



City of Palo Alto

Sales Tax Digest Summary

FIRST Quarter Collection of FOURTH Quarter Sales
11/15/2006 – 2/14/2006

Quarter 4, 2006

State Overview

California experienced slower growth during the year ending 4th Quarter 2006 than the year ending 4th Quarter 2005. Cash receipts growth over the prior year was 2.9% statewide, 2.8% in Northern California, and 2.9% in Southern California.

City of Palo Alto Overview

Excluding state and county pools and adjusting for anomalies (payments to prior periods) and late payments, the City's economic growth was 2.9% for the year ended 4th Quarter 2006 over the prior year. On a quarterly basis, the economic growth was 5.3% from 4th Quarter 2005 to 4th Quarter 2006. These percent changes measure the performance of sales tax generated within the City of Palo Alto's borders. Including state and county pools, and adjusting for anomalies (payments to prior periods) and late payments, the City's economic growth was 7.3% for the year ended 4th Quarter 2006 over the prior year. On a quarterly basis, the economic growth was 5.0% from 4th Quarter 2005 to 4th Quarter 2006.

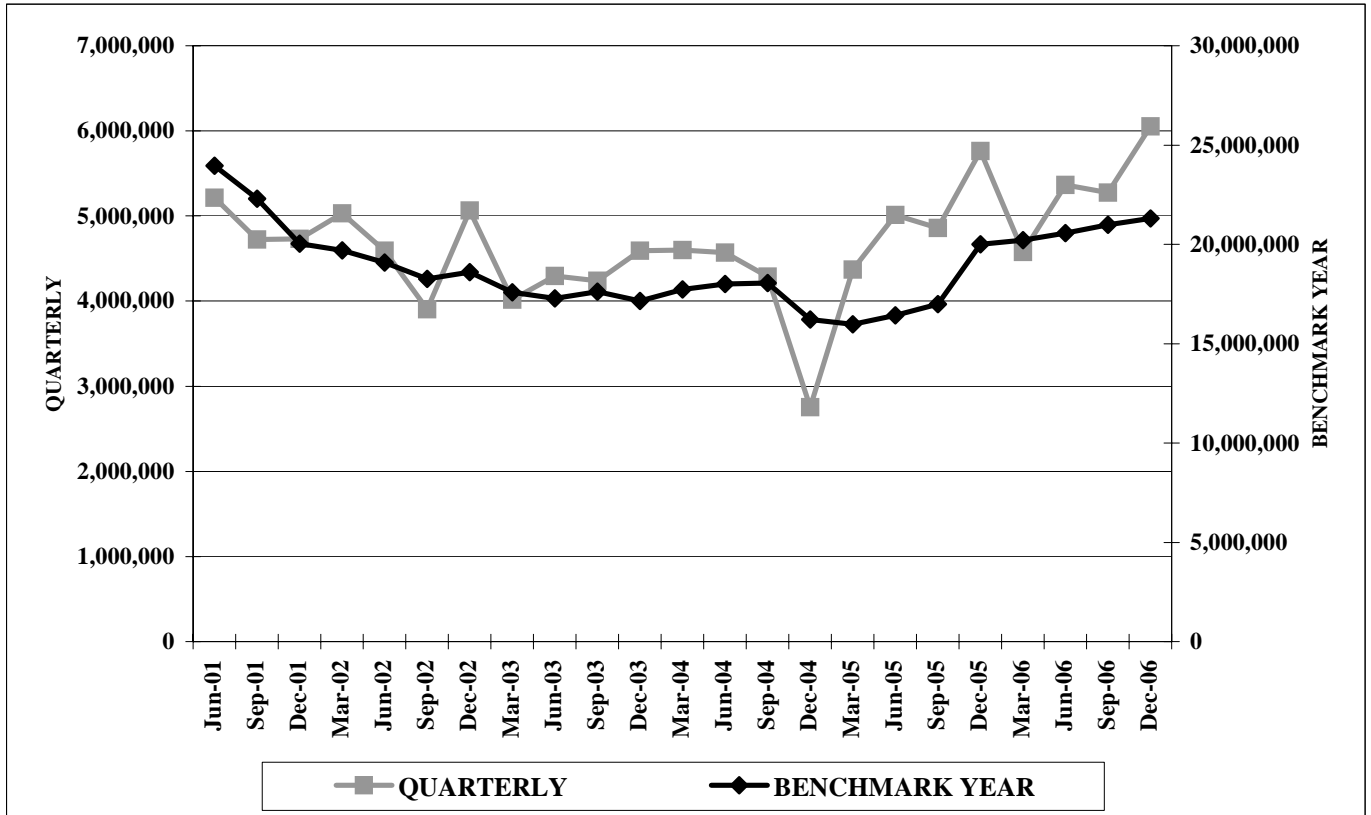
Regional Overview

The following table compares the City of Palo Alto's economic growth compared to the six regions of California. The figures have been adjusted for anomalies, payments to prior periods, late payments, etc. Values indicate the percentage change over the year.

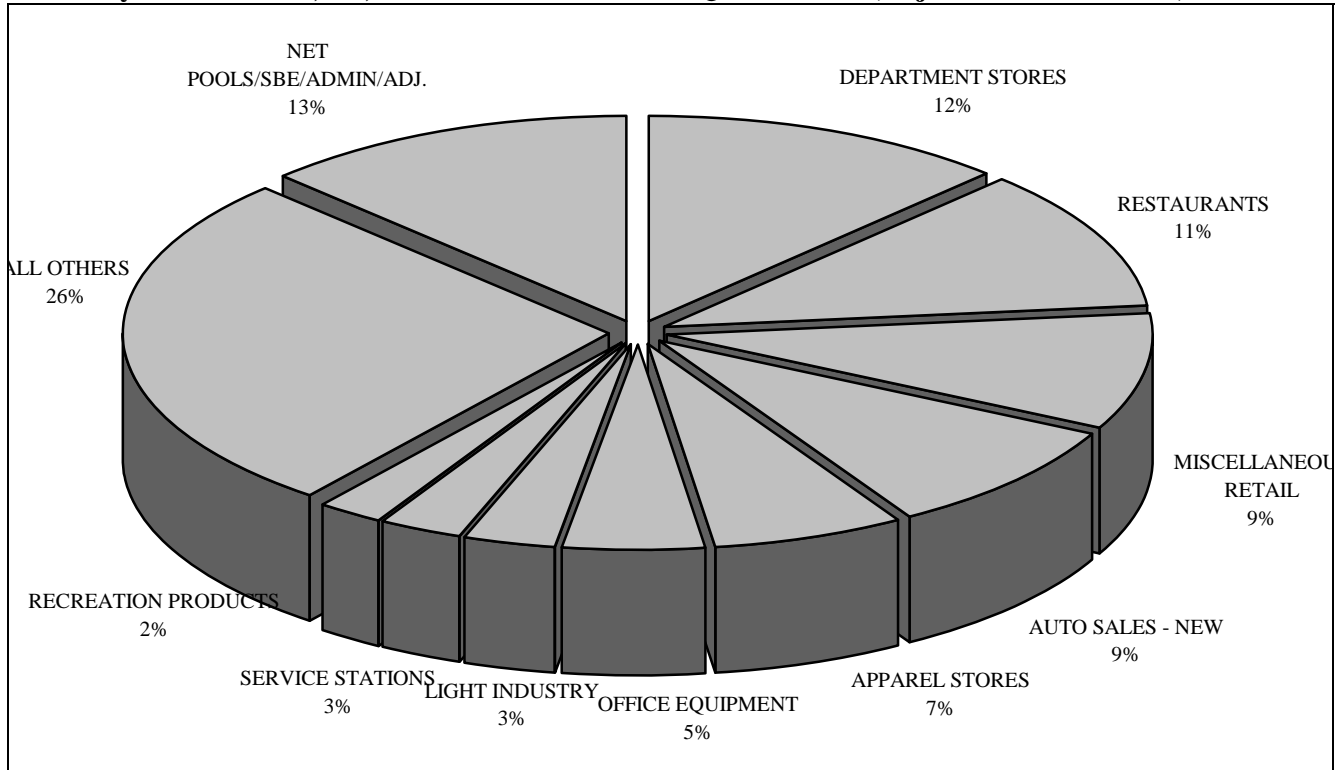
ECONOMIC CATEGORIES: ANALYSIS FOR YEAR ENDED 4th QUARTER 2006							
	City of Palo Alto	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
General Retail % Change	1.9	2.2	1.8	3.8	2.5	5.4	1.0
Food Products % Change	3.5	3.9	3.6	3.5	4.3	2.7	2.6
Construction % Change	-1.7	1.7	5.8	9.4	3.8	3.4	4.8
Transportation % Change	10.2	2.8	0.8	0.8	1.1	0.7	2.8
Business to Business % Change	22.0	7.1	4.6	8.2	3.2	8.9	6.5
Miscellaneous % Change	1.3	2.5	0.3	7.8	1.1	8.8	9.1
TOTAL	7.3	3.5	0.5	4.3	2.7	4.0	2.8
THREE LARGEST ECONOMIC SEGMENTS: ANALYSIS FOR YEAR ENDED 4th QUARTER 2006							
1st Largest Segment % Change	Department Stores 1.7	Auto Sales – New -0.6	Auto Sales – New -6.2	Department Stores 4.7	Restaurants 4.6	Auto Sales – New -6.7	Restaurants 3.1
2nd Largest Segment % Change	Restaurants 5.3	Department Stores 4.5	Department Stores 4.1	Auto Sales – New -5.4	Auto Sales – New --3.1	Restaurants 4.6	Department Stores 3.5
4th Largest Segment % Change	Miscellaneous Retail 0.9	Restaurants 4.9	Bdlg. Matls. – Wholesale -1.8	Restaurants 4.9	Department Stores 4.3	Department Stores 8.7	Misc. Retail -1.1

City of Palo Alto

Historical Sales Tax Revenue Performance by Quarter and Benchmark Year



Total City Sales Tax \$21,299,966 Benchmark Year 4th Quarter 2006 (Adjusted for Anomalies)



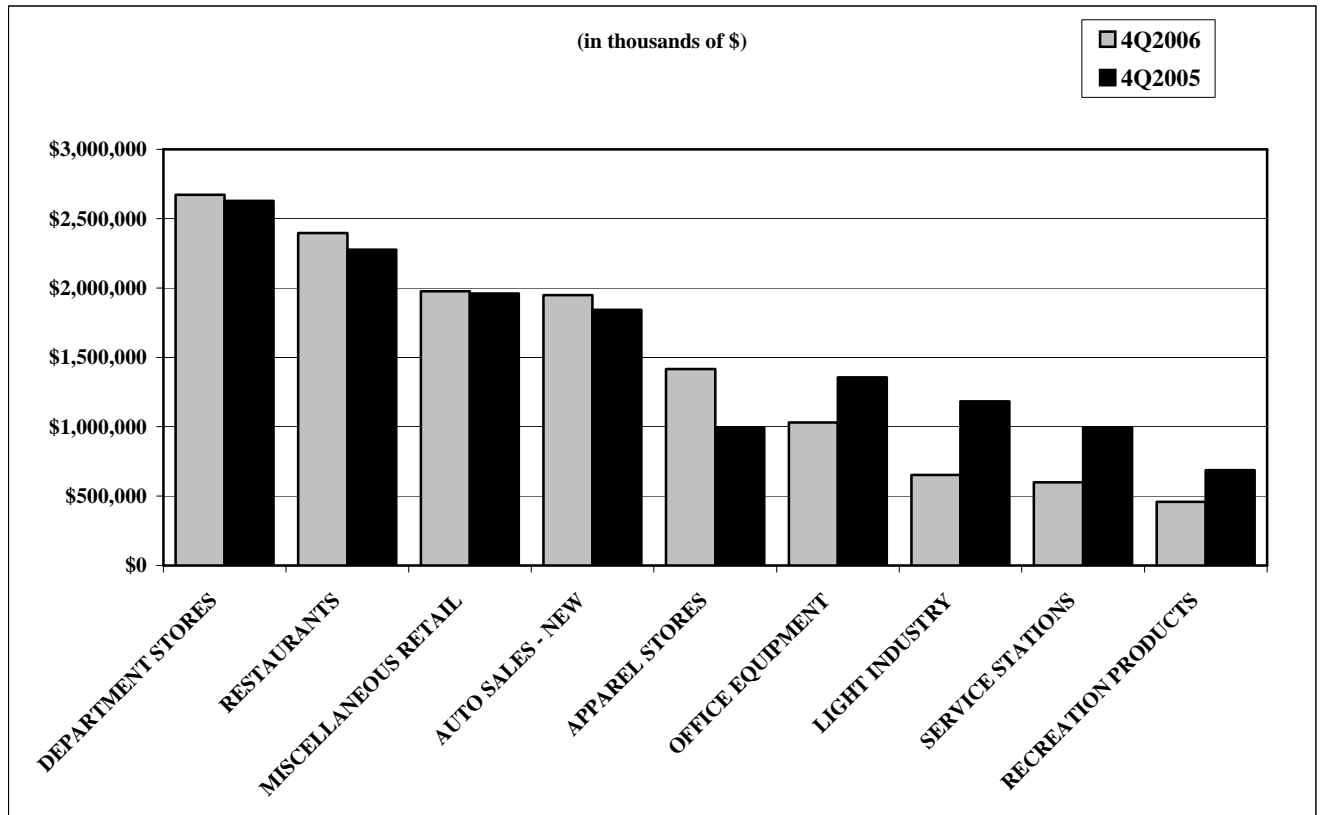
City of Palo Alto

Top 25 Sales/Use Tax Contributors

The following list identifies the top 25 Sales/Use Tax contributors in City of Palo Alto. The list is in alphabetical order and represents the most current four quarters. The top 25 Sales/Use Tax contributors generate 49.0% of the jurisdiction's total sales/use tax revenue.

AGILENT TECHNOLOGIES	LONGS DRUG STORES
ANDERSON HONDA	LORAL AEROSPACE CORP.
APPLE STORES	MACY'S DEPARTMENT STORE
BLOOMINGDALE'S	MAGNUSSEN TOYOTA
CARLSEN MOTOR CARS	NEIMAN MARCUS DEPARTMENT STORE
CARLSEN VOLVO	NORDSTROM DEPARTMENT STORE
CRATE & BARREL	TEACHERS CURRICULUM INSTITUTE
DOW JONES & COMPANY	THE GAP
FRY'S ELECTRONICS	TIFFANY & COMPANY
HEWLETT-PACKARD	VARIAN INC.INSTRUMENT DIVISION
HOOVER PAVILION PHARMACY	VARIAN MEDICAL SYSTEMS
INTEGRATED ARCHIVE SYSTEMS	WILLIAMS-SONOMA HOME
KEEBLE & SHUCHAT PHOTOGRAPHY	

Sales Tax from the Ten Largest Non-Confidential Business Segments (Benchmark Year)



City of Palo Alto

Historical Analysis by Calendar Quarter

ECONOMIC CATEGORY	%	2006/4	2006/3	2006/2	2006/1	2005/4	2005/3	2005/2	2005/1	2004/4	2004/3
GENERAL RETAIL	42%	2,507,664	1,910,660	2,062,413	1,722,020	2,472,169	1,885,101	1,983,209	1,679,573	2,405,670	1,817,885
BUSINESS TO BUSINESS	18%	1,096,567	1,203,051	965,022	789,591	978,999	777,070	806,939	759,564	742,499	614,527
TRANSPORTATION	14%	850,437	792,737	766,148	669,444	699,755	733,938	705,159	638,320	697,368	694,051
FOOD PRODUCTS	12%	722,305	689,509	708,079	667,020	705,345	676,009	684,382	642,853	680,868	653,791
CONSTRUCTION	1%	57,250	69,769	83,754	77,064	79,675	65,452	73,160	67,762	67,768	65,906
MISCELLANEOUS	1%	39,586	34,790	35,527	36,641	52,861	28,033	32,321	31,939	35,541	190,039
NET POOLS/SBE/ADMIN/ADJ.	13%	762,268	576,214	743,736	612,840	775,470	691,769	728,807	548,812	913,123	251,625
T O T A L S	100%	6,036,077	5,276,730	5,364,679	4,574,620	5,764,274	4,857,372	5,013,977	4,368,823	5,542,837	4,287,824

ECONOMIC SEGMENT	%	2006/4	2006/3	2006/2	2006/1	2005/4	2005/3	2005/2	2005/1	2004/4	2004/3
DEPARTMENT STORES	14%	864,732	627,665	666,219	514,057	857,598	591,493	652,712	526,687	840,405	600,901
MISCELLANEOUS RETAIL	10%	621,328	466,546	510,393	437,219	621,243	465,180	468,964	403,175	605,930	432,303
RESTAURANTS	10%	613,650	591,034	604,355	567,909	586,911	562,727	580,251	543,548	565,133	550,380
AUTO SALES - NEW	9%	537,282	513,545	479,628	433,502	456,022	487,195	464,091	434,296	462,081	472,229
APPAREL STORES	7%	426,123	314,673	351,468	279,472	409,715	314,096	333,630	282,402	391,592	287,855
OFFICE EQUIPMENT	4%	271,217	238,475	246,844	269,909	280,963	249,189	242,608	222,445	267,493	170,750
LIGHT INDUSTRY	3%	177,727	150,836	163,281	147,359	217,635	158,281	175,354	135,657	166,280	127,349
SERVICE STATIONS	2%	141,986	156,553	166,427	134,658	135,971	158,065	152,370	120,045	136,373	125,389
RECREATION PRODUCTS	2%	124,013	110,806	129,950	96,514	129,717	111,537	120,163	93,699	127,727	112,927
FOOD MARKETS	2%	96,080	87,318	89,806	87,513	103,970	98,386	90,044	86,066	100,236	90,649
BLDG.MATLS-RETAIL	1%	44,350	57,073	71,952	65,192	66,660	55,122	61,215	56,858	57,252	56,682
LEASING	1%	42,399	45,911	41,644	40,769	38,109	43,066	40,246	42,877	44,718	55,654
AUTO PARTS/REPAIR	0%	30,144	30,068	30,645	29,275	29,432	31,285	31,473	30,168	27,641	31,014
HEALTH & GOVERNMENT	0%	28,343	26,851	25,860	28,523	25,533	20,514	18,388	24,858	20,903	17,142
BLDG.MATLS-WHSLE	0%	12,900	12,696	11,802	11,872	13,015	10,330	11,945	10,904	10,516	9,224
LIQUOR STORES	0%	12,575	11,157	11,884	11,436	14,432	14,896	13,738	12,687	14,784	12,754
MISCELLANEOUS OTHER	0%	11,243	7,939	9,667	8,118	12,325	7,519	13,933	7,081	13,504	6,897
ALL OTHERS	20%	1,217,717	1,147,828	907,177	696,355	896,414	692,002	716,396	705,136	701,176	814,244
NET POOLS/SBE/ADMIN/ADJ.	13%	762,268	576,214	743,736	612,840	775,470	691,769	728,807	548,812	913,123	251,625
T O T A L S	100%	6,036,077	5,276,730	5,364,679	4,574,620	5,764,274	4,857,372	5,013,977	4,368,823	5,542,837	4,287,824

City of Palo Alto

And Selected Northern California

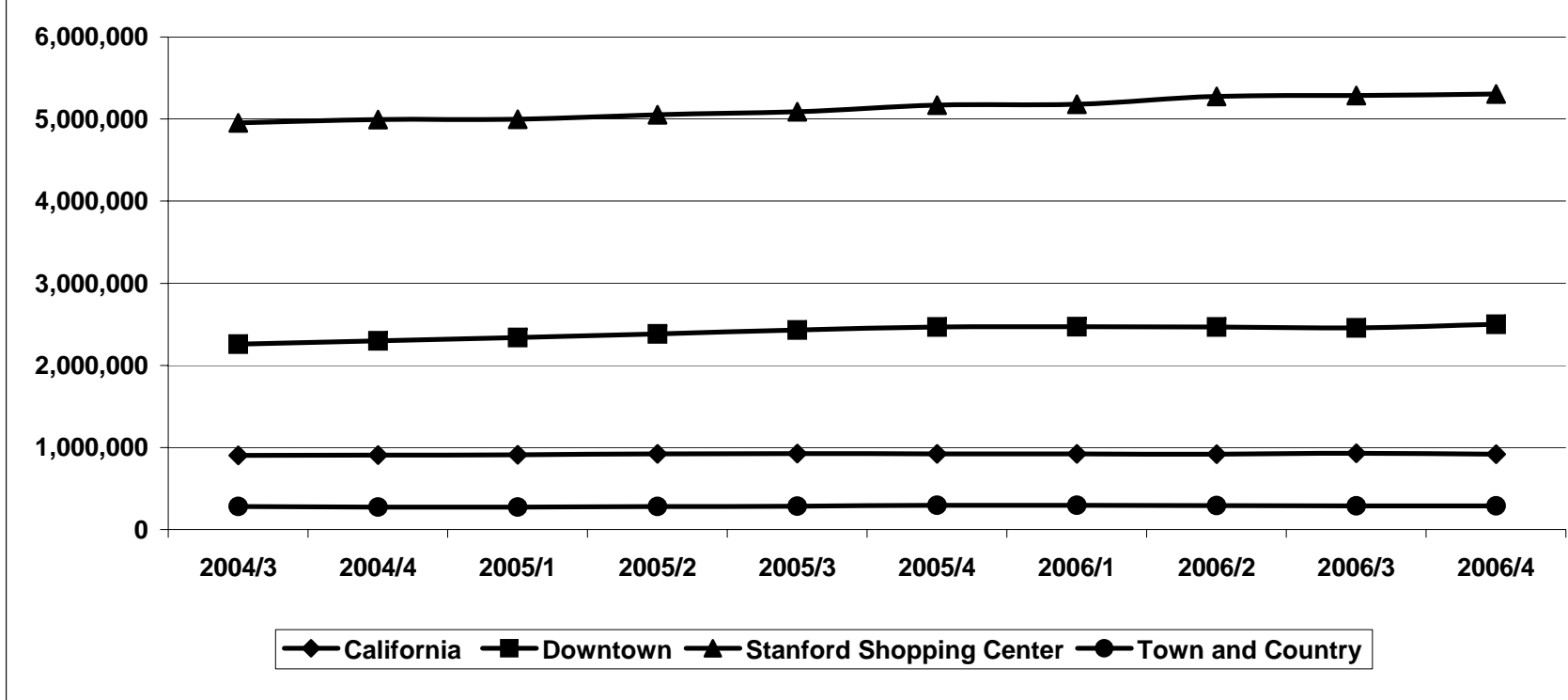
Jurisdiction	General Retail	Food Products	Transportation	Construction	Business to Business	Miscellaneous	2006/4 Total	2005/4 Total	% Chg	Gain			
										Gain	Gain	Decline	Decline
SAN JOSE	1.7%	1.6%	-0.5%	6.9%	-2.7%	-4.7%	32,519,344	32,308,298	0.7%	OFFICE EQUIPMENT	BLDG.MATLS-WHSLE	ELECTRONIC EQUIPMENT	LIGHT INDUSTRY
SAN FRANCISCO	2.3%	5.3%	-7.3%	10.5%	4.0%	-6.7%	32,323,409	31,455,540	2.8%	RESTAURANTS	APPAREL STORES	LIGHT INDUSTRY	SERVICE STATIONS
FRESNO	0.8%	0.9%	-1.7%	-7.8%	-6.6%	-18.9%	18,401,691	18,799,184	-2.1%	APPAREL STORES	LEASING	BLDG.MATLS-RETAIL	MISC. VEHICLE SALES
SACRAMENTO UNINCORP	-6.3%	0.5%	-4.0%	-14.5%	1.3%	11.1%	17,528,576	18,500,175	-5.3%	ENERGY SALES	LEASING	BLDG.MATLS-RETAIL	FURNITURE/APPLIANCE
SACRAMENTO	-0.5%	-0.6%	-6.5%	-17.3%	-14.9%	-2.7%	15,402,767	16,540,105	-6.9%	DEPARTMENT STORES	BUSINESS SERVICES	BLDG.MATLS-WHSLE	ELECTRONIC EQUIPMENT
BAKERSFIELD	3.8%	4.2%	0.0%	-16.3%	9.3%	-0.8%	14,775,348	14,621,335	1.1%	DEPARTMENT STORES	AUTO SALES - NEW	BLDG.MATLS-RETAIL	SERVICE STATIONS
OAKLAND	-6.8%	-1.3%	3.3%	-3.6%	-0.5%	1.9%	11,150,469	11,273,371	-1.1%	LEASING	AUTO SALES - NEW	OFFICE EQUIPMENT	MISCELLANEOUS RETAIL
ROSEVILLE	-1.9%	1.1%	-0.7%	-3.6%	9.8%	20.9%	10,495,223	10,513,281	-0.2%	ELECTRONIC EQUIPMENT	AUTO SALES - USED	OFFICE EQUIPMENT	AUTO SALES - NEW
STOCKTON	-2.2%	-4.2%	-5.1%	-8.9%	11.2%	5.9%	9,567,522	9,793,451	-2.3%	BLDG.MATLS-WHSLE	OFFICE EQUIPMENT	BLDG.MATLS-RETAIL	FURNITURE/APPLIANCE
SANTA CLARA	5.6%	3.0%	11.7%	0.4%	-3.0%	-4.9%	9,025,015	8,818,774	2.3%	AUTO SALES - NEW	LIGHT INDUSTRY	ELECTRONIC EQUIPMENT	OFFICE EQUIPMENT
SANTA ROSA	-1.8%	0.7%	1.3%	-11.6%	-19.2%	-23.9%	7,979,676	8,304,224	-3.9%	BLDG.MATLS-WHSLE	AUTO SALES - NEW	BLDG.MATLS-RETAIL	OFFICE EQUIPMENT
FREMONT	2.6%	3.6%	2.9%	-2.7%	3.5%	-32.1%	7,683,888	7,512,354	2.3%	AUTO SALES - NEW	LIGHT INDUSTRY	OFFICE EQUIPMENT	AUTO PARTS/REPAIR
MODESTO	-5.8%	-1.0%	-10.6%	-19.8%	9.5%	-19.2%	7,061,857	7,526,843	-6.2%	ENERGY SALES	LIGHT INDUSTRY	MISCELLANEOUS RETAIL	BLDG.MATLS-RETAIL
SUNNYVALE	1.0%	7.5%	12.9%	24.7%	7.2%	-15.6%	6,713,892	6,229,134	7.8%	ELECTRONIC EQUIPMENT	AUTO SALES - NEW	BUSINESS SERVICES	HEAVY INDUSTRY
CONCORD	-2.5%	0.0%	-1.2%	-9.7%	3.0%	4.5%	6,693,869	6,829,092	-2.0%	AUTO SALES - NEW	DEPARTMENT STORES	BLDG.MATLS-WHSLE	FURNITURE/APPLIANCE
HAYWARD	2.3%	0.2%	-1.8%	-2.4%	-6.2%	19.3%	6,495,216	6,598,059	-1.6%	DEPARTMENT STORES	LIGHT INDUSTRY	OFFICE EQUIPMENT	AUTO SALES - NEW
PLEASANTON	0.9%	7.6%	6.0%	0.3%	-2.6%	17.9%	5,611,694	5,526,521	1.5%	OFFICE EQUIPMENT	FURNITURE/APPLIANCE	ELECTRONIC EQUIPMENT	ENERGY SALES
SAN LEANDRO	-0.7%	-0.7%	-1.5%	9.3%	15.5%	4.7%	5,422,726	5,190,912	4.5%	BLDG.MATLS-WHSLE	HEAVY INDUSTRY	DEPARTMENT STORES	FOOD PROCESSING EQP
REDDING	-5.4%	-3.2%	-1.9%	7.0%	-1.4%	-31.1%	5,358,237	5,477,804	-2.2%	BLDG.MATLS-RETAIL	AUTO SALES - NEW	DEPARTMENT STORES	MISCELLANEOUS RETAIL
CITY OF PALO ALTO *	0.7%	2.2%	21.5%	-28.6%	11.9%	-25.2%	5,273,812	5,009,545	5.3%	ELECTRONIC EQUIPMENT	AUTO SALES - NEW	CHEMICAL PRODUCTS	LIGHT INDUSTRY
VISALIA	-0.3%	3.6%	-2.4%	-12.0%	-8.8%	6.1%	5,219,335	5,378,269	-3.0%	ENERGY SALES	DEPARTMENT STORES	LEASING	BLDG.MATLS-RETAIL
WALNUT CREEK	-1.0%	1.1%	1.4%	5.9%	-13.3%	-3.0%	4,985,326	5,031,211	-0.9%	AUTO SALES - NEW	APPAREL STORES	OFFICE EQUIPMENT	MISCELLANEOUS RETAIL
LIVERMORE	2.4%	7.0%	1.0%	-4.5%	1.4%	12.0%	4,575,105	4,510,495	1.4%	OFFICE EQUIPMENT	FOOD PROCESSING EQP	BLDG.MATLS-RETAIL	HEAVY INDUSTRY
REDWOOD CITY	4.7%	5.2%	4.7%	11.1%	12.2%	7.4%	4,536,313	4,246,488	6.8%	AUTO SALES - NEW	BUSINESS SERVICES	LEASING	AUTO PARTS/REPAIR
FOLSOM	-0.4%	8.6%	2.3%	-10.0%	-8.0%	-12.1%	4,442,141	4,444,095	0.0%	AUTO PARTS/REPAIR	FOOD MARKETS	OFFICE EQUIPMENT	BLDG.MATLS-RETAIL

City of Palo Alto

CITY OF PALO ALTO - SELECTED GEOGRAPHICAL AREAS OF THE CITY BENCHMARK YEAR 1ST QUARTER 2006

	2004/3	2004/4	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2	2006/3	2006/4
California	903,287	908,011	912,025	920,832	926,617	923,792	920,967	919,085	929,991	920,596
Downtown	2,260,479	2,298,493	2,338,440	2,383,218	2,428,971	2,466,758	2,470,706	2,467,626	2,456,257	2,500,636
Stanford Shopping Center	4,951,746	4,992,784	4,997,802	5,051,485	5,087,056	5,170,647	5,180,949	5,274,552	5,286,122	5,305,387
Town and Country	280,949	275,676	275,363	281,494	285,601	295,559	296,286	293,062	289,908	288,222

HISTORIC SALES TAX BY GEOGRAPHIC AREA Benchmark Year



City of Palo Alto

CITY OF PALO - REGIONAL SHOPPING CENTER COMPARISON

BENCHMARK YEAR 1ST QUARTER 2006

	2004/3	2004/4	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2	2006/3	2006/4
Valley Fair	4,487,076	4,580,877	4,642,510	4,746,220	4,843,071	4,980,819	5,010,670	5,267,323	5,520,323	5,440,554
Santana Row	1,348,607	1,417,287	1,464,806	1,512,962	1,570,762	1,626,360	1,674,343	1,707,638	1,734,143	1,764,508
Hillsdale	3,086,554	3,084,272	3,095,809	3,119,293	3,156,211	3,146,328	3,146,457	3,208,307	2,889,177	2,890,671
Stanford Shopping Center	4,951,746	4,992,784	4,997,802	5,051,485	5,087,056	5,170,647	5,180,949	5,274,552	5,286,122	5,305,387
Oakridge Mall	2,883,712	2,884,404	2,915,167	2,942,700	3,003,266	3,089,423	3,133,983	3,247,315	3,023,925	3,017,094

HISTORIC SALES TAX BY GEOGRAPHIC AREA

Benchmark Year

