

Q4 2018

LIVERMORE

City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2018)

Livermore In Brief

Livermore's receipts from October through December were 0.9% above the fourth sales period in 2017. Excluding reporting aberrations, actual sales were down 1.0%.

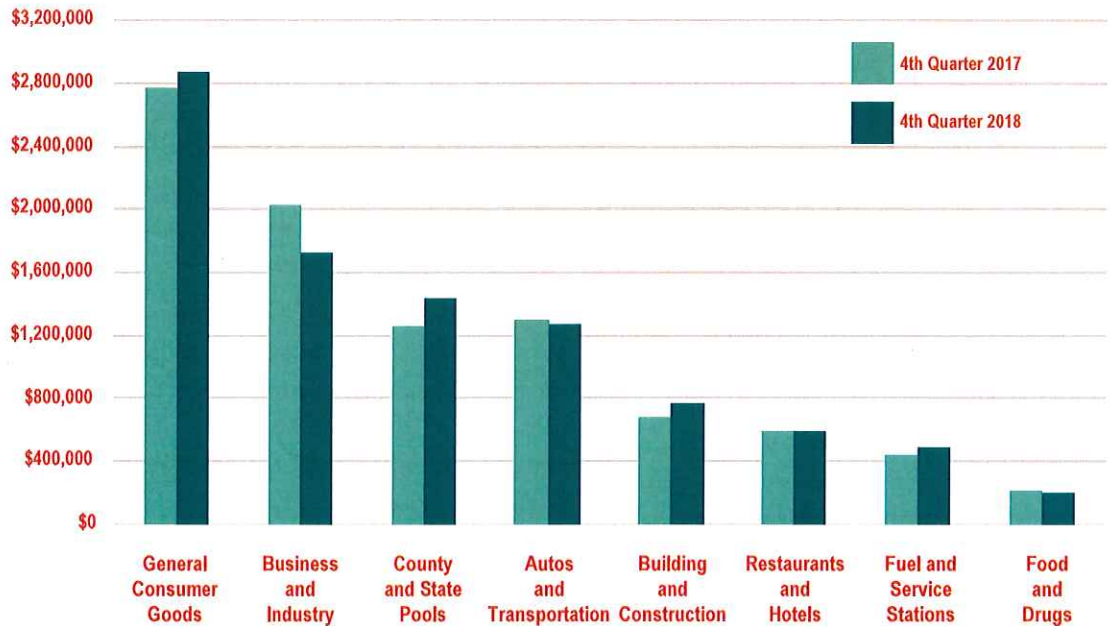
General consumer goods enjoyed a brisk quarter while fewer new cars were sold this quarter. Service stations were up moderately, posting 12% growth, whereas group results were up 28.5% statewide.

Building materials were temporarily boosted by double payments but posted an 11.3% gain after accounting for anomalies. A negative audit adjustment further reduced receipts in business-industry that declined due to slowing sales and recent closures.

The countywide pool includes private party auto sales, online purchases and out-of-state equipment acquisitions for all of Alameda County. Payment anomalies in the pool increased taxes available for distribution; the result was an increase in the City's allocation.

Net of aberrations, taxable sales for all of Alameda County grew 2.9% over the comparable time period; the Bay Area was up 2.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alere Home Monitoring	Mobile Modular Management
Coach	Porsche Livermore
Costco	Safeway
Gillig	Shell
Gucci	Target
Home Depot	Tommy Hilfiger
JA Momaney Services	Tory Burch
Livermore Ford	Toyota Material Handling
Livermore Lincoln	Tri West Tractor
Livermore Honda	US Foodservice
Livermore Toyota & Scion	Vans
Lowes	Walmart
Michael Kors	Waxies

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date (Q3 to Q4)

	2017-18	2018-19
Point-of-Sale	\$15,437,356	\$16,585,239
County Pool	2,429,751	2,852,854
State Pool	8,254	8,530
Gross Receipts	\$17,875,361	\$19,446,623

Statewide Results

The local one cent share of sales and use tax from October through December sales was 2.8% higher than 2017's holiday quarter after factoring for state reporting aberrations.

The overall increase came primarily from a solid quarter for contractor materials and equipment, expanded production by an auto manufacturer and rising fuel prices. Online fulfillment centers, new technology investment and cannabis start-ups also produced significant gains. Receipts in the six county Sacramento region grew 7.9% over last year while the remainder of the state was generally flat or exhibited only minor growth.

Notable was the 0.09% rise in tax receipts from brick and mortar retailers which is the lowest holiday gain for that sector since 2009. A 9.6% increase in receipts from online shopping which is allocated to central order desks or county pools was part of the reason. Other factors include lower prices, gift cards which move purchases to future quarters and greater gifting of non-taxable experiences and services.

The Retail Evolution Continues

A recent survey identified U.S. closures of 102 million sq. ft. of retail space in 2017 and an additional 155 million sq. ft. in 2018. Similar losses are expected in 2019 with 5,300 closures already announced. Payless Shoes, Gymboree, Performance Bicycle and Charlotte Russe are going out of business while chains including Sears, Kmart, Macy's, JCPenney, Kohl's, Nordstrom, Dollar Tree, Victoria's Secret, Chico's, Foot Locker and Lowe's have announced plans for further cuts in oversaturated markets and downsizing of stores.

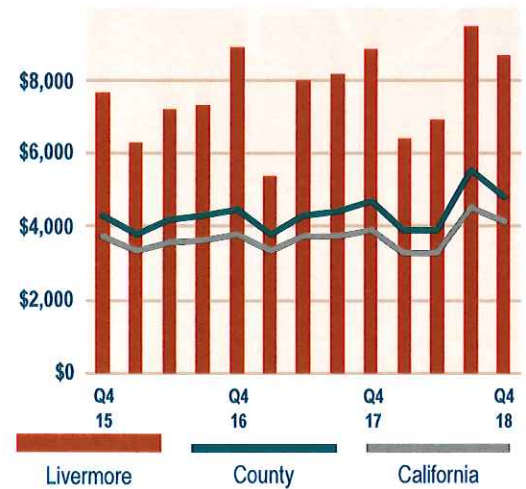
Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide more intimate shopping encounters.

With smartphones allowing purchase and delivery of almost anything at any time of the day without leaving home, big box retailers are responding by downsizing stores and subleasing excess space to compatible businesses to help draw traffic. Locations where people congregate for entertainment, food and services have become part of the evolving strategy as has integrating retail with more convenient spots for pick-up and delivery of online orders.

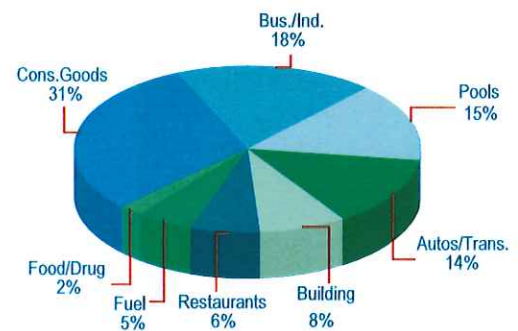
Barry Foster of HdL's EconSolutions, notes that "shifting shopping habits present challenges but also opportunities." "Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorate shopping centers."

With more companies using the internet to sell directly to customers from their warehouses, the trend also provides jurisdictions whose populations aren't adequate in size to support large scale retail to focus on industrial development for sales tax as well as jobs.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Livermore Q4 '18*	Livermore Change	County Change	HdL State Change
Building Materials	406.1	26.9%	4.7%	5.5%
Casual Dining	318.5	2.9%	4.8%	2.6%
Contractors	240.7	2.7%	25.3%	17.5%
Discount Dept Stores	— CONFIDENTIAL —	—	4.1%	4.0%
Family Apparel	976.6	5.5%	-3.4%	0.4%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	10.0%	3.6%
Heavy Industrial	282.8	26.0%	-14.5%	5.8%
Medical/Biotech	164.3	48.8%	-3.3%	26.0%
New Motor Vehicle Dealers	841.3	-9.5%	7.2%	5.8%
Quick-Service Restaurants	192.4	0.5%	6.0%	6.7%
Service Stations	478.3	12.1%	33.7%	28.5%
Shoe Stores	246.6	0.1%	-0.5%	1.8%
Specialty Stores	197.0	16.1%	-17.2%	-10.7%
Trailers/Auto Parts	— CONFIDENTIAL —	—	-46.1%	-4.0%
Women's Apparel	307.0	1.8%	-1.7%	-3.6%
Total All Accounts	7,935.3	-1.1%	2.5%	7.0%
County & State Pool Allocation	1,435.4	14.0%	18.1%	8.6%
Gross Receipts	9,370.7	0.9%	4.6%	7.2%