



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

Q3 2017



City of Alameda Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2017)

Alameda In Brief

Alameda's receipts from July through September were 7.1% below the third sales period in 2016. Excluding reporting aberrations, actual sales were up 2.5%.

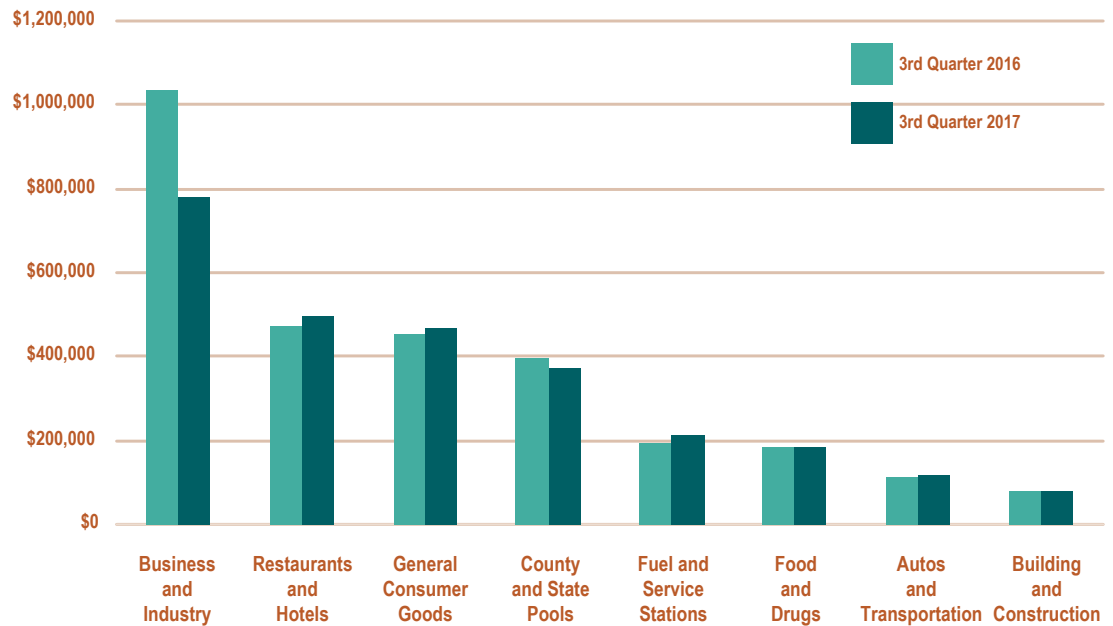
A fund transfer that spiked returns in the comparison quarter accounted for the drop in the business and industry group. This onetime adjustment was the primary contributor to lower overall gross receipts. Nonetheless, business to business sales activity was up 5.1% once all non-recurring events were removed.

Recently opened eateries boosted quick-service and fast casual restaurants. Despite several closures, summer quarter general retail posted positive returns due to a payment deviation in electronics.

Higher fuel prices pushed up service station proceeds.

Net of aberrations, taxable sales for all of Alameda County grew 3.6% over the comparable time period; the Bay Area was up 3.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Concise	Officemax
ABB Control Valves	Penumbra
Alameda Electrical Distributors	Pottery Barn Outlet
Alameda Sushi House	Ross
Chevron	Safeway
CVS	Safeway Fuel
In N Out Burgers	Standard Process
Kohls	Northern California
La Penca Azul	Target
McDonald's	TJ Maxx
Michaan's Auctions	Trader Joes
Nob Hill Fuel	Walgreens
North Face	Webster 76

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$2,531,298	\$2,345,038
County Pool	394,664	371,133
State Pool	886	1,868
Gross Receipts	\$2,926,848	\$2,718,040
Cty/Cnty Share	(146,342)	(135,902)
Net Receipts	\$2,780,505	\$2,582,138

Statewide Trends

After factoring for accounting anomalies, local government's one-cent share of statewide sales and use tax from July through September sales was 3.9% higher than 2016's summer quarter.

Rising fuel prices, increased demand for building-construction materials and the continuing acceleration in online shopping for merchandise shipped from out-of-state that is expanding receipts from the countywide use tax allocation pools were the primary contributors to the overall increase.

This quarter marked the anticipated leveling off of auto sales while agriculture and transit-related purchases helped boost otherwise tepid gains in business-industrial receipts. Restaurant sales exhibited healthy overall gains of 3.5% although growth rates are slowing from previous quarters.

Receipts from consumer goods sold by brick and mortar stores were up 0.7% over the previous year while revenues from online purchases grew 13.3%.

Cannabis Taxation

A 15% excise tax on retail cannabis and cannabis products along with a cultivation tax and sales tax on recreational uses take effect on January 1, 2018.

Significant sales tax revenues are not expected until late 2018-19 as retail start-ups comply with lengthy state and local permitting processes. Although sales of medicinal cannabis became exempt in 2016 for purchasers with a state issued Medical Marijuana ID card, jurisdictions with dispensaries continue to receive sales tax from that source as most patients prefer to use a note from their physicians.

Some decline in revenues from medical dispensaries are expected as users' transition to new purchase options and because of lower prices caused by anticipated overproduction and the six month window that suppliers have to sell existing inventory grown under previous regulations.

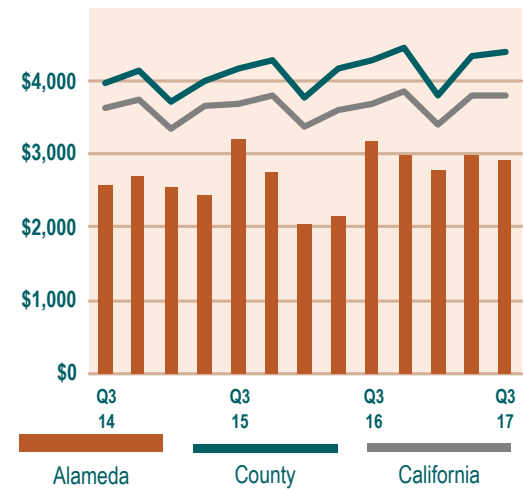
Sales Tax and Natural Disasters

The recent firestorm tragedies have raised questions on potential bumps in sales tax revenues from reconstruction and recovery activities.

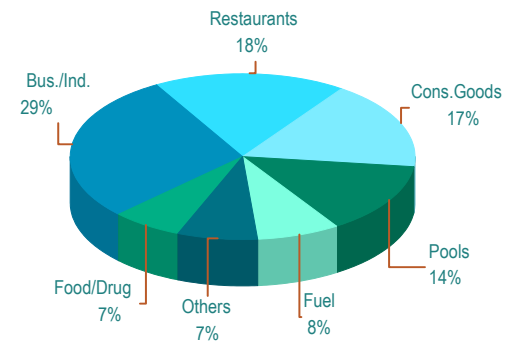
HdL analyzed the sales tax data from the 1991 Oakland Hills, 2003 San Diego Cedar and 2007 San Diego Witch fires which involved the combined loss of over 7,700 structures. Surprisingly, there were no identifiable gains in construction and auto-related purchases within the impacted areas during the five years after each event with receipts following normal economic cycles experienced by the state as a whole.

Further analysis suggests that though the individual losses are catastrophic, purchases of replacement items are a small fraction of the impacted area's total spending and is often spread to other jurisdictions where disaster victims relocate. Tax receipts from construction spending are defused over time because of lengthy claims and permitting processes that cause up to 40% of disaster victims to relocate leaving vacant lots that are not immediately redeveloped.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Alameda This Quarter

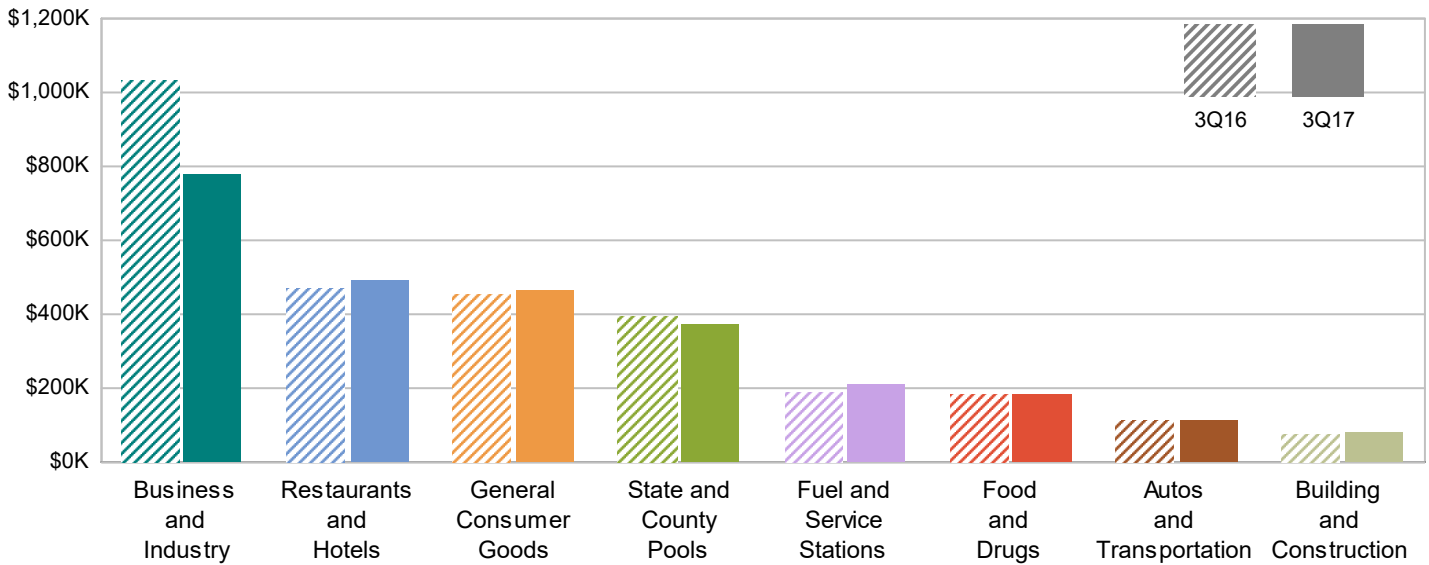


ALAMEDA TOP 15 BUSINESS TYPES

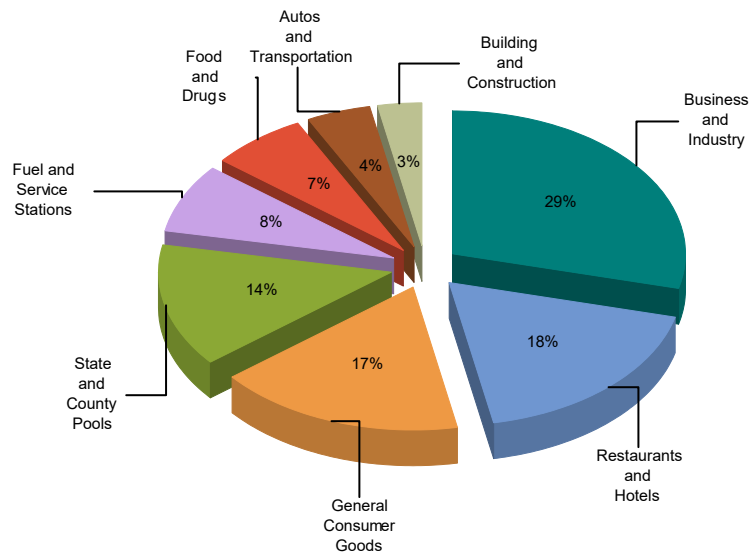
<i>*In thousands of dollars</i>				
Business Type	Alameda Q3 '17*	Alameda Change	County Change	HdL State Change
Boats/Motorcycles	49.2	1.6%	-9.5%	2.6%
Business Services	52.1	-10.3%	3.9%	110.9%
Casual Dining	278.3	0.6%	1.9%	2.2%
Discount Dept Stores	— CONFIDENTIAL —		7.2%	6.1%
Drug Stores	— CONFIDENTIAL —		1.4%	7.3%
Family Apparel	84.4	-3.0%	2.7%	1.7%
Fast-Casual Restaurants	53.6	8.2%	9.4%	8.5%
Fulfillment Centers	— CONFIDENTIAL —		72.1%	42.6%
Grocery Stores	91.6	-2.9%	-0.4%	0.6%
Home Furnishings	46.6	-25.0%	0.8%	0.6%
Medical/Biotech	— CONFIDENTIAL —		-16.0%	-0.2%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		21.3%	4.6%
Quick-Service Restaurants	131.4	5.8%	6.0%	4.8%
Service Stations	211.0	10.0%	10.2%	9.2%
Specialty Stores	67.3	7.0%	1.0%	2.3%
Total All Accounts	2,345.0	-7.4%	3.7%	4.1%
County & State Pool Allocation	373.0	-5.7%	5.5%	4.8%
Gross Receipts	2,718.0	-7.1%	3.9%	4.2%
City/County Share	(135.9)	7.1%		
Net Receipts	2,582.1	-7.1%		

Major Industry Group	Count	3Q17	3Q16	\$ Change	% Change
Business and Industry	623	780,735	1,033,266	(252,531)	-24.4%
Restaurants and Hotels	324	494,864	471,694	23,170	4.9%
General Consumer Goods	1,687	466,131	452,908	13,223	2.9%
State and County Pools	-	373,002	395,550	(22,548)	-5.7%
Fuel and Service Stations	22	211,062	191,822	19,240	10.0%
Food and Drugs	97	184,134	186,179	(2,045)	-1.1%
Autos and Transportation	126	118,215	115,566	2,648	2.3%
Building and Construction	74	81,341	78,954	2,387	3.0%
Transfers & Unidentified	2	8,555	908	7,647	842.3%
Total	2,955	2,718,040	2,926,848	(208,808)	-7.1%

3Q16 Compared To 3Q17



3Q17 Percent of Total



CITY OF ALAMEDA

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Business And Industry

Count: 623

Restaurants And Hotels

Count: 324

General Consumer Goods

Count: 1,687

State & County Pools

Fuel And Service Stations

Count: 22

Food And Drugs

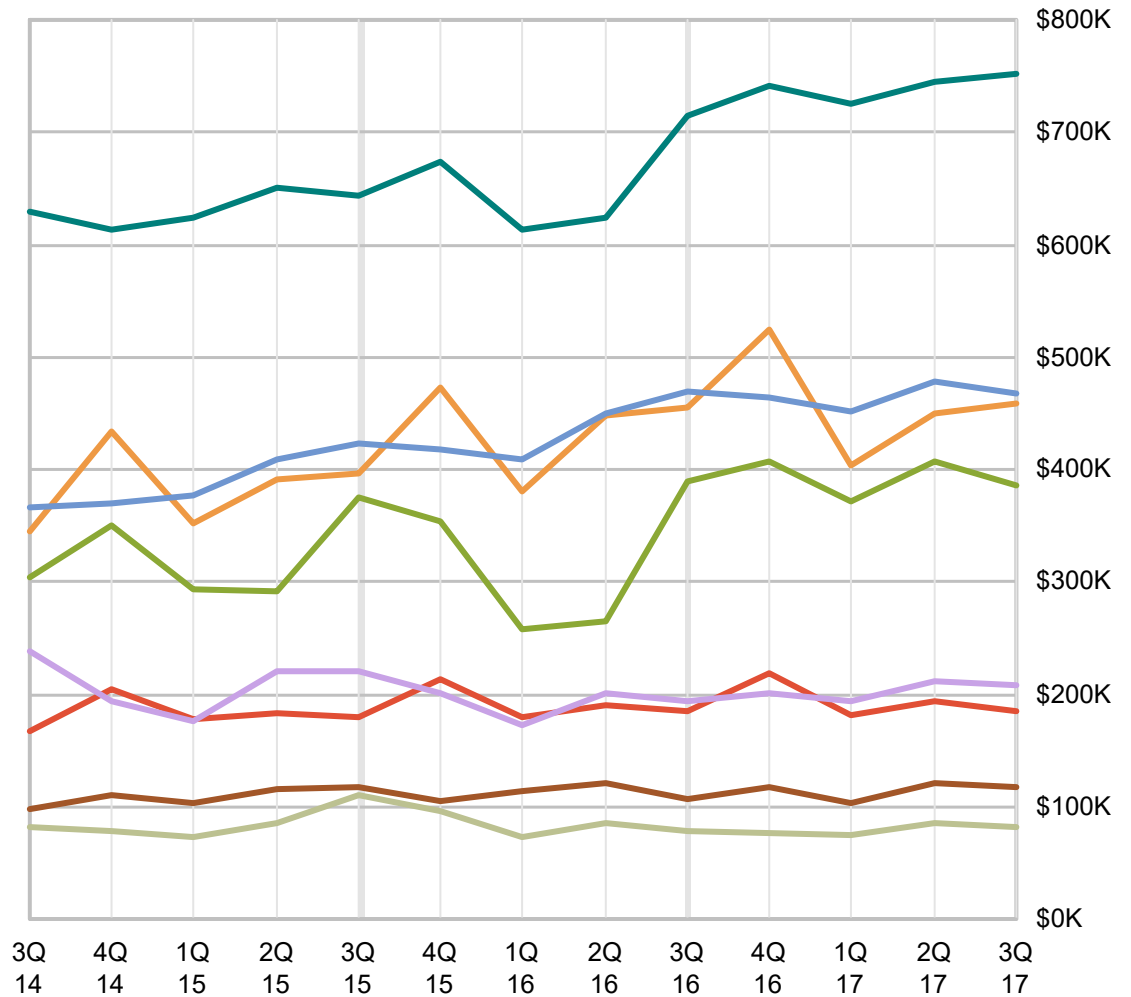
Count: 97

Autos And Transportation

Count: 126

Building And Construction

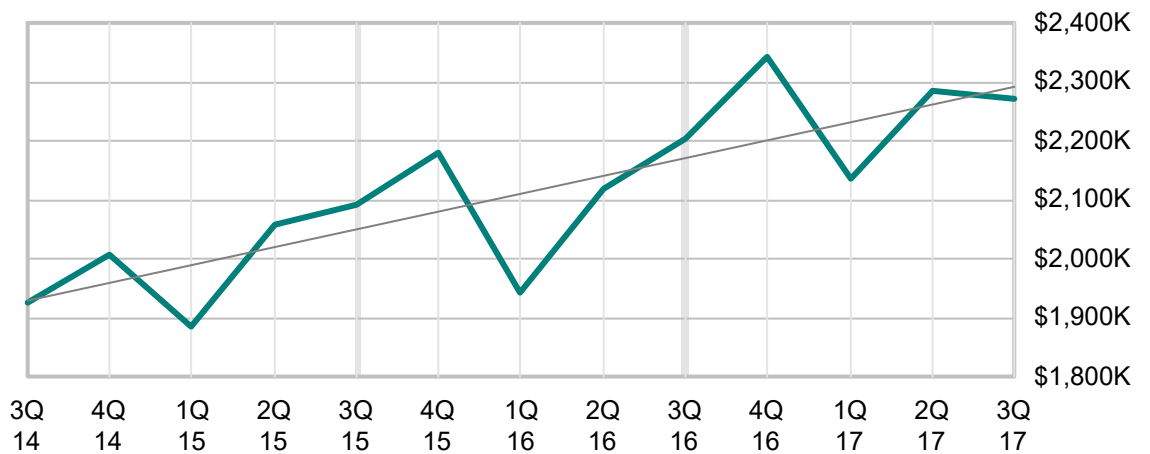
Count: 74



Agency Trend

Alameda

13 Quarter Trend: +18.7%



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: 60

South Shore Center

Count: 78

Park - North & South Of Lincoln

Count: 428

Alameda Landing

Count: 41

Webster- North & South Of Lincoln

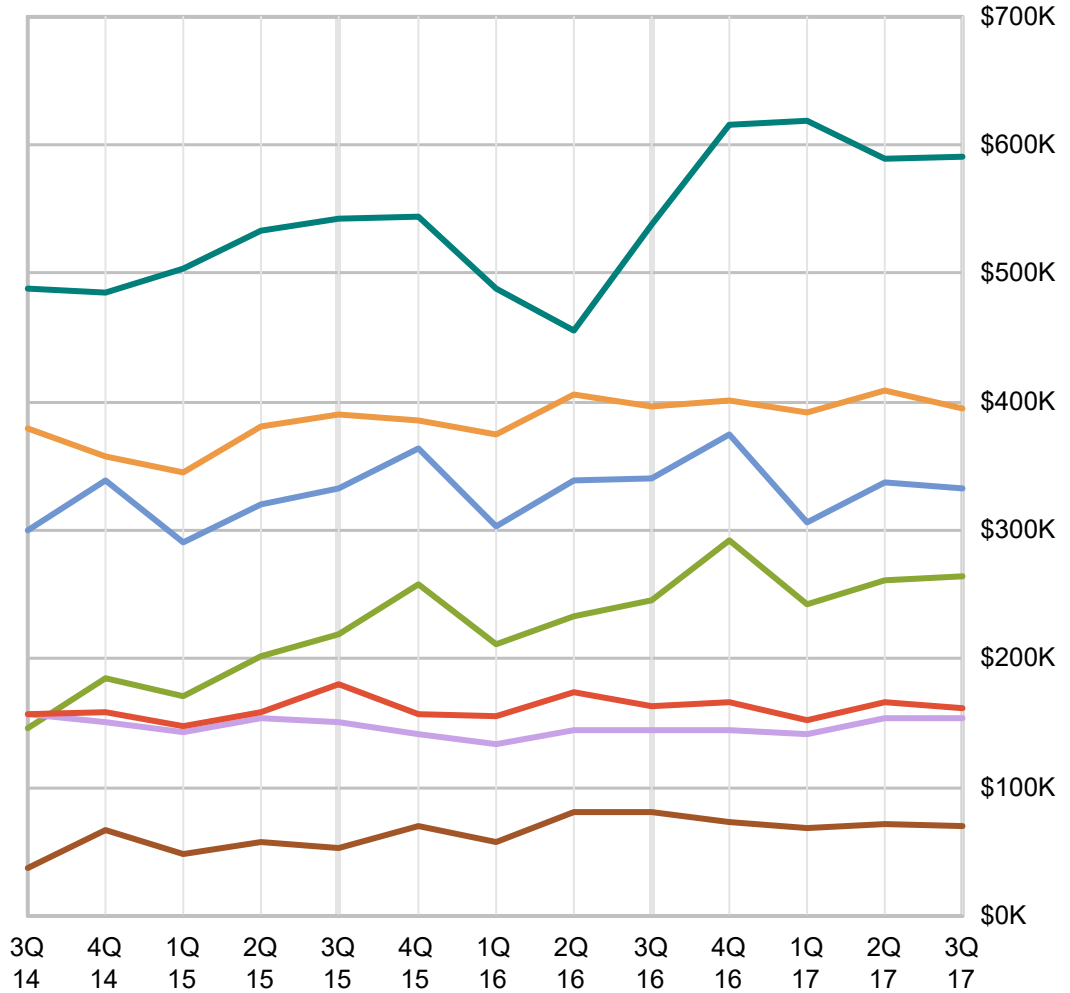
Count: 121

Clement Ave & Blanding Ave

Count: 114

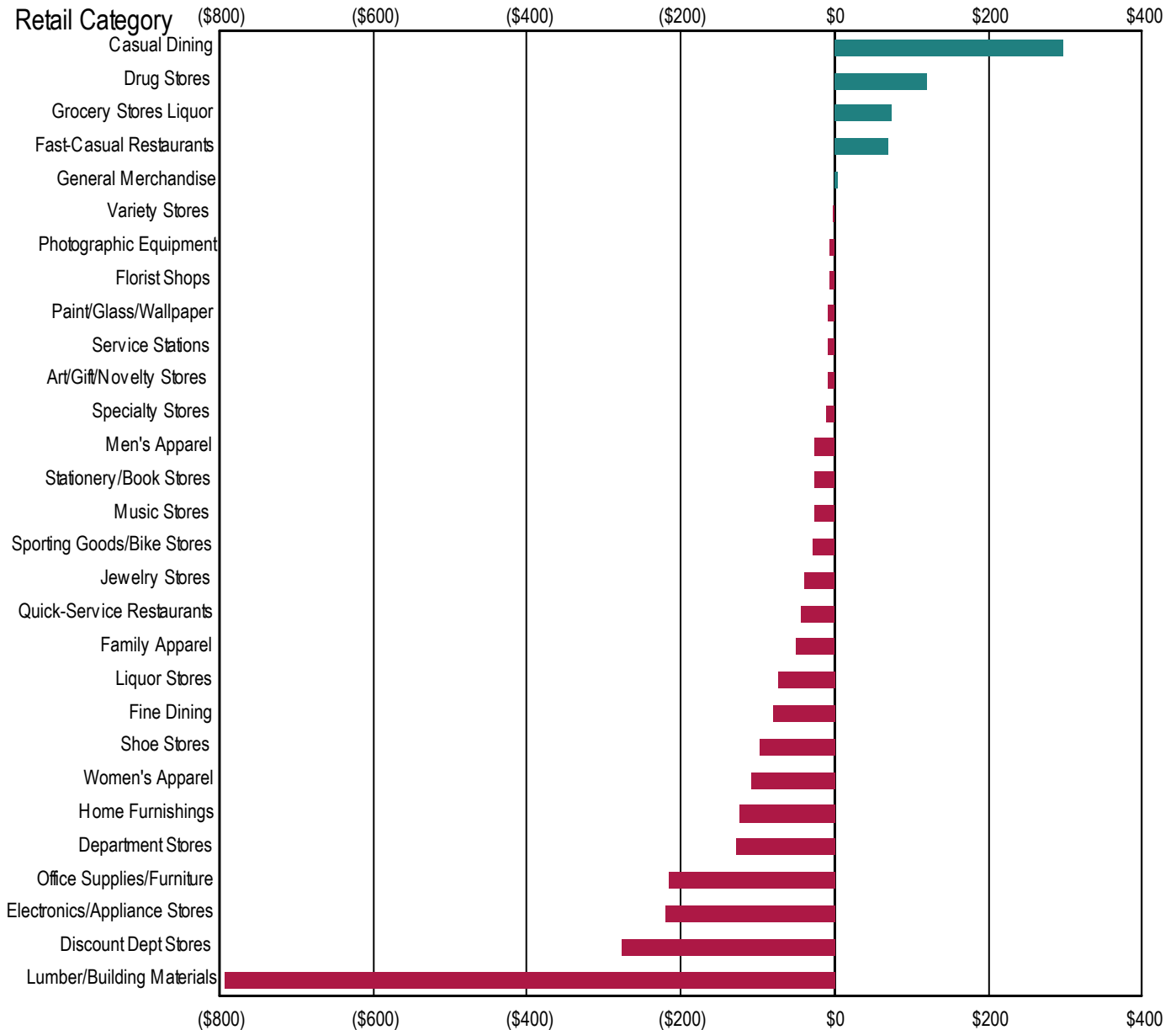
Alameda Point

Count: 526



* 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 - 3Q 2017 SALES

Agency allocations reflect "point of sale" receipts

Agency Name	Count	Current Year* 3Q 2017	Prior Year* 3Q 2016	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
Union City	1,316	2,392,133	2,016,274	3.3%	+ 18.6%	+ 12.6%
Livermore	2,886	7,410,614	6,499,651	10.2%	+ 14.0%	+ 11.3%
Alameda Co. Uninc	2,564	2,484,535	2,284,207	3.4%	+ 8.8%	+ 7.6%
Fremont	5,470	11,776,312	10,806,399	16.2%	+ 9.0%	+ 6.2%
Albany	540	592,406	576,352	0.8%	+ 2.8%	+ 5.4%
Oakland	13,279	12,401,640	11,740,862	17.1%	+ 5.6%	+ 4.3%
Alameda	2,955	2,345,038	2,531,298	3.2%	- 7.4%	+ 3.1%
San Leandro	2,729	6,865,095	6,827,060	9.5%	+ 0.6%	+ 2.7%
Newark	1,455	2,795,006	2,732,545	3.9%	+ 2.3%	+ 2.3%
Emeryville	886	1,971,083	1,935,078	2.7%	+ 1.9%	+ 0.5%
Berkeley	4,806	4,053,318	4,267,928	5.6%	- 5.0%	- 1.4%
Dublin	1,425	4,613,588	4,672,444	6.4%	- 1.3%	- 1.9%
Pleasanton	3,690	5,257,615	5,219,598	7.2%	+ 0.7%	- 2.1%
Piedmont	218	39,438	38,641	0.1%	+ 2.1%	- 3.8%
Hayward	4,304	7,527,538	7,815,064	10.4%	- 3.7%	- 9.3%
Totals	48,523	72,525,358	69,963,403	100.0%	+ 3.7%	+ 2.5%
Alameda Pool	13,567	11,478,102	10,908,241		+ 5.2%	+ 10.4%

CITY OF ALAMEDA

AGENCY COMPARISONS

Per Capita Sales

Alameda

Count: 2,955

Oakland

Count: 13,279

San Leandro

Count: 2,729

El Cerrito

Count: 661

Berkeley

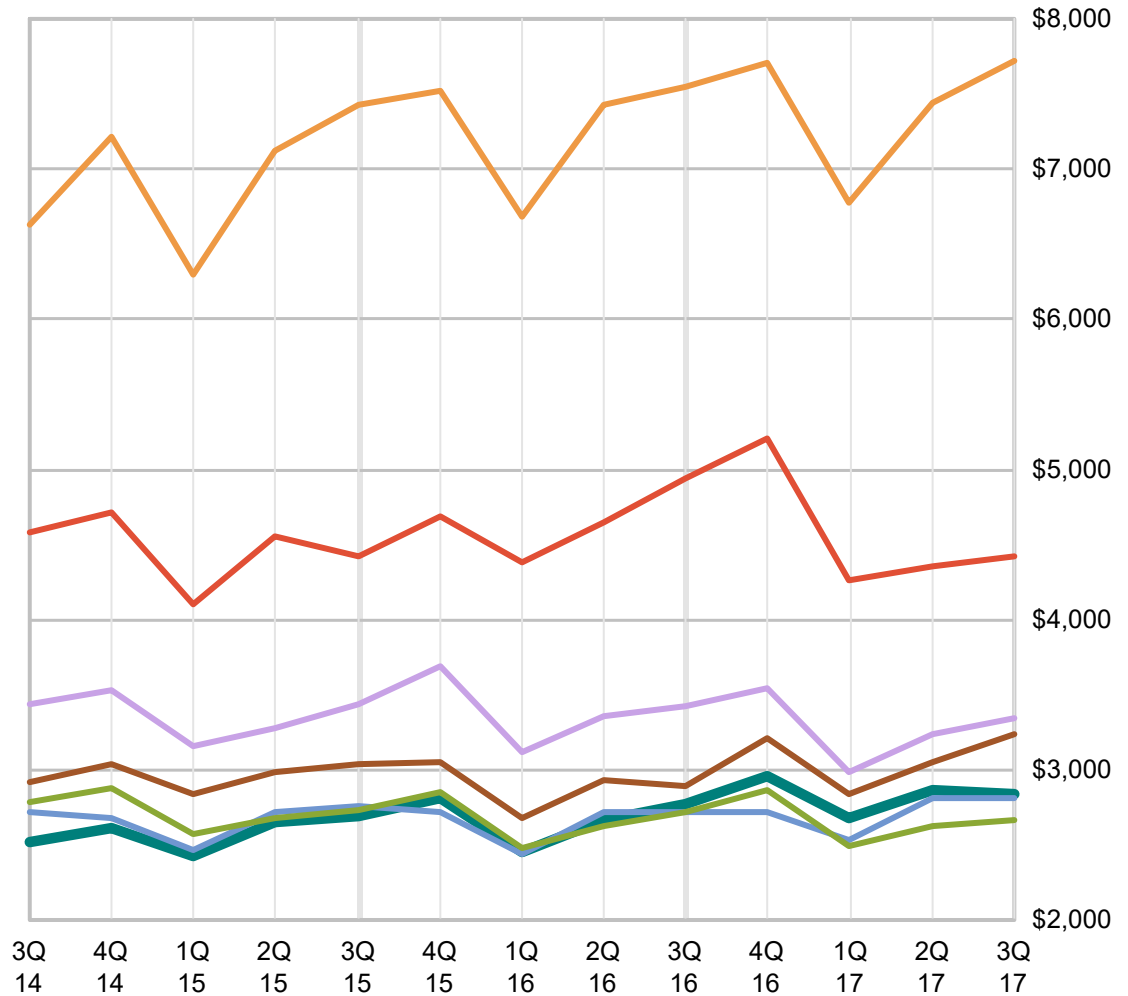
Count: 4,806

Hayward

Count: 4,304

Union City

Count: 1,316



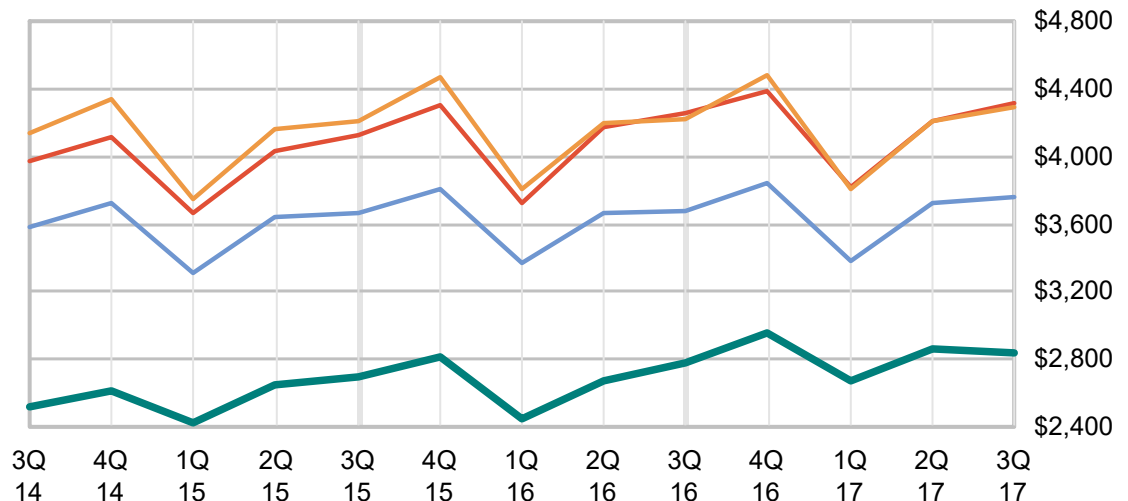
Per Capita Sales

Alameda

Alameda County

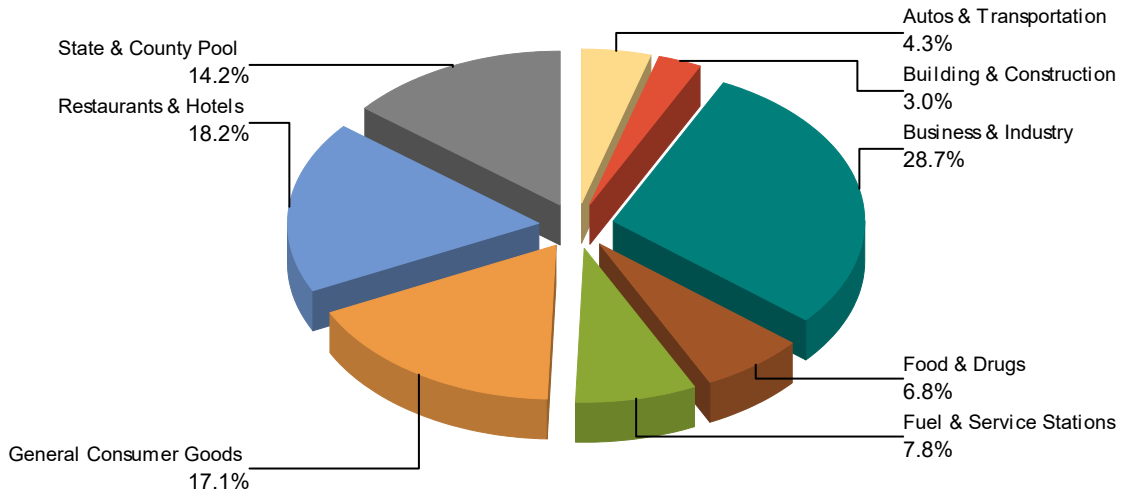
Bay Area

California



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City of Alameda



HdL Client Database Statewide Totals

