

CITY OF BRENTWOOD

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



BRENTWOOD

TOTAL: \$ 2,619,263

3.5%

4Q2020



-0.6%

COUNTY



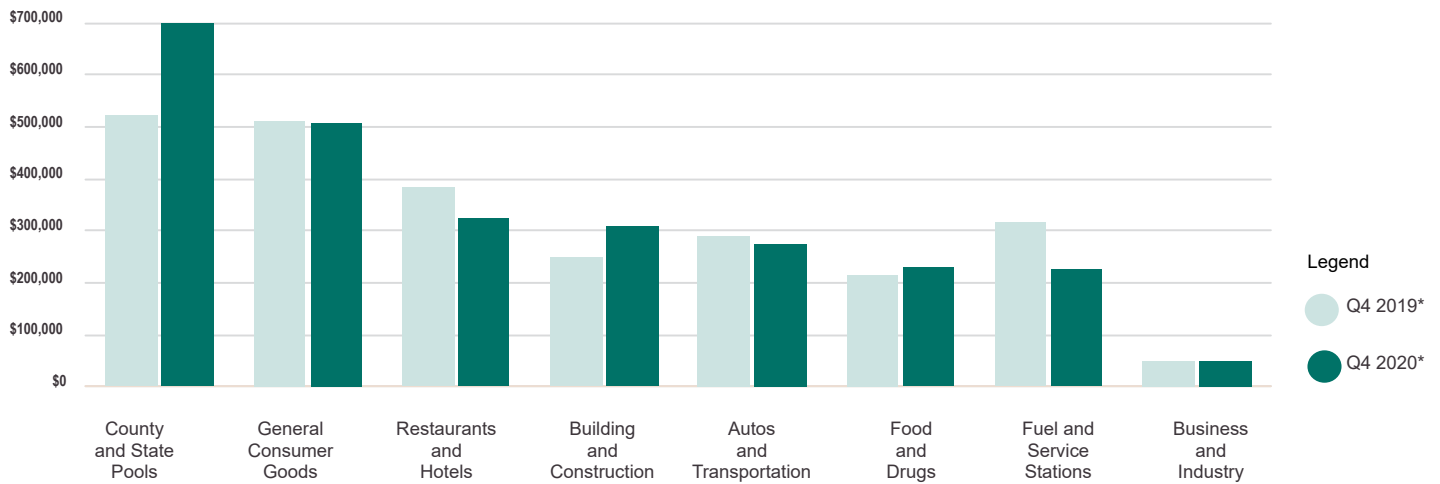
-2.0%

STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's receipts from October through December were 3.5% above the fourth sales period in 2019.

Overall place of sale collections declined 4.5% as the pandemic economy continued to weigh on certain business sectors, while others thrive. This was the normal holiday shopping period, and general consumer retailers felt the strain of weak foot traffic and in-store buying – although some of the losses were offset by the addition of a new large retailer. Auto sales and service receipts also took a small hit this quarter.

Mirroring a statewide trend, the continued reduction in driving miles and lower gas prices drove service station revenues down. Similarly, restaurant and hotel receipts plummeted as the crisis curtailed travel activity and on-premises dining.

As people were unable to dine out, stay at home dining boosted the food-drug group, especially grocery store sales. Also helping to offset some of the losses, the City's share of the countywide use tax pool allocations was up 34.3%. This growth was boosted by new taxes on out-of-state online purchases from full implementation of AB147 (Wayfair), and surges in online shopping.

Net of aberrations, taxable sales for all of Contra Costa County declined 0.6% over the comparable time period; the Bay Area was down 8.0%.



TOP 25 PRODUCERS

- | | |
|------------------------|-------------------|
| Ace Hardware | TJ Maxx |
| Arco AM PM | Tractor Supply |
| Balfour Arco | Ultra Beauty |
| Big B Lumber | Victoria's Secret |
| Bill Brandt Ford | Walgreens |
| Brentwood Ready Mix | Winco Foods |
| Chevron | |
| CVS Pharmacy | |
| Dallas Shanks Services | |
| Home Depot | |
| Home Goods | |
| In N Out Burger | |
| Kohls | |
| Michaels Arts & Crafts | |
| Power Market | |
| Raley's | |
| Ross | |
| Safeway | |
| Sportmans Warehouse | |
| Southwest | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

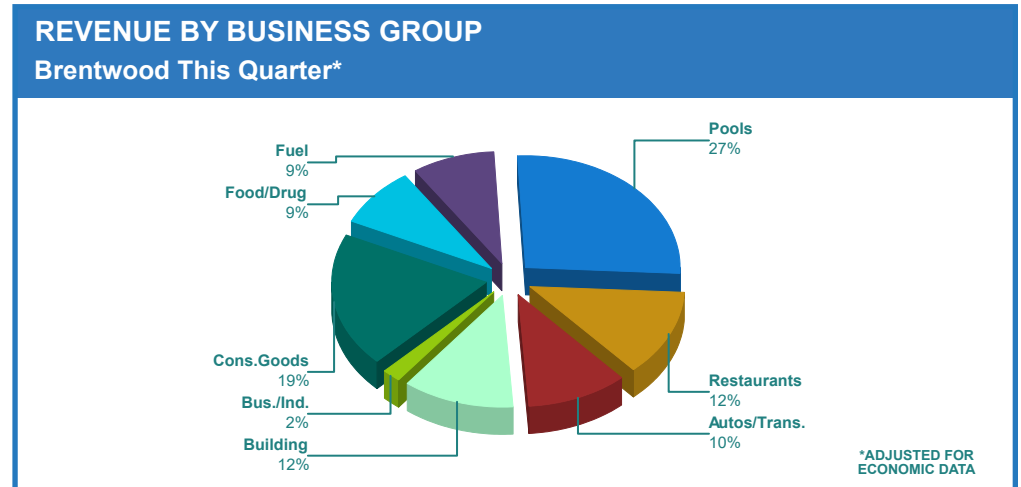
On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brentwood Business Type	Q4 '20*	Change	County Change	HdL State Change
Building Materials	244.3	26.0% ↑	15.9% ↑	17.4% ↑
Service Stations	224.5	-29.2% ↓	-33.9% ↓	-31.3% ↓
Grocery Stores	173.5	10.4% ↑	3.8% ↑	5.2% ↑
Casual Dining	139.1	-23.3% ↓	-35.9% ↓	-39.4% ↓
Quick-Service Restaurants	134.5	5.3% ↑	-4.3% ↓	-8.7% ↓
Family Apparel	113.3	-1.0% ↓	-17.4% ↓	-16.1% ↓
Home Furnishings	77.5	25.1% ↑	-4.3% ↓	0.9% ↑
Specialty Stores	74.4	-5.2% ↓	-5.3% ↓	-6.7% ↓
Automotive Supply Stores	49.0	1.0% ↑	-2.2% ↓	3.3% ↑
Fast-Casual Restaurants	43.5	18.9% ↑	-8.7% ↓	-12.0% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars