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Key to trend indicators
= **Positive:** Positive change or variance > +2%.
= **Neutral:** Change or variance of -1% to +2%.
= **Warning:** Negative change or variance of -1% to -4%.
= **Negative:** Negative change or variance of > -4%.

All Sales Tax Sectors:
When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two month lag from the time that sales tax is collected to the time it is distributed to the City.

Total sales tax receipts for the month of March 2015, which reflects activity from December 2014 and January 2015, are higher than the budget projection and the year-ago level by 0.9% and 0.4%, respectively (See Table 1). Removing one-time construction activity from the calculation reveals receipts are higher than the budget projection by 0.4% (See Table 3), as well as the year-ago level by 2.4%.

Table 1: Sales Tax - Variance by Month

	2015			2014	
Month of Activity	Budget Projection	Actual	Actual v. Bud. Proj. % Var.	Actual	2015 v. 2014 % Change
December (Prior Yr)	$713,638	$736,315	3.2%	$712,174	3.4%
January	546,336	535,619	-2.0%	554,366	-3.4%
Totals	$1,259,974	$1,271,934	0.9%	$1,266,540	0.4%
	Totals may not foot due to rounding.				

Table 2 and Chart 1 below illustrate that receipts in three of the primary categories continue to be higher compared to their year-ago level.

Table 2: Sales Tax - Primary Categories
December (Prior Year) - January

Primary Category	2011	2012	2013	2014	2015
Construction	$91,442	$129,963	$187,418	$168,515	**$178,605**
$ Change	($9,142)	$38,521	$57,455	($18,903)	**$10,090**
% Change	-9.1%	42.1%	44.2%	-10.1%	**6.0%**
Retail Trade	$685,548	$704,842	$782,320	$795,090	**$778,740**
$ Change	$23,963	$19,294	$77,478	$12,770	**($16,349)**
% Change	3.6%	2.8%	11.0%	1.6%	**-2.1%**
Hotels / Restaurant	$63,134	$61,896	$67,378	$71,571	**$76,081**
$ Change	$2,527	($1,238)	$5,482	$4,193	**$4,510**
% Change	4.2%	-2.0%	8.9%	6.2%	**6.3%**
All Others	$195,694	$181,653	$206,346	$231,365	**$238,508**
$ Change	($3,696)	($14,041)	$24,693	$25,019	**$7,143**
% Change	-1.9%	-7.2%	13.6%	12.1%	**3.1%**
Total Revenue	$1,035,818	$1,078,354	$1,243,463	$1,266,540	**$1,271,934**
$ Change	$13,652	$42,536	$165,109	$23,078	**$5,393**
% Change	1.3%	4.1%	15.3%	1.9%	**0.4%**

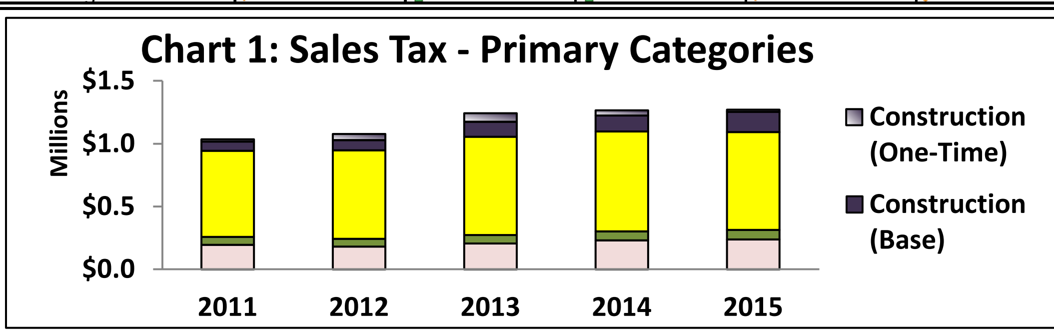
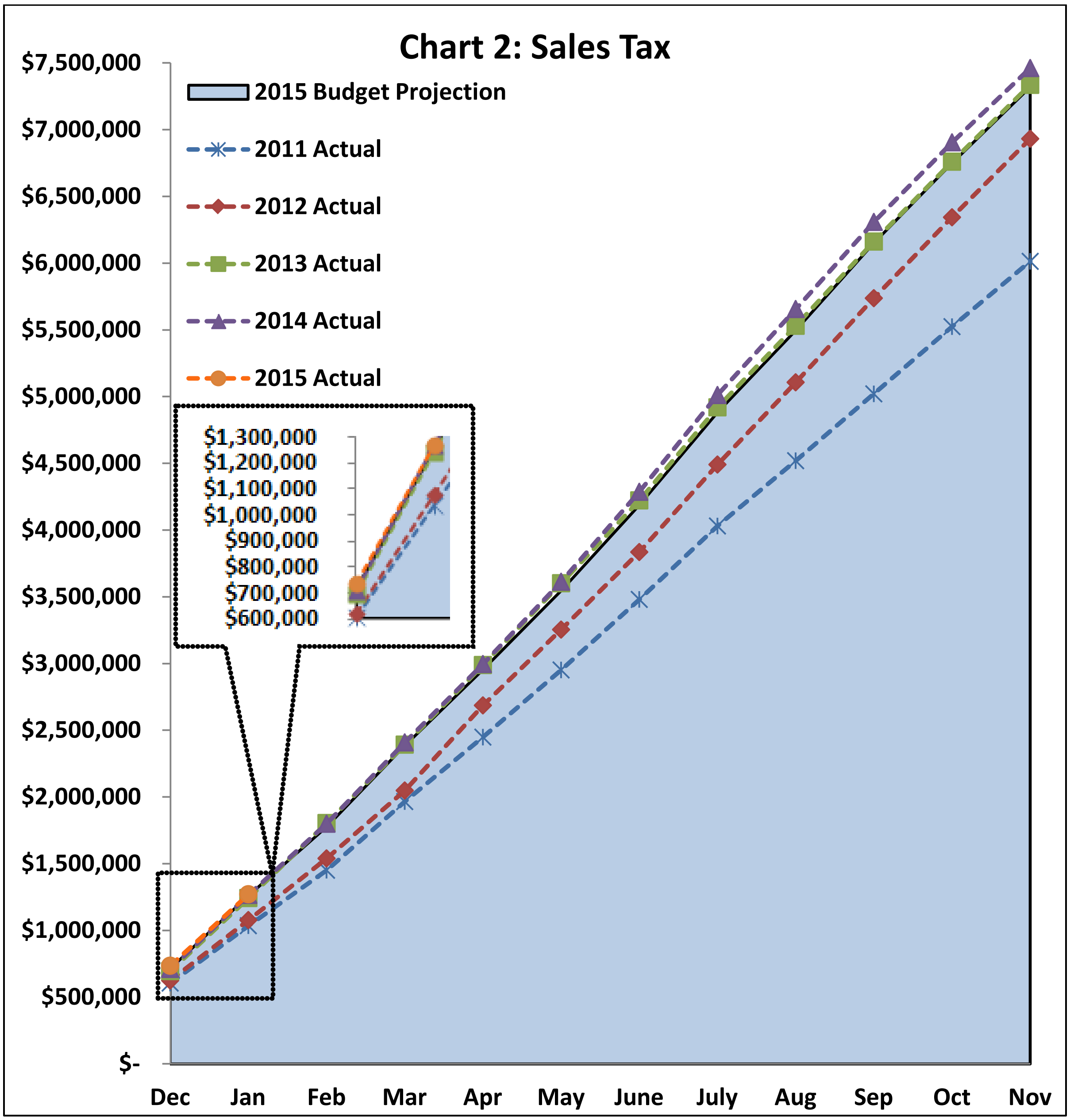


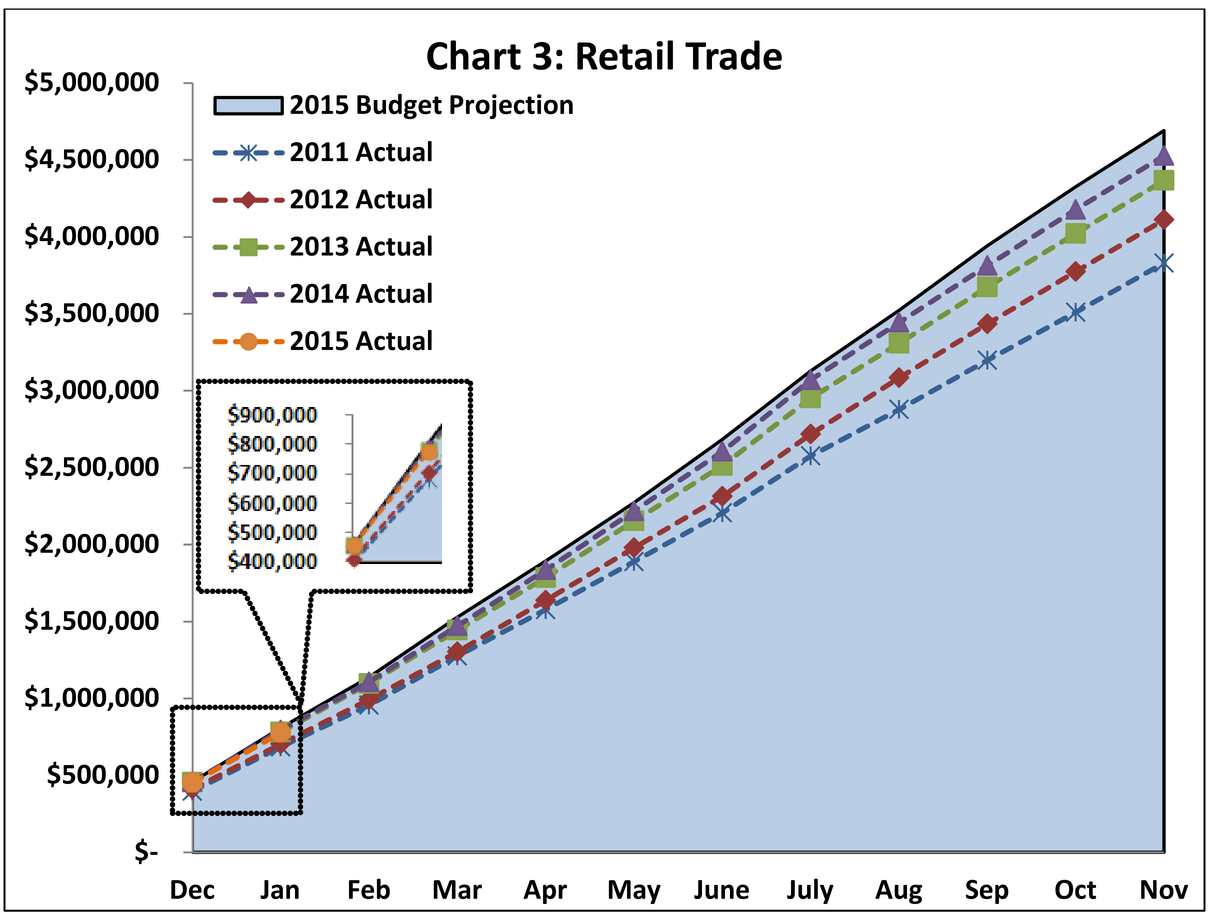
Table 3: Comparison of 2015 YTD Actual Less One-Time to 2015 Budget Projection December 2014 - January 2015				
Category	2015 YTD Budget Projection	2015 YTD Actual	2015 YTD Actual Less One-Time	2015 YTD Actual Less One-Time v. 2015 YTD Bud. Proj.
Retail Trade Sector	$807,258	$778,740	$778,740	-3.5%
Construction Sector	151,361	178,605	161,323	6.6%
Other Taxable Sales Sectors	$301,355	314,589	314,589	4.4%
Total Local Sales & Use Tax	$1,259,974	$1,271,934	$1,254,652	-0.4%
	Totals may not foot due to rounding.			



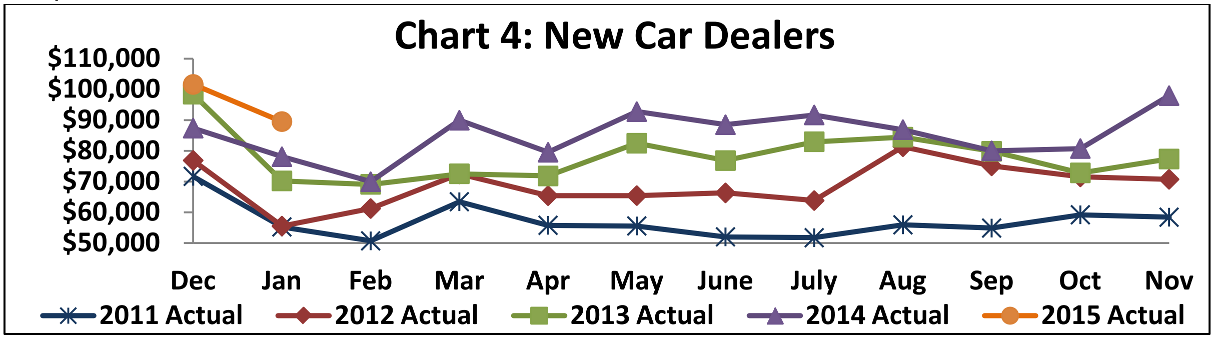
Retail Trade Sector:
Receipts from activity for December 2014 through January 2015 are lower than the budget projection by 3.5% (See Table 3) and the year-ago level by 2.1% (See Tables 2 and 4). Staff is investigating possible miscoding of returns which has caused the Building Material & Garden category to appear to be 53.4% lower than the year-ago level.

Table 4: Retail Trade Categories
December (Prior Year) - January

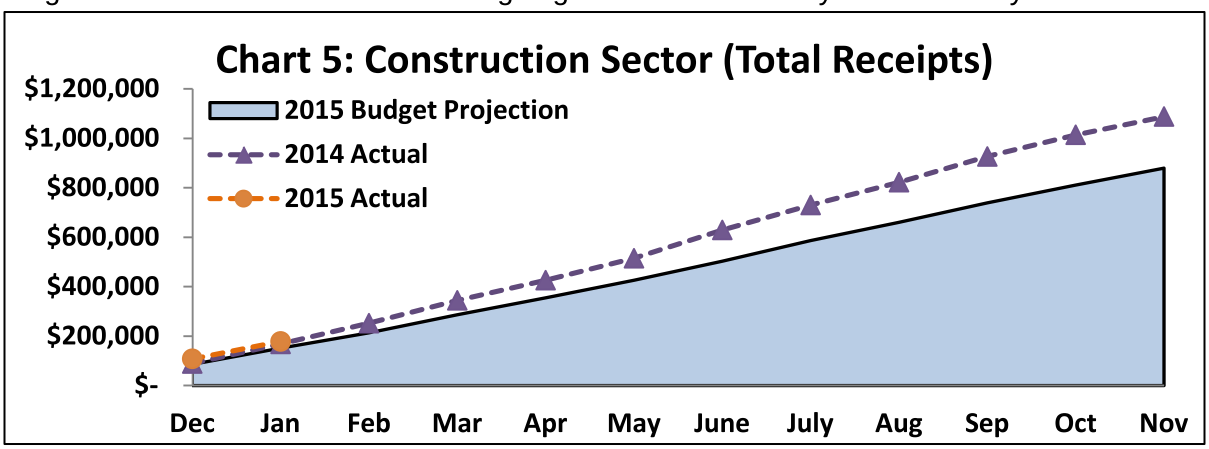
Category	2013	2014 v. 2013 % Change	2014	2015 v. 2014 % Change	2015
Motor Veh. & Parts Dealer	$198,130	5.0%	$208,082	5.4%	$219,244
Furniture & Home Funishings	9,550	4.4%	9,968	5.0%	10,470
Electronics & Appliances	13,899	22.6%	17,045	33.7%	22,793
Building Material & Garden	87,045	-3.8%	83,724	-53.4%	38,993
Food & Beverage Stores	44,915	-2.2%	43,929	7.8%	47,334
Health & Personal Care Stores	30,114	4.8%	31,567	12.9%	35,632
Gasoline Stations	11,557	2.5%	11,850	1.7%	12,056
Clothing & Accessories	10,101	-4.3%	9,665	27.2%	12,295
Sporting Goods, Hobby, Books	16,641	9.4%	18,208	-1.3%	17,980
General Merchandise Stores	281,644	-2.6%	274,402	1.6%	278,704
Miscellaneous Store Retailers	46,846	5.9%	49,622	-11.4%	43,954
Nonstore Retailers	31,879	16.2%	37,029	6.1%	39,287
Total Retail Trade	**$782,320**	**1.6%**	**$795,090**	**-2.1%**	**$778,740**

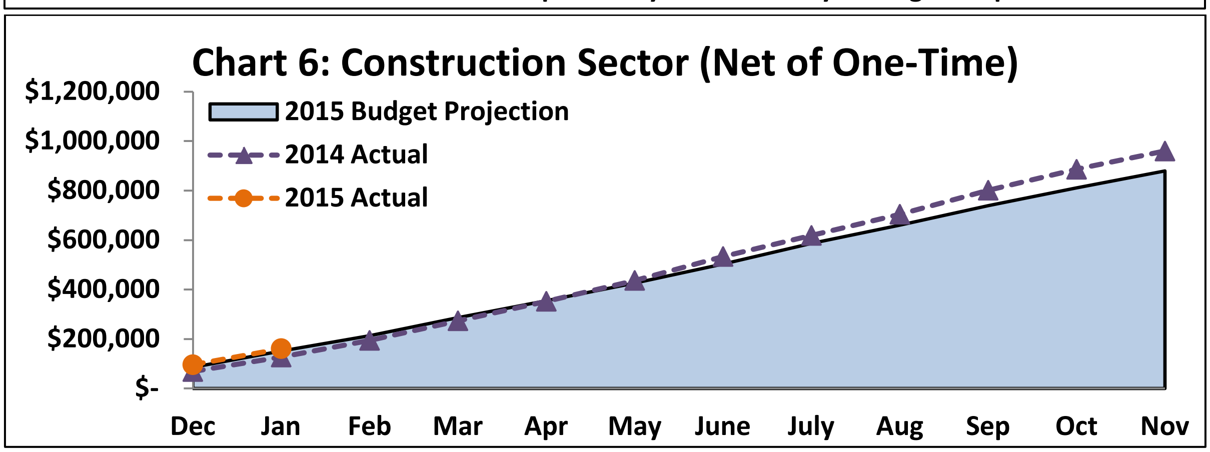


There has been significant growth in receipts from new car dealers (in the Motor Vehicle and Parts Dealer category) since 2011. Receipts for the month of January were higher than those for the same period of 2014, 2013, 2012 and 2011 by 14.6%, 27.5%, 27.5%, and 62.1%, respectively (See Chart 4).



Construction Sector:
Receipts from activity for December 2014 through January 2015 of $178,605 are 6.0% higher than the year-ago level of $168,515 (See Table 2 and Chart 5). Of the amount collected so far this year, $17,282, or 9.7%, is attributable to one-time activity. Of the amount collected for the same period of 2014, $41,385, or 24.6%, was attributable to one-time activity. Removing one-time activity from the calculation reveals receipts are 6.6% higher than the budget projection (See Table 3) and higher than the year-ago level by 26.9% (See Chart 6). As large one-time projects are generating less sales tax than they did in prior years as they come to a close, these changes reflect an increased level of ongoing construction activity within the City.



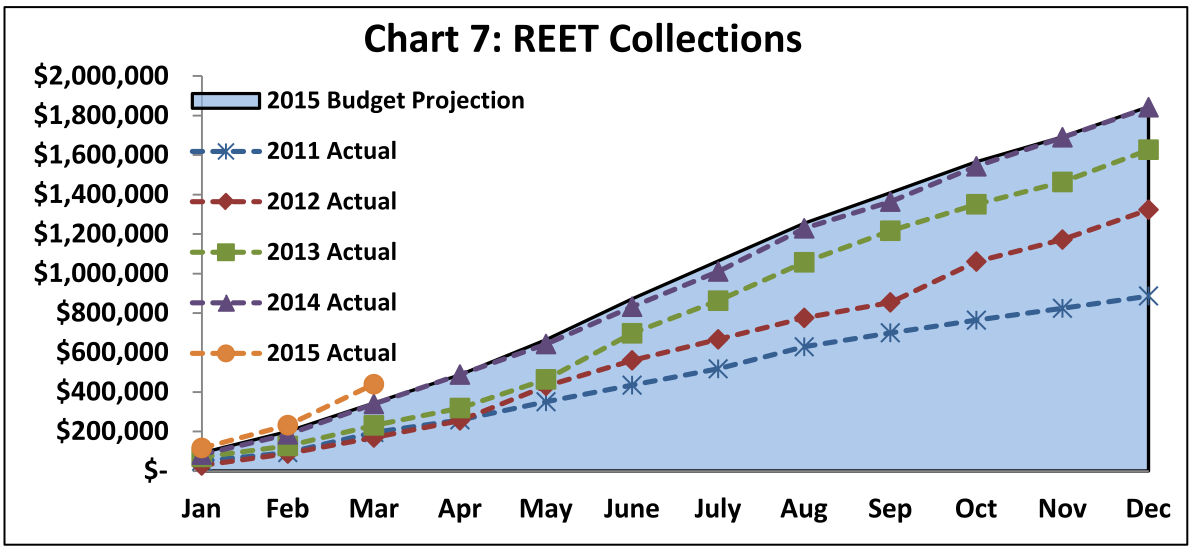


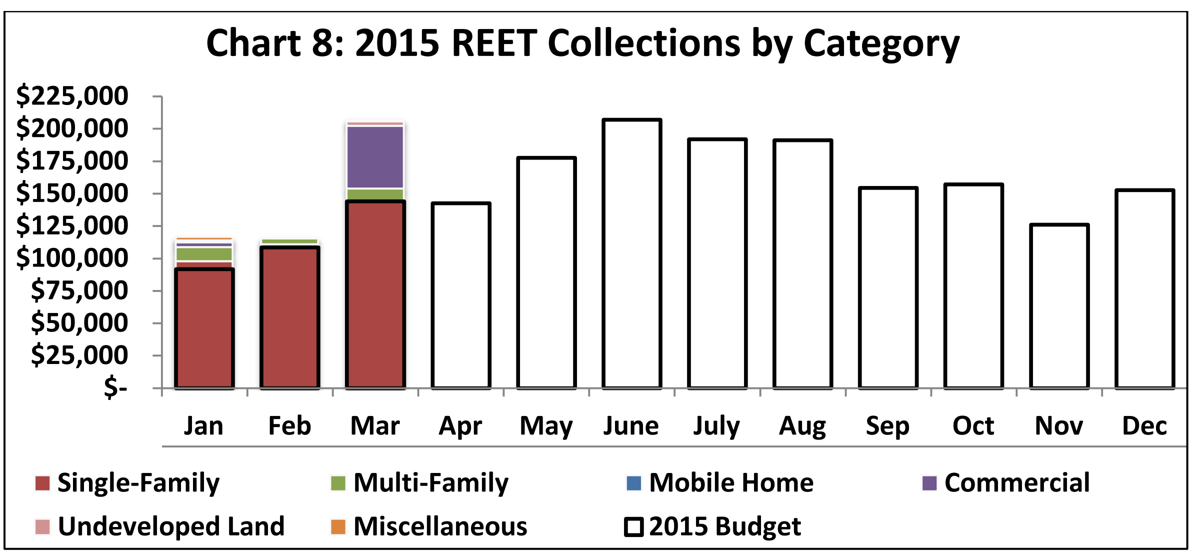
REET Collections:
Total REET collections through March 2015 totaling $439,320 are ahead of the budget projection by 27.6% as well as the year-ago level by 29.5%. Table 5 and Chart 7 below exhibit the REET collections. Chart 8 below exhibits the actual collections by category compared to the overall budget projection for each month. The collections from Commercial transactions shown in Chart 8 and Tables 7 and 8 for March 2015 were mostly from the sale of the Safeway on Aurora Ave. just south of N 155th St. for $9.3 million.

Table 5: REET Collections

Month of Activity	2015 Budget Projection	2015 Actual	2015 Actual v. Bud. Proj.	2014 Actual	2015 v. 2014 Actual $ Change	2015 v. 2014 Actual % Change
January	$91,716	$116,569	27.1%	$82,900	$33,669	40.6%
February	108,441	115,392	6.4%	102,625	12,766	12.4%
March	144,136	207,359	43.9%	153,759	53,600	34.9%
Totals	$344,292	$439,320	27.6%	$339,284	$100,035	29.5%

Totals may not foot due to rounding.





REET Transactions:
The number and value of the transactions in March 2015 was higher than the year-ago level. Year-to-date there has been forty-five more transactions with a value that is $20.0 million more than the year-ago level. Table 6 below exhibits the number of sales and value of all residential and commercial transactions that occurred during the period of January through March in 2014 and 2015. It is interesting to note that transaction values are higher even though there were only three transactions greater than $1.0 million in 2015, as compared to nine in the same period of 2014 (See Table 8).

Table 6: REET Sales ($ in thousands)

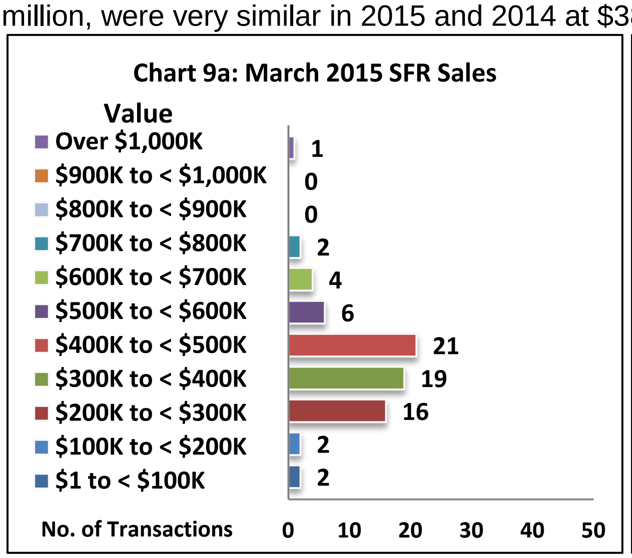
	2015		2014		2015 v. 2014		
Month of Activity	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value $ Change	Value % Change
January	56	$23,314	46	$16,580	10	$6,734	40.6%
February	63	23,078	41	20,525	22	2,553	12.4%
March	87	41,472	74	30,752	13	10,720	34.9%
Totals	206	$87,864	161	$67,857	45	$20,007	29.5%
	Totals may not foot due to rounding.						

Table 7 below exhibits the number and value of sales by category that occurred during the period of January through March 2015.

Table 7: 2015 REET Sales by Category ($ in thousands)

	Single-Family		Multi-Family		Mobile Home		Commercial		Miscellaneous		Undeveloped	
Month of Activity	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value
January	44	$19,604	9	$2,138	0	$0	1	$768	1	$505	1	$300
February	59	22,189	3	888	0	0	0	0	0	1	1	0
March	73	28,831	9	1,962	0	0	2	9,677	1	305	2	697
Totals	176	$70,624	21	$4,987	0	$0	3	$10,445	2	$811	4	$997
	Totals may not foot due to rounding.											

Charts 9a and 9b are histograms exhibiting the number of single-family residences that sold in 2015 in each of the various price ranges. The majority (71.6%) of the homes sold through March were priced from $200,000 to $499,999 with 29.0% priced from $300,000 to 400,000. The average transaction value for March, excluding sales with a transaction value greater than $1 million, were very similar in 2015 and 2014 at $385,571 and $385,541, respectively.



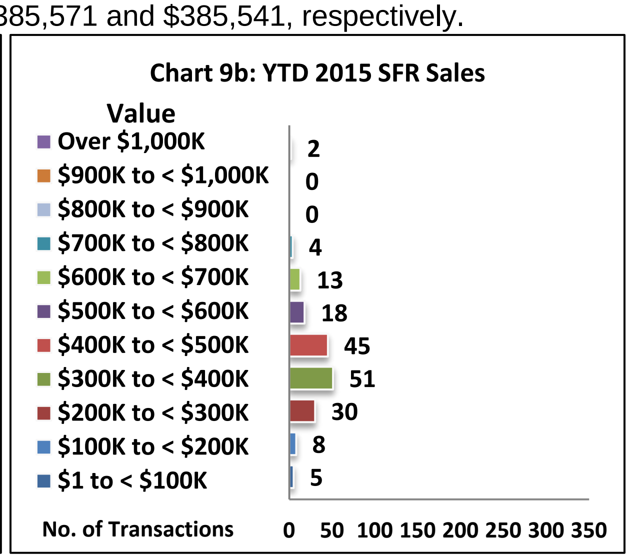


Table 8 below exhibits the number and value of all residential and commercial transactions greater than $1.0 million. In March 2015 there were two transactions greater than $1.0 million, a home in Innis Arden ($1.1 million) and the Safeway on Aurora Ave. just south of N 155th St. ($9.3 million). Year-to-date through March 2015, there have been two SFRs sold for more than $1.0 million, which has accounted for $2.8 million, or 23.4%, of the total and the sale of the Safeway $9.3 million, which accounts for 76.6% of the total.

Table 8: REET Sales > $1 Million ($ in thousands)

	2015		2014		2015 v. 2014		
Month of Activity	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value $ Change	Value % Change
January	1	$1,755	1	$1,500	0	$255	17.0%
February	0	0	3	5,966	(3)	(5,966)	N/A
March	2	10,322	5	6,000	(3)	4,322	72.0%
Totals	3	$12,077	9	$13,466	(6)	($1,388)	-10.3%
	Totals may not foot due to rounding.						

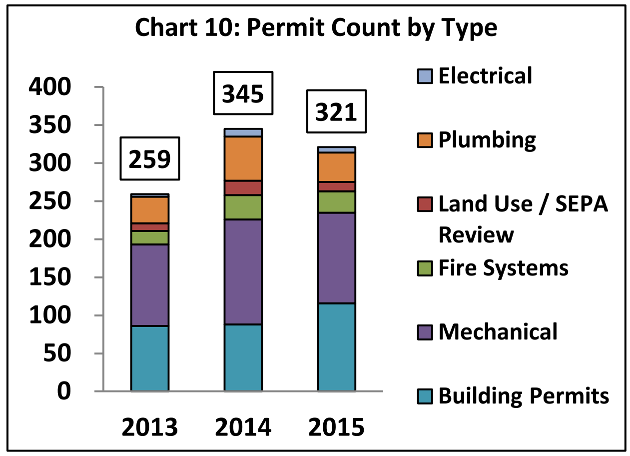
First Quarter Highlights:

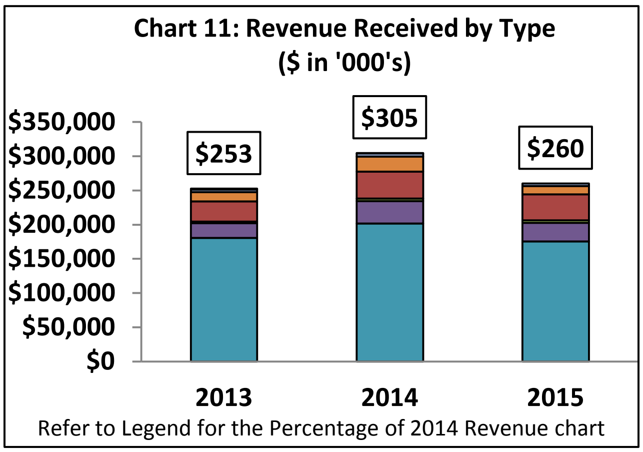
- The first quarter of 2015 saw a higher number of transactions, sales amount, and taxes collected compared to the same period in 2014.
- There were 206 transactions through the first quarter, which is 45, or 28.0%, more than the same period in 2014 and 69, or 50.4%, more than the same period in 2013.
- Through the first quarter, the sales amount was $87.9 million, which is $20.0 million, or 29.5%, more than 2014 and $41.7 million, or 90.2%, more than 2013.
- Tax collected in the first quarter was $439,320, which is $95,027, or 27.6%, more than the budget projection and $100,035, or 29.5%, more than 2014.

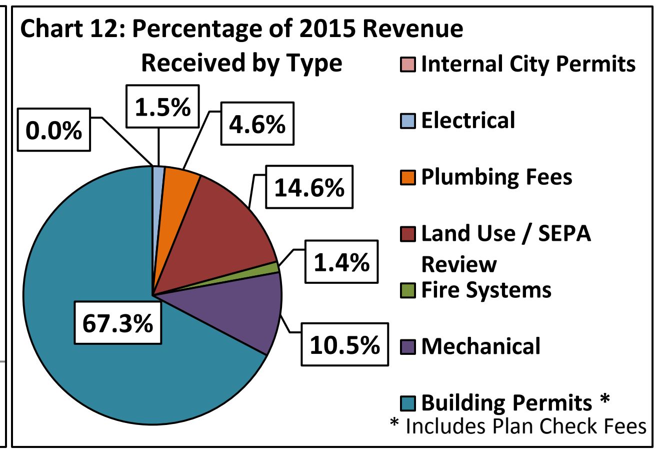
Table 9: Permit Count by Type

Type	2013	2014	2015	2015 v. 2014 # Chg.	2015 v. 2014 % Chg.
Building *	86	88	116	28	31.8%
Mechanical	107	138	119	(19)	-13.8%
Fire Systems	18	32	28	(4)	-12.5%
Land Use / SEPA Review	10	19	12	(7)	-36.8%
Plumbing	35	58	39	(19)	-32.8%
Electrical	3	10	7	(3)	-30.0%
Totals	259	345	321	(24)	-7.0%

* Includes Plan Check







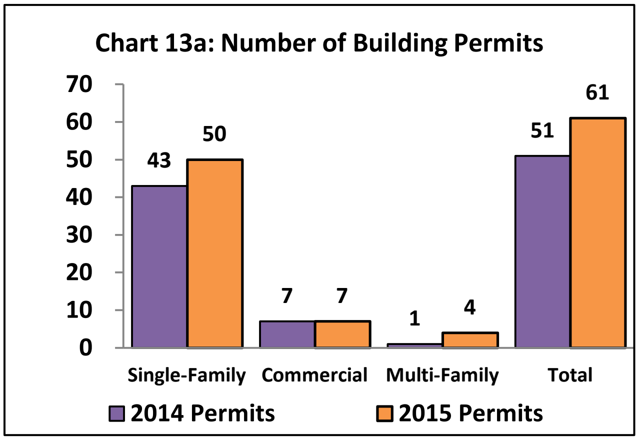
Permit revenue in March 2015 totaled $98,034. Total revenue to date is $260,337, which is 18.2% ahead of the projection but 14.6% lower than the year-ago level.

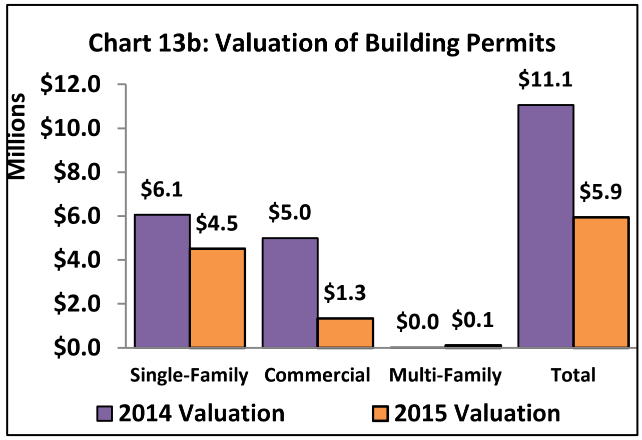
Valuation of eighteen building permits for new construction and remodels issued in March totals $2.9 million and is comprised 56.1% of residential and 43.9% of commercial / multi-family valuation. Valuation of sixty-one building permits for new construction and remodels issued year-to-date totals $5.9 million (See Chart 13b) and is comprised 75.8% of residential and 24.2% of commercial / multi-family valuation.

Table 10: 2015 Issued Building Permits and Valuation ($ in thousands)

	Residential				Commercial				Multi-Family			
	New		Add/Remodel		New		Add/Remodel		New		Add/Remodel	
Month	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation
January	0	$0	14	$863	0	$0	2	$15	0	$0	4	$106
February	2	423	18	1,578	0	-	3	28	0	-	0	-
March	4	1,045	12	600	0	-	2	1,288	0	-	0	-
Totals	6	$1,468	44	$3,041	0	$0	7	$1,331	0	$0	4	$106

Local development activity in 2015, in terms of the number of building permits pulled for new construction and remodels in 2015, has increased from the year-ago level (See Chart 13a) but the valuation is lower (See Chart 13b). A substantial portion of the difference is related to the timing of a large project that occurred in March 2014 (see list below). Significant projects worth mentioning in 2015 are also listed below.





2014 Large Projects:

- **March:**
  - North City Water District: 3,200 sf pump station ($4.0M)

2015 Large Projects:

- **March:**
  - Costco: Gas station expansion ($1.2M)