

# Q4 2009



# West Hollywood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

## West Hollywood In Brief

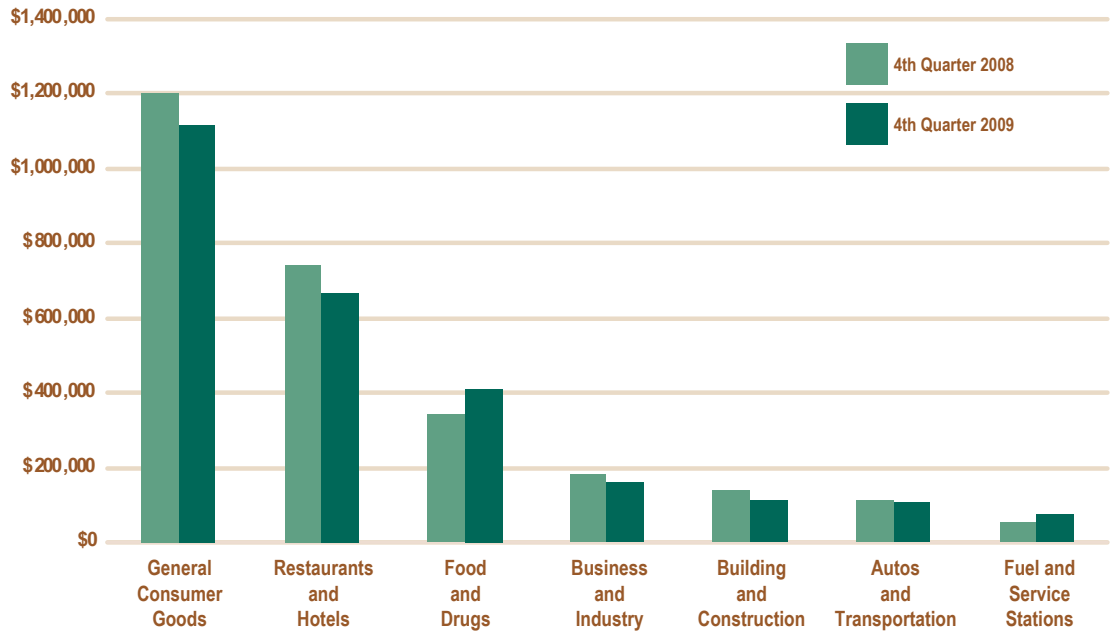
West Hollywood's allocation from its October through December sales was 5.7% lower than last year's comparable quarter.

Declines in both sales and pricing of furnishings, textiles and building materials all contributed to the decrease. Weak holiday spending in several categories of general consumer goods and restaurants were also factors as was a drop in the countywide use tax allocation pool.

The losses were partially offset by the reopening of a supermarket with receipts in that category further inflated by onetime accounting adjustments. Rising fuel prices and a strong quarter for restaurants operating under the full service hotel classification were also positive factors. Accounting anomalies masked a severe decline in home furnishings and what would have been otherwise, a flat quarter for liquor stores.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County declined 8% from the fourth quarter of 2008 while Southern California as a whole was down 6.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

- |                             |                       |
|-----------------------------|-----------------------|
| Abbey Food & Bar            | London West Hollywood |
| Asia de Cuba                | Maxfield Bleu         |
| Bay Cities Discount Kitchen | Peter Schifando       |
| Best Buy                    | Ralphs                |
| Beverages & More            | Ralphs                |
| Boa                         | Target                |
| Bontempi Casa               | Trader Joes           |
| Bristol Farms               | Vons                  |
| CVS Pharmacy                | Waldos Designs        |
| Gelsons Market              | Whole Foods Market    |
| Hornburg Jaguar             | World Oil Marketing   |
| Katana                      |                       |
| Koontz Hardware             |                       |
| La Cecconis                 |                       |

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$8,825,375	\$7,610,996
County Pool	970,153	793,719
State Pool	3,690	7,340
<b>Gross Receipts</b>	<b>\$9,799,219</b>	<b>\$8,412,054</b>
<b>Less Triple Flip*</b>	<b>\$(2,449,805)</b>	<b>\$(2,103,014)</b>

\*Reimbursed from county compensation fund

## California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

## Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

## The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

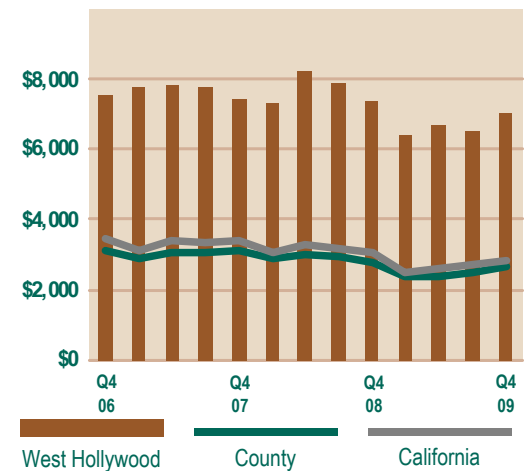
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

## Recovery and Sales Tax

It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

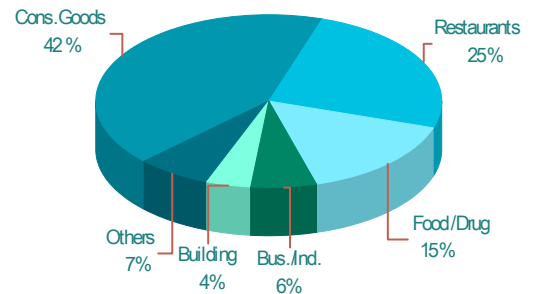
The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



## WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	West Hollywood		County	HdL State
	Q4 '09*	Change	Change	Change
Restaurants Liquor	\$496.0	-2.3%	-2.1%	0.3%
Discount Dept Stores	— CONFIDENTIAL —		2.6%	1.8%
Home Furnishings	228.3	4.1%	-9.2%	-7.2%
Electronics/Appliance Stores	215.7	-0.7%	-5.3%	-2.6%
Grocery Stores Liquor	199.6	48.8%	10.4%	2.1%
Family Apparel	107.8	-13.4%	7.3%	9.4%
Textiles/Furnishings	93.8	-22.8%	-16.6%	-7.6%
Specialty Stores	86.0	2.3%	-9.3%	-6.0%
Package Liquor Stores	80.0	19.3%	-1.6%	-0.5%
Restaurants Beer And Wine	75.1	-12.9%	-11.2%	-10.9%
Service Stations	69.1	29.9%	7.9%	7.0%
Hotels-Liquor	65.7	25.1%	-13.4%	-14.6%
Grocery Stores Beer/Wine	54.9	-2.7%	-4.8%	-0.9%
Women's Apparel	53.5	-16.2%	-2.5%	0.0%
Drug Stores	41.8	-5.7%	1.2%	-1.0%
<b>Total All Accounts</b>	<b>\$2,652.4</b>	<b>-4.5%</b>	<b>-5.3%</b>	<b>-5.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>253.1</b>	<b>-16.7%</b>		
<b>Gross Receipts</b>	<b>\$2,905.6</b>	<b>-5.7%</b>		<i>*In thousands</i>