

Q3 2009



City of Lompoc Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

Lompoc In Brief

Receipts for sales occurring in the July to September quarter were 12.3% lower than the same period last year.

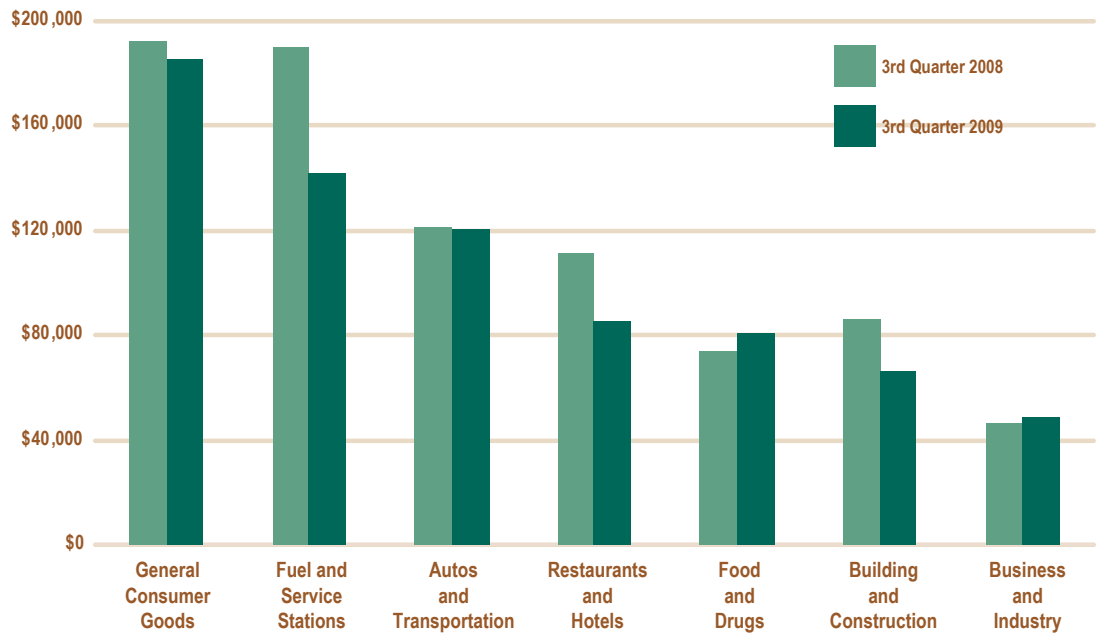
Store closures were the major factor in the decline in General Consumer Goods. Lower prices and sluggish commercial activity accounted for the loss in Fuel & Service Stations.

Persistent recessionary conditions negatively impacted other sectors including building materials, asphalt, concrete, equipment and office supplies. Multiple deviations including late payments and business close-outs contributed to the decrease in Restaurants & Hotels.

New outlets boosted returns in Food & Drugs while sales activity increased in the health/medical category.

Adjusted for reporting aberrations, taxable sales for all of Santa Barbara County, including its cities, declined 13.3% over the comparable time period while the Central Coast region as a whole was down 15.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Albertsons	Stuarts Valero Mart
Anitas Spirit Gas & Mini Mart	Sunset Auto Center
Bet Plant Services	Taco Bell
Chevron	Tesoro West Coast
Circle K	Toyota of Lompoc
Food 4 Less	Valero Corner Store
Home Depot	Valley Rock Ready Mix
JB Dewar	Vons
Lompoc 76	Vons Gasoline Sales
Lompoc Honda	Wal Mart
McDonalds	Walgreens
Ross	
Sears Hometown	
Staples	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$1,751,875	\$1,440,188
County Pool	193,729	170,947
State Pool	459	1,439
Gross Receipts	\$1,946,062	\$1,612,573
Less Triple Flip*	\$(486,516)	\$(403,143)

*Reimbursed from county compensation fund

Statewide Sales Declines

With aberrations factored out, statewide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

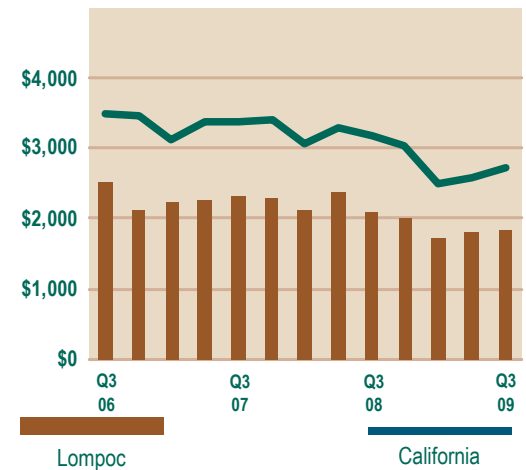
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q3 '09	Change	Change
Service Stations	\$132,062	-19.5%	-28.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-4.4%
New Motor Vehicle Dealers	87,269	7.9%	-9.8%
Lumber/Building Materials	— CONFIDENTIAL —	—	-14.3%
Grocery Stores Liquor	50,039	17.0%	-1.4%
Restaurants No Alcohol	46,351	-19.9%	-10.1%
Restaurants Beer And Wine	31,559	-25.1%	-14.4%
Family Apparel	17,924	22.1%	2.2%
Automotive Supply Stores	15,820	-0.1%	-3.6%
Department Stores	— CONFIDENTIAL —	—	-14.6%
Specialty Stores	13,538	-9.8%	-10.1%
Repair Shop/Hand Tool Rentals	12,255	-18.5%	-24.4%
Drug Stores	— CONFIDENTIAL —	—	-1.0%
Auto Repair Shops	10,781	-9.7%	-10.1%
Grocery Stores Beer/Wine	10,455	-5.5%	-13.3%
Total All Accounts	\$723,928	-11.9%	-13.9%
County & State Pool Allocation	79,788	-15.6%	
Gross Receipts	\$803,715	-12.3%	