

Q3 2008



Contra Costa County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2008)

Contra Costa County In Brief

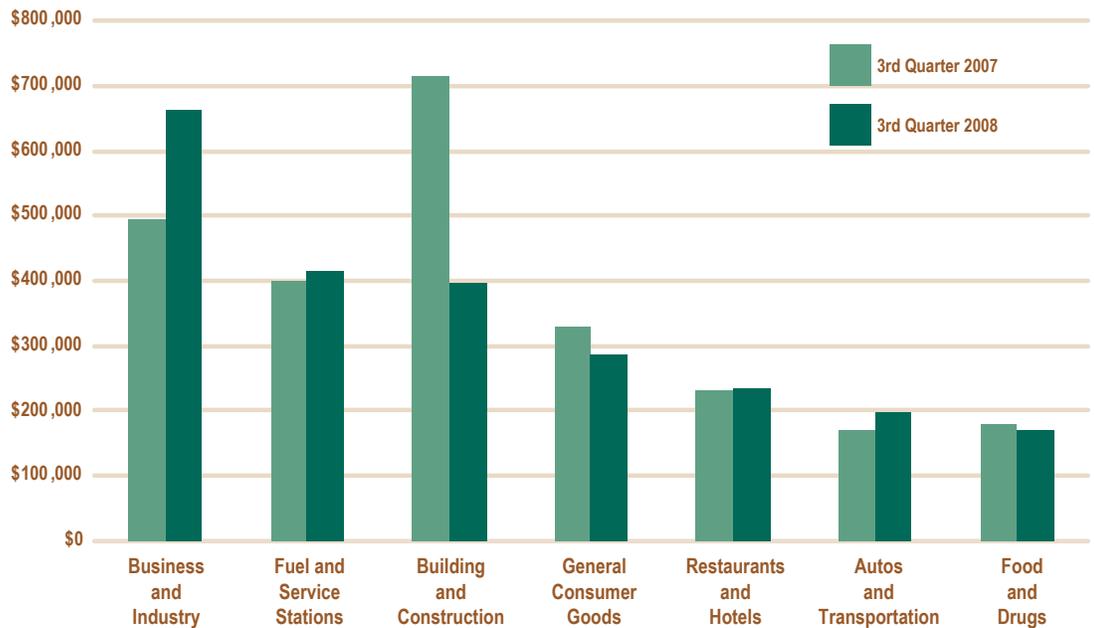
Third quarter receipts from retailers in the county's unincorporated area were 6.2% below the same period one year ago.

Contractor and lumber/building materials groups continued their down-trends consistent with the ongoing slump in new home construction. Electrical equipment sales weakened but a onetime use tax payment that inflated year-ago receipts boosted the overall decline. Petroleum products/equipment sales totals were weak.

Payment aberrations, including onetime use tax receipts and delayed amounts from sales in prior quarters, inflated light industrial/printers and transportation/rentals proceeds. Specialty store, service stations and restaurants with liquor groups posted solid gains.

With payment aberrations excluded, all of Contra Costa County decreased 3.3%; the state was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

5 Star	Home Depot
Alliance Minimart	John Deere
Blackhawk Country Club	Landscapes
Brown Fin Tube	Perpetual Power
Central Concrete Supply	Rotten Robbie
County Asphalt	S & S Tool & Supply
Fluor Enterprises	Safeway
Galva Foam Marine Industries	Safeway Gasoline Sales
General Electric	Sams Club
General Plumbing Supply	Shell/Texaco
Graybar Electric	Sportmart
Hertz Equipment Rental	Syar Industries
	Tesoro West Coast
	Tower Mart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$4,813,786	\$4,654,962
County Pool	669,745	529,351
State Pool	142	1,455
Gross Receipts	\$5,483,673	\$5,185,768
Cty/Cnty Share	1,627,927	1,828,764
Net Receipts	\$7,111,600	\$7,014,533
Less Triple Flip*	\$(1,777,900)	\$(1,753,633)

*Reimbursed from county compensation fund

Current Quarter - Statewide

Third quarter sales and use tax receipts declined 4.1% from the same period of 2007 once accounting aberrations were factored out.

Revenues from new car sales dropped 25.7% compared to July through September of 2007. Receipts from building materials declined 12.4%, business purchases 6.3% and general consumer goods 4.2%. Receipts from grocers, drug stores, and some categories of restaurants continued to post modest gains.

The statewide decrease was partially cushioned by one last quarter of record fuel prices. Tax receipts from petroleum related sales gained 25.3% over the third quarter of 2007 and accounted for 14% of California's total sales and use tax collections.

Continuing Declines Projected

This was the fifth consecutive quarter of decreasing statewide sales and use tax revenues. Given that the depth, length, and solution to this recession remain uncertain, local government budgeting will be the most challenging it has been in decades. Adding to the difficulty will be an expected rash of business closures as the existing glut of too much debt and too many stores and auto dealerships is sorted out.

The current consensus is that drastically lower fuel prices and the weakest holiday spending since the 1980's will make the drop in March's sales tax receipts (October through December sales) the most severe of the cycle to date. Lesser declines are likely for at least two quarters thereafter with overall revenues "bottoming out" at the end of 2009 or first quarter of 2010.

Agencies Will Fare Differently

Each jurisdiction's experience will vary with the specific makeup and character of its local tax base. The timing and benefits of an additional federal stimulus package remains unknown but cannot be expected to produce immediate

or complete recovery. As of January 1, prognostications for key segments of the state's sales tax revenues were:

Consumer Goods – With Californians already debt burdened, loosening of credit is not expected to stimulate spending to previous highs until jobs and retirement investments revive. Further declines are projected for the remainder of 2008/2009 with minimal growth in 2009/2010.

Auto Related - Credit will help but real recovery is not anticipated until 2010/2011. Severe declines are expected to continue through at least the remainder of 2008/2009.

Fuel – Even production cutbacks and Middle East unrest will not bring back last summer's peak prices. A 30% decline is expected in the last two quarters of 2008/2009 with continuing revenue reductions through mid 2009/2010.

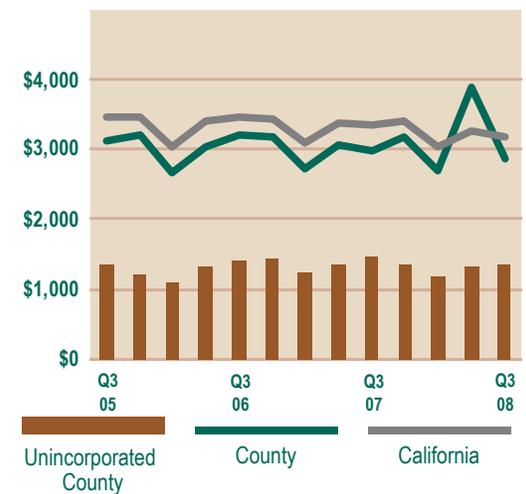
Business Spending - This usually falls and recovers later in the cycle than other segments. Declines of 5% to 10% are expected for some industrial categories during the remainder

of the fiscal year continuing through 2009/2010.

Building/Construction - Public spending is expected to boost specific tax categories by 2009/2010 but fewer housing, industrial and commercial startups make major gains unlikely.

Restaurant/Entertainment - Fast food sales should hold up but cutbacks in revenues from tourism and casual and high end restaurants are expected over the next few quarters.

SALES PER CAPITA



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q3 '08*	Change	Change	Change
Service Stations	\$360.8	5.5%	34.8%	25.6%
Contractors	291.2	-50.5%	-18.5%	-11.8%
Light Industrial/Printers	287.7	302.4%	45.0%	-4.0%
Electrical Equipment	100.8	-24.8%	6.0%	-14.4%
Transportation/Rentals	84.1	376.2%	20.5%	-14.3%
Restaurants Liquor	75.2	11.0%	6.8%	3.7%
Repair Shop/Hand Tool Rentals	72.3	-7.0%	-16.3%	-19.3%
Grocery Stores Liquor	69.2	-2.0%	-0.1%	0.9%
Restaurants No Alcohol	69.1	-3.8%	4.6%	6.7%
Discount Dept Stores	— CONFIDENTIAL —		-1.1%	-0.9%
Garden/Agricultural Supplies	64.7	4.0%	-14.2%	-4.3%
Lumber/Building Materials	55.4	-18.3%	-15.0%	-13.9%
Specialty Stores	47.8	21.3%	-4.3%	-5.9%
Grocery Stores Beer/Wine	45.8	-5.3%	-9.3%	0.6%
Petroleum Prod/Equipment	42.5	-12.4%	32.3%	33.8%
Total All Accounts	\$2,357.9	-6.5%	-2.6%	-4.4%
County & State Pool Allocation	315.1	-11.3%		
Gross Receipts	\$2,673.1	-7.1%		
City/County Share	778.9	-2.8%		
Net Receipts	\$3,452.0	-6.2%		

*In thousands