



Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Contra Costa County In Brief

Revenues from April to June sales in the unincorporated county area were 9.4% lower than the same quarter last year but aberrations skewed results. With anomalies removed, actual sales dipped 2.9%.

Multiple temporary adjustments overstated the decline in business to business transactions. Sales activity slowed in the electrical equipment category related to major capital projects. The shift of sales to another location negatively impacted light industrial printers. Nonetheless, landscaping, health/medical and farm products improved.

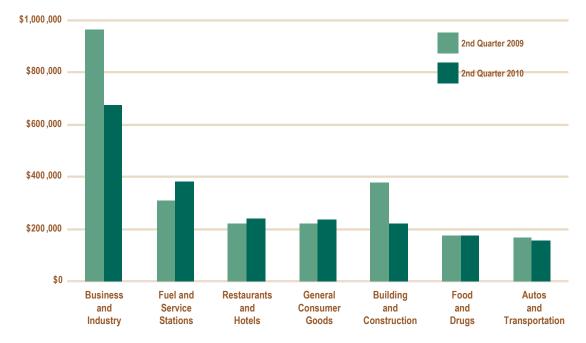
The drop in Building & Construction was exaggerated by a retroactive adjustment that inflated year ago receipts in the contractors group.

Higher prices boosted fuel-related returns while a new eatery contributed to the gain in restaurants overall. Onetime payment deviations overstated the rise in general retail.

The county's share of city sales tax allocations increased due to the gain in local returns.

Adjusted for reporting aberrations. taxable sales for all of Contra Costa County including its cities gained 1.2% over the comparable time period while the nine county Bay Area as a whole was up 6.6%.

SALES TAX BY MAJOR BUSINESS GROUP



Top 25 Producers

In Alphabetical Order

Alamo Hardware Patterson Dental Supply Alliance Minimart Rental Service Blackhawk Country Rotten Robbie Club C & H Sugar Safeway Central Concrete Safeway Gasoline Supply Sales Chevron Sams Club Shell/Texaco County Asphalt **CVS Phamacy** Shields Harper & Co El Sobrante Energy Sportmart General Electric **Tesoro West Coast** General Plumbing **Tower Mart** Supply Wesco Distribution Graybar Electric John Deere

Landscapes

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2009-10	2010-11 \$2,086,344	
Point-of-Sale	\$2,435,138		
County Pool	317,117	292,713	
State Pool	2,487	1,147	
Gross Receipts	\$2,754,741	\$2,380,203	
Cty/Cnty Share	631,252	686,680	
Net Receipts	\$3,385,993	\$3,066,884	
Less Triple Flip*	\$(846,498)	\$(766,721)	
*Paimburged from a		C I	

*Reimbursed from county compensation fund



California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pentup demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

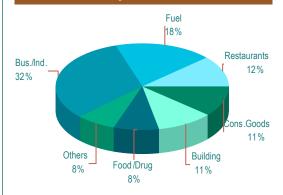
Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at http://www.treasurer.ca.gov/caeatfa/agenda.asp.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Contra Costa County This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

	Unincorporated County		County	HdL State
Business Type	Q2 '10*	Change	Change	Change
Electrical Equipment	\$359.8	-32.9%	-26.0%	25.0%
Service Stations	338.5	22.6%	10.2%	18.2%
Contractors	155.2	-46.7%	-22.0%	-6.2%
Restaurants Liquor	83.6	22.3%	7.8%	6.9%
Grocery Stores Liquor	78.7	2.5%	-0.8%	1.0%
Restaurants No Alcohol	73.4	20.3%	4.2%	4.6%
Medical/Biotech	70.4	34.9%	38.7%	-1.7%
Discount Dept Stores	— CONF	— CONFIDENTIAL —		0.1%
Transportation/Rentals	58.5	-21.6%	-1.6%	-11.8%
Specialty Stores	57.2	60.8%	3.2%	1.2%
Light Industrial/Printers	52.5	-69.7%	7.7%	14.8%
Garden/Agricultural Supplies	48.7	21.8%	6.2%	-0.7%
Clubs/Amusement Places	47.6	-7.5%	-7.5%	-7.8%
Grocery Stores Beer/Wine	40.4	0.6%	1.3%	2.6%
Drug Stores	37.4	-5.7%	-2.7%	-1.2%
Total All Accounts	\$2,086.3	-14.3%	5.7%	7.4%
County & State Pool Allocation	293.9	-8.1%		
Gross Receipts	\$2,380.2	-13.6%		
City/County Share	686.7	8.8%		
Net Receipts	\$3,066.9	-9.4%		*In thousands