

Q3 2019



City of Brentwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Brentwood In Brief

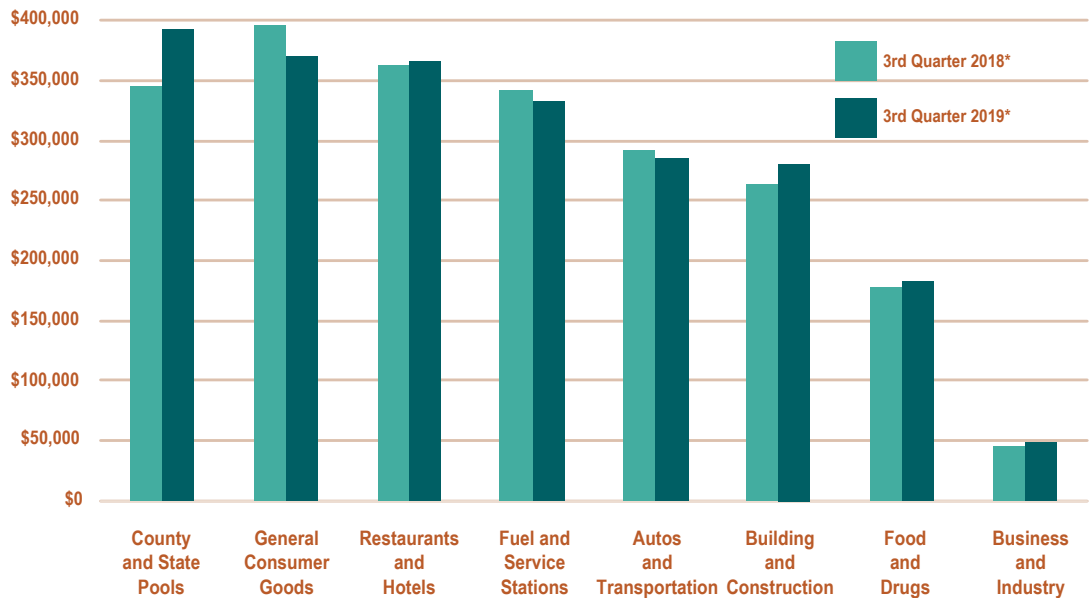
Brentwood's allocation of sales and use tax from its July through September sales was 7.4% lower than the third quarter of 2018. However, last year's comparable quarter was temporarily inflated by late back payments related to State problems with its new computer system. Receipts were up 1.9% after these and other accounting aberrations are factored out.

A rise in the countywide use tax allocation pool resulting from the acceleration in online shopping where much of the merchandise is shipped from out-of-state was primarily responsible for the actual increase. A solid quarter for grocers and contractor supplies was also a factor.

The gains were partially offset by closeouts and overall soft sales within the general consumer goods group.

Adjusted for aberrations, sales and use tax receipts for all of Contra Costa County rose 1.4% over the comparable time period while the nine-county bay area as a whole, was down 0.5%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Dallas Shanks Services
Arco AM PM	Home Depot
AT&T Mobility	Home Goods
Balfour Arco	In N Out Burger
Big B Lumber	Jeffery Way Shell
Bill Brandt Ford	Kohls
BJ's Restaurant & Brewhouse	Quik Stop
Brentwood Chevron	Ross
Brentwood Ready Mix	Safeway
Chevron	TJ Maxx
Circle K Gas	Ulta Beauty
Colonial Energy	Walgreens
	Winco Foods

REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$2,130,076	\$1,910,088
County Pool	399,072	431,210
State Pool	1,143	801
Gross Receipts	\$2,530,290	\$2,342,099
Cty/Cnty Share	(63,257)	(58,552)
Net Receipts	\$2,467,033	\$2,283,547

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

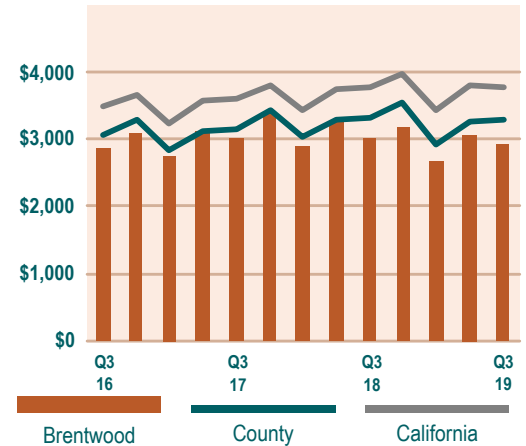
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

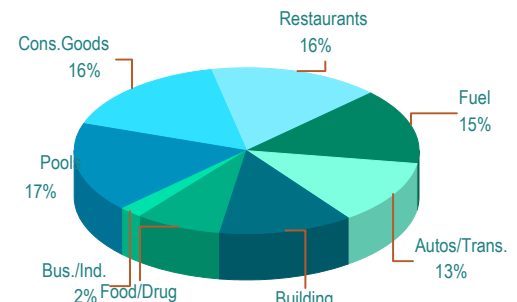
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP
Brentwood This Quarter***



*Allocation aberrations have been adjusted to reflect sales activity

BRENTWOOD TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Brentwood Q3 '19*	Change	County Change	HdL State Change
Auto Repair Shops	38.0	8.5%	9.8%	0.9%
Automotive Supply Stores	51.1	3.1%	4.9%	3.7%
Building Materials	206.0	-0.3%	-2.3%	0.2%
Casual Dining	168.5	-1.8%	4.6%	2.3%
Contractors	57.5	44.1%	7.8%	2.6%
Department Stores	— CONFIDENTIAL —	—	-8.3%	-9.5%
Drug Stores	— CONFIDENTIAL —	—	-1.2%	-1.2%
Family Apparel	92.2	-1.8%	0.8%	1.5%
Fast-Casual Restaurants	34.7	2.7%	4.8%	5.1%
Grocery Stores	133.2	5.1%	3.5%	1.7%
Home Furnishings	57.8	4.7%	-2.4%	-1.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-7.6%	-7.2%
Quick-Service Restaurants	127.7	4.4%	2.6%	2.6%
Service Stations	331.5	-3.2%	-3.4%	-1.5%
Specialty Stores	59.0	-5.2%	-4.5%	0.3%
Total All Accounts	1,866.1	-0.3%	-0.7%	0.2%
County & State Pool Allocation	392.7	13.6%	12.8%	14.9%
Gross Receipts	2,258.8	1.9%	1.4%	2.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.