

Q1 2008



City of Brentwood Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2008)

Brentwood In Brief

Receipts for Brentwood's January through March sales were 7.1% higher than the same quarter one year ago. Actual sales activity was up 1.5% when reporting aberrations were factored out.

Higher fuel prices, plus increased sales from drug stores and contractor supplies contributed to the gain. Recent additions also helped boost revenues from electronics/appliance stores, restaurants without alcohol, and restaurants with beer/wine. A double-up of a previously late payment exaggerated the increase from used auto sales.

The gains were partially offset by a decline in sales of lumber/building materials, family apparel, and home furnishings.

Adjusted for aberrations, taxable sales for all of Contra Costa County were down 4.8% over the comparable period, while Bay Area as a whole was down 1.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco AM PM Mini Mart	Kohls
Babies R Us	Longs
Best Buy	Michaels
Big B Lumber	Quik Stop Markets
Bill Brandt Ford	Raleys
Brentwood Service Station	Ross
Chevron	Safeway
Dallas Shanks Services	Sportsmart
Devi Oil	TJ Maxx
Home Depot	Tower Mart
Home Goods	Tri City Auto Plaza
Hurtados Auto Sales	Walgreens
	Winco Foods

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$4,132,185	\$4,376,219
County Pool	565,706	609,447
State Pool	5,700	2,431
Gross Receipts	\$4,703,591	\$4,988,097
City/Cnty Share	(117,590)	(124,702)
Net Receipts	\$4,586,002	\$4,863,395
Less Triple Flip*	\$(1,146,500)	\$(1,215,849)

*Reimbursed from county compensation fund

CALIFORNIA OVERALL

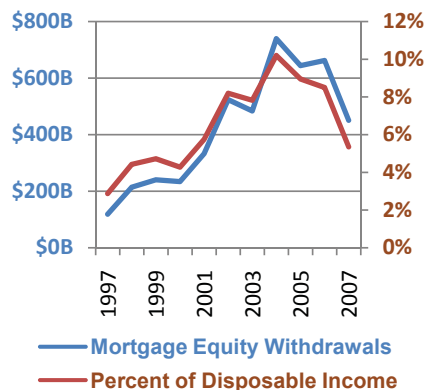
Statewide sales tax receipts for January through March sales dropped 4.5% from the same quarter of 2007 when reporting aberrations were factored out. The decline continued to be led by new car sales which were down 18.6%. Building-related materials posted a decrease of 14.3% while general consumer goods dropped 5.4%.

Previous predictions that this quarter would be at the bottom after the spending bubble burst are beginning to fade. Auto dealers report continuing slides and the International Council of Shopping Centers predicts 2008's store closings to be the most since 2001. The UCLA Anderson Forecast is that the economy will be sluggish for at least another 18 months.

SALES TAX AND THE HOUSING BUBBLE

A new Harvard University study provides some insight into the impact that the housing slump has on consumer spending. The researchers concluded that the combined effects of fewer home starts and falling prices cut national economic growth by almost 1.5% in 2007.

In addition to the "reverse multiplier" effect that lost wages in the construction industry has had on consumer spending, the decline in home prices has substantially reduced the amount of discretionary spending that occurred from borrowing against the rising market value of homes.



These cash-outs, referred to as "Mortgage Equity Withdrawals" (MEWs), fell from a high of 10% of the country's personal disposable income in

2004 to approximately 2% in the first quarter of this year.

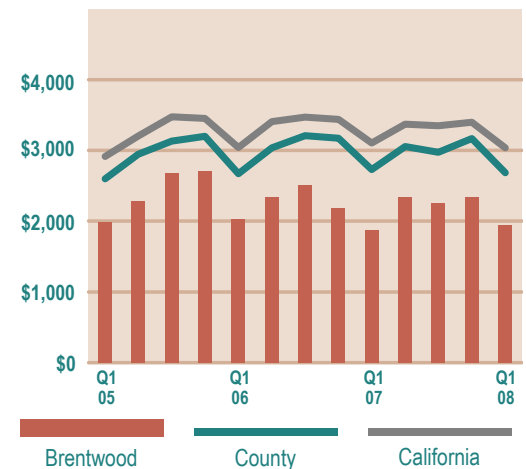
Consumer spending tends to lag changes in income, both up and down. As MEWs fell in the latter half of 2007, consumers used their credit cards to continue spending. Credit card companies, including American Express, now report alarming rises in late payments suggesting that many consumers are about tapped out.

An example of Harvard's conclusion that homeowners' disposable spending is partially related to changes in home values recently came from Home Depot. The company attributes its current decline to the fact that 50-60% of its sales are normally from major improvement projects that customers are deferring as home values slip.

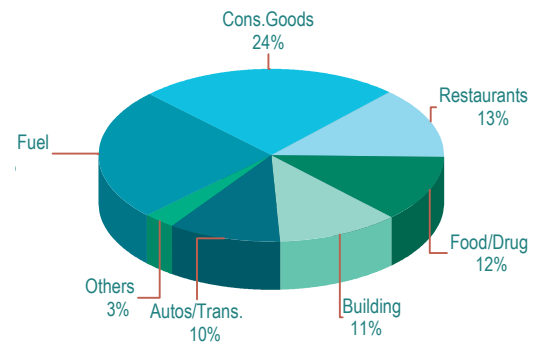
Analysts, including Chapman University's, are predicting that housing prices will continue to drop into 2009. If this is so, it adds another gloomy aspect to the timing for a recovery in sales tax growth.

The full Harvard study can be reviewed at www.jchs.harvard.edu/.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q1 '08	Change	Change	Change
Service Stations	\$242,779	34.4%	16.9%	18.6%
Lumber/Building Materials	93,639	-8.2%	-3.1%	1.9%
Grocery Stores Liquor	84,661	3.6%	1.5%	0.5%
Restaurants No Alcohol	76,234	16.9%	1.2%	2.8%
Electronics/Appliance Stores	62,032	612.2%	-3.3%	-2.1%
Family Apparel	59,242	-13.0%	-3.7%	0.7%
Restaurants Beer And Wine	39,747	11.4%	-7.9%	-5.6%
Specialty Stores	37,316	-12.2%	-2.1%	-3.0%
Home Furnishings	32,840	-12.8%	-2.5%	-13.3%
Automotive Supply Stores	32,660	-2.8%	9.0%	-2.8%
Drug Stores	27,194	45.5%	7.5%	2.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-10.3%	-17.4%
Auto Repair Shops	19,445	15.9%	-4.3%	-2.6%
Used Automotive Dealers	18,544	22.3%	25.0%	-13.3%
Contractors	13,756	43.9%	-7.2%	-18.1%
Total All Accounts	\$986,123	7.9%	-0.9%	-1.2%
County & State Pool Allocation	139,619	1.6%		
Gross Receipts	\$1,125,742	7.1%		
City/County Share	(28,144)	-7.1%		
Net Receipts	\$1,097,598	7.1%		