

Q4 2014



City of Lompoc Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

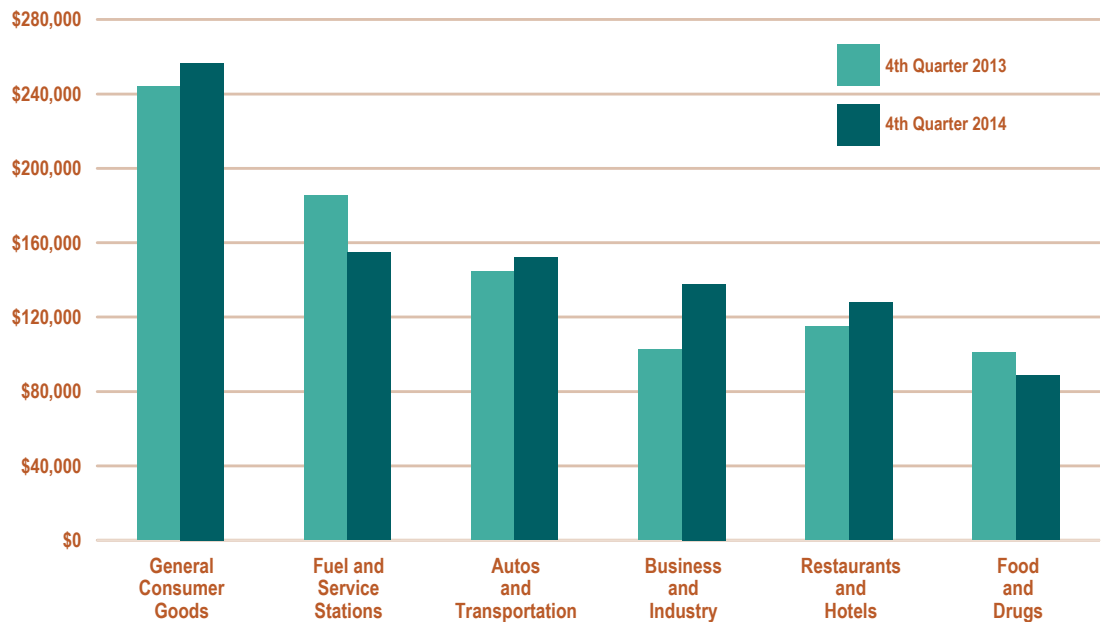
Lompoc In Brief

Lompoc's allocation of sales and use tax revenues from its October through December sales was 4.0% higher than the same quarter one year ago. Actual sales activity was up 4.7% after accounting anomalies that inflated comparisons within the building/construction group while deflating comparison of food/drugs and the city's 6.4% share of the countywide use tax allocation pool were factored out.

The gain in actual sales primarily resulted from a strong quarter for wineries, medical supplies and restaurants. The overall gains were partially offset by declining fuel prices.

The unadjusted allocation of sales and use tax receipts for all of Santa Barbara County was up 3.4% over the comparable time period while the Central Coast region as a whole increased 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Robertson Dental Lab
Circle K	Rockettown Chrysler Dodge Jeep Ram
Conserv Fuel	Ross
Den Mat	Seasmoke Cellars
Food 4 Less	Stuarts Valero Mart
Home Depot	Sunbelt Rentals
JB Dewar	Sunset Auto Center
Lompoc Honda	Tesoro West Coast
Marshalls	Toyota of Lompoc
McDonalds	Valero Corner Store
Pacific Coast RV	Vons
Pommersville Automotive/Sunshine Market Gas	Vons Gas
	Walmart

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$2,735,380	\$2,904,890
County Pool	353,230	399,263
State Pool	1,619	2,498
Gross Receipts	\$3,090,229	\$3,306,652
Less Triple Flip*	\$(772,557)	\$(826,663)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

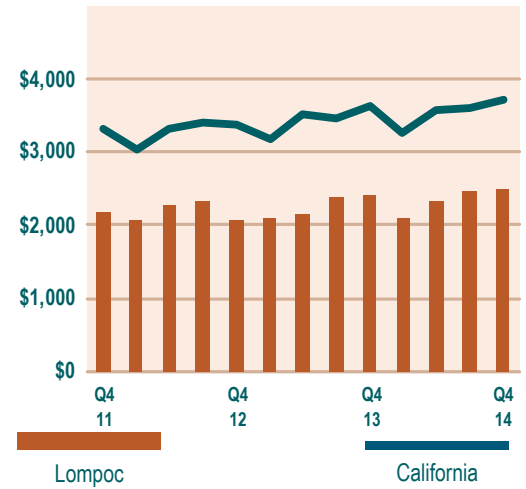
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

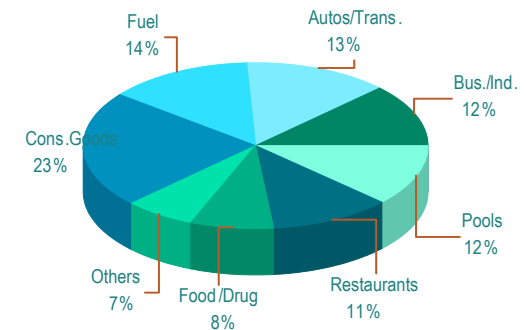
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State	
	Q4 '14	Change		Change
Automotive Supply Stores	20,716	-0.6%		2.1%
Casual Dining	51,572	1.8%		6.1%
Discount Dept Stores	— CONFIDENTIAL —			0.9%
Electronics/Appliance Stores	19,122	1.9%		1.3%
Family Apparel	40,904	3.2%		5.1%
Grocery Stores Liquor	52,297	-16.1%		3.5%
Lumber/Building Materials	— CONFIDENTIAL —			-0.7%
Medical/Biotech	42,236	133.1%		-3.1%
New Motor Vehicle Dealers	102,206	1.8%		7.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —			-9.9%
Quick-Service Restaurants	65,542	13.8%		7.5%
Repair Shop/Equip. Rentals	13,352	-8.4%		-4.2%
Service Stations	142,240	-7.5%		-10.5%
Variety Stores	13,853	13.2%		3.2%
Wineries	— CONFIDENTIAL —			7.3%
Total All Accounts	\$992,637	4.5%		3.8%
County & State Pool Allocation	\$136,213	0.4%	-0.1%	4.7%
Gross Receipts	\$1,128,851	4.0%	-0.1%	3.9%