



**City of Palo Alto**  
**Sales Tax Digest Summary**  
**THIRD Quarter Collection of SECOND Quarter Sales**  
**5/12/2006 - 8/11/2006**



**Quarter 2, 2006**

**State Overview**

California experienced continued growth during the year ending 2<sup>nd</sup> Quarter 2006. Cash receipts growth over the prior year was 8.3% statewide. Northern California saw a 9.0% increase in cash receipts while Southern California saw a 7.9% increase.

**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 5.2% for the year ended 2<sup>nd</sup> Quarter 2006 over the prior year. On a quarterly basis, the economic growth was 7.3% from 2<sup>nd</sup> Quarter 2005 to 2<sup>nd</sup> 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 7.0% for the year ended 2<sup>nd</sup> Quarter 2006 over the prior year. On a quarterly basis, the economic growth was 7.0% from 2<sup>nd</sup> Quarter 2005 to 2<sup>nd</sup> Quarter 2006.

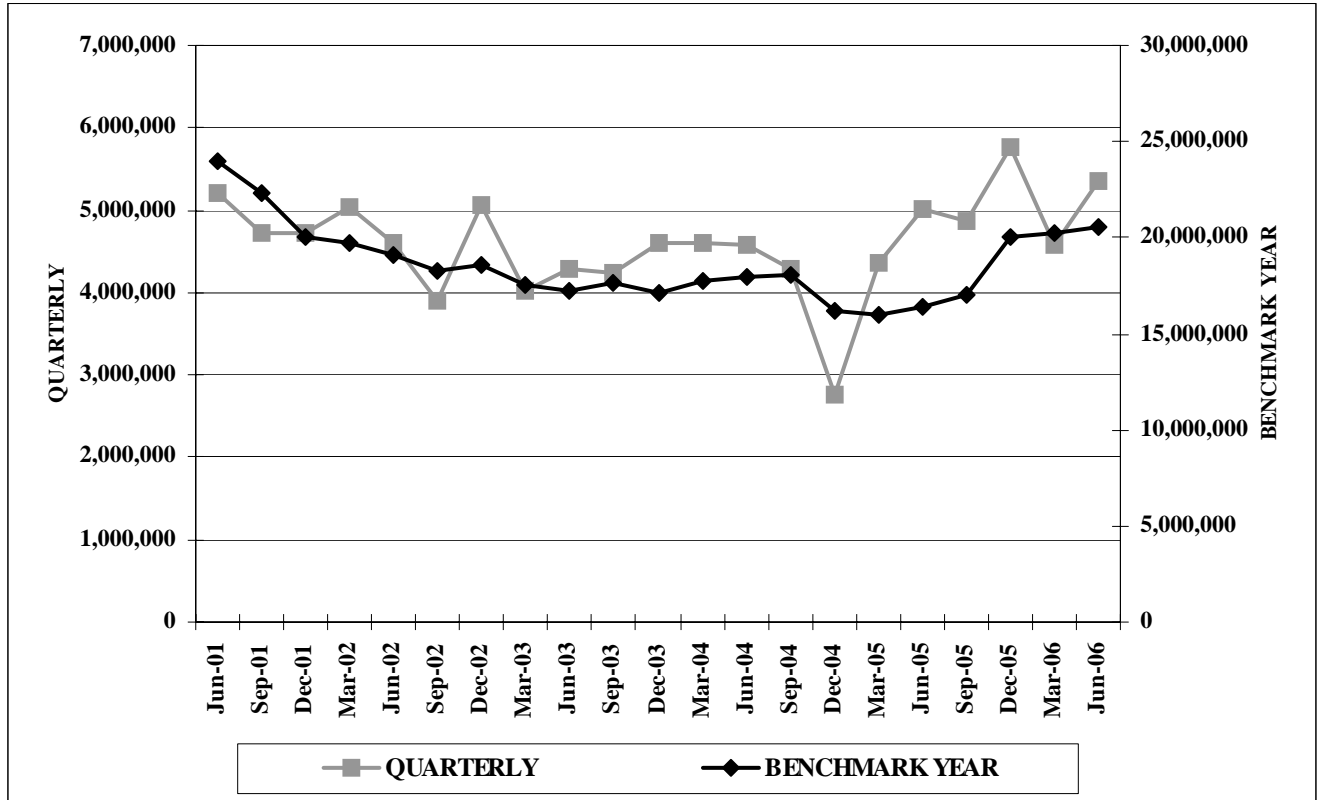
**Regional Overview**

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.

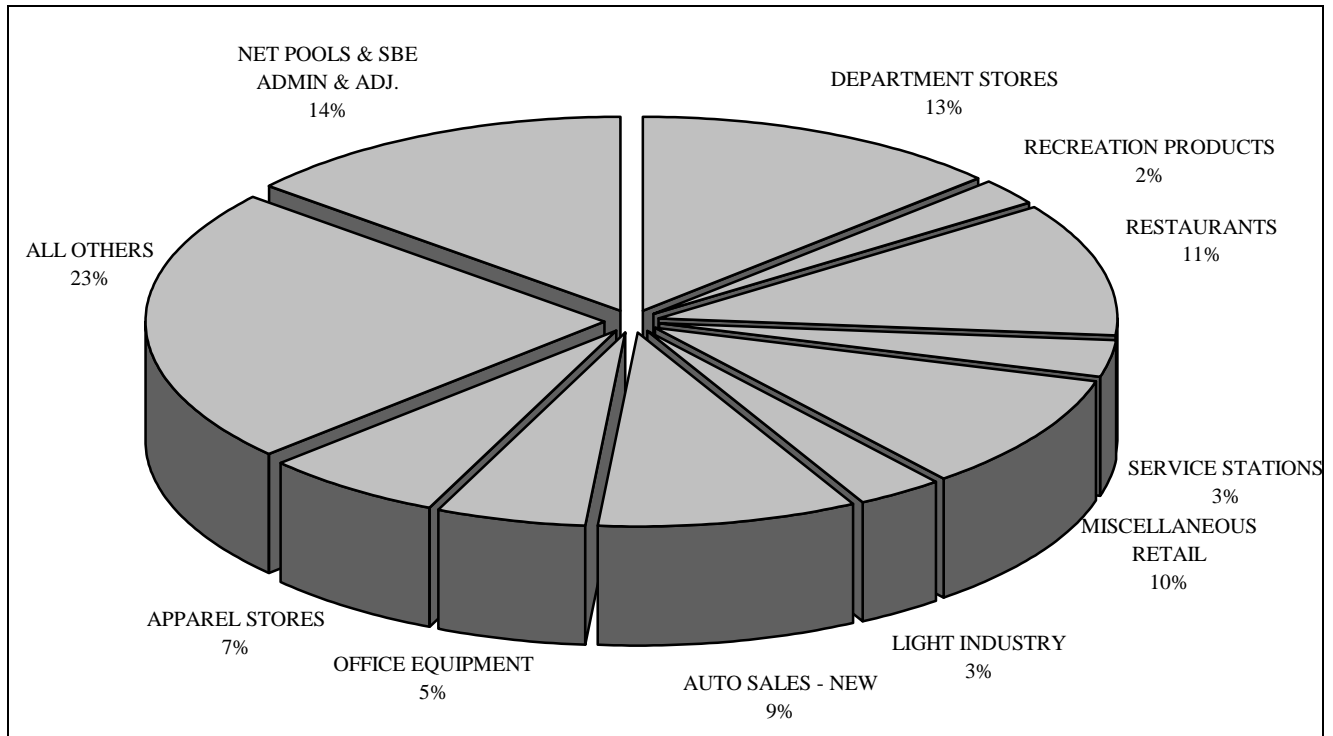
<b>ECONOMIC CATEGORIES: ANALYSIS FOR YEAR ENDED 2<sup>nd</sup> QUARTER 2006</b>							
	<b>City of Palo Alto</b>	<b>S.F. Bay Area</b>	<b>Sacramento Valley</b>	<b>Central Valley</b>	<b>South Coast</b>	<b>Inland Empire</b>	<b>North Coast</b>
<b>General Retail</b>	3.3	3.6	4.2	7.7	3.8	11.0	4.2
<i>% Change</i>							
<b>Food Products</b>	2.5	4.1	5.1	6.5	5.0	4.9	5.5
<i>% Change</i>							
<b>Construction</b>	7.9	6.0	3.2	16.4	9.8	17.7	6.0
<i>% Change</i>							
<b>Transportation</b>	7.4	5.3	4.5	7.0	4.1	7.7	7.8
<i>% Change</i>							
<b>Business to Business</b>	16.1	8.4	2.8	10.4	4.7	13.1	12.7
<i>% Change</i>							
<b>Miscellaneous</b>	-47.8	-2.0	-1.5	8.1	2.5	22.1	4.7
<i>% Change</i>							
<b>TOTAL</b>	<b>5.2</b>	<b>5.3</b>	<b>3.9</b>	<b>8.9</b>	<b>4.8</b>	<b>10.6</b>	<b>6.4</b>
<b>THREE LARGEST ECONOMIC SEGMENTS: ANALYSIS FOR YEAR ENDED 2<sup>nd</sup> QUARTER 2006</b>							
<b>1<sup>st</sup> Largest Segment</b>	<b>Department Stores</b>	<b>Auto Sales – New</b>	<b>Auto Sales – New</b>	<b>Department Stores</b>	<b>Auto Sales – New</b>	<b>Auto Sales – New</b>	<b>Department Stores</b>
<i>% Change</i>	0.3	-0.2	-1.9	8.4	-2.9	-2.3	2.7
<b>2<sup>nd</sup> Largest Segment</b>	<b>Restaurants</b>	<b>Department Stores</b>	<b>Department Stores</b>	<b>Auto Sales – New</b>	<b>Restaurants</b>	<b>Restaurants</b>	<b>Auto Sales – New</b>
<i>% Change</i>	2.3	5.6	6.9	0.1	5.6	5.3	6.5
<b>3<sup>rd</sup> Largest Segment</b>	<b>Miscellaneous Retail</b>	<b>Restaurants</b>	<b>Bldg. Matls. – Wholesale</b>	<b>Restaurants</b>	<b>Department Stores</b>	<b>Department Stores</b>	<b>Bldg. Matls. – Retail</b>
<i>% Change</i>	6.6	5.6	8.8	7.2	4.8	12.1	1.8

# City of Palo Alto

## Historical Sales Tax Revenue Performance by Quarter and Benchmark Year



## Total City Sales Tax \$20,560,944 for Benchmark Year 2<sup>nd</sup> Quarter 2006 (Adjusted for Anomalies)



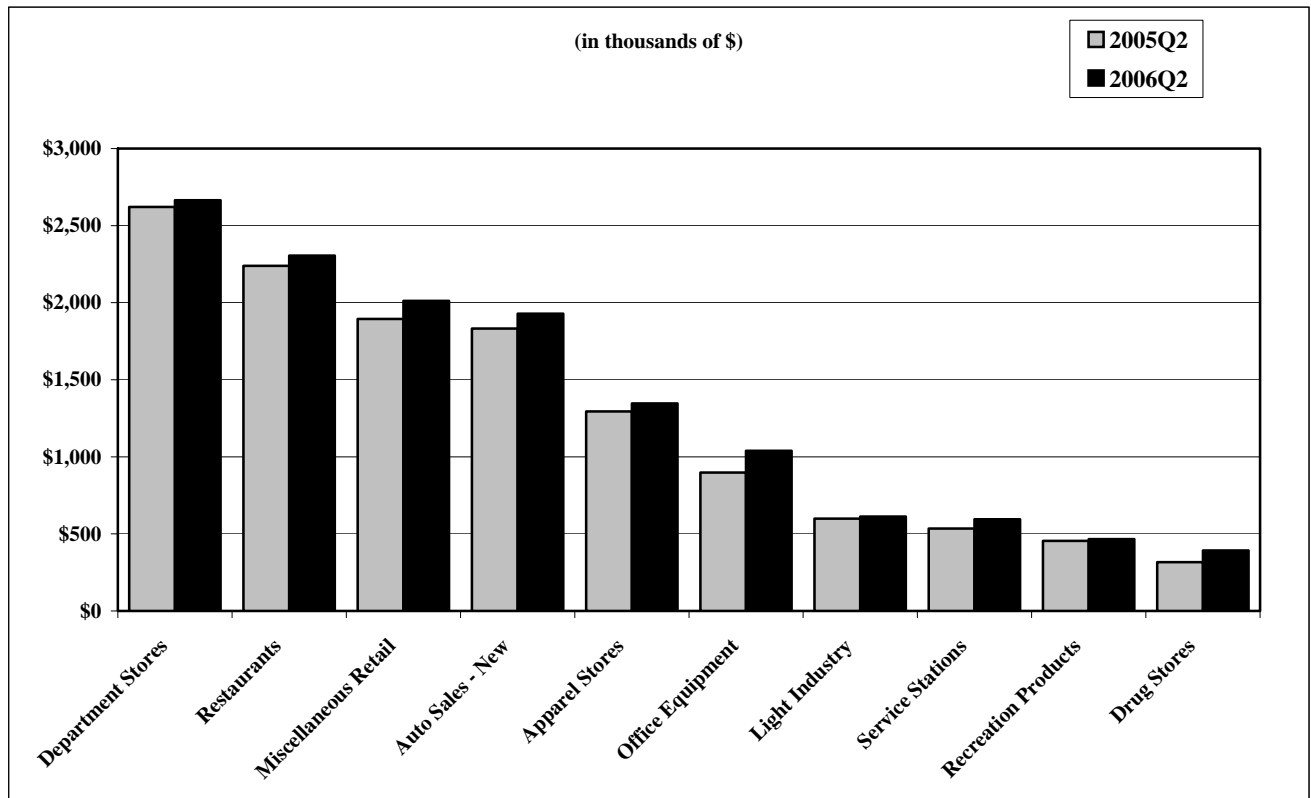
# City of Palo Alto

## 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 46.9% of the jurisdiction's total sales/use tax revenue.

<b>AGILENT TECHNOLOGIES</b>	<b>LORAL AEROSPACE CORP.</b>
<b>ANDERSON HONDA</b>	<b>MACY'S DEPARTMENT STORE</b>
<b>APPLE STORES</b>	<b>MAGNUSSEN TOYOTA</b>
<b>BLOOMINGDALE'S</b>	<b>NEIMAN MARCUS DEPARTMENT STORE</b>
<b>CARLSEN MOTOR CARS</b>	<b>NORDSTROM DEPARTMENT STORE</b>
<b>CARLSEN VOLVO</b>	<b>PENINSULA FORD</b>
<b>CRATE &amp; BARREL</b>	<b>SYNTEX LABORATORIES</b>
<b>DOW JONES &amp; COMPANY</b>	<b>THE GAP</b>
<b>FRY'S ELECTRONICS</b>	<b>TIFFANY &amp; COMPANY</b>
<b>HEWLETT-PACKARD</b>	<b>VARIAN INC.INSTRUMENT DIVISION</b>
<b>HOOVER PAVILION PHARMACY</b>	<b>VARIAN MEDICAL SYSTEMS</b>
<b>INTEGRATED ARCHIVE SYSTEMS</b>	<b>WILLIAMS-SONOMA HOME</b>
<b>KEEBLE &amp; SHUCHAT PHOTOGRAPHY</b>	

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



## City of Palo Alto

### Historical Analysis by Calendar Quarter

ECONOMIC CATEGORY	%	2006/2	2006/1	2005/4	2005/3	2005/2	2005/1	2004/4	2004/3	2004/2
GENERAL RETAIL	39%	2,075,282	1,709,953	2,479,619	1,873,697	1,975,525	1,671,594	2,397,224	1,823,183	1,898,417
BUSINESS TO BUSINESS	18%	952,479	785,910	917,304	723,580	805,381	759,379	731,973	614,527	692,886
TRANSPORTATION	14%	764,114	668,617	699,275	806,393	705,159	638,320	697,368	694,051	657,317
FOOD PRODUCTS	13%	699,426	658,808	704,543	665,616	684,429	642,853	680,862	653,791	672,783
CONSTRUCTION	2%	86,164	82,958	84,497	69,925	79,128	75,109	75,124	70,415	63,317
MISCELLANEOUS	1%	33,834	36,194	67,237	32,925	46,311	48,590	41,017	190,039	22,955
NET POOLS/SBE/ADMIN/ADJ.	14%	753,380	632,180	811,799	685,236	718,044	532,978	919,269	241,818	560,667
<b>T O T A L S</b>	<b>100%</b>	<b>5,364,679</b>	<b>4,574,620</b>	<b>5,764,274</b>	<b>4,857,372</b>	<b>5,013,977</b>	<b>4,368,823</b>	<b>5,542,837</b>	<b>4,287,824</b>	<b>4,568,342</b>

ECONOMIC SEGMENT	%	2006/2	2006/1	2005/4	2005/3	2005/2	2005/1	2004/4	2004/3	2004/2
DEPARTMENT STORES	13%	701,052	514,057	857,598	591,493	652,712	526,687	840,405	600,901	640,095
RESTAURANTS	11%	597,720	559,701	586,569	561,803	580,298	543,548	565,133	550,380	566,608
MISCELLANEOUS RETAIL	9%	498,079	427,119	631,613	455,248	462,875	395,566	598,607	437,601	422,753
AUTO SALES - NEW	9%	479,130	433,502	456,022	559,650	464,091	434,296	462,081	472,229	446,700
APPAREL STORES	6%	344,303	279,107	409,265	313,648	332,840	282,177	391,571	287,855	327,756
OFFICE EQUIPMENT	5%	243,216	266,204	280,963	249,189	242,607	222,264	262,455	170,750	204,227
SERVICE STATIONS	3%	166,031	134,633	135,971	158,065	152,370	120,045	136,373	125,389	128,693
LIGHT INDUSTRY	3%	153,363	147,651	162,373	149,432	175,349	135,657	160,804	127,349	141,624
RECREATION PRODUCTS	2%	129,268	96,293	129,398	111,537	120,163	93,699	127,763	112,927	123,243
DRUG STORES	2%	101,941	102,128	93,139	94,720	97,650	81,422	75,868	61,856	62,150
FOOD MARKETS	2%	87,788	87,509	103,510	91,206	90,044	86,066	100,230	90,649	92,932
BUSINESS SERVICES	2%	84,139	73,721	72,689	85,886	84,223	75,648	73,218	76,144	91,278
BLDG.MATLS-RETAIL	1%	74,391	71,086	71,482	59,595	67,183	64,205	64,608	61,191	54,713
LEASING	1%	41,167	40,765	38,040	43,066	40,246	42,873	44,706	55,639	51,701
AUTO PARTS/REPAIR	1%	29,702	28,473	28,952	31,285	31,473	30,168	27,641	31,014	32,011
HEALTH & GOVERNMENT	0%	24,524	28,076	25,533	20,514	18,388	24,858	20,903	17,142	14,208
LIQUOR STORES	0%	11,884	11,436	14,432	12,607	13,738	12,687	14,784	12,754	13,243
BLDG.MATLS-WHSLE	0%	11,773	11,872	13,015	10,330	11,945	10,904	10,516	9,224	8,604
MISCELLANEOUS OTHER	0%	9,310	8,118	12,289	7,515	13,929	7,078	13,504	6,897	8,747
ALL OTHERS	15%	822,518	620,989	829,622	565,347	643,809	645,997	632,398	738,115	576,389
NET POOLS/SBE/ADMIN/ADJ.	14%	753,380	632,180	811,799	685,236	718,044	532,978	919,269	241,818	560,667
<b>T O T A L S</b>	<b>100%</b>	<b>5,364,679</b>	<b>4,574,620</b>	<b>5,764,274</b>	<b>4,857,372</b>	<b>5,013,977</b>	<b>4,368,823</b>	<b>5,542,837</b>	<b>4,287,824</b>	<b>4,568,342</b>

# City of Palo Alto

## And Selected Northern California

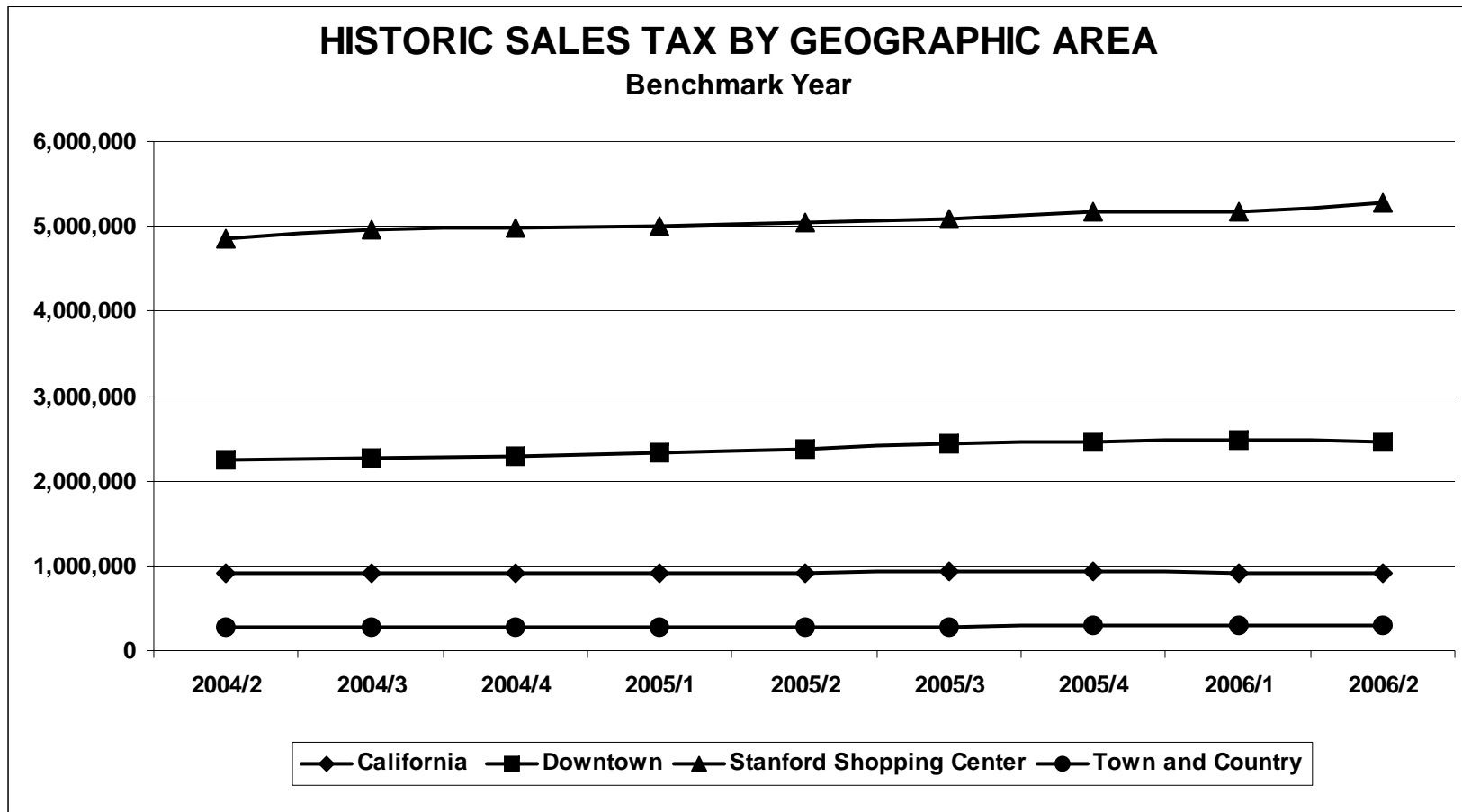
Jurisdiction	General Retail	Food Products	Transportation	Construction	Business to Business	Miscellaneous	2006/1	2005/1	% Chg	Gain	Gain	Decline	Decline
							Total	Total					
SAN JOSE	6.4%	-0.2%	5.8%	2.3%	9.1%	-12.8%	30,730,767	29,167,696	5.4%	OFFICE EQUIPMENT	SERVICE STATIONS	ELECTRONIC EQUIPMENT	FOOD MARKETS
SAN FRANCISCO	4.8%	1.9%	12.7%	5.2%	1.5%	-1.3%	28,943,861	27,784,093	4.2%	DEPARTMENT STORES	SERVICE STATIONS	MISCELLANEOUS RETAIL	HEAVY INDUSTRY
FRESNO	5.8%	7.4%	5.3%	1.1%	14.8%	20.0%	18,410,817	17,290,743	6.5%	SERVICE STATIONS	DEPARTMENT STORES	MISC. VEHICLE SALES	BLDG.MATLS-RETAIL
SACRAMENTO UNINCORP	-0.9%	-2.7%	-1.9%	-4.2%	-3.7%	-24.0%	17,763,641	18,252,265	-2.7%	SERVICE STATIONS	DEPARTMENT STORES	AUTO SALES - NEW	OFFICE EQUIPMENT
SACRAMENTO	4.8%	0.8%	2.0%	-5.8%	4.1%	-9.5%	15,422,581	15,223,470	1.3%	DEPARTMENT STORES	BLDG.MATLS-WHSLE	BLDG.MATLS-RETAIL	AUTO SALES - NEW
BAKERSFIELD	6.9%	5.6%	0.6%	7.5%	21.9%	-6.1%	14,534,928	13,624,230	6.7%	BLDG.MATLS-WHSLE	ENERGY SALES	AUTO SALES - NEW	BLDG.MATLS-RETAIL
OAKLAND	8.5%	-5.3%	5.0%	-1.2%	10.7%	13.8%	11,024,621	10,519,196	4.8%	ENERGY SALES	DEPARTMENT STORES	OFFICE EQUIPMENT	FOOD PROCESSING EQP
ROSEVILLE	6.9%	1.3%	5.3%	-9.9%	12.8%	34.7%	10,099,755	9,649,163	4.7%	DEPARTMENT STORES	SERVICE STATIONS	BLDG.MATLS-RETAIL	MISC. VEHICLE SALES
STOCKTON	2.6%	-2.0%	-1.1%	-4.9%	10.5%	17.4%	9,539,462	9,457,954	0.9%	SERVICE STATIONS	BLDG.MATLS-WHSLE	BLDG.MATLS-RETAIL	AUTO SALES - NEW
SANTA CLARA	4.6%	4.1%	8.0%	-1.9%	22.3%	-8.4%	9,069,816	8,174,762	10.9%	LIGHT INDUSTRY	ELECTRONIC EQUIPMENT	FURNITURE/APPLIANCE	FOOD MARKETS
SANTA ROSA	1.7%	2.2%	-0.7%	2.6%	3.4%	3.1%	7,415,393	7,314,180	1.4%	DEPARTMENT STORES	BLDG.MATLS-WHSLE	MISCELLANEOUS RETAIL	BLDG.MATLS-RETAIL
FREMONT	8.4%	-6.9%	6.4%	0.9%	17.0%	4.9%	6,944,571	6,472,811	7.3%	OFFICE EQUIPMENT	DEPARTMENT STORES	ELECTRONIC EQUIPMENT	FOOD PROCESSING EQP
MODESTO	0.8%	0.5%	0.1%	-16.7%	8.9%	5.1%	6,736,280	6,797,920	-0.9%	SERVICE STATIONS	DEPARTMENT STORES	BLDG.MATLS-RETAIL	FURNITURE/APPLIANCE
HAYWARD	5.3%	10.4%	6.9%	-1.0%	7.9%	-19.1%	6,481,103	6,254,454	3.6%	LIGHT INDUSTRY	HEAVY INDUSTRY	CHEMICAL PRODUCTS	OFFICE EQUIPMENT
SUNNYVALE	6.1%	3.6%	9.0%	29.2%	34.8%	-6.2%	6,420,070	5,399,483	18.9%	OFFICE EQUIPMENT	ELECTRONIC EQUIPMENT	BUSINESS SERVICES	FOOD MARKETS
CONCORD	6.5%	2.1%	-2.9%	-12.6%	6.9%	-10.4%	6,391,920	6,387,777	0.1%	DEPARTMENT STORES	SERVICE STATIONS	BLDG.MATLS-RETAIL	AUTO SALES - NEW
VISALIA	28.7%	5.0%	3.0%	6.4%	14.1%	-10.3%	5,486,614	4,823,297	13.8%	MISCELLANEOUS RETAIL	SERVICE STATIONS	AUTO SALES - NEW	BLDG.MATLS-RETAIL
REDDING	4.4%	3.5%	3.7%	4.3%	17.7%	-3.8%	5,405,259	5,135,301	5.3%	BLDG.MATLS-WHSLE	SERVICE STATIONS	BLDG.MATLS-RETAIL	AUTO SALES - USED
SAN LEANDRO	3.4%	-3.8%	-7.4%	3.6%	10.1%	-5.7%	5,013,590	4,920,708	1.9%	BLDG.MATLS-WHSLE	LIGHT INDUSTRY	AUTO SALES - NEW	BLDG.MATLS-RETAIL
PLEASANTON	12.0%	3.2%	2.7%	-5.8%	-3.5%	-1.9%	4,915,513	4,766,882	3.1%	DEPARTMENT STORES	SERVICE STATIONS	ELECTRONIC EQUIPMENT	AUTO SALES - NEW
<b>CITY OF PALO ALTO *</b>	<b>5.0%</b>	<b>2.2%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>18.3%</b>	<b>-26.9%</b>	<b>4,611,298</b>	<b>4,295,933</b>	<b>7.3%</b>	<b>ELECTRONIC EQUIPMENT</b>	<b>DEPARTMENT STORES</b>	<b>LIGHT INDUSTRY</b>	<b>CLOSED ACCT-ADJUSTMT</b>
WALNUT CREEK	3.7%	0.4%	5.0%	5.9%	-13.4%	-10.7%	4,546,871	4,456,946	2.0%	DEPARTMENT STORES	SERVICE STATIONS	OFFICE EQUIPMENT	LEASING
LIVERMORE	9.5%	5.6%	0.7%	-9.6%	7.0%	4.6%	4,488,090	4,352,379	3.1%	LIGHT INDUSTRY	SERVICE STATIONS	AUTO SALES - NEW	BLDG.MATLS-RETAIL

# City of Palo Alto

REDWOOD CITY	7.4%	0.9%	3.5%	5.7%	2.0%	15.1%	4,437,046	4,265,978	4.0%	SERVICE STATIONS	LIGHT INDUSTRY	ELECTRONIC EQUIPMENT	HEAVY INDUSTRY
ELK GROVE	5.3%	4.7%	-2.3%	-20.8%	12.6%	-9.9%	4,360,079	4,379,644	-0.4%	SERVICE STATIONS	MISC. VEHICLE SALES	AUTO SALES - NEW	BLDG.MATLS-RETAIL
FOLSOM	7.4%	12.7%	-4.0%	-27.3%	11.3%	-26.6%	4,260,645	4,278,422	-0.4%	DEPARTMENT STORES	FOOD MARKETS	BLDG.MATLS-RETAIL	AUTO SALES - NEW
FAIRFIELD	5.5%	-2.0%	9.8%	-10.7%	25.4%	-5.7%	4,107,639	3,895,675	5.4%	SERVICE STATIONS	DEPARTMENT STORES	BLDG.MATLS-RETAIL	RESTAURANTS

# City of Palo Alto

<b>CITY OF PALO ALTO - SELECTED GEOGRAPHICAL AREAS OF THE CITY</b>									
<b>BENCHMARK YEAR 2ND QUARTER 2006</b>									
	2004/2	2004/3	2004/4	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2
California	904,624	903,287	908,011	912,025	920,832	926,617	923,792	920,967	919,085
Downtown	2,241,598	2,260,479	2,298,493	2,338,440	2,383,218	2,428,971	2,466,758	2,470,706	2,467,626
Stanford Shopping Center	4,857,881	4,951,746	4,992,784	4,997,802	5,051,485	5,087,056	5,170,647	5,180,949	5,274,552
Town and Country	280,925	280,949	275,676	275,363	281,494	285,601	295,559	296,286	293,062



# City of Palo Alto

CITY OF PALO - REGIONAL SHOPPING CENTER COMPARISON									
BENCHMARK YEAR 2 <sup>ND</sup> QUARTER 2006									
	2004/2	2004/3	2004/4	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2
Valley Fair	4,013,226	4,095,589	4,193,882	4,267,114	4,389,865	4,517,331	4,688,489	4,760,920	4,849,823
Santana Row	1,276,564	1,348,607	1,417,287	1,464,806	1,512,962	1,570,762	1,626,360	1,674,343	1,707,638
Hillsdale	3,082,099	3,086,554	3,084,272	3,095,809	3,119,293	3,156,211	3,146,328	3,146,457	3,208,307
Stanford Shopping Center	4,857,881	4,951,746	4,992,784	4,997,802	5,051,485	5,087,056	5,170,647	5,180,949	5,274,552
Oakridge Mall	2,759,372	2,883,712	2,884,404	2,915,167	2,942,700	3,003,266	3,089,423	3,133,983	3,247,315

