



Second Quarter Receipts for First Quarter Sales (Jan-Mar 2009)

Contra Costa County In Brief

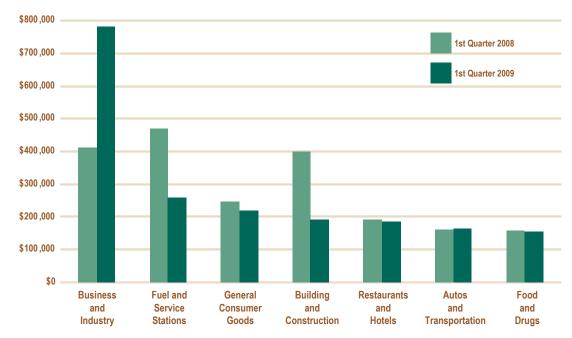
The county's allocation of sales and use tax revenues from the unincorporated area's January to March sales was 6.6% lower than the same quarter last year.

Temporary onetime events overstated the drop in fuel-related revenues that resulted from lower prices and consumption. The adverse economic climate negatively impacted general consumer and restaurant sectors.

The completion of an energy project and an allocation error contributed to the decrease in the contractor group. Conversely, receipts from other utility-related projects bumped up returns in electrical equipment. A new business boosted the health/medical classification while a change in reporting accounted for the gain in transportation/rentals.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County and its cities declined 11.8% over the comparable time period while the Bay area as a whole was down 16.1%.

SALES TAX BY MAJOR BUSINESS GROUP



Top 25 Producers

In Alphabetical Order

Patterson Office Supply

Alliance Minimart Rental Service Central Concrete Round Hill Country Supply Club Chevron S & S Tool & Supply County Asphalt Safeway Fluor Enterprises Safeway Gasoline General Electric Sales General Plumbing Sams Club Supply Shell/Texaco Graybar Electric Sportmart Home Depot **Tesoro West Coast** Longs **Tesoro West Coast** Marx Associates **Tower Mart** Pacific Gas & Electric Walgreens

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

| 2007-08 | 2008-09 | |
|---------------|--|--|
| \$9,159,508 | \$8,856,605 | |
| 1,276,453 | 1,135,359 | |
| 4,675 | 4,560 | |
| \$10,440,636 | \$9,996,524 | |
| 3,230,628 | 3,251,424 | |
| \$13,671,264 | \$13,247,948 | |
| \$(3,417,816) | \$(3,311,987) | |
| | \$9,159,508 1,276,453 4,675 \$10,440,636 3,230,628 \$13,671,264 | |

*Reimbursed from county compensation fund



California Overall

Statewide sales tax revenues continued to trend downward for the seventh consecutive quarter with June's allocations for sales occurring in the January through March period 16.5% lower than the same period one year ago.

The contraction was experienced in all regions with previous holdouts such as the Silicon Valley and some pockets of high end tourism now exhibiting the same percentage decreases as the rest of California. The drop in tax receipts resulted as much from significant price reductions as it did from reduced consumer spending and business investment.

Excluding accounting aberrations, the most severe impact was from a 38.3% decline in fuel and service station receipts reflecting the dramatic retreat from last year's record fuel prices and lower consumption.

The allocations from new car sales dropped another 28.3% from the first quarter of 2008 while revenues from traditional department stores, furniture stores and building materials all exhibited reductions of 20% or more. Sales and use tax revenues are projected to continue to decline through the remainder of 2009 although subsequent reductions should become increasingly moderate. The beginning of a recovery for most regions and categories is not anticipated until mid-2010.

Additional Use Tax Anticipated

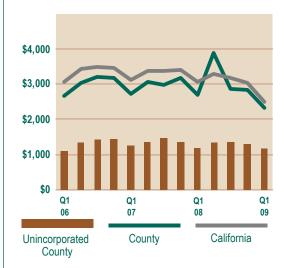
The state's budget package includes provisions for more aggressive collection of unpaid use tax. Sellers without physical nexus in the state are not required to collect sales tax from their California customers. In these cases the buyer is liable for paying a corresponding "use tax."

Although the state does an effective job of auditing larger companies, cost and lack of data make monitoring of taxes paid on purchases by individuals and small companies impractical. The state proposes to partially deal with this problem through two actions. The first is to require non-sellers to register with the Board of Equalization and file annual returns on unpaid use tax. As professional tax preparers are obligated to properly report purchases, the state estimates that the proposal would generate an additional \$57 million per year by 2009-2010.

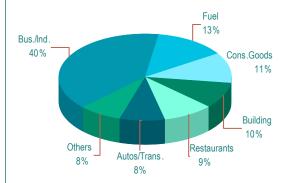
The second action involves a practice enacted by the State of New York that expands the definition of "nexus" to include companies that pay commissions on sales referrals from New York based web sites or affiliates that advertise their products. It is estimated that a similar definition in California could generate up to \$110 million per year. Both actions would also increase city and county collections.

Amazon.com recently lost a court challenge to the New York law and has threatened to drop its affiliates to avoid losing the competitive advantage of not having to collect and pay sales tax.

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 | Q1 '09* | Change | Change | Change |
| Electrical Equipment | \$369.3 | 227.9% | 74.6% | -17.1% |
| Service Stations | 219.3 | -38.2% | -35.9% | -35.2% |
| Contractors | 119.9 | -62.3% | -26.0% | -23.8% |
| Light Industrial/Printers | 96.6 | -7.5% | -10.0% | -24.8% |
| Public Utilities | — CONF | — CONFIDENTIAL — | | 16.0% |
| Transportation/Rentals | 74.7 | 160.3% | 11.5% | -5.6% |
| Grocery Stores Liquor | 68.2 | 8.3% | -2.3% | -1.8% |
| Restaurants Liquor | 62.9 | -4.7% | 1.8% | -2.0% |
| Restaurants No Alcohol | 58.7 | 0.4% | 1.4% | -2.7% |
| Discount Dept Stores | — CONF | IDENTIAL — | -3.1% | -3.3% |
| Repair Shop/Hand Tool Rentals | 51.2 | -24.5% | -15.4% | -12.7% |
| Specialty Stores | 39.9 | -9.6% | -8.4% | -7.8% |
| Health/Medical | 38.2 | 858.3% | 14.3% | 12.2% |
| Drug Stores | 36.4 | -9.5% | -6.2% | -4.5% |
| Grocery Stores Beer/Wine | 33.8 | -16.3% | -22.9% | -18.2% |
| Total All Accounts | \$1,960.1 | -4.8% | -12.7% | -17.6% |
| County & State Pool Allocation | 281.4 | -3.4% | | |
| Gross Receipts | \$2,241.4 | -4.6% | | |
| City/County Share | 641.0 | -13.1% | | |
| Net Receipts | \$2,882.4 | -6.6% | | *In thousands |