

Q2 2013



City of Chula Vista Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Chula Vista In Brief

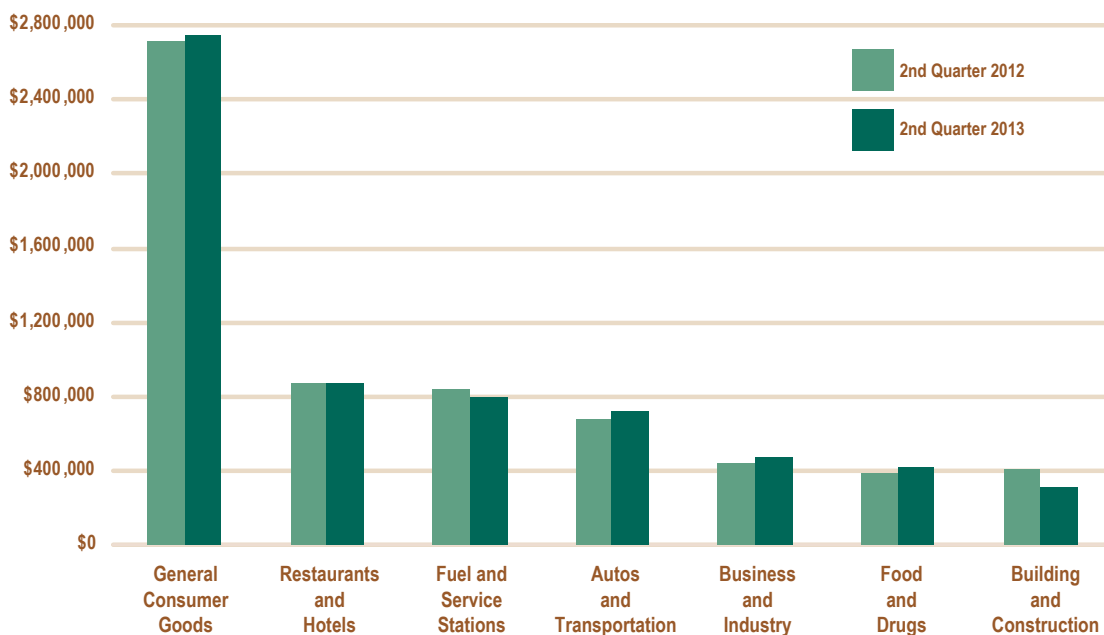
Chula Vista's allocation of sales and use tax revenues was 3.9% higher than the same quarter one year ago after accounting anomalies in the building-construction and general consumer goods groups were factored out.

The recent addition of a new car dealership, restaurant and volume liquor store plus a generally solid quarter for sales of autos, consumer electronics, home furnishings and lumber-building materials all contributed to the actual increase. Use tax from purchases within the business-industrial group was also a factor.

The gains were offset by an overall soft quarter for other categories of general consumer goods and a decline in receipts from service stations.

Adjusted for aberrations, sales and use tax receipts for all of San Diego County and Southern California as a whole were up 5.2% over the comparable time period.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Mossy Nissan Chula Vista
Arco AM PM	Ralphs
Best Buy	Rohr Industries
Chevron	Ross
Circle K	Sears
Costco	South Bay Motorsports
Eastlake Chevron	Target
Fuller Ford/Kia	Toyota/Scion
Fuller Honda	Vans
Home Depot	Vons
Jeromes Furniture Warehouse	Walmart
Kohls	
Lowe's	
Macys	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$6,356,665	\$6,363,710
County Pool	757,555	765,614
State Pool	6,380	4,436
Gross Receipts	\$7,120,600	\$7,133,760
Less Triple Flip*	\$(1,780,150)	\$(1,783,440)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

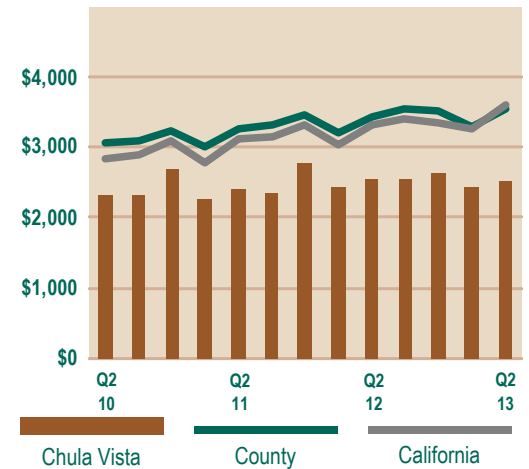
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

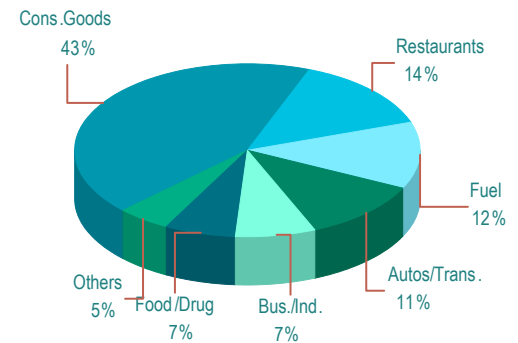
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

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 '13*	Change	Change	Change
Automotive Supply Stores	117.3	-5.3%	0.1%	3.3%
Department Stores	266.4	2.4%	-0.7%	0.2%
Discount Dept Stores	1,252.0	0.4%	2.0%	2.3%
Electronics/Appliance Stores	323.8	9.0%	6.6%	4.7%
Family Apparel	237.5	1.6%	5.2%	4.7%
Grocery Stores Liquor	199.7	8.1%	4.0%	2.6%
Home Furnishings	173.3	11.2%	5.4%	6.8%
Lumber/Building Materials	215.9	-17.3%	-3.8%	-4.4%
New Motor Vehicle Dealers	412.7	13.9%	12.6%	11.1%
Restaurants Beer And Wine	82.0	6.2%	-1.8%	0.3%
Restaurants Liquor	262.8	4.7%	4.6%	9.3%
Restaurants No Alcohol	500.9	-3.1%	1.9%	5.9%
Service Stations	787.2	-6.2%	-9.5%	-5.7%
Shoe Stores	83.0	72.3%	49.6%	39.9%
Specialty Stores	189.3	-0.5%	4.1%	5.1%
Total All Accounts	\$6,363.7	0.1%	3.9%	7.0%
County & State Pool Allocation	770.0	0.8%		
Gross Receipts	\$7,133.8	0.2%		<i>*In thousands</i>