

Q3 2010



City of Lompoc Sales Tax Update

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

Lompoc In Brief

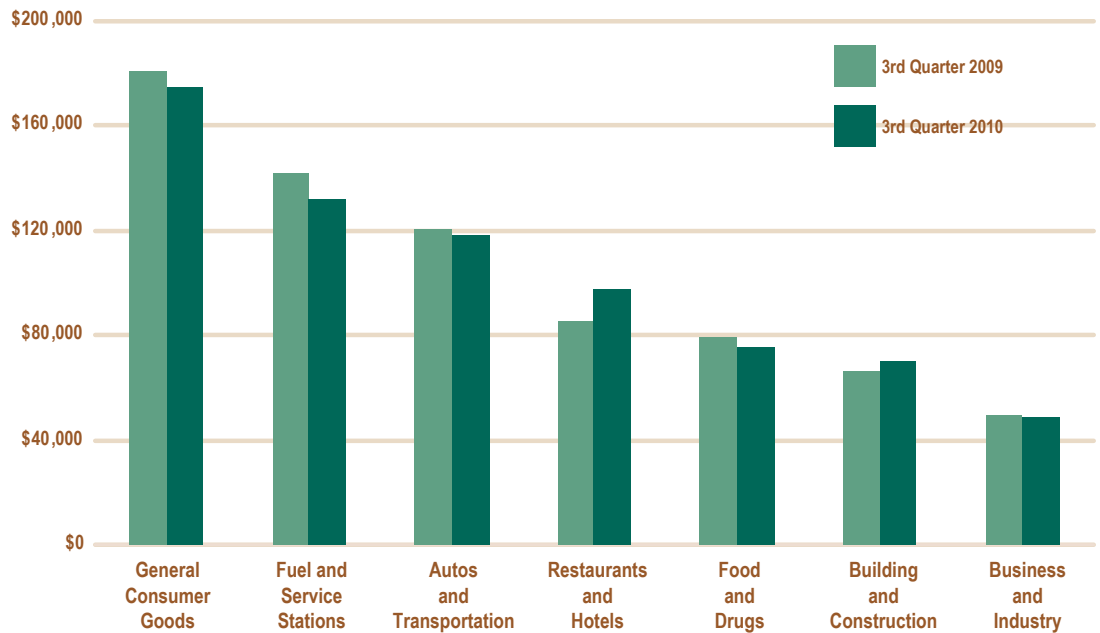
Receipts for Lompoc's July through September sales were 0.6% higher than the same quarter one year ago. However, actual sales activity was down 0.7% when reporting aberrations were factored out.

Receipts from Restaurants & Hotels were inflated by late payments in the comparison quarter. A partial payment in the current quarter was primarily responsible for losses from the Fuel & Service Stations sector. Double payments that temporarily inflated the prior year's allocations from some categories of General Consumer Goods exaggerated the current decrease.

Comparison to last year's 'cash for clunkers' program was a likely factor in the decrease from the Autos & Transportations group. Losses from contractor supplies were offset by strong sales from other categories of the Building & Construction sector.

Adjusted for aberrations, taxable sales for all of Santa Barbara County increased 0.9% over the comparable time period, while the Central Coast region as a whole was up 5.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Advanced Minerals	Ross
Albertsons	Staples
Anitas Spirit Gas & Mini Mart	Stuarts Valero Mart
Big 5	Sunset Auto Center
Bet Plant Services	Taco Bell
Chevron	Tesoro West Coast
Circle K	Toyota of Lompoc
Food 4 Less	Valero Corner Store
Home Depot	Vons
Jack in the Box	Wal Mart
JB Dewar	Walgreens
Lompoc Honda	
McDonalds	
Panda Express	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$1,440,188	\$1,457,778
County Pool	170,947	171,010
State Pool	1,439	1,039
Gross Receipts	\$1,612,573	\$1,629,827
Less Triple Flip*	\$(403,143)	\$(407,457)

*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.

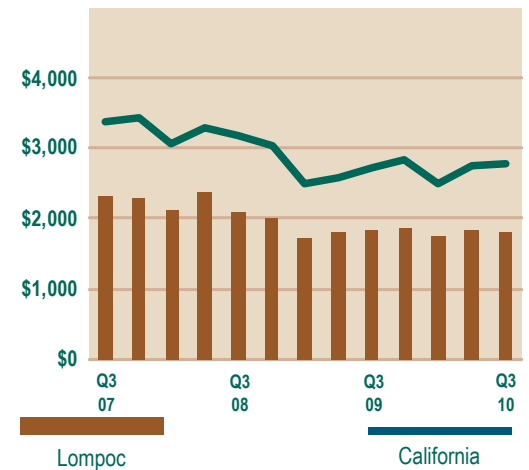
Fuel/Service Stations – Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

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



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q3 '10	Change	Change
Service Stations	\$123,035	-6.8%	12.1%
Discount Dept Stores	— CONFIDENTIAL —	—	5.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-1.7%
Restaurants No Alcohol	56,338	21.5%	5.1%
Lumber/Building Materials	— CONFIDENTIAL —	—	-4.7%
Grocery Stores Liquor	42,209	-5.7%	1.2%
Restaurants Beer And Wine	33,010	4.6%	-0.9%
Automotive Supply Stores	21,811	37.9%	3.7%
Family Apparel	18,629	3.9%	7.8%
Repair Shop/Hand Tool Rentals	12,938	5.6%	4.2%
Grocery Stores Beer/Wine	12,744	-1.7%	1.5%
Specialty Stores	12,164	-10.1%	-2.2%
Auto Repair Shops	11,182	3.7%	3.5%
Drug Stores	— CONFIDENTIAL —	—	-1.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	12.0%
Total All Accounts	\$723,473	-0.1%	2.7%
County & State Pool Allocation	85,294	6.9%	
Gross Receipts	\$808,767	0.6%	