

Q3
2010



Contra Costa County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Contra Costa County In Brief

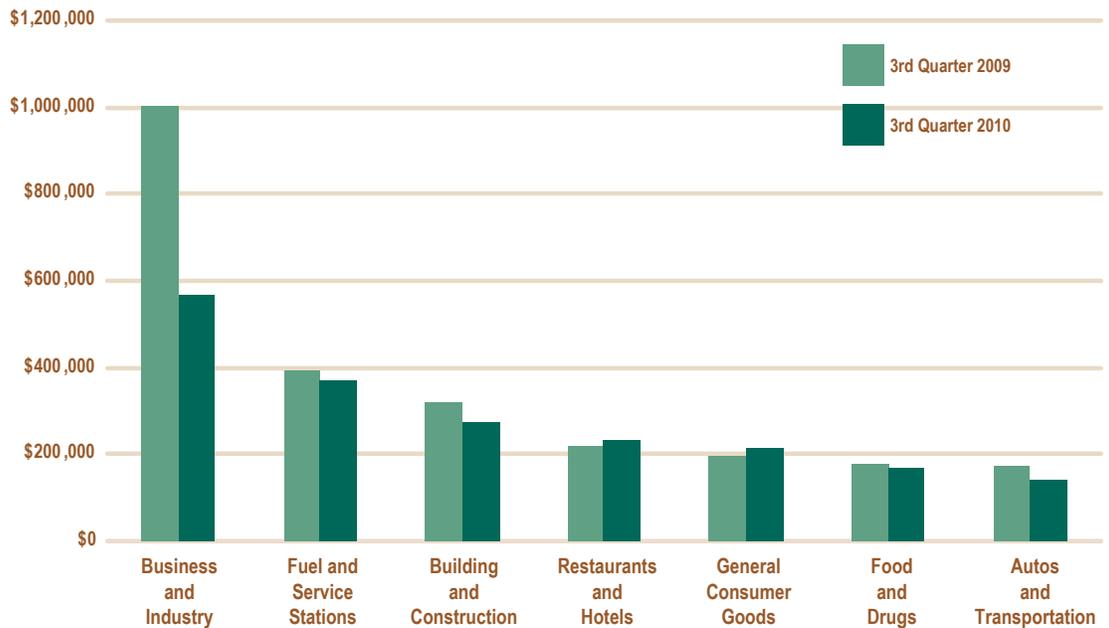
Receipts from the unincorporated area's July through September sales were 14.9% lower than the same quarter one year ago. After factoring out accounting anomalies that skew the comparison, the drop was reduced to 10.9%.

The decrease was primarily due to the completion of a major utilities project that had temporarily inflated revenues from electrical equipment over the last six quarters and a negative accounting adjustment in the transportation/rentals category.

Recent corrections from the county's ongoing point-of-sale audits helped boost receipts from the industrial/printers and agricultural classifications, and recent additions helped some restaurant categories.

Adjusted for accounting aberrations, sales and use tax revenues for all of Contra Costa County including its cities, increased 0.2% over the comparable time period while the nine county bay region as a whole was up 6.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Alamo Hardware	New York Times Sales
Alamo Shell	Ohmstede
Alliance Minimart	Patterson Dental Supply
AMT Metal Fabricators	Rental Service
Blackhawk Country Club	Rotten Robbie
C & H Sugar	Safeway
Central Concrete Supply	Safeway Gasoline Sales
Chevron	Sams Club
Concord Feed & Fuel	Sportmart
County Asphalt	Tesoro West Coast
El Sobrante Energy	Tower Mart
General Electric	Wesco Distribution
	Wilson Industries

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$4,929,672	\$4,063,474
County Pool	611,794	592,771
State Pool	4,948	2,959
Gross Receipts	\$5,546,414	\$4,659,204
Cty/Cnty Share	1,337,588	1,384,293
Net Receipts	\$6,884,002	\$6,043,497
Less Triple Flip*	\$(1,721,001)	\$(1,510,874)

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

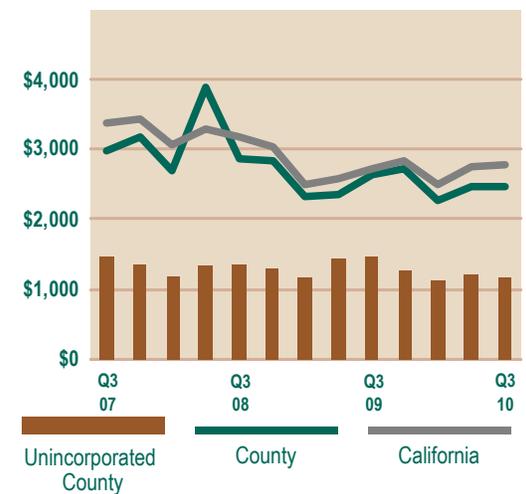
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q3 '10*	Change	Change	Change
Service Stations	\$326.6	3.6%	4.8%	12.1%
Contractors	215.2	-14.0%	-10.3%	-2.2%
Light Industrial/Printers	138.7	60.7%	-4.3%	5.8%
Electrical Equipment	98.2	-83.3%	-64.6%	12.0%
Grocery Stores Liquor	79.5	1.1%	-2.0%	1.2%
Garden/Agricultural Supplies	78.9	99.8%	7.2%	9.6%
Restaurants No Alcohol	76.7	17.9%	0.8%	5.1%
Restaurants Liquor	75.9	11.7%	-2.8%	5.4%
Medical/Biotech	65.9	-1.4%	-50.0%	-6.4%
Discount Dept Stores	— CONFIDENTIAL —		6.3%	5.6%
Transportation/Rentals	54.0	-27.0%	34.5%	0.5%
Repair Shop/Hand Tool Rentals	53.0	-7.7%	-0.2%	4.2%
Clubs/Amusement Places	46.0	-7.0%	-8.3%	1.1%
Specialty Stores	40.7	4.9%	1.5%	-2.2%
Grocery Stores Beer/Wine	39.3	-8.7%	3.9%	1.4%
Total All Accounts	\$1,977.1	-20.7%	-5.5%	2.7%
County & State Pool Allocation	301.9	1.6%		
Gross Receipts	\$2,279.0	-18.4%		
City/County Share	697.6	-1.2%		
Net Receipts	\$2,976.6	-14.9%		

*In thousands