

Q4 2014



West Hollywood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

West Hollywood In Brief

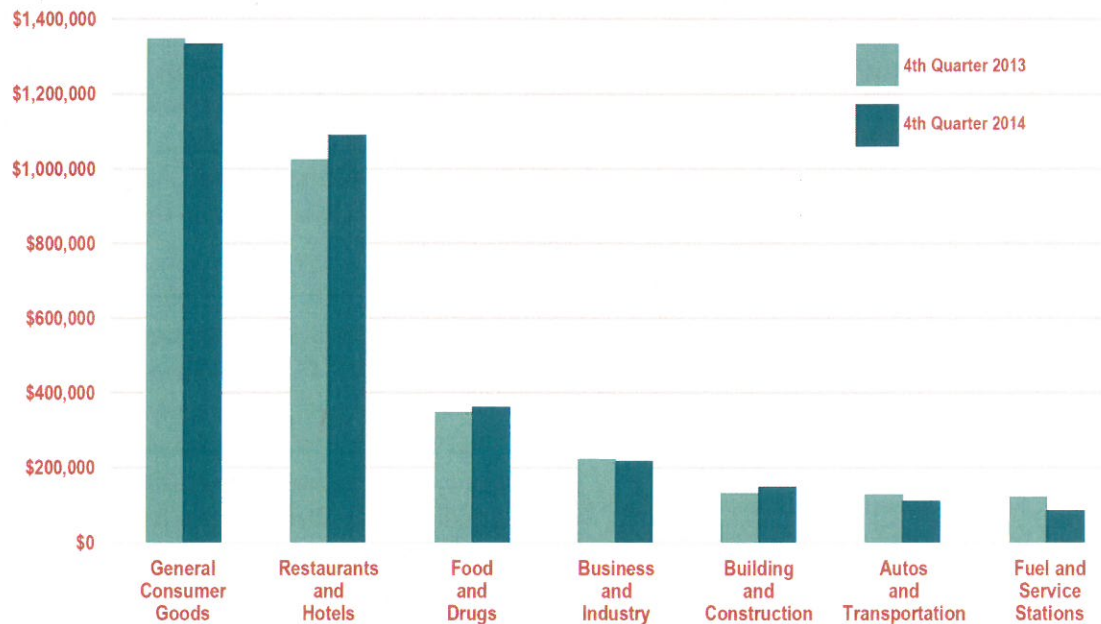
Receipts for West Hollywood's October through December sales were 1.7% above the same quarter one year ago. The increase was primarily due to a rise in the city's allocation from the countywide use tax pool; negative accounting adjustments boosted pool gains by temporarily lowering pool amounts a year-ago.

Local point of sale revenue benefited from new business additions in various hotel and restaurant classifications and from retroactive accounting adjustments that inflated building and construction and food and drug totals. Business and industry totals appeared to be down, but net of accounting aberrations, the group showed a modest gain.

Business closeouts and payment adjustments that bolstered year-ago receipts caused the general consumer goods drop. Lower prices at the pump and a onetime reporting aberration led to the outsized drop in the fuel and service station category. Multiple auto and transportation business types declined.

Adjusted for aberrations, taxable sales for all of Los Angeles County grew 5.0% over the comparable time period, while the Southern California region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

1 Oak	Pavillions
Best Buy	Porcelanosa
BOA Steakhouse	Rag & Bone
Bristol Farms	Ralphs
Cecconis	Ralphs
Christian Louboutin	Shell
Diva	Soho House
Gelsons Market	Steinway & Sons
Hornburg Jaguar	Target
Janus Et Cie	Tesoro Refining & Marketing
John Varvatos	The Abbey
London West Hollywood	Whole Foods Market
Maxfield Bleu	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$9,259,136	\$9,911,385
County Pool	1,089,685	1,224,937
State Pool	5,459	8,429
Gross Receipts	\$10,354,279	\$11,144,751
Less Triple Flip*	\$(2,588,570)	\$(2,786,188)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

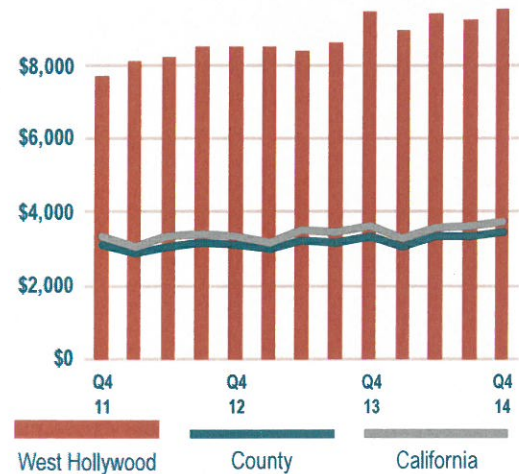
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

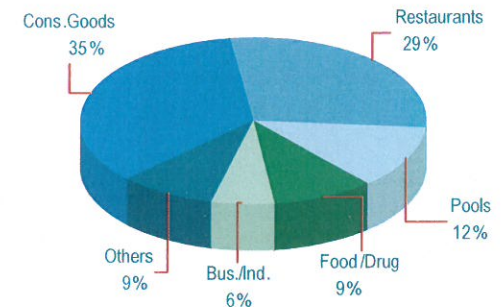
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	West Hollywood Q4 '14*	West Hollywood Change	County Change	HdL State Change
Casual Dining	482.6	-0.2%	4.8%	5.7%
Discount Dept Stores	— CONFIDENTIAL —		1.3%	0.8%
Electronics/Appliance Stores	222.2	-8.9%	8.8%	3.2%
Family Apparel	214.7	10.8%	3.8%	5.0%
Fine Dining	304.9	5.2%	18.0%	16.9%
Grocery Stores Beer/Wine	71.2	1.6%	-3.9%	-4.1%
Grocery Stores Liquor	169.9	2.0%	0.1%	3.6%
Home Furnishings	272.6	5.3%	10.2%	6.8%
Hotels-Liquor	119.9	27.0%	4.4%	7.2%
Leisure/Entertainment	72.6	24.5%	16.5%	8.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —		7.2%	7.6%
Quick-Service Restaurants	81.5	19.0%	8.4%	7.5%
Service Stations	83.8	-29.7%	-13.9%	-10.5%
Specialty Stores	112.9	7.8%	7.9%	6.0%
Textiles/Furnishings	121.1	3.0%	10.4%	6.4%
Total All Accounts	\$3,343.5	0.8%	4.1%	3.8%
County & State Pool Allocation	\$462.9	9.1%	12.7%	4.7%
Gross Receipts	\$3,806.4	1.7%	5.1%	3.9%