Q3 2019

Culver City Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Culver City In Brief

Culver City's receipts from July through September were 7.3% below the third sales period in 2018 though the decline was the result of numerous anomalies in payment timing that occurred after the State's recent transition to a new reporting system. After adjusting for the correct allocation period, sales were 3.0% higher.

The largest factor in this improvement was a surge in allocations form the countywide use tax pool that has been boosted by the April 1, 2019 implementation of California's AB 147 legislation, which established a lower threshold to collect use-tax on out-of-state internet sales.

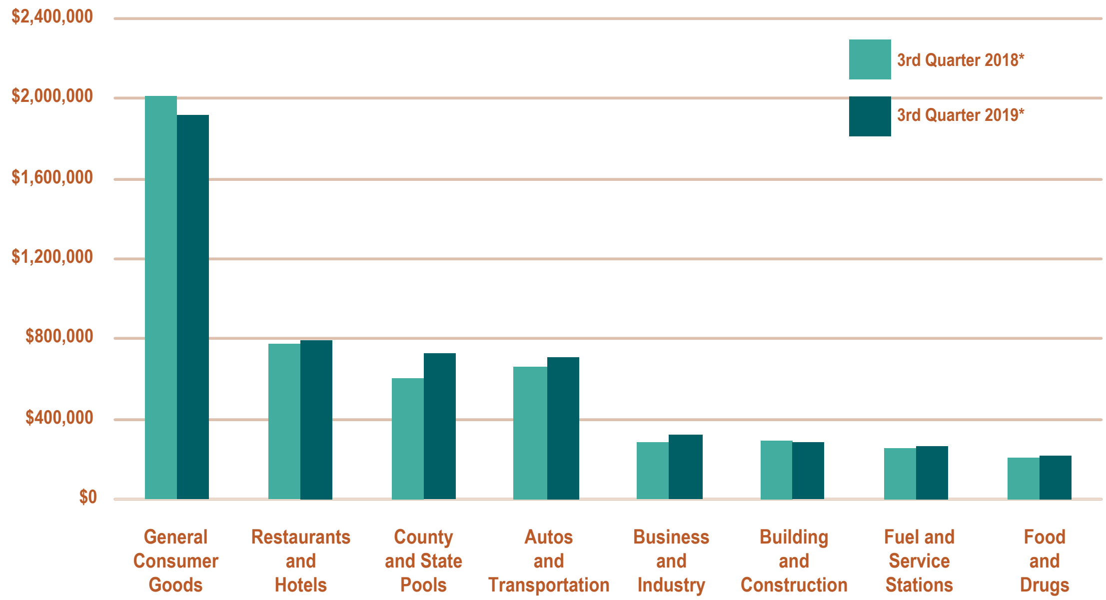
Cash receipts from auto leasing firms were higher, but the postings were artificially inflated by misallocations in the comparison year. A new fine dining restaurant was a positive, and business-industrial returns were also strong.

The sale of general consumer goods was the weak spot as consumers continue to migrate to the internet.

Measure Y generated an additional $2,507,000, while Measure C added $1,232,000.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 2.8%.

Sales Tax by Major Business Group



*Allocation aberrations have been adjusted to reflect sales activity

Top 25 Producers

In Alphabetical Order

- Arco
- Arco AM PM
- Best Buy
- Costco
- Culver City Honda
- Culver City Toyota
- Culver City Volvo Cars
- Ferguson Enterprises
- Foot Locker
- Howard Industries
- JC Penney
- Macys
- Marshalls
- Nissani Bros Chevrolet
- Nordstrom Rack
- Panel It
- Rite Aid
- RM Sothebys
- Ross
- Shell
- Target
- Toyota Lease Trust
- Trader Joes
- VCFS Auto Leasing Company
- Vons

Revenue Comparison

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	$5,109,251	$4,607,487
County Pool	693,494	770,298
State Pool	2,622	1,841
Gross Receipts	**$5,805,368**	**$5,379,626**
Measure Y	$2,771,456	$2,506,952
Measure C	$0	$1,231,885

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NOTES

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

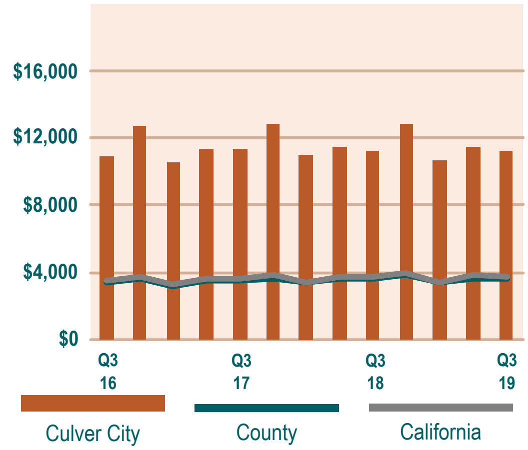
Voters approved eight of the nine sales tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

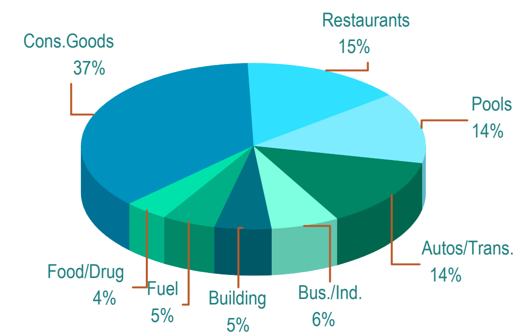
Sales Per Capita*



Allocation aberrations have been adjusted to reflect sales activity

Revenue By Business Group

Culver City This Quarter*



Allocation aberrations have been adjusted to reflect sales activity

Culver City Top 15 Business Types**

**In thousands of dollars*	Culver City		County	HdL State
Business Type	**Q3 '19***	**Change**	**Change**	**Change**
Auto Lease	134.9	44.7%	2.0%	4.6%
Building Materials	95.3	-8.5%	0.8%	0.2%
Casual Dining	361.0	4.2%	2.6%	2.3%
Department Stores	— CONFIDENTIAL —		-8.2%	-9.5%
Discount Dept Stores	— CONFIDENTIAL —		3.7%	2.8%
Electronics/Appliance Stores	246.7	-1.3%	-5.8%	-3.1%
Family Apparel	190.8	-4.4%	0.3%	1.5%
Fast-Casual Restaurants	152.8	-1.8%	2.0%	5.1%
Grocery Stores	131.6	1.5%	1.4%	1.7%
New Motor Vehicle Dealers	491.6	1.4%	-4.5%	-7.2%
Plumbing/Electrical Supplies	130.0	4.1%	-5.9%	4.3%
Quick-Service Restaurants	171.6	-3.6%	1.7%	2.6%
Service Stations	264.3	3.0%	-3.9%	-1.5%
Shoe Stores	117.8	-0.3%	0.7%	-1.7%
Specialty Stores	155.8	4.8%	3.1%	0.3%
Total All Accounts	**4,512.2**	**0.6%**	**0.1%**	**0.3%**
County & State Pool Allocation	**729.4**	**21.1%**	**21.2%**	**14.9%**
Gross Receipts	**5,241.5**	**3.0%**	**2.7%**	**2.3%**

*** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.*