



Quarterly Sales Tax Report  
for the Period Ending  
June 30, 2015





# City of Alameda

## Staff Report

**File Number:2015-1818**

---

City Council

**Agenda Date:** 9/1/2015

**File Type:** Consent Calendar Item

**Agenda Number:** 5-C

---

Recommendation to Accept the Quarterly Sales Tax Report for the Period Ending June 30, 2015 Collected During the Period January 1, 2015 to March 31, 2015. (Finance 2410)

To: Honorable Mayor and Members of the City Council

From: Elizabeth D. Warmerdam, Interim City Manager

Re: Recommendation to Accept the Quarterly Sales Tax Report for the Period Ending June 30, 2015 Collected During the Period January 1, 2015 to March 31, 2015

### BACKGROUND

This report summarizes the sales tax receipts for the point-of-sales activity for the period January 1 through March 31, 2015, which is the basis for sales tax revenues received by the City between April 1, 2015, and June 30, 2015. For purposes of this report, sales tax revenues exclude Proposition 172 funds, the allocation from the statewide pool for public safety services.

### DISCUSSION

Sales tax is the fourth largest source of General Fund revenues for the City of Alameda, representing approximately 8% of the total budgeted revenues for the Fiscal Year 2014-15. Total sales tax receipts based on the point-of-sales activity in Alameda increased approximately 0.3%, or \$6,493, from the same quarter in the prior fiscal year which included a retroactive favorable accounting adjustment by the Board of Equalization (BOE). The table on the following page shows changes in sales tax revenues by the geographic areas.

The top 25 businesses in Alameda represent approximately 53%, or \$1.1 million, of the quarter's total sales tax receipts. The top 100 businesses represent approximately 77%, or \$1.5 million, of the quarter's sales tax revenues.

The following is a summary of sales tax performance by key economic categories in comparison to the same quarter of the prior fiscal year:

---

---

City Council

**Agenda Date:** 9/1/2015

**File Type:** Consent Calendar Item

**Agenda Number:** 5-C

---

<b>Economic Category</b>	<b>Total</b>	<b>Percent of Total</b>	<b>Dollar Change Over Previous Year</b>	<b>Percent Change Over Previous Year</b>
Business and Industry	\$683,212	35%	(\$93,993)	-12.1%
Restaurants & Hotels	374,122	19%	38,267	11.4%
General Consumer Goods	351,041	18%	40,095	12.9%
Food and Drugs	185,318	9%	19,539	11.8%
Fuel and Service Stations	175,352	9%	(51,863)	-22.8%
Autos and Transportation	105,008	5%	10,705	11.4%
Building & Construction	103,231	5%	43,347	72.4%
Transfers & Unidentified	461	0%	396	609.2%
<b>Total - Quarter</b>	<b>\$1,977,745</b>	<b>100%</b>	<b>\$6,493</b>	<b>0.3%</b>

As mentioned above, City saw a slight increase in sales tax revenue for the current quarter despite various favorable accounting adjustments by the BOE in prior year's similar quarter. All segments except two, showed positive results to the comparison quarter. The Transportation and Fuel tax revenues declined mainly due to lower fuel prices in the current year. In the Business and Industry category, a retroactive favorable accounting adjustments in prior year was a main factor for lower revenues in the current year. Food and Drugs and General Consumer Goods categories continue to see improved sales compared to the same quarter in prior year. With the addition of new establishments, restaurants and hotels, we continue to see growth in the casual and fine dining sectors. An accounting adjustment generated most of the increase in the Building and Construction segment.

The following is a summary of sales tax by geographic area, in comparison with the same quarter of the prior fiscal year:

---

**Agenda Date:** 9/1/2015

**File Type:** Consent Calendar Item

**Agenda Number:** 5-C

Geographic Areas	Total	Percent Total	Dollar Change Over Previous Year	Percent Change Over Previous Year
South Shore Center	\$291,354	14.7%	\$11,481	4.1%
Park – South of Lincoln	193,963	9.8%	(4,170)	-2.1%
Park – North of Lincoln	151,469	7.7%	(5,952)	-3.8%
Clement Ave & Blanding Ave	146,828	7.4%	(1,240)	-0.8%
Webster – North of Lincoln	93,731	4.7%	3,055	3.4%
Alameda Landing	144,033	7.3%	39,930	38.4%
Harbor Bay Business Park	501,725	25.4%	(127,793)	-20.3%
Marina Village Business Park	27,648	1.4%	(26,931)	-49.3%
Bridgeside Center	60,360	3.1%	(10,369)	-14.7%
North Waterfront	88,878	4.5%	47,662	115.6%
Alameda Point	77,656	3.9%	34,313	79.2%
Neighborhood Development Districts	59,815	3.0%	9,313	18.4%
Harbor Bay Landing	33,531	1.7%	3,681	12.3%
Marina Village Shopping Center	37,330	1.9%	(3,598)	-8.8%
Webster – South of Lincoln	41,739	2.1%	3,308	8.6%
All Other Areas	27,685	1.4%	33,803	552.5%
<b>Total - Quarter</b>	<b>\$1,977,745</b>	<b>100%</b>	<b>\$6,493</b>	<b>0.3%</b>

Alameda Landing, Alameda Point and North Waterfront geographic areas showed strong growth in sales activity both from existing businesses and the opening of new business establishments. The Harbor Bay Business Park sales tax decline is related to a retroactive accounting adjustment in prior year described above despite strong sales from all business types and opening of new establishments. The Park & Webster Streets retail areas and Neighborhood Development District businesses point-of-sales activity remained strong but their sales tax revenues declined mainly from Service Stations business segment due to lower fuel prices. The Marina Village Business Park experienced a drop in their sales tax from business services due to an accounting adjustment in prior year comparing quarter.

As of June 30, 2015, fiscal year sales tax revenues, as recorded in the City's General Fund, were approximately \$5.6 million or 99%, of the \$5.7 million budgeted (excluding Prop 172 sales tax funds) for Fiscal Year 2014-15. This is in line with expectations and budgeted assumptions for the fiscal year.

This quarter's report includes a supplemental section containing the following information:

1. Major Industry Groups - Current Quarter Comparison
2. Major Industry Groups - 13 Quarters History
3. Sales by Geographic Area - 13 Quarters History
4. Sales Tax Surplus/Gap Comparison by Retail Category
5. Quarterly Sales Comparison of Cities in Alameda County
6. Per Capita Sales Comparison of Cities in Alameda County
7. City to State Comparison by Sector - 1<sup>st</sup> Quarter 2015
8. Statewide Sales Tax Trend Information

---

City Council

**Agenda Date:** 9/1/2015

**File Type:** Consent Calendar Item

**Agenda Number:** 5-C

---

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

This action is in conformance with the Alameda Municipal Code and all policy documents.

ENVIRONMENTAL REVIEW

This activity is not a project and is exempt from the California Environmental Quality Act (CEQA) pursuant to section 15378 (b)(4) of the CEQA Guidelines, because it involves governmental fiscal activities, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

RECOMMENDATION

Accept the Quarterly Sales Tax Report for the period ending June 30, 2015 collected during the period January 1, 2015 to March 31, 2015.

Respectfully submitted by,  
Elena Adair, Finance Director

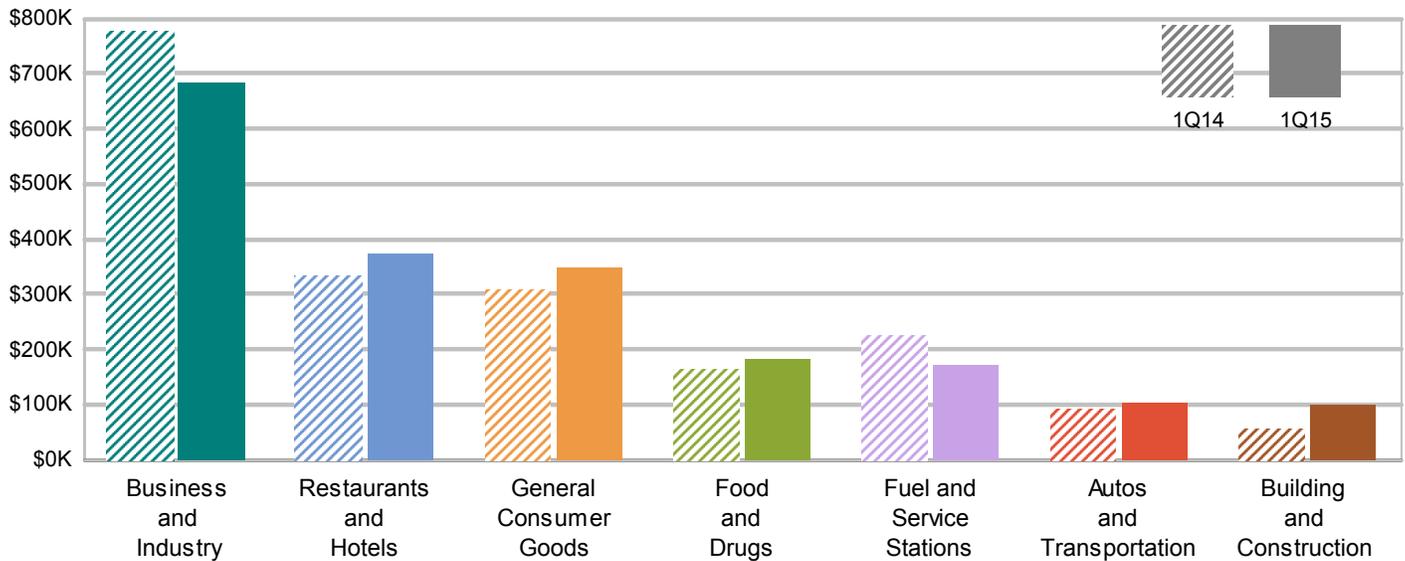
Exhibit:

1. Quarterly Sales Tax Report Supplemental Information

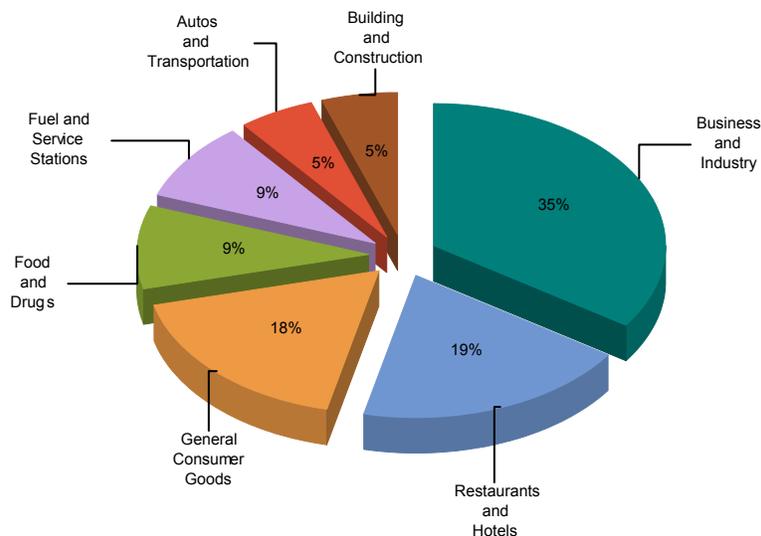
cc: Robb Ratto, PSBA  
Tony Kuttner, GABA  
Sandip Jariwala and Michelle Berner, WABA  
Mark Sorensen, Alameda Chamber of Commerce

<u>Major Industry Group</u>	<u>Count</u>	<u>1Q15</u>	<u>1Q14</u>	<u>\$ Change</u>	<u>% Change</u>
Business and Industry	661	683,212	777,205	(93,993)	-12.1%
Restaurants and Hotels	303	374,122	335,855	38,267	11.4%
General Consumer Goods	1,838	351,041	310,946	40,095	12.9%
Food and Drugs	92	185,318	165,779	19,539	11.8%
Fuel and Service Stations	20	175,352	227,216	(51,863)	-22.8%
Autos and Transportation	124	105,008	94,303	10,705	11.4%
Building and Construction	70	103,231	59,884	43,347	72.4%
Transfers & Unidentified	2	461	65	396	610.1%
<b>Total</b>	<b>3,110</b>	<b>1,977,745</b>	<b>1,971,252</b>	<b>6,493</b>	<b>0.3%</b>

**1Q14 Compared To 1Q15**



**1Q15 Percent of Total**



Sales Tax by Major Industry Group

**Business And Industry**

Count: 661

**Restaurants And Hotels**

Count: 303

**General Consumer Goods**

Count: 1,838

**Food And Drugs**

Count: 92

**Fuel And Service Stations**

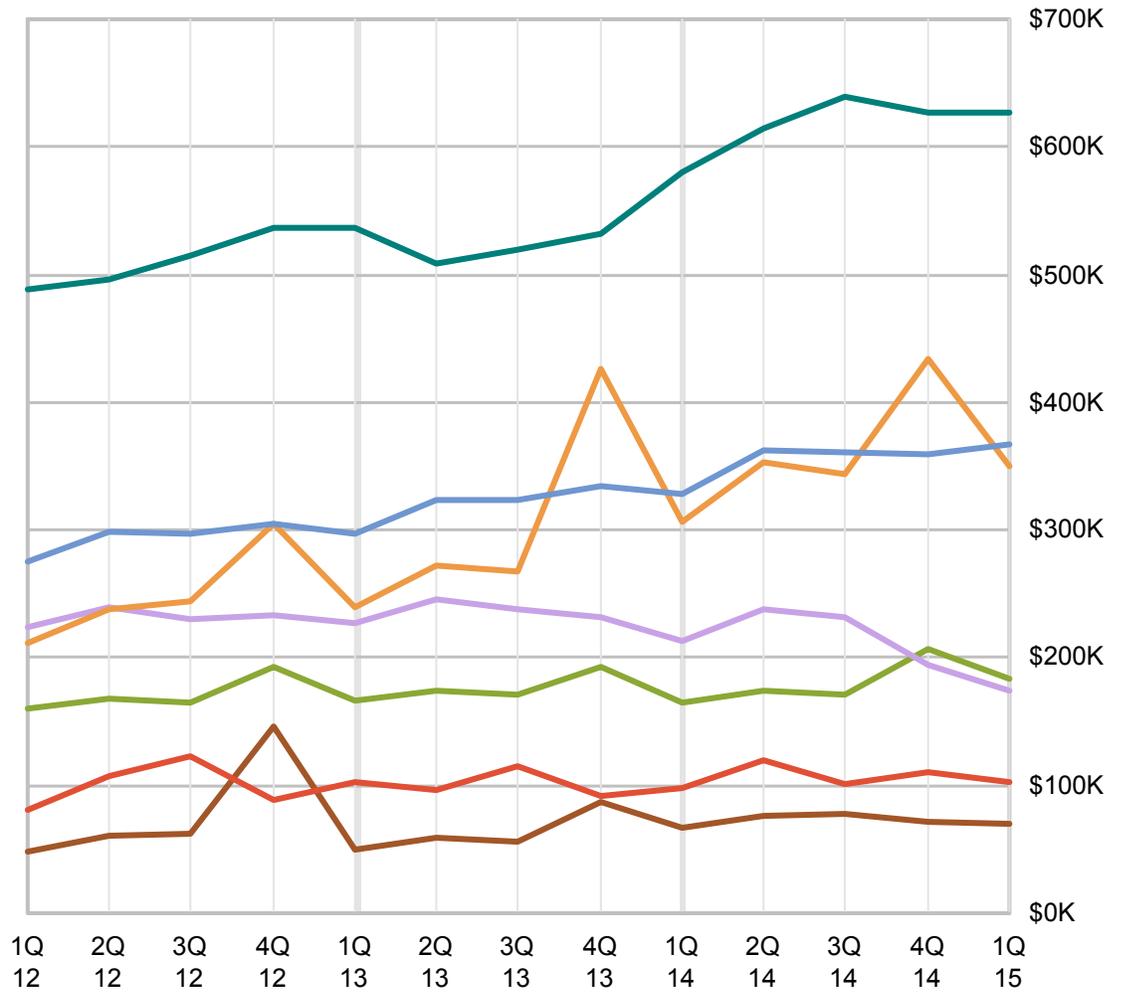
Count: 20

**Autos And Transportation**

Count: 124

**Building And Construction**

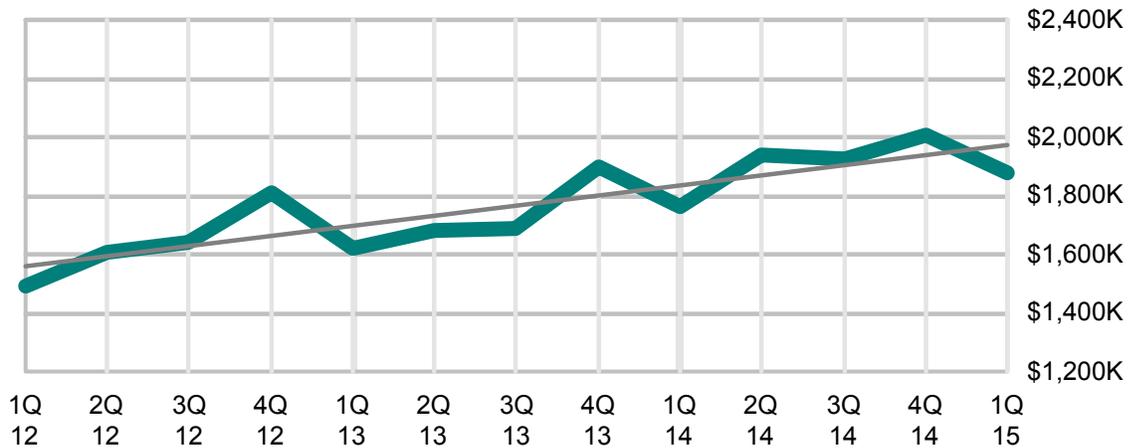
Count: 70



Agency Trend

**Alameda**

13 Quarter Trend: +26.8%



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: 51

**South Shore Center**

Count: 83

**Park - South Of Lincoln**

Count: 315

**Alameda Landing**

Count: 17

**Clement Ave & Blanding Ave**

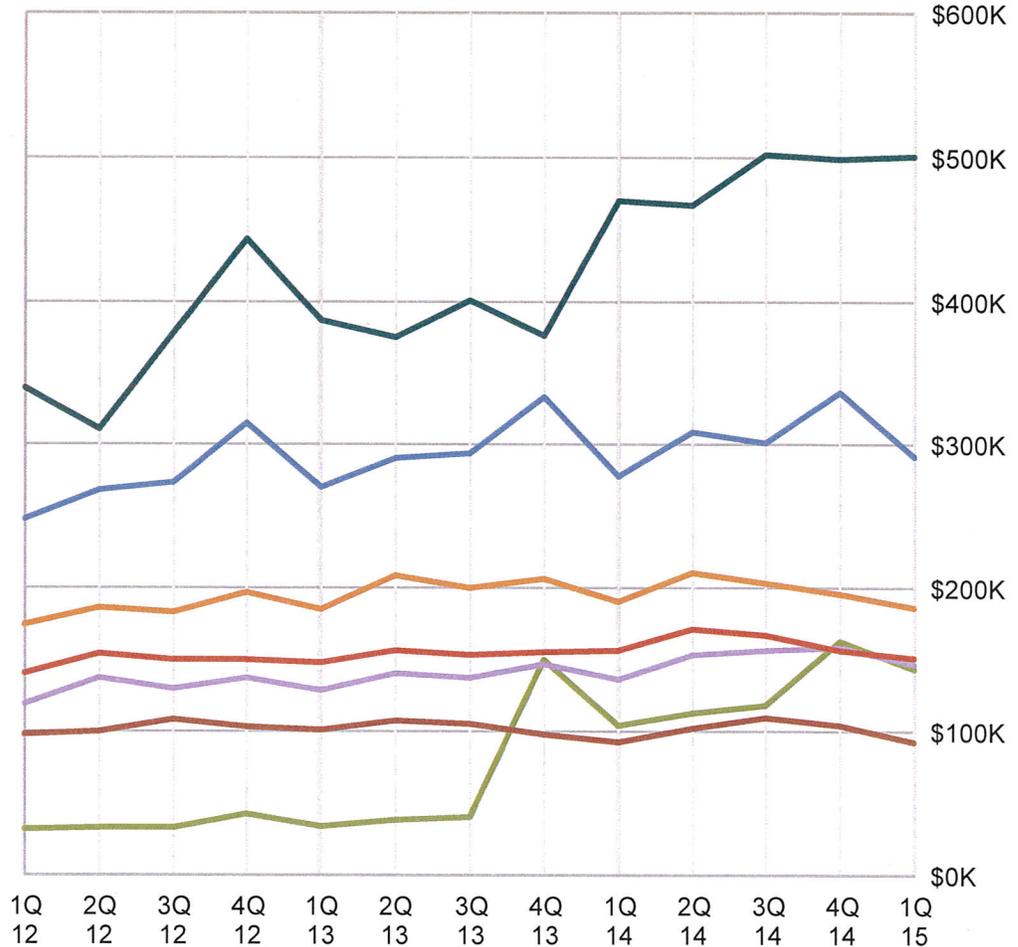
Count: 123

**Park - North Of Lincoln**

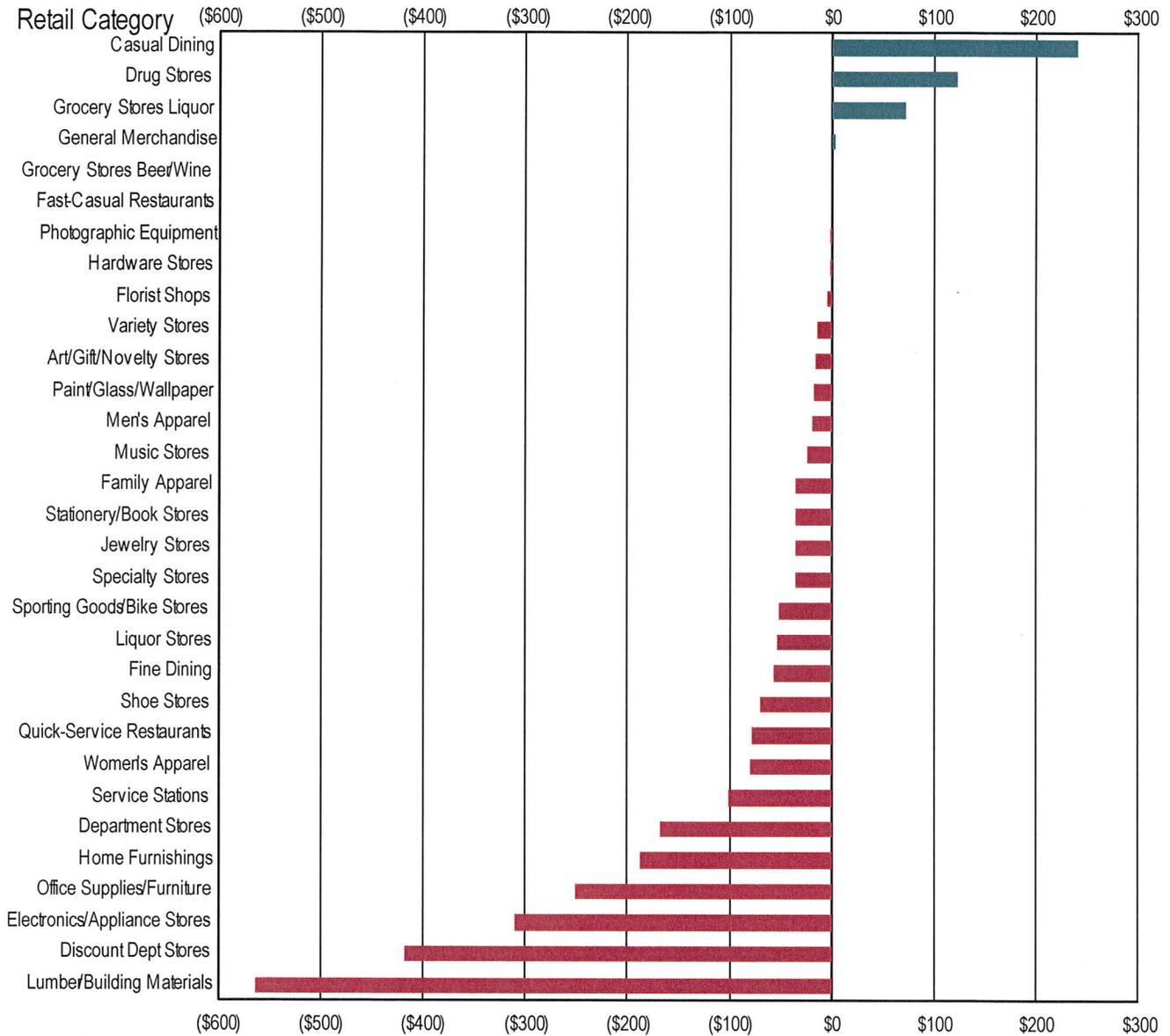
Count: 113

**Webster-north Of Lincoln**

Count: 40



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



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

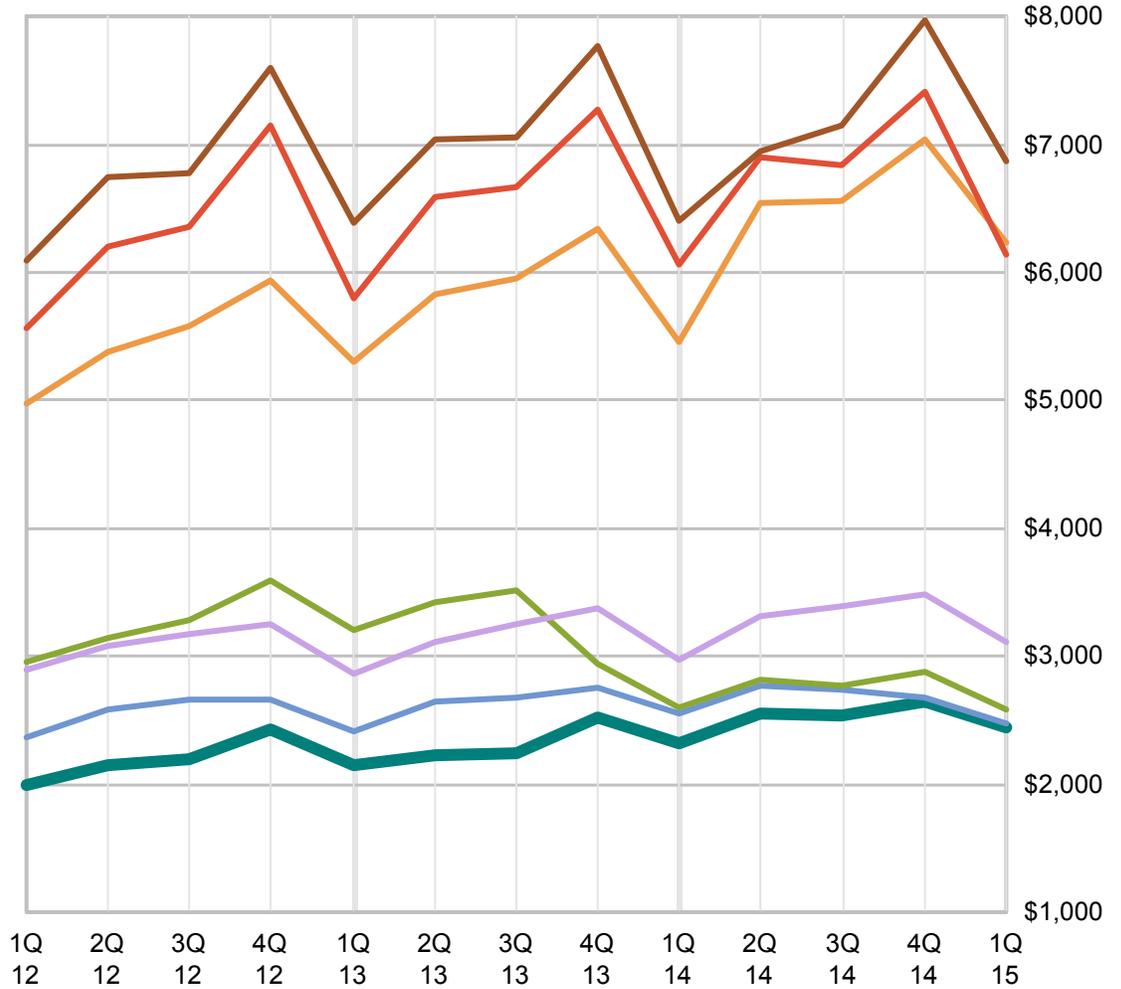
## SALES TAX TRENDS FOR ALL AGENCIES - 1Q 2015 SALES

Agency allocations reflect "point of sale" receipts

Agency Name	Count	Current Year 1Q 2015	Prior Year 1Q 2014	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
San Leandro	2,650	5,824,867	4,777,157	9.7%	+ 21.9%	+ 15.3%
Newark	1,352	2,353,574	2,151,897	3.9%	+ 9.4%	+ 11.5%
Dublin	1,375	3,914,507	3,744,830	6.5%	+ 4.5%	+ 11.1%
Fremont	5,481	8,477,204	8,309,018	14.2%	+ 2.0%	+ 9.9%
Piedmont	229	47,245	39,264	0.1%	+ 20.3%	+ 8.8%
Alameda Co. Uninc	2,523	1,937,647	1,686,883	3.2%	+ 14.9%	+ 8.6%
Alameda	3,110	1,977,745	1,971,252	3.3%	+ 0.3%	+ 6.5%
Berkeley	4,879	3,619,089	3,513,182	6.0%	+ 3.0%	+ 6.1%
Livermore	2,807	5,327,769	5,211,128	8.9%	+ 2.2%	+ 4.5%
Union City	1,286	2,080,285	1,952,878	3.5%	+ 6.5%	+ 3.8%
Pleasanton	3,584	4,659,866	4,171,247	7.8%	+ 11.7%	+ 3.7%
Albany	543	617,780	529,318	1.0%	+ 16.7%	+ 2.6%
Hayward	4,362	6,696,919	6,545,687	11.2%	+ 2.3%	+ 0.2%
Emeryville	891	1,841,933	1,812,917	3.1%	+ 1.6%	- 1.0%
Oakland	13,256	10,497,620	10,484,770	17.5%	+ 0.1%	- 2.4%
Totals	48,328	59,874,049	56,901,428	100.0%	+ 5.2%	+ 5.1%
Alameda Pool	12,835	6,426,595	8,868,575		- 27.5%	+ 0.7%

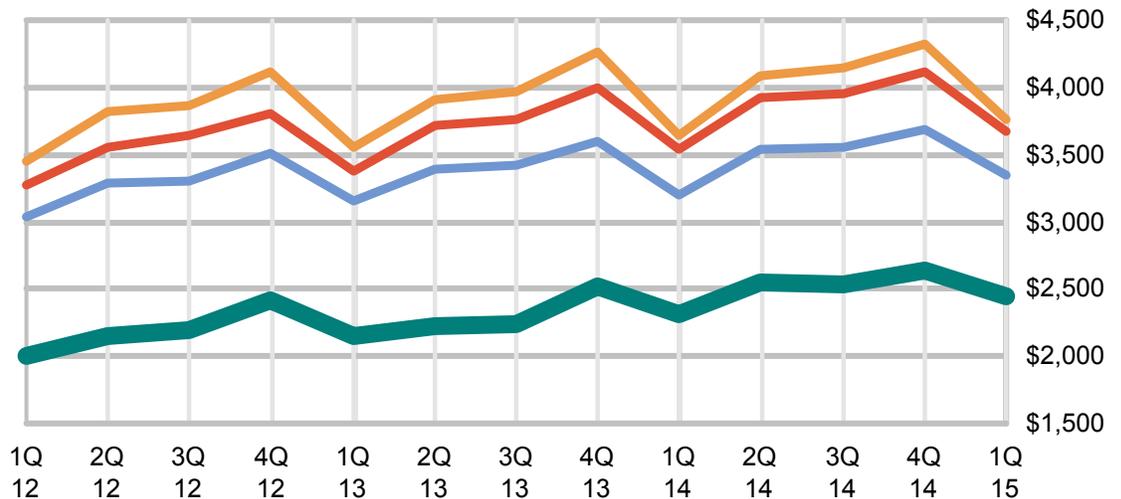
Per Capita Sales

<b>Alameda</b>	Count: 3,110
<b>Oakland</b>	Count: 13,256
<b>San Leandro</b>	Count: 2,650
<b>El Cerrito</b>	Count: 658
<b>Berkeley</b>	Count: 4,879
<b>Pleasanton</b>	Count: 3,584
<b>Walnut Creek</b>	Count: 2,833



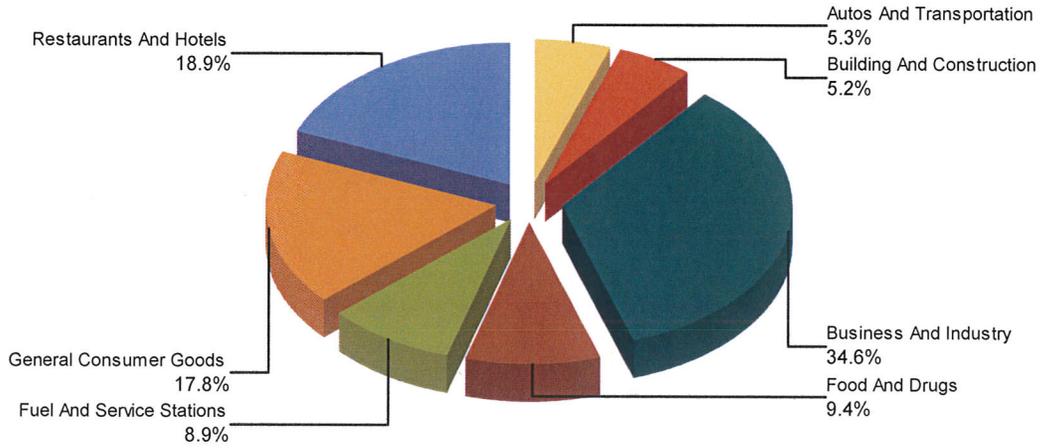
Per Capita Sales

<b>Alameda</b>
<b>Alameda County</b>
<b>Bay Area</b>
<b>California</b>

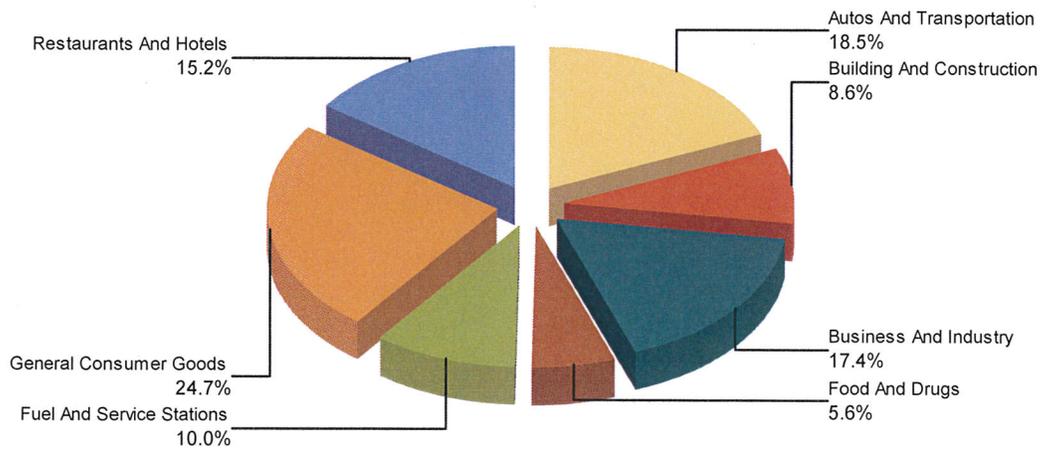


Periods shown reflect the period in which the sales occurred - Point of Sale

**City of Alameda**



**HdL Client Database Statewide Totals**



# Q1 2015



# City of Alameda Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## Alameda In Brief

Receipts for Alameda's January through March sales were 4.0% below the same quarter one year ago. Net of reporting aberrations, actual sales were up 5.0%.

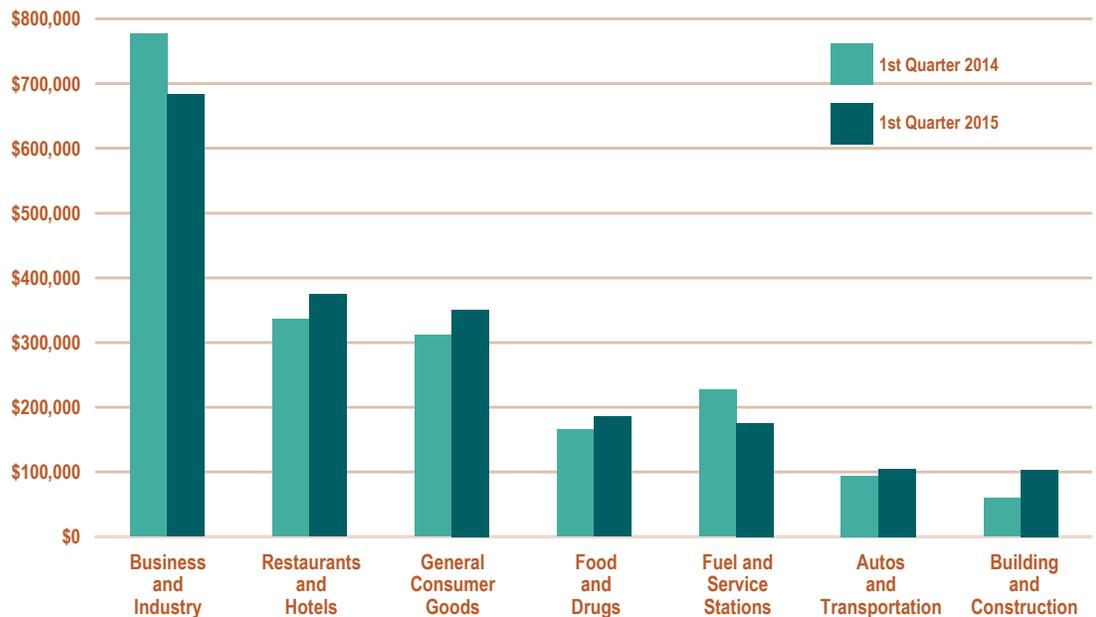
The disparity between cash receipts and local economic activity was mainly due to retroactive accounting adjustments that temporarily inflated business and industry totals in the comparison quarter.

General consumer goods and restaurant and hotel segments showed solid increases while also benefiting from new business additions. Overtime accounting adjustments generated most of the increase in the building and construction and autos and transportation categories. Food and drug sales were solidly up.

Lower prices at the pump caused the drop in the fuel and service station comparison.

Adjusted for aberrations, taxable sales for all of Alameda County increased 4.5% over the comparable time period, while sales in the Bay Area were up 4.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Concise	Penumbra
Alameda Electrical Distributors	Rosenblum Cellars
Alameda Sushi House	Ross
American Hydrotech	Safeway
Chevron	Safeway Fuel Center
Chevron	Standard Process Northern California
CVS Pharmacy	Target
Delphi Productions	TJ Maxx
Kohls	Trader Joes
La Penca Azul	United States Pharmacopoeial Convention
Lucky Market	Walgreens
Nob Hill Fuel	Webster 76
North Face	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$5,463,195	\$6,021,551
County Pool	901,553	847,295
State Pool	3,872	3,762
Gross Receipts	\$6,368,621	\$6,872,607
Cty/Cnty Share	(318,431)	(343,630)
Net Receipts	\$6,050,189	\$6,528,977
Less Triple Flip*	\$(1,512,547)	\$(1,632,244)

\*Reimbursed from county compensation fund

**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

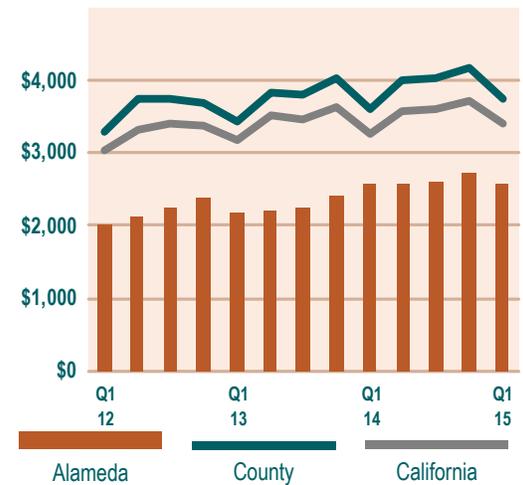
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

**Tax on Marijuana**

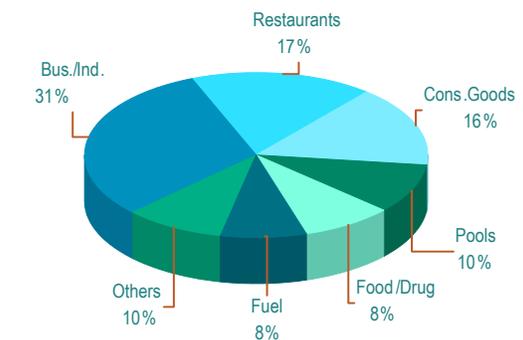
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Alameda This Quarter



**ALAMEDA TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Alameda Q1 '15*	Alameda Change	County Change	HdL State Change
Boats/Motorcycles	43.1	6.8%	31.8%	13.3%
Business Services	45.8	-30.9%	-19.7%	26.0%
Casual Dining	187.6	8.5%	11.2%	5.5%
Discount Dept Stores	—	CONFIDENTIAL	5.0%	4.2%
Drug Stores	—	CONFIDENTIAL	4.7%	10.7%
Family Apparel	70.8	12.3%	8.4%	9.8%
Fine Dining	33.0	27.7%	31.9%	16.5%
Grocery Stores Liquor	78.7	17.8%	6.2%	5.1%
Light Industrial/Printers	42.0	40.5%	-0.4%	6.0%
Medical/Biotech	—	CONFIDENTIAL	9.7%	5.1%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	31.2%	6.4%
Quick-Service Restaurants	111.0	10.7%	12.0%	10.6%
Service Stations	174.5	-22.2%	-24.7%	-21.9%
Specialty Stores	53.1	-5.9%	9.7%	9.9%
Wineries	49.8	na	67.7%	17.3%
<b>Total All Accounts</b>	<b>\$1,977.7</b>	<b>0.3%</b>	<b>5.2%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$212.3</b>	<b>-31.3%</b>	<b>-28.0%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$2,190.1</b>	<b>-4.0%</b>	<b>0.7%</b>	<b>3.3%</b>
City/County Share	(109.5)	4.0%		
<b>Net Receipts</b>	<b>\$2,080.6</b>	<b>-4.0%</b>		