Q1 2020

City of Burlingame Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Burlingame In Brief

Burlingame's receipts from January through March were 48.2% below the first sales period in 2019. However, tax payment deferrals offered by the State has temporarily delayed actual receipts. Once estimated payments are incorporated into the data and reporting aberrations excluded, actual sales were still down 13.8%.

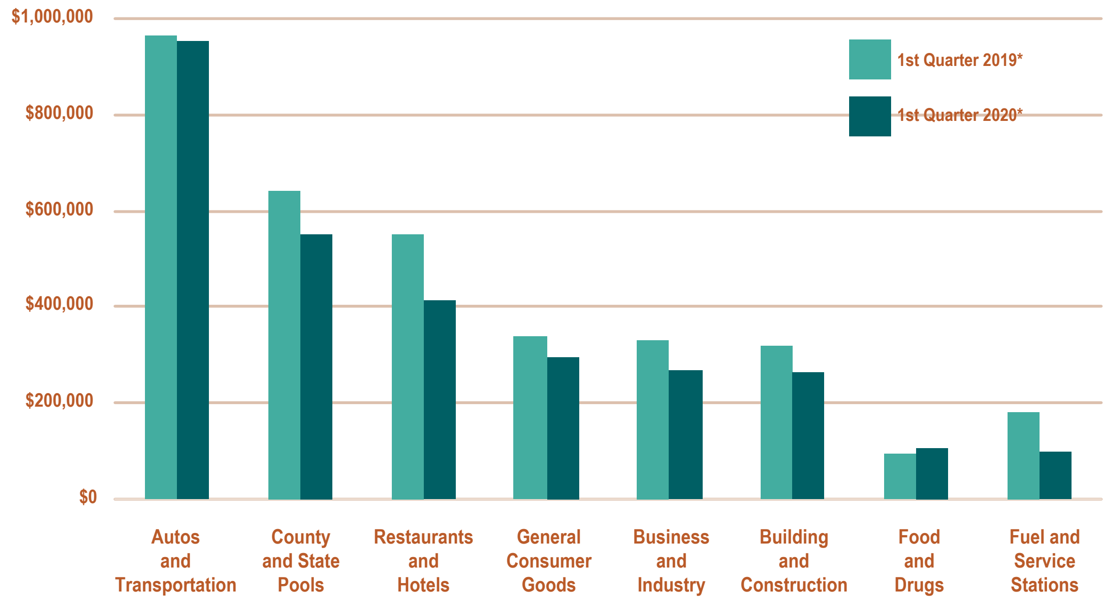
This quarter is the first negatively impacted by the economic shutdown resulting from Covid-19 and the shelter-in-place directive which began in March 2020. Multiple general consumer retailers and restaurants were the most immediately hindered, while new auto dealers were also adversely affected.

Continued new tax revenue from online sales by out-of-state retailers due to the enactment of AB147 and increased sales due to the shutdown, boosted results from the countywide use tax pool, helping offset the declines.

Voter-approved Measure I experienced an -11.4% decrease over last year, largely due to the Covid-19 economic shutdown. New tax revenue from online sales by out-of-state retailers also helped soften the drop.

Net of aberrations, taxable sales for all of San Mateo County declined 4.8% over the comparable time period; the Bay Area was down 2.9%.

Sales Tax by Major Business Group



*Allocation aberrations have been adjusted to reflect sales activity

Top 25 Producers

In Alphabetical Order

- ABC Supply Co
- All Industrial Supply
- All Natural Stone
- Apple
- Audi Leasing Bentley Leasing
- Benihana
- Floor & Decor
- Garratt-Callahan
- Hyatt Regency
- Kern Jewelers
- Lahlouh Printing
- Marin Gas & Auto Services
- Marriott Hotel
- New England Lobster Market & Eatery
- Ocean Honda
- Oh My Green
- Purcell Murray Company
- Putnam Chevrolet Cadillac
- Putnam Chrysler Jeep Dodge
- Putnam Toyota
- Rector Porsche Audi
- Safeway
- Shell
- Tesla Motors
- Walgreens

Revenue Comparison

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

	2018-19	2019-20
Point-of-Sale	$10,338,709	$7,995,886
County Pool	2,194,067	2,188,366
State Pool	5,712	4,595
Gross Receipts	$12,538,488	$10,188,848
Cty/Cnty Share	(626,924)	(509,442)
Net Receipts	**$11,911,564**	**$9,679,406**
Measure I	$1,970,926	$1,785,027

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NOTES

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

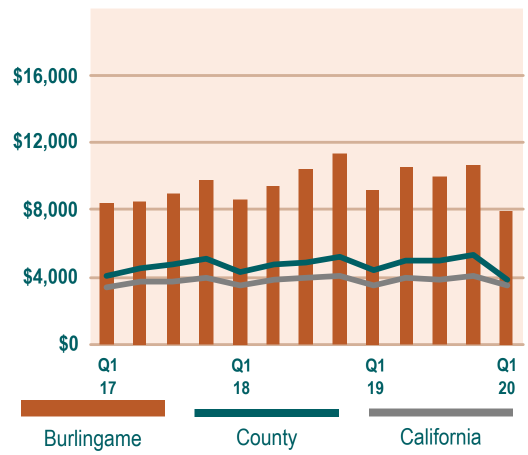
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick -and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

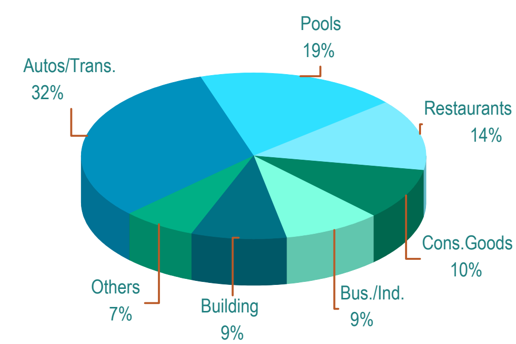
Sales Per Capita*



Allocation aberrations have been adjusted to reflect sales activity

Revenue By Business Group

Burlingame This Quarter*



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Burlingame Top 15 Business Types**

**In thousands of dollars*	Burlingame		County	HdL State
Business Type	**Q1 '20***	**Change**	**Change**	**Change**
Auto Lease	106.0	0.6%	4.2%	1.6%
Building Materials	87.4	-3.5%	-2.7%	3.0%
Casual Dining	241.4	-18.1%	-16.3%	-18.8%
Contractors	116.8	-33.0%	-16.4%	3.1%
Electrical Equipment	46.4	-3.4%	-5.5%	-7.1%
Electronics/Appliance Stores	67.1	-13.0%	-13.8%	-18.0%
Fine Dining	53.9	-11.4%	-24.1%	-24.1%
Grocery Stores	49.1	21.0%	13.6%	11.8%
Hotels-Liquor	74.5	-46.7%	-39.4%	-28.4%
Jewelry Stores	54.6	-0.6%	-15.2%	-3.0%
Medical/Biotech	48.9	-9.4%	-8.7%	-1.8%
New Motor Vehicle Dealers	770.0	-0.3%	-12.4%	-10.6%
Plumbing/Electrical Supplies	50.5	13.1%	-19.9%	1.5%
Service Stations	98.9	-44.8%	-24.4%	-9.5%
Specialty Stores	41.3	-24.0%	-10.9%	-10.1%
Total All Accounts	**2,401.1**	**-13.8%**	**-11.4%**	**-7.3%**
County & State Pool Allocation	**552.9**	**-13.7%**	**26.8%**	**22.4%**
Gross Receipts	**2,954.0**	**-13.8%**	**-4.8%**	**-3.0%**

*** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.*