

Q3 2013



City of Brentwood Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Brentwood In Brief

Receipts for Brentwood's July through September sales were 4.2% higher than the same quarter one year ago. Actual sales activity was up 9.0% when reporting aberrations were factored out.

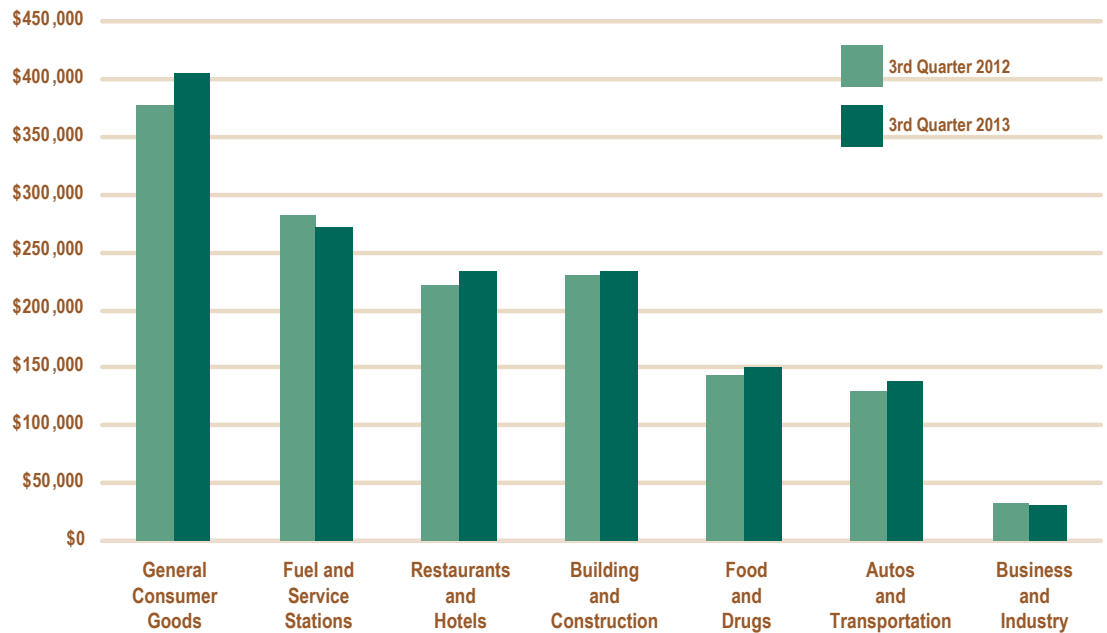
Temporary deviations understated the increase in building and construction. This group rose 18.3% once onetime events were removed. New stores boosted already positive results in general consumer goods with gains in electronics/appliance stores, apparel, specialty stores and home furnishings.

Performance in restaurants and hotels was commensurate with regional and statewide trends coming in 6.1% greater than a year ago. Sales activity was up in food and drugs while recent openings bumped up auto-related sectors.

Multiple payment deviations depressed returns in service stations.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 5.3% over the comparable time period, while the Bay Area as a whole was up 5.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Ace Hardware	Dallas Shanks
Arco AM PM	Chevron
AT&T Mobility	Home Depot
Best Buy	Home Goods
Big B Lumber	Kohls
Bill Brandt Ford	Quick Stop
BJs Restaurant & Brewhouse	Ross
Brentwood Chevron	Safeway
Brentwood Ready Mix	Save Mart
Brentwood Service Station	TJ Maxx
Chevron	Tower Mart
Circle K Gas	Vintners Shell Stations
	Walgreens
	Winco Foods

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,803,609	\$2,922,079
County Pool	350,543	429,726
State Pool	851	1,607
Gross Receipts	\$3,155,003	\$3,353,413
Cty/Cnty Share	(78,875)	(83,835)
Net Receipts	\$3,076,128	\$3,269,577
Less Triple Flip*	\$(769,032)	\$(817,394)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

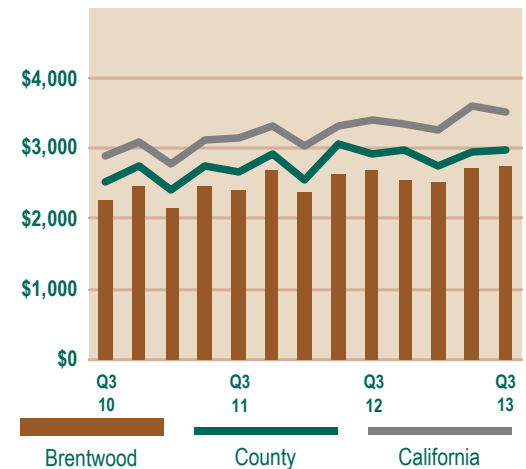
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Brentwood Q3 '13*	Brentwood Change	County Change	HdL State Change
Automotive Supply Stores	48.1	13.9%	6.2%	5.7%
Casual Dining	76.4	4.0%	4.5%	2.5%
Contractors	39.2	122.5%	2.2%	11.1%
Department Stores	— CONFIDENTIAL —		-2.0%	1.8%
Drug Stores	31.2	4.3%	3.2%	0.0%
Electronics/Appliance Stores	90.3	7.7%	8.1%	4.2%
Family Apparel	78.4	0.3%	5.9%	5.6%
Fast-Casual Restaurants	32.5	8.1%	18.1%	3.4%
Grocery Stores Liquor	99.0	2.3%	-1.7%	-9.8%
Home Furnishings	46.1	19.5%	8.0%	10.3%
Lumber/Building Materials	— CONFIDENTIAL —		-15.6%	-15.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		10.3%	12.8%
Quick-Service Restaurants	85.4	7.0%	1.5%	4.0%
Service Stations	271.5	-4.0%	0.2%	-1.5%
Specialty Stores	49.0	9.0%	6.4%	7.7%
Total All Accounts	\$1,464.6	3.4%	2.8%	2.5%
County & State Pool Allocation	\$222.1	10.1%	9.4%	12.5%
Gross Receipts	\$1,686.7	4.2%	3.6%	3.5%
City/County Share	(42.2)	-4.2%		
Net Receipts	\$1,644.6	4.2%		