

Q4 2011



City of Lompoc Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

Lompoc In Brief

Gross receipts for Lompoc's fourth quarter sales were 11.7% higher than the comparable period one year ago. Actual sales increased 12.4% when accounting anomalies were excluded.

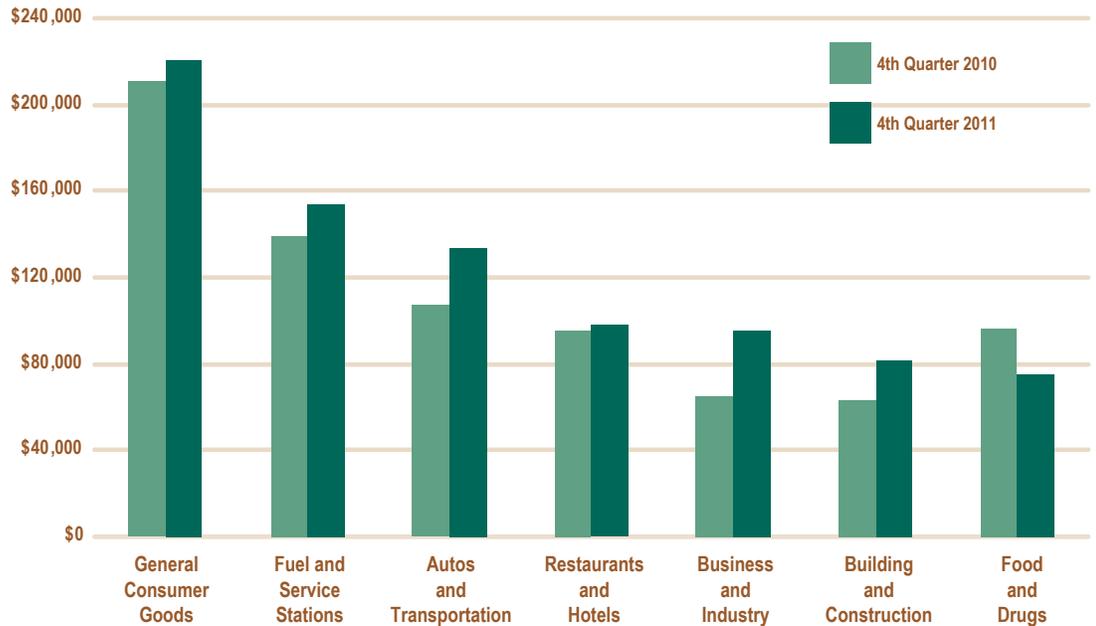
Robust sales lifted postings from both the automotive and business/industry groups. Recently added outlets contributed to gains from consumer electronics and the transportation sector. Payment aberrations inflated results from contractor supplies and restaurants serving beer & wine.

Higher prices at the pump and the larger allocation from the county-wide use tax pool were also factors for the overall increase.

Gains were partially offset by declines from quick service eateries and some categories of general consumer goods. Grocery-liquor results were depressed by accounting anomalies that affected both quarters.

Adjusted for onetime reporting events, sales and use tax receipts for the Central Coast region as a whole rose 8.8% over the same time period; statewide totals were up 7.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Advanced Minerals	Stuarts Valero Mart
Albertsons	Sunset Auto Center
Bet Plant Services	Tesoro West Coast
Chevron	Toyota of Lompoc
Circle K	Valero Corner Store
Home Depot	Valley Rock
JB Dewar	Valley Rock Ready Mix
Lompoc Honda	Vons
McDonalds	Vons Gas
Pacific Coast RV	Wal Mart
Robertson Dental Lab	Walgreens
Ross	
Seasmoke Cellars	
Staples	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

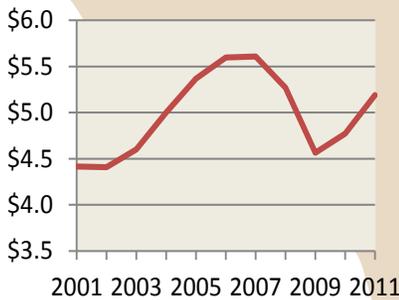
	2010-11	2011-12
Point-of-Sale	\$2,235,576	\$2,478,006
County Pool	268,310	322,531
State Pool	1,146	372
Gross Receipts	\$2,505,032	\$2,800,910
Less Triple Flip*	\$(626,258)	\$(700,228)

*Reimbursed from county compensation fund

California Overall

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

CA Local Sales Tax Receipts in \$Billions



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

Retailers downsizing ... creating new opportunities and challenges

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

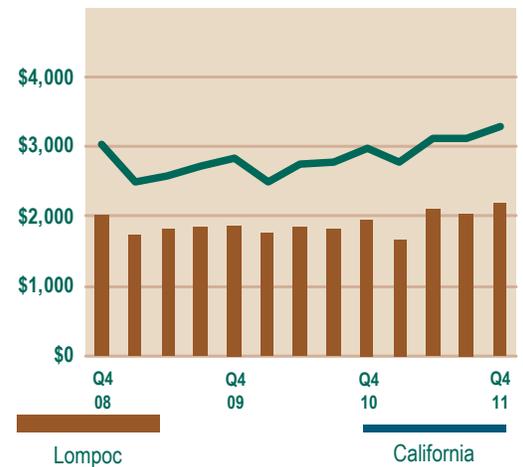
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

SALES PER CAPITA



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q4 '11	Change	Change
Automotive Supply Stores	18,952	7.5%	4.2%
Contractors	16,776	118.6%	17.9%
Discount Dept Stores	— CONFIDENTIAL —	—	4.1%
Drug Stores	— CONFIDENTIAL —	—	8.0%
Electronics/Appliance Stores	14,609	120.4%	4.0%
Family Apparel	25,139	11.5%	10.6%
Grocery Stores Liquor	37,778	-37.2%	-1.2%
Lumber/Building Materials	— CONFIDENTIAL —	—	8.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	15.5%
Repair Shop/Hand Tool Rentals	14,415	6.6%	10.7%
Restaurants Beer And Wine	36,414	17.8%	-0.5%
Restaurants No Alcohol	54,916	-4.2%	7.3%
Service Stations	147,703	12.5%	14.7%
Specialty Stores	14,338	-1.3%	2.1%
Wineries	— CONFIDENTIAL —	—	11.9%
Total All Accounts	\$857,714	10.3%	7.8%
County & State Pool Allocation	119,661	22.8%	
Gross Receipts	\$977,375	11.7%	