

Q2 2011



City of Lompoc Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Lompoc In Brief

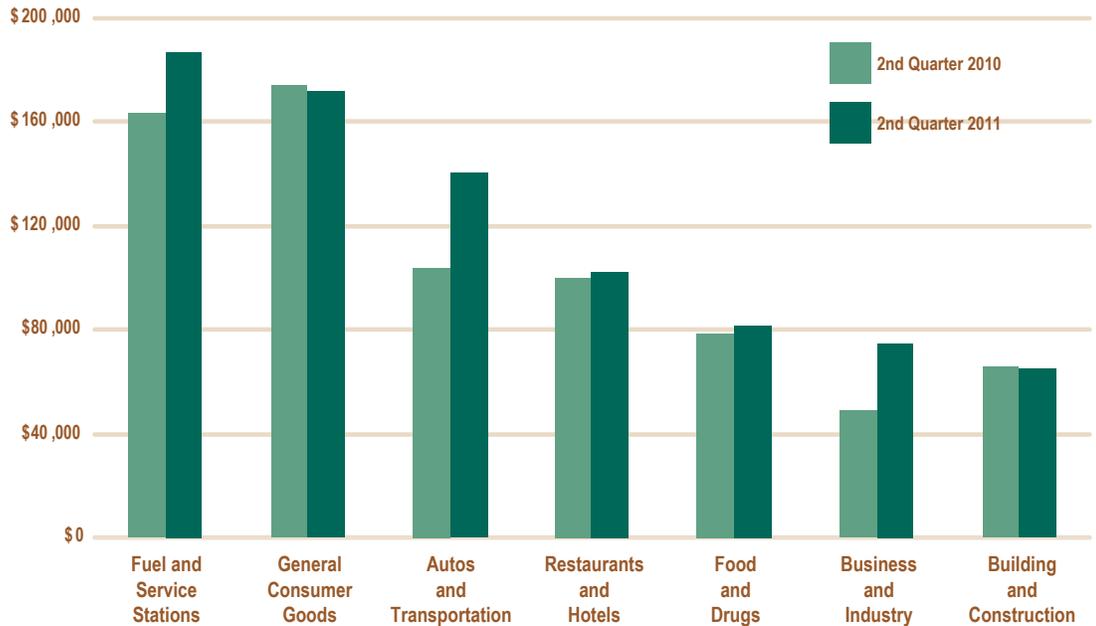
Receipts for Lompoc's April through June sales were 12.2% higher than the same quarter one year ago. Actual sales activity was up 10.7% when reporting aberrations were factored out.

Higher prices at the pump helped boost fuel and service station receipts; however, the actual gain was understated by double payments that inflated last year's quarter. Increases from the autos and transportation and business and industry sectors were inflated by the double-up of previously late payments that lifted the current quarter's receipts.

Restaurants and hotels posted positive results, as strong sales from restaurants without alcohol more than offset losses from restaurants with beer and wine. Similarly, increases from grocery stores with beer, wine, and liquor, offset losses from other categories of food and drugs.

Adjusted for aberrations, taxable sales for all of Santa Barbara County increased 7.9% over the comparable time period, while the Central Coast region as a whole was up 8.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

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

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$734,305	\$822,802
County Pool	86,359	99,128
State Pool	396	(489)
Gross Receipts	\$821,060	\$921,441
Less Triple Flip*	\$(205,265)	\$(230,360)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

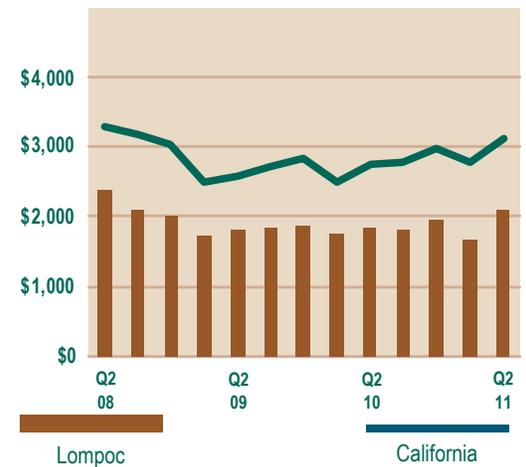
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q2 '11	Change	Change
Automotive Supply Stores	20,141	18.8%	6.5%
Discount Dept Stores	— CONFIDENTIAL —	—	6.4%
Drug Stores	— CONFIDENTIAL —	—	2.6%
Family Apparel	19,567	11.4%	12.6%
Grocery Stores Beer/Wine	12,746	14.0%	2.2%
Grocery Stores Liquor	47,609	1.2%	1.5%
Lumber/Building Materials	— CONFIDENTIAL —	—	1.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	9.8%
Office Supplies/Furniture	26,833	278.1%	43.0%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	43.2%
Repair Shop/Hand Tool Rentals	13,847	12.7%	8.9%
Restaurants Beer And Wine	32,359	-10.8%	-1.3%
Restaurants No Alcohol	60,745	7.9%	3.5%
Service Stations	171,301	12.8%	31.0%
Specialty Stores	12,087	-11.1%	5.4%
Total All Accounts	\$822,802	12.1%	10.1%
County & State Pool Allocation	98,639	13.7%	
Gross Receipts	\$921,441	12.2%	