

Q4 2014

LIVERMORE

City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Livermore In Brief

Receipts for Livermore's October through December sales were 2.7% above the same quarter one year ago. Excluding anomalies, actual sales activity was up 5.2%.

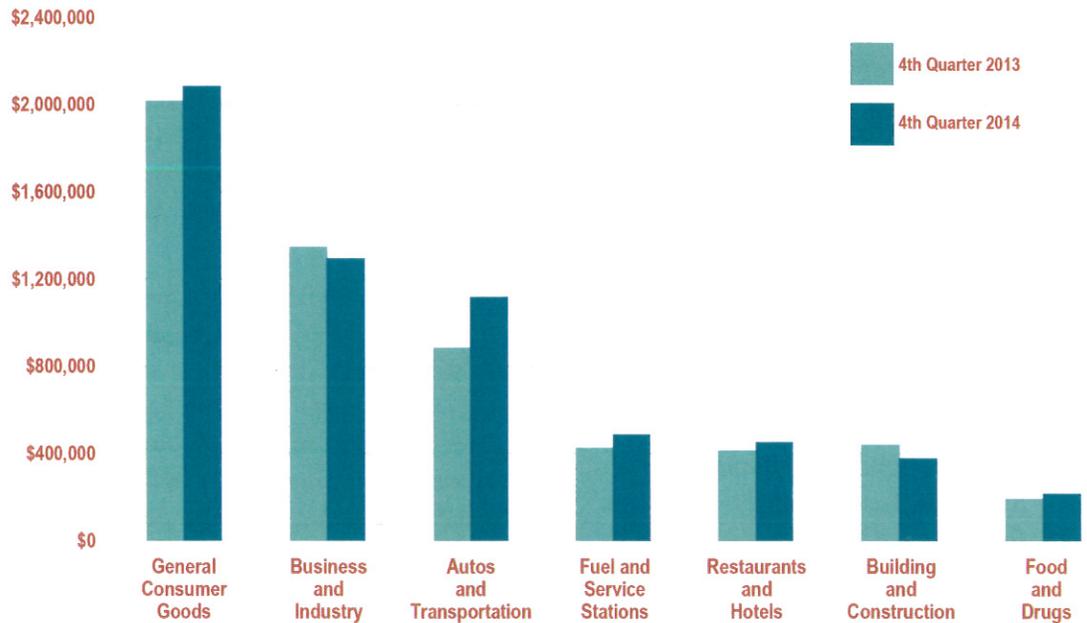
A strong sales quarter for new auto dealers and the correction of a previously misallocated women's apparel payment were major factors in the overall gain. Higher sales from casual dining outlets and a new fast casual eatery help boost receipts from restaurant and hotels.

Payment aberrations offset lower gas prices to produce a gain in the fuel group. Increased sales from grocery stores with liquor lifted food and drugs. The general retail group saw only modest gains consistent with county and statewide trends.

The gains were partially offset by onetime adjustments that lowered the city's allocation from the county-wide use tax pool. Payment aberrations also contributed largely to the declines in business and industry and building and construction.

Adjusted for aberrations, taxable sales for all of Alameda County increased 4.2% over the comparable time period, while the Bay Area as a whole was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Burberry Limited	Lowes
Coach	Mobile Modular Management
Costco	Neiman Marcus Last Call
Harris Rebar	Porsche of Livermore
Home Depot	Prada
J A Momaney Services	Quik Stop Market
Jifco	Safeway
Kaiser Pharmacy	Safeway Fuel
Kate Spade	Solar Universe
Livermore Audi/Subaru/Honda	Target
Livermore Ford Lincoln Mitsubishi	US Foodservice
Livermore Toyota & Scion	Walmart
	Waxies

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$17,688,679	\$17,423,221
County Pool	2,823,302	2,698,342
State Pool	10,994	15,263
Gross Receipts	\$20,522,975	\$20,136,825
Less Triple Flip*	\$(5,130,744)	\$(5,034,206)

*Reimbursed from county compensation fund

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COMPANIES

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

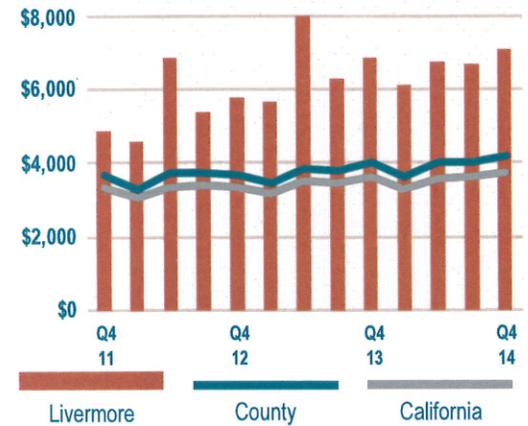
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

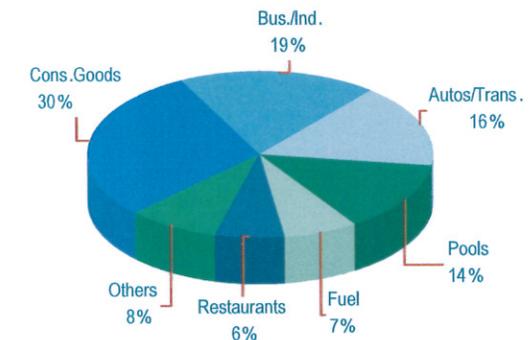
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Livermore Q4 '14*	Livermore Change	County Change	HdL State Change
Casual Dining	224.0	6.0%	1.7%	6.2%
Discount Dept Stores	— CONFIDENTIAL —	—	0.8%	0.9%
Family Apparel	625.4	1.3%	5.4%	5.1%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	2.8%	7.9%
Grocery Stores Liquor	118.2	13.6%	9.0%	3.5%
Heavy Industrial	274.2	13.6%	10.4%	14.7%
Light Industrial/Printers	204.7	-7.1%	-9.5%	-1.7%
Lumber/Building Materials	175.7	-18.1%	2.5%	-0.7%
Medical/Biotech	114.4	-0.7%	1.6%	-2.6%
New Motor Vehicle Dealers	818.3	42.6%	8.3%	7.6%
Quick-Service Restaurants	154.8	3.8%	10.3%	7.5%
Service Stations	474.2	14.5%	-2.9%	-10.6%
Shoe Stores	122.5	4.5%	1.7%	7.6%
Specialty Stores	118.0	-12.3%	3.6%	5.5%
Women's Apparel	190.5	56.7%	-2.7%	-1.3%
Total All Accounts	\$6,031.6	5.4%	5.0%	3.8%
County & State Pool Allocation	\$954.1	-11.6%	-11.9%	4.7%
Gross Receipts	\$6,985.7	2.7%	2.3%	3.9%