

Q3 2012



City of Glendale Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

Glendale In Brief

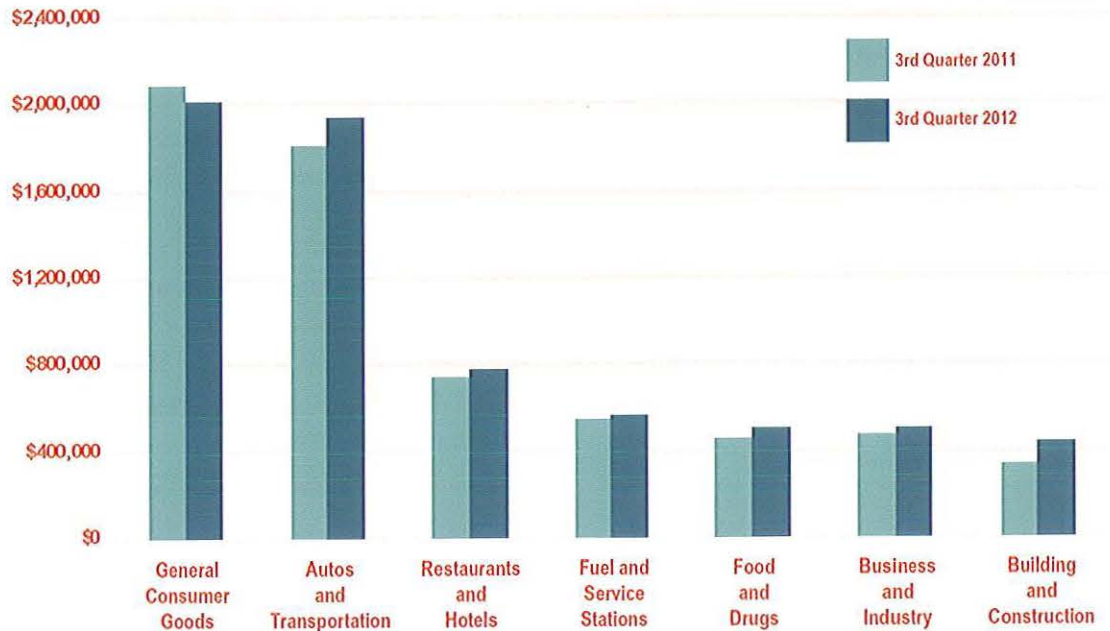
Receipts from third quarter sales were 4.6% above the comparable period one year earlier but payment aberrations skewed the data. With anomalies excluded, actual sales grew 3.6%.

All major industry groups showed gains except general consumer goods. New motor vehicle dealer results were up but a onetime payment adjustment that inflated year-ago receipts pared the growth comparison. Auto lease receipts were also up. The jumps in the lumber/building materials and grocery stores with liquor categories were partly due to onetime reporting aberrations. Business and industry results appeared to be positive but a retroactive payment adjustment that temporarily reduced year-ago totals caused the relative increase. New business additions contributed to restaurant and hotel gains, but accounting adjustments also boosted the comparison with year-ago amounts.

Declines at department stores, family apparel, specialty stores, and women's apparel sellers caused the dip in general consumer goods proceeds.

Net of accounting aberrations, all of Los Angeles County was up 5.8%; statewide sales grew 6.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Al Sal 76	JC Penney
Allen Gwynn Chevrolet	Lexus of Glendale
Apple	Macys
Bob Smith Toyota	New Century Volkswagen
Calstar Mercedes	Nordstrom
CVS Pharmacy	Pacific BMW
Diamond Honda	Ralphs
Financial Services Vehicle Trust	Shell
Glendale Dodge Chrysler Jeep	Star Ford Lincoln
Glendale Mitsubishi	Target
Glendale Nissan Infiniti	Toyota of Glendale
Home Depot	Video Equipment Rental
	Vons

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$12,761,801	\$13,327,140
County Pool	1,405,711	1,511,966
State Pool	1,565	4,200
Gross Receipts	\$14,169,077	\$14,843,305
Less Triple Flip*	\$ (3,542,269)	\$ (3,710,826)

*Reimbursed from county compensation fund

Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

even include an increase in construction-related employment.

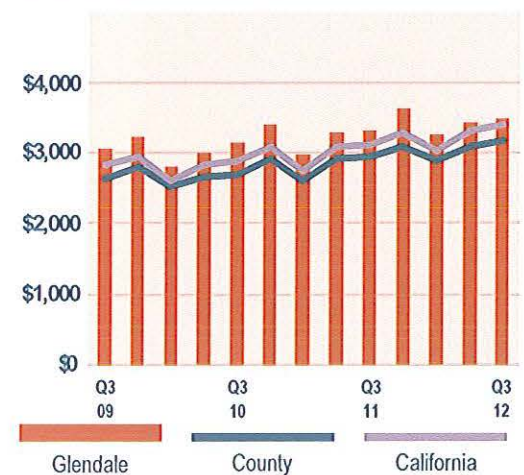
The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improv-

ing housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

SALES PER CAPITA



The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and

GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q3 '12*	Change	Change	Change
Auto Lease	264.4	14.1%	8.8%	10.7%
Department Stores	419.8	-9.2%	-1.9%	-0.9%
Discount Dept Stores	— CONFIDENTIAL —		18.1%	15.5%
Electronics/Appliance Stores	243.8	1.3%	1.0%	-1.1%
Family Apparel	397.1	-4.9%	10.9%	9.9%
Grocery Stores Liquor	254.9	15.1%	13.5%	9.6%
Home Furnishings	98.8	2.4%	2.4%	4.6%
Lumber/Building Materials	264.1	50.1%	39.9%	35.8%
New Motor Vehicle Dealers	1,388.5	6.1%	16.9%	19.1%
Restaurants Beer And Wine	105.6	6.3%	1.9%	2.1%
Restaurants Liquor	279.9	8.3%	9.0%	8.6%
Restaurants No Alcohol	368.0	3.9%	7.1%	8.1%
Service Stations	559.7	3.3%	1.8%	1.6%
Specialty Stores	192.7	-9.5%	-0.3%	0.9%
Women's Apparel	161.1	-9.5%	4.5%	7.4%
Total All Accounts	\$6,723.0	4.7%	7.1%	8.8%
County & State Pool Allocation	731.7	3.4%		
Gross Receipts	\$7,454.7	4.6%		<i>*In thousands</i>