

Q3
2010



Pleasant Hill Sales Tax Update

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

Pleasant Hill In Brief

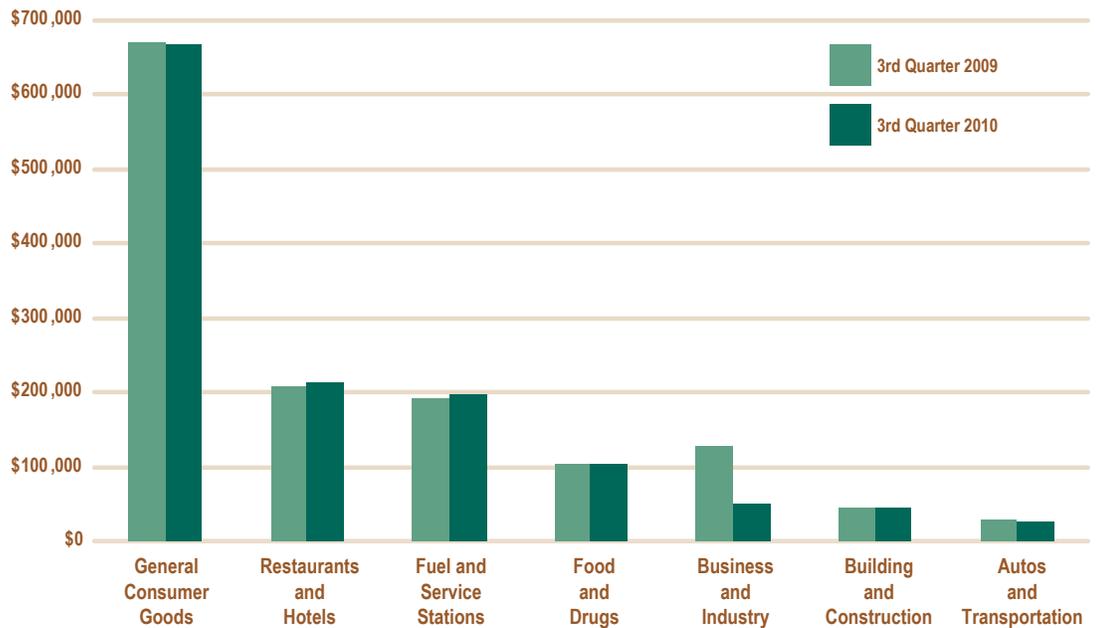
The allocation for Pleasant Hill's third quarter sales was 2.5% less than the same period of 2009, but a retroactive accounting adjustment that slashed results from the business/industry group skewed the data. Actual sales activity was flat after aberrations were factored out.

Prior business closeouts pared receipts from the automotive group and offset service station gains from higher fuel prices. Accounting events that inflated last year's returns depressed comparisons for specialty retail and restaurants serving beer/wine.

Sales were up from some categories of general consumer goods, office supplies/furniture and hardware stores. A new outlet contributed to the increase from restaurants-liquor. The countywide use tax pool was 21.4% larger than the year-ago quarter. Retailers located in the city generated 4.9% of the sales in the county during the quarter; therefore the city received 4.9% of the receipts allocated to the pool in the period.

Adjusted for reporting anomalies, sales and use tax receipts for all of Contra Costa County inched up 0.2% over the same time period; Bay Area totals were 6.3% higher.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Back Forty Texas BBQ	Marshalls
Bay Counties Pitcock Petroleum	Michaels Arts & Crafts
Bed Bath & Beyond	Pacific States Petroleum
Best Buy	Pleasant Hill Chevron
Book Center Diablo Valley College	Ross
Buskirk Gas Mart & Car Wash	Safeway
Expert Auto Care	Staples
Friedman's Appliances	Sun Valley Shell
Harbor Freight Tools	T J Maxx
JC Penney	Target
K Mart	Tesoro Gasoline
Kohls	Toys R Us
	Verizon Wireless

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,709,806	\$2,696,466
County Pool	336,221	393,268
State Pool	2,719	1,961
Gross Receipts	\$3,048,747	\$3,091,696
Cty/Cnty Share	(76,219)	(77,292)
Net Receipts	\$2,972,528	\$3,014,403
Less Triple Flip*	\$(743,132)	\$(753,601)

*Reimbursed from county compensation fund

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.

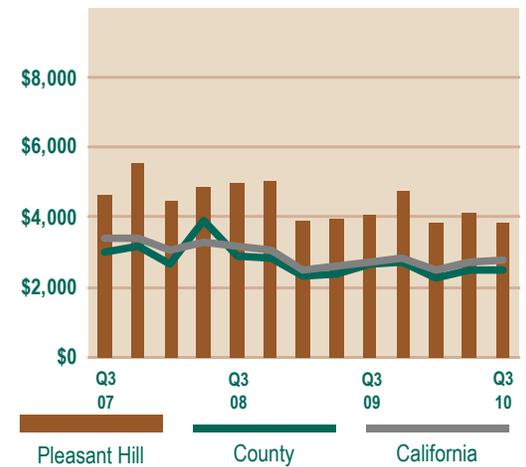
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

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



PLEASANT HILL TOP 15 BUSINESS TYPES

Business Type	Pleasant Hill		County	HdL State
	Q3 '10*	Change	Change	Change
Electronics/Appliance Stores	\$206.6	0.5%	3.8%	18.3%
Service Stations	135.9	-1.7%	4.8%	12.1%
Discount Dept Stores	— CONFIDENTIAL —		6.3%	5.6%
Family Apparel	97.8	2.4%	3.1%	7.8%
Home Furnishings	81.9	3.2%	-5.7%	1.3%
Restaurants Liquor	81.6	16.1%	-2.8%	5.4%
Restaurants No Alcohol	69.8	4.5%	0.8%	5.1%
Specialty Stores	64.7	-3.2%	1.5%	-2.2%
Petroleum Prod/Equipment	— CONFIDENTIAL —		15.8%	12.0%
Restaurants Beer And Wine	53.4	-11.9%	6.7%	-1.0%
Grocery Stores Liquor	53.3	-5.0%	-2.0%	1.2%
Office Supplies/Furniture	35.3	7.3%	24.4%	8.9%
Hardware Stores	27.9	13.9%	-79.1%	-72.7%
Government/Social Org.	27.1	-5.1%	-8.5%	-10.4%
Art/Gift/Novelty Stores	23.7	-3.3%	-3.0%	3.6%
Total All Accounts	\$1,304.5	-5.3%	-5.5%	2.7%
County & State Pool Allocation	199.2	21.4%		
Gross Receipts	\$1,503.6	-2.5%		
City/County Share	(37.6)	2.5%		
Net Receipts	\$1,466.1	-2.5%		

*In thousands