Q3 2012

City of Brentwood Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

Brentwood In Brief

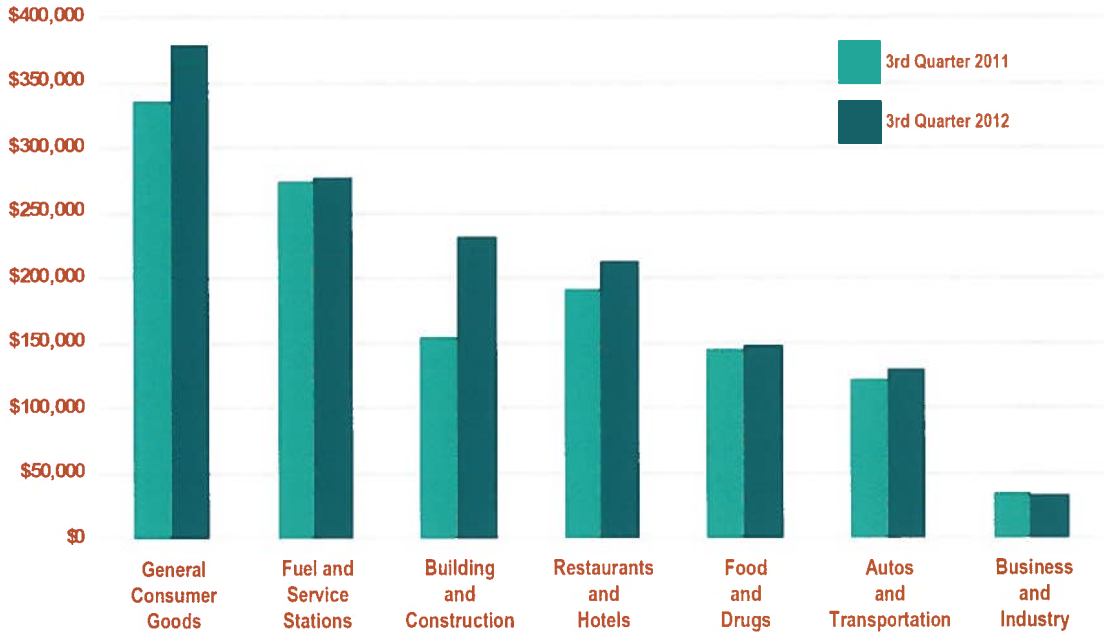
Receipts for Brentwood's July through September sales were 11.8% higher than the same quarter one year ago. Actual sales activity was up 7.4% when reporting aberrations were factored out.

A payment deviation inflated the gain in building and construction. Once adjusted for this temporary event, building-related sectors rose 11.6%. The increase in general consumer goods from new openings and higher returns in several sectors including apparel, home furnishings and sporting goods/bike stores, was inflated by an allocation error in electronics/appliance stores.

New eateries accounted for the rise in restaurants as a whole while a retroactive adjustment overstated positive results in autos and transportation.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 6.4% over the comparable time period, while the Bay Area as a whole was up 6.4%.

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
- BJs Restaurant & Brewhouse
- Brentwood Service Station
- Chevron
- Circle K Gas
- CVS Pharmacy
- D Devi Oil Shell
- Dallas Shanks Chevron
- Home Depot
- Home Goods
- Kohls
- Penas Motors
- Quick Stop
- Ross
- Safeway
- Save Mart
- TJ Maxx
- Tower Mart
- Walgreens
- Winco Foods

Revenue Comparison

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	$2,531,855	$2,803,609
County Pool	340,796	350,543
State Pool	320	851
Gross Receipts	$2,872,971	$3,155,003
Cty/Cnty Share	(71,824)	(78,875)
Net Receipts	$2,801,147	$3,076,128
Less Triple Flip*	$(700,287)	$(769,032)

**Reimbursed from county compensation fund*

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NOTES

Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

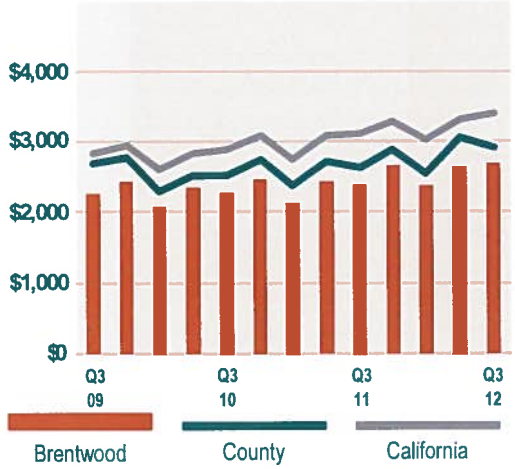
The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and even include an increase in construction-related employment.

The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improving housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

Sales Per Capita



Brentwood Top 15 Business Types

Business Type	Brentwood Q3 '12*	Brentwood Change	County Change	HdL State Change
Automotive Supply Stores	42.2	-5.2%	14.0%	0.7%
Department Stores	— CONFIDENTIAL —		7.0%	-0.9%
Drug Stores	29.9	-0.8%	1.5%	0.4%
Electronics/Appliance Stores	83.9	27.1%	-2.1%	-1.1%
Family Apparel	78.1	6.3%	11.2%	9.7%
Grocery Stores Liquor	96.8	2.0%	6.0%	9.6%
Home Furnishings	38.6	14.1%	3.1%	4.5%
Lumber/Building Materials	— CONFIDENTIAL —		38.0%	35.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —		27.2%	19.2%
Restaurants Beer And Wine	34.7	-7.2%	0.8%	2.3%
Restaurants Liquor	57.2	32.2%	9.0%	8.6%
Restaurants No Alcohol	98.5	9.7%	10.5%	8.1%
Service Stations	277.2	1.0%	1.2%	1.6%
Specialty Stores	44.9	0.1%	1.7%	0.9%
Used Automotive Dealers	28.2	34.2%	18.8%	11.7%
Total All Accounts	**$1,416.5**	**13.0%**	**10.5%**	**8.8%**
County & State Pool Allocation	**201.8**	**4.4%**		
Gross Receipts	**$1,618.3**	**11.8%**		
City/County Share	**(40.5)**	**-11.8%**		
Net Receipts	**$1,577.8**	**11.8%**		

*In thousands