



City of Palo Alto

Sales Tax Digest Summary

FIRST Quarter Collection of FOURTH Quarter Sales

Quarter 1, 2008

State Overview

The percent change in cash receipts over the prior year was (-1.0%) statewide, (-0.2%) in Northern California and (-1.6%) in Southern California. The period's cash receipts include tax from business activity during the period, payments for prior periods and other cash adjustments. When we adjust out non-period related payments, we determine the business activity performance for the period. Overall business activity declined for the year ended 1st Quarter 2008 by (-2.6%) statewide, (-2.5%) in Northern California, and (-2.7%) in Southern California

City of Palo Alto Overview

Excluding state and county pools (sales and use tax which have no specific jurisdiction designation are placed into one of these pools) and adjusting for anomalies (payments to prior periods) and late payments, the City's sales tax growth within its boundaries was 2.1% for the year ended 1st Quarter 2008 over the prior year. On a quarterly basis, the change was -1.7% from 1st Quarter 2007 to 1st Quarter 2008.

Including the pools, sales tax revenue grew by 2.1% over the prior year period while quarter to quarter sales decreased by 2.1%. The decline in 1st quarter 2008 receipts likely indicates a softening in this revenue category. Economic segments showing weakness were automobile and department store sales.

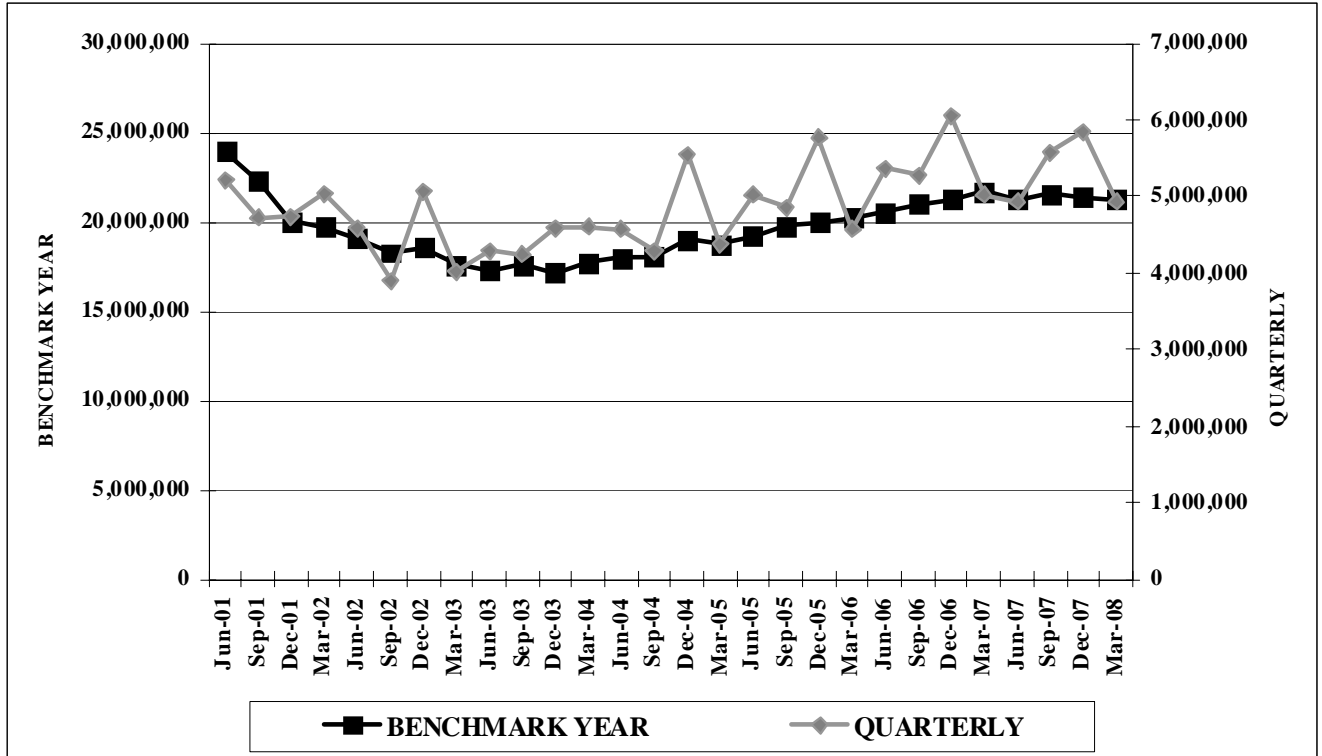
Regional Overview

The following table analyzes the economic changes experienced in each of the State's seven regions. The values in the table below represents the percentage change year-over-year.

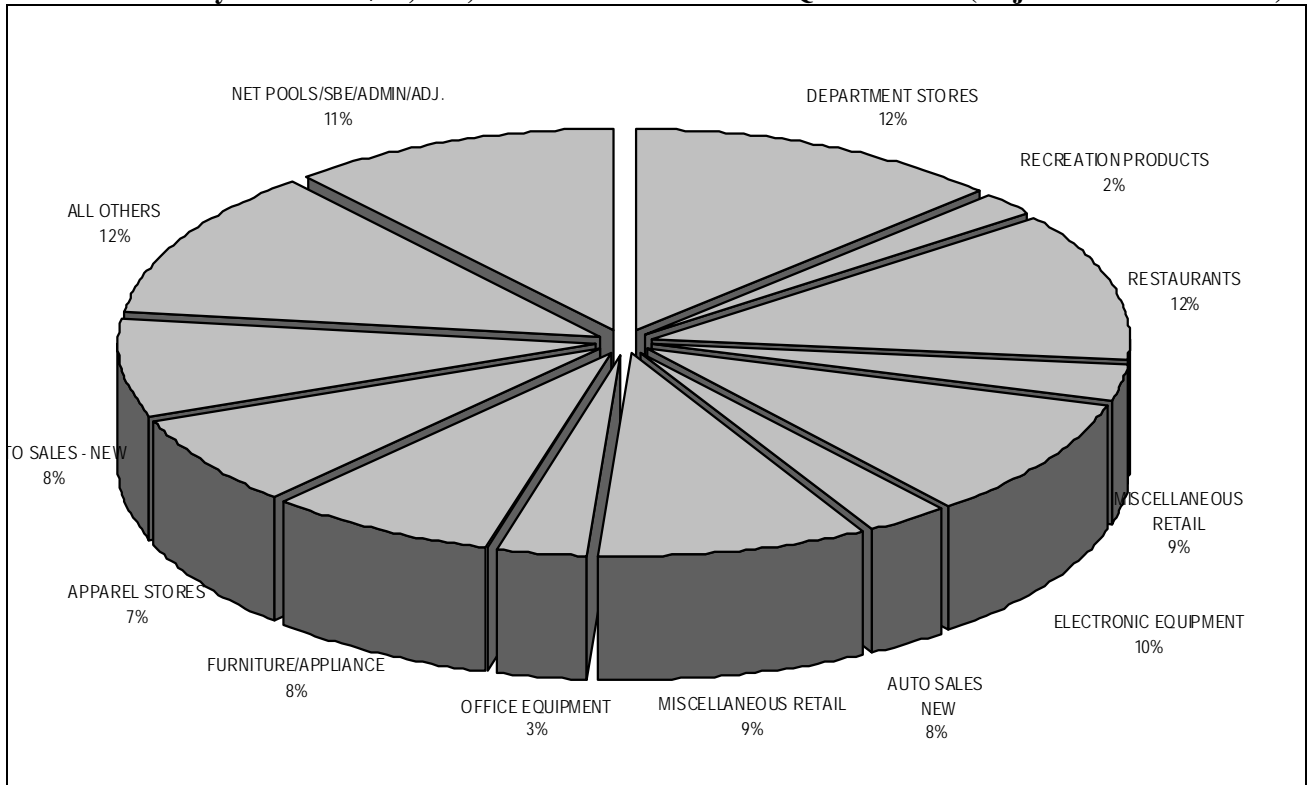
ECONOMIC CATEGORIES: ANALYSIS FOR YEAR ENDED 1st QUARTER 2008							
	City of Palo Alto	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
General Retail % Change	6.3	-1.6	-3.9	-3.9	-2.0	-3.5	-3.7
Food Products % Change	0.4	3.6	0.3	2.6	2.8	1.5	0.7
Construction % Change	-13.0	-5.3	-16.1	-18.2	-9.5	-19.4	-14.6
Transportation % Change	-7.0	-1.8	-6.7	-6.2	-3.9	-7.8	-5.3
Business to Business % Change	2.6	1.8	3.0	2.1	-0.4	-1.6	-6.9
Miscellaneous % Change	0.8	0.5	-6.4	-9.9	-3.2	-2	-13.7
TOTAL	2.1	-0.5	-4.8	-5.0	-2.1	-6.3	-5.8
THREE LARGEST ECONOMIC SEGMENTS: ANALYSIS FOR YEAR ENDED 1st QUARTER 2008							
1st Largest Segment % Change	Department Stores -0.9	Auto Sales – New -10.0	Department Stores -2.6	Department Stores -3.4	Restaurants 2.4	Auto Sales – New -13.8	Department Stores -4.7
2nd Largest Segment % Change	Restaurants 0.5	Restaurants 2.6	Auto Sales – New -13.8	Auto Sales – New -16.4	Auto Sales – New -10.6	Department Stores 2.5	Service Stations 10.9
3rd Largest Segment % Change	Electronic Equipment 11.4	Department Stores -1.5	Restaurants -0.9	Service Stations 9.1	Department Stores -0.9	Service Stations 4.6	Bldg. Matls-Retail -13.8

City of Palo Alto

Historical Sales Tax Revenue Performance by Quarter and Benchmark Year – Cash Receipts



Total City Sales Tax \$21, 444, 286 Benchmark Year 1st Quarter 2008 (Adjusted for Anomalies)



City of Palo Alto

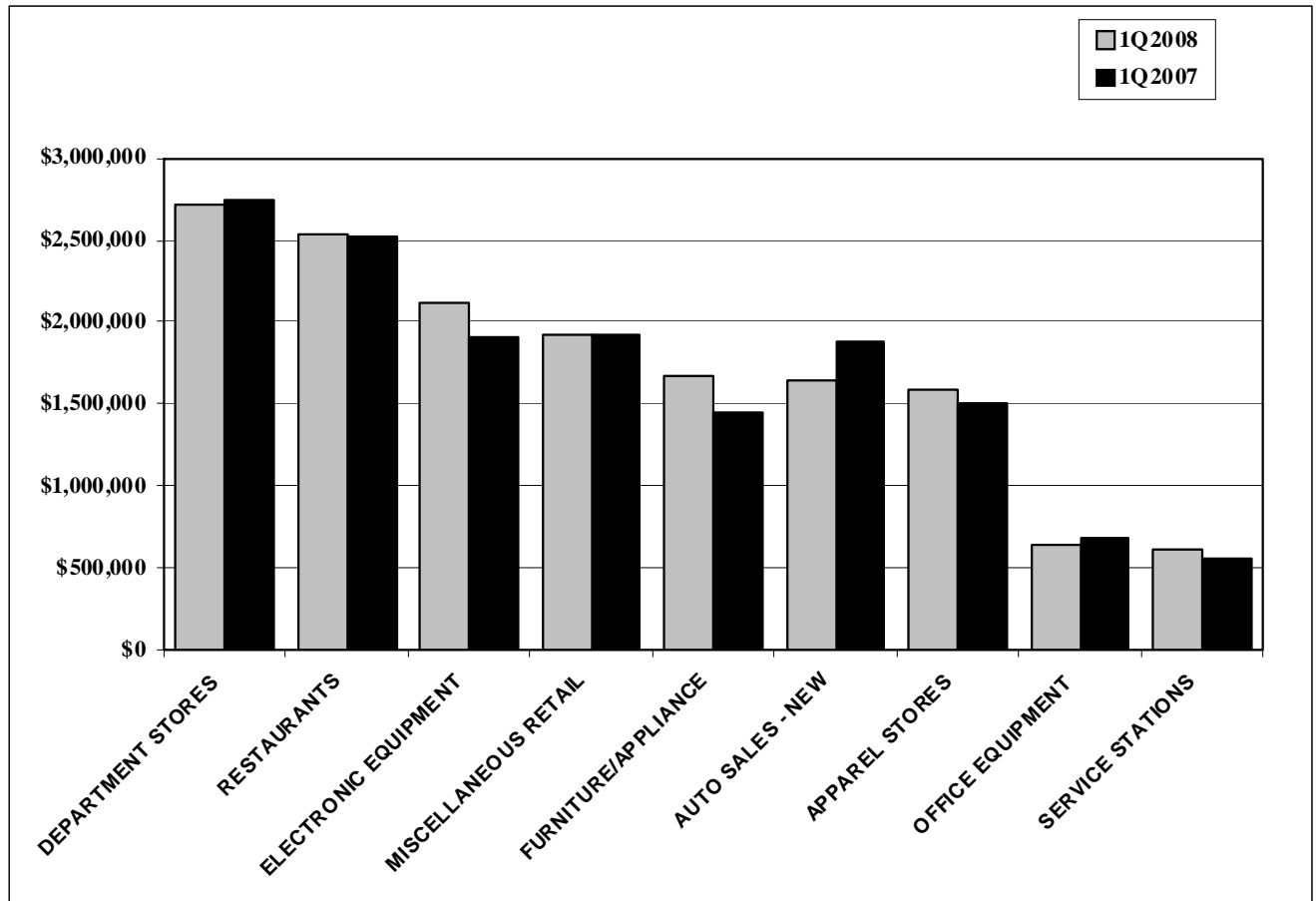
City of Palo Alto Overview

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 51.2% of the jurisdiction's total sales/use tax revenue.

- | | |
|------------------------------|--------------------------------|
| ANDERSON HONDA | LORAL SPACE SYSTEMS |
| APPLE STORES | LOUIS VUITTON |
| BLOOMINGDALE'S | MACY'S DEPARTMENT STORE |
| CARLSEN MOTOR CARS | MAGNUSSEN TOYOTA |
| CARLSEN SUBARU | NEIMAN MARCUS DEPARTMENT STORE |
| CRATE & BARREL | NORDSTROM DEPARTMENT STORE |
| DOW JONES & COMPANY | SHELL SERVICE STATIONS |
| FRY'S ELECTRONICS | SYNTEX LABORATORIES |
| HEWLETT-PACKARD | TIFFANY & COMPANY |
| HOOVER PAVILION PHARMACY | VARIAN MEDICAL SYSTEMS |
| INTEGRATED ARCHIVE SYSTEMS | WILKES BASHFORD |
| KEEBLE & SHUCHAT PHOTOGRAPHY | WILLIAMS-SONOMA HOME |
| LONGS DRUG STORES | |

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



City of Palo Alto

Historical Analysis by Calendar Quarter

ECONOMIC CATEGORY	%	2008/1	2007/4	2007/3	2007/2	2007/1	2006/4	2006/3	2006/2	2006/1
GENERAL RETAIL	39.8%	1,894,959	2,673,818	2,152,308	2,161,605	1,879,138	2,381,113	1,982,635	2,115,550	1,772,531
BUSINESS TO BUSINESS	19.6%	935,820	910,505	1,125,239	1,022,907	952,612	1,035,802	1,001,763	902,406	762,036
FOOD PRODUCTS	15.0%	713,208	764,678	726,022	742,027	712,800	770,356	718,796	733,129	677,440
TRANSPORTATION	13.3%	634,521	712,566	732,932	733,454	694,708	765,479	796,772	768,383	653,988
CONSTRUCTION	1.2%	58,763	66,554	65,083	68,567	70,578	65,449	76,992	84,486	77,064
MISCELLANEOUS	0.6%	29,065	46,414	34,263	35,709	31,042	42,220	35,305	35,667	36,630
NET POOLS/SBE/ADMIN/ADJ.	10.4%	497,372	727,457	779,659	634,491	707,257	737,137	557,841	710,671	599,232
TOTALS	100.0%	\$ 4,763,708	\$ 5,901,992	\$ 5,615,506	\$ 5,398,760	\$ 5,048,135	\$ 5,797,556	\$ 5,170,104	\$ 5,350,292	\$ 4,578,921

ECONOMIC SEGMENT	%	2008/1	2007/4	2007/3	2007/2	2007/1	2006/4	2006/3	2006/2	2006/1
RESTAURANTS	13.0%	618,035	649,804	625,182	641,872	614,257	658,880	619,695	629,075	578,329
DEPARTMENT STORES	10.8%	514,059	864,091	662,364	674,021	581,060	864,759	627,727	665,531	514,057
MISCELLANEOUS RETAIL	8.7%	415,325	595,888	441,653	475,877	409,547	622,125	427,461	464,749	399,829
FURNITURE/APPLIANCE	8.2%	389,273	498,764	432,006	352,871	328,941	426,470	352,063	344,353	340,331
APPAREL STORES	7.7%	365,107	465,711	375,099	381,184	327,816	450,024	342,460	376,799	300,838
AUTO SALES - NEW	7.5%	357,697	411,044	455,112	423,696	424,421	459,999	513,250	479,628	417,200
SERVICE STATIONS	3.2%	153,235	152,871	140,578	163,574	138,062	123,161	145,153	155,175	125,336
LIGHT INDUSTRY	2.4%	116,302	134,813	143,181	177,921	154,302	200,775	173,457	187,628	180,877
FOOD MARKETS	1.7%	80,002	97,342	87,594	86,957	86,758	98,273	87,884	90,136	87,513
BUSINESS SERVICES	1.1%	52,767	64,473	66,133	58,487	62,157	62,656	62,507	62,971	76,763
BLDG.MATLS-RETAIL	1.0%	49,840	55,914	55,030	57,538	58,676	52,529	64,296	71,954	65,192
LEASING	0.9%	44,856	44,701	54,736	46,618	45,048	42,681	46,323	41,857	40,815
AUTO PARTS/REPAIR	0.7%	34,882	41,336	42,822	48,325	40,761	41,140	45,789	44,113	39,441
HEALTH & GOVERNMENT	0.4%	20,892	35,109	26,569	26,851	24,165	29,890	26,967	25,988	28,512
LIQUOR STORES	0.3%	13,477	16,613	12,202	12,573	11,785	13,203	11,217	11,884	11,436
BLDG.MATLS-WHSLE	0.2%	8,923	10,640	10,053	11,029	11,902	12,920	12,696	12,532	11,872
MISCELLANEOUS OTHER	0.2%	8,173	11,305	7,689	8,005	6,877	12,330	8,338	9,679	8,118
ALL OTHERS	21.5%	1,023,491	1,024,116	1,197,844	1,116,870	1,014,343	888,604	1,044,980	965,569	753,230
NET POOLS/SBE/ADMIN/ADJ.	10.4%	497,372	727,457	779,659	634,491	707,257	737,137	557,841	710,671	599,232
TOTALS	100.0	\$ 4,763,708	\$ 5,901,992	\$ 5,615,506	\$ 5,398,760	\$ 5,048,135	\$ 5,797,556	\$ 5,170,104	\$ 5,350,292	\$ 4,578,921

City of Palo Alto

Percent Change 1st Quarter 2008 Compared to 1st Quarter 2007 And Selected Northern California Jurisdictions

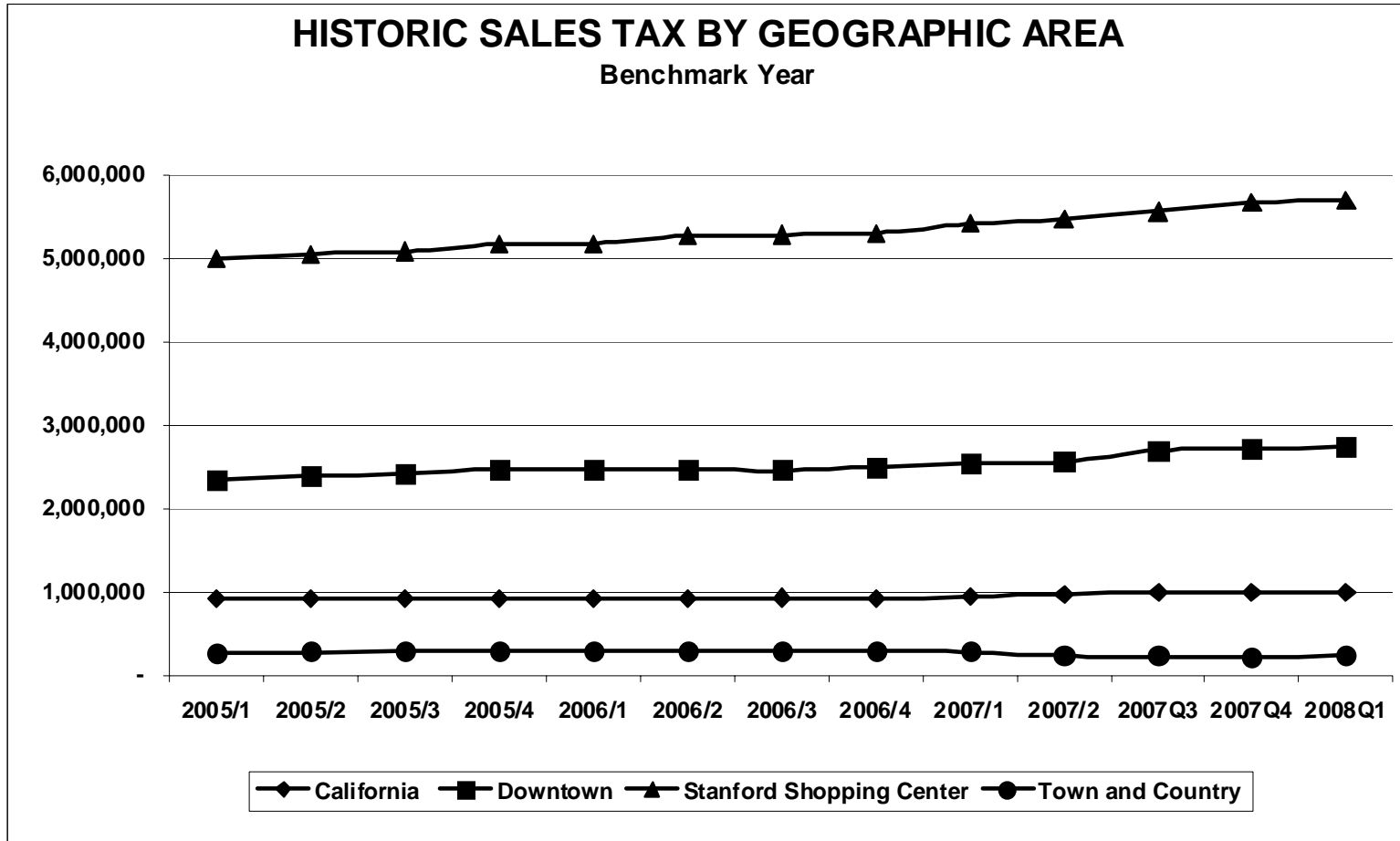
Jurisdiction	General Retail	Food Products	Transportation	Construction	Business to Business	Miscellaneous	2008/1 Total	2007/1 Total	% Chg	Gain		Decline	
										Gain	Gain	Decline	Decline
SAN JOSE	-3.3%	-1.4%	-7.2%	-4.3%	2.7%	-3.3%	29,181,480	29,931,729	-2.5%	SERVICE STATIONS	ENERGY SALES	AUTO SALES - NEW	OFFICE EQUIPMENT
SAN FRANCISCO	0.6%	3.6%	5.6%	-5.1%	2.1%	5.6%	29,131,065	28,585,051	1.9%	RESTAURANTS	FURNITURE/APPLIANCE	OFFICE EQUIPMENT	DEPARTMENT STORES
FRESNO	-6.6%	-0.1%	-8.7%	-21.2%	-2.8%	-13.5%	15,909,391	17,219,218	-7.6%	SERVICE STATIONS	FOOD MARKETS	BLDG.MATLS-RETAIL	AUTO SALES - NEW
SACRAMENTO UNINCORP	-9.2%	-3.2%	-6.5%	-19.8%	4.0%	-19.2%	15,119,488	16,348,078	-7.5%	ENERGY SALES	SERVICE STATIONS	BLDG.MATLS-RETAIL	AUTO SALES - NEW
SACRAMENTO	-11.7%	-1.5%	-1.4%	-21.8%	-4.0%	-19.5%	13,133,559	14,297,343	-8.1%	SERVICE STATIONS	ELECTRONIC EQUIPMENT	BLDG.MATLS-WHSL	DEPARTMENT STORES
BAKERSFIELD	-7.2%	-2.5%	-14.1%	-20.2%	3.6%	7.8%	12,674,419	13,841,996	-8.4%	SERVICE STATIONS	ENERGY SALES	AUTO SALES - NEW	BLDG.MATLS-RETAIL
OAKLAND	-6.0%	7.5%	10.8%	-11.5%	-43.1%	8.3%	9,421,180	10,733,090	-12.2%	SERVICE STATIONS	FOOD MARKETS	ENERGY SALES	AUTO SALES - NEW
ROSEVILLE	-5.3%	0.3%	-15.6%	-27.2%	-7.0%	-7.2%	8,183,024	9,176,582	-10.8%	LIGHT INDUSTRY	FURNITURE/APPLIANCE	AUTO SALES - NEW	BLDG.MATLS-RETAIL
STOCKTON	-10.4%	-1.1%	-9.6%	-29.5%	-4.1%	-30.9%	8,104,652	9,095,776	-10.9%	SERVICE STATIONS	ENERGY SALES	BLDG.MATLS-RETAIL	AUTO SALES - NEW
SANTA CLARA	-8.7%	0.6%	-8.7%	0.0%	-4.6%	-31.4%	7,824,118	8,328,240	-6.1%	SERVICE STATIONS	OFFICE EQUIPMENT	ELECTRONIC EQUIPMENT	AUTO SALES - NEW
FREMONT	-0.3%	0.4%	0.6%	-19.3%	1.1%	-10.0%	7,195,248	7,297,495	-1.4%	OFFICE EQUIPMENT	AUTO PARTS/REPAIR	AUTO SALES - NEW	BLDG.MATLS-RETAIL
SANTA ROSA	-8.1%	2.3%	-7.7%	-21.9%	-9.2%	-5.8%	6,335,688	6,913,744	-8.4%	SERVICE STATIONS	FOOD MARKETS	AUTO SALES - NEW	BLDG.MATLS-RETAIL
SUNNYVALE	-0.8%	0.3%	-5.4%	-21.0%	-6.8%	3.4%	5,902,732	6,273,841	-5.9%	SERVICE STATIONS	CHEMICAL PRODUCTS	OFFICE EQUIPMENT	AUTO SALES - NEW
HAYWARD	-17.6%	-2.6%	-6.7%	-12.4%	-4.4%	3.6%	5,881,652	6,452,047	-8.8%	SERVICE STATIONS	LIGHT INDUSTRY	AUTO SALES - NEW	HEAVY INDUSTRY
MODESTO	-12.1%	-1.5%	-11.5%	-22.6%	-15.0%	-11.5%	5,566,529	6,283,588	-11.4%	SERVICE STATIONS	ENERGY SALES	DEPARTMENT STORES	BLDG.MATLS-RETAIL
CONCORD	-8.5%	-1.5%	-7.0%	-15.1%	-2.0%	5.8%	5,516,497	5,929,039	-7.0%	HEAVY INDUSTRY	SERVICE STATIONS	AUTO SALES - NEW	BLDG.MATLS-RETAIL
VISALIA	-6.0%	23.9%	-13.9%	-31.7%	1.6%	-0.2%	4,627,598	4,919,420	-5.9%	FOOD PROCESSING EQP	ENERGY SALES	AUTO SALES - NEW	BLDG.MATLS-WHSL
SAN LEANDRO	-6.6%	12.9%	-3.3%	-7.5%	-8.2%	13.0%	4,481,515	4,700,211	-4.7%	OFFICE EQUIPMENT	SERVICE STATIONS	LIGHT INDUSTRY	AUTO SALES - NEW
CITY OF PALO ALTO *	0.8%	0.1%	-8.7%	-16.7%	-1.8%	-6.4%	4,266,337	4,340,878	-1.7%	OFFICE EQUIPMENT	FURNITURE/APPLIANCE	DEPARTMENT STORES	AUTO SALES - NEW
PLEASANTON	-13.0%	-4.4%	-10.7%	-21.2%	-11.8%	10.4%	4,169,475	4,718,266	-11.6%	SERVICE STATIONS	LEASING	DEPARTMENT STORES	OFFICE EQUIPMENT
REDDING	-8.2%	-2.2%	-11.4%	-26.2%	-4.6%	-22.9%	4,168,726	4,688,995	-11.1%	SERVICE STATIONS	ENERGY SALES	BLDG.MATLS-RETAIL	MISC. VEHICLE SALES
REDWOOD CITY	-6.4%	3.0%	-6.5%	-11.3%	8.9%	22.5%	3,898,860	3,995,475	-2.4%	SERVICE STATIONS	OFFICE EQUIPMENT	AUTO SALES - NEW	MISCELLANEOUS RETAIL
WALNUT CREEK	-6.6%	-0.8%	-7.1%	-17.9%	-9.3%	9.4%	3,885,457	4,157,914	-6.6%	SERVICE STATIONS	CHEMICAL PRODUCTS	AUTO SALES - NEW	DEPARTMENT STORES
CUPERTINO	-29.1%	1.8%	8.3%	-14.9%	53.5%	17.4%	3,806,099	3,069,698	24.0%	BUSINESS SERVICES	OFFICE EQUIPMENT	FURNITURE/APPLIANCE	ELECTRONIC EQUIPMENT

***Note: The amounts in this chart do not include: NET POOLS/SBE/ADMIN/ADJ.**

City of Palo Alto

CITY OF PALO ALTO - SELECTED GEOGRAPHICAL AREAS OF THE CITY BENCHMARK YEAR 1st QUARTER 2008

	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2	2006/3	2006/4	2007/1	2007/2	2007Q3	2007Q4	2008Q1
California	912,025	920,832	926,617	923,792	920,967	919,085	929,991	920,596	939,032	981,864	995,450	990,666	994,950
Downtown	2,338,440	2,383,218	2,428,971	2,466,758	2,470,706	2,467,626	2,456,257	2,500,636	2,535,867	2,565,799	2,699,789	2,713,287	2,745,374
Stanford Shopping Center	4,997,802	5,051,485	5,087,056	5,170,647	5,180,949	5,274,552	5,286,122	5,305,387	5,415,749	5,472,843	5,562,512	5,668,265	5,702,918
Town and Country	275,363	281,494	285,601	295,559	296,286	293,062	289,908	288,222	278,364	233,865	230,517	222,740	236,334



City of Palo Alto

CITY OF PALO - REGIONAL SHOPPING CENTER COMPARISON													
BENCHMARK YEAR 1st QUARTER 2008													
	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2	2006/3	2006/4	2007/1	2007/2	2007/3	2007/4	2008/1
Valley Fair	5,971,920	6,070,565	6,146,180	6,268,599	6,265,967	6,536,476	6,818,211	6,745,612	6,860,819	6,646,498	6,719,867	6,571,449	6,520,191
Santana Row	1,464,806	1,512,962	1,570,762	1,626,360	1,674,343	1,707,638	1,734,143	1,764,508	1,821,673	1,858,037	1,913,632	1,930,733	1,892,646
Hillsdale	3,095,809	3,119,293	3,156,211	3,146,328	3,146,457	3,208,307	2,889,177	2,890,671	2,923,123	2,829,436	2,800,645	2,246,962	2,185,261
Stanford Shopping Center	4,997,802	5,051,485	5,087,056	5,170,647	5,180,949	5,274,552	5,286,122	5,305,387	5,415,749	5,472,843	5,562,512	5,668,265	5,702,918
Oakridge Mall	2,915,167	2,942,700	3,003,266	3,089,423	3,133,983	3,247,315	3,023,925	3,017,094	3,036,592	3,209,583	3,184,516	3,183,645	3,313,152

