

Q2 2020



Manhattan Beach Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Manhattan Beach In Brief

Manhattan Beach's receipts from April through June were 23.8% below the second sales period in 2019. Excluding reporting aberrations, actual sales were down 29.5%.

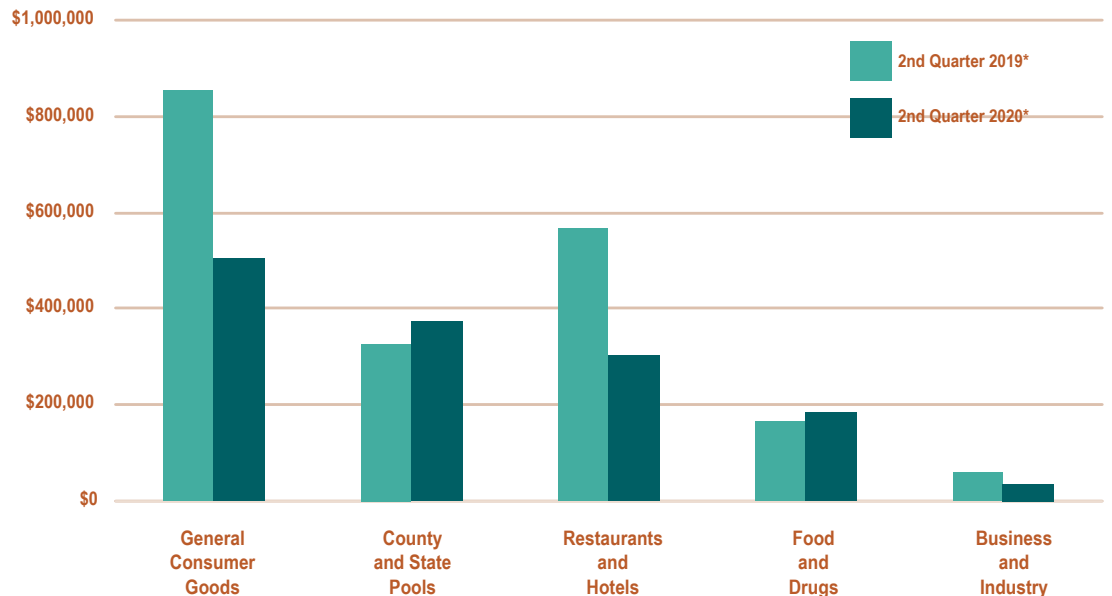
The impact of COVID-19 hit for the full quarter, and this pushed sales down in most major industry groups. General consumer goods, including electronics/appliance and specialty stores, women's and family apparel, home furnishings, and stationery/bookstores accounted for almost half of the decrease.

Statewide, the restaurants and hotel group took the biggest hit, and the City lagged county and state trends for the sixth consecutive quarter. Every type of restaurant including casual dining, fine dining, hotels w/liquor, fast casual and quick service negative returns. Reduced demand and consumption translated into significantly lower service station receipts.

Ongoing positive results from State and county use tax pools and grocery stores helped to offset the overall quarterly loss.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over the comparable time period; the Southern California region was down 18.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

A Wireless	Olive Garden
BevMo	Ralphs Fresh Fare
California Pizza Kitchen	REI
Chevron	Skechers by Mail
Circle K	Strand House Standbar
CVS Pharmacy	Sugarfish
Gelsons Markets	Target
Houston's	The Arthur J
Macys	Toyota Lease Trust
Manhattan Beach	Trader Joes
Toyota Scion	True Religion Brand
Manhattan Fine Wines	Jeans
McDonalds	Vons
	Wrights

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$8,382,633	\$7,007,671
County Pool	1,245,947	1,477,782
State Pool	4,184	3,651
Gross Receipts	\$9,632,764	\$8,489,104

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

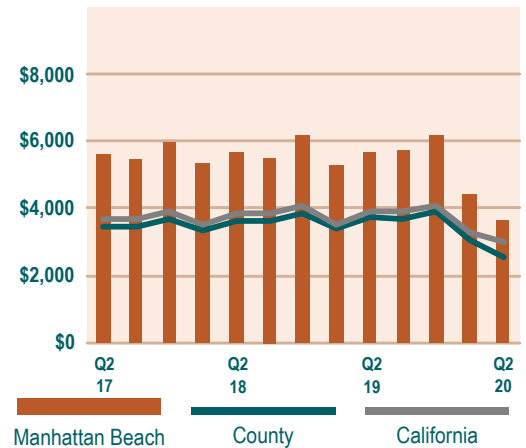
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

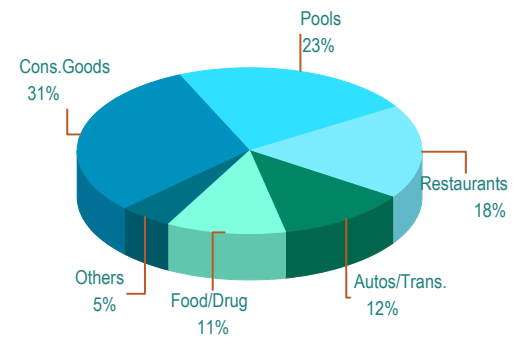
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Manhattan Beach This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

MANHATTAN BEACH TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Manhattan Beach Q2 '20*	Change	County Change	HdL State Change
Casual Dining	168.9	-39.5%	-56.0%	-53.2%
Convenience Stores/Liquor	44.8	14.9%	9.8%	8.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-11.7%	-6.3%
Drug Stores	— CONFIDENTIAL —	—	-1.9%	0.1%
Electronics/Appliance Stores	29.1	-84.7%	-52.1%	-50.8%
Family Apparel	70.8	-32.3%	-67.2%	-66.3%
Fine Dining	57.7	-59.4%	-66.3%	-63.9%
Grocery Stores	109.9	16.0%	5.3%	7.8%
Home Furnishings	27.6	-37.9%	-41.9%	-41.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-19.6%	-15.8%
Quick-Service Restaurants	39.3	-27.5%	-26.3%	-22.0%
Service Stations	38.6	-59.5%	-50.2%	-45.2%
Shoe Stores	— CONFIDENTIAL —	—	-55.6%	-59.3%
Specialty Stores	33.2	-55.2%	-37.1%	-36.0%
Sporting Goods/Bike Stores	— CONFIDENTIAL —	—	-15.6%	-11.0%
Total All Accounts	1,274.3	-36.6%	-31.2%	-24.0%
County & State Pool Allocation	373.1	13.8%	29.4%	28.2%
Gross Receipts	1,647.4	-29.5%	-22.9%	-16.4%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.