

Q1 2016



San Fernando Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

San Fernando In Brief

San Fernando's receipts from January through March were 0.5% above the first sales period in 2015. However, a negative allocation to correct a reporting error by an auto-transportation vendor skewed the results. Excluding reporting aberrations, actual sales were up 9.8%.

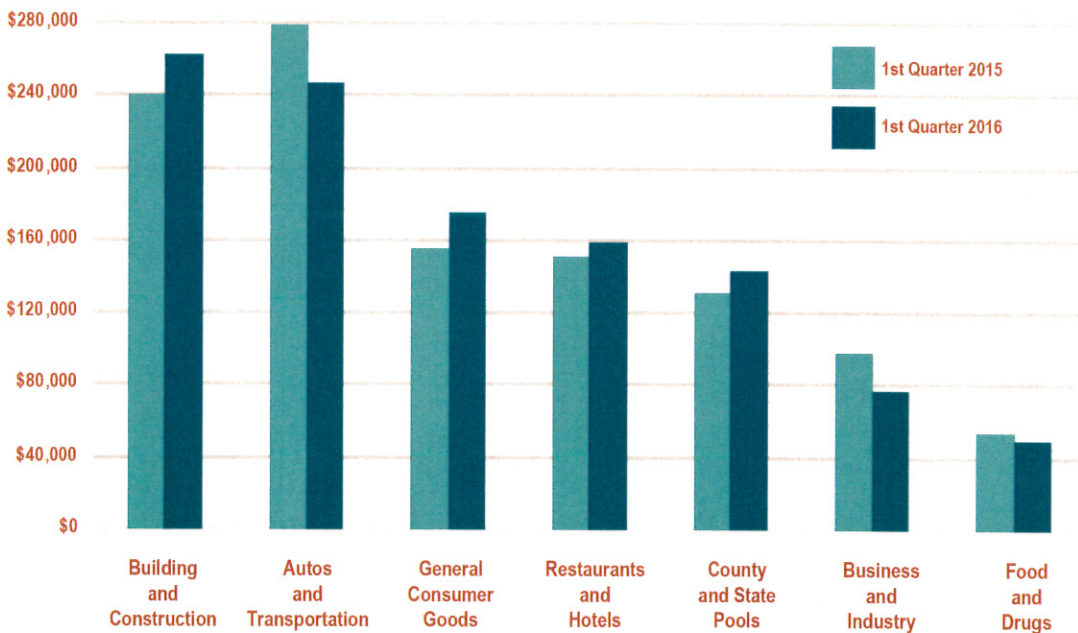
Favorable winter weather conditions helped boost activity from contractor suppliers contributing to building-construction growth, while solid sales of electronics lifted general consumer goods. Allocations from the countywide use tax pool also increased 9.3%, mostly attributed to the rise in online purchases.

Weak sales by repair shop/equipment rental merchants and a drop in gas prices resulting in lower revenue from service stations, partially offset the gains.

The City's voter-approved transaction tax, Measure A, generated an additional \$555,268, a 6.7% increase over the prior year.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Araca Merchandise	Jack in the Box
Arco	McDonalds
Arroyo Building Materials	Nachos Ornamental
Casco	Pool & Electrical Products
El Pollo Loco	Rydell Chrysler
El Super	Dodge Jeep Ram
Enterprise Rent A Car	Sams Club
Ferguson Enterprises	Smart & Final
GE Capital Consumer Cardo	T Mobile
Goodman Distribution	TMB Production Supplies & Services
Home Depot	Truman 76
IHOP	Vallarta Supermarket
	Western Motor Sport
	WSS

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,909,322	\$4,018,531
County Pool	489,681	540,310
State Pool	2,483	2,780
Gross Receipts	\$4,401,485	\$4,561,622
Less Triple Flip*	\$(1,100,371)	\$(852,664)
	\$2,080,556	\$2,234,697

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

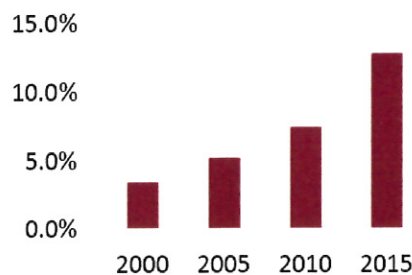
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

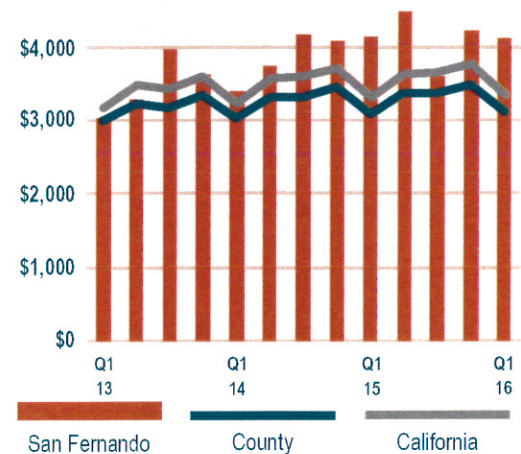
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

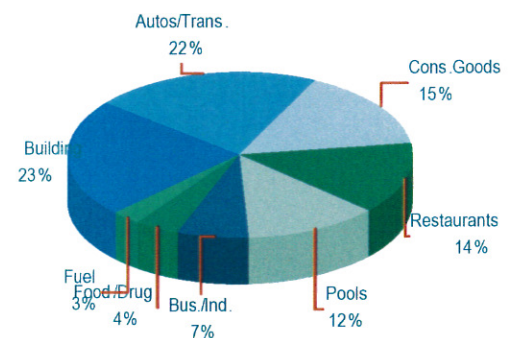
Online General Consumer Goods YOY Percentage Growth



SALES PER CAPITA



REVENUE BY BUSINESS GROUP San Fernando This Quarter



SAN FERNANDO TOP 15 BUSINESS TYPES

<i>*In thousands of dollars</i>	San Fernando		County	HdL State
Business Type	Q1 '16*	Change	Change	Change
Auto Repair Shops	16.0	10.8%	7.7%	7.4%
Automotive Supply Stores	27.2	-3.4%	5.7%	4.8%
Casual Dining	41.0	12.0%	8.0%	5.6%
Contractors	37.0	11.2%	6.5%	3.3%
Discount Dept Stores	—	CONFIDENTIAL —	-0.9%	-0.3%
Electrical Equipment	—	CONFIDENTIAL —	39.9%	6.6%
Electronics/Appliance Stores	26.7	48.3%	2.8%	2.8%
Grocery Stores Liquor	30.7	-18.5%	0.7%	1.7%
Lumber/Building Materials	—	CONFIDENTIAL —	8.2%	4.5%
New Motor Vehicle Dealers	—	CONFIDENTIAL —	3.3%	3.1%
Plumbing/Electrical Supplies	—	CONFIDENTIAL —	14.3%	-7.9%
Quick-Service Restaurants	103.6	-2.0%	4.8%	6.4%
Repair Shop/Equip. Rentals	14.5	-50.0%	17.6%	16.9%
Service Stations	31.1	-13.0%	-7.4%	-9.3%
Shoe Stores	—	CONFIDENTIAL —	6.2%	4.6%
Total All Accounts	1,008.1	-0.6%	1.7%	1.8%
County & State Pool Allocation	142.9	8.8%	11.3%	14.1%
Gross Receipts	1,151.0	0.5%	2.8%	3.2%