SECTION B: IMPROVEMENTS AND ACTIVITIES

The Miracle Mile Property-Based Business Improvement District (PBID) is a special benefit assessment district formed in 2007 that conveys special benefits to each individual assessed parcel located within the district boundaries. Property owners now want to continue the PBID for an additional five year term. As described in the Miracle Mile Property-Based Business Improvement District (PBID) Management Plan, it is proposed that the PBID will continue to provide funding for Enhanced Maintenance, Public Security and Safety, and Marketing and Promotions activities above and beyond those provided by the City of Stockton.

ENHANCED MAINTENANCE

The top priority for the Miracle Mile property owners is enhanced maintenance. The District will continue to provide contracted services to power-wash sidewalks, remove gum and stickers, collect and remove trash from public trash containers, remove graffiti, collect and dispose of litter, and to provide seasonal watering services of public landscape where irrigation is nonexistent. The District shall also continue to assist in beautification by planting seasonal flowers in tree wells, and replacing missing or dying trees and shrubs when budget allows. The District shall continue to work with local organizations to enhance and maintain these plantings, including the trimming of trees and bushes and weeding of planters.

The District will work with the City of Stockton, existing organizations, and service contractors to revitalize existing street furnishings (trash cans, streetlights, ballards, etc.) and to supply furnishings where they are needed.

The proposed maintenance service frequencies are provided below depending on actual cost estimates to provide these services:

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>FREQUENCY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Power-washing sidewalks, gum and sticker removal</td>
<td>Three times a year between April and October</td>
<td>Zone 1</td>
</tr>
<tr>
<td>Trash removal</td>
<td>6 days per week, year round</td>
<td>Zone 2</td>
</tr>
<tr>
<td>Graffiti removal</td>
<td>6 days per week as needed</td>
<td></td>
</tr>
<tr>
<td>Litter removal and weeding services: provided by SUSD workability program</td>
<td>Per SUSD school calendar</td>
<td></td>
</tr>
<tr>
<td>Watering</td>
<td>6 days per week; April through October</td>
<td></td>
</tr>
<tr>
<td>Planting</td>
<td>April</td>
<td></td>
</tr>
<tr>
<td>Street furnishings replacement/improvement</td>
<td>Year round</td>
<td></td>
</tr>
</tbody>
</table>
PUBLIC SECURITY AND SAFETY

The second priority of the District property owners is to provide a safe environment for businesses, employees and guests. The District security program will supplement local law enforcement agencies by providing contracted security personnel during peak hours as determined by monthly security reports. Security schedules will vary by day, week, and month based on reported activity or scheduled events within the district. The program will assist in the prevention of break-ins, graffiti tags and disruptive street behavior. Additionally, the security personnel will be available to escort guests and employees to their vehicles in the evening hours on a call-in basis.

The District will develop a security plan with the southern District property owners (Harding Way) and businesses to decrease unfavorable activity along the southern portion of the District. The District will negotiate with business owners on Harding Way to form another supplement security program to place a security officer on Harding Way to thwart panhandling and loitering activities. The District will continue a “No Loitering” campaign and a “No Panhandler” campaign with the merchants to discourage guests from giving change to panhandlers. Providing change to panhandlers fuels the loitering issue and deters guests from visiting.

MARKETING AND PROMOTIONS

The third priority of property owners is marketing and promoting the Miracle Mile as a destination for the shopping, dining, entertainment, and educational needs of the community. These promotions and events will aim to improve the overall business image of the District with the goal of attracting and retaining businesses, jobs and investment. Included in marketing and promotions is joint-advertising opportunities, an organizational website (Stocktonmiraclemile.com), a facebook page for constant connection and advertising, an annual report, brochures and flyers, street banners, and sponsorship of related activities and events that will benefit the District’s image. A façade improvement program was developed by the District which provides a small reimbursement fund for merchants who improve the front façade of their buildings which improves the overall image of the District as a whole.

ADMINISTRATION

Administrative services will include compensation paid to the Executive Director to provide staff services to the Board of Directors, manage the budget and bookkeeping of the organization, maintain the records of the organization, oversee the contracts for services of the District, manage the website, oversee advertising, promotions and events, assist merchants in issues related to the enhancement of the District’s image, and act as official liaison to the City of Stockton, the University of the Pacific, Stockton Unified School District, and other organizations and agencies whose activities interact with the District. When available, the Executive Director will be assisted by part-time volunteer interns and other volunteers to assist with the day-to-day operations of the PBID. The Executive Director will also work with outside agencies and interested parties to identify and obtain supplemental funds, such as additional funds for security programs.
The budget for management and advocacy includes expenses relating to rent, telephone, utilities, printing, postage, equipment, internet services, accounting and bookkeeping services, and legal services when needed. Insurance premiums are also included to provide general liability coverage for the District operations, activities, and events, director and officer liability coverage, and health-care benefits for the Executive Director.
SECTION C: PBID BOUNDARY

The District shall include those commercial parcels in the Pacific Avenue area from Alpine Avenue on the north to Harding Way on the south, and all commercial parcels that front Harding Way between Lincoln Street on the west and North El Dorado Street on the east. See the Miracle Mile Improvement District Management District Plan for a map of the area.

Within this boundary there are two benefit zones that will receive varying levels of services. Zone 1 includes all commercial parcels fronting Pacific Avenue south of Regent Court and all commercial parcels fronting Harding Way from Lincoln Street to North El Dorado Street. Zone 2 includes the remainder of the District, those commercial parcels fronting Pacific Avenue north of Regent Court to Alpine Avenue.
SECTION D: COST ESTIMATE

2013 Operating Budget

The following table outlines the PBID maximum assessment operating budget for calendar year 2013.

<table>
<thead>
<tr>
<th>PBID SERVICES</th>
<th>BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhanced Maintenance</td>
<td>$30,000</td>
</tr>
<tr>
<td>Public Safety and Security</td>
<td>$100,000</td>
</tr>
<tr>
<td>Marketing and Promotions</td>
<td>$20,000</td>
</tr>
<tr>
<td>Administration and Reserve</td>
<td>$85,000</td>
</tr>
<tr>
<td><strong>TOTAL BUDGET</strong></td>
<td><strong>$235,000</strong></td>
</tr>
</tbody>
</table>

**Budget Notations**

Total program revenue increases by no more than 3% per year, the maximum allowed under the proposed annual budget adjustment to keep pace with increases in the consumer price index and other program costs. Actual budgets may not increase 3% as determined by the District Board of Directors, which is the PBID Owner’s Association.
SECTION E: SPECIAL and GENERAL BENEFITS

The Property and Business Improvement District Law of 1994, as amended, the State Constitution Article XIIIID and judicial opinions require that assessments be levied according to the special benefit each assessed parcel receives from the services and activities. Article XIIIID Section 4(a) in part states “only special benefits are assessable” which requires that we separate the general benefits from the special benefits conferred on a parcel. Further clarification from the Golden Hill judicial opinion states that “even minimal general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties”. A special benefit as defined in Article XIIIID 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. The special benefit to parcels from these proposed PBID services and activities is equal to or exceeds the total amount of the proposed assessment. Each individual assessed parcel’s assessment is no greater than the special benefit it receives from the PBID services.

Special Benefit
All of the PBID services and activities are to enhance and not replace or duplicate any City provided services. The intent of the PBID is to fund supplemental activities and improvements to each individual assessed parcel within the district boundary above and beyond the services each of those parcels receives from the City from its general property taxes. All benefits derived from the assessments outlined in this report are for property related services directly benefitting each individual assessed parcel in the district. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels and that real property in general and the public at large do not share. Inasmuch as all PBID services will be provided to each individual assessed parcel in the District boundaries and no services will be provided to any parcel outside the District boundaries, and whereas these services are above and beyond what the City currently provides with its General Fund, the assessments levied are only for the special benefits received. Any general benefits, as determined below, will be funded from another revenue source. The PBID services are particular and distinct benefits to be provided only to each individual assessable parcel primarily within the PBID and not to the public at large.

We determined that each of the proposed services and activities provides primarily special benefits to the real property within the district area. Each of the activities is designed to meet the goals of the District; to improve the cleanliness and safety of each individual assessable parcel within the District, to increase building occupancy and lease rates, to encourage new business development and attract residential serving businesses and services to each individual assessed parcel within the District. A basic premise of commercial business is that increased pedestrian traffic increases the economic return to each individual assessable parcel. The increase in pedestrian traffic
is likely to encourage commerce from tenants, visitors and residents. All pedestrian traffic is considered to be potential customers who will become the target audience for future patronage of retail and business establishments and services, renting commercial space or purchasing a residential unit.

**Maintenance and Safety**
These activities as described in Section B which are above the City’s base level of services are intended to provide a cleaner, safer, and more beautiful environment to each individual assessed parcel, regardless of its land use. The purpose of the security team is to deter and report any nuisance crimes taking place on the streets, sidewalks, building entrances and parking areas to individual assessed parcels in the District area. The security team also provides hospitality services to tenants, residents and visitors. The security team monitors activity within the public area and will report suspicious activities, criminal actions and/or emergencies to the Stockton Police Department (SPD). These services do not replace existing SPD area patrols or any other security and patrol services throughout the District. The maintenance teams provide maintenance activities that continue the efforts to enhance the cleanliness and image of the district. These services are delivered specifically to each assessed parcel located in the District that specially benefits from the enhanced service levels. These services will not be delivered to any parcel outside the PBID boundary.

**Marketing and Promotions**
This program, as described in Section B, is intended to retain and attract new businesses. This is in an effort to enhance the value of the properties and encourage investment dollars and generate additional revenue. In order to accomplish this, the PBID proposes a myriad of marketing and promotions activities. This program is designed to market and promote only those parcels that are within the District boundary and no parcel outside of the District boundary will receive any of the proposed activities. Therefore, it is our opinion that these activities provide primarily a special benefit to each individual assessed parcel.

**Administration**
This program as described in Section B is designed to develop public/private partnerships that will enhance the goals and needs of the PBID area all in an effort to increase investment dollars and commerce. The program is designed to effectively and efficiently manage the day to day operations of the PBID to make sure it is meeting the goals and objectives of the PBID. The above benefits are to be provided only to the assessed parcels within the PBID boundaries. Therefore, the management services are unique to the PBID and are necessary for the PBID to function properly, thus they provide primarily a special benefit only to the assessed parcels in the PBID.

**General Benefit**
The PBID provided activities are distinct parcel related services that are over and above the base level of services provided by the City. These distinct services solely provide a special benefit to each of the individual assessed parcels in the PBID. However, Prop. 218 indicates that the general benefit must be quantified and separated from the
special benefits, and that the cost of the services representing general benefits must be deducted from the amount of the cost assessed against those parcels that specially benefit.

The intent of PBID services is to encourage commerce or any type of business activity. In order to quantify the general benefit, the City of San Francisco conducted 2 intercept surveys in areas wanting for form a PBID; one in their commercial core, Union Square, and the second in a neighborhood village, West Portal. The surveys found that of the respondents passing through the District without the intent of engaging in commerce or any type of business activity then or anytime in the future were minimal. Of those surveyed, less than 1% responded that they do not nor do they ever intend to engage in commerce or any type of business activity regardless of the PBID provided services. In addition, the City of San Jose just completed its own intercept survey in which 0% of their respondents indicated that they do not nor do they ever intend to engage in commerce or any type of business activity regardless of the PBID provided services.

With those three conducted surveys it is reasonable to conclude that general benefits, if any, to the surrounding community and the public in general are de minimus, intangible and unquantifiable.

The California State Legislature found that assessments levied for the purpose of providing improvements and promoting activities that benefit real property are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property for which the improvement and activities are provided; Streets and Highways Code Section 36601 (c).
SECTION F: PUBLICLY OWNED PARCELS

Public Property Assessments
The District will provide PBID activities to all publicly owned parcels within the District, including, but not limited to, those owned by the City of Stockton, County of San Joaquin, State of California or any other publicly owned parcel. All publicly owned parcels will pay their proportional assessment based on the special benefits conferred to each of those individual assessed parcels. Most publicly owned parcels receive the same level of service and benefit respective of the benefit zone as all other properties within the District from the proposed improvements and activities.

School district properties that are used exclusively for school purposes receive less benefit from the PBID activities as they already provide many of these same activities. These parcels are fenced in, have a significant amount of open space and are not utilized for purposes similar to commercially zoned or developed parcels. Their intent is not to engage in commerce and will not benefit from the PBID activities to the same degree.

Therefore, the publicly owned parcels are apportioned their fair share of the project costs, based on the special benefits conferred to those individual parcels. Article XIIIID of the State Constitution provides for these assessments. It specifically states in Section 4(a) that “Parcels within a district that are owned or used by any agency...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.”
SECTION G: PROPORTIONAL SPECIAL BENEFITS

Methodology
Determining the proportionate special benefit among the parcels of real property within the proposed assessment district which benefit from the proposed improvements is the result of a four-step process:

1. Defining the proposed activities
2. Defining how each parcel specially benefits from the proposed activities.
3. Determining the amount of special benefit each parcel receives,
4. Determining the proportional special benefit a parcel receives in relation to the amount of special benefit all other parcels in the District receive

The proportional special assessment derived by each individual assessed parcel shall be determined in relationship to the entirety of the capital cost of an improvement or the maintenance and operation expenses of an improvement or for the cost of the parcel related service being provided. Due to the proportionate special benefits received by these parcels from the District services, these parcels will be assessed a rate which is proportionate to the amount of special benefits received.

Special Benefit Factors
Each of the PBID activities is designed to meet the goals of the District; to improve the cleanliness, safety and appearance of each individual assessed parcel within the District which will then increase building occupancy and lease rates, and encourage new business development. A determination of how much each individual assessed parcel benefits from these activities is related to each parcel’s lot and gross building square footage. For the District activities, the best measure of proportional special benefit for an individual parcel is determined by a ratio of the parcel’s assessable square footage to the total assessable square footage of all parcels in the District boundary, respective of each individual assessed parcel’s benefit zone.

The way to measure proportional special benefit for an individual parcel is determined by a ratio of the parcel’s lot and gross building square footage compared to the total lot and gross building square footage of all parcels in the District boundary.

Lot plus Gross Building Square Footage: The sum of lot and gross building square footage is the assessment variable for the PBID activities as it acknowledges the benefits received at the ground level and distributed throughout the buildings. Each of the individual assessed parcels will benefit from the PBID activities not only at the street level but also throughout the building as it will provide a cleaner and safer environment for its employees and visitors. The marketing and promotion services are also delivered at both the ground level and throughout the buildings as they will improve occupancy, sales, business retention and recruitment to each individual assessed parcel.
Property Use Considerations
The assessment methodology takes into consideration the special benefits each type of land use receives from the proposed PBID activities. Not all individually assessed parcels in the District receive the same level of special benefit from the PBID activities and therefore must be assessed based on the special benefits received.

Residential Parcels: Parcels that are zoned solely residential, and used exclusively for residential purposes will not benefit from the PBID activities, as expressly exempted in the Streets and Highways Code Section 36632(c). If a residential parcel converts to a commercial use, then that parcel receives special benefit from the PBID activities and is then subject to the assessment.
SECTION H: APPORTIONMENT METHOD

As previously discussed in Section B the PBID activities are determined and segregated into the two benefit zones based upon each Zone’s demand for service and benefits received. The table below summarizes the lot square footage and building square footages within each benefit zone:

<table>
<thead>
<tr>
<th>Benefit Zone</th>
<th>TOTAL Sq.Ft</th>
<th>Weighted Lot Sq.Ft.</th>
<th>Weighted Bldg Sq.Ft.</th>
<th>TOTAL Weighted Sq.Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>1,591,924</td>
<td>997,529</td>
<td>594,395</td>
<td>1,591,924</td>
</tr>
<tr>
<td>Zone 2</td>
<td>513,004</td>
<td>102,932</td>
<td>25,319</td>
<td>128,261</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>2,104,928</td>
<td>1,100,461</td>
<td>619,714</td>
<td>1,720,175</td>
</tr>
</tbody>
</table>

Assessment Calculation

Because the benefit zones receive varying levels of maintenance services, specifically Zone 1 receiving the majority of the maintenance services the amount apportioned to Zone 1 is in direct relationship to the benefit each assessable parcel receives from the services. Likewise, Zone 2 receives less benefit than Zone 1. Therefore, the amount apportioned to Zone 2 is less than Zone 1 in direct relationship to the benefit received.

To calculate the assessment for the services for each zone is to take the cost for the services, $150,000 and divide it by the total number of weighted square feet, 1,720,175 which equal an assessment of $0.0872 per foot. That is the assessment rate for Zone 1. However, because Zone 2 receives fewer services and benefit than Zone 1 they will be assessed at 25% of that rate or $0.0218 per foot.

To calculate the assessment for the Administration services, which benefit the District as a whole, is to divide that portion of the budget, $85,000, by the total number of square feet, 2,104,928 which equals an assessment of $0.0404 per foot.

To calculate a parcel’s assessment for Zone 1, multiply that parcel’s lot square feet plus building square feet by $0.1276 ($0.0872 + $0.0404) which equals the total parcel assessment. To calculate a parcel’s assessment for Zone 2, multiply that parcel’s lot square feet plus building square feet by $0.0622 ($0.0218 + $0.0404) which equals the total parcel assessment. For example, a parcel in Zone 1 with 5,000 lot square feet plus 2,500 building square feet will receive an assessment of $957.00 (7,500 x $0.1276). A parcel in Zone 2 with 5,000 lot square feet plus 2,500 building square feet will receive an assessment of $466.50 (7,500 x $0.0622).

Assessment rates will not exceed the following during the first year of the PBID:

<table>
<thead>
<tr>
<th>Benefit Zone</th>
<th>Annual Assmt Rate per Lot plus Bldg Sq.Ft.</th>
<th>Monthly Assmt Rate per Lot plus Bldg Sq.Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1:</td>
<td>$0.1276</td>
<td>$0.0106</td>
</tr>
<tr>
<td>Zone 2:</td>
<td>$0.0622</td>
<td>$0.0052</td>
</tr>
</tbody>
</table>
Annual Assessment Adjustments

Future Development: As a result of continued development, the PBID may experience the addition or subtraction of assessable lot and building square footage for parcels included and assessed within the PBID boundaries. The modification of parcel improvements assessed within the PBID may then change upwards or downwards the amount of total footage assessment for these parcels. In future years, the assessments for the special benefits bestowed upon the included PBID parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer’s Report, provided the assessment formula does not change. If the assessment formula changes, then a Proposition 218 ballot will be required for approval of the formula changes.
SECTION I: ASSESSMENT ROLL

The total assessment amount for 2013 is $235,000 apportioned to each individual assessed parcel. For a complete listing of assessed parcels please see Attachment A: Assessment Roll, attached as a separate document.
Miracle Mile Improvement District
Public Notice

Developed by a coalition of property and business owners, the Miracle Mile Improvement District (PBID) is a special benefit assessment district to improve and convey special benefits to properties located in the area. The renewed PBID would continue to provide the improvements and activities summarized below, above and beyond those currently provided by the City of Stockton.

A Public Hearing on the PBID Renewal is scheduled for
June 26, 2012, at 5:30 P.M.
City Council Chambers
425 North El Dorado Street, Second Floor, Stockton, CA 95202.

Location: The renewed Miracle Mile Improvement District shall include those commercial parcels fronting on Pacific Avenue from Alpine Avenue on the north to Harding Way on the south, and all commercial parcels that front Harding Way between Lincoln Street on the west and North El Dorado Street on the east.

Within this boundary there are two benefit zones that will receive varying levels of services. Zone 1 includes all commercial parcels fronting Pacific Avenue south of Regent Court and all commercial parcels fronting Harding Way from Lincoln Street to North El Dorado Street. Zone 2 includes the remainder of the District, those commercial parcels fronting Pacific Avenue north of Regent Court to Alpine Avenue.

Services: Enhanced maintenance, public security and safety, marketing and promotion, and advocacy to specially benefit assessed properties.

Budget: The MMID PBID total annual amount of assessment income to be expended in 2013 is projected to be $231,304. The total assessment annual amount may increase by no more than 3% per year thereafter.

Cost: Annual assessments are calculated based upon each property’s square footage plus building square footage. The first year’s assessment rates are as follows:

<table>
<thead>
<tr>
<th>Benefit Zone</th>
<th>Annual Assessment Rate per Lot plus Bldg Sq.Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1:</td>
<td>$0.1276</td>
</tr>
<tr>
<td>Zone 2:</td>
<td>$0.0622</td>
</tr>
</tbody>
</table>

Duration: Per state law, the renewed MMID PBID will have a five-year life commencing January 1, 2013 and terminating December 31, 2017, unless the property owners within the MMID elect to renew the District again.

The assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with the ballots weighted according to the proportional financial obligation of the affected property.

The Property Owner Ballot included in this packet contains important information concerning its completion, return, and tabulation, and the effect of casting ballots in support or in protest of the assessment. For more information on the documents in this packet, please call the City Clerk’s Office at (209) 937-8458. For more information about the PBID, please call the MMID at (209) 948-6453.