

Q2 2008



Contra Costa County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2008)

Contra Costa County In Brief

Revenues from April to June sales in the unincorporated county area increased 3.8%. A large allocation from the county's 5% share of city sales tax contributed to the gain.

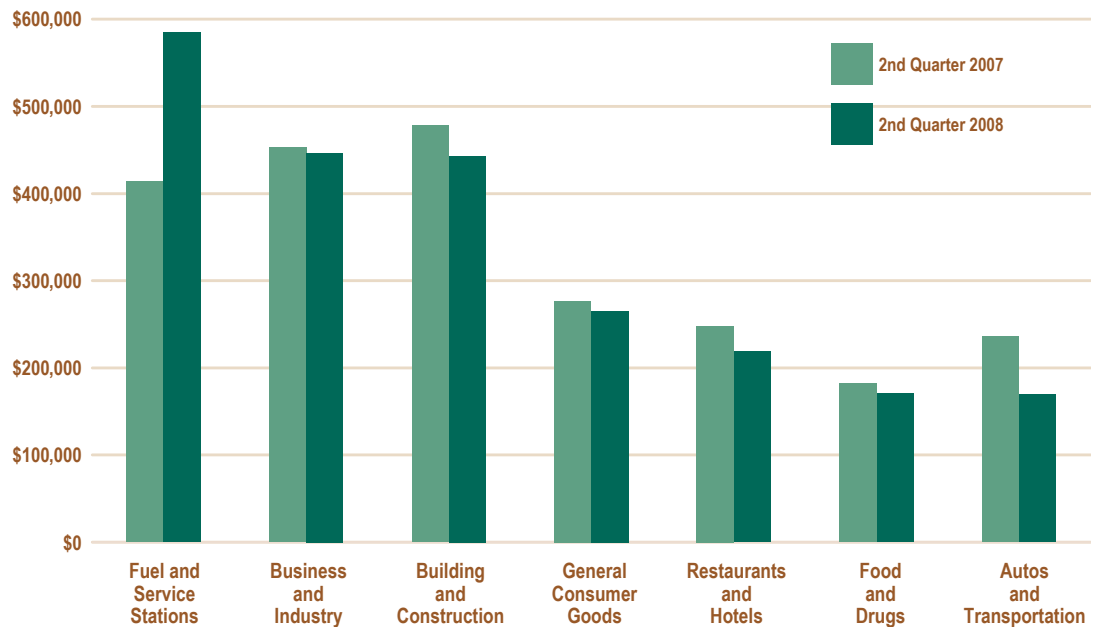
The bump in fuel-related revenue from higher prices was exaggerated by allocation errors and corrections. The real gain was 9.5% once adjusted for these deviations.

A new store in lumber/building materials partially offset the loss in other building & construction groups. Sales activity slowed in several other sectors including electrical equipment, garden/agricultural supplies and trailers/RVs. A business relocation added to the drop in the heavy industry category.

Retroactive adjustments that inflated the year-ago quarter overstated the decrease in restaurants overall.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County and its cities declined 5.3% over the comparable time period while the Bay Area as a whole was down 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Alliance Minimart	Home Depot
Axens North America	John Deere Landscapes
Blackhawk Country Club	Rotten Robbie
Central Concrete Supply	S & S Tool & Supply
Chevron	Safeway
County Asphalt	Safeway Gasoline Sales
Criterion Catalyst	Sams Club
Fluor Enterprises	Shell/Texaco
General Electric	Sportmart
General Plumbing Supply	Tesoro West Coast
Graybar Electric	Tesoro West Coast
Hertz Equipment Rental	Tower Mart
	Wesco Distribution

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$2,291,473	\$2,297,024
County Pool	312,457	216,254
State Pool	2,227	(597)
Gross Receipts	\$2,606,157	\$2,512,681
Cty/Cnty Share	826,267	1,049,879
Net Receipts	\$3,432,424	\$3,562,560
Less Triple Flip*	\$(858,106)	\$(890,640)

*Reimbursed from county compensation fund

Statewide Sales Decline Continues

After adjusting for accounting aberrations, California's taxable sales for April through June declined four percent from the same quarter of 2007.

The losses were felt throughout California although recent store openings in Yolo County and fuel-related purchases in San Francisco, San Mateo and Kern Counties allowed those specific regions to give the appearance of overall gains. Generally, the Sacramento/Stockton, Riverside/San Bernardino and Solano County areas had more severe declines than the rest of the state.

Double digit declines in auto and building-related sales continued to be the primary contributors to the decrease. Another quarter of record increases in fuel prices provided a significant offset to the losses in other business categories.

The spring sales data suggest that consumers are shopping down to lower priced goods and restaurant meals with fewer discretionary purchases. Although consumer electronics reported modest gains, the only other positive categories were discount department stores and value priced family apparel.

The News is Not Getting Better

Local agencies will not see the results of their July through September sales until the end of December. However, preliminary data from various government and trade association surveys indicate that taxable sales will continue to fall.

Auto manufacturers are reporting another quarter of double digit declines and most industry analysts are pushing their predictions for an auto sales recovery out to 2010.

Retailers of apparel and general consumer goods are reporting sluggish fall sales and disappointment in the back to school buying season which failed to live up to expectations raised by the

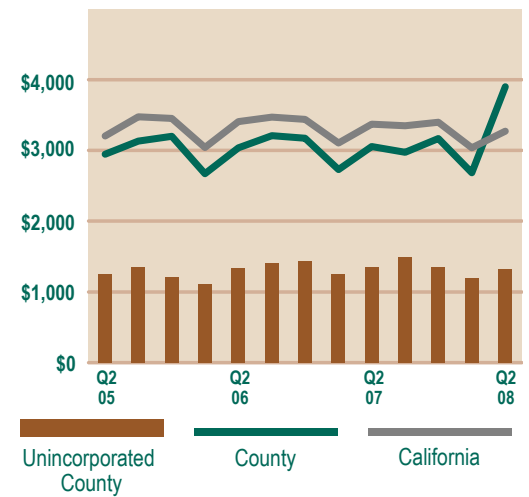
federal tax rebate stimulus. Latest predictions are for the lowest holiday spending since 1991.

Despite the federal credit rescue, liquidations of commercial real estate debt and continued housing oversupply make an immediate recovery in construction activity unlikely. Although institutional and public projects will help, a significant recovery in sales tax from building-related goods and services is not expected until after 2010.

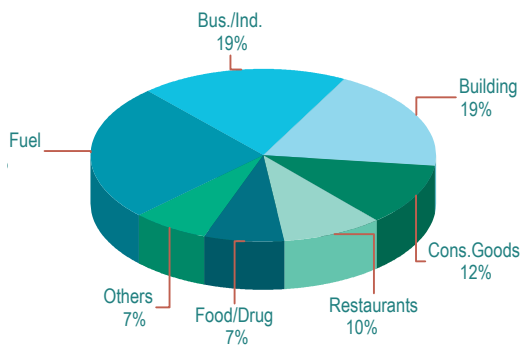
With some of California's biggest overseas markets going into recession, sales tax from business spending on capital equipment, supplies and fuel is also expected to level off. OPEC has cut production quotas to hold prices up against falling demand.

Every agency's sales tax revenues will differ with the makeup of its specific base and some agencies with new projects will be buffered from declines in other areas. However, for the state as a whole, current forecasts are for a downturn that may last through fiscal year 2009/2010.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Contra Costa County This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q2 '08*	Change	Change	Change
Service Stations	\$420.8	8.3%	19.8%	18.3%
Contractors	336.3	-13.1%	-4.4%	-17.1%
Petroleum Prod/Equipment	149.4	880.7%	63.5%	47.2%
Light Industrial/Printers	94.8	23.5%	86.9%	-2.8%
Repair Shop/Hand Tool Rentals	86.9	10.8%	na	56.9%
Electrical Equipment	70.5	-24.0%	-14.3%	8.8%
Discount Dept Stores	— CONFIDENTIAL —		1.0%	3.9%
Grocery Stores Liquor	67.7	-3.5%	-4.4%	2.3%
Restaurants Liquor	67.2	-20.4%	-7.6%	3.4%
Restaurants No Alcohol	64.0	-10.6%	1.1%	-2.6%
Garden/Agricultural Supplies	52.8	-25.3%	-0.9%	-7.0%
Lumber/Building Materials	49.1	94.3%	-12.9%	-17.1%
Specialty Stores	48.3	10.1%	-1.6%	-2.2%
Grocery Stores Beer/Wine	45.5	-9.9%	-4.7%	2.4%
Drug Stores	41.2	-2.4%	0.4%	-0.6%
Total All Accounts	\$2,297.0	0.2%	28.8%	-1.9%
County & State Pool Allocation	215.7	-31.5%		
Gross Receipts	\$2,512.7	-3.6%		
City/County Share	1,049.9	27.1%		
Net Receipts	\$3,562.6	3.8%		

*In thousands