

Q1 2016



City of Brawley Sales Tax *Update*

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

Brawley In Brief

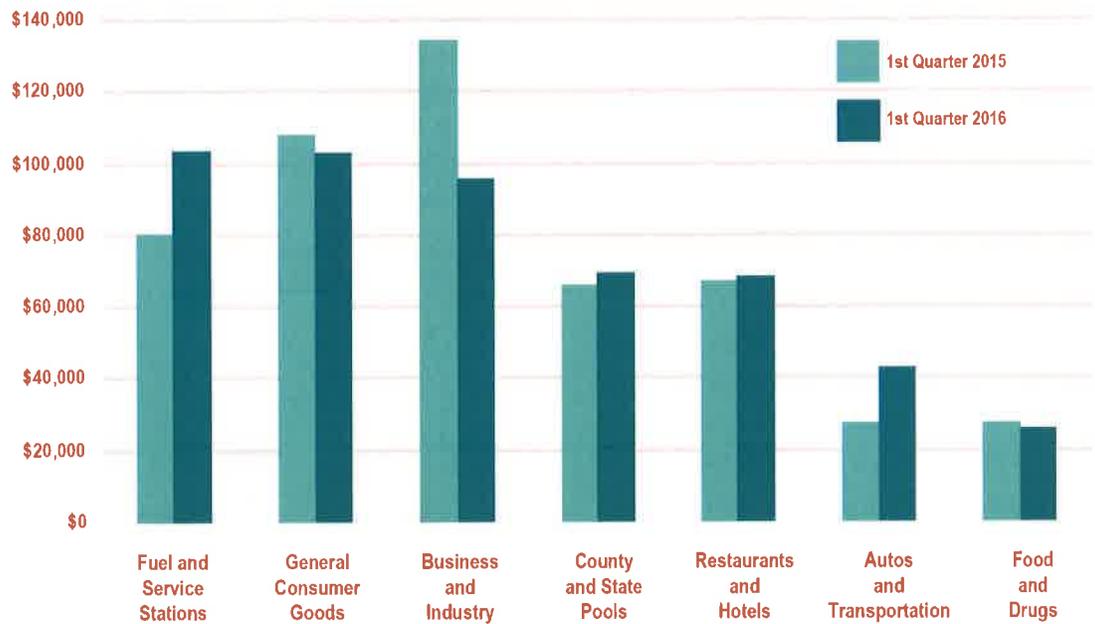
Brawley's receipts from January through March were 0.2% below the first sales period in 2015. Excluding reporting aberrations, actual sales were up 1.7%.

A new business addition boosted fuel and service station results but a negative accounting adjustment in the comparison period also generated onetime gains for the group. Autos and transportation benefited from a new business addition and a retroactive payment adjustment. Restaurant sales were little-changed. The City's allocation from the countywide use tax pool helped offset lackluster point of sale results.

A onetime back quarter adjustment in the business and industry group skewed the data for that category. Sales were down but much less than the raw data showed. Onetime reporting aberrations contributed to moderate declines in the general consumer goods and food and drug categories.

Net of aberrations, taxable sales for all of Imperial County grew 0.3% over the comparable time period; the Southern California region was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Lidco Imperial Valley
AutoZone	McDonalds
Brawley Tractor Parts	McNeece Bros Oil
Carl's Jr	Quick Lane Tire & Auto Center
Circle K 76	RDO Water
Dollar Tree	Rite Aid
Exxon	Rogers & Rogers
Fillco	Shell Station Market
HD Supply Waterworks	USA Gasoline
Imperial Hardware	Vons
Jack in the Box	Walmart Online
Johnnys Burritos	Walmart Supercenter
Jordan Implement	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,032,695	\$1,985,423
County Pool	267,703	262,684
State Pool	1,341	1,454
Gross Receipts	\$2,301,739	\$2,249,560
Less Triple Flip*	\$(575,435)	\$(432,171)

*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.

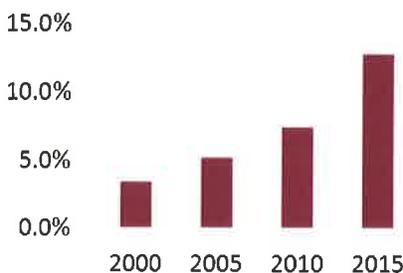
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

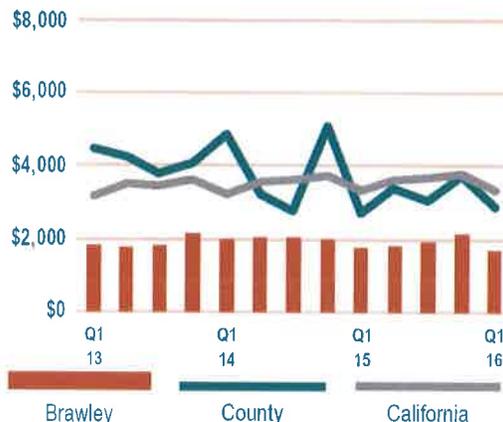
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

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.

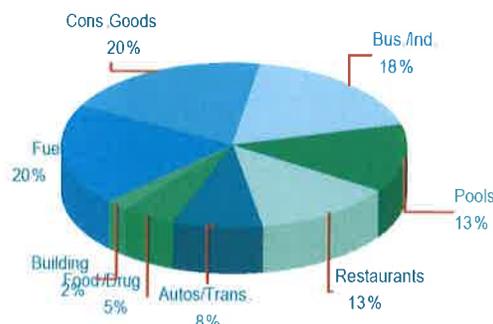
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
Brawley This Quarter**



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q1 '16	Change	Change	Change
Auto Repair Shops	6,602	6.5%	4.7%	7.4%
Automotive Supply Stores	25,976	19.9%	10.2%	4.8%
Casual Dining	16,748	4.9%	-2.2%	5.6%
Discount Dept Stores	— CONFIDENTIAL —	—	-8.3%	-0.3%
Fulfillment Centers	— CONFIDENTIAL —	—	-4.6%	33.7%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-4.2%	1.6%
Hardware Stores	— CONFIDENTIAL —	—	-3.8%	2.8%
Heavy Industrial	— CONFIDENTIAL —	—	26.6%	-1.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	5.3%	3.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	24.6%	-44.2%
Quick-Service Restaurants	51,781	0.4%	3.9%	6.4%
Repair Shop/Equip. Rentals	5,131	-23.1%	195.9%	16.9%
Service Stations	72,749	0.9%	-6.7%	-9.3%
Variety Stores	— CONFIDENTIAL —	—	-0.6%	0.6%
Warehse/Farm/Const. Equip.	65,595	-33.9%	-18.3%	-6.2%
Total All Accounts	451,459	-1.0%	5.8%	1.8%
County & State Pool Allocation	69,418	5.1%	12.4%	14.1%
Gross Receipts	520,877	-0.2%	6.7%	3.2%