

Q3 2010



City of Glendale Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Glendale In Brief

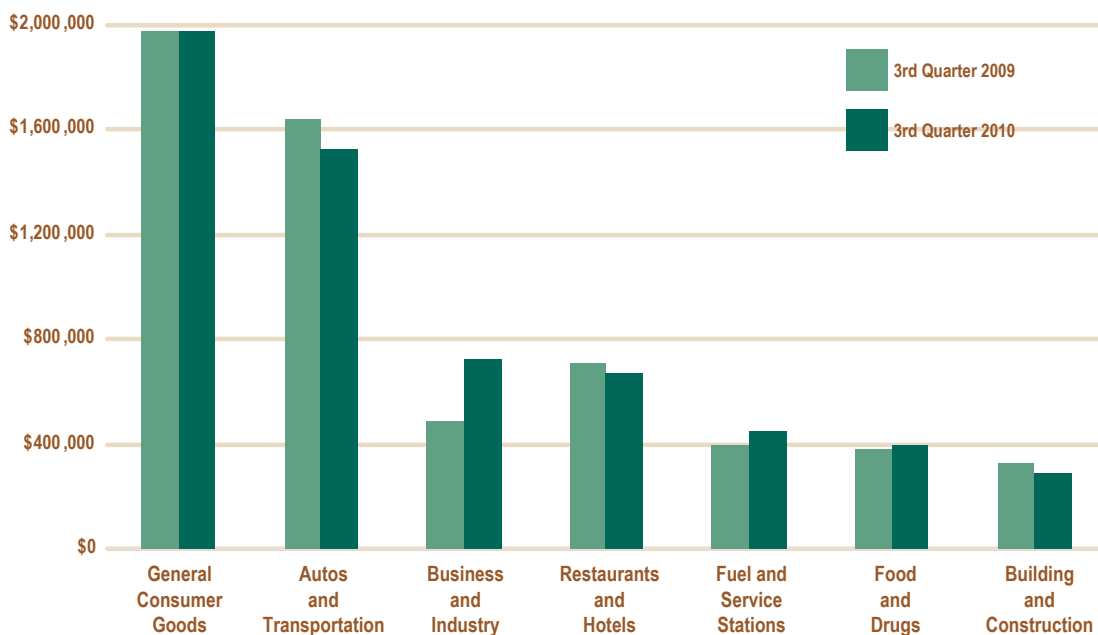
Receipts from July through September sales were 3% higher than the same period one year ago.

Most of the year-over-year gain came from the Business & Industry group where business services, government/social organizations, and office supplies/furniture categories showed exceptional increases. Onetime reporting aberrations inflated the office supplies/furniture comparison whereas use tax on capital purchases boosted government/social organization totals. Strong sales and a new business addition benefited the electronics/appliance category. Higher prices at the pump lifted service station results.

New motor vehicle dealers, auto lease and specialty store classifications dropped much as they did throughout the county though accounting adjustments exaggerated the specialty store decline. Department stores and restaurants with liquor also showed decreases. Apparent late payments and temporary accounting adjustments skewed the restaurants with liquor comparison.

Excluding payment anomalies all of Los Angeles County was up 3.7%; statewide sales grew 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Allen Gwynn Chevrolet	Kwik/AI Sal Oil
Apple Computer	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	Nordstrom
City of Glendale	Pacific BMW
Diamond Honda of Glendale	Sears
Financial Services Vehicle Trust	Star Ford Lincoln
Glendale Dodge Chrysler Jeep	Target
Glendale Mitsubishi	Toyota Motor Credit
Glendale Nissan Infiniti	Toyota of Glendale
Home Depot	Video Equipment Rental
JC Penney	Vons
	Walt Disney Imagineering

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$11,673,381	\$11,819,567
County Pool	1,277,561	1,349,701
State Pool	11,563	8,463
Gross Receipts	\$12,962,505	\$13,177,731
Less Triple Flip*	\$(3,240,626)	\$(3,294,433)

**Reimbursed from county compensation fund*

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

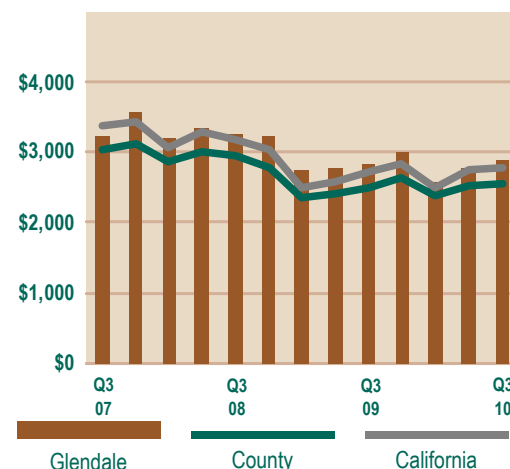
Fuel/Service Stations – Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q3 '10*	Change	Change	Change
New Motor Vehicle Dealers	\$1,059.3	-6.0%	-5.0%	-1.7%
Department Stores	450.2	-3.9%	4.1%	2.7%
Service Stations	449.2	12.8%	10.2%	12.1%
Family Apparel	362.9	5.8%	8.9%	7.8%
Restaurants No Alcohol	338.5	-1.1%	7.9%	5.1%
Electronics/Appliance Stores	244.9	27.7%	11.3%	18.3%
Auto Lease	244.7	-24.5%	-17.7%	-20.0%
Restaurants Liquor	238.3	-12.5%	4.3%	5.4%
Grocery Stores Liquor	196.5	7.8%	6.1%	1.2%
Specialty Stores	190.0	-9.6%	-3.3%	-2.2%
Women's Apparel	180.6	3.7%	5.8%	2.8%
Lumber/Building Materials	163.8	1.4%	-1.9%	-4.8%
Business Services	157.8	129.7%	34.4%	22.8%
Discount Dept Stores	— CONFIDENTIAL —		3.9%	5.6%
Light Industrial/Printers	102.8	4.7%	3.4%	5.8%
Total All Accounts	\$6,034.0	2.1%	2.5%	2.7%
County & State Pool Allocation	709.6	11.4%		
Gross Receipts	\$6,743.6	3.0%		<i>*In thousands</i>