

Q1 2016



City of Burlingame Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Burlingame In Brief

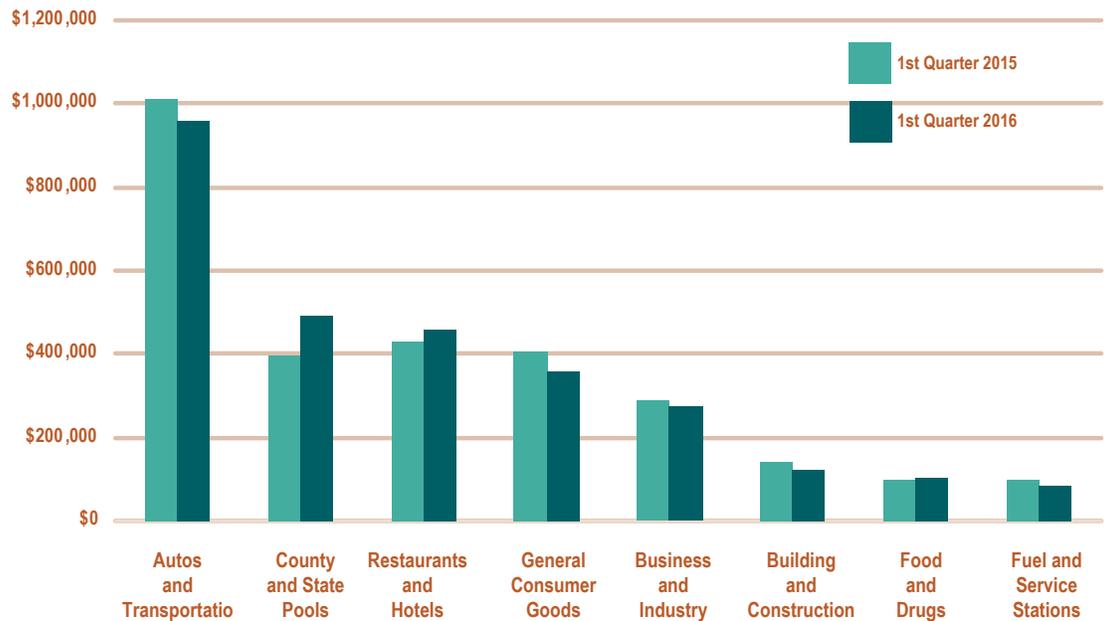
Burlingame's gross receipts from January through March sales were 0.9% less than the same quarter one year ago. Actual sales declined 3.6% net of accounting aberrations.

A recent business closeout and lower sales from some outlets pared receipts from new car dealers and a reporting anomaly hurt auto lease revenue. Post-holiday sales declined from contractor supplies, lumber-building materials and several categories of consumer goods which were also impacted by a prior business relocation and the delayed posting of a family apparel account. Lower prices at the pump cut service station returns.

Receipt of taxes due from other periods boosted the allocation from the countywide use tax pool and inflated results from casual dining while a year-ago adjustment understated gains from light industrial/printers.

Adjusted for reporting anomalies, taxable sales for all of San Mateo County rose 0.6% over the same period; the Bay Area was up 3.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply	Mike Harvey Acura
All Natural Stone	Mike Harvey Honda
Apple	Putnam Chevrolet Cadillac
Au Energy Shell Station	Putnam Mazda
Benihana	Putnam Volvo
Color Copy Printing	Putnam Toyota
Garratt Callahan	Rector Porsche Audi
Hilton	Safeway
Hyatt Regency	Sephora
Il Fornaio	Technical Instrument
Kern Jewelers	Tesla Motors
Marin Gas And Auto Services	Walgreens
Marriott Hotel Services	WW Grainger

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$10,140,634	\$10,575,432
County Pool	1,598,319	1,825,840
State Pool	6,826	7,629
Gross Receipts	\$11,745,779	\$12,408,901
Cty/Cnty Share	(587,289)	(620,445)
Net Receipts	\$11,158,490	\$11,788,456
Less Triple Flip*	\$(2,789,623)	\$(2,269,782)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

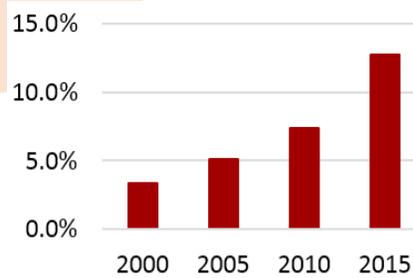
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

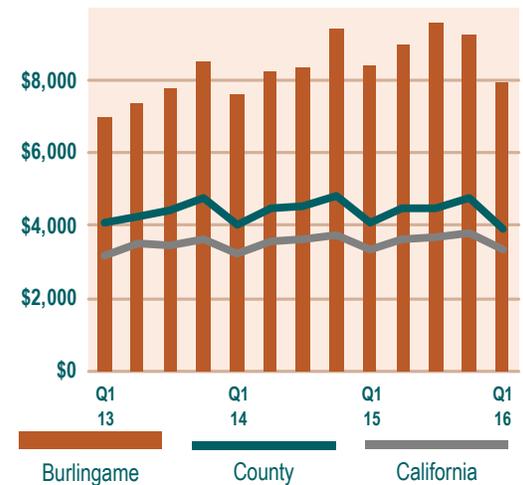
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

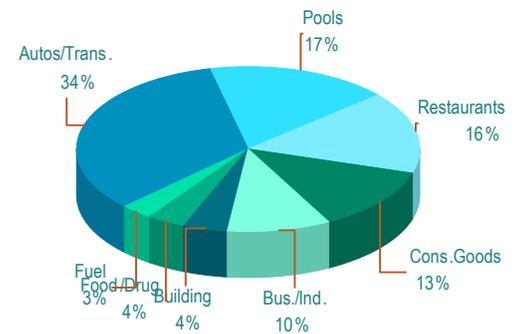
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
Burlingame This Quarter**



BURLINGAME TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Burlingame Q1 '16*	Change	County Change	HdL State Change
Auto Lease	66.8	-1.6%	15.6%	18.0%
Casual Dining	210.7	16.0%	5.3%	6.0%
Electronics/Appliance Stores	— CONFIDENTIAL —		15.8%	2.8%
Family Apparel	53.8	-12.3%	-3.8%	-0.7%
Fine Dining	92.5	-0.8%	4.8%	6.2%
Grocery Stores Liquor	36.9	3.5%	4.0%	1.5%
Home Furnishings	52.0	-9.4%	32.6%	2.8%
Hotels-Liquor	110.7	-5.7%	2.9%	4.0%
Light Industrial/Printers	80.0	4.0%	-4.3%	-1.7%
Lumber/Building Materials	42.8	-11.6%	-0.6%	4.5%
Medical/Biotech	55.0	-7.0%	13.6%	8.0%
New Motor Vehicle Dealers	797.8	-6.0%	-6.1%	3.1%
Service Stations	86.5	-11.5%	-9.7%	-9.3%
Specialty Stores	71.2	-1.4%	-7.3%	3.3%
Transportation/Rentals	41.4	6.1%	-2.2%	11.2%
Total All Accounts	2,361.0	-4.7%	-3.5%	1.8%
County & State Pool Allocation	490.9	23.3%	24.8%	14.1%
Gross Receipts	2,851.9	-0.9%	0.4%	3.2%
City/County Share	(142.6)	0.9%		
Net Receipts	2,709.3	-0.9%		