

Q4 2009



Contra Costa County Sales Tax *Update*

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

Contra Costa County In Brief

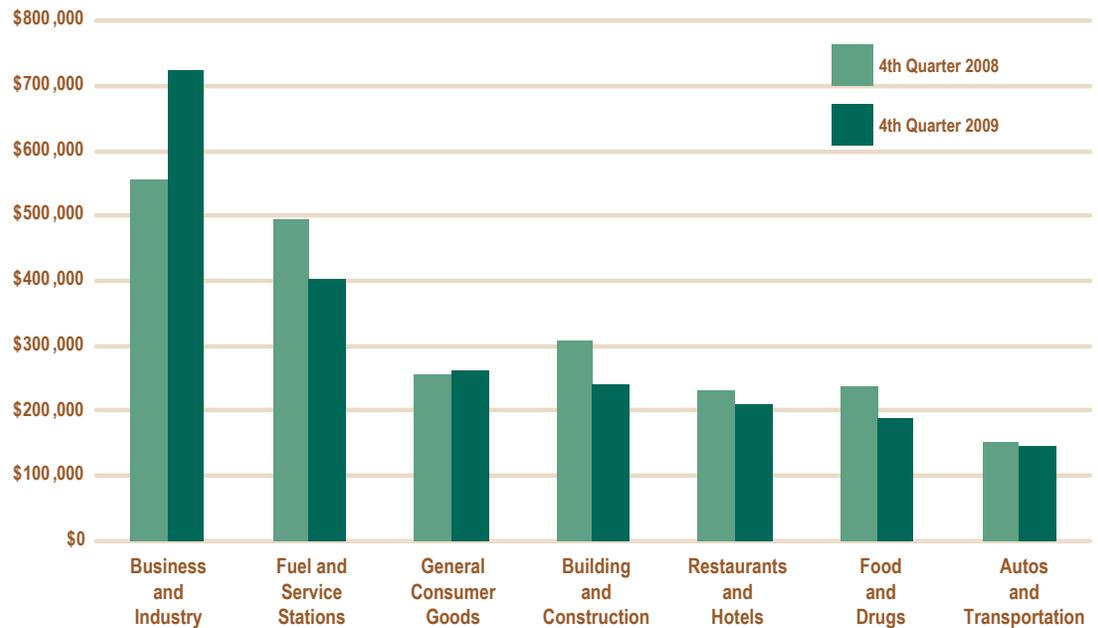
Fourth quarter receipts from retailers in the county's unincorporated area were 4.5% lower than one year ago.

Declines were largely concentrated in the petroleum products & equipment, light industrial/printers and contractor groups; whereas onetime payment adjustments exaggerated grocery store with liquor and restaurant with liquor decreases. Multiple onetime payment adjustments contributed to a reduction in the county-wide use tax allocation pool.

Strong gains in the electrical equipment, transportation/rentals, health/medical and specialty store groups provided a significant boost to overall results. New business additions contributed to specialty store and health/medical increases.

Excluding payment anomalies, all of Contra Costa County slipped 3.2%; statewide sales dropped 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Alamo Hardware	Patterson Dental Supply
Blackhawk Country Club	Rental Service
Central Concrete Supply	Rotten Robbie
Chevron	Safeway
County Asphalt	Safeway Gasoline Sales
Criterion Catalyst	Sams Club
CVS Pharmacy	Shell/Texaco
General Electric	Sportmart
General Plumbing Supply	Tesoro West Coast
Graybar Electric	Tesoro West Coast
Hertz Equipment Rental	Tower Mart
Marx Associates	Walgreens
	Wesco Distribution

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$6,896,552	\$7,105,132
County Pool	855,442	891,455
State Pool	3,091	7,000
Gross Receipts	\$7,755,086	\$8,003,587
Cty/Cnty Share	2,610,431	2,081,771
Net Receipts	\$10,365,517	\$10,085,357
Less Triple Flip*	\$(2,591,379)	\$(2,521,339)

*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.

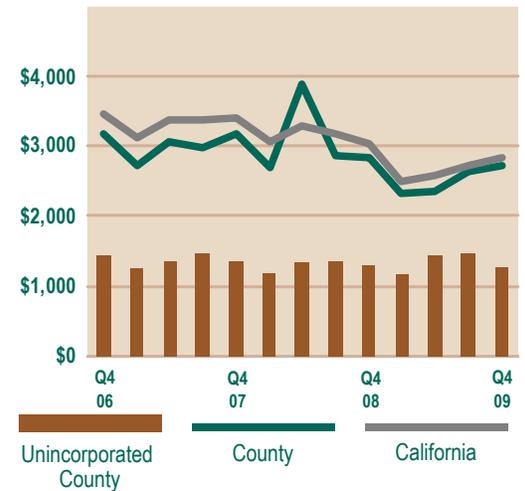
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting 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.

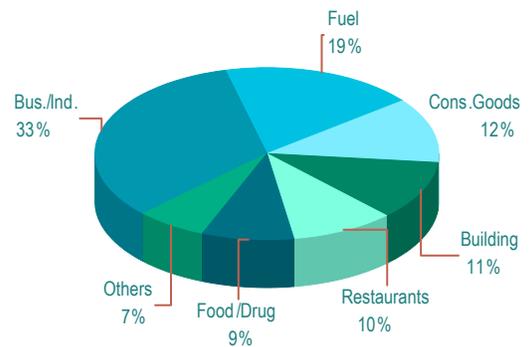
The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Contra Costa County This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q4 '09*	Change	Change	Change
Electrical Equipment	\$438.6	168.1%	-26.9%	-17.5%
Service Stations	307.8	3.8%	11.7%	7.0%
Contractors	164.7	-24.5%	-18.9%	-23.0%
Grocery Stores Liquor	98.3	-25.5%	-2.5%	2.1%
Petroleum Prod/Equipment	82.5	-55.5%	-41.9%	-23.0%
Repair Shop/Hand Tool Rentals	73.5	6.7%	0.4%	-19.1%
Discount Dept Stores	— CONFIDENTIAL —		3.3%	1.8%
Transportation/Rentals	67.3	110.9%	21.0%	-7.1%
Health/Medical	65.2	na	46.1%	-15.4%
Restaurants Liquor	64.9	-18.9%	-6.7%	0.3%
Restaurants No Alcohol	64.3	4.1%	10.4%	-2.3%
Specialty Stores	63.2	25.2%	-3.2%	-6.0%
Clubs/Amusement Places	47.4	-2.9%	3.3%	4.4%
Drug Stores	40.0	-2.5%	-4.4%	-1.0%
Light Industrial/Printers	36.2	-73.8%	-29.4%	-24.3%
Total All Accounts	\$2,175.5	-3.0%	-3.3%	-5.9%
County & State Pool Allocation	281.7	-14.0%		
Gross Receipts	\$2,457.2	-4.4%		
City/County Share	744.2	-4.8%		
Net Receipts	\$3,201.4	-4.5%		

*In thousands