

Q3 2008



City of Brentwood Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2008)

Brentwood In Brief

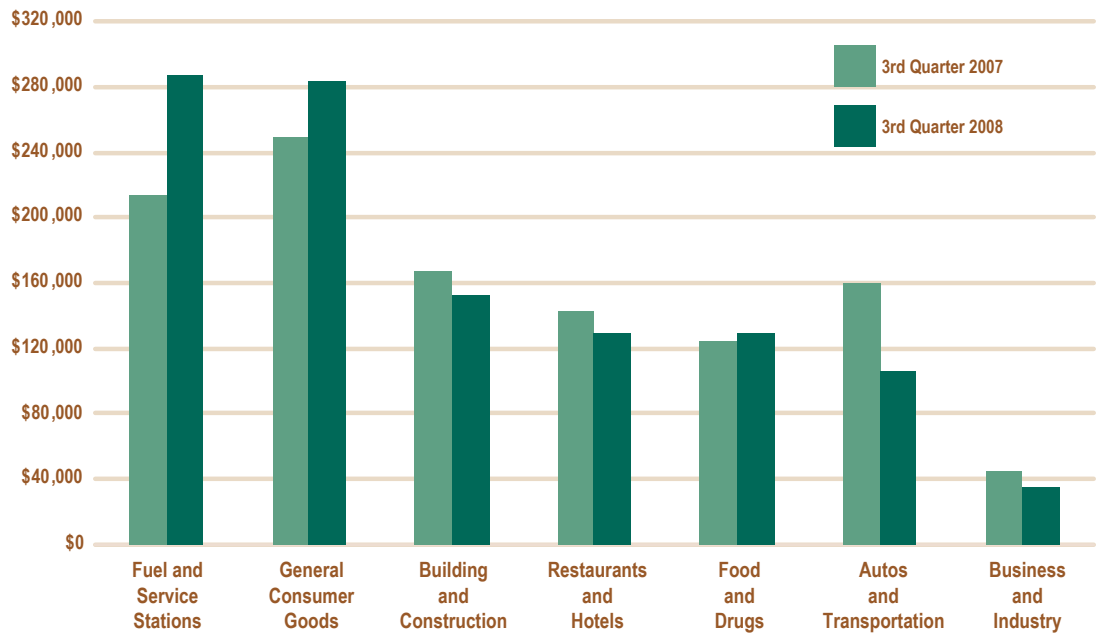
Third quarter receipts were 1.3% higher than the same period one year ago.

The increase was largely due to price-driven gains in the service station group. Contractor results, in contrast to most areas of the state, jumped. New business additions contributed to gains in the electronics/appliance store, home furnishings and grocery store with liquor categories.

Weak sales eroded results for used auto dealers and auto supply stores. Lumber/building materials, consistent with the region and state, continued their recent downtrend in response to the housing slump. The drop in family apparel sales was due to new competing stores outside the city. A missing payment cut restaurants with beer/wine totals.

With onetime payment aberrations excluded, all of Contra Costa County declined 3.3%; the state was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Ace Hardware	Kohls
Babies R Us	Longs
Best Buy	Precision Cabinets
Big B Lumber	Quik Stop Markets
Bill Brandt Ford	Raleys
BP West Coast Products	Ross
Brentwood Service Station	Safeway
Chevron	TJ Maxx
Dallas Shanks Services	Tower Mart
Devi Oil	Tri City Auto Plaza
Home Depot	Universal Cinema Services
Hurtados Auto Sales	Walgreens
	Winco Foods

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$2,244,756	\$2,325,748
County Pool	311,922	262,392
State Pool	199	666
Gross Receipts	\$2,556,878	\$2,588,806
Cty/Cnty Share	(63,922)	(64,720)
Net Receipts	\$2,492,956	\$2,524,086
Less Triple Flip*	\$(623,239)	\$(631,022)

*Reimbursed from county compensation fund

Current Quarter - Statewide

Third quarter sales and use tax receipts declined 4.1% from the same period of 2007 once accounting aberrations were factored out.

Revenues from new car sales dropped 25.7% compared to July through September of 2007. Receipts from building materials declined 12.4%, business purchases 6.3% and general consumer goods 4.2%. Receipts from grocers, drug stores, and some categories of restaurants continued to post modest gains.

The statewide decrease was partially cushioned by one last quarter of record fuel prices. Tax receipts from petroleum related sales gained 25.3% over the third quarter of 2007 and accounted for 14% of California's total sales and use tax collections.

Continuing Declines Projected

This was the fifth consecutive quarter of decreasing statewide sales and use tax revenues. Given that the depth, length, and solution to this recession remain uncertain, local government budgeting will be the most challenging it has been in decades. Adding to the difficulty will be an expected rash of business closures as the existing glut of too much debt and too many stores and auto dealerships is sorted out.

The current consensus is that drastically lower fuel prices and the weakest holiday spending since the 1980's will make the drop in March's sales tax receipts (October through December sales) the most severe of the cycle to date. Lesser declines are likely for at least two quarters thereafter with overall revenues "bottoming out" at the end of 2009 or first quarter of 2010.

Agencies Will Fare Differently

Each jurisdiction's experience will vary with the specific makeup and character of its local tax base. The timing and benefits of an additional federal stimulus package remains unknown but cannot be expected to produce immediate

or complete recovery. As of January 1, prognostications for key segments of the state's sales tax revenues were:

Consumer Goods – With Californians already debt burdened, loosening of credit is not expected to stimulate spending to previous highs until jobs and retirement investments revive. Further declines are projected for the remainder of 2008/2009 with minimal growth in 2009/2010.

Auto Related - Credit will help but real recovery is not anticipated until 2010/2011. Severe declines are expected to continue through at least the remainder of 2008/2009.

Fuel – Even production cutbacks and Middle East unrest will not bring back last summer's peak prices. A 30% decline is expected in the last two quarters of 2008/2009 with continuing revenue reductions through mid 2009/2010.

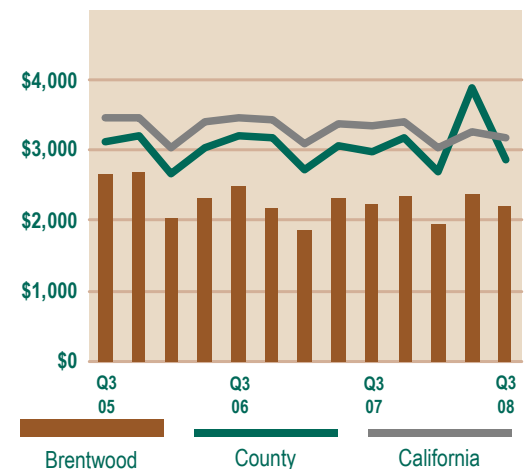
Business Spending - This usually falls and recovers later in the cycle than other segments. Declines of 5% to 10% are expected for some industrial categories during the remainder

of the fiscal year continuing through 2009/2010.

Building/Construction - Public spending is expected to boost specific tax categories by 2009/2010 but fewer housing, industrial and commercial startups make major gains unlikely.

Restaurant/Entertainment - Fast food sales should hold up but cutbacks in revenues from tourism and casual and high end restaurants are expected over the next few quarters.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q3 '08*	Change	Change	Change
Service Stations	\$283.7	40.9%	34.8%	25.6%
Lumber/Building Materials	109.1	-18.0%	-15.0%	-13.9%
Grocery Stores Liquor	91.0	2.8%	-0.1%	0.9%
Restaurants No Alcohol	79.9	0.0%	4.6%	6.7%
Electronics/Appliance Stores	67.2	23.3%	-2.1%	-0.6%
Family Apparel	62.1	-9.0%	-0.9%	0.3%
Home Furnishings	43.2	20.2%	-7.7%	-14.9%
Specialty Stores	42.7	11.5%	-4.3%	-5.9%
Automotive Supply Stores	32.5	-13.5%	-3.3%	-5.2%
Restaurants Beer And Wine	31.9	-11.3%	-4.5%	-7.1%
Drug Stores	27.6	9.6%	0.8%	-0.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-25.5%	-23.9%
Contractors	23.0	83.5%	-18.5%	-11.8%
Used Automotive Dealers	22.8	-34.6%	-23.7%	-25.0%
Auto Repair Shops	20.7	22.4%	-6.1%	-7.0%
Total All Accounts	\$1,124.1	2.0%	-2.6%	-4.4%
County & State Pool Allocation	150.2	-3.2%		
Gross Receipts	\$1,274.3	1.3%		
City/County Share	(31.9)	-1.3%		
Net Receipts	\$1,242.5	1.3%		

*In thousands