

Q1 2016



Manhattan Beach Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Manhattan Beach In Brief

Manhattan Beach's receipts from January through March were 12.3% below the first sales period in 2015.

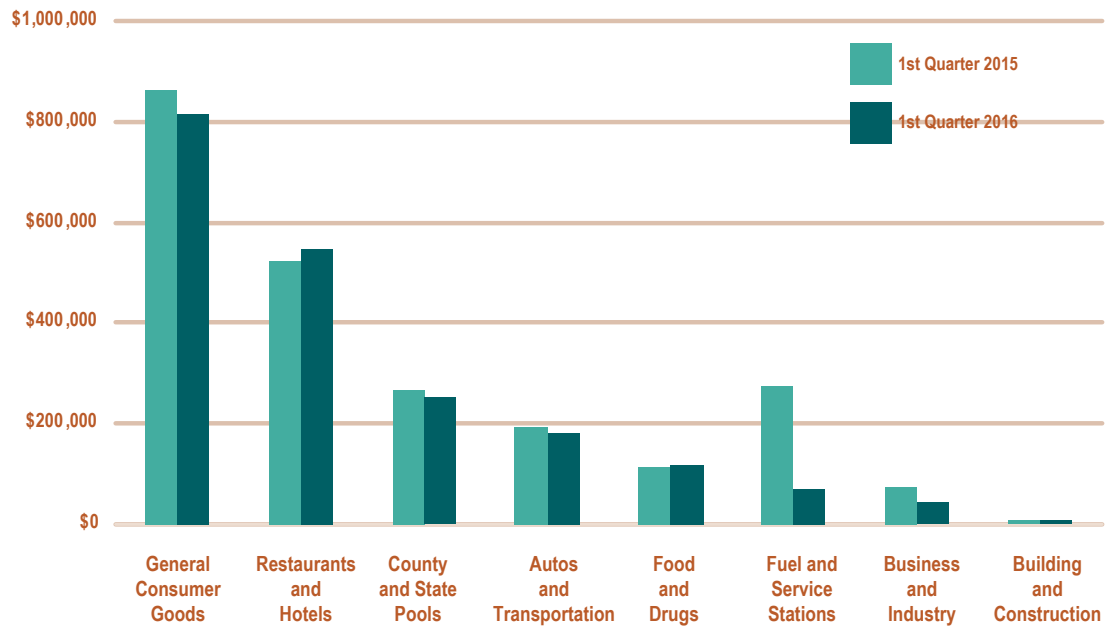
The closeout of a large fuel-service station sector business was the most significant factor in this decline.

Sales were also down in a number of general consumer goods categories, particularly for electronics/appliance stores. A double payment in the prior year artificially deflated this quarter's business industrial results in comparison.

New business openings elevated returns for casual dining and fine dining establishments and helped offset some of these losses.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Manhattan Beach
AT&T Mobility	Toyota Scion
Barnes & Noble	Nick's
BevMo	Old Navy
California Pizza Kitchen	Olive Garden
Chevron	REI
CVS	Sephora
Frys Electronics	Strand House Standbar
Houston's	Target
Kettle	Tin Roof Bistro
Macys	Toyota Lease Trust
Manhattan Beach Marriott	Trader Joes
Manhattan Beach Post	True Religion

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$8,852,198	\$7,956,350
County Pool	1,108,260	1,066,441
State Pool	5,857	5,832
Gross Receipts	\$9,966,315	\$9,028,624
Less Triple Flip*	\$(2,491,579)	\$(1,748,246)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

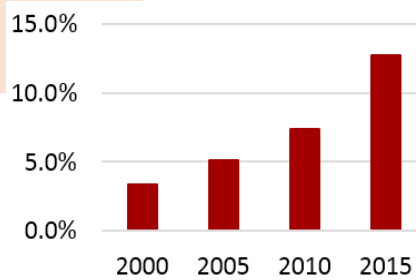
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

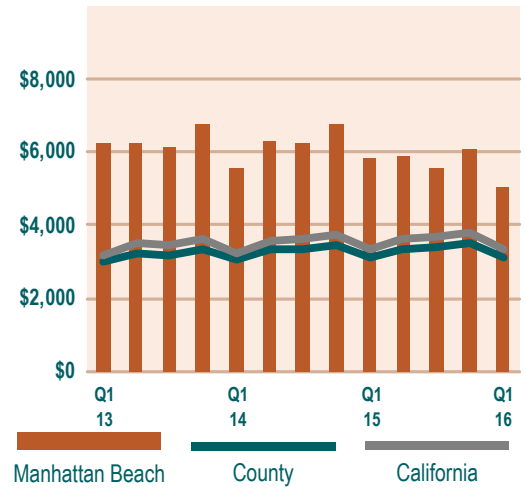
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

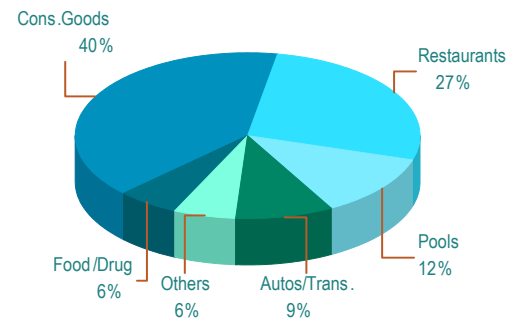
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
Manhattan Beach This Quarter**



MANHATTAN BEACH TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands of dollars</i>			
	Manhattan Beach Q1 '16*	Manhattan Beach Change	County Change	HdL State Change
Casual Dining	296.3	4.3%	8.0%	5.7%
Department Stores	— CONFIDENTIAL —	—	-4.6%	-4.7%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.9%	-0.3%
Electronics/Appliance Stores	201.3	-15.8%	2.8%	2.8%
Family Apparel	69.5	11.7%	1.9%	-0.6%
Fast-Casual Restaurants	43.8	-1.0%	4.6%	2.5%
Fine Dining	119.0	7.7%	5.9%	7.1%
Home Furnishings	50.5	-0.1%	-3.2%	3.0%
Hotels-Liquor	37.6	9.8%	7.1%	3.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	3.3%	3.1%
Quick-Service Restaurants	41.4	-2.1%	4.8%	6.4%
Service Stations	70.6	-11.2%	-7.4%	-9.3%
Specialty Stores	68.6	-11.4%	5.9%	3.5%
Sporting Goods/Bike Stores	45.2	2.6%	-0.8%	1.2%
Women's Apparel	74.5	-8.0%	-1.6%	-1.6%
Total All Accounts	1,782.9	-13.2%	1.7%	1.8%
County & State Pool Allocation	252.7	-5.0%	11.3%	14.1%
Gross Receipts	2,035.6	-12.3%	2.8%	3.2%