

Q1 2014



City of Irwindale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Irwindale In Brief

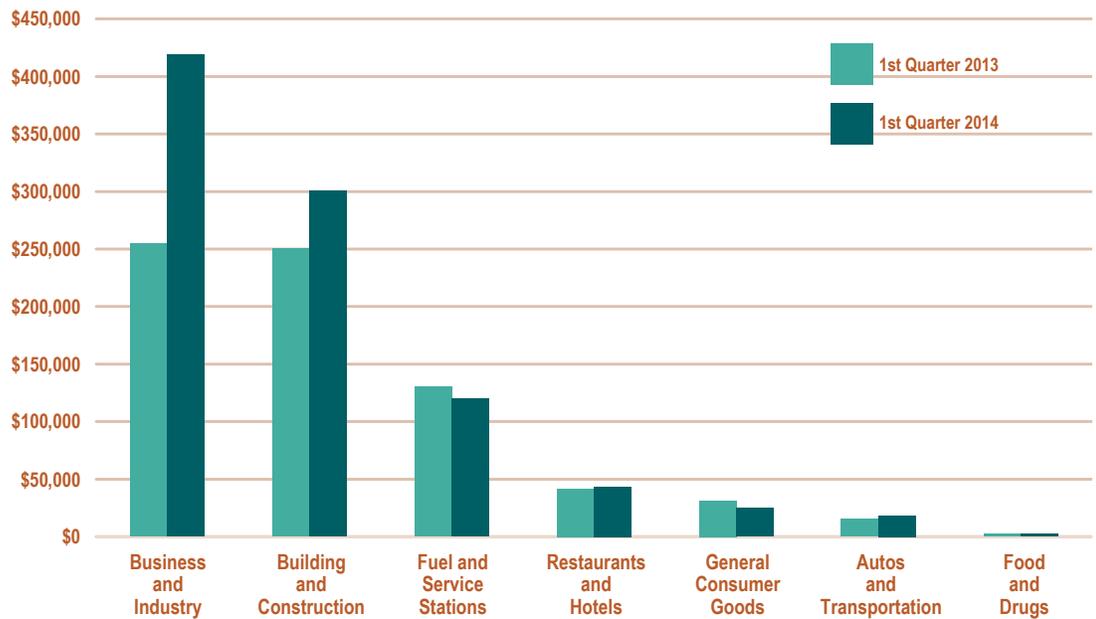
Receipts for Irwindale's January through March sales were 28.8% higher than the same quarter one year ago. The correction of multiple previously misallocated payments from a food service equipment merchant exaggerated overall gains. Actual sales activity was up 13.5% when reporting aberrations were factored out.

Increased revenue from contractors, consistent with regional trends, boosted building and construction results. Autos-transportation and restaurant receipts were inflated by double payments in the current period. Allocations from the countywide use tax pool also grew by 37%, further contributing to the positive outcome.

Declines in fuel prices during the quarter negatively impacted results from service stations, while business closeouts were responsible for weak returns from general consumer goods.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period, while the Southern California region as a whole was up 3.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ACH Supply	L & L Building Materials
Arco	Louis Vuitton US Manufacturing
Arco AM PM	Miller Brewing Company
Arco AM PM	National Ready Mixed Concrete
Bartley Optical Sales	Nellson Nutraceutical
Chaparral Concrete	Portos Food Products
Chem Arrow	Rivergrade Shell Station
Decore Ative Specialties	Spot Not Car Wash & Gas
Education Management Systems	Spragues Rock & Sand
Food Makers Bakery Equipment	Unitek
Gilbane Building	Vulcan Materials
Grainger	
Holiday Rock	
Jacmar Food Service	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,289,046	\$3,674,089
County Pool	388,647	438,610
State Pool	1,518	2,512
Gross Receipts	\$3,679,211	\$4,115,211
Less Triple Flip*	\$ (919,803)	\$ (1,028,803)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER ACCOUNT



IRWINDALE TOP 15 BUSINESS TYPES

Business Type	Irwindale		County	HdL State
	Q1 '14	Change	Change	Change
Business Services	— CONFIDENTIAL —		-18.4%	-6.3%
Contractors	281,819	22.2%	20.7%	14.8%
Drugs/Chemicals	57,525	-0.8%	-5.0%	2.1%
Electrical Equipment	14,260	-10.9%	-13.6%	4.2%
Fast-Casual Restaurants	10,435	3.5%	8.4%	10.5%
Food Service Equip./Supplies	196,192	621.1%	21.2%	12.1%
Heavy Industrial	32,373	-36.9%	7.1%	7.7%
Light Industrial/Printers	35,668	35.5%	2.5%	-1.4%
Lumber/Building Materials	— CONFIDENTIAL —		12.0%	17.0%
Medical/Biotech	16,965	-17.6%	3.9%	40.2%
Office Supplies/Furniture	8,919	9.8%	5.2%	-0.4%
Quick-Service Restaurants	27,274	2.9%	4.6%	4.8%
Repair Shop/Equip. Rentals	11,825	15.6%	-14.0%	-11.8%
Service Stations	119,590	-8.0%	-3.6%	-1.1%
Sporting Goods/Bike Stores	9,199	-14.6%	-3.3%	-6.1%
Total All Accounts	\$928,545	27.8%	1.8%	3.2%
County & State Pool Allocation	\$117,036	37.2%	9.2%	7.7%
Gross Receipts	\$1,045,582	28.8%	2.5%	3.7%

Q2 2014



City of Irwindale Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2014)

Irwindale In Brief

Receipts for Irwindale's April through June sales were 19.6% above the same quarter one year ago. Excluding payment anomalies, actual sales activity was up 5.7%.

The sharp disparity between cash receipts and local economic activity was mainly due to late-arriving receivables for sales in a prior period from multiple categories including fuel and service stations and autos and transportation. New business openings contributed to restaurant and hotel gains. Business and industry and general consumer goods categories showed only modest increases.

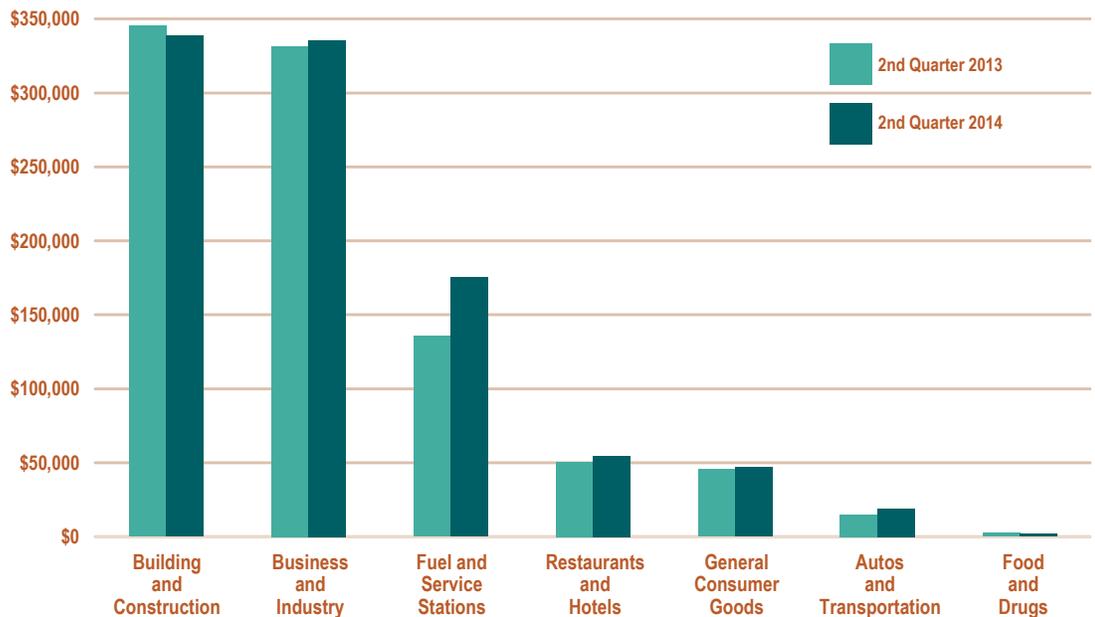
The city's proportionate share of the countywide use tax pool was up 30.1% or \$29,135.

The apparent drop in the building and construction group was due to a onetime reporting aberration that exaggerated year-ago receipts. Net of that and other adjustments, building and construction sales, particularly those in the contractor classification were up.

The city's proportionate share of the countywide use tax pool was up 30.1% or \$29,135.

Adjusted for aberrations, taxable sales for all of Los Angeles County grew 5.5% over the comparable time period, while the Southern California region was up 4.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ACH Supply	Jacmar Food Service
Airgas USA	Miller Brewing
Arco	Miura
Arco AM PM	National Ready Mixed Concrete
Arco AM PM	Pepsi Cola Bottling
Bartley Optical Sales	Renaissance Pleasure Faire
Chaparral Concrete	Rivergrade Shell Station
Chem Arrow	Spot Not Car Wash & Gas
Decore Ative Specialties	Spragues Rock & Sand
Education Management Systems	Unitek
Food Makers Bakery Equipment	Vulcan Materials
Hanson Aggregates West	Western Emulsions
Holiday Rock	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$926,290	\$1,098,009
County Pool	96,859	125,994
State Pool	637	832
Gross Receipts	\$1,023,786	\$1,224,834
Less Triple Flip*	\$(255,946)	\$(306,209)

*Reimbursed from county compensation fund

California as a Whole

Excluding onetime payment aberrations the local one cent share of state-wide sales and use tax was 5.2% higher than the second quarter of 2013.

Gains in the countywide use tax allocation pools were the largest contributor to the overall increase reflecting the growing influence of online purchases from out of state companies without nexus or a specific “point of sale” in California. The trend was also reflected by a growing shift of tax revenues from brick and mortar stores to in-state fulfillment centers that process on-line orders.

Auto sales and leases, contractor supplies and restaurants also posted major gains. These were partially offset by a decline in alternative energy projects that had previously added significant use tax revenues to the business and industry group.

The consensus among analysts is that the current pattern of increases will continue through the remainder of the fiscal year.

Triple Flip - The End is in Sight

California’s 2014/15 budget provides for retiring the \$15 billion fiscal recovery bonds authorized in 2004 to finance that year’s state budget deficit.

To guarantee the bonds, the state re-directed 1/4 of local government’s one cent sales tax and backfilled it with property tax revenues taken from the Educational Revenue Augmentation funds (ERAF) established for schools. The school ERAF funds were in turn replaced with state general revenues. This reshuffling became known as the “triple flip” and has caused cash flow and budget projection problems for local governments since.

The current plan is to discontinue the deductions at the end of calendar year 2015 and reimburse local governments with their final clean-up payments in January 2016.

Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

Allocation Formulas Corrected

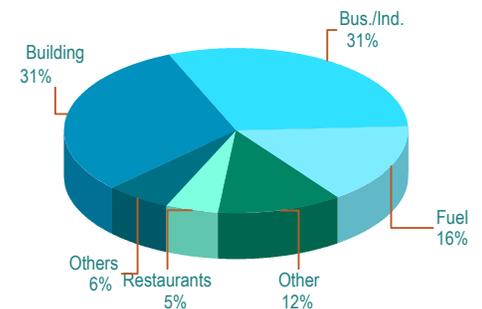
In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state’s use of property tax revenues to finance Proposition 198’s minimum educational funding requirements (ERAF). Counties also receive 1.5625 cents of state sales tax to reimburse for health, welfare and corrections functions shifted to them from the state in 1991 and 2011.

Inconsistencies in the public safety remittances brought to the state’s attention by HdL revealed that allocation formulas did not reflect recent legislative changes. As a result, counties will receive onetime backfill payments totalling \$116 million in 2014/2015.

SALES PER ACCOUNT



REVENUE BY BUSINESS GROUP
Irwindale This Quarter



IRWINDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Irwindale Q2 '14*	Change	County Change	HdL State Change
Art/Gift/Novelty Stores	— CONFIDENTIAL —	—	-0.3%	1.6%
Business Services	— CONFIDENTIAL —	—	11.3%	9.8%
Casual Dining	11.3	22.3%	5.3%	4.1%
Contractors	321.3	-0.8%	6.3%	14.1%
Drugs/Chemicals	53.1	-12.0%	-4.4%	-2.2%
Electrical Equipment	22.8	41.2%	3.4%	5.2%
Food Service Equip./Supplies	71.5	153.0%	11.3%	19.0%
Heavy Industrial	46.3	8.8%	12.9%	7.9%
Light Industrial/Printers	29.7	-24.4%	2.0%	3.6%
Medical/Biotech	— CONFIDENTIAL —	—	-65.8%	-57.7%
Quick-Service Restaurants	31.6	4.0%	5.8%	6.5%
Receivables/Master Outlets	— CONFIDENTIAL —	—	na	na
Repair Shop/Equip. Rentals	11.5	11.2%	-0.8%	-8.7%
Service Stations	174.9	29.4%	5.6%	6.7%
Specialty Stores	10.9	4.1%	10.6%	7.7%
Total All Accounts	\$1,098.0	18.5%	3.5%	2.8%
County & State Pool Allocation	\$126.8	30.1%	13.6%	12.7%
Gross Receipts	\$1,224.8	19.6%	4.5%	3.9%

Q3 2014



City of Irwindale Sales Tax *Update*

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

Irwindale In Brief

Receipts for Irwindale's July through September sales were 16.3% higher than the same quarter one year ago. Actual sales activity was up 9.0% when reporting aberrations were factored out.

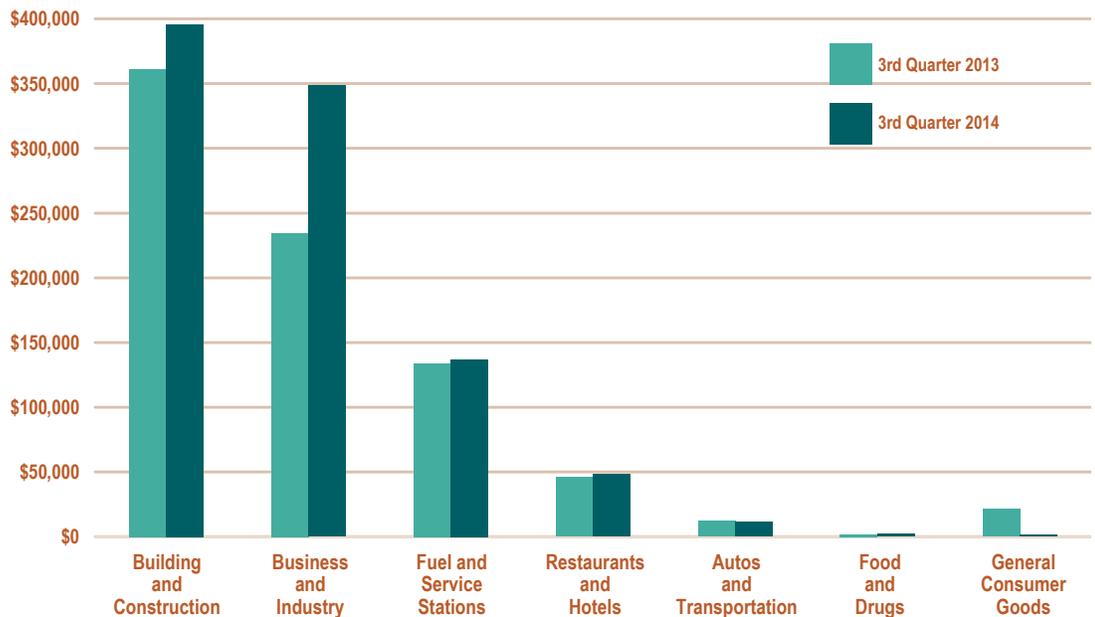
Multiple payment aberrations and higher sales from some companies in drugs/chemicals and food service equipment/supplies combined with several unusually large receipts in light industrial/printers to boost business and industry. A strong sales quarter from contractors was responsible for the increase in building and construction.

The city's allocation from the countywide use tax pool which increased 15%, or \$14,556, contributed to the overall gain during the quarter.

Fuel and service stations, restaurants and hotels, and food and drugs all experienced smaller gains, while receipts from general consumer goods were almost entirely wiped out by a large negative audit adjustment that covered several years.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.7% over the comparable time 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

ACH Supply	Miller Brewing
Airgas USA	National Ready Mixed Concrete
Arco	Ready Pac Produce
Arco AM PM	Rivergrade Shell Station
Arco AM PM	Russell Sigler
Bartley Optical Sales	Spragues Rock & Sand
Chaparral Concrete	Trio Engineered Products
Chem Arrow	United Rock Products
Decore Active Specialties	Unitek
Food Makers Bakery Equipment	Vulcan Materials
Grainger	Western Emulsions
Hanson Aggregates West	
Holiday Rock	
Jacmar Food Service	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,737,091	\$2,042,042
County Pool	194,131	237,820
State Pool	944	1,477
Gross Receipts	\$1,932,166	\$2,281,340
Less Triple Flip*	\$(483,041)	\$(570,335)

*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.

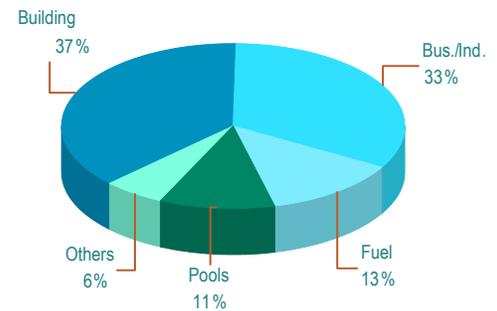
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, 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 ACCOUNT



REVENUE BY BUSINESS GROUP

Irwindale This Quarter



IRWINDALE TOP 15 BUSINESS TYPES

Business Type	Irwindale		County	HdL State
	Q3 '14	Change	Change	Change
Contractors	381,403	12.3%	6.4%	11.7%
Drugs/Chemicals	108,268	88.7%	-4.1%	8.3%
Electrical Equipment	23,464	17.2%	1.1%	8.6%
Fast-Casual Restaurants	8,434	0.8%	9.7%	12.9%
Food Service Equip./Supplies	74,761	203.1%	18.7%	9.8%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	3.6%	3.2%
Heavy Industrial	34,136	-12.8%	11.2%	10.1%
Light Industrial/Printers	40,613	91.2%	8.5%	5.4%
Lumber/Building Materials	— CONFIDENTIAL —	—	0.2%	4.6%
Medical/Biotech	— CONFIDENTIAL —	—	-2.2%	8.4%
Quick-Service Restaurants	32,470	10.3%	7.9%	8.4%
Repair Shop/Equip. Rentals	11,255	2.1%	-2.9%	2.2%
Service Stations	136,825	2.6%	-2.2%	1.2%
Sporting Goods/Bike Stores	9,113	22.4%	-0.3%	0.7%
Textiles/Furnishings	8,531	27.9%	5.1%	8.5%
Total All Accounts	\$944,033	16.4%	5.7%	5.5%
County & State Pool Allocation	\$112,472	15.3%	4.6%	10.2%
Gross Receipts	\$1,056,505	16.3%	5.6%	6.1%

Q4 2014



City of Irwindale Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Irwindale In Brief

Receipts for Irwindale's October through December sales were 11.2% lower than the same quarter one year ago but reporting aberrations skewed the data. With anomalies removed, actual sales were down 3.9%.

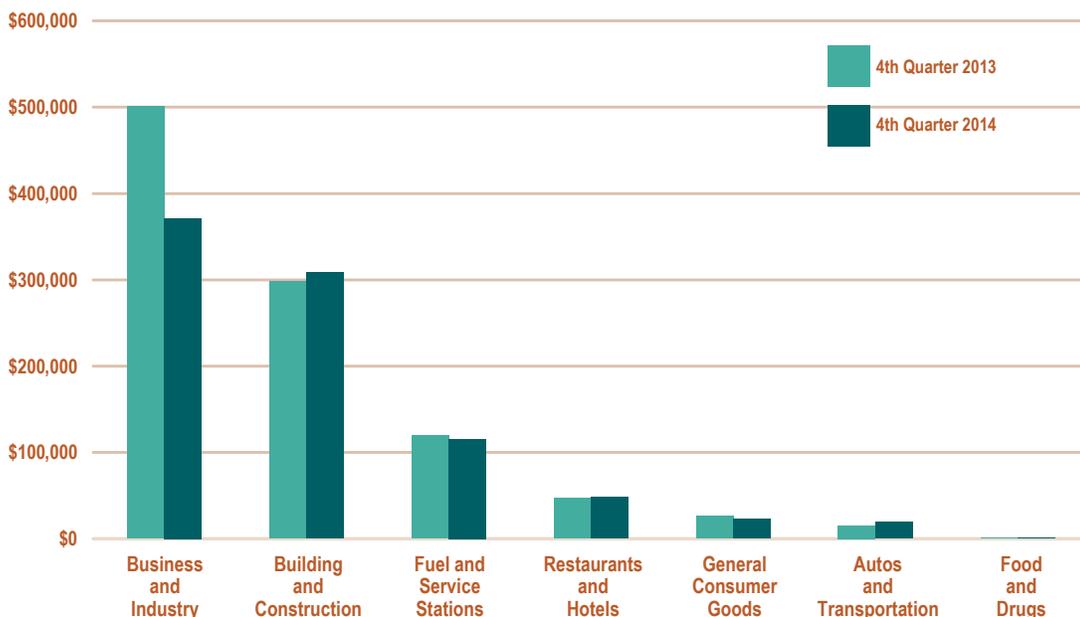
Onetime payments that inflated last year's allocation from some business to business sectors temporarily depressed current quarter business and industry results and was primarily responsible for the overall decrease.

Lower fuel prices negatively impacted service station returns while a smaller allocation from the county-wide use tax pool further contributed to the decline.

The losses were partially offset by improved contractor material and supply sales which boosted building and construction receipts.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.0% over the comparable time period, while the Southern California region as a whole was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ACH Supply	Jacmar Food Service
Airgas USA	Miller Brewing
Arco	National Ready Mixed Concrete
Arco AM PM	Nellson Nutraceutical
Arco AM PM	Rivergrade Shell Station
Bartley Optical Sales	Russell Sigler
Chaparral Concrete	Spragues Rock & Sand
Chem Arrow	United Rock Products
Davis Wire	Unitek
Decore Ative Specialties	Vulcan Materials
Food Makers Bakery Equipment	Western Emulsions
General Electric	
Hanson Aggregates West	
Holiday Rock	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$2,745,543	\$2,928,952
County Pool	322,442	359,633
State Pool	1,643	2,457
Gross Receipts	\$3,069,629	\$3,291,043
Less Triple Flip*	\$(767,407)	\$(822,761)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

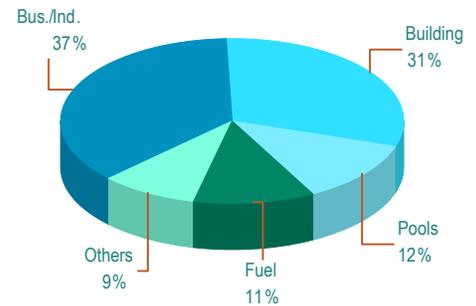
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER ACCOUNT



REVENUE BY BUSINESS GROUP

Irwindale This Quarter



IRWINDALE TOP 15 BUSINESS TYPES

Business Type	Irwindale		County	HdL State
	Q4 '14	Change	Change	Change
Automotive Supply Stores	10,468	28.0%	4.4%	2.0%
Contractors	291,655	3.4%	6.7%	8.8%
Drugs/Chemicals	60,369	4.9%	-13.8%	8.8%
Electrical Equipment	39,449	122.1%	-23.0%	23.3%
Fast-Casual Restaurants	8,974	1.2%	8.1%	9.4%
Food Service Equip./Supplies	105,774	111.8%	19.5%	7.9%
Garden/Agricultural Supplies	9,846	41.9%	3.3%	5.8%
Heavy Industrial	73,100	90.3%	23.9%	14.6%
Light Industrial/Printers	18,700	30.4%	-3.1%	-1.0%
Medical/Biotech	— CONFIDENTIAL —	—	-6.3%	-2.5%
Office Supplies/Furniture	— CONFIDENTIAL —	—	71.1%	9.4%
Quick-Service Restaurants	31,548	2.4%	8.2%	7.4%
Repair Shop/Equip. Rentals	11,491	3.8%	-3.5%	-4.1%
Service Stations	114,453	-4.6%	-13.8%	-10.6%
Textiles/Furnishings	11,594	-1.2%	10.3%	6.3%
Total All Accounts	\$886,910	-12.1%	4.1%	3.8%
County & State Pool Allocation	\$122,793	-4.8%	12.7%	4.7%
Gross Receipts	\$1,009,703	-11.2%	5.1%	3.9%