

Q2 2011



City of Glendale Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Glendale In Brief

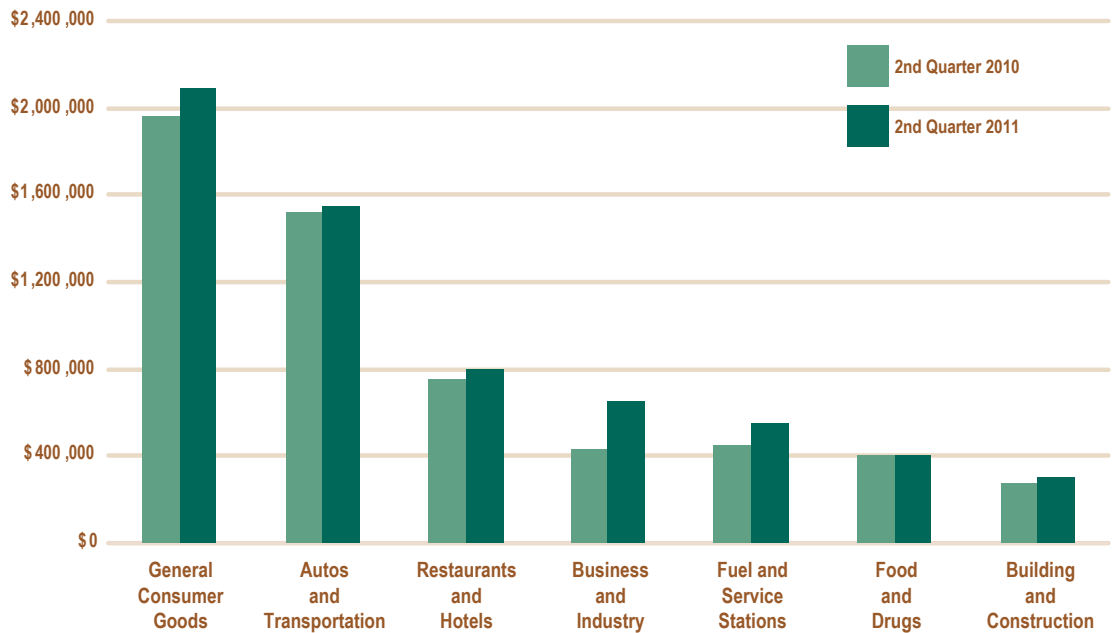
Receipts from second quarter sales were up 9.5% compared to the same period one year earlier but payment aberrations skewed the data. With anomalies excluded, actual sales gained 7.2%.

Higher prices drove service station results up but new motor vehicle dealer, family apparel, women's apparel, lumber/building materials, electronics/appliance stores, light industrial/printers and all restaurant classifications realized solid increases. The office supplies group appeared to be up, but the gain was from a retroactive payment adjustment that cut receipts a year ago.

The most significant declines occurred in the auto lease, grocery stores with liquor and specialty store categories. A onetime payment adjustment exaggerated the negative auto lease comparison.

Net of accounting adjustments, all of Los Angeles County gained 8.4%; statewide sales grew 9.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Allen Gwynn Chevrolet	Macys
Apple Computer	New Century Volkswagen
Bob Smith Toyota	Nordstrom
City of Glendale	Pacific BMW
Diamond Honda of Glendale	Ralphs
Glendale Dodge Chrysler Jeep	Staples
Glendale Mitsubishi	Star Ford Lincoln
Glendale Nissan Infiniti	Target
H & M	Toyota Motor Credit Corporation
Home Depot	Toyota of Glendale
JC Penney	Video Equipment Rental
Kwik/AI Sal Oil	Vons
Lexus of Glendale	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$5,785,568	\$6,342,966
County Pool	645,439	703,611
State Pool	3,101	(3,741)
Gross Receipts	\$6,434,108	\$7,042,837
Less Triple Flip*	\$ (1,608,527)	\$ (1,760,709)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

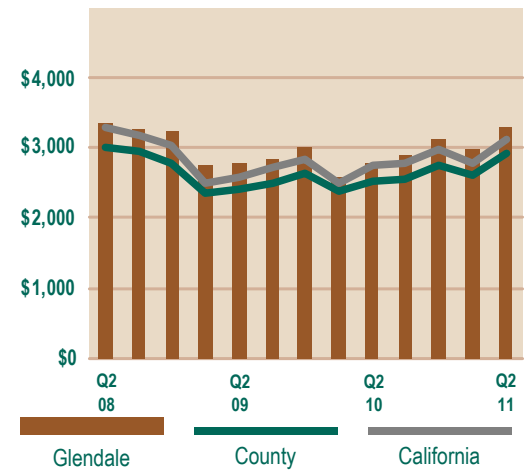
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q2 '11*	Change	Change	Change
Auto Lease	206.8	-18.1%	-10.6%	-8.2%
Department Stores	468.8	-0.8%	2.0%	0.5%
Discount Dept Stores	— CONFIDENTIAL —		6.7%	6.4%
Electronics/Appliance Stores	245.7	20.0%	-13.3%	3.2%
Family Apparel	397.8	18.8%	14.9%	12.6%
Grocery Stores Liquor	198.0	-3.3%	0.3%	1.5%
Light Industrial/Printers	103.3	14.8%	3.0%	0.2%
Lumber/Building Materials	159.3	7.1%	2.4%	1.3%
New Motor Vehicle Dealers	1,106.2	7.2%	10.0%	9.8%
Office Supplies/Furniture	107.3	74.4%	31.7%	43.0%
Restaurants Liquor	282.9	-2.7%	7.2%	8.7%
Restaurants No Alcohol	385.4	9.7%	4.6%	3.5%
Service Stations	551.8	23.7%	32.7%	30.9%
Specialty Stores	187.2	-3.9%	4.0%	5.4%
Women's Apparel	202.4	7.0%	8.2%	9.0%
Total All Accounts	\$6,343.0	9.6%	9.5%	10.1%
County & State Pool Allocation	699.9	7.9%		
Gross Receipts	\$7,042.8	9.5%		<i>*In thousands</i>