

Q3 2007

LIVERMORE

City of Livermore Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2007)

Livermore In Brief

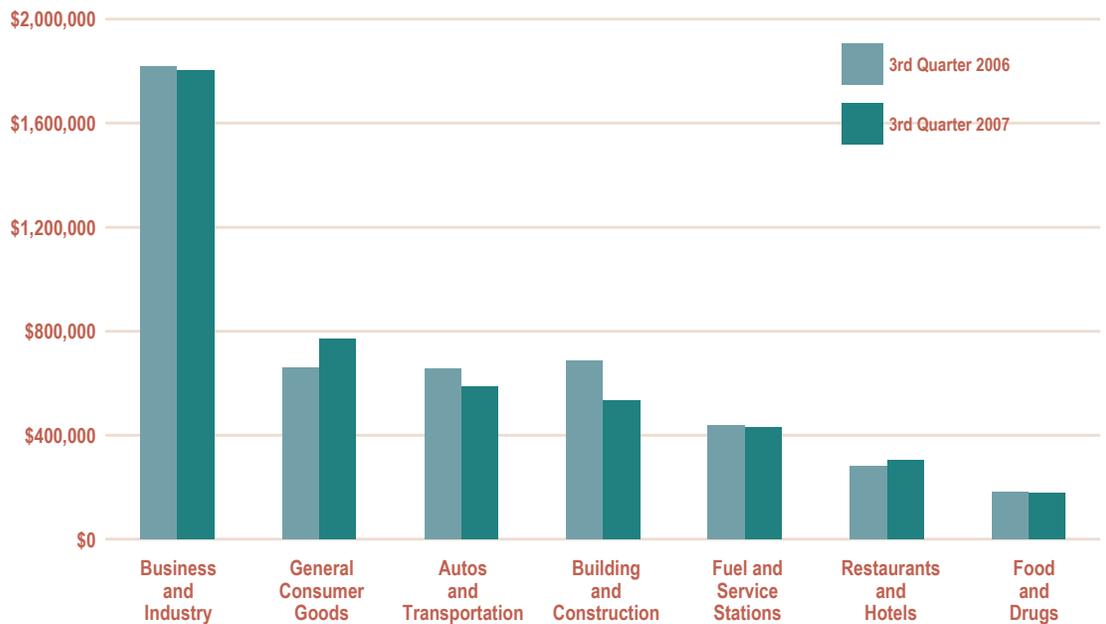
Third quarter receipts were down 2.6% compared to the similar period one year ago.

Several business categories including lumber/building materials, new motor vehicle dealers and farm construction equipment reported slower sales, much as they did in nearly all areas of the state. A reporting aberration exaggerated the lumber/building materials decline. Service stations dipped on a temporary easing of fuel prices. Delayed payments added to the light industrial/printers decrease.

Payment aberrations inflated heavy industrial results. New business additions contributed to the restaurants with liquor increase. The electrical equipment category showed strong sales gains.

Over the same period the Bay area was up 0.8% once payment anomalies were excluded; the state slipped 2.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

AMS Net	Macpherson
Costco	Western Tool Supply
Flow Solutions	Mervyns
Harris Rebar	Microgear
Home Depot	Mobile Modular Management
Homesite Services	Owens & Minor
JA Momaney Services	Quik Stop Markets
JCs RVs	Safeway
Jifco	Safeway Gas Sales
Kaiser Pharmacy	Target
Livermore Audi/Subaru/Honda	US Foodservice
Livermore Ford Lincoln Mercury	Wal Mart
Lowe's	Waxies

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$9,354,216	\$9,367,854
County Pool	1,239,059	1,257,250
State Pool	12,403	907
Gross Receipts	\$10,605,678	\$10,626,011
Less Triple Flip*	\$(2,651,419)	\$(2,656,503)

*Reimbursed from county compensation fund

STATEWIDE SALES DECLINE

Further Decreases Anticipated

After adjusting for accounting aberrations, taxable sales during July through September declined 2.9% from the same quarter of 2006.

The inland regions of the state tended to trail the coastal regions. Only San Francisco and portions of the Silicon Valley posted significant gains.

Autos, lumber/building materials and fuel were the primary losers. New car receipts were down 13.3% from the same quarter one year ago while revenues from building/construction materials dropped 11.3% and fuel 6.1%.

Back to school shopping helped boost family apparel sales for the quarter but the gains were largely offset by a drop in demand for home furnishings and large appliances. Receipts from general consumer goods as a whole ended at only 0.7% higher than the third quarter of 2006.

Restaurants continued to be a source of growth exhibiting a 3.9% statewide gain over third quarter 2006 with even larger increases in the North Bay and Central Coast regions.

Capital purchases by manufacturers/exporters of high tech equipment and supplies also helped offset other declines with gains in business-to-business sales second only to the restaurant group.

The Remaining Fiscal Year ...

Fourth quarter sales results will not be available until the end of March. Preliminary reports indicate that holiday spending on general consumer goods increased only 2.2% over 2006 but that redemption of gift cards could boost January-February sales more than had been anticipated. Further declines are expected in receipts from auto sales. Prognostications for 2008 are blurred by wide differences among economists on how much further the economy will drop and on when a recovery might begin. However, most agree that the

decline will continue through at least the first half of 2008 and possibly longer.

Analysts predict a further decrease of 6.0% to 6.5% in auto sales in 2008 with a recovery in that sector not expected until mid 2009. Sales of general consumer goods are expected to grow only 2.0% to 2.5% overall with solid gains in electronics but weakening performance for apparel, mid-tier department stores and mall shops.

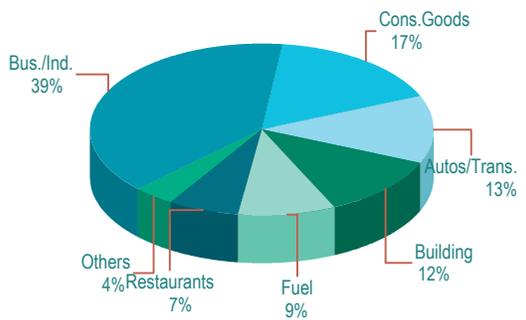
Building and construction material sales could bottom out in mid 2008 with commercial, utility and public construction projects helping offset further losses from housing construction setbacks. However, a recovery in housing construction will be more gradual and is not expected until late 2010 or 2011.

Business-to-business sales may level off in the first half of 2008 but, as long as export demand stays strong, analysts do not expect actual declines. As always, the trends for an individual jurisdiction will vary with the specific make-up of its tax base.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q3 '07*	Change	Change	Change
Health/Medical	\$625.9	1.1%	-0.8%	0.2%
Service Stations	429.4	-1.8%	0.7%	-4.5%
Discount Dept Stores	411.0	-3.3%	-0.1%	3.5%
Lumber/Building Materials	325.2	-15.7%	-24.1%	-27.4%
New Motor Vehicle Dealers	245.7	-18.3%	-12.4%	-12.5%
Light Industrial/Printers	217.2	-10.4%	14.3%	-0.1%
Heavy Industrial	181.3	7.4%	8.0%	24.2%
Electrical Equipment	142.0	17.1%	8.3%	23.0%
Restaurants No Alcohol	131.7	-0.2%	3.8%	3.3%
Repair Shop/Hand Tool Rentals	128.8	-11.3%	-5.4%	44.8%
Trailers/RVs	127.0	-4.4%	-1.8%	-13.5%
Farm/Construction Equip.	97.7	-18.0%	-26.6%	-12.0%
Grocery Stores Liquor	97.7	0.7%	-4.2%	0.0%
Restaurants Liquor	97.1	25.1%	21.5%	13.0%
Farm Products/Equipment	92.8	-9.2%	-7.0%	2.9%
Total All Accounts	\$4,606.3	-2.4%	2.8%	-2.2%
County & State Pool Allocation	569.6	-3.8%		
Gross Receipts	\$5,175.9	-2.6%		<i>*In thousands</i>