

Q1 2010



City of Brentwood Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

Brentwood In Brief

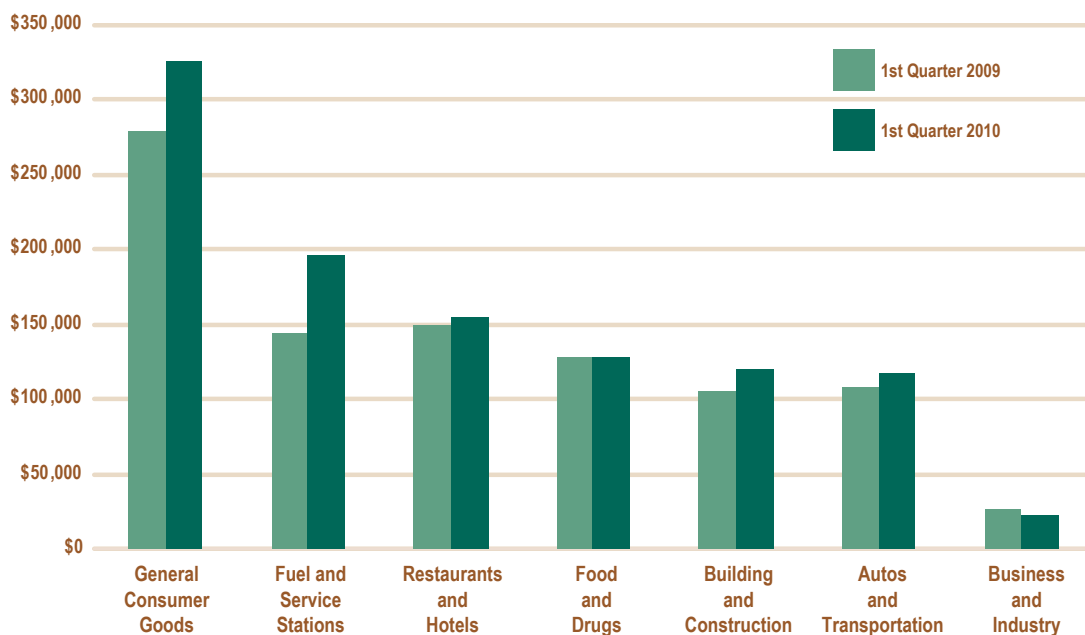
Gross receipts from Brentwood's January through March sales were 12.0% higher than the same quarter one year ago.

Sharply higher prices that fueled service station gains, combined with recently opened outlets in some categories of general consumer goods and restaurants with full liquor service, were major factors for the increase. Gains from family apparel, auto supply, electronics/ appliances, and some businesses within the building & construction group were also factors. The comparison for used car dealers was skewed by payment anomalies that temporarily cut receipts in the year-ago period; results were actually down 12.0%.

A delayed payment trimmed returns from restaurants with no alcohol. Accounting anomalies exaggerated the impact of a recent business closeout on restaurants serving beer & wine.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County slipped 2.2% over the same time period. The Bay Area as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Ace Hardware	Raleys
Arco AM PM	Ross
AT&T Mobility	Safeway
Babies R Us	Save Mart
Best Buy	Supermarkets
Bill Brandt Ford	TJ Maxx
Brentwood Service Station	Tower Mart
Chevron	Tri City Auto Plaza
CVS Pharmacy	Verizon Wireless
Dallas Shanks Services	Vintners Distributors
Home Depot	Walgreens
Home Goods	Whybuynewautos Com
Kohls	Winco Foods

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$4,409,429	\$4,606,963
County Pool	563,003	583,057
State Pool	2,205	4,117
Gross Receipts	\$4,974,637	\$5,194,137
City/Cnty Share	(124,366)	(129,853)
Net Receipts	\$4,850,271	\$5,064,284
Less Triple Flip*	\$(1,212,568)	\$(1,266,071)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

Projections for a Tepid Recovery Continue

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

Local Add-On Sales Tax Measures Approved

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

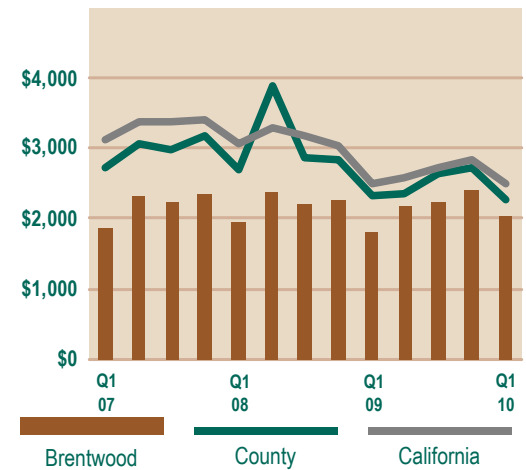
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q1 '10*	Change	Change	Change
Service Stations	\$195.5	35.9%	25.6%	28.0%
Family Apparel	89.6	16.7%	9.9%	13.7%
Grocery Stores Liquor	88.5	0.7%	0.4%	-3.5%
Lumber/Building Materials	— CONFIDENTIAL —		-2.4%	1.6%
Electronics/Appliance Stores	79.4	14.1%	-4.7%	-6.2%
Restaurants No Alcohol	74.5	-8.0%	-5.9%	-3.3%
Specialty Stores	44.1	16.0%	-4.8%	-3.7%
Restaurants Liquor	41.0	82.9%	10.5%	5.1%
Automotive Supply Stores	36.0	7.6%	10.8%	3.2%
Home Furnishings	35.4	24.4%	1.5%	-1.7%
Restaurants Beer And Wine	34.7	-5.2%	-6.5%	-6.2%
Used Automotive Dealers	34.1	37.9%	-6.1%	5.6%
Drug Stores	29.0	0.8%	-5.1%	-1.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-0.6%	0.0%
Auto Repair Shops	18.2	-1.9%	-0.3%	-4.7%
Total All Accounts	\$1,068.0	13.3%	-1.7%	0.8%
County & State Pool Allocation	139.0	2.7%		
Gross Receipts	\$1,206.9	12.0%		
City/County Share	(30.2)	-12.0%		
Net Receipts	\$1,176.8	12.0%		

*In thousands