

Q4 2014



City of Burlingame Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Burlingame In Brief

Gross receipts for Burlingame's October through December sales were 11.7% higher than the same period one year ago. Actual sales activity rose 9.0% when accounting aberrations were factored out.

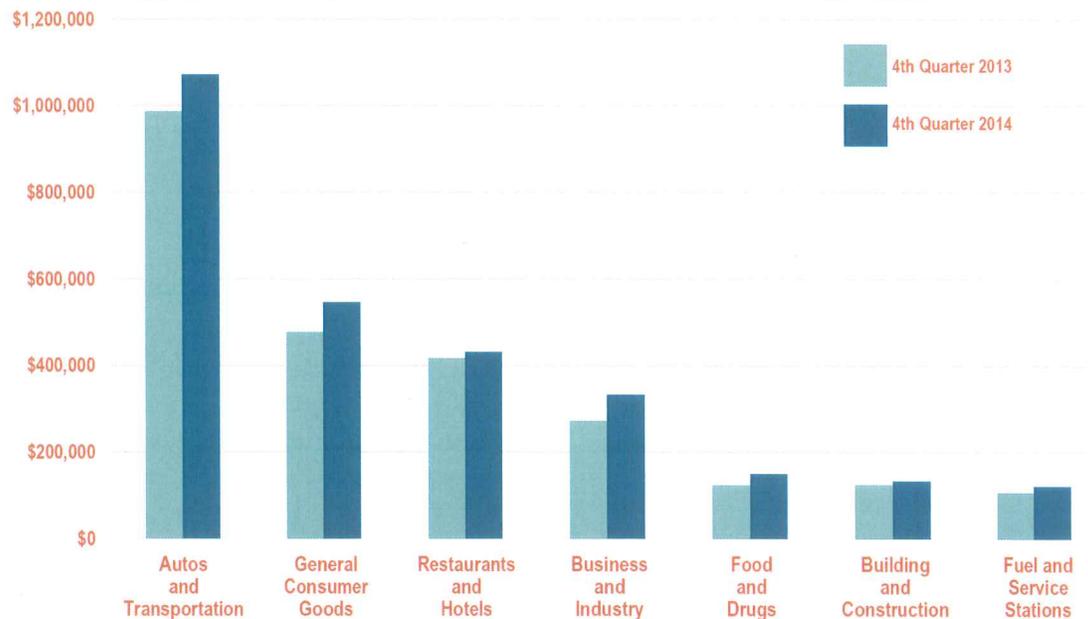
Solid sales and leases of both new and used vehicles buoyed automotive group returns although auto lease postings were inflated by current quarter adjustments. Sales were also up from multiple categories of consumer goods, but payment anomalies overstated gains from specialty stores and home furnishings. Accounting events also exaggerated increases from the business and industry group and masked a decline in revenue from service stations attributable to lower fuel prices.

Recent additions helped casual dining and the food and drugs group with a double payment providing an additional boost to food group receipts. The larger allocation from the county use tax pool was also a factor for the overall increase.

Gains were partially offset by declines from hotels-liquor, gift stores and lumber-building materials.

Adjusted for onetime reporting events, taxable sales for all of San Mateo County increased 0.3% over the same period, while the Bay Area as a whole was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

All Natural Stone	Mike Harvey Honda
Apple	Modus Group
Au Energy Shell Station	Putnam Chevrolet Cadillac
Benihana	Putnam Mazda
Chevron	Putnam Volvo
Color Copy Printing	Putnam Toyota
Garratt Callahan	Rector Porsche Audi
Hyatt Regency	Safeway
Hyundai Burlingame	Sephora
Kern Jewelers	Technical Instrument
Lululemon Athletica	Tesla Motors
Marriott SF Airport	Walgreens
Mike Harvey Acura	WW Grainger

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$6,943,783	\$7,662,261
County Pool	997,180	1,200,116
State Pool	4,189	6,775
Gross Receipts	\$7,945,153	\$8,869,152
Cty/Cnty Share	(397,258)	(443,458)
Net Receipts	\$7,547,895	\$8,425,695
Less Triple Flip*	\$(1,886,974)	\$(2,106,424)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

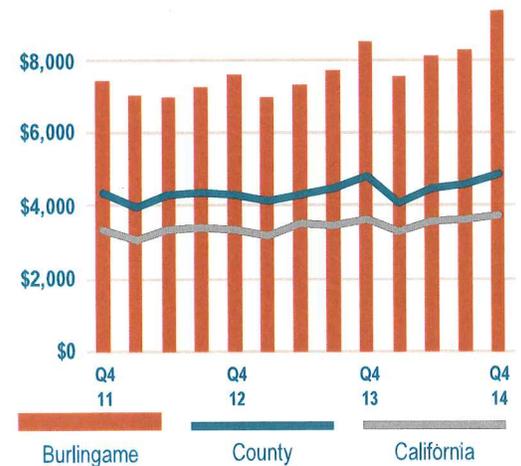
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

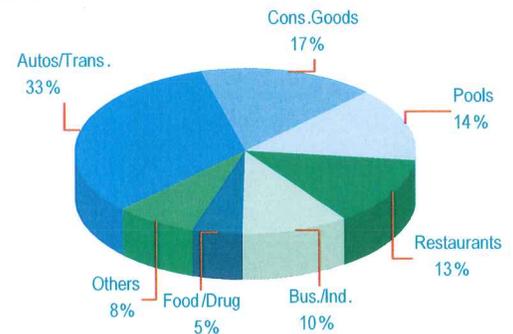
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Burlingame This Quarter



BURLINGAME TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Burlingame Q4 '14*	Burlingame Change	County Change	HdL State Change
Auto Lease	80.1	42.9%	19.9%	-0.4%
Casual Dining	171.2	6.8%	11.7%	6.0%
Electrical Equipment	67.5	47.1%	74.9%	24.2%
Electronics/Appliance Stores	—	CONFIDENTIAL	0.7%	1.3%
Family Apparel	89.2	4.7%	2.5%	5.1%
Fine Dining	95.0	10.8%	6.8%	16.5%
Grocery Stores Liquor	53.3	8.1%	10.3%	3.5%
Home Furnishings	64.9	11.2%	-11.5%	6.8%
Hotels-Liquor	117.8	-4.1%	4.4%	7.2%
Jewelry Stores	56.1	31.1%	12.0%	5.0%
Light Industrial/Printers	59.2	12.8%	47.6%	-1.4%
Medical/Biotech	52.4	43.8%	-11.4%	-3.1%
New Motor Vehicle Dealers	898.0	8.0%	5.6%	7.6%
Service Stations	120.4	13.3%	-13.4%	-10.5%
Specialty Stores	83.2	15.2%	26.9%	5.8%
Total All Accounts	\$2,783.7	11.2%	2.5%	3.8%
County & State Pool Allocation	\$464.0	15.4%	6.4%	4.7%
Gross Receipts	\$3,247.7	11.7%	3.0%	3.9%
City/County Share	(162.4)	-11.7%		
Net Receipts	\$3,085.3	11.7%		