

Q3 2015



City of Brentwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Brentwood In Brief

Brentwood's receipts from July through September were 8.0% above the third sales period in 2014. Excluding reporting aberrations, actual sales were up 9.2%.

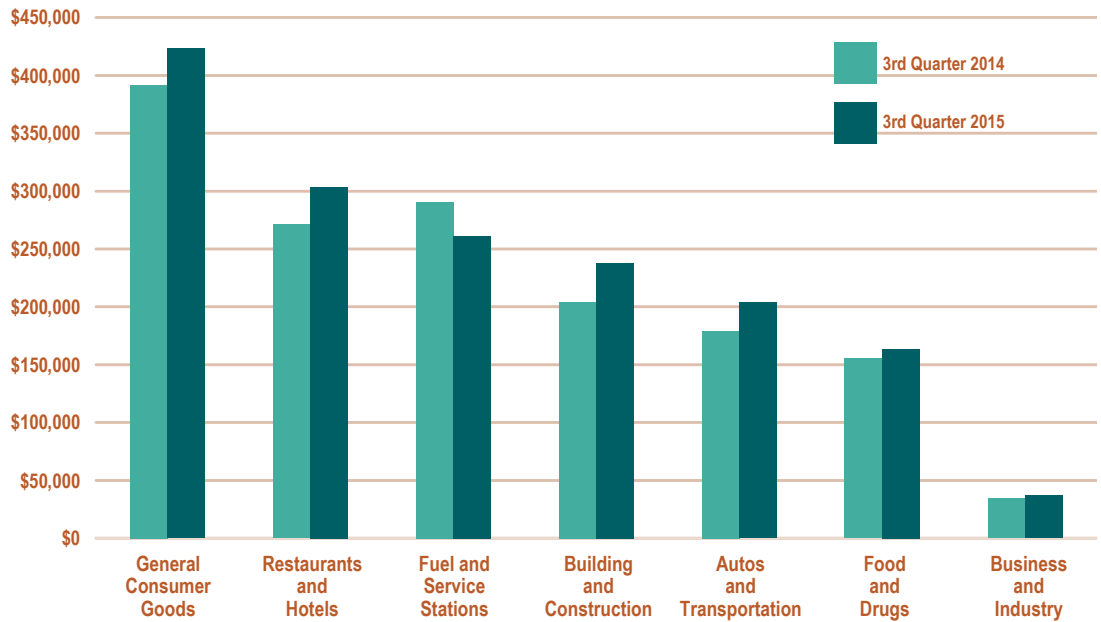
The city experienced a strong sales quarter for restaurants and hotels. One-time payments helped boost revenues for building and construction. New businesses contributed to the growth in restaurants and hotels.

Lower fuel prices were responsible for the decline in receipts for service stations.

The city's share of the countywide use tax pool increased by 16.4% when compared to the prior year.

Net of aberrations, taxable sales for all of Contra Costa County grew 3.8% over the comparable time period; the Bay Area was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Home Depot
Arco AM PM	Kohls
Arco AM PM	Los Primos Auto Plaza
AT&T	Quick Stop
Best Buy	Ross
Big B Lumber	Safeway
Bill Brandt Ford	Shell
BJs Restaurant	TJ Maxx
Brentwood Ready Mix	Tower Mart
Chevron	Verizon
Chevron	Walgreens
Chevron	Winco Foods
Circle K Gas	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,064,336	\$3,286,726
County Pool	469,169	538,160
State Pool	2,281	1,748
Gross Receipts	\$3,535,786	\$3,826,635
Cty/Cnty Share	(88,395)	(95,666)
Net Receipts	\$3,447,392	\$3,730,969
Less Triple Flip*	\$(861,848)	\$(932,742)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

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

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

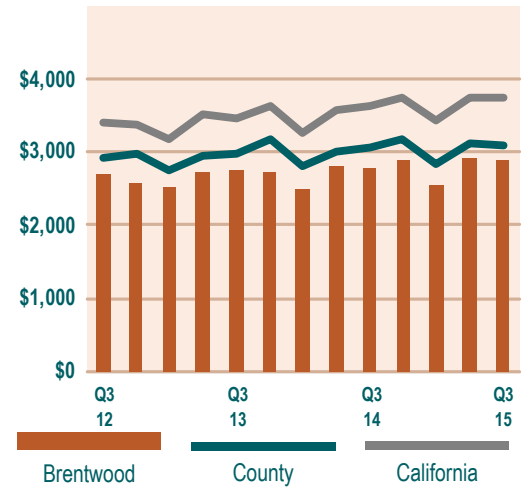
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

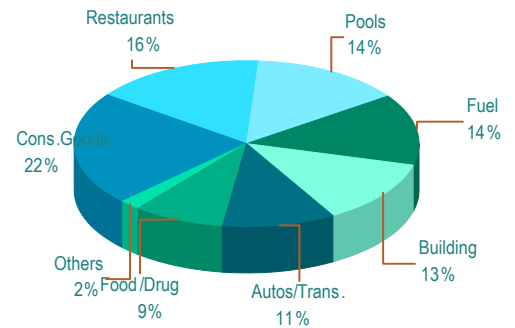
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands of dollars</i>			
	Brentwood Q3 '15*	Change	County Change	HdL State Change
Automotive Supply Stores	47.7	2.0%	7.3%	5.9%
Casual Dining	138.1	9.3%	6.7%	5.2%
Contractors	— CONFIDENTIAL —	—	5.8%	12.9%
Department Stores	— CONFIDENTIAL —	—	-1.8%	-0.6%
Drug Stores	— CONFIDENTIAL —	—	0.4%	-1.4%
Electronics/Appliance Stores	108.9	23.2%	11.1%	3.8%
Family Apparel	82.8	8.9%	2.1%	2.3%
Grocery Stores Liquor	102.9	5.8%	2.2%	3.8%
Home Furnishings	52.9	5.4%	-4.7%	5.0%
Lumber/Building Materials	— CONFIDENTIAL —	—	7.2%	6.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	6.6%	8.2%
Quick-Service Restaurants	96.2	8.5%	7.4%	6.8%
Service Stations	259.7	-10.5%	-17.8%	-11.8%
Specialty Stores	63.3	7.2%	4.7%	5.9%
Used Automotive Dealers	38.1	2.2%	20.0%	13.8%
Total All Accounts	1,630.2	6.8%	2.5%	2.3%
County & State Pool Allocation	272.6	16.0%	11.3%	3.5%
Gross Receipts	1,902.7	8.0%	3.7%	2.4%
City/County Share	(47.6)	-8.0%		
Net Receipts	1,855.2	8.0%		