

Q2 2013



City of Pleasanton Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Pleasanton In Brief

Receipts for Pleasanton's April through June sales were 11.4% higher than the same quarter one year ago. Actual sales activity rose 9.5% when onetime accounting events were factored out.

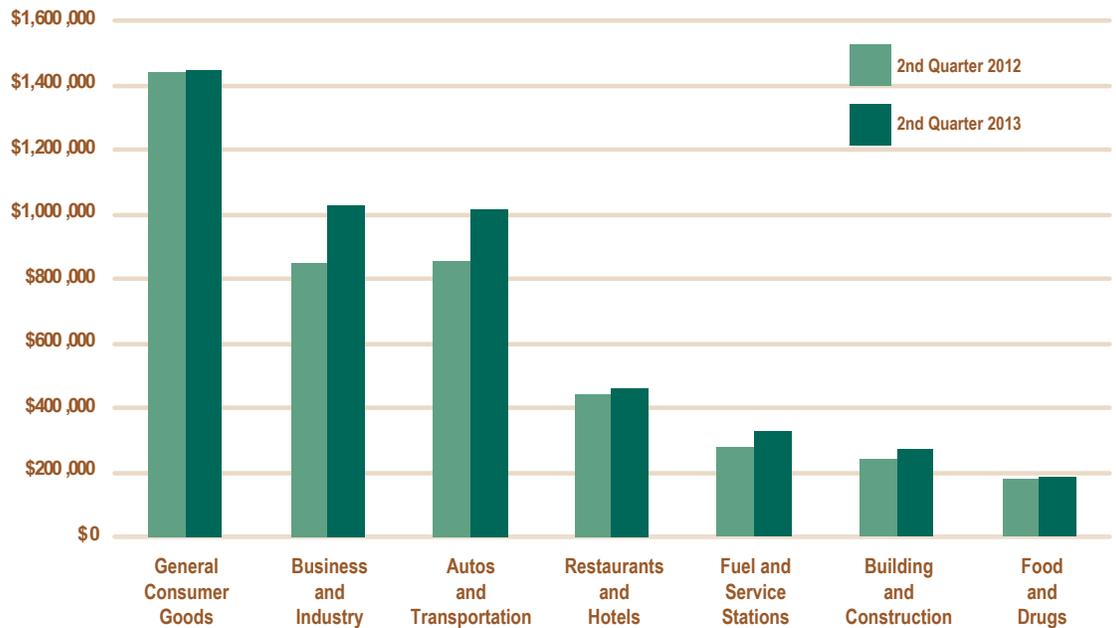
Automotive group postings were buoyed by solid sales and leasing activity at new car dealers plus a onetime allocation in another category. New outlets contributed to gains from service stations, quick service eateries and the food and drugs group. Sales increased from lumber/building materials and electrical equipment. Accounting aberrations inflated results from medical/biotech, business services and women's apparel.

The allocation from the countywide use tax pool was also a factor for the increase in gross receipts. Pool proceeds were 12.1% higher than the comparison quarter.

Gains were partially offset by declines from some categories of general consumer goods. A prior business closeout pared receipts from office supplies/furniture and an adjustment overstated losses from electronics/appliances.

Net of reporting anomalies, sales and use tax receipts for all of Alameda County increased 7.4% over the comparable time period. Bay Area totals were up 5.2%.

SALES TAX BY MAJOR BUSINESS GROUP



REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$16,866,248	\$18,136,774
County Pool	2,317,508	2,717,074
State Pool	12,867	8,106
Gross Receipts	\$19,196,623	\$20,861,954
Cty/Cnty Share	(959,831)	(1,043,098)
Net Receipts	\$18,236,792	\$19,818,856
Less Triple Flip*	\$(4,559,198)	\$(4,954,714)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

The Remaining Fiscal Year

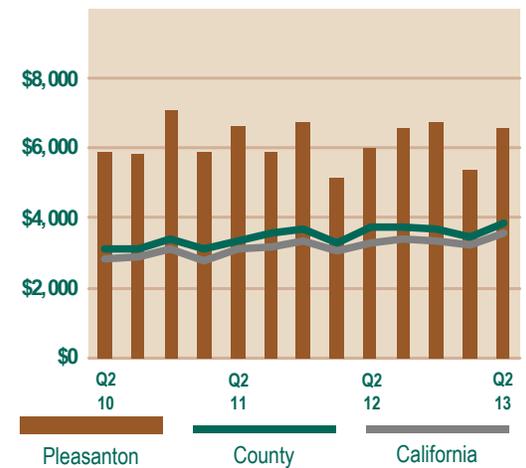
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

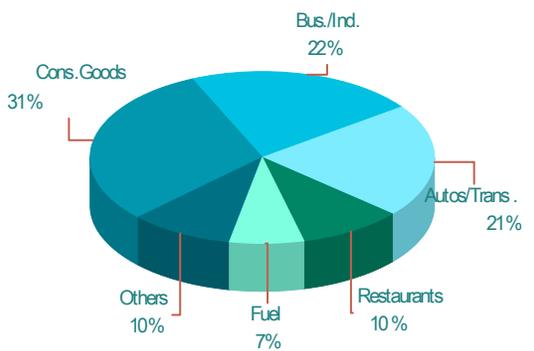
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Pleasanton This Quarter



PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q2 '13*	Change	Change	Change
Business Services	184.0	35.7%	-19.2%	-2.2%
Department Stores	510.0	-3.3%	4.1%	0.2%
Electrical Equipment	184.4	22.2%	17.3%	10.4%
Electronics/Appliance Stores	137.9	-17.3%	0.6%	3.9%
Family Apparel	116.6	-7.8%	28.1%	4.7%
Light Industrial/Printers	156.2	1.9%	6.4%	9.6%
Lumber/Building Materials	144.2	26.4%	3.0%	-4.6%
Medical/Biotech	199.6	110.1%	32.1%	216.7%
New Motor Vehicle Dealers	706.3	10.5%	13.4%	11.1%
Office Supplies/Furniture	154.5	-8.9%	-23.6%	-11.6%
Restaurants Liquor	173.0	3.4%	13.8%	9.9%
Restaurants No Alcohol	163.4	9.0%	8.5%	5.9%
Service Stations	326.3	18.2%	-8.1%	-5.7%
Specialty Stores	119.9	0.6%	8.9%	5.5%
Women's Apparel	162.7	45.0%	32.5%	2.9%
Total All Accounts	\$4,734.0	10.5%	4.2%	7.0%
County & State Pool Allocation	676.0	18.6%		
Gross Receipts	\$5,409.9	11.4%		
City/County Share	(270.5)	-11.4%		
Net Receipts	\$5,139.5	11.4%		

*In thousands