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9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION
 12

13 In re:
 14 CITY OF STOCKTON, CALIFORNIA,
 15 Debtor.

Case No. 2012-32118
 D.C. No. JD-1
 Chapter 9

**DECLARATION OF MICAH RUNNER
 IN SUPPORT OF CITY OF
 STOCKTON'S OPPOSITION TO
 FRANKLIN'S MOTION FOR STAY
 PENDING APPEAL OF
 CONFIRMATION ORDER**

Date: December 10, 2014
 Time: 11:00 a.m.
 Dept: C, Courtroom 35
 Judge: Hon. Christopher M. Klein

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1 I, Micah Runner, hereby declare:

2 1. I am the Director of the Economic Development Department for the City of
3 Stockton, California (the “City” or “Stockton”). I make this declaration in support of the City’s
4 Opposition To Franklin’s Motion For Stay Pending Appeal Of Confirmation Order. In my role as
5 Director of the Economic Development Department, I am responsible for the Economic
6 Development Division, the Housing Division, the Asset Management Division, and the Central
7 Parking District. I became the Director of the Economic Development Department in December
8 of 2014 after serving as the interim Director for three months. The Economic Development
9 Department’s core objectives are to develop jobs by attracting new businesses to Stockton, to
10 maintain a healthy business environment for existing businesses, to assist small business startup,
11 and to provide housing for low-income residents.

12 2. I have worked as an economic development professional for over 15 years. After
13 graduating from California State University, Sacramento with a degree in Communications, I
14 started my career as an intern for the California Redevelopment Association. Before joining the
15 City, I worked in economic development for the cities of Sacramento and Rancho Cordova.
16 Throughout my career I have been involved in almost every area of economic development,
17 including strategy development, program management, job creation and retention, regional
18 leadership projects and specific project development. In 2012, I was recognized as part of
19 Sacramento Business Journal’s class of “40 Under 40” for distinction both in regional leadership
20 and in community involvement.

21 3. Economic development does not happen in a vacuum. There are key foundational
22 items that affect a city’s ability to be considered for private investment by the business
23 community. Public safety, permit review, and infrastructure development all play an important
24 role in economic development. Being in bankruptcy puts these core foundational items in limbo.
25 Remaining in bankruptcy would continue this limbo, leaving the foundation for the City’s
26 economic development unstable. It would also directly harm traditional economic development
27 efforts like business attraction and retention.

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1 4. Since the City filed for bankruptcy, there has been a significant decrease in the
2 Economic Development Department's meetings with prospective businesses interested in locating
3 in the City. The uncertainty of how the bankruptcy case will be resolved creates many questions
4 for Stockton that other communities don't have to address. There are concerns about public safety
5 and about the City's ability to adequately fund law enforcement. The Economic Development
6 Department regularly receives questions about whether the City will increase taxes, fees and
7 business license costs in an attempt to solve funding issues. These are the concerns and questions
8 that we actually hear about from prospective businesses.

9 5. I am especially concerned about all the businesses that might have moved to
10 Stockton, but have moved on to other communities because of the cloud of bankruptcy, without
11 even giving us a chance to answer questions. It is difficult to measure the harm that these missed
12 opportunities have caused the City, but it is likely substantial. This harm will continue for as long
13 as the City remains under the cloud of bankruptcy.

14 6. Municipal stability and responsiveness matters to business growth and expansion
15 efforts. It is difficult for us to be responsive to the fast-paced needs of a potential business
16 opportunity while we are bogged down in the cloud of uncertainty resulting from the ongoing
17 bankruptcy proceedings. Many opportunities to attract new companies to Stockton are premised
18 on the City's ability to mobilize and act quickly. Without exiting bankruptcy, it continues to be
19 very difficult to address the issues that handcuff our productivity. Land use issues, development
20 incentives, permit fees, business licensing and other issues all need to be addressed, but only can
21 be effectively resolved after exiting the uncertain climate of bankruptcy. These items all have
22 financial implications and without an approved financial plan we cannot move forward with any
23 proactive solutions to promote development.

24 7. Based on my meetings with members of the business community, I understand that
25 many existing companies in Stockton are not moving forward with expansion plans because of
26 the unknown impacts of the City's bankruptcy case. Business owners don't want to expand when
27 they don't know whether there is sufficient public safety to protect their new investments. I have
28 personally visited many large employers in Stockton over the last six months. During these visits,

1 I learned that they are all very aware of and concerned about the ongoing detrimental business
2 climate resulting from the City's bankruptcy case and are most concerned that the City
3 successfully conclude its bankruptcy case as soon as possible.

4 8. The City is not the only municipality affected by the continuing uncertainty of
5 bankruptcy. Stockton is the largest city in San Joaquin County. Stockton's inability to exit its
6 bankruptcy case if a stay is granted will very likely hurt the performance of the unincorporated
7 County areas and the other adjacent cities.

8 9. It is very important to the City to quickly bring to an end the unknown and
9 uncertain business environment resulting from the City's bankruptcy case and to move forward
10 with the City's economic development efforts. We have started the efforts by preparing an
11 economic development strategic plan to promote the growth of business and business revenue in
12 the City. Until we can implement this strategic plan, it would be fruitless to kick-off the actions
13 associated with it. It is the economic development strategic plan that will start the process of
14 building revenue instead of just focusing on cost-cutting measures; we cannot implement the
15 strategic plan, and thus start the process of rebuilding the City's economic future, until we are out
16 of bankruptcy.

17 10. What the Stockton business environment needs most for business growth and
18 prosperity to take hold once again in Stockton is confidence that the business environment will
19 improve. Such confidence likely will not emerge if the City faces the prospect of remaining in its
20 bankruptcy case for another year or two, or even possibly three years.

21 Executed this 25 th day of November 2014, at Stockton, California. I declare under
22 penalty of perjury under the laws of the State of California and the United States of America that
23 the foregoing is true and correct.

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25 
26 Micah Runner