

Q3 2014



City of Aliso Viejo Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Aliso Viejo In Brief

Receipts for Aliso Viejo's July through September sales were 15.8% higher than the same quarter one year ago. Actual sales activity was up 4.3% when reporting aberrations were factored out.

Receipts from general consumer goods were up in several categories including home furnishings and electronics, however payment anomalies boosted the overall increase. Onetime adjustments were also responsible for temporarily lifting the business and industry sector.

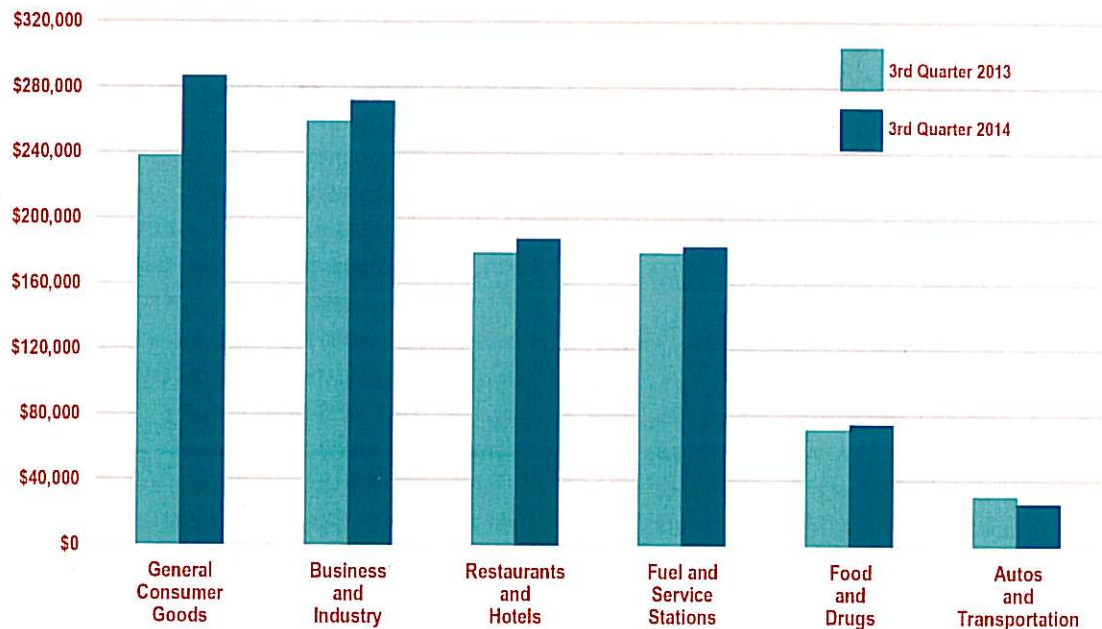
Higher receipts from grocery stores were significant factors in the increase from the food and drugs group. The city's share of the countywide use tax pool allocation increased 27.6% over last year.

Restaurants posted positive results that were due to payment deviations. In addition, partial allocations cut the actual increase from service stations.

The gains were partially offset by sales declines from medical/biotech supplies and casual dining.

Adjusted for aberrations, taxable sales for all of Orange County increased 3.9% over the comparable time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Barnes & Noble	Petsmart
Chevron	Rakuten Com
Chevron All Hands Car Wash	Ralphs
Circle K	Renaissance Clubsport
Circle K/76	Restaurants on the Run
CVS Pharmacy	Staples
Digital Networks Group	Stater Bros
Digital River	Target
El Dorado Hand Car Wash	Tesoro
Freeway Mobil	TJ Maxx
Lasting Interior	Trader Joes
Lowe's	Vintners Shell Stations
Metagenics	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$2,018,803	\$2,188,968
County Pool	217,797	249,879
State Pool	1,091	1,574
Gross Receipts	\$2,237,690	\$2,440,421
Less Triple Flip*	\$(559,423)	\$(610,105)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

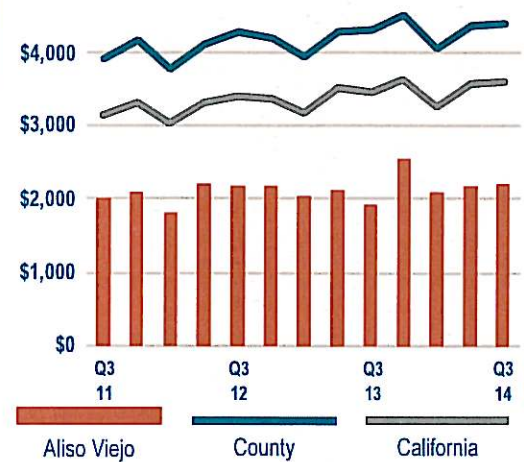
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

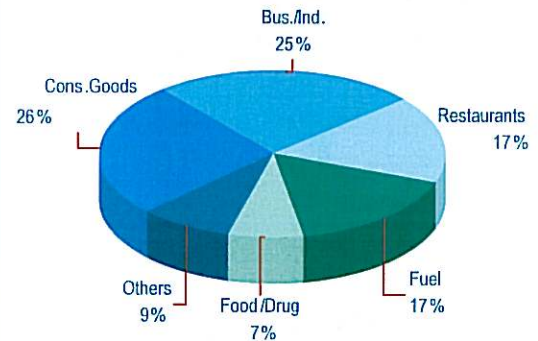
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Aliso Viejo This Quarter



ALISO VIEJO TOP 15 BUSINESS TYPES

Business Type	Aliso Viejo		County	HdL State
	Q3 '14*	Change	Change	Change
Business Services	— CONFIDENTIAL —	—	-19.0%	-12.2%
Casual Dining	64.0	-4.3%	3.7%	6.0%
Discount Dept Stores	— CONFIDENTIAL —	—	1.9%	2.5%
Electrical Equipment	— CONFIDENTIAL —	—	-31.0%	7.9%
Electronics/Appliance Stores	27.5	na	0.8%	2.5%
Family Apparel	— CONFIDENTIAL —	—	7.2%	5.9%
Fast-Casual Restaurants	29.9	3.9%	10.8%	12.1%
Fulfillment Centers	— CONFIDENTIAL —	—	274.8%	22.9%
Grocery Stores Liquor	— CONFIDENTIAL —	—	5.6%	8.8%
Leisure/Entertainment	26.0	26.4%	4.4%	-3.1%
Lumber/Building Materials	— CONFIDENTIAL —	—	0.2%	4.3%
Office Equipment	25.8	42.8%	55.0%	11.1%
Office Supplies/Furniture	27.9	33.2%	-37.4%	-1.9%
Quick-Service Restaurants	66.9	6.7%	7.3%	8.5%
Service Stations	177.7	2.5%	3.9%	1.2%
Total All Accounts	\$1,098.8	14.5%	3.0%	5.5%
County & State Pool Allocation	\$129.5	27.8%	15.0%	10.2%
Gross Receipts	\$1,228.3	15.8%	4.2%	6.1%