

Q1 2014



City of Brentwood Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Brentwood In Brief

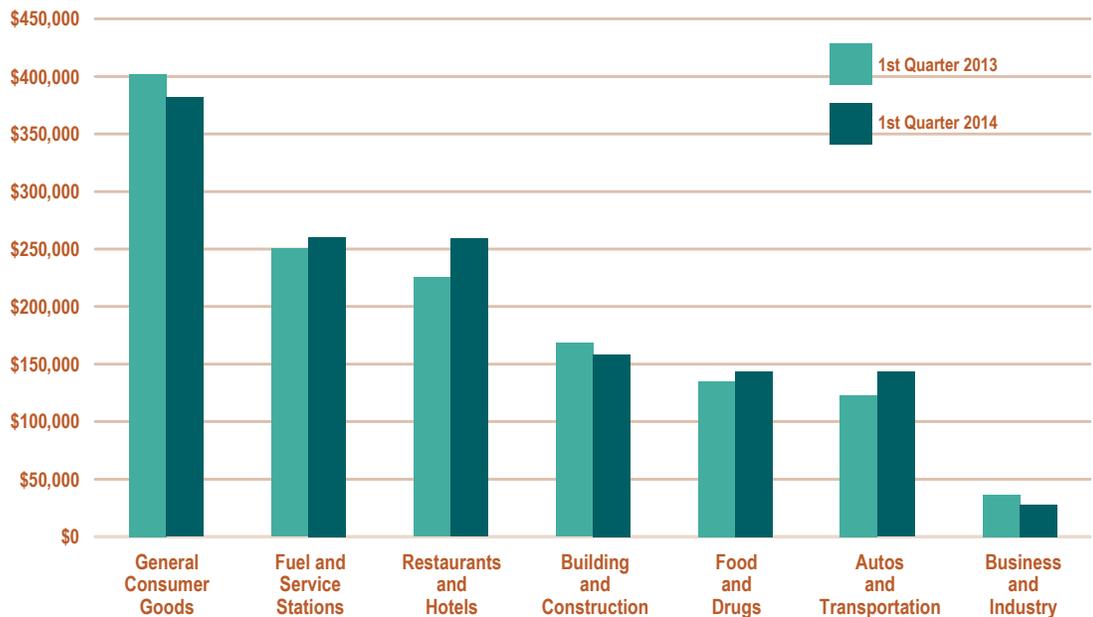
Receipts for Brentwood's January through March sales were 3.3% above the same quarter one year ago. Excluding payment anomalies actual sales activity was up 5.8%.

Multiple business classifications in the autos and transportation group showed increases over the comparison quarter. Restaurant and hotel results, helped by new business additions, fared particularly well and easily bested regional trends. The gain in fuel and service stations was mostly due to late-arriving receipts for sales in a prior quarter. Most business types in the food and drugs group were up.

General consumer goods, the city's largest retail segment, declined due to multiple business closeouts and a retroactive payment adjustment that inflated receipts a year ago. Business closeouts and onetime accounting adjustments combined caused the decrease in the business and industry category.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 2.9% over the comparable time period, while the Bay Area as a whole was up 4.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Home Depot
AT&T Mobility	Home Goods
Best Buy	Kohls
Big B Lumber	Quick Stop
Bill Brandt Ford	Raleys
Brentwood Chevron	Ross
Brentwood Ready Mix	Safeway
Brentwood Service Station	TJ Maxx
Chevron	Tower Mart
Circle K Gas	Verizon Wireless
CVS Pharmacy	Vintners Shell Stations
Dallas Shanks Chevron	Walgreens
	Winco Foods

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,493,400	\$5,751,693
County Pool	732,277	870,756
State Pool	2,831	3,959
Gross Receipts	\$6,228,509	\$6,626,408
Cty/Cnty Share	(155,713)	(165,660)
Net Receipts	\$6,072,796	\$6,460,748
Less Triple Flip*	\$(1,518,199)	\$(1,615,187)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

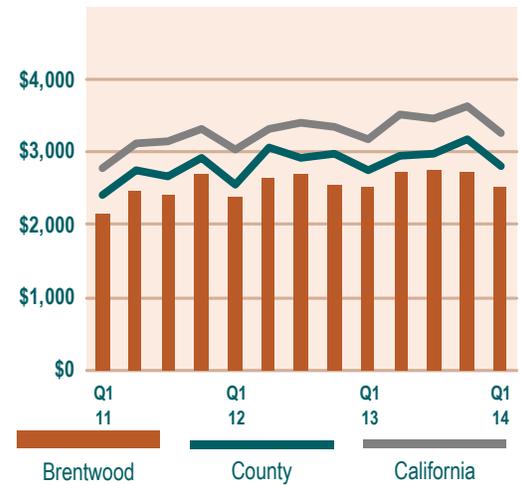
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q1 '14*	Change	Change	Change
Automotive Supply Stores	52.3	21.9%	-5.6%	0.1%
Casual Dining	94.2	23.0%	12.3%	6.9%
Contractors	28.5	-22.4%	-6.7%	14.8%
Department Stores	— CONFIDENTIAL —		-8.6%	-5.2%
Drug Stores	33.5	5.5%	-5.1%	-9.8%
Electronics/Appliance Stores	96.4	-4.6%	-15.9%	2.4%
Family Apparel	66.7	-11.9%	-1.1%	-3.3%
Fine Dining	30.2	43.2%	10.5%	12.9%
Grocery Stores Liquor	97.4	6.3%	0.3%	-14.7%
Home Furnishings	46.0	13.6%	-1.7%	6.8%
Lumber/Building Materials	— CONFIDENTIAL —		18.0%	16.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		5.3%	9.4%
Quick-Service Restaurants	97.2	16.6%	4.3%	4.8%
Service Stations	260.5	4.1%	-2.4%	-1.0%
Specialty Stores	54.9	4.1%	-3.4%	2.7%
Total All Accounts	\$1,374.8	2.6%	3.2%	3.2%
County & State Pool Allocation	\$199.6	8.7%	9.4%	7.7%
Gross Receipts	\$1,574.5	3.3%	4.0%	3.7%
City/County Share	(39.4)	-3.3%		
Net Receipts	\$1,535.1	3.3%		