Q2 2011

City of Brentwood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Brentwood In Brief

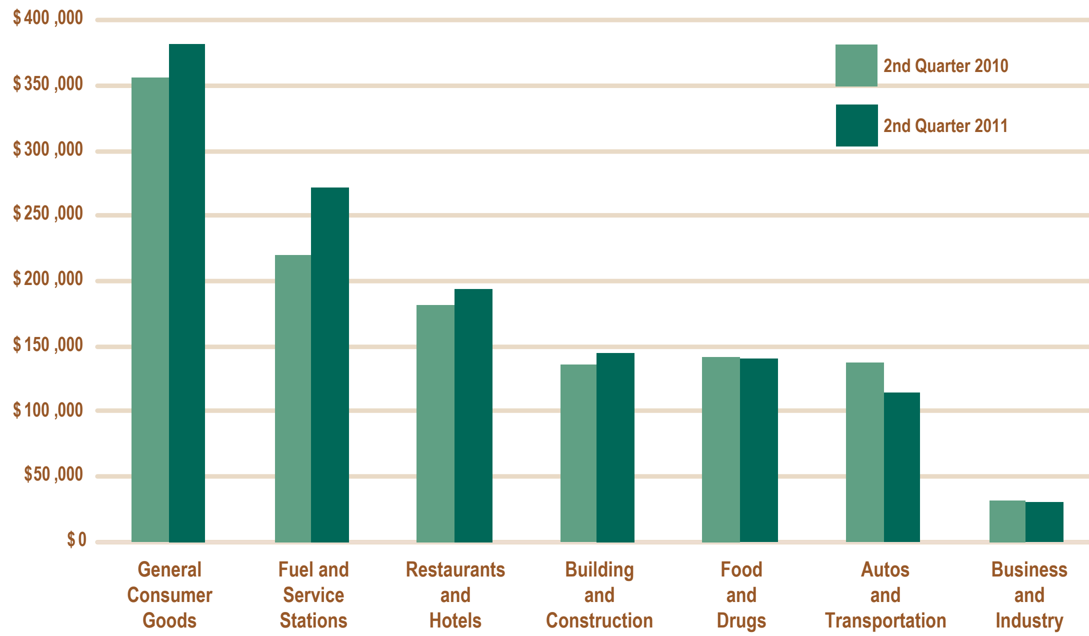
Gross receipts for Brentwood's April through June sales were 3.8% higher than the same quarter one year ago. Actual sales increased 4.1% when accounting aberrations were factored out.

Higher prices at the pump, recently added outlets in all categories of restaurants and receipt of previously errant postings from electronics/appliance stores were major factors for the overall gain. Sales were up in several classifications of general consumer goods and some categories of building and construction supplies. Payment anomalies inflated results from automotive supply and home furnishings.

Increases were partially offset by the combination of prior business closeouts and accounting events that cut proceeds from the automotive sector and the smaller allocation from the county use tax pool. The pool, which is distributed to agencies in the county as a ratio of taxable sales, was down 9.8% from the year-ago quarter.

Adjusted for onetime reporting events, sales and use tax receipts for all of Contra Costa County rose 7.6% over the same time period; the Bay Area as a whole was up 9.7%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

Ace Hardware
Arco AM PM
AT&T Mobility
Best Buy
Big B Lumber
Bill Brandt Ford
Brentwood Service Station
Chevron
CVS Phamacy
Dallas Shanks Services
Home Depot
Home Goods
Kohls
Quick Stop
Raleys
Ross
Safeway
Save Mart
TJ Maxx
Tower Mart
Tri City Auto Plaza
Verizon Wireless
Vintners Distributors
Walgreens
Winco Foods

Revenue Comparison

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	$1,204,412	$1,277,865
County Pool	168,978	148,620
State Pool	662	(757)
Gross Receipts	$1,374,053	$1,425,728
Cty/Cnty Share	(34,351)	(35,643)
Net Receipts	**$1,339,702**	**$1,390,085**
Less Triple Flip*	$(334,925)	$(347,521)

**Reimbursed from county compensation fund*

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NOTES

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of $3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of $4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were $90.21 a barrel in September 2011 versus $141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

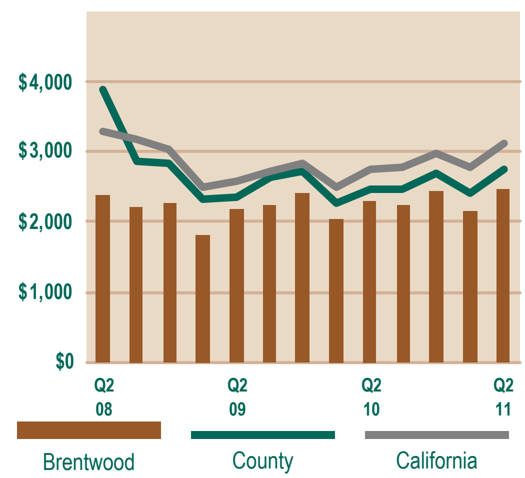
Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

Sales Per Capita



Brentwood Top 15 Business Types

Business Type	Brentwood Q2 '11*	Brentwood Change	County Change	HdL State Change
Auto Repair Shops	24.0	24.5%	12.0%	4.8%
Automotive Supply Stores	39.0	-1.8%	3.6%	6.5%
Drug Stores	31.6	0.8%	0.4%	2.4%
Electronics/Appliance Stores	100.8	33.9%	3.6%	3.2%
Family Apparel	107.1	4.9%	9.9%	12.6%
Grocery Stores Liquor	95.2	-0.1%	1.3%	1.5%
Home Furnishings	40.0	3.1%	3.2%	3.5%
Lumber/Building Materials	— CONFIDENTIAL —		0.4%	1.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —		3.9%	9.8%
Restaurants Beer And Wine	37.5	6.1%	-3.5%	-1.2%
Restaurants Liquor	49.7	17.1%	9.8%	8.6%
Restaurants No Alcohol	90.4	2.0%	5.4%	3.5%
Service Stations	271.6	24.5%	41.0%	30.9%
Specialty Stores	42.6	-0.6%	-0.6%	5.4%
Women's Apparel	22.4	10.1%	3.2%	8.9%
Total All Accounts	**$1,277.9**	**6.1%**	**9.4%**	**10.1%**
County & State Pool Allocation	**147.9**	**-12.8%**		
Gross Receipts	**$1,425.7**	**3.8%**		
City/County Share	**(35.6)**	**-3.8%**		
Net Receipts	**$1,390.1**	**3.8%**		

**In thousands*