

Q2 2010



City of Chula Vista Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Chula Vista In Brief

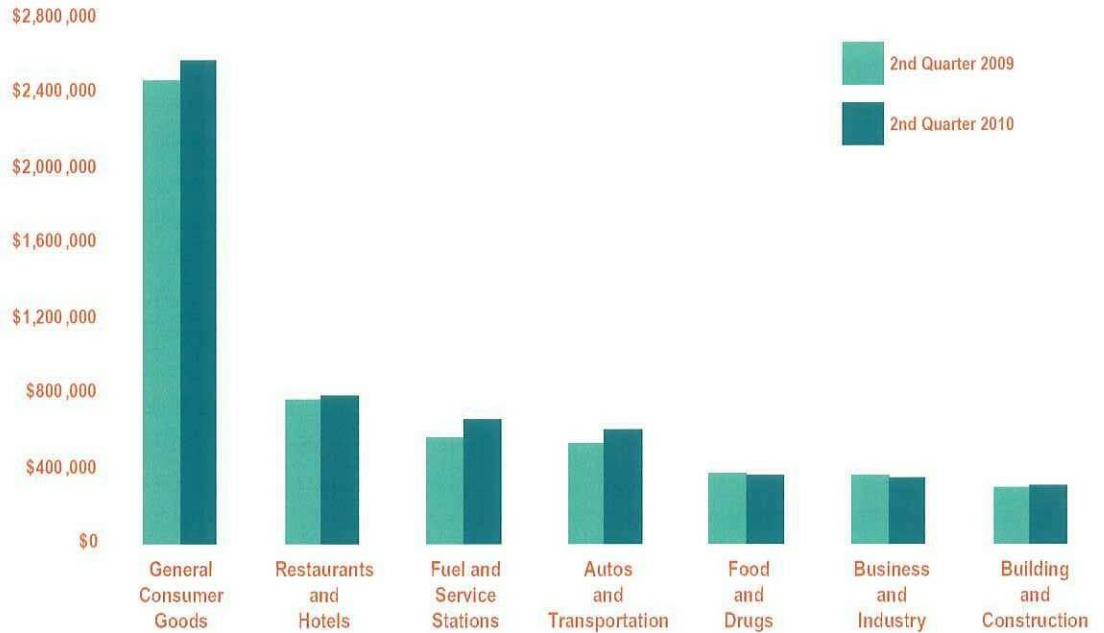
Receipts for Chula Vista's April through June sales were 6.5% higher than the same quarter one year ago. Actual sales activity was up 5.1% when reporting aberrations were factored out.

Recent business additions from family apparel, plus strong sales from discount department and electronics/appliance stores were significant factors in the overall increase from the General Consumer Goods sector. Higher fuel prices and the double-up of previously late payments inflated the allocations from the Fuel & Service Stations sector. Although new auto sales produced gains for the Autos & Transportation sector, the increase was inflated by an accounting aberration from the transportation/rentals group.

A payment deviation from the lumber/building materials group overstated the results from the Building & Construction sector. Increased receipts from restaurants without alcohol and restaurants with liquor helped offset the drop in sales from restaurants with beer/wine.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.5% over the comparable time period, while the Southern California region as a whole was up 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Apple Computer	Lowes
Arco AM PM	Macys
Arco AM PM	Marshalls
Best Buy	Ralphs
Chevron	Ross
Costco	Sears
Coxcom	Target
Fuller Ford/Kia	Toyota/Scion of Chula Vista
Fuller Honda	Toys R Us
Home Depot	Vons
Jack in the Box	Walmart
JC Penney	
Jeromes Furniture Warehouse	
Kohls	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$5,369,762	\$5,682,428
County Pool	590,807	669,057
State Pool	5,385	3,062
Gross Receipts	\$5,965,954	\$6,354,547
Less Triple Flip*	\$(1,491,489)	\$(1,588,637)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007.

Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

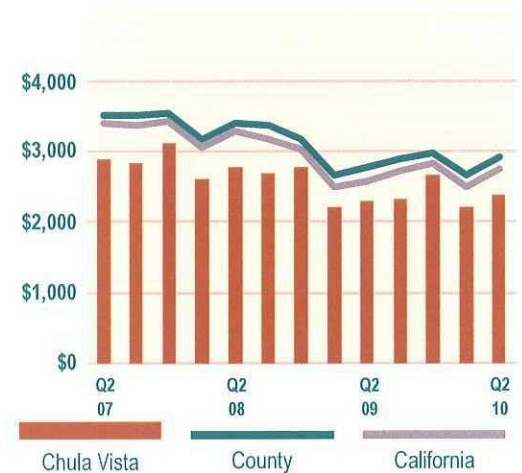
Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

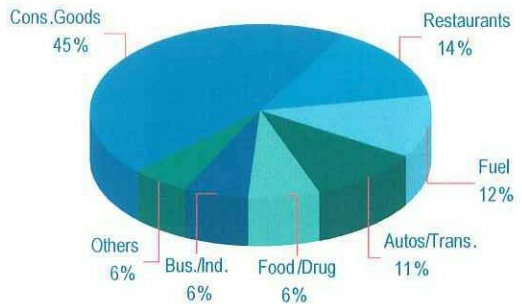
Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Chula Vista This Quarter



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	Chula Vista		County	HdL. State
	Q2 '10*	Change	Change	Change
Discount Dept Stores	\$1,169.0	4.2%	0.3%	0.1%
Service Stations	662.0	18.5%	18.9%	18.2%
Restaurants No Alcohol	465.7	4.4%	8.8%	4.6%
Electronics/Appliance Stores	305.9	11.1%	10.0%	9.3%
Family Apparel	258.7	17.5%	15.3%	10.3%
New Motor Vehicle Dealers	257.9	1.6%	18.3%	16.4%
Restaurants Liquor	233.5	8.7%	10.4%	6.9%
Department Stores	214.1	1.3%	5.5%	2.0%
Grocery Stores Liquor	197.4	0.5%	0.9%	1.0%
Lumber/Building Materials	193.0	5.3%	3.4%	2.9%
Specialty Stores	186.9	2.7%	3.6%	1.1%
Home Furnishings	131.0	-18.7%	0.9%	3.2%
Automotive Supply Stores	108.2	4.8%	6.5%	4.8%
Transportation/Rentals	95.5	361.0%	12.0%	-11.8%
Drug Stores	82.8	-5.8%	1.1%	-1.3%
Total All Accounts	\$5,682.4	5.8%	7.0%	7.4%
County & State Pool Allocation	672.1	12.7%		
Gross Receipts	\$6,354.5	6.5%		<i>*In thousands</i>