

Q4 2011



City of Carpinteria Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

Carpinteria In Brief

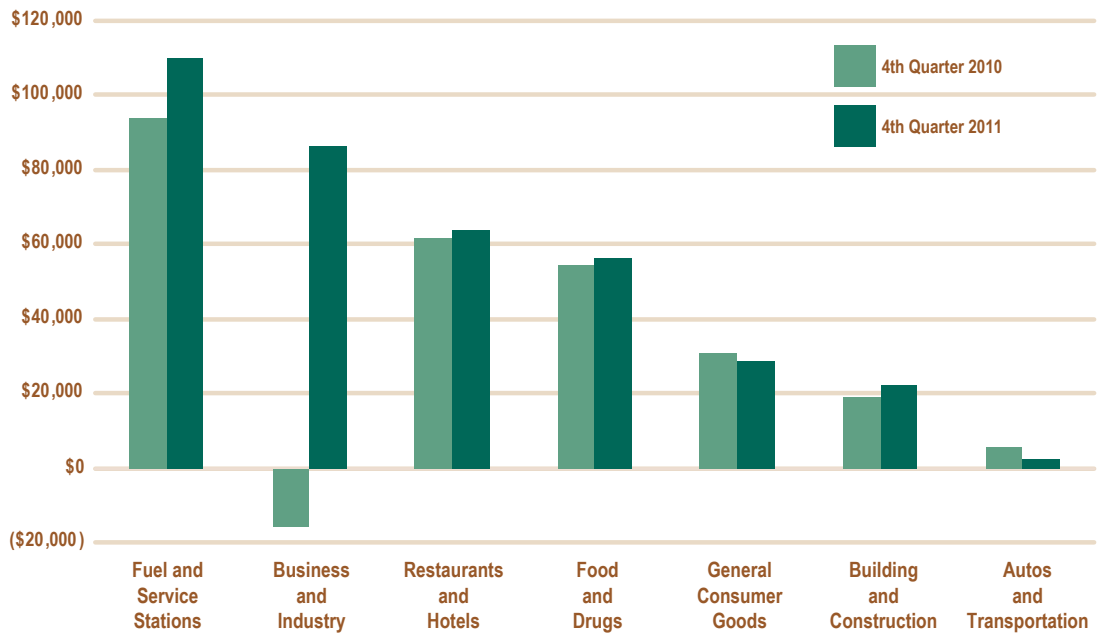
Gross receipts for Carpinteria's October through December sales jumped 49.7% compared to the same quarter one year ago, but accounting adjustments that cut last year's results from the business & industry group and current period receipts from the automotive group skewed the data. Actual sales activity increased 4.3% when these and other aberrations were factored out.

Higher prices at the pump, the allocation from the countywide use tax pool and increased sales of garden/agricultural supplies were major factors for the overall gain. Postings were up from drug stores and restaurants with full liquor service. Payment deviations understated building & construction group results, but inflated proceeds from quick service restaurants.

The receipt of double-up payments in the year-ago period depressed comparisons for restaurants-beer & wine and partially masked gains from the building & construction sector.

Adjusted for onetime anomalies, taxable sales for the Central Coast region as a whole rose 8.8% over the same time period.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Dako North America
Albertsons	Forms & Surfaces
All Around Landscape Supply	Inhealth Technologies
Carls Jr	McDonalds
Carpinteria 76	Nusil Technology
Carpinteria Valley Lumber	Palms
Catering Connection	Power Tech
Channel Islands Do It Best Hardware	Risdons Union 76
Chevron	Rite Aid
CVS Pharmacy	Rustys Pizza Parlor
DAC International	S & S Seeds
	Shoreline Oil
	Slys
	Vons

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

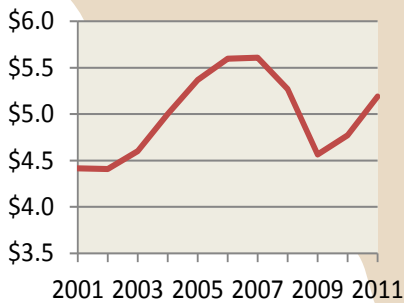
	2010-11	2011-12
Point-of-Sale	\$927,103	\$1,142,322
County Pool	110,723	148,319
State Pool	506	169
Gross Receipts	\$1,038,332	\$1,290,810
Less Triple Flip*	\$(259,583)	\$(322,703)

*Reimbursed from county compensation fund

California Overall

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

CA Local Sales Tax Receipts in \$Billions



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

Retailers downsizing ... creating new opportunities and challenges

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

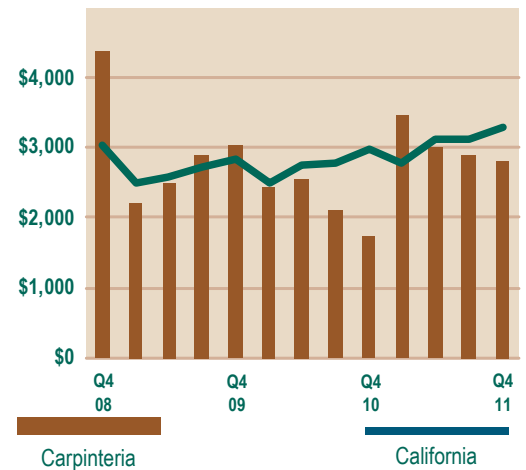
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

SALES PER CAPITA



CARPINTERIA TOP 15 BUSINESS TYPES

Business Type	Carpinteria		HdL State
	Q4 '11	Change	Change
Business Services	4,533	4.9%	-15.2%
Contractors	— CONFIDENTIAL —	—	17.9%
Drug Stores	— CONFIDENTIAL —	—	8.0%
Drugs/Chemicals	— CONFIDENTIAL —	—	3.2%
Electrical Equipment	6,640	-21.2%	0.2%
Garden/Agricultural Supplies	37,992	38.4%	9.6%
Grocery Stores Beer/Wine	7,209	0.8%	4.7%
Grocery Stores Liquor	21,842	6.3%	-1.2%
Lumber/Building Materials	— CONFIDENTIAL —	—	8.2%
Repair Shop/Hand Tool Rentals	7,581	20.3%	10.7%
Restaurants Beer And Wine	21,627	-14.4%	-0.5%
Restaurants Liquor	14,165	12.2%	9.9%
Restaurants No Alcohol	28,126	18.7%	7.3%
Service Stations	109,946	17.1%	14.7%
Specialty Stores	6,747	-5.3%	2.1%
Total All Accounts	\$369,576	47.8%	7.8%
County & State Pool Allocation	51,560	64.7%	
Gross Receipts	\$421,136	49.7%	