Office of the City Manager

01

Worksession Item

WORKSESSION
December 15, 2015

To: Honorable Mayor and Members of the City Council

From: DWR Dee Williams-Ridley, Interim City Manager

Submitted by: Michael Caplan, Economic Development Manager

Subject: Berkeley Economic Profile

SUMMARY

For the last several years the Office of Economic Development (OED) has provided Council with semi-annual workshops to review various aspect of the Berkeley economy and discuss current economic development programs and policies. For this workshop, staff focuses on the big picture, i.e., the large trends and key economic indicators that are reflective of how the Berkeley economy has recovered over the last several years. Staff reviewed a wide range of data sources and analyzed key metrics, including unemployment rates, office vacancy rates, vacancy rates, retail sales, and building permit valuation in the context of regional and sectoral trends.

The data indicate that the overall Berkeley economy is strong and getting stronger. Berkeley's **unemployment rate** is down and the number of jobs within the City is increasing. Berkeley's average unemployment rate for Q2 2015 (April – June) was 3.7 percent, down nearly a percentage point from the same period during the previous year. It is important to note that the benefits of a strong economy are not shared to the same level by all demographic sectors of the community. Providing more economic opportunity for all Berkeley residents remains a challenge.

Office vacancy rates are down and overall office availability dropped to 4.7% in Q2 2015 from 8.4% in Q2 2014. This is a function of several factors including Berkeley's emerging innovation economy, strong and growing regional demand, and the repositioning of older office buildings under new ownerships who are upgrading them for the current market.

Ground floor retail vacancy rates are also down in commercial districts across the City. As of Q3 of this year, the Citywide vacancy rate had fallen to 5.9%, with significant recovery in the Downtown and Telegraph districts. In many districts, vacancy is below the threshold of "normal" vacancy (5 to 7%). This indicates that Berkeley's retail economy is increasingly healthy and broadly shared – there is significant new ground floor activity even in neighborhoods that haven't seen much new investment in decades.

Retail sales are up and improving. In the second quarter of 2015, sales tax revenues in Berkeley grew by 4.2% over the same quarter in the previous year, as compared to

3.8% growth statewide. Food services businesses continue to drive this growth – restaurant revenue grew by 6.2% – while most other categories holding relatively flat with the exception of recreation products which also showed strong growth (10.2%).

Staff notes that the nature of retail businesses continues to change and evolve in the post internet era. A recent chance is the creation of brick and mortar outlets for internet retailers such as Amazon who has announced creation of two such stores in Berkeley. Another trend that is increasingly present in Berkeley is the emergence of 'experiential retail' concepts in which interactive experiences are a key part of the shopping/dining experience.

Building permit applications and the **total building permit valuation** are both up significantly in 2015. New construction has reached record levels, particularly in the housing sector.

Economic development (OED) staff notes that despite Berkeley's strong economic recovery, there are still a number of challenges that can inform near-term and long-term policy development. Several of these challenges are listed and discussed including the increasing costs of doing business, ongoing inequality of income and employment opportunity between sectors of Berkeley's population, increasing housing costs, retention of the auto sector and the timeline for some types of permits in the development review process.

The report outlines several strategies that are currently being used to support more equitable economic development outcomes.

Finally, staff has created several publications that are designed to make current economic information more accessible to the broader Berkeley Community. This report presents and discusses two new dashboard templates that display economic information in a clear and accessible way– one Citywide and another for specific neighborhood. Significantly, the dashboards include some social metrics pertaining to population diversity, unemployment rates by race and housing costs which are all significant factors affecting Berkeley's economic health. Staff expects to update these dashboards on a semi-annual basis and have them displayed on the City's OED website.

CURRENT SITUATION AND ITS EFFECTS

Over the past four years, economic activity in Berkeley has recovered to its pre-recession levels. By a variety of indicators, including employment, business growth, commercial occupancy, and sales tax revenues, Berkeley's economy performed robustly in 2015. However, there are a number of structural economic challenges to the current economic expansion, such as the increasing and persistent inequality in income, employment opportunity and high housing costs. These challenges are not unique to Berkeley; they threaten the region and are even nationwide in scope.

Employment & Business Development[1]

Berkeley's unemployment rate is down and the number of jobs within the City is increasing.

Berkeley's average unemployment rate for Q2 2015 (April – June) was 3.7 percent, down nearly a percentage point from the same period during the previous year. In comparison, Alameda County's average Q2 unemployment rate in Q2 was 4.5 percent, while California's was 6.2 percent. Berkeley's unemployment rate has fallen below its pre-recession low-point in 2006.

Unemployment rates for African-Americans and Latinos have held at roughly twice the rate of Whites, and per capita income for African-Americans is less than half of that of Whites. Minority households are seeing economic gains during the present cycle of expansion; e.g., the unemployment rate for African Americans in Alameda County shrank by roughly 33% from 2009 to 2014, and median income for African American households increased by roughly 8% over that period. Nevertheless, not all segments of the population are benefiting equally from the present economic boom, and equitable development remains an issue for the City and the region.

As of Q4 2014, there were 65,423 jobs located in Berkeley, up by roughly 1% from the total from the same period in 2013. Berkeley's jobs to employed residents ratio is calculated at approximately 1.11, meaning that within the region, the City is a net importer of workers on a daily basis. The industry sectors that showed the greatest job growth in Berkeley from 2013 to 2014 include beverage stores, chemical manufacturing, and construction and trade contractors.

The number of active business licenses in Berkeley has grown steadily over the past decade. That growth spiked to nearly 16,000 active business licenses in 2014, a 15% increase from the prior year. Recent growth in business license applications has been driven primarily by the construction and professional services sectors, which correlates with the recent construction boom and expansion of co-working facilities.

Commercial Activity[2]

Office vacancy rates are down.

Overall office availability dropped to 4.7% in Q2 2015 from 8.4% in Q2 2014. Berkeley continues to have the lowest office availability of any municipality in the immediate sub-market. The lack of available class-A office space forces many of the startups that

[1] For charts and graphs to accompany this section, see Attachment 1 Citywide Economic Dashboard, pages 3-6.
[2] For charts and graphs to accompany this section, see Attachment 1 Citywide Economic Dashboard, pages 7-9, and Attachment 4 MUNI Services Sales Tax Digest Summary, 2015 Q2.

emerge from UC Berkeley to move to other cities in the region when they reach a growth phase, even if their strong preference is to remain in town.

It is important to note that there were a number of significant transactions and new tenancies in the first half of the year, including:

- WeWork, an operator of co-working spaces in 17 cities in 4 countries, commenced occupancy of 45,000 square feet at 2120 University, housing up to 600 workers and becoming the City's largest co-working facility.
- Harvest Properties purchased Constitution Square building and is refurbishing for office occupancy.
- A local consortium purchased the UC Press building at 2120 Berkeley Way and is rebuilding it as a new office building.
- Aduro Biotech, a locally-grown biopharma company, leased the entire 105,000 square feet of 740 Heinz building while it was still under construction. This is an example of how creation of local habitat can help the City retain growing companies and the local jobs and tax base that they provide.

Groundfloor retail vacancy rates are down

Vacancy rates[3] for ground floor commercial spaces have fallen Citywide over the past five years. Toward the conclusion of the last recession, Citywide ground floor vacancy rates rose to over 10%, including over 15% in Downtown. As of Q3 of this year, Citywide ground floor vacancy had fallen to 5.9%, with significant recovery in the Downtown and Telegraph districts. In many districts, vacancy is below the threshold of "normal" vacancy (5 to 7%). This signifies strong demand for retail space, which is positive very positive. It is worth noting that the more limited supply of available spaces can have the effect of restricting mobility of existing businesses and making it more difficult to find startup or expansion space.

Sales tax revenues are increasing.

In the second quarter of 2015, sales tax revenues in Berkeley grew by 4.2% over the same quarter in the previous year, as compared to 3.8% growth statewide. Food services businesses continue to drive this growth – restaurant revenue grew by 6.2% – while most other categories holding relatively flat. Recreation products is also a key category for the City and showed strong growth (10.2%); there is potential for additional

[3] OED calculates ground floor commercial vacancy by square footage, and does not include spaces that are occupied by nonconforming uses, leased and pending occupancy, or off the market due to pending development projects.

growth with the recent opening of Sports Basement. Two key segments experienced declines over this period- miscellaneous retail[4] (-4.7%) and new auto sales (-9.1%).

One notable trend in commercial districts in the City and across the region is the increasing importance of "experiential" retail and services, or businesses that offer an interactive or distinctive shopping experience that cannot be replicated by Internet shopping or in other, more traditional formats. For example, Collector in Elmwood not only offers art for sale but also markets its space as a rotating gallery and events space. Another example is the Apple Store, which features interactive product displays, educational programming for customers, and technology tools to connect shoppers with products. Other examples in Berkeley include Victory Point Café, Sticky Art Lab, Rec Room, Urbanity, and La Botella Republic.

Development & Housing[5]

Construction has reached record levels, and there is a high volume of housing units in development.

Berkeley is currently experiencing a record level of construction. In 2015, the number and total valuation of building permits spiked significantly. Whereas over the past decade the total valuation of building permits typically fell between $20 and $40 million per quarter, in the latest quarter that number has spiked to over $100 million. This is driven by major construction projects as well as an increase in single-family home renovations.

There are currently 22 multi-unit (5+ units) housing projects throughout the City totaling 1,414 housing units that are entitled for development or under construction. An additional 5 multi-unit projects totaling 556 units are proposed and seeking entitlement. By comparison, a total of 858 net new units have been constructed in multi-unit developments (5+ units) since 2005. The majority of these development projects are clustered in the Downtown and Telegraph districts and along University Avenue and San Pablo Avenue.

There is currently one new commercial development project underway: 105,000 square feet of new bio-laboratory space at 740 Heinz Street. That project is nearing completion and is already fully leased.

Challenges and Opportunities Amid the Boom

By many measures, Berkeley's economy has recovered from the last recession and is experiencing strong growth. However, there are a number of challenges to continued

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[4] 'Miscellaneous Retail' includes retail stores that do not fall into other specified categories. Stores that fall within this category include the UC Berkeley Student Book Store, mobile phone stores, dollar stores, and other general retail stores.
[5] For charts and graphs to accompany this section, see Attachment 1 Citywide Economic Dashboard, pages 10-11.

growth that can inform near-term and long-term policy development. These challenges, as outlined below, are based not only by the quantitative analysis described above, but also by conversations with business owners and advocates.

- Economic Equity: As noted above, inequity in employment and income persists, including significant divergences by race. The current economic expansion is not benefiting all segments of the population equitably. This is a deep systemic and regional issue that cannot be solved overnight. The City must continue to try to address it through workforce development programs and by pursuing strategies for equitable economic development (as outlined in a section below).
- Housing: Housing costs in Berkeley, including both ownership and rentals, have continued to rise in 2015, consistent with the entire core Bay Area region. Many economists project that regional housing costs will continue to trend upward for 12 to 24 months. The historically high cost of housing threatens to displace some of Berkeley's low-income community and poses challenges for Berkeley's labor market. As noted above, there are a number of housing projects proposed and in the development pipeline that can, in the long-term, help address this issue by increasing housing supply, and can in the near-term generate affordable housing through on-site inclusionary units and housing trust fund fees.
- Cost of Doing Business: Small business groups and advocates warn that the increasing costs of doing business in Berkeley can stunt growth and over time could result in business closures. When evaluating City-specific policies that impact small businesses, the City must consider the overall cost burden to local businesses and how policies will affect the overall business climate.
- Levels of Discretion: The record levels of economic activity have resulted in a long queue of applications for businesses and development projects seeking entitlement and construction approval, lengthening the overall process for new projects. As recently directed by various Council referrals, staff will work with the Planning Commission to identify opportunities to reduce levels of discretionary review for desired uses.
- Public Realm: Business owners and advocates continue to note the presence of a small subset of people in the public realm who demonstrate uncivil behavior that is aggressive and hostile to pedestrians. There is a need to innovate on the policy front and continue strong outreach efforts by City staff, nonprofit service providers, and ambassadors to work with this population, particularly those individuals who are service resistant.

Strategies for Equitable Economic Development

Education, workforce development, and other human capital programs, such as those coordinated by Berkeley's Housing, Health and Community Services department, are the most effective ways to connect individuals with economic opportunities. The Office of Economic Development is also pursuing a number of strategies to promote more equitable economic development, including:

- Access to Capital: Berkeley's Revolving Loan Fund provides access to capital for businesses that don't qualify for traditional commercial loans. Since the program was launched in 1980, the City has leant nearly $1.6 million to 38 borrowers that have created nearly 200 new jobs. There are currently 6 active loans and a couple currently going through the underwriting process.
- Internship Opportunities: OED is collaborating with Berkeley City College to place interns in Berkeley-based companies and nonprofits. Twenty-six new internships were created in 2015.
- Women Entrepreneurs: Women Entrepreneurs in Berkeley (WEB) provides research, marketing, training programs, and administrative support for high-growth, women-led tech companies. Earlier this year the program received a $10,000 grant from Chancellor's Community Partnership Fund.
- Corner Store Initiative: The City is partnering with Lifelong Medical Care, the Ecology Center, and the UC Berkeley Blood Pressure Project on *Healthy Foods, Healthy Neighborhoods*, the City's first healthy corner store program. The project, funded by a $33,500 grant from the Chancellor's Community Partnership Fund, has identified two corner stores in south and west Berkeley that will receive capital improvement grants and technical assistance in return for a commitment to begin carrying fresh produce and other healthy foods. OED plans to pursue other private funding sources to make improvements to additional stores.
- Focus on South Berkeley: Staff engages merchants in South Berkeley with focused technical assistance and facilitation. In the past year, the Lorin Business Association has adopted formal by-laws, began collecting membership dues, and is pursuing new marketing and branding projects.

OED and its partners will continue to pursue these and other programs and strategies to create economic opportunities for all segments of the City's population and promote equitable development Citywide.

<u>OED Publications</u>

OED staff has compiled the data and findings presented above into a series of publications. These publications vary in their intended purpose and audience. They include:

- **Citywide Economic Dashboard, Q1 & Q2 2015** (Attachment 1). The Citywide Economic Dashboard is a new publication that provides a snapshot of economic performance for a specific period, roughly corresponding with the first six months of 2015. (Due to a lag in the availability of some datasets, not all data sources line up with that time period.) The dashboard is intended to provide policy-makers, City staff, and other stakeholders with key indicators and trends related to the City's economic health. OED plans to release an updated version of this publication every six months (as staffing allows).

- **Commercial District Dashboards** (Attachment 2). The commercial district dashboards are new publications that provide a more focused look at economic conditions in Berkeley's neighborhood shopping districts, including business occupancy, vacancy and sales tax performance. It is primarily intended as a tool for local stakeholders. OED plans to update these documents annually.
- **Berkeley Demographic & Economic Profile** (Attachment 3). The City Profile includes information about Berkeley's population, business sectors, and amenities. It is primarily intended as a business attraction piece that informs business owners, commercial brokers, and other entities making locational decisions. OED updates this publication on an 'as needed' basis, at least once every five years.

The two new dashboard templates are intended to display economic information in a clear and accessible way. Significantly, the dashboards include some social metrics pertaining to population diversity, unemployment rates by race and housing costs which are all significant factors affecting Berkeley's economic health. Staff expects to update these dashboards on a semi-annual basis and have them displayed on the City's OED website.

BACKGROUND

To generate a detailed overview of current economic conditions, OED staff compiled and analyzed a wide variety of data sources including the American Community Survey (US Census Bureau), the Quarterly Census of Employment and Wages (Bureau of Labor Statistics), Monthly Labor Force Data (California Employment Development Department), commercial real estate data (Colliers, Newmark Cornish & Carey), and sales tax data (MUNI Services). Staff also analyzed data from City databases including business licenses, building permits and planning permits, and City publications such as the housing element and rent board reports. Finally, staff updated its periodic occupancy survey of ground floor commercial spaces in commercial districts around the City. Due to a lag in availability of some data, many of the findings presented below, and in the attached publications, are most relevant to the first half of 2015.

ENVIRONMENTAL SUSTAINABILITY

Many of the City's environmental sustainability goals are inextricably tied to the overall health of the City's economy. The strong health of Berkeley's economy indicates that the City is well-positioned to pursue those goals. Furthermore, staff believes that the continued pursuit of environmental sustainability goals, as well as the programs and public policies that encourage that pursuit, represents a core economic strength for Berkeley and a competitive advantage of the City and the region.

POSSIBLE FUTURE ACTION

Staff will, as directed by council through previous referral items, work with the Planning Commission to identify policy ideas that support economic development priorities, including possible reductions in permitting discretion for desirable uses, clarification of the allowances for incidental service and retail uses for manufacturers, and the establishment of a 5 foot height bonus incentive for the creation of new quality active ground-floor retail space. These and other such items may return to Council for future action.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Actions that facilitate increased economic activity tend to boost revenues related to sales tax and property tax, and thus have positive fiscal impacts. Staff is unable to make specific estimates of such impacts at this time.

CONTACT PERSON

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Attachments:
1: Citywide Economic Dashboard, Q1 & Q2 2015
2: Commercial District Dashboards
3: Berkeley Demographic & Economic Profile
4: MUNI Services Sales Tax Digest Summary, 2015 Q2

Attachment 1

city of

BERKELEY

Economic Dashboard

January – June (Q1 and Q2) 2015

Office of Economic Development

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CITYWIDE ECONOMIC DASHBOARD

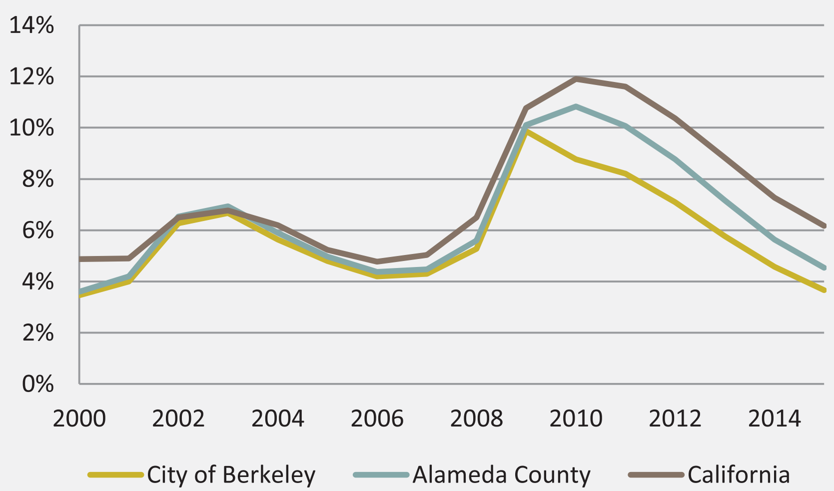
employment

labor force & employment figures

Berkeley Q2 Averages, 2013-2015

Year	Labor Force	Employed Residents	Unemployment Rate
2015	61,267	59,000	3.67
2014	60,500	57,767	4.57
2013	60,167	56,667	5.77

Unemployment Rates, Q2 2000-2015



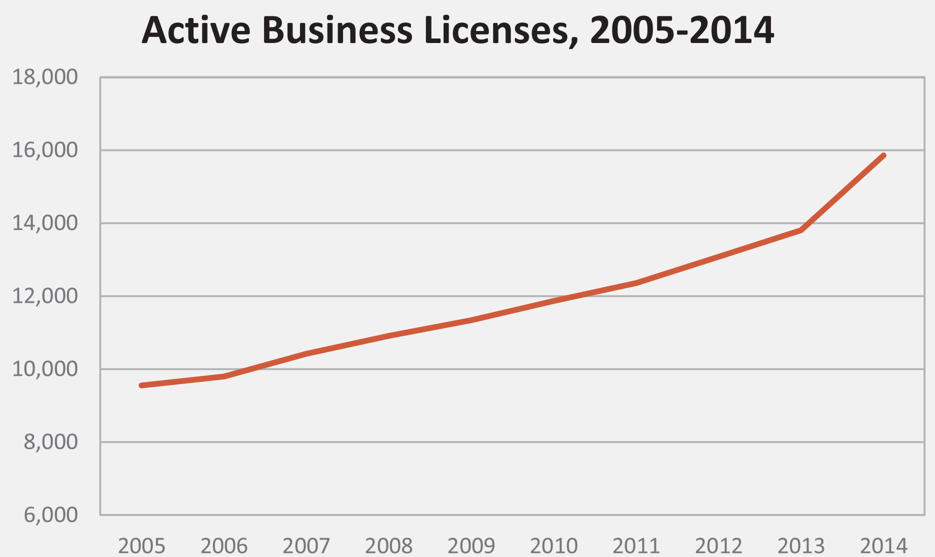
employment & jobs: fast facts

- Berkeley's average unemployment rate for Q2 2015 (April – June) was 3.7 percent, down 0.9 percent from the same period during the previous year.
- In comparison, Alameda County's average Q2 unemployment rate in Q2 was 4.5 percent, while California's was 6.2 percent.
- Berkeley's unemployment rate has fallen below its pre-recession low-point in 2006.
- As of Q4 2014, there were 65,423 jobs located in Berkeley. Berkeley's jobs to employed residents ratio is calculated at approximately 1.11.
- The industry sectors that showed the greatest job growth in Berkeley from 2013 to 2014 include beverage stores, chemical manufacturing, and construction and trade contractors.

Sources: CA Employment Development Department, Monthly Labor Force Data; Bureau of Labor Statistics, Quarterly Census of Employment and Wages

business development

business license activity

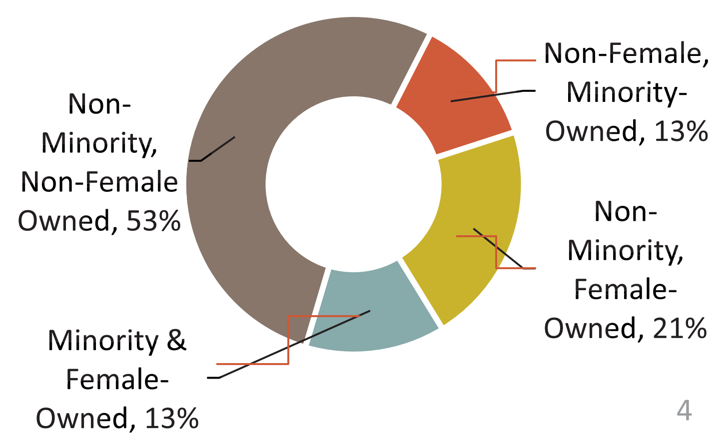


Source: City of Berkeley

- The number of active business licenses in Berkeley has grown steadily over the past decade. That growth spiked in 2014, a 15% increase from the prior year.
- Recent growth in business license applications has been driven primarily by the construction and professional services sectors, which correlates with the recent construction boom and expansion of co-working facilities.
- 47% of active businesses in Berkeley are minority- and/or female-owned.

Active Business Licenses in Berkeley (as of Oct, 2015): 13,117

Top Industries (3-Digit NAICS codes):
- **Real Estate:** 28%
- **Professional, Scientific and Technical Services:** 12%
- **Specialty Trade Contractors:** 10%
- **Ambulatory Health Care Services:** 7%
- **Food Services and Drinking Places:** 4%
- **Administrative and Support Services:** 4%
- **Personal and Laundry Services:** 3%
- **Educational Services:** 2%
- **Performing Arts, Spectator Sports, etc:** 2%



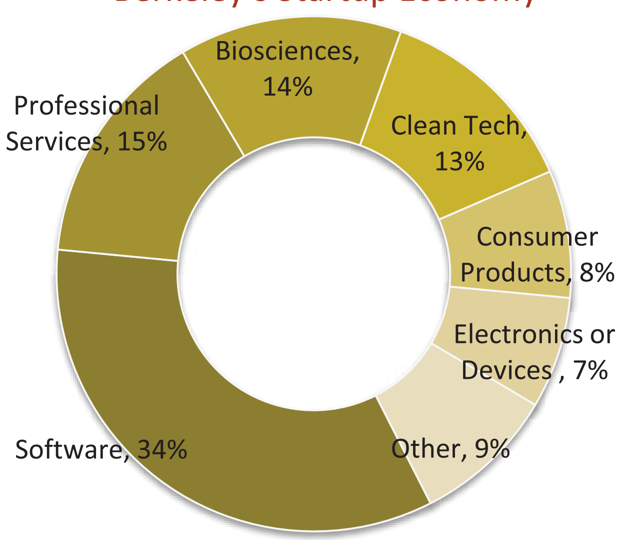
business development

top employers & innovation sector

[top 25 employers]

ALTA BATES SUMMIT MEDICAL CENTER	MSCI INC.
BAYER HEALTHCARE LLC	NASTY GAL VINTAGE
BERKELEY BOWL PRODUCE	OC JONES & SONS
BERKELEY CITY COLLEGE	PACIFIC STEEL CASTING COMPANY LLC
BERKELEY MARINA DOUBLETREE	RECREATIONAL EQUIPMENT INC
BERKELEY UNIFIED SCHOOL DISTRICT	SITEWORKS LANDSCAPE, INC.
BIOMEDICAL ENGINEERING	SUNPOWER CORPORATION, SYSTEMS
BOEHRINGER MANNHEIM CORP	UNIVERSITY OF CALIFORNIA BERKELEY
CITY OF BERKELEY	WAVE MARKET, INC
CLAREMONT RESORT AND SPA	WHOLE FOODS CALIFORNIA INC
GROCERY OUTLET INC	XOMA (US) LLC
KAISER PERMANENTE	YMCA OF THE CENTRAL BAY AREA
LAWRENCE BERKELEY LABORATORY	

Berkeley's Startup Economy



- 250+ startups based in Berkeley
- With the launch of WeWork in February, 2015, there are now 7 distinct co-working facilities throughout the city.
- In 2014, Berkeley startups attracted over $200 million of venture capital investment.
- Aduro, a Berkeley-based cancer immunotherapy company, raised $119 million in an April 2015 IPO.
- Women Entrepreneurs in Berkeley received a $10,000 grant from Chancellor's Community Partnership Fund to provide research, marketing, and administrative support for a Board Management training for high-growth, women-led tech companies.
- OED collaborates with Berkeley City College to place interns in Berkeley-based startups; twenty-six new internships were created in 2015.

Lisa Dyson, Women Entrepreneurs in Berkeley participant and CEO of Kiverdi, a CleanTech Biosience firm

business development

small business revolving loan fund

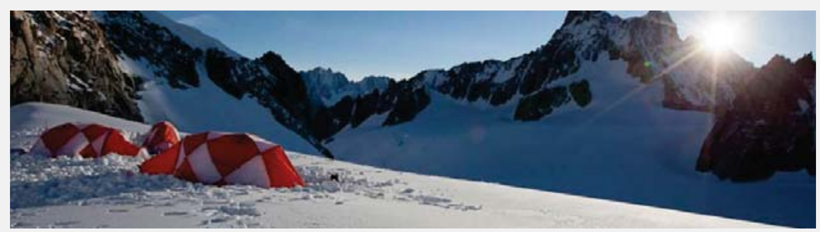
The City of Berkeley's Revolving Loan Fund provides access to capital for businesses that don't qualify for traditional commercial loans. Since the program was launched in 1980, the City has leant nearly $1.6 million to 38 borrowers. There are currently 6 active loans. In Q2 2015, the RLF loaned $80,000 to SlingFin (see sidebar).

PORFOLIO SUMMARY		
	Total Loans	**Active Loans**
Number of RLF Loans	38	6
RLF $ Loaned	$1,595,527	$405,000
Total Non-RLF $ Leveraged	$5,486,835	$592,238
Private Sector Jobs Created	176	36
Private Sector Jobs Saved	38	18

current borrowers include:

SlingFin, based in West Berkeley, is a high-end tent manufacturer named for the climbing sling and the fin of a fish or rock formation. The name represents gear made for use on both land and water and has been field tested on professional mountaineering expeditions to the highest peaks around the world, including Mt. Everest and Aconcagua, Argentina.

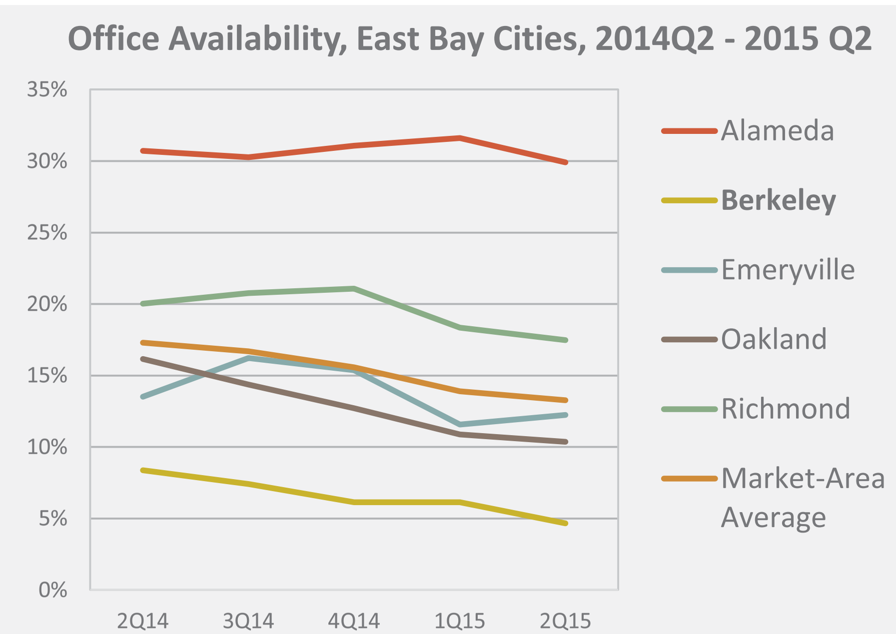
The $80,000 loan from Berkeley's Revolving Loan Fund will allow SlingFin to purchase materials to build inventory and bring new product lines to market.



commercial activity

office trends and transactions

2015 Q2 Office Market, Berkeley	Indicators
Total Inventory	2,714,461 SF
Under Construction	105,000 SF
Availability Rate	4.7%
Qtr Gross Absorption	69,768
Qtr Net Absorption	7,087
YTD Net Absorption	3,141
Average Asking Rent	$2.44 / SF



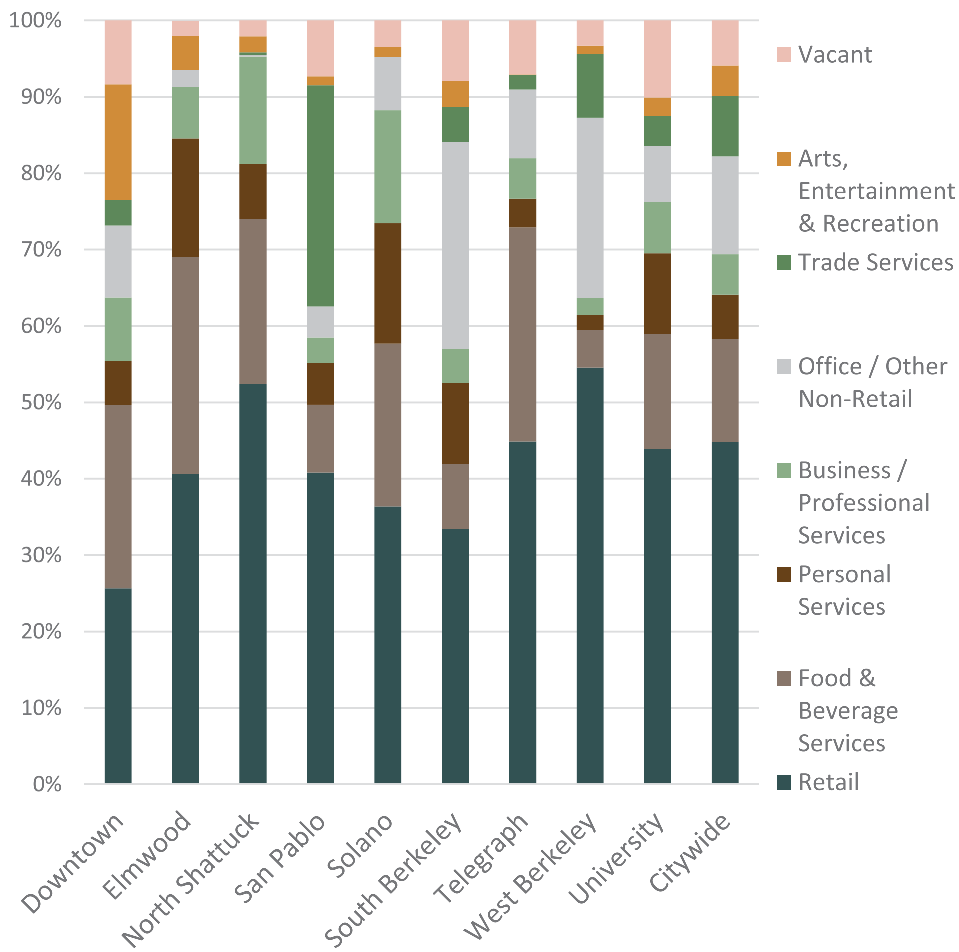
- Overall office availability dropped to 4.7% in Q2 2015 from 8.4% in Q2 2014. Berkeley continues to have the lowest office availability of any municipality in the immediate sub-market.
- New construction: 105,000 square feet of new commercial space at 740 Heinz Street neared completion and began leasing activity.
- Notable transactions and occupancy:
    - WeWork commenced occupancy of 45,000 SF at 2120 University, housing up to 600 workers and becoming the City's largest co-working facility.
    - Harvest Properties purchased Constitution Square building and is refurbishing for office occupancy.
    - UC Press building at 2120 Berkeley Way was purchased by a consortium and is refurbishing for office occupancy.

Sources: Newmark Cornish & Carey, I-880/I-80 2Q15 Office Market Report and Colliers International, Research and Forecast Report, Oakland Metropolitan Area Office Q2 2015

commercial activity

commercial districts and vacancy rates

Ground Floor Commercial Occupancy by Category, by District, 2015 Q3



Vacancy Rates by District, Calculated by Square Footage, 2008 – 2015

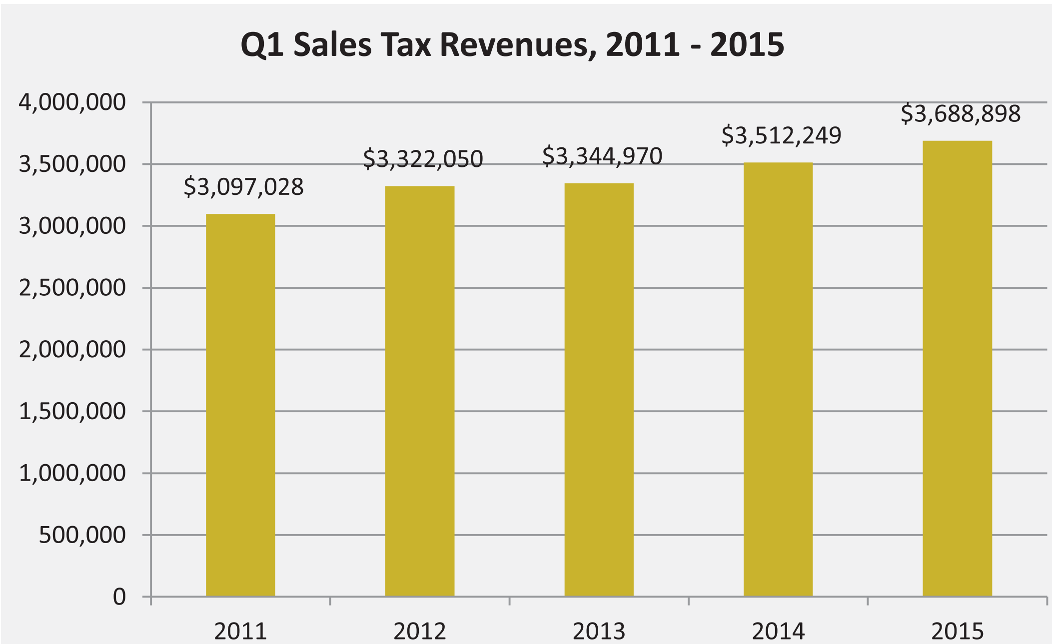
District	2008 Q3	2010 Q1	2012 Q2	2014 Q4	2015 Q3
Downtown	15.1%	13.2%	10.7%	11.2%	8.4%
Elmwood	10.0%	10.7%	10.8%	2.0%	2.0%
North Shattuck	4.1%	10.5%	4.5%	1.6%	2.1%
San Pablo	6.0%	6.6%	7.9%	5.9%	7.3%
Solano	6.0%	6.3%	4.4%	4.2%	3.5%
South Berkeley	8.7%	11.0%	12.3%	8.9%	7.9%
Telegraph	17.2%	15.3%	17.9%	12.7%	7.1%
West Berkeley	8.6%		4.0%	3.9%	3.3%
University		10.9%		4.4%	10.1%
Citywide Average	**10.1%**	**10.9%**	**8.1%**	**6.6%**	**5.9%**

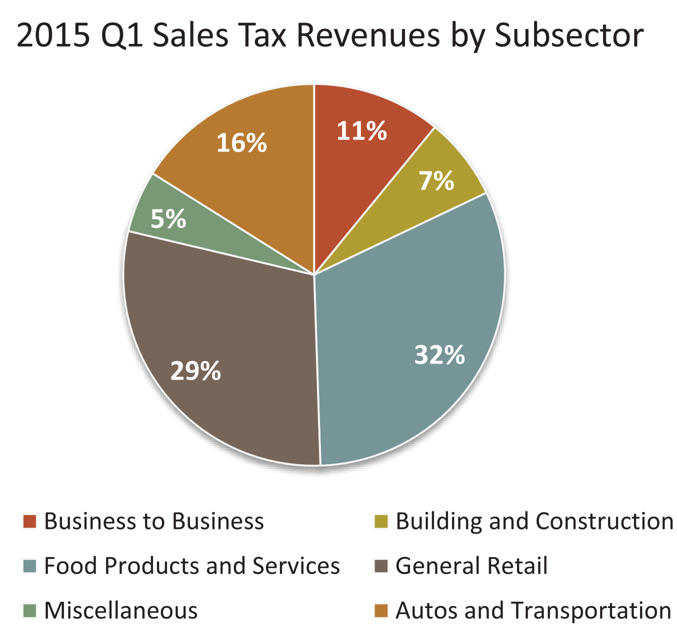
Ground floor commercial vacancy has trended downward Citywide since 2010, with significant improvements in the Downtown and Telegraph districts. One exception is University Avenue, which has experienced a number of new vacancies.

commercial activity

sales tax revenues

	Q1 2015	Q1 2014	Change
Total Quarterly Sales Tax Revenue	$3,688,898	$3,512,249	+5.03%





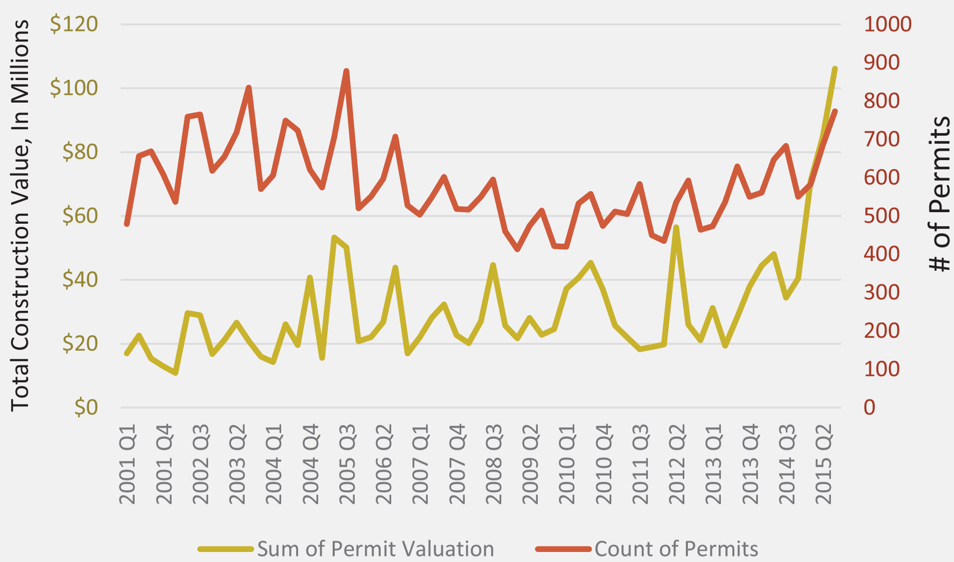
Berkeley's sales tax revenues have steadily increased since 2010. The *Food Products and Services* subsector is the largest contributor to the city's sales tax revenue, followed closely by *General Retail. Food Products and Services* has continued to show strong growth.

Source: MuniServices

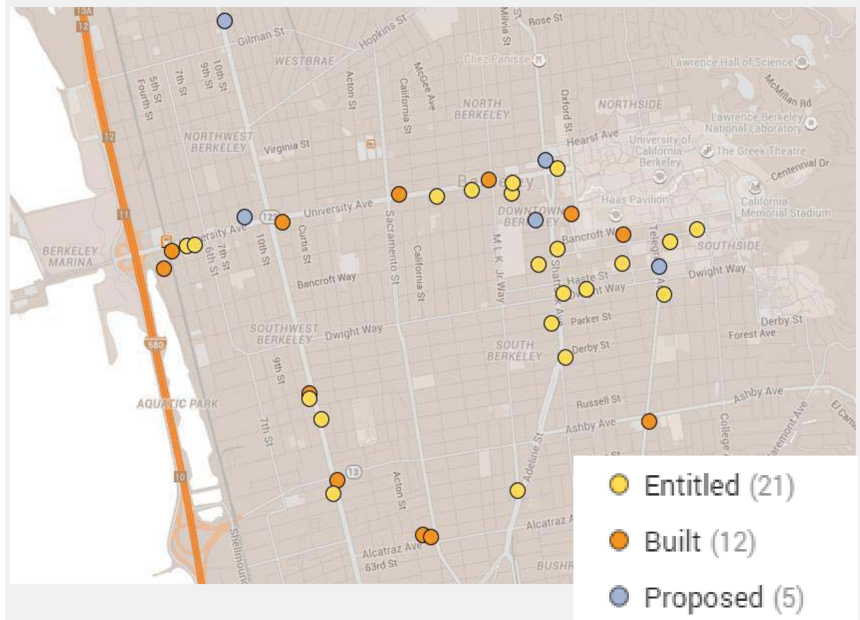
development & housing

construction & pipeline

Building Permits in Berkeley by Quarter, Construction Value and #, 2001 Q1 - 2015 Q3



Multi-Unit Projects (5+ Units), 2005 to Present

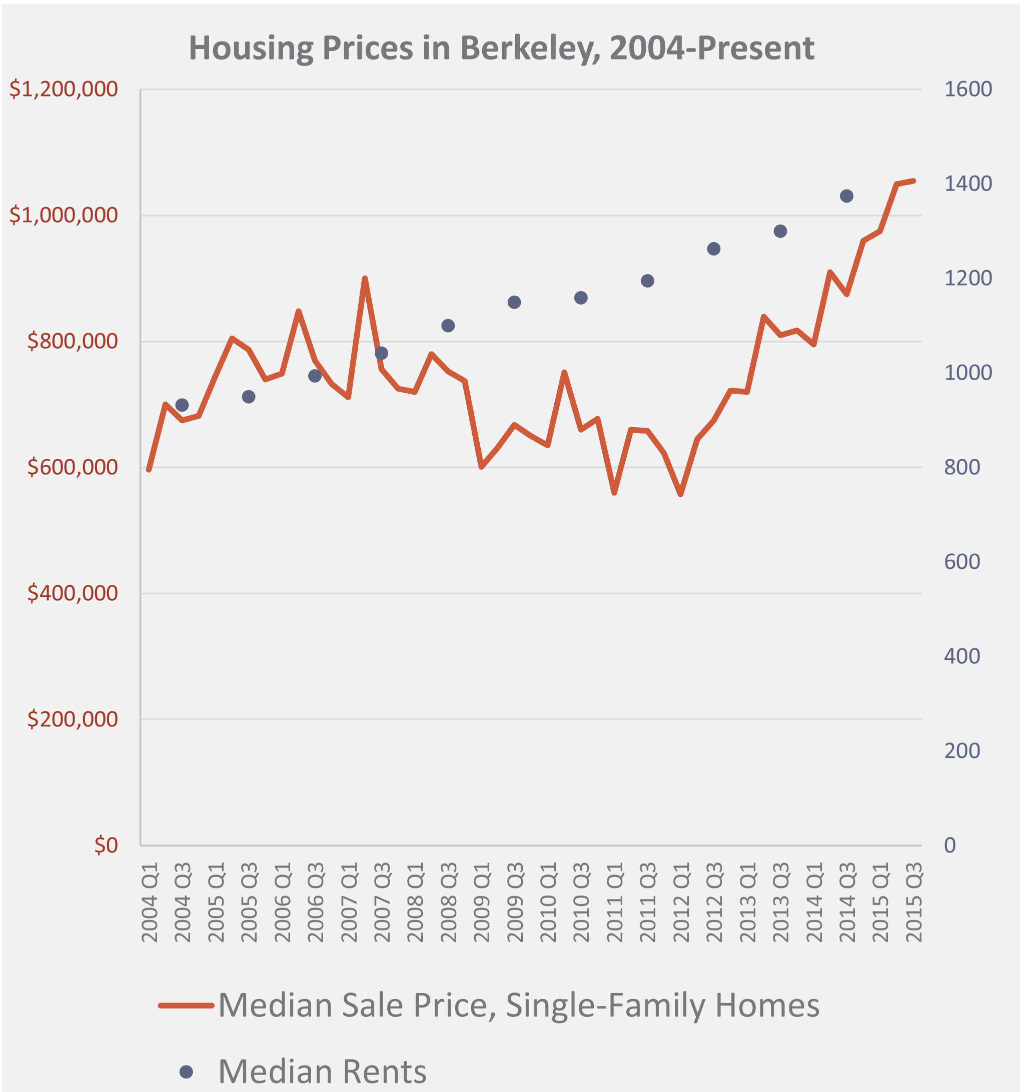


Berkeley is currently experiencing a construction boom that is unlike anything the City has seen before. In 2015, the number and total valuation of building permits spiked significantly. Whereas over the past decade the total valuation of building permits typically fell between $20 and $40 million per quarter, in the latest quarter that number has spiked to over $100 million. This is driven by major construction projects (e.g., 740 Heinz) as well as an increase in single-family home renovations.

There are currently 22 multi-unit (5+ units) housing projects totaling 1,414 housing units that are entitled for development or under construction. An additional 5 multi-unit projects totaling 556 units are proposed and seeking entitlement. By comparison, a total of 858 units have been constructed since 2005. The majority of these development projects are clustered along University Avenue, San Pablo Avenue, and in the Downtown and Telegraph districts.

development & housing

housing costs



Median Sale Price, Single-Family Homes, 2015 Q2	
Alameda	$889,500
Albany	$950,000
Berkeley	$1,050,000
El Cerrito	$775,000
Emeryville	$748,000
Lafayette	$1,431,000
Oakland	$649,000
Richmond	$422,750
San Leandro	$531,500
San Francisco	$1,350,500

Housing costs in Berkeley, including both ownership and rentals, continued to rise in 2015, consistent with the entire core Bay Area region. Many economists project that housing costs in the region will continue to trend upward for 12 to 24 months. The historically high cost of housing threatens to displace some of Berkeley's low-income community and poses challenges for Berkeley's labor market.

Sources: MLS, Courtesy Red Oak Realty; Berkeley Rent Stabilization Board.

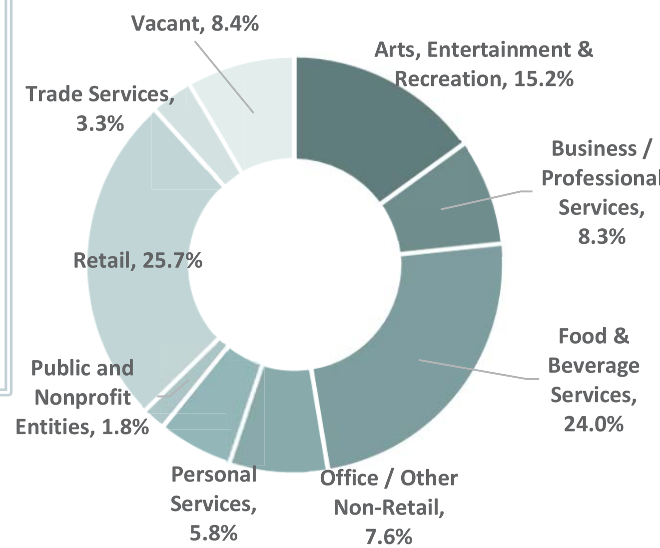
Attachment 2

downtown | 2014-2015 snapshot

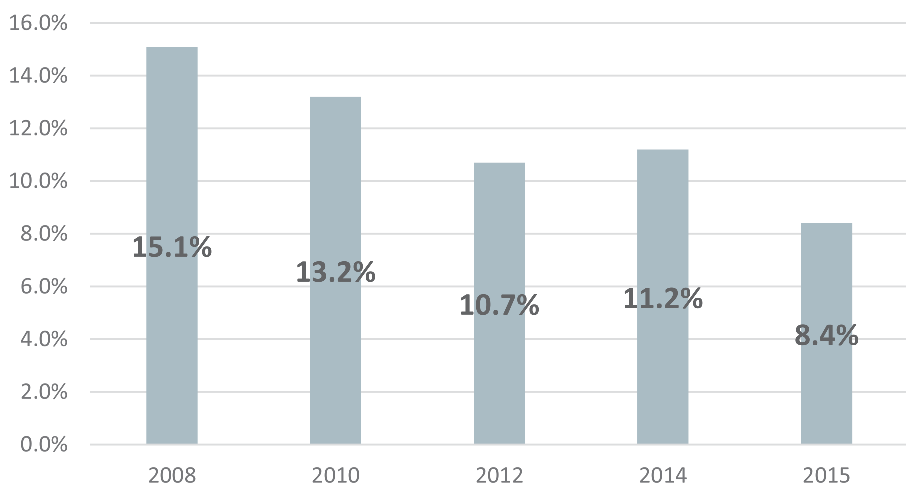
Downtown Berkeley serves as the City's core commercial district, meeting the daily needs of residents, students, workers and visitors. The district benefits from a significant concentration of arts and entertainment (15% of total ground floor commercial space in the district). Additionally, a number of new office tenancies and residential developments contribute to increased pedestrian activity in the area.

As of Q3 2015, the vacancy rate in Downtown Berkeley had fallen to 8.4%. Sales tax revenue generated by food and beverage services businesses continues to rise, mirroring the Citywide trend.

Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2015



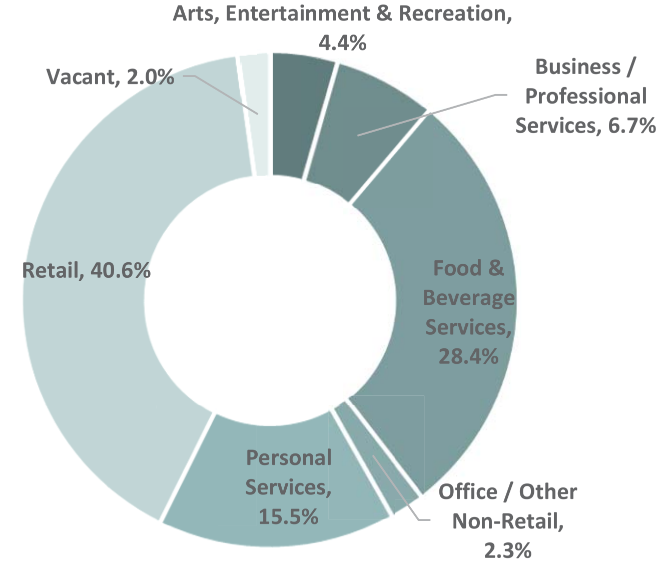
Sales Tax Revenue by Sector, 2008-2014

Elmwood | 2014-2015 snapshot

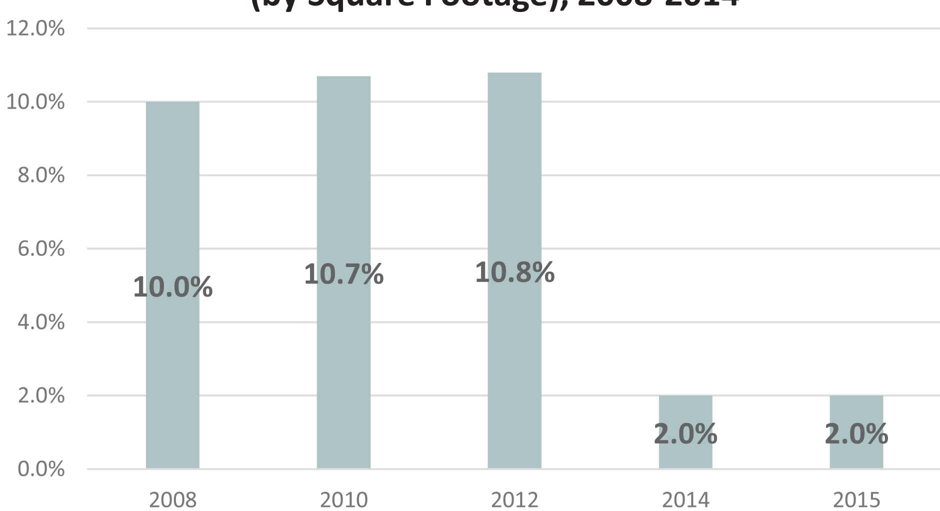
The Elmwood is a compact three block commercial district along College Avenue near the Berkeley Oakland border and the neighboring Rockridge shopping district. The Elmwood is characterized by a high concentration of retail and food and beverage services and is a walkable, neighborhood-serving commercial district.

As of Q3 2015, the district's vacancy rate by square footage was 2.0%, a marked drop from 2012's high of 10.8%. The steep decline in vacancy is due primarily to the re-development of the space formerly occupied by Wright's Garage. Retail and Food and Beverage Services remain the top (and increasing) generators of sales tax in the district.

Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2014



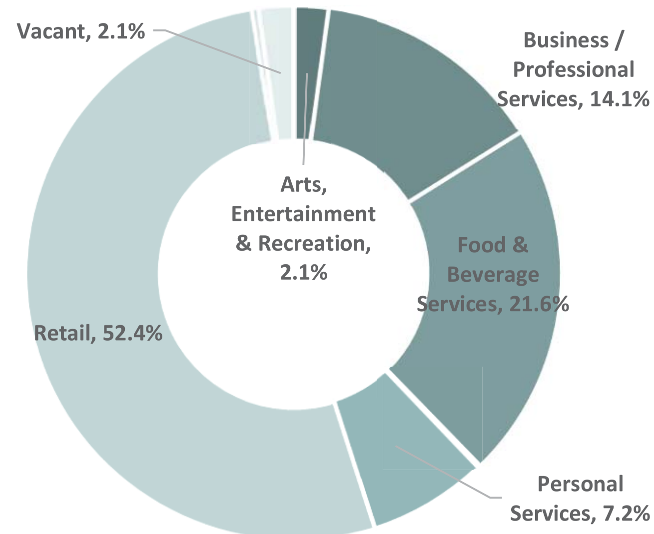
Sales Tax Revenue by Sector, 2008-2014

North Shattuck 2014-2015 snapshot

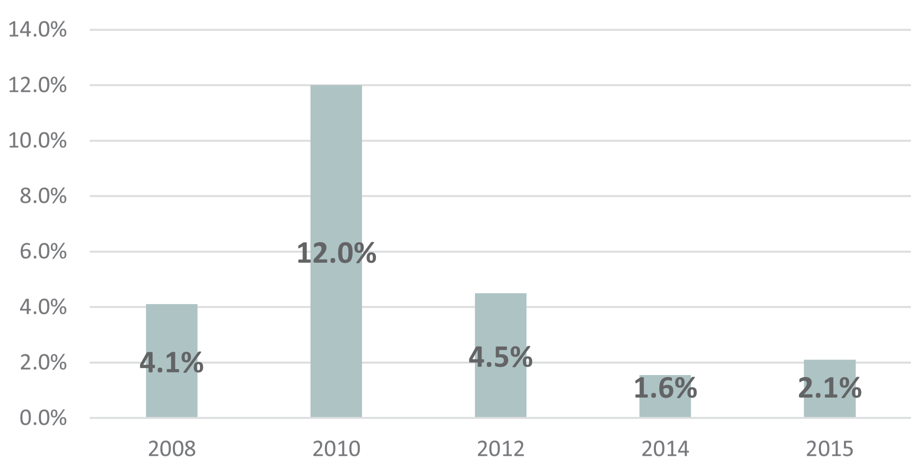
North Shattuck is one of Berkeley's oldest commercial districts, alternately known as the "Gourmet Ghetto." North Shattuck is characterized by a high concentration of higher-end retail and food services, including Chez Paniesse and the Cheeseboard. North Shattuck is both a walkable, neighborhood-serving commercial district, as well as a global destination for food and dining.

As of Q3 2015, the district's vacancy rate by square footage was 2.1%, a slight increase from the prior year. Food and Beverage performance, as measured by sales tax revenue, increased from 2010 to 2014.

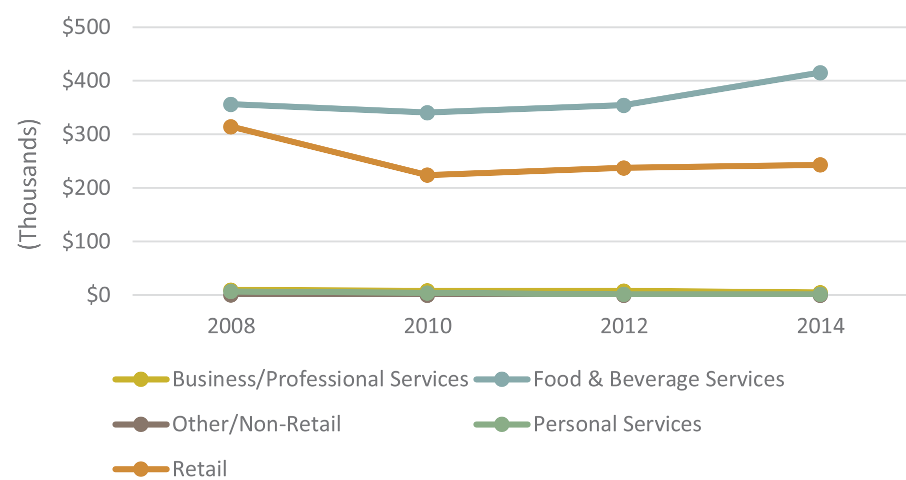
Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2014



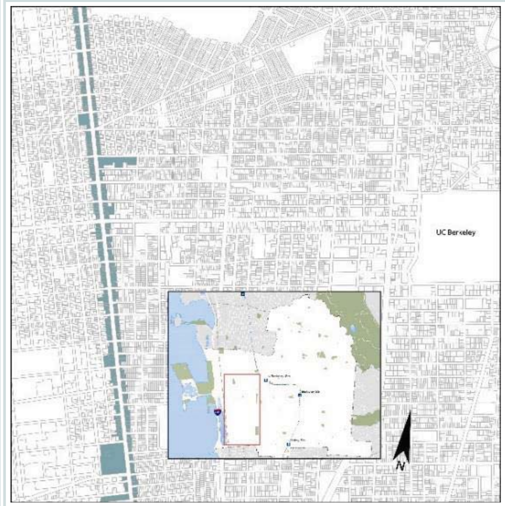
Sales Tax Revenue by Sector, 2008-2014



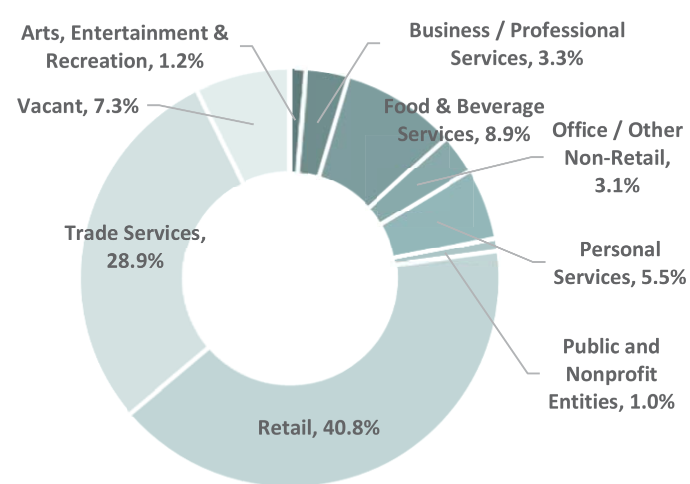
San Pablo | 2014-2015 snapshot

San Pablo Avenue is Berkeley's largest commercial corridor, running the entire north-south length of the City. San Pablo is characterized by a high concentration of trade services, including over 50 automobile services businesses. San Pablo functions more as a regional destination for specific uses rather than a walkable, neighborhood-serving commercial district; as such, it features smaller percentages of food and beverage services and personal services.

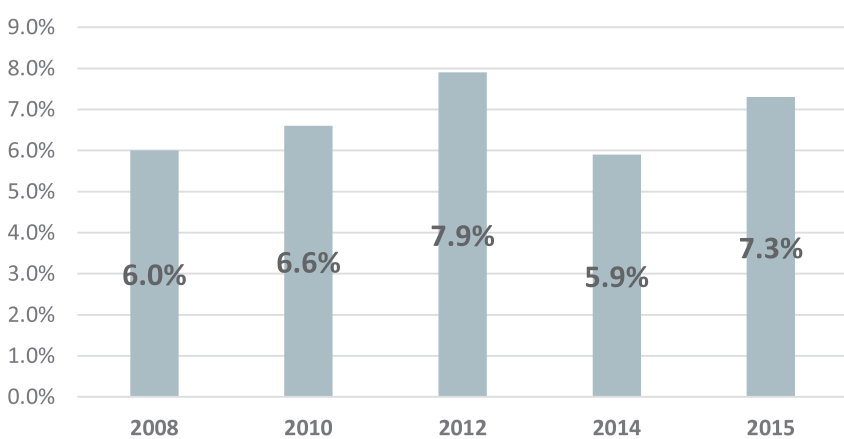
As of Q3 2015, the district's vacancy rate by square footage was 7.3%, a slight increase from the prior year. Retail performance, as measured by sales tax revenue, increased steadily from 2010 to 2014.



Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2015

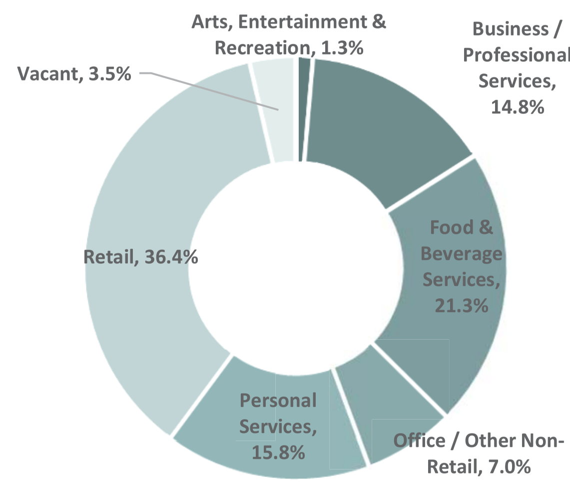


Sales Tax Revenue by Sector, 2008-2014

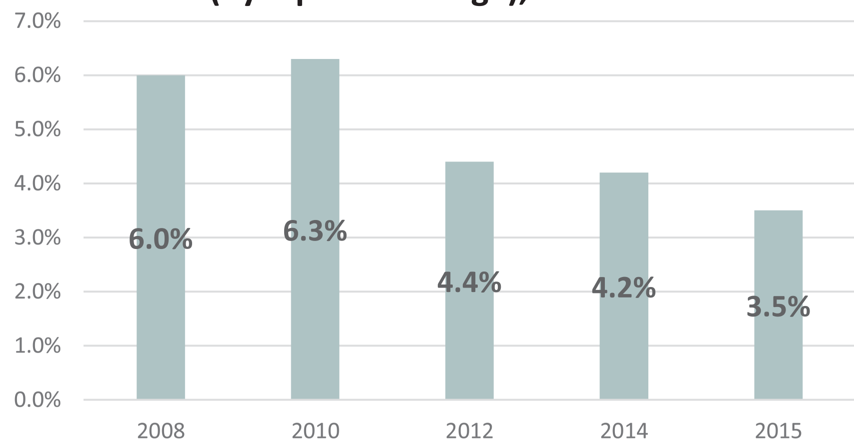
Solano 2014-2015 snapshot

Solano is a small commercial district in North Berkeley, with a total of 130 commercial spaces and approximately 191,000 square feet of commercial space. It shares a border with Albany and is situated alongside a large elementary school and an active neighborhood of mostly single-family homes. Solano has key vacancies (i.e. the Oaks Theatre) that are ripe for a catalyst project. Discounting the Oaks' large vacant floorplate, the district's vacancy rate by square footage was 3.5%, a slight decrease from the prior year.

Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2014



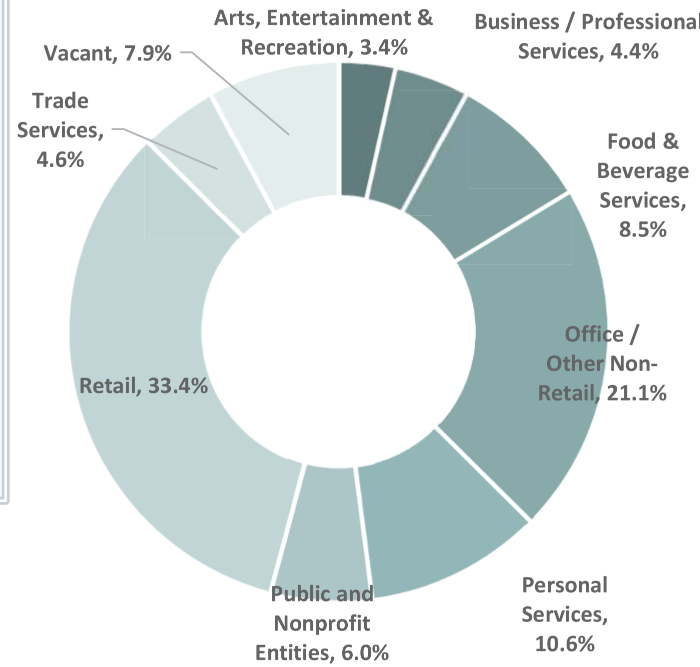
Sales Tax Revenue by Sector, 2008-2014

South Berkeley 2014-2015 snapshot

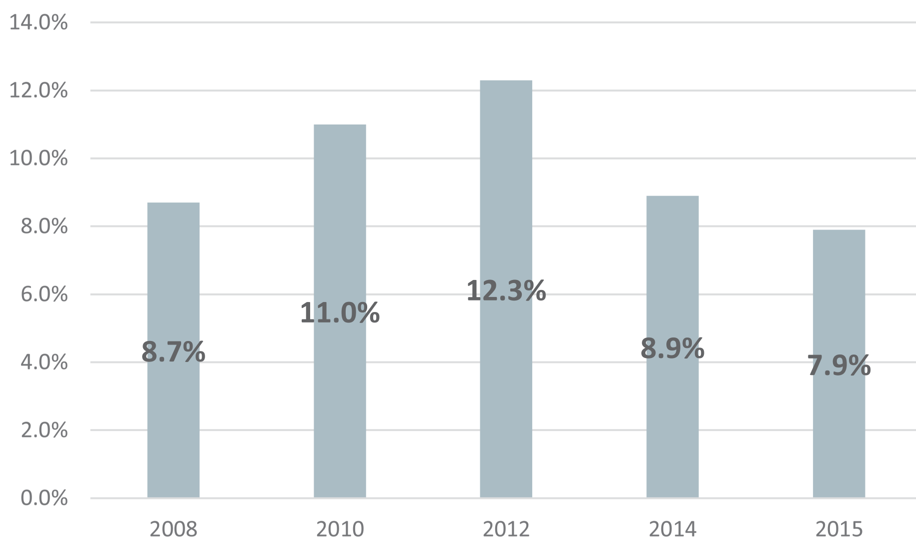
South Berkeley is a large district stretching over an area known for its cultural diversity and includes the Lorin District, the Sacramento corridor, and South Shattuck. South Berkeley includes several car dealerships, which accrue significant sales tax revenue for the City. The area also features a high concentration of ground floor office uses, and is under-served by food and beverage services, which accounts for only 8.5% of ground floor commercial space.

As of Q3 2015 the district's vacancy rate by square footage was 7.9%, a significant decline since 2012. Food & Beverage Services, as measured by sales tax revenue, has increased steadily since 2008.

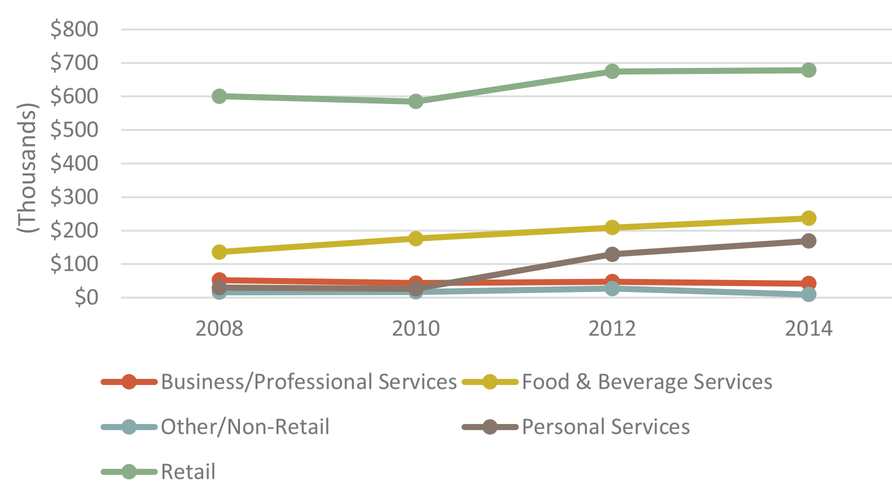
Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2014



Sales Tax Revenue by Sector, 2008-2014

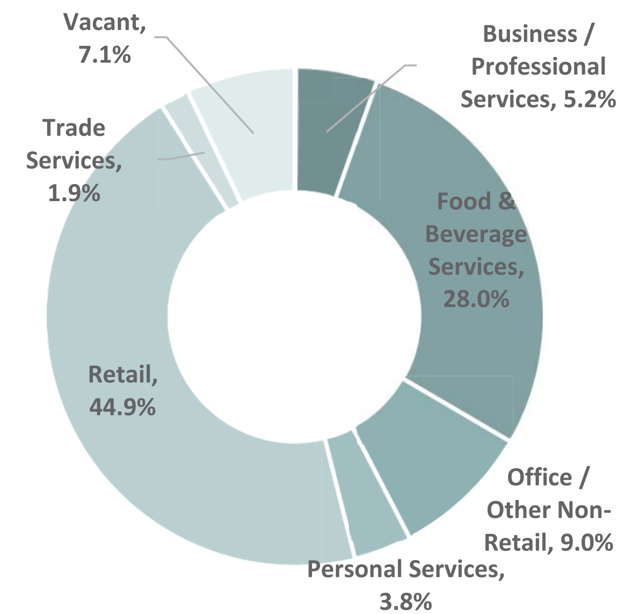


telegraph 2014-2015 snapshot

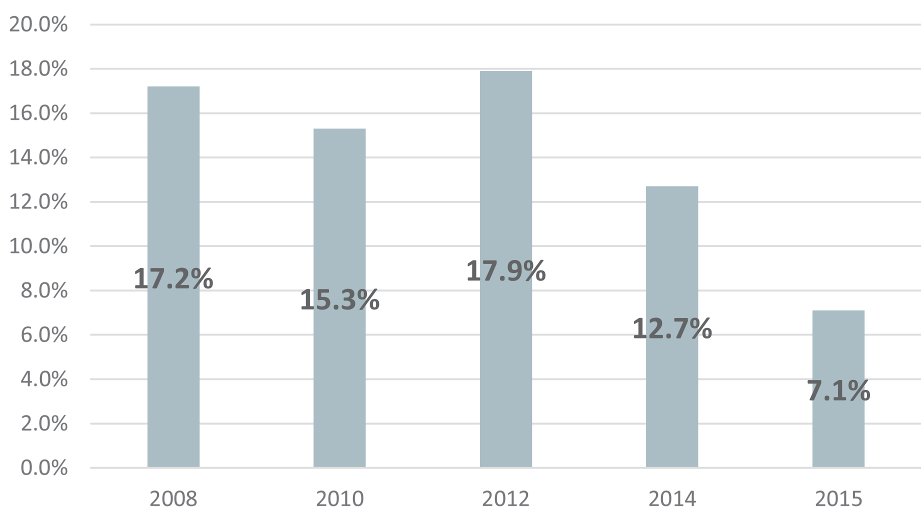
The Telegraph District has undergone significant change over the past several years. Retail performance continues to decline, due largely to competition from Internet retailers and other districts. However in that time, food and beverage services has shown a dramatic increase as measured by sales tax revenue.

Over the past three years, the ground floor commercial vacancy rate has fallen significantly, to 7.1% as of Q3 2015. A number of pending development projects are slated for the district, which could ultimately bring hundreds of new housing units to the area.

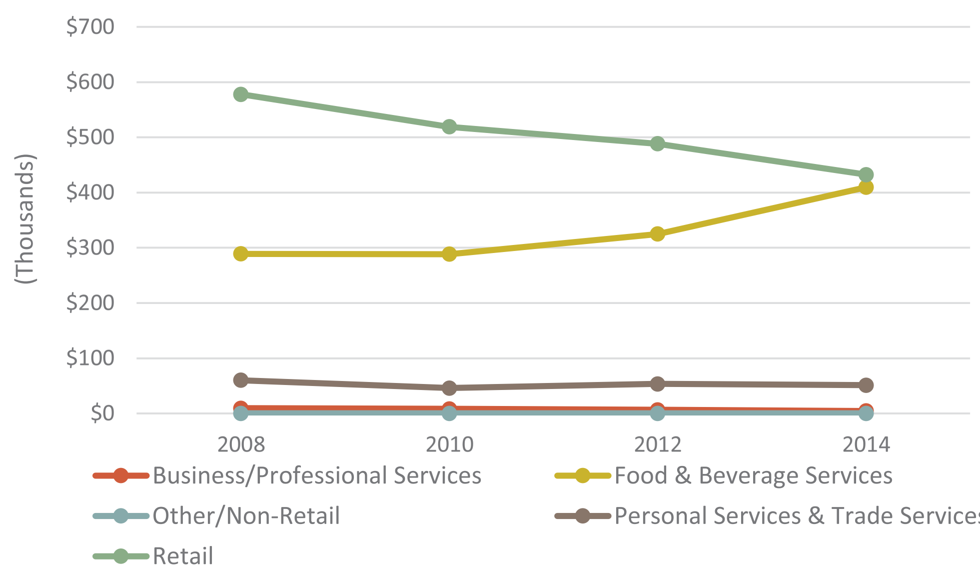
Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2015



Sales Tax Revenue by Sector, 2008-2014

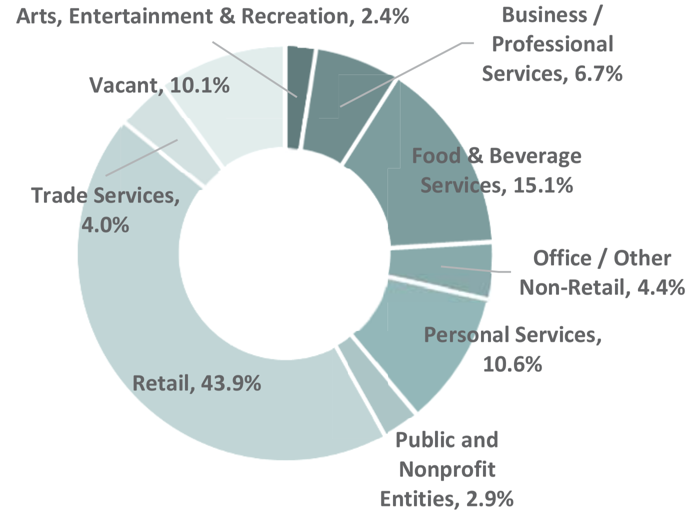


University | 2014-2015 snapshot

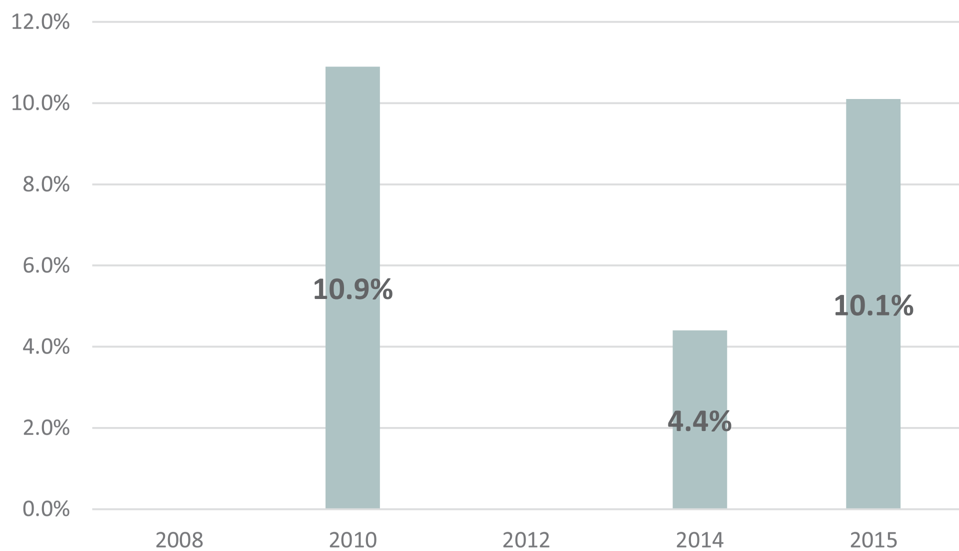
University Avenue, running from Martin Luther King Jr Way to the water, spans many of the City's neighborhoods and serves as the gateway to the UC Berkeley Campus.

Retail remains the strongest sales tax generating sector of this district, followed by Food and Beverage Services. As of Q3 2015, the district's vacancy rate had increased from the prior year to 10.1%. This may change in the near future as new housing development comes online in the corridor.

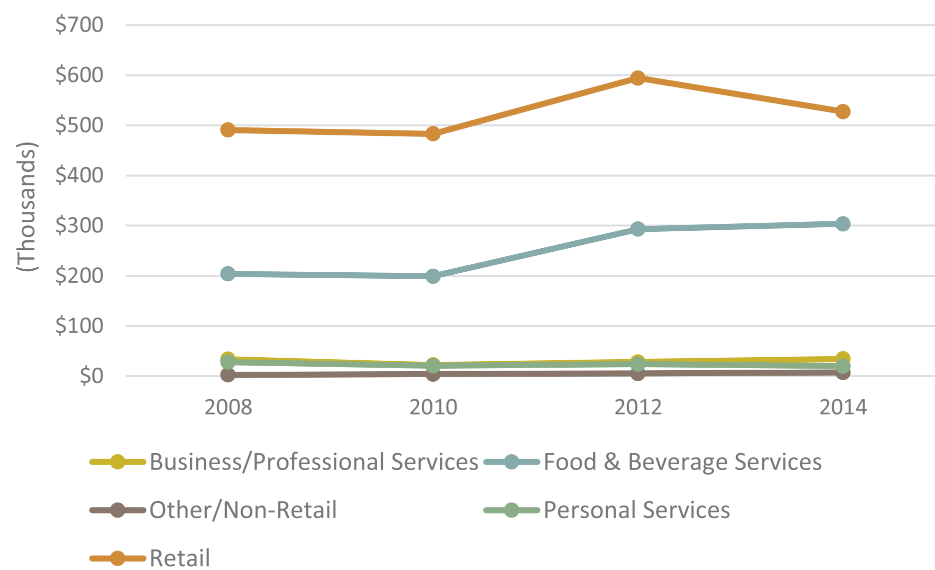
Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2014



Sales Tax Revenue by Sector, 2008-2014

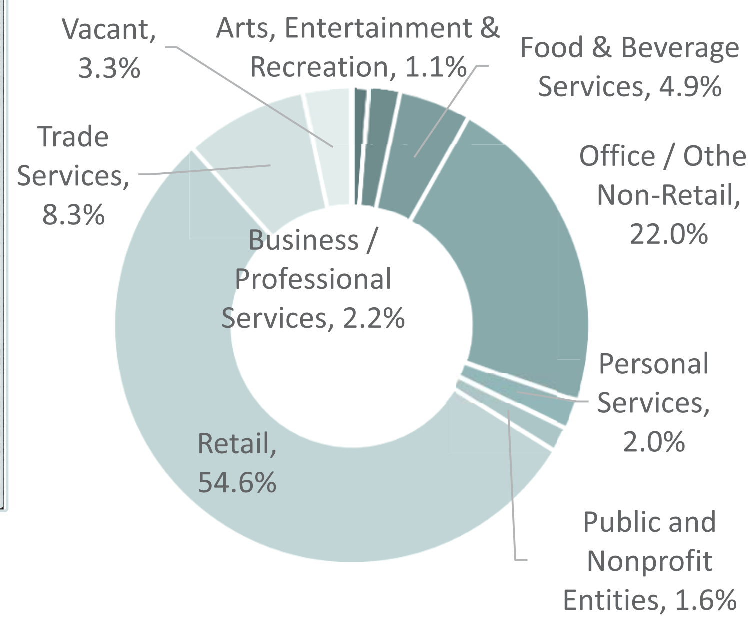


West Berkeley 2014-2015 snapshot

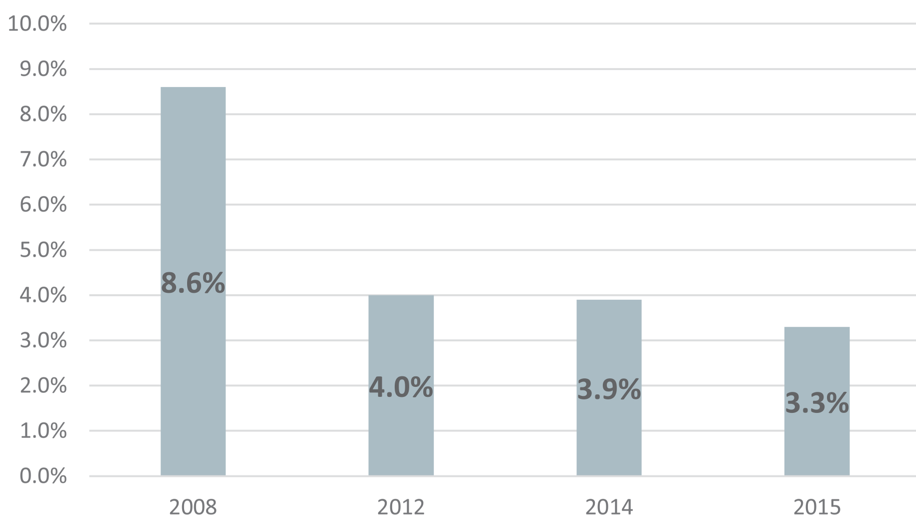
West Berkeley represents commercial spaces west of San Pablo Avenue, and includes 4th Street, Gilman Corridor. There are a number of major, large floor-plate retailers such as Whole Foods, Berkeley Bowl West, and the cluster of home supplies and construction businesses at Ashby Avenue. There is also a higher percentage of non-retail commercial uses, including manufacturing and warehousing.

Commercial vacancy has dropped significantly in West Berkeley, representing the high demand for space as well as a number of planned development projects that will occupy previously vacant spaces. Retail activity, as measured by sales tax revenue, has increased significantly since 2010.

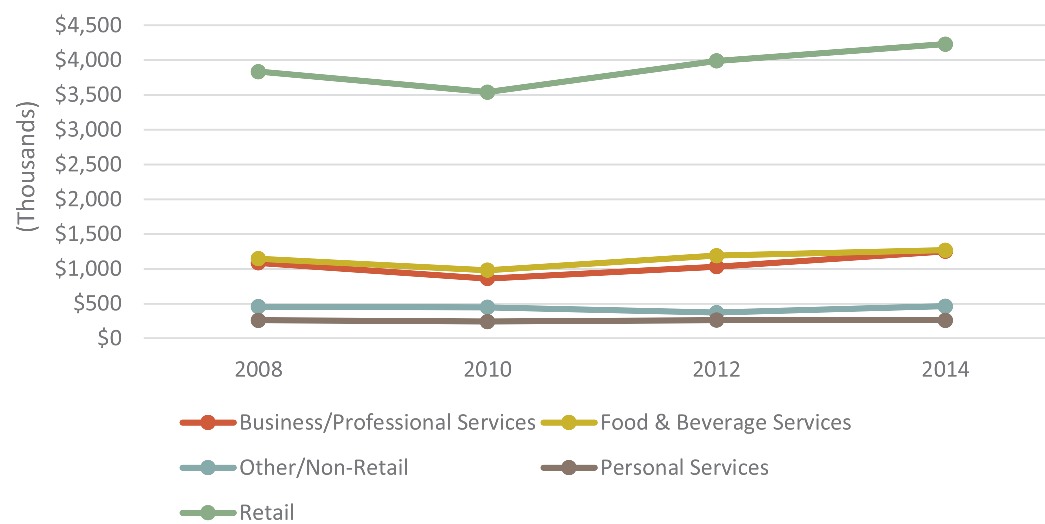
Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2015

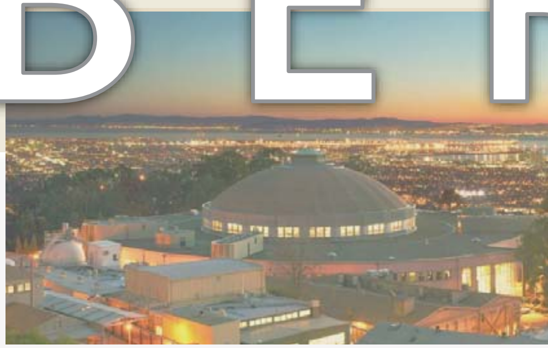


Sales Tax Revenue by Sector, 2008-2014



Attachment 3

city of BERKELEY



Demographic & Economic Profile

Disclaimer: The City of Berkeley makes no representations about the suitability of the information contained in this document for any purpose. The information Is provided "as is" without warranty, either express or implied, of any kind. The published document may contain technical inaccuracies or typographical errors. Changes are periodically added to the information herein. The City of Berkeley may make improvements and/or changes to the document at any time.

Office of Economic Development

about Berkeley

Incorporated: 1878

Encompasses: 10.5 square miles

Average Annual Temperature: 58° F (48°F low, 68°F high)

Berkeley is a "City of Firsts," where a culture of innovation and an engaged citizenry inspire new industries, trendsetting cuisine and a nationally recognized arts scene. Berkeley is also a city of neighborhoods alive with a terrific quality of life including walkable streets, bike routes, access to transit, excellent schools, and thriving commercial districts.

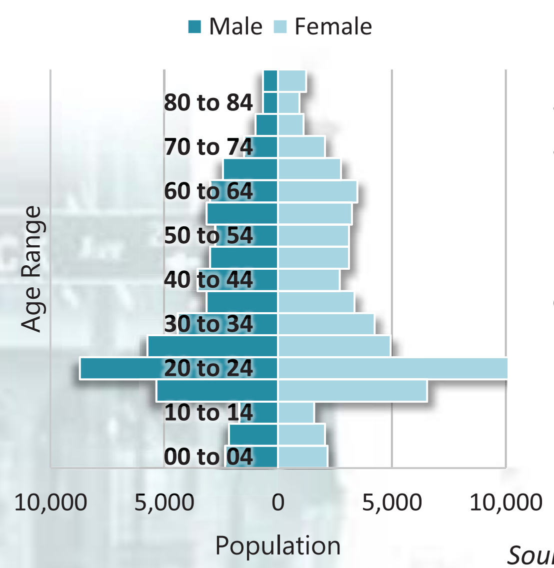
Demographic Snapshot	
Population	114,037
Median Age	32
Housing Units	49,922
Owner-Occupied Units	19,128 (42%)
Median Home Sales Price (2014)	$785,000
Average HH Income	$97,635
Bachelor's Degree or Higher (age 25+)	69.7%

Sources: US Census Bureau, 2009-2013 ACS Estimates, 2015 City of Berkeley Housing Element

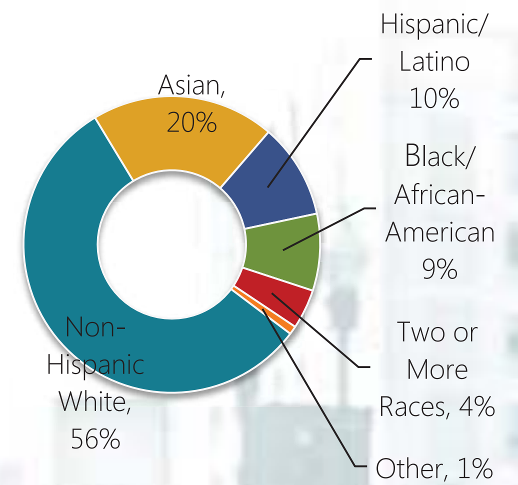
46,000 students
67,104 jobs within the city
1.65 million visitors per year
$4.04 billion total spending power

Sources: Downtown Berkeley Association; California Employment Development Department

Age & Gender



Race & Ethnicity



Source: US Census Bureau, 2009-2013 ACS Estimates

Amenities

- A vibrant Downtown Arts District that draws over 2 million visitors annually
- Distinctive shopping districts
- 16 Berkeley Unified School District K-12 schools
- A perfect "Walk Score" of 100 in Downtown
- 50+ parks, 105 walking trails
- 5 libraries

an Accessible Regional Hub

BERKELEY is centrally located within the Bay Area, which is the nation's fifth-largest metro region and home to 8.4 million people. Downtown Berkeley is just a direct 22-minute train ride and a 24-minute drive from San Francisco's Financial District.

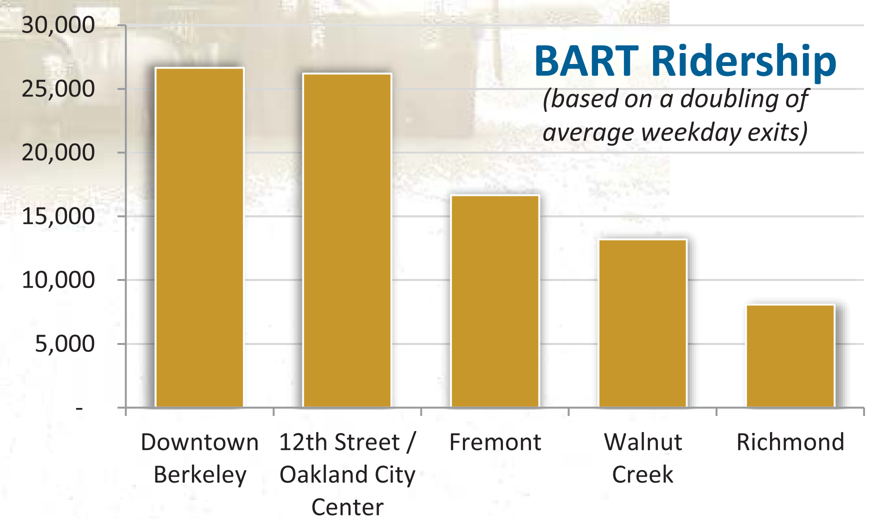
Ideal location for business: With two interstate highways and a transcontinental rail line passing through the city limits, two major airports and three principal shipping ports close by, few places are as accessibly located for business as Berkeley.

Year-round foot traffic: Downtown Berkeley enjoys some of the highest pedestrian volumes in the Bay Area outside of San Francisco. As a major visitor destination, over 1.65 million people visit the City of Berkeley each year, and new attractions such as the Diller Scofidio + Renfro- designed Berkeley Art Museum and Pacific Film Archive are expected to increase that number to nearly two million by 2018.

Transit Access

Rail: Bay Area Rapid Transit and Amtrak
Bus: AC Transit , 10+ lines
Auto: 5,000+ parking spaces in downtown, with 2,777 in off-street lots and garages
Airports: Oakland International (12 mi), San Francisco International (20 mi), San Jose International (45 mi)
Deep Water Ports: Oakland (6 mi), Richmond (8 mi), San Francisco (12 mi)

*Nearly **26,000** riders pass through the Downtown Berkeley BART station per weekday, making it **the busiest station** in the entire BART system outside of San Francisco.*



Source: Bay Area Rapid Transit

a Booming Downtown

Downtown Berkeley has nearly doubled in population since 2000, and its population is expected to double again to 5,500 by 2018. More than $400 million in construction investment and new business-friendly public policies are driving a boom in real estate development. This growth is supported by ongoing investments in public infrastructure that improve safety, walkability, automobile access and parking.

Downtown Growth & Amenities at a Glance:

- **Approximately 1,800 new housing units currently slated for development in or near the Downtown.**
- **One of the hottest dining destinations in the Bay Area with over 150 restaurants**
- **Over 1 million annual theater and cinema patrons, growing to 1.4 million by 2017**
- **Some of the highest pedestrian volumes in the Bay Area outside of San Francisco**

Residential Development Pipeline*

Project	Units	Retail	Sq. Ft.	Parking
Acheson Commons	205	35,000	196,500	50
2107 Dwight Way	99	5,600	100,000	73
2201 Dwight Way	84	0	101,000	49
The Durant	79	0	95,000	34
1931 Addison	69	7,100	64,000	15
Berkeley Plaza	302	12,000	325,000	320
Fidelity Apts.	15	2,800	25,900	0
StoneFire	98	8,700	139,300	76
Argent	78	9,941	133,962	91
The Overture	44	4,586	36,544	19
2129 Shattuck (hotel)	293	12,500	284,000	TBD
2136 Center (hotel)	68	TBD	59,966	33
1950 Addison St.	93	2,853	85,666	69
2124 Bancroft Way	50	0	51,036	13
2035 Blake St.	72	2,220	68,350	62
Parker Place	155	22,900	169,000	170
Total	1,804	126,200	1,935,224	1,074

Includes projects at all phases of development, including those pursuing entitlement and in construction

Right: A $10.5 million project to redesign, renovate & reprogram the Downtown BART Plaza will break ground in late 2015.

Berkeley's Employment Base

Major Employers

University Of California Berkeley
Lawrence Berkeley Laboratory
Sutter East Bay Hospitals
Berkeley Unified School District
City Of Berkeley
Bayer Healthcare, LLC.
Kaiser Permanente Medical Group, Inc.
Berkeley Bowl Produce
Siemens Corporation
Pacific Steel Casting Co.
Berkeley YMCA
Peralta Community College District
Lifelong Medical Care
Sunpower Corporation, Systems
OC Jones & Sons
Meyer Sound Laboratories, Inc.
Whole Foods Market California Inc

Top 10 Private Sector Industries	# employees	# establishments
Health Care and Social Assistance	8,633	1,559
Accommodation and Food Services	6,733	414
Professional, Scientific and Technical Services	5,593	652
Retail Trade	4,292	274
Other Services (except Public Administration)	3,039	603
Educational Services	2,021	128
Manufacturing	1,842	47
Retail Trade	1,592	138
Construction	1,542	177
Wholesale Trade	1,319	123

Source: California Employment Development Department, 2014 Q2 Quarterly Census of Employment and Workforce

Berkeley companies are out to change the world – whether its clean energy, advances in pharmaceuticals and biotech or new apps. It's an exciting place for startup innovation.

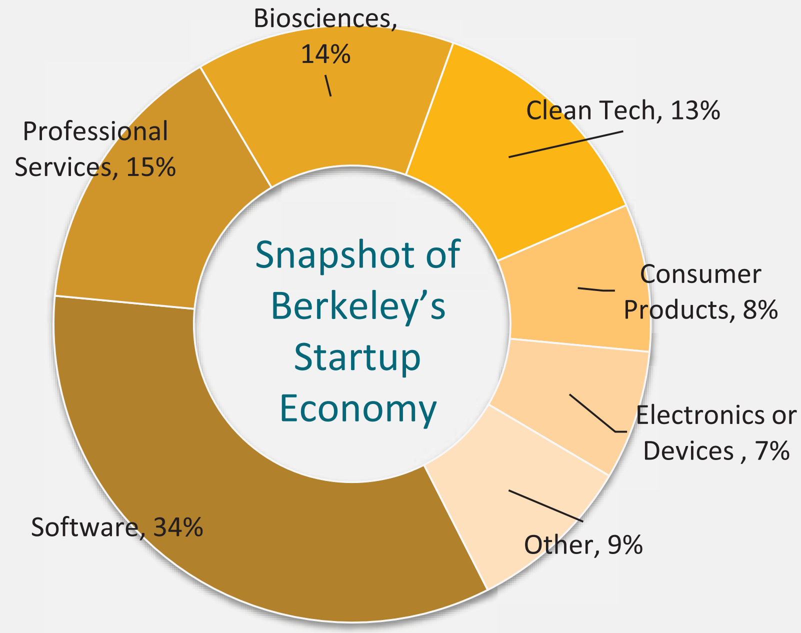
Above: Jay Keasling, CEO of the Joint BioEnergy Institute (JBEI), which is part of the Berkeley Emeryville Bioscience cluster (Bio). JBEI's mission is to advance the development of next generation biofuels. Above Left: SkyDeck entrepreneurs are changing Berkeley's economic landscape.

Key Anchor Institutions & a Highly Skilled Workforce

Today, Berkeley benefits from a $1 billion pipeline of research and development on campus and at the Lawrence Berkeley National Laboratory. The University and the Lab generate intellectual property and support the commercialization of inventions created by their faculty and students. These two institutions are a source of brilliant scientists, engineers and innovators in business. In addition, roughly **70 percent** of working-age Berkeley residents have a bachelor's degree or higher. As of 2015, the Berkeley Emeryville (Bio) bioscience tech cluster boasts 100 companies in nearly 1.45 million square feet of commercial space, making for one of the highest concentrations of bioscience firms in the state.

a Thriving Innovation Ecosystem

When it comes to successful startups, Berkeley has a distinct edge: **capital**, **talent** and **brilliant** thinking. These factors make Berkeley a key element of the larger Bay Area system of innovation generation. The City is home to over 250 startup companies, along with more than 100 organizations in the innovation ecosystem, from UC Berkeley institutes and private research labs, to student entrepreneurship groups, incubators and venture investors. In 2014 along, Berkeley startups pulled in more than $200 million in Silicon Valley venture investment.

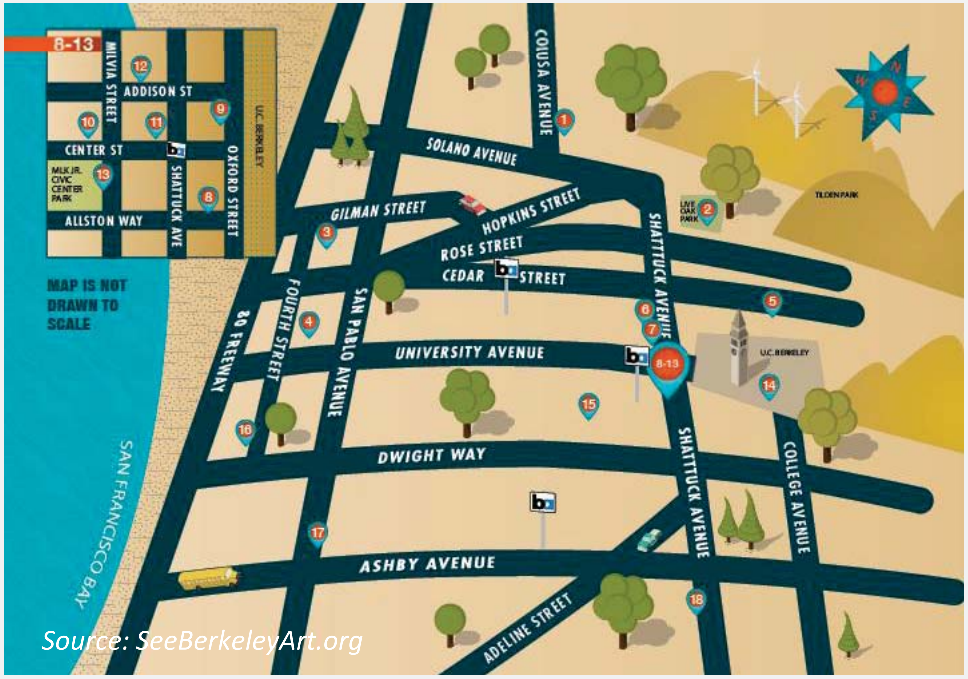


The Berkeley Startup Cluster brings together resources from UC Berkeley, the City of Berkeley, and private sector partners to strengthen the City's innovation ecosystem and make Berkeley the best possible place for entrepreneurs to grow their high-tech startups.

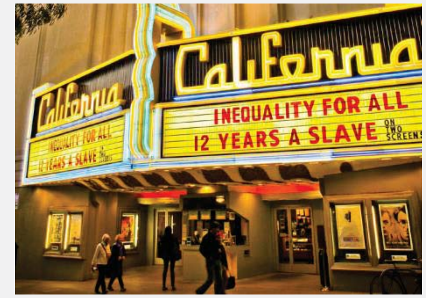
Created as a joint venture among UC Berkeley's College of Engineering, Haas School of Business and the Vice Chancellor for Research Office, SkyDeck|Berkeley is a launch pad for student and recent graduate entrepreneurial ventures, combining the consulting know-how of traditional accelerators with the vast resources of a major research university.

The Berkeley-Emeryville Bio cluster includes approximately 100 biotech firms, which occupy more than 1.45 million square feet of commercial biolab space in Berkeley and Emeryville. The cluster affords companies access to a larger pool of skilled labor, improving supply chains and increasing opportunities for the knowledge sharing that leads to innovation.

Berkeley's Downtown
Arts District



1. Traywick Contemporary
2. Berkeley Art Center
3. Shibumi Gallery
4. Trax Gallery
5. Ames Gallery
6. ACCI Gallery
7. Firehouse Gallery North
8. David Brower Center
9. Berkeley Art Museum and Pacific Film Archive (opening 2016)
10. 1947 Center Street Lobby Gallery
11. Berkeley Central Arts Passage
12. Addison Street Windows Gallery
13. Civic Center Juried Art Exhibition
14. Worth Ryder Art Gallery
15. Headquarters
16. Paulson Bott Press
17. Kala Art Institute
18. La Pena Cultural Center
19. Art House Gallery and Cultural Center
20. Bancroft Library Garden



Anchored by a renowned theatre, a fabled live-music venue, as well as an art-house multiplex, the Downtown Arts District brings over 1.7 million residents and visitors to Downtown Berkeley per year, to dine at its restaurants, drink in its wine bars and browse its shops. With a new art museum and another live-music venue under development, this number is expected to grow to over two million by 2017.

Arts District Venue	Annual Patrons
Berkeley Repertory Theater	250,000
Freight & Salvage	90,000
Aurora Theater	30,000
Movie Theaters	683,000
Central Library	685,000
Jazz School	7,000
Other Venues	8,000
Berkeley Art Museum / Pacific Film Archive (coming soon)	200,000*
UC Theater (coming soon)	120,000*

** Projected*

Shopping Districts in Berkeley

Berkeley's twists and turns of terrain give its neighborhoods room to establish independent personas, moods and mantras. Each of Berkeley's commercial districts has hyper-local authenticity. Our neighborhoods range from sophisticated and urbane to cozy and intimate.

Downtown

Downtown is the cultural epicenter of Berkeley and the East Bay. The central commercial district serves as both a global destination and a neighborhood-serving hub for local residents. With over 150 restaurants and a vibrant arts district, Downtown draws 1.65 million visitors annually.

Fourth Street

Shoppers on Fourth Street have a wide selection of retail choices, from a new Apple store to clothing, cosmetics, children's toys, travel accessories and home décor. Visitors enjoy browsing the workshops that are growing up in the light-industrial buildings, some of which have incidental retail where they make their wares available for sale to the public.

North Shattuck/Gourmet Ghetto

With the opening of Peet's Coffee and Tea in 1966, the Cheese Board a year later and Alice Waters' Chez Panisse in 1971, the North Shattuck area earned a reputation as Berkeley's "Gourmet Ghetto." The neighborhood, which became world renowned as the cradle of California cuisine, retains a special place in the hearts of food lovers worldwide. The neighborhood, so famed for its eateries and bars, is also home to popular retailers like Earthly Goods, Aura Jewelers, The Walk Shop, and Zaver & Mor.

Elmwood

Stretching south along College Avenue, just a few blocks from the University, The Elmwood features a historic movie house, bookstores, fine gourmet food, outdoor cafes and shops that feature unique clothing, jewelry, gift items and quality personal services from local merchants. Retailers include Mrs. Dalloway's Books, Tail of the Yak and Sweet Dreams candy shop. Diners have a variety of choices, from the recently renovated Elmwood Café to Shen Hua and the iconic La Mediterrane.

Shopping Districts in Berkeley

San Pablo Avenue

Berkeley's portion of San Pablo Avenue stretches from South of Ashby to North of Gilman. Shoppers here will find everything off-beat and original: vintage clothing, antiques, furniture, and building supplies shops, from Omegha Salvage to Bibelot's, Metro Lighting and the East Bay Nursery this is the place to go for a design-conscious homesteading DIYer.

Telegraph Avenue

With its edgy vitality, the Telegraph Avenue area is the Southern Gateway to the UC Berkeley campus. It is a unique Berkeley retail district that features a diversity of shops, restaurants and cultural venues. UC Berkeley, the City of Berkeley and the Telegraph Business Improvement District are working together to bring a new energy to the Telegraph area, with a careful eye on supporting small businesses and spurring commercial revitalization.

Lorin District

Named for the last stop along the Berkeley branch of the Central Pacific (later, Southern Pacific) railway, the Lorin in South Berkeley is one of the City's most diverse, artistic and transit-accessible commercial districts. Characterized by historic commercial buildings and charming residential neighborhoods, the Lorin District hosts the South Berkeley Farmers market, a thriving art and antiques cluster and is home to Shotgun Players and Berkeley Black Repertory Theater.

Solano Avenue

Famed for its Solano Stroll, the East Bay's largest annual street festival, Solano Avenue runs from The Alameda down through Albany to San Pablo Avenue. The Solano shopping district puts a premium on home-grown small retailers, many family-run, and others showcasing the best in "on trend" goods. Offerings range from retailers with loyal followers, like Pegasus Bookstore and Persimmon (on the Alameda), to fitness and financial services and quality used children's clothing stores.

Attachment 4

City of Berkeley
Sales Tax Digest Summary

Collections through September 2015
Sales through June 2015 (2015Q2)

CALIFORNIA'S ECONOMIC OUTLOOK

California sales tax receipts increased by 3.8% over the same quarter from the previous year, with Northern California reporting a 3.5% increase compared to 4.0% for Southern California. Receipts for the City of Berkeley changed by 4.2% over the same periods.

The Gap in Inflation between Goods and Services may widen. Because goods account for the bulk of international trade, a stronger dollar keeps prices for goods lower. Sharp appreciation of the dollar over the last three quarters may push the prices of goods even lower in the next few months, widening the gap and impacting Sales Tax Revenues. (Federal Reserve Bank of Cleveland)

California Gasoline Prices are heading even lower and may continue into 2017. The statewide price of $3.07 is 18% lower than the $3.73 per gallon price from this same time last year. (SJ Mercury News)

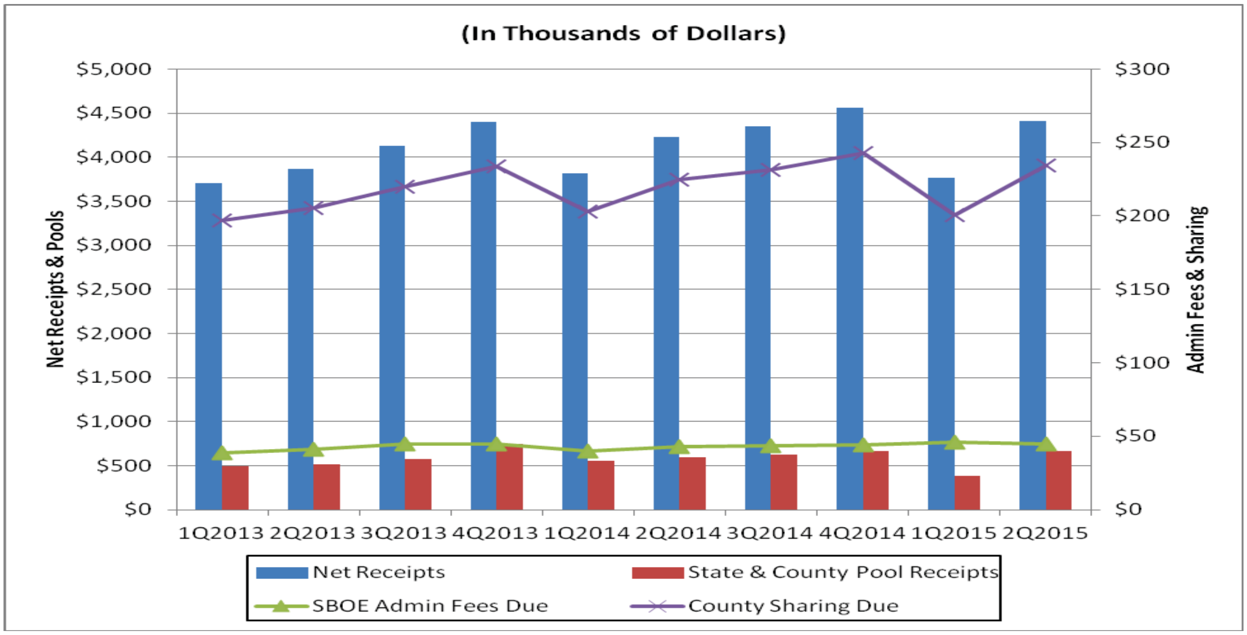
eCommerce Revenue for 2015 will be $ 287.3 billion, and is expected to grow by an average 8% a year to $ 421.8 billion by 2020. (statista) 56% of retail shoppers say their first stop when researching a purchase is a search engine (Pricewaterhouse Coopers) and 84% use mobile phones in stores. (Deloitte & Touche)

LOCAL RESULTS

Net Cash Receipts Analysis	
Local Collections	$4024791
Share of County Pool (6.22%)	660847
Share of State Pool (.29%)	3490
SBE Net Collections	4689129
Less: Amount Due County 5.00%	234456
Less: Cost of Administration	44743
Net 2Q2015 Receipts	4409929
Net 2Q2014 Receipts	4230683
Actual Percentage Change	4.2%

Business Activity Performance Analysis	
Local Collections	$4024791
Less: Payments for Prior Periods	(211459)
Preliminary 2Q2015 Collections	3813332
Projected 2Q2015 Late Payments	34705
Projected 2Q2015 Final Results	3848037
Actual 2Q2014 Results	3891109
Projected Percentage Change	-1.1%

HISTORICAL CASH COLLECTIONS ANALYSIS BY QUARTER



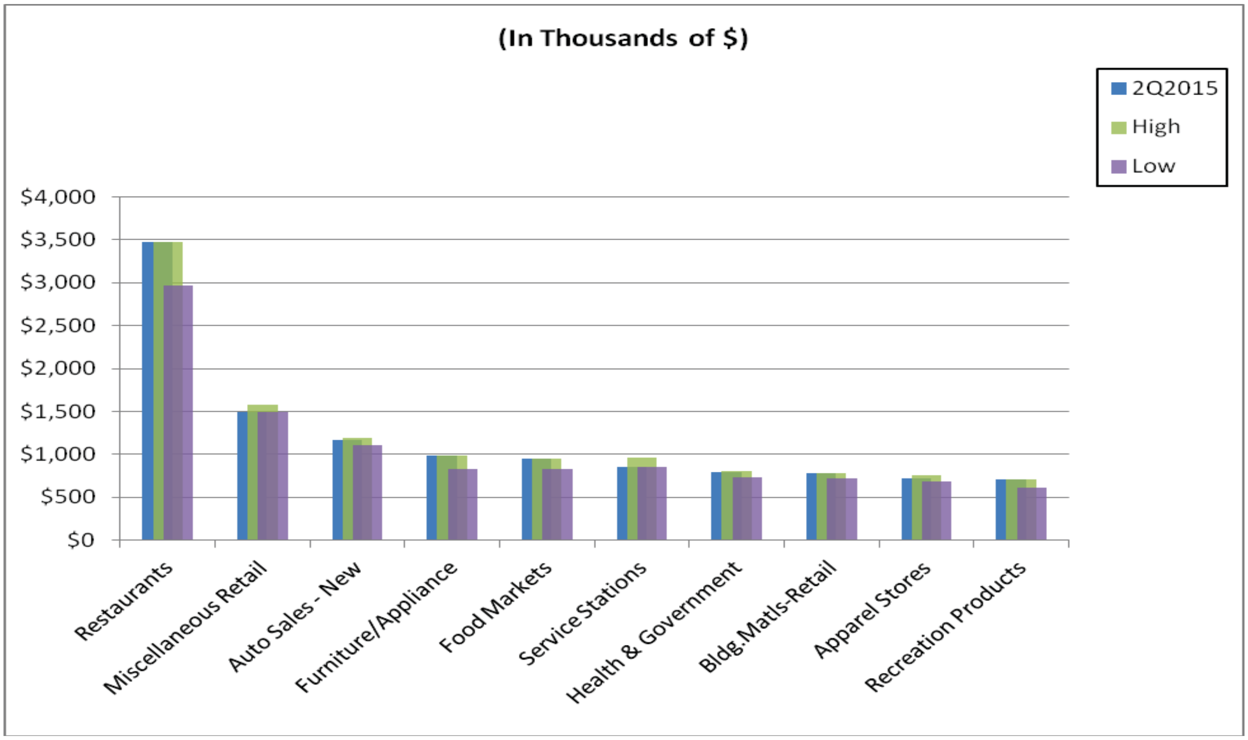
TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Berkeley's Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents sales from May 2014 to June 2015. The Top 25 Sales/Use Tax contributors generate 33.8% of Berkeley's total sales and use tax revenue.

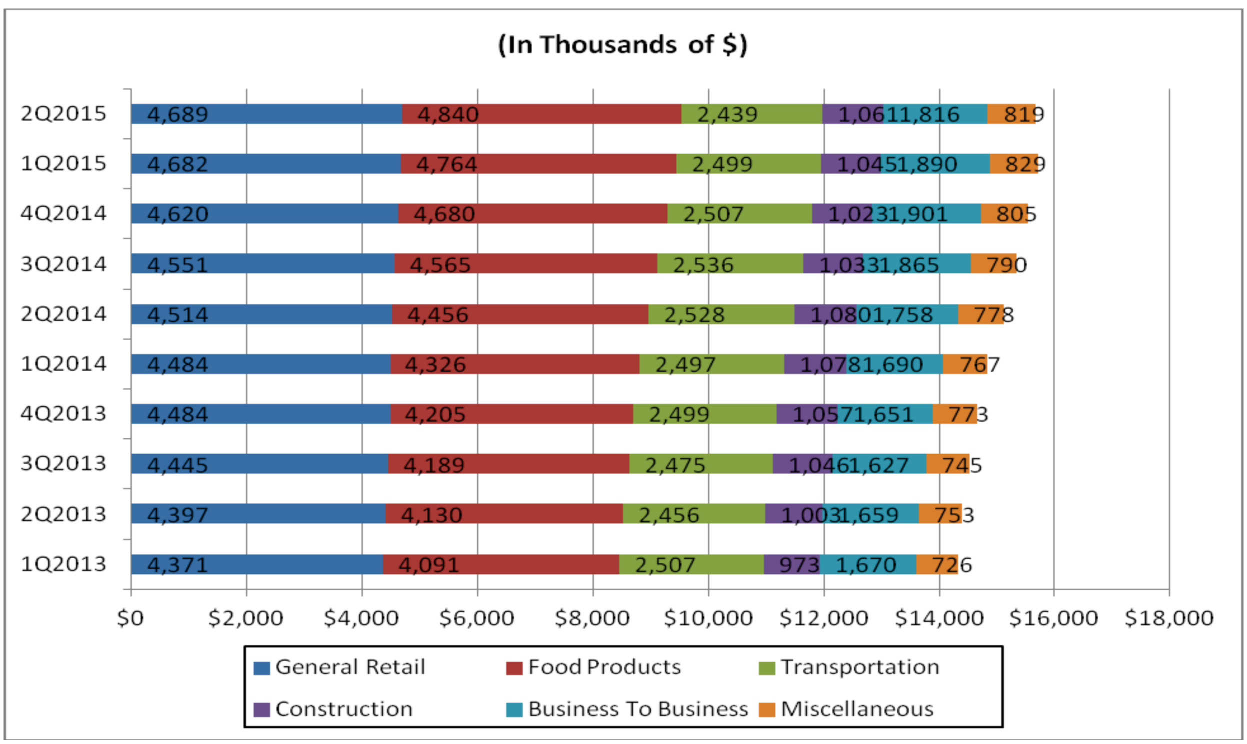
ANDERSON AUDIO VISUAL
ANDRONICO'S MARKET
APPLE STORES
ASHBY LUMBER COMPANY
BAYER HEALTHCARE
BEAR STUDENT STORE
BERKELEY BOWL PRODUCE
BERKELEY HONDA AUTOCENTER
BERKELEY PATIENTS GROUP
CANNABIS BUYERS CLUB, MMD
CHEVRON SERVICE STATIONS
CHEZ PANISSE RESTAURANT
CRATE & BARREL
FINANCIAL SVCS VEHICLE TRUST
MCKEVITT FIAT
NORTH FACE
RECREATIONAL EQUIPMENT INC.
SAFEWAY STORES
TOYOTA OF BERKELEY
TRUITT & WHITE LUMBER COMPANY
UNIVERSITY OF CALIFORNIA BERKE
WALGREEN'S DRUG STORES
WEATHERFORD BMW
WHOLE FOODS MARKET
WINE.COM

HISTORICAL SALES TAX AMOUNTS

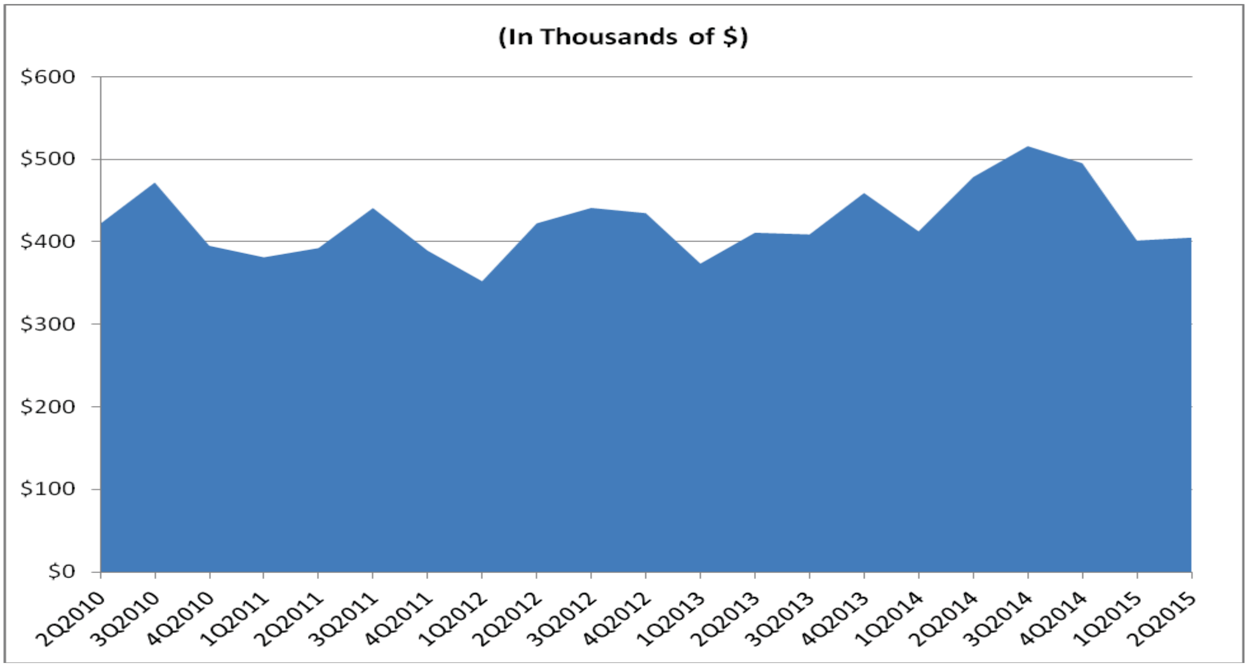
The following chart shows the sales tax level from sales through June 2015, the highs, and the lows for each segment over the last two years.



ANNUAL SALES TAX BY BUSINESS CATEGORY

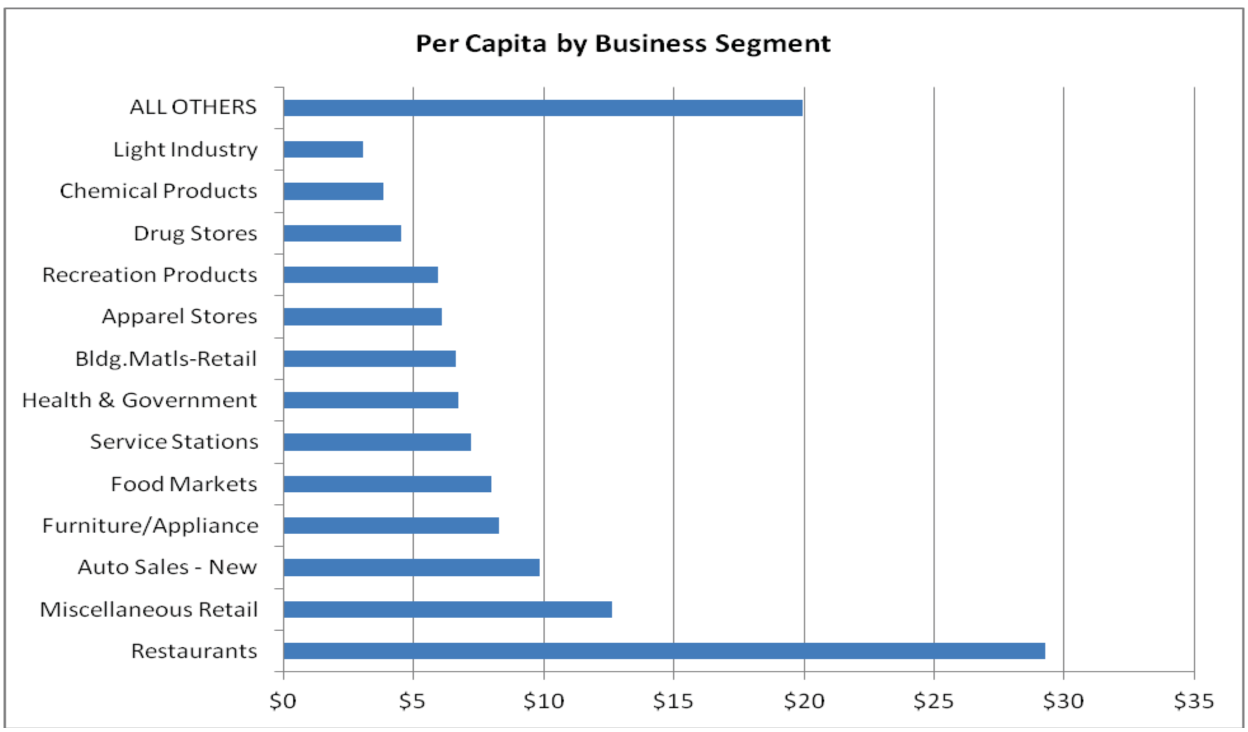


FIVE-YEAR ECONOMIC TREND: Business To Business



PER CAPITA BY BUSINESS SEGMENT

This chart shows sales tax per capita from business segments from April 2014 to March 2015.



FINAL RESULTS: January-March 2015 Sales

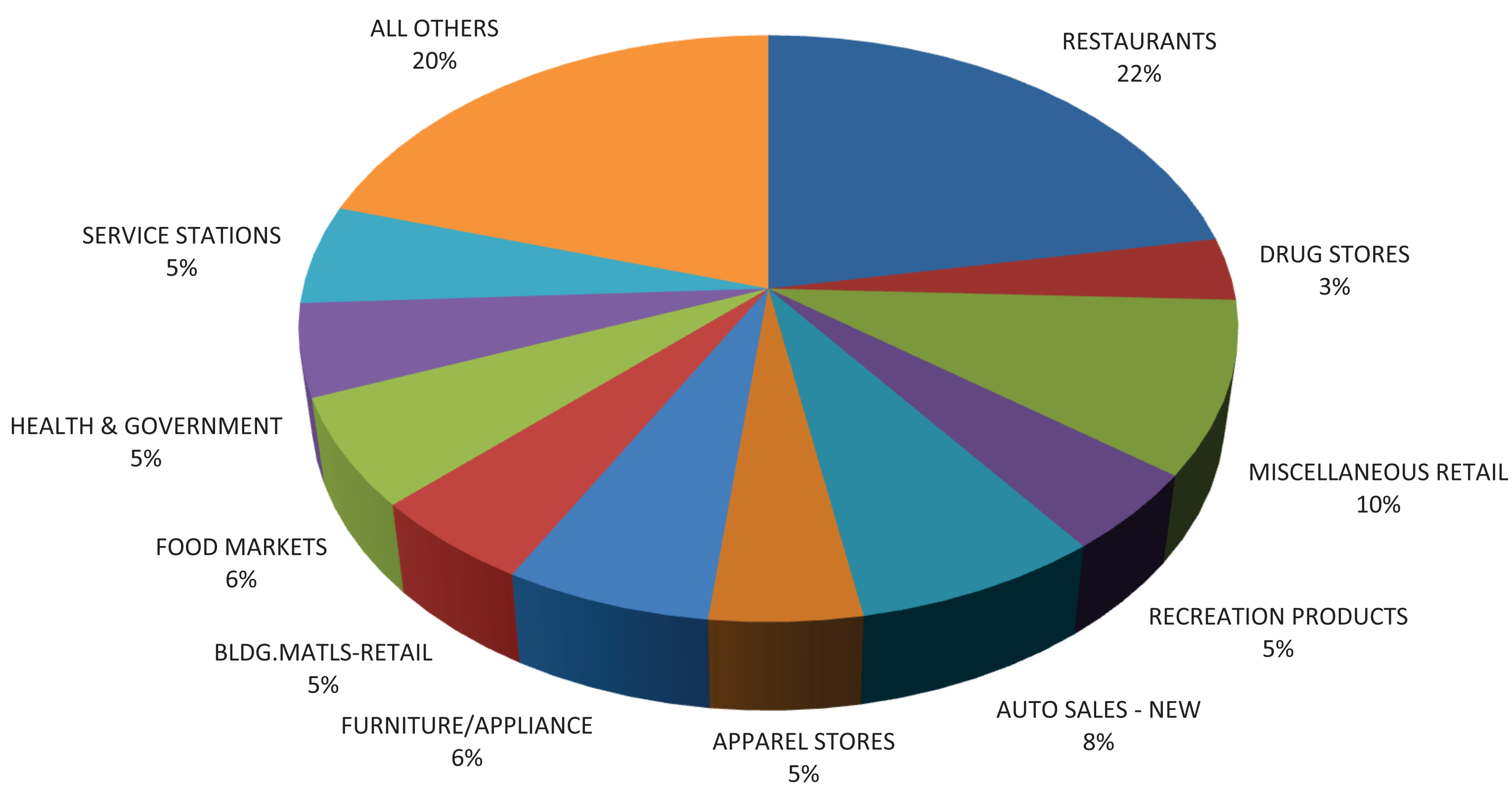
Local Net Cash Collections	$3761363
Less: Pool Amounts	($142274)
Less: Prior Quarter Payments	($-22039)
Add: Late Payments	$50622
Local Net Economic Collections after Adjustments	$3691749
Percent Change from January-March 2014 Sales	UP BY 4.9%

MUNISERVICES' ON-GOING AUDIT RESULTS

This Quarter	$208608
Total to Date	$9553411

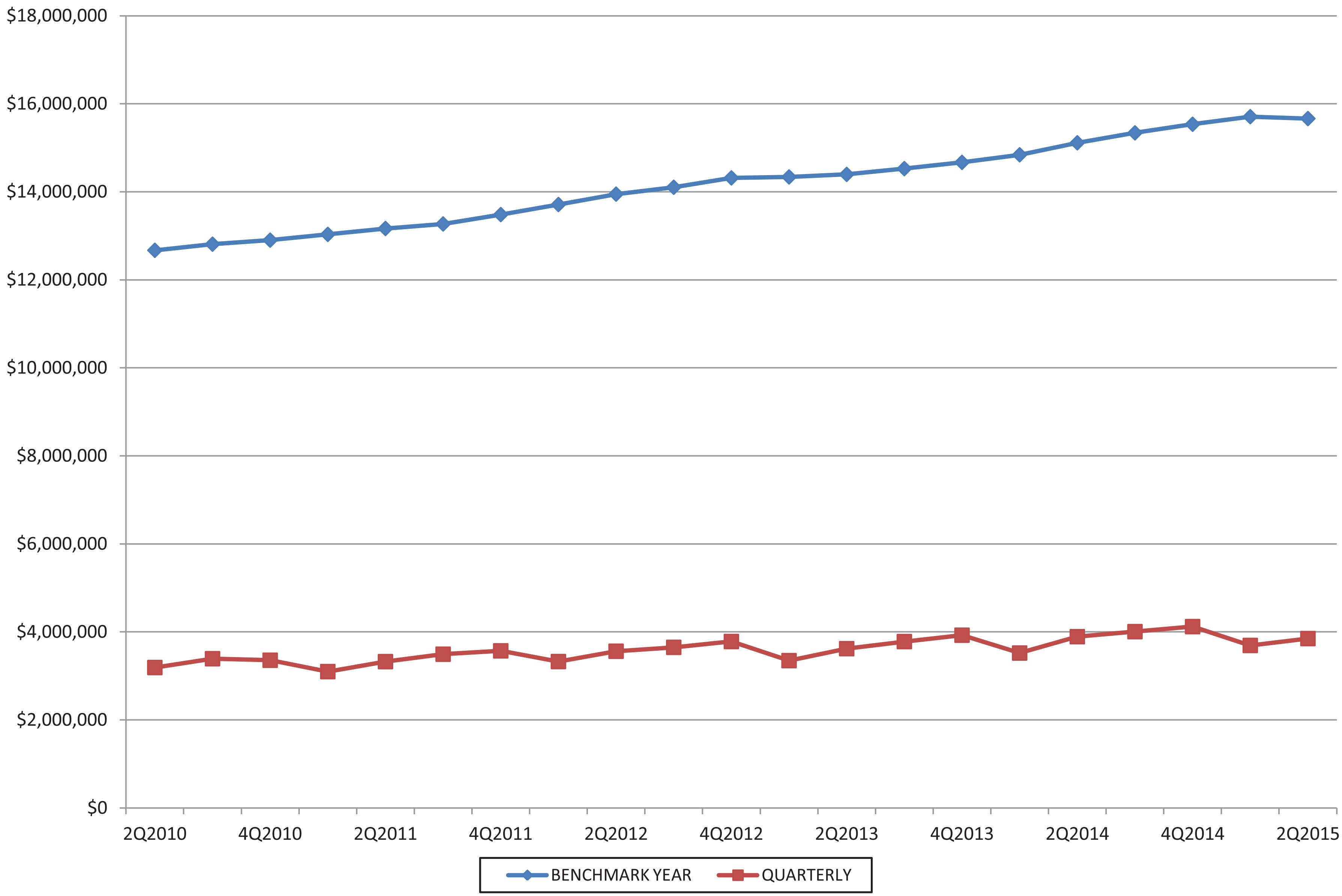
CITY OF BERKELEY

TOTAL CITY $15,665,286



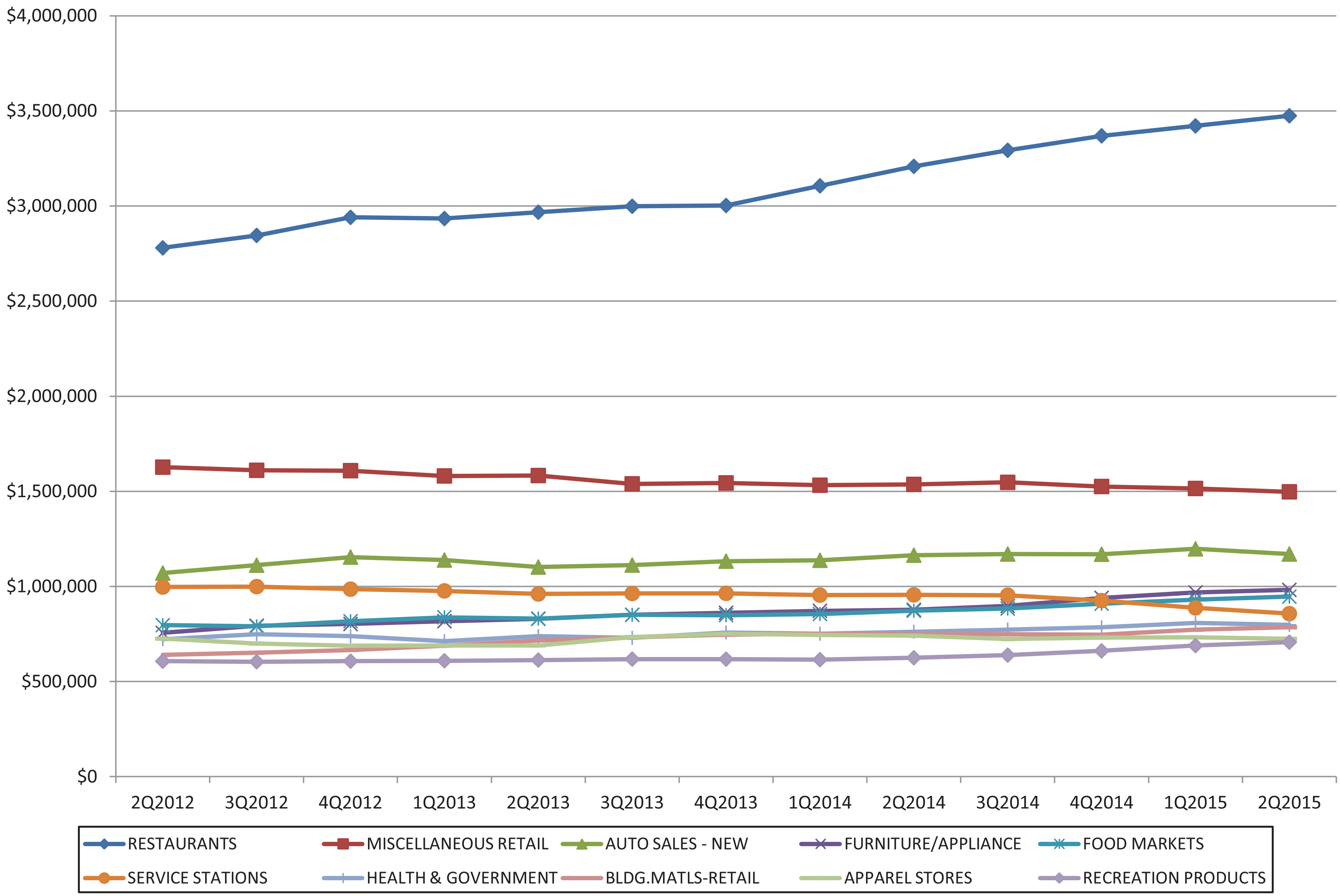
BENCHMARK YEAR ENDING SECOND QUARTER 2015

CITY OF BERKELEY
HISTORICAL SALES TAX REVENUE PERFORMANCE



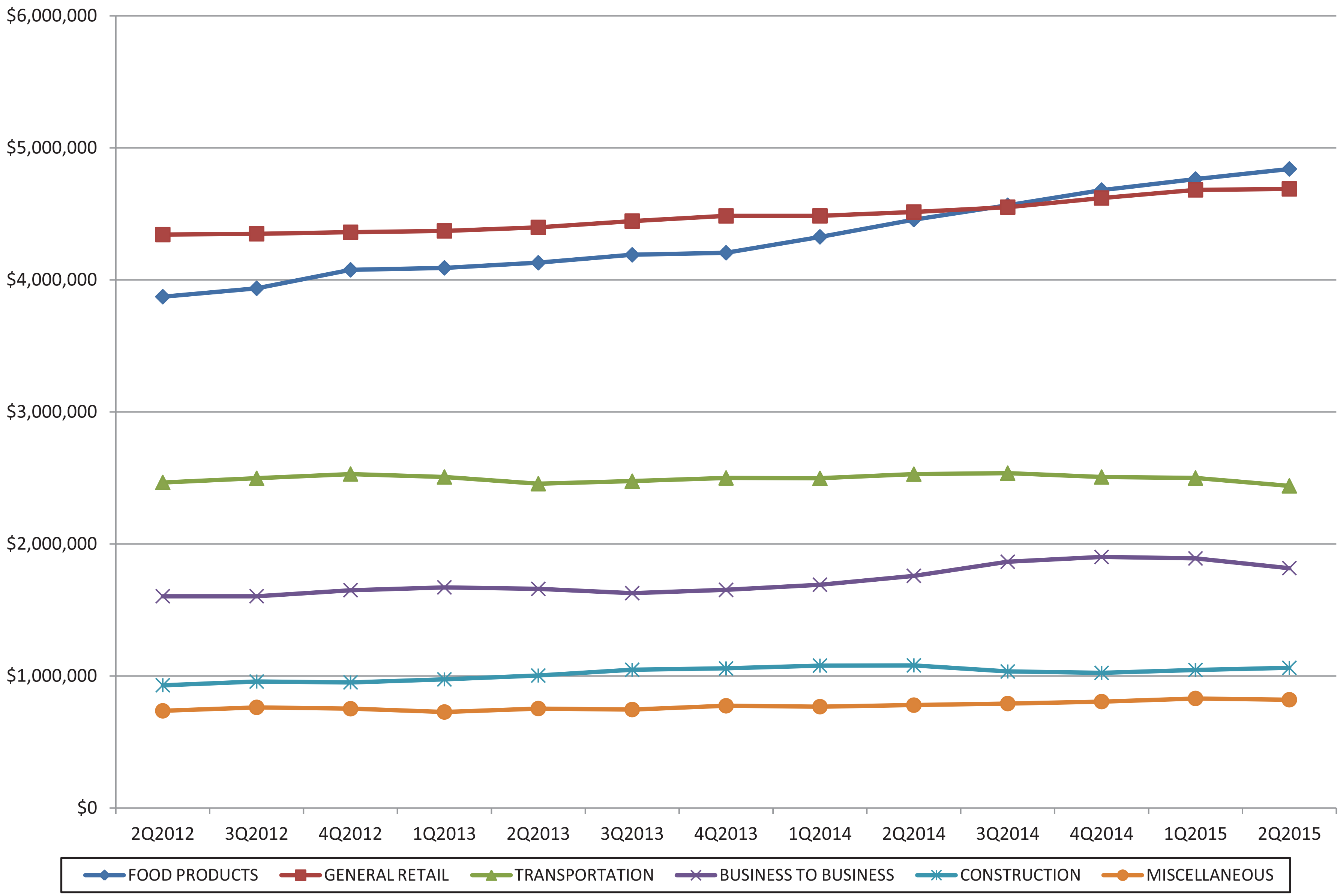
BENCHMARK YEAR ENDING SECOND QUARTER 2015

CITY OF BERKELEY
TOP 10 ECONOMIC SEGMENTS



BENCHMARK YEAR ENDING SECOND QUARTER 2015

CITY OF BERKELEY
HISTORICAL SALES TAX REVENUE PERFORMANCE



BENCHMARK YEAR ENDING SECOND QUARTER 2015