

Q1 2012

LIVERMORE

City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2012)

Livermore In Brief

Receipts for Livermore's January through March sales were 15.9% higher than the same quarter one year ago.

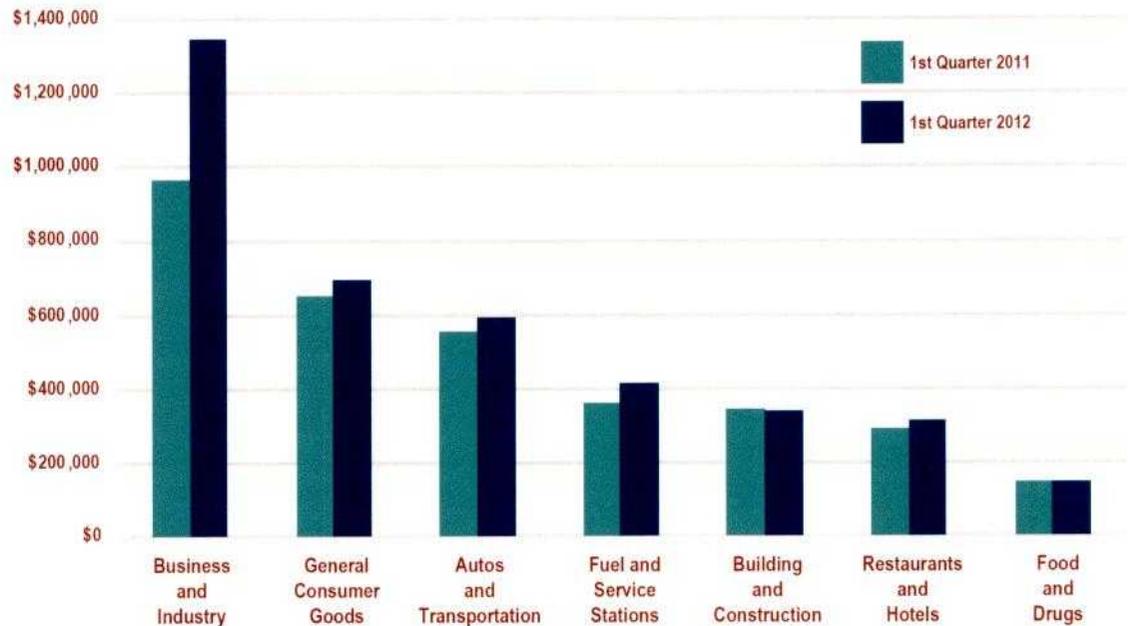
Several large adjustments in the office equipment, heavy industry and office supplies/furniture groups overstated results in business to business sales activity. Nonetheless, revenues increased in electrical equipment, medical/biotech, business services, drugs/chemicals and technology.

New stores and fuel sales at retail locations pushed up general retail while higher prices boosted returns in service stations. Additional outlets contributed to the rise in new autos, trailers/RVs and used autos. Restaurants performed well on par with regional and statewide trends.

A temporary payment deviation accounted for the decline in building and construction.

Adjusted for aberrations, taxable sales for all of Alameda County increased 7.9% over the comparable time period, while the Bay Area as a whole was up 8.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Macpherson
All West Equipment	Western Tool Supply
AMS Net	Mobile Modular Management
Costco	Porsche of Livermore
Epicor Software	Safeway
Fishnet Security	Safeway Gas
Harris Rebar	Semitoil
Home Depot	Tapestry Medical
J A Momaney Services	Target
Kaiser Pharmacy	US Foodservice
Key Refrigeration	Vanstar Corporation
Livermore Audi/Subaru/Honda	Walmart
Livermore Ford Lincoln	Waxies

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$14,069,099	\$17,856,342
County Pool	1,977,523	2,501,523
State Pool	6,543	7,757
Gross Receipts	\$16,053,165	\$20,365,622
Less Triple Flip*	\$(4,013,291)	\$(5,091,405)

*Reimbursed from county compensation fund

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NOTES

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

The Year Ahead

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

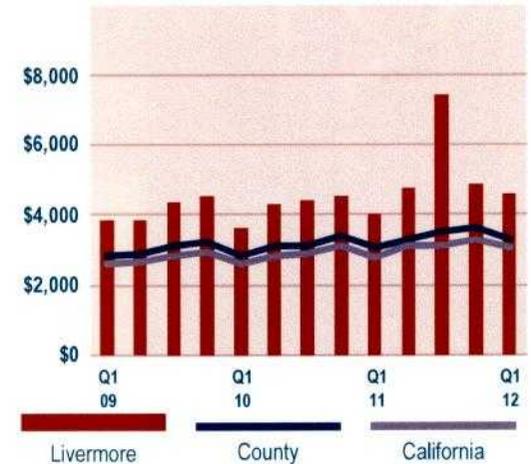
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

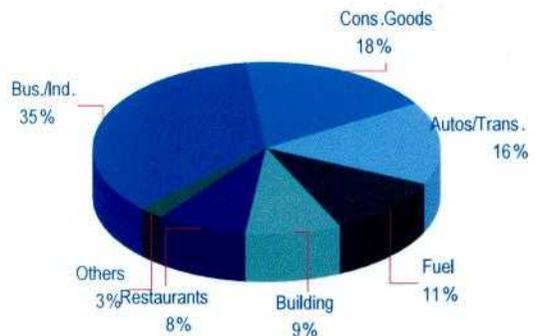
The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q1 '12*	Change	Change	Change
Business Services	87.7	29.4%	27.7%	40.0%
Discount Dept Stores	416.2	5.3%	7.6%	5.6%
Drugs/Chemicals	98.3	13.1%	46.9%	5.2%
Electrical Equipment	124.0	19.1%	-4.4%	14.0%
Food Mfg.	121.1	8.4%	18.7%	20.8%
Heavy Industrial	254.1	77.6%	23.2%	24.3%
Light Industrial/Printers	108.7	-19.6%	-7.8%	2.6%
Lumber/Building Materials	174.2	-6.0%	16.3%	8.8%
Medical/Biotech	121.8	40.4%	-5.7%	-9.2%
New Motor Vehicle Dealers	349.5	8.3%	14.5%	14.5%
Office Equipment	151.7	418.1%	-54.4%	12.6%
Office Supplies/Furniture	143.5	181.5%	1.1%	6.7%
Restaurants Liquor	108.2	16.1%	14.6%	13.0%
Restaurants No Alcohol	122.3	-3.6%	11.7%	9.5%
Service Stations	409.8	18.7%	17.0%	13.3%
Total All Accounts	\$3,802.5	14.7%	7.8%	9.9%
County & State Pool Allocation	591.7	24.1%		
Gross Receipts	\$4,394.3	15.9%		<i>*In thousands</i>