

# Q4 2011

LIVERMORE

# City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

## Livermore In Brief

Receipts from fourth quarter sales were 7.8% higher than the same sales period one year earlier but payment aberrations skewed the data. With anomalies excluded, actual sales were up 9%.

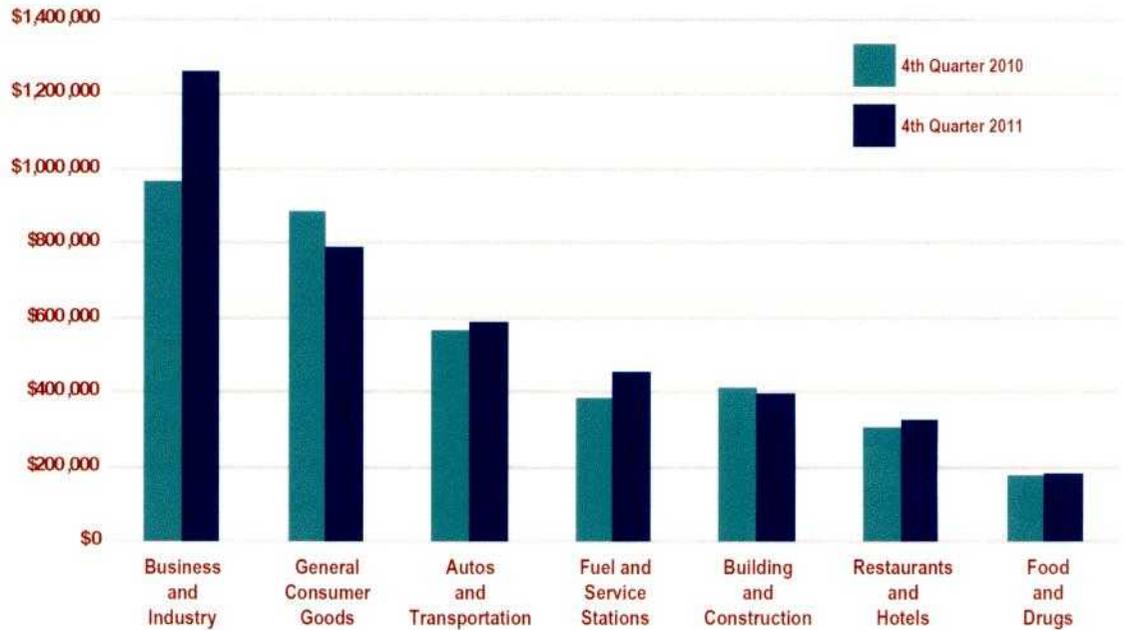
The primary reason for the disparity between cash receipts and local sales activity was a delayed allocation for a closed out business in the office equipment group. Net of the retroactive adjustment, business and industry totals were still above year ago levels with solid increases in the electrical equipment, light industrial, medical/biotech and business services categories.

Other industry groups including fuel and service stations, autos and transportation and restaurants and hotels were also up. Higher prices at the pump boosted fuel and service station proceeds. Restaurant and hotels results were up but trailed regional and statewide trends.

A negative accounting adjustment reversing multiple back quarter home furnishings amounts and the takeaway of a previously misallocated electronics/appliance store payment caused the drop in the general consumer goods segment.

Net of onetime accounting aberrations, results for all of Alameda County and the state were up 7.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Macpherson
Bauer Compressors	Western Tool Supply
Costco	Mobile Modular Management
Cresco Equipment Rentals	Porsche of Livermore
Form Factor	Quik Stop Market
Home Depot	Safeway
J A Momaney Services	Safeway Gas
Jifco	Tapestry Medical
Kaiser Pharmacy	Target
Kohls	US Foodservice
Livermore Audi/Subaru/Honda	Vanstar Corporation
Livermore Ford Lincoln	Walmart
Lowes	Waxies

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$10,754,433	\$14,053,821
County Pool	1,501,571	1,913,886
State Pool	5,698	3,660
<b>Gross Receipts</b>	<b>\$12,261,701</b>	<b>\$15,971,368</b>
<b>Less Triple Flip*</b>	<b>\$(3,065,425)</b>	<b>\$(3,992,842)</b>

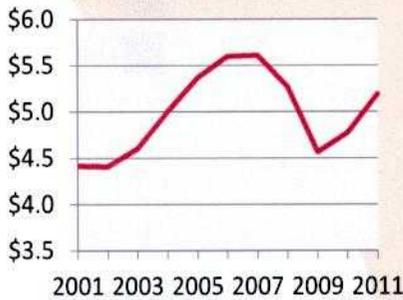
\*Reimbursed from county compensation fund

NOTES

**California Overall**

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

**CA Local Sales Tax Receipts in \$Billions**



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

**Retailers downsizing ... creating new opportunities and challenges**

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

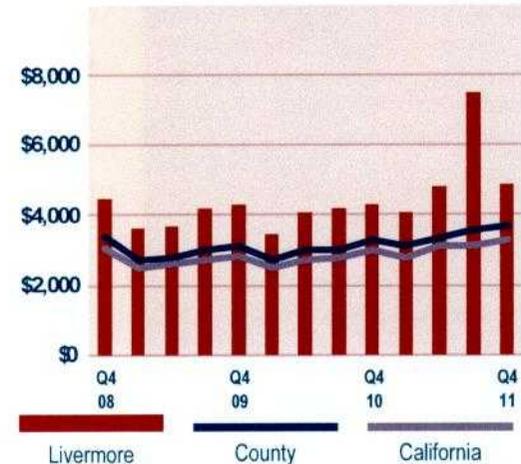
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

**SALES PER CAPITA**



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q4 '11*	Change	Change	Change
Contractors	85.7	-37.9%	9.5%	18.3%
Discount Dept Stores	566.7	5.3%	9.6%	4.1%
Drugs/Chemicals	91.2	2.6%	-9.2%	3.2%
Electrical Equipment	159.2	31.7%	21.5%	1.4%
Food Mfg.	114.9	3.5%	-20.9%	2.6%
Grocery Stores Liquor	109.2	1.0%	3.2%	-1.2%
Heavy Industrial	152.2	8.8%	16.1%	19.5%
Light Industrial/Printers	152.9	11.2%	-0.3%	11.5%
Lumber/Building Materials	206.6	7.5%	8.5%	8.2%
Medical/Biotech	108.1	32.6%	0.3%	3.0%
New Motor Vehicle Dealers	356.1	8.4%	14.7%	15.5%
Office Equipment	180.6	524.0%	28.4%	3.4%
Restaurants Liquor	101.1	2.5%	9.4%	9.9%
Restaurants No Alcohol	139.1	6.6%	5.4%	7.2%
Service Stations	441.7	19.0%	48.0%	14.7%
<b>Total All Accounts</b>	<b>\$3,997.0</b>	<b>8.4%</b>	<b>8.2%</b>	<b>7.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>519.6</b>	<b>3.0%</b>		
<b>Gross Receipts</b>	<b>\$4,516.5</b>	<b>7.8%</b>		<i>*In thousands</i>