

Q3
2009

LIVERMORE

City of Livermore Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

Livermore In Brief

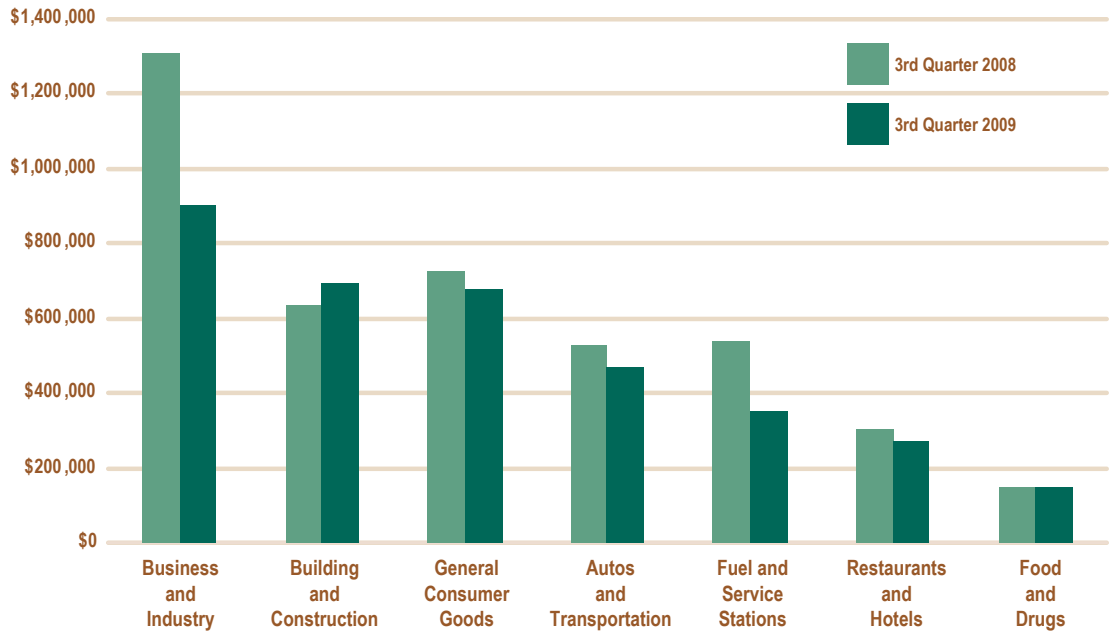
The allocation from Livermore's July through September sales was down 21.7% from the comparable quarter of 2008 after accounting aberrations were factored out.

The drop from last year's spike in fuel prices, business closeouts and continuing declines in both pricing and sales of business equipment and supplies, building/construction materials and several categories of restaurants and general consumer goods were the primary contributors to the decrease. A reduction in receipts from the countywide use tax allocation pool was an additional factor.

The losses were partially offset by a solid quarter for new car sales and value priced apparel stores. The jump in receipts from hardware stores was due to an accounting anomaly which masked an actual decline in that category.

Adjusted for reporting aberrations, receipts for all of Alameda County declined 16.8% from last year's comparable quarter while the nine county bay region as a whole was down 15.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Livermore Ford
AMS Net	Lincoln Mercury
Arco AM PM Mini Mart	Lowe's
Costco	Mobile Modular Management
F Rodgers Corporation	Quik Stop Markets
Harris Rebar	Safeway
Home Depot	Safeway Gas Sales
Homesite Services	Save Mart
JA Momaney Services	Siemens Metering
Jifco	Target
Kaiser Pharmacy	US Foodservice
Kohls	Wal Mart
Livermore Audi/Subaru/Honda	Waxies

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$8,116,496	\$6,614,212
County Pool	1,022,930	808,262
State Pool	2,632	6,623
Gross Receipts	\$9,142,058	\$7,429,096
Less Triple Flip*	\$(2,285,515)	\$(1,857,274)

*Reimbursed from county compensation fund

Statewide Sales Declines

With aberrations factored out, statewide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

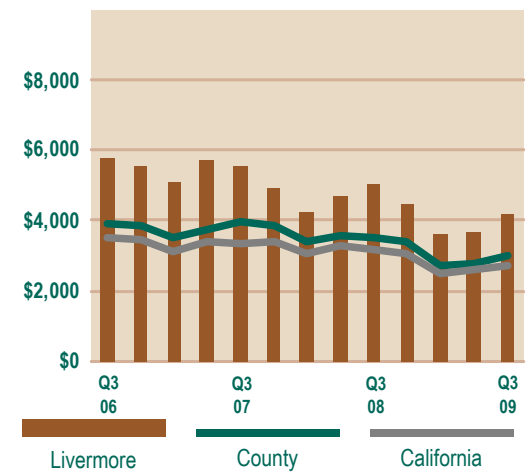
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q3 '09*	Change	Change	Change
Discount Dept Stores	\$386.7	-7.4%	-2.6%	-4.4%
Service Stations	353.7	-34.4%	-31.3%	-28.6%
New Motor Vehicle Dealers	247.1	25.5%	-9.3%	-9.8%
Hardware Stores	231.7	760.7%	298.0%	226.8%
Lumber/Building Materials	216.9	-30.6%	-16.1%	-9.8%
Contractors	151.1	-3.2%	-29.8%	-35.5%
Light Industrial/Printers	128.3	-47.7%	-21.7%	-19.1%
Electrical Equipment	126.7	-10.2%	-23.9%	-13.5%
Restaurants No Alcohol	126.1	-14.3%	-9.2%	-10.1%
Heavy Industrial	122.9	-50.5%	-32.9%	-32.0%
Repair Shop/Hand Tool Rentals	110.5	-10.6%	-15.6%	-24.0%
Farm Products/Equipment	103.0	6.2%	6.3%	6.1%
Drugs/Chemicals	89.9	41.9%	-6.6%	-13.3%
Grocery Stores Liquor	89.1	-5.9%	-4.0%	-1.3%
Plumbing/Electrical Supplies	86.1	-32.4%	-36.0%	-30.3%
Total All Accounts	\$3,525.7	-16.0%	-13.3%	-13.9%
County & State Pool Allocation	431.0	-25.8%		
Gross Receipts	\$3,956.8	-17.2%		<i>*In thousands</i>