

Q1 2013



City of Chula Vista Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Chula Vista In Brief

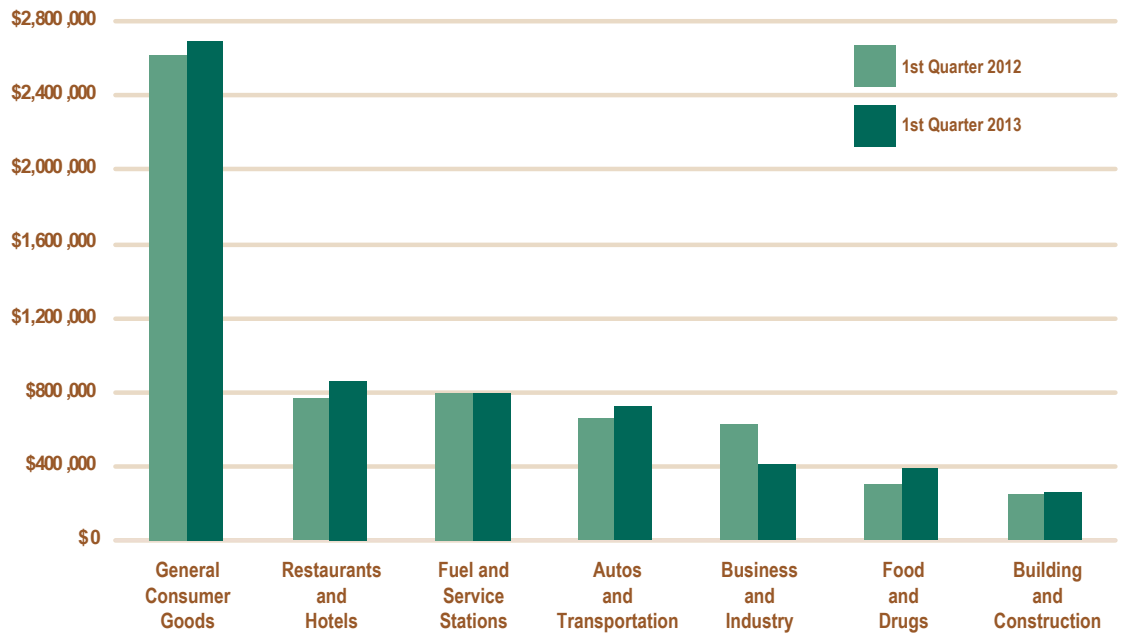
Receipts for Chula Vista's January through March sales were 1.7% higher than the same quarter one year ago. Actual sales activity was up 4.5% when reporting aberrations were factored out.

The city experienced a solid sales quarter for new car dealers, family apparel, department stores, and home furnishing retailers. Receipts from restaurants were inflated by a onetime reporting aberration. Late payments in the year-ago period skewed results for grocery stores and sellers of lumber/building materials.

A onetime payment that boosted year-ago returns exaggerated the drop in the business and industry group.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.1% over the comparable time period, while the Southern California region as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Apple	Kohls
Arco AM PM	Lowe's
Arco AM PM	Macys
Best Buy	Marshalls
Chevron	Ralphs
Circle K	Ross
Consolidated Electrical Distributors	Sears
Costco	South Bay Motorsports
Eastlake Chevron	Target
Fuller Ford/Kia	Toyota/Scion
Fuller Honda	Vons
Home Depot	Walmart
Jeromes Furniture Warehouse	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$24,562,760	\$25,396,557
County Pool	2,905,837	3,038,221
State Pool	9,094	13,319
Gross Receipts	\$27,477,691	\$28,448,097
Less Triple Flip*	\$(6,869,423)	\$(7,112,024)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

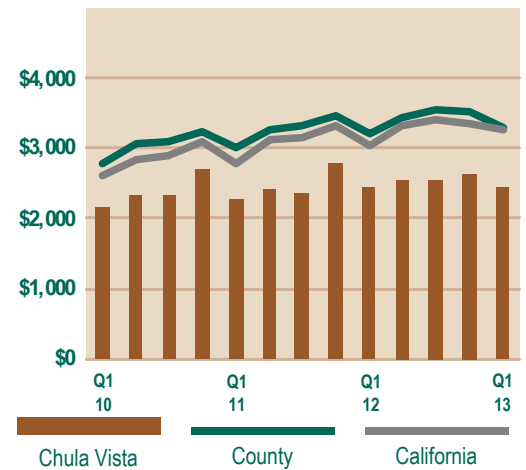
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	Chula Vista		County	HdL State
	Q1 '13*	Change	Change	Change
Automotive Supply Stores	132.6	4.5%	8.0%	4.9%
Department Stores	238.7	4.7%	0.3%	5.1%
Discount Dept Stores	1,230.3	1.1%	5.2%	5.1%
Drug Stores	83.3	3.0%	2.4%	2.9%
Electronics/Appliance Stores	332.3	-2.6%	1.2%	-3.3%
Family Apparel	239.3	16.4%	16.2%	16.3%
Grocery Stores Beer/Wine	78.5	6.1%	3.0%	0.6%
Grocery Stores Liquor	178.7	67.2%	30.8%	24.7%
Home Furnishings	167.1	12.0%	4.7%	4.6%
Lumber/Building Materials	207.4	13.9%	0.6%	7.2%
New Motor Vehicle Dealers	396.0	13.7%	6.9%	9.5%
Restaurants Liquor	283.4	14.2%	3.0%	6.4%
Restaurants No Alcohol	494.0	15.2%	8.6%	6.0%
Service Stations	784.5	-0.6%	2.4%	-2.2%
Specialty Stores	188.1	0.6%	10.0%	2.4%
Total All Accounts	\$6,147.3	2.0%	3.2%	5.7%
County & State Pool Allocation	756.4	-0.9%		
Gross Receipts	\$6,903.7	1.7%		<i>*In thousands</i>