

# STATEMENT OF OVERRIDING CONSIDERATIONS

FOR THE

## MARIPOSA INDUSTRIAL PARK

City of Stockton, CA

State Clearinghouse No: 2020120283

February 28, 2022

Prepared for:  
CITY OF STOCKTON  
345 N. El Dorado Street  
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# 1.0 INTRODUCTION

This document sets forth the Statement of Overriding Considerations of the City of Stockton (the "City") as to six of the environmental impacts of the Mariposa Industrial Park project identified in the EIR for the project, in accordance with the California Environmental Quality Act (CEQA) Guidelines. The six environmental impacts, together with the other environmental effects of the proposed project, are described in the certified Final EIR for the project. These six impacts, listed below, are considered “significant and unavoidable.” This is based on the City of Stockton’s determination in this adopted document that no feasible mitigation measures exist that would reduce the impacts to a less than significant level.

This Statement of Overriding Considerations is closely related to the CEQA Findings and Mitigation Monitoring/Reporting Program for the Mariposa Industrial Park project, which addresses the effectiveness of mitigation measures with respect to all of the other environmental effects of the project, as required by CEQA Guidelines Sections 15091-15093 and 15097. The CEQA Findings and Mitigation Monitoring/Reporting Program is a separate standalone document.

## 1.1 APPLICABLE CEQA REQUIREMENTS

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CEQA requires that a Lead Agency prepare an Environmental Impact Report (EIR) when a proposed project may involve significant environmental effects. Prior to approval of the project, the Lead Agency must certify that the EIR was completed in compliance with CEQA and that the Lead Agency reviewed and considered the EIR before approving the project.

The Mariposa Industrial project involves annexation of approximately 203 acres into the City of Stockton for the purposes of industrial development. The annexation area consists of several adjoining properties that together comprise the overall project site. The project location and proposed development of the site are described in more detail in the referenced EIR and the CEQA Findings and Mitigation Monitoring/Reporting Program for the project, both of which are referenced below.

During 2021, the City of Stockton prepared an EIR documenting the potential environmental effects of the project, feasible mitigation measures that would avoid or reduce address these effects, and a range of reasonable alternatives to the project. The City conducted agency and public review of the EIR and the remainder of the EIR process in accordance with CEQA requirements. These activities are described in more detail in Final EIR and the CEQA Findings and Mitigation Monitoring/Reporting Program for the project.

When an EIR identifies significant or potentially significant environmental effects, CEQA requires that the Lead Agency make specified written findings regarding each of the significant effects prior to project approval. For the Mariposa Industrial Park project,

these written findings are contained in the CEQA Findings and Mitigation Monitoring/Reporting Program, which will require adoption by the City of Stockton prior to its action on the project.

When an EIR finds that there are no mitigation measures or no feasible mitigation measures for any of the significant environmental effects of the project, and the Lead Agency - the City of Stockton – wishes to approve the project in spite of its unmitigated significant effects, CEQA Guidelines Section 15093 provides that the Lead Agency must adopt a Statement of Overriding Considerations (SOC) before approving the project. As described in the Section 15093 excerpt below, the SOC presents the Lead Agency’s rationale for balancing the benefits of the project vs. its unavoidable environmental risks.

#### 15093. STATEMENT OF OVERRIDING CONSIDERATIONS

(a) CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered “acceptable.”

(b) When the lead agency approves a project which will result in the occurrence of significant effects which are identified in the final EIR but are not avoided or substantially lessened, the agency shall state in writing the specific reasons to support its action based on the final EIR and/or other information in the record. The statement of overriding considerations shall be supported by substantial evidence in the record.

(c) If an agency makes a statement of overriding considerations, the statement should be included in the record of the project approval and should be mentioned in the notice of determination. This statement does not substitute for, and shall be in addition to, findings required pursuant to Section 15091.

The EIR for the project concludes that project impacts on agricultural land conversion, air quality, greenhouse gas emissions, noise and transportation impacts are significant and that feasible mitigation measures are not available that would conclusively reduce these impacts to a less than significant level. This document constitutes the Statement of Overriding Considerations addressing these significant and unavoidable impact of the project, as described in more detail below.

The Draft EIR, the Final EIR and the CEQA Findings and Mitigation Monitoring/Reporting Program for the project are hereby incorporated by reference. Copies of these documents, specifically cited below, are available for review at the offices of City of Stockton Community Development Department, Planning Division, 345 N. El Dorado Street, Stockton, California 95202.

BaseCamp Environmental, 2021a. Public Review Draft Environmental Impact Report for the Mariposa Industrial Park. SCH #2020120283. August 24, 2021.

BaseCamp Environmental, 2021b. Final Environmental Impact Report, Mariposa Industrial Park. SCH #2020120283. February 28, 2022.

BaseCamp Environmental, 2021c. CEQA Findings and Mitigation Monitoring/Reporting Program, Mariposa Industrial Park. SCH #2021120283. February 28, 2022.

## 1.2 SIGNIFICANT AND UNAVOIDABLE IMPACTS

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The project would involve six potentially significant and unavoidable environmental effects related to the Mariposa Industrial Park. These effects, available mitigation measures and, where appropriate, any other agencies associated with implementation of the mitigation measures are described below.

**Agricultural Land Conversion.** The project would convert up to 203 acres of agricultural lands to urban industrial use. The project would participate in the City's Agricultural Lands Mitigation Program and the San Joaquin County Multi-Species Habitat Conservation Plan, but these actions would only partially mitigate the agricultural land conversion impact, leaving it significant and unavoidable. No other feasible mitigation measures are available. This impact was accepted by the City for the site and other lands in its Statement of Overriding Considerations for adoption of the Stockton General Plan 2040 in 2018.

**Air Quality Plans and Standards- Operational Emissions.** The project would involve predicted emissions of oxides of nitrogen that would exceed San Joaquin Valley Air Pollution Control District significance thresholds even with project conformance with SJVAPCD's mitigating Rule 9510. The FEIR, in Appendix C, assigns responsibility for several air quality improvement measures to the project. These measures are those that have been assigned to previous similar projects in the City of Stockton combined with those recommended by the California Air Resources Board, the San Joaquin Valley Air Pollution Control District and the California Department of Justice in their comments on the DEIR for the Mariposa Industrial Park project. These together constitute a set of the best available mitigation measures for the referenced air quality impact and may be sufficient to reduce air quality impacts to a less than significant level. The effectiveness of these measures is not, however, quantified leaving uncertainty as to whether impacts will or will not be reduced to a less than significant level. For the purposes of the FEIR and the project CEQA findings, this impact is considered potentially significant and unavoidable.

**Exposure of Sensitive Receptors to Criteria Pollutants.** The project's NOx emissions could result in unquantified but potentially significant air quality impacts on the adjoining disadvantaged unincorporated community. The potential effectiveness of mitigation measures described in the EIR is also unquantified. There is resulting uncertainty whether the project would result in a significant air quality on this community, which for the purposes of making the required CEQA

findings are considered potentially significant and unavoidable. Additional discussion on this issue is provided below.

Project GHG Construction Emissions and Consistency with Applicable Plans and Policies. Unmitigated construction GHG emissions would be reduced by Additional Air Quality Improvement Measures identified in the EIR and to be included in the project as conditions of approval. Compliance with applicable State and SJVAPCD rules and regulations would provide additional mitigation. However, since these measures cannot be precisely quantified, and no quantified thresholds applicable to GHG construction emissions are available, it cannot be stated with certainty that GHG emissions would be reduced to a level that is considered less than significant.

Increase in Noise Levels in Excess of Standards-Traffic. Predicted increases in vehicle traffic on Mariposa Road will result in significant increases in existing traffic noise for rural residences located along this regional roadway. Any substantial mitigation of these noise increases would require construction of continuous barrier walls along the frontage of residential parcels along Mariposa Road. To maintain existing access to each parcel, however, sound walls would need to be discontinuous, which would virtually eliminate their noise mitigation properties. There is no other known method of traffic noise mitigation that would be applicable in this area.

Consistency with CEQA Guidelines Section 15064.3(b). Chapter 16.0 of the Draft EIR, pages 16-24 through 16-26, concludes that the project would likely have a significant impact on Vehicle Miles Traveled (VMT). Mitigation is available but its effectiveness is not clearly quantifiable, leaving the potential that VMT impacts could remain significant and unavoidable.

In that the above environmental impacts may result from the Mariposa Industrial Park project, if the City chooses to approve the project, it must adopt a Statement of Overriding Considerations balancing its reasons for approving the project with the fact that it would involve significant or potentially significant environmental effects that cannot be substantially reduced or mitigated. The City's Statement of Overriding Considerations and related information is presented in Section 2.0 below.

When a City proposes to adopt a Statement of Overriding Considerations, it is also required to make findings with respect to the alternatives to the proposed project. These findings are set forth in Section 3.0 of this document.

The Statement of Overriding Considerations for the proposed project is based upon substantial evidence, including information, analysis and mitigation measures described in the Draft and Final EIRs, information incorporated into these documents by reference and other information detailed or specifically referenced in the SOC itself.

## 2.0 STATEMENT OF OVERRIDING CONSIDERATIONS

Pursuant to CEQA Guidelines Section 15093, the City Council of the City of Stockton finds that the six potential environmental effects of the Mariposa Industrial Park project, as described above and in the referenced sections of the Draft and Final EIRs for the project, are potentially significant and may not be avoided, mitigated to Less Than Significant or substantially reduced by the available mitigation measures documented in the EIR.

The City also finds in Section 3.0 of this document that none of the project alternatives have the potential to avoid or substantially reduce the significant environmental effects of the project except the No Project Alternative, which is entirely inconsistent with the project objectives.

The City Council hereby adopts and makes the following Statement of Overriding Considerations (SOC) with respect to Section 15093 of the CEQA Guidelines, which is shown in its entirety in Section 1.0. The SOC describes the anticipated economic, legal, social, technological and/or other benefits or considerations that warrant the City Council's decision to approve the project even though all of the environmental effects of the project are not fully mitigated.

The City Council specifically finds that the potentially significant and unavoidable environmental impacts of the Mariposa Industrial Park project are considered acceptable in light of overriding social, economic and other benefits or considerations related to the project, as described below. That is, the social, economic and other benefits or considerations of the project outweigh the significant and unavoidable effects of the project.

The City Council considers the following items to be the overriding social, economic and other benefits or considerations of the project.

- The project site and surroundings are designated for urban industrial development by the Stockton General Plan 2040. The site area is within Stockton's designated Urban Services Boundary, which is intended to be annexed and pre-zoned for urban development in the near future. In anticipation of eventual annexation and development, the project site is designated "Urban Reserve" by San Joaquin County.
- Economic development and job creation, including the designation of sufficient land for ongoing development of job-generating land uses, are among the core objectives of the Stockton General Plan 2040.
- The project is in compliance with Stockton General Plan 2040 policies supporting urban growth on lands with existing transportation and utility services, thereby preventing unnecessary urban expansion into greenfield areas on the periphery of Stockton. The project site is surrounded by other areas designated for urban industrial and residential development.

- The General Plan 2040 EIR, considered and certified by the Stockton City Council before adopting the General Plan in 2018, disclosed a range of potential environmental impacts associated with planned development in accordance with the existing general plan designations. The project would make contributions to these previously identified impacts consistent with the analysis provided in the certified Stockton General Plan 2040 Environmental Impact Report (GPEIR). The significant impacts analyzed in the GPEIR include conversion of agricultural lands, emissions of criteria pollutants including oxides of nitrogen, greenhouse gas emissions and traffic and noise increases along Mariposa Road that would result from planned urban growth as a whole.
- Proposed industrial development is within the allowable land use intensity for the City's Industrial General Plan designation. Approval of the project would not confer any increase in the planned future industrial development intensity on the project site that is not already accounted for in the Stockton General Plan 2040 and the GPEIR.
- The City is in the planning development of a new fire station to serve ongoing industrial development in the southern portion of the City. As provided in the proposed, the project applicant will provide \$100,000 to fund formation of a Community Facilities District (CFD). The CFD will be responsible for construction and long-term operation of the fire station. The Development Agreement also commits the applicant to provide up to \$3 million in funding for fire station construction and to pay the project's fair share of operating costs in perpetuity.
- The February 4, 2022 Economic Benefit Report on the project, prepared by Development Planning and Financing Group (DPFG), indicates that the project will produce significant economic benefits to the local economy, including impact fee benefits, construction benefits, employment benefits, earnings increases, and tax revenue generation.
- DPFG estimates that construction of the project will generate approximately \$580 million in construction economic activity, an estimated 7,422 construction jobs and \$517.8 million in worker earnings over the project construction period.
- Once constructed and in operation, DPFG estimates the project will generate an estimated \$4.1 million annually in property tax revenues; \$828,000 of this revenue will directly benefit the City of Stockton; an increase of \$686,000 in revenues will be paid to the County of San Joaquin, and an additional \$2.6 million in property tax revenues will accrue to other local agencies including the Stockton USD, SJ Delta Community College and San Joaquin County flood control agencies, among others.
- The project will employ an estimated 3,062 full-time employees. New employee spending will generate an estimated \$8 million in taxable sales, including \$5.6 million within the City limits generating approximately \$55,736 annually in sales tax revenue to the City.

- The project is estimated to fund more than \$6 million in development fees to the City and \$1.3 million to the Stockton Unified School District. Of these, City development impact fees contribute to capital costs of new facilities or upgrades to existing streets, utilities, fire, police, medical, libraries and parks facilities required by new development.
- The project is subject to the requirements of the Stockton Agricultural Lands Mitigation Program. The project will involve a substantial contribution of conservation easement-protected land or payment of in-lieu fees of approximately \$1 million to the Mitigation Program as compensation for the agricultural land conversion impacts of the project.
- The project will involve a contribution of more than \$4.6 million in habitat conservation fees to the San Joaquin County Multi-Species Habitat Conservation Program.
- The project will widen approximately 900 feet of Mariposa Road, including turning lanes, pedestrian sidewalks and bike lanes, at an estimated cost of approximately \$6 million.
- Except for the six significant and unavoidable impacts addressed in this document, all of the other potential environmental impacts of the project described in the project EIR were determined to be less than significant or would be reduced to less than significant level with mitigation measures that will be incorporated into the project.

In addition to the above-listed social, economic and other benefits of the project, the City Council has also taken the following points into consideration:

- The DEIR considered a range of feasible alternatives to the proposed project. None of the alternatives would result in avoidance or a substantial reduction in the significant and unavoidable effects of the project.
- The agricultural land conversion impacts of the project were included in the analysis of this environmental concern in the EIR prepared and certified prior to adoption of the Stockton General Plan 2040 in 2018. Agricultural land conversion impacts were accepted by the City as significant and unavoidable in its Statement of Overriding Considerations adopted in conjunction with adoption of the General Plan.
- While the Mariposa Industrial EIR considers Air Quality Plans and Standards-Operational Emissions impacts to be significant and unavoidable, these impacts were also addressed in the Stockton General Plan 2040 EIR and accepted in the Statement of Overriding Considerations adopted in conjunction with adoption of the General Plan.
- The agencies commenting on the Mariposa Industrial Draft EIR have identified a range of potential air quality mitigation measures, which have been incorporated into the Final EIR to the degree feasible. The means to reliably quantify the

efficacy of these mitigation measures, considered “best available,” are not available at this time.

- While the Mariposa Industrial EIR acknowledges that air quality impacts on Disadvantaged Communities, specifically the effects of the project on NO<sub>2</sub> pollution levels may be significant, there is no known evidence that these areas are subject to existing NO<sub>2</sub> levels that the project could result in an exceedance of criteria pollutant (NO<sub>2</sub>) standards in this area.
- The Mariposa Industrial EIR indicates that new traffic along Mariposa Road would result in an increase in existing traffic noise levels, residential land uses along Mariposa Road will nonetheless, due to predicted long-term traffic growth, be subject to significant traffic noise increases over time. The City also recognizes that the subject residences are legal non-conforming uses in an area designated for and committed to industrial development in the foreseeable future as described in the Stockton General Plan.

The previously-described economic, legal, social, technological and other benefits or considerations of the project outweigh the environmental effects of the project that may remain unmitigated or are considered to be unavoidable. These environmental effects of project implementation are, therefore, considered to be acceptable.

## 3.0 FINDINGS REGARDING ALTERNATIVES

The State CEQA Guidelines require that an EIR include a discussion of a reasonable range of alternatives to the proposed project or to the location of the project. Alternatives to the proposed project were addressed in Chapter 19.0 of the DEIR. When a Lead Agency finds that mitigation measures needed to reduce a significant effect to less than significant, or to substantially reduce it, are infeasible (Finding 3), the Lead Agency must also describe the specific reasons for rejecting alternatives that could meet the same need. The City is making Finding 3 with regard to six environmental effects that could result from the project; these effects will not be sufficiently reduced by mitigation measures. Consequently, the City Council makes the following findings with regard to project alternatives.

Chapter 19.0 of the EIR evaluated several alternatives to the proposed project. These alternatives, described below, are generally feasible but are unlikely to avoid or substantially lessen environmental effects of the project. Therefore, these alternatives are not specifically rejected by the City, but their environmental effects are not such that any of the alternatives should be considered “environmentally superior” to the project and therefore selected in lieu of the proposed project. The alternatives are discussed below.

### 3.1 ALTERNATIVES NOT ADDRESSED IN DETAIL

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The DEIR considered several alternatives but did not address them in detail as they were not considered “feasible” alternatives under CEQA. These “Alternatives Not Addressed In Detail: 1) were clearly infeasible, or 2) did not have the ability to avoid or substantially lessen the significant environmental effects of the project as discussed below. The Alternative Sites, while possibly reducing a few of the project’s environmental effects, may exacerbate other impacts, and mainly would shift potential environmental impacts from one location to another. The Alternative Site Design alternative is infeasible and would not reduce significant environmental effects of the proposed project.

### 3.2 NO PROJECT ALTERNATIVE

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The DEIR defined the “No Project” Alternative as no annexation to the City of Stockton, no industrial pre-zoning, and no industrial development as proposed by the project. The project site would continue to be used for agricultural activities consistent with the existing San Joaquin County zoning.

Since industrial development would not occur under this alternative, there would be no impacts associated with such development on the project site. Most environmental impacts associated with the proposed project would be avoided, particularly air pollutant and GHG emissions, noise, and traffic. However, this alternative would meet none of the objectives of the proposed project. It also would be inconsistent with both the City of

Stockton and San Joaquin County General Plans, which anticipate industrial development of the project site. No annexation and development of the site also would mean that the City would realize no additional increase in revenue from property taxes, utility user taxes, license fees, and other taxes and fees. With no development, only limited employment opportunities associated with agricultural work would be created.

It is uncertain if agricultural operations on the project site, even those involving higher-value crops, would be viable in the long term, given its location in an area designated for industrial development under the Stockton General Plan and already developed with some residential and commercial uses. There also may be potential conflict between farm equipment and other vehicle traffic in the area, along with the disposal of agricultural waste, particularly if burning is involved. Continued agricultural use may require agricultural chemicals such as pesticides, herbicides, and fertilizers, that have potential to affect nearby residential areas, contaminate project site soils and adjacent North Littlejohns Creek if not properly applied. Agricultural activities also could generate dust emissions to which nearby land uses, including residences, may be exposed.

The City Council hereby rejects the No Project Alternative because it would not meet the objectives of the project and could cause some environmental impacts that would not occur with the proposed project. The evidence in support of this finding is provided in DEIR Chapter 19.0.

### 3.3 ALTERNATIVE INDUSTRIAL DEVELOPMENT

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This alternative proposes development of the project site other than the high-cube warehouses proposed by the project. For this alternative, it is assumed that the City would annex the project site and pre-zone the property as Limited Industrial (IL), the same as for the proposed project. The IL zone would be consistent with the existing Stockton General Plan designation for the site (Industrial). The IL zone is applied to areas appropriate for light manufacturing uses that may generate more nuisance impacts than are acceptable in commercial zoning districts and whose operations are conducted indoors.

Alternative industrial development would require extension of public services and utilities from the City to the project site. Road improvements, including curb, gutter, and sidewalk improvements, would need to be made. Because of this, development under this alternative would have similar impacts to the proposed project, particularly related to traffic and noise. Ground disturbance impacts related to soil erosion, surface water quality, and drainage would be similar. Depending on the type of industrial activity located on the project site, this alternative may have new or more severe impacts than the proposed project. For instance, manufacturing activities may use or store a greater quantity of hazardous materials, or generate quantities of hazardous waste, releases of which could have a more adverse impact in the vicinity than would occur under the proposed project. In addition, this alternative would not meet the objectives of the proposed project related to warehouse development.

The City Council hereby rejects the Alternative Industrial Development because it would not meet the objectives of the project and would cause similar effects as the project and could cause new and/or more severe environmental impacts than the proposed project. The evidence in support of this finding is provided in DEIR Chapter 19.0.

### 3.4 REDUCED PROJECT SITE DEVELOPMENT

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Under this alternative, the project site would be annexed to the City of Stockton and pre-zoned as under the proposed project. Also, proposed development of the project site would be like the proposed project. However, the proposed warehouse development on the project site would be reduced in floor area. For the purposes of this analysis, it is assumed that only two buildings that total approximately 2,042,880 square feet in floor area would be constructed.

This alternative would be consistent with the objectives of the proposed project. As with the proposed project, it would contribute to increased City revenue potential, though at a lower level. Employment opportunities also would be created, again at a lower level than under the proposed project. The environmental impacts of the proposed project would be lessened by this alternative. Air pollutant and GHG emissions from both mobile and area emissions would be reduced, although a CalEEMod run indicates that ROG emissions would remain above their SJVAPCD significance threshold. The alternative would also reduce the amount of traffic that would be generated, along with attendant air quality and noise impacts. With the reduced development, a lower quantity of hazardous materials associated with industrial development would be used.

However, effects on other environmental issues would be the same as the proposed project, and mitigation would likely be required to reduce some of these impacts. Potentially more land would be left available for existing uses such as agriculture, although the existing walnut orchard would likely be removed as this area is favored for near-term development. Agricultural activities, as discussed under the No Project Alternative, could involve the use of agricultural chemicals that could contaminate the project site and nearby North Littlejohns Creek if not properly used. Also, agricultural activities could generate dust emissions to which nearby sensitive receptors could be exposed, and potential conflicts could occur between farm equipment and vehicle traffic.

The City Council hereby rejects the Reduced Project Site Development Alternative because it could have more adverse impacts on specific environmental issues, mainly related to potential agricultural use, plus it would not meet project objectives to the extent the proposed project would. This alternative is considered to have environmental effects that are generally equivalent to the proposed project, but the alternative is not considered “environmentally superior” to the project and need not be selected in lieu of the proposed project. The evidence in support of this finding is provided in DEIR Chapter 19.0.



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**Economic Benefit Report  
Mariposa Industrial Park  
City of Stockton, CA**

**Date: February 4, 2022**

Prepared By:  
DPFG, LLC



February 4, 2022

RE: Greenlaw Partners Proposed Mariposa Industrial Park Project: Economic Benefit Report

Greenlaw Partners has requested the services of DPF, LLC (“DPF”) to review and quantify the economic benefits of the Proposed Mariposa Industrial Park Project (“Project”), located within the boundaries of the City of Stockton (“City”).

The results of our review indicate that the Project will produce significant economic benefits to the local economy, including impact fee benefits, construction benefits, employment benefits, earnings increase, and tax revenue generation. The attached report outlines our conclusions and findings regarding the economic benefits that will accrue to the local economy as a result of the Project.

Sincerely,

Chris Austin  
Managing Principal



## **Economic Benefit Report Mariposa Industrial Park Project**

### **Purpose of Report**

The purpose of this report is to review and quantify the economic benefits produced by the Proposed Mariposa Industrial Park Project in the City of Stockton (“Project”) that will accrue to the local economy.

### **Scope of Work**

The scope of our work includes a review of various direct and indirect economic benefits produced by the Project, these include the following: (i) sales tax benefits, (ii) tax revenue generation, (iii) development impact fees, (iv) construction benefits, and (v) earnings increases.

### **Project Description**

The Project is planned for an Industrial Park of 203.5 acres. The non-residential square footage is broken up between two buildings at 900,000 square feet and 1,224,880 square feet. The Project is located along Mariposa Road north of North Littlejohn’s Creek, within San Joaquin County (County), and will be annexed into the City of Stockton (“City”).

Project improvements include \$92.5 million in on-site improvements, over \$401.8 million in vertical construction (including soft costs, contingency, and impact fees), and \$110 million in furniture, fixtures, and equipment.

### **Executive Summary**

The economic benefits of the Project are as follows:

#### General Fund Revenues (Annual/Ongoing)

- \$1,624,300 increase in revenues

#### Property Tax Revenue Generation (Annual/Ongoing)

- \$4.1 million in property tax revenues
  - \$828,000 in property tax revenues (\$821,000 increase over existing land use) to the City of Stockton annually.
  - \$686,000 in property tax revenues (\$681,000 increase over existing land use) to San Joaquin County annually.
  - \$2.6 million in property tax revenues (\$2.6 million increase over existing land use) to Other Agencies (Stockton USD, SJ Delta Community College, Flood Control, Water, Transit, etc.) annually.

#### Sales Tax Benefits (Annual/Ongoing)

- \$8 million increase in taxable sales from new employee spending

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## **Executive Summary (continued)**

- \$5.6 million within the City
- \$2.4 million leakage to Other Jurisdictions
- \$55,736 in Sales Tax Revenue to the City of Stockton

### Development Fees (One-time)

- \$6 million in City of Stockton Fees
- \$1.3 million in Stockton Unified School District Fees

### Voter Approved Revenues/Other Economic Benefits (Annual)

- \$97,539 in voter approved and other economic benefits
  - \$27,868 in revenues from Measure K San Joaquin County Sales Tax
  - \$13,934 in revenues from Measure W for Stockton Safe Neighborhood Gang and Drug Prevention
  - \$41,802 in revenues from Measure A for Law Enforcement, Crime Prevention, and Essential City Services
  - \$13,934 in revenues from Measure M for Library and Recreation (Strong Communities Special Tax)

### Construction Benefits (One-time)

- \$580 million in economic activity will be created by the Project.
- 7,422 total jobs will be created over the construction of the Project

### Earnings Increases (One-time)

- \$517.8 million increase in workers' earnings in all industries will occur as a result of the Project's impacts within the local economy.

### Annual Employees and Salaries of Project

- 3,062 average annual full-time employees
  - 135 salaries manager positions (avg \$100,000)
  - 2,927 full-time hourly employees (starting \$19/hr)
- Housing affordability ranging from \$360,000 to \$900,000

## **Economic Benefit Report**

### **Mariposa Industrial Park Project**

#### **General Fund Revenues**

Using a fiscal revenue model, DPFPG projected the increase in General Fund revenues anticipated at the buildout of the project. An average per capita approach is used for all revenue categories except property tax and sales tax which are done as separate case studies. Using a prospective user's data and industry acceptable assumptions on employees per square foot for City of Stockton, it is assumed that the persons served base will increase 1,531 (new employees of 3,062) because of the Project. Annually the average revenue model illustrates a \$1,624,300 increase in the City's General Fund revenues (see **Table 1**).

#### **Property Tax Revenue Generation**

The Project is anticipated to create additional property tax revenue for the local governments. This positive impact is a result of under-utilized existing uses and vacant land, when compared with a newly developed residential site (See **Table 3**). The Project generates an increase in property tax revenues by \$4.1 million annually after development of the Project. The City and County receive a significant portion of property tax revenues from the Project. The City will receive 20.16% of the 1% ad valorem taxes or \$828,000, a \$821,000 increase. Additionally, the County will receive 16.71% or \$686,000 of property tax revenues, a \$681,000 increase annually after development buildout. Other local agencies such as the Stockton USD, SJ Delta Community College, Flood Control, Water, and Transit will also benefit from property tax revenues.

#### **Property Tax In-Lieu of Vehicle License Fees**

The Project is anticipated to create additional Property Tax In-Lieu of Vehicle License Fee revenue of \$420,900. The calculation of property tax in-lieu of vehicle license fees was a consequence of the passage of Proposition 1A in November of 2004. Revenue was calculated by taking the estimated percent change in assessed value that the Project would have on the City and applying that percent change on the revenue adopted in the FY 2021-22 Budget. Property Tax In-Lieu of Vehicle License Fees revenues are shown in **Table 4**.

#### **Property Transfer Tax**

The Project is anticipated to create additional Property Transfer Tax revenues of \$11,300. The City receives this tax at the time in which a new or existing property is sold and ownership is transferred. Property transfer tax is collected upon the sale of property at a rate of \$0.55 per \$1,000 of assessed valuation. The transfer tax is calculated by using an annual turnover rate of 5.0% for non-residential property. Annual document transfer tax revenues are shown in **Table 5**.

#### **Sales Tax Revenue Generation**

The Project is anticipated to generate taxable sales through purchases within the local economy by its employees. In DPFPG experience it is typically assumed that leakage or purchases by new employees outside the City limits. The Project is anticipated to generate total taxable spending of \$8 million annually after development of the Project (\$5.6 million within the City and \$2.4 million leaking to the County or other Jurisdictions) and generates \$55,700 in sales tax revenues to the General Fund (see **Table 6**).

#### **Utility Consumption Tax**

Using a fiscal revenue model, DPFPG projected the increase in Utility Users Tax revenues anticipated at the buildout of the project. An average per person served approach is used for all revenue

categories such as phone, cable, gas, and electricity. It is assumed that the persons served base will increase 1,531 (new employees of 3,062) because of the Project. Annually the average revenue model illustrates a \$137,000 increase in the City's Utility Users Tax (see **Table 7**).

### **Development Fees**

The Project is estimated to fund more than \$10.8 million in development fees to the City, School District, and other public agencies. The development impact fees contribute to pay for capital costs of new facilities or upgrades to existing facilities. \$6 million would fund City fees that fund capital improvements that support fire protections and medical services, police protection, libraries, parks and recreation, storm drain infrastructure, and transportation improvements (See **Table 8**).

### **Voter Approved Revenues/Other Economic Benefits**

The Project is estimated to fund approximately \$97,500 in Stockton City Council and voter approved ad valorem, parcel tax, and sales tax measures that fund the following (See **Table 9**).

- San Joaquin County Measure K Sales Tax - \$27,900 in revenues
- City of Stockton Measure W - \$13,900 in revenues for safe neighborhood, gang, and drug prevention
- City of Stockton Measure A - \$41,800 in revenues for law enforcement, crime prevention, and essential City services
- City of Stockton Measure M - \$13,900 in revenues for library and recreation (strong communities special tax)

### **Construction Benefits**

Construction benefits created by the Project include direct investment into the economy, the indirect and induced effects from that investment, and job creation. Direct investment into the economy occurs through costs associated with construction of the Project, including such things as materials costs and labor costs. The injection of construction dollars into the economy creates indirect and induced benefits through multiplier effects or the recycling of these additional dollars in the economy. The Project creates economic activity of \$580 million for the economy through direct investment and its indirect or multiplier effects. Additionally, the Project creates jobs for workers within the economy. The expected job creation because of the construction of the Project is estimated at 7,422 jobs. The Project's investment in construction costs and labor benefits the citizens of the City, County, and surrounding areas.

### **Earnings Increases**

Development of the Project is anticipated to increase workers' earnings in all industries through the creation of on-site jobs by the Project, as well as indirect jobs and induced jobs created by the Project. The recycling of dollars spent by the Project within the local economy causes increased demand for goods and services which increases the number of local jobs. The increased number of jobs in the local economy increases earnings for existing workers. It is estimated that the Project will create a total increase in workers' earnings of \$518 million within the local economy. By increasing workers' earnings, the Project benefits the citizens of the City, County, and surrounding areas.

### **Annual Economic Earnings of Project Employees**

Using information provided by a prospective user and extrapolating it across the entire Project, of the 3,062 employees roughly 135 would be manager level positions with a starting annual pay of \$75,000 (assuming an average of \$100,000 to account for head positions) and the remaining 2,927 would be hourly workers with a starting wage of \$19/hour. Salaries of employees of the Project would earn just over \$100 million annually.

Housing affordability is an important issue when discussing salaries of employees and being able to house them locally. With the above-mentioned salaries, DPFG calculated the estimated home purchase price affordable to the different income ranges from the Project. Assuming a 20% down payment, 30-year fixed payment at 4% interest and a household with two income earners (both earning the minimum \$19/hour from above), they could purchase a home at \$360,000. At the other end of the spectrum, a two-income earning household (both at the \$100,000 manager level) could afford to purchase a \$900,000 home.

In terms of rent affordability, a household typically spends about 30% of their gross income on rent, this would mean that a household with two income earners (both earning minimum \$19/hour from above) could afford a monthly rent of \$1,976. At the upper income range, a two-income earning household (both at the \$100,000 manager level) could afford a monthly rent of about \$5,000.

### **Economic Benefit Calculations**

For calculation of the Project's economic benefits please see Exhibit A: City of Stockton Economic Benefit Calculation.

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### **Professional Qualifications**

DPFG formed in 1991, is a national real estate consulting firm that has been involved in thousands of real estate transactions in California and throughout the nation. DPFG provides consulting services to the land development and homebuilding industry. The Senior Management Team at DPFG has 215 years of combined real estate experience and has been involved in public finance transactions, fiscal impact analyses, pro-forma analyses, development impact fee reviews, and infrastructure finance transactions. DPFG has office locations in six states and is currently working on transactions in fifteen different states.

### **Report Source Documents**

City of Stockton, 2021-22 Operating Budget  
IMPLAN 2021 Economic Data  
BLS Consumer Expenditure Survey Data  
US Census Data  
San Joaquin County Assessor

**Exhibits & Tables:**

**City of Stockton**  
**Economic Benefit Calculations**

**Table 1**  
**Mariposa Industrial Park**  
**General Fund Revenues**

<b>General Fund Revenue Category</b>	<b>2021-22 Budget</b>	<b>Estimating Method</b>	<b>Citywide Population<sup>1</sup></b>	<b>Rev. Per Person</b>	<b>Service Population</b>	<b>Total Project</b>
Property Tax	\$38,416,000	Case Study <sup>2</sup>	-	-	-	\$827,985
Property Tax: Vehicle License Fee (VLF) - Property Tax Swap	\$26,791,495	Case Study <sup>3</sup>	-	-	-	\$420,871
Measure A Transaction Tax	\$36,132,000	Case Study <sup>8</sup>	-	-	-	\$41,802
Sales Tax	\$56,076,000	Case Study <sup>9</sup>	-	-	-	\$55,736
Prop. 172 Sales Tax	\$2,379,000	Case Study <sup>9</sup>	-	-	-	\$13,934
Document Transfer Tax	\$852,000	Case Study <sup>7</sup>	N/A	-	-	\$11,295
Franchise Tax	\$16,595,630	Persons Served	383,500	\$43.27	1,531	\$66,262
Hotel/Motel Tax	\$2,648,000	Persons Served	383,500	\$6.90	1,531	\$10,573
Business License	\$9,695,000	Persons Served	383,500	\$25.28	1,531	\$38,710
Utility Users Tax	\$34,342,000	Persons Served	383,500	\$89.55	1,531	\$137,119
Licenses & Permits	\$0	N/A <sup>4</sup>	N/A	-	-	-
Revenues from Other Agencies	\$3,253,496	Persons Served <sup>3,4</sup>	383,500	\$8.48	1,531	-
Motor Vehicle In-Lieu	\$200,000	Persons Served <sup>5</sup>	383,500	\$0.52	1,531	-
Charges for Services	\$3,150,079	Persons Served <sup>3</sup>	383,500	\$8.21	1,531	-
Fire Contracts	\$4,691,240	N/A <sup>4</sup>	N/A	-	-	-
Code Enforcement	\$3,498,413	N/A <sup>4</sup>	N/A	-	-	-
Fines & Forfeitures	\$501,694	N/A <sup>4</sup>	N/A	-	-	-
Other Revenues	\$11,026,889	N/A <sup>5</sup>	N/A	-	-	-
Transfers In	\$0	N/A <sup>5</sup>	N/A	-	-	-
<b>Total Revenues</b>	<b>\$250,248,936</b>					<b>\$1,624,287</b>

Source: City of Stockton FY 2021-22 Annual Budget.

**Footnotes:**

<sup>1</sup>See Table 2

<sup>2</sup>See Table 3

<sup>3</sup>See Table 4

<sup>4</sup>This analysis assumes that all or part of these revenues are fully dedicated to specific General Fund departmental costs (Offsetting Revenues). Since these revenues are budget neutral and are not discretionary, they are not included in estimating discretionary Project revenues.

<sup>5</sup>Not expected to be affected by the Project and therefore no revenue multipliers are estimated in this analysis.

<sup>6</sup>The city allocation of Motor Vehicle in Lieu was eliminated in FY 20-21 by SB89. As a result, it is excluded from the analysis.

<sup>7</sup>See Table 5.

<sup>8</sup>Table 9.

<sup>9</sup>Table 6.

**Table 2**  
**Mariposa Industrial Park**  
**Land Use and Assumptions**

Land Use	Square Feet	Avg. Value
<b>Nonresidential</b>		
Industrial (Building 1)	900,000	\$164
Industrial (Building 2)	1,224,880	\$125
<b>Total Nonresidential</b>	<b>2,124,880</b>	<b>\$142</b>
<hr/>		
<b>Assesed Value</b>		
Nonresidential Weighted Average Value		\$ 142
Square Feet		<u>2,124,880</u>
Total Nonresidential Assesed Value		\$ 300,710,000
<b>Unsecured Property (FF&amp;E)</b>		
Industrial (Building 1)		\$ 100,000,000
Industrial (Building 2)		<u>10,000,000</u>
Total Nonresidential Unsecured Property		\$ 110,000,000
<b>Assesed Value</b>		<u><u>\$410,710,000</u></u>
<b>Employees</b>		
Employees (Building 1)		2,450
Employees (Building 2)		<u>612</u>
Nonresidential Employees		3,062
<b>Total Nonresidential Persons Served (50% of employees)</b>		<b>1,531</b>
<b>Total City of Stockton</b>		
City of Stockton Population <sup>1</sup>		320,876
City of Stockton Employees <sup>2</sup>		<u>125,248</u>
<b>City of Stockton Persons Served (Population plus 50% of Employees)</b>		<b>383,500</b>

**Footnotes:**

<sup>1</sup>California Department of Finance, E-5 City/County Population and Housing Estimates, 1/1/2021

<sup>2</sup>Per City of Stockton 2021-22 Budget.

**Table 3**  
**Mariposa Industrial Park**  
**Property Tax Increase**

	<b>Assumptions</b>	<b>Existing Property<sup>1</sup></b>	<b>Buildout of Project<sup>1</sup></b>	<b>Net Increase</b>
Estimated Valuation		\$3,317,019	\$410,710,000	\$407,392,981
<hr/>				
1% General Property Tax	1%	\$33,170	\$4,107,100	\$4,073,930
Breakdown of 1%				
City of Stockton	20.160%	\$6,687	\$827,985	\$821,298
San Joaquin County	16.711%	\$5,543	\$686,339	\$680,796
Other Agencies/ERAF	63.13%	\$20,940	\$2,592,775	\$2,571,835
<b>Total to City</b>		<b>\$6,687</b>	<b>\$827,985</b>	<b>\$821,298</b>

**Source:** San Joaquin County Assessor.

**Footnotes:**

<sup>1</sup>Per the 2020-21 valuation on property tax bill.

<sup>2</sup>Assumes property tax share agreement of 80% County and 20% City.

**Table 4**  
**Mariposa Industrial Park**  
**Property Tax Vehicle License Fee Increase**

FY 2021-22 City of Stockton Assessed Valuation	\$ 26,144,690,583
Assessed Value of Project	<u>\$ 410,710,000</u>
<b>Total Assessed Value</b>	<b>\$ 26,555,400,583</b>
Percent Change in Assessed Value	1.57%
Total FY 2021-22 Property Tax in Lieu of VLF Adopted Revenue	<u>\$ 26,791,495</u>
<b>Estimated Increase in Property Tax in Lieu of VLF</b>	<b>\$ 420,871</b>

**Source:** San Joaquin County Assessor.

**Table 5**  
**Mariposa Industrial Park**  
**Property Transfer Tax**

<b>Turnover Rate</b>		
Industrial Property		5.00%
Industrial Property Assessed Value	\$	410,710,000
Estimated Assessed Valuation Turnover Amount	\$	20,535,500
Rate per \$1,000 of Assessed Value	\$	0.55
<b>Total Estimated Document Transfer Tax</b>	<b>\$</b>	<b>11,295</b>

**Table 6**  
**Mariposa Industrial Park**  
**Sales Tax**

Land Use	Taxable Spending per Employee	Employees	Total Taxable Spending
	<i>per day</i>		
<b>Nonresidential</b>			
Industrial (Building 1)	\$10	2,450	\$6,370,000
Industrial (Building 2)	\$10	612	\$1,592,344
		<u>3,062</u>	<u>\$7,962,344</u>
<b>Leakage (30%)</b>			<b>\$2,388,703</b>
<b>City of Stockton Capture (70%)</b>			<b>\$5,573,641</b>
<b>City of Stockton General Fund Sales &amp; Use Tax Revenues:</b>			
City of Stockton Taxable Spending Capture			\$5,573,641
City Share of Sales Tax		1.00%	<u>\$55,736</u>
<b>Project Derived Sales Tax Revenue to City</b>			<u><u>\$55,736</u></u>
<b>Prop. 172 Sales Tax</b>		0.25%	<u><u>\$13,934</u></u>

**Table 7  
 Mariposa Industrial Park  
 Utility Users Tax**

	<b>2021-22 Budget</b>	<b>Estimating Method</b>	<b>Citywide Population<sup>1</sup></b>	<b>Rev. Per Person</b>	<b>Service Population</b>	<b>Total Project</b>
Utility Users Tax	\$34,342,000	Persons Served	383,500	\$89.55	1,531	\$137,119

**Table 8**  
**Mariposa Industrial Park**  
**Fees**

Description	Total
Impact Fees	\$5,997,979
Habitat/Open Space (SJCOG)	\$3,533,371
School District Fees (SUSD)	\$1,296,177
<b>Total Project Development Fees</b>	<b>\$10,827,527</b>

**Source:** Administrative Review Draft Annexation Report, updated with new square footage assumptions.

**Table 9**  
**Mariposa Industrial Park**  
**Voter Approved Revenues/Other Economic Benefits**

	<u>Project Taxable</u>		
	<u>Spending</u>		
San Joaquin County (Measure K) Sales Tax	\$5,573,641	0.500%	\$27,868
Stockton Safe Neighborhood Gang and Drug Prevention Police & Fire (Measure W)	\$5,573,641	0.250%	\$13,934
Law Enforcement, Crime Prevention, Essential City Services (Measure A)	\$5,573,641	0.750%	\$41,802
Library and Recreation - Strong Communities Special Tax (Measure M)	\$5,573,641	0.250%	\$13,934
<b>Total Voter Approved/Other Economic Benefits (At Buildout)</b>			<b>\$97,539</b>

**Table 10**  
**Mariposa Industrial Park**  
**Construction Benefits**

**I: Construction Benefits - Industrial**

**Construction Spending**

Total Construction Cost (a)	(1)	\$ 437,905,354
Total Indirect Construction Cost (a)	(2)	\$ 142,199,133
Construction Spending Total	(3)=(1)+(2)	\$ 580,104,487

**Investment into Local Economy**

Direct Effect (b)	(3)	\$ 580,104,487
Indirect Effect (b)	(4)	106,413,269
Induced Effect (b)	(5)	126,731,018
Total Economic Output	(6) = (3)+(4)+(5)	\$ 813,248,774

**Employment**

Direct Effect (b)	(7)	6,013
Indirect Effect (b)	(8)	590
Induced Effect (b)	(9)	818
Jobs Created through Buildout	(10)=(7)+(8)+(9)	7,422

**II: Earnings Increases**

<b>Labor Income</b>		
Direct Effect (b)	(13)	\$ 441,252,385
Indirect Effect (b)	(14)	36,607,806
Induced Effect (b)	(15)	39,896,955
Total Earnings Increase for Workers within the Local Economy	(16)=(13)+(14)+(15)	\$ 517,757,146

**Notes:**

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- (a) Construction spending amounts are based on estimates per Table 11.  
(b) Based on the IMPLAN model for new industrial construction assuming construction costs of \$401.8M and construction of new highways and streets at \$92.6M.

**Table 11  
Mariposa Industrial Park  
Construction Costs**

<b>Cost Category</b>	<b>TOTAL</b>
<b>Industrial Square Footage</b>	
Building 1	900,000
Building 2	1,224,880
<b>Construction Cost</b>	
Building 1 (\$164/sf)	\$147,600,000
Building 2 (\$125/sf)	\$153,110,000
Building 1 FF&E (60% installed/built equipment)	\$60,000,000
Building 2 FF&E (60% installed/built equipment)	\$6,000,000
Site Improvement	\$71,195,354
<b>Total Construction Costs</b>	<b>\$437,905,354</b>
<b>Indirect Costs</b>	
Impact Fees (Table 8)	\$10,827,527
Soft Costs (15%)	\$65,685,803
Contingency (15%)	\$65,685,803
<b>Total Indirect Costs</b>	<b>\$142,199,133</b>
<b>Grand Total Project Cost</b>	<b>\$580,104,487</b>

Source: Developer & Builder.