

Q1 2013



City of Pleasanton Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Pleasanton In Brief

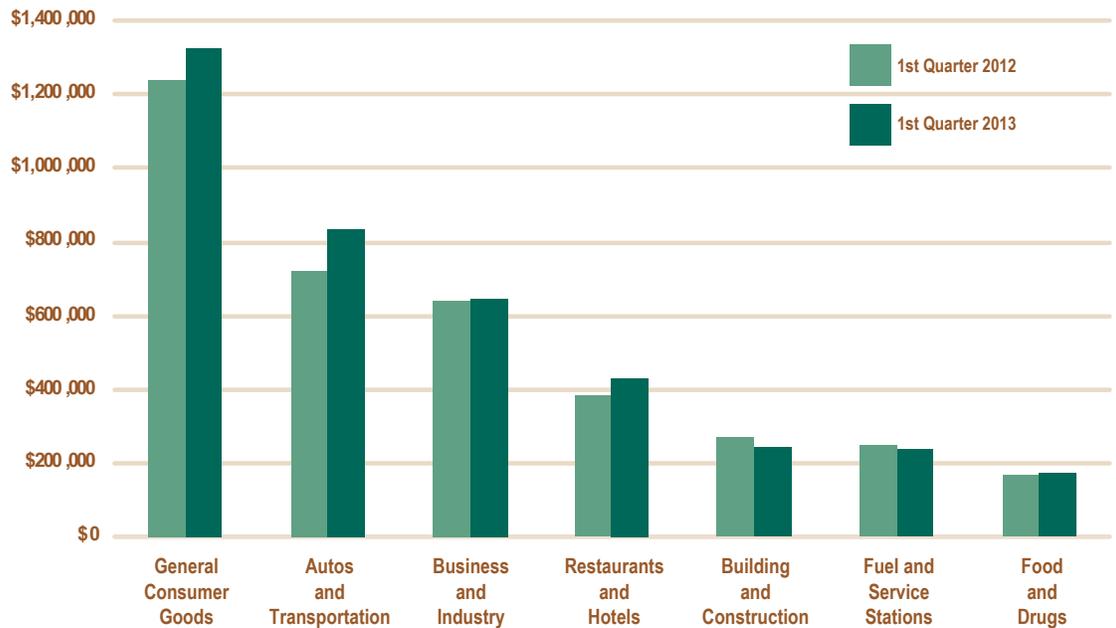
Receipts from first quarter sales were 4.9% higher than the same sales period one year earlier but payment aberrations skewed the data. Excluding anomalies, actual sales increased 3.3%.

Exceptionally large accounting adjustments inflated autos and transportation results by temporarily cutting year-ago auto lease receipts; multiple comparisons in the business and industry group were boosted by negative adjustments in the year-ago sales period. Onetime allocation errors caused most of the jump in women's apparel proceeds. New business additions and retroactive payment adjustments contributed to increases in most restaurant classifications.

The aberrations noted above were largely offset by a onetime fund transfer that bolstered business services receipts in the year-ago period. This adjustment caused an artificially large business services decline. Business closeouts and onetime use tax receipts a year ago caused the building and construction decline. Lower gasoline prices led to reduced service station receipts.

Net of accounting adjustments, all of Alameda County was up 6.7%; statewide sales grew 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order



REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$12,581,776	\$13,402,808
County Pool	1,751,787	2,044,455
State Pool	8,517	4,742
Gross Receipts	\$14,342,081	\$15,452,005
Cty/Cnty Share	(717,104)	(772,600)
Net Receipts	\$13,624,977	\$14,679,404
Less Triple Flip*	\$(3,406,244)	\$(3,669,851)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q1 '13*	Change	Change	Change
Auto Lease	101.2	na	62.4%	37.4%
Contractors	112.2	-9.6%	1.5%	6.0%
Department Stores	450.9	3.4%	10.1%	5.1%
Electrical Equipment	160.9	-4.9%	15.8%	4.8%
Electronics/Appliance Stores	148.5	-5.1%	-3.5%	-3.3%
Family Apparel	112.6	9.5%	32.3%	16.2%
Grocery Stores Liquor	103.3	6.9%	5.7%	24.7%
Light Industrial/Printers	138.3	-3.6%	6.8%	6.8%
Lumber/Building Materials	118.3	-14.2%	8.7%	7.2%
New Motor Vehicle Dealers	616.0	-0.1%	9.6%	9.5%
Office Supplies/Furniture	158.6	-12.0%	-4.1%	-0.5%
Restaurants Liquor	166.6	16.3%	8.0%	6.5%
Restaurants No Alcohol	161.1	19.7%	7.1%	6.0%
Service Stations	237.0	-3.8%	0.1%	-2.2%
Women's Apparel	158.4	63.6%	50.4%	14.6%
Total All Accounts	\$3,888.7	6.0%	5.3%	5.7%
County & State Pool Allocation	554.9	-2.8%		
Gross Receipts	\$4,443.6	4.9%		
City/County Share	(222.2)	-4.9%		
Net Receipts	\$4,221.4	4.9%		

*In thousands