

Q3 2009



City of Brentwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

Brentwood In Brief

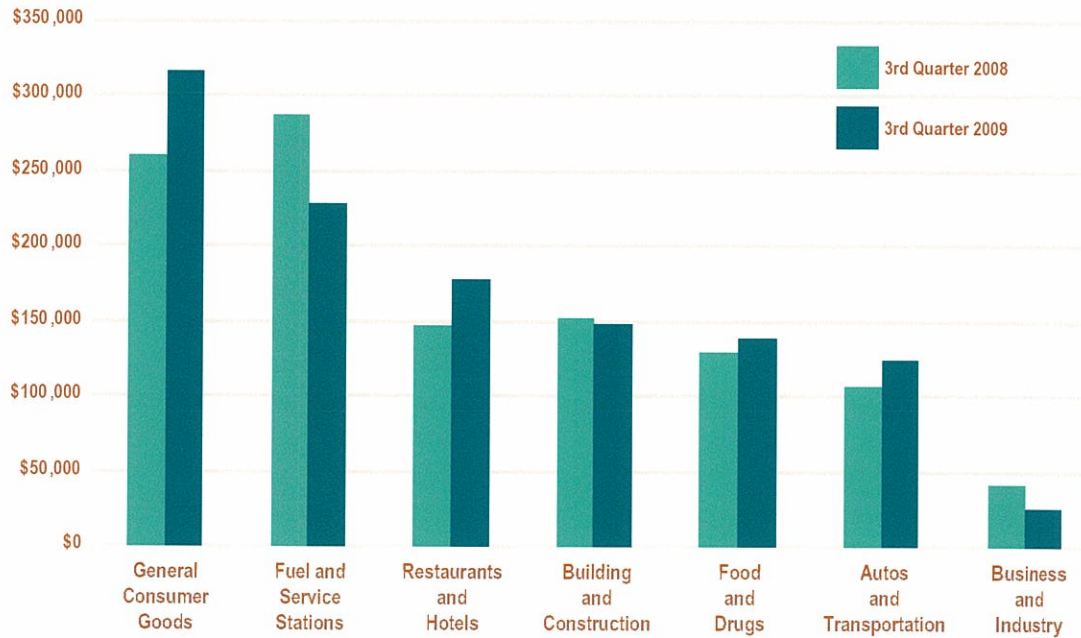
The allocation from Brentwood's July through September sales was 1.9% higher than the comparable quarter of 2008.

The previous opening of Streets of Brentwood helped boost receipts from various categories of general consumer goods and restaurants while additional used car dealers and a generally solid recovery in new car sales all contributed to the increase.

The gains were offset by the drop from last year's spike in fuel prices, closeouts of an office supply store and some restaurants and declines in building/construction materials. A reduction in receipts from the countywide use tax allocation pool was an additional factor contributing to the offset.

Adjusted for reporting aberrations, receipts for all of Contra Costa County declined 12% from last year's comparable quarter while the nine county bay region as a whole was down 15.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco Am PM	Kohls
AT&T Mobility	Penas Motors
Best Buy	Raleys
Big B Lumber	Red Robin
Bill Brandt Ford	Ross
Brentwood American Station	Safeway
Brentwood Ready Mix	Save Mart
Brentwood Service Station	TJ Maxx
Chevron	Tower Mart
CVS Pharmacy	Tri City Auto Plaza
Dallas Shanks Services	Walgreens
Devi Oil	Winco Foods
Home Depot	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,325,748	\$2,289,070
County Pool	262,392	284,065
State Pool	666	2,297
Gross Receipts	\$2,588,806	\$2,575,431
Cty/Cnty Share	(64,720)	(64,386)
Net Receipts	\$2,524,086	\$2,511,046
Less Triple Flip*	\$(631,022)	\$(627,761)

*Reimbursed from county compensation fund

Statewide Sales Declines

With aberrations factored out, statewide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

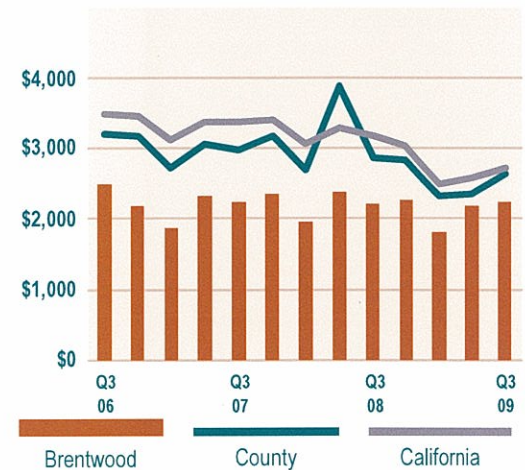
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q3 '09*	Change	Change	Change
Service Stations	\$224.5	-20.9%	-24.8%	-28.6%
Lumber/Building Materials	105.0	-3.7%	-16.6%	-9.8%
Grocery Stores Liquor	99.5	9.3%	1.7%	-1.3%
Family Apparel	95.6	53.9%	7.5%	1.3%
Restaurants No Alcohol	82.2	7.6%	-4.8%	-10.1%
Electronics/Appliance Stores	74.8	11.3%	-13.8%	-13.7%
Restaurants Liquor	49.3	309.7%	10.1%	-3.9%
Specialty Stores	44.3	2.5%	-6.8%	-10.1%
Used Automotive Dealers	38.8	70.3%	-18.2%	-13.5%
Automotive Supply Stores	35.5	9.1%	7.0%	-3.6%
Restaurants Beer And Wine	28.8	-18.5%	-27.6%	-14.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-8.4%	-9.8%
Drug Stores	28.5	3.3%	-6.5%	-1.1%
Home Furnishings	27.9	-25.7%	-7.2%	-17.7%
Contractors	21.6	-6.1%	-21.8%	-35.5%
Total All Accounts	\$1,159.9	3.2%	-7.1%	-13.9%
County & State Pool Allocation	138.2	-8.0%		
Gross Receipts	\$1,298.1	1.9%		
City/County Share	(32.5)	-1.9%		
Net Receipts	\$1,265.6	1.9%		

*In thousands