

Q1
2010



Pleasant Hill Sales Tax Update

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

Pleasant Hill In Brief

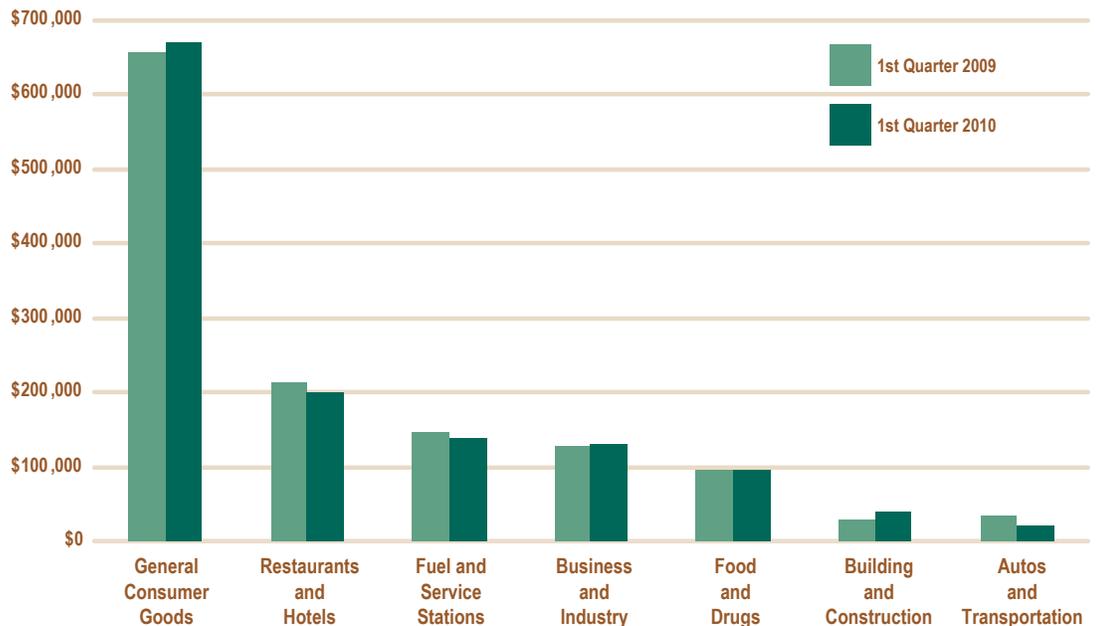
Receipts for Pleasant Hill's January through March sales were 1.7% less than the same quarter of 2009. Actual point-of-sale activity was flat after accounting anomalies were factored out.

Accounting events in the year ago period depressed comparisons for specialty retail and electronics/appliance stores and exaggerated the impact of a recent business closeout on service station returns. Business closures contributed to declines from restaurants-beer/wine and the automotive sector. A processing delay temporarily cut postings from restaurants with no alcohol. A smaller allocation from the countywide use tax pool was also a factor for the overall decline.

Hardware stores and several categories of general consumer goods posted gains. Receipt of double-up payments in the current period inflated receipts from home furnishings, stationery/book stores and the business/industry group. The building/construction group comparison was overstated by last year's correction of a prior reporting error.

Adjusted for aberrations, taxable sales for all of Contra Costa County declined 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

| | |
|-----------------------------|-------------------------|
| AT&T Mobility | Kohls |
| Barnes & Noble | Lamps R Us |
| Bay Counties | Marshalls |
| Pitcock | Michaels |
| Petroleum | Oxbow Carbon & Minerals |
| Bed Bath & Beyond | Pleasant Hill |
| Best Buy | Chevron |
| Book Center Diablo | Ross |
| Valley College | Safeway |
| Buskirk Gas Mart & Car Wash | Staples |
| Expert Auto Care | TJ Maxx |
| Friedman's Appliances | Target |
| Harbor Freight Tools | Toys R Us |
| JC Penney | Verizon Wireless |
| K Mart | |

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

| | 2008-09 | 2009-10 |
|-----------------------|--------------------|--------------------|
| Point-of-Sale | \$6,306,534 | \$5,611,403 |
| County Pool | 808,791 | 710,474 |
| State Pool | 3,243 | 5,010 |
| Gross Receipts | \$7,118,568 | \$6,326,887 |
| Cty/Cnty Share | (177,964) | (158,172) |
| Net Receipts | \$6,940,604 | \$6,168,715 |
| Less Triple Flip* | \$(1,735,151) | \$(1,542,179) |

*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 benefitting 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.

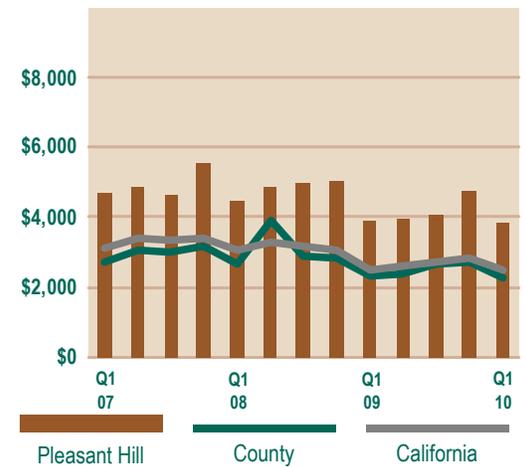
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

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



PLEASANT HILL TOP 15 BUSINESS TYPES

| Business Type | Pleasant Hill | | County | HdL State |
|---|------------------|--------------|--------------|-------------|
| | Q1 '10* | Change | Change | Change |
| Electronics/Appliance Stores | \$218.3 | -2.1% | -4.7% | -6.2% |
| Service Stations | 139.8 | -5.4% | 25.6% | 28.0% |
| Discount Dept Stores | — CONFIDENTIAL — | — | 5.3% | 4.9% |
| Family Apparel | 90.2 | 16.6% | 9.9% | 13.7% |
| Home Furnishings | 84.7 | 14.4% | 1.5% | -1.7% |
| Restaurants Liquor | 71.8 | 2.2% | 10.5% | 5.1% |
| Restaurants No Alcohol | 63.1 | -14.3% | -5.9% | -3.3% |
| Specialty Stores | 60.4 | -4.4% | -4.8% | -3.6% |
| Restaurants Beer And Wine | 59.0 | -4.0% | -6.5% | -6.2% |
| Grocery Stores Liquor | 51.6 | -0.4% | 0.4% | -3.5% |
| Office Supplies/Furniture | 35.5 | 3.7% | -10.6% | 3.1% |
| Stationery/Book Stores | 28.9 | 6.4% | -19.4% | -10.2% |
| Hardware Stores | 26.7 | 21.0% | 5.0% | -2.4% |
| Government/Social Org. | — CONFIDENTIAL — | — | 0.2% | -10.1% |
| Art/Gift/Novelty Stores | 24.5 | -0.3% | -4.8% | -5.0% |
| Total All Accounts | \$1,301.7 | -0.5% | -1.7% | 0.8% |
| County & State Pool Allocation | 169.4 | -9.8% | | |
| Gross Receipts | \$1,471.1 | -1.7% | | |
| City/County Share | (36.8) | 1.7% | | |
| Net Receipts | \$1,434.3 | -1.7% | | |

*In thousands