

Q2 2006

LIVERMORE

City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2006)

Livermore In Brief

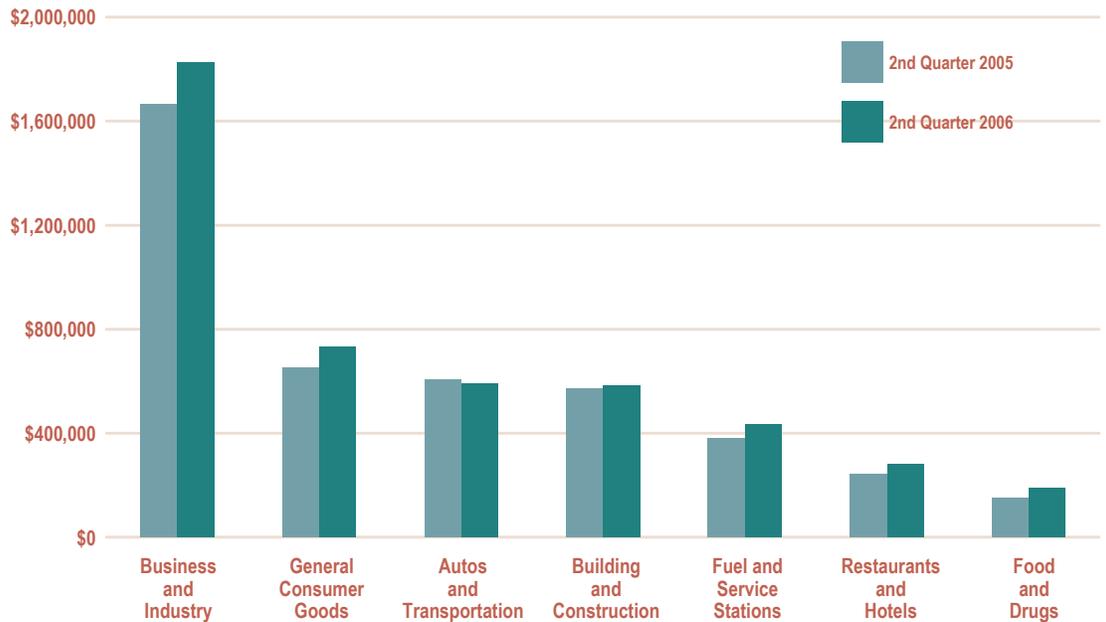
Second quarter receipts were 7.3% higher than one year ago.

Though service stations were up, a onetime accounting adjustment caused results to lag price-driven trends. Reporting aberrations boosted the light industrial/printer, repair shop/hand tool rental, restaurant with beer/wine and contractor comparisons.

Retroactive accounting adjustments that added amounts from sales in many previous quarters to year-ago receipts caused an unusually large drop in the office supplies/furniture group.

Over the same period, all of Alameda County was up 5.3%; the state gained 5.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

Albertsons	Lowes
Costco	Mervyns
DW Pumps	Mobile Modular Management Corp
Flow Solutions	Orchard Supply Hardware
Harris Rebar	Orco Construction Supply
Home Depot	Owens & Minor
JA Momaney Services	Quik Stop Markets
JCs RVs	Safeway
Kaiser Pharmacy	Safeway Gas Sales
Livermore Audi/Subaru/Honda	Target
Livermore Ford Lncln Mrcry Chr Jp	US Foodservice
Livermore Harley Davidson	Wal Mart
	Waxies

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$4,274,948	\$4,634,564
County Pool	653,367	652,999
State Pool	7,106	6,515
Gross Receipts	\$4,935,420	\$5,294,079
Less Triple Flip*	\$(1,233,855)	\$(1,323,520)

*Reimbursed from county compensation fund

California's Spring Sales

Statewide receipts from retail sales and use tax payments were 5.6% higher than the second quarter of 2005. All regions of the state exhibited gains with one-fourth of the increase due to a spike in prices of fuel and petroleum related products.

Consumer spending appeared to be strong in most regions with home furnishings, electronics/appliances and apparel all showing healthy growth over the previous spring quarter. Receipts from business purchases and capital investment were also generally up although the comparisons were skewed by numerous accounting adjustments. Revenues from sales of equipment and supplies to companies in the high-tech, health-related and petroleum industries showed the most consistent gains.

The overall increase occurred despite a decline in new car sales which were down for the second quarter in a row. Mid-priced domestic nameplates continued to bear the bulk of the decrease while receipts from dealers of luxury makes and fuel efficient Asian brands remained relatively stable. Lumber and building material sales were down in Northern California and the San Joaquin Valley due to severe weather conditions.

Revenues from restaurants appeared to hold up generally well despite concerns that higher fuel prices might impact higher priced, full service establishments. Food & Drug receipts took an unexpected jump because of state processing errors that folded some early-arriving third quarter payments into the current allocation.

Good Through 2006?

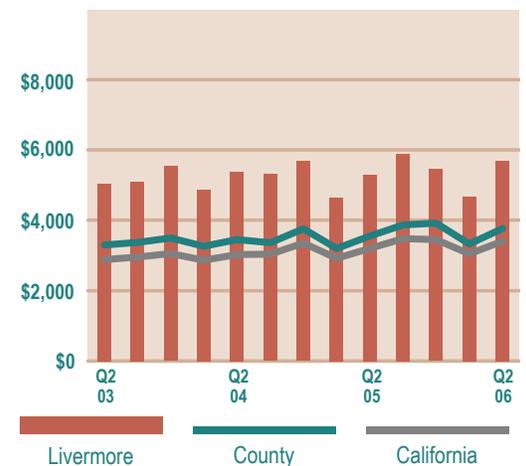
Despite concerns about the impact of the downturn in housing and auto sales, expectations by various forecasters for the remainder of 2006 are relatively optimistic. Easing fuel prices from the spring spike has relieved fed-

eral concerns about growing inflation and should reduce the strain on heavy petroleum product users. Discount retailers are also expected to benefit from a let up in fuel prices because the biggest impact has been on lower income families that are an important part of their customer base.

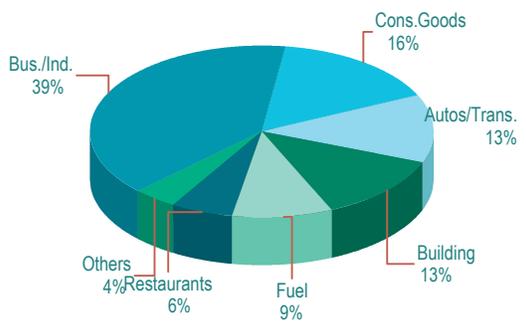
Preliminary reports are that household spending in the third quarter is up and the National Retail Federation (NRF) is predicting holiday sales to rise 5% over 2005. The weakening U.S. dollar is expected to sustain the current foreign demand for machines, computers and other equipment and help partially offset some of the employment concerns related to declining residential investment.

Even the UCLA Anderson Forecast which has been the most pessimistic tracker of the California economy, no longer believes that the state will go into recession unless job losses begin occurring in sectors outside the housing industry. Their September forecast does however, predict very slow growth in 2007 with building permits continuing to decline to 2008.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q2 '06*	Change	Change	Change
Health/Medical	\$621.4	3.1%	20.4%	0.8%
Service Stations	432.5	13.6%	16.9%	20.4%
Discount Dept Stores	414.6	6.8%	12.9%	7.3%
Lumber/Building Materials	347.8	4.1%	1.0%	-0.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-1.2%	-0.6%
Light Industrial/Printers	268.0	53.4%	37.6%	13.5%
Heavy Industrial	209.7	13.6%	34.6%	22.1%
Repair Shop/Hand Tool Rentals	136.5	46.4%	2.5%	13.5%
Contractors	134.0	19.7%	-12.3%	7.9%
Restaurants No Alcohol	124.7	7.0%	6.6%	7.1%
Farm/Construction Equip.	113.8	5.5%	17.1%	11.6%
Farm Products/Equipment	109.0	38.3%	-5.6%	14.8%
Electrical Equipment	105.2	3.2%	-35.8%	-24.4%
Grocery Stores Liquor	97.1	14.3%	9.3%	14.1%
Trailers/RVs	— CONFIDENTIAL —	—	-8.8%	-3.1%
Total All Accounts	\$4,634.6	8.4%	6.4%	7.4%
County & State Pool Allocation	659.5	-0.1%		
Gross Receipts	\$5,294.1	7.3%		<i>*In thousands</i>