

Q4
2008



City of Brentwood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2008)

Brentwood In Brief

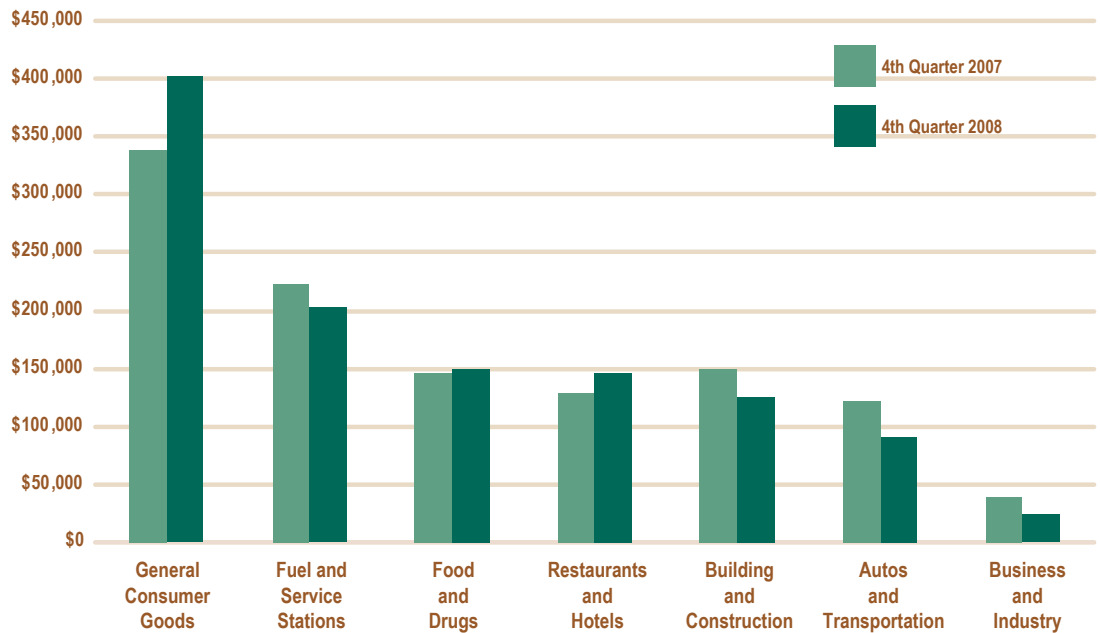
Receipts for Brentwood's October through December sales were 0.2% higher than the same quarter one year ago. Actual sales activity was up 2.0% after accounting anomalies were factored out.

New outlets that opened in The Streets of Brentwood shopping center were major factors for gains from several classifications of general consumer goods and some categories of restaurants.

Business closeouts were partially responsible for declines from the autos/transportation group and home furnishings. Accounting aberrations exaggerated losses from lumber/building materials, auto repair shops, used car dealers and contractor supplies. Lower fuel prices pared service station returns, but payment anomalies in the year-ago period skewed the comparison.

After accounting aberrations were excluded, taxable sales for all of Contra Costa County were 14.0% lower over the same time period; the Bay Area as a whole was down 12.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Babies R Us	Longs
Best Buy	Michaels
Big B Lumber	Raleys
Bill Brandt Ford	Ross
BP West Coast Products	Safeway
Brentwood Service Station	Save Mart
Chevron	So Coast Service Station
Dallas Shanks Services	TJ Maxx
Devi Oil	Tower Mart
Home Depot	Tri City Auto Plaza
Home Goods	Verizon Wireless
Kohls	Walgreens
	Winco Foods

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$3,390,096	\$3,467,035
County Pool	470,661	428,419
State Pool	1,598	1,499
Gross Receipts	\$3,862,355	\$3,896,953
City/Cnty Share	(96,559)	(97,424)
Net Receipts	\$3,765,796	\$3,799,529
Less Triple Flip*	\$(941,449)	\$(949,882)

*Reimbursed from county compensation fund

Statewide Sales Sink!

Adjusted for accounting aberrations, point of sale receipts from October through December sales were 13.1% lower than the same quarter of 2007. The revenues generated in this holiday quarter were the lowest since 2003.

The declines occurred in all categories of sales except fast food restaurants and grocery stores and were experienced in all counties and regions. Of particular significance were the 23% decline in receipts from petroleum related businesses which resulted from declining prices and consumption, a 37% drop in revenues from new car sales, and a 14.6% decrease in sales tax allocations from building and construction materials.

Tax revenues from general consumer goods were down 10.4% from the 2007 holiday quarter while business to business sales were 9.0% lower.

This was the sixth consecutive quarter of lower statewide allocations. Trade association surveys indicate that January through March sales will be equally dismal. The latest HdL consensus forecast estimates that fiscal 2008/2009 sales and use tax revenues will be 8.8% below the prior year.

Most economists believe that the recession will not bottom out until late 2009 and significant recovery will not occur before 2011/2012.

New Sales Tax Rate

Article 13A of the state constitution authorizes the state legislature to increase taxes other than property by a two thirds vote. This allowed the 2008/2009 state budget compromise which temporarily increases the state portion of the sales and use tax rate by 1.0% from April 1, 2009 to July 1, 2011. The increase will be extended for one additional year if voters approve Proposition 1A, the state spending cap measure on the May ballot.

This brings California's top combined sales, transactions and use tax rate to

10.25%, except in Los Angeles County, where on July 1, 2009 the maximum possible rate becomes 10.75% as an additional one-half cent tax passed by that county's voters in November takes effect. Only two agencies in California will reach the highest rate.

Economists disagree on how consumers will react to a double digit sales tax. The actual impact may be difficult to distinguish from sales lost due to current economic conditions and record low consumer confidence.

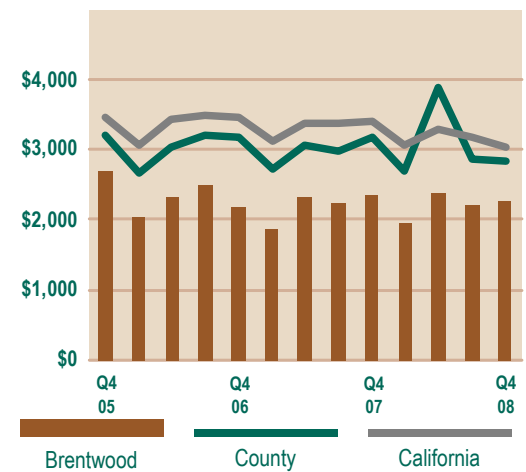
In preparing their revenue projections, the State Department of Finance assumed that the additional one cent tax would result in a one percent loss in future purchases.

Stimulus Package Benefits

The American Recovery and Reinvestment Act of 2009 will send an estimated \$31 billion to the state. Roughly one third will be used to backfill state budget cutbacks in education and other programs, another third for new state spending and the final third for grants made on a competitive basis. Near-

term benefits most likely to boost retail spending include "Making Work Pay" tax credits to boost payroll checks, extending and increasing unemployment insurance payouts, and allowing buyers of new vehicles purchased between February 17th and December 31st to deduct state sales tax from their federal income tax. Analysts warn that for the short term, these benefits will do little more than slow the economy's descent.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q4 '08*	Change	Change	Change
Service Stations	\$201.5	-8.1%	-22.6%	-23.2%
Family Apparel	127.7	29.1%	-1.6%	-3.6%
Grocery Stores Liquor	108.1	5.0%	2.6%	0.8%
Electronics/Appliance Stores	97.0	19.5%	-14.5%	-13.0%
Lumber/Building Materials	95.8	-13.7%	-13.5%	-12.5%
Restaurants No Alcohol	85.5	21.2%	-4.5%	1.7%
Specialty Stores	48.6	6.4%	-5.9%	-7.2%
Restaurants Beer And Wine	41.8	19.4%	-3.9%	-6.9%
Automotive Supply Stores	35.6	7.4%	4.8%	-3.4%
Drug Stores	33.1	5.8%	-2.0%	-1.4%
Women's Apparel	32.7	918.4%	-1.9%	-10.6%
Home Furnishings	27.2	-42.3%	-17.5%	-20.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-35.1%	-36.5%
Auto Repair Shops	16.6	-27.3%	-7.7%	-6.6%
Florist Shops	16.3	-9.4%	-12.7%	-8.8%
Total All Accounts	\$1,141.3	-0.4%	-9.7%	-10.3%
County & State Pool Allocation	166.9	4.2%		
Gross Receipts	\$1,308.1	0.2%		
City/County Share	(32.7)	-0.2%		
Net Receipts	\$1,275.4	0.2%		

*In thousands