

Q3 2014



Contra Costa County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Contra Costa County In Brief

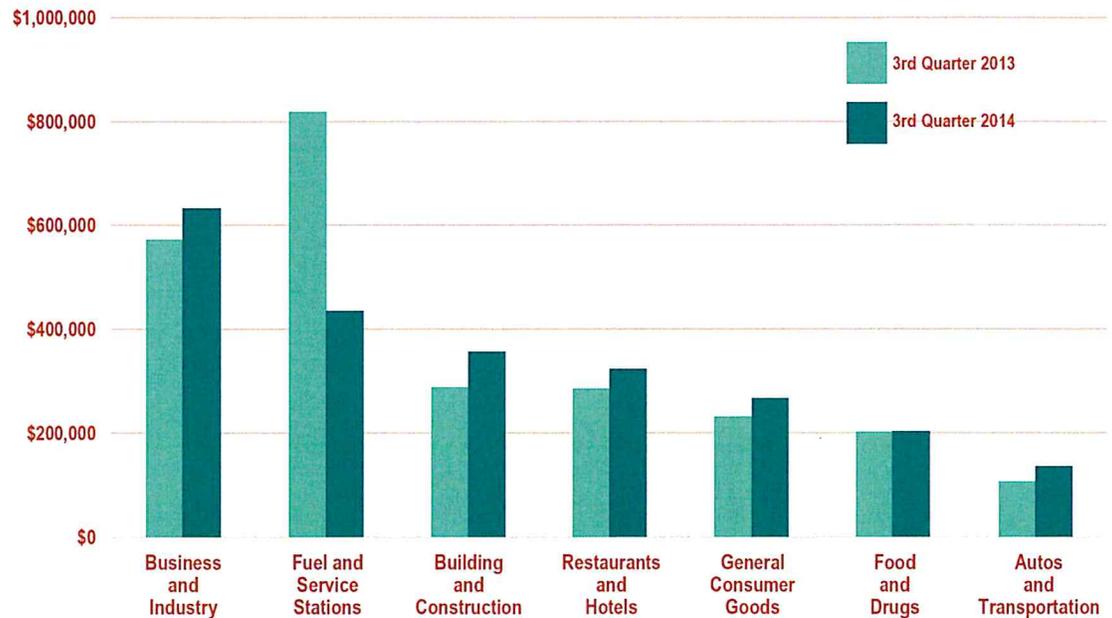
Receipts for the unincorporated area's July through September sales were 3.3% lower than the same quarter one year ago. Actual sales activity was up 0.3% when reporting aberrations were factored out.

A recent city annexation led to reduced receipts from petroleum products and equipment. The unincorporated area experienced a decline in sales of electrical equipment.

The losses were partially offset by an increase in sales for contractors, repair shops/equipment rentals and food service equipment/supplies. A recent addition helped boost revenues from the autos and transportation group.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 5.5% over the comparable time period, while the Bay Area as a whole was up 6.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alamo Hardware	McGuire Harley Davidson
Alamo Shell	New York Times Sales
BDV Chevron	Patterson Dental Supply
Brickyard Building Materials	Roofing Supply Group
C & H Sugar	Rotten Robbie
Central Concrete Supply	Safeway
Chevron	Safeway Fuel
County Asphalt	Sams Club
Criterion Catalysts Technologies	Shell
Dow Jones & Company	Tesoro Refining & Marketing
Edgen Murray	Tower Mart
General Plumbing Supply	United Rentals
	Wesco Distribution

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,940,146	\$4,760,871
County Pool	726,737	728,914
State Pool	2,708	3,546
Gross Receipts	\$5,669,591	\$5,493,330
Cty/Cnty Share	1,665,212	1,749,957
Net Receipts	\$7,334,803	\$7,243,288
Less Triple Flip*	\$(1,833,701)	\$(1,810,822)

*Reimbursed from county compensation fund

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California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

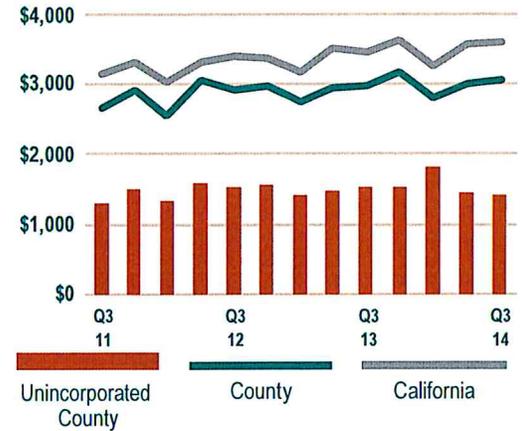
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

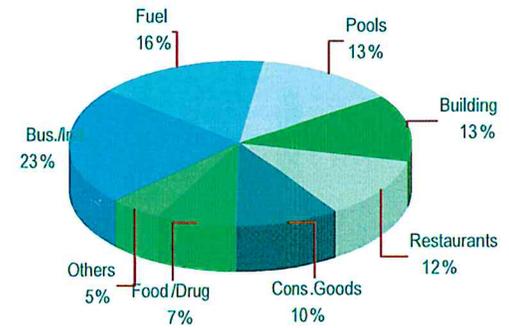
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Contra Costa County This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q3 '14*	Change	Change	Change
Casual Dining	114.0	23.1%	5.4%	6.0%
Contractors	249.5	33.4%	17.5%	14.1%
Discount Dept Stores	— CONFIDENTIAL —	—	3.0%	2.5%
Drug Stores	42.5	0.8%	1.9%	1.0%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	58.0%	9.5%
Garden/Agricultural Supplies	62.2	6.6%	-0.6%	2.9%
Grocery Stores Liquor	89.7	4.6%	8.2%	8.8%
Leisure/Entertainment	69.4	8.0%	-7.7%	-3.1%
Light Industrial/Printers	197.8	4.7%	-31.2%	6.4%
Lumber/Building Materials	52.7	1.5%	3.6%	4.3%
Medical/Biotech	— CONFIDENTIAL —	—	34.8%	8.1%
Plumbing/Electrical Supplies	41.8	23.9%	14.3%	9.9%
Quick-Service Restaurants	84.2	6.1%	7.1%	8.5%
Repair Shop/Equip. Rentals	122.6	36.8%	14.3%	0.4%
Service Stations	486.6	-1.5%	4.4%	1.2%
Total All Accounts	\$2,354.3	-6.0%	4.0%	5.5%
County & State Pool Allocation	\$362.5	-4.5%	5.6%	10.2%
Gross Receipts	\$2,716.9	-5.8%	4.2%	6.1%
City/County Share	883.4	5.3%		
Net Receipts	\$3,600.3	-3.3%		