

Q2 2011

LIVERMORE

City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Livermore In Brief

The allocation for Livermore's April through June sales was 14.5% higher than the same quarter one year ago. Actual sales increased 12.3% when accounting anomalies were excluded.

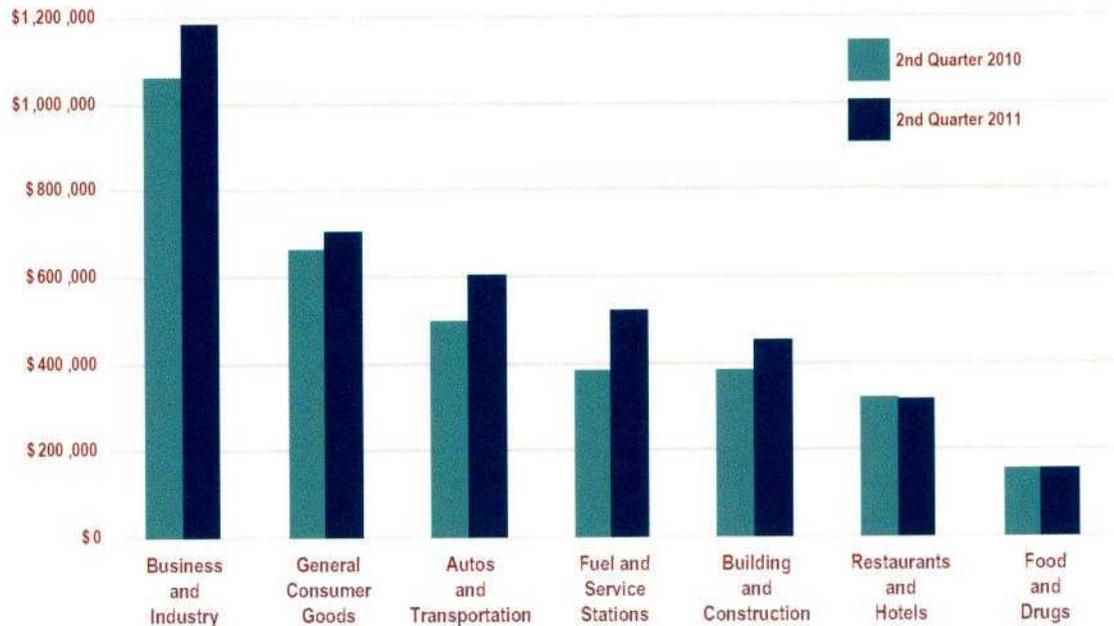
Higher prices boosted receipts from service stations and retailers with fuel sales that report in the general consumer goods group. A new outlet was also a factor for the service station gain. Sales increased from new car dealers, trailers/RVs, restaurants-liquor and some categories of business-to-business transactions. A new outlet contributed to gains from lumber/ building materials.

Accounting adjustments provided a onetime boost to receipts from business services while proceeds from light industrial/printers were buoyed by receipt of funds from ongoing point of sale audit activity. The increase from the county pool was also a factor for the overall gain.

Double-up payments and other adjustments that inflated last year's postings depressed comparisons for restaurants with no alcohol and the heavy industrial sector. A business closeout pared receipts from contractor supplies.

Adjusted for reporting aberrations, taxable sales for all of Alameda County rose 7.5% over the same time period; the Bay Area as a whole was up 9.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

7 Eleven	Mobile Modular Management
Ams Net	Porsche of Livermore
Arco AM PM	Quik Stop Markets
Costco w/Gas	Relizon
F Rodgers	Safeway
Harris Rebar	Safeway Gas Sales
Home Depot	Target
JA Momaney Services	US Foodservice
Jifco	Walmart
Kaiser Pharmacy	Waxies
Kohls	Workflowone
Livermore Audi/ Subaru/Honda	
Livermore Ford Lincoln	
Lowes	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$3,472,409	\$3,946,745
County Pool	461,390	560,806
State Pool	1,897	(2,393)
Gross Receipts	\$3,935,696	\$4,505,158
Less Triple Flip*	\$(983,924)	\$(1,126,290)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

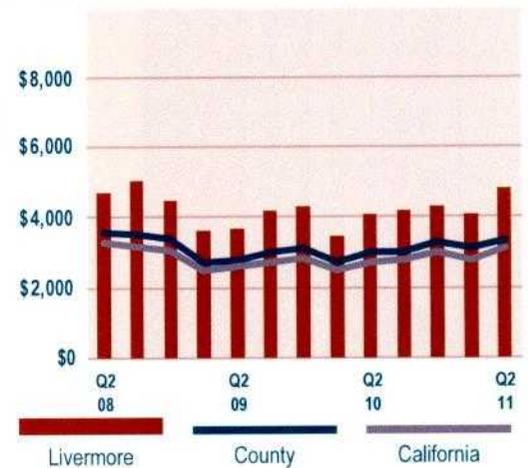
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q2 '11*	Change	Change	Change
Business Services	177.9	63.9%	7.1%	16.4%
Contractors	108.6	-4.6%	6.5%	7.6%
Discount Dept Stores	430.4	12.6%	11.0%	6.4%
Drugs/Chemicals	91.4	3.3%	14.4%	8.7%
Electrical Equipment	121.9	41.7%	19.0%	14.0%
Food Mfg.	120.1	10.5%	-14.7%	6.6%
Grocery Stores Liquor	91.3	1.0%	4.0%	1.5%
Heavy Industrial	165.8	-18.4%	9.2%	11.3%
Light Industrial/Printers	186.8	45.2%	-8.4%	-0.3%
Lumber/Building Materials	225.1	22.3%	3.3%	1.3%
New Motor Vehicle Dealers	321.2	26.5%	1.7%	9.8%
Restaurants Liquor	100.3	11.0%	6.9%	8.6%
Restaurants No Alcohol	131.9	-15.4%	1.4%	3.5%
Service Stations	522.3	36.6%	29.4%	30.9%
Trailers/RVs	93.4	18.4%	-6.5%	-4.6%
Total All Accounts	\$3,946.7	13.7%	7.0%	10.1%
County & State Pool Allocation	558.4	20.5%		
Gross Receipts	\$4,505.2	14.5%		<i>*In thousands</i>