

Q3 2014



Manhattan Beach Sales Tax *Update*

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

Manhattan Beach In Brief

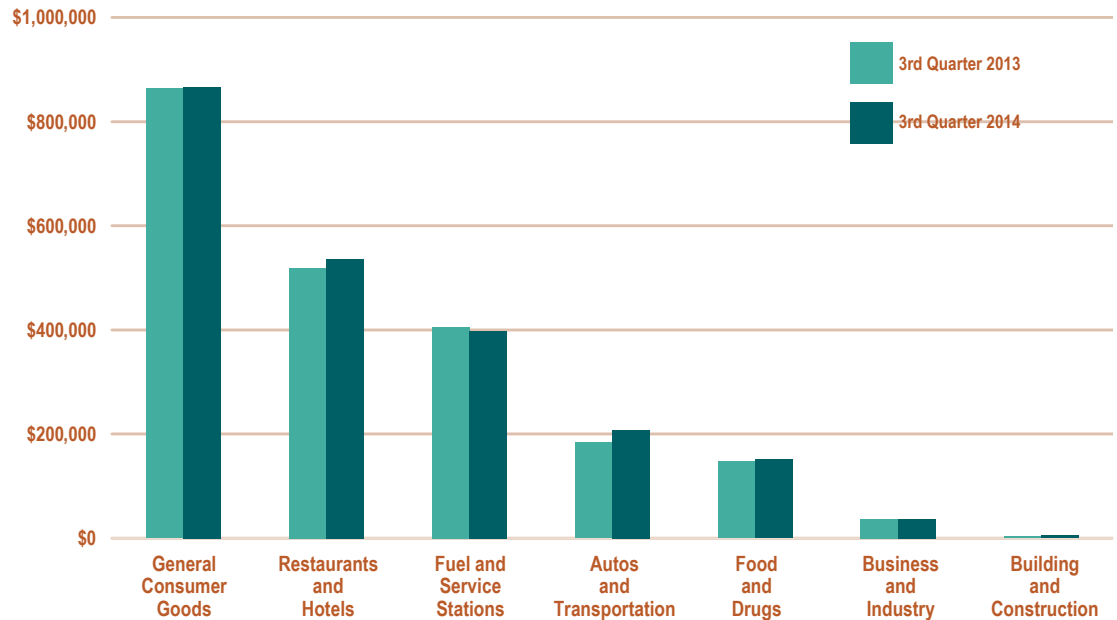
Manhattan Beach's allocation of sales and use tax revenues from its July through September sales was 1.8% higher than the same quarter one year ago.

A generally solid summer quarter for the city's restaurants and hotels plus an accounting adjustment that temporarily boosted receipts from the autos/transportation group were primarily responsible for the overall increase. Most general consumer goods categories exhibited only modest gains or were slightly down from last year's comparable quarter.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 5.7% over the comparable time period.

The Southern California region as a whole was up 5.1%. primarily from auto sales, restaurants, building supplies and by a continuing rise in the countywide use tax allocation pools that is resulting from a shift to online shopping where much of the merchandise is shipped from out-of-state.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple Store	Manhattan Beach Post
Arco	Manhattan Beach Toyota Scion
Barnes & Noble	Old Navy
BevMo	Olive Garden
Chevron	Ralphs
Circle K	REI
CVS Pharmacy	Sephora
Dewitt Petroleum	Skechers
Frys Electronics	Strand House Standbar
Houston's	Target
Kettle	Tin Roof Bistro
Macys	Trader Joes
Manhattan Beach Marriott	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,343,361	\$4,413,234
County Pool	487,442	514,572
State Pool	2,319	3,181
Gross Receipts	\$4,833,123	\$4,930,988
Less Triple Flip*	\$(1,208,281)	\$(1,232,747)

*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.

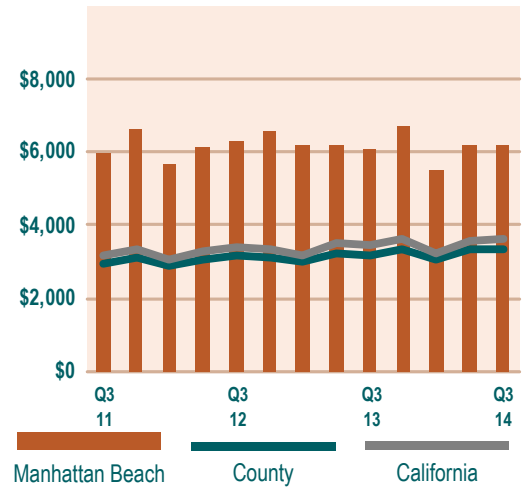
Despite intensive price competition, tax gains from general con-

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.

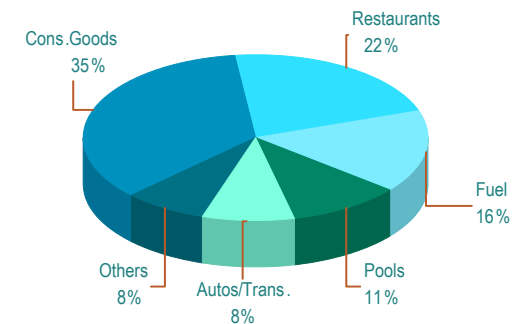
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops,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

Manhattan Beach This Quarter



MANHATTAN BEACH TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Manhattan Beach Q3 '14*	Change	County Change	HdL State Change
Casual Dining	297.4	2.1%	6.1%	6.3%
Department Stores	—	CONFIDENTIAL	0.9%	0.8%
Discount Dept Stores	—	CONFIDENTIAL	2.5%	2.5%
Electronics/Appliance Stores	215.4	-2.5%	2.1%	2.3%
Family Apparel	61.1	3.8%	6.5%	6.0%
Fast-Casual Restaurants	44.0	-6.8%	9.7%	12.9%
Fine Dining	107.6	5.8%	15.4%	15.7%
Grocery Stores Liquor	51.6	3.8%	12.9%	8.6%
New Motor Vehicle Dealers	—	CONFIDENTIAL	7.6%	8.0%
Petroleum Prod/Equipment	—	CONFIDENTIAL	8.4%	4.6%
Quick-Service Restaurants	45.8	7.8%	7.9%	8.4%
Service Stations	117.0	2.1%	-2.2%	1.2%
Specialty Stores	78.8	5.8%	6.7%	5.6%
Sporting Goods/Bike Stores	49.2	-8.2%	-0.3%	0.7%
Women's Apparel	85.0	-7.0%	3.2%	-0.9%
Total All Accounts	\$2,201.5	1.9%	5.7%	5.5%
County & State Pool Allocation	\$262.3	0.9%	4.6%	10.2%
Gross Receipts	\$2,463.8	1.8%	5.6%	6.1%