

CITY OF BRENTWOOD

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



BRENTWOOD
TOTAL: \$ 2,743,017

38.9%
2Q2021



33.5%
COUNTY

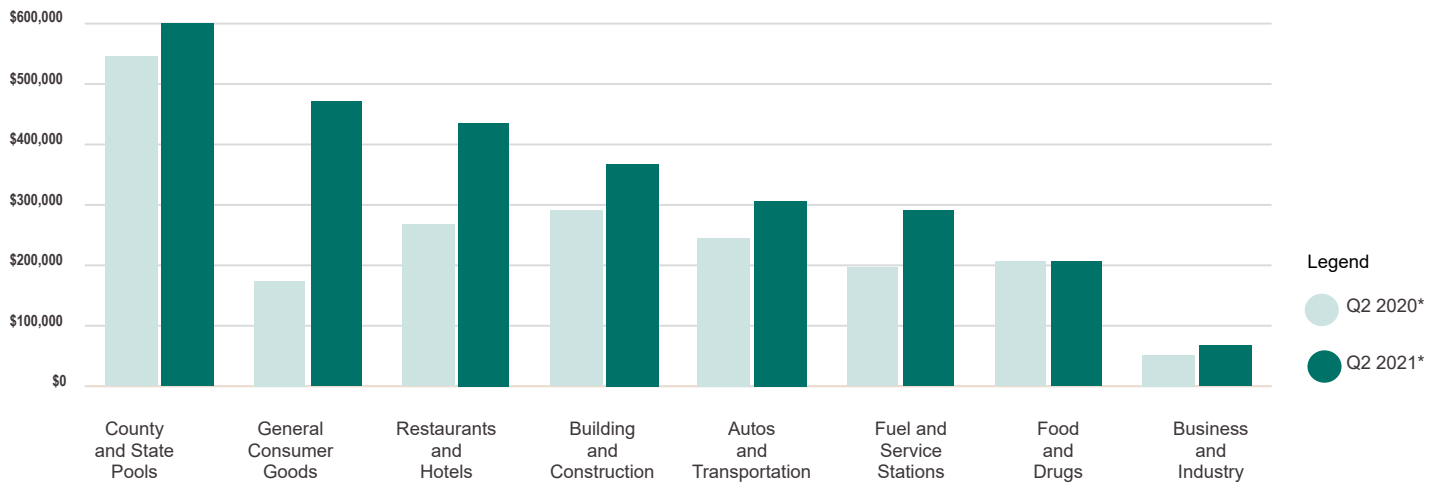


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's receipts from April through June were 29.5% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 38.9%.

Returns improved substantially as year ago totals dropped markedly while the depth of the pandemic was in full force. Local merchants point of sale 50% gains reflected significant recovery underway.

Fully opened eateries yielded better numbers by casual dining, quick service venues. General retail welcomed back walk-in shoppers; apparel, home furnishings, electronics and specialty stores had noticeable bigger tax filings.

Building materials performed well as extraordinary spikes in lumber prices did not diminish cash register activity. Service stations vended more fuel gallons at higher prices.

Building materials merchants experienced lumber price spikes which impacted comparisons. Contractors stayed very busy over the spring months.

Online sales remained a consumer preference; use tax allocations came in above year-ago totals. Autos-transportation's 24% addition revealed strengthened buyer spending on vehicles, parts and repairs.

Net of aberrations, taxable sales for all of Contra Costa County grew 33.5% over the comparable time period; the Bay Area was up 34.1%.



TOP 25 PRODUCERS

Ace Hardware
Arco AM PM
Big B Lumber
Bill Brandt Ford
BJ's Restaurant & Brewhouse
Brentwood Chevron
Brentwood Ready Mix
Chevron
Circle K Gas
Dallas Shanks Services
Home Depot
Home Goods
In N Out Burger
Jeffery Way Shell
Kohls
Power Market
Ross
Safeway

Sportmans Warehouse
Southwest
TJ Maxx
Tractor Supply
Ultra Beauty
Walgreens
Watersavers Irrigation
Winco Foods



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

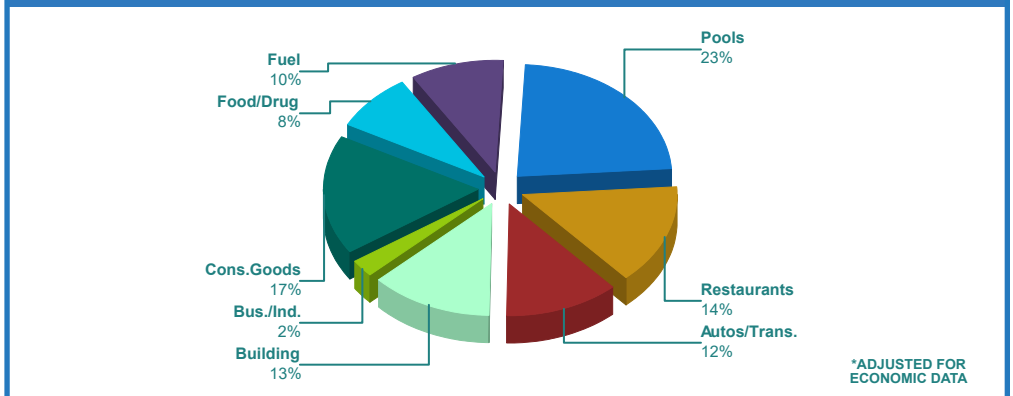
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP Brentwood This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brentwood Business Type	Q2 '21*	Change	County Change	HdL State Change
Service Stations	289.6	48.1% ↑	62.0% ↑	73.9% ↑
Building Materials	284.7	19.6% ↑	24.6% ↑	21.7% ↑
Casual Dining	209.9	104.5% ↑	122.7% ↑	130.3% ↑
Quick-Service Restaurants	148.8	26.7% ↑	25.8% ↑	28.8% ↑
Grocery Stores	147.8	-3.9% ↓	-4.6% ↓	-0.9% ↓
Family Apparel	103.3	273.4% ↑	287.9% ↑	230.5% ↑
Home Furnishings	78.9	135.7% ↑	121.1% ↑	88.5% ↑
Specialty Stores	69.5	208.7% ↑	76.1% ↑	67.7% ↑
Contractors	60.0	88.8% ↑	25.5% ↑	23.6% ↑
Automotive Supply Stores	52.5	9.6% ↑	15.1% ↑	15.1% ↑

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