

Q3 2015



West Hollywood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

West Hollywood In Brief

West Hollywood's receipts from July through September were 4.6% above 2014's third quarter sales. Excluding reporting aberrations, actual sales were up 1.8%.

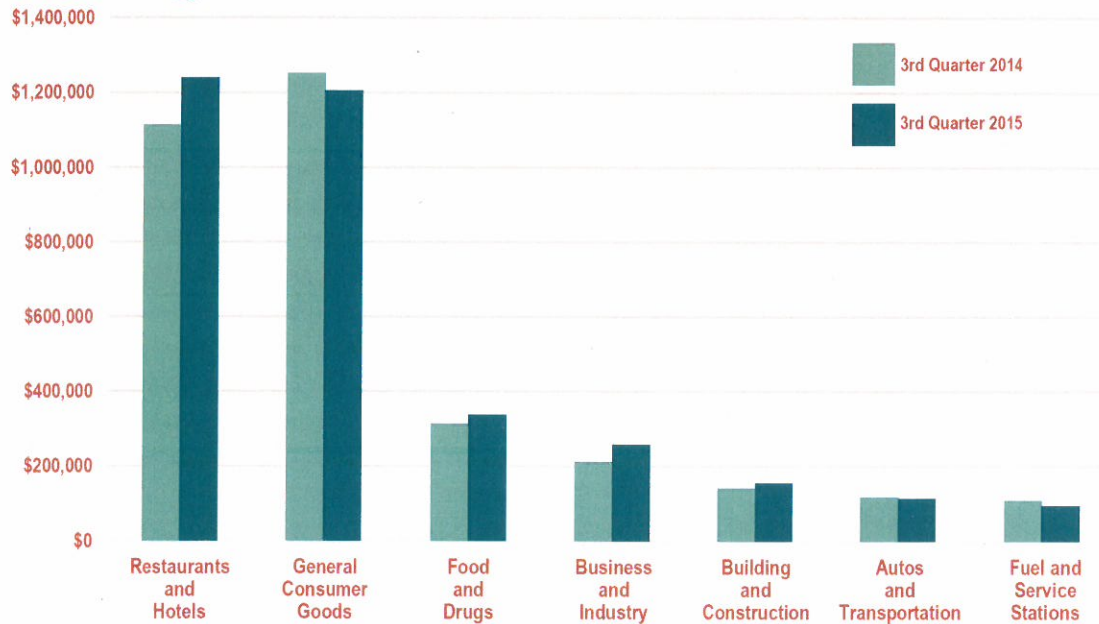
Retroactive accounting adjustments boosted the restaurant and hotel comparison and caused the group to temporarily displace general consumer goods as the city's largest retail segment. Business relocations away from the city contributed to the shift by lowering general consumer totals.

Business and industry receipts were up principally on the strength of textiles/furnishings sales where late-arriving receipts from sales in prior quarters inflated quarterly proceeds. Reporting aberrations also exaggerated food and drugs and building and construction gains.

Lower prices at the pump caused the decline in fuel and service station totals. Business closeouts were a major factor in the general consumer decrease and contributed to the autos and transportation drop.

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 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

1 Oak	Maxfield Bleu
Audio Intervisual Design	Mondrian/Asian de Cuba/Sky Bar
Best Buy	Pavillions
BOA Steakhouse	Ralphs
Bootsy Bellows	Ralphs
Boxwood at the London	Shell
Cecconis	Soho House
Christian Louboutin	Target
Diva	Tesoro Refining & Marketing
Gracias Madre	The Abbey
Hornburg Jaguar	Waterworks
Janus Et Cie	Whole Foods Market
Mansour Fine Rugs	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$6,567,907	\$6,792,290
County Pool	765,726	849,070
State Pool	4,736	3,486
Gross Receipts	\$7,338,369	\$7,644,846
Less Triple Flip*	\$(1,834,592)	\$(1,911,212)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

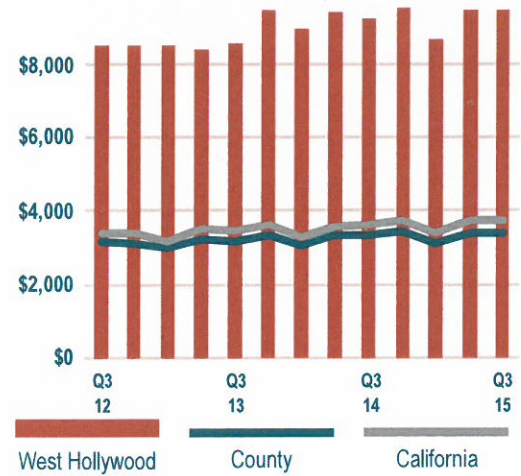
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

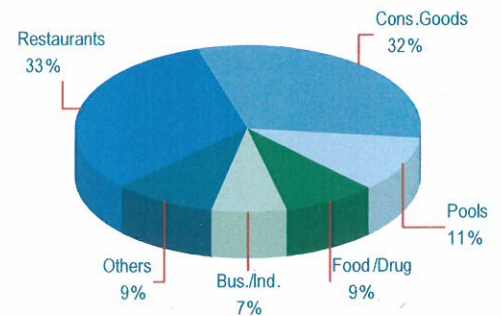
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	West Hollywood Q3 '15*	West Hollywood Change	County Change	HdL State Change
Casual Dining	611.4	13.3%	7.0%	5.1%
Contractors	76.4	10.4%	14.8%	13.0%
Discount Dept Stores	—	CONFIDENTIAL	2.5%	2.1%
Electronics/Appliance Stores	177.9	-1.7%	3.9%	3.9%
Family Apparel	194.0	-14.0%	3.6%	2.4%
Fine Dining	278.4	6.4%	11.6%	13.0%
Grocery Stores Beer/Wine	79.9	6.8%	2.7%	1.7%
Grocery Stores Liquor	143.9	10.4%	6.5%	3.8%
Home Furnishings	315.6	9.3%	4.9%	4.9%
Hotels-Liquor	129.4	7.0%	4.8%	3.4%
Leisure/Entertainment	94.6	28.3%	69.0%	21.1%
Quick-Service Restaurants	83.0	1.4%	5.0%	6.8%
Service Stations	94.2	-13.7%	-9.2%	-11.8%
Specialty Stores	107.8	2.6%	9.7%	5.9%
Textiles/Furnishings	169.0	39.7%	10.0%	7.3%
Total All Accounts	3,403.3	4.5%	2.3%	2.3%
County & State Pool Allocation	408.9	5.4%	3.2%	3.5%
Gross Receipts	3,812.2	4.6%	2.4%	2.4%