



# City of Palo Alto

## Sales Tax Digest Summary

FOURTH Quarter Collection of THIRD Quarter Sales  
8/12/2006 – 11/14/2006

Quarter 3, 2006

### State Overview

California experienced slower growth during the year ending 3<sup>rd</sup> Quarter 2006 than the year ending 2<sup>nd</sup> Quarter 2006. Cash receipts growth over the prior year was 4.5% statewide, 4.5% in Northern California, and 4.5% 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 8.1% for the year ended 3<sup>rd</sup> Quarter 2006 over the prior year. On a quarterly basis, the economic growth was 12.8% from 3<sup>rd</sup> Quarter 2005 to 3<sup>rd</sup> Quarter 2006. The growth of 12.8% in the 3<sup>rd</sup> quarter was narrowly based, however, with 10.5% coming from 2 businesses. 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 6.0% for the year ended 3<sup>rd</sup> Quarter 2006 over the prior year. On a quarterly basis, the economic growth was 9.0% from 3<sup>rd</sup> Quarter 2005 to 3<sup>rd</sup> Quarter 2006.

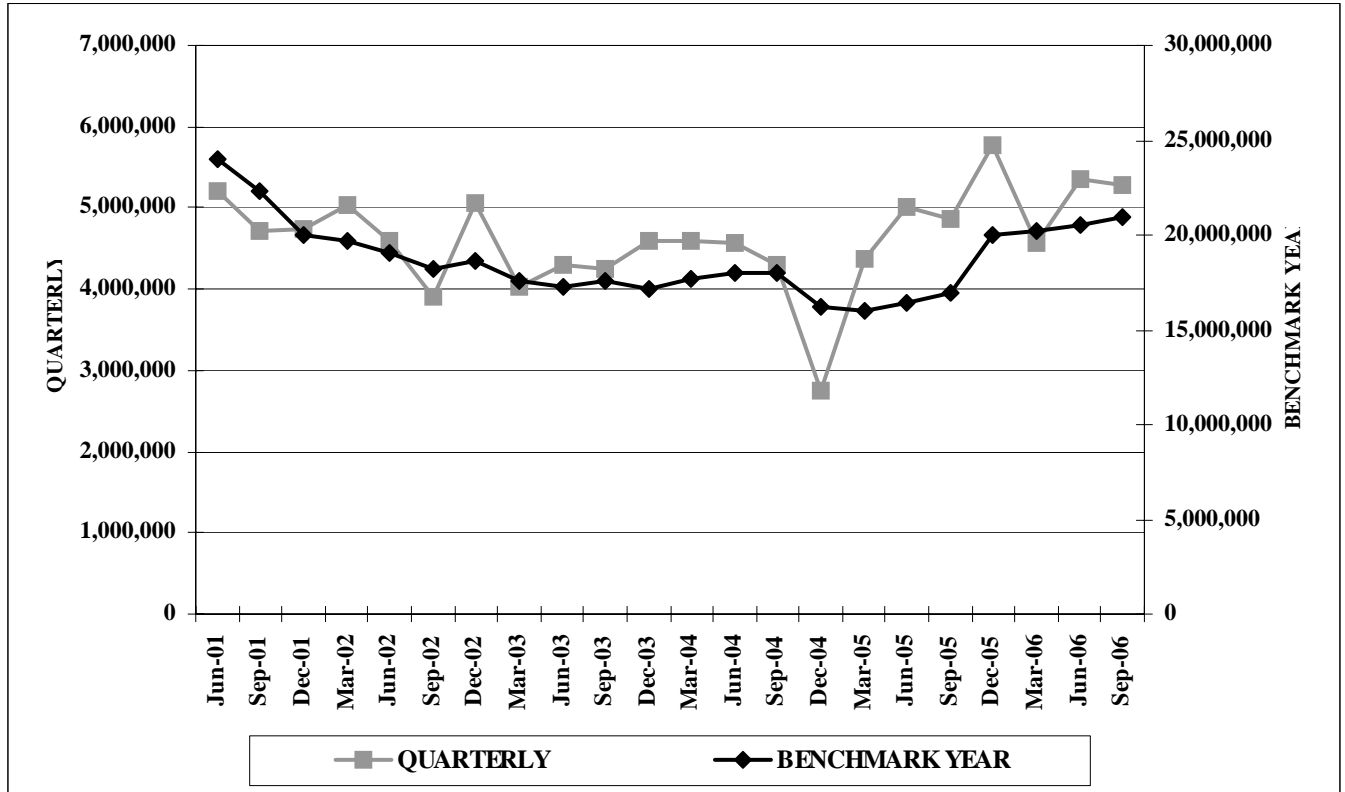
### Regional Overview

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.

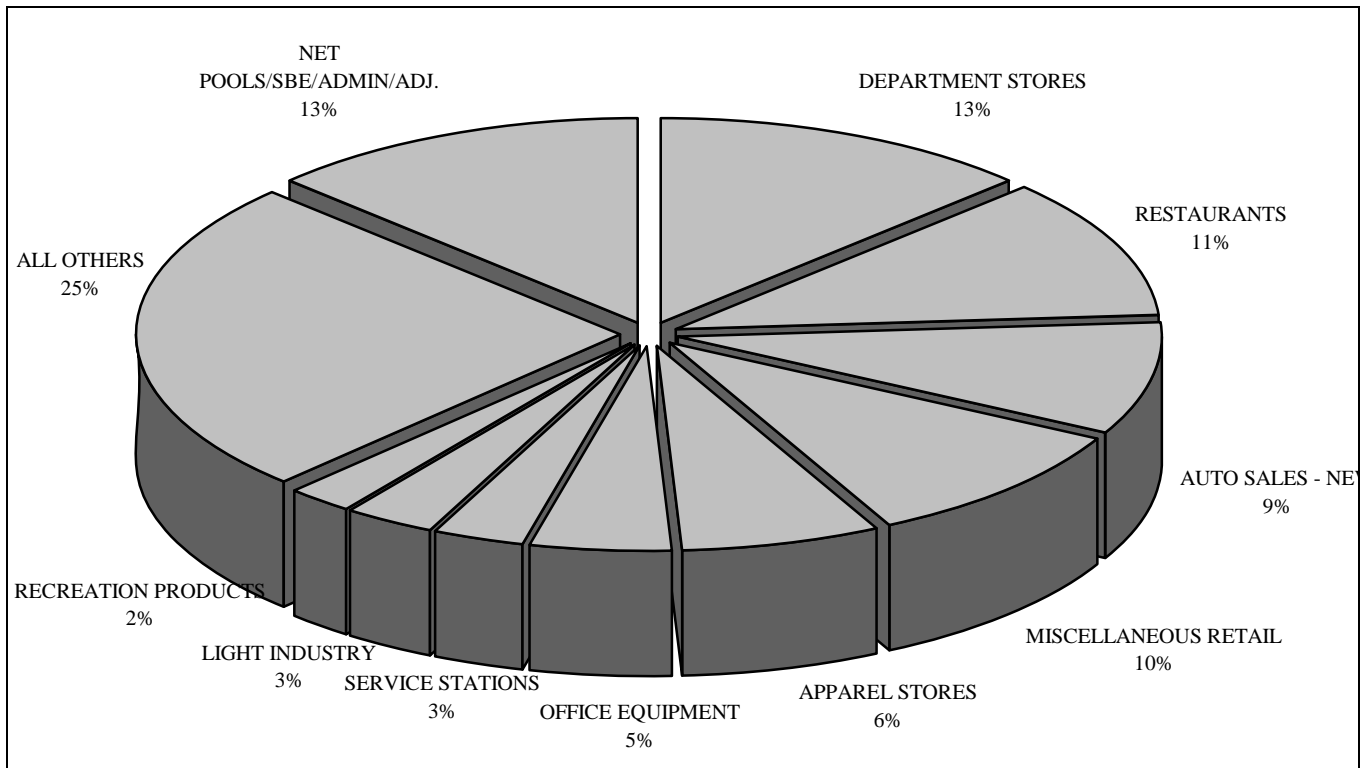
<b>ECONOMIC CATEGORIES: ANALYSIS FOR YEAR ENDED 3<sup>rd</sup> QUARTER 2006</b>							
	City of Palo Alto	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
<b>General Retail</b> % Change	2.7	2.8	3.2	6.1	3.5	10.5	3.0
<b>Food Products</b> % Change	3.2	4.2	4.8	5.1	5.0	4.7	5.0
<b>Construction</b> % Change	13.2	5.1	-0.4	15.5	8.5	11.0	5.5
<b>Transportation</b> % Change	5.5	2.1	0.3	2.0	1.2	1.5	2.4
<b>Business to Business</b> % Change	27.6	7.8	0.9	9.7	3.7	8.8	9.4
<b>Miscellaneous</b> % Change	25.0	3.4	-4.8	11.4	3.7	16.3	3.2
<b>TOTAL</b>	<b>8.1</b>	<b>4.1</b>	<b>1.6</b>	<b>6.7</b>	<b>3.7</b>	<b>7.0</b>	<b>4.1</b>
<b>THREE LARGEST ECONOMIC SEGMENTS: ANALYSIS FOR YEAR ENDED 3<sup>rd</sup> QUARTER 2006</b>							
<b>1<sup>st</sup> Largest Segment</b> % Change	Department Stores 2.1	Auto Sales – New -3.3	Auto Sales – New -7.2	Department Stores 6.7	Auto Sales – New 4.9	Auto Sales – New -8.0	Department Stores -0.3
<b>2<sup>nd</sup> Largest Segment</b> % Change	Restaurants 4.4	Department Stores 4.7	Department Stores 6.0	Auto Sales – New -6.6	Restaurants -5.2	Restaurants 5.3	Auto Sales – New -0.5
<b>3<sup>rd</sup> Largest Segment</b> % Change	Miscellaneous Retail 4.7	Restaurants 5.5	Bldg. Matls. – Wholesale 3.9	Bldg. Matls. – Retail 6.5	Department Stores 5.0	Department Stores 12.7	Bldg. Matls. – Retail 0.3

# City of Palo Alto

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



**Total City Sales Tax \$20,980,303 for Benchmark Year 3<sup>rd</sup> Quarter 2006 (Adjusted for Anomalies)**



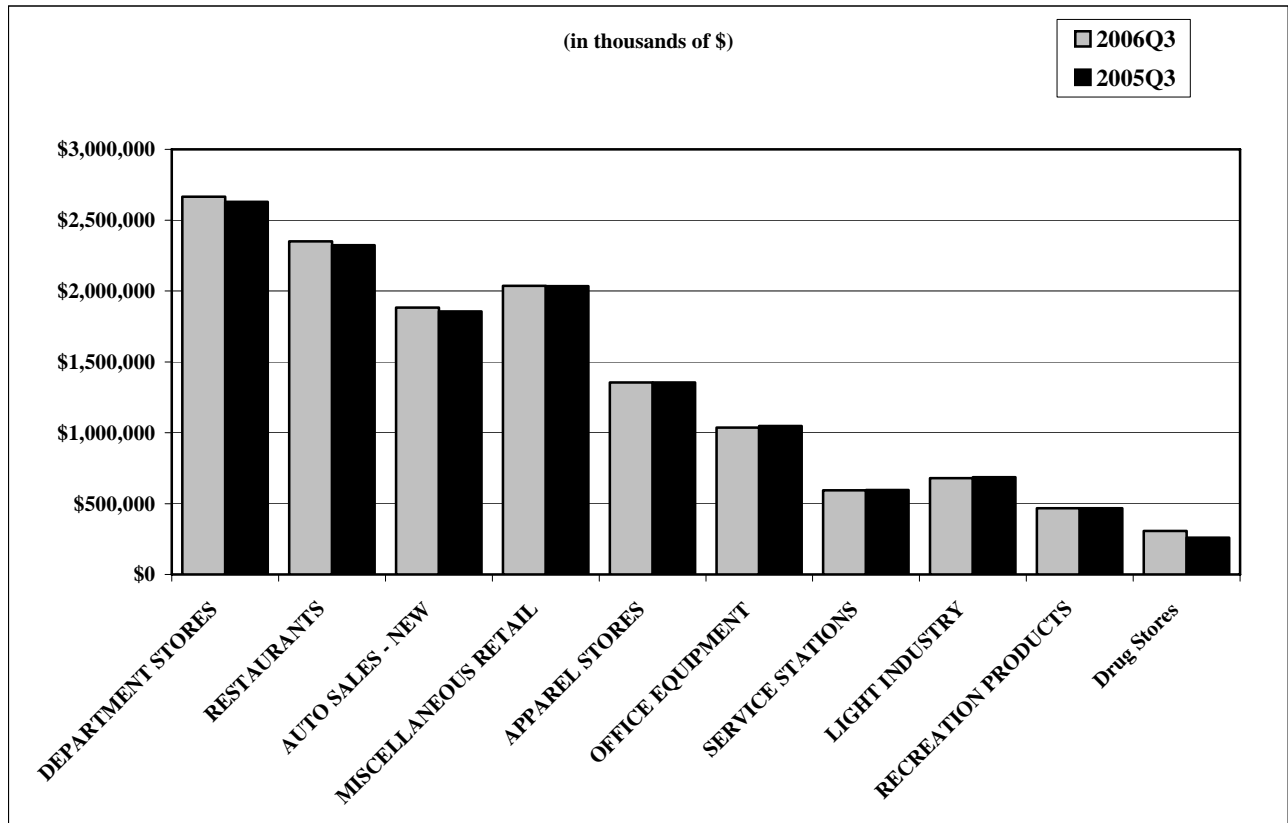
# City of Palo Alto

## 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 47.8% of the jurisdiction's total sales/use tax revenue.

<b>AGILENT TECHNOLOGIES</b>	<b>LONGS DRUG STORES</b>
<b>ANDERSON HONDA</b>	<b>LORAL AEROSPACE CORP.</b>
<b>APPLE STORES</b>	<b>MACY'S DEPARTMENT STORE</b>
<b>BLOOMINGDALE'S</b>	<b>MAGNUSSEN TOYOTA</b>
<b>CARLSEN MOTOR CARS</b>	<b>NEIMAN MARCUS DEPARTMENT STORE</b>
<b>CARLSEN VOLVO</b>	<b>NORDSTROM DEPARTMENT STORE</b>
<b>CRATE &amp; BARREL</b>	<b>SYNTEX LABORATORIES</b>
<b>DOW JONES &amp; COMPANY</b>	<b>TEACHERS CURRICULUM INSTITUTE</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

<b>ECONOMIC CATEGORY</b>	<b>%</b>	<b>2006/3</b>	<b>2006/2</b>	<b>2006/1</b>	<b>2005/4</b>	<b>2005/3</b>	<b>2005/2</b>	<b>2005/1</b>	<b>2004/4</b>	<b>2004/3</b>
GENERAL RETAIL	36%	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	23%	1,203,051	965,022	789,591	978,999	777,070	806,939	759,564	742,499	614,527
TRANSPORTATION	15%	792,737	766,148	669,444	699,755	733,938	705,159	638,320	697,368	694,051
FOOD PRODUCTS	13%	689,509	708,079	667,020	705,345	676,009	684,382	642,853	680,868	653,791
CONSTRUCTION	1%	69,769	83,754	77,064	79,675	65,452	73,160	67,762	67,768	65,906
MISCELLANEOUS	1%	34,790	35,527	36,641	52,861	28,033	32,321	31,939	35,541	190,039
NET POOLS/SBE/ADMIN/ADJ.	11%	576,214	743,736	612,840	775,470	691,769	728,807	548,812	913,123	251,625
<b>T O T A L S</b>	<b>100%</b>	<b>5,276,730</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>ECONOMIC SEGMENT</b>	<b>%</b>	<b>2006/3</b>	<b>2006/2</b>	<b>2006/1</b>	<b>2005/4</b>	<b>2005/3</b>	<b>2005/2</b>	<b>2005/1</b>	<b>2004/4</b>	<b>2004/3</b>
DEPARTMENT STORES	12%	627,665	666,219	514,057	857,598	591,493	652,712	526,687	840,405	600,901
RESTAURANTS	11%	591,034	604,355	567,909	586,911	562,727	580,251	543,548	565,133	550,380
AUTO SALES - NEW	10%	513,545	479,628	433,502	456,022	487,195	464,091	434,296	462,081	472,229
MISCELLANEOUS RETAIL	9%	466,546	510,393	437,219	621,243	465,180	468,964	403,175	605,930	432,303
APPAREL STORES	6%	314,673	351,468	279,472	409,715	314,096	333,630	282,402	391,592	287,855
OFFICE EQUIPMENT	5%	238,475	246,844	269,909	280,963	249,189	242,608	222,445	267,493	170,750
SERVICE STATIONS	3%	156,553	166,427	134,658	135,971	158,065	152,370	120,045	136,373	125,389
LIGHT INDUSTRY	3%	150,836	163,281	147,359	217,635	158,281	175,354	135,657	166,280	127,349
RECREATION PRODUCTS	2%	110,806	129,950	96,514	129,717	111,537	120,163	93,699	127,727	112,927
DRUG STORES	2%	103,542	101,941	102,128	93,139	94,720	97,649	81,422	75,970	61,856
FOOD MARKETS	2%	87,318	89,806	87,513	103,970	98,386	90,044	86,066	100,236	90,649
BLDG.MATLS-RETAIL	1%	57,073	71,952	65,192	66,660	55,122	61,215	56,858	57,252	56,682
LEASING	1%	45,911	41,644	40,769	38,109	43,066	40,246	42,877	44,718	55,654
AUTO PARTS/REPAIR	1%	30,068	30,645	29,275	29,432	31,285	31,473	30,168	27,641	31,014
HEALTH & GOVERNMENT	1%	26,851	25,860	28,523	25,533	20,514	18,388	24,858	20,903	17,142
BLDG.MATLS-WHSLE	0%	12,696	11,802	11,872	13,015	10,330	11,945	10,904	10,516	9,224
LIQUOR STORES	0%	11,157	11,884	11,436	14,432	14,896	13,738	12,687	14,784	12,754
MISCELLANEOUS OTHER	0%	7,939	9,667	8,118	12,325	7,519	13,933	7,081	13,504	6,897
ALL OTHERS	22%	1,147,828	907,177	696,355	896,414	692,002	716,396	705,136	701,176	814,244
NET POOLS/SBE/ADMIN/ADJ.	11%	576,214	743,736	612,840	775,470	691,769	728,807	548,812	913,123	251,625
<b>T O T A L S</b>	<b>100%</b>	<b>5,276,730</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>

# City of Palo Alto

## And Selected Northern California

Jurisdiction	General Retail	Food Products	Transportation	Construction	Business to Business	Miscellaneous	2006/3 Total	2005/3 Total	% Chg	Gain			
										Gain	Gain	Decline	Decline
SAN JOSE	0.1%	2.8%	0.6%	2.3%	-4.3%	-16.7%	30,907,156	31,020,966	-0.4%	RESTAURANTS	BLDG.MATLS-WHSLE	OFFICE EQUIPMENT	ELECTRONIC EQUIPMENT
SAN FRANCISCO	3.8%	2.7%	5.8%	9.8%	0.5%	6.6%	29,618,359	28,583,881	3.6%	APPAREL STORES	RESTAURANTS	LIGHT INDUSTRY	HEAVY INDUSTRY
FRESNO	3.0%	6.3%	-1.0%	-1.5%	5.8%	0.9%	18,422,505	18,057,512	2.0%	SERVICE STATIONS	APPAREL STORES	AUTO SALES - NEW	BLDG.MATLS-RETAIL
SACRAMENTO UNINCORP	-2.5%	2.7%	-6.6%	-13.0%	3.3%	-5.2%	18,258,907	19,135,253	-4.6%	ENERGY SALES	DEPARTMENT STORES	BLDG.MATLS-RETAIL	AUTO SALES - NEW
SACRAMENTO	0.4%	1.2%	-3.3%	-7.4%	0.6%	-3.1%	15,335,130	15,595,478	-1.7%	ENERGY SALES	SERVICE STATIONS	BLDG.MATLS-WHSLE	AUTO SALES - NEW
BAKERSFIELD	5.0%	10.0%	-4.5%	-1.3%	5.8%	0.6%	14,454,650	14,187,497	1.9%	BLDG.MATLS-WHSLE	FOOD MARKETS	AUTO SALES - NEW	BLDG.MATLS-RETAIL
OAKLAND	1.2%	-2.5%	3.0%	2.2%	8.7%	22.4%	11,589,315	11,169,733	3.8%	ENERGY SALES	DEPARTMENT STORES	OFFICE EQUIPMENT	FOOD PROCESSING EQP
ROSEVILLE	-1.3%	-1.8%	0.5%	-4.5%	26.4%	74.3%	10,256,973	10,063,831	1.9%	ELECTRONIC EQUIPMENT	AUTO SALES - USED	AUTO SALES - NEW	BLDG.MATLS-RETAIL
STOCKTON	-1.6%	-3.8%	-5.2%	-11.2%	12.7%	50.6%	9,712,603	9,907,107	-2.0%	BUSINESS SERVICES	SERVICE STATIONS	BLDG.MATLS-RETAIL	AUTO SALES - NEW
SANTA CLARA	20.6%	6.3%	0.9%	3.9%	9.8%	7.6%	8,937,101	8,231,029	8.6%	DEPARTMENT STORES	ELECTRONIC EQUIPMENT	OFFICE EQUIPMENT	FURNITURE/APPLIANCE
SANTA ROSA	-1.9%	0.4%	-1.2%	-10.1%	-3.9%	-11.5%	7,516,298	7,737,137	-2.9%	BLDG.MATLS-WHSLE	DEPARTMENT STORES	BLDG.MATLS-RETAIL	AUTO SALES - NEW
FREMONT	4.2%	4.2%	2.0%	5.6%	21.3%	-28.2%	7,510,512	6,944,644	8.1%	OFFICE EQUIPMENT	DEPARTMENT STORES	FURNITURE/APPLIANCE	MISCELLANEOUS OTHER
MODESTO	-3.9%	-2.4%	-8.1%	-13.5%	-3.8%	7.3%	6,601,584	6,988,286	-5.5%	SERVICE STATIONS	APPAREL STORES	AUTO SALES - NEW	BLDG.MATLS-RETAIL
HAYWARD	1.9%	-2.5%	-5.5%	7.0%	-4.8%	6.5%	6,551,968	6,654,085	-1.5%	HEAVY INDUSTRY	BLDG.MATLS-WHSLE	OFFICE EQUIPMENT	AUTO SALES - NEW
CONCORD	-2.7%	-1.5%	-5.7%	-4.4%	1.4%	3.2%	6,547,089	6,763,057	-3.2%	DEPARTMENT STORES	MISC. VEHICLE SALES	AUTO SALES - NEW	FURNITURE/APPLIANCE
SUNNYVALE	4.3%	5.5%	7.9%	20.6%	20.7%	2.2%	6,506,317	5,760,517	12.9%	OFFICE EQUIPMENT	ELECTRONIC EQUIPMENT	HEAVY INDUSTRY	MISCELLANEOUS OTHER
REDDING	-2.6%	1.6%	-6.6%	2.1%	1.1%	-12.9%	5,380,795	5,499,359	-2.2%	BLDG.MATLS-WHSLE	LEASING	BLDG.MATLS-RETAIL	AUTO SALES - NEW
VISALIA	7.3%	5.4%	-1.7%	16.1%	-0.9%	-12.5%	5,233,671	4,994,270	4.8%	BLDG.MATLS-WHSLE	MISCELLANEOUS RETAIL	AUTO SALES - NEW	BLDG.MATLS-RETAIL
SAN LEANDRO	1.1%	0.5%	-5.1%	-0.8%	4.8%	-24.1%	5,197,908	5,194,384	0.1%	LIGHT INDUSTRY	SERVICE STATIONS	AUTO SALES - NEW	ELECTRONIC EQUIPMENT
PLEASANTON	1.5%	2.3%	-5.0%	8.2%	8.7%	-15.2%	4,883,443	4,774,688	2.3%	LIGHT INDUSTRY	FURNITURE/APPLIANCE	AUTO SALES - NEW	AUTO PARTS/REPAIR
<b>CITY OF PALO ALTO *</b>	<b>1.4%</b>	<b>2.0%</b>	<b>8.0%</b>	<b>6.6%</b>	<b>54.8%</b>	<b>24.1%</b>	<b>4,700,516</b>	<b>4,165,606</b>	<b>12.8%</b>	<b>ELECTRONIC EQUIPMENT</b>	<b>BUSINESS SERVICES</b>	<b>FURNITURE/APPLIANCE</b>	<b>FOOD MARKETS</b>
LIVERMORE	6.2%	7.6%	0.7%	-12.6%	11.9%	1.4%	4,628,654	4,469,349	3.6%	OFFICE EQUIPMENT	LIGHT INDUSTRY	BLDG.MATLS-WHSLE	AUTO SALES - NEW
WALNUT CREEK	0.4%	-2.1%	-1.4%	4.1%	-2.5%	2.8%	4,582,668	4,612,454	-0.6%	SERVICE STATIONS	MISCELLANEOUS RETAIL	AUTO SALES - NEW	FURNITURE/APPLIANCE
ELK GROVE	-1.0%	1.1%	-5.1%	-20.8%	-20.4%	-6.1%	4,352,362	4,681,981	-7.0%	ENERGY SALES	SERVICE STATIONS	OFFICE EQUIPMENT	AUTO SALES - NEW
FAIRFIELD	-1.1%	-3.2%	6.0%	-15.5%	-36.0%	82.6%	4,193,267	4,478,002	-6.4%	SERVICE STATIONS	MISC. VEHICLE SALES	LIGHT INDUSTRY	BLDG.MATLS-RETAIL

# City of Palo Alto

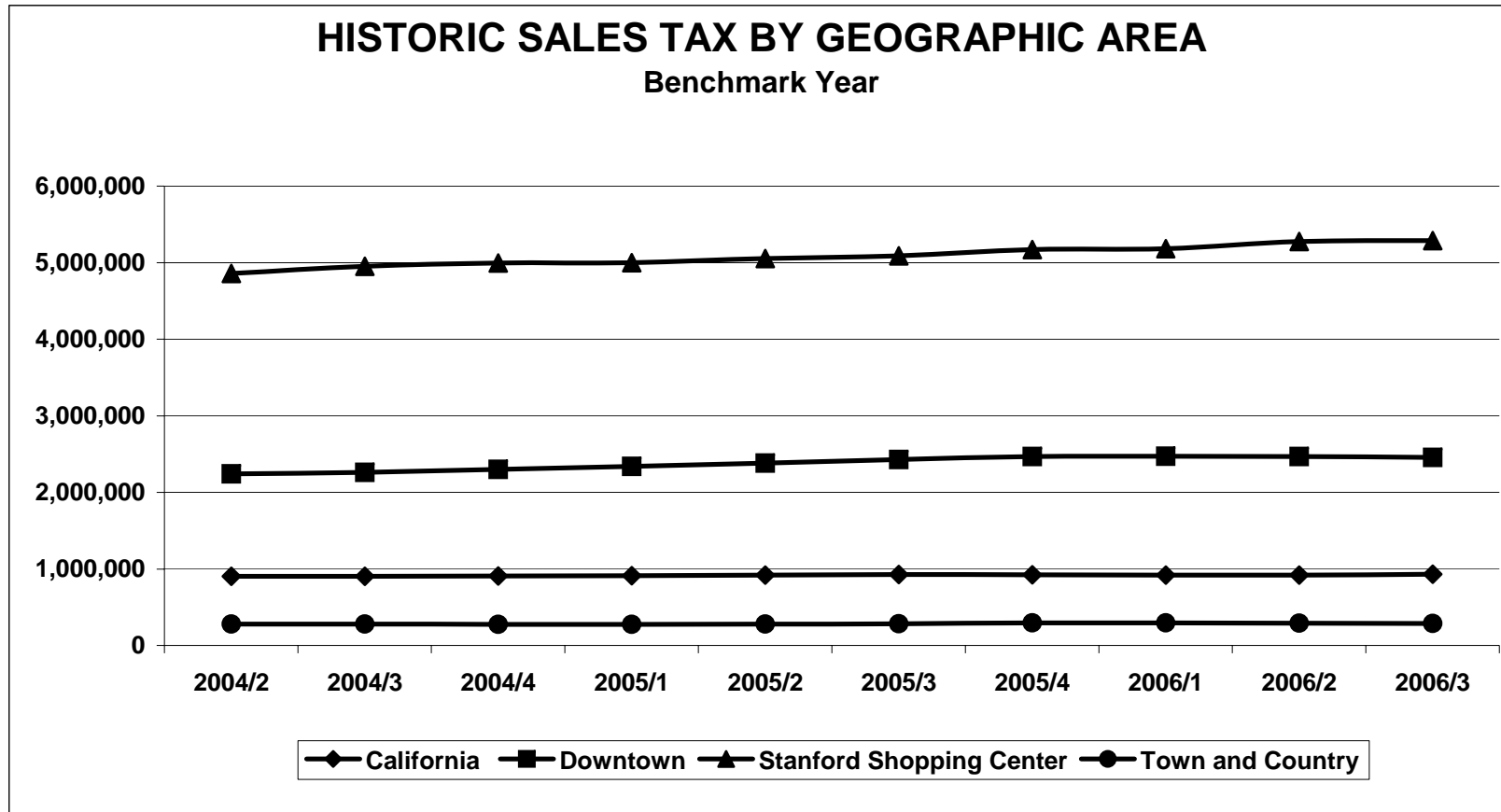
## CITY OF PALO ALTO - SELECTED GEOGRAPHICAL AREAS OF THE CITY

### BENCHMARK YEAR 3RD QUARTER 2006

	2004/2	2004/3	2004/4	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2	2006/3
California	904,624	903,287	908,011	912,025	920,832	926,617	923,792	920,967	919,085	929,991
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	2,456,257
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	5,286,122
Town and Country	280,925	280,949	275,676	275,363	281,494	285,601	295,559	296,286	293,062	289,908

## HISTORIC SALES TAX BY GEOGRAPHIC AREA

### Benchmark Year



# City of Palo Alto

<b>BENCHMARK YEAR 3RD QUARTER 2006</b>									
	<b>2004/3</b>	<b>2004/4</b>	<b>2005/1</b>	<b>2005/2</b>	<b>2005/3</b>	<b>2005/4</b>	<b>2006/1</b>	<b>2006/2</b>	<b>2006/3</b>
Valley Fair	4,095,589	4,193,882	4,267,114	4,389,865	4,517,331	4,688,489	4,760,920	4,849,823	4,761,629
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
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
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
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

