CITY OF Alameda

Quarterly Sales Tax Report for the Period Ending June 30, 2019

Q1 2019

City of Alameda Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Alameda In Brief

Alameda's receipts from January through March were 30.9% above the first sales period in 2018. Excluding reporting aberrations, actual sales were up 16.1%.

Continuing adjustments related to the CDTFA software conversion overstated receipts in most major business groups including the countywide use tax allocation pool. In addition, a onetime allocation was a significant factor in the overall increase.

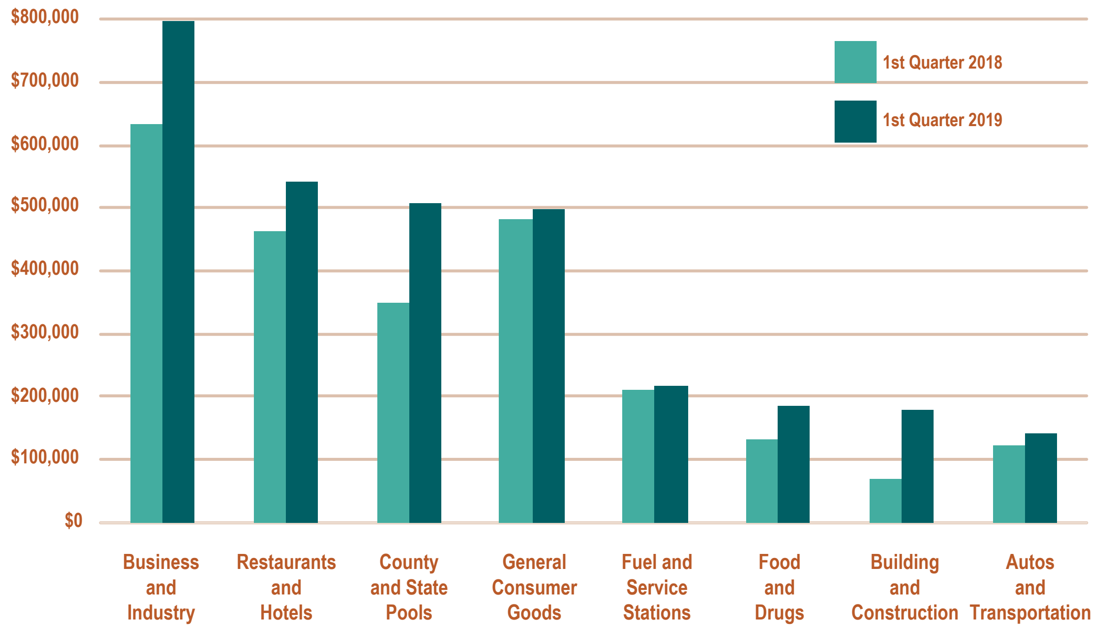
On an actual basis, business to business sales activity posted a gain of 17% despite sluggish performance in some sectors. The 6.2% rise in restaurants outpaced regional trends with a new addition in casual dining.

Post-holiday retail was comparable to a year ago while building and construction posted solid results including temporary project-based allocations. A recent opening accounted for the 2.1% rise in food and drugs once anomalies were removed.

Measure F, the City's voter-approved half cent transactions tax, became effective April 1st.

Net of aberrations, taxable sales for all of Alameda County declined 2.1% over the comparable time period; the Bay Area was down 0.2%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

- ABB Optical Group
- Aisle 1
- Alameda Electrical Distributors
- Alameda Sushi House
- Bay Ship & Yacht Co
- Bran Tapes
- Chevron
- CVS Pharmacy
- In N Out Burger
- Kohls
- La Penca Azul
- Nob Hill Food
- North Face
- Penumbra
- Pottery Barn Outlet
- Power Engineering Contractors
- Ross
- Safeway Fuel
- Standard Process Northern California
- Target
- TJ Maxx
- Trader Joes
- United States Pharmacopoeial Convention
- Walgreens
- Webster 76

Revenue Comparison

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	$6,844,482	$8,079,370
County Pool	1,093,067	1,429,023
State Pool	4,436	4,345
Gross Receipts	$7,941,985	$9,512,738
Cty/Cnty Share	(397,099)	(475,637)
Net Receipts	**$7,544,885**	**$9,037,101**

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NOTES

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

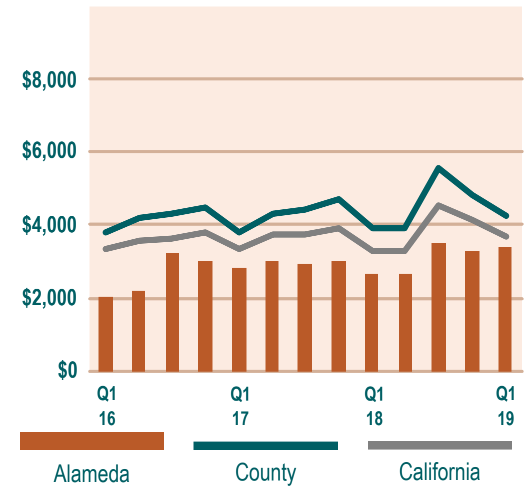
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

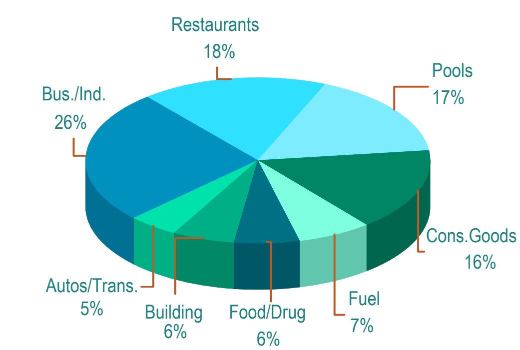
Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

Sales Per Capita



Revenue By Business Group

Alameda This Quarter



Alameda Top 15 Business Types

*In thousands of dollars	Alameda		County	HdL State
Business Type	Q1 '19*	Change	Change	Change
Boats/Motorcycles	55.9	26.4%	15.6%	0.4%
Business Services	44.9	50.6%	47.8%	65.3%
Casual Dining	325.0	19.8%	15.4%	13.3%
Contractors	— CONFIDENTIAL —		27.0%	4.8%
Discount Dept Stores	— CONFIDENTIAL —		0.4%	2.8%
Drug Stores	— CONFIDENTIAL —		80.3%	37.8%
Family Apparel	157.7	5.6%	5.0%	7.1%
Fast-Casual Restaurants	58.2	15.0%	4.1%	8.5%
Grocery Stores	96.7	26.7%	11.6%	25.7%
Home Furnishings	43.3	11.7%	-5.5%	3.4%
Medical/Biotech	— CONFIDENTIAL —		-6.5%	5.8%
Quick-Service Restaurants	137.1	11.4%	9.3%	10.1%
Receivables/Master Outlets	— CONFIDENTIAL —		na	213.8%
Service Stations	217.4	3.5%	14.3%	15.7%
Specialty Stores	66.2	19.0%	20.0%	23.4%
Total All Accounts	**2,716.3**	**28.6%**	**9.1%**	**13.5%**
County & State Pool Allocation	**507.9**	**45.1%**	**23.1%**	**23.8%**
Gross Receipts	**3,224.2**	**30.9%**	**11.1%**	**14.9%**
City/County Share	**(161.2)**	**-30.9%**		
Net Receipts	**3,063.0**	**30.9%**		

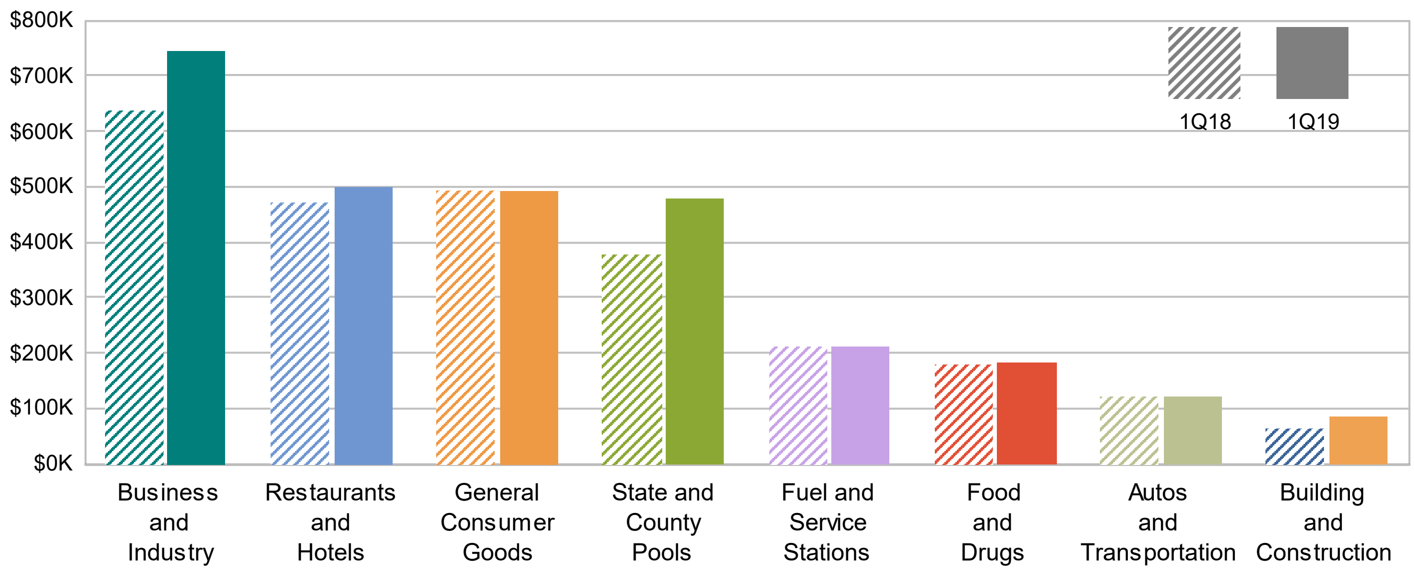
CITY OF ALAMEDA

MAJOR INDUSTRY GROUPS

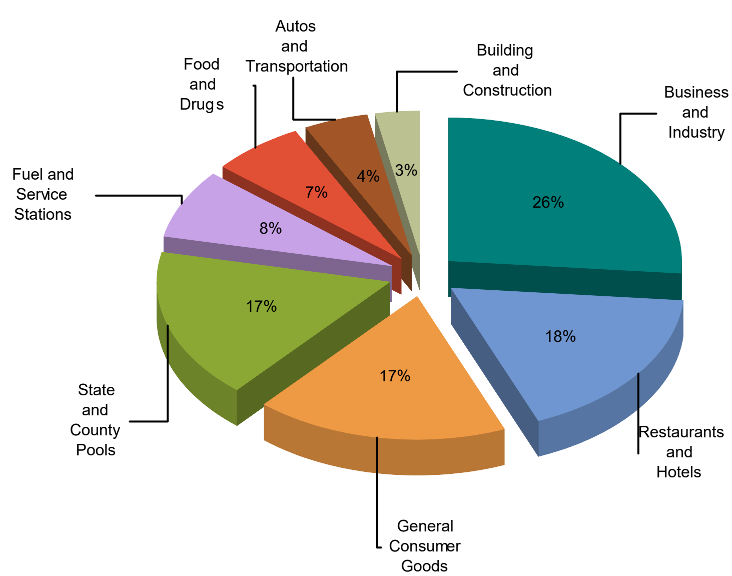
ADJUSTED FOR ECONOMIC DATA

Major Industry Group	Count	1Q19	1Q18	$ Change	% Change
Business and Industry	642	743,636	635,742	107,895	17.0%
Restaurants and Hotels	355	499,631	470,554	29,078	6.2%
General Consumer Goods	1,572	493,920	492,449	1,471	0.3%
State and County Pools	-	480,038	380,044	99,994	26.3%
Fuel and Service Stations	20	212,788	214,869	(2,082)	-1.0%
Food and Drugs	96	184,798	181,029	3,769	2.1%
Transfers & Unidentified	52	151,263	(182)	151,445	-N/A-
Autos and Transportation	123	122,422	122,739	(317)	-0.3%
Building and Construction	65	88,284	67,368	20,916	31.0%
Total	2,925	2,976,781	2,564,612	412,168	16.1%

1Q18 Compared To 1Q19



1Q19 Percent of Total



CITY OF ALAMEDA

ADJUSTED FOR ECONOMIC DATA

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Business And Industry
Count: 642

Restaurants And Hotels
Count: 355

General Consumer Goods
Count: 1,572

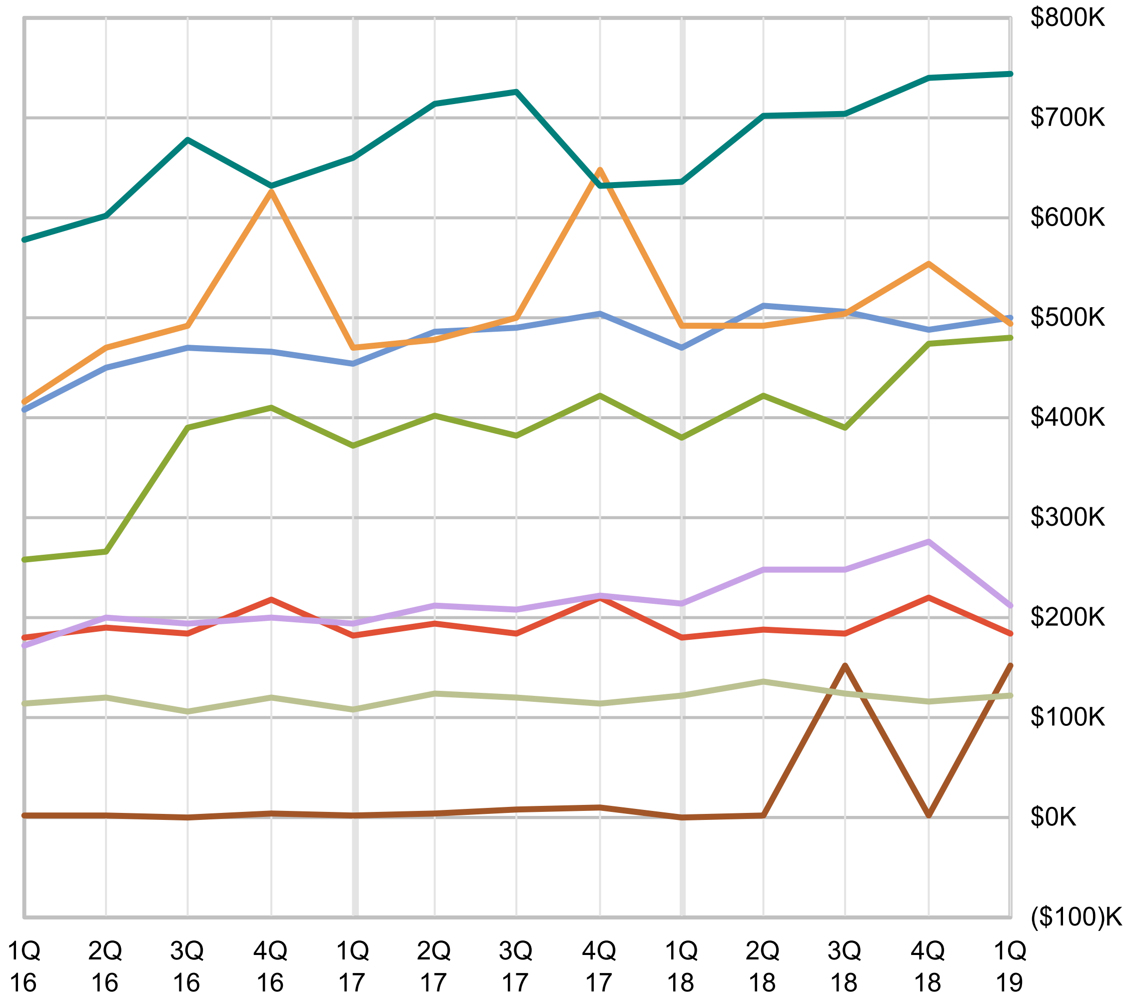
State & County Pools

Fuel And Service Stations
Count: 20

Food And Drugs
Count: 96

Transfers & Unidentified
Count: 52

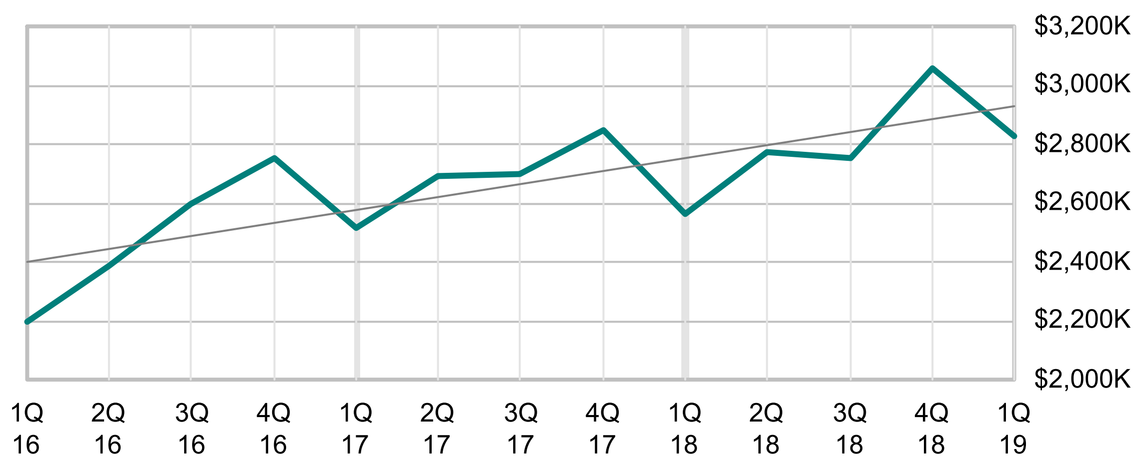
Autos And Transportation
Count: 123



Agency Trend

Alameda

13 Quarter Trend: +22.1%



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

CITY OF ALAMEDA

GEO AREA COMPARISONS - 13 QUARTER HISTORY

ADJUSTED FOR ECONOMIC DATA

Geo Area Names

Harbor Bay Business Park
Count: 63

South Shore Center
Count: 72

Alameda Landing
Count: 39

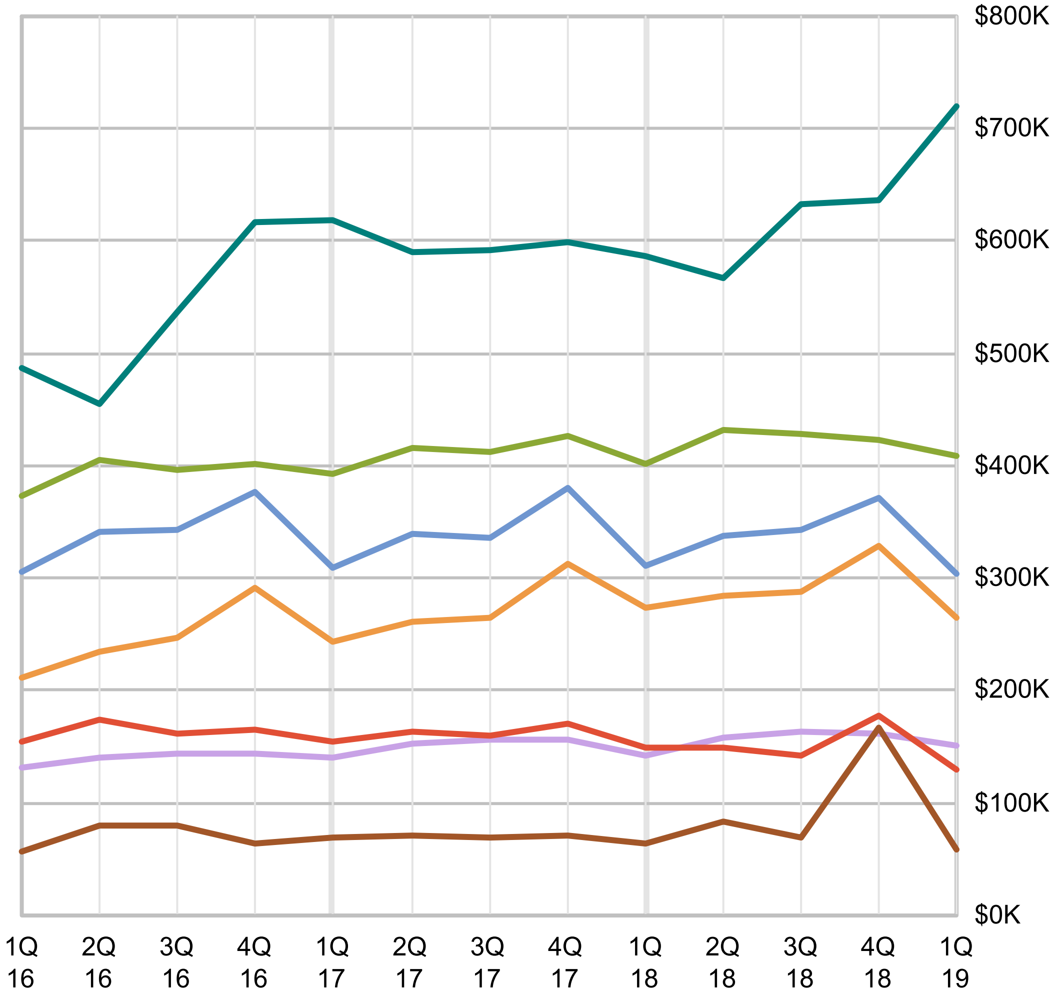
Park - North & South Of Lincoln
Count: 400

Webster- North & South Of Lincolr
Count: 121

Clement Ave & Blanding Ave
Count: 105

Alameda Point
Count: 464

Sales Tax by Geographic areas

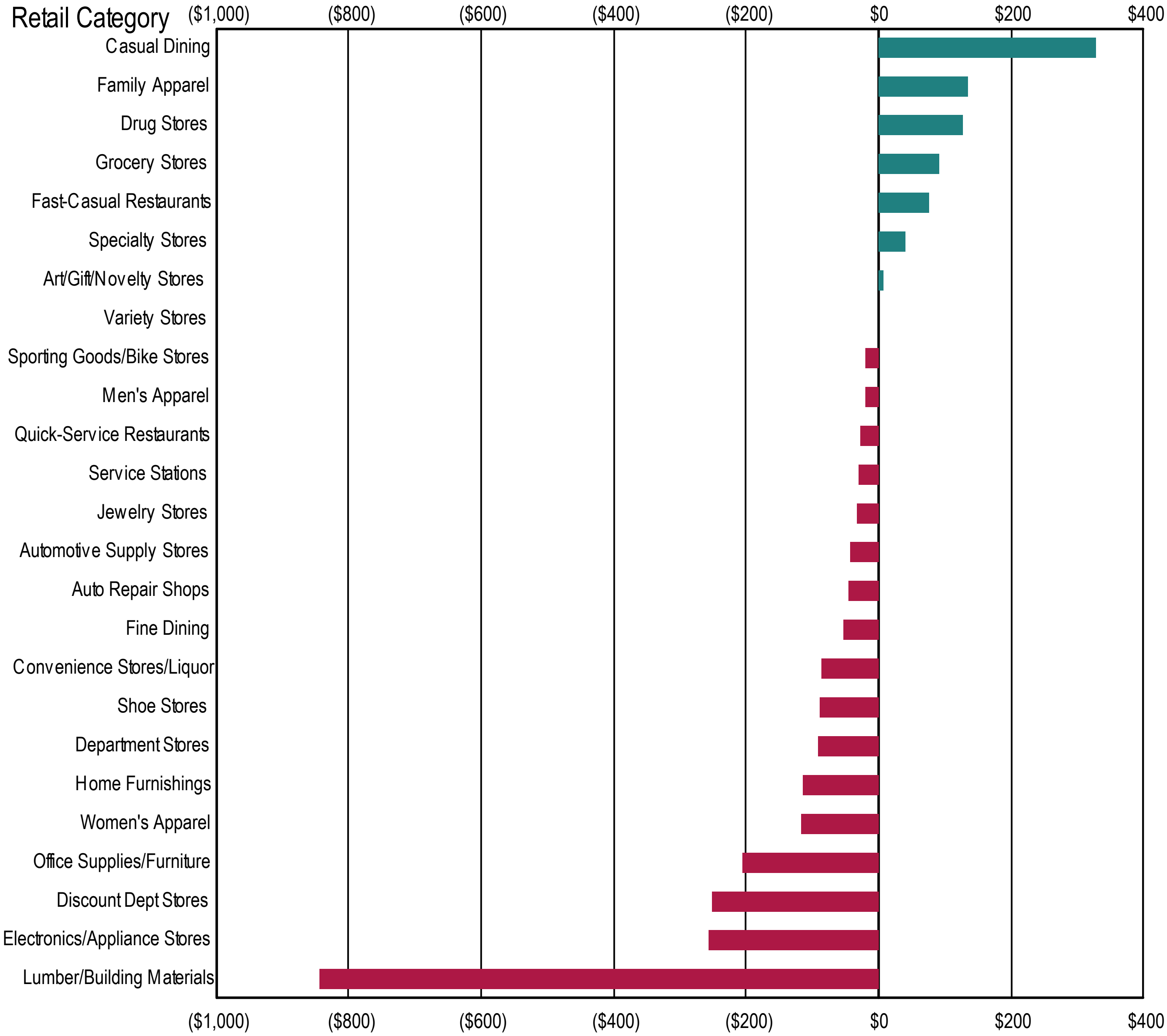


* Periods Shown Reflect the Period in Which the Sales Occurred - Point of Sale

CITY OF ALAMEDA

PER CAPITA SALES TAX SURPLUS/GAP COMPARISON - 4 QUARTERS ENDING 1Q 2019

ADJUSTED FOR ECONOMIC DATA



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 - 1Q 2019 SALES

Agency allocations reflect "point of sale" receipts

Agency Name	Count*	Current Year 1Q 2019	Prior Year 1Q 2018	Share of County Pool	Actual Receipts % Change	Adjusted % Change*
Alameda	2,925	2,716,289	2,112,824	3.8%	+ 28.6%	+ 14.3%
Piedmont	210	42,149	37,012	0.1%	+ 13.9%	+ 4.8%
Albany	549	597,073	521,746	0.8%	+ 14.4%	+ 4.6%
Dublin	1,476	4,564,142	3,940,892	6.5%	+ 15.8%	+ 4.5%
Berkeley	4,804	3,983,544	3,525,965	5.6%	+ 13.0%	+ 3.2%
Hayward	4,411	7,305,258	6,653,648	10.3%	+ 9.8%	+ 3.0%
Oakland	14,232	12,469,126	10,800,514	17.7%	+ 15.4%	+ 0.8%
Pleasanton	3,830	4,849,627	4,108,716	6.9%	+ 18.0%	- 0.8%
San Leandro	2,662	6,887,371	5,584,062	9.8%	+ 23.3%	- 1.0%
Alameda Co. Uninc	2,587	2,229,386	1,982,813	3.2%	+ 12.4%	- 2.2%
Livermore	2,914	6,721,306	5,876,891	9.5%	+ 14.4%	- 2.4%
Union City	1,320	2,295,923	2,282,364	3.3%	+ 0.6%	- 4.0%
Emeryville	856	1,878,586	1,741,292	2.7%	+ 7.9%	- 5.4%
Newark	1,421	2,707,637	2,478,046	3.8%	+ 9.3%	- 6.2%
Fremont	5,528	11,358,319	13,092,592	16.1%	- 13.2%	- 20.7%
Totals	-	70,605,733	64,739,376	100.0%	+ 9.1%	-
Alameda Pool	14,963	13,161,503	10,669,510		+ 23.4%	+ 7.5%

* Value not shown for agencies without detail data

CITY OF ALAMEDA

AGENCY COMPARISONS

ADJUSTED FOR ECONOMIC DATA

Per Capita Sales

Alameda
Count: 2,925

Oakland
Count: 14,232

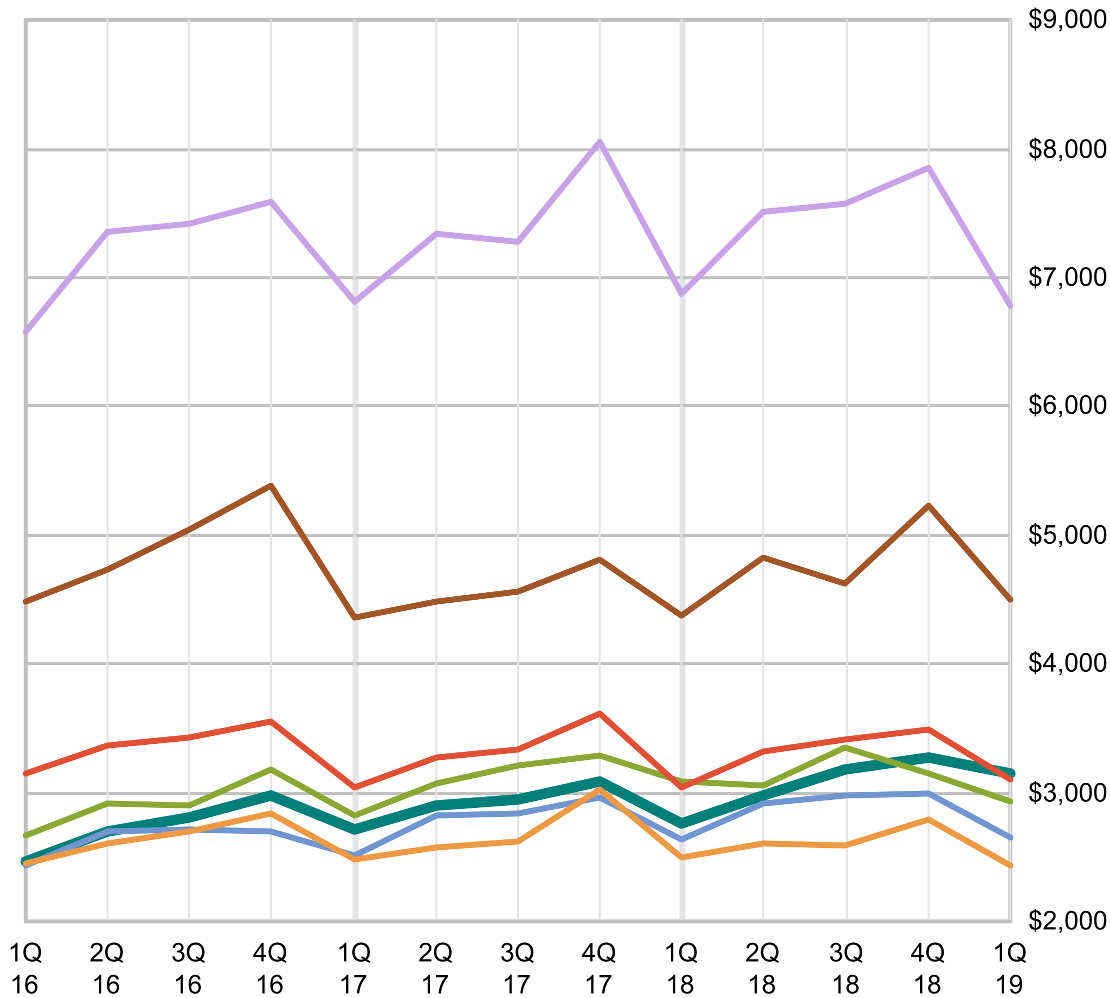
El Cerrito
Count: 659

Union City
Count: 1,320

San Leandro
Count: 2,662

Berkeley
Count: 4,804

Hayward
Count: 4,411



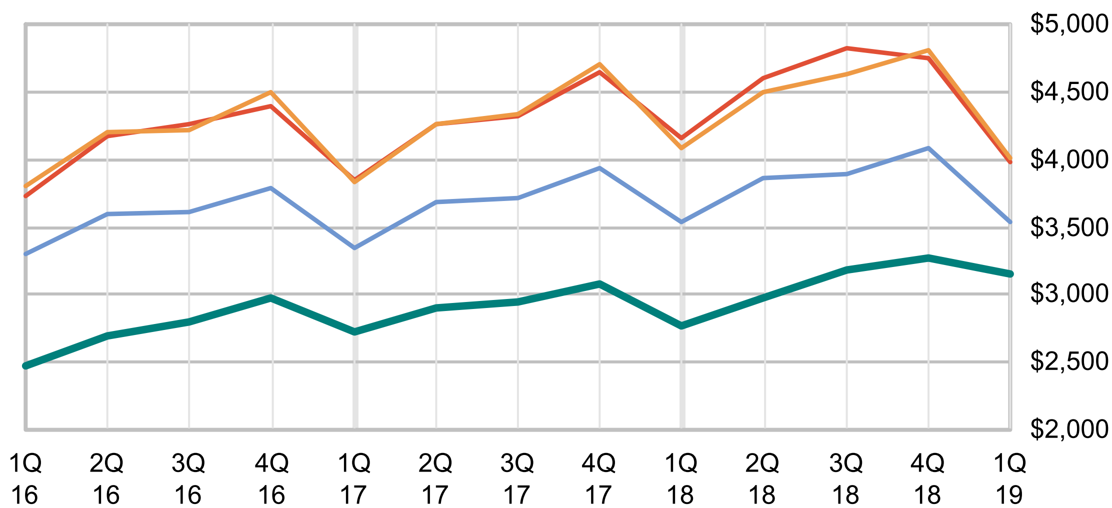
Per Capita Sales

Alameda

Alameda County

Bay Area

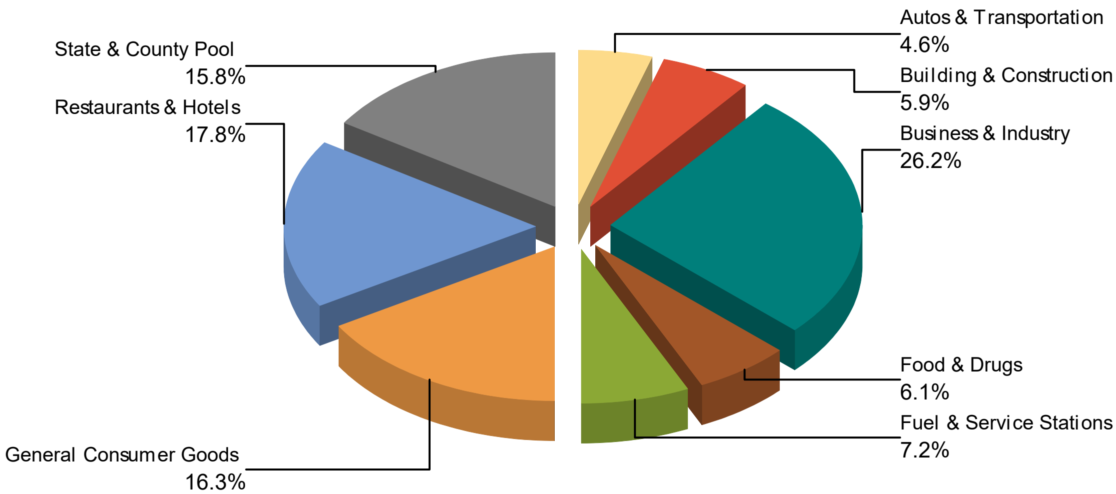
California



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

CITY TO STATE COMPARISON
1Q 2019

City of Alameda



HdL Client Database Statewide Totals