

Q3 2008



West Hollywood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2008)

West Hollywood In Brief

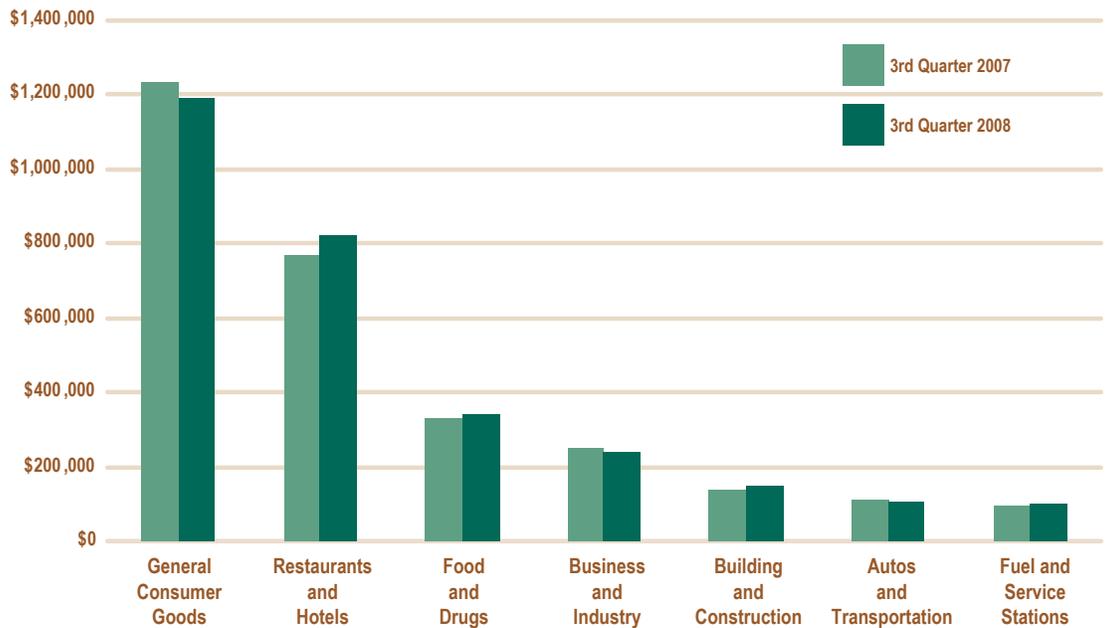
Receipts for West Hollywood's July through September sales were 2.1% higher than the same quarter one year ago. Actual sales remained relatively unchanged at 2.5% higher when reporting aberrations were factored out.

Recent additions helped boost revenues from family apparel, restaurants without alcohol and restaurants with liquor. Receipts from home furnishings, drug stores, and specialty stores were inflated by onetime reporting aberrations. Higher fuel prices provided a lift to receipts from service stations.

The gains were partially offset by declines in sales from lumber/building materials and electronics/appliance stores. An accounting adjustment combined with a decline in sales reduced receipts from textiles/furnishings.

Adjusted by aberrations, taxable sales for all of Los Angeles County declined 3.1% over the comparable time period, while the Southern California region as a whole was down 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

A List	Janus Et Cie
Abbey Food & Bar	Jules Seltzer & Associates
Ann Sacks Tile & Stone	Katana
Arco	Maxfield Bleu
Asia de Cuba	Mondrian Hotel
Audio Intervisual Design	Saddle Ranch Chop House
Balenciaga	Santa Monica Doheny Lounge
Best Buy	Target
CVS Pharmacy	Trader Joes
Executive Car Leasing	Vons
Gelsons Market	Whole Foods Market
Gordon Ramsay The London	World Oil Marketing
Hornburg Jaguar	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$5,895,725	\$6,048,321
County Pool	641,927	668,351
State Pool	471	1,728
Gross Receipts	\$6,538,123	\$6,718,401
Less Triple Flip*	\$(1,634,531)	\$(1,679,600)

*Reimbursed from county compensation fund

Current Quarter - Statewide

Third quarter sales and use tax receipts declined 4.1% from the same period of 2007 once accounting aberrations were factored out.

Revenues from new car sales dropped 25.7% compared to July through September of 2007. Receipts from building materials declined 12.4%, business purchases 6.3% and general consumer goods 4.2%. Receipts from grocers, drug stores, and some categories of restaurants continued to post modest gains.

The statewide decrease was partially cushioned by one last quarter of record fuel prices. Tax receipts from petroleum related sales gained 25.3% over the third quarter of 2007 and accounted for 14% of California's total sales and use tax collections.

Continuing Declines Projected

This was the fifth consecutive quarter of decreasing statewide sales and use tax revenues. Given that the depth, length, and solution to this recession remain uncertain, local government budgeting will be the most challenging it has been in decades. Adding to the difficulty will be an expected rash of business closures as the existing glut of too much debt and too many stores and auto dealerships is sorted out.

The current consensus is that drastically lower fuel prices and the weakest holiday spending since the 1980's will make the drop in March's sales tax receipts (October through December sales) the most severe of the cycle to date. Lesser declines are likely for at least two quarters thereafter with overall revenues "bottoming out" at the end of 2009 or first quarter of 2010.

Agencies Will Fare Differently

Each jurisdiction's experience will vary with the specific makeup and character of its local tax base. The timing and benefits of an additional federal stimulus package remains unknown but cannot be expected to produce immediate

or complete recovery. As of January 1, prognostications for key segments of the state's sales tax revenues were:

Consumer Goods – With Californians already debt burdened, loosening of credit is not expected to stimulate spending to previous highs until jobs and retirement investments revive. Further declines are projected for the remainder of 2008/2009 with minimal growth in 2009/2010.

Auto Related - Credit will help but real recovery is not anticipated until 2010/2011. Severe declines are expected to continue through at least the remainder of 2008/2009.

Fuel – Even production cutbacks and Middle East unrest will not bring back last summer's peak prices. A 30% decline is expected in the last two quarters of 2008/2009 with continuing revenue reductions through mid 2009/2010.

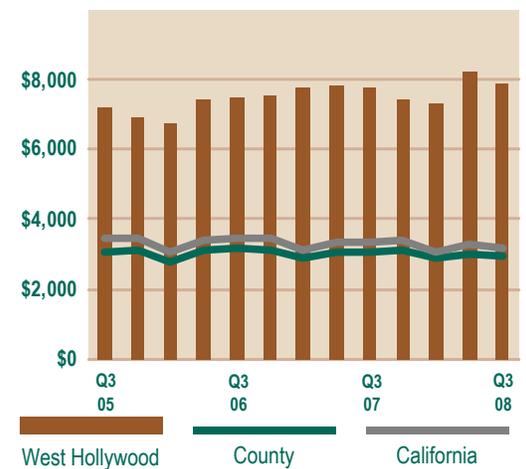
Business Spending - This usually falls and recovers later in the cycle than other segments. Declines of 5% to 10% are expected for some industrial categories during the remainder

of the fiscal year continuing through 2009/2010.

Building/Construction - Public spending is expected to boost specific tax categories by 2009/2010 but fewer housing, industrial and commercial startups make major gains unlikely.

Restaurant/Entertainment - Fast food sales should hold up but cutbacks in revenues from tourism and casual and high end restaurants are expected over the next few quarters.

SALES PER CAPITA



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	West Hollywood		County	HdL State
	Q3 '08*	Change	Change	Change
Restaurants Liquor	\$584.8	14.0%	5.7%	3.7%
Home Furnishings	294.1	15.5%	-14.4%	-14.9%
Discount Dept Stores	— CONFIDENTIAL —		-2.9%	-0.9%
Electronics/Appliance Stores	178.9	-4.9%	-3.4%	-0.6%
Grocery Stores Liquor	158.2	4.8%	0.2%	0.9%
Textiles/Furnishings	141.3	-10.8%	-8.3%	-13.1%
Family Apparel	135.2	27.4%	1.9%	0.3%
Restaurants No Alcohol	110.0	41.8%	4.9%	6.7%
Specialty Stores	106.4	40.7%	-3.3%	-5.9%
Service Stations	100.4	6.8%	26.2%	25.6%
Restaurants Beer And Wine	89.6	-9.9%	-6.8%	-7.1%
Drug Stores	68.5	24.6%	-4.7%	-0.1%
Lumber/Building Materials	59.7	-5.9%	-13.5%	-13.9%
Women's Apparel	55.6	-1.9%	1.1%	-1.3%
Grocery Stores Beer/Wine	53.8	-5.5%	-4.2%	0.6%
Total All Accounts	\$2,959.0	0.7%	-3.1%	-4.4%
County & State Pool Allocation	348.3	15.4%		
Gross Receipts	\$3,307.3	2.1%		<i>*In thousands</i>