

Q4 2013



American Canyon Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

American Canyon In Brief

Receipts for American Canyon's October through December sales were 1.8% lower than the same quarter one year ago.

Sales activity declined in the general consumer goods group while a decrease in fuel prices contributed to the loss in service stations.

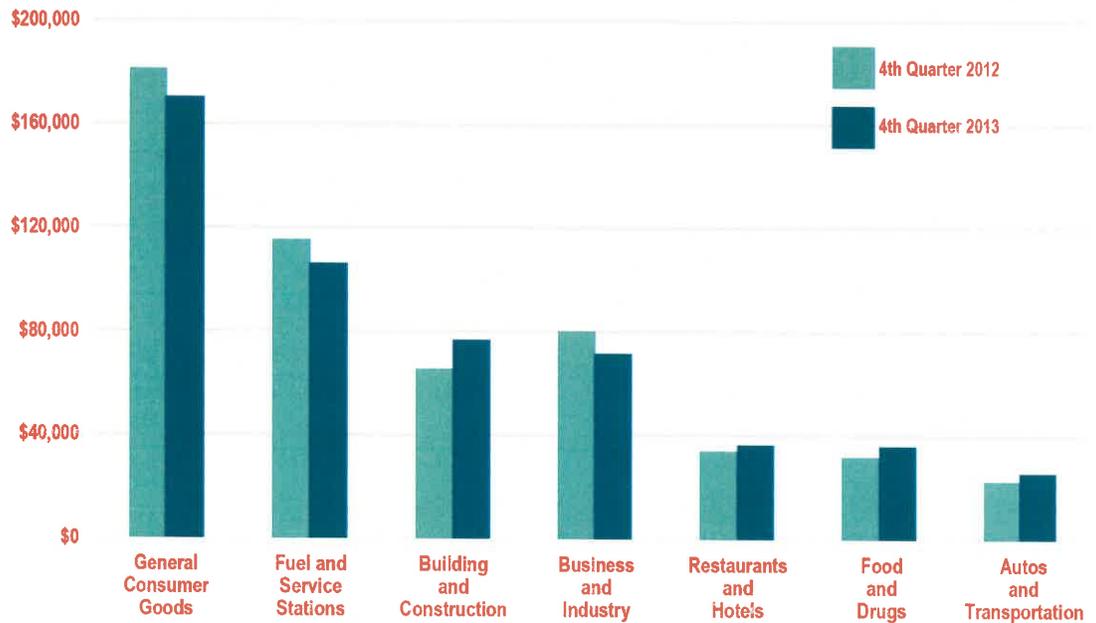
A temporary allocation error that will be corrected in a future quarter accounted for the decline in business to business returns as a whole. Nevertheless, several categories showed gains including repair shop/equipment rentals and light industrial/printers.

Building-related revenues were higher than the comparable period while food and drugs performed well. The increase in restaurants and hotels was due to multiple payment deviations.

A decrease in the city's share of the countywide use tax allocation pool contributed to lower gross receipts compared to a year ago.

Adjusted for aberrations, taxable sales for all of Napa County increased 10.7% over the comparable time period, while the Bay Area as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	NV Cast Stone
All Bay Mill & Lumber	Panda Express
Amcor Sunclipse	Professional Automobiles
Atlas Toyota Material Handling	Quinlans Tire Service
Chevron	Round Table Pizza
Facilities Resource Group	Safeway
Gamestop	Safeway Gasoline
General Plumbing Supply	VA Filtration & Techno Quip
Industrial Wholesale Lumber	Volvo Construction Equipment Rentals
Jack in the Box	Walgreens
McDonalds	Wallaby Yogurt
Mikes Arco Mini Mart	Walmart
Naked Wines	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,540,515	\$1,519,792
County Pool	208,331	206,873
State Pool	713	918
Gross Receipts	\$1,749,559	\$1,727,583
Less Triple Flip*	\$(437,390)	\$(431,896)

*Reimbursed from county compensation fund

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Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

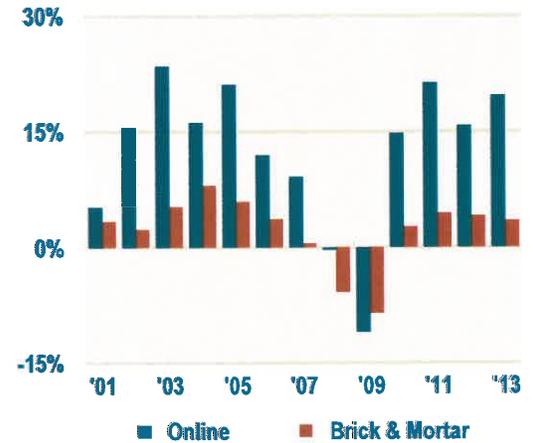
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

of online ordering by consolidating sales offices and inventories into just a few locations.

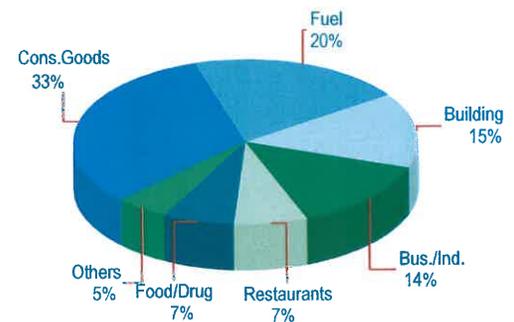
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

ONLINE VS. BRICK & MORTAR
Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP
American Canyon This Quarter



AMERICAN CANYON TOP 15 BUSINESS TYPES

Business Type	American Canyon		County	HdL State
	Q4 '13	Change	Change	Change
Automotive Supply Stores	8,550	-5.7%	0.9%	3.1%
Casual Dining	10,301	0.1%	12.9%	5.8%
Contractors	11,814	70.8%	26.0%	15.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.2%	0.2%
Fast-Casual Restaurants	8,066	16.5%	4.8%	14.0%
Food Service Equip./Supplies	7,920	-54.5%	26.9%	19.6%
Fulfillment Centers	— CONFIDENTIAL —	—	34.9%	37.0%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-4.9%	38.3%
Light Industrial/Printers	19,428	32.9%	88.6%	7.8%
Lumber/Building Materials	55,752	13.6%	87.4%	265.5%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	29.4%	9.7%
Quick-Service Restaurants	15,763	27.8%	9.0%	7.9%
Repair Shop/Equip. Rentals	21,007	17.1%	68.2%	14.2%
Service Stations	106,260	-8.0%	-8.7%	-2.7%
Used Automotive Dealers	— CONFIDENTIAL —	—	4.8%	16.5%
Total All Accounts	\$523,182	-1.4%	13.7%	8.7%
County & State Pool Allocation	\$75,661	-4.6%	10.1%	9.4%
Gross Receipts	\$598,843	-1.8%	13.3%	8.8%