

Q1 2013



City of Brawley Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Brawley In Brief

Receipts for Brawley's January through March sales were 7.3% lower than the same quarter one year ago. Actual sales activity was down 4.0% when reporting aberrations were factored out.

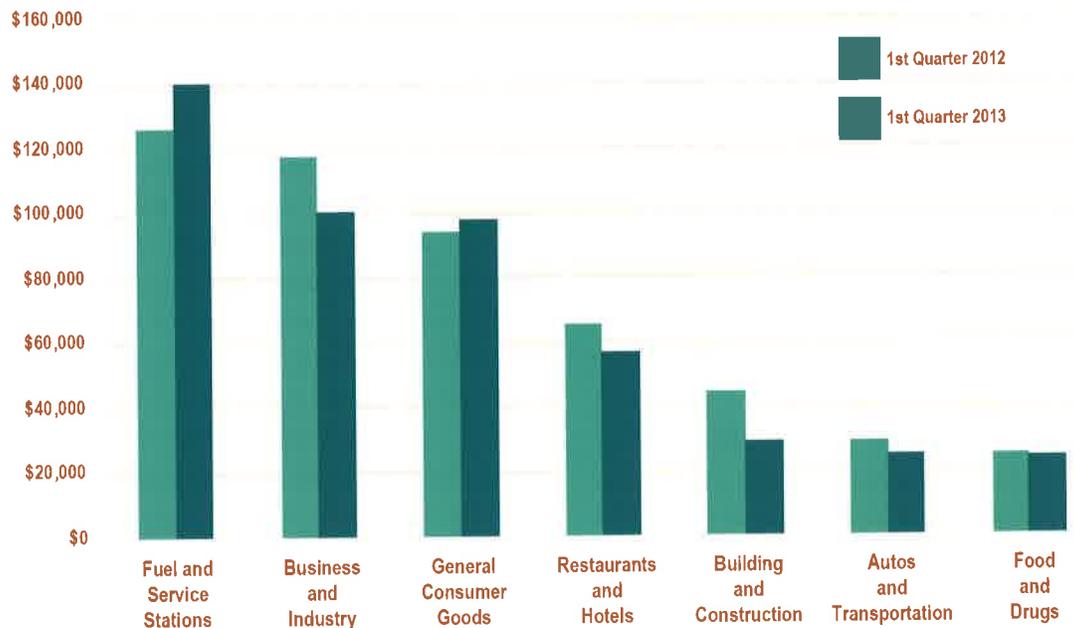
The overall loss in the business and industry group was exaggerated by multiple payment deviations. Once adjusted for these onetime events, this group dipped 10.6%.

A onetime use tax allocation that inflated the year-ago period accounted for the drop in building and construction. Sales activity slowed in restaurants and hotels and auto-related sectors.

A new opening boosted returns in fuel and service stations, the largest segment of the city's sales tax base. Post-holiday revenues were up in general retail.

Adjusted for aberrations, taxable sales for all of Imperial County increased 73.4%. Taxes from energy-related construction projects were a large part of this change.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Jordan Implement
Aaron Rents	Lidco Imperial Valley
Arco AM PM	McDonalds
Auto Zone	McNeece Bros Oil
Brawley Exxon	National Beef California
Brawley Tractor Parts	Rite Aid
Carls Jr	Shell Station Market
Dollar Tree	USA Gasoline
Fillco	Vons
Hughes Water & Sewer	Walmart
Imperial Hardware	Water Tech
Jack in the Box	Weatherford U S
Johnnys Burritos	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$1,958,974	\$1,880,958
County Pool	297,564	263,804
State Pool	802	985
Gross Receipts	\$2,257,340	\$2,145,747
Less Triple Flip*	\$(564,335)	\$(536,437)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q1 '13	Change	Change	Change
Auto Repair Shops	6,705	-30.7%	6.9%	4.0%
Automotive Supply Stores	17,987	-7.3%	-0.2%	5.1%
Contractors	— CONFIDENTIAL —	—	1.9%	5.8%
Discount Dept Stores	— CONFIDENTIAL —	—	2.7%	5.1%
Electrical Equipment	— CONFIDENTIAL —	—	-43.5%	4.5%
Food Mfg.	— CONFIDENTIAL —	—	-27.7%	4.9%
Grocery Stores Liquor	— CONFIDENTIAL —	—	52.0%	24.8%
Hardware Stores	— CONFIDENTIAL —	—	-2.4%	14.4%
Heavy Industrial	12,037	44.7%	-13.3%	8.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	58.7%	-3.4%
Repair Shop/Equip. Rentals	5,666	-36.8%	21.1%	-0.7%
Restaurants No Alcohol	49,125	-14.2%	-1.9%	5.9%
Service Stations	86,798	21.8%	1.4%	-2.2%
Variety Stores	— CONFIDENTIAL —	—	37.6%	17.4%
Warehse/Farm/Const. Equip.	31,779	-7.0%	33.3%	3.7%
Total All Accounts	\$473,505	-5.5%	70.0%	5.7%
County & State Pool Allocation	57,671	-20.2%		
Gross Receipts	\$531,176	-7.3%		