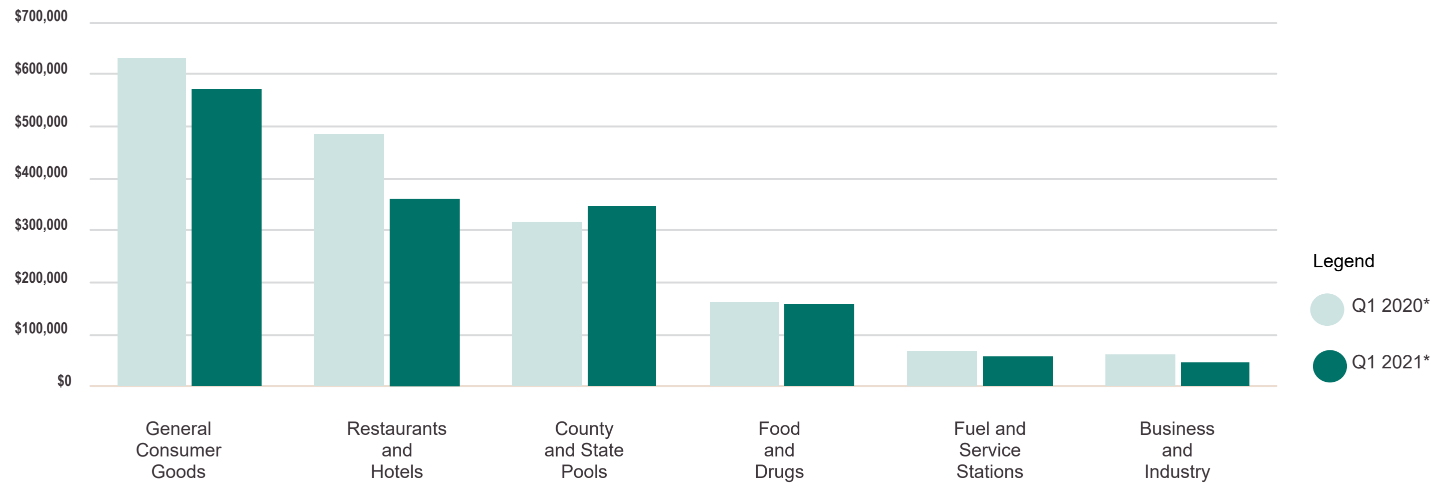
MANHATTAN BEACH
SALES TAX UPDATE
1Q 2021 (JANUARY - MARCH)

MANHATTAN BEACH	-6.6%	2.6%	9.5%
TOTAL: $ 1,812,415	1Q2021	COUNTY	STATE

**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MANHATTAN BEACH HIGHLIGHTS

Manhattan Beach's receipts from January through March were 22.0% above the first sales period in 2020. Excluding reporting aberrations, actual sales were down 6.6%.

COVID-19 negatively impacted the City's local economy. The restaurants & hotels industry continued to be hit the hardest, which resulted in a drop in casual dining, fine dining, and hotels with liquor receipts.

Business & industry and service station returns were also down.

Since the implementation of AB 147 at the end of 2019, Manhattan Beach has continued to benefit from ongoing positive, ongoing growth from the county and state pools. This combined with a boost in sporting goods/bike stores and convenience stores helped offset the net quarterly loss.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 9.0%.

TOP 25 PRODUCERS

Apple
Barnes & Noble
BevMo
Bristol Farms
Chevron
Circle K
CVS Pharmacy
Gelsons Markets
Kettle
Macys
Manhattan Beach Toyota Scion
McDonalds
Office Depot
Old Navy
Ralphs Fresh Fare
REI
Skechers by Mail
Solvent Direct
Strand House Standbar
Sugarfish
Target
Toyota Lease Trust
Trader Joes
Vons
Wrights

STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor's first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV's, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

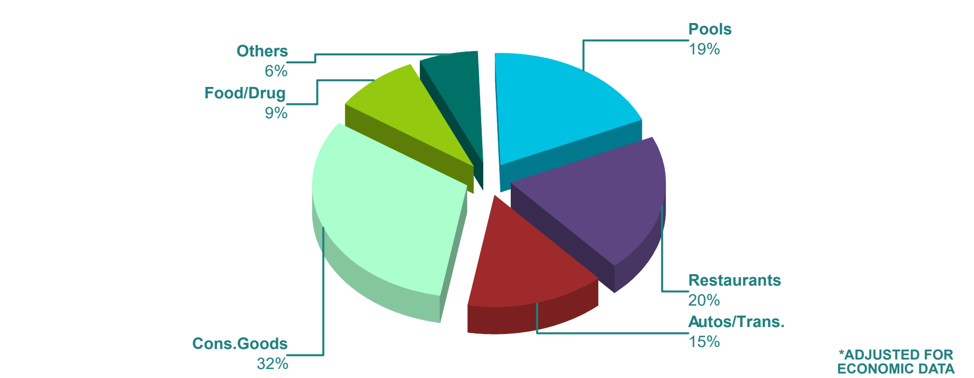
An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP

Manhattan Beach This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Manhattan Beach Business Type	Q1 '21*	Change	County Change	HdL State Change
Casual Dining	200.4	-19.0%	-25.7%	-18.9%
Grocery Stores	91.9	0.4%	-7.2%	-6.2%
Fine Dining	75.2	-34.3%	-34.8%	-33.2%
Sporting Goods/Bike Stores	70.7	70.1%	27.6%	33.3%
Family Apparel	51.0	-19.2%	15.9%	20.5%
Specialty Stores	48.6	-17.5%	5.9%	9.1%
Home Furnishings	47.6	2.4%	14.4%	19.3%
Quick-Service Restaurants	45.2	-2.2%	-2.9%	1.0%
Service Stations	44.2	-25.9%	-10.3%	-4.1%
Convenience Stores/Liquor	40.8	11.6%	11.7%	11.4%

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**In thousands of dollars*