

Q1 2008



City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2008)

Livermore In Brief

Receipts from Livermore's January through March sales were 18.4% lower than the same quarter one year ago.

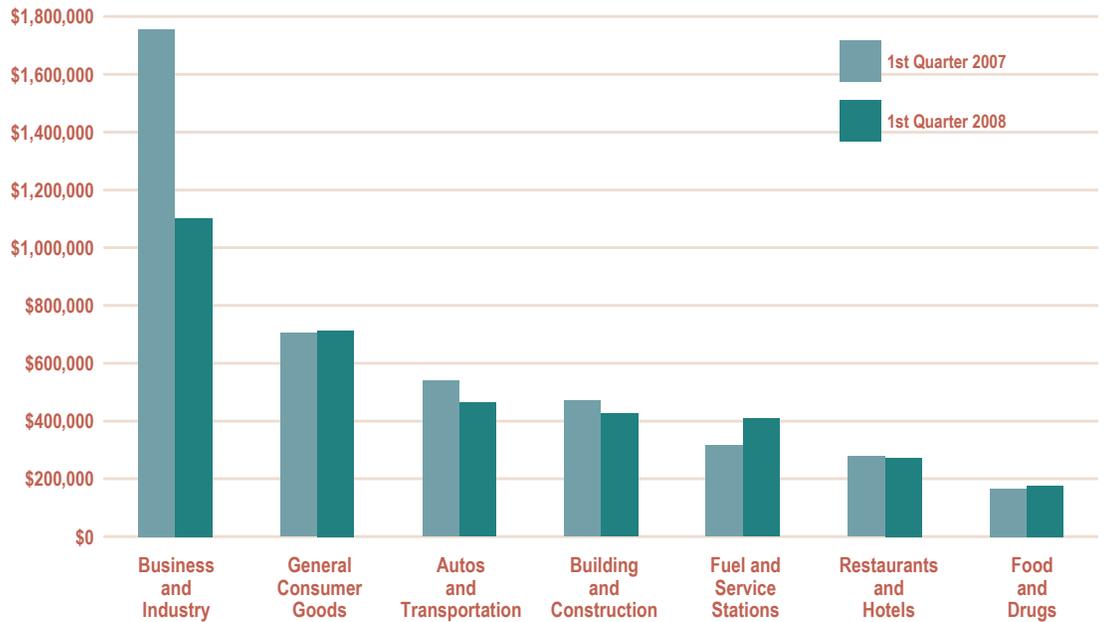
The decline was exaggerated by an allocation issue that has temporarily reduced revenues from the medical supplies category. However, actual sales tax receipts were still down 10.9% when this and other reporting aberrations were factored out.

Declining sales of autos, RVs, building/construction materials and several categories of business-to-business sales all contributed to the decrease. Onetime accounting deductions from the countywide use tax allocation pool were an additional factor.

The losses were partially offset by previous additions to the new auto, family apparel and office supply categories. Comparisons of service stations/fuel and lumber/building materials were inflated by reporting anomalies.

Adjusted for reporting aberrations, taxable sales for all of Alameda County declined 6.9% over the comparable time period while the nine-county bay region as a whole was down 1.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Livermore Ford
AMS Net	Lincoln Mercury
Arco AM PM Mini Mart	Lowes
Bernards	Macpherson
Costco	Western Tool Supply
Fishnet Security	Mobile Modular Management
Flow Solutions	Porsche of Livermore
Harris Rebar	Quik Stop Markets
Home Depot	Safeway
JA Momaney Services	Safeway Gas Sales
Jifco	Target
Kaiser Pharmacy	US Foodservice
Livermore Audi/Subaru/Honda	Wal Mart
	Waxies

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$18,096,367	\$17,021,046
County Pool	2,400,875	2,154,335
State Pool	24,831	8,777
Gross Receipts	\$20,522,073	\$19,184,158
Less Triple Flip*	\$(5,130,518)	\$(4,796,039)

*Reimbursed from county compensation fund

CALIFORNIA OVERALL

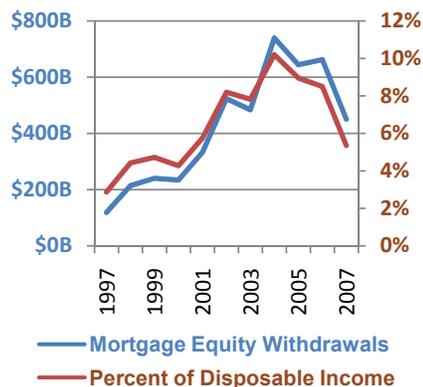
Statewide sales tax receipts for January through March sales dropped 4.5% from the same quarter of 2007 when reporting aberrations were factored out. The decline continued to be led by new car sales which were down 18.6%. Building-related materials posted a decrease of 14.3% while general consumer goods dropped 5.4%.

Previous predictions that this quarter would be at the bottom after the spending bubble burst are beginning to fade. Auto dealers report continuing slides and the International Council of Shopping Centers predicts 2008's store closings to be the most since 2001. The UCLA Anderson Forecast is that the economy will be sluggish for at least another 18 months.

SALES TAX AND THE HOUSING BUBBLE

A new Harvard University study provides some insight into the impact that the housing slump has on consumer spending. The researchers concluded that the combined effects of fewer home starts and falling prices cut national economic growth by almost 1.5% in 2007.

In addition to the "reverse multiplier" effect that lost wages in the construction industry has had on consumer spending, the decline in home prices has substantially reduced the amount of discretionary spending that occurred from borrowing against the rising market value of homes.



These cash-outs, referred to as "Mortgage Equity Withdrawals" (MEWs), fell from a high of 10% of the country's personal disposable income in

2004 to approximately 2% in the first quarter of this year.

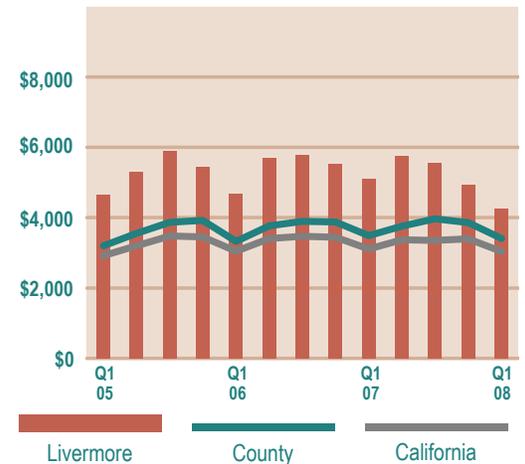
Consumer spending tends to lag changes in income, both up and down. As MEWs fell in the latter half of 2007, consumers used their credit cards to continue spending. Credit card companies, including American Express, now report alarming rises in late payments suggesting that many consumers are about tapped out.

An example of Harvard's conclusion that homeowners' disposable spending is partially related to changes in home values recently came from Home Depot. The company attributes its current decline to the fact that 50-60% of its sales are normally from major improvement projects that customers are deferring as home values slip.

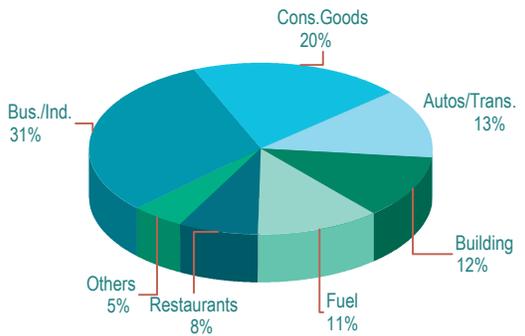
Analysts, including Chapman University's, are predicting that housing prices will continue to drop into 2009. If this is so, it adds another gloomy aspect to the timing for a recovery in sales tax growth.

The full Harvard study can be reviewed at www.jchs.harvard.edu/.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q1 '08*	Change	Change	Change
Service Stations	\$409.7	30.1%	23.9%	18.6%
Discount Dept Stores	390.7	-2.0%	-1.8%	-2.4%
Lumber/Building Materials	243.6	32.3%	1.8%	1.9%
New Motor Vehicle Dealers	221.3	-6.6%	-13.3%	-17.4%
Light Industrial/Printers	177.5	-31.2%	5.1%	7.1%
Heavy Industrial	176.5	-14.2%	2.6%	13.0%
Restaurants No Alcohol	128.8	3.7%	5.6%	2.8%
Electrical Equipment	122.2	8.5%	3.2%	7.6%
Repair Shop/Hand Tool Rentals	117.5	0.1%	1.8%	-1.5%
Grocery Stores Liquor	92.1	-1.6%	3.5%	0.6%
Contractors	89.7	-45.6%	-16.3%	-17.8%
Farm Products/Equipment	86.9	-11.2%	7.9%	6.5%
Office Supplies/Furniture	85.0	81.5%	2.2%	-3.1%
Specialty Stores	79.1	7.8%	-1.5%	-3.0%
Health/Medical	78.8	-86.0%	-59.8%	-19.2%
Total All Accounts	\$3,563.8	-15.8%	-1.4%	-1.2%
County & State Pool Allocation	361.1	-37.9%		
Gross Receipts	\$3,924.9	-18.4%		<i>*In thousands</i>