

Q4 2011



City of Red Bluff Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

Red Bluff In Brief

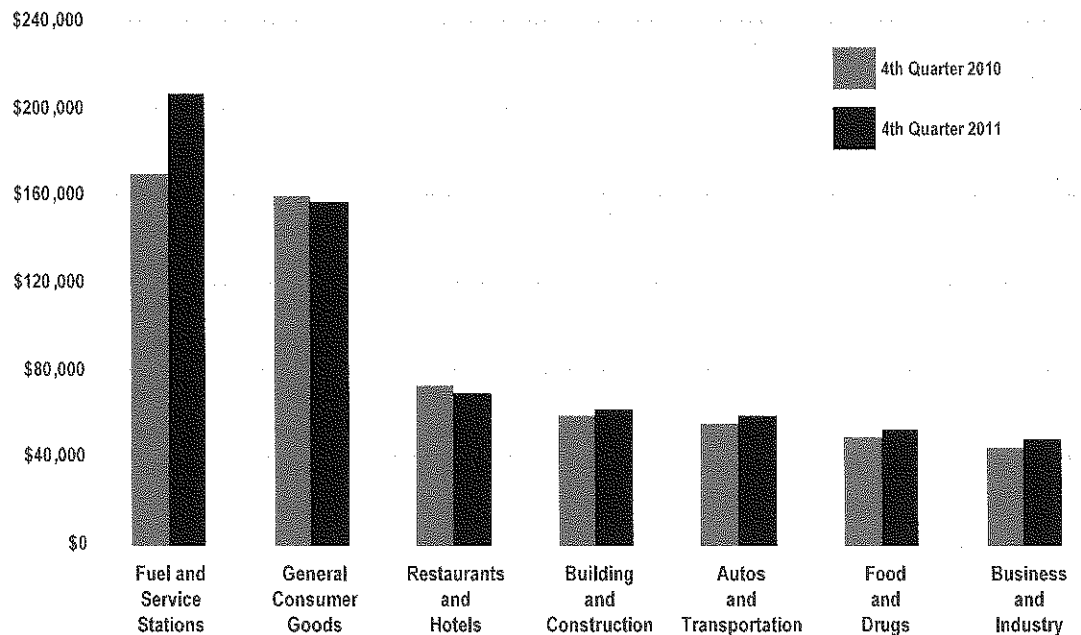
Receipts from Red Bluff's October through December sales were 4.6% higher than the same quarter one year ago.

The majority of increased sales can be attributed to higher fuel prices and a new service station opening. Autos & transportation, building & construction, business & industry, and food & drug groups all experienced a net increase in sales activity.

The gains were partially offset by a decrease in the allocation from the countywide use tax pool. A business closure and various reporting problems reduced receipts from restaurants serving liquor and several general consumer goods categories.

Adjusted for aberrations, taxable sales for all of Tehama County increased 7.0% over the comparable time period, while the Far North region as a whole, was up 6.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

1 Stop	Main Street Chevron
Adobe Road Chevron	McDonalds
Antelope Valero	More for Less
Arco AM PM	Raleys
Circle 7 Days	Red Bluff AM PM
CVS Pharmacy	Red Bluff Shell
Exxon Food Mart	Staples
Food Maxx	Taco Bell
Growney Motors Buick Pontiac	Tesoro West Coast
Home Depot	Tractor Supply Company
Jack in the Box	Walgreens
Les Schwab Tire Center	Walmart
Liquor & Food	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$1,881,900	\$2,043,993
County Pool	258,856	196,995
State Pool	1,013	313
Gross Receipts	\$2,141,769	\$2,241,301
Cty/Cnty Share	(214,177)	(224,130)
Net Receipts	\$1,927,592	\$2,017,171
Less Triple Flip*	\$(481,898)	\$(504,293)

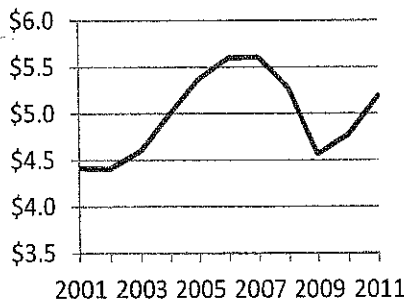
*Reimbursed from county compensation fund.

NOTES

California Overall

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

CA Local Sales Tax Receipts in \$Billions



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

Retailers downsizing ... creating new opportunities and challenges

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

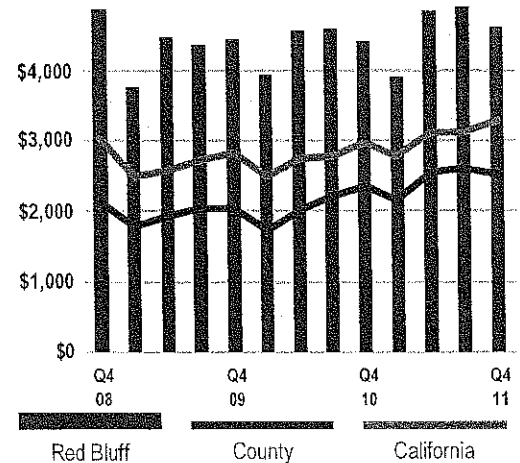
To cut overhead and compete on price, more retailers are going to the "endless aisle" concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

SALES PER CAPITA



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q4 '11	Change	Change	Change
Auto Repair Shops	11,437	-3.3%	-3.1%	6.0%
Automotive Supply Stores	20,835	1.2%	-0.4%	4.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-6.2%	4.1%
Drug Stores	12,159	6.8%	5.4%	8.0%
Electronics/Appliance Stores	9,441	13.1%	9.9%	4.0%
Garden/Agricultural Supplies	24,980	12.0%	3.2%	9.6%
Grocery Stores Liquor	34,138	8.1%	5.9%	-1.2%
Lumber/Building Materials	— CONFIDENTIAL —	—	10.0%	8.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	10.4%	15.5%
Office Supplies/Furniture	— CONFIDENTIAL —	—	2.1%	-5.5%
Restaurants Beer And Wine	8,275	-10.4%	-7.4%	-0.4%
Restaurants Liquor	24,139	-8.2%	-13.1%	9.9%
Restaurants No Alcohol	36,754	0.4%	3.1%	7.3%
Service Stations	200,263	21.3%	2.8%	14.7%
Specialty Stores	6,692	-17.7%	554.9%	2.1%
Total All Accounts	\$657,764	7.2%	8.8%	7.8%
County & State Pool Allocation	71,540	-14.1%		
Gross Receipts	\$729,304	4.6%		
City/County Share	(72,930)	-4.6%		
Net Receipts	\$656,374	4.6%		