

Q4 2013



Manhattan Beach Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Manhattan Beach In Brief

Receipts for Manhattan Beach's October through December sales were 1.3% higher than the same quarter one year ago. Actual sales activity was flat when reporting aberrations were factored out.

Payment aberrations in the current and comparison quarters boosted revenues from the grocery store and office supplies/furniture categories.

Receipts from restaurants were lifted by strong results from casual, fast casual, and fine dining categories. This increase was aided by new restaurants, and was also inflated by missing payments in the prior year.

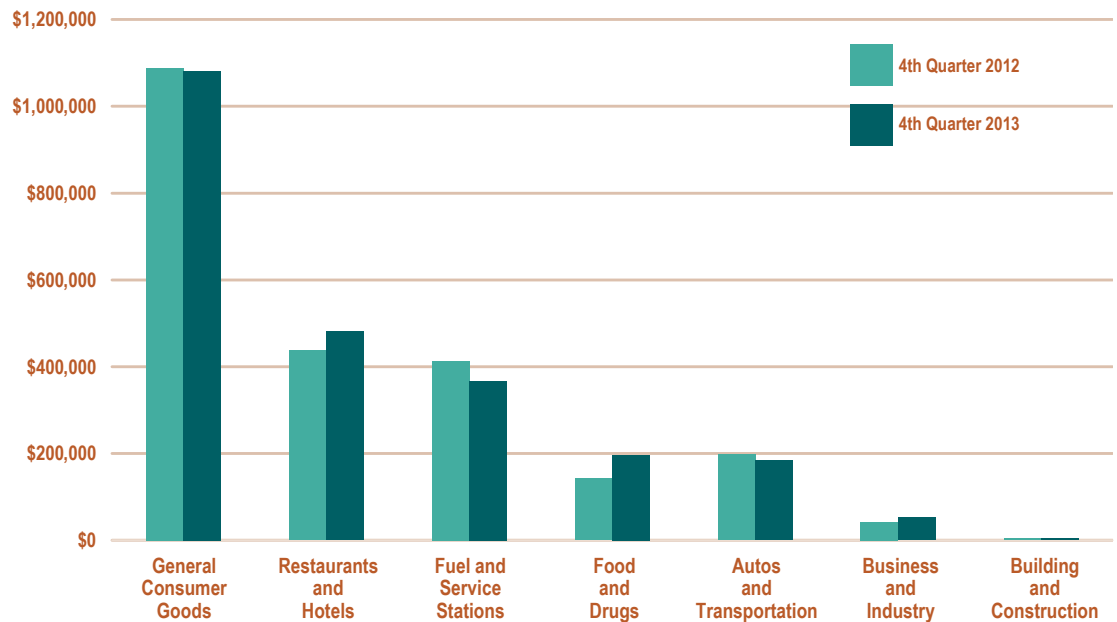
General consumer goods was down slightly with mixed results. Many categories including specialty, apparel, and home furnishing stores were up; while electronics, sporting goods and shoe stores were down.

The decline in fuel and service stations receipts followed a statewide trend and was further impacted by a payment anomaly in the prior year.

The city's allocation from the countywide use tax pool decreased 2.5% during the quarter.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 1.7% over the comparable time period, while the Southern California region as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple Store	Manhattan Beach
Arco	Toyota Scion
AT&T Mobility	Old Navy
Barnes & Noble	Olive Garden
BevMo	Pottery Barn
Chevron	Ralphs
Circle K	REI
CVS Pharmacy	Sephora
Dewitt Petroleum	Strand House
Frys Electronics	Standbar
Houston's	Target
Macys	Tin Roof Bistro
Manhattan Beach Marriott	Trader Joes
	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$6,710,231	\$6,708,267
County Pool	806,372	788,345
State Pool	3,065	3,960
Gross Receipts	\$7,519,667	\$7,500,571
Less Triple Flip*	\$(1,879,917)	\$(1,875,143)

*Reimbursed from county compensation fund

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

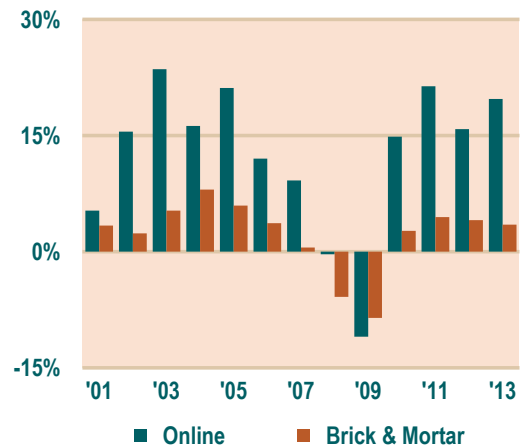
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

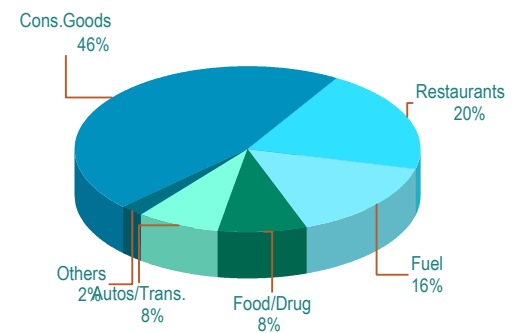
ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP

Manhattan Beach This Quarter



MANHATTAN BEACH TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Manhattan Beach Q4 '13*	Change	County Change	HdL State Change
Casual Dining	256.6	8.2%	5.7%	5.8%
Department Stores	130.9	4.2%	2.3%	1.4%
Discount Dept Stores	—	CONFIDENTIAL	-0.2%	0.2%
Electronics/Appliance Stores	280.1	-10.0%	1.3%	-0.7%
Family Apparel	83.8	5.0%	7.2%	6.8%
Fine Dining	102.8	17.6%	15.9%	15.3%
Grocery Stores Liquor	107.0	100.2%	99.0%	38.3%
Home Furnishings	73.1	31.8%	6.1%	8.0%
New Motor Vehicle Dealers	—	CONFIDENTIAL	6.4%	9.4%
Package Liquor Stores	43.8	2.4%	7.1%	6.8%
Petroleum Prod/Equipment	—	CONFIDENTIAL	1.8%	-3.5%
Service Stations	105.4	-15.1%	-4.9%	-2.7%
Specialty Stores	88.1	7.8%	4.9%	7.5%
Sporting Goods/Bike Stores	56.8	-2.9%	19.3%	5.3%
Women's Apparel	83.3	2.5%	5.9%	2.6%
Total All Accounts	\$2,364.9	1.8%	8.0%	8.7%
County & State Pool Allocation	\$302.5	-2.5%	3.4%	9.4%
Gross Receipts	\$2,667.4	1.3%	7.4%	8.8%