

Q4 2009



City of Glendale Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Glendale In Brief

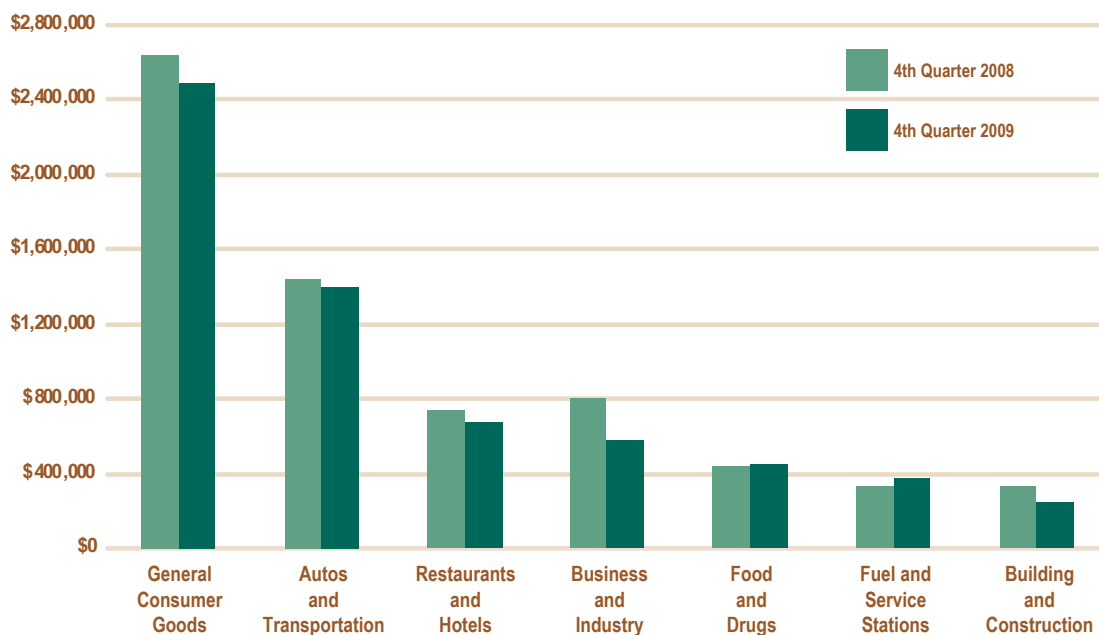
Fourth quarter receipts were 8.4% below the same sales period one year earlier.

Consistent with most areas of the state, department store, specialty store, auto lease, most types of restaurants, electronics/appliance stores and light industrial/printer categories showed declines. Tax refunds following a state audit exaggerated the auto lease drop. In addition, a retroactive accounting adjustment reduced the size of the countywide use tax pool; the take-away cut pool allocations for all cities in Los Angeles County.

Receipts from new motor vehicle dealers, family apparel stores, grocery stores with liquor, women's apparel and service station groups increased. New business additions added to family apparel proceeds whereas fuel prices in excess of last year's comparative lows led to higher service stations results.

Excluding payment aberrations all of Los Angeles County was down 8%; statewide sales dropped 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Allen Gwynn Chevrolet	Leos All Star
Apple Computer	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	Marshall's
CVS Pharmacy	Nordstrom
Financial Services Vehicle Trust	Pacific BMW
Forever 21	Ralphs
Glendale Mitsubishi	Sears
Glendale Nissan Infiniti	Star Ford Lincoln Mercury
Home Depot	Target
JC Penney	Toyota Motor Credit
Kwik/AI Sal Oil	Toyota of Glendale
	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$20,462,609	\$17,893,351
County Pool	2,249,620	1,865,476
State Pool	8,733	17,253
Gross Receipts	\$22,720,962	\$19,776,080
Less Triple Flip*	\$(5,680,241)	\$(4,944,020)

*Reimbursed from county compensation fund

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

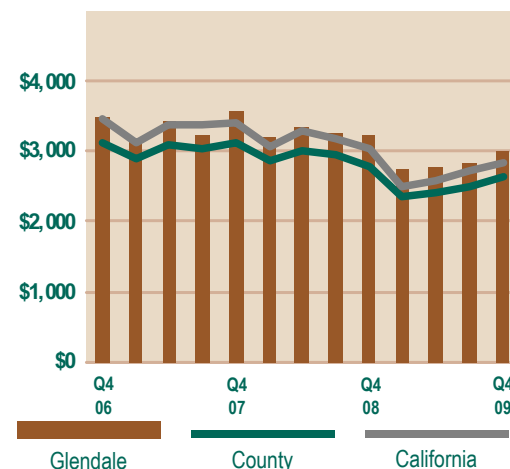
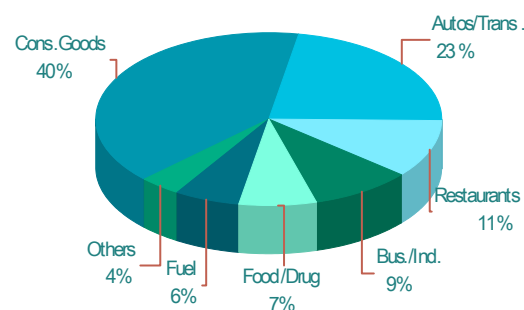
There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
Glendale This Quarter**GLENDALE TOP 15 BUSINESS TYPES**

Business Type	Glendale		County	HdL State
	Q4 '09*	Change	Change	Change
New Motor Vehicle Dealers	\$947.2	9.3%	-2.9%	1.0%
Department Stores	659.9	-11.9%	-16.0%	-21.0%
Family Apparel	458.9	2.6%	7.3%	9.4%
Service Stations	378.9	16.4%	7.9%	7.0%
Restaurants No Alcohol	336.3	-8.1%	-3.6%	-2.3%
Auto Lease	239.5	-29.4%	-36.6%	-47.4%
Grocery Stores Liquor	232.4	5.1%	10.4%	2.1%
Specialty Stores	231.6	-12.6%	-9.3%	-6.0%
Restaurants Liquor	228.9	-8.5%	-2.1%	0.3%
Women's Apparel	228.4	3.0%	-2.5%	0.0%
Electronics/Appliance Stores	195.4	-5.2%	-5.3%	-2.6%
Discount Dept Stores	— CONFIDENTIAL —		2.6%	1.8%
Lumber/Building Materials	155.3	-6.6%	1.3%	-0.5%
Light Industrial/Printers	122.0	-28.6%	-23.6%	-24.3%
Home Furnishings	104.4	-1.6%	-9.2%	-7.2%
Total All Accounts	\$6,220.0	-7.3%	-5.3%	-5.9%
County & State Pool Allocation	593.6	-19.1%		
Gross Receipts	\$6,813.6	-8.4%		<i>*In thousands</i>