

Q4
2008



Culver City Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2008)

Culver City In Brief

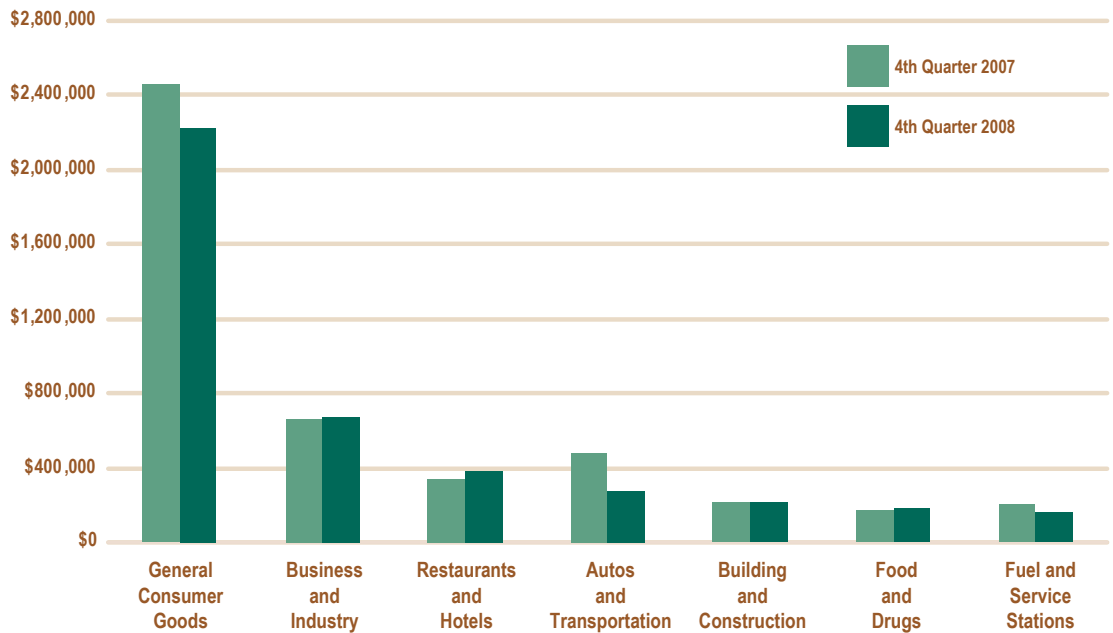
Receipts for Culver City's October through December sales were 9.5% lower than the same quarter one year ago. Actual sales activity was down 8.7% when reporting aberrations were factored out.

The drop in sales of new motor vehicles was a significant factor in the overall decline. In addition, the city experienced a decline in sales from lumber/building materials, light industrial/printers, department stores, and plumbing/electrical supplies. A onetime payment that temporarily inflated last year's allocation from motion pictures/equipment was responsible for the current decrease. A previous closeout combined with a decline in sales reduced receipts from home furnishings. After multiple quarters of increases, the drop in fuel prices resulted in reduced receipts from service stations.

The declines were partially offset by recent additions that helped boost revenues for sporting goods/bike stores, specialty stores, and restaurants with liquor. The increase in grocery stores with liquor was exaggerated by a onetime accounting adjustment.

Adjusted for aberrations, taxable sales for all of Los Angeles County declined 13.4% over the comparable time period, while the Southern California region as a whole was down 14.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Advantage Fitness Products	Miller Honda
B & B Hardware Sales	Miller Toyota
Best Buy	Miller Scion
Circuit City	Natural Choice Vending Machines
Columbia Pictures Industries	Rite Aid
Costco	Ross
Discus Dental	Samys Camera
Dovebid	Shop on Stage
Hooman Pontiac GMC Buick	Sony Style
JC Penney	Target
Karl Storz Endoscopy	Toys R Us
Macys	Kids R Us
	Tre Milano
	Verizon Wireless
	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$12,393,964	\$11,797,590
County Pool	1,385,862	1,296,314
State Pool	6,068	5,126
Gross Receipts	\$13,785,894	\$13,099,029
Less Triple Flip*	\$(3,446,474)	\$(3,274,757)

**Reimbursed from county compensation fund*

Statewide Sales Sink!

Adjusted for accounting aberrations, point of sale receipts from October through December sales were 13.1% lower than the same quarter of 2007. The revenues generated in this holiday quarter were the lowest since 2003.

The declines occurred in all categories of sales except fast food restaurants and grocery stores and were experienced in all counties and regions. Of particular significance were the 23% decline in receipts from petroleum related businesses which resulted from declining prices and consumption, a 37% drop in revenues from new car sales, and a 14.6% decrease in sales tax allocations from building and construction materials.

Tax revenues from general consumer goods were down 10.4% from the 2007 holiday quarter while business to business sales were 9.0% lower.

This was the sixth consecutive quarter of lower statewide allocations. Trade association surveys indicate that January through March sales will be equally dismal. The latest HdL consensus forecast estimates that fiscal 2008/2009 sales and use tax revenues will be 8.8% below the prior year.

Most economists believe that the recession will not bottom out until late 2009 and significant recovery will not occur before 2011/2012.

New Sales Tax Rate

Article 13A of the state constitution authorizes the state legislature to increase taxes other than property by a two thirds vote. This allowed the 2008/2009 state budget compromise which temporarily increases the state portion of the sales and use tax rate by 1.0% from April 1, 2009 to July 1, 2011. The increase will be extended for one additional year if voters approve Proposition 1A, the state spending cap measure on the May ballot.

This brings California's top combined sales, transactions and use tax rate to

10.25%, except in Los Angeles County, where on July 1, 2009 the maximum possible rate becomes 10.75% as an additional one-half cent tax passed by that county's voters in November takes effect. Only two agencies in California will reach the highest rate.

Economists disagree on how consumers will react to a double digit sales tax. The actual impact may be difficult to distinguish from sales lost due to current economic conditions and record low consumer confidence.

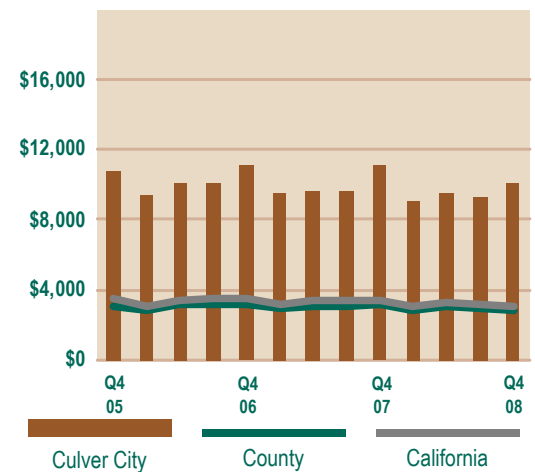
In preparing their revenue projections, the State Department of Finance assumed that the additional one cent tax would result in a one percent loss in future purchases.

Stimulus Package Benefits

The American Recovery and Reinvestment Act of 2009 will send an estimated \$31 billion to the state. Roughly one third will be used to backfill state budget cutbacks in education and other programs, another third for new state spending and the final third for grants made on a competitive basis. Near-

term benefits most likely to boost retail spending include "Making Work Pay" tax credits to boost payroll checks, extending and increasing unemployment insurance payouts, and allowing buyers of new vehicles purchased between February 17th and December 31st to deduct state sales tax from their federal income tax. Analysts warn that for the short term, these benefits will do little more than slow the economy's descent.

SALES PER CAPITA



CULVER CITY TOP 15 BUSINESS TYPES

Business Type	Culver City		County	HdL State
	Q4 '08*	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —		1.4%	-3.3%
Specialty Stores	312.4	19.5%	-8.7%	-7.2%
Health/Medical	272.6	82.3%	22.9%	6.2%
Electronics/Appliance Stores	261.4	-13.1%	-10.5%	-13.0%
Department Stores	245.3	-14.8%	-9.9%	-7.5%
Restaurants No Alcohol	206.3	-8.3%	1.9%	1.7%
Family Apparel	174.6	0.8%	-5.3%	-3.6%
New Motor Vehicle Dealers	159.8	-52.7%	-35.1%	-36.5%
Service Stations	159.1	-19.6%	-20.4%	-23.2%
Grocery Stores Liquor	109.8	23.5%	-0.1%	0.8%
Business Services	109.1	5.0%	-7.3%	-20.1%
Restaurants Liquor	109.0	125.2%	-2.4%	-1.4%
Home Furnishings	108.3	-39.9%	-19.0%	-20.2%
Plumbing/Electrical Supplies	84.3	-19.5%	-9.7%	-7.3%
Sporting Goods/Bike Stores	67.0	108.0%	-11.0%	-6.6%
Total All Accounts	\$4,129.6	-8.8%	-10.3%	-10.3%
County & State Pool Allocation	451.7	-15.5%		
Gross Receipts	\$4,581.3	-9.5%		<i>*In thousands</i>