

Q1 2014



City of Glendale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Glendale In Brief

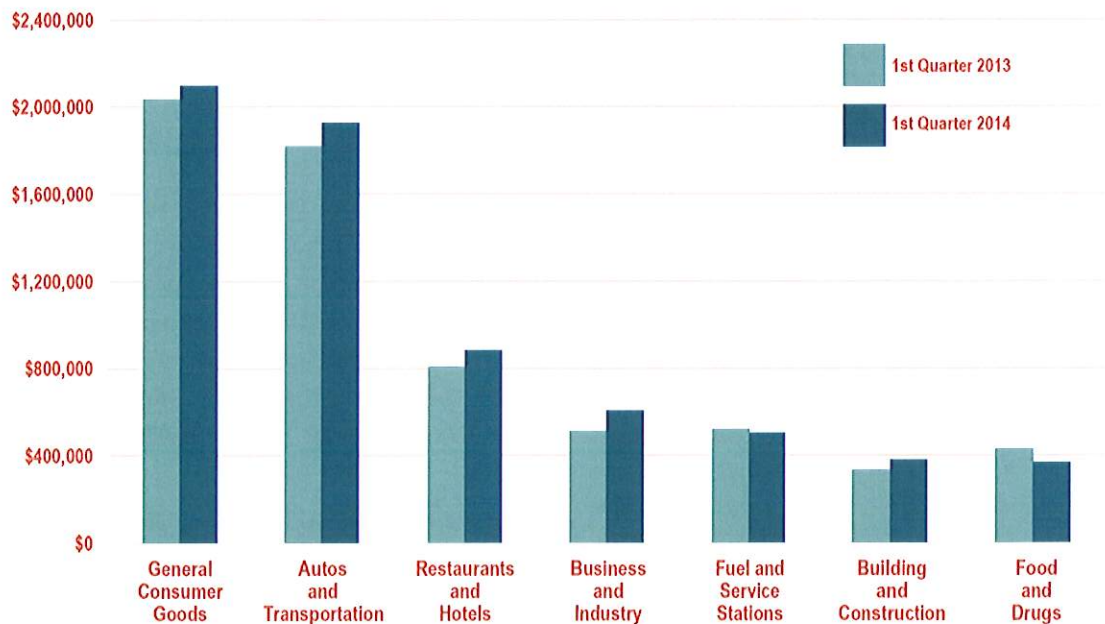
Receipts for Glendale's January through March sales were 5.5% above the same quarter one year ago. Excluding payment aberrations actual sales activity grew 6.7%.

Gains were mainly in the autos and transportation group with proceeds from new and used auto dealers and auto lease companies generating most of the increase. General consumer results benefited from a new business addition in the department store group. Business and industry results were strong and gains easily bested county and statewide trends. As in many areas of the state, multiple restaurant classifications were up; the casual dining group fared best. A onetime use tax payment and exceptional gains in the contractor category boosted the building and construction comparison.

Lower prices at the pump cut fuel and service station amounts; a temporary reporting aberration exaggerated the food and drugs decline.

Adjusted for aberrations, taxable sales for all of Los Angeles County were up 3.5% over the comparable time period; the Southern California region grew 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Home Depot
Apple	JC Penney
Bloomingdales	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	Nordstrom
Daimler Trust	Pacific BMW
Diamond Honda	Star Ford Lincoln
Dreamworks Animation	Target
Financial Services Vehicle Trust	Tesoro Refining & Marketing
Glendale Dodge Chrysler Jeep	Toyota of Glendale Scion
Glendale Nissan Infiniti	Trattoria Amici
Glendale Subaru/Mitsubishi	Video Equipment Rental
	Vons

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$26,989,091	\$27,953,822
County Pool	3,223,039	3,340,585
State Pool	14,107	18,850
Gross Receipts	\$30,226,237	\$31,313,257
Less Triple Flip*	\$(7,556,559)	\$(7,828,314)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

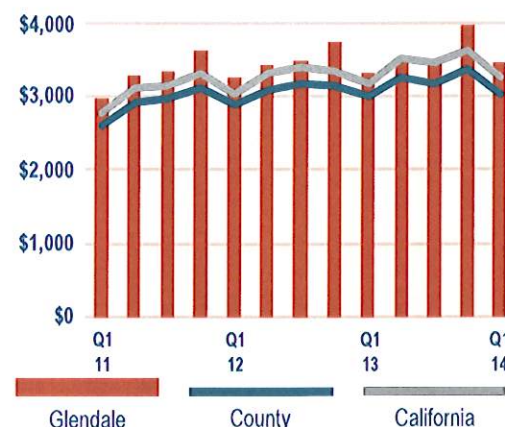
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	
	Q1 '14*	Change	Change	HdL State Change
Auto Lease	308.8	10.6%	15.9%	14.5%
Casual Dining	390.3	8.9%	6.3%	6.6%
Department Stores	467.8	21.3%	-3.2%	-5.1%
Discount Dept Stores	— CONFIDENTIAL —		-2.9%	-2.6%
Electronics/Appliance Stores	268.3	-5.1%	7.7%	2.4%
Family Apparel	368.7	-2.8%	-3.7%	-3.3%
Grocery Stores Liquor	142.7	-26.7%	-34.4%	-14.2%
Home Furnishings	107.5	-7.4%	7.2%	6.8%
Lumber/Building Materials	178.1	-2.1%	12.0%	16.8%
Motion Pictures/Equipment	261.1	110.9%	712.8%	830.6%
New Motor Vehicle Dealers	1,334.6	3.6%	10.0%	9.4%
Quick-Service Restaurants	347.6	5.5%	4.5%	4.8%
Service Stations	501.3	-3.3%	-3.6%	-1.0%
Specialty Stores	220.6	7.6%	2.6%	2.7%
Women's Apparel	157.6	-6.7%	3.7%	-4.9%
Total All Accounts	\$6,756.1	4.7%	1.8%	3.2%
County & State Pool Allocation	\$851.6	12.4%	9.2%	7.7%
Gross Receipts	\$7,607.7	5.5%	2.5%	3.7%