

Q1 2010



Contra Costa County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

Contra Costa County In Brief

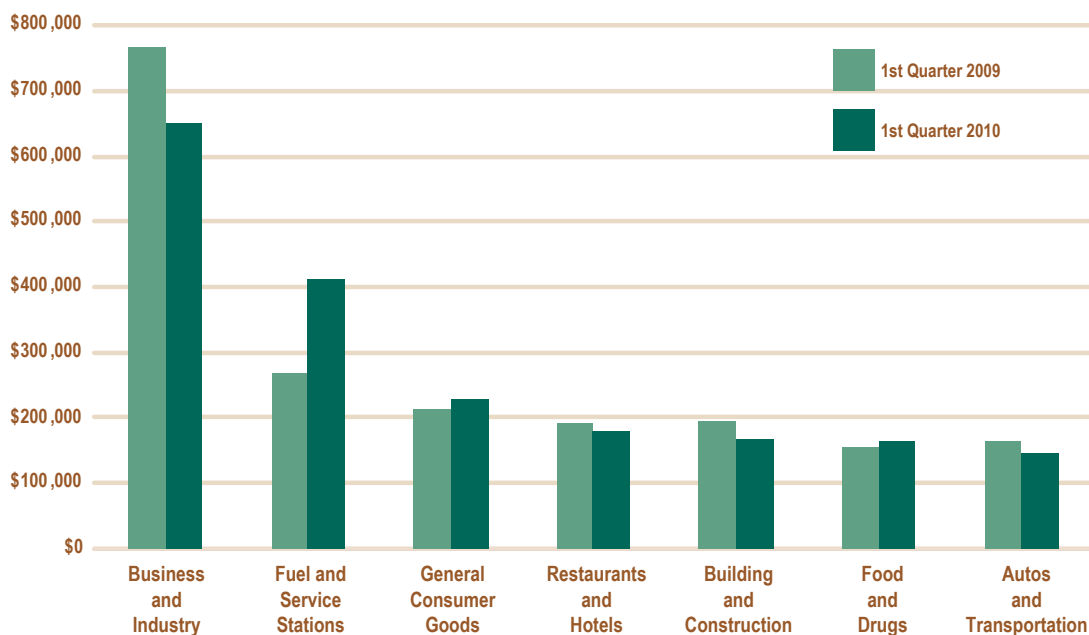
The allocation of sales and use taxes for the unincorporated area's January through March sales was 1.9% less than the same period one year ago, but accounting anomalies skewed the data. Actual sales were down 8.0% after aberrations were factored out.

Receipt of a onetime payment in last year's comparison period, combined with a recent relocation of an order desk to another community were major factors for the decline in business/industry group. The impact of the completion of an energy project on contractor supplies was partially masked by a delayed allocation in the year-ago period. Business closeouts and lower sales hurt postings from the automotive sector.

A recent addition contributed to gains from the health/medical group. Accounting deviations inflated results from petroleum products/equipment and grocery-beer/wine and overstated the impact of higher fuel prices on receipts from service stations. Specialty stores benefited from receipt of funds from ongoing audit activity.

Adjusted for reporting anomalies, taxable sales for all Contra Costa County, including its cities, slipped 2.2% over the same time period. The Bay Area as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Alliance Minimart	Patterson Dental Supply
Central Concrete Supply	Rental Service
Chevron	Roger Hill
County Asphalt	Rotten Robbie
Criterion Catalysts Technologies	Safeway
CVS Pharmacy	Safeway Gasoline Sales
General Electric	Sams Club
General Plumbing Supply	Shell/Texaco
Graybar Electric	Sportmart
Hertz Equipment Rental	Tesoro West Coast
John Deere Landscapes	Tesoro West Coast
Microsoft Licensing	Tower Mart
	Wesco Distribution

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$8,856,605	\$9,057,068
County Pool	1,135,359	1,144,249
State Pool	4,560	8,171
Gross Receipts	\$9,996,524	\$10,209,488
Cty/Cnty Share	3,251,424	2,702,473
Net Receipts	\$13,247,948	\$12,911,961
Less Triple Flip*	\$(3,311,987)	\$(3,227,990)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

Projections for a Tepid Recovery Continue

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

Local Add-On Sales Tax Measures Approved

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

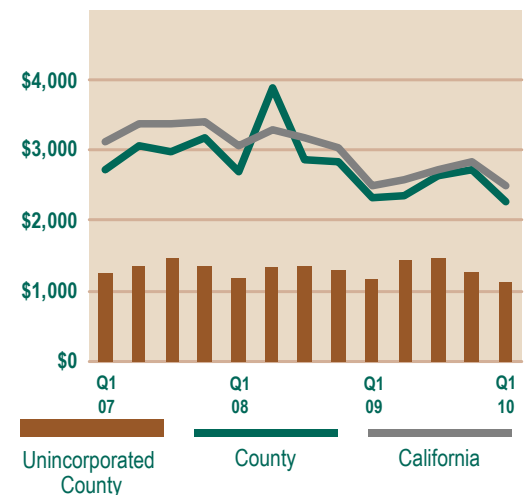
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

SALES PER CAPITA



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q1 '10*	Change	Change	Change
Electrical Equipment	\$364.6	-1.3%	3.9%	1.3%
Service Stations	302.7	37.9%	25.6%	28.0%
Contractors	104.6	-12.8%	-31.6%	-15.1%
Petroleum Prod/Equipment	96.5	157.0%	3.7%	17.3%
Grocery Stores Liquor	67.6	-0.9%	0.4%	-3.5%
Health/Medical	64.3	65.0%	-2.7%	-4.7%
Transportation/Rentals	62.0	-13.4%	-60.2%	-8.1%
Restaurants Liquor	60.7	-3.5%	10.5%	5.1%
Restaurants No Alcohol	58.7	-0.1%	-5.9%	-3.3%
Discount Dept Stores	— CONFIDENTIAL —		5.3%	4.9%
Repair Shop/Hand Tool Rentals	49.1	-4.0%	-11.3%	-6.7%
Specialty Stores	46.9	12.7%	-4.8%	-3.7%
Grocery Stores Beer/Wine	45.2	33.7%	8.3%	1.5%
Drug Stores	35.1	-3.5%	-5.1%	-1.7%
Garden/Agricultural Supplies	34.3	20.7%	6.1%	3.3%
Total All Accounts	\$1,951.9	-0.4%	-1.7%	0.8%
County & State Pool Allocation	254.0	-9.7%		
Gross Receipts	\$2,205.9	-1.6%		
City/County Share	620.7	-3.2%		
Net Receipts	\$2,826.6	-1.9%		

*In thousands