



Quarterly Sales Tax Report
for the Period Ending
March 31, 2017

Q4 2016



City of Alameda Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2016)

Alameda In Brief

Alameda's receipts from October through December were 10.3% above the fourth sales period in 2015. Actual sales were up 8.4% after excluding reporting aberrations.

Noteworthy gains occurred across several sectors of the business and industry group, office supplies/furniture and business services were up largely due to accounting anomalies in both the current and year-ago periods.

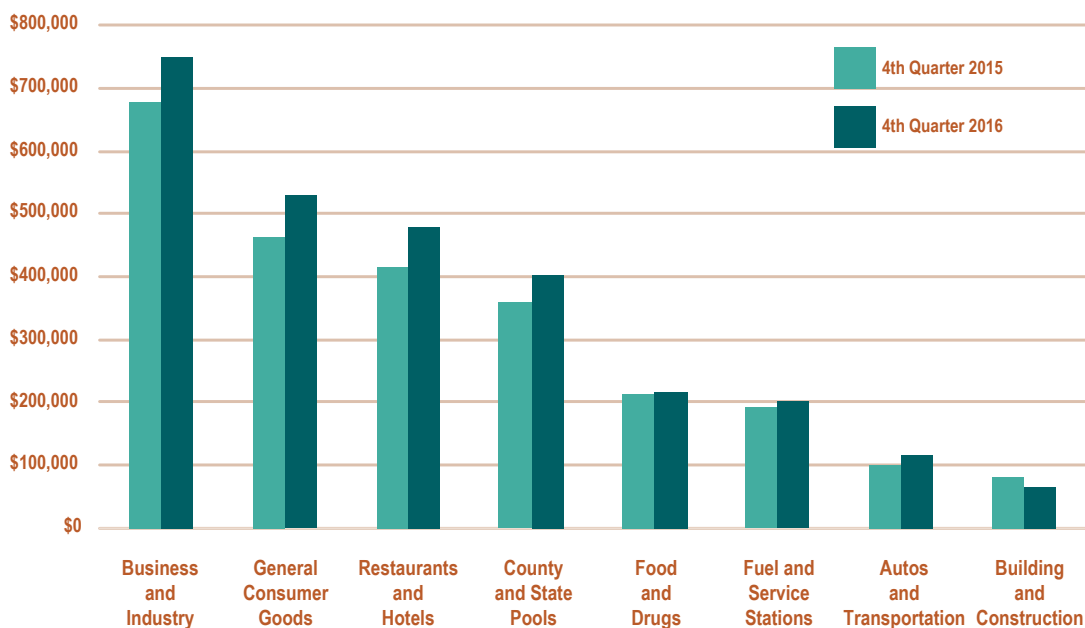
Consumer behavior this holiday season was directed toward value oriented stores, hence, family apparel entities had higher receipts. New outlets that opened in 2016 added to the gains in home furnishings and electronics stores.

Local eateries are benefiting from regional customer preferences for restaurant meals, which yielded greater sales from casual dining and quick-service restaurants. For the first time in over a year, rising gas prices contributed to a positive returns from service stations.

Autos and transportation were aided by improved yacht sales. Fewer transactions with contractors reduced building and construction revenues.

Net of aberrations, taxable sales for all of Alameda County grew 4.8% over the comparable time period; the Bay Area was up 1.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Concise	Old Navy
Alameda Electrical Distributors	Penumbra
Alameda Sushi House	Pottery Barn Outlet
Bed Bath & Beyond	Ross
Chevron	Safeway
CVS Pharmacy	Safeway Fuel
Delphi Productions	Standard Process
Evensonbest	Northern California
In N Out Burgers	Target
Kohls	TJ Maxx
La Penca Azul	Trader Joes
Nob Hill Fuel	Walgreens
North Face	Webster 76

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$4,633,171	\$4,888,701
County Pool	729,183	794,552
State Pool	5,445	3,358
Gross Receipts	\$5,367,798	\$5,686,610
Cty/Cnty Share	(268,390)	(284,331)
Net Receipts	\$5,099,408	\$5,402,280
Less Triple Flip*	\$(1,274,852)	\$0

*Reimbursed from county compensation fund

Statewide Results

Statewide sales tax receipts for the fourth quarter rose 1.5% over 2015, when excluding reporting aberrations.

The largest gain was in the county-wide use tax allocation pools due to the acceleration in online shopping where many of the orders are placed to, or shipped from, out-of-state fulfillment centers. Restaurant and auto sales closed the calendar year with strong results while receipts from general consumer goods were flat. Off-price apparel and dollar store gains offset declines in traditional department stores and warehouse retailers.

Business and industry receipts were down due to cutbacks in major energy projects; however, huge gains in warehouse fulfillment centers that fill in-state shipments from online orders somewhat negated the decline.

On an annual basis, the statewide gain ended 2.1% higher than calendar year 2015.

The Shrinking, Disappearing Retail Store

Agencies dependent on traditional brick-and-mortar retail stores for a major portion of their sales tax will be facing new challenges in the coming year as merchants retrench and downsize to cope with a rapidly changing environment.

Generational preferences for experiences over merchandise, plus the growing costs of health care, education and housing, are reducing discretionary spending for taxable goods while time-challenged consumers are opting for the convenience of online shopping.

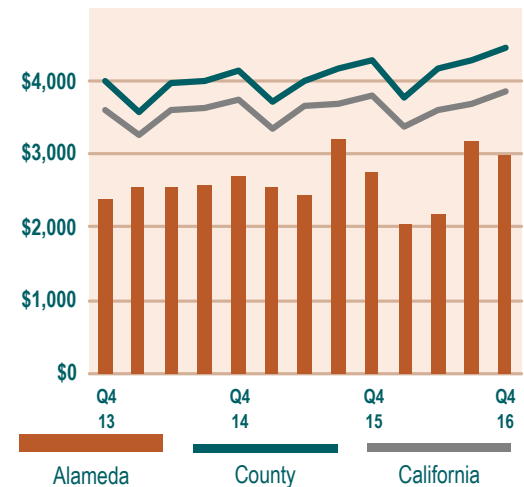
Online sales accounted for 13.0% of all general consumer goods purchased in 2016 with a 9.2% gain over calendar year 2015, while the growth in tax receipts from brick-and-mortar stores only grew 0.6%. The trend has been accelerated by the growing popularity of smart phones which Amazon estimates were used by nearly 70% of its shoppers during the most recent holiday quarter.

Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems while pulling back investment on brick-and-mortar stores. Substantial closures are planned for 2017 while experiments with smaller stores, pick-up locations for online purchases, temporary “pop-up” shops and subleasing in-store space to others are on the rise.

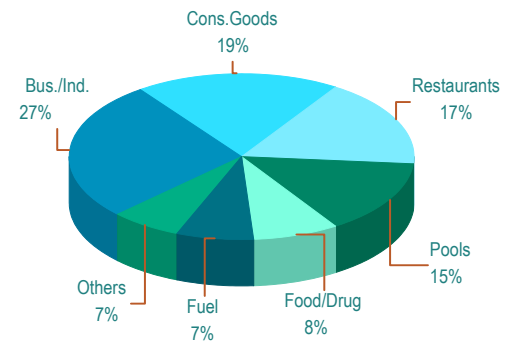
Mall operators are turning to grocers, fitness centers, medical services and residential components to fill vacant space and attract traffic. Smaller centers and downtown areas are responding by enhancing the shopping experience with more dining and entertainment options while local governments seek voter approval for higher levies to offset shrinking tax bases.

Stores are not in danger of disappearing. The ability to see, touch and feel, along with the overall shopping experience, will always be important. But evolving trends are requiring more focused economic strategies with better data and closer collaborations. The ultimate solution may be tax rates levied against today's economy rather than the one that existed when sales tax was first imposed in 1933.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Alameda This Quarter

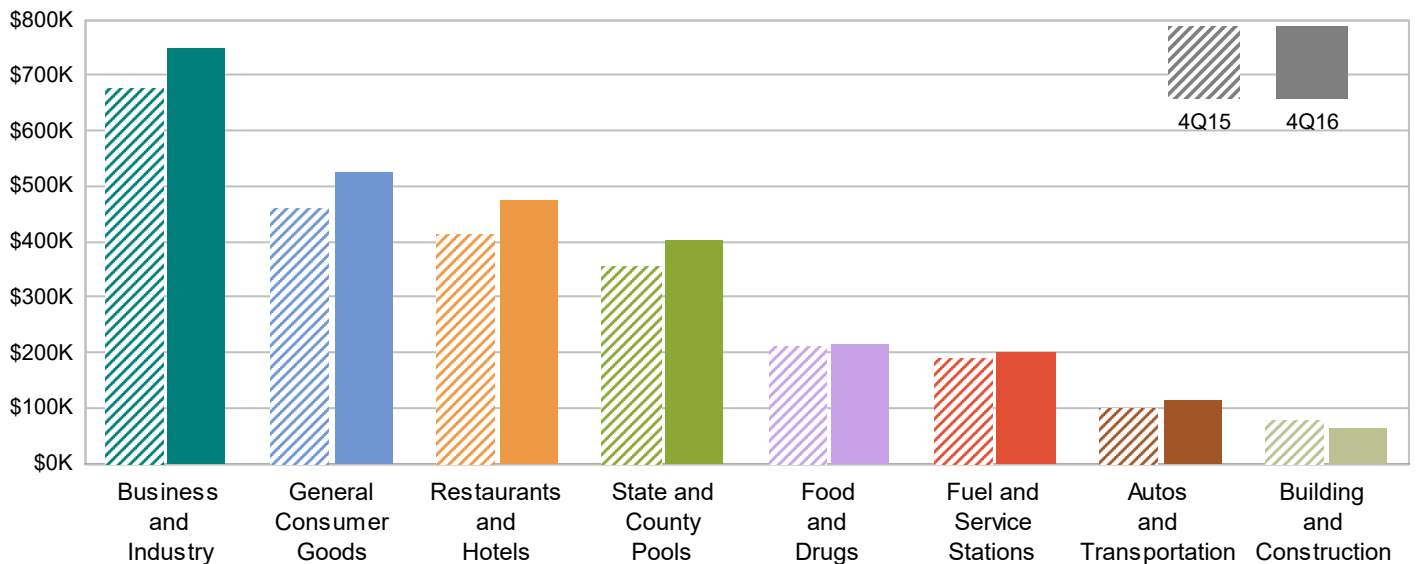


ALAMEDA TOP 15 BUSINESS TYPES

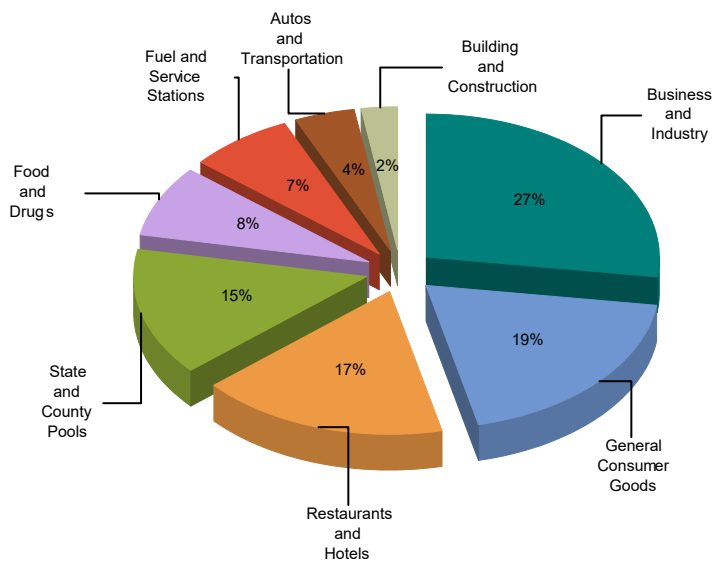
<i>*In thousands of dollars</i>				
Business Type	Alameda		County	HdL State
	Q4 '16*	Change	Change	Change
Boats/Motorcycles	52.9	43.9%	5.6%	3.7%
Business Services	39.8	27.1%	17.6%	14.8%
Casual Dining	245.9	19.5%	1.3%	2.7%
Department Stores	—	CONFIDENTIAL	-4.4%	-5.6%
Discount Dept Stores	—	CONFIDENTIAL	-1.3%	-0.6%
Drug Stores	—	CONFIDENTIAL	5.8%	10.2%
Family Apparel	106.0	8.8%	5.5%	4.7%
Fulfillment Centers	—	CONFIDENTIAL	35.5%	26.3%
Grocery Stores	119.6	2.8%	1.3%	3.9%
Home Furnishings	51.3	97.6%	-10.7%	0.2%
Medical/Biotech	—	CONFIDENTIAL	-20.2%	0.3%
Office Supplies/Furniture	44.5	169.6%	-16.7%	-9.3%
Quick-Service Restaurants	138.3	13.9%	8.4%	5.7%
Service Stations	202.0	5.8%	-2.0%	-1.0%
Specialty Stores	66.3	-5.2%	0.9%	3.7%
Total All Accounts	2,357.4	9.9%	5.0%	2.4%
County & State Pool Allocation	402.4	12.4%	7.3%	6.9%
Gross Receipts	2,759.8	10.3%	5.3%	3.0%
City/County Share	(138.0)	-10.3%		
Net Receipts	2,621.8	10.3%		

Major Industry Group	Count	4Q16	4Q15	\$ Change	% Change
Business and Industry	639	748,800	676,608	72,192	10.7%
General Consumer Goods	1,735	527,868	462,489	65,379	14.1%
Restaurants and Hotels	305	477,367	416,564	60,803	14.6%
State and County Pools	-	402,360	357,984	44,376	12.4%
Food and Drugs	97	217,962	213,131	4,831	2.3%
Fuel and Service Stations	19	202,357	191,130	11,227	5.9%
Autos and Transportation	122	115,625	102,173	13,452	13.2%
Building and Construction	77	66,808	82,566	(15,758)	-19.1%
Transfers & Unidentified	3	615	3	612	-N/A-
Total	2,997	2,759,762	2,502,648	257,115	10.3%

4Q15 Compared To 4Q16



4Q16 Percent of Total



CITY OF ALAMEDA

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Business And Industry

Count: 639

General Consumer Goods

Count: 1,735

Restaurants And Hotels

Count: 305

State & County Pools

Food And Drugs

Count: 97

Fuel And Service Stations

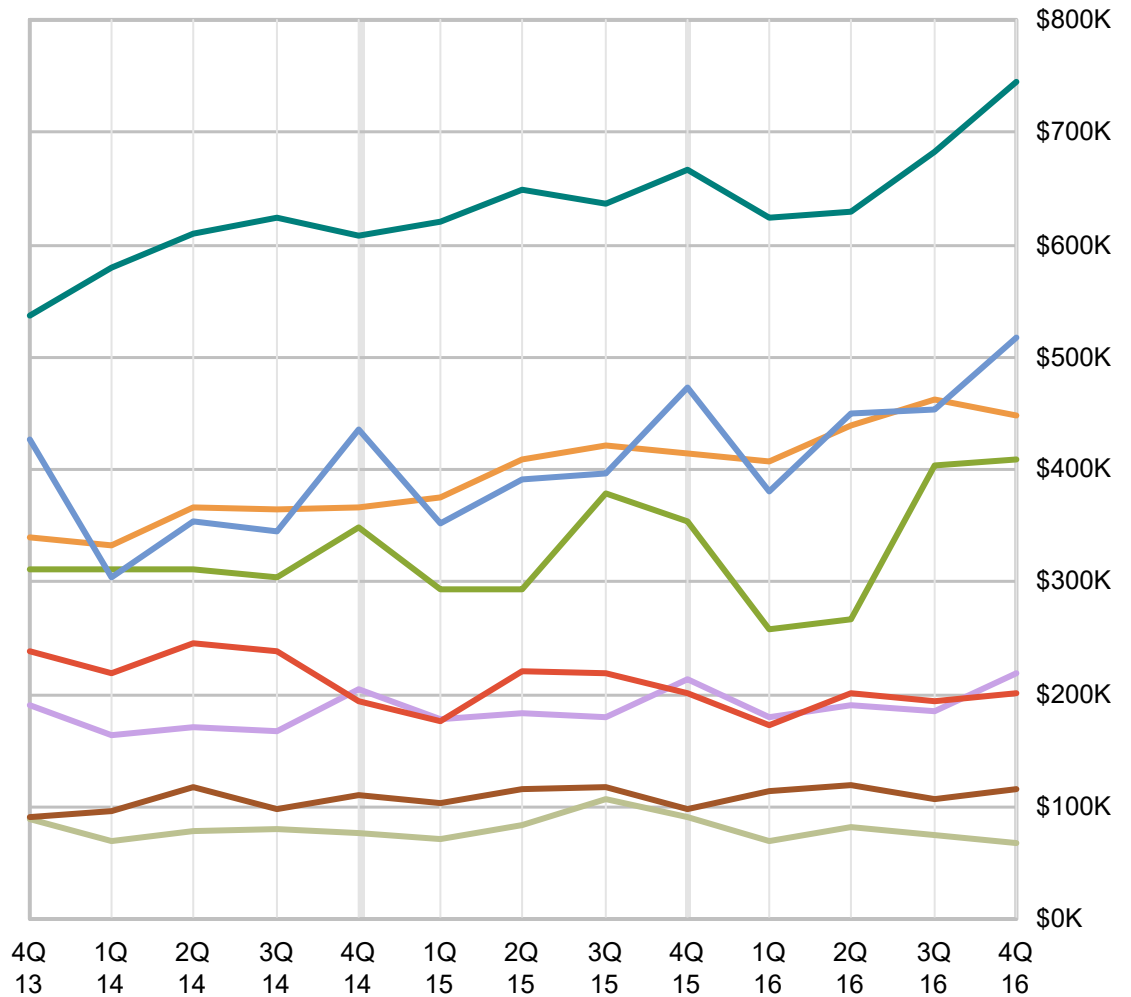
Count: 19

Autos And Transportation

Count: 122

Building And Construction

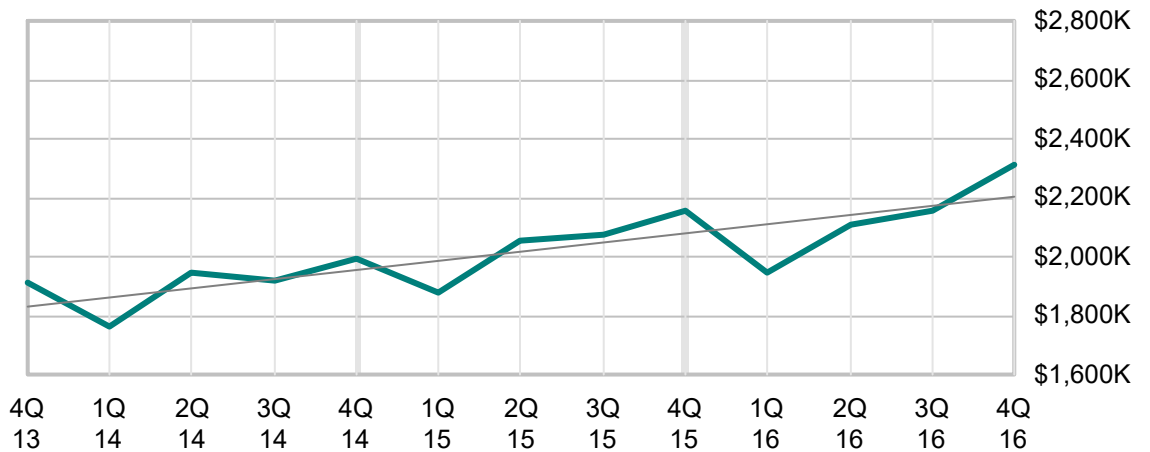
Count: 77



Agency Trend

Alameda

13 Quarter Trend: +20.5%



Periods shown reflect the period in which the sales occurred - Point of Sale

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Geo Area Names

Sales Tax by Geographic areas

Harbor Bay Business Park

Count: 60

South Shore Center

Count: 82

Alameda Landing

Count: 35

Park - South Of Lincoln

Count: 313

Clement Ave & Blanding Ave

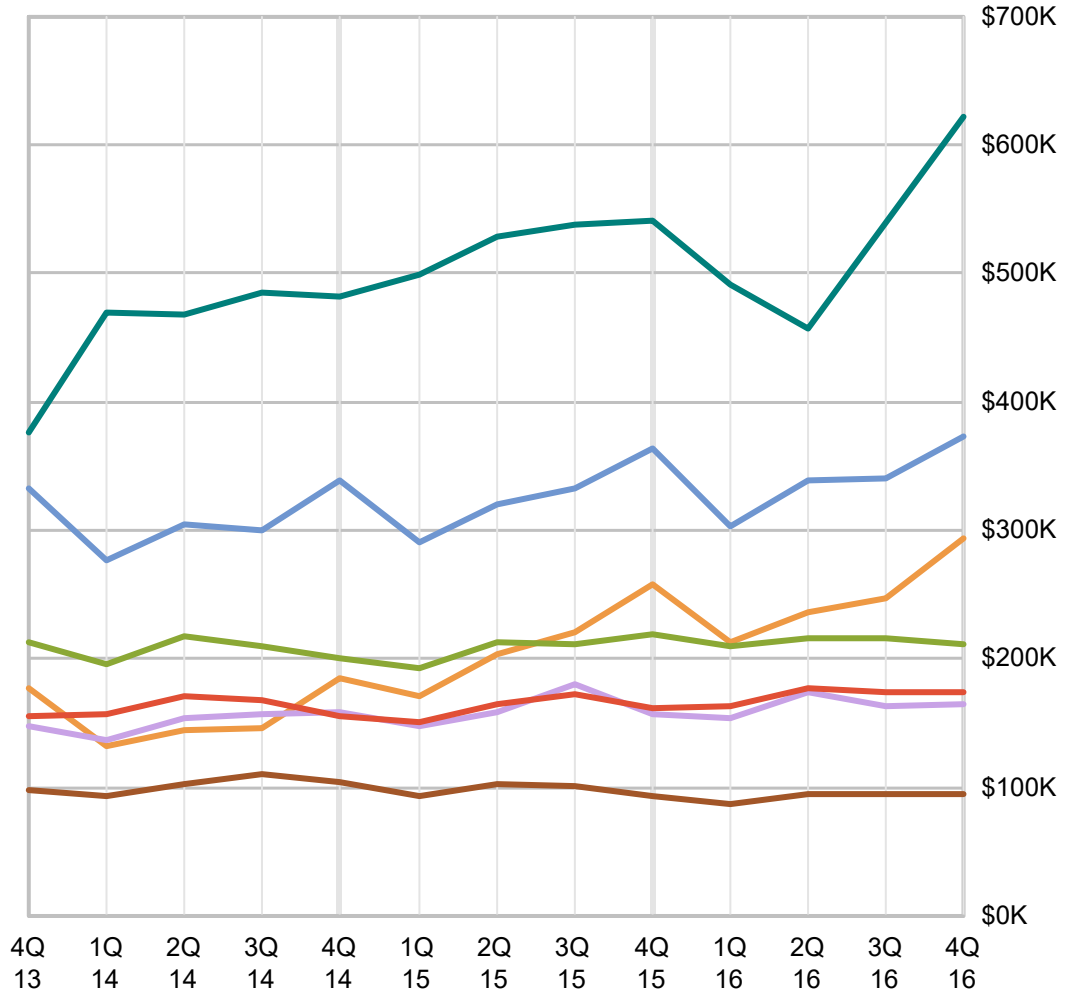
Count: 117

Park - North Of Lincoln

Count: 107

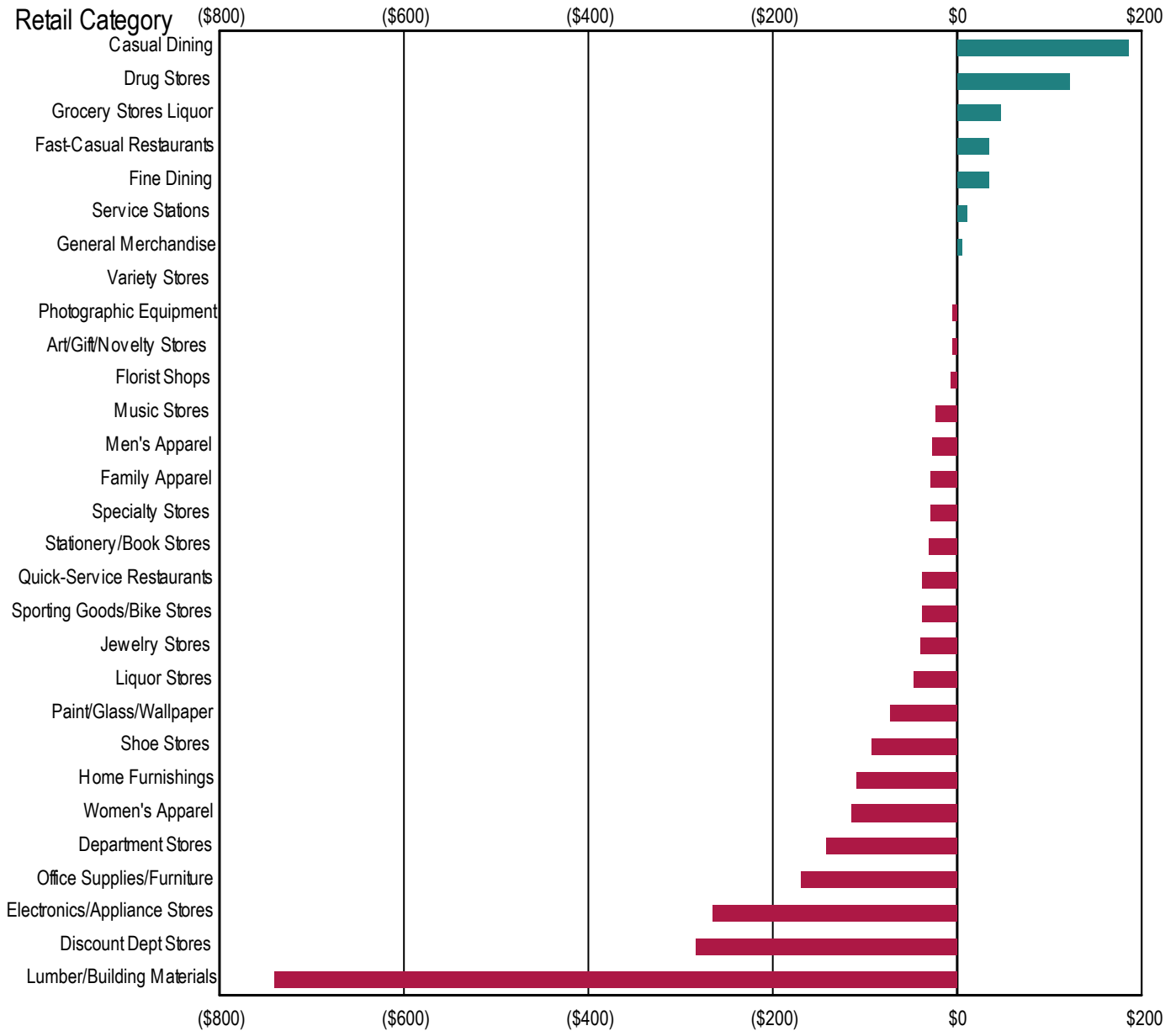
Webster-north Of Lincoln

Count: 38



* Periods Shown Reflect the Period in Which the Sales Occurred - Point of Sale

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The above graph compares **per capita** sales tax generated from targeted retail categories against countywide averages. A **retail surplus** suggests the community is capturing its local market for that category of goods plus attracting shoppers from outside the jurisdiction. A **retail gap** suggests the possibility that residents may have a greater demand for products in the specific category than is being satisfied by local businesses. The information is provided only as a **starting point** in identifying potential sources of sales tax loss and should not automatically be interpreted as an expansion or leveraging opportunity without more detailed analysis and assessment.



ALAMEDA COUNTY ALL AGENCIES

SALES TAX TRENDS FOR ALL AGENCIES - 4Q 2016 SALES

Agency allocations reflect "point of sale" receipts

Agency Name	Count	Current Year* 4Q 2016	Prior Year* 4Q 2015	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
Livermore	2,855	7,943,087	6,674,470	10.9%	+ 19.0%	+ 19.6%
Hayward	4,276	8,428,357	7,476,930	11.6%	+ 12.7%	+ 13.1%
Piedmont	208	44,106	48,801	0.1%	- 9.6%	+ 8.2%
Alameda	2,997	2,357,403	2,144,664	3.2%	+ 9.9%	+ 7.2%
Union City	1,282	2,397,823	2,152,968	3.3%	+ 11.4%	+ 6.9%
Albany	536	566,606	570,657	0.8%	- 0.7%	+ 2.9%
San Leandro	2,705	6,582,650	6,588,073	9.1%	- 0.1%	+ 2.4%
Alameda Co. Uninc	2,496	2,181,341	2,092,090	3.0%	+ 4.3%	+ 2.4%
Fremont	5,503	10,993,518	10,405,250	15.1%	+ 5.7%	+ 2.0%
Pleasanton	3,617	5,876,680	5,642,633	8.1%	+ 4.1%	+ 0.5%
Dublin	1,405	4,648,856	4,548,372	6.4%	+ 2.2%	+ 0.1%
Oakland	13,350	11,680,797	11,693,488	16.1%	- 0.1%	- 0.1%
Newark	1,395	2,653,326	2,640,686	3.7%	+ 0.5%	- 0.5%
Emeryville	883	2,063,249	2,105,784	2.8%	- 2.0%	- 4.0%
Berkeley	4,826	4,224,547	4,409,237	5.8%	- 4.2%	- 5.1%
Totals	48,334	72,642,343	69,194,103	100.0%	+ 5.0%	+ 3.9%
Alameda Pool	14,255	12,322,383	11,389,447		+ 8.2%	+ 9.8%

CITY OF ALAMEDA

AGENCY COMPARISONS

Per Capita Sales

Alameda

Count: 2,997

Oakland

Count: 13,350

San Leandro

Count: 2,705

El Cerrito

Count: 679

Berkeley

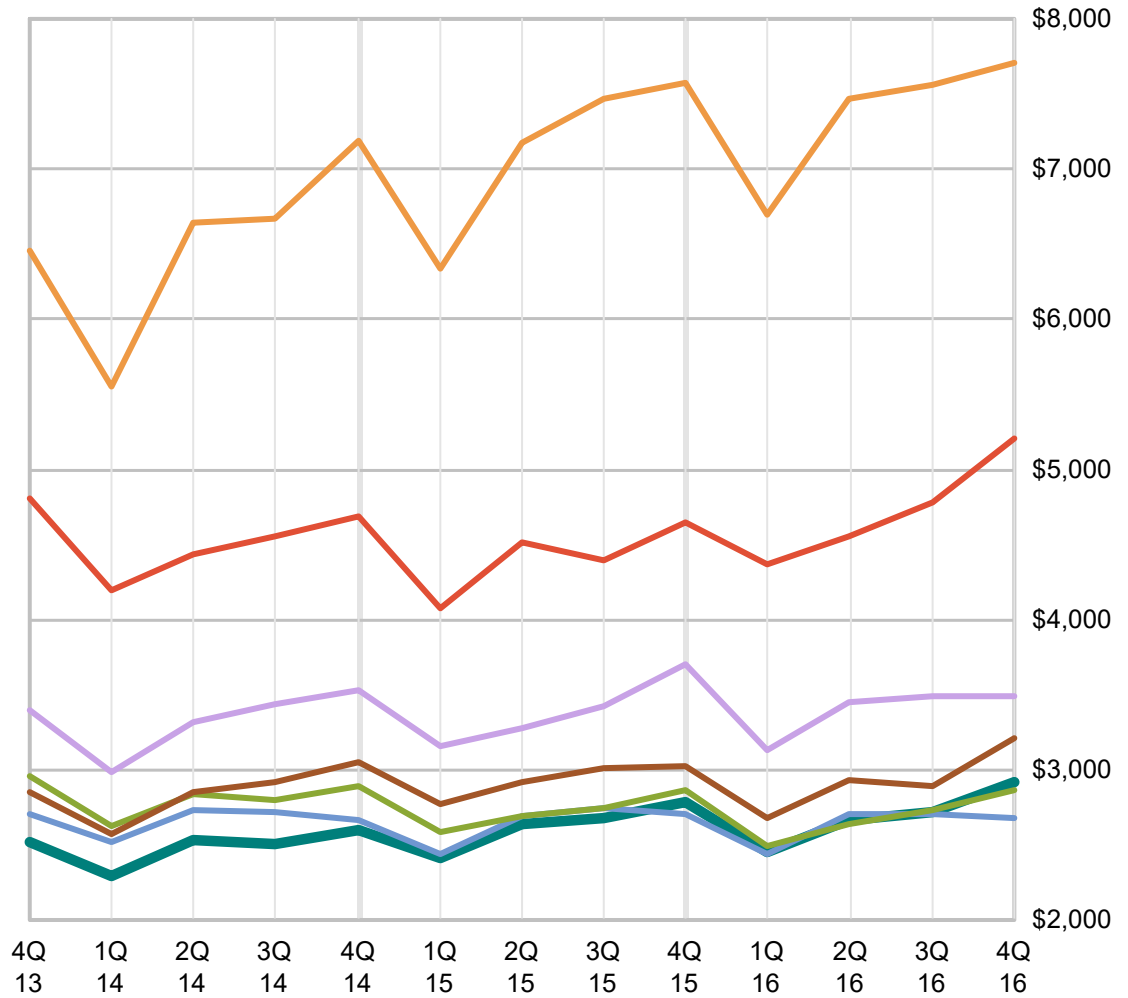
Count: 4,826

Hayward

Count: 4,276

Union City

Count: 1,282



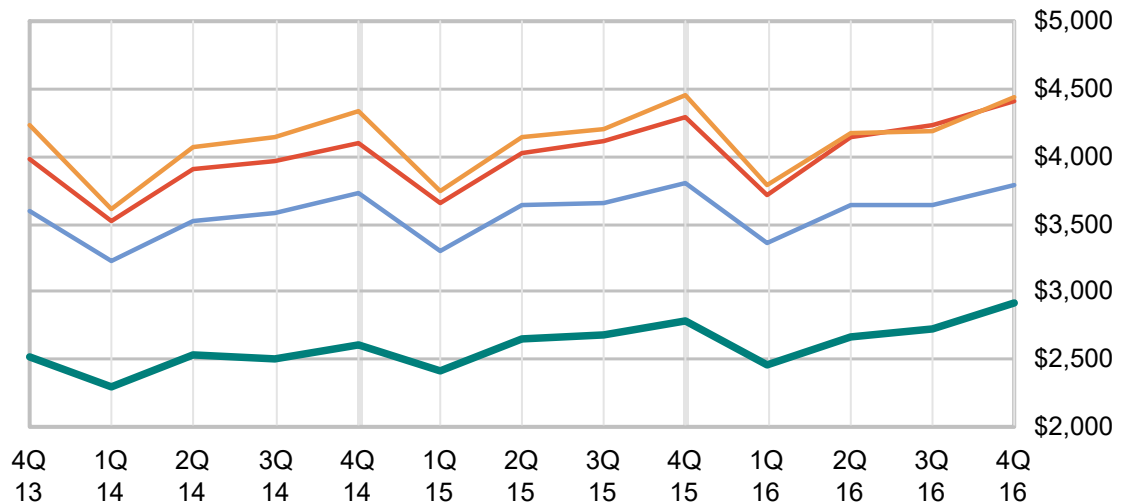
Per Capita Sales

Alameda

Alameda County

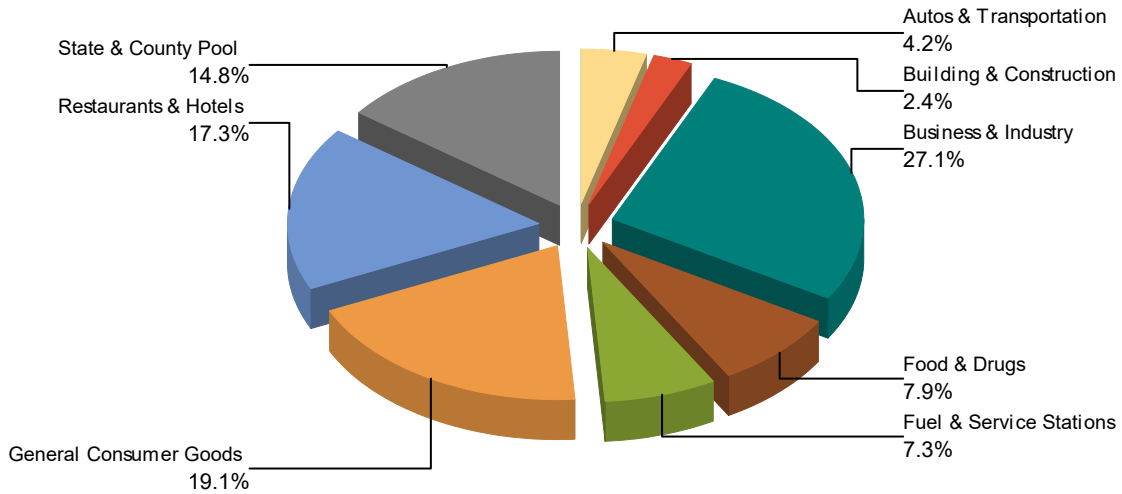
Bay Area

California

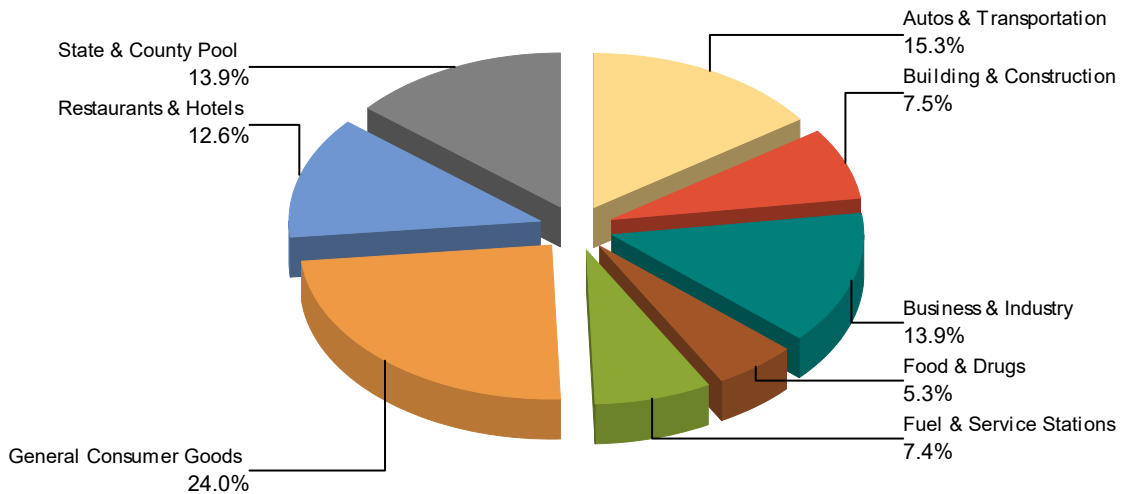


Periods shown reflect the period in which the sales occurred - Point of Sale

City of Alameda



HdL Client Database Statewide Totals



State General Fund (includes K-12/Community Colleges)	4.1875%
City/County General Fund (Bradley Burns)	1.0000%
Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
BART in Alameda County (BART)	0.5000%
Alameda County Transportation Improvement Authority (ACTI)	0.5000%
Alameda County Essential Healthcare Services Transactions and Use Tax (ACHC)	0.5000%
Alameda County Transportation Commission (ACTC)	0.5000%
Total Rate	9.5000%

