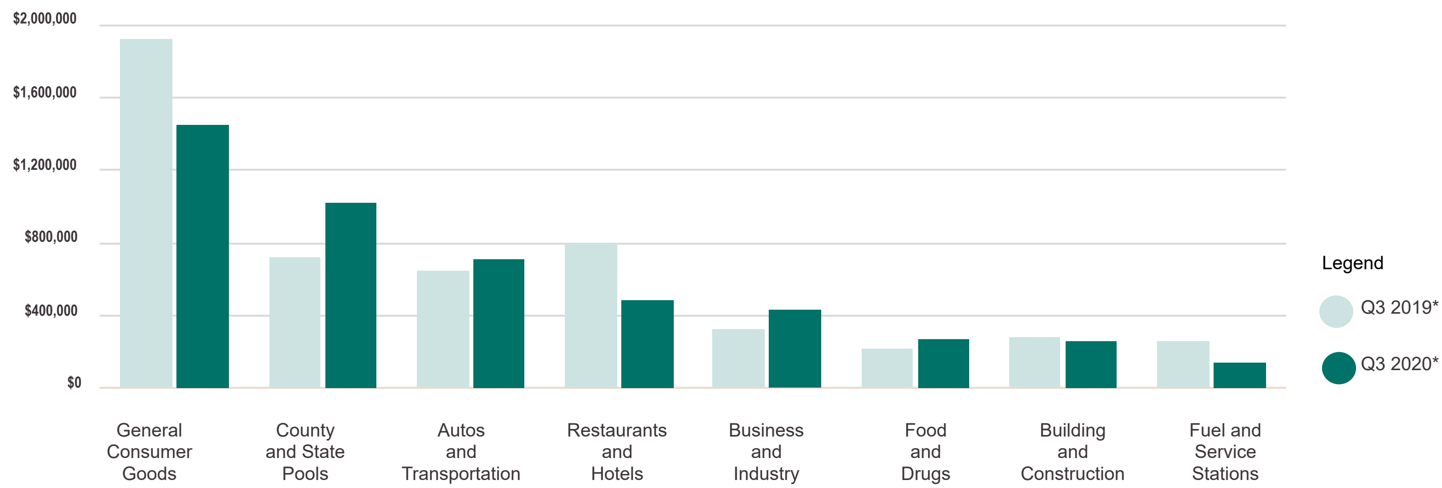
CULVER CITY
SALES TAX UPDATE
3Q 2020 (JULY - SEPTEMBER)

CULVER CITY
TOTAL: $ 4,775,367

-7.7% 3Q2020 | -6.0% COUNTY | -0.9% STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure Y
TOTAL: $2,100,922
-13.4%

Measure C
TOTAL: $1,050,992
-13.4%

CULVER CITY HIGHLIGHTS

Culver City's receipts from July through September were 6.6% below the third sales period in 2019. However, deferred tax payments from last quarter temporarily exaggerated the cash results. Once these and other reporting aberrations are excluded, actual sales were down 7.7%.

This was the second quarter impacted by the pandemic. As expected, most general consumer retailers and restaurants that usually depend on indoor services like fine dining establishments and hotels continue to be hindered. While lower gas prices and reduced commuter frequency held fuel and service station returns lower.

Offsetting the declines were continued new tax revenue from out-of-state online retailers due to the enactment of AB147 combined with increased online sales due to the pandemic, which lifted countywide use tax pool allocations to the City by 40%.

Surprisingly strong sales by new car dealers and building-industrial vendors also helped offset the declines, consistent with the statewide trend.

Net of aberrations, taxable sales for all of Los Angeles County declined 6.0% over the comparable time period; the Southern California region was down 1.5%.

TOP 25 PRODUCERS

- Best Buy
- Costco
- Culver City Honda
- Culver City Toyota
- Culver City Volvo Cars
- Goat
- Hajoca
- Honda Lease Trust
- Honor Roll Delivery
- Howard Industries
- I Am Beyond
- JC Penney
- JP Morgan Chase Bank
- Macys
- Marshalls
- Nordstrom Rack
- Rite Aid
- Ross
- Target
- Titos Tacos
- TJ Maxx
- Toyota Lease Trust
- Trader Joes
- VCFS Auto Leasing Company
- Vons

HdL Companies

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STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

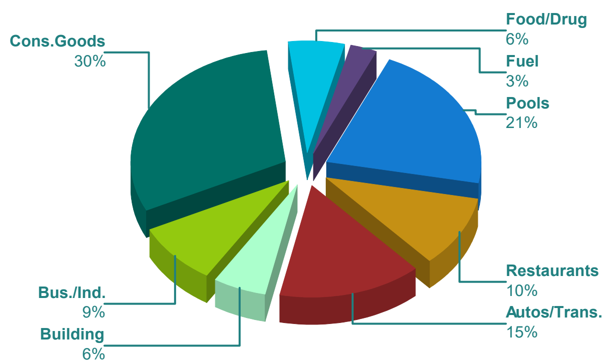
Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP
Culver City This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Culver City Business Type	Q3 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	514.2	22.2%	7.3%	5.8%
Casual Dining	218.0	-40.6%	-41.9%	-38.0%
Electronics/Appliance Stores	190.2	-23.4%	-20.1%	-21.1%
Service Stations	141.5	-46.5%	-34.8%	-29.0%
Grocery Stores	138.5	5.2%	5.1%	7.1%
Quick-Service Restaurants	133.7	-22.1%	-13.7%	-10.3%
Plumbing/Electrical Supplies	127.1	-4.4%	10.5%	-0.3%
Auto Lease	122.4	-6.6%	-6.0%	-5.4%
Family Apparel	115.7	-39.0%	-25.1%	-24.4%
Specialty Stores	111.1	-26.9%	-13.1%	-8.7%

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars