

Q4 2011



City of Brentwood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

Brentwood In Brief

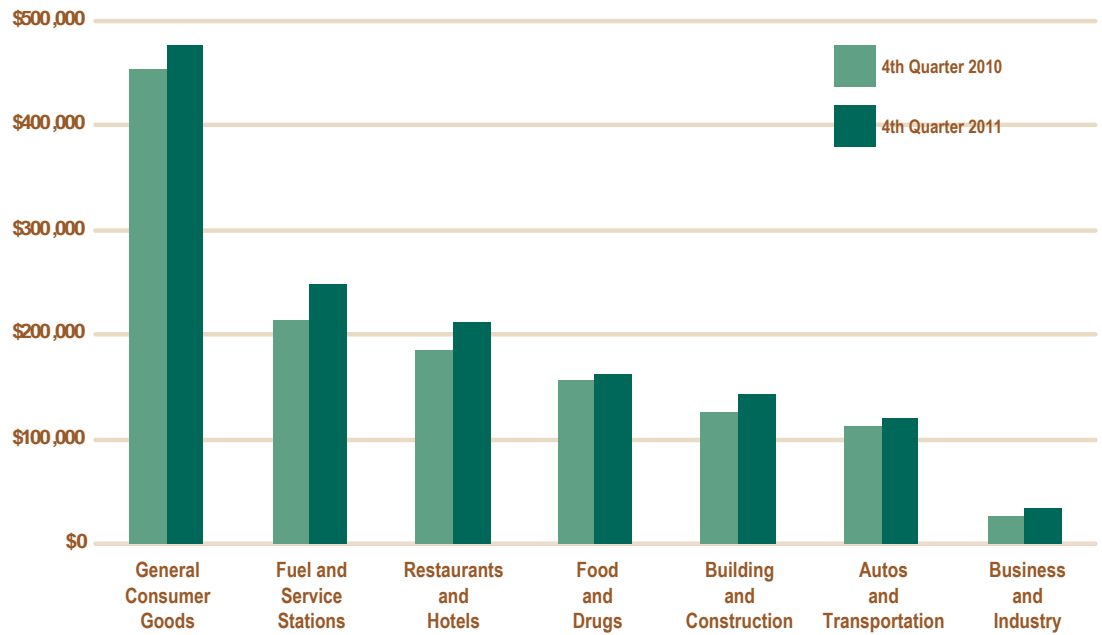
Receipts from fourth quarter sales were 9.1% above the same period a year earlier but payment aberrations skewed the data. Excluding anomalies, actual sales increased 7.1%.

All major industry groups showed positive results. Higher fuel prices boosted fuel and service station totals. New business additions contributed to home furnishings and specialty store proceeds and provided most of the lift to general consumer goods sales overall. Various restaurant classifications also benefited from new stores. Building and construction gains exceeded regional and statewide trends.

Autos and transportation appeared to be up but the increase was due to late-arriving receipts for sales in prior quarters.

After factoring out onetime accounting adjustments, all of Contra Costa County was up 6.5%; statewide sales grew 7.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco AM PM	Michaels
AT&T Mobility	Penas Motors
Best Buy	Quick Stop
Bill Brandt Ford	Raleys
BJs Restaurant	Ross
Brentwood Service Station	Safeway
Chevron	TJ Maxx
Conserv Fuel	Tower Mart
CVS Pharmacy	Tri City Auto Plaza
Dallas Shanks Services	Vintners Distributors
Home Depot	Walgreens
Home Goods	Winco Foods
Kohls	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

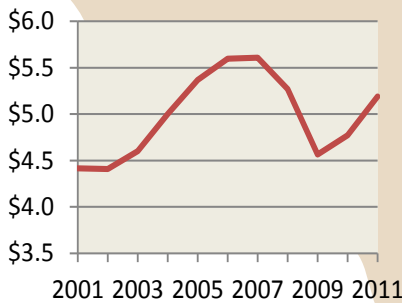
	2010-11	2011-12
Point-of-Sale	\$3,648,607	\$3,927,643
County Pool	537,474	544,293
State Pool	1,913	631
Gross Receipts	\$4,187,994	\$4,472,568
Cty/Cnty Share	(104,700)	(111,814)
Net Receipts	\$4,083,294	\$4,360,753
Less Triple Flip*	\$(1,020,824)	\$(1,090,188)

*Reimbursed from county compensation fund

California Overall

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

CA Local Sales Tax Receipts in \$Billions



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

Retailers downsizing ... creating new opportunities and challenges

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

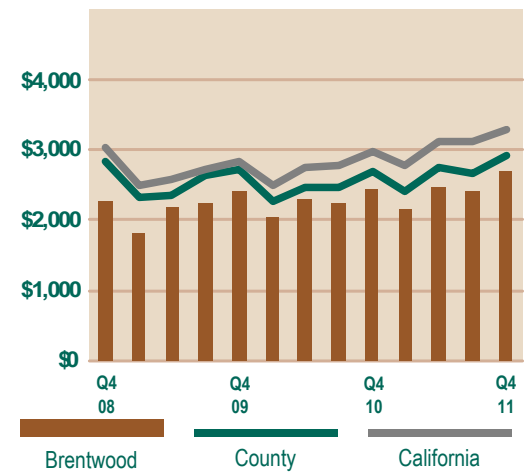
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

SALES PER CAPITA



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	Brentwood		County	HdL State
	Q4 '11*	Change	Change	Change
Automotive Supply Stores	38.8	1.7%	11.0%	4.1%
Department Stores	— CONFIDENTIAL —		3.0%	2.9%
Drug Stores	35.9	5.8%	7.0%	8.0%
Electronics/Appliance Stores	115.2	-2.9%	1.4%	4.0%
Family Apparel	97.1	6.3%	8.6%	10.6%
Grocery Stores Liquor	110.8	1.2%	1.5%	-1.2%
Home Furnishings	41.9	24.6%	-3.5%	3.6%
Lumber/Building Materials	— CONFIDENTIAL —		7.6%	8.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		18.6%	15.5%
Restaurants Beer And Wine	40.0	8.4%	0.5%	-0.3%
Restaurants Liquor	65.6	50.5%	10.4%	9.9%
Restaurants No Alcohol	89.7	1.4%	7.4%	7.2%
Service Stations	248.1	16.6%	13.3%	14.7%
Specialty Stores	59.6	25.1%	1.0%	0.8%
Used Automotive Dealers	29.3	0.3%	4.1%	11.8%
Total All Accounts	\$1,395.8	9.4%	6.4%	7.8%
County & State Pool Allocation	203.8	6.5%		
Gross Receipts	\$1,599.6	9.1%		
City/County Share	(40.0)	-9.1%		
Net Receipts	\$1,559.6	9.1%		

*In thousands