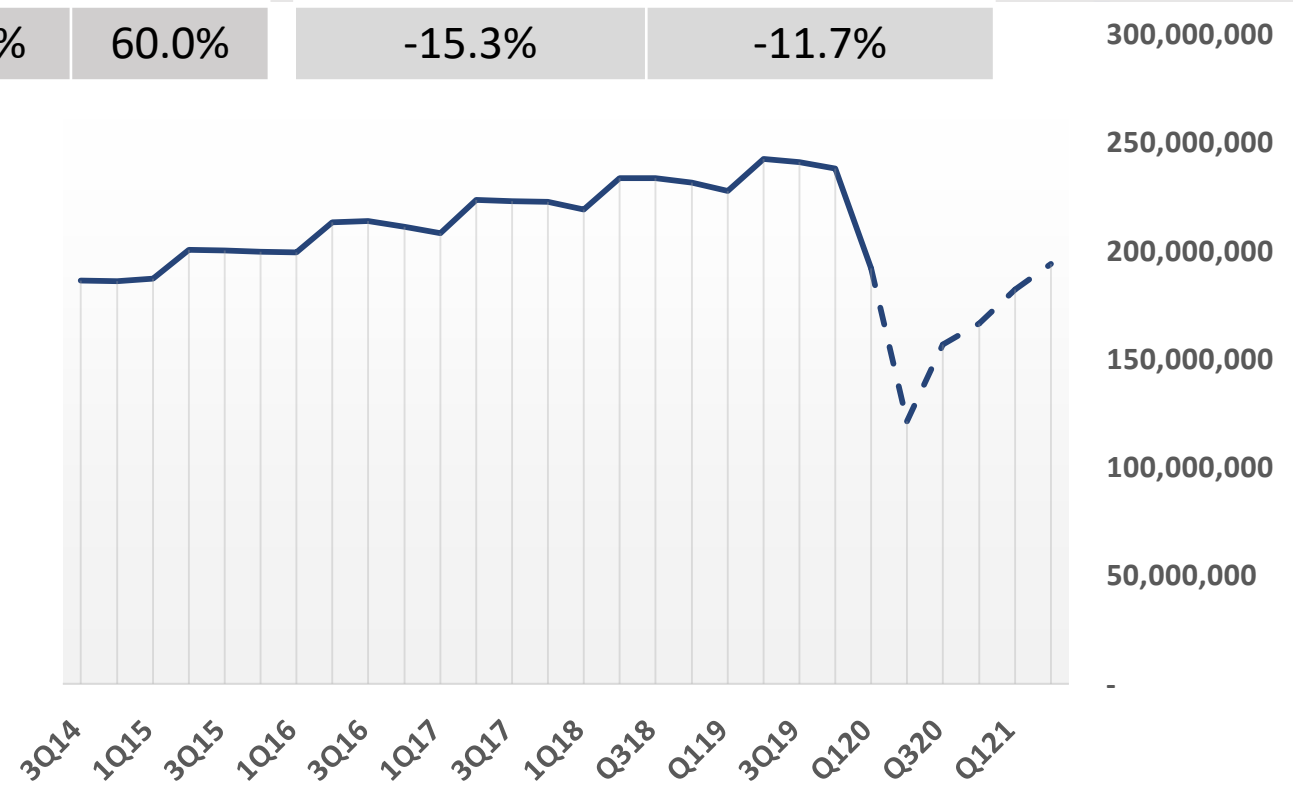
RESTAURANTS & HOTELS

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
-15.8%	-50.0%	-35.0%	-30.0%	-5.0%	60.0%	-15.3%	-11.7%

50% dining room capacity for at least 6 months.

No timeline for allowing large events.

SF Chronicle Restaurant survey reports that 62% casual restaurants are making less than 50% of their previous revenue with takeout/delivery.

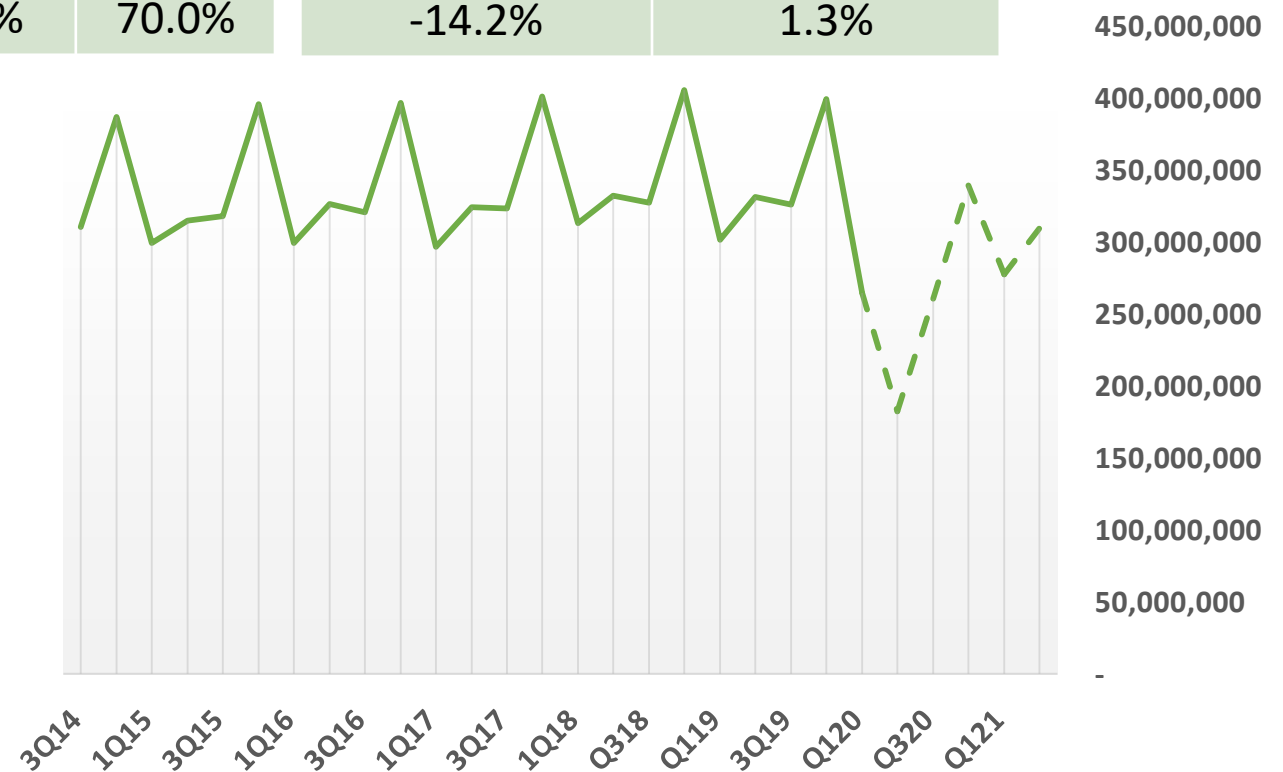


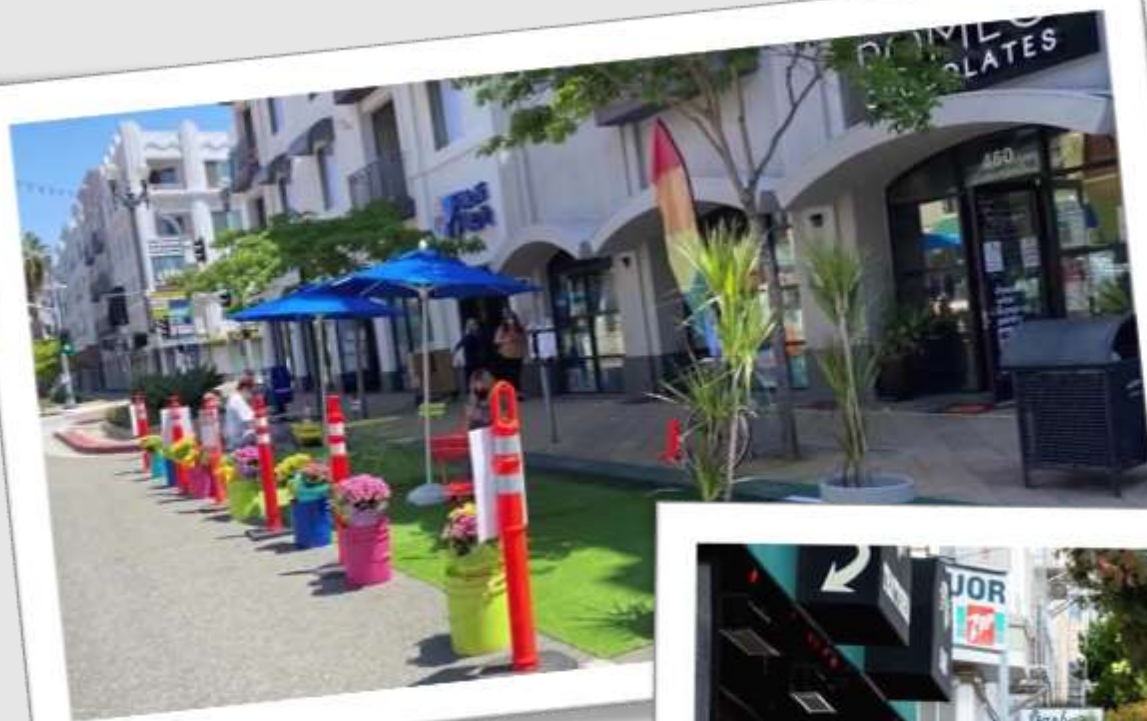
GENERAL CONSUMER GOODS

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
-12.3%	-45.0%	-20.0%	-15.0%	5.0%	70.0%	-14.2%	1.3%

Retail spending settles at about 80% of pre-COVID levels.

Foot traffic is reduced to about 50-60%;
Transaction values down.

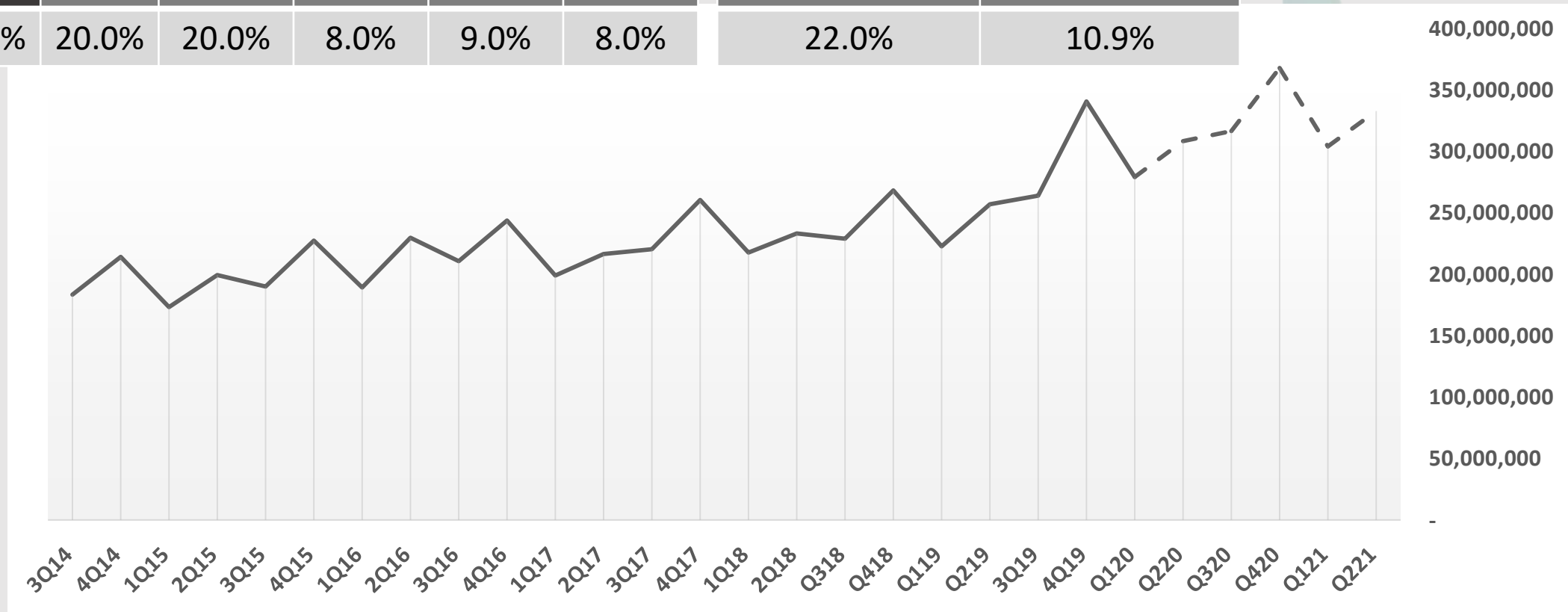




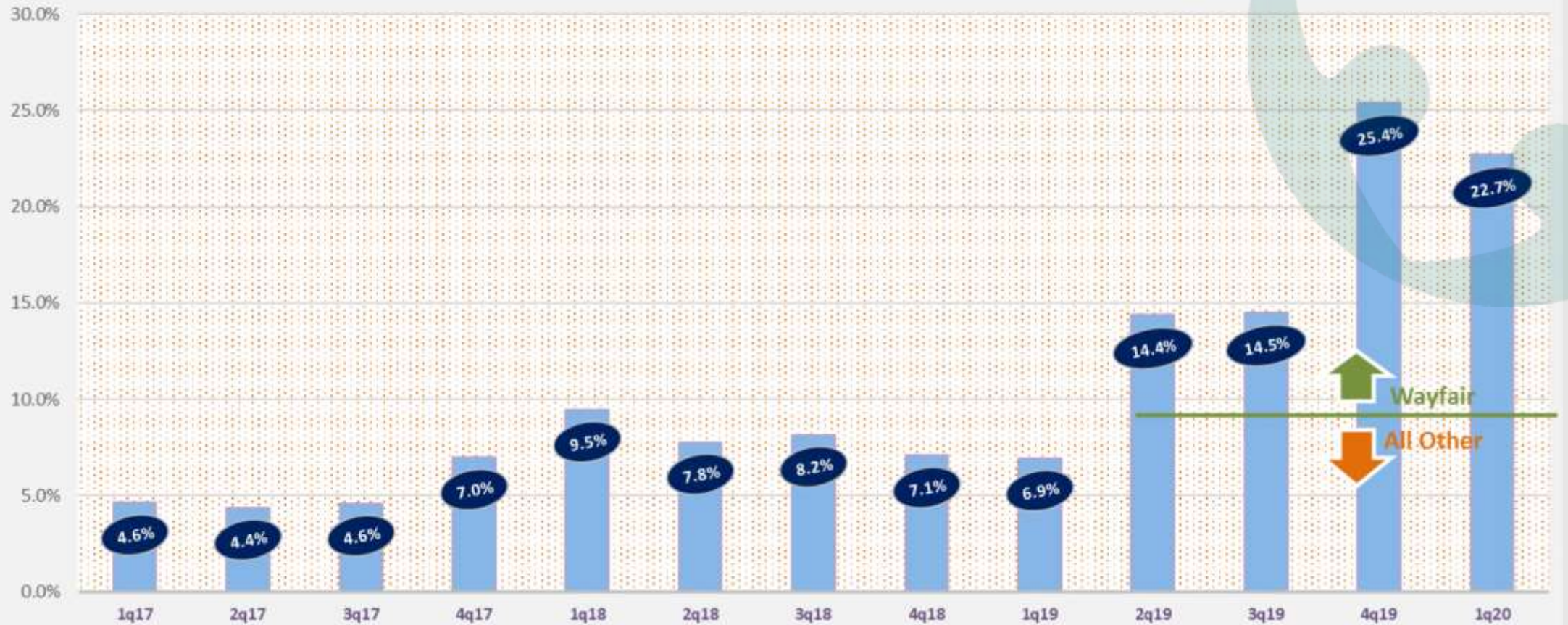
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POOLS

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	FY 2019/2020	FY 2020/2021
25.2%	20.0%	20.0%	8.0%	9.0%	8.0%	22.0%	10.9%



COUNTIES/STATE POOLS 13 QTR. TRENDS -
% CHANGE OVER COMPARABLE QUARTER - ADJUSTED DATA

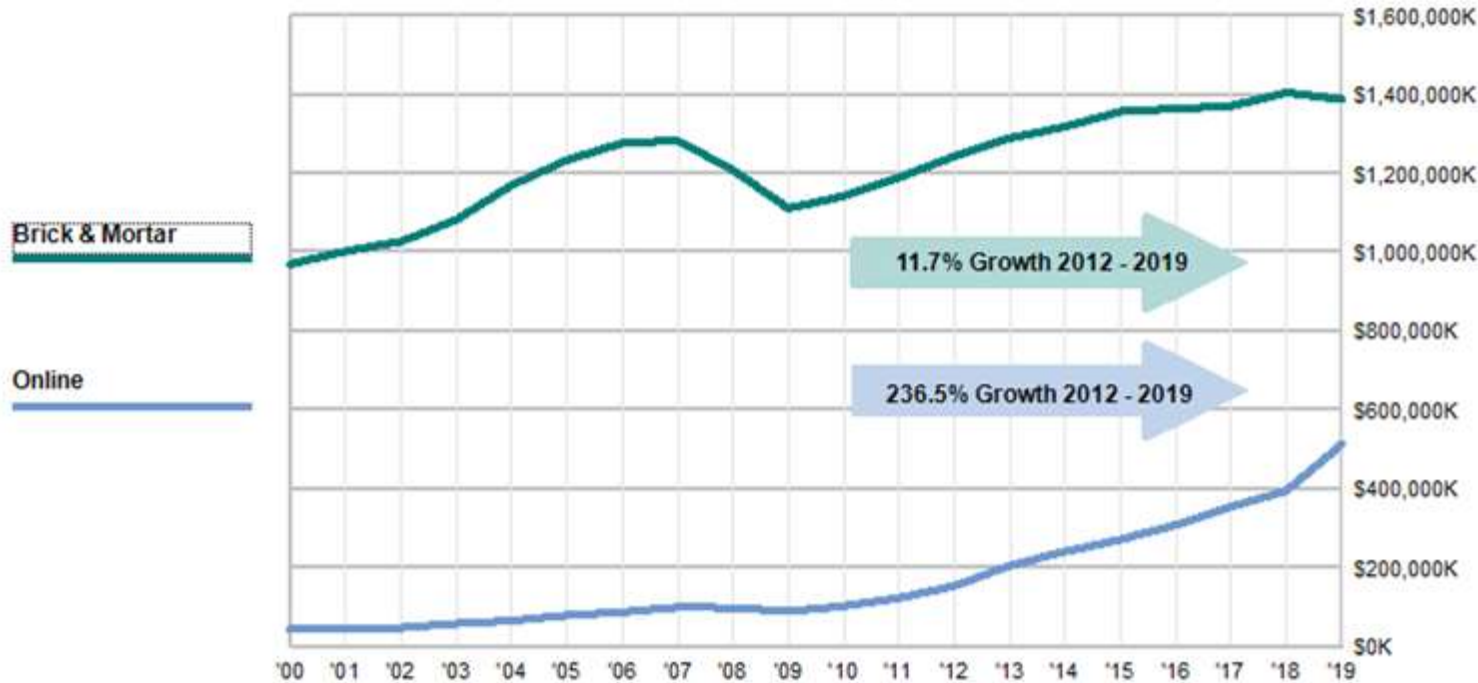




STATE OF CALIFORNIA

Brick & Mortar vs. Online Sales of General Consumer Goods

Local 1% Sales Tax by Calendar Year

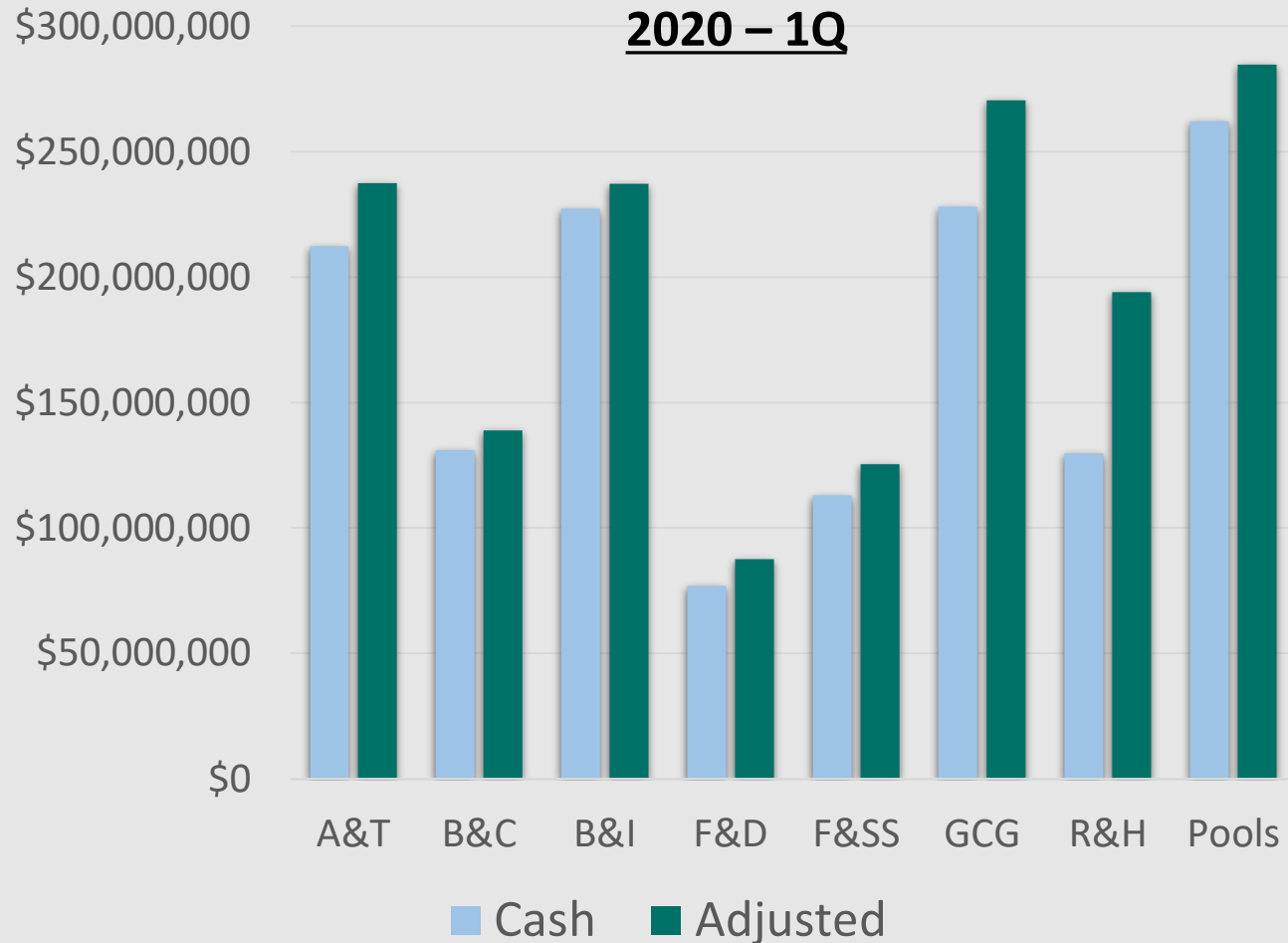


Brick & Mortar - Statewide General Consumer Goods from Point -of-Sale locations

Online - Statewide General Consumer Goods from Fulfillment Centers and County Use -Tax Pool Allocations

BRICK & MORTAR VS ONLINE SALES OF CONSUMER GOODS

DEFERRALS



•HdL estimated the impact **could** potentially be \$690 million over 375,000 accounts.

Approximately \$200 million spread over more than 100,000 accounts.

About 30% of eligible dollars have been impacted.



Denise Ovrom

Ms. Ovrom has been assisting clients with budget and sales tax revenue issues since 2002 and came to HdL with over 20 years' experience supervising finance, budget, technology and administrative operations at the local level. She has served on CSMFO's Committee on Budgeting and Management Reporting and is a past member of USC's Master of Public Administration Advisory Board. She also served as President of the League of California Cities' Partner Program. Ms. Ovrom has a Bachelor of Science and Master's degree in Public Administration from the University of Southern California.



Bret Plumlee

Mr. Plumlee has over 35 years of public sector experience, most recently as City Manager for the City of Los Alamitos, he brings a wealth of knowledge of municipal finance, management and budgeting. Prior to Los Alamitos, he served as City Manager for the City of La Puente, Assistant City Manager of La Quinta, Director of Administrative Services for the City of El Segundo and Finance Director for the City of Rolling Hills Estates. Mr. Plumlee holds a Bachelor of Science Degree in Economics from the University of California, Irvine and a Bachelor of Science Degree in Accounting from California State University, Long Beach.



Thank you!

HdL® Companies