

Q4 2009



City of Brentwood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Brentwood In Brief

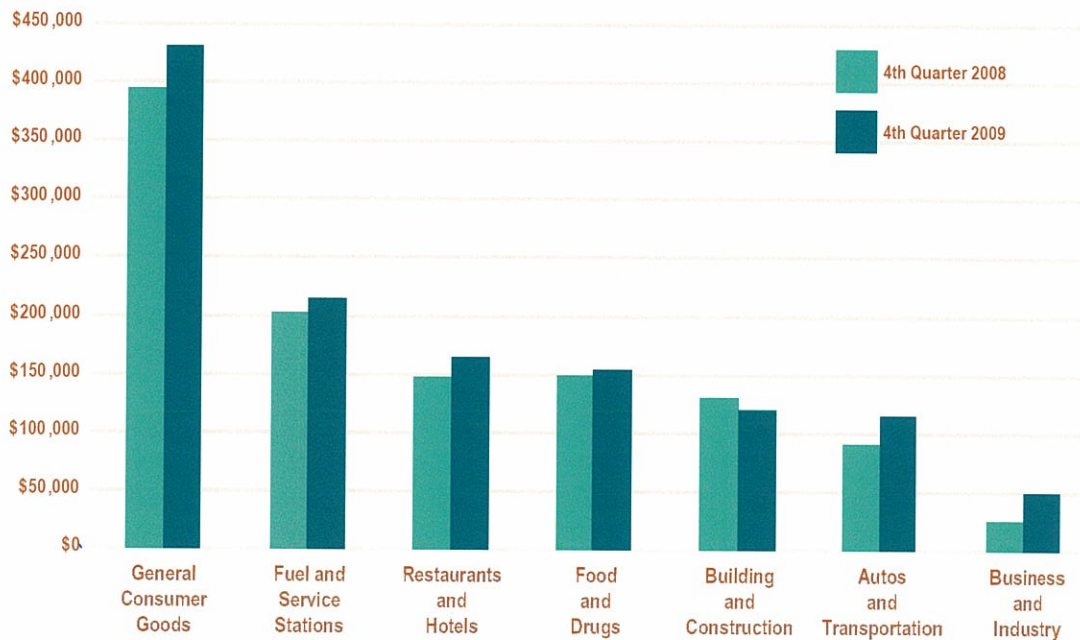
Fourth quarter receipts were 7.9% higher than they were for the same quarter last year.

The increase was largely due to new business openings in the restaurants with liquor and used auto dealer groups, but service station, electronics/appliance store, family apparel, restaurants without alcohol and specialty stores also reported solid gains. Auto supply stores were up too, but a positive payment adjustment last year cut the comparative upswing.

Lumber/building materials, women's apparel and restaurants with beer/wine groups fell. Business closeouts cut results in the women's apparel and restaurant categories. Multiple onetime payment adjustments contributed to a reduction in the countywide use tax allocation pool.

Excluding onetime payment anomalies, all of Contra Costa County was down 3.2%; statewide sales dropped 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Kohls
AT&T Mobility	Media Recovery
Best Buy	Michaels
Bill Brandt Ford	Raleys
Brentwood Ready Mix	Ross
Brentwood Service Station	Safeway
Chevron	Save Mart
CVS Pharmacy	TJ Maxx
Dallas Shanks Services	Tower Mart
Devi Oil	Tri City Auto Plaza
Home Depot	Verizon Wireless
Home Goods	Walgreens
	Winco Foods

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$3,467,035	\$3,538,981
County Pool	428,419	444,743
State Pool	1,499	3,476
Gross Receipts	\$3,896,953	\$3,987,201
Cty/Cnty Share	(97,424)	(99,680)
Net Receipts	\$3,799,529	\$3,887,521
Less Triple Flip*	\$(949,882)	\$(971,880)

*Reimbursed from county compensation fund

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

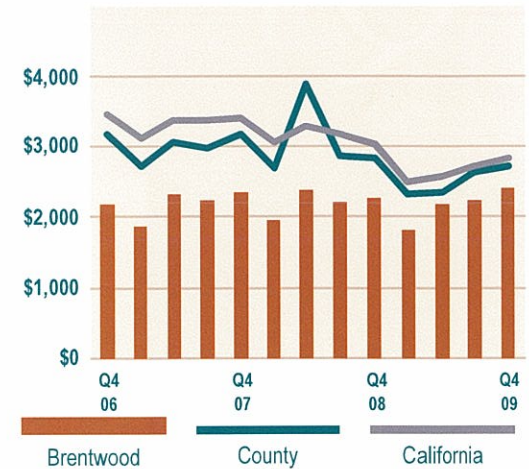
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

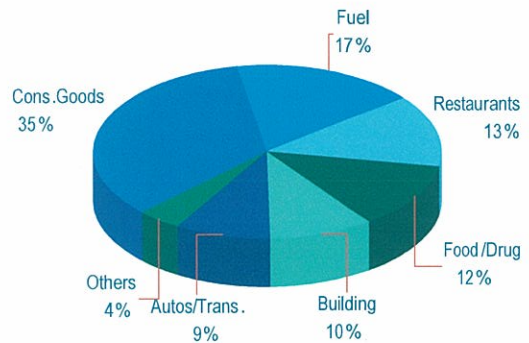
It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q4 '09*	Change	Change	Change
Service Stations	\$212.0	5.2%	11.7%	7.0%
Family Apparel	143.3	12.2%	10.2%	9.5%
Electronics/Appliance Stores	111.0	14.5%	1.9%	-2.5%
Grocery Stores Liquor	110.5	2.2%	-2.5%	2.1%
Lumber/Building Materials	86.6	-9.6%	-4.7%	-0.5%
Restaurants No Alcohol	85.4	8.1%	10.4%	-2.3%
Specialty Stores	47.0	6.6%	-3.2%	-6.0%
Restaurants Liquor	36.9	191.4%	-6.7%	0.3%
Automotive Supply Stores	36.3	1.9%	-2.4%	-1.6%
Drug Stores	33.4	0.8%	-4.4%	-1.0%
Used Automotive Dealers	33.0	232.0%	-13.8%	-1.4%
Home Furnishings	31.8	16.7%	-8.4%	-7.2%
Restaurants Beer And Wine	28.4	-32.0%	-11.6%	-10.9%
Women's Apparel	23.5	-28.1%	-3.8%	0.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —		7.5%	1.0%
Total All Accounts	\$1,249.9	9.5%	-3.3%	-5.9%
County & State Pool Allocation	161.9	-3.0%		
Gross Receipts	\$1,411.8	7.9%		
City/County Share	(35.3)	-7.9%		
Net Receipts	\$1,376.5	7.9%		

*In thousands