

Q4 2015



City of Glendale Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

Glendale In Brief

Glendale's receipts from October through December were 4.5% above the fourth sales period in 2014.

Payment deviations understated holiday season returns in general consumer goods. Recent openings in shoe stores, specialty stores and women's apparel were a major contributor to the actual gain of 3.4% compared to a year ago.

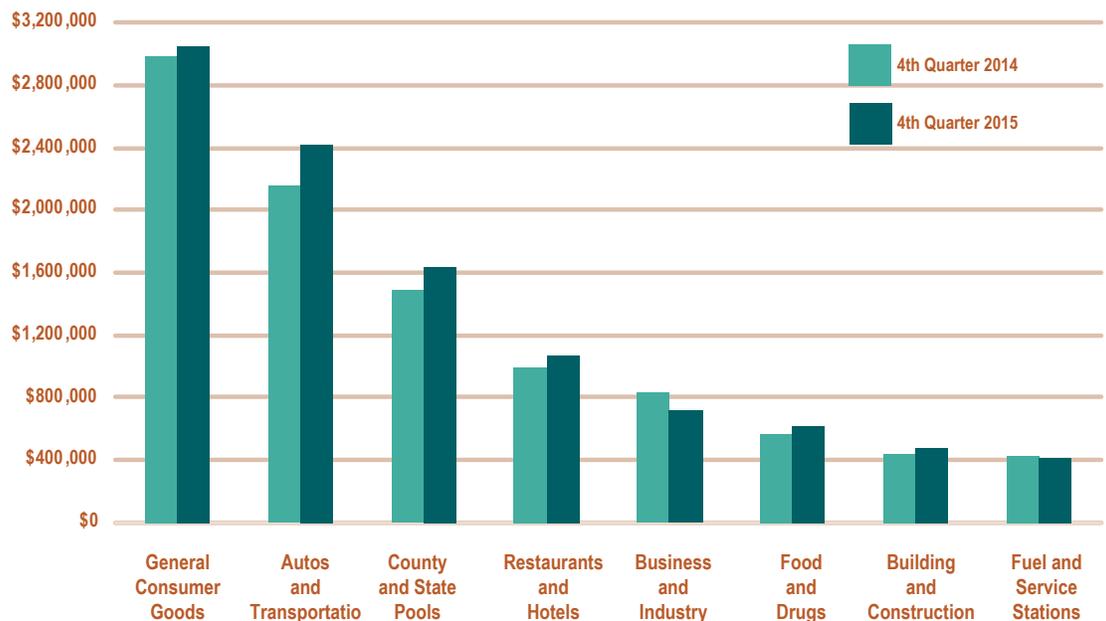
New auto sales rose 8.1% outpacing regional trends. The double digit rise in the auto lease category also added to higher auto-related receipts.

Positive results in the restaurant and hotel group was a combination of openings and closures. Nonetheless, all sectors were higher than last year. Both food and drugs and building-related sectors posted gains.

Due to the nature of business to business transactions, higher than usual returns that boosted a year ago accounted for the loss in business and industry. Lower prices depressed service station proceeds.

Net of aberrations, taxable sales for all of Los Angeles County grew 1.4% over the comparable time period; the Southern California region was up 2.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Home Depot
Apple	JC Penney
Bloomingtons	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	Marshalls
Car Pros Kia Glendale	Nordstrom
Diamond Honda of Glendale	Pacific BMW
Financial Services Vehicle Trust	Ralphs
Glendale Dodge Chrysler Jeep	Star Ford Lincoln
Glendale Nissan Infiniti	Target
Glendale Subaru/Mitsubishi	Toyota Lease Trust
	Toyota of Glendale Scion
	Video Equipment Rental
	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$23,326,027	\$24,790,665
County Pool	3,475,500	4,321,166
State Pool	24,181	36,576
Gross Receipts	\$26,825,708	\$29,148,407
Less Triple Flip*	\$(7,844,805)	\$(9,312,234)

*Reimbursed from county compensation fund

California Overall

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

The Triple Flip Is Over!

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

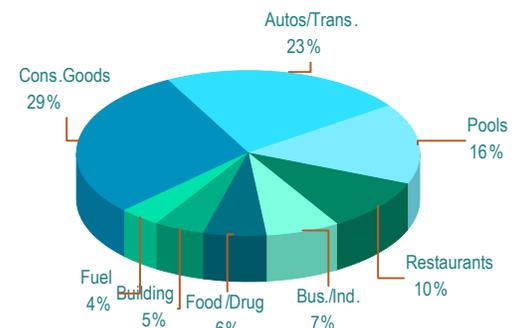
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands of dollars</i>			
	Glendale Q4 '15*	Glendale Change	County Change	HdL State Change
Auto Lease	414.9	25.9%	31.6%	42.7%
Casual Dining	441.8	4.1%	8.7%	6.0%
Department Stores	749.0	-1.4%	-1.1%	-0.5%
Discount Dept Stores	— CONFIDENTIAL —	—	3.8%	3.0%
Electronics/Appliance Stores	400.0	-6.5%	-2.7%	0.6%
Family Apparel	567.9	0.7%	6.9%	3.9%
Grocery Stores Liquor	270.6	4.4%	0.8%	0.5%
Lumber/Building Materials	216.2	10.1%	10.8%	10.1%
Motion Pictures/Equipment	— CONFIDENTIAL —	—	-16.4%	-18.7%
New Motor Vehicle Dealers	1,692.0	8.0%	7.6%	7.9%
Quick-Service Restaurants	423.0	12.5%	6.0%	7.8%
Service Stations	410.9	-5.2%	-10.0%	-10.5%
Shoe Stores	152.9	20.4%	6.3%	5.1%
Specialty Stores	295.9	5.3%	7.0%	4.1%
Women's Apparel	223.9	19.0%	1.6%	1.0%
Total All Accounts	8,700.1	3.6%	1.6%	2.4%
County & State Pool Allocation	1,634.9	9.9%	7.2%	10.8%
Gross Receipts	10,335.0	4.5%	2.3%	3.5%