

Q4
2009



City of Rocklin Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Rocklin In Brief

Receipts for sales occurring October through December were 0.2% lower than the same quarter a year ago.

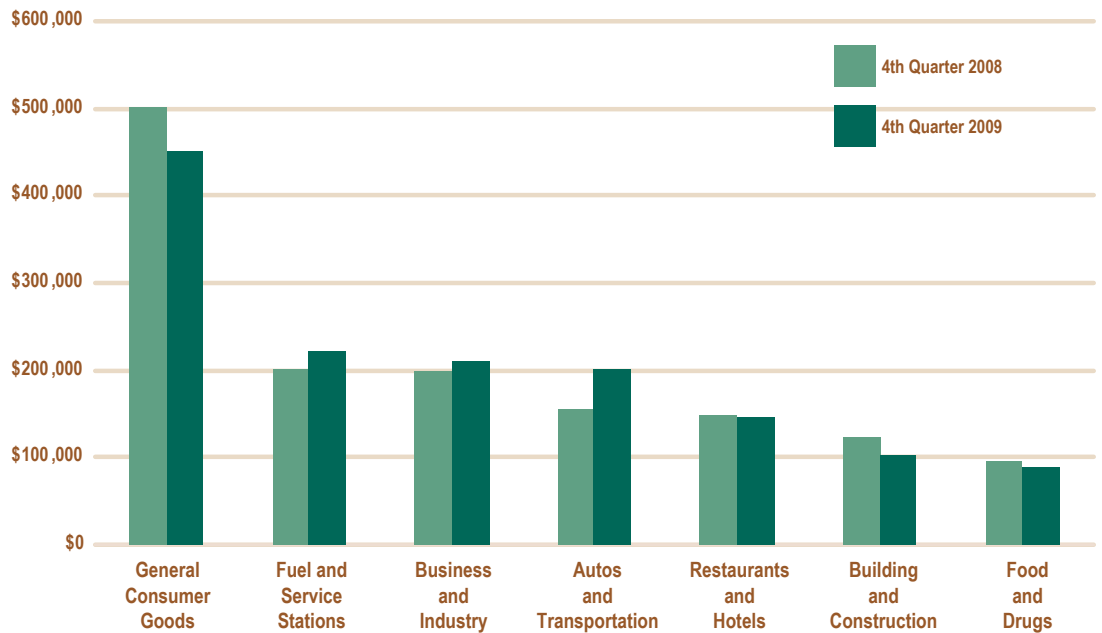
Multiple store closures accounted for the decrease in General Consumer Goods. Sales activity slumped in building and construction related sectors while temporary payment deviations overstated the loss in restaurants with no alcohol.

New and expanded dealerships boosted receipts in the Autos & Transportation group.

Higher prices and a new station boosted returns in service stations but onetime use tax allocations and adjustments distorted results in Business & Industry. Once adjusted for onetime events, the decline in business to business transactions exceeded 7.0%.

Adjusted for reporting aberrations, taxable sales for all of Placer County and its cities declined 2.8% over the comparable time period while the Sacramento region as a whole was down 6.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Niello Porsche
American Furniture Gallery	Porsche Leasing
Arco AM PM Mini Mart	Pottery World
Bel Air Mart	RC Willey Home Furnishings
Chevron	Safeway
CVS Pharmacy	Safeway Gasoline Sales
Dawson Oil	SMA America
Direct Buy	Sportsmans Warehouse
Granite Motorsports	Sunset Park AM PM
Johl Petroleum	Tasq Technology
K Mart	Tri Pacific Supply
Land Rover Rocklin	
Mercedes Benz of Rocklin	
Next Level Systems	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$4,645,915	\$4,031,943
County Pool	474,804	429,963
State Pool	1,909	3,896
Gross Receipts	\$5,122,629	\$4,465,802
Less Triple Flip*	\$(1,280,657)	\$(1,116,451)

*Reimbursed from county compensation fund

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

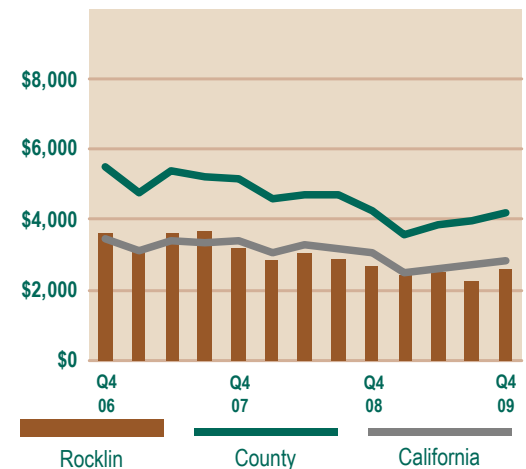
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

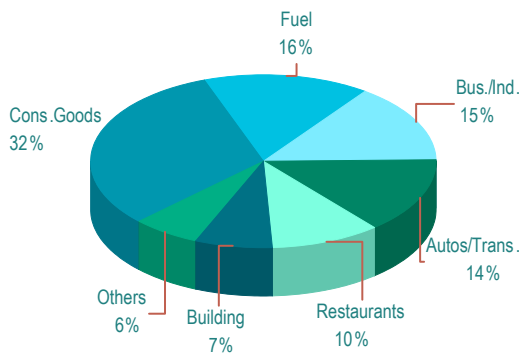
The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Rocklin This Quarter



ROCKLIN TOP 15 BUSINESS TYPES

Business Type	Rocklin		County	HdL State
	Q4 '09*	Change	Change	Change
Home Furnishings	\$216.9	0.6%	-11.1%	-7.2%
Service Stations	181.8	11.1%	5.9%	7.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —		18.0%	1.0%
Restaurants No Alcohol	73.3	-9.3%	-3.9%	-2.3%
Heavy Industrial	55.9	-33.7%	-37.8%	-17.9%
Sporting Goods/Bike Stores	55.1	-15.0%	-7.1%	-1.7%
Grocery Stores Liquor	54.0	-8.0%	-3.2%	2.1%
Contractors	52.5	-12.7%	-43.7%	-23.0%
Specialty Stores	49.6	-12.3%	-0.5%	-6.0%
Electrical Equipment	49.4	192.6%	15.6%	-17.2%
Petroleum Prod/Equipment	39.0	1.1%	11.1%	-23.0%
Restaurants Liquor	35.2	19.7%	-4.1%	0.3%
Light Industrial/Printers	34.7	53.8%	25.6%	-24.3%
Restaurants Beer And Wine	33.1	10.7%	-10.4%	-10.9%
Discount Dept Stores	— CONFIDENTIAL —		4.7%	1.8%
Total All Accounts	\$1,424.1	-0.1%	0.0%	-5.9%
County & State Pool Allocation	139.3	-1.0%		
Gross Receipts	\$1,563.3	-0.2%		<i>*In thousands</i>