

Q3

2010



City of Red Bluff Sales Tax *Update*

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

Red Bluff In Brief

Receipts for Red Bluff's third quarter sales were 9.4% higher than the same quarter one year ago. Actual sales were up 2.6% when reporting aberrations were factored out.

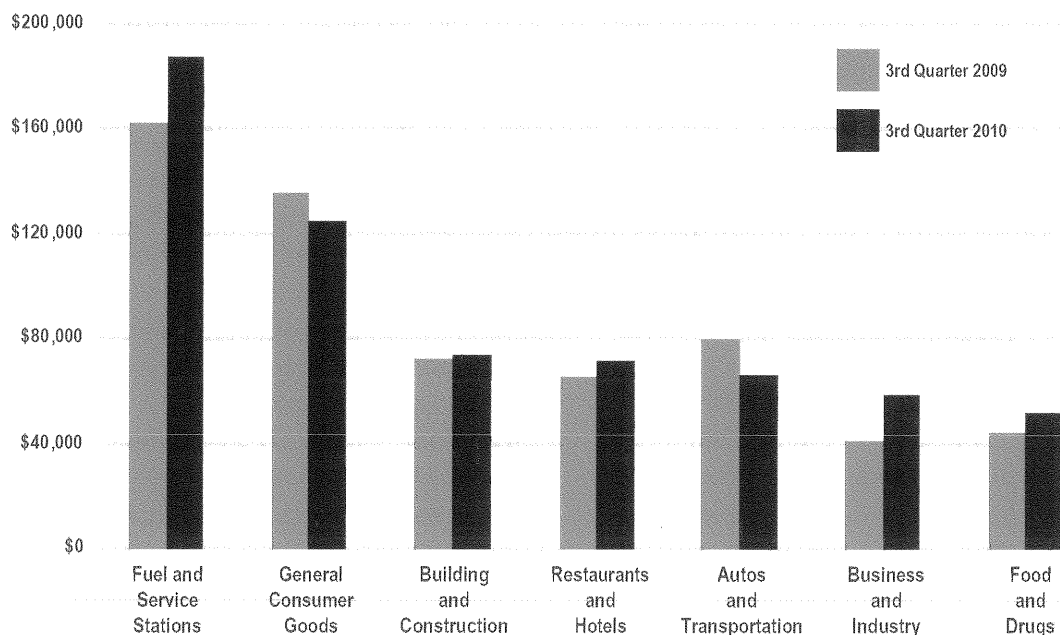
A late payment in the comparison period exaggerated results from service stations. The city experienced a strong sales quarter for the business & industry sector.

Strong sales and the double-up of previously late payments increased receipts from restaurants with no alcohol.

The gains were partially offset by a business closeout that reduced revenues from autos & transportation and a decline in sales from general consumer goods.

Adjusted for reporting aberrations, taxable sales for all of Tehama County increased 9.3% over the comparison period while the Far North region, as a whole, was up 5.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

1 Stop	Les Schwab Tire Center
Adobe Road Chevron	Liquor & Food
Antelope Liquors	Main Street Chevron
Power Gas	McDonalds
Antelope Valero	More For Less
Arco AM PM Mini Mart	North Valley Distributing
CVS Pharmacy	Pneumatic Conveying & Manufacturing
Exxon Food Mart	Raleys Supermarket
Five Star Gas & Food Mart	Staples
Food Maxx	Taco Bell
Growney Motors	Tesoro West Coast
Buick Pontiac	Tractor Supply Company
Helser Chev Olds	
Cad & Geo	
Home Depot	Walmart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$1,219,155	\$1,268,157
County Pool	149,857	175,651
State Pool	1,223	927
Gross Receipts	\$1,370,234	\$1,444,734
Cty/Cnty Share	(137,023)	(144,473)
Net Receipts	\$1,233,210	\$1,300,261
Less Triple Flip*	\$(308,303)	\$(325,065)

*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.

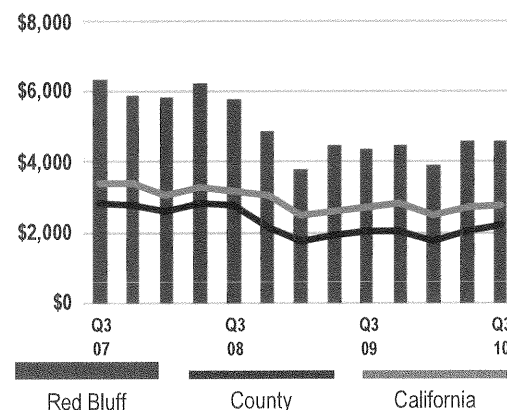
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

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



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q3 '10	Change	Change	Change
Auto Repair Shops	10,895	5.7%	38.4%	3.4%
Automotive Supply Stores	22,295	-13.1%	2.6%	3.7%
Discount Dept Stores	— CONFIDENTIAL —		-3.2%	5.6%
Drug Stores	9,060	1.1%	1.7%	-1.8%
Garden/Agricultural Supplies	18,593	-14.5%	-5.6%	9.3%
Grocery Stores Liquor	36,454	14.4%	16.5%	1.1%
Heavy Industrial	23,380	519.6%	521.2%	13.1%
Lumber/Building Materials	— CONFIDENTIAL —		-1.0%	-4.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-6.4%	-1.7%
Office Supplies/Furniture	— CONFIDENTIAL —		-5.5%	8.9%
Repair Shop/Hand Tool Rentals	6,082	44.1%	1.6%	4.2%
Restaurants Beer And Wine	10,425	2.9%	-1.6%	-0.6%
Restaurants Liquor	21,886	-4.3%	14.9%	5.0%
Restaurants No Alcohol	38,852	20.6%	20.1%	5.3%
Service Stations	182,819	17.3%	21.1%	12.2%
Total All Accounts	\$636,155	5.6%	8.6%	2.7%
County & State Pool Allocation	101,751	41.3%		
Gross Receipts	\$737,905	9.4%		
City/County Share	(73,791)	-9.4%		
Net Receipts	\$664,115	9.4%		