

Q4 2013



City of Brentwood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Brentwood In Brief

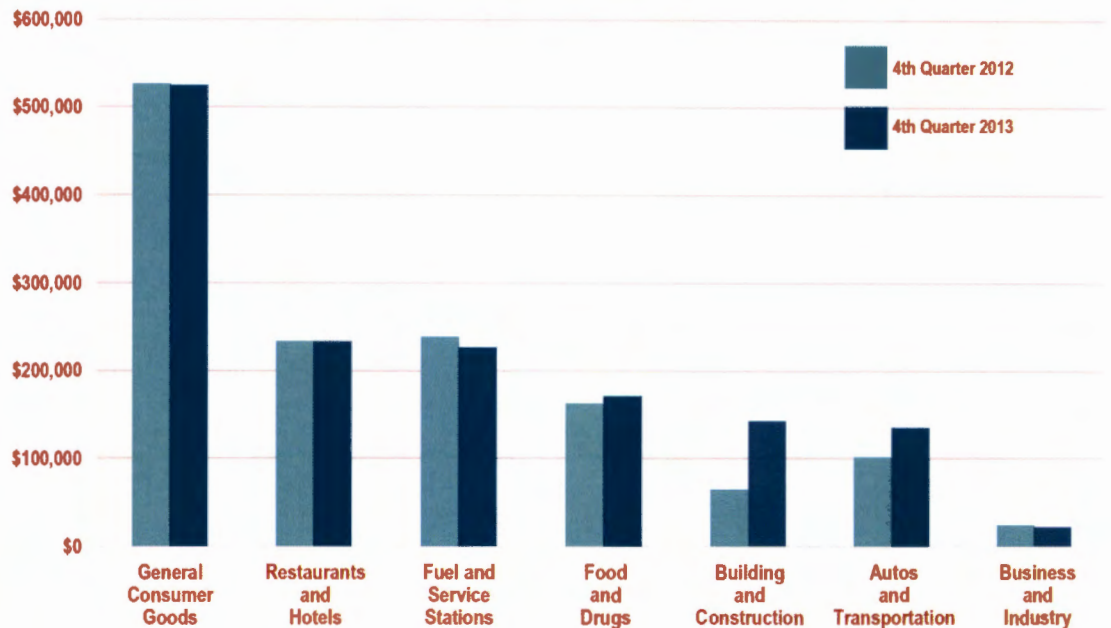
Brentwood's allocation of tax revenues from its October through December sales was 3.2% higher than the same quarter last year after factoring for reporting anomalies that inflated comparisons of the auto-transportation, building-construction and business-industrial groups.

A solid quarter for lumber-building materials and auto sales plus the previous opening of additional used car dealers were the primary contributors to the actual increase. A rise in the countywide use tax allocation pool was also a factor and largely due to last year's implementation of AB155 which expanded the definition of nexus for out-of-state companies required to collect California sales and use tax.

The gains were partially offset by declining fuel usage/pricing, generally soft holiday spending and close-outs of retailers in the general consumer goods group.

Adjusted for aberrations, sales and use tax receipts for all of Contra Costa County increased 4.4% over the comparable time period while the nine county bay Area as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Home Goods
AT&T Mobility	Kohls
Best Buy	Michaels Arts & Crafts
Big B Lumber	Raleys
Bill Brandt Ford	Ross
Brentwood Chevron	Safeway
Brentwood Ready Mix	TJ Maxx
Brentwood Service Station	Tower Mart
Chevron	Ulta Beauty
Circle K Gas	Victoria's Secret
Dallas Shanks Chevron	Vintners Shell Stations
Home Depot	Walgreens
	Winco Foods

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$4,153,043	\$4,376,863
County Pool	549,681	672,440
State Pool	1,845	2,652
Gross Receipts	\$4,704,570	\$5,051,955
Cty/Cnty Share	(117,614)	(126,299)
Net Receipts	\$4,586,956	\$4,925,656
Less Triple Flip*	\$(1,146,739)	\$(1,231,414)

*Reimbursed from county compensation fund

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

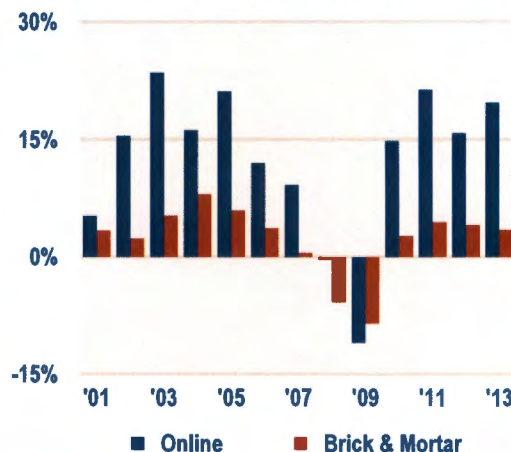
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

of online ordering by consolidating sales offices and inventories into just a few locations.

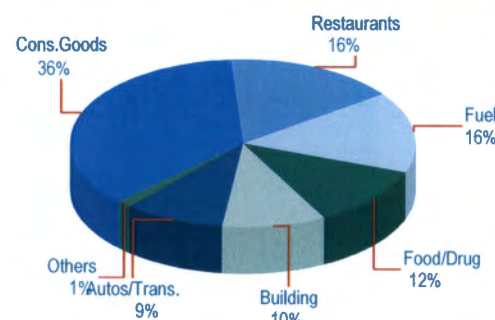
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

ONLINE VS. BRICK & MORTAR
Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP
Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Brentwood Q4 '13*	Brentwood Change	County Change	HdL. State Change
Automotive Supply Stores	46.1	9.0%	-1.1%	3.0%
Casual Dining	74.9	-7.4%	9.3%	5.7%
Department Stores	—	CONFIDENTIAL	-0.8%	1.6%
Drug Stores	37.2	5.7%	5.2%	2.6%
Electronics/Appliance Stores	140.1	0.2%	-12.3%	-0.7%
Family Apparel	104.4	4.4%	9.8%	6.8%
Fast-Casual Restaurants	32.2	9.7%	22.4%	13.8%
Grocery Stores Liquor	116.3	5.3%	8.1%	38.3%
Home Furnishings	46.9	-0.7%	2.1%	7.9%
Lumber/Building Materials	89.8	524.9%	287.3%	264.3%
New Motor Vehicle Dealers	—	CONFIDENTIAL	4.7%	9.4%
Quick-Service Restaurants	86.9	7.0%	18.9%	7.8%
Service Stations	226.4	-5.0%	-5.3%	-2.7%
Specialty Stores	59.7	4.1%	6.8%	7.7%
Women's Apparel	34.7	2.8%	3.8%	2.7%
Total All Accounts	\$1,454.8	7.8%	7.6%	8.7%
County & State Pool Allocation	\$243.8	21.8%	21.5%	9.4%
Gross Receipts	\$1,698.5	9.6%	9.4%	8.8%
City/County Share	(42.5)	-9.6%		
Net Receipts	\$1,656.1	9.6%		