

Q1 2013



City of Los Altos Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Los Altos In Brief

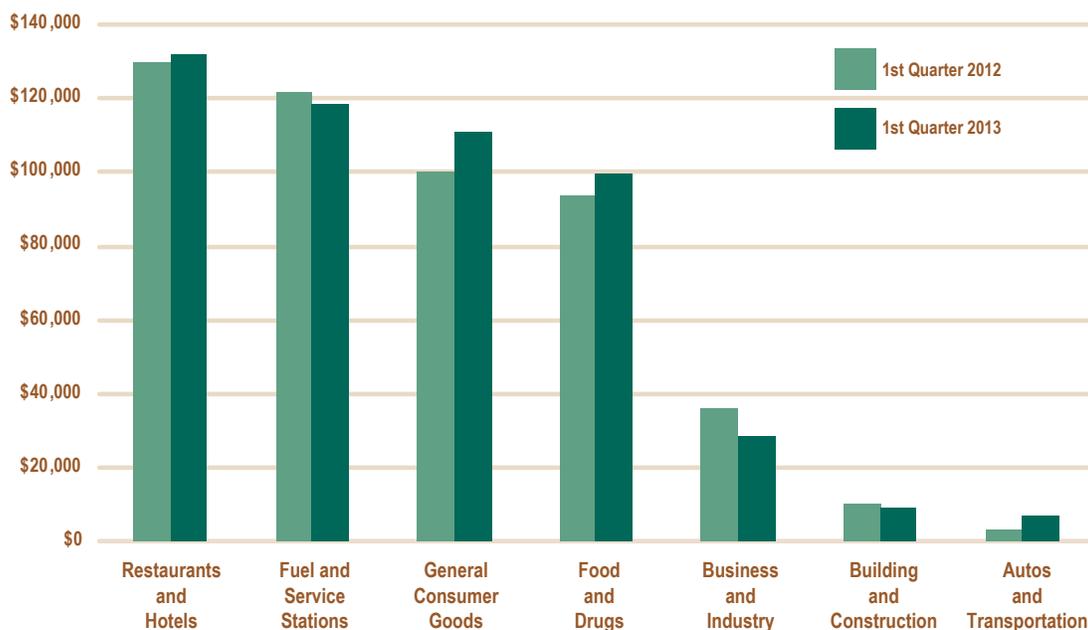
The allocation for Los Altos' first quarter sales was 2.5% higher than the same period one year ago. Actual sales activity increased 6.0% when accounting anomalies were factored out.

Recent additions contributed to gains from several categories of general consumer goods. Postings were up from grocery-liquor, business services and the automotive group. Accounting events inflated comparisons for medical/biotech, family apparel and quick service restaurants.

Gains were partially offset by declines from service stations and prior closeouts in jewelry stores and the business and industry group. Payment anomalies depressed results from eateries serving beer and wine and exaggerated the impact of the closure of a restaurant with full liquor service.

Adjusted for reporting aberrations, sales and use tax receipts for all of Santa Clara County rose 5.4% over the same time period; Bay area totals increased 6.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Andronicos Market	Pho Vi Hoa Restaurant
Armadillo Willys BBQ & Cafe	Rite Aid
Boardwalk	Safeway
Branders Com	Spectrum Interior Design
Chef Chus	Tesoro West Coast
Chicos	Valero
Draegers Super Market	Trader Joes
El Camino 76	True Value Hardware
Footwear Etc	Village Chevron
Grand Petroleum	Vitamin Shoppe
Los Altos Chevron	Walgreens
Los Altos Grill	Whole Foods Market
Lucky Supermarket	
OPA Authentic Greek Cuisine	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$2,083,565	\$2,122,595
County Pool	318,151	326,738
State Pool	775	1,137
Gross Receipts	\$2,402,490	\$2,450,470
Less Triple Flip*	\$(600,623)	\$(612,617)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

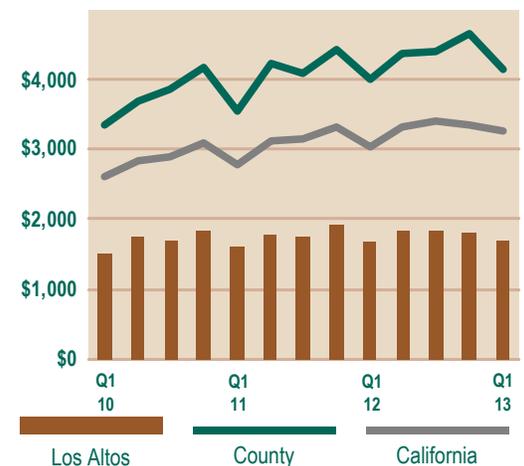
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



LOS ALTOS TOP 15 BUSINESS TYPES

Business Type	Los Altos		County	HdL State
	Q1 '13	Change	Change	Change
Art/Gift/Novelty Stores	6,247	12.1%	4.0%	2.4%
Business Services	5,234	19.0%	-44.8%	-10.9%
Drug Stores	— CONFIDENTIAL —		5.3%	2.9%
Family Apparel	6,781	14.9%	14.6%	16.6%
Grocery Stores Liquor	75,451	5.8%	5.5%	24.7%
Home Furnishings	21,059	14.4%	6.3%	4.4%
Medical/Biotech	5,460	101.9%	-16.0%	1.6%
Personal Service-No Liquor	5,584	26.2%	5.6%	2.3%
Restaurants Beer And Wine	44,947	-0.5%	-4.1%	-2.7%
Restaurants Liquor	48,688	-9.9%	8.4%	7.1%
Restaurants No Alcohol	37,371	26.0%	12.0%	5.9%
Service Stations	118,643	-2.7%	-0.7%	-2.2%
Specialty Stores	25,349	61.6%	-4.1%	2.8%
Sporting Goods/Bike Stores	8,390	0.9%	15.5%	12.7%
Women's Apparel	13,970	2.3%	9.9%	14.6%
Total All Accounts	\$505,726	2.2%	4.8%	5.7%
County & State Pool Allocation	77,076	4.7%		
Gross Receipts	\$582,802	2.5%		