

Q4 2011



City of Pico Rivera Sales Tax *Update*

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

Pico Rivera In Brief

Receipts for fourth quarter sales were 23% above the same period one year earlier but payment aberrations skewed the data. With anomalies factored out, actual sales increased 17.5%.

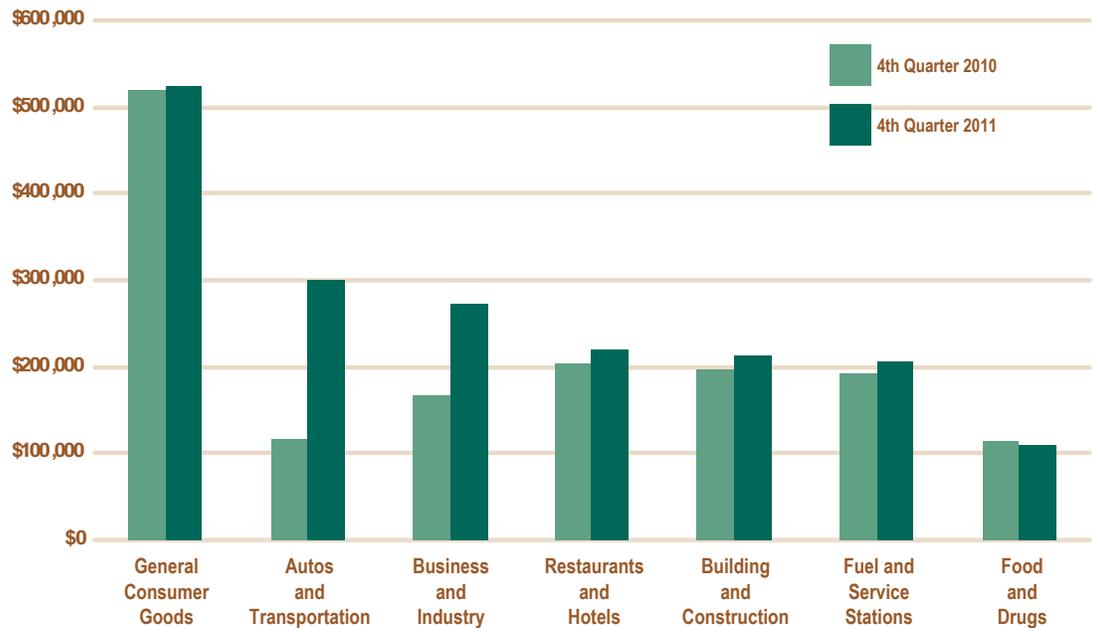
The largest gains were in the autos and transportation and business and industry categories with multiple business types contributing to overall year-over-year increases. However, an allocation error inflated light industrial/printers totals in the business and industry group. Among the remaining five industry groups, all but food and drugs were up. Fuel and service stations were once again boosted by higher prices at the pump; a new business addition lifted restaurants with beer/wine totals. General consumer sales edged up.

Onetime payment aberrations exaggerated the food and drugs decrease.

Net of reporting aberrations, proceeds from Pico Rivera's voter-approved Measure "P" grew 2.2%.

Excluding temporary accounting adjustments, all of Los Angeles County was up 6.9%; statewide sales grew 7.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Apro	Oxnard Building Materials
Arco AM PM	Pico Rivera Gas & Carwash
Cal Wholesale Material Supply	Ross
Chevron	Saw Service of America
Chevron	South Coast Peterbilt
Circle K	Southern California Material Handling
Dal Rae	Target
Food 4 Less	Tesoro Refining & Marketing
Home Depot	Unisource
King Taco	United Rentals
Kwik/AI Sal Oil	Wal Mart
Lowe's	
Marshalls	
McDonalds	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

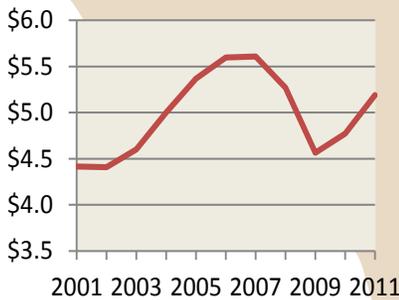
	2010-11	2011-12
Point-of-Sale	\$4,862,289	\$5,050,555
County Pool	542,876	563,866
State Pool	2,576	756
Gross Receipts	\$5,407,741	\$5,615,177
Less Triple Flip*	\$(1,351,935)	\$(1,403,794)
Gross Trans. Tax	\$4,980,496	\$5,219,847

*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.

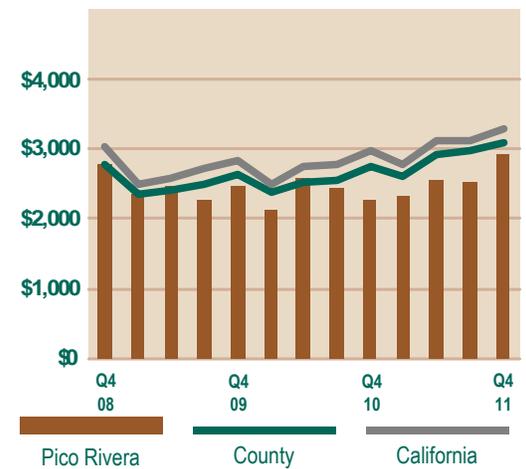
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

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



PICO RIVERA TOP 15 BUSINESS TYPES

Business Type	Pico Rivera		County	HdL State
	Q4 '11*	Change	Change	Change
Contractors	90.8	9.7%	20.6%	18.4%
Discount Dept Stores	— CONFIDENTIAL —	—	4.5%	4.1%
Drug Stores	34.1	6.8%	8.9%	8.0%
Family Apparel	61.1	-1.1%	13.0%	10.6%
Grocery Stores Liquor	47.2	-7.1%	-6.3%	-1.2%
Heavy Industrial	60.1	85.2%	10.4%	32.6%
Light Industrial/Printers	31.1	-5.3%	4.1%	11.6%
Lumber/Building Materials	— CONFIDENTIAL —	—	7.4%	8.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	17.8%	15.5%
Office Supplies/Furniture	65.6	-14.2%	4.4%	-5.5%
Repair Shop/Hand Tool Rentals	58.6	1.0%	6.6%	10.7%
Restaurants Beer And Wine	29.8	13.3%	0.7%	-0.4%
Restaurants Liquor	51.3	14.5%	8.2%	9.9%
Restaurants No Alcohol	135.8	5.4%	7.0%	7.3%
Service Stations	201.8	6.4%	12.6%	14.7%
Total All Accounts	\$1,843.9	22.1%	6.5%	7.8%
County & State Pool Allocation	211.0	31.3%		
Gross Receipts	\$2,054.9	23.0%		<i>*In thousands</i>