

Q2 2011



Pleasant Hill Sales Tax Update

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

Pleasant Hill In Brief

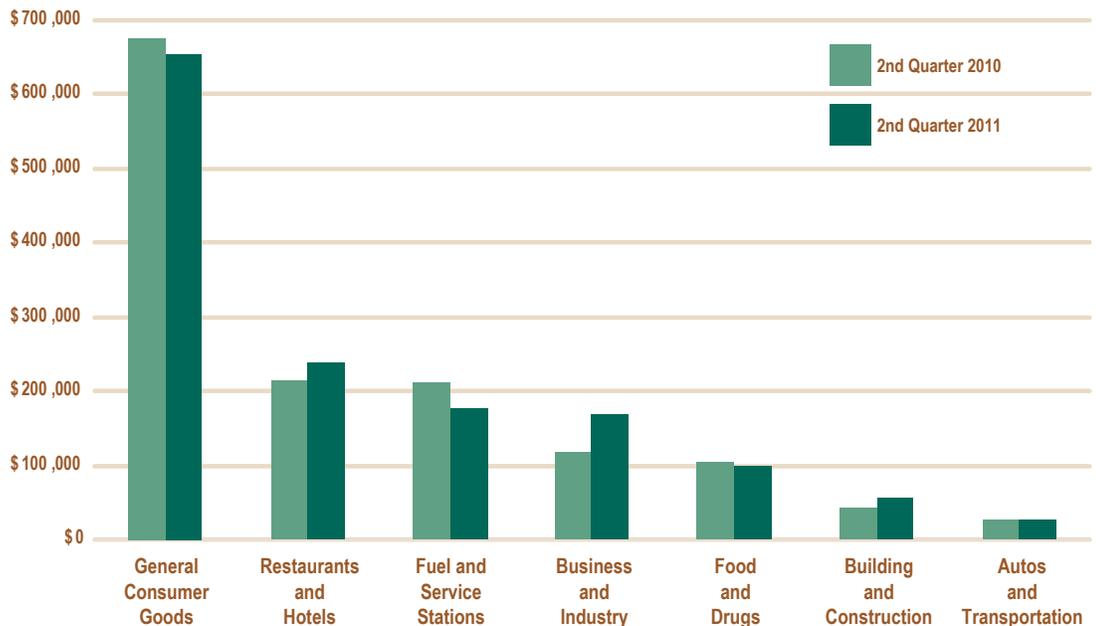
Receipts for Pleasant Hill's April through June sales were 0.3% less than the same quarter of 2010.

The closeout of an order desk for petroleum products, combined with lackluster sales from some categories of general consumer goods were major factors for the overall decline. Prior business closures pared returns from restaurants selling beer and wine and a late payment was partially responsible for the decline in food/drugs. The smaller allocation from the countywide use tax pool was also a factor. The pool was 9.8% less than last year's comparison period.

Recent additions contributed to gains from restaurants with full liquor service and those with no alcoholic beverages. Higher fuel prices and a new business boosted service station receipts. Office supply/furniture results were inflated by an accounting anomaly. Sales increased from home furnishings, hardware and stationery/book shops. Aberrations overstated postings from garden/agricultural supplies, contractor supplies and specialty stores.

Adjusted for onetime reporting events, taxable sales for all of Contra Costa County increased 7.6% over the comparable time period; the Bay Area as a whole was up 9.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

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

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$1,391,987	\$1,418,651
County Pool	195,295	164,994
State Pool	765	(841)
Gross Receipts	\$1,588,047	\$1,582,804
Cty/Cnty Share	(39,701)	(39,570)
Net Receipts	\$1,548,346	\$1,543,234
Less Triple Flip*	\$(387,086)	\$(385,809)

*Reimbursed from county compensation fund

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

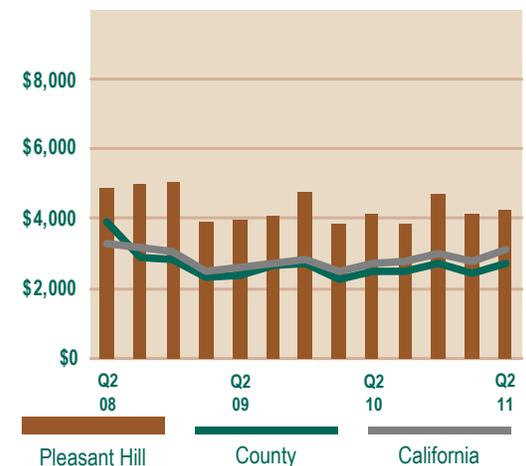
which highlights problems caused by a shift to an hourglass economy.

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



PLEASANT HILL TOP 15 BUSINESS TYPES

Business Type	Pleasant Hill		County	HdL State
	Q2 '11*	Change	Change	Change
Art/Gift/Novelty Stores	23.7	-6.2%	3.3%	6.4%
Discount Dept Stores	— CONFIDENTIAL —		6.2%	6.4%
Electronics/Appliance Stores	178.6	-13.1%	3.6%	3.2%
Family Apparel	100.7	1.9%	9.9%	12.6%
Garden/Agricultural Supplies	28.8	19.6%	6.4%	4.4%
Grocery Stores Liquor	52.7	-1.1%	1.3%	1.5%
Hardware Stores	28.9	3.7%	2.6%	2.6%
Home Furnishings	82.4	4.5%	3.2%	3.5%
Office Supplies/Furniture	79.0	159.8%	92.4%	43.0%
Restaurants Beer And Wine	53.8	-6.9%	-3.5%	-1.2%
Restaurants Liquor	96.6	30.7%	9.8%	8.6%
Restaurants No Alcohol	76.2	3.9%	5.4%	3.5%
Service Stations	176.5	19.2%	41.0%	30.9%
Specialty Stores	63.9	2.9%	-0.6%	5.4%
Stationery/Book Stores	26.5	16.3%	-7.7%	-8.9%
Total All Accounts	\$1,418.7	1.9%	9.4%	10.1%
County & State Pool Allocation	164.2	-16.3%		
Gross Receipts	\$1,582.8	-0.3%		
City/County Share	(39.6)	0.3%		
Net Receipts	\$1,543.2	-0.3%		

*In thousands