

Q4 2013



City of Vallejo Sales Tax *Update*

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

Vallejo In Brief

Receipts for Vallejo's October through December sales were 11.6% higher than the same quarter one year ago. Excluding onetime payment anomalies actual sales were up 3.0%.

The disparity between cash receipts and actual sales was mainly due to temporary reporting aberrations that reduced building and construction and business and industry proceeds in the comparison period. Adjusted for these aberrations, results from both industry groups were negative.

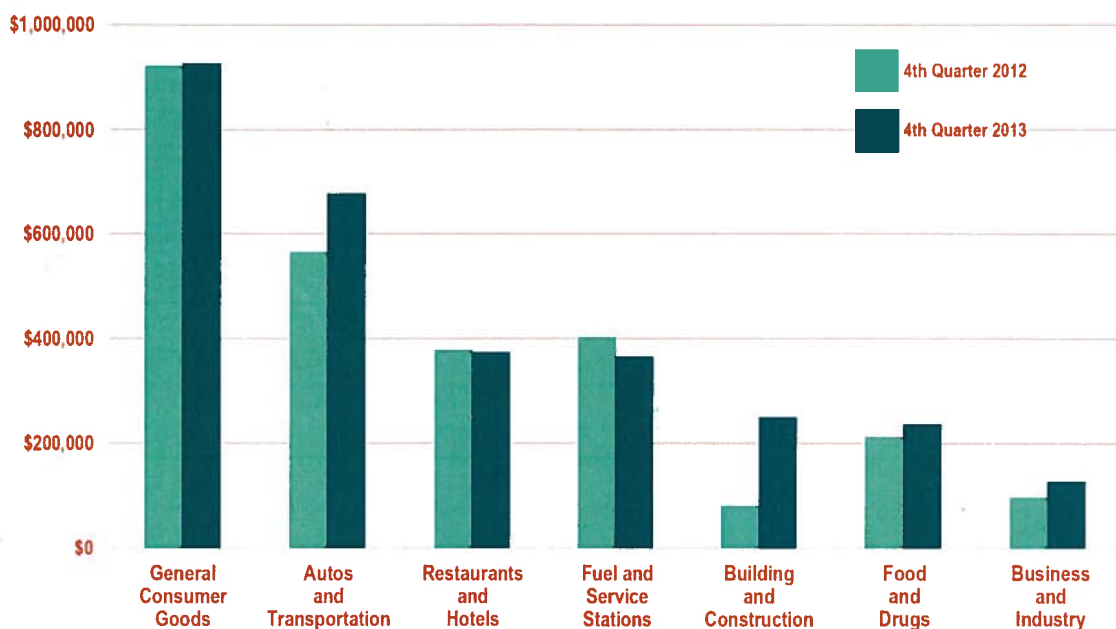
Bright spots included autos and transportation which easily bested regional and statewide trends. Food and drug sales were up but reporting aberrations inflated gains for that group.

Fuel and service station totals reflected generally lower fuel prices. The restaurants and hotels group benefited from new business additions, but missing payments and business closeouts offset those gains.

Net of accounting adjustments, receipts from voter-approved Measure "B" were 3.3% higher than in the comparison quarter.

Adjusted for aberrations, taxable sales for all of Solano County increased 2.2% over the comparable time period, while the Bay Area as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Admiral Callaghan	Ross
Shell	Safeway
Avery Greene	Safeway Fuel
Honda	Shell
Best Buy	Six Flags Discovery Kingdom
Bonfare Market	Target
Costco	Team Chevrolet
Home Depot	Cadillac Hyundai Mazda
Kohls	Toyota Vallejo
Lowe's	Toys R Us/Babys R Us
Marshalls	Tributary Point AM PM
McDonalds	Valero
Momentum Chrysler Dodge Jeep Kia	Vallejo Nissan
N & M Market	
Nesco Fabricators	

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,513,811	\$5,816,365
County Pool	655,203	568,072
State Pool	913	3,093
Gross Receipts	\$6,169,927	\$6,387,530
Measure B	\$5,846,927	\$6,271,717

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.

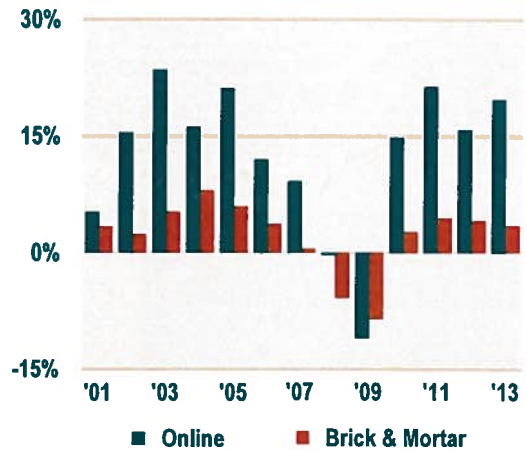
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

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

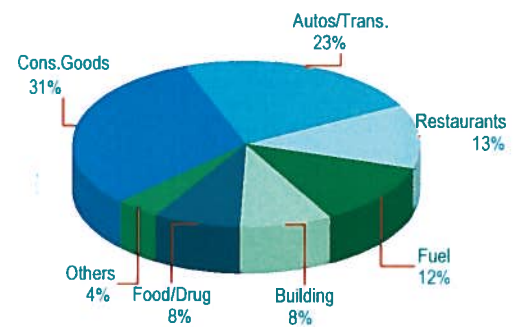
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more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



VALLEJO TOP 15 BUSINESS TYPES

*In thousands	Vallejo	County	HdL State
Business Type	Q4 '13*	Change	Change
Automotive Supply Stores	48.3	0.3%	3.1%
Casual Dining	101.7	0.9%	6.1%
Department Stores	43.2	-4.1%	1.4%
Discount Dept Stores	— CONFIDENTIAL —		0.2%
Electronics/Appliance Stores	122.3	-0.4%	-0.6%
Family Apparel	89.8	2.5%	6.3%
Grocery Stores Liquor	128.2	13.7%	38.3%
Home Furnishings	53.0	-1.2%	8.0%
Leisure/Entertainment	55.5	-30.7%	8.6%
Lumber/Building Materials	204.3	na	265.8%
New Motor Vehicle Dealers	506.7	23.4%	9.4%
Quick-Service Restaurants	174.5	3.3%	7.9%
Service Stations	365.2	-9.1%	-2.7%
Specialty Stores	65.3	12.7%	7.4%
Used Automotive Dealers	49.5	18.4%	16.6%
Total All Accounts	\$2,955.5	11.3%	8.7%
County & State Pool Allocation	\$414.6	14.3%	9.4%
Gross Receipts	\$3,370.1	11.6%	8.8%