

CITY OF BRENTWOOD

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



BRENTWOOD
TOTAL: \$ 2,947,977

0.9%
3Q2023



0.9%
COUNTY

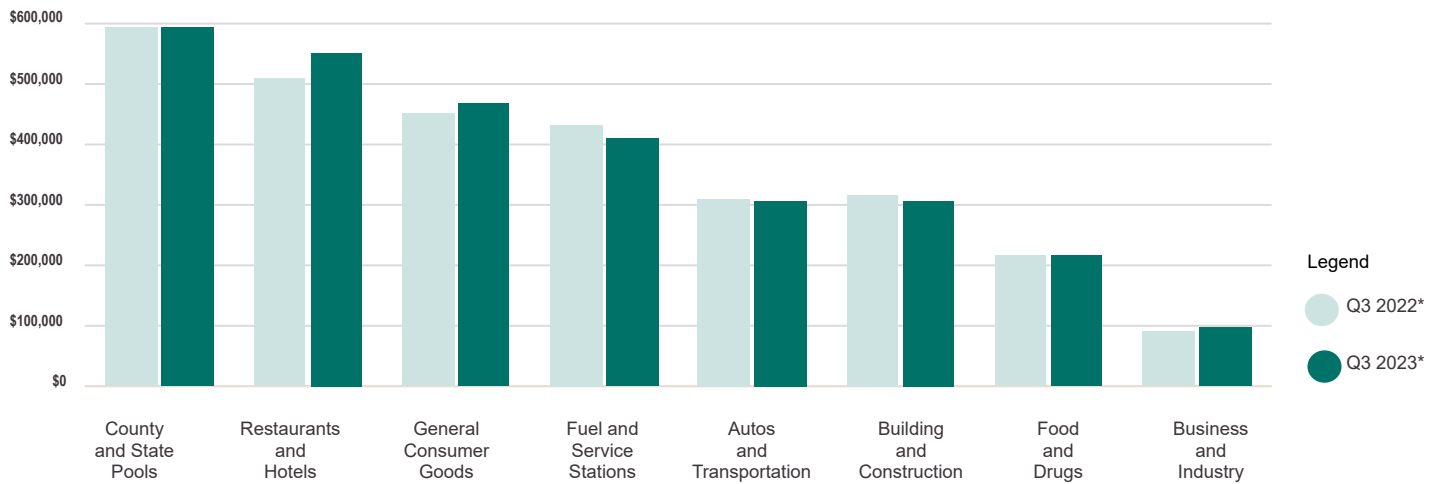


-1.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's receipts from July through September were 0.5% below the third sales period in 2022. Excluding reporting aberrations, actual sales were up 0.9%.

A hearty helping of newer establishments contributed to the 8% growth from restaurants-hotels; fast casual venues had the largest percentage gain, 28%, while the casual dining segment grew by \$11,000.

Retailers that began selling for the first time in the middle of the prior year quarter explain the general consumer goods 3% increase; results exceeded regional and state trends as both experienced declines for this category.

Garden/agricultural company expansion added a location in the City this past spring, boosted business-industry comparisons by 7%.

Fuel prices came down from historical highs in 2022, thus, a 5% decline by service stations was in line with expectations. Building-construction's lower returns resulted from plummeting prices for lumber related products.

Slower activity from vehicle repair shops and used car dealers outpaced better number from other segments, triggered autos-transportation 1% fall.

Net of aberrations, taxable sales for all the Bay Area contracted 3.1%.



TOP 25 PRODUCERS

- 7 Eleven
- Ace Hardware
- Arco AM PM
- Big B Lumber
- Bill Brandt Ford
- BJ's Restaurant & Brewhouse
- Brentwood Ready Mix
- Chevron
- Dallas Shanks Services
- Home Depot
- Home Goods
- In N Out Burger
- Kohls
- Marshalls
- Power Market
- Ross
- Rotten Robbie
- Safeway
- Sportsman's Warehouse
- Sunset Arco AM PM
- TJ Maxx
- Trident Environmental & Engineering
- Ulta Beauty
- Walgreens
- Winco Foods



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

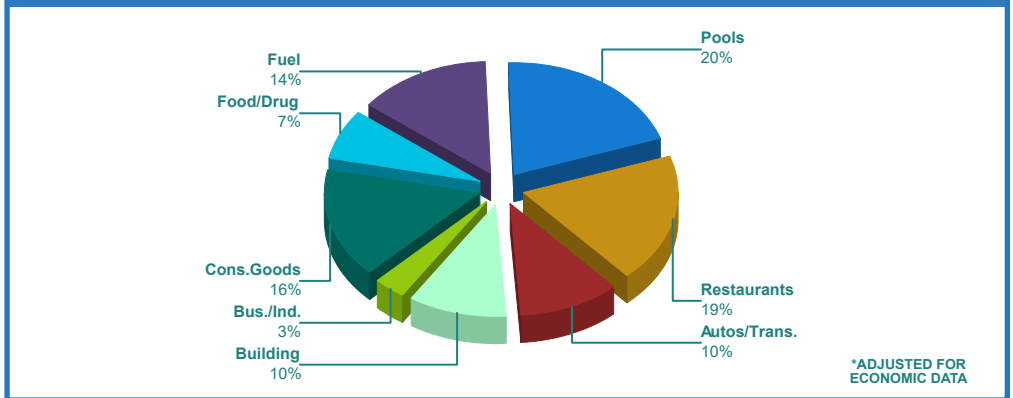
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for ‘fast food restaurants’.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP
Brentwood This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

| Brentwood Business Type | Q3 '23* | Change | County Change | HdL State Change |
|---------------------------|---------|---------|---------------|------------------|
| Service Stations | 408.0 | -5.1% ↓ | -7.2% ↓ | -7.3% ↓ |
| Casual Dining | 265.0 | 4.2% ↑ | 3.6% ↑ | 2.8% ↑ |
| Building Materials | 257.1 | -2.4% ↓ | -3.0% ↓ | -2.6% ↓ |
| Quick-Service Restaurants | 171.3 | 7.8% ↑ | 1.5% ↑ | 2.7% ↑ |
| Grocery Stores | 157.4 | 4.3% ↑ | 3.4% ↑ | 2.3% ↑ |
| Family Apparel | 129.3 | 18.8% ↑ | 10.1% ↑ | 3.2% ↑ |
| Specialty Stores | 77.5 | 2.3% ↑ | -0.5% ↓ | -1.9% ↓ |
| Fast-Casual Restaurants | 73.5 | 28.0% ↑ | 7.3% ↑ | 3.4% ↑ |
| Automotive Supply Stores | 66.5 | 7.0% ↑ | 2.9% ↑ | 2.1% ↑ |
| Home Furnishings | 63.7 | 3.0% ↑ | -9.1% ↓ | -12.1% ↓ |

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