

Q3
2010

LIVERMORE

City of Livermore Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Livermore In Brief

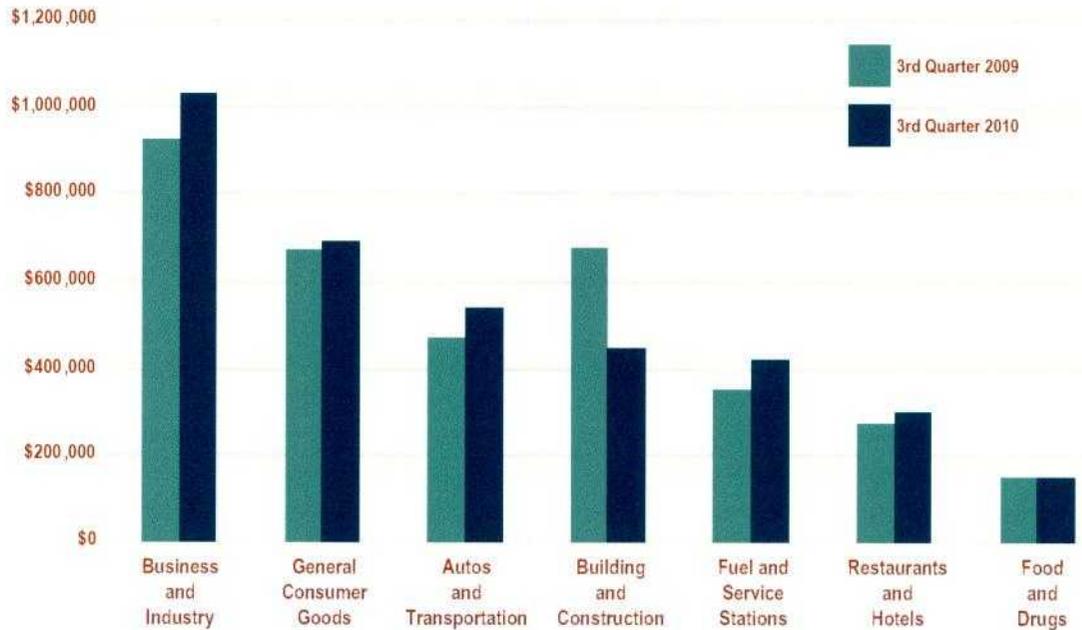
Livermore's allocation from its July through September sales was 8.4% higher than the same quarter one year ago after factoring out accounting aberrations that skewed comparisons in the fuel and building-construction groups.

A solid quarter for auto sales, discount warehouses and suppliers to business service and food processing companies were the primary contributors to the increase. A jump in the countywide use tax allocation pool was also a factor.

Restaurant performance was mixed and the gain in medical-biotech was due to a tax refund in last year's comparable quarter.

Adjusted for aberrations, sales and use tax receipts for all of Alameda County increased 5.1% over the comparable time period while the nine county region as a whole was up 6.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Macpherson
Ams Net	Western Tool Supply
Arco AM PM	Mobile Modular Management
Costco	Porsche of Livermore
F Rodgers	Quik Stop Markets
Harris Rebar	Safeway
Home Depot	Safeway Gas Sales
JA Momaney Services	Save Mart
Jifco	Target
Kaiser Pharmacy	US Foodservice
Kohls	Walmart
Livermore Audi/Subaru/Honda	Waxies
Livermore Ford Lincoln Mercury	
Lowe's	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$6,614,212	\$7,068,315
County Pool	808,262	997,490
State Pool	6,623	5,185
Gross Receipts	\$7,429,096	\$8,070,990
Less Triple Flip*	\$(1,857,274)	\$(2,017,747)

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

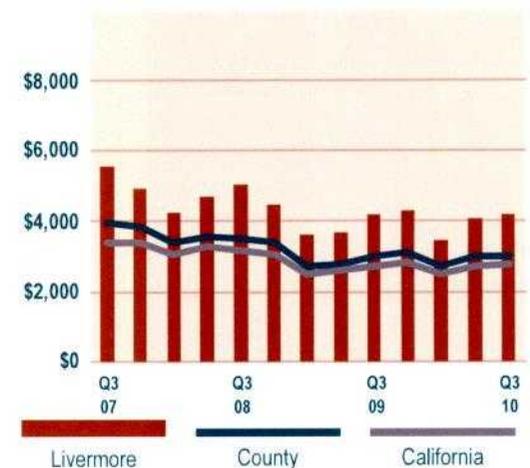
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q3 '10*	Change	Change	Change
Service Stations	\$420.6	18.9%	10.5%	12.1%
Discount Dept Stores	411.5	6.4%	9.0%	5.6%
New Motor Vehicle Dealers	293.6	18.8%	2.8%	-1.7%
Lumber/Building Materials	192.9	-9.6%	-2.8%	-4.8%
Contractors	148.2	10.8%	2.4%	-2.2%
Business Services	138.8	84.4%	26.0%	22.8%
Heavy Industrial	134.2	9.2%	14.5%	13.3%
Restaurants No Alcohol	125.8	-0.3%	5.4%	5.1%
Food Mfg.	118.9	15.6%	-10.4%	-3.7%
Light Industrial/Printers	117.3	-8.5%	-9.0%	5.8%
Restaurants Liquor	103.7	25.6%	5.0%	5.4%
Electrical Equipment	99.2	-21.7%	60.5%	12.0%
Drugs/Chemicals	92.2	2.6%	14.6%	-1.4%
Grocery Stores Liquor	88.8	-0.4%	-0.8%	1.2%
Medical/Biotech	76.5	65.9%	-42.5%	-6.4%
Total All Accounts	\$3,595.9	2.0%	1.3%	2.7%
County & State Pool Allocation	539.4	25.1%		
Gross Receipts	\$4,135.3	4.5%		<i>*In thousands</i>