

Q4 2010



City of Pleasanton Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Pleasanton In Brief

Fourth quarter receipts jumped 24.2% compared to the same period one year earlier but reporting aberrations skewed the data. With anomalies excluded actual sales gained 7.5%.

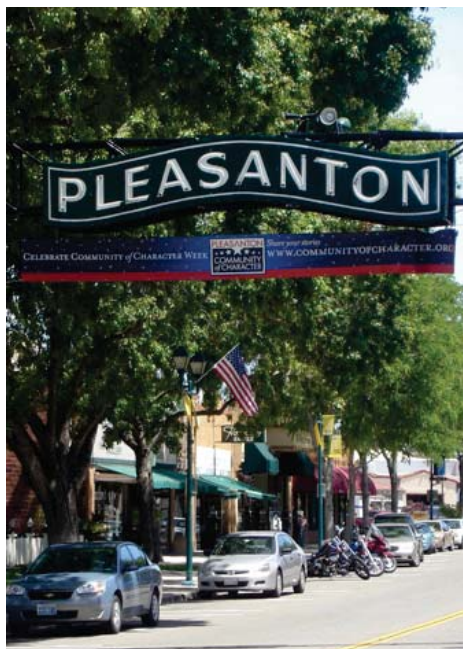
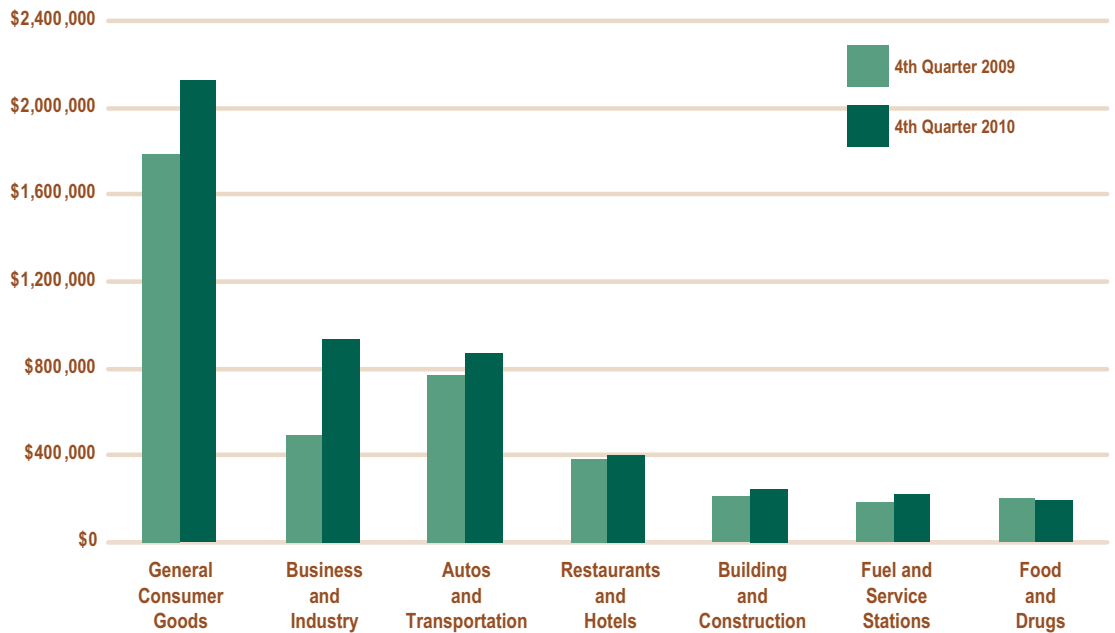
Most of the disparity between cash receipts and actual sales was in the specialty store category where a retroactive payment adjustment consolidated receipts from multiple back quarters. Conversely, negative adjustments in the year-ago quarter inflated gains in the business services group.

New motor vehicle dealer, service station, light industrial/printer, office supplies/furniture, contractor, electronics/appliance store and restaurants no alcohol classifications also reported strong results. Onetime payment adjustments boosted contractor totals but the other business categories were up in real terms.

Medical/biotech, family apparel and restaurants with liquor were among the few groups to show decreases. Net of accounting adjustments, restaurants with liquor were up.

With payment aberrations factored out, all of Alameda County was up 5.7%; statewide sales grew 7.3%.

SALES TAX BY MAJOR BUSINESS GROUP



REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$11,607,955	\$13,259,873
County Pool	1,456,926	1,848,005
State Pool	11,402	6,730
Gross Receipts	\$13,076,283	\$15,114,609
Cty/Cnty Share	(653,814)	(755,730)
Net Receipts	\$12,422,469	\$14,358,878
Less Triple Flip*	\$(3,105,617)	\$(3,589,720)

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually. Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

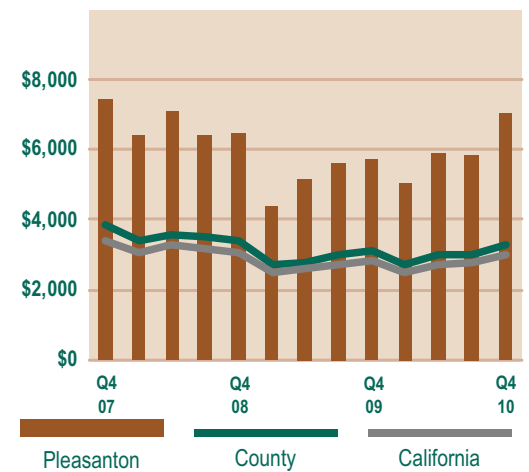
Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q4 '10*	Change	Change	Change
Contractors	130.4	229.2%	3.0%	-2.1%
Department Stores	686.3	0.5%	0.4%	2.6%
Discount Dept Stores	— CONFIDENTIAL —		2.7%	2.2%
Electrical Equipment	153.1	7.0%	10.1%	20.9%
Electronics/Appliance Stores	173.8	29.9%	4.7%	8.8%
Family Apparel	191.7	-4.5%	2.6%	5.8%
Light Industrial/Printers	196.4	28.5%	-5.8%	-3.7%
Medical/Biotech	124.7	-16.2%	-36.3%	2.8%
New Motor Vehicle Dealers	680.3	12.8%	17.8%	14.4%
Office Supplies/Furniture	185.2	41.6%	7.0%	5.0%
Restaurants Liquor	144.4	-4.9%	2.8%	7.9%
Restaurants No Alcohol	132.1	16.0%	10.2%	5.6%
Service Stations	219.5	21.8%	12.3%	13.1%
Specialty Stores	456.6	270.7%	22.4%	7.5%
Women's Apparel	131.1	3.8%	-3.0%	3.4%
Total All Accounts	\$4,986.3	23.8%	6.6%	5.8%
County & State Pool Allocation	682.6	27.8%		
Gross Receipts	\$5,668.8	24.2%		
City/County Share	(283.4)	-24.2%		
Net Receipts	\$5,385.4	24.2%		

*In thousands