

Q2 2013



City of Lompoc Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Lompoc In Brief

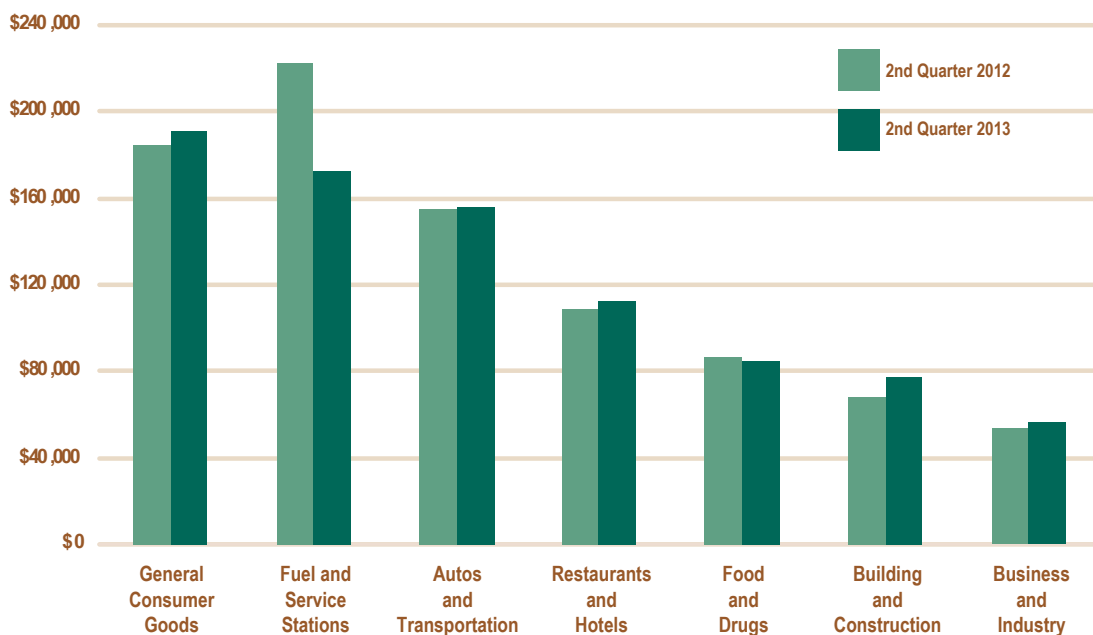
Gross receipts for Lompoc's April through June sales were 2.9% lower than the same quarter one year ago, but accounting anomalies skewed the data. Actual sales increased 2.3% when aberrations were excluded.

Adjustments that inflated last year's postings depressed results from auto supply and the food and drugs group. Similar accounting events overstated losses from restaurants-beer and wine and the fuel and service station group overall.

Recent additions contributed to increases from new car dealers, family apparel, variety stores and quick service restaurants. Payment anomalies exaggerated gains from contractor supplies and the business and industry group, but understated results from grocery-liquor and the building and construction group as a whole.

Net of onetime reporting events, sales and use tax receipts for the Central Coast region increased 7.6% over the same period.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

| | |
|----------------------|------------------------------------|
| 7 Eleven | Rockettown Chrysler Dodge Jeep Ram |
| Advanced Minerals | Ross |
| Albertsons | Stuarts Valero Mart |
| Bet Plant Services | Sunset Auto Center |
| Chevron | Sunshine Gas & Market |
| Circle K | Tesoro West Coast |
| Food 4 Less | Toyota of Lompoc |
| Home Depot | Valero Corner Store |
| Lompoc Honda | Valley Rock Ready Mix |
| Marshalls | Vons |
| McDonalds | Vons Gas |
| Pacific Coast RV | Walmart |
| Robertson Dental Lab | |

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

| | 2012-13 | 2013-14 |
|--------------------------|--------------------|--------------------|
| Point-of-Sale | \$881,512 | \$850,938 |
| County Pool | 109,120 | 110,823 |
| State Pool | 888 | 598 |
| Gross Receipts | \$991,521 | \$962,359 |
| Less Triple Flip* | \$(247,880) | \$(240,590) |

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

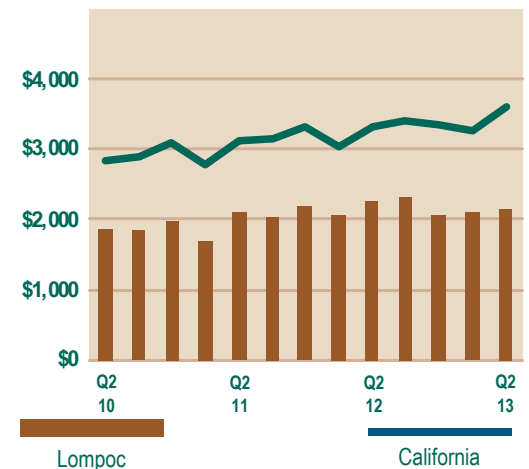
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

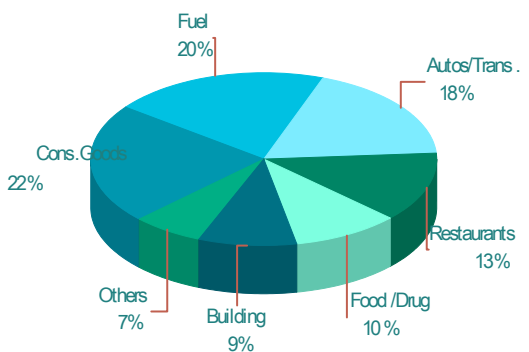
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

| Business Type | Lompoc | | HdL State |
|---|------------------|--------------|-------------|
| | Q2 '13 | Change | Change |
| Automotive Supply Stores | 21,064 | -6.9% | 3.3% |
| Contractors | 17,709 | 56.1% | 5.4% |
| Discount Dept Stores | — CONFIDENTIAL — | — | 2.3% |
| Drug Stores | — CONFIDENTIAL — | — | 0.7% |
| Electronics/Appliance Stores | 16,621 | 15.0% | 4.7% |
| Family Apparel | 31,484 | 50.0% | 4.7% |
| Grocery Stores Beer/Wine | 13,811 | -3.6% | -2.5% |
| Grocery Stores Liquor | 48,357 | 3.4% | 2.6% |
| Lumber/Building Materials | — CONFIDENTIAL — | — | -4.4% |
| New Motor Vehicle Dealers | 105,433 | 2.8% | 11.1% |
| Repair Shop/Equip. Rentals | 12,674 | -0.2% | 8.7% |
| Restaurants Beer And Wine | 33,710 | -5.7% | 0.3% |
| Restaurants No Alcohol | 68,420 | 4.5% | 5.9% |
| Service Stations | 170,924 | -18.5% | -5.7% |
| Specialty Stores | 13,706 | 0.7% | 5.1% |
| Total All Accounts | \$850,938 | -3.5% | 7.0% |
| County & State Pool Allocation | 111,421 | 1.3% | |
| Gross Receipts | \$962,359 | -2.9% | |