

Q4 2013

LIVERMORE

City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Livermore In Brief

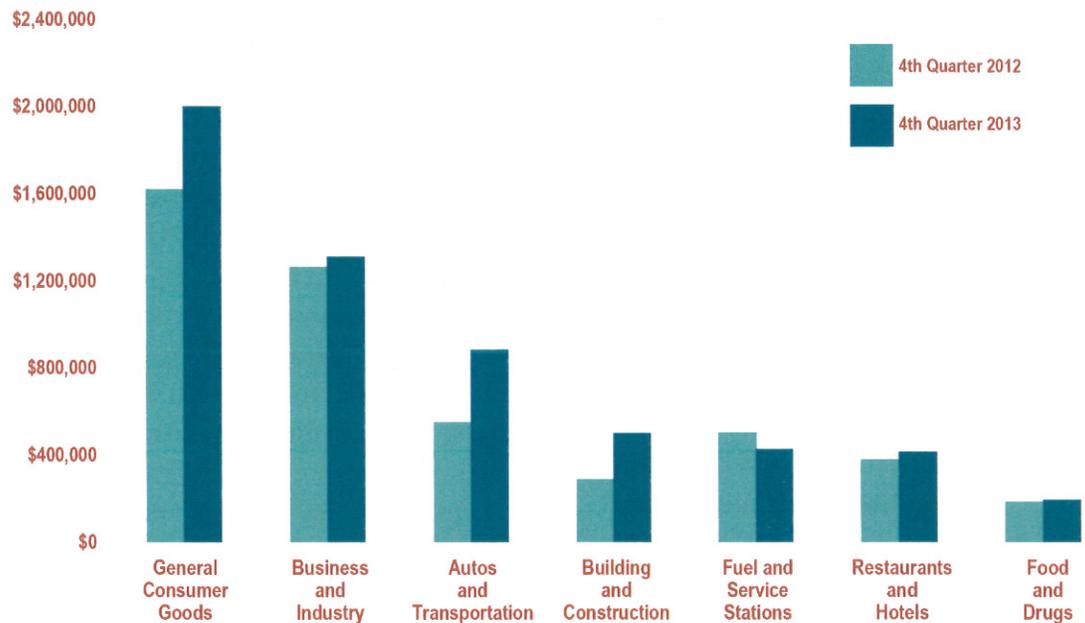
Livermore's allocation of tax revenues from its October through December sales was skewed by accounting anomalies in the new car, lumber/building and family apparel categories. Actual sales activity was up 10.2% over the same quarter one year ago after these and other aberrations were factored out.

A combination of solid sales and recent additions to the new auto, light industry and various general consumer good categories all contributed to the actual increase. A rise in the countywide use tax allocation pool was also a factor. The gain in Livermore's 9.1% share of the pool resulted from last year's implementation of AB155 which expanded the definition of nexus for out-of-state companies required to collect California's sales and use tax and from an unusual onetime adjustment.

The gains were partially offset by declining fuel and medical/biotech purchases and by a late payment in the service station category.

Adjusted for aberrations, sales and use tax receipts for all of Alameda County increased 6.2% over the comparable time period while the nine county bay region as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Banc of America Leasing & Capital	Macpherson Western Tool Supply
Costco	Michael Kors
Harris Rebar	Mobile Modular Management
Home Depot	Porsche of Livermore
J A Momaney Services	Prada
Jifco	Safeway
Kaiser Pharmacy	Safeway Gas
Kate Spade	Solar Universe
Kohls	Target
Livermore Audi/Subaru/Honda	Tommy Hillfiger
Livermore Ford Lincoln Mitsubishi	US Foodservice
Lowes	Walmart
	Waxies

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$14,863,385	\$17,688,679
County Pool	2,194,090	2,823,302
State Pool	7,652	10,994
Gross Receipts	\$17,065,127	\$20,522,975
Less Triple Flip*	\$(4,266,282)	\$(5,130,744)

*Reimbursed from county compensation fund

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

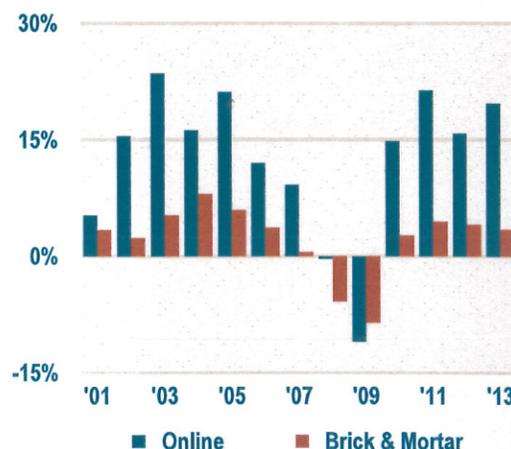
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

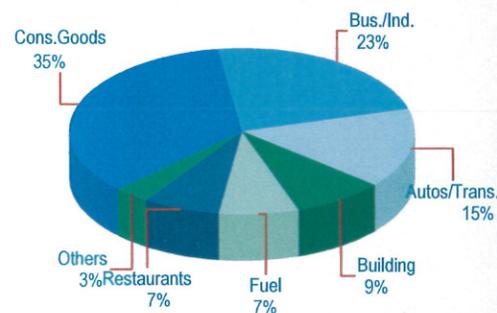
New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Livermore Q4 '13*	Livermore Change	County Change	HdL State Change
Casual Dining	196.2	8.7%	8.5%	5.7%
Department Stores	118.1	14.1%	-1.5%	1.6%
Discount Dept Stores	613.8	-0.1%	2.4%	0.1%
Electrical Equipment	128.1	-0.1%	2.6%	5.6%
Family Apparel	588.5	68.4%	14.2%	6.8%
Food Service Equip./Supplies	150.5	6.9%	12.3%	19.5%
Heavy Industrial	196.5	1.9%	21.1%	14.0%
Light Industrial/Printers	220.4	52.3%	4.7%	7.9%
Lumber/Building Materials	278.4	177.7%	178.4%	264.3%
Medical/Biotech	115.2	-9.1%	23.9%	34.6%
New Motor Vehicle Dealers	573.9	94.0%	17.1%	9.4%
Quick-Service Restaurants	161.0	6.7%	8.5%	7.8%
Service Stations	414.0	-15.6%	-7.4%	-2.7%
Specialty Stores	135.7	25.6%	8.1%	7.7%
Women's Apparel	135.5	66.1%	16.2%	2.7%
Total All Accounts	\$5,722.9	19.6%	10.8%	8.7%
County & State Pool Allocation	\$1,079.3	33.9%	24.1%	9.4%
Gross Receipts	\$6,802.2	21.7%	12.7%	8.8%