

Q2 2010



City of Lompoc Sales Tax Update

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

Lompoc In Brief

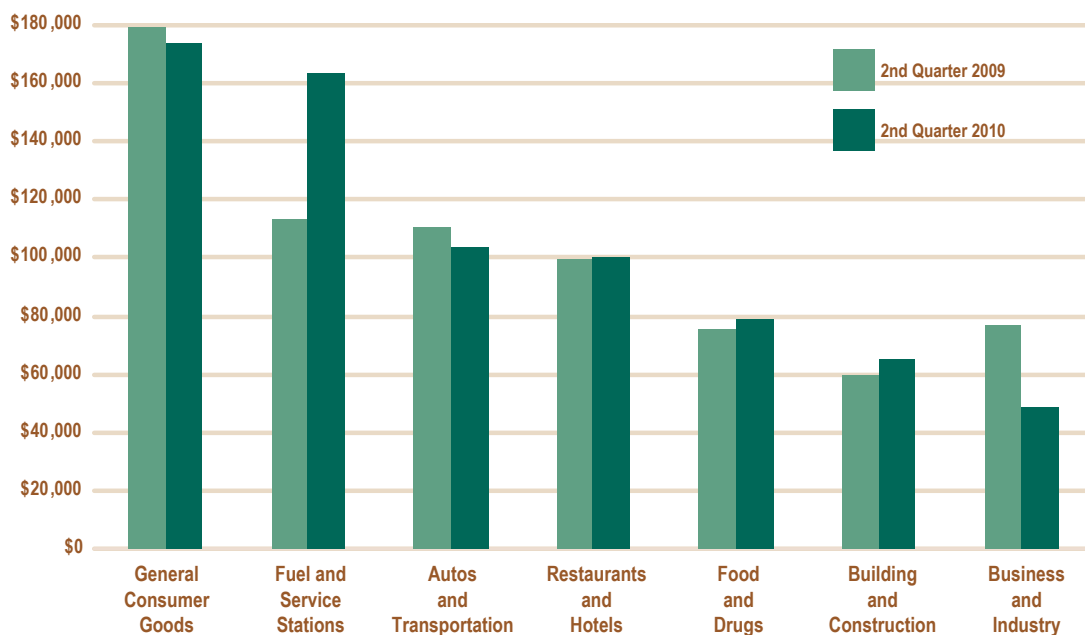
The allocation for Lompoc's April through June sales quarter was 1.5% higher than the same period of 2009. Actual sales slipped 1.1% after aberrations were factored out.

Accounting deviations that affected one or both quarters inflated results from the building/construction group, grocery-beer/wine and repair shop/hand tool rentals and overstated the impact of higher fuel prices; fuel/service station group returns were actually up 27.2%. Recent additions contributed to gains from restaurants with no alcohol and grocery-liquor.

Receipt of a onetime payment that boosted last year's returns was the major factor for the decline from the business/industry group. A prior business closeout pared revenues from the autos/transportation group. Payment deviations depressed comparisons for both auto supply stores and auto repair shops. Several categories of general consumer goods reported lower taxable sales activity.

Adjusted for reporting anomalies, taxable sales for the entire Central Coast region increased 3.6% over the comparable time period; the state as a whole was up 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Ross
Anitas Spirit Gas & Mini Mart	Staples
Big Brand Tire	Stuarts Valero Mart
Chevron	Sunset Auto Center
Circle K	Taco Bell
Food 4 Less	Tesoro West Coast
Home Depot	Toyota of Lompoc
Jack in the Box	Valero Corner Store
JB Dewar	Vons
Lompoc Honda	Vons Gasoline Sales
McDonalds	Wal Mart
Moore Mill & Lumber	Walgreens
Robertson Dental Lab	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$716,260	\$734,305
County Pool	91,868	86,359
State Pool	730	396
Gross Receipts	\$808,858	\$821,060
Less Triple Flip*	\$(202,215)	\$(205,265)

*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. Pent-up 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

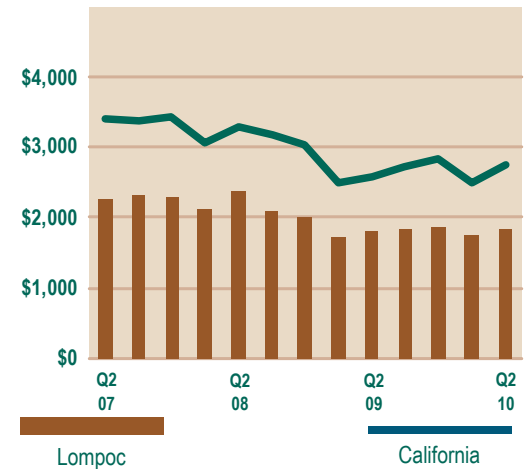
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

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.

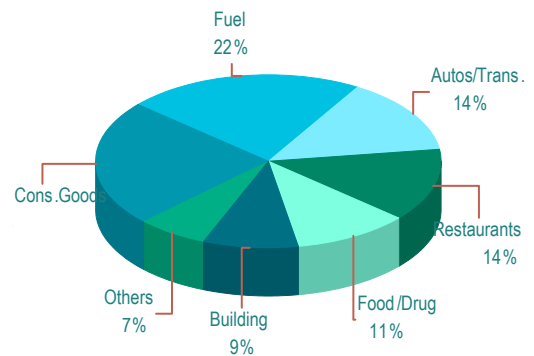
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q2 '10	Change	Change
Service Stations	\$151,857	43.7%	18.2%
Discount Dept Stores	— CONFIDENTIAL —	—	0.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	16.5%
Lumber/Building Materials	— CONFIDENTIAL —	—	2.9%
Restaurants No Alcohol	56,311	5.3%	4.5%
Grocery Stores Liquor	50,341	3.8%	1.0%
Restaurants Beer And Wine	36,275	-3.5%	-2.8%
Family Apparel	17,563	0.9%	10.4%
Automotive Supply Stores	16,949	-4.0%	4.7%
Specialty Stores	13,594	-6.4%	1.3%
Repair Shop/Hand Tool Rentals	12,289	6.3%	1.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	24.9%
Drug Stores	— CONFIDENTIAL —	—	-1.4%
Auto Repair Shops	10,456	-18.9%	1.8%
Grocery Stores Beer/Wine	9,112	39.0%	2.3%
Total All Accounts	\$734,305	2.5%	7.4%
County & State Pool Allocation	86,755	-6.3%	
Gross Receipts	\$821,060	1.5%	