



Quarterly Sales Tax Report  
for the Period Ending  
December 31, 2015



Recommendation to Accept the Quarterly Sales Tax Report for the Period Ending December 31, 2015 Collected During the Period July 1, 2015 to September 30, 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 December 31, 2015 Collected During the Period of July 1, 2015 to September 30, 2015

**BACKGROUND**

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

**DISCUSSION**

For the 2015-16 fiscal year, sales tax is the second largest single source of General Fund revenues for the City, representing approximately 11% of the total budgeted revenues. As of December 31, 2015, the General Fund has received over \$2.4 million (26% of budget) in sales tax revenues. The General Fund received \$2.2 million during the same period last fiscal year. This represents a 5% increase in year over year sales tax revenues recognized between July and December 2015.

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

| Economic Category         | 3rd Quarter 2015   |                  |                                  |                                   | 3rd Quarter 2014   |                  |
|---------------------------|--------------------|------------------|----------------------------------|-----------------------------------|--------------------|------------------|
|                           | Total              | Percent of Total | Dollar Change Over Previous Year | Percent Change Over Previous Year | Total              | Percent of Total |
| Business and Industry     | \$631,684          | 25%              | \$720                            | 0.1%                              | \$630,964          | 32.0%            |
| Restaurants & Hotels      | 425,952            | 17%              | 26,495                           | 6.6%                              | 399,457            | 20.3%            |
| General Consumer Goods    | 820,269            | 33%              | 475,864                          | 138.2%                            | 344,405            | 17.5%            |
| Food and Drugs            | 186,751            | 8%               | 14,317                           | 8.3%                              | 172,434            | 8.7%             |
| Fuel and Service Stations | 220,779            | 9%               | (19,913)                         | -8.3%                             | 240,692            | 12.2%            |
| Autos and Transportation  | 119,670            | 5%               | 22,305                           | 22.9%                             | 97,365             | 4.9%             |
| Building & Construction   | 83,402             | 3%               | (3,441)                          | -4.0%                             | 86,843             | 4.4%             |
| Transfers & Unidentified  | 0                  | 0%               | (55)                             | n/a                               | 55                 | 0.0%             |
| <b>Total - Quarter</b>    | <b>\$2,488,507</b> | <b>100%</b>      | <b>\$516,292</b>                 | <b>26.2%</b>                      | <b>\$1,972,215</b> | <b>100%</b>      |

The City had an increase of approximately \$516,000 in sales tax revenues for the third quarter of 2015 compared to the same quarter of the previous year. However, a

reporting error from a tax paying entity has temporarily spiked the results in the General Consumer Goods category and skewed the data. The correction of the error will occur in an ensuing quarter. Net of this error and other accounting anomalies, actual sales rose by 7.3% in the 3<sup>rd</sup> quarter from July through September 2015. All categories, except two, experienced increases over the previous year. Excluding the posting error, the General Consumer Goods category increased by 14.6% with the help of strong sales from existing outlets and new businesses. The Fuel and Service Stations category decreased again and will continue to decrease as fuel prices decline.

Most geographic areas showed an increase in sales tax revenue compared to the same quarter in the prior year. The 341% increase over the same quarter last year in the Alameda Landing geographic area is due to the reporting error mentioned earlier. However, after adjusting for the error, the Alameda Landing still experienced a healthy increase in sales tax. The increase is due to the strong business activity as well as sales from popular businesses that were not open during the same quarter last year, such as In-N-Out and Sleep Train.

| Geographic Areas                   | Total     | Percent of Total | Dollar Change Over Previous Year | Percent Change Over Previous Year |
|------------------------------------|-----------|------------------|----------------------------------|-----------------------------------|
| South Shore Center                 | \$333,322 | 13.4%            | \$32,234                         | 10.7%                             |
| Park – South of Lincoln            | 208,261   | 8.4%             | 4,056                            | 2.0%                              |
| Park – North of Lincoln            | 172,510   | 6.9%             | 4,719                            | 2.8%                              |
| Clement Ave & Blanding Ave         | 180,211   | 7.2%             | 24,211                           | 15.5%                             |
| Webster – North of Lincoln         | 103,305   | 4.2%             | (6,590)                          | -6.0%                             |
| Alameda Landing                    | 639,736   | 25.7%            | 494,881                          | 341.6%                            |
| Harbor Bay Business Park           | 517,927   | 20.8%            | 18,454                           | 3.7%                              |
| Marina Village Business Park       | 18,873    | 0.8%             | (18,488)                         | -49.5%                            |
| Bridgeside Center                  | 62,855    | 2.5%             | (2,549)                          | -3.9%                             |
| North Waterfront                   | 80,626    | 3.2%             | 31,337                           | 63.6%                             |
| Alameda Point                      | 49,666    | 2.0%             | 13,243                           | 36.4%                             |
| Neighborhood Development Districts | 71,599    | 2.9%             | (34)                             | 0.0%                              |
| Harbor Bay Landing                 | 34,020    | 1.4%             | 3,389                            | 11.1%                             |
| Marina Village Shopping Center     | 40,440    | 1.6%             | (2,251)                          | -5.3%                             |
| Webster – South of Lincoln         | 43,918    | 1.8%             | 952                              | 2.2%                              |

This Quarterly report includes a supplemental section containing the following information:

1. City of Alameda Sales Tax Update
2. Major Industry Groups – Current Quarter Comparison
3. Major Industry Groups – 13 Quarters History
4. Sales by Geographic Area – 13 Quarters History
5. PER Capita Sales Tax Surplus/GAP Comparison by Retail Category
6. Quarterly Sales Comparison of Cities in Alameda County
7. Nine Cities Per Capita Sales Comparison
8. City to State Comparison by Sector – 3<sup>rd</sup> Quarter 2015

## 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 December 31, 2015 collected during the period July 1, 2015 to September 30, 2015.

Respectfully submitted by,  
Elena Adair, Finance Director

Exhibit:

1. Quarterly Sales Tax Report Supplemental Information

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

# Q3 2015



# City of Alameda Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

## Alameda In Brief

Alameda's receipts from July through September sales were 25.5% higher than the same quarter one year ago, but a reporting error that temporarily spiked postings from general consumer goods skewed the data. Net of this and other accounting anomalies actual sales rose 7.3%.

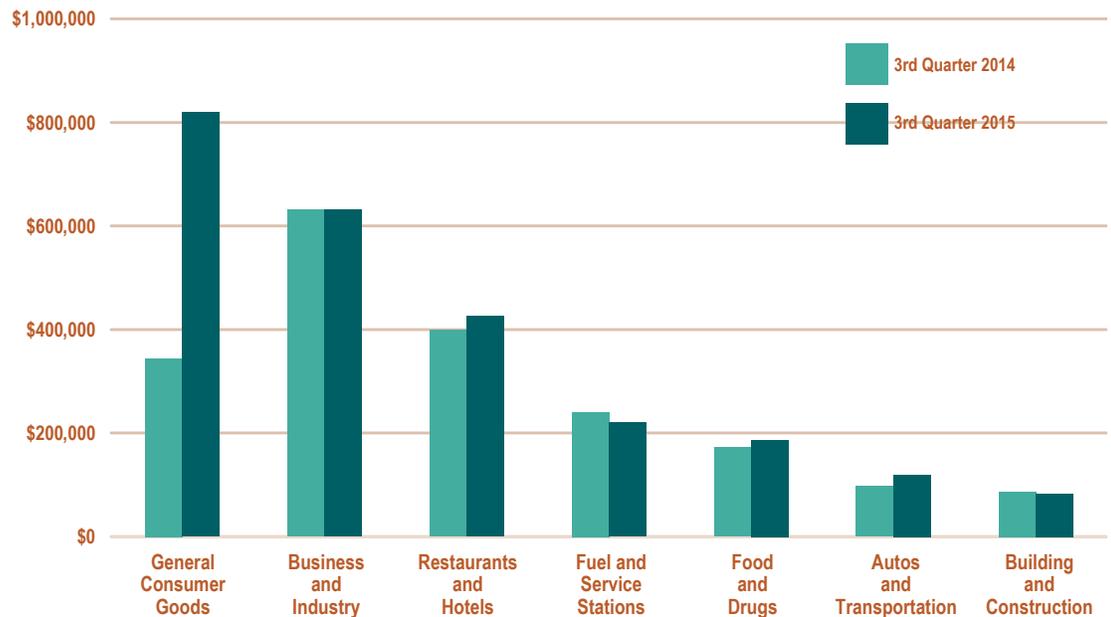
Excluding aberrations, receipts from general consumer goods increased 14.6% buoyed by recent additions and solid sales from existing outlets. New business contributed to gains from both the restaurant and foods and drugs groups, although payment deviations depressed comparisons for casual dining. Yacht sales lifted returns from boats/motorcycles.

The allocation from the county-wide use tax pool was inflated due to the reporting error because pool proceeds are distributed based on a ratio of cash point of sale receipts each quarter. Therefore the city's pool allocation will be depressed in a future quarter when the error is corrected.

Lower prices at the pump cut service station returns and receipts declined from business services.

Adjusted for aberrations taxable sales for all of Alameda County grew 6.1% over the same period; Bay Area totals were up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

|                                 |                  |
|---------------------------------|------------------|
| ABB Concise                     | Nob Hill Fuel    |
| Alameda 76 Gas                  | North Face       |
| Alameda Electrical Distributors | Penumbra         |
| Alameda Sushi House             | Ross             |
| Bay Ship & Yacht Co             | Safeway          |
| Bed Bath & Beyond               | Safeway Fuel     |
| Chevron                         | Sleep Train      |
| Chevron                         | Standard Process |
| CVS                             | Target           |
| Delphi Productions              | TJ Maxx          |
| In N Out Burgers                | Walgreens        |
| Kohls                           | Webster 76       |
| La Penca Azul                   |                  |

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

|                       | 2014-15            | 2015-16            |
|-----------------------|--------------------|--------------------|
| Point-of-Sale         | \$1,972,213        | \$2,488,507        |
| County Pool           | 309,644            | 376,168            |
| State Pool            | 1,395              | 476                |
| <b>Gross Receipts</b> | <b>\$2,283,253</b> | <b>\$2,865,150</b> |
| Cty/Cnty Share        | (114,163)          | (143,258)          |
| <b>Net Receipts</b>   | <b>\$2,169,090</b> | <b>\$2,721,893</b> |
| Less Triple Flip*     | \$(542,273)        | \$(680,473)        |

\*Reimbursed from county compensation fund

**Statewide Results**

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

**Online Retail Sales Continue to Outpace Brick & Mortar Stores**

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

**New Restrictions on Tax Sharing Agreements**

Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

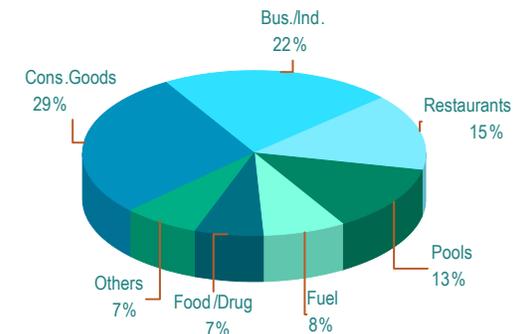
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Alameda This Quarter

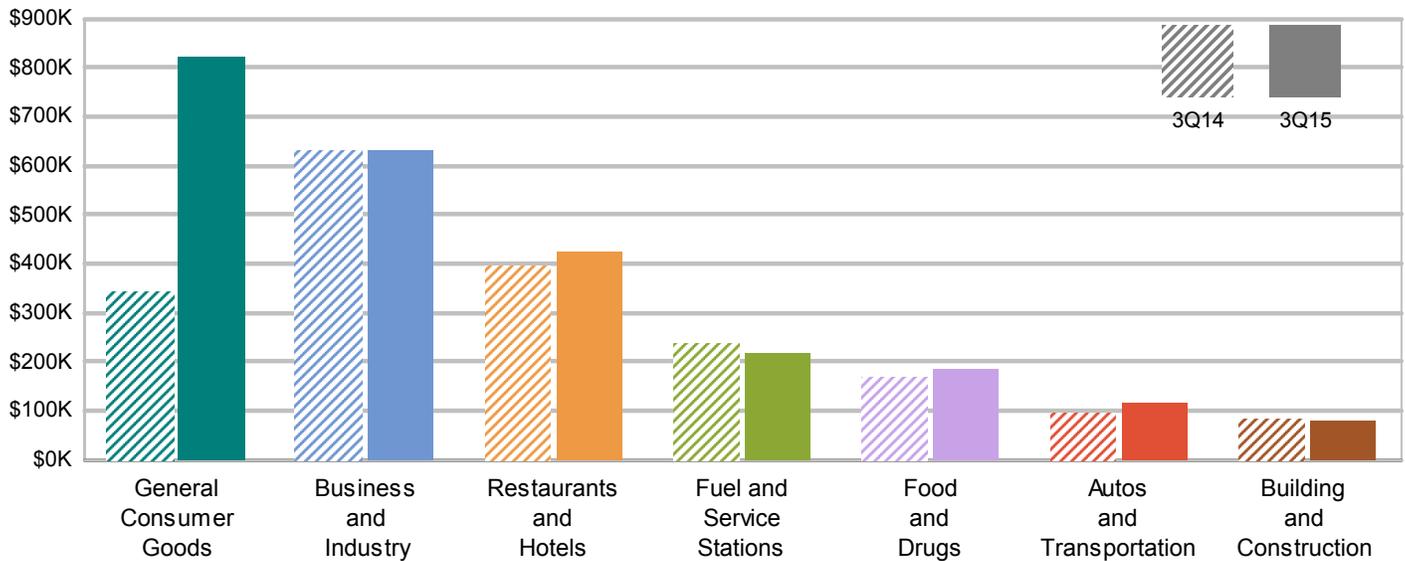


**ALAMEDA TOP 15 BUSINESS TYPES**

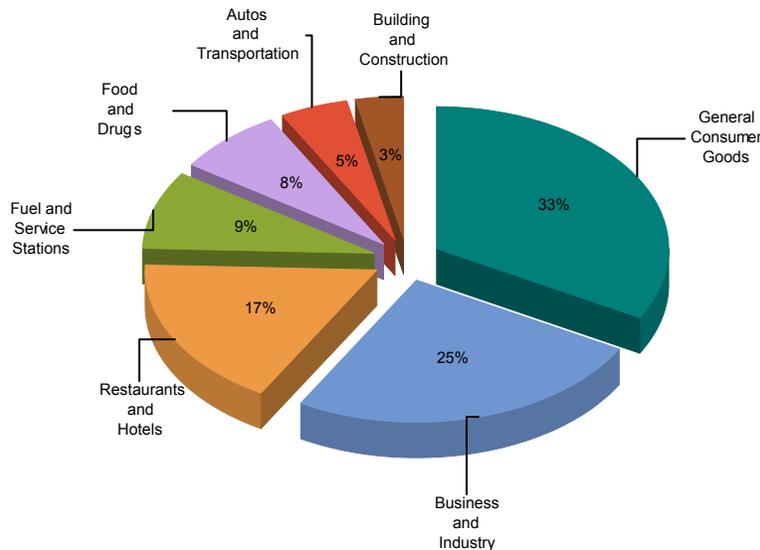
| Business Type                             | *In thousands of dollars |                |               |                  |
|---|--------------------------|----------------|---------------|------------------|
|   | Alameda Q3 '15*          | Alameda Change | County Change | HdL State Change |
| Boats/Motorcycles                         | 54.1                     | 22.7%          | 9.1%          | 11.7%            |
| Business Services                         | 44.5                     | -19.8%         | 9.2%          | 1.4%             |
| Casual Dining                             | 203.5                    | -6.8%          | 4.1%          | 5.4%             |
| Discount Dept Stores                      | —                        | CONFIDENTIAL   | -0.2%         | 2.1%             |
| Drug Stores                               | —                        | CONFIDENTIAL   | -1.1%         | -1.4%            |
| Family Apparel                            | 80.8                     | 9.8%           | 5.0%          | 2.3%             |
| Fine Dining                               | 34.3                     | 15.9%          | 28.8%         | 12.4%            |
| Fulfillment Centers                       | —                        | CONFIDENTIAL   | 20.0%         | -8.4%            |
| Grocery Stores Liquor                     | 80.3                     | 15.0%          | 4.0%          | 3.8%             |
| Home Furnishings                          | —                        | CONFIDENTIAL   | 33.0%         | 5.0%             |
| Medical/Biotech                           | —                        | CONFIDENTIAL   | -14.8%        | -0.5%            |
| Plumbing/Electrical Supplies              | —                        | CONFIDENTIAL   | 9.5%          | 10.1%            |
| Quick-Service Restaurants                 | 139.3                    | 25.2%          | 17.2%         | 6.8%             |
| Service Stations                          | 220.5                    | -7.1%          | -13.6%        | -11.8%           |
| Specialty Stores                          | 60.9                     | 12.2%          | 10.3%         | 5.8%             |
| <b>Total All Accounts</b>                 | <b>2,488.5</b>           | <b>26.2%</b>   | <b>6.1%</b>   | <b>2.3%</b>      |
| <b>County &amp; State Pool Allocation</b> | <b>376.6</b>             | <b>21.1%</b>   | <b>1.9%</b>   | <b>3.5%</b>      |
| <b>Gross Receipts</b>                     | <b>2,865.2</b>           | <b>25.5%</b>   | <b>5.6%</b>   | <b>2.4%</b>      |
| City/County Share                         | (143.3)                  | -25.5%         |               |                  |
| <b>Net Receipts</b>                       | <b>2,721.9</b>           | <b>25.5%</b>   |               |                  |

| <u>Major Industry Group</u> | <u>Count</u> | <u>3Q15</u>      | <u>3Q14</u>      | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------------|--------------|------------------|------------------|------------------|-----------------|
| General Consumer Goods      | 1,854        | 820,269          | 344,405          | 475,864          | 138.2%          |
| Business and Industry       | 681          | 631,684          | 630,964          | 720              | 0.1%            |
| Restaurants and Hotels      | 320          | 425,952          | 399,457          | 26,495           | 6.6%            |
| Fuel and Service Stations   | 20           | 220,779          | 240,692          | (19,913)         | -8.3%           |
| Food and Drugs              | 92           | 186,751          | 172,434          | 14,317           | 8.3%            |
| Autos and Transportation    | 119          | 119,670          | 97,365           | 22,306           | 22.9%           |
| Building and Construction   | 71           | 83,402           | 86,843           | (3,441)          | -4.0%           |
| Transfers & Unidentified    | 0            | 0                | 55               | (55)             | -100.0%         |
| <b>Total</b>                | <b>3,157</b> | <b>2,488,507</b> | <b>1,972,213</b> | <b>516,293</b>   | <b>26.2%</b>    |

**3Q14 Compared To 3Q15**



**3Q15 Percent of Total**



Sales Tax by Major Industry Group

**General Consumer Goods**

Count: 1,854

**Business And Industry**

Count: 681

**Restaurants And Hotels**

Count: 320

**State & County Pools**

**Fuel And Service Stations**

Count: 20

**Food And Drugs**

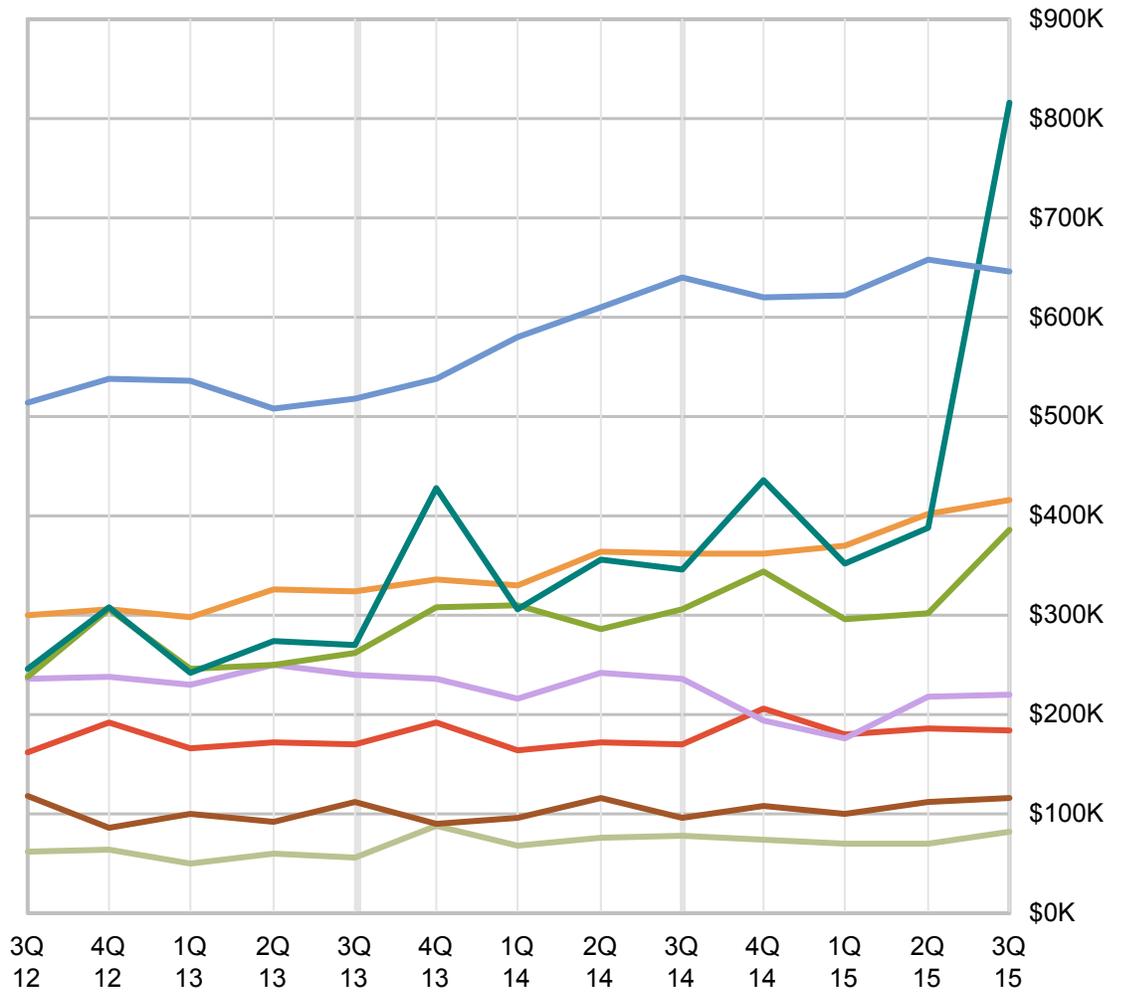
Count: 92

**Autos And Transportation**

Count: 119

**Building And Construction**

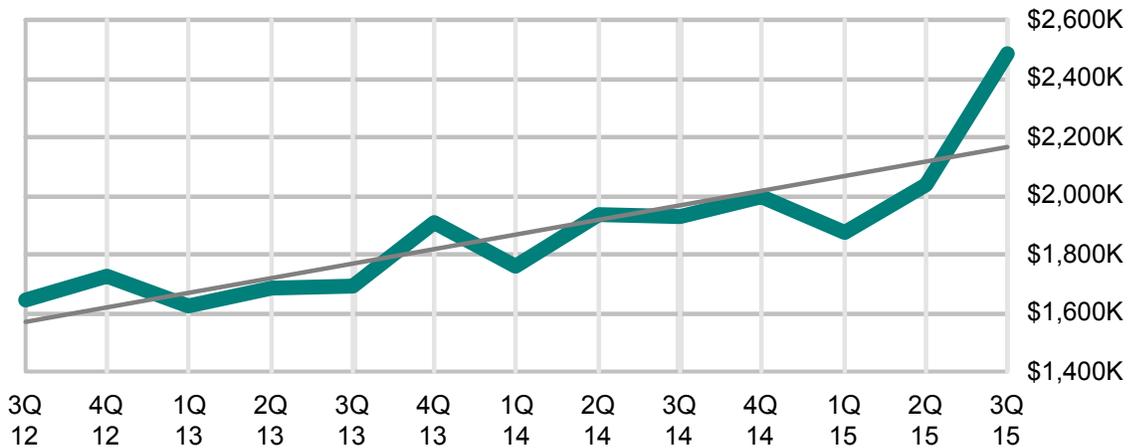
Count: 71



Agency Trend

**Alameda**

13 Quarter Trend: +37.9%



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: 57

**South Shore Center**

Count: 86

**Alameda Landing**

Count: 27

**Park - South Of Lincoln**

Count: 327

**Clement Ave & Blanding Ave**

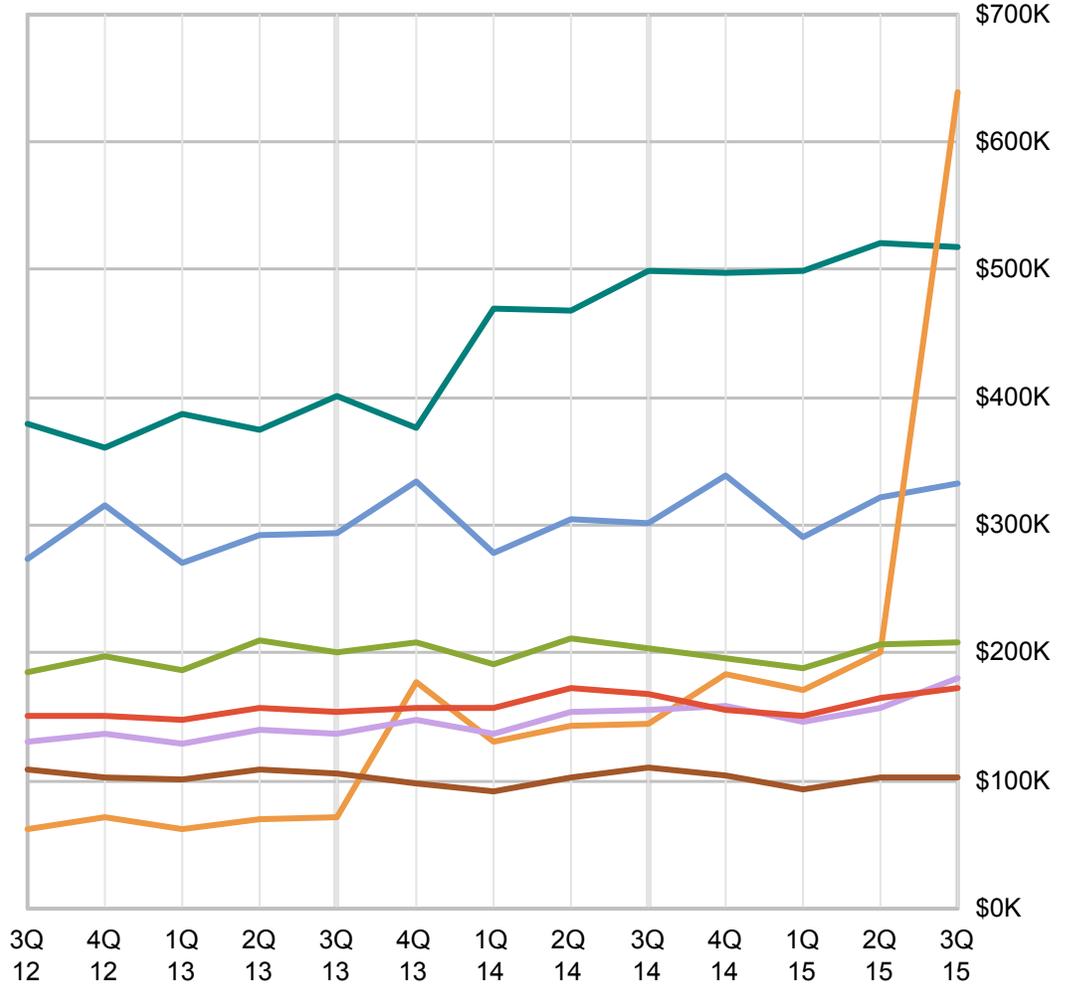
Count: 122

**Park - North Of Lincoln**

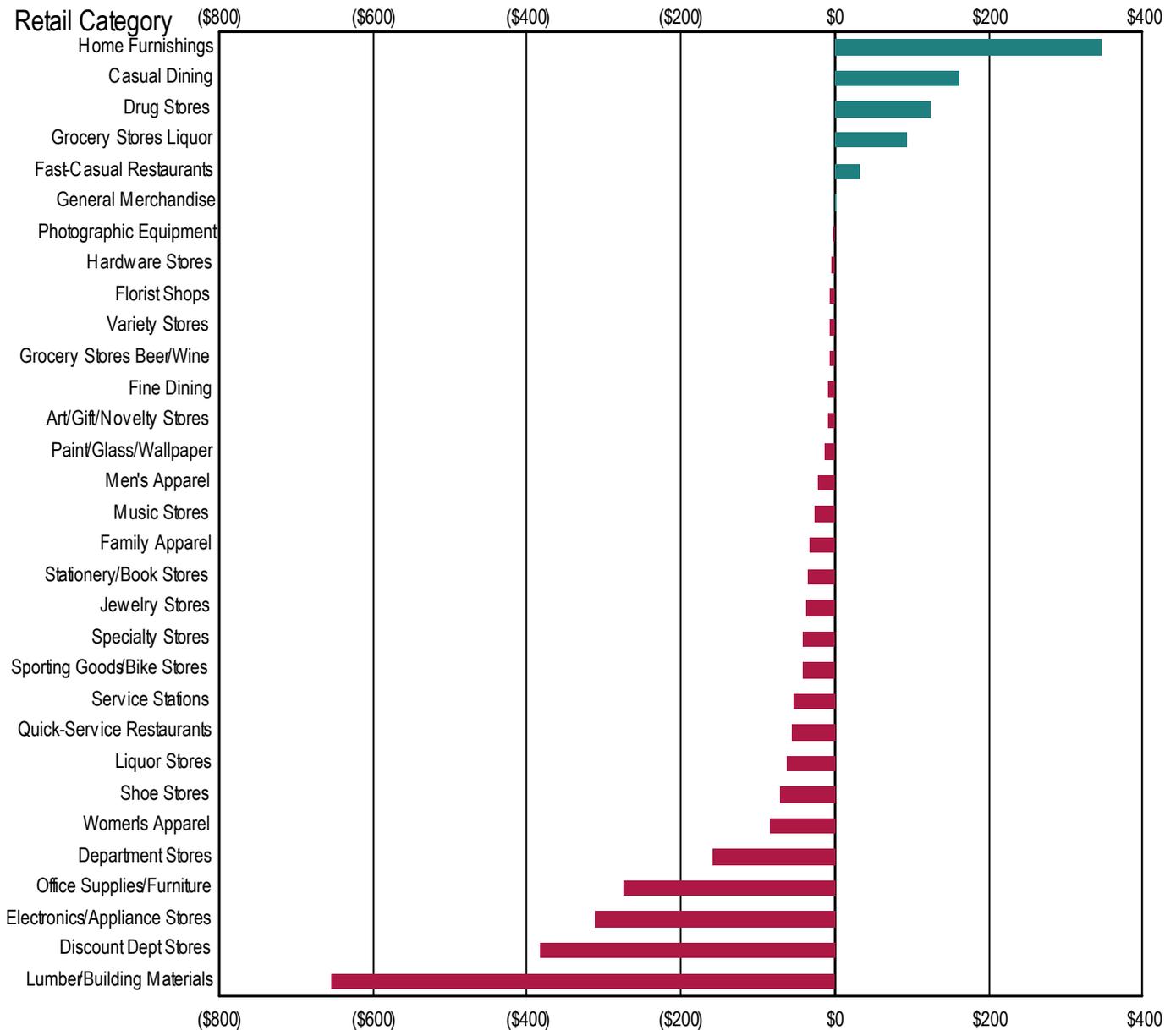
Count: 113

**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

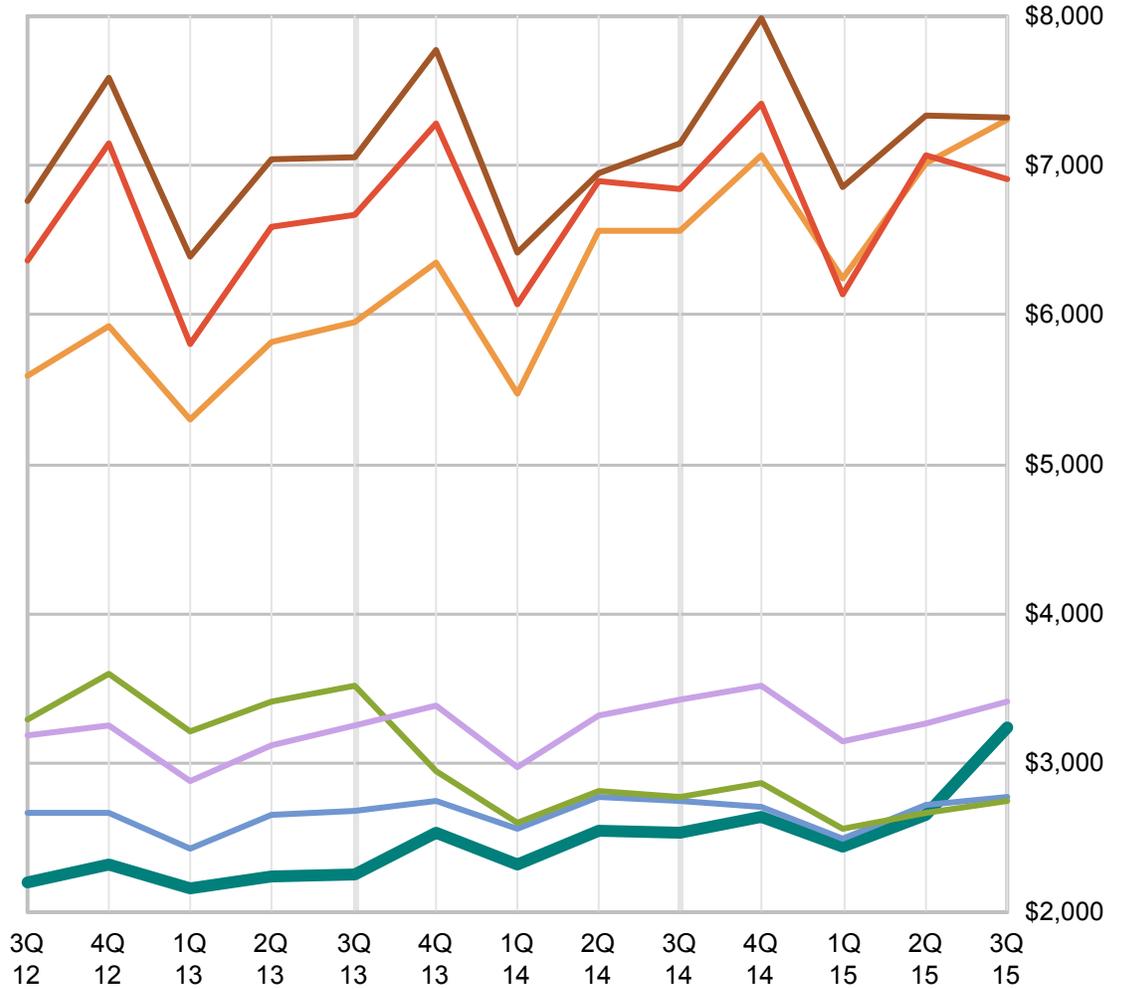
## SALES TAX TRENDS FOR ALL AGENCIES - 3Q 2015 SALES

Agency allocations reflect "point of sale" receipts

| Agency Name       | Count         | Current Year<br>3Q 2015 | Prior Year<br>3Q 2014 | Share of<br>County Pool | Actual Receipts<br>% Change | Adjusted*<br>% Change |
|-------------------|---------------|-------------------------|-----------------------|-------------------------|-----------------------------|-----------------------|
| Alameda           | 3,157         | 2,488,507               | 1,972,213             | 3.7%                    | + 26.2%                     | + 28.7%               |
| San Leandro       | 2,646         | 6,470,952               | 5,789,005             | 9.6%                    | + 11.8%                     | + 12.2%               |
| Fremont           | 5,497         | 9,769,750               | 9,075,840             | 14.5%                   | + 7.6%                      | + 9.8%                |
| Emeryville        | 907           | 2,094,799               | 1,963,327             | 3.1%                    | + 6.7%                      | + 9.2%                |
| Livermore         | 2,811         | 6,215,135               | 5,671,425             | 9.2%                    | + 9.6%                      | + 8.2%                |
| Newark            | 1,356         | 2,708,583               | 2,455,227             | 4.0%                    | + 10.3%                     | + 7.3%                |
| Alameda Co. Uninc | 2,514         | 2,390,768               | 2,123,861             | 3.6%                    | + 12.6%                     | + 5.5%                |
| Dublin            | 1,386         | 4,268,462               | 4,148,494             | 6.3%                    | + 2.9%                      | + 3.8%                |
| Union City        | 1,293         | 2,174,836               | 2,119,514             | 3.2%                    | + 2.6%                      | + 3.7%                |
| Pleasanton        | 3,639         | 5,193,945               | 5,228,862             | 7.7%                    | - 0.7%                      | + 3.6%                |
| Oakland           | 13,012        | 11,641,403              | 11,385,483            | 17.3%                   | + 2.2%                      | + 1.8%                |
| Hayward           | 4,328         | 7,061,784               | 6,864,570             | 10.5%                   | + 2.9%                      | + 1.4%                |
| Berkeley          | 4,790         | 4,205,416               | 3,995,677             | 6.3%                    | + 5.2%                      | + 0.8%                |
| Albany            | 569           | 517,476                 | 511,320               | 0.8%                    | + 1.2%                      | + 0.1%                |
| Piedmont          | 225           | 46,220                  | 52,301                | 0.1%                    | - 11.6%                     | - 6.9%                |
| <b>Totals</b>     | <b>48,130</b> | <b>67,248,034</b>       | <b>63,357,120</b>     | <b>100.0%</b>           | <b>+ 6.1%</b>               | <b>+ 6.1%</b>         |
| Alameda Pool      | 12,786        | 10,165,350              | 9,947,276             |                         | + 2.2%                      | + 6.3%                |

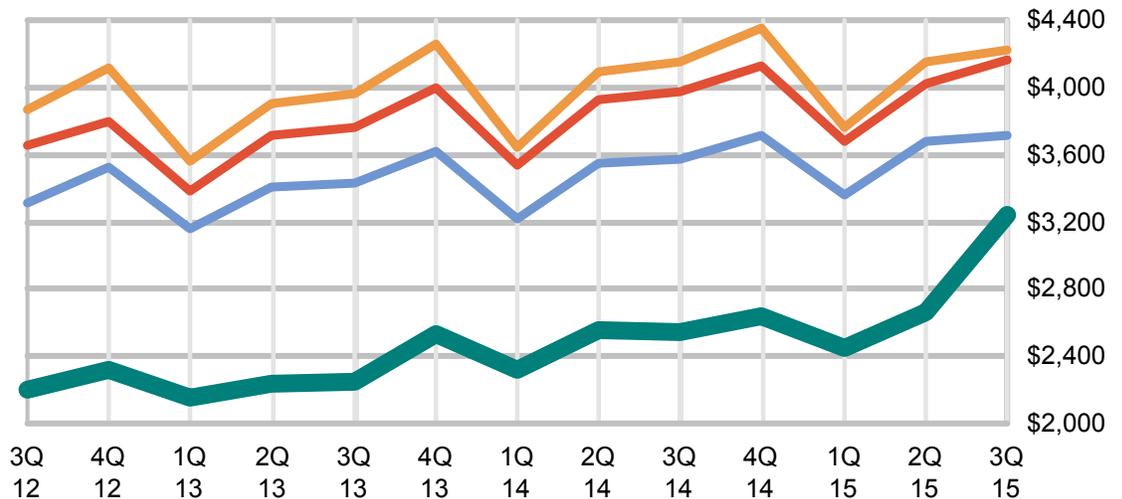
Per Capita Sales

- Alameda**  
Count: 3,157
- Oakland**  
Count: 13,012
- San Leandro**  
Count: 2,646
- El Cerrito**  
Count: 660
- Berkeley**  
Count: 4,790
- Pleasanton**  
Count: 3,639
- Walnut Creek**  
Count: 2,815



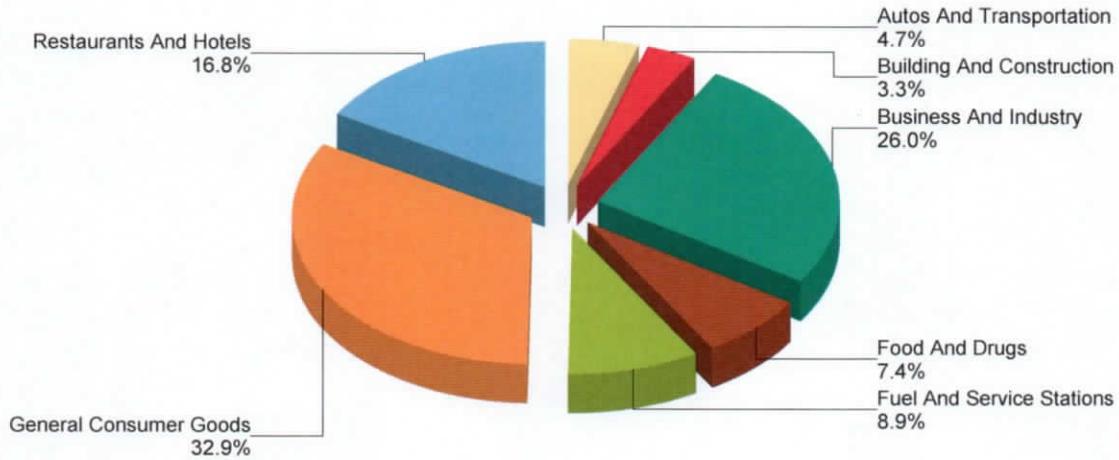
Per Capita Sales

- 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

