

Q4 2010



City of Brentwood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Brentwood In Brief

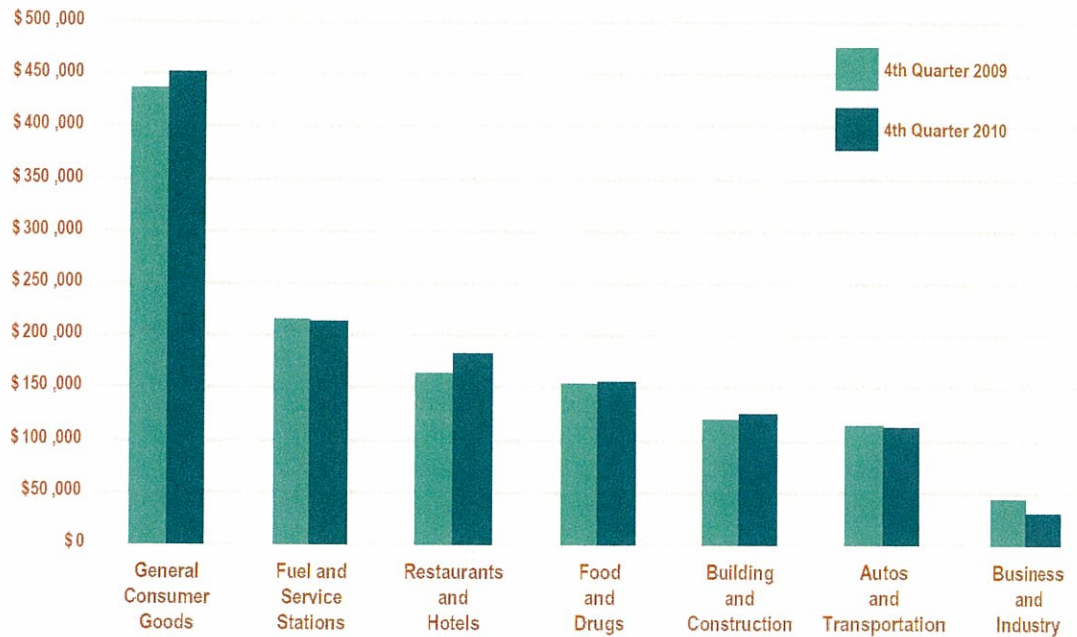
Fourth quarter receipts were 3.9% above the same period a year ago, but reporting aberrations skewed the data. Excluding anomalies, actual sales were up 5.6%.

Increases were concentrated in the various restaurant categories which benefited from several business additions. But electronics/appliance store, auto supply and apparel store groups also reported positive results over the prior year. The city also realized an 18.9% increase in its allocation from the countywide use tax pool which added \$30,438 to overall gains.

Missing or late payments caused the used auto dealer and home furnishings declines. The decrease in the restaurants with beer/wine classification, the only dining category to drop this quarter, was exaggerated by a doubled up payment a year ago.

Net of onetime accounting adjustments, all of Contra Costa County was up 3.6%; statewide sales gained 7.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco AM PM	Quik Stop Markets
AT&T Mobility	Raleys
Best Buy	Ross
Bill Brandt Ford	Safeway
Brentwood Service Station	Save Mart
Chevron	TJ Maxx
CVS Pharmacy	Tower Mart
Dallas Shanks Services	Tri City Auto Plaza
Home Depot	Verizon Wireless
Home Goods	Vintners Distributors
Kohls	Walgreens
Michaels Arts & Crafts	Whybuynewautos Com
	Winco Foods

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$3,538,981	\$3,648,607
County Pool	444,743	537,474
State Pool	3,476	1,913
Gross Receipts	\$3,987,201	\$4,187,994
Cty/Cnty Share	(99,680)	(104,700)
Net Receipts	\$3,887,521	\$4,083,294
Less Triple Flip*	\$(971,880)	\$(1,020,824)

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

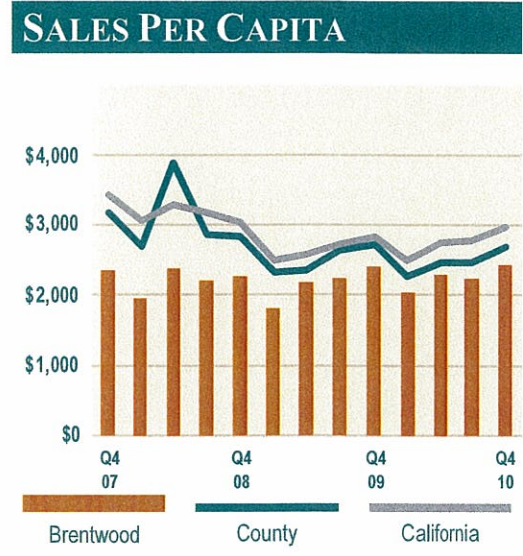
scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually. Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million. Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q4 '10*	Change	Change	Change
Art/Gift/Novelty Stores	26.0	-1.6%	12.6%	7.6%
Automotive Supply Stores	38.1	5.1%	12.4%	11.3%
Drug Stores	33.9	1.5%	-3.1%	0.2%
Electronics/Appliance Stores	118.5	6.8%	-0.2%	8.8%
Family Apparel	146.1	2.0%	2.4%	5.8%
Grocery Stores Liquor	109.5	-1.0%	1.4%	4.7%
Home Furnishings	33.6	-4.2%	2.5%	5.8%
Lumber/Building Materials	— CONFIDENTIAL —		-10.2%	-14.6%
Restaurants Beer And Wine	32.6	-8.7%	-8.6%	-2.2%
Restaurants Liquor	50.1	35.7%	6.2%	7.8%
Restaurants No Alcohol	88.5	13.3%	6.1%	5.5%
Service Stations	212.8	0.4%	8.4%	13.1%
Specialty Stores	46.1	1.7%	-1.1%	7.5%
Used Automotive Dealers	29.2	-11.6%	2.5%	13.4%
Women's Apparel	25.3	7.6%	-5.4%	3.4%
Total All Accounts	\$1,275.4	2.0%	0.2%	5.8%
County & State Pool Allocation	191.3	18.2%		
Gross Receipts	\$1,466.7	3.9%		
City/County Share	(36.7)	-3.9%		
Net Receipts	\$1,430.1	3.9%		

*In thousands