

Q4 2015

LIVERMORE

City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

Livermore In Brief

Livermore's receipts from October through December were 11.5% above the fourth sales period in 2014.

The expansion of new retail accounted for a significant portion of the increase in holiday related receipts in general consumer goods. Nonetheless, same store returns were up in other sectors including home furnishings and electronics.

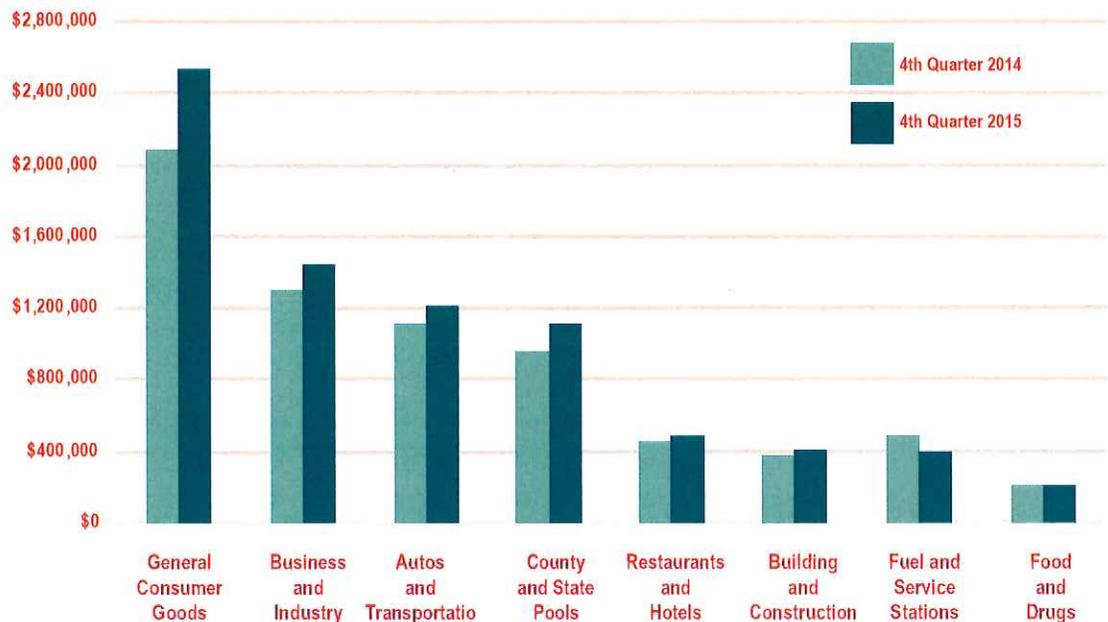
New auto sales boosted the autos and transportation group while the overall gain in restaurants was commensurate with county-wide trends. A onetime deduction to correct a prior error understated robust performance in building and construction.

Reporting errors in the light industrial/printers category overstated the rise in business and industry. Sales activity was up in several sectors including electrical equipment.

Lower fuel prices depressed returns in fuel and service stations.

Net of aberrations, taxable sales for all of Alameda County grew 5.6% over the comparable time period; the Bay Area was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AMS Net	Michael Kors
Burberry Limited	Mobile Modular Management
Coach	Nike
Costco	Polo Ralph Lauren
Harris Rebar	Porsche of Livermore
Home Depot	Quik Stop Market
J A Momaney Services	Safeway
Kate Spade	Target
Livermore Audi/ Subaru/Honda	Tommy Hillfiger
Livermore Ford Lincoln Mitsubishi	US Foodservice
Livermore Toyota & Scion	Vans
Lowe's	Walmart
	Waxies

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$11,703,048	\$12,889,605
County Pool	1,837,773	2,038,120
State Pool	10,791	16,652
Gross Receipts	\$13,551,611	\$14,944,377
Less Triple Flip*	\$(3,387,903)	\$(3,736,094)

*Reimbursed from county compensation fund

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California Overall

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

The Triple Flip Is Over!

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

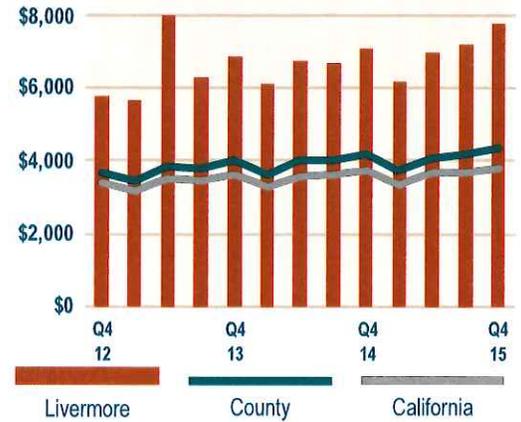
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

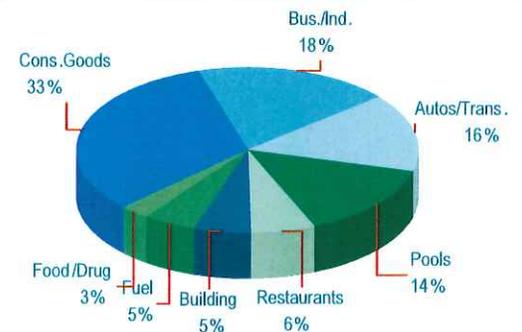
The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

**In thousands of dollars*

Business Type	Livermore		County	HdL State
	Q4 '15*	Change	Change	Change
Business Services	— CONFIDENTIAL —	—	7.3%	15.2%
Casual Dining	272.8	3.1%	9.5%	6.1%
Discount Dept Stores	— CONFIDENTIAL —	—	0.9%	3.0%
Electrical Equipment	148.5	41.7%	-9.9%	-14.2%
Family Apparel	755.9	24.0%	9.3%	4.0%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	8.4%	3.6%
Heavy Industrial	221.7	-19.2%	-10.7%	-5.9%
Light Industrial/Printers	260.7	35.0%	15.3%	5.7%
Lumber/Building Materials	236.9	13.2%	11.0%	10.0%
New Motor Vehicle Dealers	883.2	7.9%	11.7%	7.9%
Quick-Service Restaurants	168.6	14.1%	9.3%	7.7%
Service Stations	393.3	-17.1%	-11.1%	-10.5%
Shoe Stores	241.3	91.5%	34.5%	5.1%
Specialty Stores	167.8	42.2%	8.5%	4.1%
Women's Apparel	277.4	48.4%	14.6%	1.0%
Total All Accounts	6,674.5	10.7%	5.3%	2.4%
County & State Pool Allocation	1,114.1	16.8%	11.1%	10.8%
Gross Receipts	7,788.6	11.5%	6.1%	3.5%