

Q1 2010



City of Glendale Sales Tax Update

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

Glendale In Brief

Receipts from January – March sales were 6.6% lower than the same period last year. Over 25.0% of the decline was due to the 15.6% drop in the countywide use tax allocation pool.

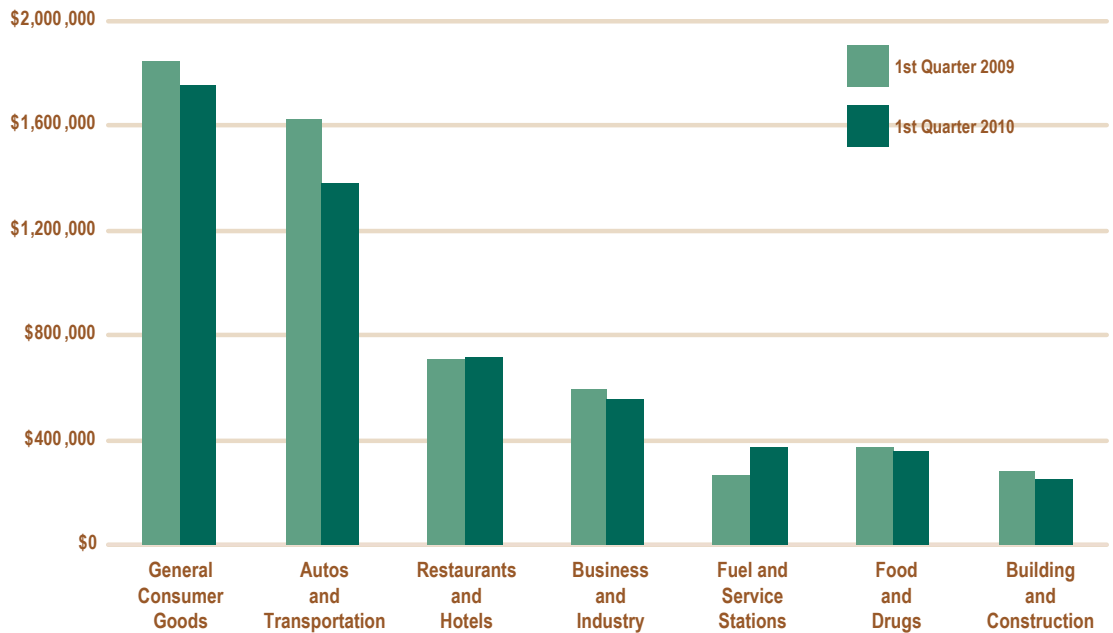
Store closures contributed almost half of the overall decrease in the General Consumer Goods group. A new outlet in family apparel partially offset this loss.

The slump in new auto sales and auto leasing was exaggerated by retroactive adjustments that overstated returns in the year-ago period. Overtime events inflated business to business receipts while a business closure in the light industrial/printers category added to the loss.

New eateries and retroactive adjustments expanded results in all restaurant classifications. Higher fuel prices pushed up service station proceeds.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County and its cities gained 0.3% over the comparable time period while South California as a whole was up 0.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

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

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

| | 2008-09 | 2009-10 |
|--------------------------|----------------------|----------------------|
| Point-of-Sale | \$26,169,080 | \$23,288,824 |
| County Pool | 2,940,547 | 2,448,430 |
| State Pool | 12,927 | 20,430 |
| Gross Receipts | \$29,122,553 | \$25,757,684 |
| Less Triple Flip* | \$(7,280,638) | \$(6,439,421) |

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

Projections for a Tepid Recovery Continue

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

Local Add-On Sales Tax Measures Approved

All six proposals for sales tax add-ons were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

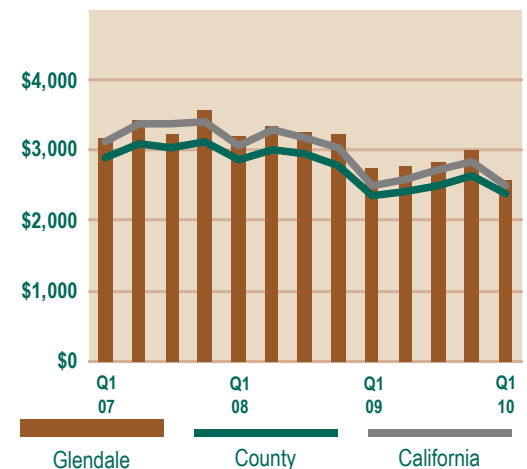
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

SALES PER CAPITA



GLENDALE TOP 15 BUSINESS TYPES

| Business Type | Glendale | | County | HdL State |
|---|------------------|---------------|-------------|----------------------|
| | Q1 '10* | Change | Change | Change |
| New Motor Vehicle Dealers | \$901.2 | -12.8% | -3.0% | 0.0% |
| Department Stores | 396.7 | -3.2% | -0.7% | -0.9% |
| Service Stations | 372.3 | 37.9% | 29.3% | 28.0% |
| Restaurants No Alcohol | 323.1 | -0.7% | -0.1% | -3.3% |
| Family Apparel | 311.8 | 2.2% | 15.1% | 13.7% |
| Restaurants Liquor | 288.4 | 2.1% | 5.0% | 5.1% |
| Auto Lease | 258.5 | -29.2% | -18.8% | -20.8% |
| Specialty Stores | 188.0 | -7.4% | -4.8% | -3.7% |
| Grocery Stores Liquor | 173.5 | -4.0% | -11.8% | -3.5% |
| Women's Apparel | 161.8 | -4.1% | 4.7% | 3.6% |
| Electronics/Appliance Stores | 155.0 | -6.9% | -9.2% | -6.2% |
| Lumber/Building Materials | 144.0 | 1.7% | 3.3% | 1.6% |
| Discount Dept Stores | — CONFIDENTIAL — | | 5.1% | 4.9% |
| Light Industrial/Printers | 106.3 | -26.6% | -12.4% | -10.3% |
| Restaurants Beer And Wine | 86.2 | 7.4% | -8.0% | -6.2% |
| Total All Accounts | \$5,395.5 | -5.4% | 1.0% | 0.8% |
| County & State Pool Allocation | 586.1 | -15.7% | | |
| Gross Receipts | \$5,981.6 | -6.6% | | <i>*In thousands</i> |