

Q4 2015



City of Brentwood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

Brentwood In Brief

Brentwood's receipts from October through December were 9.8% above the fourth sales period in 2014.

The City experienced a strong sales quarter with all business groups posting gains except for fuel, which saw another drop in returns due to continued lower gas prices.

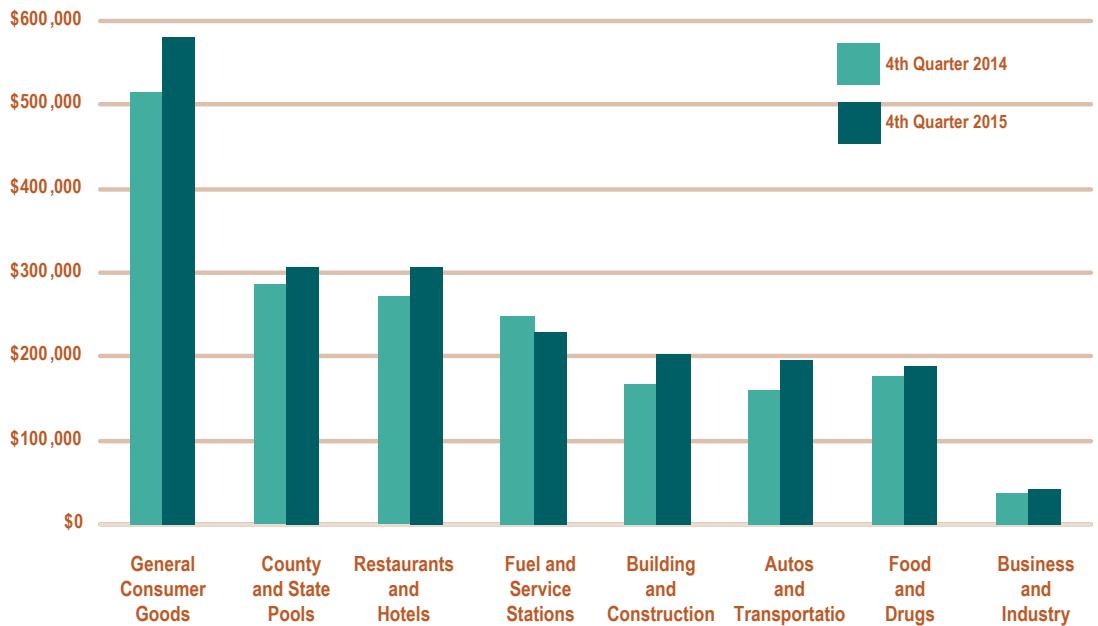
General consumer goods, the City's largest business group, posted the largest cash gain bolstered by higher sales in electronics, women's and family apparel, and specialty stores. Restaurant sales remained strong aided by increased receipts from quick-service and casual dining eateries and a couple new outlets.

Higher returns from multiple categories in building and construction and the automotive group also contributed to the overall gain. Solid results from grocery stores lifted food and drugs, while stronger sales in garden/agricultural supplies produced most of the gain in business and industry.

The City's allocation from the countywide use tax pool increased 6.8% during the quarter.

Net of aberrations, taxable sales for all of Contra Costa County grew 2.3% over the comparable time period; the Bay Area was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Kohls
Arco AM PM	Michaels
AT&T Mobility	Oaklet Petro
Best Buy	Quick Stop
Big B Lumber	Raleys
Bill Brandt Ford	Ross
BJs Restaurant & Brewhouse	Safeway
Brentwood Ready Mix	TJ Maxx
Chevron	Ulta
Dallas Shanks Chevron	Verizon
Home Depot	Victoria's Secret
Home Goods	Walgreens
	Winco Foods

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,644,588	\$5,028,153
County Pool	753,690	842,111
State Pool	4,093	5,817
Gross Receipts	\$5,402,370	\$5,876,081
Cty/Cnty Share	(135,059)	(146,902)
Net Receipts	\$5,267,311	\$5,729,179
Less Triple Flip*	\$(1,316,828)	\$(1,432,295)

*Reimbursed from county compensation fund

California Overall

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

The Triple Flip Is Over!

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

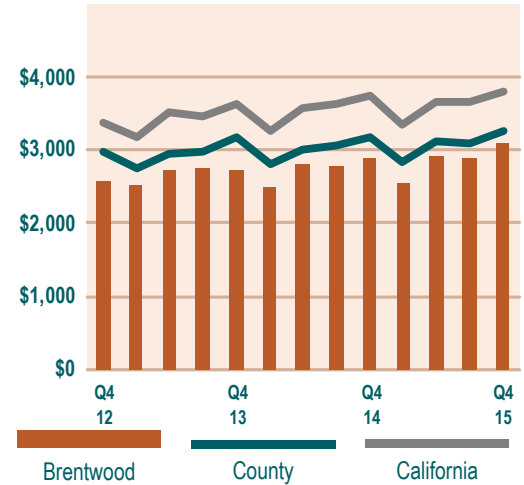
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

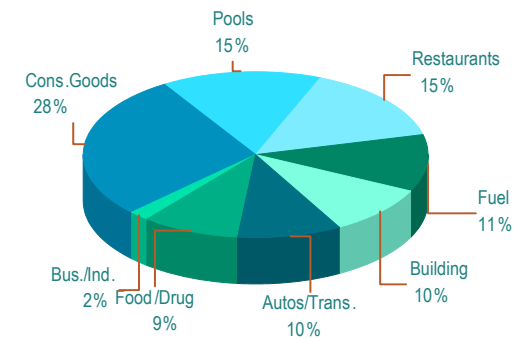
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Brentwood Q4 '15*	Brentwood Change	County Change	HdL State Change
Automotive Supply Stores	50.0	5.7%	-6.3%	5.3%
Casual Dining	146.3	12.5%	6.8%	6.1%
Contractors	41.4	46.3%	37.5%	11.1%
Department Stores	— CONFIDENTIAL —	—	-1.3%	-0.5%
Drug Stores	— CONFIDENTIAL —	—	1.7%	1.2%
Electronics/Appliance Stores	171.2	26.3%	4.0%	0.6%
Family Apparel	109.8	7.4%	4.8%	3.8%
Grocery Stores Liquor	128.2	4.6%	-1.0%	0.5%
Home Furnishings	50.7	-0.8%	-4.3%	2.0%
Lumber/Building Materials	— CONFIDENTIAL —	—	10.2%	10.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	7.7%	7.9%
Quick-Service Restaurants	100.9	12.8%	7.3%	7.9%
Service Stations	229.6	-6.9%	-12.9%	-10.5%
Specialty Stores	81.0	21.9%	5.6%	4.4%
Women's Apparel	36.7	5.8%	3.7%	1.4%
Total All Accounts	1,741.4	10.2%	3.8%	2.4%
County & State Pool Allocation	308.0	7.6%	1.3%	10.8%
Gross Receipts	2,049.4	9.8%	3.4%	3.5%
City/County Share	(51.2)	-9.8%		
Net Receipts	1,998.2	9.8%		