

Q4 2014



City of Glendale Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Glendale In Brief

Receipts for Glendale's October through December sales were 40.9% above the like quarter in 2013. After factoring out payment aberrations, actual sales rose 38.4%.

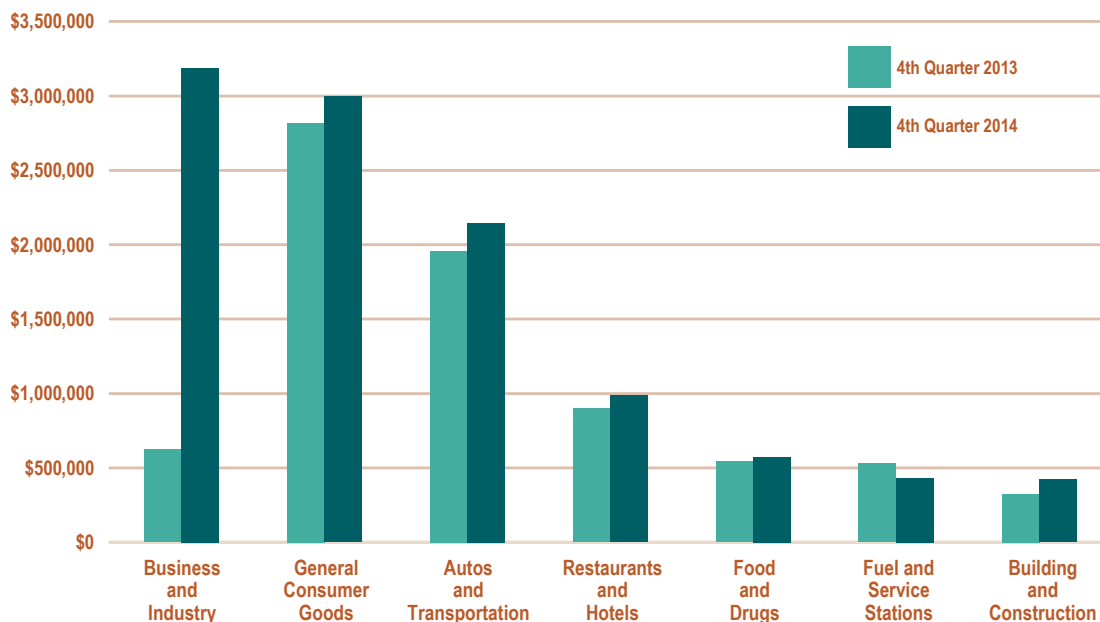
Business and industry gains were exaggerated by amounts subject to future adjustment. Net of those receipts, actual sales were up 11.6%.

New auto sales and auto lease categories reported another strong sales quarter that lifted the autos and transportation comparison. Various general consumer categories including family apparel, electronics/appliance stores and specialty stores showed solid gains. Restaurant and hotel receipts were strong but new business additions helped the city surpass those trends. Contractor sales and those of plumbing and electrical supply sellers lifted the building and construction comparison. A temporary accounting adjustment inflated lumber and building materials proceeds.

Unusually low oil prices led to fuel and service station decreases.

Adjusted for aberrations, taxable sales for all of Los Angeles County grew 5.0% over the comparable time period, while the Southern California region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Home Depot
Apple	JC Penney
Bloomingtons	Lexus of Glendale
Calstar Mercedes	Macys
Car Pros Kia	Nordstrom
CDW Direct	Pacific BMW
CDW Government	Ralphs
Diamond Honda	Star Ford Lincoln
Financial Services Vehicle Trust	Target
Glendale Dodge Chrysler Jeep	Toyota Lease Trust
Glendale Nissan Infiniti	Toyota of Glendale Scion
Glendale Subaru/Mitsubishi	Video Equipment Rental
	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$21,197,724	\$27,879,540
County Pool	2,495,348	3,475,500
State Pool	12,530	24,181
Gross Receipts	\$23,705,602	\$31,379,221
Less Triple Flip*	\$(5,926,400)	\$(7,844,805)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

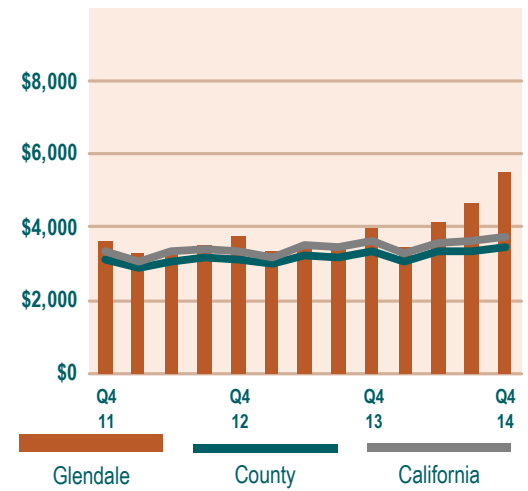
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

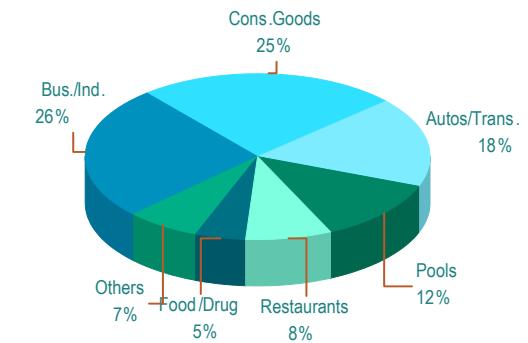
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Glendale Q4 '14*	Glendale Change	County Change	HdL State Change
Auto Lease	329.6	11.8%	2.1%	-0.4%
Casual Dining	412.6	2.6%	5.3%	5.9%
Department Stores	759.3	3.6%	1.7%	1.0%
Discount Dept Stores	— CONFIDENTIAL —	—	1.3%	0.9%
Electronics/Appliance Stores	429.3	21.6%	1.9%	1.3%
Family Apparel	559.4	5.2%	3.9%	5.1%
Grocery Stores Liquor	261.0	6.1%	-0.1%	3.5%
Lumber/Building Materials	190.8	33.6%	3.7%	-0.7%
Motion Pictures/Equipment	314.6	189.1%	28.2%	29.8%
New Motor Vehicle Dealers	1,566.6	12.6%	7.2%	7.6%
Office Supplies/Furniture	— CONFIDENTIAL —	—	70.8%	9.5%
Quick-Service Restaurants	382.6	5.4%	8.3%	7.5%
Service Stations	433.2	-17.7%	-13.8%	-10.5%
Specialty Stores	279.7	4.8%	7.3%	5.8%
Women's Apparel	189.3	-14.7%	3.7%	-1.7%
Total All Accounts	\$10,742.4	39.6%	4.1%	3.8%
County & State Pool Allocation	\$1,487.3	51.1%	12.7%	4.7%
Gross Receipts	\$12,229.6	40.9%	5.1%	3.9%