

Q3 2014



West Hollywood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

West Hollywood In Brief

Receipts for West Hollywood's July through September sales were 8.3% higher than the same quarter one year ago. Actual sales activity was up 5.3% when reporting aberrations were factored out.

Recent additions that helped boost revenues from the restaurants and hotels sector were primarily responsible for the current increase.

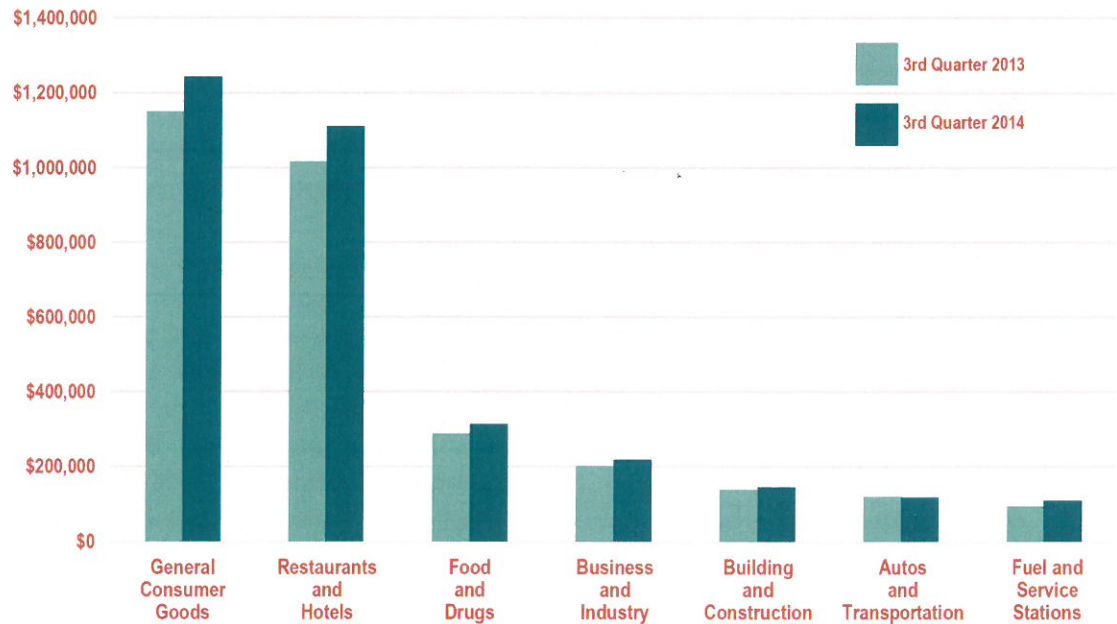
Onetime accounting adjustments that negatively impacted year-ago returns exaggerated results from family apparel.

A double-up payment inflated receipts from grocery stores with liquor. Results from business services were boosted by onetime reporting aberrations.

The gains were partially offset by a decline in sales from the autos and transportation group.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.7% over the comparable time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

| | |
|-----------------------|--------------------------------|
| 1 Oak | Mondrian/Asian de Cuba/Sky Bar |
| Best Buy | Pavillions |
| BOA Steakhouse | Rag & Bone |
| Cecconis | Ralphs |
| Christian Louboutin | Saddle Ranch Chop House |
| CVS Pharmacy | Shell |
| Diva | Soho House |
| Emser Tile | Steinway & Sons |
| Gelsons Market | Target |
| Hornburg Jaguar | Tesoro Refining & Marketing |
| Janus Et Cie | The Abbey |
| London West Hollywood | Whole Foods Market |
| Maxfield Bleu | |

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

| | 2013-14 | 2014-15 |
|--------------------------|----------------------|----------------------|
| Point-of-Sale | \$5,941,091 | \$6,567,907 |
| County Pool | 667,508 | 765,726 |
| State Pool | 3,157 | 4,736 |
| Gross Receipts | \$6,611,757 | \$7,338,369 |
| Less Triple Flip* | \$(1,652,939) | \$(1,834,592) |

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

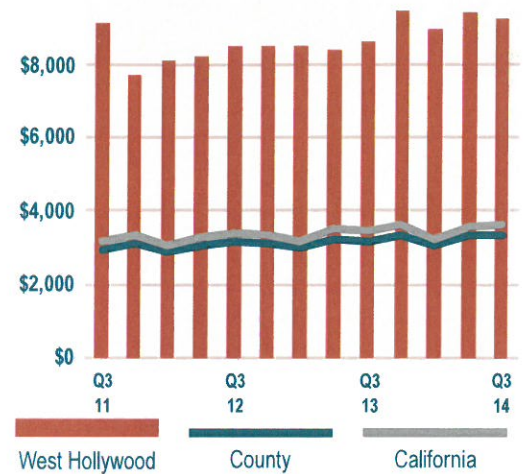
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

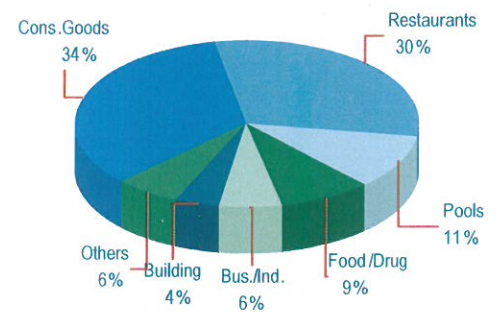
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

| Business Type | *In thousands | | | |
|---|------------------------|-------------|---------------|------------------|
| | West Hollywood Q3 '14* | Change | County Change | HdL State Change |
| Casual Dining | 512.0 | 5.1% | 6.1% | 6.3% |
| Discount Dept Stores | — CONFIDENTIAL — | — | 2.5% | 2.5% |
| Electronics/Appliance Stores | 179.9 | 8.8% | 2.1% | 2.3% |
| Family Apparel | 210.2 | 35.6% | 6.5% | 6.0% |
| Fine Dining | 289.4 | 2.6% | 15.4% | 15.7% |
| Grocery Stores Beer/Wine | 74.5 | -7.7% | 3.6% | 2.4% |
| Grocery Stores Liquor | 132.7 | 15.5% | 12.9% | 8.6% |
| Home Furnishings | 282.6 | 3.9% | 7.4% | 6.6% |
| Hotels-Liquor | 121.0 | 17.9% | 8.9% | 6.4% |
| Leisure/Entertainment | 72.0 | 62.9% | -2.5% | -3.6% |
| New Motor Vehicle Dealers | — CONFIDENTIAL — | — | 7.6% | 8.0% |
| Quick-Service Restaurants | 84.8 | 15.0% | 7.9% | 8.4% |
| Service Stations | 109.1 | 17.3% | -2.2% | 1.2% |
| Specialty Stores | 106.1 | 17.3% | 6.7% | 5.6% |
| Textiles/Furnishings | 124.7 | -3.0% | 5.1% | 8.5% |
| Total All Accounts | \$3,255.9 | 8.4% | 5.7% | 5.5% |
| County & State Pool Allocation | \$387.9 | 7.3% | 4.6% | 10.2% |
| Gross Receipts | \$3,643.8 | 8.3% | 5.6% | 6.1% |