

Q4 2014



City of Brawley Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Brawley In Brief

Receipts for Brawley's October through December sales were 9.2% below 2013's fourth quarter.

Most major industry groups declined from the same quarter a year earlier with business and industry, fuel and service stations and the city's allocation from the county-wide use tax pool down most in dollar terms. The loss of a major local employer may have contributed to sales declines as many business segments lagged county and regional trends.

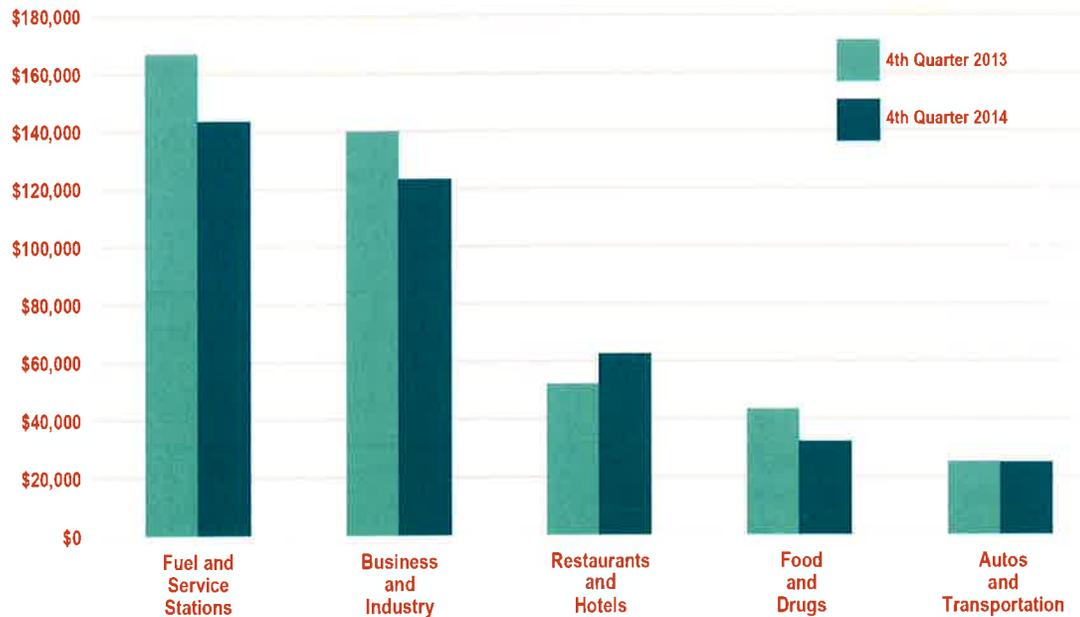
Lower prices for gasoline cut fuel and service station totals; the effects of business closeouts fell most heavily on the business and industry category. Overtime payment aberrations exaggerated food and drug decreases by boosting receipts in the comparison quarter.

A large onetime negative adjustment to the county use tax pool reduced the city's quarterly use tax allocation.

Conversely, the restaurant and hotel group showed a solid increase. New business additions contributed to gains.

Adjusted for aberrations, taxable sales for all of Imperial County declined 2.2% over the comparable time period, while the Southern California region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Johnnys Burritos
Arco AM PM	Jordan Implement
Auto Zone	Lidco Imperial Valley
Brawley Exxon	McDonalds
Brawley Tractor Parts	McNeece Bros Oil
Desert Fuel	RDO Water
Elms Equipment Rental	Rite Aid
Family Dollar	Shell Station Market
Fillco	USA Gasoline
Hd Supply	Vons
Waterworks	Walmart
Imperial Hardware	Walmart Online
Jack in the Box	Weatherford Tubular Services

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,481,507	\$1,576,628
County Pool	203,116	201,660
State Pool	892	1,332
Gross Receipts	\$1,685,516	\$1,779,619
Less Triple Flip*	\$(421,379)	\$(444,905)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

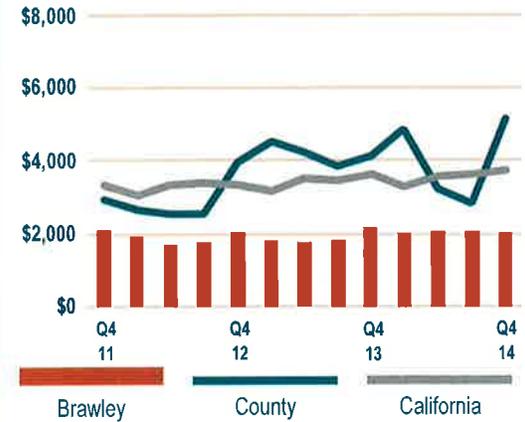
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

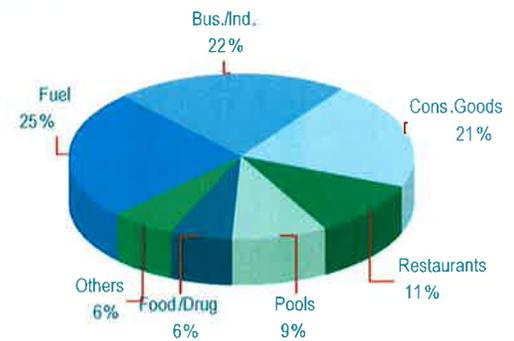
The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Brawley This Quarter



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q4 '14	Change	Change	Change
Auto Repair Shops	5,482	17.6%	-7.0%	5.9%
Automotive Supply Stores	19,216	-4.2%	-7.1%	2.1%
Casual Dining	15,919	57.3%	11.7%	6.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.1%	0.9%
Drug Stores	— CONFIDENTIAL —	—	0.7%	-2.3%
Fulfillment Centers	— CONFIDENTIAL —	—	94.0%	4.7%
Grocery Stores Liquor	— CONFIDENTIAL —	—	9.6%	3.5%
Hardware Stores	— CONFIDENTIAL —	—	-8.5%	3.8%
Heavy Industrial	— CONFIDENTIAL —	—	-6.6%	14.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-2.4%	-9.9%
Quick-Service Restaurants	46,659	11.0%	2.8%	7.5%
Repair Shop/Equip. Rentals	7,035	-6.8%	193.5%	-4.2%
Service Stations	82,325	-15.1%	-6.7%	-10.5%
Variety Stores	— CONFIDENTIAL —	—	21.5%	3.2%
Warehse/Farm/Const. Equip.	85,888	3.4%	7.3%	3.8%
Total All Accounts	\$516,856	-8.0%	25.9%	3.8%
County & State Pool Allocation	\$50,063	-19.8%	9.7%	4.7%
Gross Receipts	\$566,919	-9.2%	24.3%	3.9%