

Q4 2006



City of Pleasanton Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2006)

Pleasanton In Brief

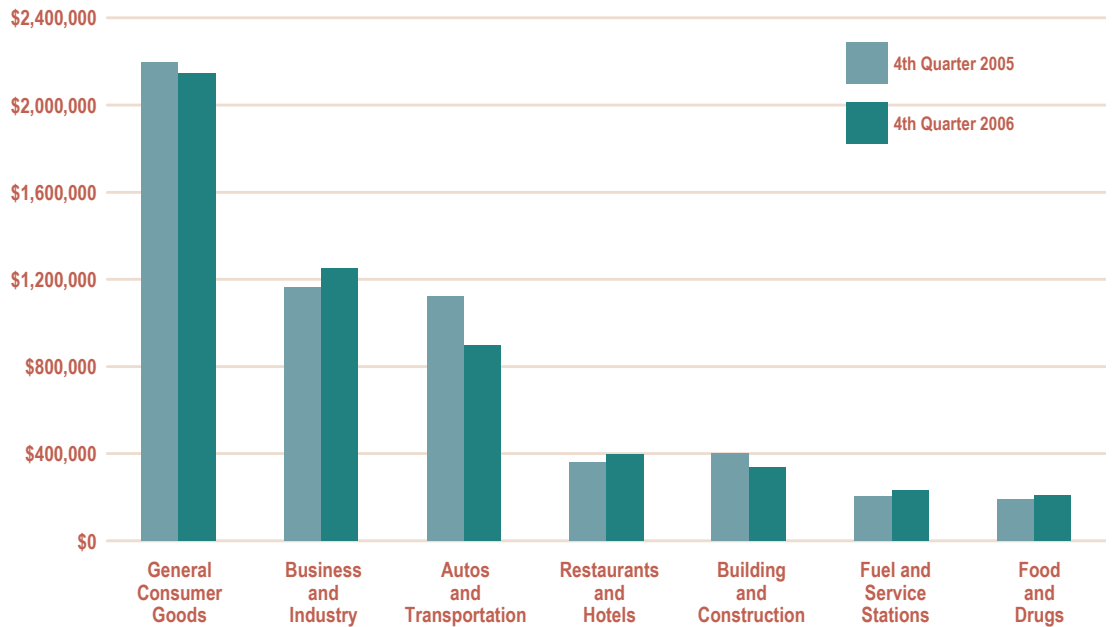
The allocation from Pleasanton's October through December sales was 2.3% less than the same quarter one year ago.

Decreased sales from new auto dealerships, restaurants with beer and wine and some categories of General Consumer Goods were partially responsible for the decrease.

The losses were offset by higher fuel price plus increased sales from light/industrial printers, office equipment, home furnishings, business services, specialty stores and health/medical. Recent additions helped boost revenues from restaurants with liquor. Comparisons of contractors were inflated by onetime accounting adjustments.

Gross receipts for all of Alameda County decreased .07% over the comparable time period while the Bay Area as a whole was up 1.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Acura of Pleasanton	Lexus of Pleasanton
Apple Computer	Macys
Central Precast Concrete	Mercedes Benz Pleasanton
Central Wholesale Electric	Nordstrom
Directbuy East Bay	Peoplesoft USA
East Bay BMW	Safeway
East Bay Mini	Sears
Home Depot	Shell/Texaco
Hopyard Shell	Siemens Med Solutions
Hummer Saab of Pleasanton	Software House International
Infiniti of Pleasanton	Software Spectrum
JC Penney	Unisource Paper
Kohls	Wal Mart

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$15,646,929	\$15,462,412
County Pool	2,067,298	2,034,509
State Pool	24,000	23,623
Gross Receipts	\$17,738,227	\$17,520,544
Cty/Cnty Share	(886,911)	(876,027)
Net Receipts	\$16,851,316	\$16,644,517
Less Triple Flip*	\$(4,212,829)	\$(4,161,129)

*Reimbursed from county compensation fund

Statewide Sales Flatten

Fourth quarter sales were unchanged from the same period in 2005 with payment aberrations excluded. This represented the weakest holiday performance since 2001.

As indicated below, the slump impacted all business groups with growth weaker in 2006 than in 2005 in all but Autos & Transportation.

Fourth Quarter Sales Tax Comparison

Business Group	Q4 '06	Q4 '05
	v. Q4 '05	v. Q4 '04
Autos & Transportation	0.1%	-3.5%
Building & Construction	-5.7%	15.5%
Business & Industry	-0.5%	4.5%
Food & Drugs	2.9%	5.4%
Fuel & Service Stations	-1.6%	14.1%
General Consumer Goods	1.2%	5.0%
Restaurants & Hotels	4.1%	6.8%
HdL State	0.0%	5.3%

All figures adjusted for economic data.

The lackluster quarter was largely due to a 5.7% drop in Building & Construction receipts. The shift was a reflection of the slowdown in residential construction with the previously highest growth areas (Riverside/San Bernardino, San Joaquin Valley and the Sacramento region) experiencing the severest declines.

The dip in Business & Industry receipts was exaggerated by a \$ 1.9 M refund for taxes paid on financed purchases that later became uncollectible. Over 200 local jurisdictions in California had related negative adjustments to their fourth quarter allocations. Another factor in the decrease was a \$1M delayed return for a large business services outlet.

A temporary drop in the average price of gasoline and diesel fuel led to a 1.6% decline in receipts from Fuel & Service Stations. Pump prices have since rebounded significantly.

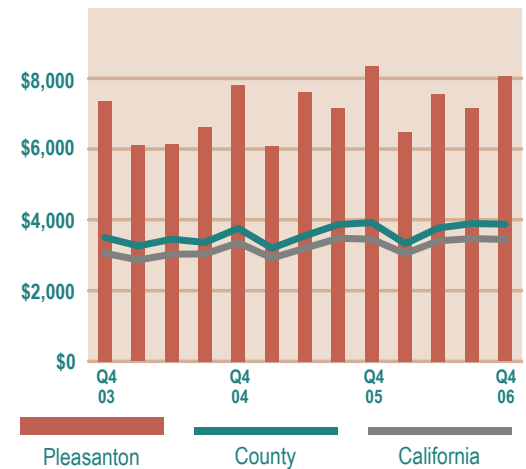
Revenues from restaurants & hotels, the quarter's bright spot, were up in nearly all areas of the state with the Bay Area and the Central Coast regions feasting best.

General Consumer Goods sales exceeded last year's by just 1.2% after a 5% gain the year before. One likely factor: an upsurge in gift card use. Since gift card sales are not taxed until the card is redeemed, more holiday related receipts are being delayed to the following quarter. Reports are that the dollar value of gift cards was up 35% compared to 2005 resulting in a surge in January 2007 sales that was 10.5% above the prior year.

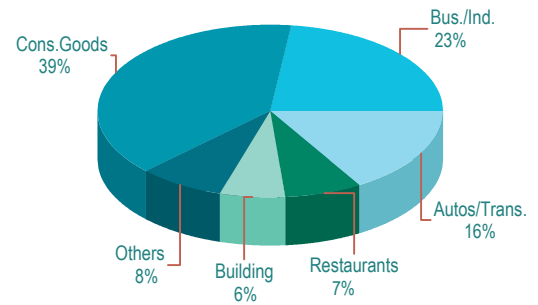
Fourth quarter Autos & Transportation results were virtually unchanged, an improvement from last year's 3.5% decline. Foreign brands continued to outperform domestics.

Economists are expressing concern about the impact of volatile energy prices, cutbacks in capital investment, and sub-prime lending on sales revenues through the remainder of calendar year 2007. However, the current consensus overall, is that statewide growth will be weaker than recent years but actual declines are not expected.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Pleasanton This Quarter



PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q4 '06*	Change	Change	Change
Department Stores	\$807.2	-3.4%	-1.7%	-3.3%
New Motor Vehicle Dealers	733.7	-2.2%	2.2%	0.9%
Light Industrial/Printers	351.6	7.6%	21.2%	4.7%
Office Equipment	242.7	244.3%	32.1%	10.3%
Service Stations	231.7	14.2%	-1.1%	3.0%
Family Apparel	225.6	-8.8%	-0.1%	9.2%
Home Furnishings	221.4	27.5%	5.3%	-1.9%
Business Services	197.6	7.3%	0.2%	-12.6%
Specialty Stores	178.8	4.6%	2.0%	1.3%
Contractors	164.6	12.7%	4.9%	4.9%
Women's Apparel	156.4	-3.1%	4.5%	4.2%
Discount Dept Stores	— CONFIDENTIAL —		7.2%	4.9%
Health/Medical	146.2	0.9%	6.6%	-6.5%
Restaurants Liquor	126.4	37.4%	9.8%	11.1%
Restaurants Beer And Wine	115.3	-2.3%	4.8%	4.4%
Total All Accounts	\$5,465.1	-3.2%	-1.0%	0.5%
County & State Pool Allocation	717.6	5.0%		
Gross Receipts	\$6,182.8	-2.3%		
City/County Share	(309.1)	2.3%		
Net Receipts	\$5,873.6	-2.3%		

*In thousands