

Q2 2009



City of Brentwood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

Brentwood In Brief

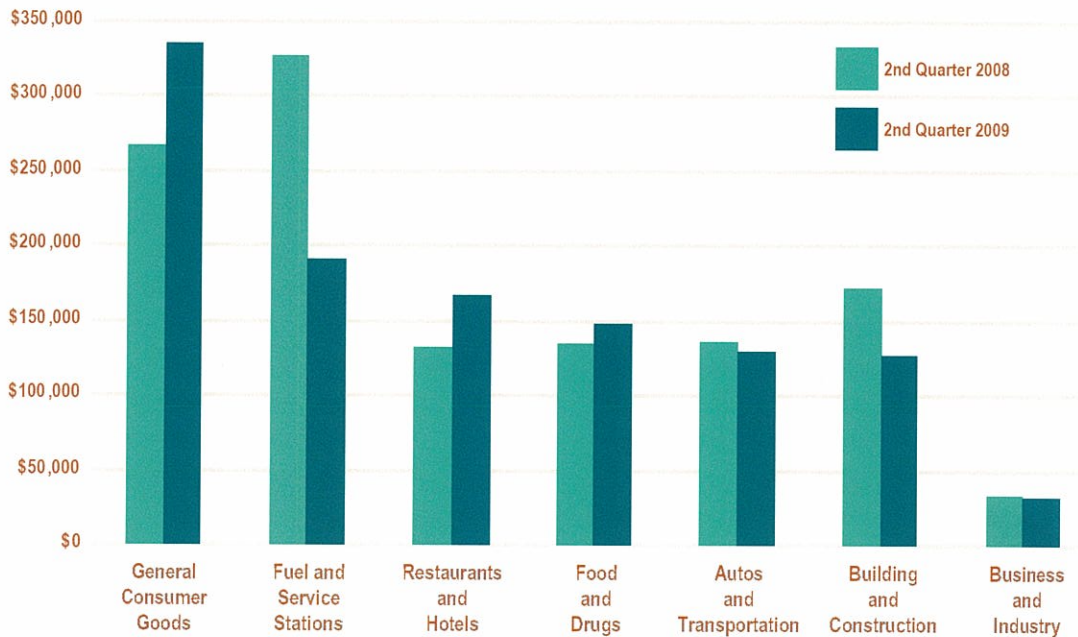
Receipts for Brentwood's second quarter sales were 2.8% lower than the same quarter one year ago. Actual sales were down 1.8% when reporting aberrations were factored out.

Lower fuel prices that reduced revenues from service stations were primarily responsible for the current decrease. The city experienced a decline in sales from the building & construction sector.

The losses were offset by new outlets that opened in The Streets of Brentwood Lifestyle Center that helped boost revenues from several categories of general consumer goods and restaurants.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County declined 15.8% over the comparable time period while the Bay Area, as a whole, was down 19.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Ace Hardware	Pena Auto Sales
AT&T Mobility	Raleys
Babies R Us	Ross
Best Buy	Safeway
Big B Lumber	Save Mart
Bill Brandt Ford	Supermarkets
Brentwood Service Station	So Coast Service Station
Chevron	TJ Maxx
CVS	Tower Mart
Dallas Shanks Services	Tri City Auto Plaza
Devi Oil	Verizon Wireless
Home Depot	Walgreens
Kohls	Winco Foods

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$1,201,644	\$1,129,161
County Pool	113,129	147,045
State Pool	(312)	1,153
Gross Receipts	\$1,314,461	\$1,277,359
Cty/Cnty Share	(32,862)	(31,934)
Net Receipts	\$1,281,599	\$1,245,425
Less Triple Flip*	\$(320,400)	\$(311,356)

**Reimbursed from county compensation fund*

Statewide Trends

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

The Climb Back Up

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

General Consumer Goods – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

Transportation - Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

Business & Industry – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

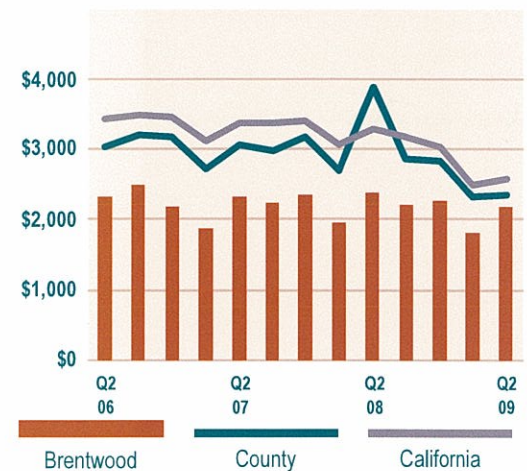
Building & Construction - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

Fuel & Service Stations- Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

Grocers & Restaurants – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q2 '09*	Change	Change	Change
Service Stations	\$189.0	-41.1%	-32.7%	-36.8%
Grocery Stores Liquor	103.3	9.8%	2.6%	-2.6%
Family Apparel	102.8	53.6%	1.8%	-5.4%
Lumber/Building Materials	92.4	-14.3%	-18.2%	-21.1%
Restaurants No Alcohol	88.4	21.6%	1.8%	2.9%
Electronics/Appliance Stores	73.9	11.7%	-9.6%	-14.2%
Specialty Stores	47.2	23.8%	-11.5%	-12.3%
Used Automotive Dealers	45.6	-10.7%	-29.8%	-22.6%
Restaurants Beer And Wine	38.2	-3.7%	-13.7%	-12.7%
Automotive Supply Stores	37.7	8.6%	-0.4%	-5.6%
Restaurants Liquor	32.7	171.2%	3.4%	-5.1%
Drug Stores	30.8	7.1%	-4.2%	0.2%
Home Furnishings	26.0	-32.8%	-20.8%	-20.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-29.4%	-32.7%
Sporting Goods/Bike Stores	21.5	72.8%	-3.7%	-4.6%
Total All Accounts	\$1,129.2	-6.0%	-39.0%	-21.2%
County & State Pool Allocation	148.2	31.4%		
Gross Receipts	\$1,277.4	-2.8%		
City/County Share	(31.9)	2.8%		
Net Receipts	\$1,245.4	-2.8%		

*In thousands