

Q4 2014



City of Chula Vista Sales Tax *Update*

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

Chula Vista In Brief

Receipts for Chula Vista's October through December sales were 3.3% higher than the same quarter one year ago. Actual sales activity was up 4.5% when reporting aberrations were factored out.

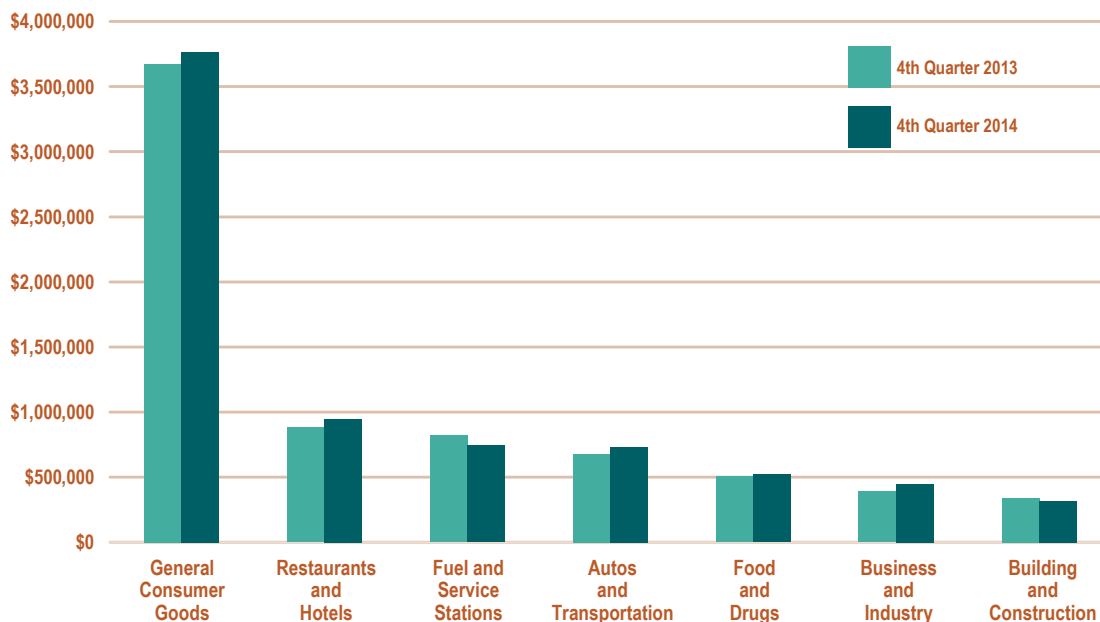
General consumer goods experienced a strong sales quarter from multiple categories including discount department stores, shoe stores, home furnishings, sporting goods, and electronics. Gains from car sales and auto supply stores were factors in the overall increase from the autos and transportation group, while higher receipts from grocery stores contributed to the positive results from food and drugs.

The restaurant group posted sales increases with receipts lifted, in part, by the addition of new eateries. A new business also helped boost the results from business and industry.

The gains were partially offset by sales declines from service stations and some categories of building and construction.

Adjusted for aberrations, taxable sales for all of San Diego County increased 4.2% over the comparable time period, while the Southern California region as a whole was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Kohls
Arco AM PM	Lowes
Arco AMPM	Macys
Attisha Oil	Mossy Nissan
Best Buy	Ralphs
California Electric Supply	Ross
Chevron	Sears
Circle K	Target
Costco	Toyota/Scion
Fuller Ford/Kia	Toys R Us
Fuller Honda	Vons
Home Depot	Walmart
JC Penney	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$20,029,040	\$20,724,679
County Pool	2,572,931	2,741,013
State Pool	11,963	17,928
Gross Receipts	\$22,613,934	\$23,483,620
Less Triple Flip*	\$(5,653,484)	\$(5,870,905)

*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.

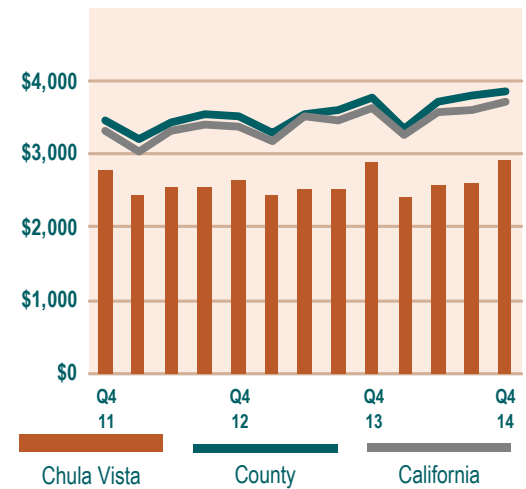
Triple Flip Unwind

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."

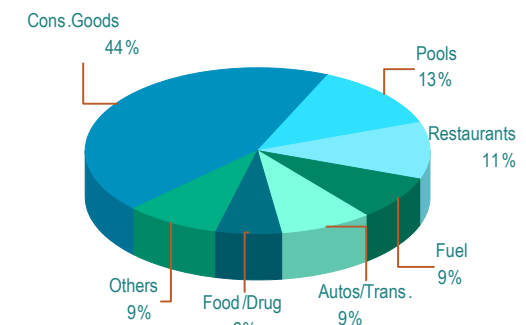
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second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

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chula Vista This Quarter



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Chula Vista Q4 '14*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	126.7	11.5%	2.8%	2.0%
Casual Dining	385.5	16.0%	9.5%	5.9%
Department Stores	422.5	0.4%	1.1%	1.0%
Discount Dept Stores	1,720.2	1.9%	1.1%	0.9%
Drug Stores	90.8	-1.7%	-3.0%	-2.3%
Electronics/Appliance Stores	482.8	0.5%	-0.7%	1.3%
Family Apparel	339.5	5.2%	2.9%	5.1%
Grocery Stores Beer/Wine	89.1	-2.2%	-1.0%	-4.0%
Grocery Stores Liquor	269.6	4.4%	2.8%	3.5%
Home Furnishings	165.0	3.8%	4.9%	6.8%
Lumber/Building Materials	215.1	-9.1%	9.5%	-0.7%
New Motor Vehicle Dealers	403.2	14.0%	6.8%	7.6%
Quick-Service Restaurants	432.0	2.9%	6.5%	7.5%
Service Stations	737.5	-9.1%	-16.0%	-10.5%
Specialty Stores	269.1	7.6%	3.1%	5.8%
Total All Accounts	\$7,471.2	2.6%	3.5%	3.8%
County & State Pool Allocation	\$1,083.3	8.8%	9.7%	4.7%
Gross Receipts	\$8,554.5	3.3%	4.2%	3.9%