

Q2 2013



West Hollywood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

West Hollywood In Brief

Receipts from second quarter sales were 1.3% above the like sales period one year earlier but payment aberrations skewed the data. Excluding anomalies, actual sales were up 4.2%.

Gains occurred mainly in the restaurants and hotels, business and industry and building and construction categories. New business additions bolstered increases in various restaurant classifications. General consumer goods results appeared to be down but were actually up when retroactive payment adjustments were factored out. Family apparel, women's apparel and shoe stores showed particularly strong results. The autos and transportation comparison changed to positive when temporary accounting adjustments, mainly in the form of negative fund transfers on closed out accounts, were removed.

Fuel and service station totals reflected a drop in fuel prices compared to the comparison quarter.

Net of onetime aberrations, all of Los Angeles County gained 3.7%; statewide sales grew 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Best Buy	Ralphs La Brea
BOA Steakhouse	Riva Bella
Cecconis	Saddle Ranch Chop House
Christian Louboutin	Shell
CVS Pharmacy	Soho House
Diva	Steinway & Sons
Hornburg Jaguar	Target
Janus Et Cie	The Abbey
John Varvatos	The London West Hollywood
Kitson Men	Trader Joes
Maxfield Bleu	Whole Foods Market
Mondrian/Asian de Cuba/Sky Bar	
Pavillions	
Ralphs Beverly	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,864,591	\$2,937,205
County Pool	337,381	307,134
State Pool	2,872	2,019
Gross Receipts	\$3,204,844	\$3,246,358
Less Triple Flip*	\$(801,211)	\$(811,589)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

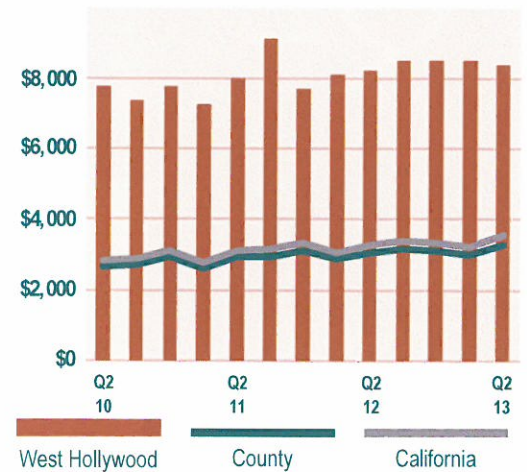
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

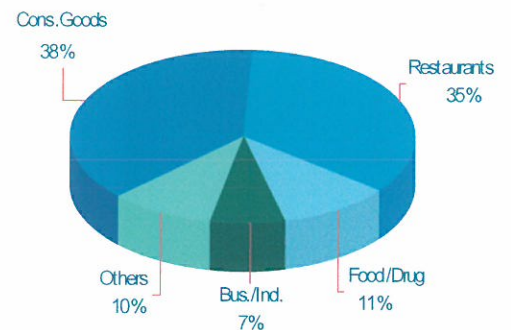
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	West Hollywood		County	HdL State
	Q2 '13*	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —		2.5%	2.3%
Electronics/Appliance Stores	95.1	-45.7%	4.3%	3.9%
Family Apparel	186.6	30.6%	4.3%	4.7%
Grocery Stores Liquor	176.8	3.8%	4.2%	2.7%
Home Furnishings	248.2	3.1%	4.4%	6.8%
Hotels-Liquor	107.5	2.2%	3.6%	7.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —		6.8%	11.1%
Restaurants Beer And Wine	120.5	-0.5%	-2.1%	-0.6%
Restaurants Liquor	689.3	8.4%	11.1%	9.6%
Restaurants No Alcohol	99.0	15.1%	5.7%	5.9%
Service Stations	81.8	-5.6%	-5.8%	-5.7%
Shoe Stores	43.6	49.3%	40.0%	39.6%
Specialty Stores	96.5	4.1%	3.3%	5.2%
Textiles/Furnishings	133.8	0.8%	-0.3%	29.5%
Women's Apparel	65.6	9.5%	5.5%	2.9%
Total All Accounts	\$2,937.2	2.5%	6.4%	7.0%
County & State Pool Allocation	309.2	-9.1%		
Gross Receipts	\$3,246.4	1.3%		<i>*In thousands</i>