

Resolution No. **2022-09-13-1602****STOCKTON CITY COUNCIL**

FORMATION OF THE MIRACLE MILE COMMUNITY IMPROVEMENT DISTRICT

The Property and Business Improvement District ("PBID") Law of 1994, Streets and Highways Code section 36600 *et seq.*, authorizes cities to establish property and business improvement districts upon petition by a weighted majority of property owners within the proposed district and by affirmative ballot; and

The City of Stockton Community Improvement District Ordinance, Stockton Municipal Code section 3.96.010 *et seq.*, creates additional and alternative assessment district procedures to those provided under the PBID Law, called Community Improvement Districts (CID); and

The formation of a CID is authorized under the City of Stockton's Community Improvement District Ordinance 2022-03-12-1211. The levy of assessments on real property within the proposed district will support activities and improvements for the assessed properties, including enhanced security and maintenance, landscape beautification, advocacy services, marketing, events, and administration throughout the district; and

The required threshold of property owners subject to assessment, weighted according to the amount of assessment to be paid by each property owner, have petitioned the City Council for the formation of the Miracle Mile Community Improvement District ("MMCID") pursuant to the City of Stockton Community Improvement District Ordinance; and

On July 12, 2022, the City Council adopted Resolution No. 2022-07-12-1203, which was the Resolution of Intention to form the MMCID; and

On September 13, 2022, the City Council conducted a public hearing at the Council Meeting beginning at 5:30 PM at 425 N. El Dorado Street, 2nd Floor, Stockton, CA 95202, with respect to the formation of the MMCID; and

All protests made or filed were duly heard, evidence for and against the proposed action was received, and a full, fair and complete hearing was granted and held; and

Pursuant to California Constitution Article XIII D, ballots were mailed to property owners within the boundaries of the proposed MMCID, and, among those ballots returned to the City, a weighted majority of the property owners within the MMCID have approved formation of the MMCID; and

A detailed Engineer's Report prepared by a registered professional engineer certified by the State of California, Edward V. Henning, in support of the MMCID's assessments, has been prepared, is incorporated in the Management District Plan, and is on file with the Office of the City Clerk and is incorporated herein by this reference ("Engineer's Report"); now, therefore,

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BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. **Recitals.** The recitals set forth herein are true and correct.
2. **Formation and Assessment Levy.** The Miracle Mile Community Improvement District No. 2022-01 is hereby formed and the annual assessment is hereby levied for each year of the entire term of the MMCID. The initial annual assessment for 2023 will total approximately \$230,550.
3. **Boundary Map.** The assessment shall be imposed on properties within the MMCID. The boundaries of the MMCID are shown on Exhibit 1, incorporated by this reference.
4. **Management Plan and Engineer's Report.** The Management District Plan and the Engineer's Report in Exhibit 2, incorporated by this reference are hereby approved.
5. **Assessment.** Assessment rates may be subject to yearly increases not to exceed five percent (5%) per year and shall not exceed the actual increases in costs and services. The assessment will be imposed on real property at the following rates:

Property Variable	Zone 1	Zone 2	Zone 3	Zone 4
Building Square Footage	\$0.13	\$0.07	\$0.11	N/A
Lot/Parcel Size	\$0.13	\$0.07	\$0.11	N/A
Linear Frontage	N/A	N/A	N/A	\$2.00

6. **Assessment Roll.** The Assessment Roll for the Miracle Mile Community Improvement District has been filed with the City Clerk, and is hereby approved.
7. **Assessment Collection.** The assessments shall be collected in accordance with section 36631 of the Streets and Highways Code.
8. **Assessment Activity.** The assessment levied for the MMCID shall be applied towards enhanced maintenance, safety, marketing, management, and advocacy services that will be provided directly and only to assessed parcels.
9. **Bonds.** Bonds shall not be issued.
10. **Streets and Highways Code.** Properties within the District are subject to any amendments to Part 7 (commencing with 36600) to Division 18 of the Streets and Highways Code not in conflict with the City of Stockton Community Improvement District Ordinance.
11. **Improvements and Activities.** The improvements, maintenance, and activities to be provided in the District will be funded by the levy of the assessments specified in the assessment roll. The revenue from the levy of such assessments shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the Resolution of Intention and Management District Plan. Notwithstanding the foregoing, improvements, maintenance, and activities that must be

provided outside the MMCID boundaries to create a special benefit to the assessed parcels may be provided but shall be limited to marketing or signage pointing to the MMCID.

12. **Property Benefit.** All assessed property within the MMCID will be benefited specially and directly by the improvements, maintenance, and activities funded by the assessments proposed to be levied.

13. **Necessary Actions.** The City Clerk is directed to take all necessary actions to complete the establishment of the MMCID. The City Clerk is directed to record in the County Recorder's Office a notice and assessment diagram as required by Streets and Highways Code section 36627.

14. **Validity.** If any section, subsection, sentence, clause or phrase of this resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the resolution. The City Council hereby declares that it would have passed this resolution and each section, subsection, sentence, clause and phrase hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases hereof be declared invalid or unconstitutional.

15. **Effectiveness.** This resolution shall take effect immediately.

16. The City Manager is hereby authorized to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED September 13, 2022.



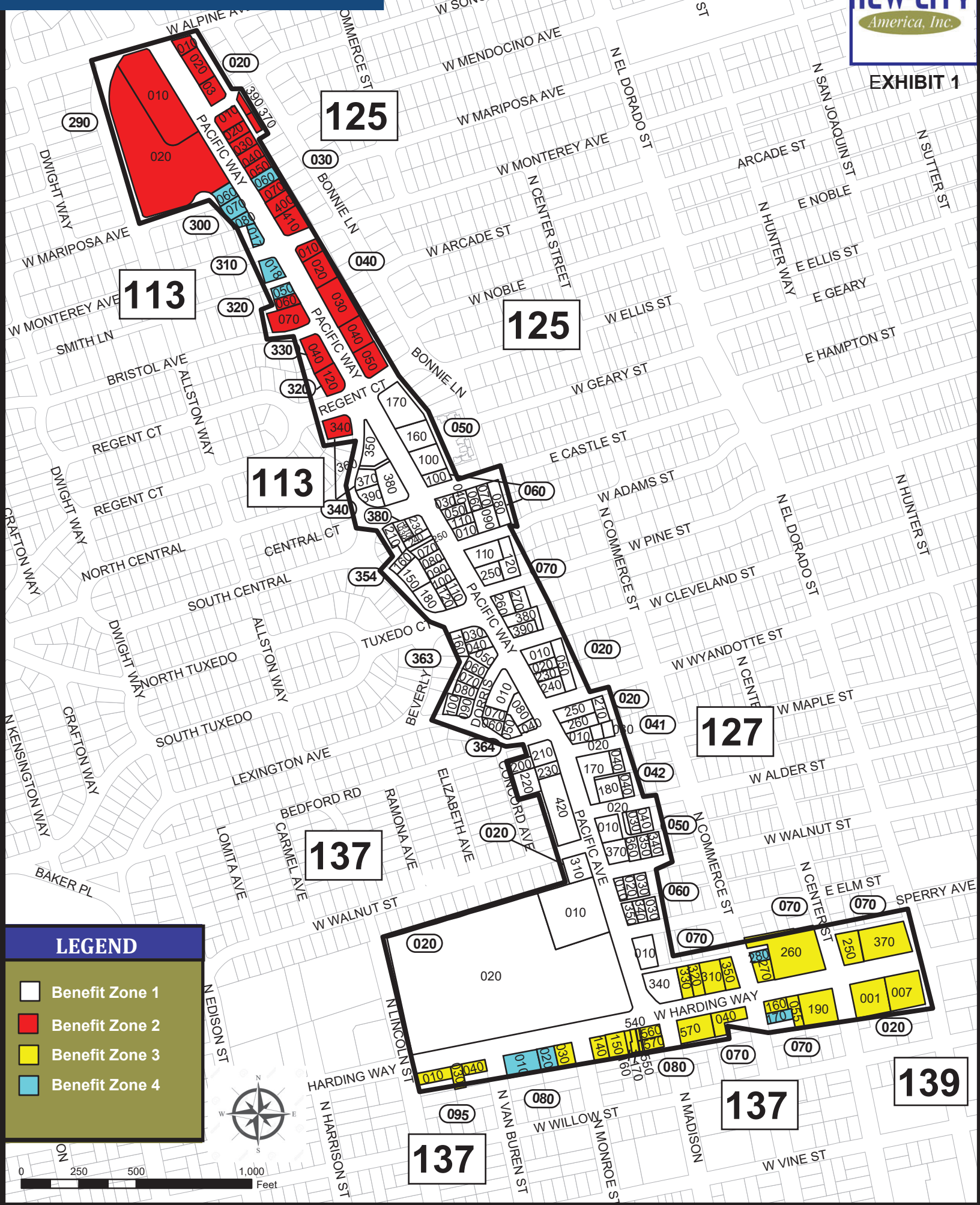
ATTEST:



ELIZA R. GARZA, CMC
City Clerk of the City of Stockton

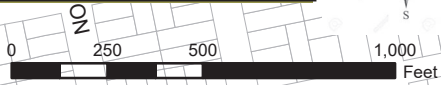


KEVIN J. LINCOLN II
Mayor of the City of Stockton



LEGEND

- Benefit Zone 1
- Benefit Zone 2
- Benefit Zone 3
- Benefit Zone 4





**THE MIRACLE MILE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN**

Final Plan – April 18, 2022

*Prepared pursuant to the City of Stockton's Community Improvement District
(Stockton Municipal Code Ordinance is 2022-03-22-1211)*

Prepared for the:

The Miracle Mile Improvement District
City of Stockton

Prepared by:

New City America, Inc.



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**The Miracle Mile Community Improvement District 2022
Management District Plan**

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Attachment:

- a. Engineer's Report

Section 1

Management District Plan Summary

The name of this Community Improvement District ("CID") is the Miracle Mile Community Improvement District ("Miracle Mile CID," "MMCID," or the "District"). The District is being formed under the City of Stockton's Community Improvement District Ordinance (Stockton Municipal Code Ordinance # 2022-03-22-1211). The levy of assessments on real property within the proposed District will fund physical improvements, maintenance, activities, and operational improvements to properties, with the intent to attract new customers, tenants, and increase business sales, throughout the District.

Miracle Mile CID Steering Committee

For almost 100 years, the Miracle Mile business community and its Association has led the effort to improve and enhance the experience and overall ambiance of working, visiting, shopping, and residing in the Miracle Mile District. Its efforts have paid off well but are hindered by a lack of sustainable revenue to fund the improvements, as well as not having staff to oversee the short- and long-term needs of the district.

In the Fall of 2021, the Miracle Mile Association hired New City America, a Southern California company that specializes in CID and PBID investigations and formations, to create a new CID under the new City enabling ordinance. The current Miracle Mile Improvement District, which has been in place since 2007, and this new CID formation is the culmination of that effort.

Goals of the New Miracle Mile District Community Improvement District

The establishment of the Miracle Mile CID centered on these questions:

- 1. How to fund the programs that will make the Miracle Mile District brand become more positive in the region as well as the Bay Area?*
- 2. How to create greater demand for Miracle Mile District's buildings resulting in greater rental rates and commerce to businesses and tenants, particularly considering the devastating impact of the COVID 19 pandemic?*
- 3. How to drive more tenants to the buildings in the Miracle Mile District and attract more customers and visitors to strengthen the retail, service, and restaurant sectors here?*
- 4. How to ensure that the public rights of way will become more beautiful, and attractive and promote the culture and history of the Miracle Mile District?*
- 5. How to fund and sustain the improvements needed to provide adequate lighting and landscaping, physical improvement and beautification in Miracle Mile Road and its businesses?*

METHOD OF FINANCING

The financing of the Miracle Mile CID is based upon the levy of property assessments on real properties that receive special benefits from the improvements and activities based upon which Benefit Zone they are located within. See Section 2 for maps of the District and Benefit Zones, and Section 4 for assessment methodology and compliance with Article XIII D of the California State Constitution. There will be four factors used in the determination of proportional costs to the parcels in the District.

- Lot size or the footprint of the parcel

- Building square footage (residential condominiums will have their own methodology)
- Linear frontage, on all sides of the parcel (Benefit Zone 4 parcels only)
- Location within one of the four geographic benefit zones of the district

Data and Benefit Zones

There are 155 individual parcels owned by 95 property owners in the renewed Miracle Mile Community Improvement District.

The data that was obtained from San Joaquin County as well as input from the various property owners in Miracle Mile District have yielded the following information which is to be used as the basis for the generation of revenue to fund the special benefits outlined in this Management Plan. That data, as of March 1st, 2022, is as follows:

Data by Benefit Zone

Zones	Building Square Feet	Lot Square Feet	Linear Frontage
1	448,116 sq. ft.	673,685 sq. ft.	NA
2	109,625 sq. ft.	434,623 sq. ft.	NA
3	108,935 sq. ft.	294,957 sq. ft.	NA
4	NA	NA	1,095
Total	666,676 sq. ft.	1,403,265 sq. ft.	1,095

Special Benefit Services Allocations

First Year Budget

Category of Services*	Percentage of Budget	1st Year Allocation
Civil Sidewalks	60%	\$138,000
District Identity and Placemaking	15%	\$35,000
Administration/District Management	22%	\$50,000
Contingency/Reserve	3%	\$7,550
Total	100%	\$230,550

* These categories of special benefit services shall be explained in detail on pages 11 – 13 of this Management District Plan.

Costs

The costs per parcel is based upon the four factors listed at the top of Page 4, above. The Benefit Zones are determined by the anticipated special benefits that each individual parcel will receive based upon its proximity to the core of the district along Pacific Avenue, as well as the frequency of special benefit services that that parcel will be receiving. All assessments must be proportional to the special benefits received.

First Year Annual Costs Per Property Variable and Benefit Zone

Assessments are a sum of the proposed building square footage, lot size and linear frontage

costs per parcel, per Benefit Zone.

Property Variable	Benefit Zone 1	Benefit Zone 2	Benefit Zone 3	Benefit Zone 4
Building Square Footage (per sq. ft.)	\$0.13	\$0.07	\$0.11	NA
Lot/Parcel Size (per sq. ft.)	\$0.13	\$0.07	\$0.11	NA
Linear Frontage (per linear ft.)	NA	NA	NA	\$2.00

Annual Rate Increase

The District assessments are subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners' Association and approved by the Stockton City Council and will vary between 0% and a maximum of 5% annually due to increasing costs in labor, materials, and other expenses. The increases will not exceed the actual increase in costs for the same or similar level of services from one fiscal year to the next.

Changes in Land Use and the Impact on the District

Changes in land uses, the development of vacant parcels, the conversion of tax exempt to profitable land uses, the demolition of buildings, building improvements that increase square footages, and new building construction or residential condominium development, may alter the District's budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site. Changes to assessments are more likely to occur upon changes to building square footages. Changes may also occur upon the conversion of single parcels to multiple parcels due to the construction of residential and/or commercial condominiums.

Bonds

The District will not issue any bonds related to any program.

District Formation

Under the local enabling ordinance, District formation requires a submission of petitions from property owners in the proposed district representing more than 30% of the total assessments to be paid into the MMCID. Once the City verifies the petitions totaling a minimum of 30%, (\$69,165) of the first-year annual budget which is projected to be \$230,550.00 in assessments in the District, the Stockton City Council may adopt a Resolution of Intention to mail out ballots to all affected property owners. The City will then hold a public hearing and tabulate the ballots. The Miracle Mile CID will be formed if the weighted majority of all returned mail ballots support District formation and if the City Council adopts a Resolution of Formation to levy the assessments on the benefiting parcels. The date for that public hearing has not been scheduled but is assumed that it will be held in late July 2022, based upon the successful completion of the petition drive.

Term

Under the Stockton local enabling ordinance, the District may be established for up to 20 years with provisions for annual disestablishment. This management district plan will authorize the creation of the Miracle Mile CID for the maximum initial twenty-year period.

Time and Manner for Collecting Assessments

The Miracle Mile CID assessments will appear as a separate line item on annual property tax bills prepared by the County of San Joaquin Tax Assessor. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes.

Public and Tax-Exempt Parcels

The Miracle Mile CID Management Plan assumes that the any public or tax-exempt parcels shall pay into the district in proportion to the assessments paid for services. There are currently City, Successor Agency and the Stockton Unified School District owned parcels in the proposed Miracle Mile CID.

Governance

Pursuant to Section 36650 of the California Streets and Highway Code, an Owners' Association will report on District budgets and policies annually to the Stockton City Council. The Owner's Association, which will be under contract with the City of Stockton, must file Annual Reports with the City as the Association will oversee the day-to-day implementation of services as defined in the Management District Plan.

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose." (Streets & Highway. Code § 36612.)

A new public benefit non-profit corporation (501c3) will be established once the District has been approved by the property owners and it will serve in the capacity of the Owners Association. The current Miracle Mile Improvement Association seeks to become a new public benefit, non-profit corporation and will therefore create a successor organization, serving as the Owners Association, to administer the District under contract with the City.

Disestablishment

Under the local enabling ordinance, the Miracle Mile CID property owners will have an annual period in which to submit petitions to the City Council to disestablish the CID. If disestablished, assessments will be removed from the parcels the following fiscal year. Unexpended surplus funds will be returned to property owners based upon a parcel's percentage contribution to the previous fiscal year's assessments. This disestablishment procedure is articulated in both the Stockton City Municipal Code, as well as the California Streets and Highway Code, Section 36670.

Section 2 Boundaries

Boundaries:

The proposed Miracle Mile CID consists of approximately 25 square blocks consisting of 155 parcels owned by 95 property owners. See the Miracle Mile proposed CID map in Section 2, pages 10 and 11.

Benefit Zones:

The District consists of four benefit zones.

Northern Boundary:

The northern boundary of the proposed Miracle Mile CID is on the south side of E. Alpine Avenue and includes parcel number 113-290-010 as well as 125-020-101 on the south side of the intersection of E. Alpine Avenue and Pacific Avenue.

Western Boundary:

The western boundary of the proposed CID starts at parcel 125-020-010 at E. Alpine Avenue and includes all the western side of the parcels fronting along Pacific Avenue, continuing south from E. Alpine Avenue to the northwestern corner of the intersection of Harding Way and Pacific Avenue. The western boundary then heads west including all the north side of the parcels fronting along Harding Way from parcel 127-070-340, westward and ending at the east side of Sperry Street including parcels 139-020-370 and parcel 139-020-007.

Southern Boundary:

The southern boundary of the proposed Miracle Mile CID commences at the southeastern corner of the intersection of Sperry Road and Harding Way, including parcel 139-020-007 and runs eastward along the southern edge of the parcels fronting along Harding Way, ending at parcel 137-095-010 at the southwestern corner of Lincoln Road and Harding Way.

Eastern Boundary:

The eastern boundary of the proposed CID begins at the southeastern corner of the intersection of Harding Way and Lincoln Road, parcel 137-095-010 and runs northward, including the Stockton Adult School at parcel 137-060-020, continuing northward running on the eastern edge of the parcels fronting along Pacific Avenue including all the *commercial parcels* bounded by Bedford Road on the south, Beverly Road on the east, Pacific Avenue on the west and Regent Court on the north. Continuing north of Regent Court, including all the parcels fronting along Pacific Avenue up to parcel 113-290-010 on the south side of W. Alpine Avenue.

Boundaries of Benefit Zones:

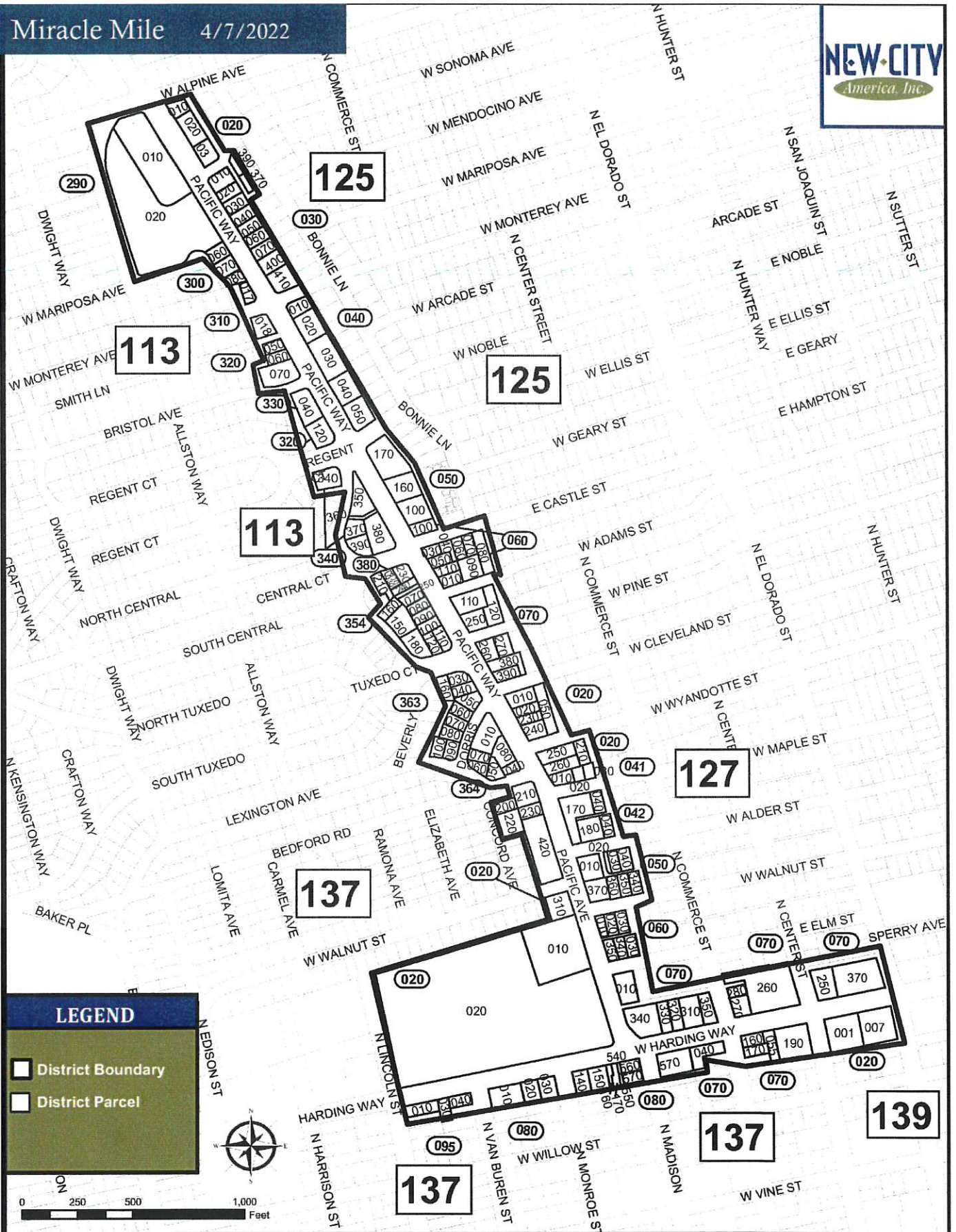
The boundaries of each of the four benefit zones, are to be found in their respective colors on

page 10. The current Benefit Zone are carried forward from the previous PBID plan of 2017 with inclusion of previously excluded parcels within the boundaries of MMCID, due to provisions of the PBID law that excluded those parcels from being included.

Summation:

A list of all parcels included in the proposed Miracle Mile CID are shown as Appendix 1, attached to this report identified by their respective assessor parcel numbers. The boundary of the proposed Miracle Mile CID is shown on the map to be found on pages 9 and 10 of this report. All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Management District Plan. All Miracle Mile CID funded services, programs and improvements provided within the above-described boundaries shall confer special benefit to identified assessed parcels inside the District boundaries and none will be provided outside of the District.

Miracle Mile 4/7/2022



Section 3

District Improvement and Activity Plan

Explanation of Special Benefit Services

All the improvements and activities detailed below are provided only to properties within the boundaries of the Miracle Mile CID, as the improvements and activities will provide special benefits to the owners of these individual parcel owners.

The City will continue to provide general benefit services from the general fund in the Miracle Mile District which will include public safety programs, street sweeping, tree trimming, roadwork repairs, sidewalk repair, trash collection of public refuse containers, etc. The frequency of these general benefits may change from year to year and time to time based upon budget constraints. However, City general benefits will not be withdrawn from Miracle Mile District unless they are withdrawn by an equal frequency City wide. The CID funded special benefits will not replace City funded general benefits, but rather will provide special benefits to parcel owners over and above the general benefits provided by the City of Stockton.

All services funded by the assessments outlined in the Management District Plan are intended to specifically benefit the properties within the District to support increased commerce, business attraction and retention, to retain and increase commercial property rentals, attract new residential developments, enhance safety and cleanliness in the District, improve District identity, and eventually fund specialized beautification and enhanced services for the property owners, businesses, visitors and residents within the District.

Special Benefit Budget Category Analysis

This Plan gives property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis. As Stockton's Miracle Mile District evolves, services that are needed one year may not be needed the next. Therefore, "bundles" or categories of special benefit funding have been created and divided into four broad categories – Civil Sidewalks, District Identity and Placemaking, Administration/District Management, and Contingency. The bundles are allocated funding percentages with the flexibility to prioritize or minimize a service within each bundle.

The bundles or categories of services and their percentages represent the service plan the Miracle Mile District property owners will be voting on when the Miracle Mile CID comes up for a mail ballot in the Summer of 2022.

The proposed "bundles" of special benefit services are listed below and are supplemental to current City services.

CIVIL SIDEWALKS

Examples of this category of special benefit services and costs are typically those which provide "clean and safe" services to the benefitting property owners and may include, but are not limited to:

- Beautification of the district
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces

- Installation of and maintenance of landscaping throughout the district
- Regular sidewalk and gutter sweeping
- Periodic sidewalk steam cleaning
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Possible hiring of contracted professional case workers to respond to the needs of the unhoused population in and around Miracle Mile
- Farmers market and special event assistance, set up and take down

Supplemental/Special Benefit Services for Civil Sidewalks by Benefit Zone

Type of Special Benefit Service	Benefit Zone	Frequency of Service
Sidewalk and gutter sweeping	1, 2, 3, 4	4 - 5 days per week/Zone 1 and 3 2 - 4 days per week/Zone 2 1 - 2 per week/ Zone 4
Sidewalk pressure washing	1, 2, 3, 4	Quarterly
Trash receptacle emptying (over and above City general services)	As needed	Zones 1, 2 and 3 As needed/Zone 4
Graffiti removal/24 hours	1, 2, 3, 4	24 hours after notice
Notification to City of hazards	1, 2, 3, 4	As identified
Landscaping and watering	1, 2, 3, 4	Weekly or as needed
Ornamental landscaping	1, 3	Weekly or as needed
Special projects	1, 2, 3, 4	As needed
Installation of seasonal displays	1, 2, 3, 4	Seasonally

The proposed budget for Civil Sidewalks will be \$138,000 during the first year of operations and the costs of these services are generally allocated as follows:

80% to labor and personnel: Approximately \$110,400 for labor or 1½ full time employees working an average of 7 days per week, (assuming starting pay at \$18.00 per hour for maintenance, pressure washing and landscaping employees, which includes benefits and insurance).

20% for equipment, supplies: Approximately \$27,600 for vehicles, pressure washer machine/trailer, water tank, gas, supplies, tools, equipment, storage/lockers/employee room

Homeless Outreach Services: Funded by grants and assessments

Total Budget for Civil Sidewalks \$ 138,000

DISTRICT IDENTITY AND PLACEMAKING:

Examples of this category of special benefit services and costs are usually considered to be similar to “marketing and promotional services and may include, but are not limited to:

- Web site updating
- Social media, public relations firm
- Events such as the Taste of Miracle Mile
- Branding of the Miracle Mile CID properties so a positive image is promoted to the public including the development of a new logo
- Banner programs
- Public art displays
- Public space design and improvements
- Refurbishment of street signs and monuments

Supplemental/Special Benefit Services by Benefit Zone for District Identity and Placemaking

Type of Special Benefit Service	Benefit Zones	Estimated First Year Cost
Web site maintenance and management	All	\$5,000
Social media and PR Firm	All	\$20,000
Branding and signage	All	TBD
Banner program	All	\$10,000
Public Art Displays	Zone 1	Based upon grants
Public space design and management	Zone 1	TBD
Total Budget for District Identity and Placemaking		\$35,000

ADMINISTRATION/DISTRICT MANAGEMENT

Examples of this category of special benefit services and costs represent what costs are related to the personnel and administrative costs related to running the CID and may include, but is not limited to:

- Staff and administrative costs, contracted or in-house
- Directors and Officers and General Liability Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal work

Type of Special Benefit Service	Estimated First Year Cost
Executive Director/District Management staff	\$17,000*
Insurance (D & O, General Liability, Employee practices)	\$8,000
Legal Fees	TBD
Accounting and CPA Reviews	\$7,000
Rent and office supplies/computer equipment (Rent, donated, or shared or discounted)	\$18,000
Total Budget for Administration/District Management	\$50,000*

* Staff costs may be supplemented, by action of the Owners Association Board, by non-assessment activities and grants.

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but is not limited to:

- Delinquencies, City/County fees, reserves, capital project improvements

Total Budget for Contingency \$ 7,550.00

Section 4

Assessment Methodology

The proposed Miracle Mile CID is a property-based special benefit assessment district being established pursuant to the Stockton local enabling ordinance as well as Section 36600 of the California Streets and Highway Code.

The state constitution refers to the requirement that benefits received from CID funded programs and activities be used to determine the amount of assessment paid. Only those properties expected to derive special benefits from CID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

General vs. Special Benefits

As provided by Proposition 218, assessment district programs and activities confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the assessed properties. "Special Benefit" as defined by the California State Constitution, Article XIII (d), means "a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large." For the purposes of this analysis, "General Benefits" are benefits provided within Miracle Mile District that are not special in nature, are not "particular and distinct" and are not over and above the benefits that other city parcels receive.

General benefits are not restricted to benefits conferred only on persons and property outside the assessment district but can include benefits both conferred on real property located in the district or to the public at large. "At large" means not limited to any particular person and means all members of the public, including those who live, work, and shop within the district and not simply transient visitors.

The property uses within the boundaries of the proposed Miracle Mile CID which will receive special benefits from CID funded programs and services are currently a mix of retail, service, office, mixed use, residential, public visitor related, cultural and parking. Services, programs, and improvements provided by the Miracle Mile CID are primarily designed to provide special benefits to identified parcels within the boundaries of the District.

Parcels that derive benefit from the special benefit programs, services, activities, and improvements outlined in this Management District Plan will attract more customers, employees, tenants, and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, and rental income, and for future residents, make Miracle Mile District more walkable, attractive and livable. These benefits are particular and distinct in that they are not provided to non-assessed parcels within or outside of the District. Because these programs, services and improvements will only be provided to each individually assessed parcel within the Miracle Mile CID boundaries, these programs, services, and improvements will constitute "special benefits."

While every attempt is made to provide CID services and programs to confer benefits only to those identified assessed parcels within the District, the California State Constitution, Article XIII (d), was amended via Proposition 218 to provide that general benefits exist, either by

design or unintentionally, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or “spillover” onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business or residing within the District or interest in the District itself. Empirical assessment engineering analysis throughout California has found that general benefits within a given similar special benefit district tend to range from 1-5% of the total costs. There are three methods that have been used by the Miracle Mile CID Assessment Engineer for determining general and special benefit values within assessment districts:

- (1) *The parcel-by-parcel allocation method*
- (2) *The program/activity line-item allocation method, and*
- (3) *The composite district overlay determinant method.*

A majority of PBIDs and CIDs in California for which the Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for this CID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

Miracle Mile CID Programs and Improvements

The total special and general benefit program activities and budget allocations that will be provided to each individual parcel assessed in the proposed Miracle Mile CID are shown in the chart below:

Total Year 1 – 2022 Special + General Benefit Costs -Table 4A

Category of Special Benefit Services	Year 1 Annual Amount (assessments to fund special benefits)	Year 1 Non-Assessment Costs (general benefits ratio)	Year 1 Total Costs (special and general benefits)	% Of Total
Civil Sidewalks	\$138,000	\$2,816	\$140,816	60%
District Identity /Placemaking	\$35,000	\$714	\$35,714	15%
Administration/District Management	\$50,000	\$1,020	\$51,020	22%
Contingency	\$7,550	\$155	\$7,705	3%
Total	\$230,550.00	\$4,705.00	\$235,255.00	100%

All program costs associated with general benefits will be derived from sources or credits other than CID assessments. Sample “other” revenue sources can be derived from special events, grants, volunteer hours and must simply equal a total of \$4,705 per year which would equal the general benefit cost of 2% of the computed total CID cost of \$235,254 from the table above. Here, program costs are spread among property variables that are common to each parcel include linear frontage, lot or parcel size and building square footage, and residential condominium parcels and Benefit Zone. Assessed valuation cannot be used as the basis for revenue generation in the state of California since Proposition 13 sets the assessed valuation at the time of purchase of the parcel, therefore adjacent parcels may be similar in size, but have different assessed valuations. We must therefore spread the assessments among the consistent factors of each parcel, based upon 2022 data.

Assessable Data -Table 4B

Benefit Zone	Building Square Feet	Lot Square Feet	Linear Frontage
1	448,116 sq. ft	673,685 sq. ft.	NA
2	109,625 sq. ft.	434,623 sq. ft.	NA
3	108,935 sq. ft.	294,957 sq. ft	NA
4	NA	NA	1,095
Total	666,676 sq ft.	1,403,265 sq. ft.	1,095

Assessment Revenue by Property Variable -Table 4C

Property Variable	Total Revenue Generated	Percent of Budget
Building Sq. Ft.	\$77,912	34%
Lot Sq. Ft.	\$150,448	65%
Linear Frontage	\$2,190	1%
Total	\$230,550	100%

Assessments Costs by Benefit Zone - Table 4D

Property Variable	Benefit Zone 1	Benefit Zone 2	Benefit Zone 3	Benefit Zone 4
Building Square Footage	\$0.13	\$0.07	\$0.11	NA
Lot/Parcel Size	\$0.13	\$0.07	\$0.11	NA
Linear Frontage	NA	NA	NA	\$2.00

Explanation of Costs

Benefit Zone 1 parcels will be assessed at a higher rate since they will have the highest frequency of Civil Sidewalks and District Identity services due to the amount of foot traffic in and around the parcels fronting along Miracle Mile Road in the core area of the District. Benefit Zone 1 properties are the historic core of Stockton's Miracle Mile District dating back almost 100 years built on Pacific Avenue. Zone 1 properties include retail, restaurants, services, coffee shops, bars, residential, educational and office. These parcels will benefit the most from the CID special benefit services, therefore their assessments have been set to fund the costs of services to these parcels. Benefit Zone One parcels are to be found on both sides of Pacific Avenue from Harding Way on the northeastern and northwestern sides of the intersection of Harding Way and Pacific Avenue on the south and to the southeastern and southwestern parcels of the intersection of North Regent Street and Pacific Avenue on the north.

For a breakdown of the frequency of special benefit services for Civil Sidewalks and District Identity and Placemaking services by Benefit Zone, please see the charts on pages 9 and 10 and 12 of this Management District Plan.

The higher costs assessed to Benefit Zone 1 parcels are based upon:

- 4 to 6 days per week services, particularly for cleaning and beautification services.
- Benefit Zone 1 parcels are predominantly retail, visitor related, service and pedestrian oriented therefore they will need civil sidewalk special benefit services daily, particularly on the weekends. Holiday traffic will also necessitate cleaning services.
- District identity services will also be proportionally higher and confer special benefit services relative to Benefit Zone 2, 3 and 4 parcels. Special events will be held in Benefit Zone 1, thereby benefitting property owners and their tenants there, no special events will most likely be held in Zone 2, 3 and 4.

Linear Frontage Defined

Individual parcels linear frontage assessments will only be applied to Benefit Zone 4 properties. These parcels were previously excluded from the former plan due to the restrictions in the PBID law. Under the local enabling ordinance, all parcels who receive benefit, albeit at different frequencies will be assessed to fund the services.

Benefit Zone 4 parcels will be assessed for all sides of each parcel fronting on a public street. Alley frontage is not assessed. Each side of the parcel (excluding alley areas) will receive Civil Sidewalks special benefit services at a lower frequency for the Zone 4 parcels. The linear frontage data was obtained from the County Assessor's parcel maps.

Building Square Footage Defined

Building square footage is defined as gross building square footage for each parcel, throughout Benefit Zones 1, 2 and 3 in the proposed the Miracle Mile CID. The various building and lot size annual assessments are due to the frequency of Civil Sidewalks and District Identity and Placemaking Services anticipated by Zones 1, 2 3.

Lot Square Footage Defined

Lot square footage is defined as the total amount of area within the borders of the parcel. The lot square footage of a parcel has been verified by the County Assessor's parcel maps. Lot size or parcel size square footage assessments are applied at different rates for Zones 1, 2 and 3. The various building and lot size annual assessments are due to the frequency of Civil Sidewalks and District Identity and Placemaking Services anticipated by Zones 1, 2 3.

Commercial Condominium (non-residential portion of mixed-use buildings) - Parcels Defined

Though none currently exist, ground floor commercial condominiums will be treated as independent "mini" commercial buildings and assessed based on their actual building square footage, the footprint of land they cover or lot size of the commercial condominium. Ground floor commercial condominiums will pay 100% of the special benefits for the assessment, based upon which Benefit Zone they are within, (Zones 1, 2, and 3).

Residential Condominium Unit Parcels Defined

Residential condominium units building square footage is defined as the livable building square footage within the walls of the condominium residential unit parcel. They are included in a special category to designate their unique special benefits relative to the other commercial parcels within the Miracle Mile CID. Unlike the other commercial parcels in the District, including commercially operated apartment buildings, residential condominium parcels are assessed for building square footage only, and are not assessed for linear frontage and lot square footage. Under current zoning rules, residential condominiums may be construction in each of the four Benefit Zones under this plan. This methodology of assessing only the actual building square footage of future residential condominiums shall apply district wide, regardless of Benefit Zone.

Though currently, no residential condominium parcels exist within the boundaries of the Miracle Mile CID, future residential condos will be assessed as a separate category. These residential condominium individual parcels will be assessed for their building square footage only at the rate of \$0.13 per square foot per year. The rationale for assessing future residential condominiums only for the building square footage rate is provided below.

Residential condominium parcels are assessed differently than multi-unit, market rate apartment rental buildings due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and property owner have an economic relationship as opposed to residential condominium buildings where individual property owners own separate "air space parcels" on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condominium individual units are separately owned and must be individually bought and sold.

Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are explained as follows:

1. *The Davis Sterling Act establishes rules and regulations for residential condominium owners based upon "separate interests" (i.e., ownership rights), as opposed to renters who only have a possessory interest.*

2. *Generally, residential condominium unit owners demonstrate greater care for their property and concerns about quality-of-life issues due to their investment in real estate.*
3. *Residential owners and have the right to vote in a Proposition 218 hearing, tenants do not have that right.*
4. *Residential condominium owners are required to contribute to legally established Homeowners Associations to oversee building maintenance, tenants are not.*
5. *Residential tenants may have their dwelling units sold or have their rent raised arbitrarily due the lack of ownership of their residential units.*

The assessment methodology has been written to confer special benefits to future residential condominium individual assessed parcels since residential condominium owners have expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest.

METHOD OF FINANCING

The financing of the Miracle Mile CID is based upon the levy of special assessments upon real properties that receive special benefits from the improvements and activities based upon which Benefit Zone they are located within. See Section 4 for assessment methodology and compliance with Article XIII (d) of the California State Constitution. There will be five factors used in the determination of proportional costs to the parcels in the District. The factors are:

- Linear frontage on all sides (excluding alleys) in Benefit Zone 4 parcels only, (unless these parcels have been converted to residential condominiums.
- Lot square footage or the footprint of the parcel
- Building square footage.
- Residential condominiums that will be constructed within the District.
- Location within one of the four geographic benefit zones of the district

Annual Rate Increase

The District assessments are subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners' Association and approved by the Stockton City Council and will vary between 0% and a maximum of 5% annually due to increasing costs in labor, materials, and other expenses. The increases will not exceed the actual increase in costs for the same or similar level of services from one fiscal year to the next.

Changes in land uses, the development of vacant parcels, the conversion of tax exempt to profitable land uses, the demolition of buildings, building improvements that increase square footages, and new building construction or residential condominium development, may alter the District's budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site. Changes to assessments are more likely to occur upon changes to building square footages. Changes may also occur upon the conversion of single parcels to multiple parcels due to the construction of residential and/or commercial condominiums.

Bonds

The District will not issue any bonds related to any program.

Operating Budget

A projected operating budget, based upon the local enabling ordinance, has an initial 20-year term, and may be renewed for successive terms. New City America has listed the maximum percentage of allowable annual increases based upon the current data within the CID, for the first 10 years, with the following assumptions.

The special benefits and related budget are assumed not to be significantly different within the first 10 years of the MMCID. Years 11 – 20 are also assumed not be significantly different from the base year budget of 2023. To provide an example of how the annual budget may increase, with a 5% maximum increase, based upon the actual cost increases from year to year, (personnel, insurance, gas, equipment, etc.), we will present what the first ten years of the district budget may look like. Changes in land use, demolition of existing buildings, and new development will occur and will change the improvements to that parcel, normally due to redevelopment of the site and the addition of new building square footage which shall be assessed based upon the provisions laid out in this Management Plan.

The budget for specific programs may be reallocated within each budget category by up to 10% during the term of the District. The Management Corporation Board may alter the budget based upon service needs and such changes shall be included in the Annual report and submitted to the Stockton City Council for review and approval.

Ten-Year Projection of Maximum Assessment per Special Benefit Category -Table 4E

	Civil Sidewalks	DISI	Administration	Contingency	TOTAL
Y1	\$ 138,000.00	\$ 35,000.00	\$50,000.00	\$ 7,550.00	\$ 230,550.00
Y2	\$ 144,900.00	\$ 36,750.00	\$52,500.00	\$ 7,927.50	\$ 242,077.50
Y3	\$ 152,145.00	\$ 38,587.50	\$55,125.00	\$ 8,323.88	\$ 254,181.38
Y4	\$ 159,752.25	\$ 40,516.88	\$57,881.25	\$ 8,740.07	\$ 266,890.44
Y5	\$ 167,739.86	\$ 42,542.72	\$60,775.31	\$ 9,177.07	\$ 280,234.97
Y6	\$ 176,126.86	\$ 44,669.85	\$63,814.08	\$ 9,635.93	\$ 294,246.71
Y7	\$ 184,933.20	\$ 46,903.35	\$67,004.78	\$ 10,117.72	\$ 308,959.05
Y8	\$ 194,179.86	\$ 49,248.51	\$70,355.02	\$ 10,623.61	\$ 324,407.00
Y9	\$ 203,888.85	\$ 51,710.94	\$73,872.77	\$ 11,154.79	\$ 340,627.35
Y10	\$ 214,083.29	\$ 54,296.49	\$77,566.41	\$ 11,712.53	\$ 357,658.72

Notes:

- Assumes a possible 5% maximum yearly increase on all budget items, if approved annually by the District Management Corporation Board of Directors. This 5% increase is for the year-to-year annual budget of assessments and shall not apply to the additional assessments generated by new development in the new CID.
- Any accrued interest or delinquent payments will be expended in the above categories.

Sample First Year (2022) Parcel Assessment Calculation

The annual assessment method to calculate all parcels for Benefit Zone 1 will be:

$$\begin{aligned} &\text{Total Building Square Footage X } \$0.13 \text{ per sq. ft.} \\ &\quad + \\ &\quad \text{Total Lot Size x } \$0.13 \text{ per square foot} \\ &\quad = \\ &\quad \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all commercial parcels for Benefit Zone 2 will be:

$$\begin{aligned} &\text{Total Building Square Footage X } \$0.07 \text{ per square foot} \\ &\quad + \\ &\quad \text{Total Lot Size x } \$0.07 \text{ per square foot} \\ &\quad = \\ &\quad \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to Benefit Zone 3 parcels will be:

$$\begin{aligned} &\text{Total Building Square Footage X } \$0.11 \text{ per square foot} \\ &\quad + \\ &\quad \text{Total Lot Size x } \$0.11 \text{ per square foot} \\ &\quad = \\ &\quad \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment for Benefit Zone 4 parcels will be:

$$\begin{aligned} &\text{Total linear frontage of the parcel, all sides, excluding alleys x } \$2.00 \text{ per linear foot} \\ &\quad = \\ &\quad \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate the residential condominiums throughout the CID in any Benefit Zone will be:

$$\begin{aligned} &\text{Total Residential Condo Building Square Footage X } \$0.13 \text{ per square foot} \\ &\quad = \\ &\quad \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

Future Development

As a result of continued new development, the Miracle Mile CID will experience the addition or subtraction of assessable commercial and residential buildings or the conversion of vacant parcels into new commercial and residential units. Therefore, parcels will be assessed each year based upon their then-current characteristics.

**Maximum Assessments by Benefit Zone and Property Variable
Table 4 – F**

Projected Assessments- Benefit Zone 1

	Lot Sq. Ft	Bldg. Sq. Ft.	Residential Condo Sq. Ft.
Y1	\$ 0.130	\$ 0.130	\$ 0.130
Y2	\$ 0.137	\$ 0.137	\$ 0.137
Y3	\$ 0.143	\$ 0.143	\$ 0.143
Y4	\$ 0.150	\$ 0.150	\$ 0.150
Y5	\$ 0.158	\$ 0.158	\$ 0.158
Y6	\$ 0.166	\$ 0.166	\$ 0.166
Y7	\$ 0.174	\$ 0.174	\$ 0.174
Y8	\$ 0.183	\$ 0.183	\$ 0.183
Y9	\$ 0.192	\$ 0.192	\$ 0.192
Y10	\$ 0.202	\$ 0.202	\$ 0.202

Projected Assessments- Benefit Zone 2

	Lot Sq. Ft	Bldg. Sq. Ft.	Residential Condo Sq. Ft.
Y1	\$ 0.070	\$ 0.070	\$ 0.130
Y2	\$ 0.074	\$ 0.074	\$ 0.137
Y3	\$ 0.077	\$ 0.077	\$ 0.143
Y4	\$ 0.081	\$ 0.081	\$ 0.150
Y5	\$ 0.085	\$ 0.085	\$ 0.158
Y6	\$ 0.089	\$ 0.089	\$ 0.166
Y7	\$ 0.094	\$ 0.094	\$ 0.174
Y8	\$ 0.098	\$ 0.098	\$ 0.183
Y9	\$ 0.103	\$ 0.103	\$ 0.192
Y10	\$ 0.109	\$ 0.109	\$ 0.202

Projected Assessments- Benefit Zone 3

	Lot Sq. Ft	Bldg. Sq. Ft.	Residential Condo Sq. Ft.
Y1	\$ 0.110	\$ 0.110	\$ 0.130
Y2	\$ 0.116	\$ 0.116	\$ 0.137
Y3	\$ 0.121	\$ 0.121	\$ 0.143
Y4	\$ 0.127	\$ 0.127	\$ 0.150
Y5	\$ 0.134	\$ 0.134	\$ 0.158
Y6	\$ 0.140	\$ 0.140	\$ 0.166
Y7	\$ 0.147	\$ 0.147	\$ 0.174
Y8	\$ 0.155	\$ 0.155	\$ 0.183
Y9	\$ 0.163	\$ 0.163	\$ 0.192
Y10	\$ 0.171	\$ 0.171	\$ 0.202

Projected Assessments- Benefit Zone 4

	Linear Frontage	Residential Condo Sq. Ft.
Y1	\$ 2,000	\$ 0.130
Y2	\$ 2,100	\$ 0.137
Y3	\$ 2,205	\$ 0.143
Y4	\$ 2,315	\$ 0.150
Y5	\$ 2,431	\$ 0.158
Y6	\$ 2,553	\$ 0.166
Y7	\$ 2,680	\$ 0.174
Y8	\$ 2,814	\$ 0.183
Y9	\$ 2,955	\$ 0.192
Y10	\$ 3,103	\$ 0.202

Term

Under the Stockton local enabling ordinance, the District may be established for an initial term of up to 20 years. This management district plan will authorize the creation of the Miracle Mile CID for the maximum 20-year period.

Time and Manner for Collecting Assessments

The Miracle Mile CID assessments will appear as a separate line item on annual property tax bills prepared by the County of San Joaquin Tax Assessor. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes.

Budget Adjustments

Annual budget surpluses, if any, will be rolled into the following year's budget. Assessments will be set annually. Revenues from delinquent accounts may be expended in the year they are received.

Disestablishment

California Streets and Highways Code section 36670 as well as the local CID enabling ordinance provides for the disestablishment of a District. Provisions for annual disestablishment of the District are provided for in the local enabling ordinance. Property owners dissatisfied with the results, management or quality of the services may petition the City Council to disestablish the District, in the same method in which they petitioned the City Council to establish it. The same petition threshold needed to establish the District will also be needed to trigger a disestablishment of the District on an annual basis.

Section 36670 of the State Streets and Highway Code states:

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to

the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

Unexpended surplus funds will be returned to property owners based upon each property owner's percentage contribution to the previous fiscal year's assessments.

Government Assessments

The Miracle Mile CID Management Plan assumes that the any public or tax-exempt parcels shall pay into the district in proportion to the assessments paid for services based upon their location in one of the four Benefit Zones

Section 5

District Rules and Regulations and Governance

There are no specific rules and regulations prescribed for the proposed Miracle Mile Community Improvement District Management Corporation except that it will adhere to the open meeting and open records provisions of the Ralph M. Brown Act as well as the Public Records Act. The Owners Association will seek to be as open and transparent to the CID assessed and the public at large as is reasonably possible.

A new Miracle Mile CID District Management Corporation (501c3) will be established once the district has been formed and shall serve in the capacity of the Owners Association consistent with State Statute and the local enabling ordinance.

Section 6

Implementation Timetable

The Miracle Mile CID is expected to be established and begin assessing benefiting parcels as of the fourth quarter of calendar year 2022. The delivery of services is scheduled to commence January 1, 2023.

Section 7

Assessment Roll of Properties Included

APN	Site Street #	Site Street	Annual Assessment
113-290-010-000	3215	PACIFIC AVE	\$6,118.00
113-290-020-000	3021	PACIFIC AVE	\$10,428.25
113-300-060-000	401	W MARIPOSA AVE	\$150.00
113-300-070-000	2935	PACIFIC AVE	\$150.00
113-300-080-000	2925	PACIFIC AVE	\$130.00
113-310-170-000	2915	PACIFIC AVE	\$226.00
113-310-180-000	2811	PACIFIC AVE	\$340.00
113-320-050-000	2757	PACIFIC AVE	\$264.00
113-320-060-000	2749	PACIFIC AVE	\$441.00
113-320-070-000	2737	PACIFIC AVE	\$1,242.08
113-320-120-000	2605	PACIFIC AVE	\$1,092.91
113-330-040-000	2633	PACIFIC AVE	\$1,376.34
113-340-340-000	306	REGENT CT	\$847.00
113-340-350-000	2535	PACIFIC AVE	\$2,113.54
113-340-360-000	2520	BEVERLY PL	\$273.00
113-340-370-000	2520	BEVERLY PL	\$678.65
113-340-380-000	2405	PACIFIC AVE	\$2,441.40
113-340-390-000	2502	BEVERLY PL	\$658.00
113-354-070-000	2341	PACIFIC AVE	\$1,351.74
113-354-080-000	2337	PACIFIC AVE	\$1,273.22
113-354-090-000	2323	PACIFIC AVE	\$1,285.44
113-354-100-000	2319	PACIFIC AVE	\$1,163.24
113-354-110-000	2311	PACIFIC AVE	\$1,414.40
113-354-120-000	2301	PACIFIC AVE	\$611.00
113-354-150-000	221	W TUXEDO CT	\$1,415.70
113-354-160-000		W TUXEDO CT	\$741.00
113-354-180-000	221	W TUXEDO CT	\$1,989.00
113-354-210-000	222	CENTRAL CT	\$1,422.98
113-354-230-000	2363	PACIFIC AVE	\$1,380.21
113-354-240-000	2353	PACIFIC AVE	\$907.40
113-354-250-000	2349	PACIFIC AVE	\$540.54
113-363-030-000	2115	PACIFIC AVE	\$1,625.00
113-363-040-000	2111	PACIFIC AVE	\$1,370.72
113-363-050-000	2105	PACIFIC AVE	\$1,525.42
113-363-060-000	217	DORRIS PL	\$702.00
113-363-070-000	215	DORRIS PL	\$871.00
113-363-080-000	233	DORRIS PL	\$1,163.89
113-363-090-000	247	DORRIS PL	\$1,155.70
113-363-100-000	245	DORRIS PL	\$599.95
113-363-160-000	218	TUXEDO CT	\$794.43
113-364-010-000	2051	PACIFIC AVE	\$2,587.00
113-364-040-000	2001	PACIFIC AVE	\$938.08
113-364-050-000	230	DORRIS PL	\$1,599.00
113-364-060-000		DORRIS PL	\$452.92
113-364-070-000	222	DORRIS PL	\$566.28

113-364-080-000	2007	PACIFIC AVE	\$3,068.00
113-380-010-000	6	S CENTRAL CT	\$847.60
113-380-030-000	4	S CENTRAL CT	\$918.71
125-020-010-000	236	W ALPINE AV	\$594.16
125-020-020-000	3236	PACIFIC AVE	\$1,525.30
125-020-03-0000	3214	PACIFIC AVE	\$1,148.00
125-030-010-000	3134	PACIFIC AVE	\$677.25
125-030-020-000	3024	PACIFIC AVE	\$581.00
125-030-030-000	3020	PACIFIC AVE	\$571.20
125-030-040-000	3012	PACIFIC AVE	\$546.00
125-030-050-000	2950	PACIFIC AVE	\$546.00
125-030-060-000	2940	PACIFIC AVE	\$102.00
125-030-070-000	2930	PACIFIC AVE	\$560.00
125-030-370-000			\$169.40
125-030-390-000			\$175.00
125-030-400-000	2926	PACIFIC AVE	\$730.03
125-030-410-000	2918	PACIFIC AVE	\$1,092.42
125-040-010-000	2762	PACIFIC AVE	\$645.12
125-040-020-000	2724	PACIFIC AVE	\$1,379.98
125-040-030-000	2648	PACIFIC AVE	\$1,495.20
125-040-040-000	2624	PACIFIC AVE	\$1,485.54
125-040-050-000	2616	PACIFIC AVE	\$1,293.53
125-050-100-000	2520	PACIFIC AVE	\$2,379.52
125-050-160-000	2540	PACIFIC AVE	\$2,924.48
125-050-170-000	2562	PACIFIC AVE	\$3,582.54
125-060-010-000	2402	PACIFIC AVE	\$757.38
125-060-030-000	2328	PACIFIC AVE	\$1,075.10
125-060-040-000	94	W CASTLE ST	\$718.25
125-060-050-000	2318	PACIFIC AVE	\$1,022.32
125-060-060-000	88	W CASTLE ST	\$892.06
125-060-070-000	86	W CASTLE ST	\$1,113.71
125-060-080-000		W CASTLE ST	\$1,302.34
125-060-090-000	157	W ADAMS ST	\$2,275.00
125-060-100-000	2300	PACIFIC AVE	\$1,093.56
125-060-110-000	2312	PACIFIC AVE	\$1,312.61
125-070-110-000	178	W ADAMS ST	\$3,392.74
125-070-120-000		W PINE ST	\$1,472.25
125-070-250-000	2206	PACIFIC AVE	\$2,301.78
125-070-260-000	2130	PACIFIC AVE	\$1,014.52
125-070-270-000	2130	PACIFIC AVE	\$910.00
125-070-380-000	2110	PACIFIC AVE	\$1,999.79
125-070-390-000	165	W CLEVELAND ST	\$2,131.61
127-020-010-000	2034	PACIFIC AVE	\$2,756.00
127-020-020-000	2024	PACIFIC AVE	\$1,175.72
127-020-050-000	145	W WYANDOTTE ST	\$1,472.25
127-020-210-000	1924	PACIFIC AVE	\$742.43
127-020-230-000	2014	PACIFIC AVE	\$1,267.63
127-020-240-000	2002	PACIFIC AVE	\$1,459.90
127-020-250-000	1926	PACIFIC AVE	\$3,126.11
127-020-260-000	1906	PACIFIC AVE	\$1,083.16
127-041-010-000	1902	PACIFIC AVE	\$924.17
127-041-020-000	1906	PACIFIC AVE	\$412.36

127-041-030-000	133	W MAPLE ST	\$418.99
127-042-040-000		W MAPLE ST	\$1,302.34
127-042-170-000	1810	PACIFIC AVE	\$3,255.33
127-042-180-000	151	W ALDER ST	\$2,470.00
127-050-010-000	1744	PACIFIC AVE	\$3,315.26
127-050-020-000		W ALDER ST	\$231.92
127-050-030-000	136	W ALDER ST	\$651.43
127-050-040-000	130	W ALDER ST	\$622.83
127-050-340-000	121	W WALNUT ST	\$650.00
127-050-350-000	133	W WALNUT ST	\$650.00
127-050-360-000		W WALNUT ST	\$650.00
127-050-370-000	1720	PACIFIC AVE	\$2,182.18
127-060-010-000	1632	PACIFIC AVE	\$857.74
127-060-020-000	136	W WALNUT ST	\$1,014.00
127-060-030-000		W WALNUT ST	\$1,302.34
127-060-340-000	1612	PACIFIC AVE	\$650.00
127-060-350-000	1612	PACIFIC AVE	\$843.05
127-070-010-000	1546	PACIFIC AVE	\$2,243.80
127-070-250-000	5	E HARDING WY	\$1,768.47
127-070-260-000	15	W HARDING WY	\$7,389.03
127-070-270-000	47	W HARDING WY	\$1,521.52
127-070-280-000	1520	N COMMERCE ST	\$100.00
127-070-310-000	113	W HARDING WY	\$2,846.80
127-070-320-000	127	W HARDING WY	\$1,195.92
127-070-330-000	133	W HARDING WY	\$1,164.90
127-070-340-000	1504	PACIFIC AVE	\$2,866.50
127-070-350-000	105	W HARDING WY	\$1,348.93
127-070-370-000	45	E HARDING WY	\$3,410.55
137-020-200-000	1800	N CONCORD AV	\$650.00
137-020-210-000	1859	PACIFIC AVE	\$1,801.28
137-020-220-000		CONCORD AVE	\$1,302.34
137-020-230-000	1849	PACIFIC AVE	\$1,170.00
137-020-310-000	1665	PACIFIC AVE	\$1,430.00
137-020-420-000	1825	PACIFIC AVE	\$3,900.00
137-060-010-000	1661	PACIFIC AVE	\$1,261.00
137-060-020-000	1525	PACIFIC AVE	\$18,941.00
137-070-040-000	120	W HARDING WY	\$1,342.00
137-070-160-000	48	W HARDING WY	\$1,650.00
137-070-170-000	44	W HARDING WY	\$88.00
137-070-190-000	1423	N CENTER ST	\$2,981.00
137-070-550-000	30	W HARDING WY	\$880.00
137-070-570-000		W HARDING WY	\$1,650.00
137-080-010-000	330	W HARDING WY	\$480.00
137-080-020-000	320	W HARDING WY	\$160.00
137-080-030-000	304	W HARDING WY	\$1,188.00
137-080-140-000	244	W HARDING WY	\$935.00
137-080-150-000	230	W HARDING WY	\$1,402.50
137-080-160-000	218	W HARDING WY	\$550.00
137-080-170-000	216	W HARDING WY	\$385.00
137-080-540-000		W HARDING WY	\$156.75
137-080-550-000		W HARDING WY	\$68.75
137-080-560-000	200	W HARDING WY	\$1,188.00

137-080-570-000	1435	N MADISON ST	\$495.00
137-095-010-000	440	W HARDING WY	\$1,056.00
137-095-030-000	418	W HARDING WY	\$781.00
137-095-040-000	404	W HARDING WY	\$781.00
139-020-010-000	16	E HARDING WY	\$2,640.00
139-020-070-000	30	E HARDING WY	\$3,652.00

ATTACHMENT 1

THE MIRACLE MILE COMMUNITY IMPROVEMENT DISTRICT

ASSESSMENT ENGINEER'S REPORT

*Being established pursuant to the City of Stockton's Maintenance Improvement District Ordinance
Stockton Ordinance #2022-03-22-1211*

*Prepared by
Edward V. Henning
California Registered Professional Engineer # 26549
Edward Henning & Associates*

April 19, 2022

v 1.1

MIRACLE MILE CID – ASSESSMENT ENGINEER’S REPORT

ASSESSMENT ENGINEER’S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Miracle Mile Community Improvement District ("MMCID") being established for 20 years will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



Edward V. Henning

RPE #26549 April 19, 2022

Edward V. Henning

Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution to support the benefit property assessments to be levied within the proposed MMCID in the City of Stockton, California being established for 20 years. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits derived by real properties within the proposed MMCID.

MIRACLE MILE CID – ASSESSMENT ENGINEER’S REPORT

Background

The MMCID is a property-based benefit assessment type district being established for 20 years pursuant to the City of Stockton’s Community Improvement District Ordinance. The Ordinance was modeled after Section 36600 et seq. of the California Streets and Highways Code (as amended), also known as the Property and Business Improvement District Law of 1994 (the “Act”). Due to the benefit assessment nature of assessments levied within a community improvement district (“CID”), district program costs are to be distributed amongst all identified benefiting properties based on the proportionate amount of special program benefit each property is projected to derive from the assessments levied. Only those properties expected to derive special benefits from CID funded programs and activities may be assessed and only in an amount proportionate to the special benefits expected to be conferred on each assessed property.

Supplemental Article XIID Section 4(b) California Constitution
Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the MMCID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID Section 4(b) of the California Constitution (hereinafter Article XIID).

Since Article XIID provisions will affect all subsequent calculations to be made in the final assessment formula for the MMCID, these supplemental requirements will be taken into account. The key provisions of Article XIID along with a description of how the MMCID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII D of the California Constitution):

MIRACLE MILE CID – ASSESSMENT ENGINEER’S REPORT

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

Boundaries

The district is to be named The Miracle Mile Community Improvement District (MMCID). The proposed MMCID boundaries are centered along Pacific Avenue between Alpine Avenue and Harding Way and along Harding Way between Lincoln Street and El Dorado Street. The MMCID encompasses about 25 blocks and includes 155 parcels all of which are assessed. See the MMCID map in Appendix 2 of this Report. The MMCID boundaries are more fully described as follows:

Northern Boundary:

The northern boundary of the proposed MMCID is on the south side of E. Alpine Avenue and includes parcel number 113-290-010 as well as 125-020-101 on the south side of the intersection of E. Alpine Avenue and Pacific Avenue.

Western Boundary:

The western boundary of the proposed MMCID starts at parcel 125-020-010 at E. Alpine Avenue and includes all of the western side of the parcels fronting along Pacific Avenue, continuing south from E. Alpine Avenue to the northwestern corner of the intersection of Harding Way and Pacific Avenue. The western boundary then heads west including all of the north side of the parcels fronting along Harding Way from parcel 127-070-340, westward and ending at the east side of Sperry Avenue including parcels 139-020-370 and parcel 139-020-007.

Southern Boundary:

The southern boundary of the proposed MMCID commences at the southeastern corner of the intersection of Sperry Road and Harding Way, including parcel 139-020-007 and runs eastward along the southern edge of the parcels fronting along Harding Way, ending at parcel 137-095-010 at the southwestern corner of Lincoln Road and Harding Way.

Eastern Boundary:

The eastern boundary of the proposed MMCID begins at the southeastern corner of the intersection of Harding Way and Lincoln Road, parcel 137-095-010 and runs northward, including the Stockton Adult School at parcel 137-060-020, continuing northward running on the eastern edge of the parcels fronting along Pacific Avenue including all of the *commercial parcels* bounded by Bedford Road on the south, Beverly Road on the east, Pacific Avenue on the west and Regent Court on the north. Continuing north of Regent Court, including all of the parcels fronting along Pacific Avenue up to parcel 113-290-010 on the south side of W. Alpine Avenue.

Benefit Zones

The proposed MMCID includes four benefit zones. The benefit zones are determined based on a combination of location, service levels and/or land use.

Benefit Zone 1 parcels will be assessed at a higher rate since they will have the highest frequency of Civil Sidewalks and District Identity services due to the amount of foot traffic in and around the parcels fronting along Pacific Avenue in the core area of the MMCID. Benefit Zone 1 properties are the historic

MIRACLE MILE CID – ASSESSMENT ENGINEER’S REPORT

core of Stockton’s Miracle Mile District dating back almost 100 years built on Pacific Avenue. Zone 1 properties include retail, restaurants, services, coffee shops, bars, residential, educational and office. These parcels will benefit the most from the MMCID special benefit services, therefore their assessments have been set to fund the costs of services to these parcels. Generally speaking, Benefit Zone 1 parcels are to be found on both sides of Pacific Avenue from Harding Way on the northeastern and northwestern sides of the intersection of Harding Way and Pacific Avenue on the south and to the southeastern and southwestern parcels at the intersection of North Regent Court and Pacific Avenue on the north.

The higher costs assessed to Benefit Zone 1 parcels are based upon:

- 4 to 6 days per week services, particularly for cleaning and beautification services.
- Benefit Zone 1 parcels are predominantly retail, visitor related, service and pedestrian oriented therefore they will need civil sidewalk special benefit services daily, particularly on the weekends. Holiday traffic will also necessitate cleaning services.
- District identity services will also be proportionally higher and confer special benefit services relative to Benefit Zone 2, 3 and 4 parcels. Special events will be held in Benefit Zone 1, thereby benefitting property owners and their tenants there, no special events will most likely be held in Zone 2, 3 and 4.

All identified parcels within the above-described boundaries and zones shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in the Plan and in this Assessment Engineer’s Report. All MMCID funded services, programs and improvements provided within the above-described boundaries shall confer special benefit to identified assessed parcels inside the MMCID boundaries and none will be provided outside of the MMCID. Each assessed parcel within the MMCID will proportionately specially benefit from the MMCID funded Sidewalk Operations, District Identity-Placemaking, Administration-Management and Contingency-Reserve as described in more detail under “Work Plan”, beginning on page 9 of this Report. These services, programs and improvements are intended to improve commerce, employment, rents and commercial/residential occupancy rates of parcels and businesses within the MMCID by reducing litter and debris, marketing the available goods and services and installing beautification elements, each considered necessary in a competitive properly managed mixed-use business district. All MMCID funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Stockton and are only provided for the special benefit of assessed parcels within the boundaries of the MMCID.

A list of all parcels included in the proposed MMCID is shown as Appendix 1, attached to this Report with their respective San Joaquin County assessor parcel number. The boundary of the proposed MMCID and parcels within it are shown on the map of the MMCID attached as Appendix 2 to this Report.

MIRACLE MILE CID – ASSESSMENT ENGINEER’S REPORT

Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. “

QUANTITATIVE BENEFIT ANALYSIS

As stipulated in Article XIID, assessment district programs and activities confer a combination of general and special benefits, but the only program benefits that can be assessed are those that provide special benefit to the assessed properties. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the Article XIID means a distinct benefit over and above general benefits conferred on real property located in the district.

The property uses within the boundaries of the MMCID that will receive special benefits from MMCID funded programs and services are currently an array of restaurants, retailers, offices and housing. No parcels within the MMCID are zoned solely residential. Services, programs and improvements provided and funded by the MMCID are primarily designed to provide special benefits as described below to identified assessed parcels and the array of land uses within the boundaries of the MMCID.

The proposed MMCID programs, improvements and services and Year 1 – 2023 budget allocation are as follows:

Year 1 – 2023 MMCID Special Benefit Cost Allocations (Assessment Revenue Only)

BENEFIT ZONE	CIVIL SIDEWALKS	DISTRICT IDENTITY- PLACEMAKING	ADMINISTRATION- MANAGEMENT	CONTINGENCY- RESERVE	TOTAL	%
%	59.8569%	15.1811%	21.6873%	3.2748%	100.00%	
1	\$87,292	\$22,139	\$31,628	\$4,775	\$145,834	63.2550%
2	\$22,804	\$5,784	\$8,262	\$1,248	\$38,098	16.5246%
3	\$26,593	\$6,745	\$9,635	\$1,455	\$44,428	19.2705%
4	<u>\$1,311</u>	<u>\$332</u>	<u>\$475</u>	<u>\$72</u>	<u>\$2,190</u>	<u>0.9499%</u>
TOTAL	\$138,000	\$35,000	\$50,000	\$7,550	\$230,550	100.00%

Assessed parcels are conferred proportionate special benefits from all MMCID funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. MMCID programs, services and improvements are designed to increase business volumes, sales transactions, occupancies and rental income. These programs, services and improvements are designed to improve commerce, livability and aesthetic appeal for owners, tenants, residents, patrons, visitors and employees of these parcels within the MMCID by reducing litter and debris, marketing the available goods and services and installing beautification elements, each considered necessary in a competitive properly managed mixed-use business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the MMCID and are not provided to non-assessed parcels outside of the MMCID. These programs, services and improvements will only be provided to each individual assessed parcel within the MMCID boundaries and, in turn, confer proportionate special benefits to each assessed parcel.

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In the case of the MMCID, the very nature of the purpose of this CBD is to fund supplemental programs, services and improvements to assessed parcels within the MMCID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. All benefits derived from the assessments to be levied on assessed parcels within the MMCID are for services, programs and improvements directly and specially benefiting each individual assessed parcel within the MMCID. No MMCID funded services, activities or programs will be provided outside of the MMCID boundaries.

While every attempt is made to provide MMCID services and programs to confer special benefits only to those identified assessed parcels within the MMCID, Article XIIID stipulates that general benefits exist either by design or unintentional in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues.

Empirical assessment engineering analysis throughout California has found that general benefits within a given assessment district tend to range from 2-6% of the total costs. A majority of assessment districts in California for which this Assessment Engineer has provided assessment engineering services in conformance with Article XIIID have used the composite district overlay determinant method of computing general benefits which will be used for the MMCID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the MMCID, general benefit to the public at large within the MMCID and general benefit to parcels outside the MMCID.

General Benefit – Assessed Parcels within the MMCID

MMCID funded programs are narrowly designed and carefully implemented to specially benefit the assessed MMCID parcels and are only provided for the special benefit to each and every assessed parcel within the MMCID. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on the 155 assessed parcels within the MMCID are distinct and special but in the case of the MMCID, it is projected that there are 0.25% general benefits conferred on these parcels. This high ratio of special benefits to general benefits is because the MMCID funded programs and services are specially geared to the unique needs of each parcel within the MMCID and are directed specially only to these parcels within the MMCID. This concept is further reinforced by the proportionality of special benefits conferred on each parcel within the MMCID as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each parcel. The computed 0.25% general benefit value on the 155 parcels within the MMCID equates to \$576 or $(.25\% \times \$130,550)$.

General Benefits – Outside Parcels

While MMCID programs and services will not be provided directly to parcels outside the MMCID boundaries, it is reasonable to conclude that MMCID services may confer an indirect general benefit on parcels adjacent to the MMCID boundaries. An inventory of the MMCID boundaries finds that the MMCID is immediately surrounded by 152 parcels. Of these 152 parcels, 9 are commercial zoned parcels with commercial uses, 142 are residentially zoned parcels with residential uses and 1 is publicly/non-profit owned parcels with public/non-profit uses.

The 152 parcels directly outside the MMCID boundaries can reasonably be assumed to receive some indirect general benefit as a result of MMCID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor

MIRACLE MILE CID – ASSESSMENT ENGINEER’S REPORT

of 1.0 be attributed to the 155 assessed parcels within the MMCID, a benefit factor of 0.025 be attributed to general benefits conferred on the 9 commercial parcels and uses located adjacent to or across the street from assessed parcels within the MMCID, a benefit factor of 0.005 be attributed to general benefits conferred on the 142 residential parcels and uses located adjacent to or across the street from assessed parcels within the MMCID and, a benefit factor of 0.005 be attributed to general benefits conferred on the 1 publicly owned/non-profit parcel and use located adjacent to or across the street from assessed parcels within the MMCID. The cumulative dollar value of this general benefit type equates to \$1,413 (\$342 + \$15 + \$1,056) as delineated in the following Table:

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed Parcels within MMCID	155	1.000	155.00	99.3908%	\$230,550
Commercial Parcels Outside MMCID	9	0.025	0.23	0.1475%	\$342
Public/Non-Profit Parcels Outside MMCID	1	0.005	0.01	0.0064%	\$15
Residential Use Parcels Outside MMCID	142	0.005	0.71	0.4553%	\$1,056
TOTAL			155.95	100.00%	\$231,963

General Benefit - Public At Large

While the MMCID funded programs are narrowly designed and carefully implemented to specially benefit the assessed MMCID parcels and are only provided for the special benefit to each and every assessed parcel within the MMCID, these programs also provide general benefits to the public at large within the MMCID.

For the proposed MMCID activities, assessment Engineering experience in California has found that generally over 95% of people moving about within similar district boundaries are engaged in business related to assessed parcels and businesses contained located within them, while the public at large “just passing through” is typically 5% or less.

Based on experience curves and the nature of the proposed MMCID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that districtwide general benefit factors for each of the MMCID funded special benefit program element costs that provide a general benefit to the public at large are as shown in the Table below. These factors are applied to each program element costs in order to compute the dollar and percent value of districtwide general benefits to the public at large. The total dollar value of this general benefit type, public at large, equates to \$2,533 as delineated in the following Table:

	A	B	C	E
Program Element	Dollar Allocation	General Benefit Percent	General Benefit Factor	General Benefit Value (A x C)
CIVIL SIDEWALKS	\$138,000	1.50%	0.015	\$2,070

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DISTRICT IDENTITY- PLACEMAKING	\$35,000	0.50%	0.005	\$175
ADMINISTRATION-MANAGEMENT	\$50,000	0.50%	0.005	\$250
CONTINGENCY-RESERVE	<u>\$7,550</u>	0.50%	0.005	<u>\$38</u>
TOTAL	\$230,550			\$2,533

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of districtwide general benefits conferred on assessed parcels within the MMCID, on parcels outside the MMCID, and on the public at large, equates to \$4,522 (\$576 + \$1,433 + \$2,533) or 1.92371%. For the purposes of this analysis, the districtwide general benefit factor of 1.92371% will be conservatively rounded up to 2% or \$4,705. This leaves a value of 98% assigned to special benefit related costs. The districtwide general benefit value of \$4,705 when added to the special benefit value of \$230,550 (Year 1 – 2023 assessments) equates to a total Year 1 – 2023 program cost of \$235,255. Remaining costs that are attributed to districtwide general benefits, will need to be derived from other non-assessment sources such as grants, underwritings and sponsorships.

The program special benefit related cost allocations of the MMCID assessment revenues for Year 1 (2023) are shown in the Table on page 13 of this Report. The projected program special benefit related cost allocations of the MMCID assessment revenues for the first 10 years of the MMCID, assuming a 5% maximum annual assessment rate increase, are shown in the Table on page 14 of this Report.

A breakdown of projected special and districtwide general benefits for Year 1 for each program element and benefit zone is shown in the following Table:

Year 1 - 2023 Special + Districtwide General Benefits

YR	ZONE	PROGRAM CATEGORY	SPECIAL BENEFITS	GENERAL BENEFITS	TOTAL BENEFITS	% OF TOTAL
YR 1 - 2023	1	CIVIL SIDEWALKS	\$87,292	\$1,782	\$89,074	59.8569%
		DISTRICT IDENTITY- PLACEMAKING	\$22,139	\$452	\$22,591	15.1811%
		ADMINISTRATION-MANAGEMENT	\$31,628	\$645	\$32,273	21.6873%
		CONTINGENCY-RESERVE	\$4,775	\$97	\$4,872	3.2748%
		SUBTOTAL	\$145,834	\$2,976	\$148,810	100%
	2	CIVIL SIDEWALKS	\$22,804	\$465	\$23,269	59.8569%
		DISTRICT IDENTITY- PLACEMAKING	\$5,784	\$118	\$5,902	15.1811%
		ADMINISTRATION	\$8,262	\$169	\$8,431	21.6873%
		CONTINGENCY	\$1,248	\$25	\$1,273	3.2748%
		SUBTOTAL	\$38,098	\$777	\$38,875	100%
	3	CIVIL SIDEWALKS	\$26,593	\$542	\$27,135	59.8569%
		DISTRICT IDENTITY- PLACEMAKING	\$6,745	\$138	\$6,883	15.1811%
		ADMINISTRATION	\$9,635	\$197	\$9,832	21.6873%
		CONTINGENCY	\$1,455	\$30	\$1,485	3.2748%
		SUBTOTAL	\$44,428	\$907	\$45,335	100%
	4	CIVIL SIDEWALKS	\$1,311	\$27	\$1,338	59.8569%
		DISTRICT IDENTITY- PLACEMAKING	\$332	\$7	\$339	15.1811%

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		ADMINISTRATION	\$475	\$10	\$485	21.6873%
		CONTINGENCY	\$72	\$1	\$73	3.2748%
		SUBTOTAL	\$2,190	\$45	\$2,235	100%
	ALL	CIVIL SIDEWALKS	\$138,000	\$2,816	\$140,816	59.8569%
		DISTRICT IDENTITY- PLACEMAKING	\$35,000	\$715	\$35,715	15.1811%
		ADMINISTRATION	\$50,000	\$1,021	\$51,021	21.6873%
		CONTINGENCY	\$7,550	\$153	\$7,703	3.2748%
		TOTAL YEAR 1 - 2023	\$230,550	\$4,705	\$235,255	100%

MMCID WORK PLAN**Overview**

The services, programs and improvements to be funded by the MMCID include Sidewalk Operations, District Identity-Placemaking, Administration-Management and Contingency-Reserve. The property uses within the boundaries of the MMCID that will receive special benefits from MMCID funded programs, services and improvements are currently an array of restaurants, retailers, offices and housing units. Services, programs and improvements provided and funded by the MMCID are primarily designed to provide special benefits as described below to identified assessed parcels within the boundaries of the MMCID.

These special benefits are particular and distinct to each and every identified assessed parcel within the MMCID and are not provided to non-assessed parcels outside of the MMCID. These programs, services and improvements will only be provided to each individual assessed parcel within the MMCID boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

The very nature of the purpose of the MMCID is to fund supplemental programs, services and improvements to assessed parcels within the MMCID boundaries above and beyond the base line services provided by the City of Stockton. The City of Stockton does not provide these supplemental programs and services. All benefits derived from the assessments to be levied on assessed parcels within the MMCID are for services, programs and improvements directly benefiting each individual assessed parcel within the MMCID. No MMCID funded services, activities or programs will be provided outside of the MMCID boundaries.

The program special benefit cost allocations of the MMCID assessment revenues for Year 1 (2023) are shown in the Table on page 13 of this Report. The projected program special benefit cost allocations of the MMCID assessment revenues for the first 10 years of the MMCID, assuming a 5% maximum annual assessment rate increase, are shown in the Table on page 14 of this Report.

WORK PLAN DETAILS

The services to be provided by the MMCID (i.e. Sidewalk Operations, District Identity-Placemaking, Administration-Management and Contingency-Reserve) are all designed to contribute to the cohesive urban fabric to ensure economic success and vitality of each assessed parcel within the proposed MMCID. The assessed parcels in the MMCID will specially benefit from the MMCID programs in the form of increasing commerce and improving economic success and vitality through meeting the MMCID Goals: to improve cleanliness, beautification, landscaping, livability and to attract and retain businesses and services, generate more pedestrian and visitor traffic and to increase commerce and improve the economic viability of each individual assessed parcel.

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Assessed parcels are conferred proportionate special benefits from all MMCID funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants, residents and investors. MMCID programs, services and improvements are designed to increase business volumes, sales transactions, occupancies and rental income. These programs, services and improvements are designed to improve commerce, security and aesthetic appeal for owners, tenants, patrons, visitors and employees of these parcels within the MMCID by reducing litter and debris and installing physical improvements, each considered necessary in a competitive properly managed mixed-use business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the MMCID and are not provided to non-assessed parcels outside of the MMCID. These programs, services and improvements will only be provided to each individual assessed parcel within the MMCID boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

The following programs, services and improvements are proposed by the MMCID to specially benefit each and every individually assessed parcel within the MMCID boundaries. MMCID services, programs and improvements will not be provided to parcels outside the MMCID boundary. Assessment funds generated in each benefit zone shall only be used to provide services which specially benefit individual assessed parcels within that benefit zone.

CIVIL SIDEWALKS

Examples of this category of special benefit services and costs may include, but are not limited to:

- Beautification of the district
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces
- Installation of and maintenance of landscaping throughout the district
- Regular sidewalk and gutter sweeping
- Periodic sidewalk steam cleaning
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Possible hiring of contracted professional case workers to respond to the needs of the unhoused population in and around Miracle Mile
- Farmers market and special event assistance, set up and take down

Supplemental/Special Benefit Services for Civil Sidewalks by Benefit Zone

Type of Special Benefit Service	Benefit Zone	Frequency of Service
Sidewalk and gutter sweeping	1, 2, 3, 4	4 - 5 days per week/Zone 1 and 3 2 - 4 days per week/Zone 2 1 - 2 per week/ Zone 4
Sidewalk pressure washing	1, 2, 3, 4	Quarterly
Trash receptacle emptying (over and above City general services)	As needed	Zones 1, 2 and 3 As needed/Zone 4

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Graffiti removal/24 hours	1, 2, 3, 4	24 hours after notice
Notification to City of hazards	1, 2, 3, 4	As identified
Landscaping and watering	1, 2, 3, 4	Weekly or as needed
Ornamental landscaping	1, 3	Weekly or as needed
Special projects	1, 2, 3, 4	As needed
Installation of seasonal displays	1, 2, 3, 4	Seasonally

The proposed budget for Civil Sidewalks will be \$138,000 during the first year of operations and the costs of these services are generally allocated as follows:

80% to labor and personnel: Approximately \$110,400 for labor or 1½ full time employees working an average of 7 days per week, (assuming starting pay at \$18.00 per hour for maintenance, pressure washing and landscaping employees, which includes benefits and insurance).

20% for equipment, supplies: Approximately \$27,600 for vehicles, pressure washer machine/trailer, water tank, gas, supplies, tools, equipment, storage/lockers/employee room

Homeless Outreach Services: Funded by grants and assessments

DISTRICT IDENTITY AND PLACEMAKING:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Web site updating
- Social media, public relations firm
- Events such as the Taste of Miracle Mile
- Branding of the Miracle Mile CID properties so a positive image is promoted to the public including the development of a new logo
- Banner programs
- Public art displays
- Public space design and improvements
- Refurbishment of street signs and monuments

Supplemental/Special Benefit Services by Benefit Zone for District Identity and Placemaking

Type of Special Benefit Services	Benefit Zones	Estimated First Year Cost
Web site maintenance and management	All	\$5,000
Social media and PR Firm	All	\$20,000
Branding and signage	All	TBD
Banner program	All	\$10,000

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Public Art Displays	Zone 1	Based upon grants
Public space design and management	Zone 1	TBD
Total Budget for District Identity and Placemaking		\$35,000

ADMINISTRATION/DISTRICT MANAGEMENT

Examples of this category of special benefit services and costs may include, but is not limited to:

- Staff and administrative costs, contracted or in-house
- Directors and Officers and General Liability Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal work

Type of Special Benefit Service	Estimated First Year Cost
Executive Director/District Management staff	\$17,000*
Insurance (D & O, General Liability, Employee practices)	\$8,000
Legal Fees	TBD
Accounting and CPA Reviews	\$7,000
Rent and office supplies/computer equipment (Rent, donated, or shared or discounted)	\$18,000
Total Budget for Administration/District Management	\$50,000*

* Staff costs may be supplemented, by action of the Owners Association Board, by non-assessment activities and grants.

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but is not limited to: Delinquencies, City/County fees, reserves, capital project improvements

In summary, all MMCID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the MMCID boundaries and none will be provided outside of the MMCID. Each assessed parcel within the MMCID will proportionately specially benefit from Sidewalk Operations, District Identity-Placemaking, Administration-Management and Contingency-Reserve. These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates of assessed parcels within the MMCID by reducing litter, marketing the available goods and services and installing physical improvements, each considered necessary in a competitive properly managed contemporary mixed-use business district. All MMCID funded services

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programs and improvements are considered supplemental, above normal base level services provided by the City of Stockton and are only provided for the special benefit of each and every assessed parcel within the boundaries of the MMCID.

WORK PLAN BUDGET

Each identified assessed parcel within the MMCID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of MMCID funded services provided within each benefit zone. The projected MMCID program special benefit (assessments) allocation budget for Year 1 (2023) is shown in the following Table:

MMCID Year 1 (2023) Special Benefit Assessment Budget by Zone

BENEFIT ZONE	CIVIL SIDEWALKS	DISTRICT IDENTITY-PLACEMAKING	ADMINISTRATION-MANAGEMENT	CONTINGENCY-RESERVE	TOTAL	%
%	59.8569%	15.1811%	21.6873%	3.2748%	100.00%	
1	\$87,292	\$22,139	\$31,628	\$4,775	\$145,834	63.2550%
2	\$22,804	\$5,784	\$8,262	\$1,248	\$38,098	16.5246%
3	\$26,593	\$6,745	\$9,635	\$1,455	\$44,428	19.2705%
4	<u>\$1,311</u>	<u>\$332</u>	<u>\$475</u>	<u>\$72</u>	<u>\$2,190</u>	<u>0.9499%</u>
TOTAL	\$138,000	\$35,000	\$50,000	\$7,550	\$230,550	100.00%

In order to carry out the MMCID programs outlined in the previous section, a Year 1-2023 assessment budget of \$230,550 is projected. Since the MMCID is being proposed for a 20-year term, projected program costs for future years (Example: Years 2-5) are set at the inception of the MMCID. While future inflationary and other program cost increases are unknown at this point, a built-in maximum increase of 5% per year, commensurate to special benefits conferred on each assessed parcel, is incorporated into the projected program costs and assessment rates for the MMCID.

Funding carryovers, if any, may be reapportioned the following year for related programs, services and improvements in accordance with the Management District Plan. Detailed annual budgets will be prepared by the Owners’ Association Board and included in the Annual Report for the City Council’s review and approval.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year for the proposed MMCID. Accordingly, the Owners’ Association shall have the ability to reallocate any budget line item within the budget categories, based on such cost fluctuations subject to the review and approval by the Owners’ Association Board. Such reallocation will be included in the Annual Report for the approval by the City of Stockton City Council pursuant to the related City Ordinance. Any accrued interest or delinquent payments may be expended in any budget category in accordance with the Management District Plan.

A 10-year projected MMCID special benefit budget is shown in the following Table:

YEAR 1-10 PROJECTED MMCID ASSESSMENT BUDGET SUMMARY (Special Benefits)
(Assumes 5% max rate increase per year)

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YEAR	BENEFIT ZONE	CIVIL SIDEWALKS	DISTRICT IDENTITY-PLACEMAKING	ADMINISTRATION-MANAGEMENT	CONTINGENCY-RESERVE	TOTAL
	%	59.8569%	15.1811%	21.6873%	3.2748%	100.00%
YR 1 - 2023	1	\$87,292	\$22,139	\$31,628	\$4,775	\$145,834
	2	\$22,804	\$5,784	\$8,262	\$1,248	\$38,098
	3	\$26,593	\$6,745	\$9,635	\$1,455	\$44,428
	4	<u>\$1,311</u>	<u>\$332</u>	<u>\$475</u>	<u>\$72</u>	<u>\$2,190</u>
	TOTAL	\$138,000	\$35,000	\$50,000	\$7,550	\$230,550
YR 2 - 2024	1	\$91,657	\$23,246	\$33,209	\$5,014	\$153,126
	2	\$23,944	\$6,073	\$8,675	\$1,310	\$40,002
	3	\$27,923	\$7,082	\$10,117	\$1,528	\$46,650
	4	<u>\$1,377</u>	<u>\$349</u>	<u>\$499</u>	<u>\$76</u>	<u>\$2,301</u>
	TOTAL	\$144,901	\$36,750	\$52,500	\$7,928	\$242,079
YR 3 - 2025	1	\$96,240	\$24,408	\$34,869	\$5,265	\$160,782
	2	\$25,141	\$6,377	\$9,109	\$1,376	\$42,003
	3	\$29,319	\$7,436	\$10,623	\$1,604	\$48,982
	4	<u>\$1,446</u>	<u>\$366</u>	<u>\$524</u>	<u>\$80</u>	<u>\$2,416</u>
	TOTAL	\$152,146	\$38,587	\$55,125	\$8,325	\$254,183
YR 4 - 2026	1	\$101,052	\$25,628	\$36,612	\$5,528	\$168,820
	2	\$26,398	\$6,696	\$9,564	\$1,445	\$44,103
	3	\$30,785	\$7,808	\$11,154	\$1,684	\$51,431
	4	<u>\$1,518</u>	<u>\$384</u>	<u>\$550</u>	<u>\$84</u>	<u>\$2,536</u>
	TOTAL	\$159,753	\$40,516	\$57,880	\$8,741	\$266,890
YR 5 - 2027	1	\$106,105	\$26,909	\$38,443	\$5,804	\$177,261
	2	\$27,718	\$7,031	\$10,042	\$1,517	\$46,308
	3	\$32,324	\$8,198	\$11,712	\$1,768	\$54,002
	4	<u>\$1,594</u>	<u>\$403</u>	<u>\$578</u>	<u>\$88</u>	<u>\$2,663</u>
	TOTAL	\$167,741	\$42,541	\$60,775	\$9,177	\$280,234
YR 6 - 2028	1	\$111,410	\$28,254	\$40,365	\$6,094	\$186,123
	2	\$29,104	\$7,383	\$10,544	\$1,593	\$48,624
	3	\$33,940	\$8,608	\$12,298	\$1,856	\$56,702
	4	<u>\$1,674</u>	<u>\$423</u>	<u>\$607</u>	<u>\$92</u>	<u>\$2,796</u>
	TOTAL	\$176,128	\$44,668	\$63,814	\$9,635	\$294,245
YR 7 - 2029	1	\$116,981	\$29,667	\$42,383	\$6,399	\$195,430
	2	\$30,559	\$7,752	\$11,071	\$1,673	\$51,055
	3	\$35,637	\$9,038	\$12,913	\$1,949	\$59,537
	4	<u>\$1,758</u>	<u>\$444</u>	<u>\$637</u>	<u>\$97</u>	<u>\$2,936</u>
	TOTAL	\$184,935	\$46,901	\$67,004	\$10,118	\$308,958
YR 8 - 2030	1	\$122,830	\$31,150	\$44,502	\$6,719	\$205,201
	2	\$32,087	\$8,140	\$11,625	\$1,757	\$53,609
	3	\$37,419	\$9,490	\$13,559	\$2,046	\$62,514

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	4	\$1,846	\$466	\$669	\$102	\$3,083
	TOTAL	\$194,182	\$49,246	\$70,355	\$10,624	\$324,407
YR 9 - 2031	1	\$128,972	\$32,708	\$46,727	\$7,055	\$215,462
	2	\$33,691	\$8,547	\$12,206	\$1,845	\$56,289
	3	\$39,290	\$9,965	\$14,237	\$2,148	\$65,640
	4	\$1,938	\$489	\$702	\$107	\$3,236
	TOTAL	\$203,891	\$51,709	\$73,872	\$11,155	\$340,627
YR 10 - 2032	1	\$135,421	\$34,343	\$49,063	\$7,408	\$226,235
	2	\$35,376	\$8,974	\$12,816	\$1,937	\$59,103
	3	\$41,255	\$10,463	\$14,949	\$2,255	\$68,922
	4	\$2,035	\$513	\$737	\$112	\$3,397
	TOTAL	\$214,087	\$54,293	\$77,565	\$11,712	\$357,657

The MMCID assessments may increase for each individual parcel each year during the life of the MMCID, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners’ Association Board of Directors, included in the Annual Report and adopted by the City of Stockton City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners’ Association Board of the Directors (“Property Owners’ Association of the MMCID) shall determine the percentage increase, if any, to the annual assessment, not to exceed 5% per year. The Owners’ Association Executive Director shall communicate the annual increase to the City each year in which the MMCID operates at a time determined in the Administration Contract held between the Owners’ Association and the City of Stockton. No bonds are to be issued in conjunction with the proposed MMCID.

Pursuant to the Ordinance, any funds remaining after each year of operation will be rolled over into the renewal budget or returned to stakeholders in accordance with the Ordinance. If the MMCID is terminated for any reason or disestablished, unencumbered/unexpended funds will be returned to the property owners in accordance with the Ordinance.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified assessed parcel within the MMCID will be assessed based on property characteristics unique only to that parcel. Based on the specific needs and corresponding nature of the program activities to be funded by the proposed MMCID (i.e. Sidewalk Operations, District Identity-Placemaking, Administration-Management and Contingency-Reserve), it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage of each parcel within four benefit zones, except as noted herein.

The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified assessed parcel within the MMCID as a whole and the Benefit Zone in which it is located. Larger parcels and those with larger buildings and/or ones located in Zone 1 are projected to impact the demand for services and programs to a greater extent than smaller

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parcels or smaller buildings or street frontages and/or located in Zones 2, 3 or 4 and thus, are assigned a greater proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

The proportionate special benefit cost for each parcel has been calculated based on proportionate formula components and is listed in the Management District Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program related costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the proposed MMCID, they are also considerably less than other options considered by the MMCID Formation Advisory Committee. The actual assessment rates for each parcel within the MMCID directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area, land area or street frontage of each parcel within four benefit zones.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

Article XIID states that “parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit.”

There are currently 13 publicly owned parcels within the boundaries of the proposed MMCID - 11 are owned by the City of Stockton and 2 by the Stockton Unified School District. It is the opinion of this Assessment Engineer that there is no clear and convincing evidence that these publicly owned parcels would not receive proportionate special benefits and thus, are not exempt from assessments nor assessed differently than privately owned parcels.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the proposed MMCID.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown in Appendix 1 to the Management District Plan and this Report. The proposed MMCID and resultant assessment levies will continue for 20 years unless disestablished. The reasons for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed

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assessment is attributed to building area, land area or street frontage of each MMCID assessed parcel within four benefit zones.

Assessment Formula Methodology

Step 1. Select “Benefit Unit(s)”

Background - Assessment Formula Development

The method used to determine special benefits derived by each identified assessed property within a CBD begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the MMCID, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or any combination of these factors. Factor quantities for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by a CBD in order to determine any levels of different benefit that may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite benefit unit factor or factors. Within the assessment formula, different factors may be assigned different “weights” or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, administration and ancillary program costs, are estimated. It is noted, as stipulated in Article XIID Section 4(b) of the California Constitution, and now required of all property-based assessment districts, indirect or general benefit related costs may not be incorporated into the assessment formula and levied on the district properties; only direct or “special” benefits related costs may be used. Indirect or general benefits, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a “net” cost figure. In addition, Article XIID Section 4(b) of the California Constitution also no longer automatically exempts publicly owned property from being assessed unless the respective public agency can provide clear and convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. If special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments. (See page 15 of this Report for discussion regarding publicly owned parcels within the MMCID).

From the estimated program costs, the value of a benefit unit or “unit cost” can be computed by dividing the total amount of estimated program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Unit Cost times the number of Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionately or “spread” amongst all benefitting properties within the CBD.

The method and basis of spreading program costs varies from one CBD to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the district. CBIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

MMCID Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the

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proposed MMCID (i.e. Sidewalk Operations, District Identity-Placemaking, Administration-Management and Contingency-Reserve) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area or street frontage of each parcel within four benefit zones.

The “Benefit Units” for Zones 1, 2 and 3 will be expressed as a combined function of gross building square footage (Benefit Unit “A”) and land square footage (Benefit Unit “B”) and in Zone 4, street frontage (Benefit Unit “C”). Based on the shape of the proposed MMCID, as well as the nature of the work program, it is determined that all identified properties will gain a direct and proportionate degree of special benefit based on the respective amount of building area and land area in Zones 1, 2 and 3 and in Zone 4, street frontage.

In the opinion of this Assessment Engineer, the targeted weight of Zone 1 revenue to match the projected costs of Zone 1 services, should generate approximately 65% of the total MMCID revenue (63.255% when adjusted for precise parcel measurements and program costs and service levels).

In the opinion of this Assessment Engineer, the targeted weight of Zone 2 revenue to match the projected costs of Zone 2 services, should generate approximately 15% of the total MMCID revenue (16.5246% when adjusted for precise parcel measurements and program costs and service levels).

In the opinion of this Assessment Engineer, the targeted weight of Zone 3 revenue to match the projected costs of Zone 3 services, should generate approximately 20% of the total MMCID revenue (19.2705% when adjusted for precise parcel measurements and program costs and service levels).

In the opinion of this Assessment Engineer, the targeted weight of Zone 4 revenue to match the projected costs of Zone 4 services, should generate approximately 1% of the total MMCID revenue (0.9499% when adjusted for precise parcel measurements and program costs and service levels).

The interaction of building area and land area in Zones 1, 2 and 3 or in Zone 4, street frontage quantities is a common method of fairly and equitably spreading special benefit costs to the beneficiaries of CBD funded services, programs and improvements. These factors directly relate to the degree of special benefit each assessed parcel will receive from MMCID funded activities within each benefit zone.

Building area (Benefit Units A) only applied in Zones 1, 2 and 3, is a direct measure of the static utilization of each parcel and its corresponding impact or draw on MMCID funded activities. The targeted revenue weight of Building Area (Units A) is about 35%. Unit A will actually generate 33.79389% of the overall assessment revenue.

Land area (Benefit Unit B) only applied in Zones 1, 2 and 3, is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on MMCID funded activities. The targeted revenue weight of Land Area (Unit B) is about 65%. Unit B will actually generate 65.2562% of the overall assessment revenue.

Street frontage (Benefit Unit C) only applied in Zone 4, is a direct measure of each parcel’s corresponding impact or draw on MMCID funded activities. The targeted revenue weight of Street Frontage (Unit C) is about 1%. Unit C will actually generate 0.9499% of the overall assessment revenue.

Special Assessment Circumstances

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1. Residential Condominiums

Though currently no residential condominium parcels exist within the boundaries of the Miracle Mile CID, future residential condos will be assessed as a separate category. It is the opinion of this Assessment Engineer that residential condominium parcels will proportionately specially benefit from MMCID funded programs and activities, but differently than commercial parcels and other residential parcels with multiple units on them. As such, based on the development configuration of such units which are generally multi floor buildings with no direct land or street frontage, the assessments for residential condominiums shall be assessed based solely on the internal building area of each residential condominium unit at the rate of \$0.13 per square foot of internal building pad area, subject to any approved annual rate increases.

2. Commercial and Mixed-Use Condominiums

While no mixed-use condominiums currently exist within the MMCID, ground floor commercial condominiums within the MMCID shall be assessed based on actual land area covered, condominium building area and direct street frontage for each unit. Because such uses are typically developed as part of a multi-floor mixed-use complex, special methodologies are needed to address the levy of assessments on such land uses as follows:

Multi-Floor Commercial Only Condominiums (Upper Floors)

- Building area assessed at respective building area rate

Multi-Floor Mixed-Use Condominiums

- Commercial condo (See above for ground floor and upper floor locations)
 - Residential condo (See # 2 above)

Changes to Building and/or Parcel Size

Any changes in building or parcel size as a result of new construction, demolitions, land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such building and/or parcel adjustments.

Other Future Development

Other than future maximum rates and the assessment methodology delineated in this Report, future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Article XIID ballot procedure in order to approve any such changes.

Step 2. Quantify Total Basic Benefit Units

Considering all identified specially benefiting parcels within the MMCID and their respective assessable benefit units, the cumulative quantities by factor and zone are shown in the following Table:

Year 1 – 2023 - Assessable Benefit Units

BENEFIT ZONE	BLDG AREA (SQ FT)	LAND AREA (SQ FT)	STREET FRONTAGE (LN FT)	# ASSESSABLE OF PARCELS
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1	448,116	673,685	0	90
2	109,625	434,623	0	27
3	108,935	294,957	0	27
4	<u>0</u>	<u>0</u>	<u>1,095</u>	<u>11</u>
TOTAL	666,676	1,403,265	1,095	155

Considering all identified specially benefiting parcels within the MMCID and their respective assessable benefit units, the cumulative assessment revenue by factor and zone are shown in the following Table:

Year 1 – 2023 - Assessment Revenue

BENEFIT ZONE	BLDG AREA ASSMT REVENUE	LAND AREA ASSMT REVENUE	STREET FRONTAGE REVENUE	TOTAL REVENUE	%
1	\$58,255.08	\$87,579.05	\$0.00	\$145,834.13	63.2550%
2	\$7,673.75	\$30,423.61	\$0.00	\$38,097.36	16.5246%
3	\$11,982.85	\$32,445.27	\$0.00	\$44,428.12	19.2705%
4	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$2,190.00</u>	<u>\$2,190.00</u>	<u>0.9499%</u>
TOTAL	\$77,911.68	\$150,447.93	\$2,190.00	\$230,549.61	100.00%
1	25.26792%	37.98707%	0.00000%	63.2550%	
2	3.32846%	13.19612%	0.00000%	16.5246%	
3	5.19751%	14.07301%	0.00000%	19.2705%	
4	<u>0.00000%</u>	<u>0.00000%</u>	<u>0.94990%</u>	<u>0.9499%</u>	
TOTAL	33.79389%	65.25620%	0.94990%	100.0000%	

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed MMCID was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property-based assessments. All respective property data being used for assessment computations will be provided to each property owner in the MMCID for their review. If a property owner believes there is an error on a parcel’s assessed footages, the MMCID may confirm the data with the San Joaquin County

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Assessor’s office. If MMCID data matches Assessor’s data, the property owner may opt to work with the Assessor’s office to correct the data so that the MMCID assessment may be corrected.

Step 4. Determine Assessment Formula

In the opinion of this Assessment Engineer, the general assessment formula for the proposed MMCID, except as may vary by Benefit Zone as shown in the Year 1 Assessment Rate Table on page 22, is as follows:

Assessment = Building Area (Unit A) Sq Ft x Unit A Rate, plus
Land Area (Unit B) Sq Ft x Unit B Rate or, in Zone 4 only,
Street Frontage (Unit C) Lin Ft x Unit C Rate

Assessment Formula Unit Rates

Based on figures from the Assessable Benefit Units Table on page 19, the assessment rates for each factor and zone are shown as calculated below:

Zone 1Building Area Rate (Unit A-1)

$(\$230,549.61 \times 25.26792\%) / 448,116$ assessable building units = \$0.13/sq ft building area

Land Area Rate (Unit B-1)

$(\$230,549.61 \times 37.98707\%) / 673,685$ assessable land units = \$0.13/sq ft land area

Zone 2Building Area Rate (Unit A-2)

$(\$230,549.61 \times 3.32846\%) / 109,625$ assessable building units = \$0.07/sq ft building area

Land Area Rate (Unit B-2)

$(\$230,549.61 \times 13.19612\%) / 434,623$ assessable land units = \$0.07/sq ft land area

Zone 3Building Area Rate (Unit A-3)

$(\$230,549.61 \times 5.19751\%) / 108,935$ assessable building units = \$0.11/sq ft building area

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Land Area Rate (Unit B-3)

$(\$230,549.61 \times 14.07301\%) / 294,957$ assessable land units = \$0.11/sq ft land area

Zone 4

Street Frontage Rate B (Unit C-4)

$(\$230,549.61 \times 0.9499\%) / 1,095$ assessable frontage units = \$2.00/LF street frontage

YEAR 1 –2023 Assessment Rates

BENEFIT ZONE	BLDG AREA ASSMT RATE (\$/SQ FT)	LAND AREA ASSMT RATE (\$/SQ FT)	STREET FRONTAGE ASSMT RATE (\$/LN FT)
<u>YEAR 1</u>			
1	\$0.1300	\$0.1300	\$0.0000
2	\$0.0700	\$0.0700	\$0.0000
3	\$0.1100	\$0.1100	\$0.0000
4	\$0.0000	\$0.0000	\$2.0000

The complete Year 1 – 2023 assessment roll of all parcels to be assessed by the MMCID is included in this Report as Appendix I.

Step 5. Estimate Total MMCID Costs

The total projected first 10-year MMCID special benefit costs for 2023 – 2032 are shown in the Table on page 14-15 of this Report assuming a maximum 5% increase per year.

Step 6. Separate General Benefits from Special Benefits and Related Costs (Article XIID)

Total Year 1 special and districtwide general benefit related costs are estimated at \$235,255. Districtwide general benefits are factored at 2% of the total benefit value (see Finding 2 of this Report) with special benefits set at 98%. Article XIID limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit value is computed to be \$4,705 with a resultant 98% special benefit limit computed at \$230,550. Based on current property data and land uses, this is the maximum amount of Year 1 (2023) revenue that can be derived from property assessments from the subject District. All program costs associated with district-wide and site/activity specific general benefits will be derived from sources other than MMCID assessments.

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Step 7. Calculate “Basic Unit Cost”

With a YR 1 - 2023 assessment revenue portion of the budget set at \$230,550 (special benefit only), the Unit Costs (rates) are shown earlier in Step 4. The MMCID is proposed for a 20-year term. An annual inflationary assessment rate increase of up to 5%, commensurate to special benefits received by each assessed parcel, may be imposed for future year assessments, on approval by the MMCID Property Owner’s Association. The maximum assessment rates for the first 10 years (2023-2032) are shown in the Table below as an example. The assessment rates listed constitute the maximum assessment rates that may be imposed for each of the first 10 years.

**MMCID – Maximum Assessment Rates - First 10-Years
(Includes a 5%/Yr. Max Increase)**

BENEFIT ZONE	BLDG AREA ASSMT RATE (\$/SQ FT)	LAND AREA ASSMT RATE (\$/SQ FT)	STREET FRONTAGE ASSMT RATE (\$/LN FT)
<u>YEAR 1</u>			
1	\$0.1300	\$0.1300	\$0.0000
2	\$0.0700	\$0.0700	\$0.0000
3	\$0.1100	\$0.1100	\$0.0000
4	\$0.0000	\$0.0000	\$2.0000
YEAR 2			
1	\$0.1365	\$0.1365	\$0.0000
2	\$0.0735	\$0.0735	\$0.0000
3	\$0.1155	\$0.1155	\$0.0000
4	\$0.0000	\$0.0000	\$2.1000
YEAR 3			
1	\$0.1433	\$0.1433	\$0.0000
2	\$0.0772	\$0.0772	\$0.0000
3	\$0.1213	\$0.1213	\$0.0000
4	\$0.0000	\$0.0000	\$2.2050
YEAR 4			
1	\$0.1505	\$0.1505	\$0.0000
2	\$0.0811	\$0.0811	\$0.0000
3	\$0.1274	\$0.1274	\$0.0000
4	\$0.0000	\$0.0000	\$2.3153
YEAR 5			
1	\$0.1580	\$0.1580	\$0.0000

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2	\$0.0852	\$0.0852	\$0.0000
3	\$0.1338	\$0.1338	\$0.0000
4	\$0.0000	\$0.0000	\$2.4311
YEAR 6			
1	\$0.1659	\$0.1659	\$0.0000
2	\$0.0895	\$0.0895	\$0.0000
3	\$0.1405	\$0.1405	\$0.0000
4	\$0.0000	\$0.0000	\$2.5527
YEAR 7			
1	\$0.1742	\$0.1742	\$0.0000
2	\$0.0940	\$0.0940	\$0.0000
3	\$0.1475	\$0.1475	\$0.0000
4	\$0.0000	\$0.0000	\$2.6803
YEAR 8			
1	\$0.1829	\$0.1829	\$0.0000
2	\$0.0987	\$0.0987	\$0.0000
3	\$0.1549	\$0.1549	\$0.0000
4	\$0.0000	\$0.0000	\$2.8143
YEAR 9			
1	\$0.1920	\$0.1920	\$0.0000
2	\$0.1036	\$0.1036	\$0.0000
3	\$0.1626	\$0.1626	\$0.0000
4	\$0.0000	\$0.0000	\$2.9550
YEAR 10			
1	\$0.2016	\$0.2016	\$0.0000
2	\$0.1088	\$0.1088	\$0.0000
3	\$0.1707	\$0.1707	\$0.0000
4	\$0.0000	\$0.0000	\$3.1028

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the MMCID are shown in the Management District Plan and this Report and were determined by applying the MMCID assessment formula to each identified benefiting property.

Miscellaneous MMCID Provisions**Time and Manner of Collecting Assessments:**

Assessments shall be collected at the same time and in the same manner as ad valorem taxes paid to San Joaquin County. The MMCID assessments shall appear as a separate line item on the property tax bills issued by San Joaquin County. The City of Stockton is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Management District Plan.

Bonds:

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No bonds are to be issued in conjunction with the proposed MMCID.

Duration and Disestablishment

As allowed by the Ordinance, the MMCID will have a 20-year operation term, beginning January 1, 2023 and ending December 31, 2042. At that time, the MMCID may be renewed again for up to 20 years. Under the Ordinance, property owners will have an annual period in which to petition the City Council to disestablish the MMCID. If the property owners vote, by weighted majority to disestablish the district, the district assessments will be removed from the parcels the following fiscal year. Unexpended surplus funds will be returned to property owners based upon each parcel’s percentage contribution to the previous fiscal year’s assessments if the MMCID is not continued.

APPENDIX 1

MMCID YR 1 – 2023 ASSESSMENT ROLL

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APN	Year 1 Assessment
113-290-010-000	\$6,118.00
113-290-020-000	\$10,428.25
113-300-060-000	\$150.00
113-300-070-000	\$150.00
113-300-080-000	\$130.00
113-310-170-000	\$226.00
113-310-180-000	\$340.00
113-320-050-000	\$264.00
113-320-060-000	\$441.00
113-320-070-000	\$1,242.08
113-320-120-000	\$1,092.91
113-330-040-000	\$1,376.34
113-340-340-000	\$847.00
113-340-350-000	\$2,113.54
113-340-360-000	\$273.00
113-340-370-000	\$678.65
113-340-380-000	\$2,441.40
113-340-390-000	\$658.00
113-354-070-000	\$1,351.74
113-354-080-000	\$1,273.22
113-354-090-000	\$1,285.44
113-354-100-000	\$1,163.24
113-354-110-000	\$1,414.40
113-354-120-000	\$611.00
113-354-150-000	\$1,415.70
113-354-160-000	\$741.00
113-354-180-000	\$1,989.00
113-354-210-000	\$1,422.98
113-354-230-000	\$1,380.21
113-354-240-000	\$907.40
113-354-250-000	\$540.54
113-363-030-000	\$1,625.00
113-363-040-000	\$1,370.72
113-363-050-000	\$1,525.42
113-363-060-000	\$702.00
113-363-070-000	\$871.00
113-363-080-000	\$1,163.89
113-363-090-000	\$1,155.70
113-363-100-000	\$599.95
113-363-160-000	\$794.43
113-364-010-000	\$2,587.00
113-364-040-000	\$938.08
113-364-050-000	\$1,599.00
113-364-060-000	\$452.92
113-364-070-000	\$566.28
113-364-080-000	\$3,068.00
113-380-010-000	\$847.60
113-380-030-000	\$918.71

125-020-010-000	\$594.16
125-020-020-000	\$1,525.30
125-020-03-0000	\$1,148.00
125-030-010-000	\$677.25
125-030-020-000	\$581.00
125-030-030-000	\$571.20
125-030-040-000	\$546.00
125-030-050-000	\$546.00
125-030-060-000	\$102.00
125-030-070-000	\$560.00
125-030-370-000	\$169.40
125-030-390-000	\$175.00
125-030-400-000	\$730.03
125-030-410-000	\$1,092.42
125-040-010-000	\$645.12
125-040-020-000	\$1,379.98
125-040-030-000	\$1,495.20
125-040-040-000	\$1,485.54
125-040-050-000	\$1,293.53
125-050-100-000	\$2,379.52
125-050-160-000	\$2,924.48
125-050-170-000	\$3,582.54
125-060-010-000	\$757.38
125-060-030-000	\$1,075.10
125-060-040-000	\$718.25
125-060-050-000	\$1,022.32
125-060-060-000	\$892.06
125-060-070-000	\$1,113.71
125-060-080-000	\$1,302.34
125-060-090-000	\$2,275.00
125-060-100-000	\$1,093.56
125-060-110-000	\$1,312.61
125-070-110-000	\$3,392.74
125-070-120-000	\$1,472.25
125-070-250-000	\$2,301.78
125-070-260-000	\$1,014.52
125-070-270-000	\$910.00
125-070-380-000	\$1,999.79
125-070-390-000	\$2,131.61
127-020-010-000	\$2,756.00
127-020-020-000	\$1,175.72
127-020-050-000	\$1,472.25
127-020-210-000	\$742.43
127-020-230-000	\$1,267.63
127-020-240-000	\$1,459.90
127-020-250-000	\$3,126.11
127-020-260-000	\$1,083.16
127-041-010-000	\$924.17
127-041-020-000	\$412.36

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127-041-030-000	\$418.99
127-042-040-000	\$1,302.34
127-042-170-000	\$3,255.33
127-042-180-000	\$2,470.00
127-050-010-000	\$3,315.26
127-050-020-000	\$231.92
127-050-030-000	\$651.43
127-050-040-000	\$622.83
127-050-340-000	\$650.00
127-050-350-000	\$650.00
127-050-360-000	\$650.00
127-050-370-000	\$2,182.18
127-060-010-000	\$857.74
127-060-020-000	\$1,014.00
127-060-030-000	\$1,302.34
127-060-340-000	\$650.00
127-060-350-000	\$843.05
127-070-010-000	\$2,243.80
127-070-250-000	\$1,768.47
127-070-260-000	\$7,389.03
127-070-270-000	\$1,521.52
127-070-280-000	\$100.00
127-070-310-000	\$2,846.80
127-070-320-000	\$1,195.92
127-070-330-000	\$1,164.90
127-070-340-000	\$2,866.50
127-070-350-000	\$1,348.93
127-070-370-000	\$3,410.55
137-020-200-000	\$650.00

137-020-210-000	\$1,801.28
137-020-220-000	\$1,302.34
137-020-230-000	\$1,170.00
137-020-310-000	\$1,430.00
137-020-420-000	\$3,900.00
137-060-010-000	\$1,261.00
137-060-020-000	\$18,941.00
137-070-040-000	\$1,342.00
137-070-160-000	\$1,650.00
137-070-170-000	\$88.00
137-070-190-000	\$2,981.00
137-070-550-000	\$880.00
137-070-570-000	\$1,650.00
137-080-010-000	\$480.00
137-080-020-000	\$160.00
137-080-030-000	\$1,188.00
137-080-140-000	\$935.00
137-080-150-000	\$1,402.50
137-080-160-000	\$550.00
137-080-170-000	\$385.00
137-080-540-000	\$156.75
137-080-550-000	\$68.75
137-080-560-000	\$1,188.00
137-080-570-000	\$495.00
137-095-010-000	\$1,056.00
137-095-030-000	\$781.00
137-095-040-000	\$781.00
139-020-010-000	\$2,640.00
139-020-070-000	\$3,652.00

APPENDIX 2

MMCID BOUNDARY MAP

