

Q1 2014



San Fernando Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

San Fernando In Brief

Receipts for San Fernando's January through March sales were 13.2% higher than the same quarter one year ago. Actual sales activity was up 22.1% when reporting aberrations were factored out.

The increase in autos and transportation from a new business was understated by a deduction to correct a prior error.

A correction that depressed year ago returns accounted for the spike in fuel and service stations. A reporting error contributed to the rise in restaurants as a whole while the food and drugs group rose 13.6% once a reporting anomaly was removed.

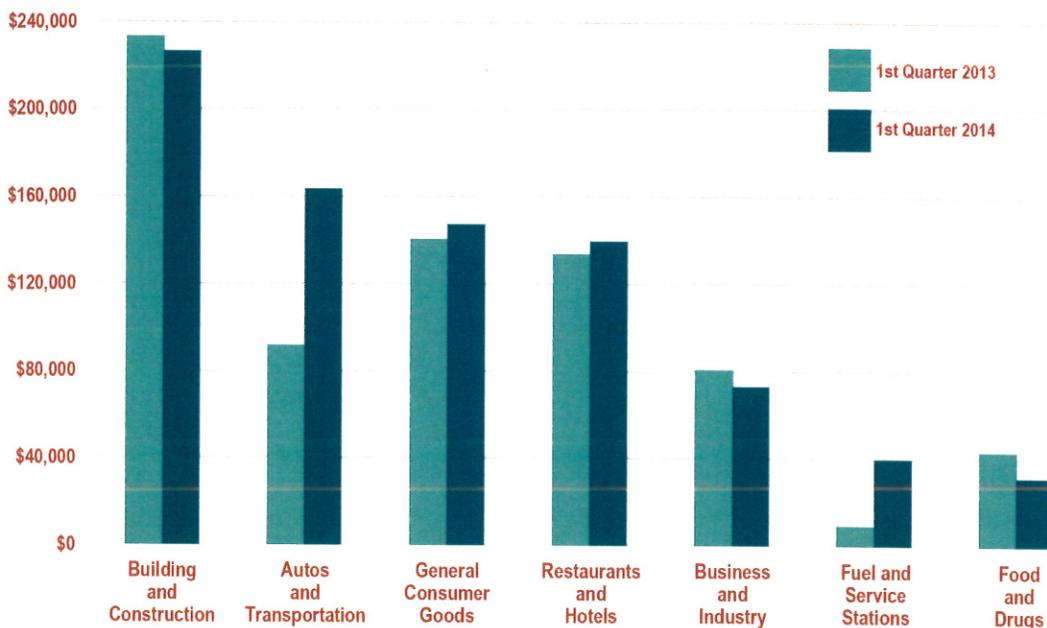
Post-holiday results in general consumer goods were inflated by multiple payment deviations. A new store contributed to the uptick.

Onetime adjustments lowered building-related results. Actual activity was up 7.5%.

Receipts from Measure A the recent voter-approved half cent transactions tax generated an additional \$467,630.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period, while the Southern California region as a whole was up 3.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Nachos Ornamental Supply
Arroyo Building Materials	Pep Boys
Carls Jr	Pool & Electrical Products
Casco	Rydell Chrysler Dodge Jeep Ram
El Pollo Loco	Sams Club
El Super	Southland Lighting
Enterprise Rent A Car	T Mobile
Global Hvac Distributors	TMB Production Supplies & Services
Home Depot	Truman 76
Honda Lease Trust	Vallarta Supermarket
IHOP	Warehouse Shoe Sale
Jack in the Box	Western Motor Sport
McDonalds	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,149,340	\$3,444,133
County Pool	370,162	411,596
State Pool	1,376	2,282
Gross Receipts	\$3,520,878	\$3,858,011
Less Triple Flip*	\$(880,220)	\$(964,503)
Gross Trans. Tax	\$0	\$905,272

*Reimbursed from county compensation fund

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Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

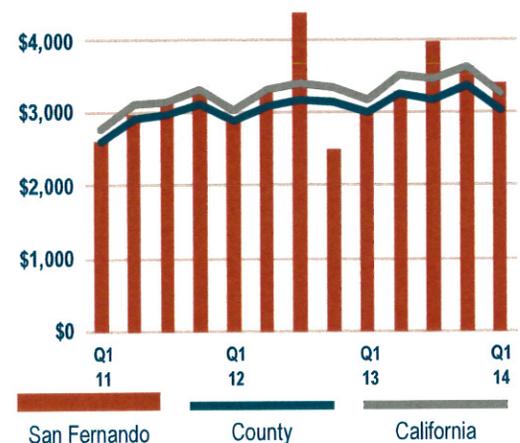
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



SAN FERNANDO TOP 15 BUSINESS TYPES

Business Type	San Fernando		County	HdL State
	Q1 '14	Change	Change	Change
Auto Lease	— CONFIDENTIAL —	—	15.9%	14.5%
Auto Repair Shops	14,597	-2.0%	0.4%	1.5%
Automotive Supply Stores	30,805	14.0%	1.6%	0.0%
Casual Dining	26,064	0.1%	7.0%	7.1%
Contractors	41,168	1.7%	20.7%	14.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.9%	-2.6%
Electrical Equipment	12,661	-24.7%	-13.6%	4.2%
Electronics/Appliance Stores	17,105	44.9%	7.8%	2.4%
Grocery Stores Liquor	21,051	-36.9%	-35.1%	-14.7%
Lumber/Building Materials	— CONFIDENTIAL —	—	12.0%	16.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	10.0%	9.4%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	13.1%	8.1%
Quick-Service Restaurants	105,399	8.2%	4.5%	4.8%
Service Stations	39,381	368.3%	-3.6%	-1.0%
Trailers/Auto Parts	14,851	503.3%	14.3%	6.8%
Total All Accounts	\$822,455	12.4%	1.8%	3.2%
County & State Pool Allocation	\$103,665	20.6%	9.2%	7.7%
Gross Receipts	\$926,119	13.2%	2.5%	3.7%