

Q1
2013



City of Coronado Sales Tax *Update*

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

Coronado In Brief

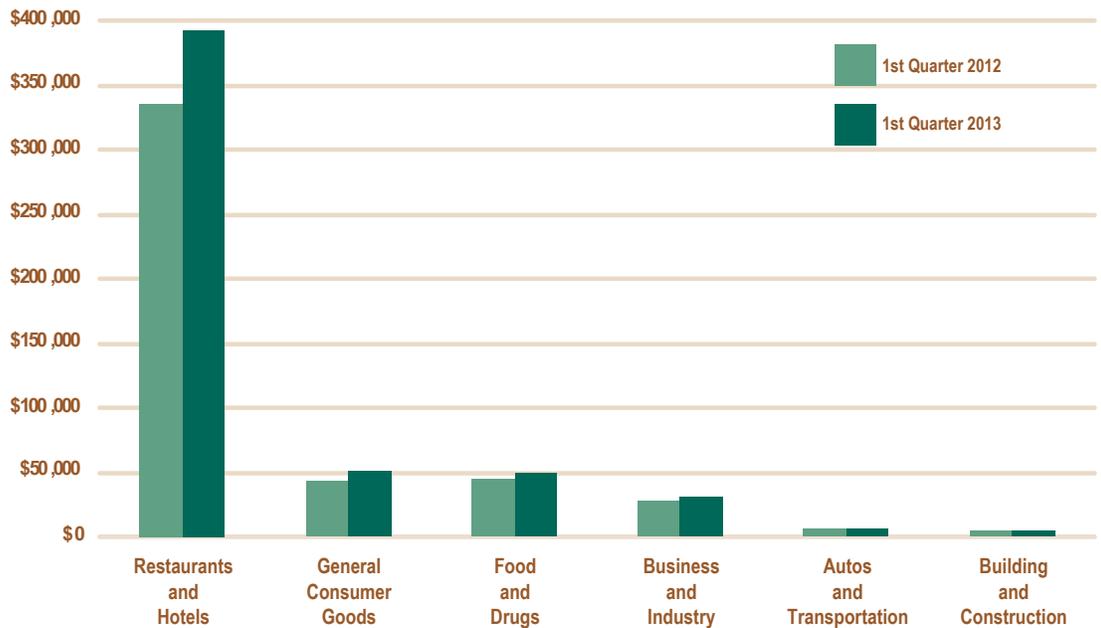
Receipts for Coronado's January through March sales were 15.1% higher than the same quarter one year ago. Actual sales activity was up 9.0% when reporting aberrations were factored out.

The city experienced higher sales of general consumer goods, however, the gains were inflated by a one-time reporting aberration. A combination of higher sales and onetime accounting adjustments in the comparison quarter boosted restaurant and hotel returns. A recent addition boosted revenues in the food and drugs group.

The city's allocation from the county use tax pool increased overall results.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.1% 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

Albertsons	Island Pasta
Brigantine	Loews Coronado Bay Resort
Burger Lounge	Marriotts Coronado Island Resort
Cabrillo Hoist	McDonalds
Candelas on the Bay	McP's Irish Pub
Claytons Coffee Shop & Mexican Takeout	Moo Time
Coronado Boathouse	Panera Bread
Coronado Mobil	Peohes
Factory Direct Corp	Rite Aid
Hospitality Resources	Subway
Hotel del Coronado	Vigiluccis Ristorante
Il Fornaio	Vons
	Walgreens

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$2,232,448	\$2,378,137
County Pool	262,513	282,642
State Pool	843	1,138
Gross Receipts	\$2,495,804	\$2,661,917
Less Triple Flip*	\$(623,951)	\$(665,479)

*Reimbursed from county compensation fund

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

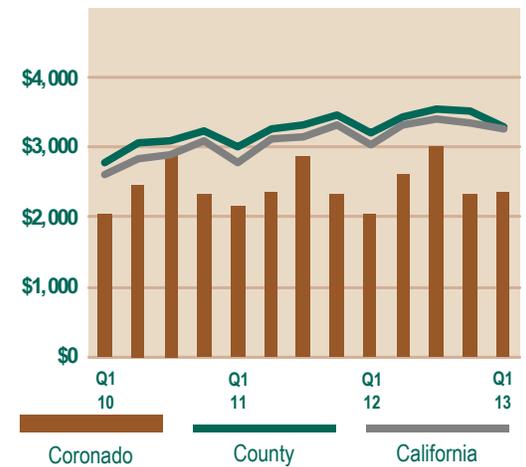
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

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



CORONADO TOP 15 BUSINESS TYPES

Business Type	Coronado		County	HdL State
	Q1 '13	Change	Change	Change
Business Services	10,735	35.6%	67.8%	-11.4%
Drug Stores	— CONFIDENTIAL —	—	2.4%	2.9%
Family Apparel	8,185	28.0%	16.2%	16.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	30.8%	24.7%
Hotels-Liquor	— CONFIDENTIAL —	—	6.3%	5.8%
Light Industrial/Printers	5,067	-34.0%	-16.3%	6.9%
Package Liquor Stores	10,419	17.1%	4.5%	2.7%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	-217.0%	-1.1%
Restaurants Beer And Wine	40,262	24.3%	-0.7%	-1.3%
Restaurants Liquor	98,651	3.8%	3.0%	6.4%
Restaurants No Alcohol	58,291	67.4%	8.6%	6.0%
Service Stations	— CONFIDENTIAL —	—	2.4%	-2.2%
Specialty Stores	8,053	69.8%	10.0%	2.4%
Sporting Goods/Bike Stores	5,933	13.7%	13.5%	12.7%
Women's Apparel	7,726	22.0%	11.4%	14.6%
Total All Accounts	\$544,635	15.4%	3.2%	5.7%
County & State Pool Allocation	67,019	12.1%		
Gross Receipts	\$611,654	15.1%		