

Q1 2010



City of Red Bluff Sales Tax Update

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

Red Bluff In Brief

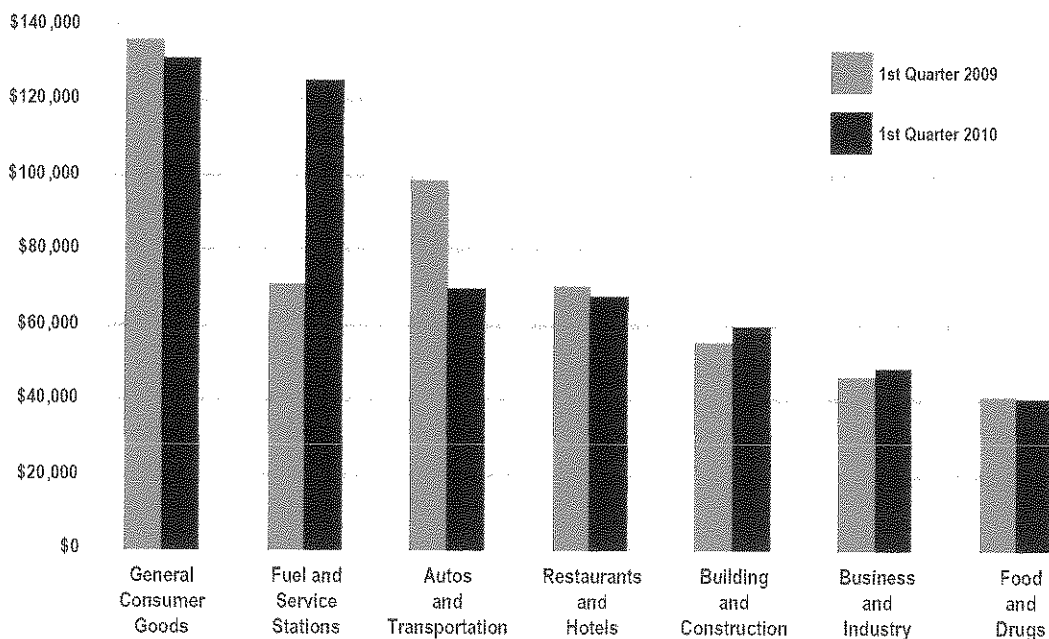
Receipts from January – March sales were 5.0% higher than the same period last year but aberrations skewed results. With anomalies removed, overall receipts dipped 0.9%.

A deduction to correct a prior error depressed returns in the year-ago quarter in the Fuel & Service Station group. Once adjusted for this aberration, fuel-related proceeds increased 11.4%. Retroactive adjustments inflated returns in both lumber/building materials and light/industrial printers. These one-time events accounted for the rise in Building & Construction and business to business sectors.

Business closures were the major contributor to the loss in Autos & Transportation while sales activity dipped in general retail. The gain from new eateries was offset by temporary payment deviations.

Adjusted for reporting aberrations, taxable sales for all of Tehama County including its cities declined 3.0% over the comparable time period while the Far North region as a whole was up 5.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

1 Stop	Les Schwab Tire Center
Adobe Road Chevron	Liquor & Food
Antelope Valero	Main Street Chevron
Big Five Sporting Goods	McDonalds
CVS Pharmacy	More for Less
Exxon Food Mart	Raleys
Food Maxx	Red Bluff Shell
Gas 4 Less	Simplex Manufacturing
Growney Motors	Staples
Buick Pontiac	Taco Bell
Helser Chev Olds Cad & Geo	Tesoro West Coast
Home Depot	Tractor Supply
Lassen Lumber Ace Hardware	Walmart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,857,232	\$2,378,877
County Pool	260,698	271,022
State Pool	1,291	2,109
Gross Receipts	\$3,119,221	\$2,652,008
Cty/Cnty Share	\$(311,922)	\$(265,201)
Net Receipts	\$2,807,299	\$2,386,807
Less Triple Flip*	\$(701,825)	\$(596,702)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1.1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

Projections for a Tepid Recovery Continue

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases.

However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

Local Add-On Sales Tax Measures Approved

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

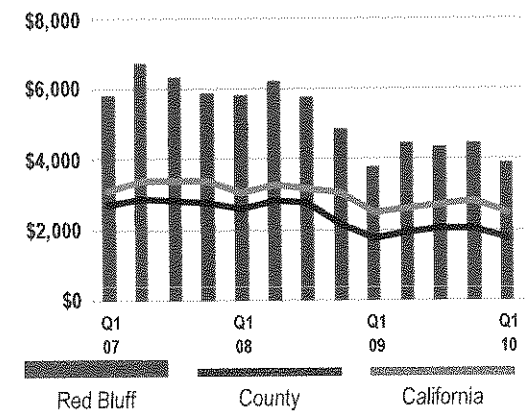
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

SALES PER CAPITA



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q1 '10	Change	Change	Change
Service Stations	\$121,987	17.9%	-3.7%	28.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.8%	4.9%
Lumber/Building Materials	50,312	7.6%	23.9%	1.6%
New Motor Vehicle Dealers	34,337	-35.0%	-14.4%	0.0%
Restaurants No Alcohol	33,600	-5.4%	-10.6%	-3.3%
Grocery Stores Liquor	28,220	7.4%	10.2%	-3.5%
Restaurants Liquor	22,289	16.5%	5.0%	5.0%
Automotive Supply Stores	17,495	-10.4%	-1.5%	3.2%
Farm/Construction Equip.	— CONFIDENTIAL —	—	-11.4%	-7.6%
Restaurants Beer And Wine	11,023	-22.3%	-21.4%	-6.0%
Auto Repair Shops	9,384	1.9%	9.9%	-4.6%
Drug Stores	9,281	8.7%	15.2%	-1.8%
Specialty Stores	8,504	-26.2%	-38.7%	-3.7%
Office Supplies/Furniture	8,413	-3.6%	-5.9%	3.1%
Garden/Agricultural Supplies	6,496	-31.5%	-18.5%	3.6%
Total All Accounts	\$543,783	4.6%	-1.3%	0.8%
County & State Pool Allocation	61,208	8.8%		
Gross Receipts	\$604,991	5.0%		
City/County Share	(60,499)	-5.0%		
Net Receipts	\$544,492	5.0%		