

Q3 2010



City of Rocklin Sales Tax Update

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

Rocklin In Brief

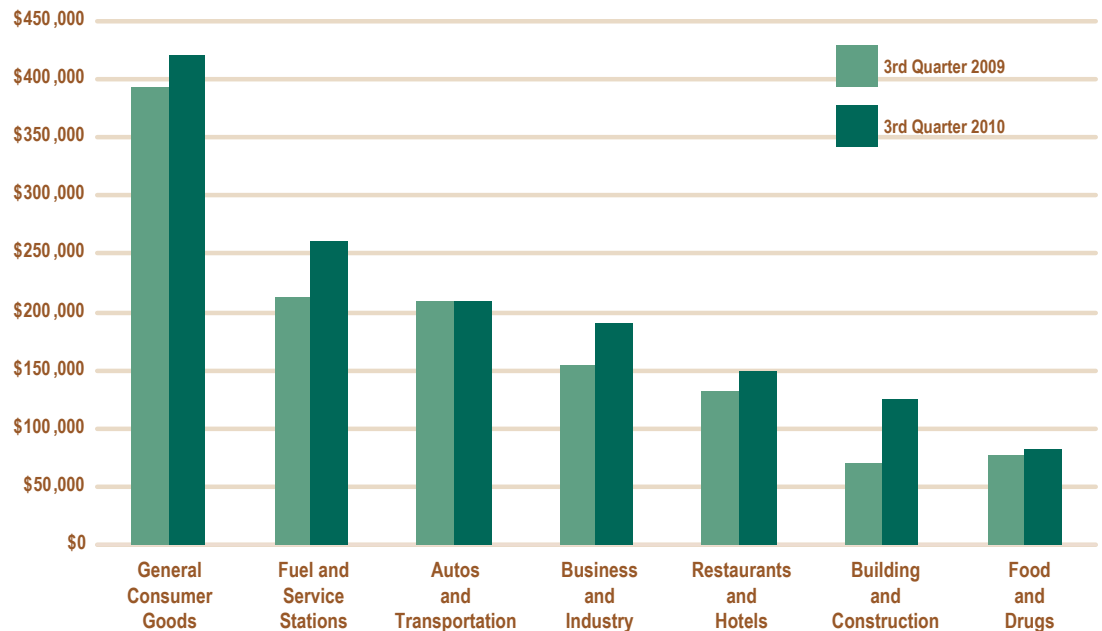
Receipts for sales occurring in the July to September quarter were 13.1% greater than the same period last year but aberrations skewed results. With anomalies removed, actual sales rose 9.6%.

A new sporting goods business added to positive returns in general retail as a whole including electronics and apparel. The rise in fuel-related sectors from higher prices was inflated by several onetime deviations. Similar anomalies overstated positive returns in building materials and solar-related products.

Sales activity increased for utility and technology products/materials while restaurant operations showed gains.

Adjusted for reporting aberrations, taxable sales for all of Placer County, including its cities, gained 1.0% over the comparable time period while the Sacramento region as a whole was up 2.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Pottery World
Arco AM PM Mini Mart	Country Corner
Bel Air Mart	Quik Stop Markets
Camping World	R C Willey Home Furnishings
Chevron	Rocklin Gas
Dawson Oil	Safeway
Direct Buy	Safeway Gasoline Sales
Johl Petroleum	Sierra College Bookstore
K Mart	SMA America
Land Rover Rocklin	Sportsmans Warehouse
Meeks Building Center	Sunset Park AM PM
Mercedes Benz of Rocklin	Tasq Technology
Niello Porsche	Tri Pacific Supply

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,607,855	\$2,857,218
County Pool	292,011	290,836
State Pool	2,590	2,018
Gross Receipts	\$2,902,456	\$3,150,072
Less Triple Flip*	\$(725,614)	\$(787,518)

*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.

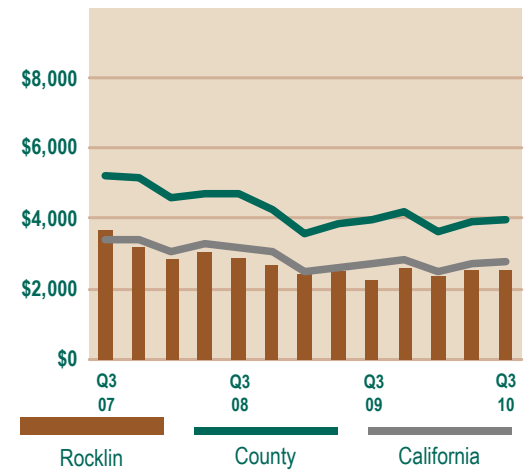
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

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



ROCKLIN TOP 15 BUSINESS TYPES

Business Type	Rocklin		County	HdL State
	Q3 '10*	Change	Change	Change
Service Stations	\$216.0	21.9%	15.5%	12.2%
Home Furnishings	200.5	-2.0%	2.5%	1.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-3.5%	-1.7%
Heavy Industrial	84.1	82.1%	40.4%	13.1%
Restaurants No Alcohol	81.0	18.6%	10.6%	5.1%
Sporting Goods/Bike Stores	67.1	30.4%	0.7%	-0.1%
Contractors	64.6	30.2%	-32.4%	-2.3%
Specialty Stores	46.2	-9.0%	-5.6%	-2.5%
Grocery Stores Liquor	45.3	7.7%	10.6%	1.2%
Petroleum Prod/Equipment	43.9	20.5%	24.3%	12.0%
Restaurants Liquor	33.1	16.8%	12.3%	5.2%
Restaurants Beer And Wine	31.4	0.3%	-4.1%	-0.7%
Automotive Supply Stores	30.8	8.1%	8.0%	3.7%
Lumber/Building Materials	27.4	358.6%	-1.4%	-4.7%
Electrical Equipment	26.0	-0.5%	-58.9%	11.8%
Total All Accounts	\$1,440.4	15.0%	2.7%	2.7%
County & State Pool Allocation	154.6	-1.8%		
Gross Receipts	\$1,595.1	13.1%		<i>*In thousands</i>