

# Q4 2011



# City of Aliso Viejo Sales Tax *Update*

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

## Aliso Viejo In Brief

Receipts for Aliso Viejo's October through December sales were 6.8% higher than the same quarter one year ago. Actual sales activity was up 3.8% when reporting aberrations were factored out.

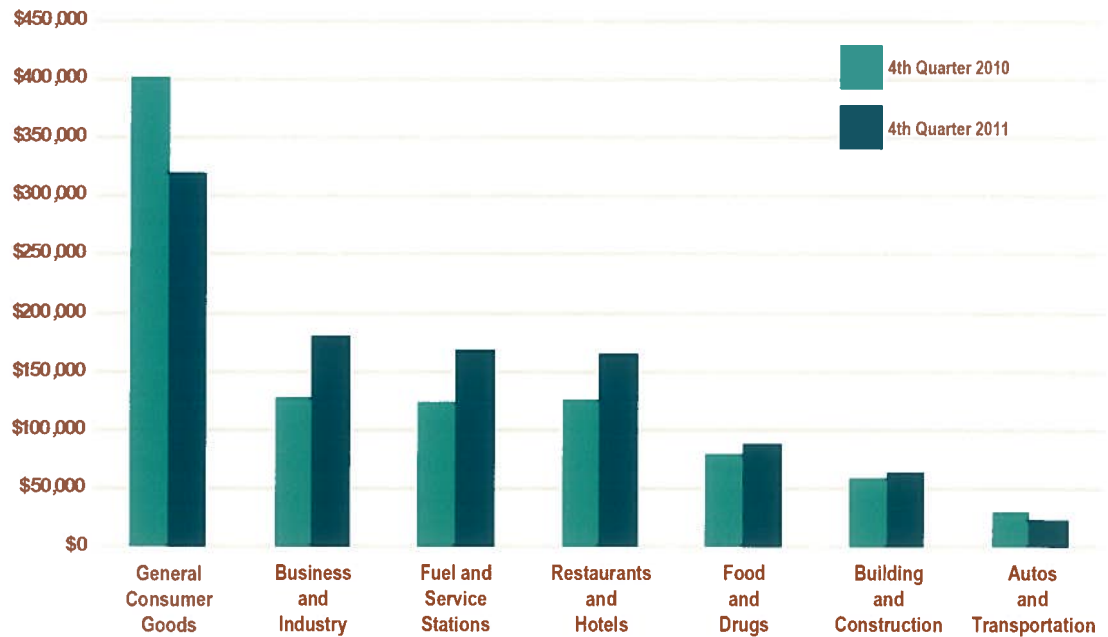
Higher fuel prices and an incorrectly allocated payment in the comparison period inflated results from service stations. Recent additions helped boost revenues from the business & industry sector and restaurants with liquor.

A onetime accounting adjustment that negatively impacted year-ago returns exaggerated the increase in restaurants with beer/wine.

The gains were partially offset by reporting problems that temporarily depressed receipts from the general consumer goods group.

Adjusted for aberrations, taxable sales for all of Orange County increased 7.8% over the comparable time period, while the Southern California region as a whole was up 7.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Aliso Creek Shell	Lowes
All Hands Car Wash	Michaels
American Sporting Goods	Petsmart
Aqueduct	Qlogic
Barnes & Noble	Ralphs
Chevron	Restaurants on the Run
Circle K 76	Staples
CVS Pharmacy	Stater Bros
Digital Networks Group	T J Maxx
El Dorado Hand Car Wash	Target
Freeway Mobil	Tesoro Refining & Marketing
Lensx Lasers	Trader Joes
	Vitamin Shoppe

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

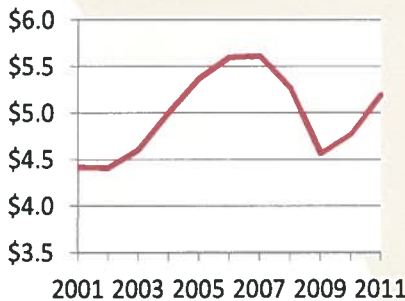
	2010-11	2011-12
Point-of-Sale	\$2,751,805	\$3,004,355
County Pool	292,527	310,550
State Pool	1,399	414
<b>Gross Receipts</b>	<b>\$3,045,731</b>	<b>\$3,315,319</b>
Less Triple Flip*	\$(761,433)	\$(828,830)

\*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.

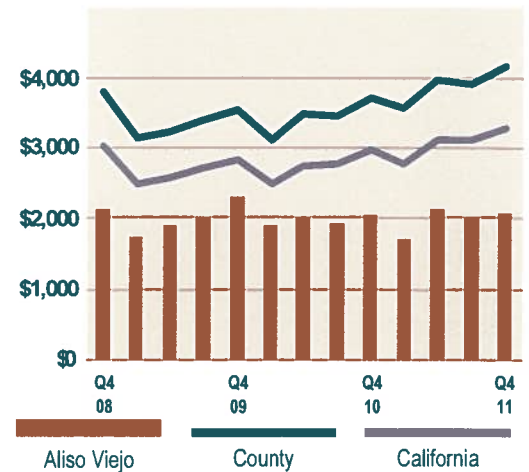
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

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**



**ALISO VIEJO TOP 15 BUSINESS TYPES**

Business Type	Aliso Viejo		County	HdL State
	Q4 '11*	Change	Change	Change
Art/Gift/Novelty Stores	24.7	6.1%	-3.5%	-2.0%
Business Services	43.7	1.1%	-2.6%	-14.8%
Discount Dept Stores	— CONFIDENTIAL —		6.8%	4.1%
Drug Stores	— CONFIDENTIAL —		9.2%	8.0%
Electrical Equipment	43.1	374.8%	4.3%	2.4%
Family Apparel	52.2	6.8%	11.7%	10.6%
Grocery Stores Liquor	53.8	9.3%	0.3%	-1.2%
Lumber/Building Materials	— CONFIDENTIAL —		6.7%	8.2%
Office Supplies/Furniture	32.7	33.0%	-10.7%	-5.3%
Restaurants Beer And Wine	28.7	419.1%	-0.1%	-0.3%
Restaurants Liquor	48.8	29.2%	10.6%	9.9%
Restaurants No Alcohol	71.7	8.8%	7.9%	7.2%
Service Stations	162.0	35.7%	16.4%	14.8%
Specialty Stores	36.3	-3.1%	-12.2%	0.8%
Stationery/Book Stores	24.5	17.7%	-10.4%	-19.4%
<b>Total All Accounts</b>	<b>\$1,006.8</b>	<b>6.6%</b>	<b>7.2%</b>	<b>7.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>110.4</b>	<b>8.9%</b>		
<b>Gross Receipts</b>	<b>\$1,117.2</b>	<b>6.8%</b>		<i>*In thousands</i>