

Q2 2020

LIVERMORE

City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Livermore In Brief

Livermore's receipts from April through June were 31.3% below the second sales period in 2019. Excluding reporting aberrations, actual sales were down 33.4%.

COVID-19 impacts adversely effected most groups. Dramatic drops in heavy and light industrial equipment orders contributed to a 31% decline from business-industry. Shuttered dealerships caused new motor vehicle sales to tumble. Weaker demand brought on by shelter in place orders plus excess supply caused fuel prices to fall to the lowest point since 2016.

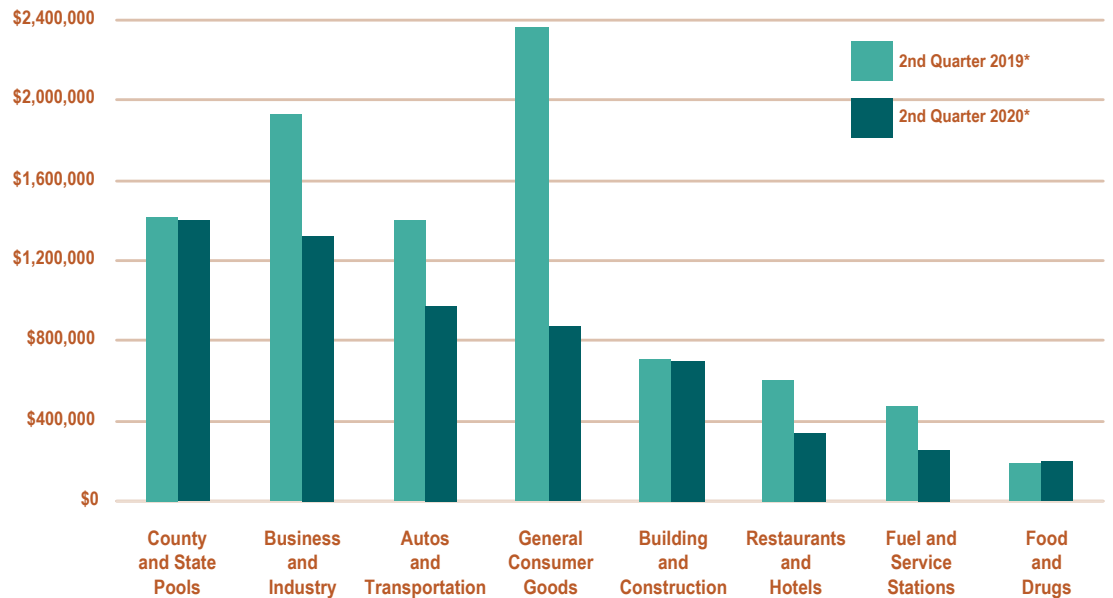
Fewer tourists and capacity limits had a profound negative impact on casual and quick service eateries. With doors closed for all but a few essential businesses, general consumer goods categories reported significant declines in tax revenues.

Although the countywide pool saw increased online sales and new taxes from marketplace facilitators, the decrease in point of sale activity by local merchants netted a lower allocation.

Bright spots included growth in sales from building materials, grocers and contractors.

Net of aberrations, taxable sales for all of Alameda County declined 23.4% over the comparable time period; the Bay Area was down 21.6%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

All West Equipment	Mobile Modular Management
AMS Net	Plm Trailer Leasing
Costco	Porsche Livermore
Happy Daze RV	Quik Stop Market
Home Depot	Safeway
JA Momaney Services	Sutter Health
Jifco	Target
Livermore Ford	Toyota Material Handling
Livermore Honda	US Foodservice
Livermore Toyota & Scion	Veritiv Operating Company
Lowe's	Walmart
Lucky	Waxies
Macpherson Western Tool Supply	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$30,808,839	\$26,388,999
County Pool	5,566,734	6,465,349
State Pool	15,818	14,652
Gross Receipts	\$36,391,390	\$32,869,001

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

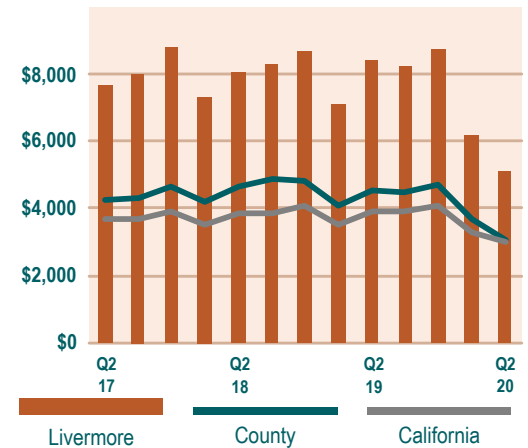
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

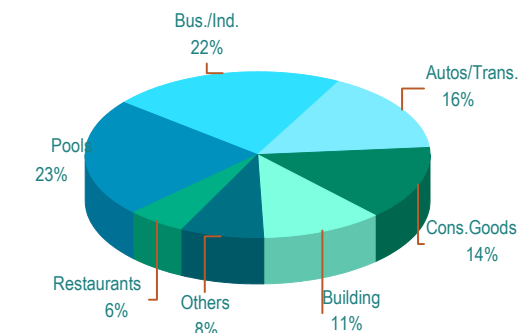
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Livermore This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Livermore Q2 '20*	Change	County Change	HdL State Change
Building Materials	335.1	3.9%	-6.0%	7.0%
Business Services	127.5	5.6%	-2.6%	-31.1%
Casual Dining	160.6	-49.7%	-54.6%	-53.2%
Contractors	245.1	1.9%	-18.9%	-12.1%
Discount Dept Stores	—	CONFIDENTIAL	-16.5%	-6.3%
Drugs/Chemicals	—	CONFIDENTIAL	-6.0%	-6.8%
Family Apparel	116.8	-85.3%	-83.5%	-66.3%
Food Service Equip./Supplies	—	CONFIDENTIAL	-34.7%	-27.0%
Grocery Stores	113.5	9.7%	0.8%	7.8%
Heavy Industrial	254.5	-7.6%	-13.2%	-10.3%
Light Industrial/Printers	140.6	-12.6%	-19.4%	-16.8%
New Motor Vehicle Dealers	546.1	-38.2%	-28.6%	-15.8%
Quick-Service Restaurants	136.2	-27.2%	-32.2%	-22.0%
Service Stations	257.4	-44.6%	-50.4%	-45.2%
Trailers/RVs	—	CONFIDENTIAL	-31.2%	6.9%
Total All Accounts	4,666.4	-39.3%	-32.4%	-24.0%
County & State Pool Allocation	1,399.6	-1.2%	23.6%	28.9%
Gross Receipts	6,066.0	-33.4%	-23.4%	-16.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.