

Q2 2009



Contra Costa County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

Contra Costa County In Brief

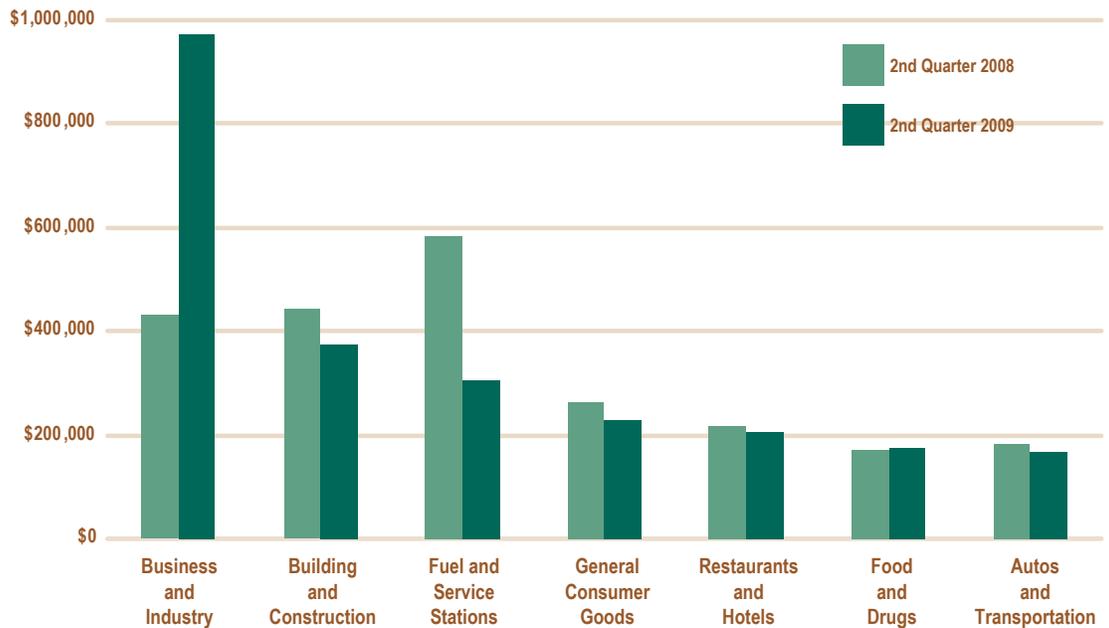
Receipts for the unincorporated area's second quarter sales were 5.0% lower than the same quarter one year ago.

Lower fuel prices reduced revenues from service stations. Reporting problems and a onetime payment that inflated year-ago returns exaggerated the drop in petroleum products/equipment. The unincorporated area experienced a decline in sales from contractor supplies.

The losses were offset by a strong sales quarter for electrical equipment and a onetime payment from light industrial/printers.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County declined 15.8% over the comparable time period while the Bay Area, as a whole, was down 19.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Blackhawk Country Club	Home Depot
Central Concrete Supply	Patterson Dental Supply
Chevron	Rental Service
County Asphalt	S & S Tool & Supply
Dresser Rand Company	Safeway
Fluor Enterprises	Safeway Gasoline
General Electric	Sams Club
General Plumbing Supply	Shell/Texaco
Georgia Pacific Gypsum	Sportmart
Glaser & Associates	Tesoro West Coast
Graybar Electric	Tesoro West Coast
Hertz Equipment Rental	Tower Mart
	Wesco Distribution

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,297,024	\$2,435,138
County Pool	216,254	317,117
State Pool	(597)	2,487
Gross Receipts	\$2,512,681	\$2,754,741
Cty/Cnty Share	1,049,879	631,252
Net Receipts	\$3,562,560	\$3,385,993
Less Triple Flip*	\$(890,640)	\$(846,498)

*Reimbursed from county compensation fund

Statewide Trends

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

The Climb Back Up

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

General Consumer Goods – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

Transportation – Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

Business & Industry – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

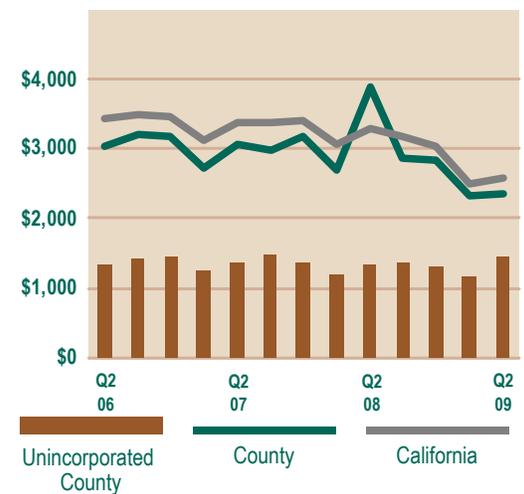
Building & Construction – Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

Fuel & Service Stations – Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

Grocers & Restaurants – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

SALES PER CAPITA



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q2 '09*	Change	Change	Change
Electrical Equipment	\$535.8	660.1%	111.0%	-30.0%
Contractors	291.1	-15.4%	-38.3%	-31.1%
Service Stations	273.2	-35.1%	-32.7%	-36.7%
Light Industrial/Printers	174.9	88.9%	-60.5%	-26.9%
Transportation/Rentals	77.5	116.2%	-83.6%	-16.7%
Grocery Stores Liquor	76.8	13.4%	2.6%	-2.6%
Restaurants Liquor	68.3	1.7%	3.4%	-5.0%
Discount Dept Stores	— CONFIDENTIAL —		-2.8%	-4.6%
Restaurants No Alcohol	61.0	-4.7%	1.8%	2.9%
Repair Shop/Hand Tool Rentals	60.3	-30.6%	-97.0%	-53.5%
Health/Medical	52.2	662.7%	26.0%	6.2%
Grocery Stores Beer/Wine	40.2	-11.7%	-16.3%	-18.6%
Drug Stores	39.6	-3.8%	-4.4%	0.1%
Plumbing/Electrical Supplies	39.5	-2.2%	-0.5%	-28.5%
Clubs/Amusement Places	39.4	-3.0%	-4.7%	4.6%
Total All Accounts	\$2,435.1	6.0%	-39.0%	-21.2%
County & State Pool Allocation	319.6	48.2%		
Gross Receipts	\$2,754.7	9.6%		
City/County Share	631.3	-39.9%		
Net Receipts	\$3,386.0	-5.0%		

*In thousands