

Q4 2009



City of Lompoc Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Lompoc In Brief

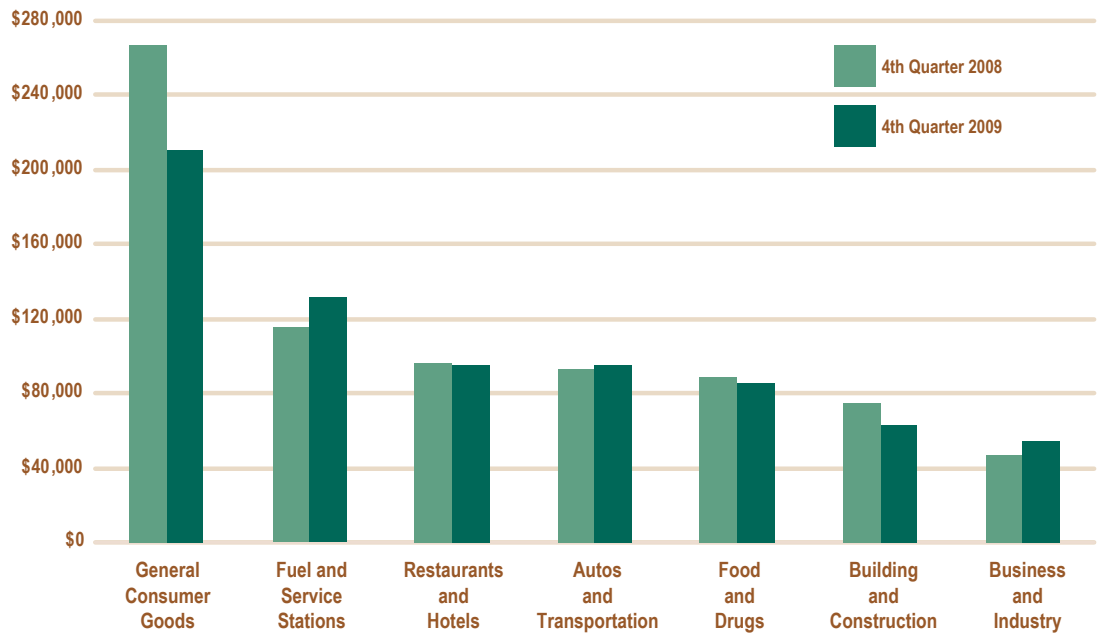
Receipts for Lompoc's October through December sales were 5.7% lower than the same quarter one year ago. Actual sales activity was down 5.9% when reporting aberrations were factored out.

The city experienced a decline in sales from specialty stores, grocery stores with liquor and some categories of the Building & Construction and Business & Industry sectors. A previous business closure reduced receipts from variety stores. Double-up payments that inflated year ago receipts exaggerated the decreases from sporting goods/bike stores and restaurants with beer/wine.

The losses were partially offset by a strong sales quarter from new autos, family apparel, and wineries. Receipts from service stations were inflated by onetime reporting aberrations.

Adjusted for aberrations, taxable sales for all of Santa Barbara County declined 6.7% over the comparable time period, while the Central Coast region as a whole was down 6.0%

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Staples
Bet Plant Services	Stuarts Valero Mart
Chevron	Sunset Auto Center
Circle K	Taco Bell
CVS Pharmacy	Tesoro West Coast
Food 4 Less	Toyota of Lompoc
Home Depot	Valero Corner Store
JB Dewar	Vons
Lompoc Honda	Vons Gasoline Sales
McDonalds	Wal Mart
Michaels	Walgreens
Ross	
Sears Hometown	
Seasmoke Cellars	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,534,748	\$2,175,002
County Pool	285,219	260,854
State Pool	1,016	2,128
Gross Receipts	\$2,820,983	\$2,437,984
Less Triple Flip*	\$(705,246)	\$(609,496)

*Reimbursed from county compensation fund

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

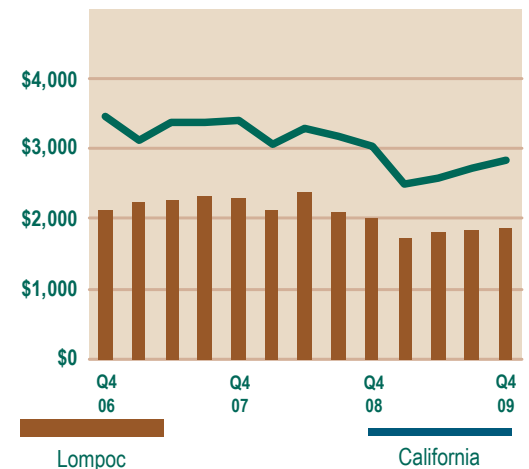
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

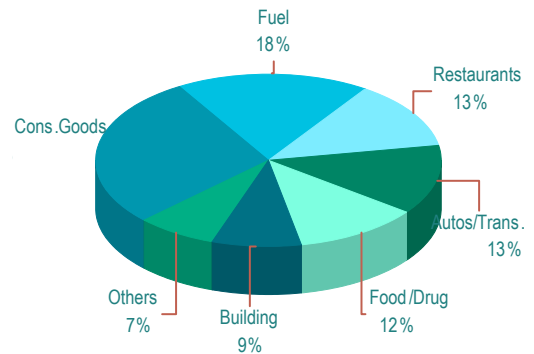
The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q4 '09	Change	Change
Service Stations	\$121,914	16.3%	7.0%
Discount Dept Stores	— CONFIDENTIAL —		1.8%
New Motor Vehicle Dealers	63,098	13.7%	1.1%
Lumber/Building Materials	— CONFIDENTIAL —		-0.5%
Grocery Stores Liquor	52,354	-3.6%	2.1%
Restaurants No Alcohol	51,697	5.7%	-2.3%
Restaurants Beer And Wine	33,647	-14.4%	-9.8%
Family Apparel	20,953	30.3%	9.4%
Automotive Supply Stores	18,118	7.3%	-1.7%
Repair Shop/Hand Tool Rentals	14,339	-2.5%	-19.0%
Drug Stores	— CONFIDENTIAL —		-0.9%
Specialty Stores	12,816	-8.3%	-5.8%
Auto Repair Shops	10,601	-8.9%	-4.0%
Grocery Stores Beer/Wine	10,491	-0.8%	-0.7%
Wineries	10,277	430.6%	3.4%
Total All Accounts	\$734,814	-6.1%	-5.9%
County & State Pool Allocation	90,596	-1.6%	
Gross Receipts	\$825,410	-5.7%	