

Q3 2014



City of Brentwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Brentwood In Brief

Receipts for Brentwood's July through September sales were 4.4% higher than the same quarter one year ago. Actual sales activity was up 6.3% when reporting aberrations were factored out.

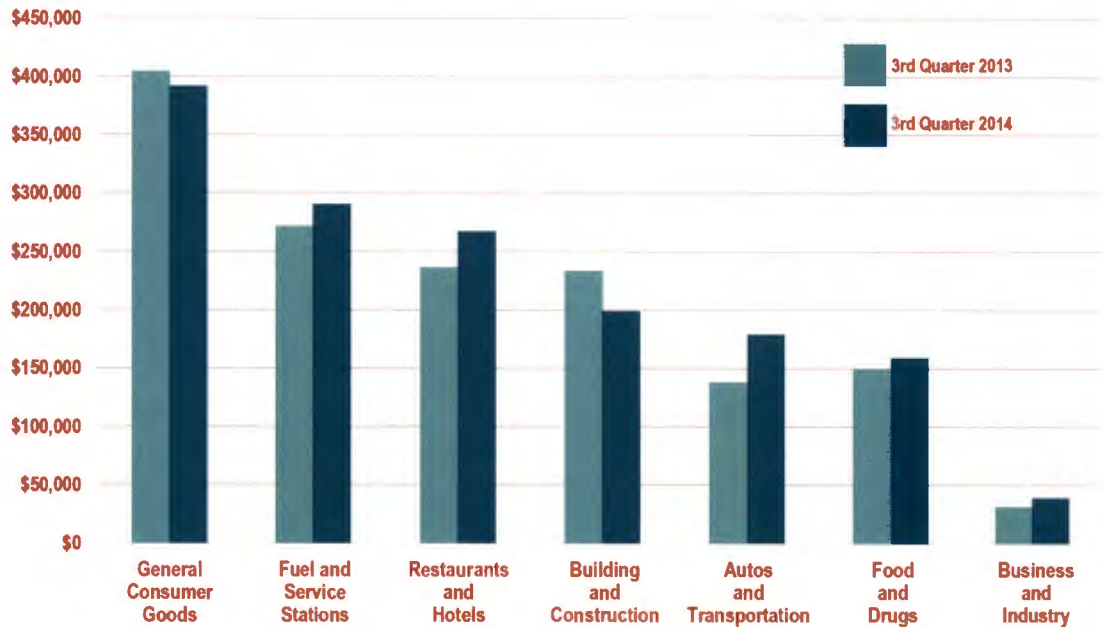
The city experienced a strong sales quarter for service stations, specialty stores, and the autos/transportation group. Recent additions helped boost revenues from casual-dining restaurants, home furnishings, and garden/agriculture supplies.

The allocation from the countywide use tax pool increased overall results.

Previous business closures reduced receipts from several categories of general consumer goods. A double-up payment that inflated year-ago returns exaggerated the drop in building and construction returns.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 5.5% over the comparable time period, while the Bay Area as a whole was up 6.6%.

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	Kohls
Big B Lumber	Los Primos Auto Plaza
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

	2013-14	2014-15
Point-of-Sale	\$2,922,079	\$3,064,336
County Pool	429,726	469,169
State Pool	1,607	2,281
Gross Receipts	\$3,353,413	\$3,535,786
Cty/Cnty Share	(83,835)	(88,395)
Net Receipts	\$3,269,577	\$3,447,392
Less Triple Flip*	\$(817,394)	\$(861,848)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

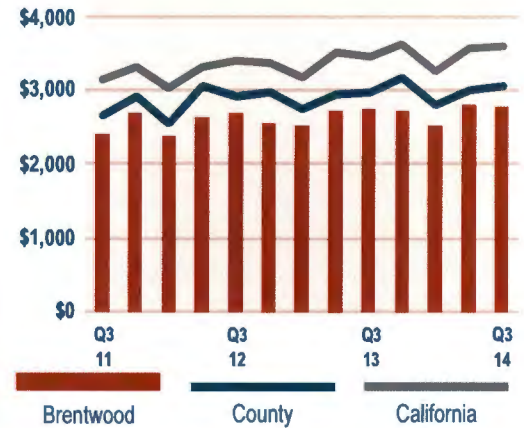
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

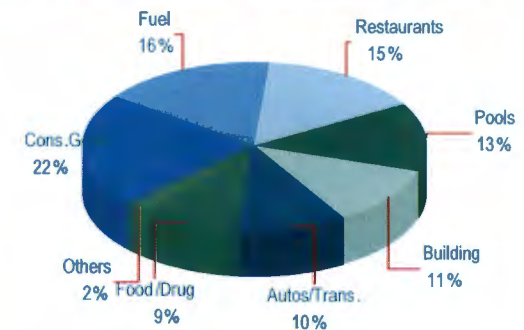
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Brentwood Q3 '14*	Brentwood Change	County Change	HdL State Change
Automotive Supply Stores	49.3	2.6%	-2.5%	-0.2%
Casual Dining	126.0	28.1%	5.8%	6.1%
Contractors	— CONFIDENTIAL —	—	17.6%	11.6%
Department Stores	— CONFIDENTIAL —	—	-5.9%	0.8%
Drug Stores	— CONFIDENTIAL —	—	1.9%	0.9%
Electronics/Appliance Stores	86.9	-3.8%	-1.9%	2.5%
Family Apparel	76.0	0.5%	6.7%	5.9%
Grocery Stores Liquor	97.9	5.4%	8.2%	8.6%
Home Furnishings	50.2	9.0%	2.4%	6.6%
Lumber/Building Materials	— CONFIDENTIAL —	—	3.4%	4.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	14.5%	8.0%
Quick-Service Restaurants	88.7	5.3%	6.7%	8.4%
Service Stations	290.2	6.9%	4.4%	1.2%
Specialty Stores	59.1	10.5%	8.3%	6.0%
Used Automotive Dealers	42.5	33.1%	21.2%	11.8%
Total All Accounts	\$1,526.1	4.2%	4.0%	5.5%
County & State Pool Allocation	\$235.0	5.8%	5.6%	10.2%
Gross Receipts	\$1,761.1	4.4%	4.2%	6.1%
City/County Share	(44.0)	-4.4%		
Net Receipts	\$1,717.1	4.4%		