Q3 2010

City of Brentwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Brentwood In Brief

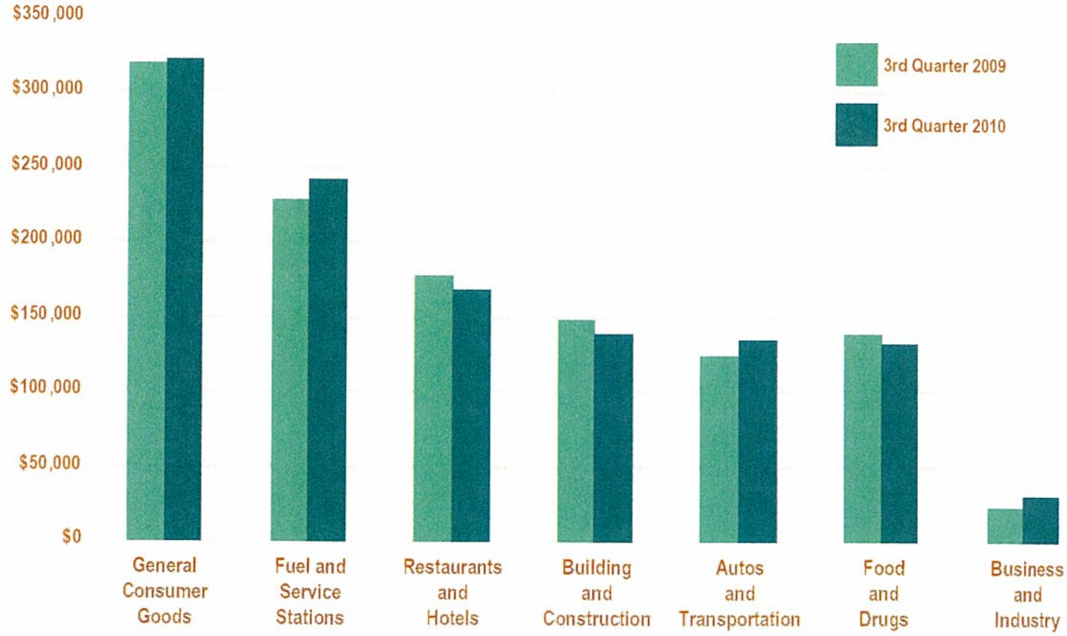
Receipts from Brentwood's July through September sales were 3.8% higher than the same quarter one year ago.

A solid quarter for lumber/building materials, family apparel, auto parts and home furnishings were partially responsible for the increase. A jump in the countywide use tax allocation pool was also a factor.

The gains were offset by a late payment in the consumer electronics classification and by a previous grocer closeout.

Adjusted for aberrations, sales and use tax receipts for all of Contra Costa County increased 0.2% over the comparable time period while the nine-county region as a whole was up 6.3%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

- Arco AM PM
- AT&T Mobility
- Babies R Us
- Best Buy
- Big B Lumber
- Bill Brandt Ford
- Brentwood Service Station
- Chevron
- CVS Phamacy
- Dallas Shanks Services
- Home Depot
- Home Goods
- Kohls
- Quik Stop Markets
- Raleys
- Ross
- Safeway
- Save Mart Supermarket
- TJ Maxx
- Tower Mart
- Tri City Auto Plaza
- Vintners Distributors
- Walgreens
- Whybuynewautos Com
- Winco Foods

Revenue Comparison

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	$2,289,070	$2,373,183
County Pool	284,065	346,356
State Pool	2,297	1,733
Gross Receipts	$2,575,431	$2,721,272
Cty/Cnty Share	(64,386)	(68,032)
Net Receipts	**$2,511,046**	**$2,653,241**
Less Triple Flip*	$(627,761)	$(663,310)

**Reimbursed from county compensation fund*

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Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by $850 billion.

In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

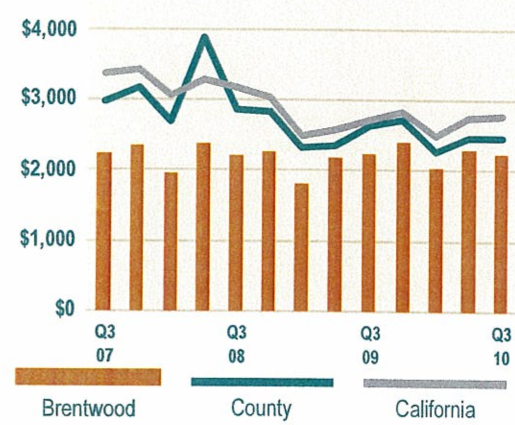
Food/Drugs– some price increases but competition will keep tax revenues from this segment generally flat.

Fuel/Service Stations – Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods– Stock market gains are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels– Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood Q3 '10*	Brentwood Change	County Change	HdL State Change
Service Stations	$240.9	7.3%	4.8%	12.1%
Lumber/Building Materials	— CONFIDENTIAL —		-1.2%	-4.8%
Family Apparel	101.8	6.5%	3.1%	7.8%
Grocery Stores Liquor	89.3	-10.2%	-2.0%	1.2%
Restaurants No Alcohol	88.8	16.5%	0.8%	5.1%
Electronics/Appliance Stores	61.5	-17.8%	3.8%	18.3%
Used Automotive Dealers	41.9	8.0%	-0.5%	9.3%
Specialty Stores	41.0	-7.5%	1.5%	-2.2%
Restaurants Liquor	40.2	-18.5%	-2.8%	5.3%
Automotive Supply Stores	40.1	13.1%	2.1%	3.7%
Home Furnishings	35.1	15.0%	-5.7%	1.3%
Restaurants Beer And Wine	30.7	-11.7%	6.7%	-0.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-4.0%	-1.7%
Drug Stores	28.3	-0.8%	-1.3%	-1.7%
Auto Repair Shops	19.4	11.2%	8.3%	3.5%
Total All Accounts	**$1,168.8**	**0.8%**	**-5.5%**	**2.7%**
County & State Pool Allocation	**178.4**	**29.2%**		
Gross Receipts	**$1,347.2**	**3.8%**		
City/County Share	**(33.7)**	**-3.8%**		
Net Receipts	**$1,313.5**	**3.8%**		

*In thousands