

## CITY OF ALAMEDA

### Memorandum

To: Honorable Mayor and  
Members of the City Council

From: Debra Kurita  
City Manager

Date: February 19, 2008

Re: Accept the Quarterly Sales Tax Report for the Period Ending September 30, 2007

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### BACKGROUND

This report relates to the sales tax transactions for the period July 1 through September 30, 2007. These tax transactions are the basis for sales tax revenues received during the October 1 through December 31, 2007, time period. These transactions and resulting revenues occurred within the context of the state economy, which experienced overall retail sales tax revenues lower than projected by 4.5 percent year-to-date through December 31, 2007.

### DISCUSSION

Sales tax is the fourth largest source of General Fund revenue for the City of Alameda, representing 6% of total projected revenues for the current fiscal year. As shown in Attachment A, sales tax as a percent of total revenues varies substantially in Alameda County. San Leandro, a city with approximately the same total revenues as Alameda, receives 31% of its funds from sales tax, while Alameda receives the lowest amount in the County at 6%. In addition, a comparison of per capita sales tax for all cities in Alameda County shows the City of Alameda as the third lowest sales tax generator at \$74, with the countywide average at \$148. Therefore, as part of a comprehensive economic development strategy, the City will continue to promote its business attraction and retention program in order to enhance the sales tax-generating sector in the community.

Taxable sales transactions in Alameda for the period ending September 30, 2007, decreased 0.4%, or \$5,542, from the same quarter of the prior year. Gains in food products (14.7%, or \$48,498) and general retail (2%, or \$5,094), were offset by declines in all other economic categories, as shown in the chart below. The top 25 businesses represent 48%, or \$657,985, of the quarter's sales transactions. The top 100 businesses represent 75%, or \$1,015,313, of the quarter's sales transactions.

A comparison of the key economic categories with subcategory detail follows:

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**02-19-08**

Total Sales Transactions		3rd Quarter 2007		3rd Quarter 2006	
Percent Change	Economic Category	Total	Percent of Total	Total	Percent of Total
-7.0%	Transportation	\$416,359	30.6%	\$447,866	32.7%
14.7%	Food Products	\$379,057	27.8%	\$330,559	24.2%
2.0%	General Retail	\$264,882	19.4%	\$259,788	19.0%
-7.2%	Business-to-Business	\$229,492	16.8%	\$247,318	18.1%
-6.8%	Construction	\$63,497	4.7%	\$68,161	5.0%
-36.3%	Miscellaneous	\$9,002	0.7%	\$14,138	1.0%
<b>-0.4%</b>	<b>Total - Quarter</b>	<b>\$1,362,288</b>	<b>100.0%</b>	<b>\$1,367,831</b>	<b>100.0%</b>

Transportation reflects mixed results, with auto dealers down 13%, or \$25,547, and service stations down 15%, or \$19,569. These decreases were partially offset by gains from yacht sales, up by 13%, or \$11,972. Food products showed strength in nearly all subcategories, with food markets accounting for the bulk of the increase at 33%, or \$32,157, and restaurants up 8%, or \$16,109.

General Retail increased 2%, or \$5,094, and saw significant gains of 76%, or \$20,458, in the apparel category resulting from several new stores at Alameda Towne Centre, largely offset by declines in other categories. Business-to-Business reflects decreases in the electronic and office equipment subcategories of 53%, or \$22,167, and \$8,307, or 9%, respectively, partially offset by an increase in chemical products of 74%, or \$10,105.

Construction primarily reflects a decrease in wholesale building materials of 14%, or \$4,834. The Miscellaneous category includes health and government, and the decline is largely attributable to City purchases reflected in the comparison quarter a year ago, with a decrease for the subcategory of 47%, or \$4,725.

A comparison of the geographic generation of sales tax for the third quarter of 2007, as compared to the same period in 2006, follows. Alameda Towne Centre has had ongoing major construction work in both of the comparison quarters above, with the increase of 10.6% over the prior year largely reflecting the impact of several new apparel stores.

	Total Sales Transactions	3rd Quarter 2007		3rd Quarter 2006	
Percent Change	Geographic Areas	Total	Percent of Total	Total	Percent of Total
-9.9%	Park – North of Lincoln	\$308,564	22.7%	\$342,432	25.0%
-1.7%	Park – South of Lincoln	\$160,608	11.8%	\$163,328	11.9%
10.6%	Alameda Towne Centre	\$222,679	16.3%	\$201,304	14.7%
-4.1%	Webster – North of Lincoln	\$88,613	6.5%	\$92,438	6.8%
-7.7%	Webster – South of Lincoln	\$27,313	2.0%	\$29,589	2.2%
2.9%	All Other Areas	\$554,512	40.7%	\$538,739	39.4%
<b>-0.4%</b>	<b>Total - Quarter</b>	<b>\$1,362,289</b>	<b>100.0%</b>	<b>\$1,367,830</b>	<b>100.0%</b>

BUDGET CONSIDERATION/FINANCIAL IMPACT

Sales tax revenues are forecast to be \$4.9 million for Fiscal Year 2007-08, representing 6% of total General Fund revenues. Receipts from July through December total \$2,081,211, or 43% of projections. In comparison, receipts were at 44% of projections for the same period a year ago.

There are several factors, beside economic conditions, that impact the amount of revenues received. Sales tax payments received in July and August are accrued for the prior fiscal year as these payments represent taxes paid or generated in Alameda for sales transactions in April, May, and June of the prior fiscal years. In addition, there is a 30-60 day lag in the timing of sales tax receipts, and there are late payments and other adjustments that further impact the results. Staff will continue to monitor this revenue closely throughout the remainder of Fiscal Year 2007-2008.

RECOMMENDATION

Accept the Quarterly Sales Tax Report for the period ending September 30, 2007.

Respectfully submitted,



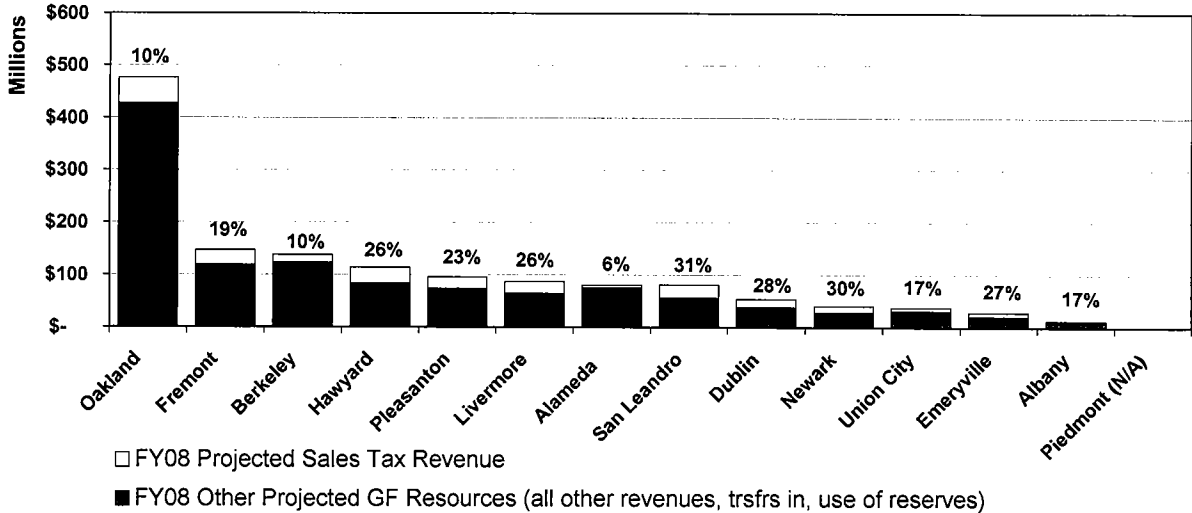
Juelle-Ann Boyer  
Chief Financial Officer



by: Annette Brisco  
Financial Analyst

Attachment

**Sales Tax as a Percent of FY08 GF Resources**  
Relative Size Comparisons between ALCO Cities



**Per-Capita Comparison of Sales Tax**  
Municipalities in Alameda County  
Year Ending 3Q 2007

