

Q1 2013



City of Aliso Viejo Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Aliso Viejo In Brief

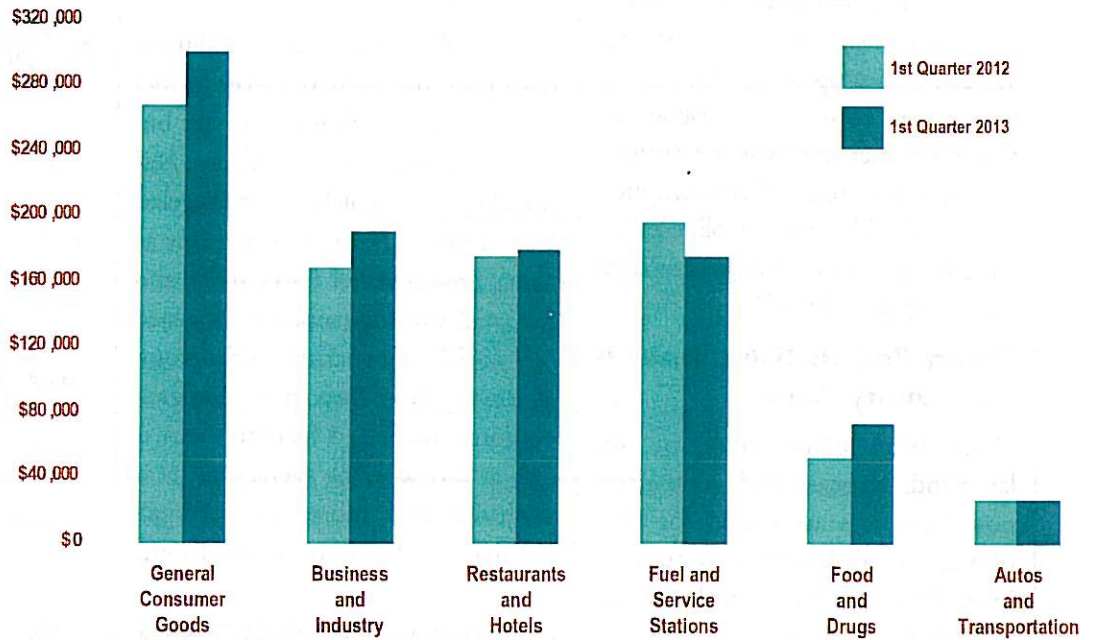
Receipts for Aliso Viejo's January through March sales were 14.5% higher than the same quarter one year ago. However, the overall results from some of the major industry groups including, food and drugs were temporarily boosted by payment deviations. After factoring out these and other reporting aberrations, actual sales activity was up 10.0%.

General consumer goods experienced a strong sales quarter from multiple categories. Business and industry benefited from the addition of a new business and higher receipts from office equipment and business services. A 27.3% increase in the city's share of the countywide use tax pool allocation also contributed to the overall positive results.

The restaurant group posted a sales increase; however, the gain was cut by payment anomalies that inflated the year-ago period. Double payments that boosted last year's allocations temporarily depressed the results from service stations.

Adjusted for aberrations, taxable sales for all of Orange County increased 6.4% over the comparable time period, while the Southern California region as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Ambray Genetics	Metagenics
Aqueduct	Petsmart
Barnes & Noble	Qlogic
Buy.Com	Ralphs
Chevron	Restaurants on the Run
Chevron All Hands Car Wash	Shell
Circle K	Staples
Circle K 76	Stater Bros
CVS Pharmacy	Target
Digital Networks Group	Tesoro Refining & Marketing
El Dorado Hand Car Wash	TJ Maxx
Freeway Mobil	Trader Joes
Lowes	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$3,897,426	\$4,255,326
County Pool	402,117	458,075
State Pool	1,333	2,198
Gross Receipts	\$4,300,876	\$4,715,598
Less Triple Flip*	\$(1,075,219)	\$(1,178,900)

*Reimbursed from county compensation fund

NOTES

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

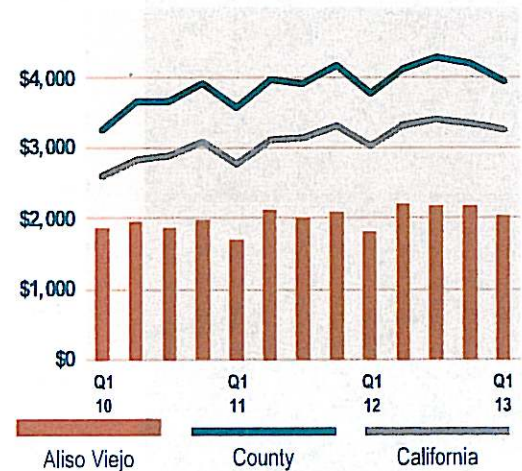
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



ALISO VIEJO TOP 15 BUSINESS TYPES

Business Type	Aliso Viejo		County	HdL State
	Q1 '13*	Change	Change	Change
Business Services	47.2	19.5%	1.2%	-10.7%
Discount Dept Stores	— CONFIDENTIAL —		8.3%	5.1%
Electrical Equipment	34.8	-3.5%	-18.9%	4.6%
Electronics/Appliance Stores	59.8	-5.5%	-1.2%	-3.2%
Family Apparel	46.9	13.6%	16.4%	16.4%
Grocery Stores Liquor	47.6	72.0%	36.3%	24.7%
Lumber/Building Materials	— CONFIDENTIAL —		5.8%	7.2%
Medical/Biotech	29.6	-8.7%	-2.3%	1.5%
Office Equipment	26.7	13.2%	11.6%	14.0%
Office Supplies/Furniture	23.5	-7.5%	-5.6%	-0.6%
Restaurants Beer And Wine	35.1	-22.3%	-1.4%	-2.3%
Restaurants Liquor	49.2	27.2%	6.0%	6.9%
Restaurants No Alcohol	78.8	4.9%	5.6%	5.9%
Service Stations	171.2	-10.7%	-3.4%	-2.2%
Specialty Stores	26.6	-2.2%	9.6%	2.7%
Total All Accounts	\$1,011.6	13.3%	5.1%	5.7%
County & State Pool Allocation	117.3	26.8%		
Gross Receipts	\$1,128.9	14.5%		<i>*In thousands</i>