

High Desert Report

An economic overview of the High Desert region affiliated with The Bradco Companies, a commercial real estate group



We have some very exciting information to share in this Edition of the Report. But first, I wish to welcome our current, future, and long standing subscribers and sponsors of the 55th Edition of

The Bradco High Desert Report, the first and only economic overview of The High Desert, covering the northern portion of San Bernardino County, California.

As many of you longtime readers know, Dr. Alfred Gobar has continually supplied some of the greatest articles to The Bradco High Desert Report since its inception in May of 1993, all the way through our 52nd Edition. Due to an 8-year battle with

cancer, he was unable to prepare an article for this edition. Considering how long he has been in this battle, Dr. Gobar is doing quite well. We talk often and he continues to be one of my personal mentors. When the doctors told him they thought he would lose a substantial amount of weight, they forgot that Dr. Gobar is a unique individual, undoubtedly one of the most unique people anyone will ever meet. He has actually gained over 16 pounds. He looks great and still has the greatest sense of humor. For those of you who have ever heard him speak, as I have more than 50 times, you know that humor. We are glad that the health of Dr. Gobar continues to improve, and we wish him well. For those of you who may wish to do so, please extend your regards to him at his email: agobar@sbcglobal.net.

Jr.; Mr. Michael Yannone; Mr. Robert R. Gaines, Sr.; Mr. Brad Orchard; Mr. Mark Eagleton; Ms. Judith Joan Curren; Mr. Mike Perry & Mr. Tom Perry (the son and husband of our close friend and renowned escrow professional Mrs. Debbie Perry); Mr. Stephen J. Flannery; Mr. Bill Nelson; Ms. Susan Mari So; Ms. Rita Rae Dale; Mr. Chuck Love; Mr. Jack Julian Hall; Ms. Rita Louise Jaramillo; Mrs. Cherie Vackar; Mr. Lowell Draper; and my wife's 99-1/5-year old Aunt, Ms. Myrtle Masoner-Unger. May you all Rest in Peace. This special edition of The Bradco High Desert Report is dedicated to you, your families and the memories you created for us all. Thank you for all you gave to the High Desert. Hopefully, we can strive to continue following in your footsteps.

As we dedicate this issue to those we lost, I would be remiss not to thank those who continue to contribute to our efforts to bring The Bradco Report to our readers and our community. Much thanks to: Mr. Dan Taylor of the Inland Empire Film Commission; State Senator Mike Morrell; and Ms. Joy Sepulveda, Public Information Officer for Caltrans. Additionally, I want to recognize Ms. Courtney Degener, Vice President of Communications & Investor Relations for Cadiz, where she has been a team member for over 12 years; the new San Bernardino Auditor-Controller/Treasurer/Tax Collector, Mr. Oscar Valdez; Community Liaison Officer for the Mojave Water Agency, Ms. Yvonne Hester; Chief of Legislative and Public Affairs for San Bernardino Associated Governments, Mr. Tim Watkins; Ms. Patty Z. Kouyoumdjian, Executive Director for Lahontan Regional Water Quality Control Board; and Ms. Christie Robinson, CRE Specialist for the Mojave Desert Air Quality Management District.

Thanks also to our great friend Ms. Lisa Lawrence, Executive Director of the High Desert Community Foundation. I strongly encourage all High Desert property owners, investors, and those who want to support a local organization to consider the contribution that the Foundation makes to the community through the leadership

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It has been nearly 11 months since we published the 54th edition of our Report. The reason for this is simple: it has been a very tough year for my family and for the High Desert community in terms of health and personal losses.

Everyone, including myself, has been extremely busy, and unfortunately, during this time, we have lost many High Desert leaders. While I reflect upon my father's declining health at 85 years old, I realize how lucky all of us are to have our health and how lucky we are to live a vibrant lifestyle. In the pursuit of business, I hope we all remember that family, friends and colleagues are the most important part of what we do each day.

On that note, I want to dedicate the 55th Edition of The Bradco High Desert Report to those great individuals whom we have recently lost. These people touched my life in one way or another, and I was privileged to call all of them my friends. They taught me the value of life and to not take our time here on earth for granted. They all loved our High Desert region and all that it has to offer.

Those we lost in the last year in the High Desert include: Mr. Bill Emick (father of Town of Apple Valley Councilmember Curt Emick); Mr. Manuel Mojica Benitez

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What happened to the Inland Empire Film Commission?

By Dan Taylor

Many of you remember the articles by Sheri Davis of the Inland Empire Film Commission (IEFC), revealing all the juicy tidbits of information about the film industry traipsing around the High Desert looking for the perfect location for their feature film, commercial or magazine shoot. All of a sudden the Inland Empire Film Commission disappeared with little fanfare.

“What happened,” You ask? Well, the details are pretty convoluted, but basically the entity housing the Film Commission decided to close that division. So how will the High Desert continue to get the filming that brings so much money to the area?

The County of San Bernardino Economic Development Agency quickly stepped in to help fill the gap. They contracted with the newly formed Dan Taylor Consulting company to pick up the pieces – in other words, they hired the author of this article. I have worked for Sheri Davis and the IEFC for over 14 years and at the time it closed, I was the Deputy Director. Riverside County decided to also open their own film office with two wonderful ladies Sheri and I have been training for over a year, Stephanie Stethem and Bettina Breckenfeld. Sheri Davis is semi-retired but is still working, filming with the Big Bear Lake Film Office and the Greater Palm Springs Film Office / Alliance. Once you have worked 27,000 square miles of filming opportunity for over 20 years, I guess you would consider

two filming regions as semi-retired too. Over the 20 plus years the IEFC was in existence, Sheri and I helped to bring in over \$1.4 billion dollars in economic impact to the two county regions of the Inland Empire.

“How will all these changes affect me and my business,” you might ask. Well hopefully, you did not notice any change at all. Due to the quick actions of Mary Jane Olhasso, Assistant Executive Officer - Finance and Administration for the County of San Bernardino, the day the IEFC closed the San Bernardino County Film Office (SBCFO) was up and running. The SBCFO does most of the same things the IEFC did, such as process permits in 1-3 days, coordinate with the various county departments (i.e. Transportation, Parks, Fire, etc) to accommodate special filming requests, maintain a local film crew and services database, and keep a location library resource to assist the film industry in their search for the perfect spot to film.

Filming Report for 2015

Feature Films: Unfortunately, we were not able to secure any major feature films this year, but the High Desert had the opportunity to have a total of 18 indie features, up from 11 in 2014. California as a whole has benefited from the recent State Film incentive, but so far it has not trickled down to the High Desert. Here are some of the smaller films that shot here:

“The Bad Batch,” shot at El Mirage

Dry Lake and Aviation Warehouse in El Mirage. This might have technically been an indie film, but it will star Keanu Reeves, Jason Momoa and Jim Carrey.

“The Neon Demon,” shot at Bristol Salt Flats in Amboy, I think Keanu Reeves likes the High Desert. This is another indie he did also starring Christina Hendricks and Elle Fanning.

“Sky,” shot in Barstow (High Noon Saloon); Hinkley (Hinkley Rd; Hinkley Ranch); Joshua Tree (Copper Mountain College; Quail Springs Rd; Broadway Rd; Sunfair Rd); Landers (Rattlesnake Cyn Rd); Lenwood (Hills Ranch); Ludlow (Ludlow Café; Main St; National Trail Hwy; Lavic Rd); Newberry Springs (Mobil Gas Station; Black Butte Rd; Pisgah St; Bagdad Café); Victorville (Holland Burger). This “little movie that could,” starred Diane Kruger, Norman Reedus, Lena Dunham, Lou Diamond Phillips and Joshua Jackson. They hopped all over the High Desert for several days to get this movie made.

“Honey Jar: Chase for the Gold,” shot at Calico Ghost Town in Yermo.

TV Episodic: The most notable was cable show “Into the Badlands,” which came out in September and shot a scene on the El Mirage Dry Lake.

TV Reality: Five TV Reality shows chose the high desert for their locations. “Little Women,” shot at Silverwood Lake in the Hesperia area, “The Great Food Truck Race,” shot at the Route 66
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THE BRADCO HIGH DESERT REPORT

Publisher: Mr. Joseph W. Brady, CCIM, SIOR

Editors: Ms. Kaitlin Alpert, Ms. April Tyler, Ms. Jenny Margotta, Ms. Tailor Titus, and Mr. Seth Neistadt

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Printed & Designed by One Stop Printers & Direct Mail Service

Digital Version by Axiom Media Inc.

P.O. Box 2710, CA 92393-2710

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Postage paid in Victorville, CA • Send address changes to above.

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High Desert Community Foundation

By Lisa Lawrence

It is a privilege to join my colleagues and past Bradco High Desert Report article submitters Vici Nagel and Debbie A. Cannon, in discussing the current status and future outlook for nonprofit organizations in the High Desert region and the important connections with the business community.

So what are we facing? The National Council of Nonprofits says, “The top three trends for charitable nonprofits will continue to be: limited resources, increased demands on nonprofits, stemming from increased needs in communities; and the growing awareness that every nonprofit and board member needs to be an active, vocal advocate for his/her nonprofit’s mission.”

The national trend is magnified in our High Desert area. The issue of an underfunded Inland Empire region has been widely discussed over the past few years, particularly as it relates to foundation dollars coming into our area. The increased needs in our community, likewise, have been identified through formal processes and reported by statistics. More profoundly, we all see, hear, and read real-life stories of the people affected. These stories are what fuel those of us in the nonprofit community and our supporters.

The response to these trends has been for Inland Empire nonprofit to continue to focus on building stronger networks and collaborations. While for-profit businesses with like products and services do not necessarily work in cooperation with their “competitors,” that strategy is highly utilized and effective among nonprofit organizations. A recent Daily Press article titled “The Business of Poverty” outlined a food distribution program headed by Desert Manna in Barstow. The article described the worsening

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What happened to the Inland Empire Film Commission?

Continued

Museum in Barstow; “The Story Trek,” shot at Calico Ghost Town in Yermo; “This is Life with Lisa Ling,” shot at the Hotel Nipton; “Storage Wars,” shot in Adelanto; and the “Rich Kids of Beverly Hills,” shot in Yermo and Baker.

Commercials: There were 107 commercials that chose the county as a location and 54 of them were shot in the High Desert. Here are some of the most notable:

“Mercedes,” shot at the Pisgah Crater in Newberry Springs; “Born Shoes,” shot at the Death Valley National Park; “5-Hour Energy,” shot at Dumont Dunes; “Johnny Walker,” shot at El Mirage Dry Lake; “iPhone 6,” shot at El Mirage Dry Lake, and Aviation Warehouse in El Mirage; “Jay Leno’s Garage,” shot his opening sequence at the El Mirage Dry Lake; and “Dominos,” shot at Harper Dry Lake in Hinkley.

Stills & Catalog: Still photographers have loved the High Desert for years because of the wide open spaces, topography and the abundance of natural light. In 2015, 35% of all the stills shoots in the county chose the High Desert:

“Ford,” shot at Coyote Dry lake in Yermo; “VW,” shot at Rabbit Dry Lake in Apple Valley; “Maite Perroni.” This Mexican actress, model and singer/songwriter chose El Mirage Dry Lake for her latest shoot. “Kiyoharu.” This Japanese musician and singer/songwriter also chose El Mirage Dry Lake as the backdrop to his portfolio; and “Pepsi Strong Zero.” This new product from Pepsi Cola chose Cougar Buttes in Lucerne Valley for their ad campaign shoot for this Japanese soda.

Music Videos: The High Desert is THE place to shoot your music video, as evidenced by the 41 of the 54 music videos that shot in San Bernardino County:

“Interscope Records Music Video.” An undisclosed client of Interscope chose to shoot their music video at Giant Rock in Landers. I wonder who it was? “Parade of Lights.” This new genre-bending band chose Dumont Dunes and Silurian Dry Lake in the Baker area for their debut song, “Feeling Electric.” You can

watch their video here - <http://tinyurl.com/feelingelectric>. “Andreea Balan.” This Romanian pop singer loved El Mirage Dry Lake when she shot her video “Uita-ma” – watch it here - <http://tinyurl.com/uita-ma>. “Cheek.” Cheek is a Finnish Rapper who found the rocky desert area of Cougar Buttes perfect for his music video “Sa Huudat” – check it out at <http://tinyurl.com/sa-huudat>.

Documentary and Industrial: 12 of the 22 Documentary and Industrial shoots were in the High Desert. Here are a few to look into:

“In Search of Colour.” The BBC loves California and comes out almost every year. This year they chose to shoot in Big Bear Lake, Fawnskin and Death Valley. “Scout Junior.” This was an Industrial shoot for Indian Motorcycle that shot at the El Mirage Dry Lake. What is an Industrial shoot? “It is a video that targets ‘Industry’ as its primary audience,” according to Wikipedia. In this case it was an educational video made for an audience within the motorcycle industry.

Students: 50% of ALL the student shoots in the County of San Bernardino were based in the High Desert. Here is a list of the schools that chose a desert backdrop for their project:

Art Center College of Design, Azusa Pacific University, Biola University, Chapman University, Columbia College Hollywood, Loyola Marymount University, New York Film Academy, Saddleback College, and St. John’s University.

Other: Other encompasses any film shoot that does not fit into one of the categories above (i.e. web video, short films, etc). Over 59% of this category chose the High Desert:

“Mini/Tony Hawk BTS” – Web Commercial; “Triumph Motorcycles” – Web Commercial; “King of the Hammers” – Event Video; “The Road” – Short Film; and “Leap” – Short Film - <http://tinyurl.com/movie-leap>.



Governor's Record Budget Asks Taxpayers for Even More

By Senator Mike Morrell

At the beginning of the year, the governor released the details of his proposed state budget. While the next few months will be filled with negotiations and committee hearings to hammer out the details, it is already clear that this budget continues a trend of government growth and spending at the expense of the taxpayer – this time to the tune of a record \$122.6 billion.

The governor and Democratic leaders have reiterated their belief that California is in good financial shape and have used this assessment to justify spending increases, though many, including the governor himself, continue to warn that another recession could be just around the corner.

Yet still the governor has doubled down on calls for higher taxes.

A cornerstone of this plan would enact \$3 billion in new gas taxes and “road user fees.” Senate Republicans have put forward our own plan that would provide nearly the same amount for California’s roads and highways without raising taxes. Included in our plan is a guarantee that taxes paid by drivers and truckers would be used to the benefit of our roads and highways.

If you drive as much as I do, you are well aware that in California, we already pay among the nation’s highest prices for gas. Between taxes and environmental regulations, government costs imposed on motorists are nearly 70 cents per gallon. For families and businesses alike, paying more at the pump will mean even less money to put toward investing and saving for the future.

This budget proposal is premised on a view that the books are balanced. By several measures, however, Califor-

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High Desert Community Foundation

Continued

economic plight of the region, using data provided by the county, school district, nonprofit organizations, and The Bradco Companies. It also gave a beautiful illustration of nonprofit organizations working together and leveraging resources for greater impact. The logistics alone are impressive.

Another example of nonprofits working together is Academy for Grassroots Organizations (AcademyGO) and High Desert Community Foundation. Mrs. Nagel and I are the Executive Directors, respectively, and we are continually collaborating to strengthen and improve our community. AcademyGO does an outstanding job in capacity building of nonprofits through training, regular networking events, and connections to resources. At the foundation, we have over 60 projects providing services or support for: veterans, low income families, seniors, children, health, animals, education, homeless, civic efforts, arts, music, and public safety. Our foundation has directly benefitted from the services of AcademyGO, and many of our projects have grown in their ability to obtain resources, including several firsttime grants.

The High Desert Community Foundation also manages permanent and temporary funds for individuals, families, and businesses to impact our community both now and into the future. We are an excellent alternative to establishing your own foundation and can assist you in leaving a legacy by supporting causes you care about. We also have a thriving scholarship program and over \$250,000 will be given to graduating high

school seniors this year. We set up scholarships in coordination with the donor, including memorial scholarships to honor a loved one’s legacy.

The nonprofit community recognizes the continuing contributions of our businesses. Many of our High Desert businesses are already actively engaged with and supportive of nonprofit organizations and activities. Academy for Grassroots Organizations is embarking on a campaign to strengthen that vital connection and effectively build the capacity to serve and respond to the increased needs in our communities. The question of “Why are nonprofits good for business?” will also be asked and answered. Watch for more information in the coming months or contact Debbie A. Cannon through www.AcademyGO.com.

On behalf of the nonprofit community, thank you to our businesses! You are an invaluable partner in improving our High Desert region.

Lisa Lawrence is the Executive Director of the High Desert Community Foundation. For more information, visit www.hdcfoundation.org or call her at (760) 242-8877.



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Caltrans Achieves Major Milestones in the High Desert

By: Joy M. Schneider—Public Information Officer, Caltrans



For approximately four years, Caltrans has been actively working in the High Desert to improve and upgrade the transportation system. Rapid growth in the region and the resulting congestion have made improvements a priority. As one of three routes in and out of Southern California, the Interstate 15 (I-15) and Interstate 215 (I-215) interchange is a heavy goods movement corridor and recreational gateway to places like Las Vegas and the Colorado River, in addition to being a commuting route.

Two of the major projects that will address congestion and wear-and-tear on the facility are nearing the finish line, while several others continue to work to bring relief to the High Desert.

Devore Interchange Project

The \$325 million I-15/I-215 Devore Interchange Project, which began in November 2012, will add a truck by-pass lane, add an additional lane in each direction and bring the interchange up to operational standards, as well as address the arterial highways network deficiencies—specifically the reconnection of Route 66 (Cajon Boulevard).

The project is currently 95% complete. The major items of work left to be performed are completion of Cajon Boule-

vard and final striping of various areas of the project.

The project team joint ribbon cutting ceremony (partnering with the I-15 Cajon Pass Pavement Rehabilitation Project) was held May 20, 2016. The ceremony included a walk, run, bike event geared toward community involvement.

I-15 Cajon Pass Pavement Rehabilitation Project

The I-15 Cajon Pass Pavement Rehabilitation Project began in Spring 2013. As a strictly pavement rehabilitation project, it will resurface and restore the pavement between Kenwood Avenue and the Hesperia overhead, which will provide approximately a 40-year life to the pavement through the Cajon Pass.

Coffman Parsons Joint Venture, the project contractor, is currently completing the last few concrete replacement areas. They expect the striping to be back to the existing configuration by the end of April 2016. Once the striping is finished, workers will install a rumble strip.

The Cajon Pass Project team working in coordination with the Devore Interchange Project team held a joint ribbon cutting ceremony on May 20, 2016.

SR-138 Widening (West) Project

The SR-138 Widening (West) Project consists of widening State Route 138 (SR-138) to four lanes with a 14-foot median buffer from Phelan Road to Interstate 15. The project will also upgrade shoulders to current standards, extend drainage (as necessary) and construct a wildlife-crossing structure.



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Governor's Record Budget Asks Taxpayers for Even More

Continued

nia's fiscal situation is far from balanced.

Consider that the State Treasurer has estimated state and local government debt at \$1.5 trillion. While the budget includes about \$7 billion to pay down related debt costs, this amount represents only the minimum necessary to pay off a small portion of state liabilities. With windfall revenues, the budget could pay off more debt, avoid future interest costs, and prevent the cycle of issuing more debt to finance existing debt so that future generations are not stuck having to foot this bill rather than fuel more out-of-control spending in Sacramento on things like high-speed rail.

Our duty is to provide an environment where businesses and families thrive. We have our work cut out for us in California, where the nation's top CEOs for 11 years straight have named our state the worst place to do business.

Throughout history it has been demonstrated that the larger government becomes, the more it consumes, and the fewer freedoms all of us will have. Last year Republicans heeded this cautionary truth to stop tax increases in their tracks.

As we finalize the budget in the months ahead, our resolve remains the same as we work to protect the taxpayers of California.

Senator Mike Morrell, R-Rancho Cucamonga, represents the 23rd District in the State Senate which includes portions of Los Angeles, Riverside, and San Bernardino counties.



Caltrans Achieves Major Milestones in the High Desert

Continued

The \$52.1 million dollar project was awarded to Flatiron Construction Corp. The project began in February 2015, and is currently 45% complete. It is estimated to be completed in December 2016.

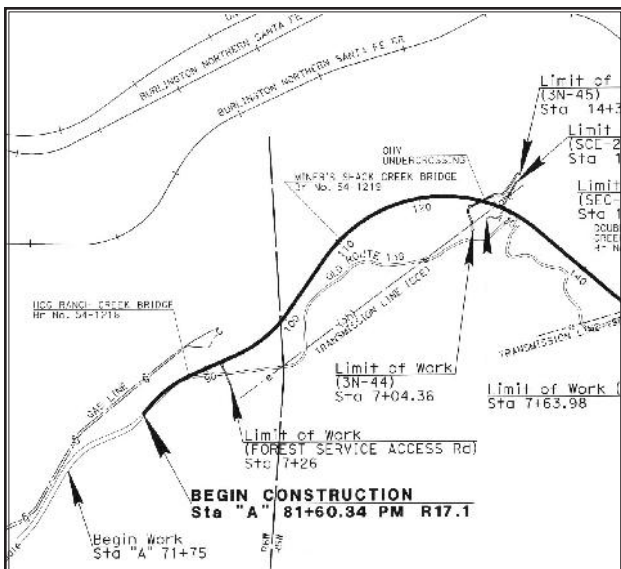
SR-138 Widening (East) Project

The SR-138 Widening (East) Project is a 2.1 mile project that will realign SR-138 from 1.9 miles east of I-15 to just west of Summit Post Office Road. It will also construct two-lane paved sections of highway with outside shoulders, three wildlife crossings and an off highway vehicle crossing.

The project is needed because the existing configuration has many non-standard, steep horizontal and vertical curves and grade. There are no paved shoulders and narrow or non-existent earth shoulders, as well as few turnouts and no passing opportunities. This project will improve operational efficiency, traffic safety and will also upgrade and widen the existing lanes and shoulders to current standards.

Work began in late April 2016.

SR-58 Hinkley Expressway Project



The State Route 58 (SR-58) project will widen and realign a portion of State Route 58 (SR-58) from a two-lane conventional highway to a four-lane expressway, extending from approximately 2.4 miles west of Hidden River Road to approximately 0.7 miles east of Lenwood Road, near the unincorporated community of Hinkley in San Bernardino County.

The project will include construction of two interchanges on the widened and realigned portion of SR-58; one at Hinkley Road and the other at Lenwood Road. All entrance ramps (westbound and eastbound) will have two lanes at the local road and will transition to a single lane prior to merging onto the expressway. All exit ramps will have three-way stops at the exit ramp intersections with the local road. Americans with Disabilities Act (ADA) compliant curb ramps will be included.

The project includes access to non-motorized transportation modes (e.g., pedestrian, bikes, and equestrian) by providing six-foot-wide sidewalks, as well as standard eight-foot shoulders across the two overcrossing bridges at Lenwood and Hinkley Roads. A short length of the existing SR-58 at the east end of the project is proposed to be realigned to tie in to the Lenwood Road westbound entrance and exit ramps. The widened and realigned expressway is planned to be on a fill section (elevated sections of a roadway). All locations with large vertical surfaces (i.e., retaining walls and bridge structures) will include aesthetic architectural treatment to prevent graffiti.

The project was awarded to Skanska and broke ground in April 2015. To date, drainage features have been

installed in anticipation of a 100-year storm event. The major earthwork will be finished by mid-April 2016, at which time concrete paving will commence. The Hinkley Road/Bridge is open. The project is expected to be complete in February 2017.

The project team takes the needs and concerns of the Hinkley community members very seriously. Community meetings are held every two months so that the community can find out about the status of the construction, as well as report any concerns they may have about the project and/or construction activities.

US-395 Widening Project

With traffic expected to increase by as much as 90% by the year 2038, Phase One of the US-395 Widening Project aims to improve the operational efficiency of the highway by providing one additional lane in each direction, installing a 14-foot median and rumble strips, and modifying signals at various intersections from SR-18 to Chamberlaine Way in the cities of Victorville and Adelanto. Caltrans District 8 is currently partnering with the San Bernardino Associated Governments (SANBAG) to work on the right-of-way and final design for the widening of US-395. It is estimated that the project will go to construction in Summer 2018 and will be completed in Winter 2020.

Caltrans is pleased with the achievements of the projects mentioned above. Each project will aid in the enhancement of the transportation infrastructure of the High Desert. Caltrans will continue to deliver quality projects that will provide a safe, sustainable, integrated and efficient transportation system to enhance California's economy and livability.



Cadiz Inc. Continues Work to Provide California Much-Needed New Water

By Courtney Degener, Vice President, Communications & Investor Relations

A part of the Cadiz team for over 12 years

The Mojave Desert's Cadiz Valley in eastern San Bernardino County, California, is a hot, dry place. The sandy soil supports only sparse, low brush well adapted to the hot dry climate where summer temperatures reach up to 120 degrees. It's just about the last place you'd go looking for water.

But in the 1980s, our Company founders did just that. Guided by early NASA satellite imagery, they postulated that the unique geology of the Cadiz Valley, which is about the size of Rhode Island, could indicate that groundwater had been collecting under the soil for millennia. We purchased land, drilled exploratory wells and, indeed, found plentiful, high-quality groundwater.

Later modeling and field work would show the Cadiz aquifer system holds as much as 34 million acre-feet of water – more than 11 trillion gallons and an amount equal in volume to Lake Mead, America's largest reservoir. Our wells have been prolific, or as one drilling contractor said during field work in 2010, "based on 43 years of experience – I've been involved with hundreds, possibly thousands, of drilling projects – and without a doubt (Cadiz well) TW1 was the most productive production well I've ever been involved with."

Over time we continued our land acquisition and began to farm, relying upon this groundwater for irrigation. Today we are the largest private landowner in San Bernardino County, with 45,000 acres and a sustainable farming operation of aquifer-watered lemon orchards and vineyards that provide a lush green spot in the sparse Mojave landscape.

Creating an Environmentally Benign Water Project

In the 1990s as California's population grew and the State's water supplies increasingly came under pressure, we also started considering the potential to make our property available for a water supply and groundwater storage project. Given

our proximity to the Colorado River Aqueduct, which carries water from the river to 19 million people from Ventura County to San Diego County, both the supply and storage concepts proved feasible. The plan has evolved with the times. Once envisioned as a groundwater storage-focused project in partnership with the Metropolitan Water District of Southern California, today the Cadiz Valley Water Conservation, Recovery and Storage Project is smaller in scale and scope than earlier envisioned, but remained focused on a pledge to do no harm to the environment.

The project, which will be implemented in two phases, will actively manage the groundwater basin underlying our property to create a new reliable water supply for Southern California, as well as a new opportunity for groundwater storage. The first phase will capture approximately 50,000 acre-feet of groundwater per year—enough for 400,000 people—from a wellfield on the Cadiz property and deliver that water via a pipeline to the Colorado River Aqueduct and then to local communities throughout Southern California. Over the 50 year life of the project, only 3-6% of water in storage would be withdrawn and this water would be replenished over time. According to Anthony Brown, M.Sc. Engineering & Hydrology, who conducted an independent peer review of the project's science, "given the low amount of proposed pumping relative to the significant size of the basin, the Cadiz project can be intelligently managed to provide a new beneficial use without any harm."

"Conservation" is a critical part of the project's name and objectives because all of the water in the Cadiz aquifer presently flows to desert dry lake playas, where it turns ten times saltier than the ocean and evaporates. Without the project, over 10 trillion gallons of water are lost every year. The project aims to manage these outflows to the dry lakes and create integrity in the aquifer system

so that in a second phase we can utilize its immense storage capacity to hold up to one million acre-feet of imported wet-year water from the Colorado River or State Water Project until needed in subsequent dry years.

When designing the project, protecting the environment was a top priority, and we worked with our project partners, San Bernardino County and best-in-class experts, to ensure the project would do no harm. We plan to build our pipeline in a disturbed railroad right-of-way, rather than crossing undisturbed federal land to ensure no species are impacted. We have also committed to an 80-foot hard floor on groundwater withdrawals for the avoidance of doubt about water resource impacts. The project includes an extensive, prescient groundwater management plan regulated by the county to enforce our commitments.

Public Review & Approval

In July 2012 the project received approval under California's rigorous environmental laws—generally regarded as the most protective in the nation. The Environmental Impact Report was prepared and certified, after extensive public review, by Santa Margarita Water District (SMWD). Nine water agencies from across the region, including SMWD, have signed up to purchase the water made available by the project. San Bernardino County, which oversees groundwater at the project area, served as a Responsible Agency in the project and separately approved the project and the management plan in October 2012.

As occurs so frequently with large projects in California, litigation followed. Cadiz, SMWD and San Bernardino jointly defended challenges to the project's approvals. Some lawsuits were dropped early on and several went to trial. In 2014 all of the project's approvals and environmental documents were upheld without any changes. As expected, opponents appealed these rulings and the matters are now before the

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Valdez Appointed San Bernardino Auditor-Controller/Treasurer/Tax Collector



Oscar Valdez was appointed to the vacated elected position of Auditor-Controller/Treasurer/Tax Collector by the San Bernardino County Board of Supervisors on February 17, 2016. Prior to his appointment, Valdez served as the Assistant Auditor-Controller/Treasurer/Tax Collector from May 2011 until his current appointment in 2016 and was responsible for the management and oversight of the auditor, controller, and treasurer divisions for the County of San Bernardino. Valdez has over 20 years of accounting, auditing, budgeting, finance, and management experience, 16 of which have been with San Bernardino County.

The Auditor-Controller/Treasurer/Tax Collector's Office has a budget of nearly \$40 million and employs 315 county employees. The department performs the accounting, reporting, and claims of all county financial activities to ensure sound financial management. Valdez is responsible for the investment of all county and school district funds within the county investment pool and oversees the collection of over \$2.3 billion in property taxes each year for payment of over 805,000 annual secured and unsecured tax bills.

Valdez and his staff provide courteous and professional customer service to county departments, residents, and local government agencies. Valdez's commitment to providing superior customer service is evident by the many convenient ways his office offers residents to pay their property taxes, including eCheck, debit card, and credit card services available online, in person, and over the phone. On March 22, 2016, Valdez was presented with a NACo Award in recognition of his department's Online Banking Tax Payment Project, which result-

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Cadiz Inc. Continues Work to Provide California Much-Needed New Water

Continued

California Court of Appeals. We remain confident in the thorough environmental review conducted in accordance with California's tough environmental laws and are optimistic the Appeals Court will uphold the 2014 trial court decisions.

A Big Boost for the Local Economy

As it has waded through the CEQA process and now CEQA litigation, the need for the project has not diminished and the state's unpredictable hydrological cycles have only made it clearer that a groundwater supply and storage project in Southern California would be a benefit to the entire system. Southern California economic consulting firm Stratecon Inc. recently valued the water supply, storage, and water quality benefits attributable to the project at \$6.1 billion. These benefits would not only be realized by Project subscribers, but experienced by all water users throughout the entire region, which has faced significant water rate increases over the last 10 years.

In addition to tremendous water supply benefits, the project is also expected to create needed jobs and local investment. The \$250 million project, which we will privately finance, will create and support over 1,500 jobs per year of construction and generate nearly a billion dollars in economic activity. Under a pledge we made to the county, 80% of the capital investment will be dedicated to San Bernardino County-based businesses and 50% of the jobs to county-based workers, including 10% to local veterans.

Next steps...

To reach construction and implementation, we must still complete three primary tasks: (1) resolve the outstanding appeals of the CEQA permits; (2) resolve a dispute with the federal Bureau of Land Management (BLM) over ac-

cess to the railroad right-of-way for our conveyance pipeline; and, (3) complete final contracts for the water. We expect the appeals will be decided this summer and the contracts are expected to follow. Thanks to the support of a broad bipartisan delegation of California Congressional members, we are in dialogue with the BLM about how we can resolve our dispute and reach a final path forward for the pipeline.

While we continue to believe that the water project would be the highest and best use of our properties and resources, we also recognize that water in California is a tough business and can take a long time. Therefore, we've also recently announced plans to expand farming operations in Cadiz so we can put our most valuable asset to work while we continue to pursue the water project.

The initial expansion will expand farming on 2,100 acres and ultimately could reach 9,600 acres, which would utilize an amount of water comparable to our Water Project permits. Our agricultural partners will install water and energy infrastructure that later will be used by the project once final approvals are received. The well-field infrastructure and related improvements required for agriculture are substantially similar to water project infrastructure, so they can be fully integrated into the project once it is permitted.

As a long-time desert business, whether pursuing agriculture or water supply development at the property, we also intend to maintain a variety of legacy commitments in Cadiz, including a tourist-based steam train, cultural center, kit fox research, and the largest desert tortoise land mitigation bank in California. We are more than the water project, and as our CEO, Scott Slater, reminds our team regularly, we will always do projects that our kids can be proud of.



MWA Offers Assistance to Small Water Providers

By Yvonne Hester, Community Liaison Officer

As California continues to experience year five of a statewide drought, hopes of a saving El Niño continue to elude the Golden State. Here in the High Desert, periods of drought are part of the native climate, requiring the Mojave Water Agency to continually monitor and invest in plans and programs to ensure water for today and tomorrow. Among the Agency's newest programs is the Small Systems Assistance Program (SSAP) that has been named as a finalist for an award of excellence from the Association of California Water Agencies.

During the past two decades, MWA invested heavily in large capital projects such as pipelines and recharge facilities, but today the focus is on optimization of resources, thanks to community input during the 2014 Integrated Regional Water Management Plan. Increased participation in the plan's process resulted in the committee ranking assistance for disadvantaged communities as a top priority.

Unlike the larger water providers, resources are scarce for the small providers. The new program was developed to assist disadvantaged and severely disadvantaged small water systems that lack staff, expertise, and funding to address both water quality and reliability. While the MWA region is served by 10 large water purveyors, there are also some 40 smaller systems that provide water to homes and businesses.

Residents living in disadvantaged communities deserve quality water, but often maintaining infrastructure is costly. Many of the small systems have pipelines, pumps, and storage reservoirs that are 30-50 years old, resulting in a variety of water-quality issues. Many of the small water systems are challenged with naturally occurring and manmade water quality issues, including arsenic, fluoride, and Chromium-6.

In an effort to address these concerns, a committee formed by the IRWM Plan

Project team was formed, and the MWA Board of Directors approved an initial \$200,000.00 program budget for a contract with the California Rural Water Association to provide small water systems expertise. Under the MWA Small Water Systems Assistance Program, a local expert was made available to discuss containment solutions including consolidation of two or more systems, blending water, or well head treatment.

As a result of the MWA program, a number of grants for small systems were submitted, and Gordon Acres Mutual Water Company in Lucerne Valley received a grant of \$468,000.00 from the State Water Resources Control Board. These funds will help develop a water system plan to address insufficient delivery, water outages, and water quality violations.

Other small water systems in the region also have received assistance from the program. All requesting water systems have received on-site assistance for technical, managerial and financial challenges, as well as need assessments, leak detection audits, conservation plan assistance, and rate studies. MWA also has provided 10 free workshops and has made available wastewater expert help.

For more information on this program, contact Mojave Water Agency at 760.946.7000.

2016 High Desert Water Summit to Feature State and Local Experts

Winner of Student Essay Contest Also Featured

"Predicting Our Future by Our Own Design" was the theme of the 2016 High Desert Water Summit held April 13 at the Barstow Community College Performing Arts Center. Each speaker focused on key issues and resources that serve to shape the region's water future.

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Valdez Appointed San Bernardino Auditor-Controller...

Continued

ed in increased efficiency in processing payments remitted through a taxpayer's online banking system.

Valdez's office averages a 98% annual collection rate, meeting the established performance measures and in doing so supporting the Countywide Vision and Goals. Property tax bills that are not paid become tax-defaulted and subject to the Tax Collector's power to sell after five or more years. Annual tax sale auctions are held each May in an effort to return these properties to property tax-paying status. Properties not sold at the May auction are re-offered in August at a reduced minimum bid. Last year 2,296 tax-defaulted properties were offered at the May and August tax sales, and 92.5% of those properties were sold, resulting in \$14.7 million in collected revenue.

The Tax Collector's tax sale auctions are hosted online. This year's auction was held May 14-20, 2016. Each parcel listed for tax sale included a current parcel number, situs city, minimum bid, parcel map and Google map, and some parcels also included a photo. To maintain single ownership on undeveloped tracts, Valdez's office offered grouped parcels that must be purchased on an all-or-nothing basis. Developers interested in reviewing current tract maps for grouped parcels can request a copy from the County Recorder's Office. A complete listing of parcels scheduled for future tax sale can request a copy of the listings from the Tax Collector's website at www.mytax-collector.com under Tax Collector>Tax Sale Information>Current Sale Items.

Beyond his many roles for the County of San Bernardino, Valdez is an active member of the following professional organizations: Government Finance Officers Association, California Association of County Treasurers and Tax Collectors, California State Association of County Auditors, Association of Government Accountants, and Institute of Internal Auditors.



Victor Valley Wastewater Reclamation Authority's Apple Valley and Hesperia Subregional Reclamation Plants Scheduled for Completion in Early 2017

Victor Valley Wastewater Reclamation Authority is so much more than a wastewater treatment plant. VVWRA is more like a resource recovery facility that protects public health by taking the incoming waste and transforming it into something useful. With the help of nearly \$200 million in capital projects, funded in part by more than \$71 million in grants, along with forward thinking planning and management, VVWRA creates millions of gallons per day of clean recycled water, generates sustainable green energy and produces high nutrient bio-solids that are used for land application. But it wasn't always like this. In the last ten years, VVWRA has gone from a facility that was essentially dead and facing multiple water quality violations, to a plant that is recognized as a leader in both the renewable energy and wastewater industries.

When Logan Olds took over as General Manager of VVWRA in 2006, he had no idea of the headaches he inherited. But it soon became apparent the plant was not operating properly and the violations were piling up. And to make matters worse, VVWRA was broke. A wastewater plant is essentially a large living organism that if not operating properly can get sick and die. With that grim picture, VVWRA was in its death throes, but tough decisions made by innovative managers helped turn this once struggling utility around. Today, VVWRA has 46 employees and stands on the verge of revolutionizing an evolving industry.

Grants have played a big part in VVWRA's many capital projects. Thanks to more than \$71 million dollars in grants, VVWRA has launched an industry leading waste to energy program, made massive repairs to the sewer interceptor through the Upper Mojave Narrows and started construction on two water recycling facilities

VVWRA is the Victor Valley's single largest piece of public infrastructure. The main plant in Victorville is more than 400 acres, with 42 miles of sewer line interceptors throughout the valley. VVWRA serves the businesses and residents in Victorville, Apple Valley, Hesperia, Spring Valley Lake and Oro Grande. With construction of subregional water reclamation plants in Apple Valley and Hesperia, VVWRA is switching from a regional treatment model to a distributed treatment model. Currently, all wastewater is treated at the main VVWRA plant in Victorville. The new subregionals will allow for treatment of wastewater closer to the source, while all solids will continue to the main plant to produce energy. The benefits are two fold; first, it expands VVWRA's capacity in the interceptors, which will help delay the need for extremely expensive upgrades at the Victorville plant; secondly, the subregionals will supply a new source of reliable recycled water within those communities. When completed in early 2017, each of these facilities will provide up to one million gallons of recycled water per day for above-ground irrigation in Apple Valley and Hesperia. The recycled water in Apple Valley will be piped to the Apple Valley Golf Course where it will be used to water the grounds. Similarly, the recycled water in Hesperia will be used at the Hesperia Golf Course and to irrigate the grounds at Civic Plaza. The combined planning and construction cost for the subregionals is estimated at \$80 million dollars. That is a lot of money. However, VVWRA and its member agencies have managed to obtain \$21 million dollars in grants, which essentially reduces the overall cost by 26 percent. That saves local

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MWA Offers Assistance to Small Water Providers

Continued

Speakers included Dr. Christopher Thornberg, founding partner of Beacon Economics, based in Los Angeles. He provided an economic and population profile of the region. Ellen Hanak, Senior Fellow and Director of the Public Policy Institute Water Policy Center in San Francisco, provided a statewide overview of water management issues, as well as climate challenges. Additionally, Lance Eckhart, MWA Director of Basin Management and Water Resources, presented water supply and demand projections included in the current update of the Regional Urban Water Management Plan.

Also Enrique Arcilla, the 15-year-old essay contest winner, a sophomore at the Academy for Academic Excellence in Apple Valley, presented his essay titled "The Path to Sustainability" at the April 13 event. As the winner, Arcilla received a \$5,000 scholarship.

The Water Summit ran from 7:15 to 11:30 a.m. on April 13 at the Barstow Community College Performing Arts Center. The campus is located at 2700 Barstow Road.

The cost for the event was just \$10 and included a full breakfast buffet.



Mojave Water Agency is using science and innovation to manage the region's water supply.

Together, we're securing water for today and tomorrow...
www.mojavewater.org

Victor Valley Wastewater Reclamation Authority's Apple Valley and Hesperia Subregional Reclamation Plants Scheduled for Completion in Early 2017

Continued

communities and residents money. And from an economic standpoint, the sub-regionals will also provide VVWRA with more interceptor capacity, which means the Victor Valley can accommodate growth throughout the area.

VVWRA has become known industry-wide for its groundbreaking Waste to Energy program, a program where naturally occurring methane, also known as biogas, is created at the plant and used to generate electricity. The program has been made possible by a combination of grants, Southern California Edison incentive rebates, and a unique public/private partnership that resulted in no additional cost to rate payers. VVWRA teamed with Anaergia Inc. to build the Omnivore system. Anaergia's proprietary recuperative thickener was connected to a retrofitted, formerly decommissioned anaerobic digester. The result has been a dramatic increase in the production of bio-gas. VVWRA is collecting the bio-gas produced by Omnivore, as well as the other digesters on the site, and is using it to fuel a pair of 800 kwH 2G generators. This eliminates the need for expensive natural gas that was previously used to power equipment. The 2G generators are capable of producing enough electricity to meet all VVWRA power needs, essentially making the plant carbon and energy neutral. In addition, VVWRA has a long term power agreement with Anaergia, locking in that power at a much lower rate than traditional electrical service. Plans are also in the works for installation of a microgrid and battery system that would allow VVWRA to store and supply itself with a more reliable stream of green energy. This project is being paid for entirely by a state grant from the California Energy Commission. VVWRA foresees a time in the future that they could even export power to the grid. While there are still a few legislative and technical obstacles to make that happen, VVWRA

management believes this is a promising source of green power that could have a huge impact on power generation both here in the US and globally.

One of the biggest challenges VVWRA has faced over the last ten years came in December of 2010 when a series of heavy storms severely damaged the main sewer line in the Upper Mojave Narrows. The incident was declared a Federal emergency and a temporary emergency bypass line was installed in just 9 days. Since that time, VVWRA has been working with engineers and construction teams to build a permanent sewer line that avoids environmentally sensitive areas in the Upper Narrows. This project has proven to be costly and dangerous. After a number of unforeseen setbacks and design changes, the project is nearly completed. It's estimated it will cost \$41 million dollars by the time it is completed in mid-2016. However, the vast majority of that expense is being picked up by the Federal Emergency Management Agency (FEMA), with just a small percentage being the responsibility of VVWRA's member agencies and ratepayers.

VVWRA has also made a number of improvements to its regional plant in recent years, including installation of a state of the art Aqua Diamond filtering system and an ultraviolet (UV) disinfection building. UV disinfection

is now the final step for the recycled water before it is released into the Mojave River. UV disinfection uses powerful lights to essentially disinfect any remaining organisms, making it impossible for them to reproduce. The UV system has allowed VVWRA to stop using chemicals like chlorine to disinfect the recycled water.

The many projects that VVWRA has embarked on in recent years have been focused on two issues: to protect public health and the environment. The better VVWRA is able to do that, whether through technological improvements or repairs and upgrades, the better it is able to serve and protect our community. Secondly, VVWRA has made a conscious effort to seek the best solutions for problems now and anticipate issues related to growth in the future. They have done that with the goal of keeping costs down as much as possible. VVWRA has aggressively sought out grants, alternative funding, rebates and public/private partnerships to provide the Victor Valley with the best possible service at the most reasonable price. Wastewater is something that most people don't think about, but VVWRA takes its job very seriously and is dedicated to keeping the public's trust.



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Building Opportunity and Time for the High Desert

By *Tim Watkins, Chief of Legislative and Public Affairs,*
San Bernardino Associated Governments

In the High Desert region of San Bernardino County, transportation continues to be a major factor in the quality of life of the people who live and work here and beyond. According to census data, nearly 40,000 residents of the High Desert work in areas south of the Cajon Pass. This commuter demand relies heavily on a freeway corridor that also serves as a primary artery for goods movement to and from the rest of the nation, offering significant motivation to find solutions to the transportation challenges before us. As the economy continues to slowly rebound from the downturn experienced almost a decade ago, housing starts are returning to the region. This will only result in even greater demand on our infrastructure.

Over the past few years, the San Bernardino Associated Governments (SANBAG) has been directly involved in the development and delivery of major improvements to connect people and communities to opportunity and time through enhancements to our transportation system.

For example, when SANBAG and the City of Victorville were joined by nearly 300 citizens and business owners to open the La Mesa/Nisqualli Interchange back in 2013, we welcomed in an alternative to the then heavily-congested Bear Valley Road. At the time, Bear Valley carried more vehicles per day than Interstate 15, and as a result commuters and businesses felt the impact during peak hours...which at that time represented most of the day. Today, because of La Mesa/Nisqualli, traffic on Bear Valley Road is manageable and people can access their destinations more effectively and efficiently.

About a year later, Victorville's neighbor to the south, Hesperia, was also joined by SANBAG to usher in the new Rancho Road Interchange. Couple this project with the Rancho Road Railroad Underpass to the east, and residents of this growing community were able to have better access to and from Interstate 15. Prior to the interchange completion, Main Street carried practically the

entire traffic burden for commuters trying to get to the interstate. Much like Bear Valley Road, the congestion relief experienced after the completion of the interchange was a welcomed sight for commuters and businesses alike.

And, just as time matters to us as commuters, it matters to our economy as well. San Bernardino County serves as the gateway to and from the rest of the nation for the various goods that come in and out of the Ports of Los Angeles and Long Beach. Much of that is via truck, but equally important is how we keep freight moving on our rail lines as well. Last year we opened the Lenwood Road Grade Separation project which represents just that...a moving economy. Hundreds of trains pass through that community daily and now they can do so even more efficiently. Sometimes overlooked is the fact that grade separation projects help the local community as well. Improved traffic circulation, enhanced response times for emergency service providers, and less noise are all positive by-products of this investment into the region.

Moving forward, finding ways to connect east and west continues to be a critical challenge for our region. SANBAG is actively working with the County of San Bernardino, the Town of Apple Valley, and the City of Victorville to tackle the funding needs for a complete Yucca Loma Corridor. This three-pronged approach has already seen major strides toward connecting the eastern portion of the High Desert to Interstate 15. The Yucca Loma Bridge and Yates Road widening are complete and construction to widen Yucca Loma Road, the eastern leg of the corridor to Apple Valley, is underway.

Our transportation partners at the California Department of Transportation (Caltrans) have kicked off the reconstruction of the "D" and "E" Street interchanges. This all started as part of a two-phase project to widen Interstate 15 between Victorville and Barstow almost two decades ago. The work underway will reconstruct these two interchanges

and widen the Mojave River Bridge so that the freeway median and shoulders can be brought up to federal standards. This will enhance the safety and operations of the freeway and also improve the overall driver experience in this area.

Perhaps the most significant SANBAG/Caltrans partnership is the nearly completed Interstate 15/Interstate 215 Devore Interchange Project. This approximately \$300 million project was part of an innovative delivery design-build pilot program that enabled the project team to develop and build it more than a year ahead of schedule compared to the typical process. When complete (a public ceremony was held May 20th), drivers will now be able to enjoy the multiple enhancements that were constructed in one of the most used corridors in our county. The relationship between Interstate 15 and Interstate 215 will be modified to make for seamless transitions that will greatly reduce the weaving of passenger vehicles and heavy trucks. Trucks will be using newly constructed truck bypass lanes and passenger vehicles using the I-15 fast lane to get up and down the pass will stay in the fast lane as they transition through Glen Helen, Fontana, and Rancho Cucamonga.

In addition, wider lanes, improved ramps, and enhanced bridges will make for a better drive and more efficient commute for the nearly one million vehicle trips through the pass weekly. Route 66 which runs parallel to I-15, will be reconnected, providing an alternate route when needed and improve overall fire and public safety response times.

Couple the Devore Interchange Project completion with the concurrently scheduled completion of the Caltrans Cajon Pass Project that is rehabilitating concrete lanes on I-15 between the summit and State Route 138, and commuters, recreational travelers, and other users of the system will experience an improved transportation system that reduces travel times and increases access to and from the High Desert.



Lahontan Regional Water Quality Control Board's Stormwater Program

By Patty Z. Kouyoumdjian, Executive Officer

The Lahontan Regional Water Quality Control Board, known as the Lahontan Water Board, is a state agency whose mission is to protect surface and groundwater uses for current and future benefit of all Californians. The board has seven members appointed by the governor and confirmed by the Senate. Staff offices are located in South Lake Tahoe and Victorville.

Implementing a number of federal and state regulatory programs, board decisions directly or indirectly affect most all residents within the Lahontan Region. The Lahontan Region encompasses the Great Basin portion of California. It extends from Oregon south to the San Gabriel and San Bernardino Mountains and eastward from the crest of the Sierra Nevadas to Nevada. Within San Bernardino County, numerous board actions are taken to protect and improve the state's waters. This article's focus is the Stormwater Program.

Stormwater Program Requirements

Statewide general orders (e.g. permits) exist for three main stormwater program categories; industrial, construction, and municipal. Permit links are on the State Water Resources Control Board website at: http://www.waterboards.ca.gov/water_issues/programs/stormwater/. Coverage under all permits is obtained through the SMARTS database, which can be accessed at that website.

Construction Activities

Construction permit coverage is required for any land disturbance greater than one acre. Note that disturbed area, not project size, is the governing factor. Additionally, project components forming a larger plan of development must be considered together.

Minimizing sediment transport impacts is the primary permit objective. For each project a site-specific Stormwater Pollution Prevention Plan, or SWPPP, must be prepared by a Qualified Stormwater Developer. It must identify appropriate Best Management Practices, or BMPs, that will be installed and maintained by a Qualified Stormwater Developer for both the construction and post-construction periods.

The water board's key objective is ensuring that effective post-construction BMPs are in place at the time permit termination is granted. The permit requires that the post-construction runoff is equal to or less than pre-construction runoff and that runoff does not cause downstream effects, including erosion or modification of drainage patterns, swales or stream channels. A site-specific hydrology calculation must be done to verify

that the post-construction BMPs will be effective at meeting this requirement. While there are a wide range of BMPs that may be proposed, the Lahontan Water Board promotes BMPs appropriate to the arid high desert climate, using Low Impact Development, or LID, principles discussed below. Effective post-construction BMPs must be proposed in the project design. Numerous termination requests have been declined by the water board where post-construction BMPs were not in place. To speed the termination process, proponents should include photographs showing the periphery of the construction site, especially runoff locations. Photographs of the interior drainage features, unless integral to post-construction BMPs such as prefabricated infiltration chambers, are less important.

Industrial Activities

Industrial permit coverage is required based on industry type or Standard Industrial Classification (SIC) codes. For manufacturing facilities coverage is required for SIC codes 20XX through 39XX and 4221 through 4225. Permitted facilities must prepare and implement a SWPPP that identifies appropriate BMPs. The permit requires stormwater runoff sampling from Qualifying Storm Events. Staff has inspected many industries in the Victor Valley that have ineffective BMPs or conduct operations in or near ephemeral waterways, causing adverse effects to waters. Identifying and requesting modified practices and improved stormwater management will be the focus of future inspections. The permit includes two new options for enrollees. A No Exposure Certification may be obtained if all industrial materials and activities are

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Porous concrete makes up part of a new parking lot in Victorville at Valley Hi Toyota (darker pavement)

Lahontan Regional Water Quality Control Board's Stormwater Program

Continued

protected by a storm-resistant shelter. A Notice of Non-Applicability signed by a registered professional engineer may be submitted if a facility is engineered to contain the maximum historic precipitation event or is located where there is no hydrologic connection to waters of the United States.



Erosion in ephemeral wash caused by concentrated urban run-off, Hesperia

Municipal Activities

Municipal permit coverage is required for the Town of Apple Valley; Cities of Barstow, Hesperia, and Victorville, and portions of the County of San Bernardino. In addition to controlling pollutants in stormwater runoff from municipal activities (shops, yards, streets, etc.), municipalities must adopt ordinances providing legal authority to control pollutants (including sediment) into and from the municipal storm system. Other program areas include public outreach and education, illicit discharge identification and elimination, construction site controls, and post-construction BMP requirements. The permit requires new projects to capture storm-

water from the 85 percentile 24-hour precipitation event. Effective maintenance is the key to ensure post-construction BMPs continue to protect water quality.

Low Impact Development, Stream and Wetland Impacts

In the earliest project design phase, applicants should assess and evaluate how site conditions such as soils, vegetation, and flow paths should be considered in the placement of buildings and impervious surfaces to reduce adverse impacts to surface flow paths, water quality and wildlife habitat. Environmental documents should identify how the project incorpo-

rates Low Impact Development, or LID, principles to protect water quality. The High Desert has unique rainfall and stormwater runoff patterns. LID practices should be customized for each individual site to preserve pre-development hydrology by limiting impervious surfaces (i.e., paving), promoting stormwater infiltration, minimizing land disturbance, and incorporating structural BMPs such as pervious pavement, infiltration galleries, energy dissipation, etc. Water board staff have observed many older projects have radically altered

the ephemeral wash downstream environment by increasing runoff velocities and volumes, causing excessive sediment erosion and sediment deposition in lower-lying areas, burying wildlife and riparian habitat. Incorporating LID principles in future new and re-development projects will protect and improve our unique desert environment and water quality for our future.

Proposition 1 Grant Funding Resources

A new opportunity to obtain stormwater project funding is available through Proposition 1 grants. This requires applications to reference an adopted Stormwater Resources Management Plan that identifies projects on a watershed basis. That plan may become a component of the Mojave Water Agency's Integrated Regional Water Management Plan and can be used to support grant requests. The water board encourages local municipalities to cooperate and cost share in preparing this plan.



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High Desert Businesses Give MDAQMD High Marks for Customer Service

By Christie Robinson, CRE Specialist

Mojave Desert Air Quality Management District

In today's economic climate, customer service can mean the difference between success and failure for some businesses and organizations. In January of this year, the Mojave Desert Air Quality Management District—the local air quality agency for San Bernardino County's High Desert and Riverside County's Palo Verde Valley—initiated a Customer Service Satisfaction Survey in an effort to provide the MDAQMD Executive Board with insights on how well staff is meeting the needs of regulated business while issuing permits, inspecting facilities and responding to questions about air quality rules and regulations.

The MDAQMD's last Customer Service survey—which was conducted in 1999—produced 26 responses. The 2016 survey produced a total of 60 responses from local industry. More than 650 postcards announcing the survey were distributed using direct mail and e-mails to permittees and other interested parties between January 11, 2016 and March 1, 2016.

The MDAQMD's Customer Service Satisfaction Survey was designed using Survey Monkey and posted to the district's website. The questionnaire was designed to elicit respondents' opinions on a variety of district services, as well gauge how well the district is performing and how it can improve.

The survey consisted of 15 rating scale questions, ranging from ease of contacting the district, technical and rule support, and ease of applying for a permit. Respondents were asked to provide a rating for each topic on a scale between "poor" and "excellent," or N/A for not applicable. Below are some of the survey's findings:

- More than 65% of respondents rated the ease of reaching District staff by phone or e-mail as "excellent."
- Accuracy of service/information provided by permitting staff was rated "excellent" by more than 64%.
- Courtesy and professionalism of compliance staff in conducting facility inspections was rated "excellent" by almost 72%.
- Timeliness of permitting or compliance staff in conducting facility inspections was rated "excellent" by more than 60%.
- Permitting and compliance staff knowledge of technical issues and applicable regulations was rated "excellent" by almost 72%.
- Almost 60% of participants rated the level of service provided by the MDAQMD compared to other California air districts as "excellent."
- Nearly 85% of the respondents rated their overall satisfaction with ease of applying for a permit or authority to construct between "excellent" and "good."

Several questions on the survey asked for comments; a sampling is provided below:

- "Inspectors have been approachable, knowledgeable, and reachable."
- "Work well with the staff. The staff is always willing to meet in person to discuss issues."

• "The smoothest permitting for any air district in California. Well done!"

• "MDAQMD personnel have always demonstrated a high degree of professionalism, knowledge, and interest in helping with issues regarding compliance."

According to Eldon Heaston, MDAQMD Executive Director, "The survey's results will help the District construct a road map for implementing improvements and to continue providing optimum services to the regulated community in the near future."

The MDAQMD is responsible for regulating stationary air pollution sources and implementing state and federal air quality rules and regulations within its 20,000 square mile jurisdiction, which is home to more than 550,000 residents. The MDAQMD has garnered a reputation as one of the most responsive and business-friendly air districts in California.

To find out how doing business within the MDAQMD could be good for your business, call 760.245.1661 or visit us online at www.mdaqmd.ca.gov today!



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High Desert Corridor Final EIS/R to be Released Late April

By Laurie Hunter

The High Desert Corridor, in the High Desert of both San Bernardino and Los Angeles Counties, an east-west highway between Palmdale and north Victorville and private sector-supported rail line connecting Anaheim to Vegas, is close to being environmentally cleared for land acquisition and development. The final Caltrans-produced EIS (environmental impact statement), followed by a month-long review period, was due to be released in late April, 2016. After the Federal Government issues a Record of Decision, usually within a few months of EIS release, land acquisition of the right of way can legally begin.

High Desert Corridor Interactive Map

You can get the latest information, see where the on and off ramps are likely to be located, and see land use and public comments relating to specific points by doing a web search for the HIGH DESERT CORRIDOR INTERACTIVE MAP. The final alignment, and cost estimates will be announced when the EIS is released, and you can follow progress on the Interactive Map (developed by Arellano and Associates under contract from Metro for HDC

EIS Outreach).

The High Desert Corridor (HDC) is a prototype for how to intelligently plan, without “sprawl”, to join two major population centers—and like the olden days—using transportation infrastructure built first—to provide the backbone for planning the best land use for the region. In the High Desert there is an abundance of housing, but residents need to commute for hours to jobs far away. To reduce commute times and provide jobs, the HDC affords the opportunity for land use planning and investment/development that creates jobs: the goal is increased mobility, a safer alternative that saves half the time and removes trucks from SR 138, and improves the quality of life by spurring jobs along the alignment that enable residents to spend more time at home instead of commuting.

The HDC is locally supported by a two-county coalition of local governments who govern a Joint Powers Authority to stimulate its development in order to advance economic development and investment in the Victor and Antelope Valleys. The HDCJPA is chaired by Robert Lovingood, with Vice Chair Michael D. Antonovich and local board representation by Ryan McEachron, Victorville; Scott Nassif, Apple Valley; Richard Kerr, Adelanto; and Jim Ledford, Palmdale.

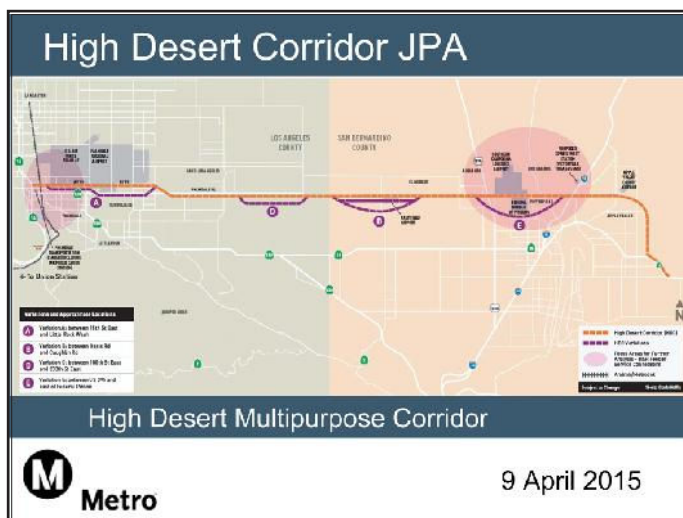
Financing: The HDC will be developed as a public-private partnership (P3), with private investment providing the majority of funding. Because government funding is also needed, there will

need to be a future Oversight Board or JPA (Joint Powers Authority) of some type that will be responsible for contracting out for engineering, land acquisition, and construction/development.

DESCRIPTION: The HDC has four components in one right-of-way (ROW):

- Highway/expressway between the SR 14 in Palmdale and the I-15 at Falchion Road in Victorville
- High speed rail tracks to connect rail stations: XpressWest’s station, on the east side of the I-15 where Dale Evans Parkway enters/exits—traveling to the west in the HDC Right of Way to Palmdale’s future California High Speed Rail (CAHSRA)/Metrolink Station
- Green corridor to use space not occupied by the highway and rail tracks for solar energy generation to power the trains and an underground transmission line for solar rooftop and solar farm connection to the grid, and;
- Bikeway between Adelanto and Palmdale

The EIS will environmentally clear 63 miles of highway/expressway, but realistically, the eastern seven miles in Apple Valley will not be included in an initial P3. Private sector financing, combined with public transportation funding, will require the project to be developed in multiple phases, leaving the eastern seven miles through Apple Valley for the future. In the Victor Valley, the HDC P3 will travel from US 395 in Adelanto, approximately along Air Expressway through SCLA in Victorville to an I-15 interchange at Falchion Road, then roughly six miles into Apple Valley, ending near the North Apple Valley Industrial Park.



High Desert Corridor Final EIS/R to be Released Late April

Continued

Financing

Construction costs can be initially reduced by working with the private sector on plans to build the HDC in phases as funding strategies are devised. For example, develop only two or four lanes of highway-expressway initially-reserving right of way for future widening for lanes needed at a later date.

Yet another possibility for phasing is separating the timelines and construction of the highway and rail components to build the rail tracks first if there is private sector funding interest to begin before highway funding is available. Then the right of way (ROW) for the highway can be preserved. The green corridor can be planned and developed even later when the latest technology of the day can be used for operations of trains, lighting, maintenance, thus increasing revenue.

Strategies to phase highway or rail development will be determined in the coming year. Full buildout of an eight-lane highway and HSR tracks, and the last non-P3 seven miles is around \$8 Billion. Strategies to reduce costs and to attract private sector funding can make this sum manageable and reduce initial costs by billions. Phasing will be decided by the timing of available public and private financing.

Possible sources of funding are:

- Tolling the middle section of the highway Adelanto
- Applying a “toll” on passenger ticket sales between Palmdale and Las Vegas, regardless of whether the operator is XpressWest, CAHSRA, Metrolink, or private operators not in existence today
- TIFIA (highway) or RRIF (railroad) federal loans and PABS (Private Activity Bonds) are debt instruments issued by state or local

agencies to construct projects with significant private involvement.

- EIFDs (Enhanced Infrastructure Development Districts), one surrounding the Palmdale HSR/Metrolink Station and one surrounding the XW Station. Modeled somewhat after Redevelopment Agencies, state legislation provides new authority for lesser tax increment financing of real estate development

- Cap and Trade Financing: The HSR Tracks are eligible for Cap and Trade funding in their own right and for CAHSR “Connector” expenditures in Palmdale

- Costs will be shared to develop the CAHSR connector ROW and tracks

- Local 1/2 cent sales taxes. 1) The HDC is named in Measure I as eligible for the 1/2 cent sales tax in San Bernardino County, but more likely a new Measure would be considered. 2) In Los Angeles County, the Metro Board is close to placing a Measure R2 for the November 2016 ballot that specifies the Antelope Valley Metrolink Line will have priority for new Metrolink R2 funding, and \$170 Million for ROW purchase in the first five years, with authority for acceleration through a P3 and funding available in 45 years without a P3. Polling in North Los Angeles County showed 71% public support for using a new 1/2 sales tax to fund the HDC

- FAST and Freight: New Federal Transportation funding legislated by Congress contains provisions for infrastructure that relieves freight congestion which might be ap-

plied to improvements to Metrolink to bring passengers to Palmdale to transfer to High Speed Rail transport by XW to Las Vegas

- Revenue to be determined from the green corridor energy generation and transmission, electric and natural gas fueling stations, fibre optic and broadband lines, and more.

P3 Revenue Studies Underway

To provide preliminary information to the private sector to gauge their interest, two studies are currently underway:

Highway: Metro has just selected a contractor to perform a study to determine the revenue that can be expected from tolling the middle section of the highway between 100th St. E in Palmdale and US 395 in Adelanto. A previous study by InfraConsult estimated tolling would provide \$4.7 Billion in 2012 dollars over 45 years (low forecast); \$5.8 Billion (high forecast). Tolls in the mid-section will be adjustable for cars and trucks and attract new business from new trucks traveling from Chicago/Vegas, and Northern/Central California, and the Ports of Hueneme, LA, and Long Beach to

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San Bernardino County Economic Development Agency Improving the Job Prospects of Residents

By Mary Jane Olhasso, Assistant Executive Officer, County of San Bernardino

One of the most rewarding aspects of the San Bernardino County Economic Development Agency's work is improving the job prospects of residents. Working with the business community on relocation and expansion opportunities and implementing proactive workforce development programs are just some of the ways the agency makes an impact. Moreover, the department's efforts are augmented by valuable partners in education, investment and real estate who work in collaboration to ensure job creation opportunities.

A great example now being led by education partners is the implementation of a nearly \$15 million grant awarded to Chaffey College and the Inland Empire Regional Training Consortium (IERTC) in 2014. The competitive grant was awarded by the Trade Adjustment Assistance Community College and Career Training (TAACCCT), which is co-administered by the Department of Labor and Department of Education, to improve manufacturing training for the Inland Empire. The IERTC includes 10 community colleges, 2-four-year universities, and the Manufacturers' Council of the Inland Empire as well as several faith-based and community organizations.

In March Chaffey and the consortium celebrated the opening of the Industrial Technical Learning Center (InTech Center) located on the campus of California Steel Industries (CSI) that will train thousands of workers in advanced manufacturing, advanced transportation, logistics, energy and utilities, as well as computer/ICT/digital media. These programs are conducted at no or low cost to employers and employees, thanks to the TAACCCT grant.

Through TAACCCT funding, Barstow Community College now offers a low-cost, two-year plan in Industrial Maintenance Mechanic Technology. This program offers National Center for Construction Education and Research

(NCCER) stackable certificates. Barstow offers this program at a lower cost compared to similar programs offered at private colleges.

These programs and others are true job creation successes. California Steel accepted five Barstow Community College students into their paid internship program over the last several years and a few have stayed on to become full-time California Steel employees. A number of other companies have partnered with Barstow Community College, either by recruitment, placement, advisory, or donations, including: NRG Energy, Abengoa Solar, Rio Tinto, Trinity Construction, National Training Center-Fort Irwin, Marine Corps Logistics Base, and Burlington Northern Santa Fe.

Another example of how community colleges are increasing job prospects is the work being done by Victor Valley College. The Welding Department at Victor Valley College has been an active department in the community for more than 35 years as a Los Angeles Certified Testing Facility for the Los Angeles Department of Building and Safety, an American Welding Society Certified S.E.N.S.E educational facility, and a Fabricator and Manufacturers Association International Educational partner. Today, the Victor Valley Welding department has evolved into a robust program that has placed students throughout the years with government agencies such as NASA, the Naval Nuclear Submarine Assembly dock in Virginia, and the Marine Corp Logistics Base in Yermo. It has served as a pre-employment testing facility for Northwest Pipe and Casing, partnered with local industry to create internships and pathways, and is continually working

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High Desert Corridor Final EIS/R...


Continued

new intermodal facilities at SCLA, and logistics facilities at the Apple Valley Industrial Center, Barstow, and Hesperia.

Rail: The High Desert Corridor JPA selected a contractor to perform an investment grade study to assess the volume of rail passengers between Anaheim and Las Vegas and their willingness to pay for HSR to Las Vegas instead of car or plane, as well as interim use (until CAHSR) of Metrolink to get to Palmdale to board an XW car to Las Vegas. The study, which will provide a revenue estimate, will show if the rail component of the HDC will need any public funding and if so, how much. The study is slated for completion June 30, 2016.


High Desert Corridor Interactive Map: don't forget to search the web for "**High Desert Corridor Interactive Map**" to get specific information about various locations along the alignment and progress of the EIS.





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Keeping the American Drive Alive for Future Generations

By Victorville Councilman Ryan McEachron, SANBAG President

Last year renowned economist Joel Kotkin published a study entitled "Housing the Future," which identified the Inland Empire as having one of the largest youth populations in the nation with approximately 180,000 millennials—ages 18-35 years old. As the father of two children under 10 years old, these statistics leave me with a lingering question: are we building enough homes to keep up with this future demand?

According to Kotkin, San Bernardino County and the State of California suffer from a chronic housing shortage which creates a lack of affordability for aspiring homeowners, including millennials. With an estimated statewide shortage of two-million homes and coinciding affordability gap, more and more young working families will likely be forced to leave California. So how do we reverse this trend? Clearly, we need to support public policies that encourage vibrant new community development and harness the economic growth that results when we address our chronic housing shortage.

For example, a study by Mark Boud of Real Estate Economics reported that if San Bernardino County were able to address two-thirds of its current housing shortage, it would benefit from over \$3.5 billion in new economic activity. Other housing experts estimate that 1,000 new homes create approximately 3,000 full-time jobs, \$160 million in wages and \$110 million in tax revenues, which can be invested in quality of life necessities such as new roads, schools, parks, public safety and water infrastructure.

Likewise, UC Riverside's Center for Economic Forecasting and Development published a report stating that more housing is needed to sustain eco-

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San Bernardino County Economic Development Agency Improving the Job Prospects of Residents

Continued

to provide students with job placement opportunities.

Thanks to additional funds, Victor Valley's successful Welding department will expand its training in metal forming and fabrication with the planned addition of space and resources. Construction will begin on their new facility, which is slated to be completed by the end of this year.

The efforts of Barstow Community College, Victor Valley College and InTech Center are all part of a collaborative solutions-oriented effort to provide an economic boost to the county by providing new skills to workers who are then able to quickly fill jobs in manufacturing, distribution and related technology sectors.

The Economic Development Agency has also been focused on a manufacturing initiative that builds awareness of the county's advantages for manufacturing businesses: it identifies opportunities for manufacturers outside the county to consider expansion or relocation to the county; identifies obstacles to expansion of existing county businesses; and informs businesses about workforce incentives and programs.

The team has already reached out to nearly 1,000 unique manufacturing companies, resulting in more than 258 direct contacts that allowed staff to share information on the benefits of San Bernardino County. More than 90 of those contacts were sent follow-up letters and general cost comparisons for manufacturing in San Bernardino vs. Los Angeles or Orange County. This effort will

continue throughout this year.

The department also hosted educational workshops in collaboration with other partners, provided resources to educate and prepare local manufacturing businesses that are interested in exporting or expanding their export base, and engaged in business-to-business match-making meetings, both locally and in other countries. Additionally, the county is participating in the Advanced Manufacturing Partnership's (AMP SoCal) efforts with USC Center for Economic Development as the lead agency to promote and support the aerospace and defense industry in Southern California.

These multiple outreach efforts and the progress to date will continue to position this region as a premier choice, especially in Southern California, for new investment and job creation.



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Energy Disclosure in California has a Bumpy Road

By Marika Erdely, Founder and CEO of Green EconoME

AB 1103, which was in effect during 2014 and 2015, was repealed on October 8, 2015, to eliminate energy disclosure requirements as of 12/31/2015. As you may recall, AB 1103 required all sales, refinance and single tenant leases of buildings exceeding 10,000 sq. ft. to disclose their energy usage prior to the signing of financial documents.

The California Energy Commission (CEC), who administers this law, stated that one of the reasons to repeal AB 1103 was that the utilities were having difficulty accessing energy usage in multi-tenant buildings due to privacy laws. All meter rate payers own their energy usage unless they give authorization to release it. Therefore, a building owner would not have access to tenant data in order to comply with AB 1103, and in multi-meter situations (retail, some commercial) it was even more difficult to attain this information. Therefore, an accurate energy disclosure was impossible to produce. The CEC also stated that compliance was limited, most likely because no enforcement of the law occurred, and many building owners took the chance and did not comply. The CEC decided to repeal the entire law and to start all over.

AB 802, California's new Energy Disclosure Law, initially focuses on the utilities requirement to provide aggregated energy usage data, also known as 'whole building data'. This would require the entire building's energy usage, common area and tenant meters to be downloaded into the EPA's Energy Star Portfolio Manager Software as one number. This eliminates any is-

ssues with privacy. The new law also eliminates the building owner's responsibility to disclose the data when involved in a financial transaction. In current form, buildings over 50,000 sq. ft., including multi-family, will be required to disclose their energy usage on an annual usage, with it being a public disclosure within a year of reporting.

Recently, CEC held a workshop on AB 802's progress, and showed this timeline for implementation (see below):

With this tentative timeline, commercial building energy disclosure is being delayed, yet again to April 1, 2018 and multi-family disclosure would begin a year later on April 1, 2019. Let's not hold our breath anticipating these dates, as the asterisk gives a clear picture that this is probably not going to happen.

In regards to enforcement, AB 802 does provide for enforcement mechanisms to impose a civil fine, but we have yet to see what form this will be.

Los Angeles and its Energy Disclosure Law is Moving Forward

The City of Los Angeles is also considering an Energy and Water disclosure law. *continued on page 21*

Keeping the American Drive Alive for Future Generations

Continued

economic growth in the Inland Empire. Kotkin, Boud and UCR all agree that housing is a cornerstone of our economy; however, during the recession, our County lost over 70,000 construction jobs and has only replaced 11,000 of them over the past few years.

Like many parents, I want my children to get a great education, a good paying job, and own a home to enjoy with their family. A recent article in the Daily Press (3/29/16) outlined how a majority of millennials in the National Association of Realtors' March 2016 Home Survey said they want to buy a single-family dwelling. However 78% of millennials in California are "uncertain or doubtful" about obtaining a mortgage. This is no surprise, since California is currently ranked 49th in the U.S. in homeownership, while the average homeowner spends over 25% of their income on housing costs—more than any other state. I fear if we don't support policies that encourage more workforce housing in California, my children will join millennials and the reported 625,000 U.S. residents who left California and moved to neighboring states between 2007 and 2014.

Fortunately, there's reason for optimism in the High Desert. We remain an important destination for logistics and our elected leaders remain focused on attracting businesses, jobs and commerce to spark a thriving economy. We've also seen several excellent new residential developments come through the pipeline in recent months, so we're on the right track. I'm convinced that if we continue to embrace quality housing, our children, millennials, dual-income families and seniors will all find a place to call home in the High Desert, Inland Empire and Golden State.



Energy Disclosure in California has a Bumpy Road

Continued

closure ordinance for existing buildings (www.laexistingbuildings.org). We learned that the new ordinance had been drafted and sent to the City Council's Energy and Environment Committee during April 2016 for approval. Plans for implementation are set to begin during 2017.

The current Energy Benchmarking Compliance Proposal to include:

- Starting 2016 – City-owned buildings > 7,500 ft.
- Starting 2017 – all buildings > 50,000 ft.
- Starting 2018 – all buildings > 25,000 ft.
- Starting 2019 – all buildings > 10,000 ft. This size building is a sticking point, and the new ordinance may not drop to this level.

The Los Angeles disclosure will also require energy and water efficiency retrofits if buildings do not meet a certain level of energy or water efficiency. LA's energy disclosure information will also become public one year after compliance begins. There will be penalties and fines levied for non-compliance. It is assumed that the County of Los Angeles and its neighboring cities will also follow suit and implement their own version of an Energy Disclosure law once Los Angeles signs their law into place.

Why is Energy Disclosure Important and Why Should You Care?

If all you do each month is grumble about your electricity bill but have no idea if these charges are reasonable for your building and its use, why wouldn't you want to know how your building stands compared to similar buildings? Benchmarking a building in the EPA's Portfolio Manager Software provides this knowledge.

If you knew that the energy usage was extreme (low Energy Star score or high

Energy Use Intensity (EUI)), wouldn't you take steps to reduce these costs? It is like everything else in life: if you know you are over-spending, you make changes. Why should it be any different with energy costs?

Energy Disclosure provides this data, especially if you further analyze the energy usage data and costs and produce financial graphic analysis to understand the financial metrics, like Green EconoME prepares. As everyone says, big data is valuable.

So once you know your building is inefficient, retrofitting your lighting with LEDs is the easiest way to capture the 'low hanging fruit' and possibly reduce your total energy kWh by 15-20% and your lighting kWh by 60%. Providing HVAC control with new wireless thermostats can provide even more cost savings by easily managing schedules and reducing consumption in unoccupied spaces with door and occupancy sensors. These retrofits will reduce your building's kW demand and kWh usage and you can save big.

Utility incentives can help reduce the cost of the retrofits, along with accelerated depreciation and various financing methods, including Property Accessed Clean Energy (PACE).

How does the Building Code affect all of this?

California's Title 24, the Building Code related to energy will be updated again in early 2017. It is important to note that the goal of Title 24 is to build to Zero Net Energy (ZNE) standards for residential construction by 2020 and commercial (including multi-family) by 2030. What is ZNE? Simply, a building's energy consumption is offset by its energy generation during an annual period to have a zero net effect.

With the goal to build ZNE for commercial by 2030, the CEC hopes to

have 50% of the current existing building stock to be ZNE by 2030 as well. This appears to be a good but lofty goal since most building owners have no idea how their building stands in regards to energy efficiency. Which brings us back to the questionable decision to eliminate AB 1103. Why eliminate a law that provided this knowledge to the building owner? Repealing the law that provides insight needed to drive towards ZNE seems to be counterintuitive. We find this step by the CEC a detriment to the goal of ZNE.

Market Valuations to Take Note

It is also important to note that Energy Disclosure is closely tied to market valuations. If a building's operating costs are lower, this provides for higher valuation in the market value of the building. Cap rates are obviously affected by operating costs. Energy Star and LEED Certifications can provide the labeling for this higher valuation.

Should you wish to know more about Energy Disclosure and how your building can consume less energy, feel free to contact Marika Erdely at 818.681.5750 or Marika@greeneconome.com.

Marika is Founder and CEO of Green EconoME (www.greeneconome.com), a full service Energy Consulting firm located in Pacific Palisades. She is a Certified Energy Auditor (CEA), a LEED AP BD+C, and holds an MBA from Pepperdine University. Marika was formerly the CFO for New Millennium Homes, the master developer for The Oaks of Calabasas. Marika's background is deep in financial analysis and the desire to understand how new technologies can reduce energy consumption. Green EconoME holds a License B (#10001368), is a VAR for Daintree Networks (lighting and HVAC control) and is an Energy Star Partner.



Congressman Paul Cook Leads the Charge for National Security

Col. Paul Cook (Ret.), U.S. Congressman, 8th Congressional District

Our nation is faced with a litany of challenges, both at home and abroad. As your representative in the U.S. House of Representatives, here's an update on the important work I'm doing on behalf of my constituents.

Strengthening our national security in the wake of the San Bernardino terrorist attack is my top priority in Congress. My colleagues and I in the House have and will continue to pressure the administration to increase the screening of refugees from Iraq and Syria. The Security Against Foreign Enemies (SAFE) Act, which I supported, is an integral step towards this end. We need to remain vigilant in our screening process to ensure that ISIS doesn't exploit weaknesses in our immigration system.

In addition to the SAFE Act, I recently supported the Counterterrorism Screening, and Assistance Act of 2016. This bill, which passed in the House, tightens border security screening abroad, mandates a report card to assess the border security of foreign countries, establishes minimum border security standards, and withholds foreign assistance for countries that don't meet border security standards. Improving our allies' capacity and increasing coordination will improve our national security by mitigating potential threats before they reach our soil.

While our national security needs are significant, we must do more to put the federal government's fiscal house in order. Put simply, the U.S. is amassing a crushing burden of debt. Under current policies, the deficit will continue to climb to historic levels. The total debt has doubled to nearly \$19 trillion since the current

administration took office in 2008.

To address this troubling level of debt, House Republicans and I are fighting for the Debt Management and Fiscal Responsibility Act to be enacted into law. This important measure requires the President and his administration to appear before Congress prior to each potential debt limit increase and provide testimony and detailed reports including reduction proposals and progress on debt reduction. It also establishes shared legislative-executive responsibility for a clearly defined debt reduction plan. If we are going to tackle the largest fiscal problem our nation faces, we must have a roadmap in place.

Recently, the House Budget Committee approved a plan to reduce the deficit by \$7 trillion, balance the nation's budget within 10 years, and put the country on a path to eventually pay off the national debt. I'm hopeful in the coming months we will see a responsible budget pass the House and Senate—one that puts our fiscal house in order and protects national security. We owe it to the next generation to leave them a debt-free, stronger, safer America. That will certainly continue to be my priority as your Congressman.

If you'd like more information regarding the work I'm doing in Congress, please visit my website at cook.house.gov and sign up for my weekly e-newsletter. You may also contact my Apple Valley district at 760.247.1815 to learn more.



Victor Valley College Serving the High Desert for 55 Years

Robert Sewell, Director Marketing & Public Information Officer / ASB Advisor / Public Relations / ASB Victor Valley College

Victor Valley College (VVC), now in its 55th year, serves an area encompassing roughly 2,200 square miles and is located on a 253-acre campus at the center of the three major communities of the Victor Valley (Apple Valley, Hesperia and Victorville). VVC serves the cities and communities of the High Desert: Adelanto, Apple Valley, Helendale, Hesperia, Lucerne Valley, Oro Grande, Phelan, Piñon Hills, Silver Lakes, Spring Valley Lake, Victorville and Wrightwood. VVC also features a 13-acre Regional Public Safety Training Center (RPSTC) in Apple Valley. In total, a population base of approximately 400,000 people with over 20 feeder high schools and diploma-granting institutions rely on VVC for their educational needs and opportunities.

Great strides have been made in the past year to complement our academic programs and offerings. In addition to the degrees—Associates in Science and Associate in Arts—offered in 23 different disciplines, the Chancellor's office approved, beginning Spring 2015, four new Associate Degrees for Transfer. These degrees (Political Science, English, Geography, and Psychology) provide students guaranteed admission with junior standing to the California State University system.

Nursing students have three new opportunities to affordably obtain their Bachelors of Science from Cal Baptist, Azusa Pacific, and Grand Canyon University. In addition, VVC Students can now take on campus classes with Park University. The

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Victor Valley College Serving the High Desert for 55 Years

Continued

University offers degrees as part of a 2 + 2 program.

Enrollment

For the 2015-2016 academic year, enrollment is approximately 13,000 students with a Full-Time Equivalent Student target of 9,245. A full-time equivalent student is a person taking more than 12 credit units or three part-time students taking a single 4-credit unit class. VVC was able to offer a successful Winter 2016 Intersession, serving 3,054 students who were enrolled in 3,730 classes. Students were/are enrolled in an average of 2.5 classes in both the Fall 2015 and Spring 2016 Semesters, 11,860 students taking 30,499 courses in Fall and 11,375 currently enrolled in 28,845 Spring classes. VVC employs over 1,000 full and part time employees.

During the 2014-15 academic year, VVC conferred more than 1,100 Associate Degrees and Certificates and looks to improve on that number during the 2015-2016 academic year.

Programs featured include but are not limited to: Nursing, Liberal Arts, Science and Math, and other Transfer Courses, along with 16 Career Technology Programs such as Computer-Aided Design, Airframe and Power Plant Technology, Fire Technology, Administration of Justice, Digital Animation, Respiratory Technology, Paramedics, and Construction Technologies, etc.

Certificates of Completion were issued in Administration of Justice, Child Medical Assistant, Paralegal Studies, Horticulture, Auto Specialist, Business Administration, Building Inspection, Advanced Business Real Estate, Construction Technology, Firefighter, Public Works, Welding, Restaurant Management, and

Pre-School Teacher.

Accreditation

Victor Valley College's accreditation status was confirmed June 29, 2015, from the Accrediting Commission for Community and Junior Colleges (ACCJC) with no sanctions. On March 29, 2016, the ACCJC approved a substantive change which will allow the college to increase access and offer more classes and programs at the Regional Public Safety Training Center (RPSTC) in Apple Valley.

Campus Updates

VVC students will have the benefit of a new interactive Student Orientation Video this Fall 2016.

In the first of an ongoing collaboration, the trustees from Barstow Community College and Victor Valley College held two joint meetings in 2015. The meetings helped to highlight existing partnerships and identified new opportunities to leverage resources to benefit students in both Districts.

Victor Valley College was selected as one of nine community college districts and 14 colleges to participate in the Education Planning Initiative (EPI). EPI is an innovative statewide project in the deployment of a new academic advising and planning platform. Community college students throughout California will soon have access to new technology that will help them identify their academic goals, develop structured personalized Ed Plans for success, and make informed course choices about their education.

A Nuclear Magnetic Resonance Machine (NMR) was acquired by Victor Valley College, thanks to the VVC Foundation, Mitsubishi Cement, Cemex, A Family Pharmacy, the

Mojave Environmental Education Consortium (MEEC), and Southern California Edison. The NMR is being used for the first time in the 2016 spring semester for students in upper level organic chemistry classes and will make a huge difference for students intending to transfer to the university system like Cal State San Bernardino. Until recently, CSUSB would only accept the theoretical work accomplished and not the practical work. Because of the investment of our industry partners, CSUSB will now accept both, alleviating a bottleneck in their system where hundreds of students are currently sitting on waitlists for Biology and Chemistry classes requiring a lab with the NMR.

The Victor Valley College Math Department this year embarked on several major changes to their program that could significantly increase college completion rates for area residents. Math has been a hurdle for many students who were previously required to take a multi-course sequence of remediation before accessing a degree-applicable course. In Fall 2016 new practices for placement will begin, allowing the majority of students to enter the math sequence within one class of their degree requirements instead of the up to five they previously encountered. Following proven models that have worked at other institutions, including just-in-time remediation and a statistics-based alternative to algebra, VVC expects significantly more students to successfully advance through math. Removing the barriers in math will make graduation a reality for more VVC students.

In 2014 Victor Valley College was awarded a grant to facilitate career pathways pipelines throughout the

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Victor Valley College Serving the High Desert for 55 Years

Continued

region in five key industries: Automotive, Aviation, Energy/Utilities Healthcare and Manufacturing. One goal of what has become known as the RAMP UP project is to maximize the input of employers by establishing advisory councils that include all local schools and Victor Valley College together, rather than the previous practice of multiple independent meetings at individual institutions. This work was initiated in 2015, and today nearly all targeted advisory councils have been identified or are in active development for the local area. This strategy is expected to help streamline curriculum, allowing local students to complete training that more quickly meets employer needs.

Another goal of the RAMP UP project is to link schools and colleges together through technology, allowing them to share classes and learning experiences with one another. In 2016 the installation of these classrooms was completed, system tests successfully conducted, and the first multi-site connection allowed students at eight high schools to participate in a healthcare industry lecture last month. RAMP UP also includes linkages to the Antelope Valley, Barstow and San Bernardino, where similar activities are in development.

Expanding its relationships with local high schools, VVC embarked on a new partnership with Hesperia High School in Fall 2014. In the Fall of 2014, 53 students were enrolled in predominantly General Education classes delivered by VVC's department of Humanities, Arts, and Social Science (HASS) on the Hesperia High School campus. By the end of that semester, 98% of the students passed all classes with a "C" grade or better, and a total of 414 college

credits were earned in courses including English, Sociology, History, and Philosophy.

In the Fall of 2015, the cohorts grew to a total of 84 students enrolled, with the results demonstrated that 95% of the cohort passed all classes with a "C" grade or better, totaling 612 college credits earned.

The Hesperia High study also revealed that the pass rate in the Early College courses surpasses traditional Hesperia High courses by 20% (English) and 10% (History). It should be noted that these classes, where applicable, count toward the high school student's A-G high school graduation requirements.

Student Athlete Success

In 2015 Coach Dave Hoover guided the Rams Football Team to a 9-1 record as they got the privilege to play in the American Division Championship Bowl Game. The Rams, 19-1 during the past two seasons, had five players named to the All-California First Team and All-American DL Dougladson Subtyl was named Defensive Player of the Year.

Veteran's Resource Center

In Spring 2015 Victor Valley College opened a much needed Veterans Resource Center (VRC) located in the Student Activities Center. In addition to helping veteran students with certifying VA education benefits, the VRC provides counseling services, tutoring, a computer lab, and community workshops.

This could not have been possible without the dedication of the Veterans Services staff, VA student workers, Veterans Club, VVC Foundation, and Wal-Mart for their generous grant which helped buy computers and furniture.

Construction

Victor Valley College Main Campus and the Regional Public Safety Training Center are valuable community resources. The college offers relevant programs and services to help students prepare for transfer and address workforce needs through career technical education and basic skills instruction. Over the last seven years, Measure JJ Bond dollars have touched each of these areas: the Regional Public Safety Training Center in Apple Valley (Spring 2012), Music Building (Fall 2014), and the Dr. Prem Reddy Health and Sciences Building (Fall 2015).

In 2016 another Measure JJ project gets under way as we turn our attention to the remodel and expansion of our Vocational facilities. Ground-breaking takes place May 16, and the new additions will be ready for student use Spring 2017. The project includes a new Automotive/Diesel Mechanics lab space, new Welding Lab, public restrooms and an additional 6,240 ASF for lecture classrooms. Additional Automotive space will provide for a service writer program, machine shop and bay space for car lifts. Welding Technology will be equipped with an entirely new welding facility with state of the art equipment.

In July 2015 the Facilities Master Plan update was approved which identified a need for a new Student Services 'One Stop' Building sufficient to provide greater efficiency between related functions in serving our students, thereby freeing current space for reconversion to classrooms and solving the near-term classroom shortage. In addition a study was presented outlining a future Stadium and Conference Center that will seat 3,500 and 3,000, respectively.



Prop 13 is Safe, For Now



In 2015 several ballot initiatives aimed at undermining Proposition 13 were proposed by labor groups and other special interests. As of today none of those initiatives will be on the 2016 ballot. This is a victory for homeowners, small businesses and taxpayers. However, we must remain vigilant if we want to prevent any future undermining of Prop 13.

Proposition 13, or the People’s Initiative to Limit Property Taxation, as it was officially named, was a constitutional amendment that limited the rate of property tax increases on residential and commercial properties. It also put in place protections against future tax increases by requiring a 2/3rds vote of the state legislature to increase taxes, as well as a 2/3rds majority in local elections to impose local tax increases.

Since its passage, many groups have

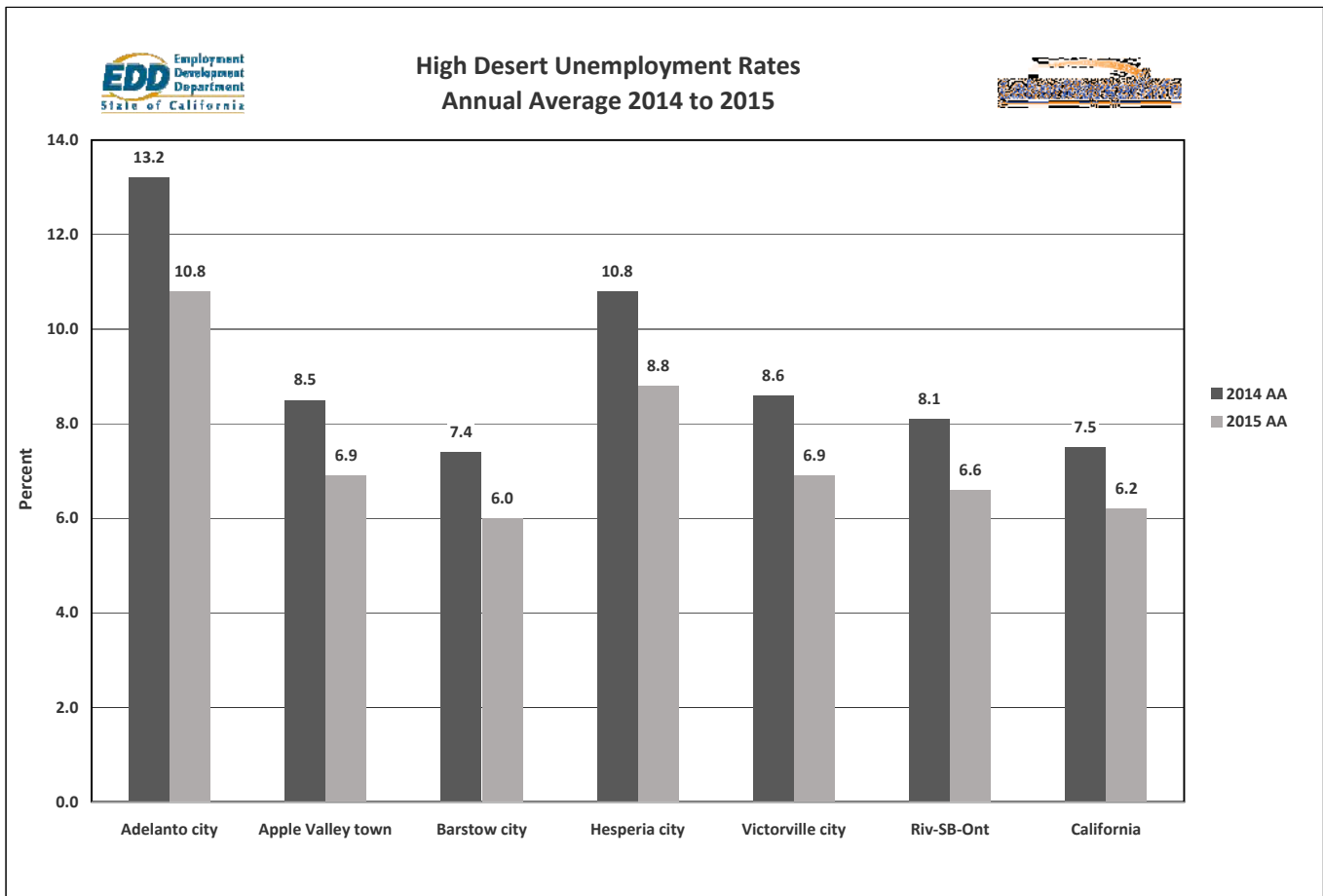
tried to weaken the protections of Proposition 13. Some want to lower the threshold of the 2/3rds vote, making it easier to raise taxes. Others want to create a “split roll” so commercial properties have their property values reassessed annually. Both of these would be disastrous to taxpayers and negatively impact our economy.

2016 was thought to be the year in which Prop 13 would come under siege due to the fact that the number of signatures required to place an initiative on the ballot is lower than it has been in recent elections because of decreasing voter turnout. However, with an extension to the Proposition 30 tax increases likely to be placed before voters in 2016, it appears that the special interests who are looking to raise taxes think it may hurt their case if too many tax increases appear on the ballot.

While Proposition 13 appears to be safe

for another two years, I would encourage everyone to remain vigilant against future initiatives that would undermine taxpayer protections. I pledge to do the same in the State Assembly.

Assemblyman Jay Obernolte represents the 33rd Assembly District in the California State Legislature. Since being elected to the State Assembly, he has earned 100% ratings from both the Howard Jarvis Taxpayers Association and the California Taxpayers Association for his legislative record. In 2015 he authored AB 809, a bill sponsored by the Howard Jarvis Taxpayers Association and signed into law by Governor Jerry Brown, which required all tax increases placed before the voters on a ballot be clearly labeled as a tax increase. AB 809 was widely praised as a measure to protect taxpayers from misleading ballot propositions.



Taxable Parcels Increase in Value Due to Existing Home Sales

By Bob Dutton, San Bernardino County Assessor

In June 2015 the assessment roll contained 820,314 taxable parcels and was valued at \$186,894,462,703, which represented a 5.077% net increase as compared to the 2014 assessment roll. Our office reported that the primary reasons for the increase in value were sales of existing homes, Proposition 8 recovery of assessed values, and the Proposition 13 Consumer Price Index adjustment. New construction also contributed to the increase but to a lesser degree.

The 2015 assessment roll finally reached and surpassed the previous high achieved in 2008 before the collapse of the real estate market. Three of the cities with the highest increases were all located in the High Desert, including Hesperia at 7.8 %, Victorville at 6.7 %, and Adelanto at 6.5%.

When looking at historic trends for the High Desert, we see that the assessment roll for all cities is increasing since the drop in values experienced in 2009. The upward trend is a positive sign and many of the same drivers for the County as a whole

are responsible for the upward trend in the High Desert. In general, people are taking advantage of the affordability of homes in the market. Moreover, little of this upward trend is due to new construction. Approximately 12 % of the increase was due to construction, unlike the 2006-2007 valuations when 60 % of the value increase was due to new construction.

This bodes well for the High Desert. While I am optimistic about the region, the greatest need is for new business start-ups. Based on personal experience over the course of my career, I think the greatest judge of a healthy economy is small business growth.

The High Desert has all the right components for healthy growth, such as low cost land, affordable homes, basic infrastructure, and a pro-business approach from the County and High Desert cities. I think the renewable energy opportunities that are unique to the region are another benefit to business growth.

Looking back over the course of my career in both the private and public sectors, I was fortunate to have participated in encouraging: the redevelopment of Ontario Motor Speedway, which ultimately became Ontario Mills; the development of Victoria Gardens; expansion of Ontario International Airport; and the billions of dollars invested in goods movement and transportation infrastructure for the Inland Empire, as well as helping to bring Amazon to our region. All of these projects are significant long-term catalysts for ongoing economic growth and development opportunity.

Now I look at the current trends and believe that the future is bright, especially because our County, including the Assessor's department, is committed to delivering a friendly and fair business environment. This is all part of my work to help San Bernardino County be recognized as the best place to live, work and raise a family.



Values and Parcel Counts By Roll Year and High Desert City

Year	ADELANTO		APPLE VALLEY		BARSTOW		HESPERIA		VICTORVILLE		TOTALS	
	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count
2006	1,670,524,278	12,207	4,547,255,525	29,814	974,643,081	9,451	4,698,653,614	32,584	6,857,451,458	37,048	18,748,527,956	121,104
2007	2,217,773,952	12,858	5,425,165,015	31,144	1,147,251,317	9,535	5,880,149,285	33,322	8,704,038,294	42,091	23,374,377,863	128,950
2008	2,179,755,292	13,580	5,537,568,909	31,528	1,254,875,771	9,794	5,770,150,953	34,025	8,596,322,559	44,681	23,338,673,484	133,608
2009	1,605,544,481	13,561	4,752,185,584	31,618	1,247,295,013	9,940	4,662,301,742	34,024	6,871,506,647	44,763	19,138,833,467	133,906
2010	1,465,749,663	13,557	4,358,317,668	31,527	1,171,295,607	9,959	4,179,909,181	33,834	6,306,920,513	44,539	17,482,192,632	133,416
2011	1,440,999,131	13,548	4,326,347,737	31,524	1,138,058,888	9,936	4,162,901,561	33,756	6,259,975,344	44,400	17,328,282,661	133,164
2012	1,482,114,675	13,497	4,317,152,388	31,553	1,122,838,313	9,950	4,157,883,488	33,687	6,303,742,213	44,394	17,383,731,077	133,081
2013	1,569,418,539	13,497	4,473,615,681	31,541	1,100,838,510	9,929	4,366,295,390	33,645	6,581,339,426	44,388	18,091,507,546	133,000
2014	1,632,458,638	13,500	4,730,243,875	31,528	1,118,715,264	9,899	4,612,384,829	33,594	6,991,019,694	44,300	19,084,822,300	132,821
2015	1,732,164,407	13,508	5,020,496,167	31,776	1,151,054,914	9,868	4,995,664,539	33,619	7,495,501,426	44,380	20,394,881,453	133,151

2016 Economic and Housing Market Outlook

By Oscar Wei, Senior Economist

CALIFORNIA ASSOCIATION OF REALTORS®

Economic Outlook

The U.S. economy ended last year with a lackluster performance of 1.4% annualized growth rate in the fourth quarter of 2015. While the annual increase in GDP in 2015 maintained the pace as that of 2014, it was a letdown for many economists who predicted a stronger outlook for the nation last year. The subpar performance of the year was due to multiple factors including: 1) the sharp decline in oil and commodity prices; 2) the economic slowdowns in China, Europe, and Canada; and, 3) a strong dollar that makes American goods relatively expensive and weakens demand overseas. Despite the hiccups in recent quarters, the labor market continued to improve, with nonfarm employment averaging a gain of more than 233,000 new jobs per month in the last 12 months. The unemployment rate in March 2016 also reached a near-full employment level of 5% that we have not seen since 2007.

Meanwhile, the economy of California continued to grow at a faster pace than that of the nation as technology and tourism pushed the state economic growth ahead of much of the country. The strong performance in the labor market is an illustration of how well the Golden State has been doing in recent years. The unemployment rate in California dropped to 5.5% in February, the lowest level observed since August 2007. Statewide job growth has been rising at or near 3% year-over-year since late 2012. While the unemployment rate in California remained above that of the U.S., the growth in the job market at the state level has been outpacing the nation since March 2012. Overall, the outlook for the economy remains positive with continued improvement in consumer, business, and state and local government spending in 2016.

California Housing Market Outlook

With the economic fundamentals remaining strong in California, the state housing market has had a solid performance since the beginning of this year. Through the first two months of 2016, sales of existing single-family detached homes have

surpassed the sales level at the same point of 2015 by 7.6%. When compared to the previous year, sales in February increased in most price segments except for those properties priced under \$200K, between \$300K and \$400K, and homes over \$2,000,000. Homes priced between \$1,000,000 and \$2,000,000 experienced the strongest growth—rising by 10.8% over February 2015.

Much of the growth in Southern California in particular was driven by the Inland Empire as sales in Riverside and San Bernardino were 7.5% and 5.1% above last year. Orange County saw a 1.5% increase in sales last month. However, Los Angeles, San Diego and Ventura all experienced negative growth in February. In the Bay Area, only Solano and Sonoma saw an increase in home sales, suggesting that tight inventories are beginning to negatively impact activity.

As for the statewide median home price, growth rate cooled to a 3.8% annual pace in February 2015 as the statewide median price increased to \$446,460. This marks the slowest rate of growth for home price in six months and likely reflects the shift of sales activity toward the Central Valley which has lower home prices on average. As tight inventory in the Bay Area and Southern California drive a larger share of activity in more affordable areas, price growth should continue to normalize in the remainder of 2016.

The statewide housing supply remains an issue as the demand for housing continues to outpace the growth in inventory. While it is a welcome sign to see steady improvement in housing demand, the lack of supply is definitely a concern. The imbalance between the two sides not only intensifies market competition and pushes home prices higher, but it also leads to housing affordability issues that will ultimately lower homeownership rates if the problem persists.

The supply constraint in the Bay Area is more pronounced and has led to fewer homes being sold in the high-cost region. On the other hand, demand in regions with more affordable housing continues

to improve and more home sales will likely take place in the coming year. As such, a slow-down in home price appreciation at the state level is anticipated as the mix of sales changes in favor of lower-priced properties in 2016.

High Desert Regional Housing Market Outlook

Home sales activity continued to improve in the High Desert region at the beginning of 2016. The number of single-family detached homes sold in February 2016 increased 4.5% when compared to the same time last year. In fact, sales have been improving on a year-over-year basis for every month since March 2015. The year 2015 was also the first year since 2009 that the market experienced a year-over-year gain in sales. With the economy expected to improve in the upcoming year, sales in the regional housing market should continue to grow with a mid-single digit in 2016.

The median home price of the High Desert region remained on an upward trend in the most recent month. When compared to last year, the regional median price increased 8.5% to \$203,600 in February. Over the last twelve months, the year-over-year gain in median price has an average of 9.6%, slightly higher than the statewide average of 6.0% for the same time frame. Home prices in the High Desert region have been improving since 2012, with its annual median price increasing 24.5% in 2013, 16.6% in 2014, and 9.2% in 2015. Despite the upward trend in price in recent years, the regional median price in February 2016 remained 39.6% below the cyclical peak reached in June 2006 but was up 90.9% from the recent cyclical bottom reached in April 2009. For the rest of 2016, increase in housing demand in the region should put upward momentum on home prices as the economy continues to improve. The regional median price could increase year over year by a mid-to high-single digit in 2016.

Economic and Housing Market Forecast

Looking ahead, the state economy should

continued on page 28

2016 Economic and Housing Market Outlook

Continued

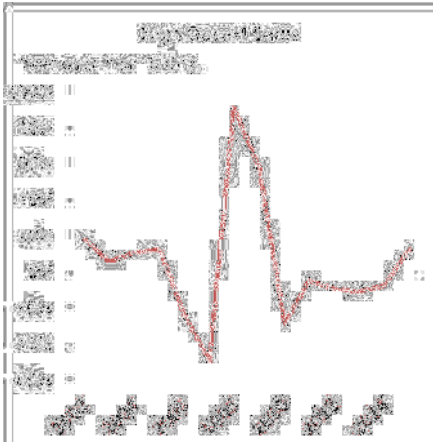


Fig 1: Sales of single-family homes (High Desert)

continue to grow through 2016, as the high-tech sector remains in the driver seat. New product development may disrupt industries across the globe, but it could also yield sizable revenue and have significant spillover effect in their respective local economies. The construction industry is an example that shows how the rapid expansion of technology firms throughout Silicon Valley has helped to drive the construction payrolls to increase by double-digits over the past year. Improvement in the construction industry is expected in the upcoming year and will help to push the economy forward. The statewide non-farm job growth will increase by 2.3% in 2016, and the unemployment rate in California will fall from 6.2% in 2015 to 5.5% in 2016.

Meanwhile, the California housing market is expected to have a decent performance in 2016. The Federal Reserve will most likely raise the federal funds rate two to three times in 2016. Modestly higher interest rates, however, should not present much of a direct challenge to the housing market. With the economy expected to grow, housing demand should continue its upward trend, with sales of existing single-family homes projected to increase 6.3% in 2016 to 432,570.

Inadequate supply in high-end areas such as the Bay Area will continue to exert upward pressure on prices, but home sales in those regions will simultaneously be constrained. The constraint in home sales in the Bay Area leads to a decline in the

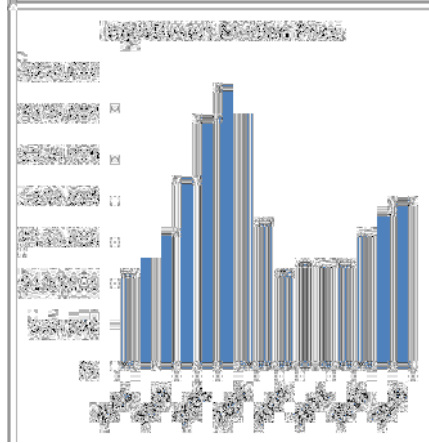


Fig 2: Median price of single-family homes (High Desert)

share of high-end homes sales to overall home sales, which could also lead to a slow-down in the appreciation in the statewide median price. As such, the statewide median price is expected to increase at a moderate pace of 3.2% in 2016 as more homes in the affordably-priced Central Valley and Inland Empire are being sold.

Risks that Could Tip the Scales

Although the outlook for both the economy and the housing market remains positive for 2016, there are uncertainties and wildcards in 2016 that could change the outcome and tip the scales the other way. Global economic issues, for example, could begin taking a toll on economic growth domestically in 2016. Slow economic growth in China and other European countries, coupled with stronger growth in the U.S., have paved the way for higher interest rates and led to a stronger dollar. As such, international trade will likely be a drag on growth with global economic slow-down and the stronger dollar cut demand for exports, while continued im-

provement in consumer spending will pull in more imports.

Robust increase in jobs in high-cost areas could be another downside risk to the housing market. Due to the spillover effect of growth in high-paying jobs, plenty of lower-paying jobs have been created, with many of these jobs being in the same geographic areas where the high paying jobs are being added. As such, income disparity in these areas could further complicate and deteriorate the housing affordability issue.

Policymakers continue to list the mortgage interest deduction (MID) as a potential target in any movement toward tax reform. If MID were to be eliminated, home buyers would not have the tax savings benefit of homeownership, thus reducing their incentive to purchase a house, lowering the demand for housing, and thus reducing affordable homeownership across the country and the State of California. The economic impact would stress the state's already battered balance sheet and, if any of the proposed changes were to come to fruition, could amount to billions of dollars of economic output lost.

While the recent volatility of the stock market has been drawing attention in the news, it is more of a distraction rather than a disruption to the continual improvement in the housing market. The drop in values of equity in January reduces the overall wealth and may have a small negative effect on the economy in general. Its impact to the housing market, however, should be minor, as solid employment conditions, anticipated increase in household formations, and record-low interest rates continue to provide support to the fundamentals of the housing market.

Figure 1: California Housing Forecast

	2010	2011	2012	2013	2014	2015	2016f
SFH Resales (000s)	416.52	422.55	439.79	414.90	383.72	407.06	432.57
% Change	-12.3%	1.4%	4.1%	-5.9%	-7.8%	6.4%	6.3%
Median Price (\$000s)	\$305.0	\$286.0	\$319.3	\$407.2	\$446.9	\$474.4	\$489.4
% Change	10.9%	-6.2%	11.6%	27.5%	9.8%	6.2%	3.2%
Housing Affordability	48%	53%	51%	36%	30%	31%	28%
30-Yr FRM	4.7%	4.5%	3.7%	4.0%	4.2%	3.9%	4.5%

Economic Report: Job Growth on the Horizon

By Sandy Harmsen, Executive Director,
County of San Bernardino Workforce Development Board

The San Bernardino County Workforce Development Board (WDB) commissioned the Virginia-based consultant Chmura Economics and Analytics to conduct in-depth analyses of the Inland Empire's economic vitality on an annual basis. The purpose of the analysis was to assist the Board in determining future actions that will support growing industry sectors to strengthen the workforce talent pipeline. In addition it provides an accurate guide to where the WDB should invest funds to ensure the availability of skilled workers in the projected growth sectors.

The study denotes there are positive indicators on the horizon. The employment rate is expected to rise 3.5% this year, a statistic that outperforms the state of California and the nation.

Industries are thriving and creating jobs. The Chmura analysis shows that since 2012, 88% of employment in the Inland Empire has been driven by six projected growth sectors: Healthcare and social assistance; transportation and warehousing; manufacturing; construction; utilities; professional, scientific, and technical services.

Construction, healthcare, and utilities are the growth sectors forecasted to grow more rapidly in the near future. As a result of this new data, the WDB can efficiently allocate federal dollars appropriately to bolster the acceleration of growth for these businesses.

The analysis explains that manufacturing is the most important sector of economic activity. Average wages in manufacturing are 20% higher than the average of all other industries; therefore, this industry holds enormous employment potential for the growing population of young workers who would replace numerous retiring workers.

This information suggests a key area of opportunity for the Workforce Development Board to assist both the job seeker and employer. Young job seekers receive services such as occupational skills training, counseling, internships, job placements, mentoring, tutoring, leadership

development, and support services. Programs are designed to help youth achieve academic and employment success.

Adult job seekers can access a number of services at the High Desert America's Job Center of California (AJCC) located in Victorville, which include resume writing, interview training, job training and placement, career counseling and skills assessment. For more information, please call the High Desert AJCC at 760.552.6550.

For business owners there is a team of Business Service Representatives available to provide assistance with On-the-Job Training, customized recruitment services, and easy access to a large pool of pre-screened applicants.

A free Human Resources Hotline is available to San Bernardino County businesses 24 hours a day. Advisors at the hotline deal with a variety of inquiries, including questions on wages and hourly rates, leave laws, hiring and termination procedures, handbooks and policies, attendance, and attitude and discipline problems. Businesses can access the free Human Resources Hotline by calling 1.800.399.5331 or visiting www.employers.org. To read more about the hotline, visit <http://mediasourcelink.com/human-resources-free-hotline-offers-help-to-local-businesses/>.

In addition to providing excellent services to businesses and job seekers, the WDB strives to ensure that employment and training services are coordinated so that job seekers acquire industry recognized skills and credentials. Riverside County has partnered with the WDB to form the Inland Empire Consortium for the statewide SlingShot initiative, a project to accelerate income mobility for the local workforce through employer-informed training and education.

The consortium works to link, align and leverage the assets and resources of economic development, education and workforce development partners. It implements a regional economic and workforce development strategy designed to

ensure greater prosperity and opportunity.

For more information on the San Bernardino County Workforce Development Board, please visit www.csb-win.org or call 800.451.JOBS.

About the Workforce Development Board of San Bernardino County:

The Workforce Development Board of San Bernardino County (WDB) is comprised of private business representatives and public partners appointed by the County of San Bernardino Board of Supervisors. The WDB strives to strengthen the skills of the County's workforce through partnerships with business-education- and community-based organizations. The County of San Bernardino Board of Supervisors is committed to providing county resources which generate jobs and investment in line with the Countywide Vision.

The Workforce Development Board, through the County of San Bernardino's Economic Development Agency and Workforce Development Department, operates the County of San Bernardino's three America's Job Centers of California (AJCC). The AJCCs provide individuals with job training, placement and the tools to strengthen their skills to achieve a higher quality of life. The AJCCs also support and provide services to the County's businesses, including employee recruitment and business retention programs.

Employers and job seekers who are interested in the Workforce Development Board programs may call: 800.451.JOBS or visit www.csb-win.org. Also follow us on: Facebook www.facebook.com/SBWIB; Twitter @InlandEmpireJob; and YouTube <http://www.youtube.com/SBCountyWIB>.



Adelanto—Resiliency in Progress!

By Michael Stevens, Communications Consultant; City of Adelanto



Resiliency, the ability to overcome challenges of all kinds—and bounce back stronger, wiser... you don't have to look any further than the City of Adelanto to see how it

works.

Whatever opinion you might have about Adelanto, good or bad, suspend your conclusion until after you've read this article. Adelanto, the third oldest of the five municipalities that comprise the High Desert region of northern San Bernardino County, has been known as the "City with Unlimited Possibilities."

Even though the designation "City with Unlimited Possibilities" remains true, the city now prefers the slogan "Progress by Design." I'll describe how later.

For the past 46 years, the City of Adelanto has continued to attract businesses and residents due to its prime location in the High Desert. Strategically located within 90 miles of Los Angeles, the city boasts five Industrial Parks, including one of the largest areas of industrial land available for development in the High Desert with 11.41 square miles of land zoned for industrial and business zoning, ample vacant land in its 52 square miles, and a pro-business City Council. Adelanto is well positioned to accommodate future growth and development.

How has the City Progressed?

Adelanto has experienced a metamorphosis since the great recession of 2008, starting with the election of three new councilmembers in 2014 and the appointment of a new city manager in 2016. But more importantly, the progress didn't end there. Not paralyzed by fear of being condemned, ridiculed or criticized, the City Council demonstrated bold, courageous leadership and made several tough decisions to keep the city from the verge of bankruptcy.

Although the city still faces fiscal challenges due to the recession, decisions made that are helping to put the city on stable financial footing include:

- staff reductions and consolidation of staffing services that resulted in approximately \$365,000 in salary savings plus benefits;
- passed an Ordinance and Resolution that will bring prison participation rate revenues from approximately \$177,938 per year up to \$963,600 per year or an increase

of \$785,662 annually; these measures will also provide one additional police officer (a second when a new facility has been completed);

- using reserves created by the sale of the Community Correctional Facility to pay for General Fund Budget Deficits.

At only three-quarters of the way through the \$13 million dollar fiscal year budget, revenues from permits and fees are up over budget projections by approximately \$670,000; these increases are used for Code Enforcement cost recoveries, residential inspection fees, and permits, licenses and fees related to the new Indoor Agriculture business to the city. One hundred, thirty-eight business licenses were issued between January and March 2016.

City staff and consultants continue to work aggressively to locate other cost savings programs, grants and revenue sources without reducing city services.

A Comprehensive Strategy to Keep the City Solvent

As part of an overall strategy that involves aggressive economic development to address the city's fiscal challenges, one decision the Council made—that's generated the most notoriety—was to allow for medical marijuana cultivation.

The City Council thoroughly weighed the pros and cons of allowing marijuana cultivation, and chose to move forward only after careful and deliberate consideration, discussions and debate, believing that the positives outweighed the negatives and that steps would be taken to mitigate any potential negative consequences.

The brainchild of Council Member John Woodard, the ultimate financial impact of allowing marijuana cultivation is unknown at this time but is anticipated to create a financial benefit for the city. At a minimum each applicant (there have been 29 to date) will:

- (1) Pay a \$7,000 application fee for a permit to do business in the city;
- (2) Pay a yet-to-be-determined impact fee to mitigate impacts to fire, police and governmental oversight (this fee will be based on the size of canopy area for each facility);
- (3) Pay a \$2,735 Conditional Use Permit application fee to allow the Planning Commission to impose conditions that protect both citizens and cultivators;
- (4) Construct facilities to accommodate

new businesses, thereby creating temporary construction employment along with purchases of supplies and building materials in Adelanto and throughout the High Desert;

(5) Create jobs in manufacturing, maintenance, marketing, sales, distribution, transportation (whose employees will spend and support not only the Adelanto economy but also the High Desert);

(6) 50 percent of the jobs created must target Adelanto residents (assuming they meet or exceed minimum qualifications);

(7) Likely purchase products, supplies and services to be used to support the business in Adelanto or other High Desert communities;

(8) Hire local security personnel who will protect the businesses around the clock and reduce calls for service for Adelanto's Police;

(9) Pay taxes already required by the IRS, Franchise Tax Board and Board of Equalization.

A proposed Fiscal Mitigation Impact Fee (which will turn into a tax in November if the ballot measure passes) would be used to improve: police, fire, street, park, and government services, resulting in better services for our residents.

Progress by Design—Commercial Development Continues

Several projects progressing through the development process that will help the city's fiscal status include:

1. Rancho Road Commercial Center—NEC (Northeast Corner) Rancho and HWY 395; Multi-Tenant Retail Center with gas station, convenience store, car wash, supermarket, hotel, restaurants, office and retail facilities all totaling 199,050 square feet of floor area on 17.98 acres.
2. LCS Holdings, LLC—NEC of Violet Road and Emerald Road; The construction and operation of a 3,200 bed prison on 125 acres.
3. St. Mary's Properties—SWC (Southwest Corner) of HWY 395 & Cactus Road; 16 Pump gas station, 3,500 SF restaurant, 7,400 SF retail building, 2,500 SF fast food, 5,000 SF convenient store and car wash, and an 18,191 SF medical office building on 4 acres.
4. Lewis Retail Centers—SWC of Highway 395 and Mojave Drive: Development of a 35.35-acre retail shopping center to include

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Adelanto—Resiliency in Progress!

Continued

Target, large retailers, restaurants, and a bank on 35 acres.

5. BergerABAM for GEO Group—NEC Koala and Holly: The construction and operation of a 247,425 sq. ft, 1,050 bed correctional facility on 22.16 acres.

6. Clark Pacific, Inc—Holly Road between Beaver Road and Koala Road—precast concrete fabrication plant on 80 acres.

Infrastructure Improvements will Enhance Commercial Corridor

U.S. Highway 395, a major arterial for commerce throughout California, bisects the city and will undergo a major expansion between Palmdale Road and Chamberlaine Way starting in 2017 that will expand to four or five lanes to enhance the commercial and retail corridor of the city.

State Highway 18, which connects Adelanto to Los Angeles County and ultimately, the ports of Los Angeles and Long Beach, will be widened into a divided highway from Highway 395 to the Los Angeles County line. Construction will also include a four foot media, shoulders widened to eight feet, and the addition of new centerlines and rumble strips.

The much anticipated E-220, known as the High Desert Corridor, will be a six-lane freeway and High Speed Rail connecting Palmdale and the Victor Valley. It is currently under environmental review and will have a dramatic impact on Adelanto once completed.

Housing growth, though not substantial, has continued to climb the last five years, increasing from 9,261 new units in 2014 to 9,342 in 2015, a 23% increase with sufficient units for start-up, established, or retirement families. Along with the slight housing growth, population has increased as well from 32,476 in 2014 to 33,084 in 2015, a 1.8% jump where residents have discovered and come to appreciate the clear skies, open spaces and family-friendly environment.

Adelanto and its City Council will continue to live up to its obligation to be good stewards of taxpayer dollars **AND** ensure that the city remains solvent to serve its residents and businesses. No one believes the challenge will be easy, but judging by the results of the past few years, it should be easy to conclude that Adelanto is one resilient city!



Publisher's Message

Continued

of Ms. Lawrence and their very strong Board.

Lastly, I would also like to give thanks to Ms. Laurie Hunter, the Special Advisor/JPA High Desert Corridor Administrator; Ms. Mary Jane Olhasso, Assistant Executive Officer of County of San Bernardino; City of Victorville Councilmember and SANBAG President Ryan McEachron; Ms. Marika Erdely, Founder and CEO of Green EconoME; Col. Paul Cook (Ret.) U.S. Congressman, 8th Congressional District; Mr. Robert Sewell, Director of Marketing & Public Information Officer/ASB Advisor for Victor Valley College; Assemblyman Jay Obernolte, 33rd Assembly District; Mr. Bob Dutton, San Bernardino County Assessor; Mr. Oscar Wei, Senior Economist of the California Association of Realtors®; and Ms. Sandy Harmsen, Executive Director for the County of San Bernardino Workforce Development Board.

I would also like to thank each one of our city partners for the updates from their Economic Development Directors. Officials from our local cities were the first to urge me many years ago to create a means by which to accurately portray our High Desert economy and all of the work done by the cities, their Mayors and Councils, City Managers, and Economic Development Directors. I appreciate each one of you for all that you do.

And just in case they think their hard work goes unnoticed, I must thank my staff and my wife, Deborah. I would not have made it through this past year and could not do what I do on a daily basis without your support and encouragement.

As I said earlier, we have some very exciting information to share and we are looking at new sources of information data about the High Desert region. What we have opted not to do is take retail, industrial office data from Costar and publish it without showing our source. You can find that information by visiting our website at www.TheBradcoCompanies.com.

As the first company to actually measure the square footage of industrial, retail and office space throughout the High Desert

region with two individuals collecting data for over a year, we make the information about the market readily available to all of our subscribers. If you need a snapshot of a particular segment of the market (industrial, retail, office or land) please give us a call and we would be glad to share.

The next few months will be rather exciting for our country and our country's history with the upcoming 2016 Presidential election. Put on your seat belts and strap yourself in. Do I believe that the Presidential election will have an impact on the High Desert economy? Absolutely, but to what extent I don't really know. We are hoping that the uncertainty that typically happens in the six months prior to a Presidential election and six months after will not happen this time around. The one thing I tell my friends is that, as an elected official within the High Desert region (I am very proud to be an elected Trustee at Victor Valley Community College one of California's greatest community colleges); we are watching history being made. No matter what you think, your vote counts. I encourage everyone to vote, regardless of your candidate. Voting is a privilege in other countries and a right in ours, so please vote.

The High Desert still offers great economic and investment opportunities to those who spend the time seeking those opportunities. We hope that includes you.

Lastly, if you wish to continue to receive a copy of the Bradco High Desert Report, any statistical reports, op-ed articles that we post to our website for free, please register at our website at www.TheBradcoCompanies.com/register.



Town of Apple Valley City Update

By Orlando Acevedo, Economic Development Manager



The County Board of Supervisors recently approved a 249-acre project to be rezoned from agricultural to residential within the town's sphere of influence. The Lewis Operating Company's Deep Creek Project extends from Deep Creek Road to Mockingbird Road and is divided by Ocotillo Way.

This project will require improvements along these three roadways, as well as Rock Springs Road, to help mitigate traffic and the risk of wash-out. Construction for Rock Springs Road improvements is set to begin in 2018.



The long awaited Yucca Loma Bridge nearing completion.

The Yucca Loma Bridge is expected to be completed by the end of April 2016; however, there is one more step prior to opening it to traffic. The Council recently awarded a contract for major improvements to Yucca Loma Road, including widening, bike lanes and major storm drain infrastructure from Apple Valley Road to the bridge, as well as traffic signals at the Fire Station and Havasu Road. The bridge will open at the comple-

tion of this phase, around September 2017. The bids came in at \$8.6 million, nearly \$4 million less than the original estimate, according Brad Miller, Town Engineer.

The \$37-million-dollar Yucca Loma Bridge project alleviates congestion along east/west regional arterials, including Bear Valley Road, and allows residents to travel to and from Apple Valley, Victorville and Spring Valley Lake with more ease. This phase of the corridor will connect to Ridgecrest Road and includes bikeways and barrier-protected sidewalks across the bridge. The project will also pave the way for The Fountains at Quail Ridge, a 346,500 square foot mixed-use commercial center at the northeast corner of Yucca Loma Road and Apple Valley Road.

The Victor Valley Wastewater Reclamation Authority is constructing a sub-regional water reclamation plant at Brewster Park. More than 20 years in the making, this water reclamation plant will produce a million gallons a day of

non-potable, recycled water that can be used to keep Apple Valley's parks and golf course green. The plant is expected to be completed by mid-2017.

After a lengthy and competitive site selection process, Apple Valley successfully attracted a major industrial project, a 1.35 million square foot distribution center, to the North Apple Valley Industrial Specific Plan.

In June 2015 the Town Council approved an Owner Participation Agreement to invest \$1.2 million dollars into the construction of off-site regional street improvements. The distribution center will occupy 106 acres near Navajo Road and La Fayette Street, north of Apple Valley Airport. The \$115 million project will bring 400 to 500 permanent jobs to the community and is expected to break ground this year, with another 300 construction jobs estimated during the 18-month build. This distribution center is expected to open in 2017.

The town is pleased to announce the Small Business Loan Program (SBLP), a business development tool designed to help eligible businesses fund employee training and/or finance the purchase of new equipment or assets. The program is funded by federal grant dollars to help companies grow local jobs and increase production in targeted sectors, including manufacturing, assembly, and startups. The town will partner with AmPac Tri-State CDC to administer the program. For more information on the program, please contact Orlando Acevedo, Economic Development Manager, at 760.240.7915 or by email at select@applevalley.org.



High Desert Report

An economic overview



Barstow City Update

By Gaither Loewenstein, Economic Development and Planning Manager

Although 2015 fell somewhat short of the city's expectations in terms of economic growth in Barstow, the pace of activity has picked up markedly at the outset of 2016 as several projects that were anticipated to be initiated or completed last year have become untracked

Commercial Development Outlook

The long-awaited Montara Place shopping center, anchored by a new Super WalMart store, broke ground late in 2015 and project completion is now expected to occur in 2017. Recruitment of retailers for the eight out pads has begun. The city's inventory of existing available retail space continues to be absorbed, as Marshall's joins Harbor Freight in the former K-mart space and smaller retail spaces continue to find lessees.

After improving dramatically for several quarters, the city's hotel occupancy rate has leveled off in the high 80s, still sufficient to draw interest from several national hotel chains. Plans for a new Best Western Plus are in the final stages of review and Home2Suites, a Hilton product, is expected to submit building plans in late March.

In the same vicinity, taxable restaurant sales have fallen somewhat from their 2015 growth rate of 8.5% in large part due to lower fuel prices nationwide. The restaurant market in the Lenwood Road area remains robust, with a 4,500 square foot Asian Food Court currently under construction and expected to open in summer 2016, and two more nationally known restaurant brands coming to the area, in addition to regional powerhouse Oggi's Pizza, which has slated a late-spring 2016 opening.

On Main Street, Choice Medical Group is in the final stages of its new 17,000 square foot medical office facility, Foster Freeze is currently undergoing an expansion, and several existing businesses have proposed plans for expansion and/or facelifts. The city is preparing a Specific Plan for the Downtown Business and Cultural District that will be completed in early summer. Implementa-

tion of elements of the Specific Plan will commence immediately and is expected to draw additional visitors to the area, sparking downtown revitalization.

Elsewhere, continuing progress is being made in acquiring lands within the Spanish Trail Specific Plan area (located at I-15 and L Street) from the State Lands Commission and the Bureau of Land Management. Acquisition is anticipated to be finalized in the first half of 2016, and once the site has been assembled under a common ownership recruitment of national retailers and lifestyle purveyors, it is expected to begin in earnest.

Industrial Development Outlook

The Barstow General Plan identifies a number of sites suitable for industrial development, several of which are likely to experience construction activity within the plan's 2015-2020 time horizon. Although the proposed aluminum processing facility that was previously submitted for city review did not come to fruition, the city has continued to invest in infrastructure expansion, making the Barstow Industrial Park more readily suitable for development, and prospective tenants continue to express interest in this location. Grading is nearing completion on the 60-acre Crossroads Route 66 Industrial Park, located on West Main Street near the onramp to State Route 58. Once completed, this site will be a promising location for logistics enterprises and has already begun to draw interest from prospective tenants.

Residential Development Outlook

Housing development in Barstow has yet to recover from the Great Recession. Although a robust potential market for new home sales exists in the city, as evidenced by its 1.2:1 ratio of jobs-to-housing, the absence of comparable new home sales has proved an impediment to the financing of new home development. Recognition of the

need to jump-start the housing market has prompted the City Council and local school district to collaborate on a strategy for short-term reductions in impact fees in an effort to spur residential development. Additionally, city planning staff has compiled an inventory of existing available infill property in proximity to local utilities and infrastructure. The city remains optimistic that these efforts will help bring the long moribund Barstow housing market to life in 2016.

Infrastructure Update

By the end of 2016 Barstow will be nearing completion of its ambitious capital improvement plans, resulting in reconstruction or resurfacing of the majority of local roadways, modernization of the city's wastewater treatment plant, circulation network improvements in the vicinity of I-15 and Lenwood Road, and construction of the \$ 31.7 million Lenwood Road Grade Separation Project. The \$ 71 million reconstruction of the First Street Bridge is in the final planning stages with construction scheduled to begin in 2017.

Through its integrated efforts at long-range planning and infrastructure improvement, Barstow has positioned itself to capitalize on the next wave of economic growth as national, regional and local recovery from the Great Recession continues. Though arriving later than anticipated, the momentum has continued to slowly build in the early months of 2016.



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High Desert Report

An economic overview

Hesperia City Update

Quite Simply, Hesperia Works for Business

By Lisa K. LaMere, Economic Development Management Analyst

The City of Hesperia is a pro-business community in Southern California eager to welcome prospective developers, industrialists, retailers and new business owners. Hesperia will assign a team of professionals as strategic partners, making your transition here expedient, affordable, productive and profitable. It is no wonder that national brand retailers choose Hesperia as their first location in the High Desert.

Hesperia is located along both the I-15 and SR-395 highways in the expanding High Desert region of Southern California. With 17 miles of freeway frontage, Hesperia offers easy access to 431,000 High Desert residents and traffic counts on I-15 in excess of 200,000 cars per day.

With strong economic indicators in its favor and having developed a diverse toolkit of business friendly programs and strategies, the economic development team for the city of Hesperia is primed for prosperity.

Increasingly, retail businesses and restaurants are staking their claims in the flourishing City of Hesperia located in the Inland Empire. One of Hesperia's top priorities is to bring attractive lifestyle options to its ever-growing base of residents with household incomes that average \$65,774.

Even during the economic downturn of the recent past, Hesperia has demonstrated strong growth and astute planning, keeping its ribbon-cutting shears sharply honed. One reason is the impressive \$1.4 billion retail potential in the I-15 and Main Street trade area of the city encompassing Lewis Retail Center's High Desert Gateway, as well as the Marketplace on Main.

The High Desert Gateway, a two-phased 533,000 square foot community shopping center anchored by a 180,000 square foot Super Target, will soon break ground on Phase II. The Marketplace on Main, anchored by a 195,350 square foot Walmart Supercenter, has a second major of 180,000+ square feet available for development. Both of these centers contain some of the top-producing retailers and restaurants in the state.

Hesperia finished 2015 with 93,554 square feet of new, expansion and tenant improvement projects as tracked by the Economic Development Department. Six projects—Petco, Pacific Eye Institute, WaBa Grill, AM/PM, Hesperia Speedwash, and another first-in-the-region Habit Burger Grill—contributed \$24.6 million in taxable sales to Hesperia's economy, along with 137 jobs. Also included was a two-unit 9,985 square foot, multi-tenant office building on Walnut Street at Hesperia Road.

In 2016 development activity in the city began with stellar opening sales for the first-in-the-region Tractor Supply Co. (TSC), located west of Interstate 15 just past the High Desert Gateway on Main Street. With a grand opening in January less than five months after breaking ground, TSC reported initial sales for their 18,800-square-foot retail store exceeded company projections by 300%.

Joining Habit Burger Grill in The Marketplace on Main, anchored by the Walmart Supercenter, are Pieology Pizzeria, Yogurtland, Metro PCS, and Great Clips in the 14,000 square foot multi-tenant building along Main Street at Escondido. Pieology opened in early February

to rave reviews for custom pizzas and fresh salads; Yogurtland, another first for the region, celebrated their ribbon cutting in February as well. Look for future Hesperia business development in 2016, including Firehouse Subs, a national grocer, a national automotive repair franchise, and manufacturing and logistics companies.

Located in a robust market with highly desirable market characteristics, coupled with vast market intelligence to make their case to retailers, and a crack team to get them to opening, it is clear Hesperia works for business. "You won't find any other City that works as closely or as openly with a developer as Hesperia's Economic Development department. We work very hard to find tenants for our new shopping centers and we actively work on a daily basis with developers. We get more work done quicker because of this relationship; we just go straight to the bottom line," said Interim Economic Development Director Rod Yahnke.

Commercial, industrial, and office properties abound throughout Hesperia, and this pro-development, customer service-oriented City is serious about bringing your business to Hesperia! To see how Hesperia can work for you, contact the Economic Development Department by email at econdev@cityofhesperia.us.



Victorville City Update

City of Victorville Gaining Momentum and Improving in Key Areas

By: Doug Robertson, Victorville City Manager



VICTORVILLE
California

Each year the Victorville City Council prepares an annual report to the community in the form of our *State of the City* presentation. Our Council Members presented this year's State of the City at the Victor Valley Chamber of Commerce's Valley Morning Insight, Feb. 3.

All indicators show that we are gaining momentum and improving in key areas. Specifically, sales tax revenue has increased, several road improvement and development projects are complete, new business-license and housing-permit requests are up, burglaries are down, and clean up efforts have left the city cleaner.

We had a good year, and we are looking forward to an even better 2016. As Victorville Mayor Gloria Garcia commented during the *State of the City*, "The changes that are happening in our City speak well for today and for generations to come. We can all be proud to say, "I Am Victorville."

Our Council chose the theme "I Am Victorville" for this year's *State of the City* to showcase how our individual contributions make Victorville strong. We wanted to demonstrate that the character of a city is in the people who live and work here and that we build our community together. We shared stories of five people who are making Victorville better: La La Jones, the manager of Peoples Care; Jessica Oban from Friends of the Victorville City Library; Tim Watts, the owner of Victorville Motors; Michael Casanova, a City of Victorville heavy equipment operator and Air Force Reservist; and local Boy Scout Isaac

Lehndorfer.

Isaac for example, saved our Veterans Day Commemoration when he volunteered to be a substitute bugle player; and Jessica is encouraging children to read during our library's summer reading program. Each of these talented people is contributing individually to Victorville's success, but their stories remind us that when we bond together, we build a stronger, healthier, more vibrant city in which to work, live and play.

Our *State of the City* also shows that Victorville continues to lead the region in growth and development. As Mayor Pro Tem Jim Cox reported, we saw the opening of many new businesses during 2015, including Holiday Inn, Desert Fiat, and Davita Mojave Sage Dialysis Clinic, as well as Michael's, Dollar Tree, and Staples in Dunia Plaza.

This growth continues in 2016. On Feb. 15, after much anticipation, BJ's Restaurant and Brewery opened in a 7,525 square foot space on Amargosa Rd. creating 137 new jobs; while construction began on the Krispy Kreme location on Roy Rogers Dr. Krispy Kreme is expected to open sometime this summer, and generate 25 to 30 new jobs.

You can expect to see several more Victorville businesses in the coming year such as a two-story medical office building on Yuma Street, a 170-bed nursing facility on Winona and Eleventh; and a four-story Home-2-Suites by Hilton Hotel on Amargosa and La Mesa Roads near the Chuck E. Cheese's restaurant.

Construction has also begun on a 444,000 square-foot industrial building on Lot 13B at our Southern California Logistics Airport. The new construction is being developed by

Stirling Capital and has lease commitments from Arden Companies, a leading manufacturer of outdoor patio cushions and Newell Rubbermaid, a global leader in consumer products.

As we market Victorville to new business, our goals are growth and job creation. We are placing great emphasis on the Southern California Logistics Airport (SCLA), the former site of George Air Force Base that is being transformed into a 5,000-acre commercial aviation hub and industrial complex, which serves as the valley's largest development project. SCLA is becoming a multi-disciplinary logistics hub chosen by nationally and internationally recognized companies in manufacturing, warehousing and aerospace services.

You might be surprised to learn that SCLA has the second-longest commercial runway in the U.S. so we can accommodate the largest of wide-body aircraft. SCLA's location, land, municipal utilities and flight-favorable weather gives Victorville global appeal; and we are attracting large business from the country and the world.

Victorville offers a world of opportunity, and our future is bright. To learn more about Victorville and development opportunities throughout our city, including SCLA, visit our website at www.victorvillecity.com or call 760.955.5032.



High Desert Report

An economic overview

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