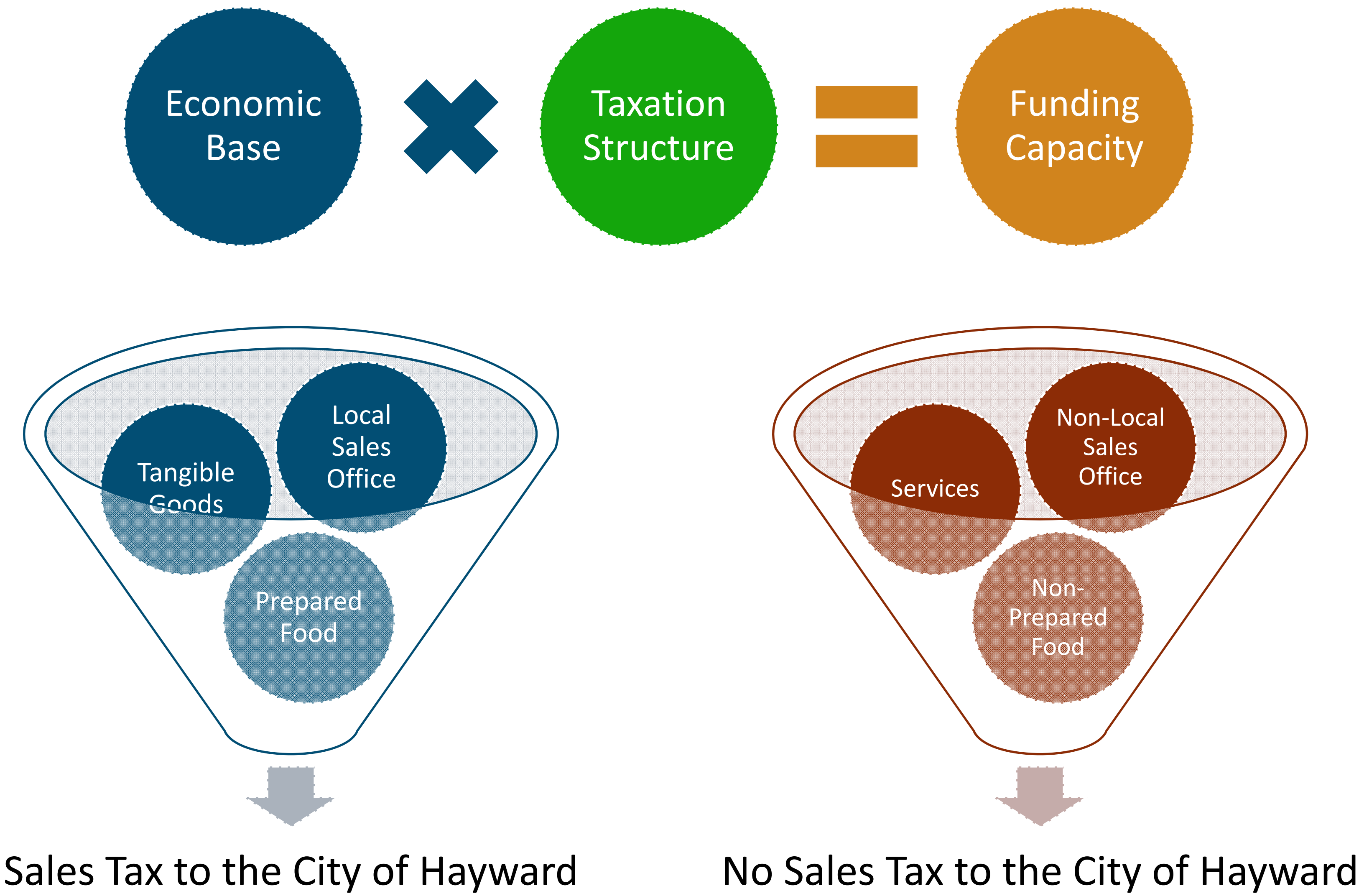
City of Hayward

Sales Tax Trends & Economic Analysis

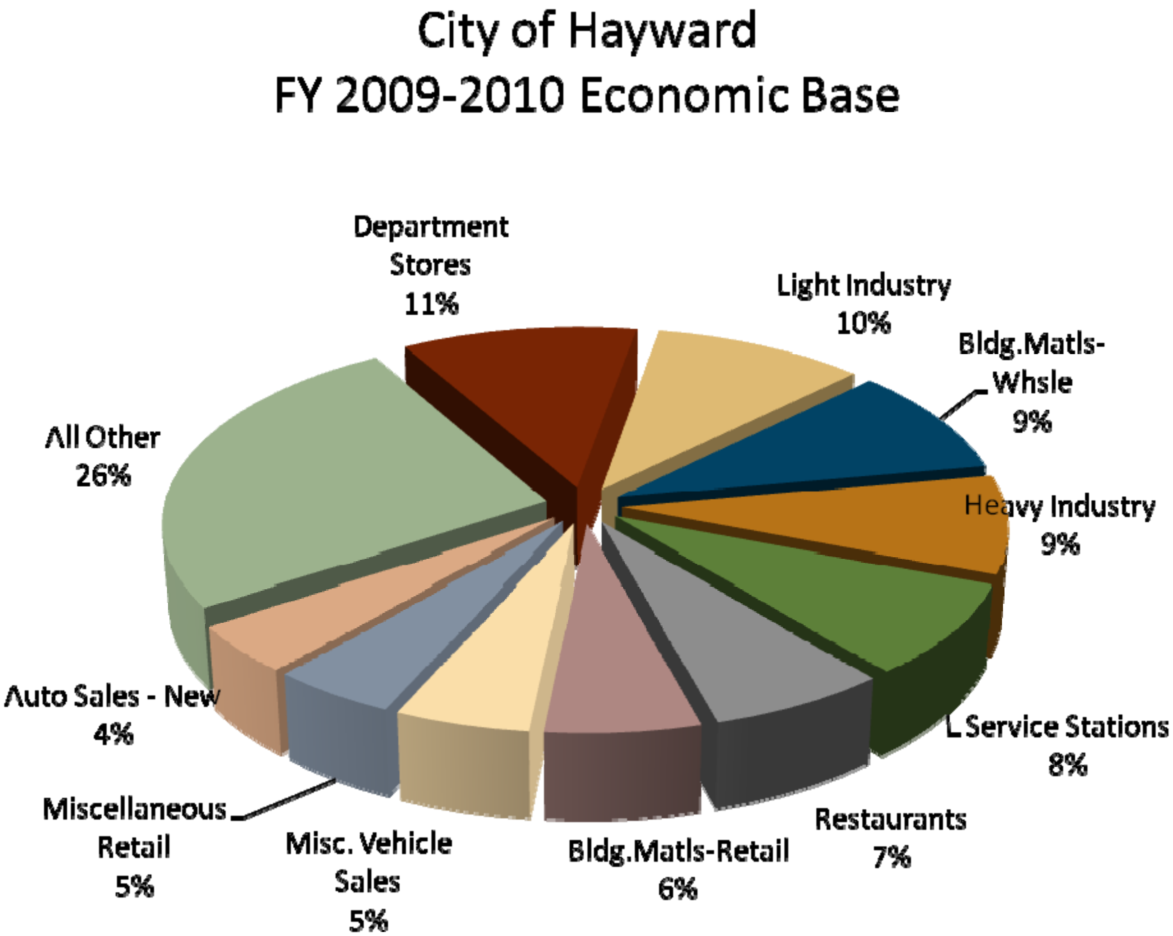
Sales Year Ended: June 2010

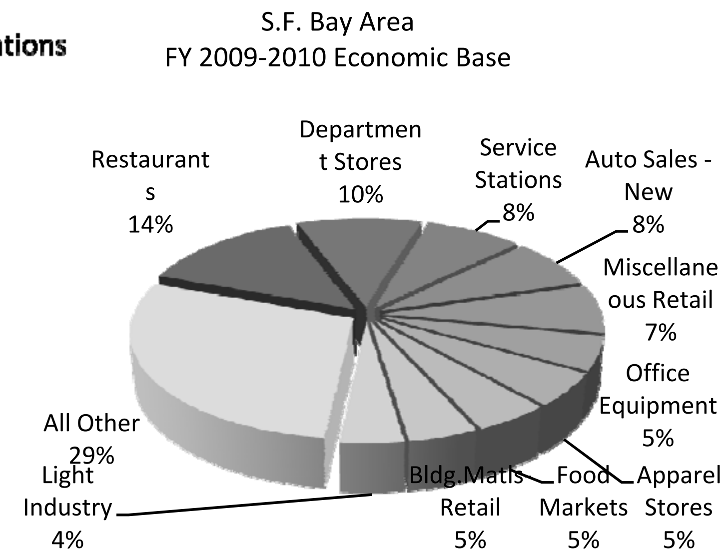
Sales Tax Receipts Year Ended: September 2010

Doug Jensen, VP Client Services | Doug.Jensen@MuniServices.com | 1.800.800.8181 ext. 5012

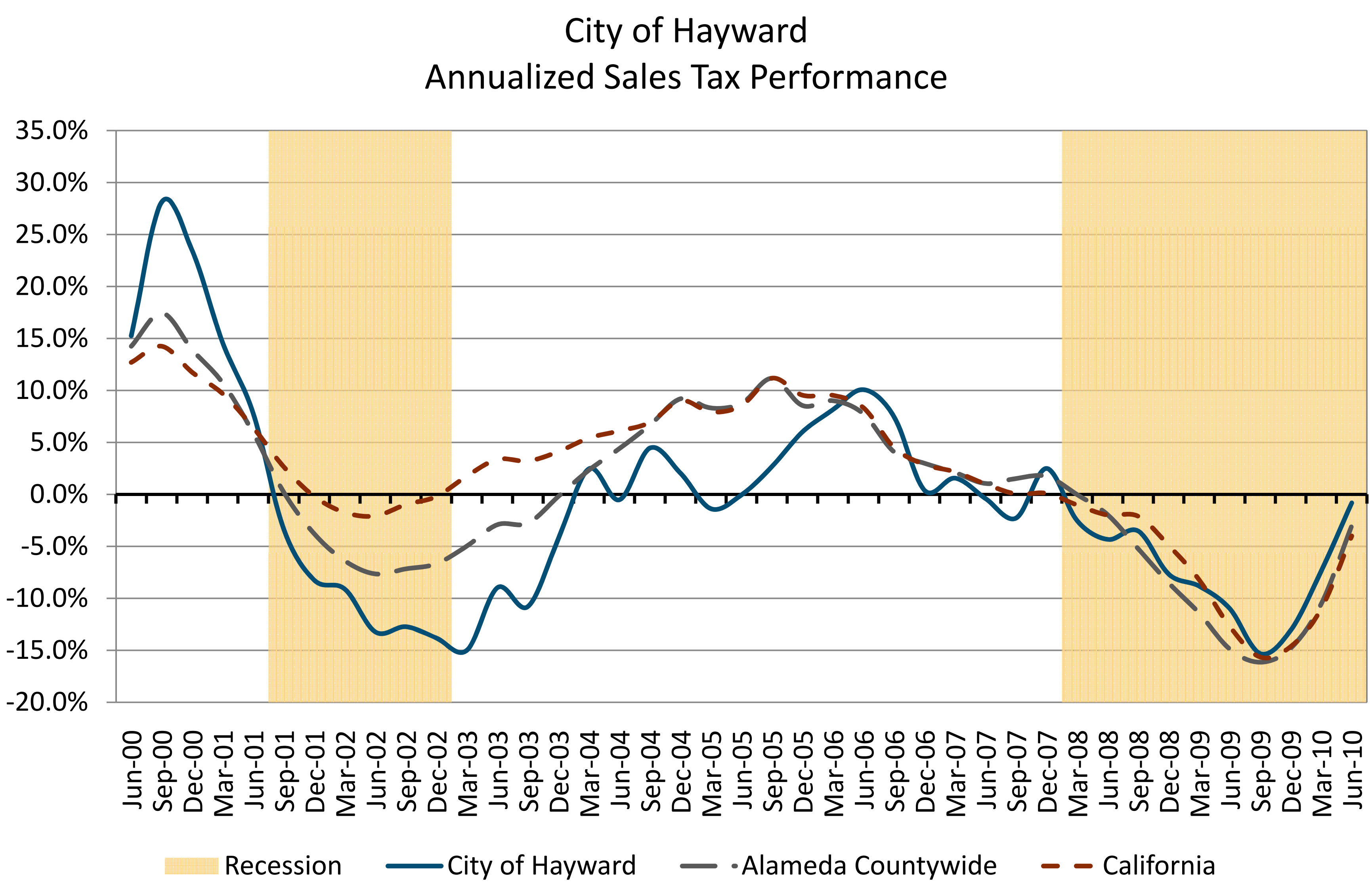


Funding Capacity





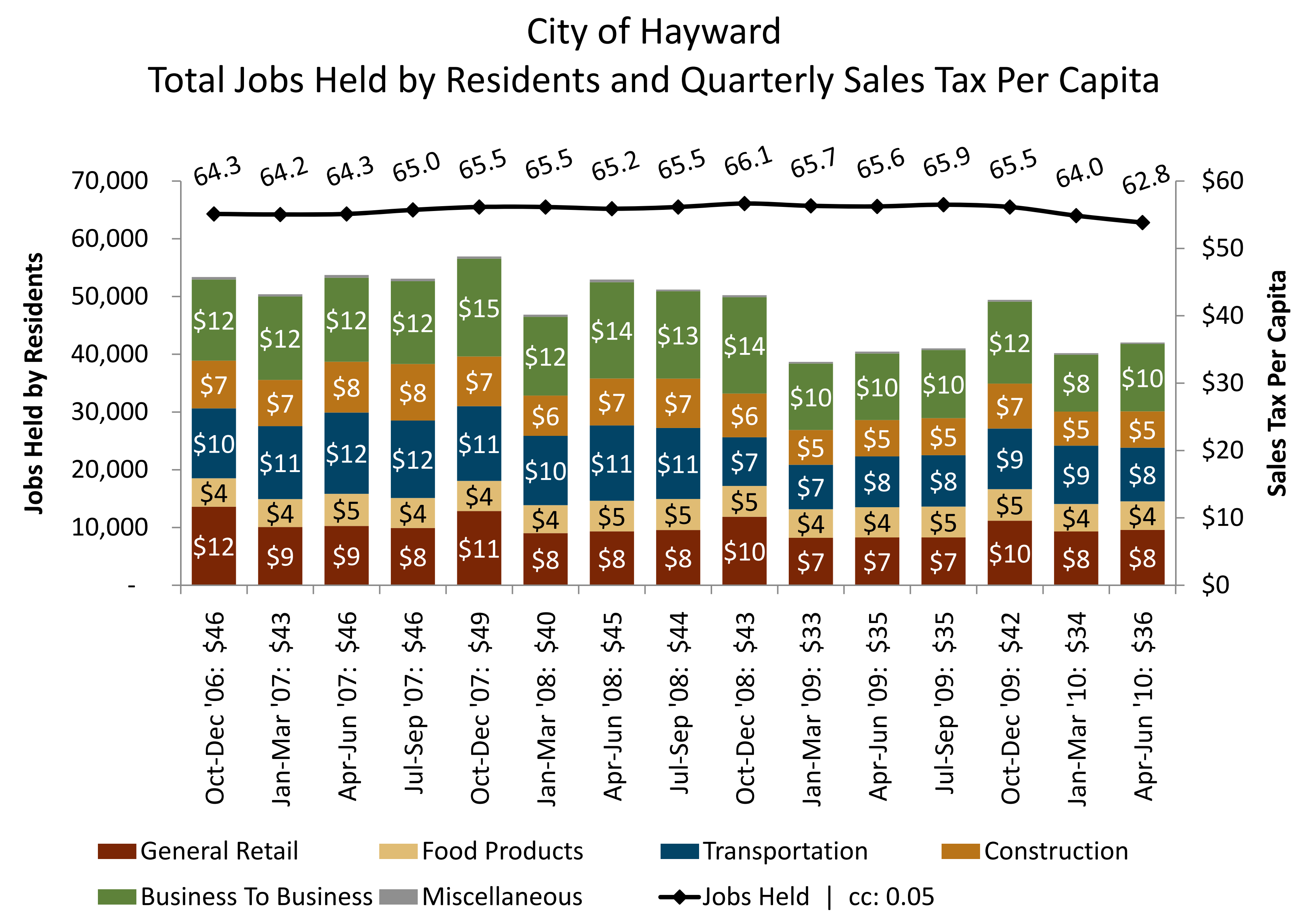
Economic Base Composition



Annualized Sales Tax Performance

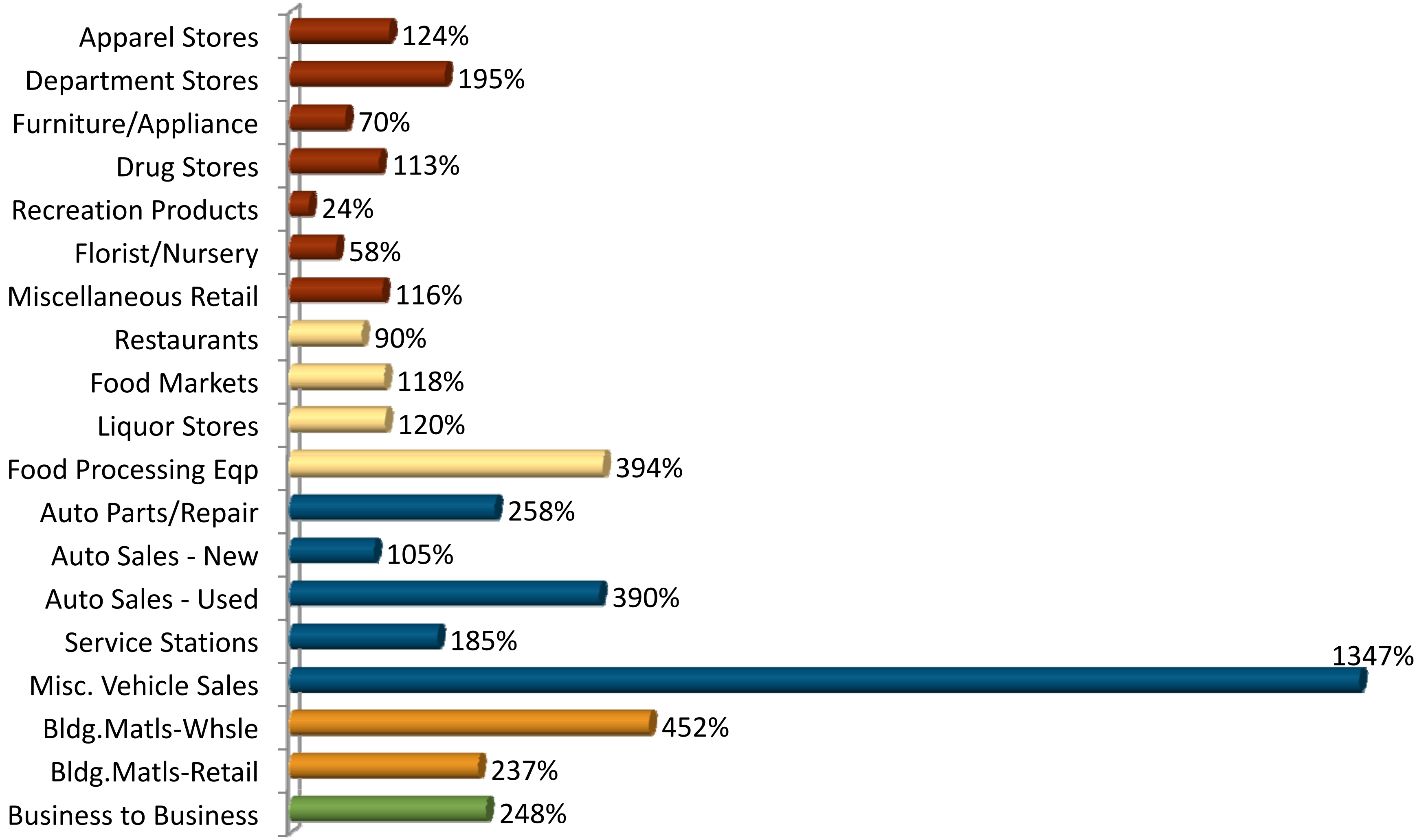
	Quarter-Over-Quarter April-June 2009 to April-June 2010			Year-Over-Year July 2008-June 2009 to July 2009-June 2010		
	City of Hayward	S.F. Bay Area	Statewide	City of Hayward	S.F. Bay Area	Statewide
Total	**5.4%**	**5.0%**	**3.5%**	**-3.0%**	**-4.0%**	**-4.8%**
General Retail	**17.5%**	2.2%	0.9%	**2.6%**	-3.0%	-3.0%
Food Products	**-4.5%**	0.8%	0.0%	**-0.7%**	-2.1%	-2.8%
Transportation	**7.3%**	15.9%	13.0%	**5.9%**	3.3%	-0.2%
Construction	**1.6%**	-1.0%	-2.1%	**-5.9%**	-11.3%	-12.2%
Business To Business	**2.6%**	6.7%	4.5%	**-12.1%**	-10.1%	-10.9%
Department Stores	**43.0%**	2.1%	0.8%	**18.6%**	-0.8%	-1.2%
Light Industry	**7.5%**	-7.4%	-3.1%	**-13.4%**	-16.0%	-14.0%
Bldg.Matls-Whsle	**0.0%**	0.8%	-2.1%	**-12.9%**	-13.9%	-17.7%
Heavy Industry	**15.2%**	10.0%	3.7%	**-0.3%**	-16.0%	-18.4%
Service Stations	**10.2%**	18.9%	16.0%	**2.1%**	2.9%	1.0%
Restaurants	**-2.6%**	1.1%	-0.1%	**-4.0%**	-2.9%	-3.5%
Bldg.Matls-Retail	**4.3%**	-2.4%	-2.1%	**8.2%**	-9.0%	-7.0%
Misc. Vehicle Sales	**9.5%**	11.4%	0.6%	**83.8%**	-0.5%	-14.5%
Miscellaneous Retail	**-13.6%**	-1.9%	-2.8%	**-14.8%**	-5.9%	-6.5%
Auto Sales - New	**12.6%**	20.3%	16.6%	**-22.8%**	5.8%	1.1%

Sales Tax Performance Comparison by Quarter and Year



Total Jobs Held & Sales Tax Per Capita by Quarter

City of Hayward
Sales Tax Capture & Gap in Fiscal Year 2009-2010
Above 100% = Capture; 100% = Equilibrium; Below 100% = Gap



Strengths:

- Proximity to Highways and Shipping Port
- Diverse Business Base (retention & growth)
- University/Workforce
- Reduce volatility

Weaknesses:

- State of CA Issues hampers local economic development
- Leakage in full service restaurants
- Economic Conditions

Opportunities:

- Available land/parcels from vacated car dealers on Mission Bl.
- Downtown vacancies
- Southland Mall pad opportunities

Threats:

- Internet Sales
- Growing service economy
- Outdated/outmoded statewide taxing structure
- Regional competition

Current Conditions

General Retail

- More grocery will carve out taxable sales
- Internet competition
- ‘Permanent’ change in consumer behaviors
- Pricing strategies
- 2.4 to 3% CPI

Transportation

- New Cars Sales change to lower price vehicles
- Aging Vehicles
- On-going ‘volatility’ in gas prices with ripple effects through economy

Business to Business

- Impacted by credit crisis
- Can improve to healthy status soon
- State policies impact
- SB 71

Construction

- Hardest hit by current recession
- High vacancy rates and low absorption rates keep demand low for next 2- 5 years
- FY 11-12 still impacted

Food Products

- Typically follow ‘core CPI’ of 2.4% per annum
- Increased competition
- Lower menu prices

Expectations