

Q1 2016



City of Chula Vista Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Chula Vista In Brief

Chula Vista's receipts from January through March were 0.8% above the first sales period in 2015.

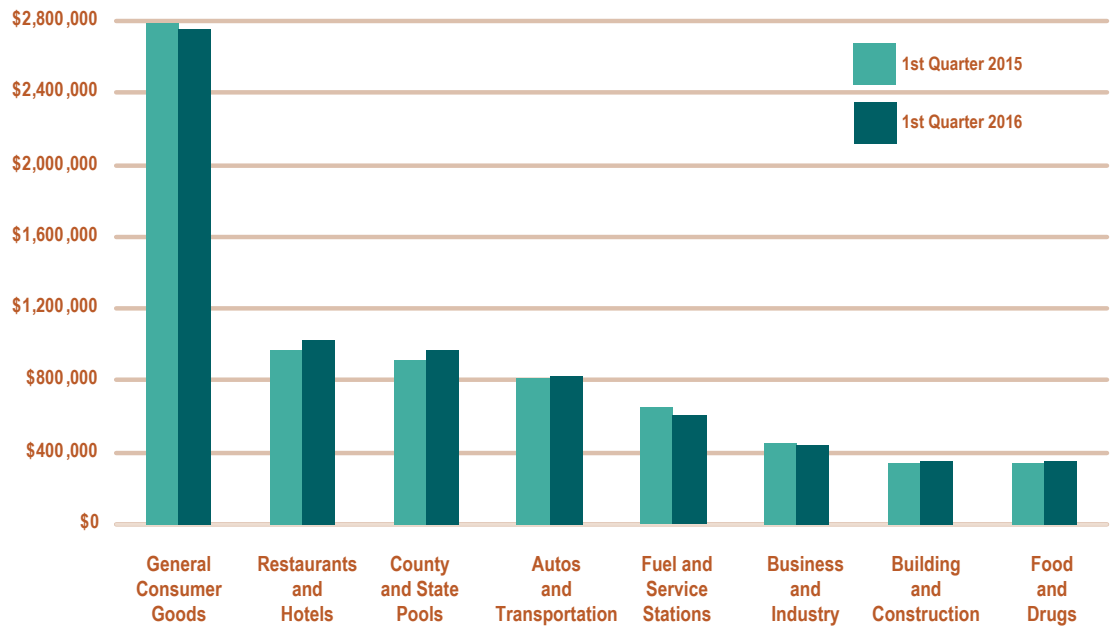
The largest contributor to the quarter's growth was a higher allocation from the countywide use tax pool as receipts expanded due to the increasing prevalence of online shopping. The opening of new restaurants boosted casual dining while the sale of new cars, electronics and appliances also improved.

Drug store results jumped but most of the gain was attributable to an additional allocation to amend a prior year reporting error.

Local service station revenue was pared as the cost to fill-up a tank of gasoline decreased along with the price of fuel. Discount department store sales were temporarily deflated by a negative payment correction. Department stores were hurt by e-commerce competition and a reprioritization of consumer spending away from apparel.

Net of aberrations, taxable sales for all of San Diego County grew 0.7% over the comparable time period; the Southern California region was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Marshalls
Arco AM PM (2)	Mossy Nissan Chula Vista
Best Buy	Ross
Burlington Coat Factory	Sears
Chevron	South Bay Motorsports
Costco	Target
Fuller Ford/Kia	Toyota/Scion
Fuller Honda	Toys R Us
Home Depot	Vons
Jeromes Furniture Warehouse	Walmart
Kohls	Youngevity
Lowe's	
Macys	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$27,086,994	\$27,777,225
County Pool	3,657,953	4,025,489
State Pool	18,056	20,467
Gross Receipts	\$30,763,003	\$31,823,181
Less Triple Flip*	\$(7,690,751)	\$(6,120,736)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

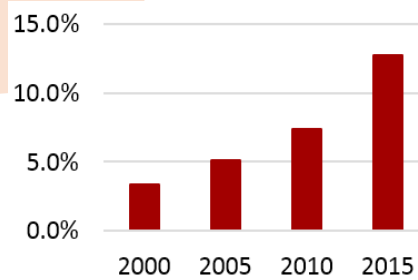
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

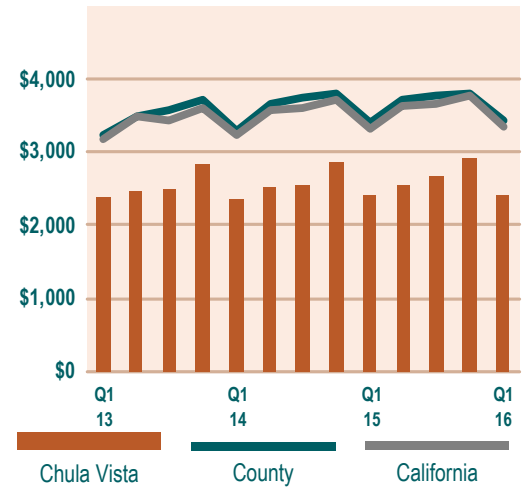
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

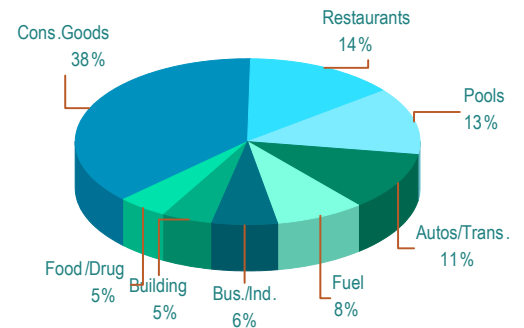
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
Chula Vista This Quarter**



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Chula Vista Q1 '16*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	142.4	0.7%	2.0%	4.8%
Casual Dining	449.9	8.0%	6.7%	5.7%
Department Stores	219.7	-7.1%	-7.1%	-4.7%
Discount Dept Stores	1,257.9	-1.9%	-0.3%	-0.3%
Drug Stores	104.6	18.7%	4.5%	0.0%
Electronics/Appliance Stores	356.4	8.3%	0.4%	2.8%
Family Apparel	255.0	-0.7%	-1.9%	-0.7%
Grocery Stores Liquor	108.3	-11.4%	-1.2%	1.6%
Heavy Industrial	78.0	0.9%	0.7%	-1.9%
Home Furnishings	161.1	-11.2%	2.3%	3.0%
Lumber/Building Materials	227.3	5.5%	9.2%	4.5%
New Motor Vehicle Dealers	439.3	4.2%	2.2%	3.1%
Quick-Service Restaurants	457.9	2.0%	5.4%	6.4%
Service Stations	600.2	-7.3%	-7.4%	-9.3%
Specialty Stores	213.5	5.8%	3.5%	3.5%
Total All Accounts	6,374.2	0.2%	1.3%	1.8%
County & State Pool Allocation	966.0	5.3%	6.6%	14.1%
Gross Receipts	7,340.2	0.8%	2.0%	3.2%