

Q4 2013



City of Chula Vista Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Chula Vista In Brief

Receipts for Chula Vista's October through December sales were 11.8% higher than the same quarter one year ago. Actual sales activity was up 2.9% when reporting aberrations were factored out.

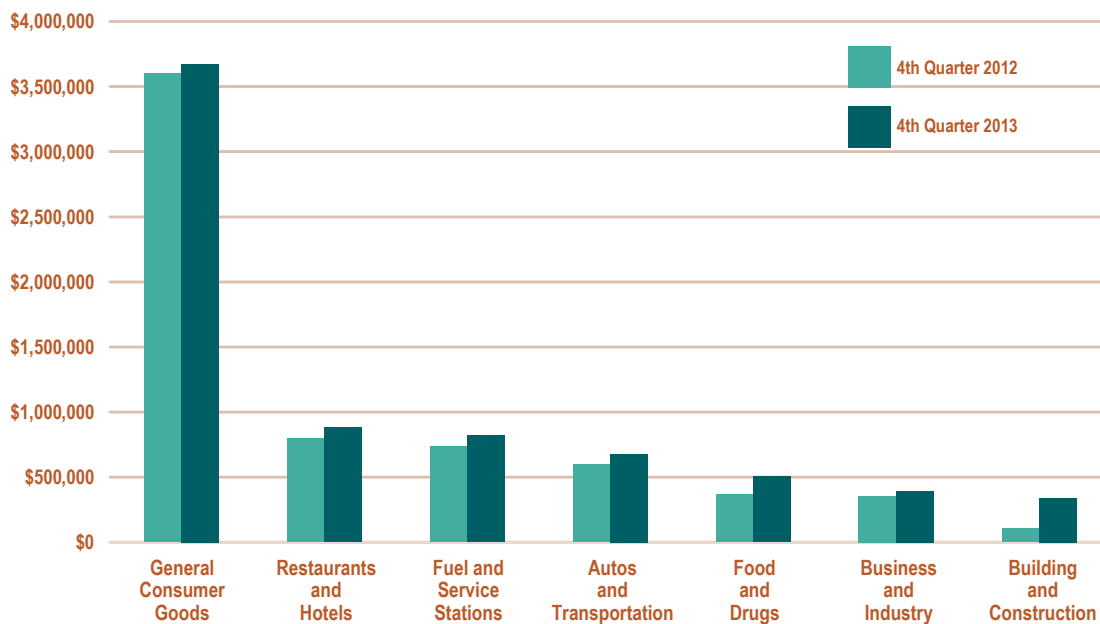
Building and construction posted a substantial increase; however, the gain was inflated by payment anomalies. Similarly, double payments and onetime adjustments were responsible for temporarily boosting the fuel and service stations and food and drugs groups.

General consumer goods experienced a strong sales quarter from multiple categories including, family apparel, specialty stores, and sporting goods. Gains from heavy industrial supplies and other categories contributed to the increase from business and industry.

Receipts from autos and transportation were lifted, in part, by the addition of new businesses. The restaurant group also benefited from the addition of new eateries.

Adjusted for aberrations, taxable sales for all of San Diego County increased 3.3% over the comparable time period, while the Southern California region as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Macys
Arco AM PM	Marshalls
Arco AMPM	Ralphs
Best Buy	Ross
Chevron	Sears
Circle K	Target
Costco	Tesoro Refining & Marketing
Fuller Honda	Toyota/Scion
Fuller Kia	Toys R Us
Home Depot	Vons
JC Penney	Walmart
K Mart	
Kohls	
Lowes	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$19,249,265	\$20,029,040
County Pool	2,286,241	2,572,931
State Pool	8,853	11,963
Gross Receipts	\$21,544,359	\$22,613,934
Less Triple Flip*	\$(5,386,090)	\$(5,653,484)

*Reimbursed from county compensation fund

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

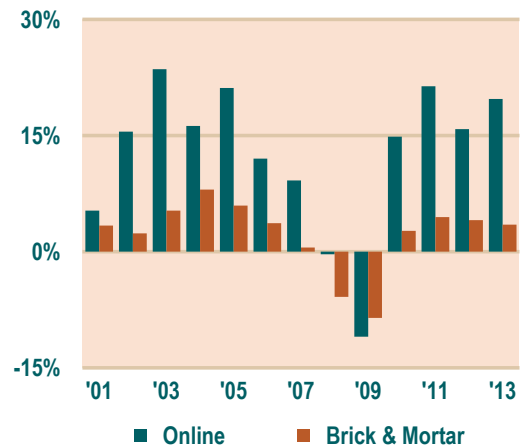
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

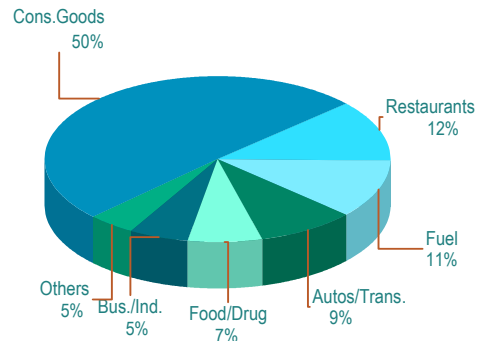
ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP

Chula Vista This Quarter



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Chula Vista Q4 '13*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	113.6	8.2%	6.6%	3.1%
Casual Dining	304.9	9.9%	5.8%	6.0%
Department Stores	421.0	4.7%	0.5%	1.4%
Discount Dept Stores	1,688.3	0.9%	-1.0%	0.2%
Drug Stores	93.8	5.1%	2.1%	2.5%
Electronics/Appliance Stores	480.2	-0.2%	-5.4%	-0.5%
Family Apparel	320.7	8.0%	7.9%	6.8%
Grocery Stores Liquor	268.9	96.8%	51.8%	38.3%
Home Furnishings	158.9	-5.8%	7.5%	8.0%
Lumber/Building Materials	236.5	na	344.1%	265.5%
New Motor Vehicle Dealers	353.5	4.3%	7.8%	9.4%
Quick-Service Restaurants	419.9	5.3%	7.8%	7.9%
Service Stations	811.5	11.0%	6.8%	-2.7%
Specialty Stores	236.1	3.1%	8.4%	7.5%
Sporting Goods/Bike Stores	84.3	8.4%	3.6%	5.4%
Total All Accounts	\$7,281.7	11.0%	8.1%	8.7%
County & State Pool Allocation	\$996.1	17.9%	14.9%	9.4%
Gross Receipts	\$8,277.8	11.8%	8.9%	8.8%