

Q3 2014



City of Chula Vista Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Chula Vista In Brief

Receipts for Chula Vista's July through September sales were 4.4% higher than the same quarter one year ago.

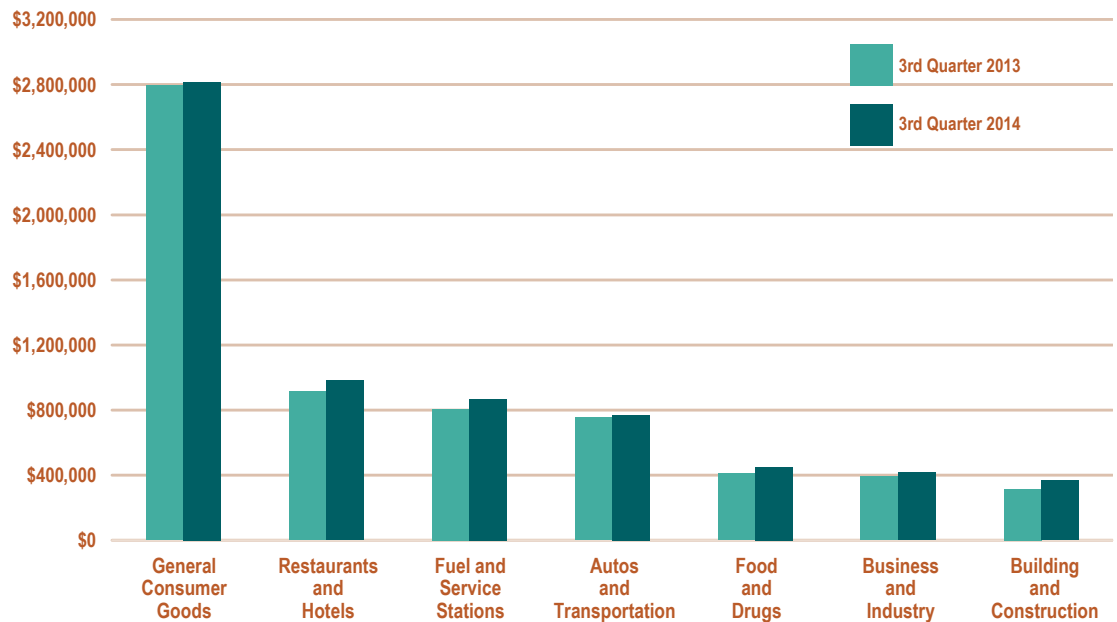
All business groups were in positive territory compared to a year ago. New eateries gave the boost to summer sales in restaurants and hotels. A store closure in discount department stores took a bite out of general retail results. Nonetheless, family apparel, sporting goods and department stores showed gains. Home furnishings and electronics/appliance stores dipped.

A retroactive adjustment that understated the comparison quarter inflated the rise in lumber/building materials while contractors experienced a robust gain. An audit recovery for a prior error in grocery stores with beer/wine lifted the food and drug group.

With anomalies removed, fuel and service stations were up 4.9% far surpassing regional trends.

Adjusted for aberrations, taxable sales for all of San Diego County increased 4.9% over the comparable time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Macys
Arco AMPM	Marshalls
Best Buy	Mossy Nissan
Chevron	Ralphs
Circle K	Ross
Costco	Sears
Eastlake Chevron	South Bay Motorsports
Fuller Ford/Kia	Target
Fuller Honda	Tesoro Refining & Marketing
Home Depot	Toyota/Scion
Jeromes Furniture Warehouse	Vons
Kohls	Walmart
Lowes	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$12,747,365	\$13,253,460
County Pool	1,581,930	1,666,019
State Pool	6,873	9,627
Gross Receipts	\$14,336,168	\$14,929,105
Less Triple Flip*	\$(3,584,042)	\$(3,732,276)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

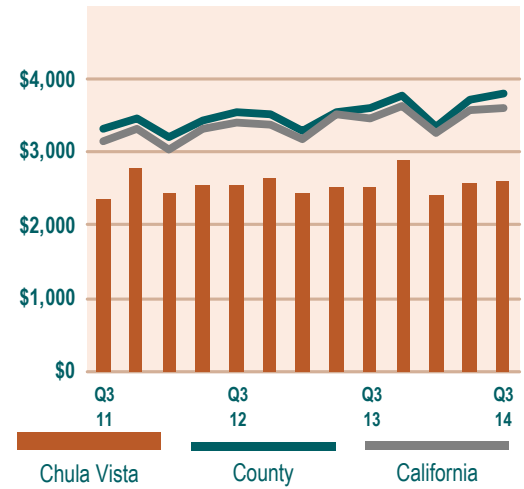
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

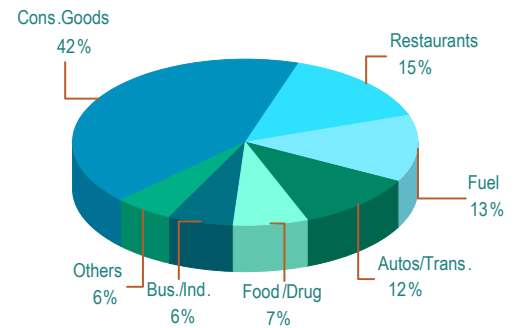
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chula Vista This Quarter



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands</i>			
	Chula Vista Q3 '14*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	130.3	9.2%	0.2%	-0.1%
Casual Dining	360.4	3.0%	2.7%	5.9%
Department Stores	259.4	2.6%	1.4%	0.8%
Discount Dept Stores	1,318.0	0.5%	1.7%	2.5%
Drug Stores	84.1	3.8%	-0.1%	1.0%
Electronics/Appliance Stores	319.1	-0.4%	7.5%	3.0%
Family Apparel	264.4	7.9%	1.7%	5.9%
Grocery Stores Beer/Wine	102.6	11.0%	4.3%	2.0%
Grocery Stores Liquor	198.7	9.3%	6.1%	8.8%
Home Furnishings	148.5	-6.7%	8.1%	6.4%
Lumber/Building Materials	235.3	10.7%	-1.6%	4.3%
New Motor Vehicle Dealers	425.4	1.8%	6.3%	8.0%
Quick-Service Restaurants	449.7	10.4%	9.0%	8.5%
Service Stations	861.5	8.0%	1.5%	1.2%
Specialty Stores	203.6	1.0%	1.9%	6.2%
Total All Accounts	\$6,667.3	4.4%	6.4%	5.5%
County & State Pool Allocation	\$849.1	3.7%	5.7%	10.2%
Gross Receipts	\$7,516.4	4.4%	6.3%	6.1%