

Q1 2016



Contra Costa County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Contra Costa County In Brief

The unincorporated area's receipts from January through March sales were 3.4% higher than the same quarter one year ago. Actual sales rose 4.6% when accounting anomalies were excluded.

Sales in the business services, equipment rental and heavy industrial sectors plus a onetime use tax allocation from a fourth category boosted business and industry group returns. A new outlet helped the building and construction group although year-ago adjustments to contractor supply accounts understated group gains. Payment anomalies overstated results from general consumer goods, quick-service eateries, grocery stores and the automotive sector, but depressed comparisons for casual dining.

Adjustments that affected one or both periods exaggerated losses from electrical equipment, light industrial/printers and petroleum products/equipment, but partially offset the impact of lower fuel prices on service station returns.

Adjusted for aberrations, taxable sales for all of Contra Costa County grew 2.6% over the same period; Bay Area totals were 3.3% higher.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Blackhawk Country Club	New York Times Sales
Brickyard Building Materials	Phillips 66
C & H Sugar	Renaissance Clubsport
Chevron	S & S Tool & Supply
Colonial Energy	Safeway
Corporate Couture	Safeway Fuel
County Asphalt	Sams Club
Criterion Catalysts Technologies	Shell (2)
Dead Fish	United Rentals
General Electric (2)	Walgreens
General Plumbing Supply	Wesco Distribution
McGuire Harley Davidson	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$9,001,872	\$11,275,386
County Pool	1,435,156	1,864,779
State Pool	6,237	11,229
Gross Receipts	\$10,443,265	\$13,151,394
Cty/Cnty Share	3,527,935	3,599,027
Net Receipts	\$13,971,200	\$16,750,421
Less Triple Flip*	\$(3,492,800)	\$(3,398,437)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

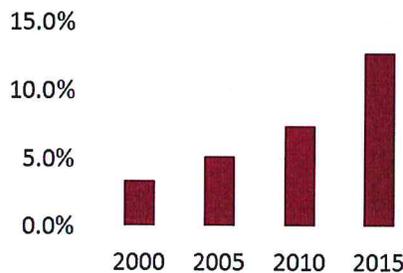
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

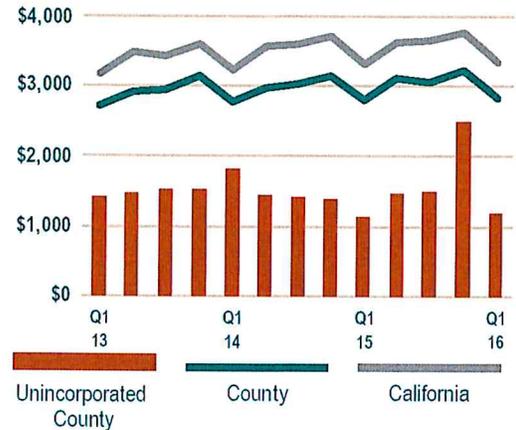
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

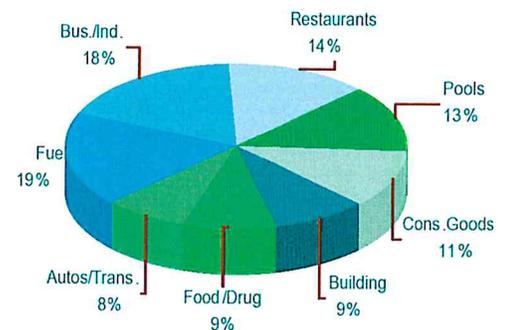
Online General Consumer Goods YOY Percentage Growth



SALES PER CAPITA



REVENUE BY BUSINESS GROUP Contra Costa Co. Uninc This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

**In thousands of dollars*

Business Type	Unincorporated County		County	HdL State
	Q1 '16*	Change	Change	Change
Business Services	61.1	40.5%	7.9%	-7.2%
Casual Dining	138.2	-0.1%	2.4%	5.7%
Contractors	127.8	-14.6%	18.5%	3.3%
Discount Dept Stores	— CONFIDENTIAL —		-0.6%	-0.3%
Drug Stores	44.6	4.0%	-0.2%	0.0%
Electrical Equipment	51.8	-13.1%	-8.2%	6.7%
Garden/Agricultural Supplies	56.2	3.8%	5.1%	0.0%
Grocery Stores Beer/Wine	40.6	14.2%	2.1%	-1.6%
Grocery Stores Liquor	— CONFIDENTIAL —		5.2%	1.6%
Leisure/Entertainment	59.5	3.9%	3.1%	3.8%
Light Industrial/Printers	186.2	-15.1%	-5.6%	-1.7%
Petroleum Prod/Equipment	85.7	-31.7%	-20.9%	-44.2%
Quick-Service Restaurants	90.5	5.1%	7.3%	6.4%
Repair Shop/Equip. Rentals	73.8	13.8%	-11.3%	16.9%
Service Stations	339.8	-3.2%	-10.0%	-9.3%
Total All Accounts	2,008.5	4.2%	1.7%	1.8%
County & State Pool Allocation	299.9	3.6%	1.0%	14.1%
Gross Receipts	2,308.4	4.2%	1.6%	3.2%
City/County Share	848.2	1.4%		
Net Receipts	3,156.7	3.4%		