

Q2 2008



City of Brentwood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2008)

Brentwood In Brief

Revenues from sales occurring in the April to June quarter were 1.2% higher than the same quarter last year but a large onetime deduction in the countywide use tax allocation pool skewed results. Once adjusted for this and other anomalies, sales from point of sale transactions rose 3.3%.

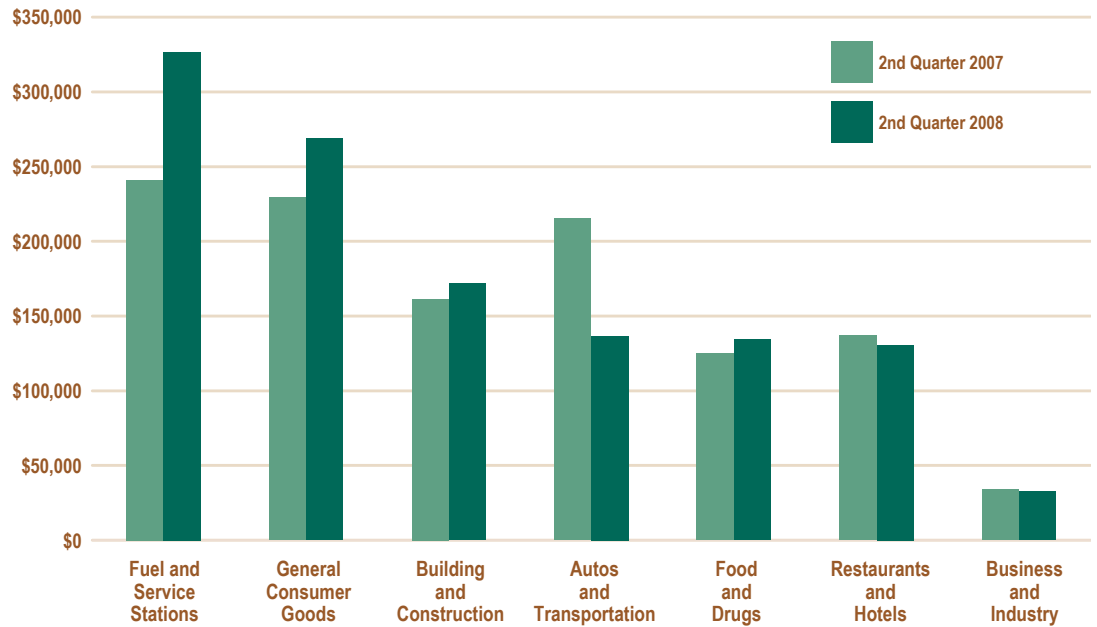
An allocation error inflated greater returns in service stations from an additional station and higher prices. New businesses in several categories including electronics/appliance stores, grocery stores with liquor and drug stores accounted for the gain in general retail and food/drug sectors.

The increase in building and construction overall was due to onetime retroactive adjustments.

A double payment in used autos reduced the actual drop in auto-related sales. A closed dealership added to the loss in returns.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County and its cities declined 5.3% over the comparable time period while the Bay Area as a whole was down 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

| | |
|---------------------------|---------------------|
| Ace Hardware | Kohls |
| Best Buy | Longs |
| Big B Lumber | Pena Auto Sales |
| Bill Brandt Ford | Quik Stop Markets |
| BP West Coast Products | Raleys |
| Brentwood Ready Mix | Ross |
| Brentwood Service Station | Safeway |
| Chevron | Stan Boyett & Son |
| Dallas Shanks Services | TJ Maxx |
| Devi Oil | Tower Mart |
| Home Depot | Tri City Auto Plaza |
| Hurtados Auto Sales | Walgreens |
| | Winco Foods |

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

| | 2007-08 | 2008-09 |
|--------------------------|--------------------|--------------------|
| Point-of-Sale | \$1,142,583 | \$1,201,644 |
| County Pool | 155,799 | 113,129 |
| State Pool | 1,110 | (312) |
| Gross Receipts | \$1,299,493 | \$1,314,461 |
| Cty/Cnty Share | (32,487) | (32,862) |
| Net Receipts | \$1,267,005 | \$1,281,599 |
| Less Triple Flip* | \$(316,751) | \$(320,400) |

*Reimbursed from county compensation fund

Statewide Sales Decline Continues

After adjusting for accounting aberrations, California's taxable sales for April through June declined four percent from the same quarter of 2007.

The losses were felt throughout California although recent store openings in Yolo County and fuel-related purchases in San Francisco, San Mateo and Kern Counties allowed those specific regions to give the appearance of overall gains. Generally, the Sacramento/Stockton, Riverside/San Bernardino and Solano County areas had more severe declines than the rest of the state.

Double digit declines in auto and building-related sales continued to be the primary contributors to the decrease. Another quarter of record increases in fuel prices provided a significant offset to the losses in other business categories.

The spring sales data suggest that consumers are shopping down to lower priced goods and restaurant meals with fewer discretionary purchases. Although consumer electronics reported modest gains, the only other positive categories were discount department stores and value priced family apparel.

The News is Not Getting Better

Local agencies will not see the results of their July through September sales until the end of December. However, preliminary data from various government and trade association surveys indicate that taxable sales will continue to fall.

Auto manufacturers are reporting another quarter of double digit declines and most industry analysts are pushing their predictions for an auto sales recovery out to 2010.

Retailers of apparel and general consumer goods are reporting sluggish fall sales and disappointment in the back to school buying season which failed to live up to expectations raised by the

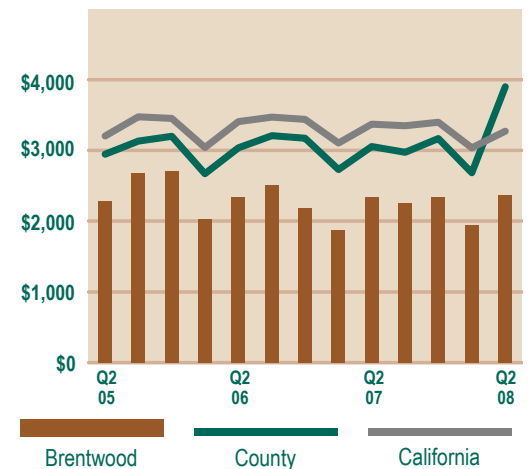
federal tax rebate stimulus. Latest predictions are for the lowest holiday spending since 1991.

Despite the federal credit rescue, liquidations of commercial real estate debt and continued housing oversupply make an immediate recovery in construction activity unlikely. Although institutional and public projects will help, a significant recovery in sales tax from building-related goods and services is not expected until after 2010.

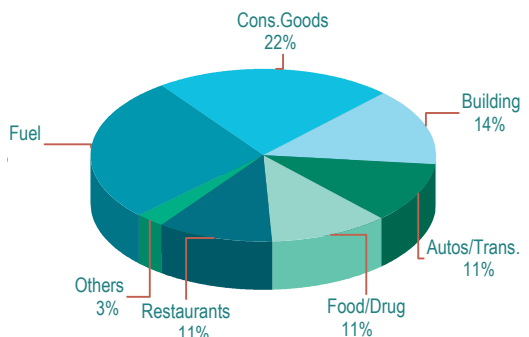
With some of California's biggest overseas markets going into recession, sales tax from business spending on capital equipment, supplies and fuel is also expected to level off. OPEC has cut production quotas to hold prices up against falling demand.

Every agency's sales tax revenues will differ with the makeup of its specific base and some agencies with new projects will be buffered from declines in other areas. However, for the state as a whole, current forecasts are for a downturn that may last through fiscal year 2009/2010.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

| Business Type | Brentwood | | County | HdL State |
|---|------------------|---------------|--------------|--------------|
| | Q2 '08* | Change | Change | Change |
| Service Stations | \$321.1 | 42.3% | 19.8% | 18.3% |
| Lumber/Building Materials | 107.8 | -9.6% | -12.9% | -17.1% |
| Grocery Stores Liquor | 94.1 | 3.8% | -4.4% | 2.3% |
| Restaurants No Alcohol | 76.3 | -5.9% | 1.1% | -2.6% |
| Family Apparel | 67.0 | -7.0% | -4.4% | 4.8% |
| Electronics/Appliance Stores | 66.1 | 268.2% | -1.6% | 2.2% |
| Used Automotive Dealers | 51.0 | 104.4% | -6.8% | -19.9% |
| Home Furnishings | 38.7 | -12.8% | -6.6% | -14.0% |
| Specialty Stores | 38.1 | -5.0% | -1.6% | -2.2% |
| Restaurants Beer And Wine | 36.0 | 0.4% | -2.0% | -7.2% |
| Automotive Supply Stores | 34.7 | 2.4% | -4.6% | -5.6% |
| Contractors | 31.4 | 75.2% | -4.4% | -17.1% |
| Drug Stores | 28.7 | 32.0% | 0.4% | -0.6% |
| Hardware Stores | — CONFIDENTIAL — | — | -1.9% | -8.6% |
| New Motor Vehicle Dealers | — CONFIDENTIAL — | — | -22.0% | -18.7% |
| Total All Accounts | \$1,201.6 | 5.2% | 28.8% | -1.9% |
| County & State Pool Allocation | 112.8 | -28.1% | | |
| Gross Receipts | \$1,314.5 | 1.2% | | |
| City/County Share | (32.9) | -1.2% | | |
| Net Receipts | \$1,281.6 | 1.2% | | |

*In thousands