Q3 2010

City of Whittier Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Whittier In Brief

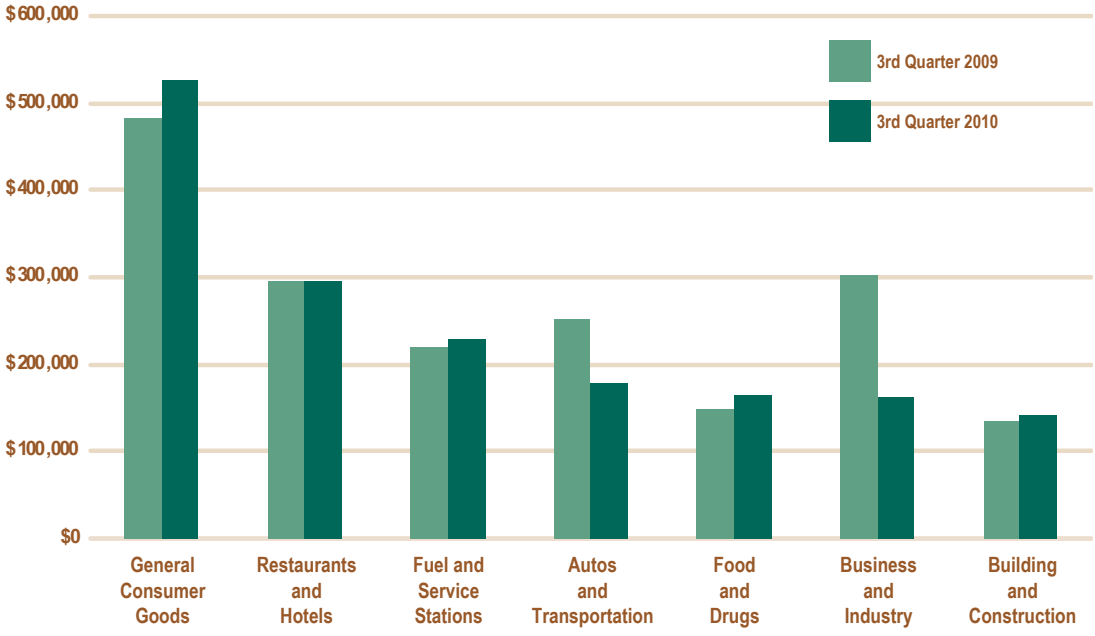
Receipts for Whittier's third quarter sales were 6.5% lower than the same quarter one year ago. Actual sales activity was up 0.1% when reporting aberrations were factored out.

A previous closeout reduced receipts from the business and industry group. The allocation from new auto sales was down significantly resulting from business closures and due to last year's comparison quarter which spiked during the "cash for clunkers" program.

Recent additions helped lift family apparel receipts and strong overall sales and higher fuel prices helped boost revenues for fuel and service stations. Receipts from grocery stores were inflated by a onetime reporting aberration.

Adjusted for aberrations, receipts for all of Los Angeles County increased 3.7% over the comparable time period while Southern California as a whole was up 4.0%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

- AM PM Mini Mart
- Arco Mini Mart
- Associated Reproduction Service
- Burlington Coat Factory
- Chevron
- Collard Rose Optical Lab
- Community Honda
- CVS Pharmacy
- Eastman Kodak
- Friendly Hills Chevron
- Gastribution
- Home Depot
- International Council Codes
- JC Penney
- Kohls
- Ralphs
- Ralphs
- Ross
- Sears
- Target
- TJ Maxx
- Toyota of Whittier
- Vallejo AM PM
- Whittier Arco AM PM
- Whittier Valero

Revenue Comparison

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	$3,602,502	$3,105,557
County Pool	394,192	355,232
State Pool	3,568	2,265
Gross Receipts	**$4,000,262**	**$3,463,054**
Less Triple Flip*	$(1,000,065)	$(865,763)

**Reimbursed from county compensation fund*

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NOTES

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by $850 billion.

In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

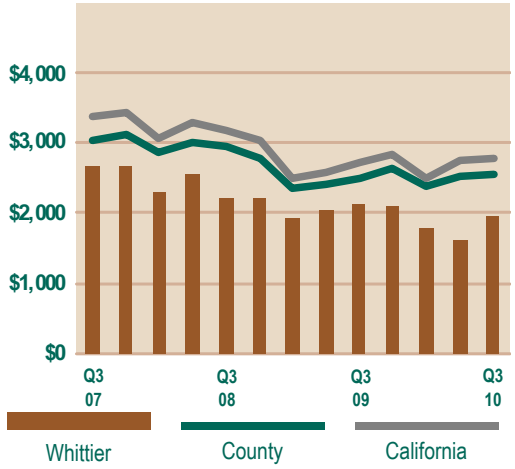
Food/Drugs– some price increases but competition will keep tax revenues from this segment generally flat.

Fuel/Service Stations – Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods– Stock market gains are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels– Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

Sales Per Capita



Whittier Top 15 Business Types

Business Type	Whittier Q3 '10*	Whittier Change	County Change	HdL State Change
Service Stations	$229.8	4.5%	10.2%	12.2%
Restaurants No Alcohol	158.8	1.7%	8.3%	5.3%
Lumber/Building Materials	108.7	5.7%	-1.8%	-4.7%
Discount Dept Stores	— CONFIDENTIAL —		3.9%	5.6%
Family Apparel	88.6	27.3%	8.4%	7.5%
New Motor Vehicle Dealers	88.6	-39.9%	-5.0%	-1.7%
Grocery Stores Liquor	81.8	12.5%	5.8%	1.1%
Specialty Stores	69.7	-0.6%	-3.5%	-2.5%
Restaurants Beer And Wine	64.5	8.5%	1.2%	-0.6%
Department Stores	64.4	-5.9%	4.1%	2.9%
Restaurants Liquor	60.0	-8.9%	3.9%	5.0%
Stationery/Book Stores	45.2	269.7%	4.7%	-1.6%
Drug Stores	41.3	-3.8%	-2.3%	-1.8%
Auto Repair Shops	29.8	1.4%	10.6%	3.4%
Home Furnishings	28.5	20.7%	4.5%	1.5%
Total All Accounts	**$1,702.2**	**-7.4%**	**2.5%**	**2.7%**
County & State Pool Allocation	**200.2**	**1.1%**		
Gross Receipts	**$1,902.4**	**-6.5%**		**In thousands*