

Q2 2008



City of Lompoc Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2008)

Lompoc In Brief

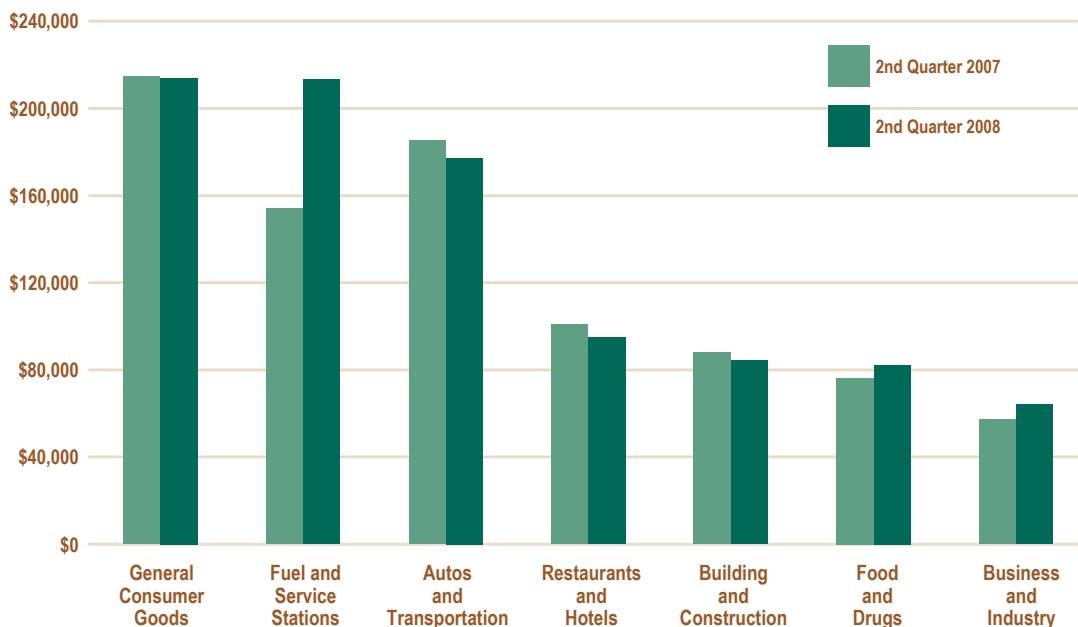
Gross receipts from Lompoc's April through June sales were 4.0% higher than the same quarter one year ago. Actual sales activity was flat after accounting anomalies were factored out.

A strong quarter for new car sales offset losses from last year's dealership closure, but late postings from automotive supply stores and used car dealers trimmed returns from the autos & transportation group as a whole. Grocery stores selling liquor, repair shops, bulk fuel retailers, family apparel outlets and contractor supplies posted gains. Receipt of payments due in prior periods inflated results from service stations and some business and industry group categories; a processing error overstated returns from grocery stores selling beer & wine.

Although down 4.0%, the city's combined building and construction group results were stronger than the statewide average. Payment deviations skewed comparisons for all restaurant categories.

With aberrations excluded, taxable sales for the Central Coast region declined 3.5% over the same period; the state was down 4.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Ross
Anitas Spirit Gas & Mini Mart	Seasmoke Cellars
Bet Plant Services	Stuarts Valero Mart
California Chrysler Dodge Jeep	Sunset Auto Center
Chevron	Tesoro West Coast
Circle K	Toyota of Lompoc
Food 4 Less	Triad Machinery
Home Depot	Valero Corner Store
JB Dewar	Valley Rock Ready Mix
Lompoc Honda	Vons
McDonalds	Vons Gasoline Sales
Mervyns	Wal Mart
Moore Mill & Lumber	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$875,805	\$929,867
County Pool	112,910	99,871
State Pool	846	(244)
Gross Receipts	\$989,561	\$1,029,493
Less Triple Flip*	\$(247,390)	\$(257,373)

*Reimbursed from county compensation fund

Statewide Sales Decline Continues

After adjusting for accounting aberrations, California's taxable sales for April through June declined four percent from the same quarter of 2007.

The losses were felt throughout California although recent store openings in Yolo County and fuel-related purchases in San Francisco, San Mateo and Kern Counties allowed those specific regions to give the appearance of overall gains. Generally, the Sacramento/Stockton, Riverside/San Bernardino and Solano County areas had more severe declines than the rest of the state.

Double digit declines in auto and building-related sales continued to be the primary contributors to the decrease. Another quarter of record increases in fuel prices provided a significant offset to the losses in other business categories.

The spring sales data suggest that consumers are shopping down to lower priced goods and restaurant meals with fewer discretionary purchases. Although consumer electronics reported modest gains, the only other positive categories were discount department stores and value priced family apparel.

The News is Not Getting Better

Local agencies will not see the results of their July through September sales until the end of December. However, preliminary data from various government and trade association surveys indicate that taxable sales will continue to fall.

Auto manufacturers are reporting another quarter of double digit declines and most industry analysts are pushing their predictions for an auto sales recovery out to 2010.

Retailers of apparel and general consumer goods are reporting sluggish fall sales and disappointment in the back to school buying season which failed to live up to expectations raised by the

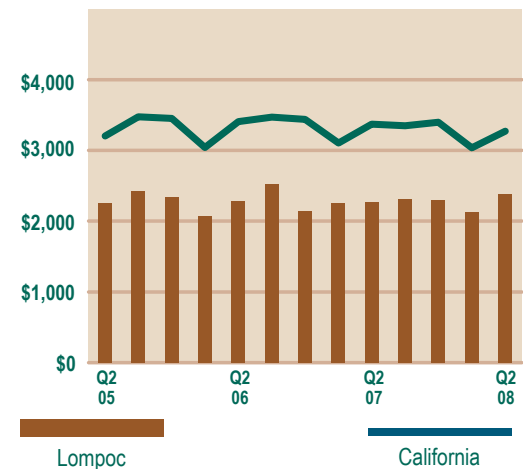
federal tax rebate stimulus. Latest predictions are for the lowest holiday spending since 1991.

Despite the federal credit rescue, liquidations of commercial real estate debt and continued housing oversupply make an immediate recovery in construction activity unlikely. Although institutional and public projects will help, a significant recovery in sales tax from building-related goods and services is not expected until after 2010.

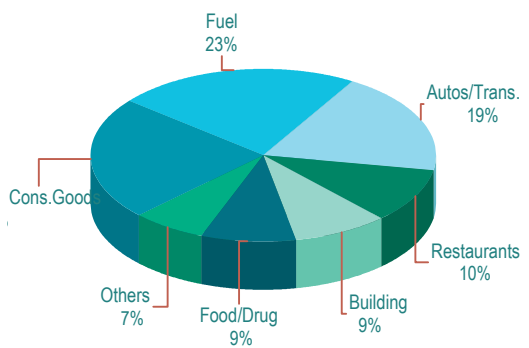
With some of California's biggest overseas markets going into recession, sales tax from business spending on capital equipment, supplies and fuel is also expected to level off. OPEC has cut production quotas to hold prices up against falling demand.

Every agency's sales tax revenues will differ with the makeup of its specific base and some agencies with new projects will be buffered from declines in other areas. However, for the state as a whole, current forecasts are for a downturn that may last through fiscal year 2009/2010.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q2 '08	Change	Change
Service Stations	\$191,349	40.0%	18.3%
New Motor Vehicle Dealers	136,095	1.5%	-18.7%
Discount Dept Stores	— CONFIDENTIAL —	—	3.9%
Lumber/Building Materials	— CONFIDENTIAL —	—	-17.9%
Grocery Stores Liquor	48,662	10.5%	2.4%
Restaurants No Alcohol	44,249	0.3%	-2.5%
Restaurants Beer And Wine	42,010	3.8%	-6.9%
Department Stores	— CONFIDENTIAL —	—	-9.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	47.2%
Family Apparel	15,055	7.4%	4.8%
Wineries	— CONFIDENTIAL —	—	2.8%
Specialty Stores	14,286	-2.6%	-2.2%
Automotive Supply Stores	14,220	-6.1%	-5.6%
Repair Shop/Hand Tool Rentals	13,644	29.6%	56.9%
Grocery Stores Beer/Wine	13,125	13.7%	2.3%
Total All Accounts	\$929,867	6.2%	-1.9%
County & State Pool Allocation	99,626	-12.4%	
Gross Receipts	\$1,029,493	4.0%	