

Q3 2014



Laguna Niguel Sales Tax *Update*

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

Laguna Niguel In Brief

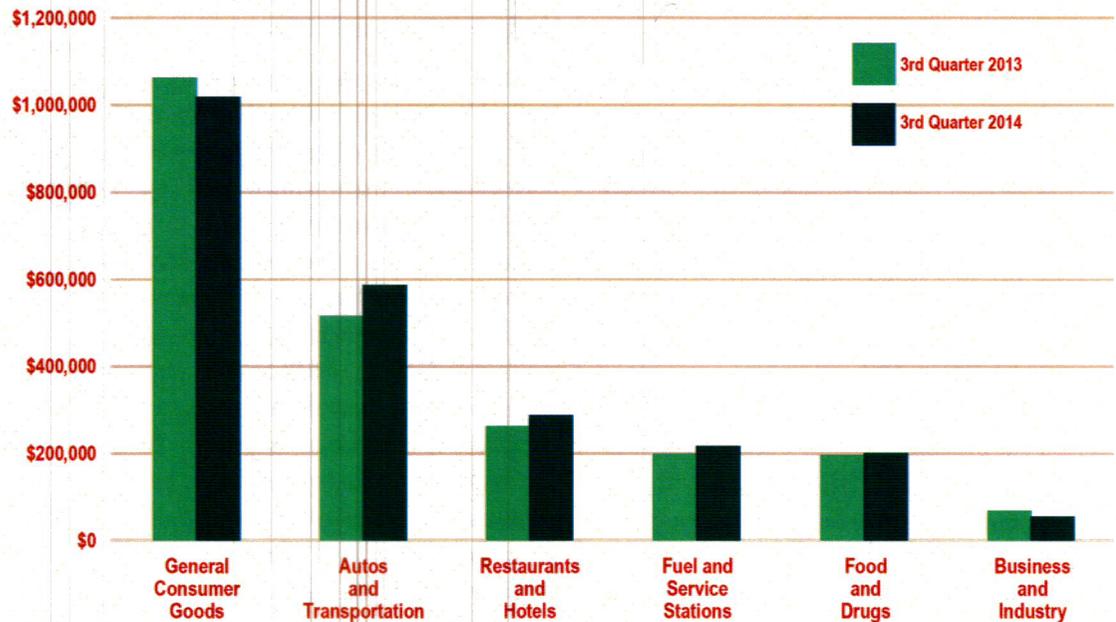
Receipts for Laguna Niguel's July through September sales were 2.6% higher than the same quarter one year ago. Actual sales rose 3.5% net of onetime accounting events.

Solid sales from the automotive group and gains from multiple categories of restaurants were major factors for the overall increase, although restaurant group results were overstated by payment anomalies. The allocation from the countywide use tax pool was also a factor. Receipt of a double payment of taxes due from a prior quarter temporarily offset a decline in sales from service stations.

A year-ago adjustment exaggerated losses from electronics-appliances in the general consumer goods group which was also impacted by a prior business closeout. Payment anomalies depressed results from grocery-liquor plus both the building and construction and business and industry groups.

Adjusted for aberrations, taxable sales for all of Orange County increased 3.9% over same 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

Albertsons	In N Out Burger
Allen Cadillac GMC	Kohls
Allen Hyundai	Laguna Niguel Mobil
Arco	Laguna Niguel Shell
Arco AM PM	Mercedes Benz of Laguna Niguel
Bed Bath & Beyond	Sepulveda Building Materials
BevMo	Tesoro
Chevron	Tucker Tire
Chevron Laguna Niguel	Verizon Wireless
Circle K	Vons
Costco	Walmart
Daimler Trust	Whole Foods Market
Home Depot	

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,918,301	\$5,008,872
County Pool	529,641	572,048
State Pool	2,599	3,598
Gross Receipts	\$5,450,540	\$5,584,517
Less Triple Flip*	\$(1,362,635)	\$(1,396,129)

*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.

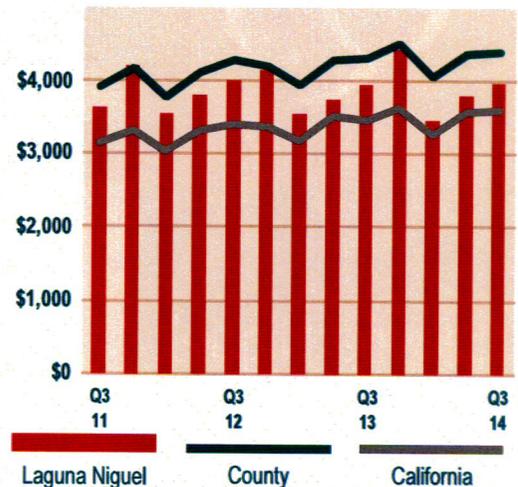
Despite intensive price competition, tax gains from general con-

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.

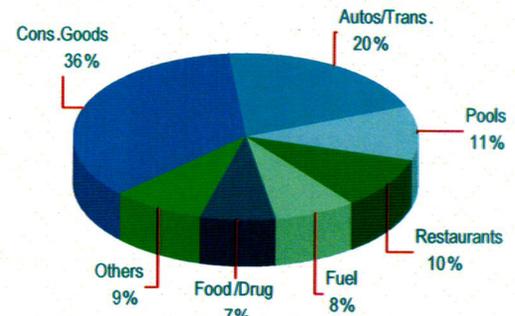
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

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
Laguna Niguel This Quarter



LAGUNA NIGUEL TOP 15 BUSINESS TYPES

Business Type	Laguna Niguel		County	HdL State
	Q3 '14*	Change	Change	Change
Auto Lease	— CONFIDENTIAL —		11.0%	3.2%
Casual Dining	90.8	3.5%	3.8%	6.2%
Department Stores	— CONFIDENTIAL —		-0.1%	0.8%
Discount Dept Stores	— CONFIDENTIAL —		1.9%	2.5%
Drug Stores	45.6	-0.4%	-0.5%	0.9%
Electronics/Appliance Stores	37.7	-42.4%	0.5%	2.5%
Fast-Casual Restaurants	57.1	18.6%	10.6%	12.7%
Grocery Stores Beer/Wine	59.4	10.1%	3.8%	2.4%
Grocery Stores Liquor	74.7	-1.5%	5.7%	8.6%
Home Furnishings	79.1	-5.7%	7.5%	6.6%
Lumber/Building Materials	— CONFIDENTIAL —		0.2%	4.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —		7.4%	8.0%
Quick-Service Restaurants	110.7	7.0%	7.6%	8.4%
Service Stations	217.3	9.2%	3.9%	1.2%
Specialty Stores	63.6	-2.1%	4.6%	5.8%
Total All Accounts	\$2,558.9	1.4%	3.0%	5.5%
County & State Pool Allocation	\$301.5	13.3%	15.0%	10.2%
Gross Receipts	\$2,860.3	2.6%	4.2%	6.1%