



Quarterly Sales Tax Report
for the Period Ending
March 31, 2019

5-C Exhibit 1
06-04-2019

Q4 2018



City of Alameda Sales Tax *Update*

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

Alameda In Brief

Alameda's receipts from October through December were 10.2% above the fourth sales period in 2017. Excluding reporting aberrations, actual sales were up 2.5%.

The CDTFA has resolved the bulk of outstanding payments that resulted from the State's software conversion. These multi-quarter adjustments temporarily spiked returns in drug stores, service stations, light industrial/printers and the City's share of the countywide use tax allocation pool.

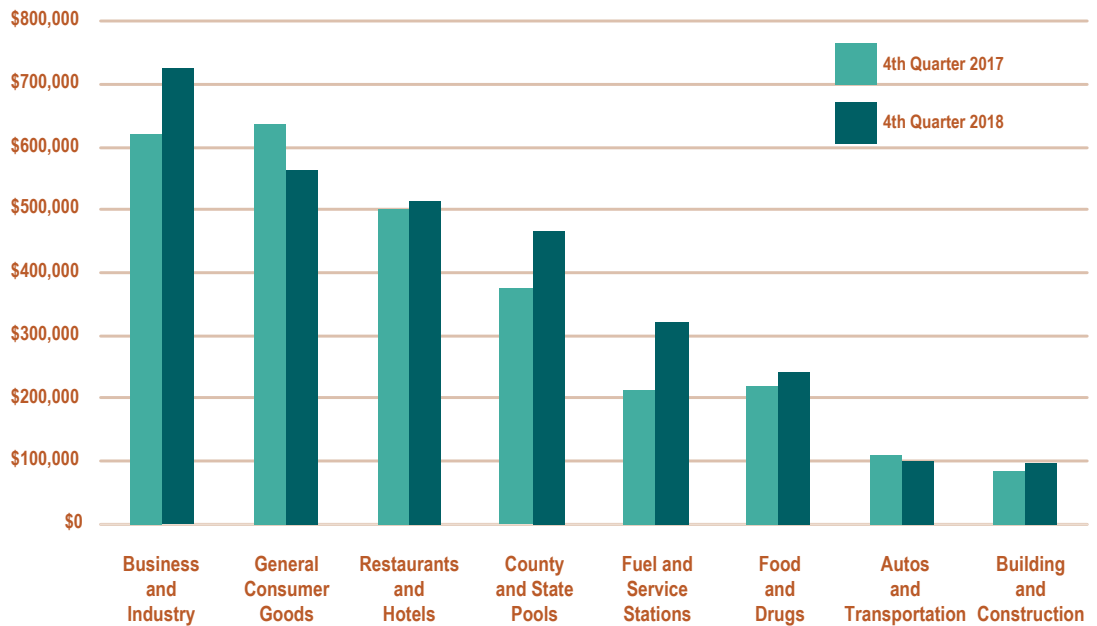
Nevertheless, higher fuel prices triggered the actual 23.7% rise in fuel-related outlets. Business to business performance continued its upward trend despite temporary declines in some sectors.

A reporting error in the family apparel category dragged down results in general retail revenues in the holiday quarter. Delayed allocations accounted for the loss in autos and transportation.

Recent voter-approved half cent transactions tax, Measure F, will become effective April 1st.

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

| | |
|---------------------------------|---------------------|
| ABB Optical Group | North Face |
| Alameda Electrical Distributors | Penumbra |
| Alameda Sushi House | Petco |
| Arco | Pottery Barn Outlet |
| Bed Bath & Beyond | Ross |
| Bron Tapes of California | Safeway Fuel |
| Chevron | Standard Process |
| CVS Pharmacy | Northern California |
| In N Out Burger | Trabocco |
| Kohls | Ultra Beauty |
| McDonalds | Target |
| Nob Hill Fuel | TJ Maxx |
| | Walgreens |
| | Webster 76 |

REVENUE COMPARISON

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

| | 2017-18 | 2018-19 |
|----------------|-------------|-------------|
| Point-of-Sale | \$4,731,657 | \$5,363,081 |
| County Pool | 744,859 | 922,684 |
| State Pool | 2,567 | 2,758 |
| Gross Receipts | \$5,479,083 | \$6,288,523 |
| Cty/Cnty Share | (273,954) | (314,426) |
| Net Receipts | \$5,205,129 | \$5,974,097 |

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.

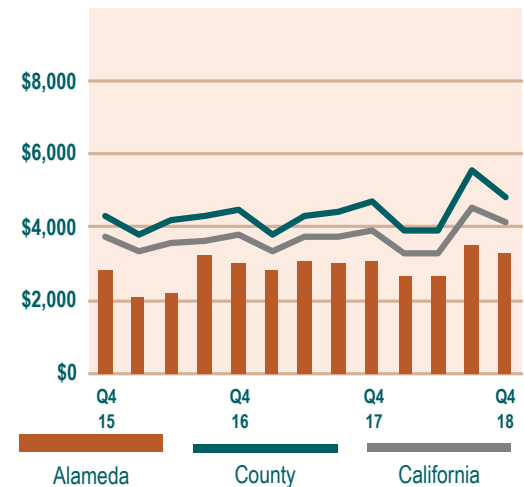
Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide more intimate shopping encounters.

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.

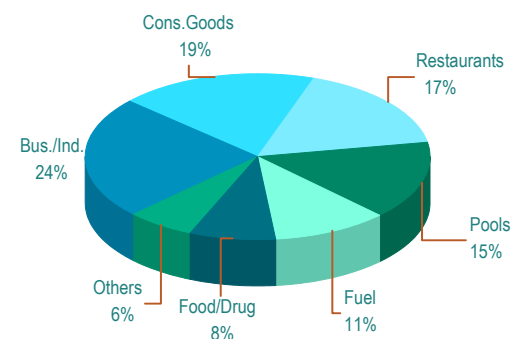
Barry Foster of HdL's EconSolutions, notes that "shifting shopping habits present challenges but also opportunities." "Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorate shopping centers."

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 Alameda This Quarter



ALAMEDA TOP 15 BUSINESS TYPES

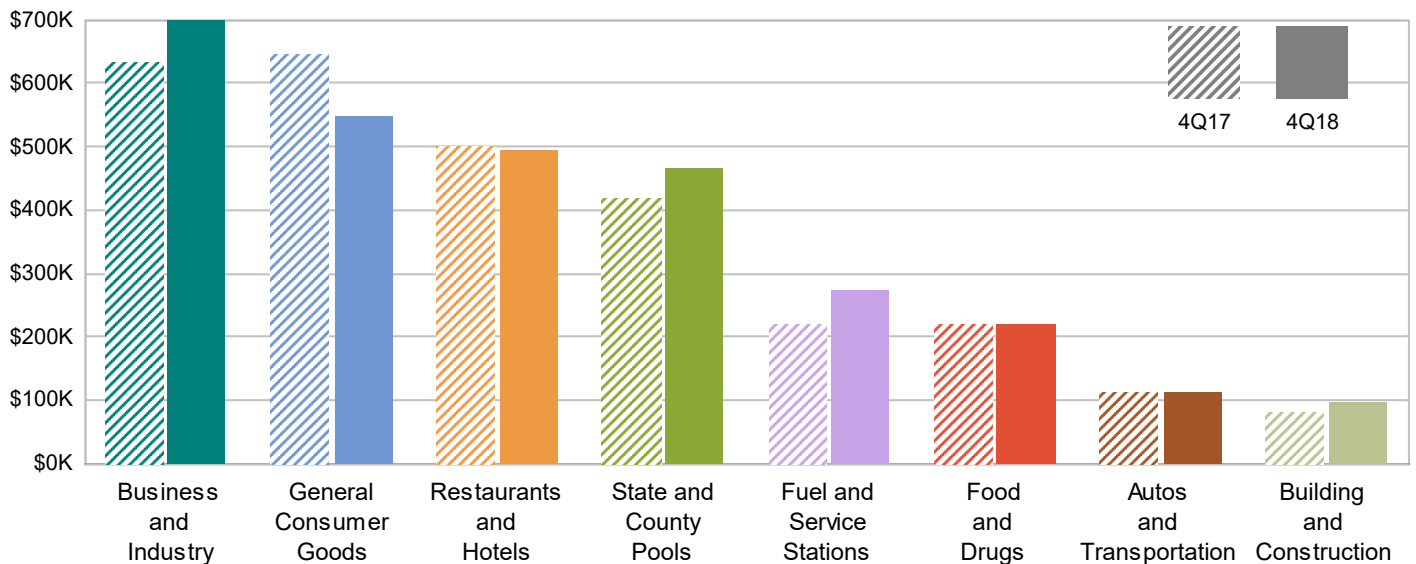
| <i>*In thousands of dollars</i> | | | | |
|---|----------------|--------------|--------------|-------------|
| Business Type | Alameda | | County | HdL State |
| | Q4 '18* | Change | Change | Change |
| Business Services | 36.6 | -18.3% | -12.8% | 8.0% |
| Casual Dining | 290.8 | -1.2% | 4.0% | 2.4% |
| Convenience Stores/Liquor | 41.8 | 6.3% | -0.4% | 2.8% |
| Department Stores | — | CONFIDENTIAL | -5.3% | -3.4% |
| Discount Dept Stores | — | CONFIDENTIAL | 4.1% | 3.9% |
| Drug Stores | — | CONFIDENTIAL | 37.5% | 21.9% |
| Family Apparel | 114.0 | -41.7% | -3.4% | 0.5% |
| Fast-Casual Restaurants | 50.7 | -3.2% | 3.5% | 4.3% |
| Grocery Stores | 105.6 | -11.3% | -8.1% | -11.7% |
| Home Furnishings | 50.2 | 2.4% | -5.7% | 0.8% |
| Light Industrial/Printers | 42.2 | 44.3% | 11.5% | 9.1% |
| Medical/Biotech | — | CONFIDENTIAL | -2.8% | 25.9% |
| Quick-Service Restaurants | 142.9 | 9.7% | 5.8% | 6.5% |
| Service Stations | 320.2 | 48.8% | 34.2% | 28.5% |
| Specialty Stores | 91.5 | 5.4% | -16.7% | -10.6% |
| Total All Accounts | 2,576.7 | 8.0% | 2.5% | 7.0% |
| County & State Pool Allocation | 466.1 | 24.5% | 18.1% | 8.6% |
| Gross Receipts | 3,042.8 | 10.2% | 4.6% | 7.2% |
| City/County Share | (152.1) | -10.2% | | |
| Net Receipts | 2,890.6 | 10.2% | | |

CITY OF ALAMEDA

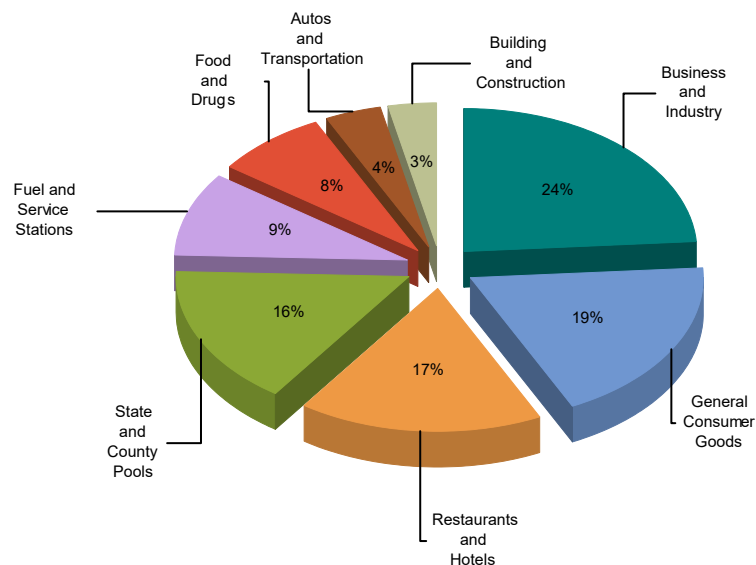
MAJOR INDUSTRY GROUPS

| Major Industry Group | Count | 4Q18 | 4Q17 | \$ Change | % Change |
|---------------------------|-------|-----------|-----------|-----------|----------|
| Business and Industry | 625 | 699,383 | 632,831 | 66,552 | 10.5% |
| General Consumer Goods | 1,578 | 547,274 | 647,332 | (100,059) | -15.5% |
| Restaurants and Hotels | 341 | 496,148 | 501,459 | (5,311) | -1.1% |
| State and County Pools | - | 466,987 | 419,913 | 47,074 | 11.2% |
| Fuel and Service Stations | 21 | 274,859 | 222,144 | 52,715 | 23.7% |
| Food and Drugs | 99 | 221,071 | 220,592 | 479 | 0.2% |
| Autos and Transportation | 124 | 114,143 | 114,054 | 89 | 0.1% |
| Building and Construction | 67 | 99,502 | 83,188 | 16,315 | 19.6% |
| Transfers & Unidentified | 51 | 2,452 | 9,586 | (7,135) | -74.4% |
| Total | 2,906 | 2,921,817 | 2,851,098 | 70,719 | 2.5% |

4Q17 Compared To 4Q18



4Q18 Percent of Total



Sales Tax by Major Industry Group

Business And Industry

Count: 625

General Consumer Goods

Count: 1,578

Restaurants And Hotels

Count: 341

State & County Pools

Fuel And Service Stations

Count: 21

Food And Drugs

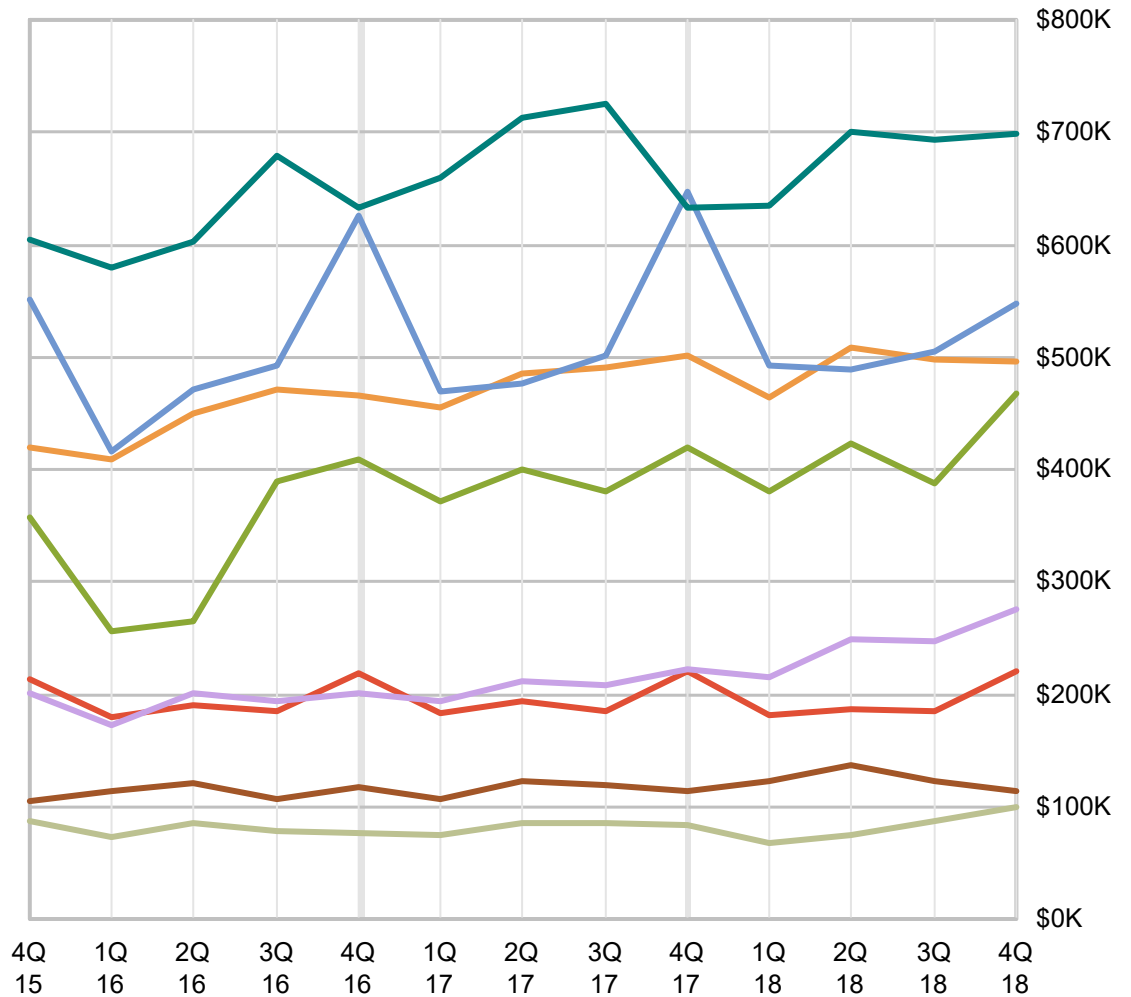
Count: 99

Autos And Transportation

Count: 124

Building And Construction

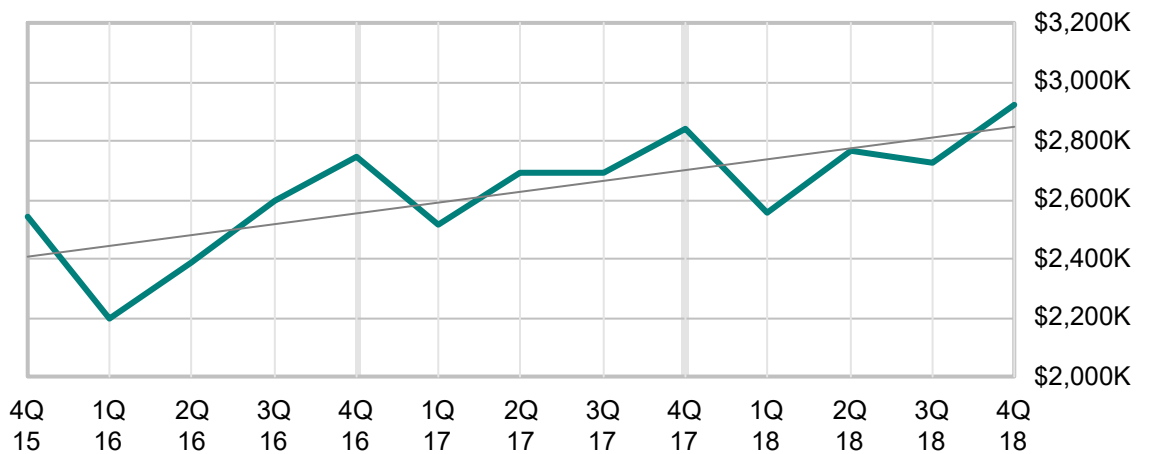
Count: 67



Agency Trend

Alameda

13 Quarter Trend: +18.3%



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

Geo Area Names

Sales Tax by Geographic areas

Harbor Bay Business Park

Count: 65

South Shore Center

Count: 74

Alameda Landing

Count: 39

Park - North & South Of Lincoln

Count: 414

Webster- North & South Of Lincoln

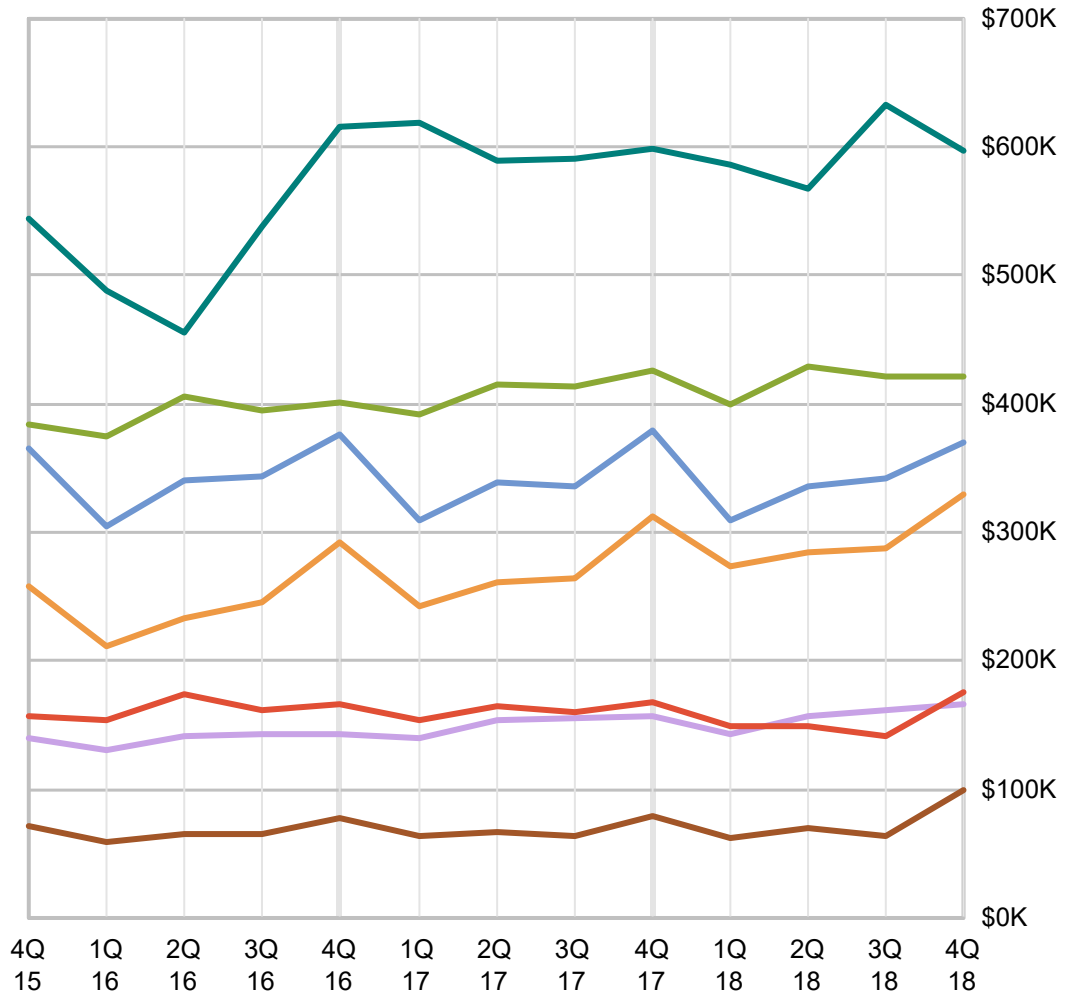
Count: 121

Clement Ave & Blanding Ave

Count: 108

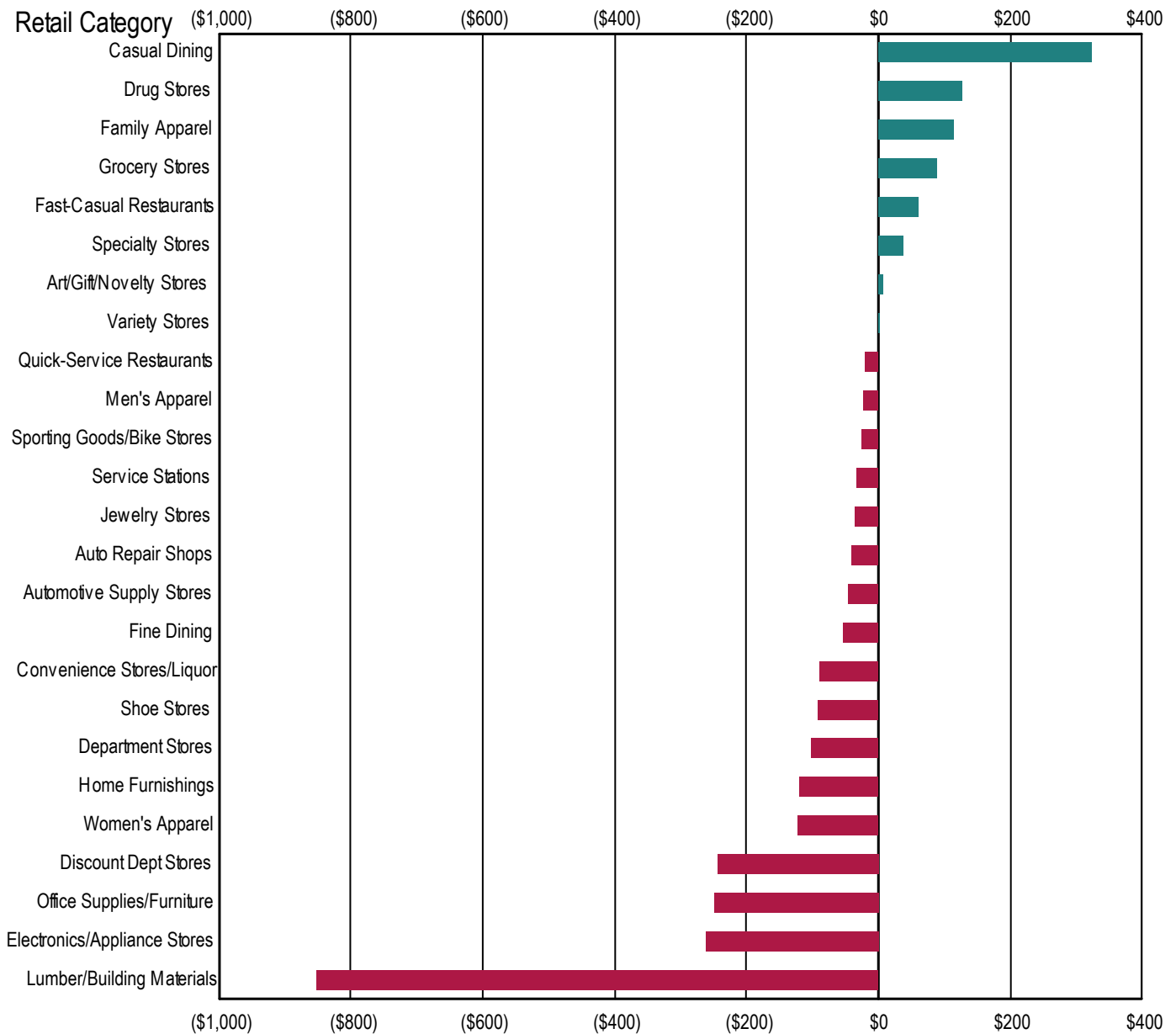
Bridgeside Center

Count: 33



* 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 general **starting point** in identifying new opportunities and is solely based on your jurisdiction's population. It is not market specific and does not factor in traffic patterns, demographic characteristics or potential competition within the market area but outside your jurisdiction's boundaries. For a comprehensive and detailed analysis of potential opportunities that your market can support, contact ECONsolutions@hdlcompanies.com



ALAMEDA COUNTY ALL AGENCIES

SALES TAX TRENDS FOR ALL AGENCIES - 4Q 2018 SALES

Agency allocations reflect "point of sale" receipts

| Agency Name | Count | Current Year* 4Q 2018 | Prior Year* 4Q 2017 | Share of County Pool | Actual Receipts % Change | Adjusted* % Change |
|---------------------|---------------|--------------------------|------------------------|-------------------------|-----------------------------|-----------------------|
| Dublin | 1,431 | 5,602,791 | 4,774,708 | 7.0% | + 17.3% | + 20.3% |
| Piedmont | 201 | 54,557 | 42,750 | 0.1% | + 27.6% | + 9.9% |
| Hayward | 4,365 | 8,418,833 | 7,892,770 | 10.6% | + 6.7% | + 7.3% |
| Fremont | 5,479 | 14,274,771 | 13,361,502 | 17.9% | + 6.8% | + 6.8% |
| Alameda Co. Uninc | 2,585 | 2,621,963 | 2,589,411 | 3.3% | + 1.3% | + 4.5% |
| Newark | 1,403 | 2,999,085 | 2,911,007 | 3.8% | + 3.0% | + 3.6% |
| Albany | 542 | 672,199 | 718,813 | 0.8% | - 6.5% | + 2.0% |
| Alameda | 2,906 | 2,576,681 | 2,386,620 | 3.2% | + 8.0% | + 1.0% |
| Emeryville | 852 | 1,970,370 | 2,160,850 | 2.5% | - 8.8% | + 0.6% |
| Oakland | 14,058 | 13,435,402 | 12,934,108 | 16.9% | + 3.9% | - 0.1% |
| Livermore | 2,891 | 7,935,268 | 8,026,742 | 10.0% | - 1.1% | - 1.9% |
| Berkeley | 4,831 | 4,504,995 | 4,316,101 | 5.7% | + 4.4% | - 2.2% |
| San Leandro | 2,677 | 6,990,931 | 7,349,903 | 8.8% | - 4.9% | - 4.5% |
| Union City | 1,329 | 2,410,906 | 2,630,326 | 3.0% | - 8.3% | - 5.1% |
| Pleasanton | 3,720 | 5,169,168 | 5,633,669 | 6.5% | - 8.2% | - 6.6% |
| Totals | 49,270 | 79,637,920 | 77,729,280 | 100.0% | + 2.5% | + 2.1% |
| Alameda Pool | 14,623 | 14,366,011 | 12,171,776 | | + 18.0% | + 5.8% |

Per Capita Sales

Alameda

Count: 2,906

Oakland

Count: 14,058

El Cerrito

Count: 644

Union City

Count: 1,329

San Leandro

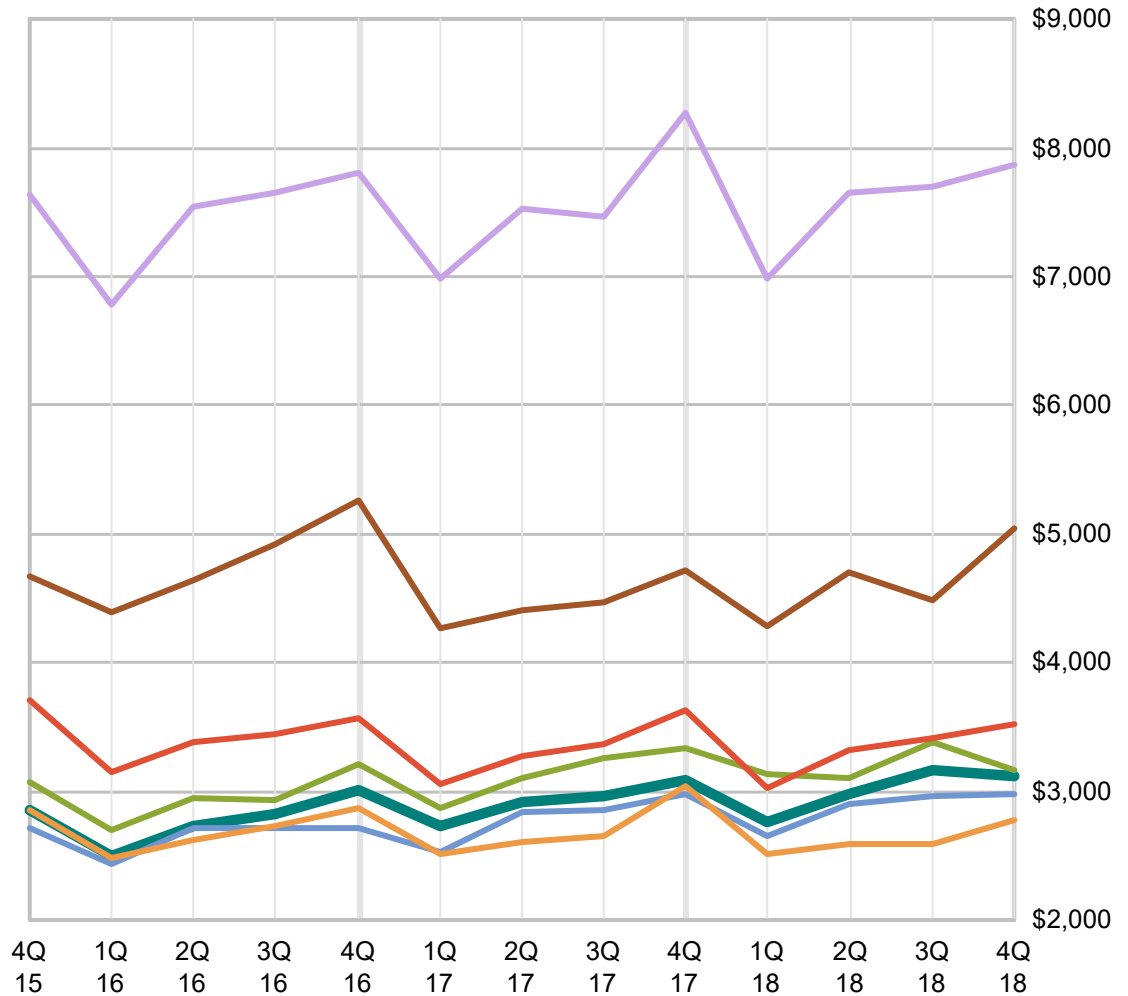
Count: 2,677

Berkeley

Count: 4,831

Hayward

Count: 4,365



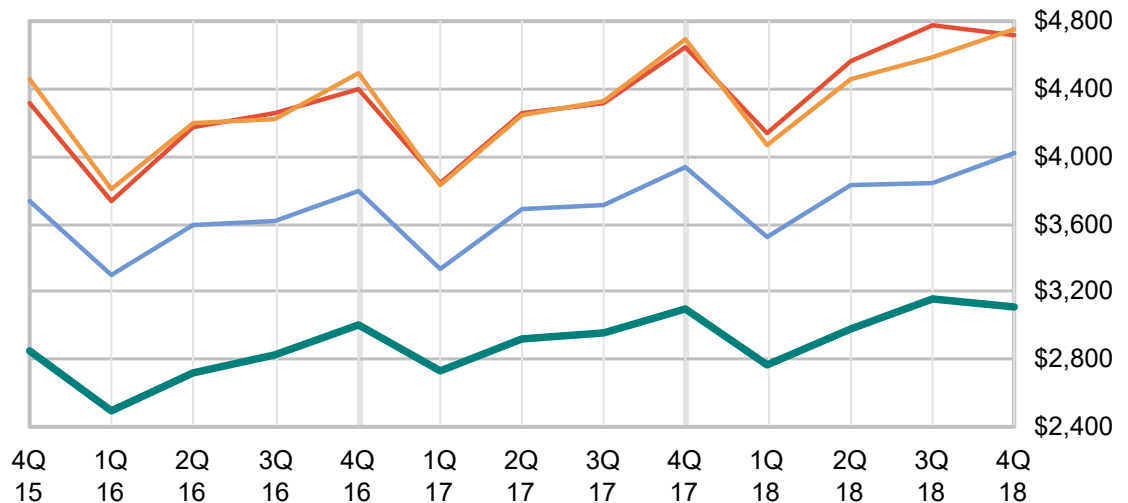
Per Capita Sales

Alameda

Alameda County

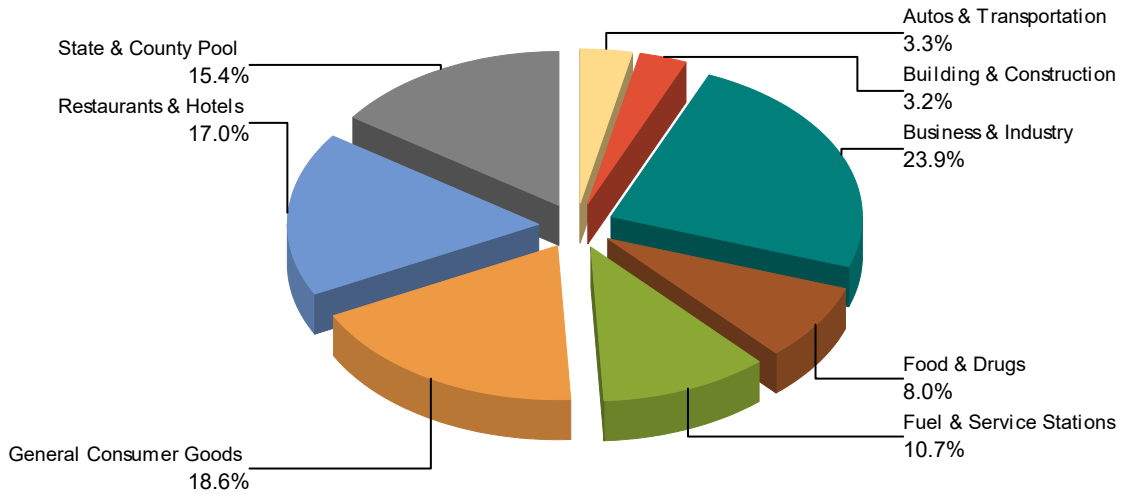
Bay Area

California



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

City of Alameda



HdL Client Database Statewide Totals

