

Q2 2015



Manhattan Beach Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Manhattan Beach In Brief

Manhattan Beach's receipts from April through June were 5.0% lower than the same sales period in 2014. After factoring out reporting aberrations, actual sales activity was down 5.7%.

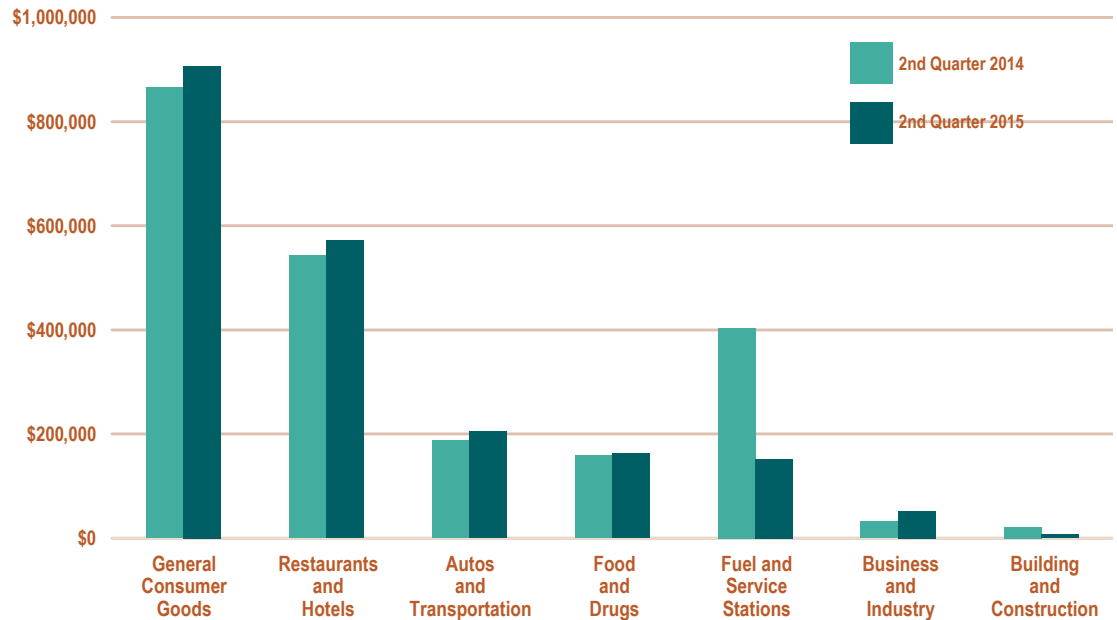
The drop in receipts from the fuel and service stations sector was largely responsible for the city's overall decrease. In addition, building and construction was temporarily depressed by a double payment that inflated the comparison quarter.

On the positive side, general consumer goods experienced strong sales from multiple categories including shoe stores, specialty stores, home furnishings, and electronics. Higher receipts from quick service and fast casual eateries also helped boost the restaurants and hotels group.

The addition of a new retailer lifted the business and industry sector. Autos and transportation also posted sales increases.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 2.6% over the last year's comparable time period, while the Southern California region was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,211,691	\$2,072,076
County Pool	253,786	269,518
State Pool	1,675	1,744
Gross Receipts	\$2,467,152	\$2,343,338
Less Triple Flip*	\$ (616,788)	\$ (585,835)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

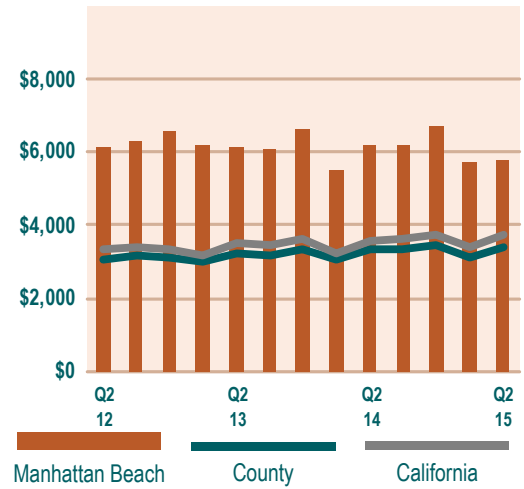
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

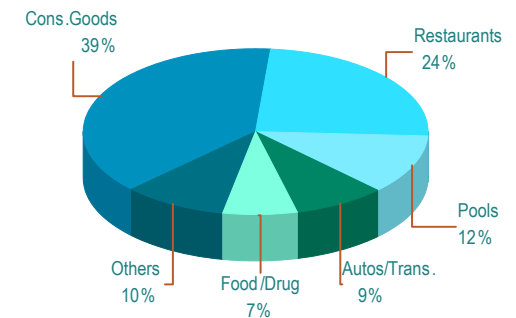
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Manhattan Beach This Quarter



MANHATTAN BEACH TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Manhattan Beach Q2 '15*	Change	County Change	HdL State Change
Casual Dining	304.9	-0.2%	6.3%	6.4%
Department Stores	— CONFIDENTIAL —	—	-0.8%	-2.1%
Discount Dept Stores	— CONFIDENTIAL —	—	0.0%	0.0%
Electronics/Appliance Stores	213.9	14.4%	-5.3%	-1.6%
Family Apparel	73.6	0.2%	5.4%	3.0%
Fast-Casual Restaurants	47.1	6.2%	10.1%	9.8%
Fine Dining	120.9	21.3%	10.5%	11.5%
Grocery Stores Liquor	62.0	7.3%	2.6%	3.5%
Home Furnishings	54.6	28.0%	-3.0%	7.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	10.6%	9.3%
Quick-Service Restaurants	50.4	19.4%	8.2%	9.2%
Service Stations	104.6	-13.7%	-15.7%	-11.7%
Specialty Stores	80.7	5.4%	6.6%	5.4%
Sporting Goods/Bike Stores	61.5	5.3%	-1.7%	0.1%
Women's Apparel	89.5	-0.8%	-5.2%	-3.9%
Total All Accounts	2,072.1	-6.3%	1.8%	2.8%
County & State Pool Allocation	271.3	6.2%	15.4%	11.8%
Gross Receipts	2,343.3	-5.0%	3.2%	3.8%