

Q1 2013



City of Lompoc Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Lompoc In Brief

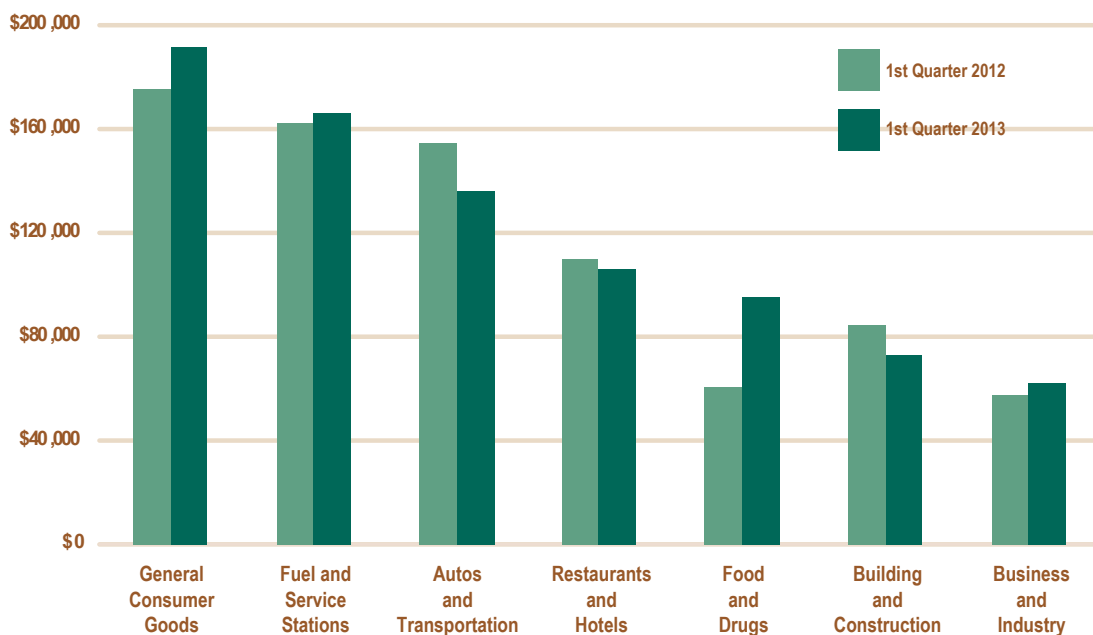
Receipts for Lompoc's January through March sales were 3.7% higher than the same quarter one year ago. Actual sales activity was up 3.9% when reporting aberrations were factored out.

Returns that were incorrectly allocated in the comparison period exaggerated results from grocery stores. Recent additions helped boost revenues from general consumer goods and service stations.

The gains were partially offset by a decline in sales from the autos and transportation sector. Double-up payments that inflated year-ago returns caused the drop in restaurants with liquor.

Adjusted for aberrations, taxable sales for the Central Coast region increased 8.7% over the same time period.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Staples
Advanced Minerals	Stuarts Valero Mart
Albertsons	Sunset Auto Center
Bet Plant Services	Sunshine Gas & Market
Chevron	Tesoro West Coast
Circle K	Toyota of Lompoc
Dollar General	Valero Corner Store
Food 4 Less	Valley Rock Ready Mix
Home Depot	Vons
Lompoc Honda	Vons Gas
Marshalls	Walmart
McDonalds	
Robertson Dental Lab	
Ross	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$3,284,031	\$3,427,063
County Pool	433,891	451,478
State Pool	1,229	1,757
Gross Receipts	\$3,719,151	\$3,880,297
Less Triple Flip*	\$(929,788)	\$(970,074)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

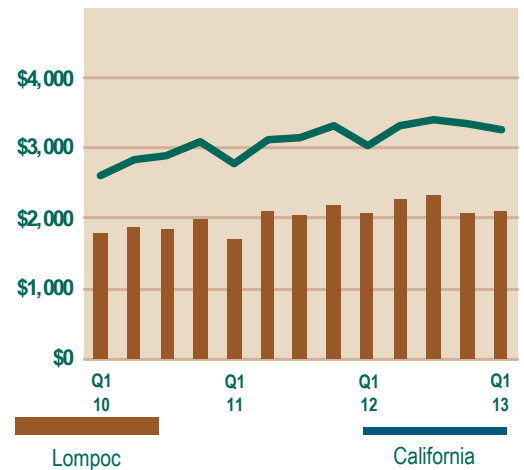
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q1 '13	Change	Change
Automotive Supply Stores	24,196	6.4%	5.0%
Discount Dept Stores	— CONFIDENTIAL —		5.1%
Drug Stores	— CONFIDENTIAL —		2.9%
Electronics/Appliance Stores	15,540	0.1%	-3.3%
Family Apparel	28,905	47.9%	16.2%
Grocery Stores Beer/Wine	14,078	9.7%	0.6%
Grocery Stores Liquor	59,184	112.8%	24.7%
Lumber/Building Materials	— CONFIDENTIAL —		7.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		9.5%
Repair Shop/Equip. Rentals	15,381	19.4%	-0.9%
Restaurants Beer And Wine	34,235	-1.8%	-1.7%
Restaurants No Alcohol	63,292	4.2%	6.0%
Service Stations	165,462	2.3%	-2.2%
Specialty Stores	13,092	8.3%	2.6%
Variety Stores	13,946	98.2%	17.3%
Total All Accounts	\$830,365	3.0%	5.7%
County & State Pool Allocation	121,442	8.2%	
Gross Receipts	\$951,806	3.7%	