

Q4 2013



City of Pleasanton Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Pleasanton In Brief

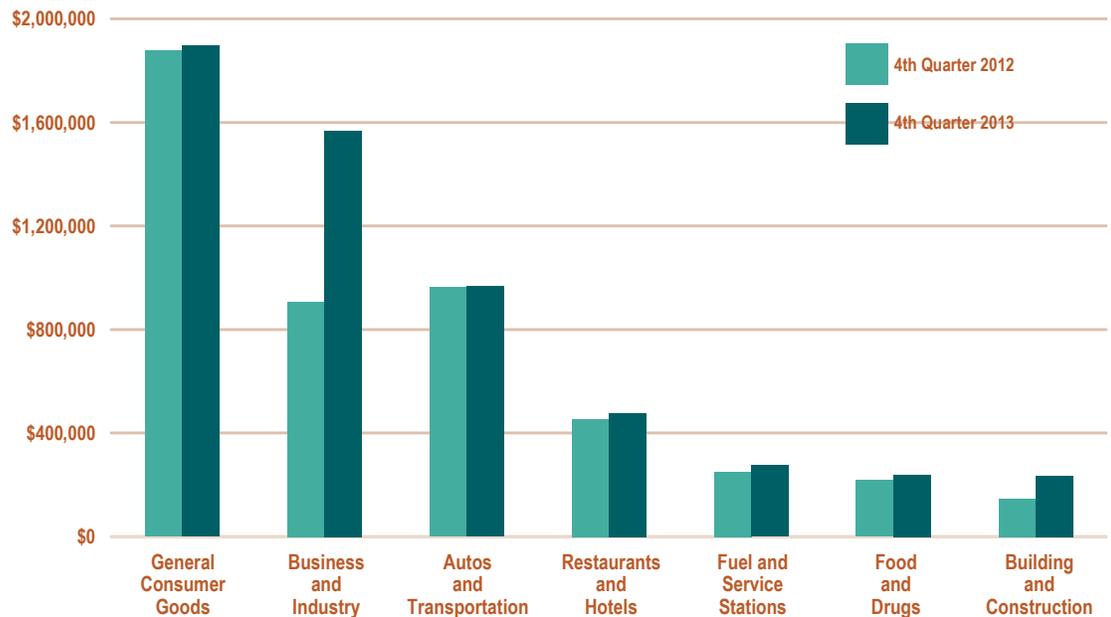
The allocation of tax receipts from Pleasanton's October through December sales was skewed by accounting anomalies in the business-industrial and building-construction groups. Actual sales activity was 4.0% higher than the same quarter one year ago after these and other aberrations were factored out.

Recent additions to the service station, grocery and drug store classifications plus a generally strong holiday quarter for most categories of building-construction materials and restaurants were the primary contributors to the actual increase.

A rise in the countywide use tax allocation pool was also a factor. Pleasanton's 9.0% share was enhanced by onetime accounting adjustments and by implementation of AB155's expanded definition of nexus for out-of-state companies required to collect California's sales and use tax.

Adjusted for aberrations, sales and use tax revenues for all of Alameda County increased 6.2% over the comparable time period while the nine county bay area as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$9,514,121	\$10,360,984
County Pool	1,492,421	1,774,083
State Pool	1,867	5,968
Gross Receipts	\$11,008,409	\$12,141,035
Cty/Cnty Share	(550,420)	(607,052)
Net Receipts	\$10,457,989	\$11,533,983
Less Triple Flip*	\$(2,614,497)	\$(2,883,496)

*Reimbursed from county compensation fund

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

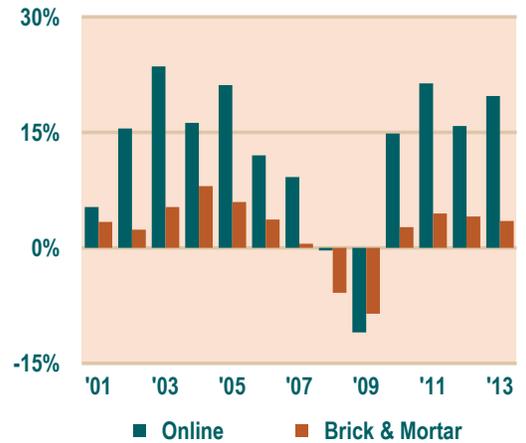
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

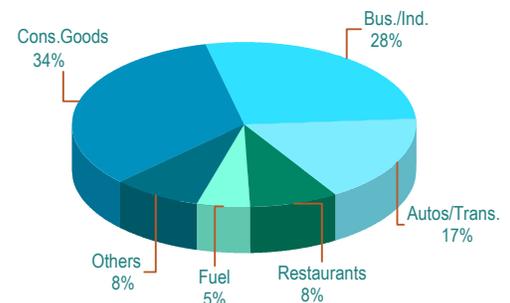
ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP

Pleasanton This Quarter



PLEASANTON TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Pleasanton Q4 '13*	Pleasanton Change	County Change	HdL State Change
Business Services	382.4	171.4%	30.3%	1.1%
Casual Dining	169.8	-7.7%	8.5%	5.7%
Department Stores	693.5	-2.4%	-1.5%	1.6%
Electrical Equipment	198.4	-2.0%	2.6%	5.6%
Electronics/Appliance Stores	201.9	-5.7%	-1.5%	-0.7%
Family Apparel	179.3	8.6%	14.2%	6.8%
Grocery Stores Liquor	145.4	14.3%	2.7%	38.3%
Light Industrial/Printers	132.1	-9.8%	4.7%	7.9%
Medical/Biotech	429.9	197.3%	23.9%	34.6%
New Motor Vehicle Dealers	744.3	-2.8%	17.1%	9.4%
Office Supplies/Furniture	186.6	3.6%	-18.9%	-3.3%
Quick-Service Restaurants	155.3	9.4%	8.5%	7.8%
Service Stations	273.2	9.5%	-7.4%	-2.7%
Specialty Stores	155.8	11.9%	8.1%	7.7%
Women's Apparel	214.8	16.7%	16.2%	2.7%
Total All Accounts	\$5,660.0	17.4%	10.8%	8.7%
County & State Pool Allocation	\$1,067.4	31.4%	24.1%	9.4%
Gross Receipts	\$6,727.4	19.4%	12.7%	8.8%
City/County Share	(336.4)	-19.4%		
Net Receipts	\$6,391.0	19.4%		