

Q1 2019



Manhattan Beach Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Manhattan Beach In Brief

Manhattan Beach's receipts from January through March were 3.6% above the first sales period in 2018. Excluding reporting aberrations, actual sales were down 5.0%.

The majority of the State's software-driven payment issues appear to have been resolved, however, double-up payments and missing payments in the comparison quarter are distorting cash totals.

Food and drugs experienced a temporary spike in revenue caused by multiple late payments in the comparison quarter combined with double payments in the current quarter.

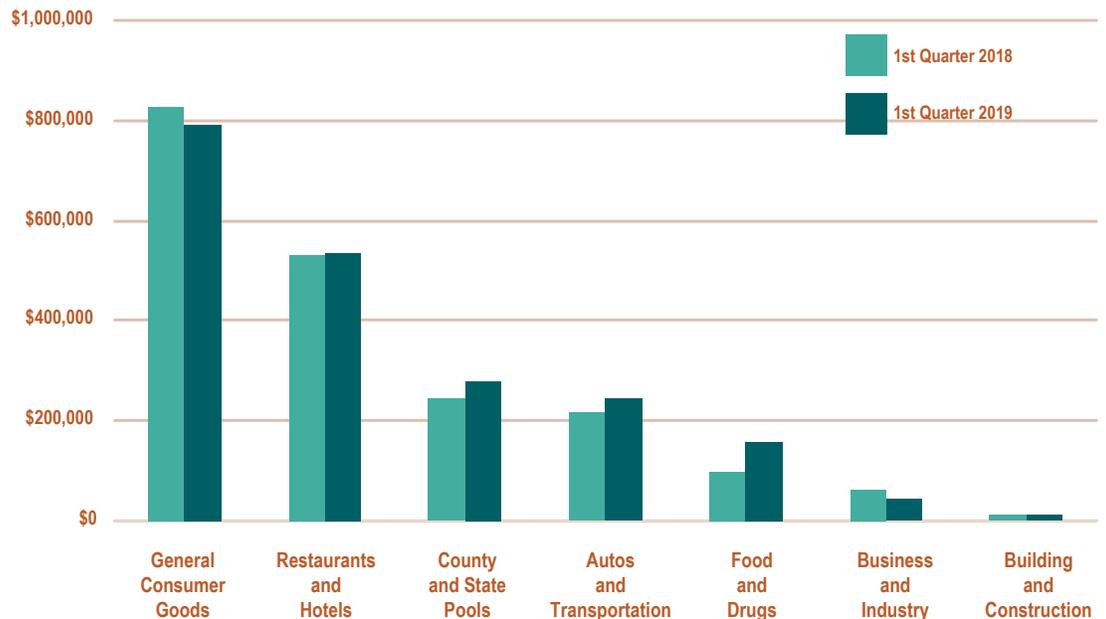
A misallocated local tax payment was partially responsible for the increased from autos-transportation. Fuel prices remained steady when compared to the year-ago period.

General consumer goods experienced a decline in sales, while the business and industry sector reported a sluggish sales quarter.

The City's share of the countywide use tax pool increased 14.1% over the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County grew 0.9% over the comparable time period; the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Old Navy
BevMo	Olive Garden
California Pizza Kitchen	Ralphs Fresh Fare
Chevron	REI
Circle K	Sephora
Frys Electronics	Skechers by Mail
Houston's	Strand House
Kettle	Standbar
Macys	Target
Manhattan Beach Toyota Scion	Tin Roof Bistro
Marriott Manhattan Beach Hotel	Toyota Lease Trust
Nick's Manhattan Beach	Trader Joes
	True Religion
	Wrights

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$5,782,364	\$6,334,121
County Pool	806,953	909,203
State Pool	3,683	3,290
Gross Receipts	\$6,593,000	\$7,246,614

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

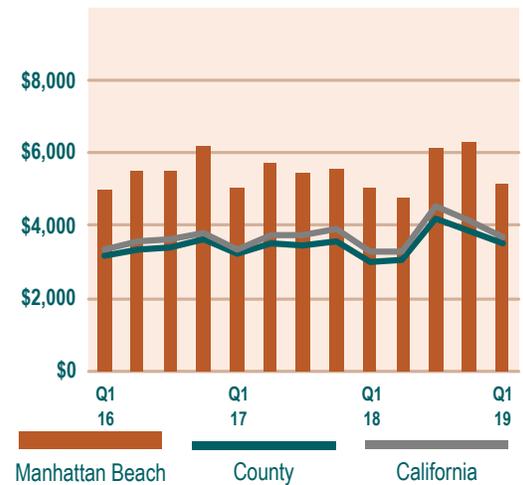
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

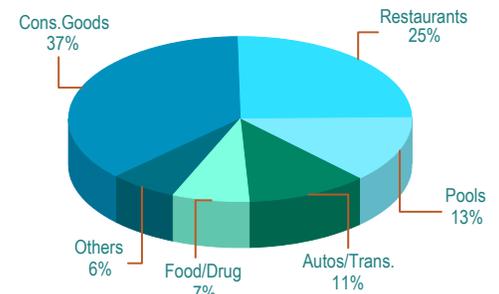
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Manhattan Beach This Quarter



MANHATTAN BEACH TOP 15 BUSINESS TYPES

Business Type	Manhattan Beach		County	HdL State
	Q1 '19*	Change	Change	Change
Casual Dining	278.7	5.4%	14.8%	13.3%
Department Stores	— CONFIDENTIAL —	—	38.4%	35.0%
Discount Dept Stores	— CONFIDENTIAL —	—	3.2%	2.8%
Electronics/Appliance Stores	158.3	-30.1%	-7.9%	-3.3%
Family Apparel	113.3	3.5%	2.7%	7.1%
Fast-Casual Restaurants	42.4	3.8%	8.5%	8.5%
Fine Dining	140.3	3.0%	9.6%	10.3%
Grocery Stores	— CONFIDENTIAL —	—	42.4%	25.7%
Home Furnishings	— CONFIDENTIAL —	—	3.1%	3.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-0.4%	-1.8%
Quick-Service Restaurants	48.2	11.0%	8.3%	10.1%
Service Stations	80.2	9.1%	21.9%	15.7%
Specialty Stores	102.0	63.4%	29.5%	23.4%
Sporting Goods/Bike Stores	— CONFIDENTIAL —	—	1.7%	2.7%
Women's Apparel	45.5	-3.8%	0.6%	6.6%
Total All Accounts	1,862.8	2.2%	16.5%	13.5%
County & State Pool Allocation	280.0	13.8%	29.8%	23.8%
Gross Receipts	2,142.7	3.6%	18.1%	14.9%