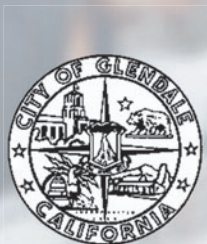


# Q2 2009



## City of Glendale Sales Tax *Update*

*Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)*

### Glendale In Brief

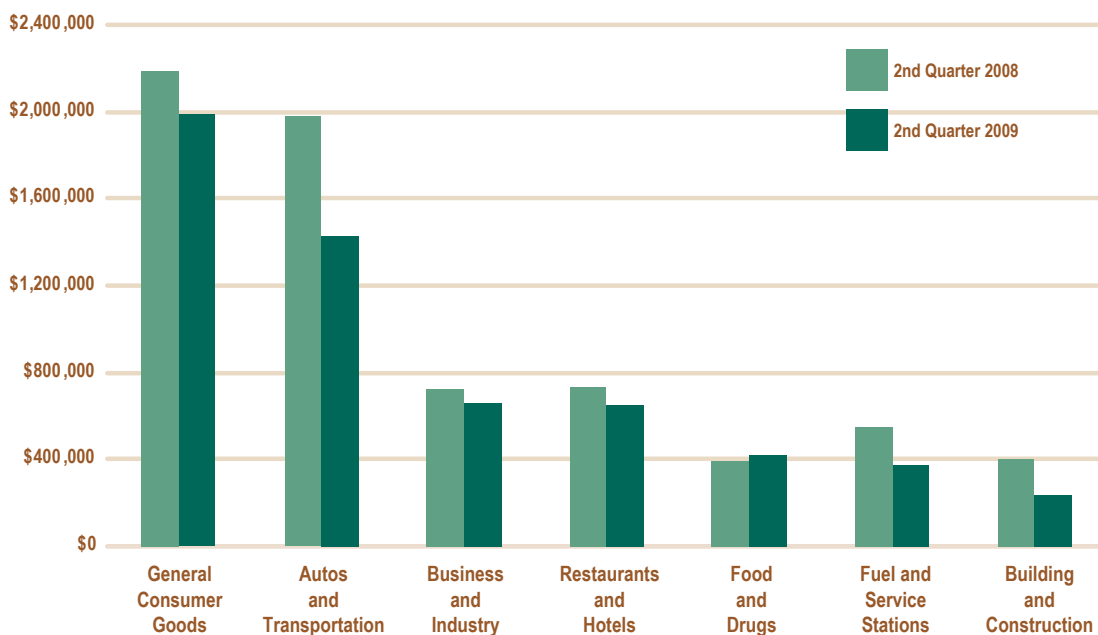
Gross receipts for Glendale's April through June sales were 16.6% lower than the same quarter one year ago.

All major business sectors were impacted by the recession, except for the food & drugs group. Recent business closures contributed to declines from new motor vehicle dealers, some categories of general consumer goods and several classifications of business-to-business sales. Lower fuel prices cut postings from service stations. Accounting deviations exaggerated losses from some categories of restaurants and the building & construction group.

New outlets were a major factor for gains from family apparel; a retroactive accounting adjustment provided a onetime lift to returns from business services.

Adjusted for aberrations, taxable sales for all of Los Angeles County dropped 20.1% over the same time period; Southern California as a whole was down 20.0%.

### SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

*In Alphabetical Order*

Allen Gwynn Chevrolet	Macys
Apple Computer	Nestle Food
Bob Smith Toyota	Nissan/Infiniti Leasing Group
Calstar Mercedes	Nordstrom
CVS Pharmacy	Pacific BMW
Financial Services Vehicle Trust	Ralphs
Forever 21	Sears
Glendale Nissan Infiniti	Star Ford
Home Depot	Target
JC Penney	Toyota Motor Credit
Kwik/AI Sal Oil	Toyota of Glendale
Lexus of Glendale	Vons
	Walt Disney Imagineering

### REVENUE COMPARISON

*One Quarter – Fiscal Year To Date*

	2008-09	2009-10
Point-of-Sale	\$6,968,616	\$5,764,496
County Pool	727,668	646,305
State Pool	(1,827)	5,792
<b>Gross Receipts</b>	<b>\$7,694,458</b>	<b>\$6,416,593</b>
<b>Less Triple Flip*</b>	<b>\$(1,923,614)</b>	<b>\$(1,604,148)</b>

*\*Reimbursed from county compensation fund*

### Statewide Trends

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

### The Climb Back Up

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

**General Consumer Goods** – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

**Transportation** – Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

**Business & Industry** – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

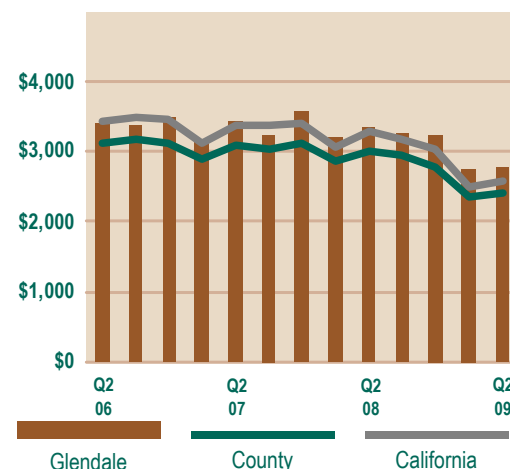
**Building & Construction** – Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

**Fuel & Service Stations** – Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

**Grocers & Restaurants** – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

### SALES PER CAPITA



### GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q2 '09*	Change	Change	Change
New Motor Vehicle Dealers	\$886.2	-27.7%	-32.5%	-32.7%
Department Stores	485.1	-15.0%	-20.3%	-20.5%
Service Stations	376.7	-31.1%	-39.3%	-36.7%
Family Apparel	363.0	7.3%	-9.5%	-5.5%
Auto Lease	342.5	-28.7%	-22.5%	-24.2%
Restaurants No Alcohol	312.7	-9.7%	0.3%	2.9%
Restaurants Liquor	249.6	-8.9%	-5.7%	-5.0%
Specialty Stores	203.2	-19.5%	-16.0%	-12.1%
Grocery Stores Liquor	200.0	-2.7%	-4.9%	-2.6%
Women's Apparel	190.2	-7.3%	-13.1%	-12.1%
Electronics/Appliance Stores	157.1	-14.9%	-16.6%	-14.2%
Business Services	138.9	31.8%	-17.4%	-32.1%
Lumber/Building Materials	135.9	-25.4%	-17.5%	-21.1%
Discount Dept Stores	— CONFIDENTIAL —		-3.3%	-4.6%
Light Industrial/Printers	105.1	-31.8%	-12.5%	-26.9%
<b>Total All Accounts</b>	<b>\$5,764.5</b>	<b>-17.3%</b>	<b>-20.2%</b>	<b>-21.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>652.1</b>	<b>-10.2%</b>		
<b>Gross Receipts</b>	<b>\$6,416.6</b>	<b>-16.6%</b>		<i>*In thousands</i>