



Quarterly Sales Tax Report
for the Period Ending
June 30, 2017

Q1 2017



City of Alameda Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2017)

Alameda In Brief

Alameda's receipts from January through March were 37.5% above the first sales period in 2016. Excluding reporting aberrations, actual sales were up 13.9%.

A misallocated payment that depressed prior year returns and a positive accounting adjustment in the current year inflated business and industry results and were the major cause of the discrepancy between cash receipts and local sales activity. Nonetheless, overall business to business sales were very strong during the quarter.

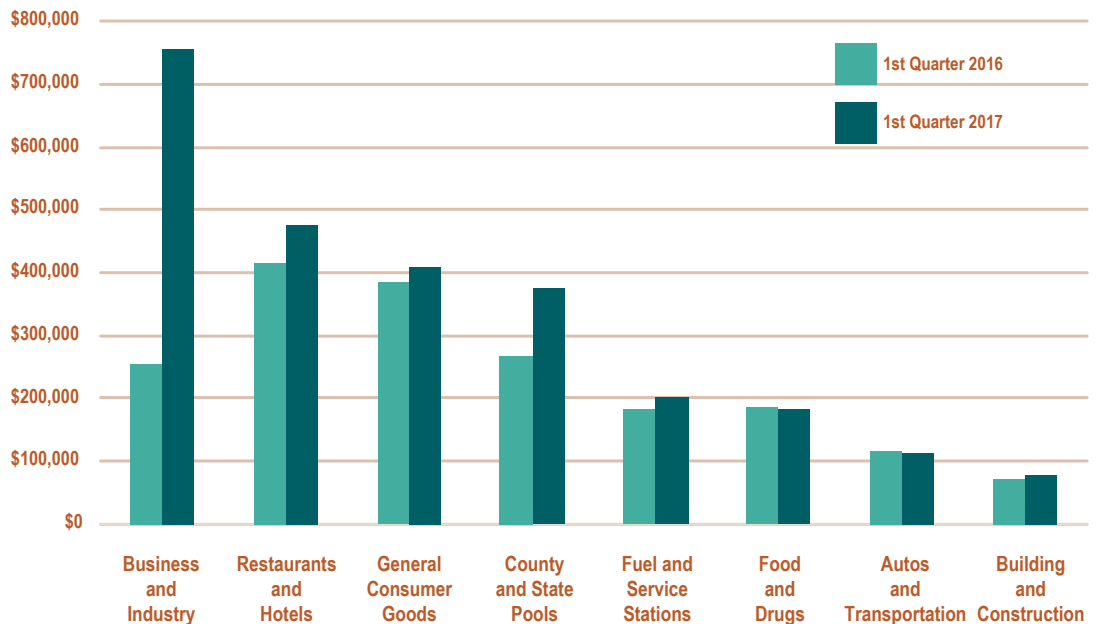
As a result of the payment anomalies noted above, the City's allocation from the countywide use tax pool increased 38.7%. Multiple newly opened eateries helped boost the restaurant group as all dining categories posted higher sales.

A new home furnishings outlet was mainly responsible for the gain in general consumer goods as various retail categories had mixed results. Service station sales were up 11.0% due to retail gas prices continuing to rise in the first quarter. Higher contractors' sales lifted building and construction.

Convenience store payment aberrations lowered food and drugs; grocery store sales were flat.

Net of aberrations, taxable sales for all of Alameda County grew 4.5% over the comparable time period; the Bay Area was up 1.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Concise	Officemax
Alameda Electrical Distributors	Penumbra
Alameda Sushi House	Pottery Barn Outlet
Arco AM PM	Ross
Bed Bath & Beyond	Safeway
Chevron	Safeway Fuel
CVS Pharmacy	Standard Process
In N Out Burgers	Northern California
Kohls	Target
La Penca Azul	TJ Maxx
McDonald's	Trader Joes
Nob Hill Fuel	Walgreens
North Face	Webster 76

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$6,253,070	\$7,108,992
County Pool	996,528	1,165,246
State Pool	4,376	6,562
Gross Receipts	\$7,253,975	\$8,280,799
Cty/Cnty Share	(362,699)	(414,040)
Net Receipts	\$6,891,276	\$7,866,759
Less Triple Flip*	\$(1,274,852)	\$0

*Reimbursed from county compensation fund

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Statewide Results

Local tax receipts from January through March sales were 2.1% higher than the first quarter of 2016 after factoring for accounting anomalies.

Rising fuel prices, auto sales, county use tax pool allocations and dining out added most to the overall gain. Some general consumer goods and B2B sales were flat or down.

This quarter reflects the start of an anticipated leveling off of future tax revenues. After seven years of recovery, analysts are reporting an end to the previous pent-up demand for autos. Demand for new cars will ease due to more buyers tied to long-term loans and a glut of used cars coming off lease.

Price competition and store closures have reduced tax receipts from consumer goods. Business investment remains strong but much of the growth is for non-taxable items such as cloud computing and large data solutions. Declines in foreign tourist visits and lower costs of eating at home are expected to slow the growth in restaurant sales.

New Sales Tax Organization

As of July 1, the operating divisions responsible for allocation of tax revenues other than property, insurance and alcoholic beverages will shift from the State Board of Equalization (BOE) to the Governor's new Department of Tax and Fee Administration.

The BOE was first established by constitutional amendment in 1879 to oversee property tax assessment practices by all counties in the state. It eventually became responsible for other tax revenues including sales, insurance, corporate franchise and special fees.

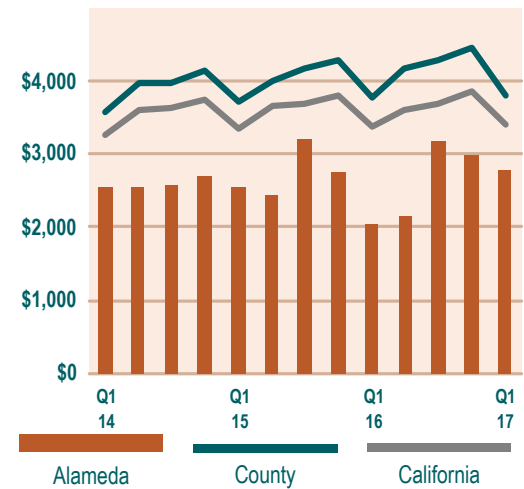
In 2011, HdL detected discrepancies in the BOE's allocation of public safety revenues which led to the recovery of over \$124 million in revenues for counties. Subsequent audits by the State

Controller and State Department of Finance revealed further shortcomings. The result was the passage of budget trailer bill SB86/AB102 that reduces the BOE to its previous constitutionally defined functions.

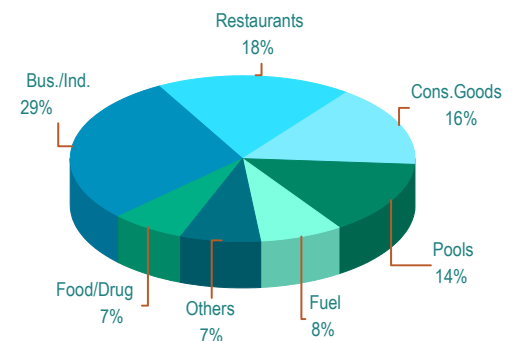
The BOE is also empowered to hear appeals and disputes over tax assessments including sales/use, personal income and corporate taxes and is the only elected Tax Board in the United States that hears tax disputes. Effective January 1, 2018, that function will be turned over to a new Office of Tax Appeals (OTA) composed of panels of administrative law judges appointed by the Governor with locations in Sacramento, Fresno and Los Angeles.

For functions other than the appeal process, this is primarily a reshuffling of existing personnel so the change will have little impact on local agencies. However, the issue of local government's ability to provide input regarding future policy and regulation changes that impact revenues remains under discussion. HdL will share more about the BOE transition as details become available in the weeks ahead.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Alameda This Quarter

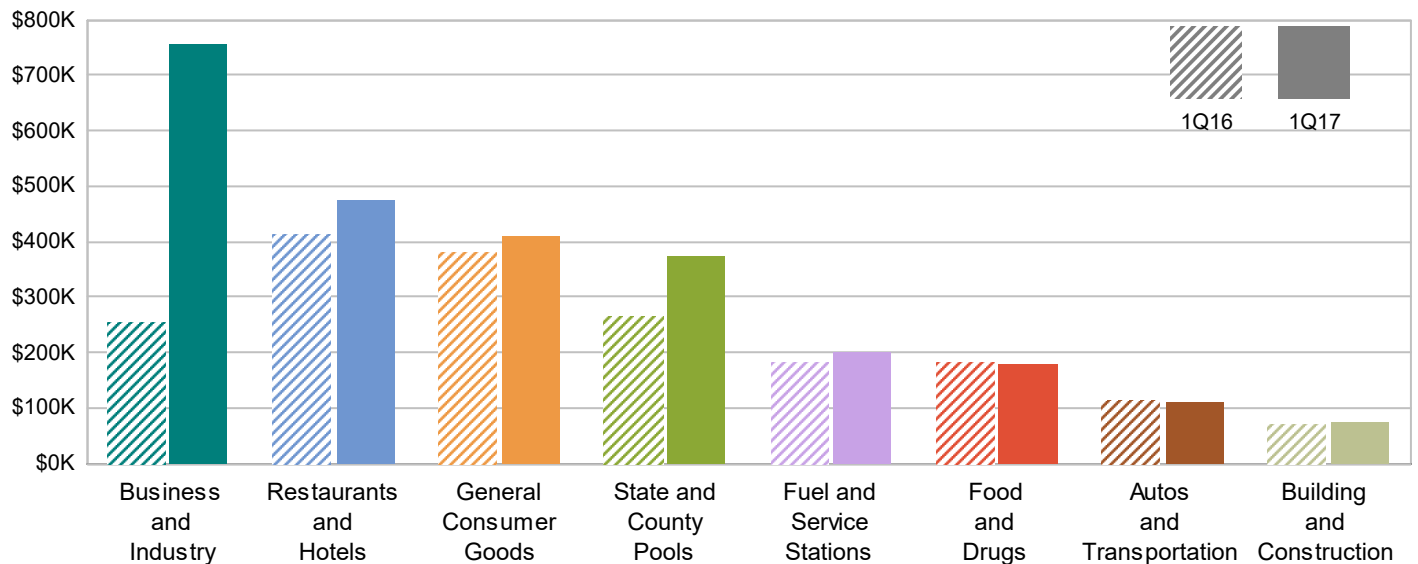


ALAMEDA TOP 15 BUSINESS TYPES

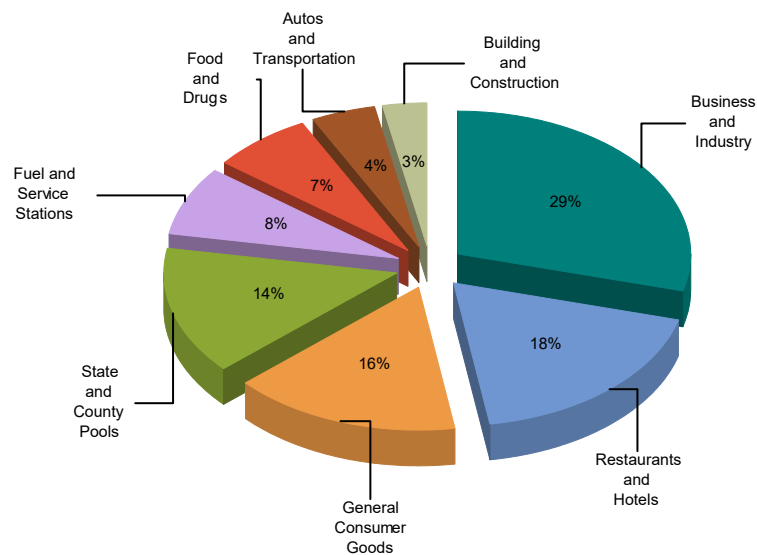
<i>*In thousands of dollars</i>				
Business Type	Alameda Q1 '17*	Alameda Change	County Change	HdL State Change
Boats/Motorcycles	44.4	-7.9%	-11.7%	1.0%
Business Services	34.6	-15.7%	35.1%	16.8%
Casual Dining	252.0	14.7%	0.5%	0.3%
Discount Dept Stores	—	CONFIDENTIAL	3.3%	1.6%
Drug Stores	—	CONFIDENTIAL	-2.5%	-2.5%
Family Apparel	72.2	-4.5%	1.4%	0.8%
Fast-Casual Restaurants	46.4	20.7%	1.4%	8.9%
Fulfillment Centers	—	CONFIDENTIAL	74.0%	1.6%
Grocery Stores	90.3	0.2%	-0.3%	0.5%
Home Furnishings	45.7	10.3%	-0.6%	-1.9%
Medical/Biotech	—	CONFIDENTIAL	58.3%	-0.2%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	15.7%	-1.5%
Quick-Service Restaurants	126.7	9.6%	5.4%	4.6%
Service Stations	200.8	7.7%	12.5%	9.9%
Specialty Stores	61.9	8.9%	1.8%	0.2%
Total All Accounts	2,220.3	37.1%	1.9%	1.8%
County & State Pool Allocation	373.9	40.4%	4.4%	2.9%
Gross Receipts	2,594.2	37.5%	2.3%	1.9%
City/County Share	(129.7)	-37.5%		
Net Receipts	2,464.5	37.5%		

Major Industry Group	Count	1Q17	1Q16	\$ Change	% Change
Business and Industry	643	755,908	256,288	499,620	194.9%
Restaurants and Hotels	310	476,652	416,509	60,144	14.4%
General Consumer Goods	1,721	409,987	383,171	26,816	7.0%
State and County Pools	-	373,898	266,277	107,620	40.4%
Fuel and Service Stations	21	201,186	183,974	17,212	9.4%
Food and Drugs	96	182,573	184,531	(1,958)	-1.1%
Autos and Transportation	119	114,207	115,427	(1,220)	-1.1%
Building and Construction	71	78,959	72,261	6,698	9.3%
Transfers & Unidentified	4	819	7,738	(6,919)	-89.4%
Total	2,985	2,594,189	1,886,177	708,012	37.5%

1Q16 Compared To 1Q17



1Q17 Percent of Total



CITY OF ALAMEDA

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Business And Industry

Count: 643

Restaurants And Hotels

Count: 310

General Consumer Goods

Count: 1,721

State & County Pools

Fuel And Service Stations

Count: 21

Food And Drugs

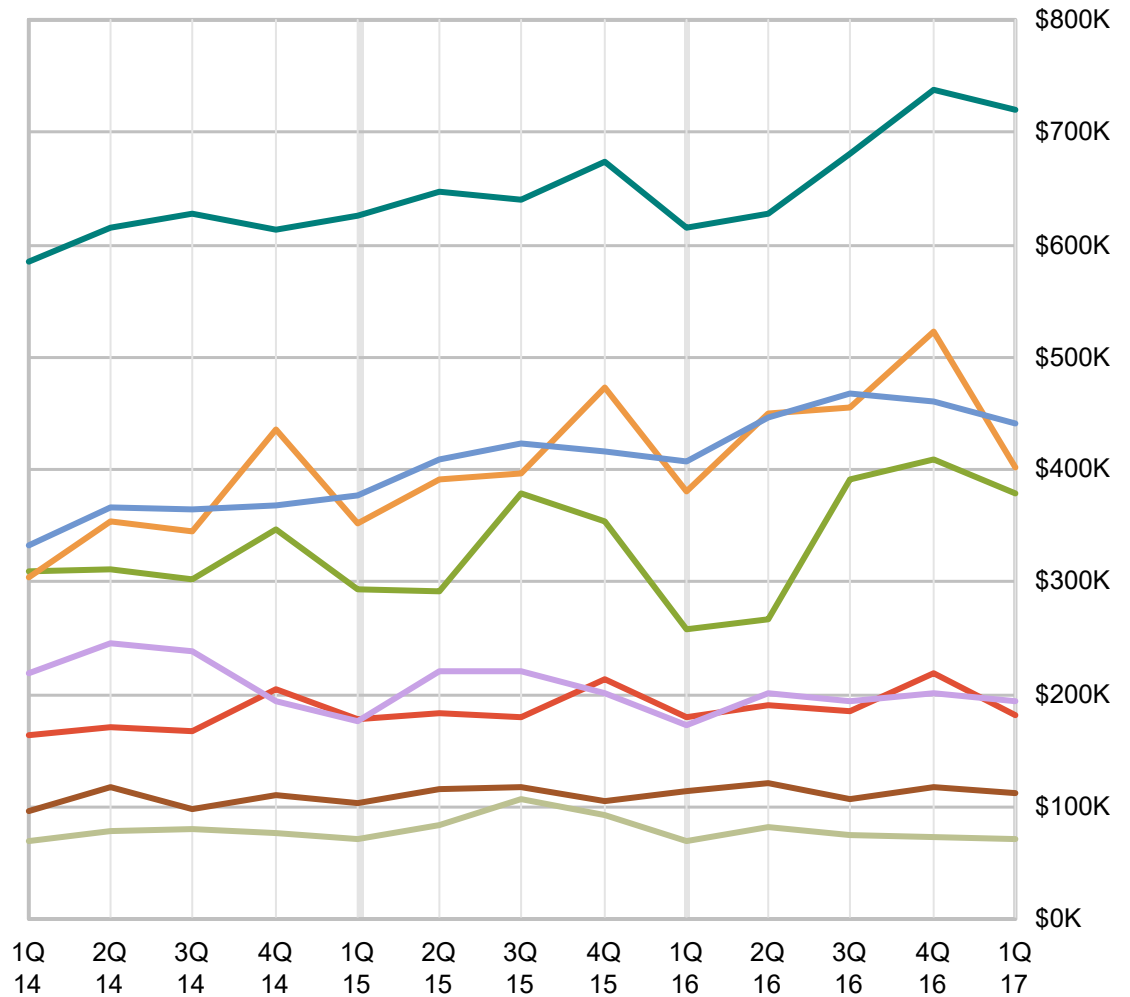
Count: 96

Autos And Transportation

Count: 119

Building And Construction

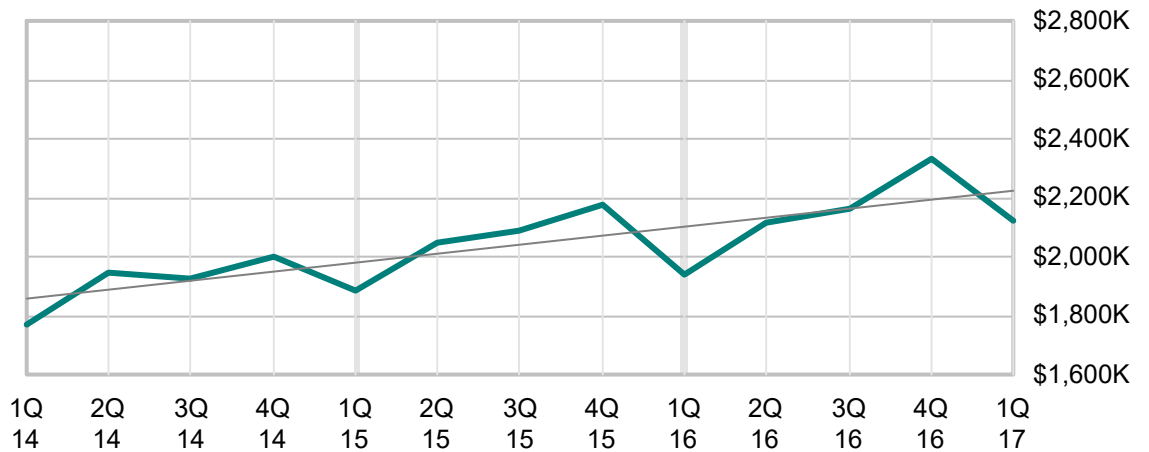
Count: 71



Agency Trend

Alameda

13 Quarter Trend: +19.9%



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

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CITY OF ALAMEDA

GEO AREA COMPARISONS - 13 QUARTER HISTORY

Geo Area Names

Sales Tax by Geographic areas

Harbor Bay Business Park

Count: 59

South Shore Center

Count: 81

Alameda Landing

Count: 40

Park - South Of Lincoln

Count: 313

Clement Ave & Blanding Ave

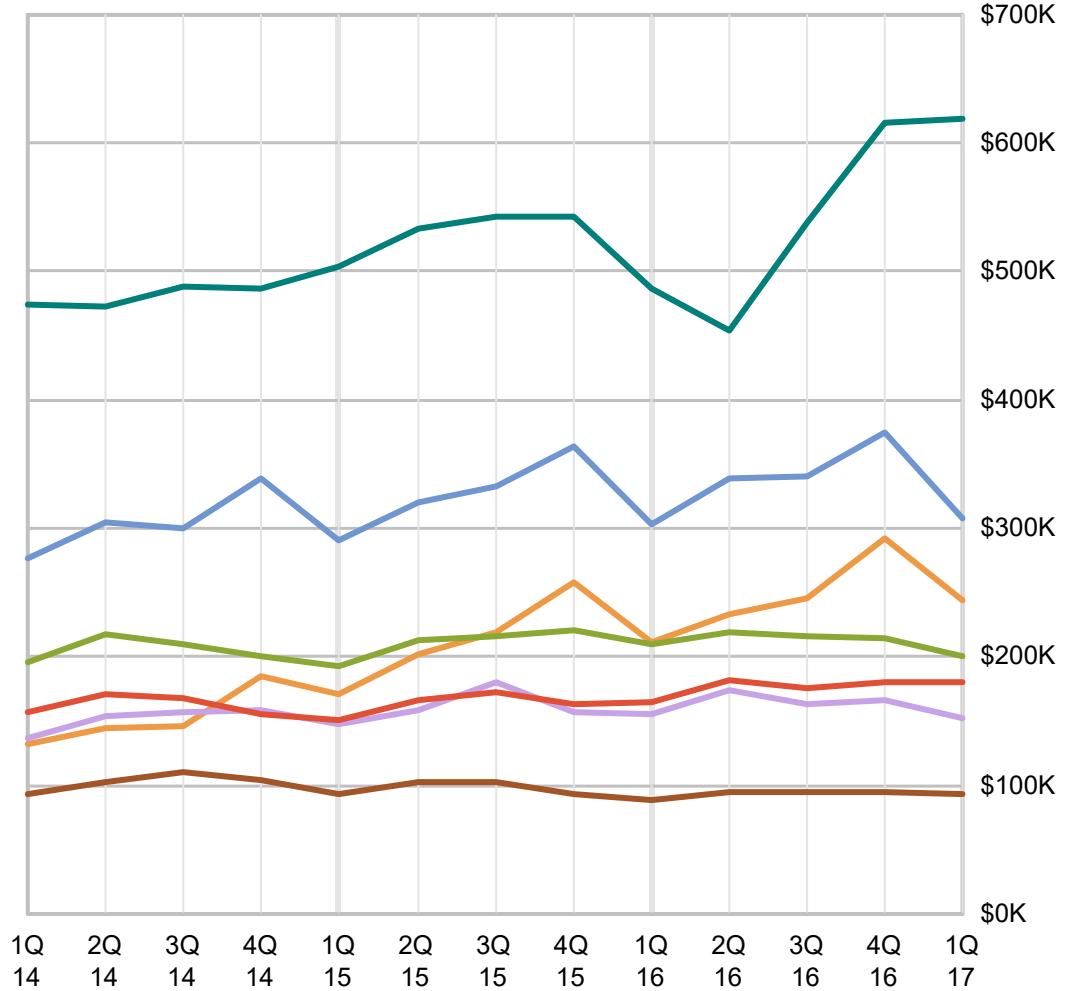
Count: 117

Park - North Of Lincoln

Count: 107

Webster-north Of Lincoln

Count: 39

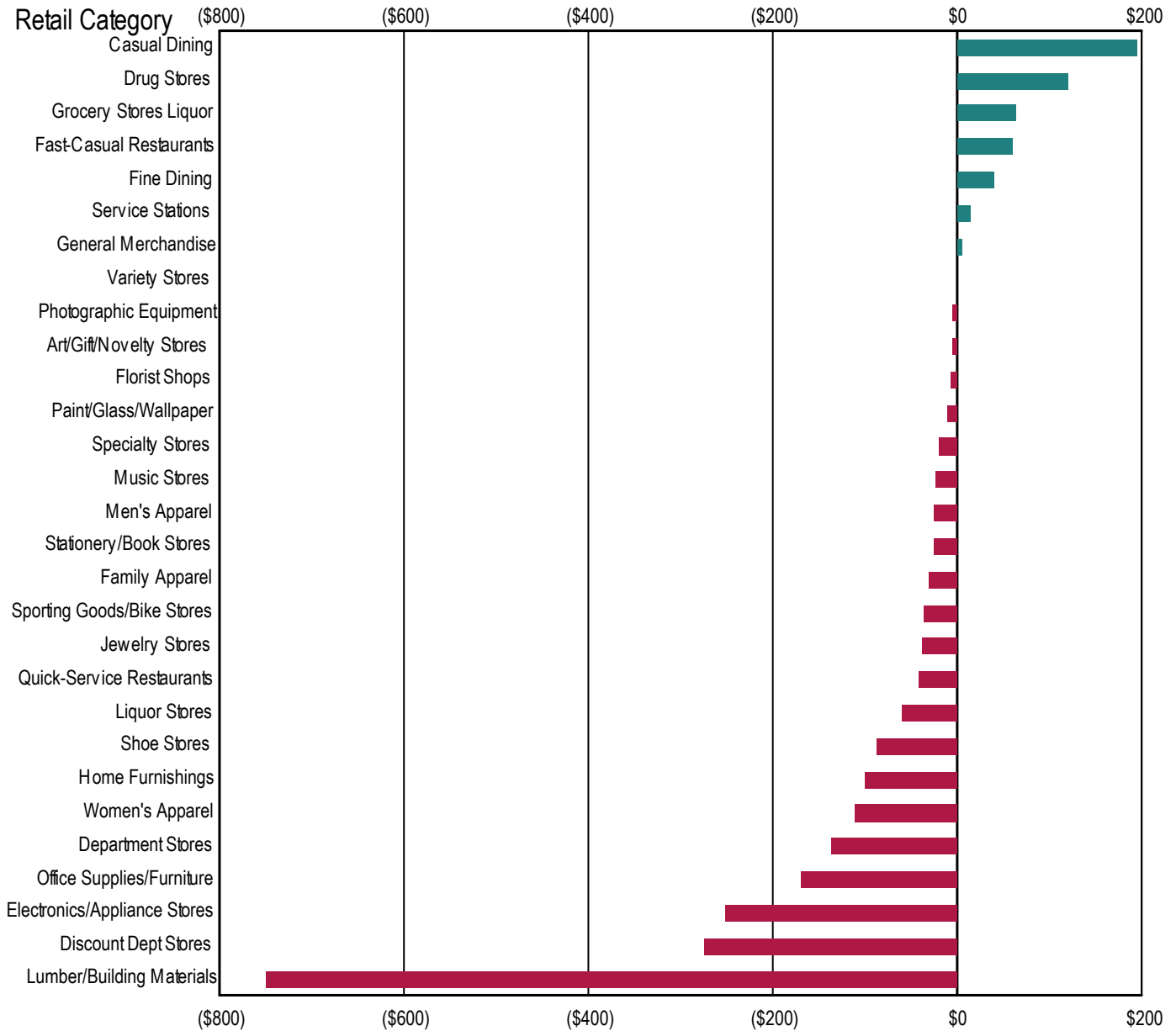


* Periods Shown Reflect the Period in Which the Sales Occurred - Point of Sale

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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 - 1Q 2017 SALES

Agency allocations reflect "point of sale" receipts

Agency Name	Count	Current Year* 1Q 2017	Prior Year* 1Q 2016	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
Fremont	5,589	9,972,187	9,381,814	15.9%	+ 6.3%	+ 11.8%
Alameda	2,985	2,220,291	1,619,899	3.5%	+ 37.1%	+ 9.6%
Piedmont	216	36,017	38,788	0.1%	- 7.1%	+ 8.9%
Union City	1,306	2,089,398	1,940,488	3.3%	+ 7.7%	+ 6.1%
Pleasanton	3,669	4,917,554	4,317,477	7.8%	+ 13.9%	+ 5.1%
Albany	544	536,027	527,054	0.9%	+ 1.7%	+ 4.5%
Livermore	2,895	4,888,877	5,613,340	7.8%	- 12.9%	+ 4.1%
Oakland	13,459	10,976,207	10,504,899	17.5%	+ 4.5%	+ 4.0%
San Leandro	2,710	5,964,122	5,939,572	9.5%	+ 0.4%	+ 2.8%
Newark	1,420	2,490,615	2,508,000	4.0%	- 0.7%	+ 1.0%
Alameda Co. Uninc	2,522	1,810,043	2,501,806	2.9%	- 27.7%	+ 0.6%
Dublin	1,446	4,138,138	4,023,753	6.6%	+ 2.8%	+ 0.2%
Emeryville	892	1,806,517	1,680,171	2.9%	+ 7.5%	- 0.9%
Hayward	4,739	7,397,100	7,097,440	11.8%	+ 4.2%	- 1.5%
Berkeley	4,826	3,532,765	3,893,027	5.6%	- 9.3%	- 2.6%
Totals	49,218	62,775,857	61,587,530	100.0%	+ 1.9%	+ 3.7%
Alameda Pool	13,428	10,480,884	10,164,319		+ 3.1%	+ 8.6%

CITY OF ALAMEDA

AGENCY COMPARISONS

Per Capita Sales

Alameda

Count: 2,985

Oakland

Count: 13,459

San Leandro

Count: 2,710

El Cerrito

Count: 680

Berkeley

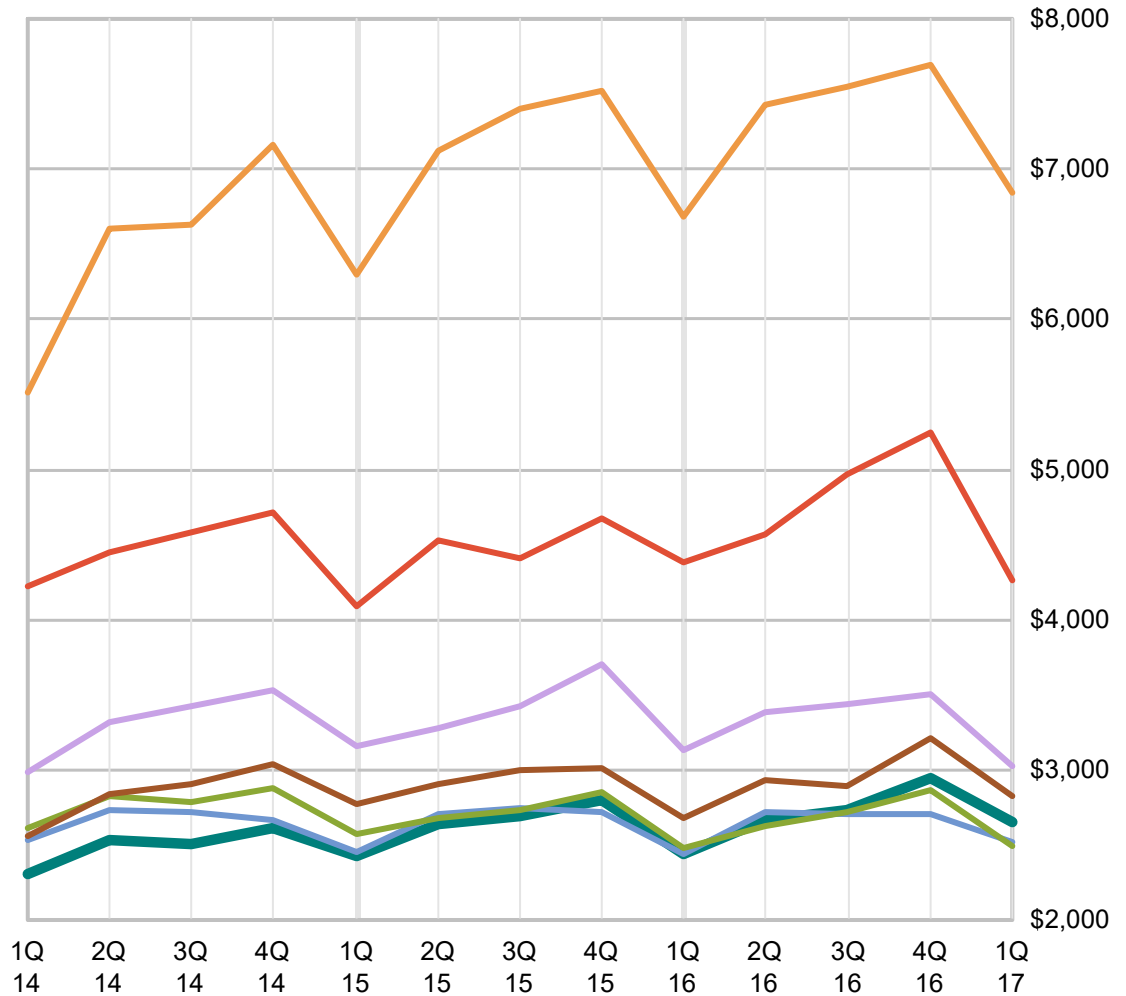
Count: 4,826

Hayward

Count: 4,739

Union City

Count: 1,306



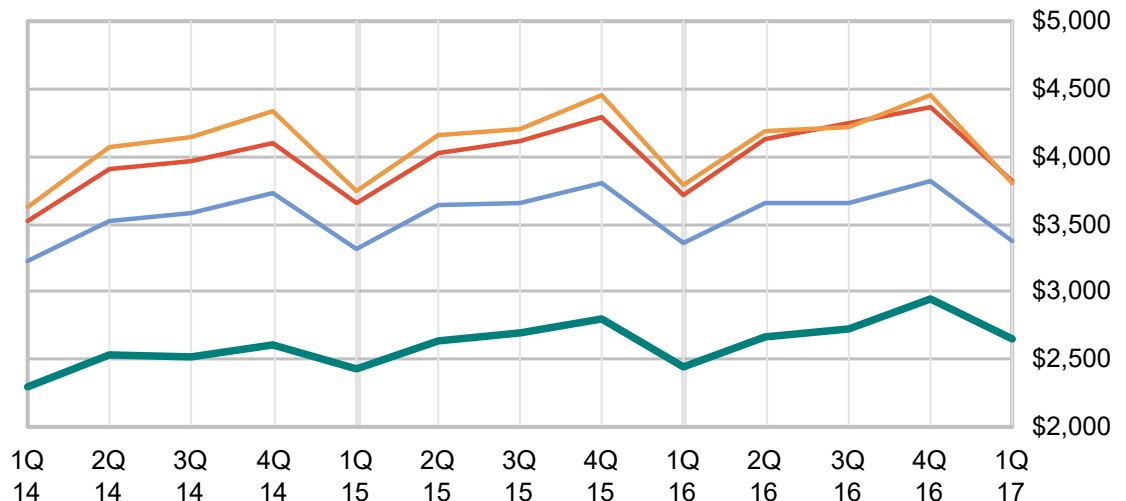
Per Capita Sales

Alameda

Alameda County

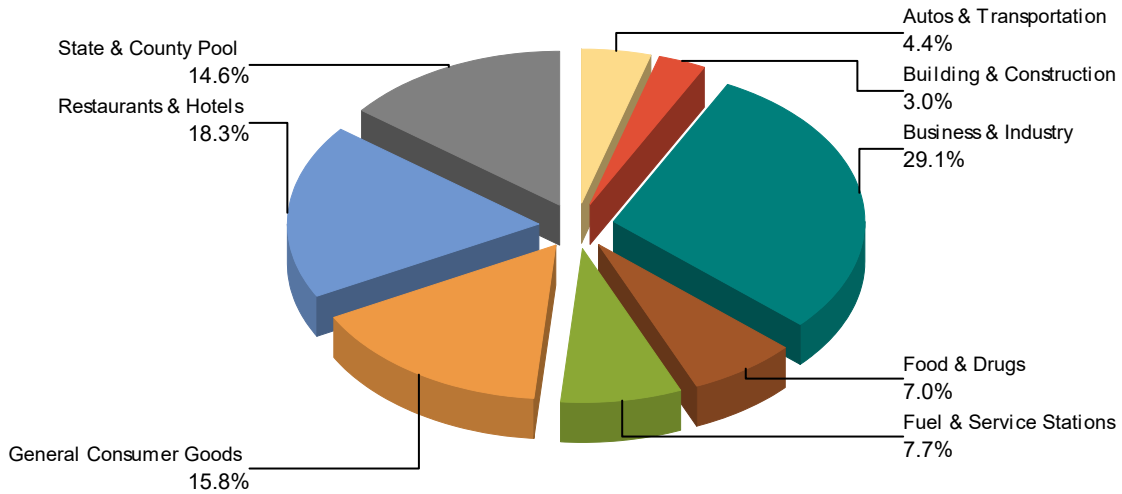
Bay Area

California



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City of Alameda



HdL Client Database Statewide Totals

