

Q4 2016



Rancho Mirage Sales Tax *Update*

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

Rancho Mirage In Brief

Rancho Mirage's receipts from October through December were 7.5% above the fourth sales period in 2015.

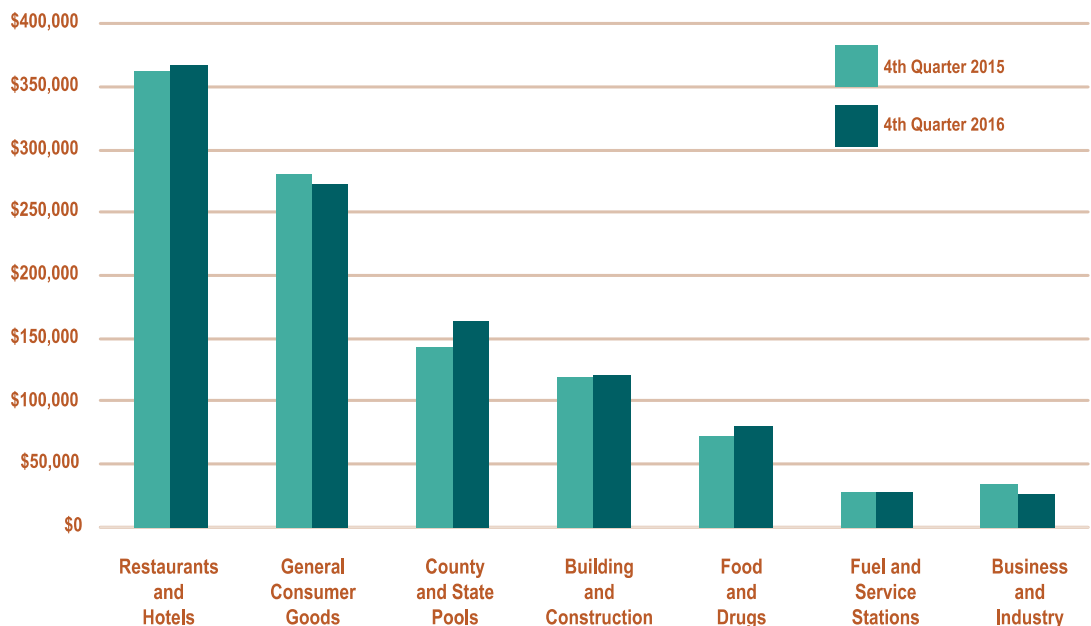
Solid sales results enhanced by low interest rates on long-term financing options bolstered receipts from autos-transportation, accounting for 69% of the overall gains. Steady dining at local hotels lifted the restaurant group, while the addition of a new merchant and increased activity pushed food-drug stores higher.

These increases in local point of sale revenue and a rise in capital and online purchases shipped into the region, boosted allocations from the countywide use tax pool 15%, further contributing to the positive outcome.

However, sluggish holiday returns by home furnishing and electronic retailers and the closeout of a supplier, which pulled down business-industry, partially offset the gains.

Net of aberrations, taxable sales for all of Riverside County grew 3.1% over the comparable time period; the Southern California region was up 1.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Mistys Consignments
Cheesecake Factory	Omni Rancho Las Palmas Resort
Chevron	Pacific Sales
Clarks Nutrition Center	Patton Design Studio
CVS	PF Changs
Desert European Motorcars	Pirch
Ferguson Enterprises	Porsche Leasing
Gelson's Markets	Ritz Carlton Rancho Mirage
Hobby Lobby	Scandinavian Designs
Home Depot	Stein Mart
JP Morgan Chase Bank Nat L Assn	Verizon
Kristine Schultz Interior Design	Westin Mission Hills
	Yard House

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$3,086,690	\$3,310,417
County Pool	357,674	416,462
State Pool	3,612	1,952
Gross Receipts	\$3,447,976	\$3,728,832
Less Triple Flip*	\$(861,994)	\$0

*Reimbursed from county compensation fund

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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.

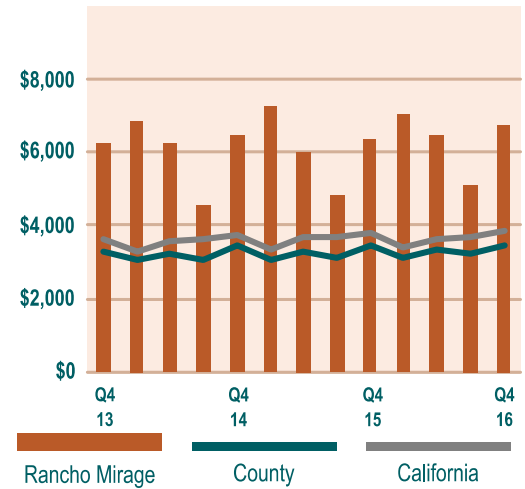
Online sales accounted for 13.0% of all general consumer goods purchased in 2016 with a 9.2% gain over calendar year 2015, while the growth in tax receipts from brick-and-mortar stores only grew 0.6%. The trend has been accelerated by the growing popularity of smart phones which Amazon estimates were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

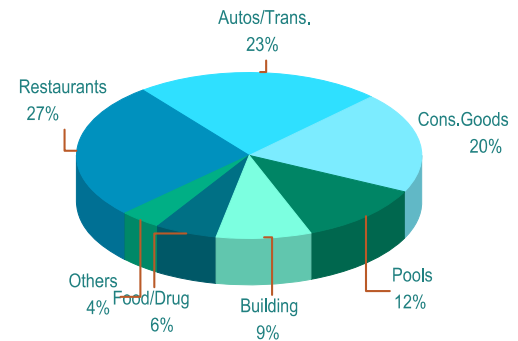
Mall operators are turning to grocers, fitness centers, medical services and residential components to fill vacant space and attract traffic. Smaller centers and downtown areas are responding by enhancing the shopping experience with more dining and entertainment options while local governments seek 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
Rancho Mirage This Quarter



RANCHO MIRAGE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Rancho Mirage Q4 '16*	Rancho Mirage Change	County Change	HdL State Change
Auto Lease	57.6	24.0%	9.9%	9.8%
Building Materials	— CONFIDENTIAL —	—	0.2%	0.7%
Casual Dining	124.2	1.6%	6.1%	2.4%
Drug Stores	— CONFIDENTIAL —	—	12.8%	10.2%
Electronics/Appliance Stores	71.9	-11.5%	-0.6%	-1.2%
Fine Dining	53.8	-3.6%	9.4%	12.7%
Grocery Stores	— CONFIDENTIAL —	—	9.8%	3.9%
Home Furnishings	80.0	-14.3%	-0.5%	0.0%
Hotels-Liquor	128.7	10.5%	19.9%	6.0%
Leisure/Entertainment	27.9	-15.6%	5.3%	9.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	6.6%	5.6%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	-4.2%	1.7%
Quick-Service Restaurants	25.6	-8.7%	7.3%	5.7%
Service Stations	27.9	-4.2%	-3.6%	-1.1%
Specialty Stores	43.0	58.5%	1.2%	3.8%
Total All Accounts	1,219.6	6.6%	2.5%	2.4%
County & State Pool Allocation	164.6	14.5%	10.1%	6.9%
Gross Receipts	1,384.1	7.5%	3.3%	3.0%