

Q3 2009



Culver City Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

Culver City In Brief

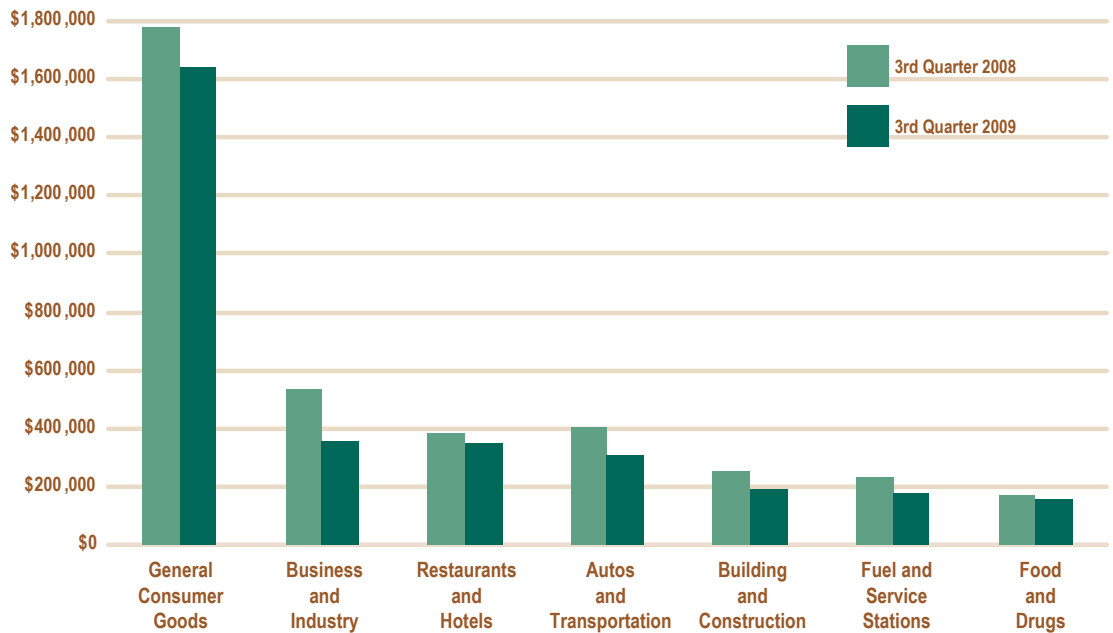
Receipts for Culver City's third quarter sales were 16.2% lower than the same quarter one year ago. Actual sales were down 16.0% when reporting aberrations were factored out.

Business closeouts reduced revenues from health/medical and electronics/appliance stores. A decrease in sales and a business closeout caused the drop in new motor vehicle dealers.

Lower fuel prices negatively impacted revenues from service stations. The city experienced a decline in sales from several categories of general consumer goods and the building & construction sector.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County declined 16.8% over the comparable time period while the Southern California area, as a whole, was down 15.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Advantage Fitness Products	Natural Choice Vending Machines
B & B Hardware Sales	Rite Aid
Bed Bath & Beyond	Ross
Best Buy	Samys Camera
Centinela Chevron	Shop On Stage
Columbia Pictures Industries	Sit N Sleep
Costco	Target
Culver City Volvo	Tesoro Refining & Marketing
Discus Dental	Toys R Us
JC Penney	Kids R Us
Macys	Tre Milano
Miller Honda	Verizon Wireless
Miller Toyota	Vons
Miller Scion	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$7,667,966	\$6,424,272
County Pool	847,518	703,432
State Pool	2,208	6,365
Gross Receipts	\$8,517,692	\$7,134,069
Less Triple Flip*	\$(2,129,423)	\$(1,783,517)

*Reimbursed from county compensation fund

Slower Sales Declines

With aberrations factored out, state-wide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

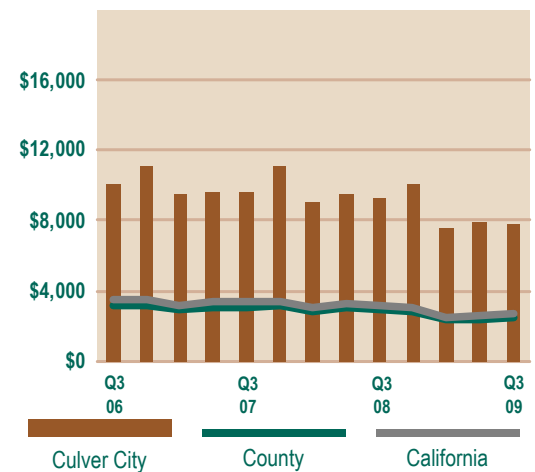
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



CULVER CITY TOP 15 BUSINESS TYPES

Business Type	Culver City		County	HdL State
	Q3 '09*	Change	Change	Change
Discount Dept Stores	\$572.5	-6.8%	-2.8%	-4.4%
Specialty Stores	205.4	7.2%	-15.3%	-10.9%
New Motor Vehicle Dealers	188.7	-29.5%	-9.7%	-9.8%
Service Stations	177.1	-24.1%	-31.2%	-28.6%
Electronics/Appliance Stores	174.1	-20.9%	-15.4%	-13.7%
Restaurants No Alcohol	170.3	-17.8%	-10.5%	-10.1%
Family Apparel	153.7	-3.4%	-3.6%	1.2%
Department Stores	140.8	-9.8%	-10.3%	-13.5%
Restaurants Liquor	108.1	10.8%	-7.6%	-3.9%
Home Furnishings	98.7	16.1%	-20.4%	-16.3%
Grocery Stores Liquor	85.8	-1.2%	-1.7%	-1.3%
Business Services	78.2	-9.8%	1.7%	-19.4%
Plumbing/Electrical Supplies	74.2	-31.2%	-20.5%	-30.2%
Sporting Goods/Bike Stores	68.3	-10.6%	-6.5%	-5.3%
Light Industrial/Printers	56.9	-7.8%	-21.5%	-19.1%
Total All Accounts	\$3,186.5	-15.4%	-15.1%	-13.9%
County & State Pool Allocation	343.5	-22.5%		
Gross Receipts	\$3,530.1	-16.2%		<i>*In thousands</i>