

High Desert Report

An economic overview of the Mojave River Valley
affiliated with The Bradco Companies, a commercial real estate company



May 13, 2019, marked my 31st year that I have resided in the High Desert region. As publisher of the Bradco High Desert Report, the longest

standing economic overview of the High Desert region, I often reflect on all the people who have influenced our decision to continue with this publication.

Many of you know that during the first fifty-four (54) publications, Dr. Alfred Gobar, the renowned national economist, based out of Brea, California, but whose family were long-term residents of Lucerne Valley, was our major contributing editor. While Dr. Gobar continues his battle with cancer, he still has a great sense of humor and is still someone I deeply admire. I have told him many times that I would not be the person I am today without all of his help. He really taught me supply and demand, the equation of commercial real estate something that many of our clients understand.

With the 58th edition I am humbled to announce the inclusion of some articles from Dr. John Husing, president and economist of ECAP, the Inland Empire's most renowned economist and market research company.

Dr. Husing has been monitoring the Inland Empire since 1964. He has given over 4,000 speeches. He understands the private sector and he understands the public sector. He has done everything from run a rural casino in Nevada to taking excursions to some places in the world that no other American has visited. Not only is he an adventurer, he is a leader in the Inland Empire and someone we recently reached out to help the High Desert (Mojave River Valley) region.

Many of you who have been read-

ing our publication since its inception (May of 1993) will notice that we changed our banner to announce that Joseph W. Brady, Inc., dba The Bradco Companies—The Mojave River Valley's longest-standing, full-service commercial, industrial, office, retail—and land brokerage company, Alliance Management Group, Barstow Real Estate Group (Barstow), and the Bradco High Desert Report are now proud to operate publicly in what we call the Mojave River Valley (Please see enclosed article regarding the Mojave River Valley.)

I am pleased to be one of the co-founding members of what is called the Mojave River Valley Alliance. The initial membership includes me, Mr. John Ohanian (the developer of Tapestry, the fully approved 15,663± home development in Southeast Hesperia), Mr. Randy Terrell, Pas-santino Anderson Communications, Ms. Katrina Siverts (formerly Siverts Publications and now Mojave River Valley News Group), Mr. Bo Goulet with Shear Realty, Father James Steele, Mr. Graeme Carr, Ms. Tari Blalock, Mr. Eric Schmidt with Exquadrum, and Mr. Tom Pinard, former owner of the *Mountaineer Progress Newspaper* in the Tri Community area and a former trustee at Victor Valley Community College District.

For those of you who have known me for many years, heard me speak, and seen the editorials I have written for many years through publications like the *Daily Press*, know that I have shown some deep personal and professional concerns for the

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Record U.S. Expansion's Impact On The Inland Empire

By John E. Husing, Ph.D., Economist, ECAP

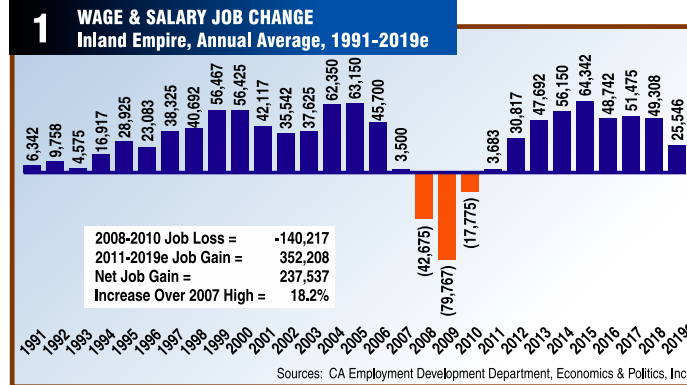


As of July 2019, the U.S. has lived through a record setting 10-year period of economic growth that began in July 2009. The previous record expansion was in the 1990s during the

Bush/Clinton years. In discussions with Dr. Manfred Kiel of Claremont McKenna College, the question was raised as to what this boom has meant for the Inland Empire.

Looking at the turnaround and expansion period from 2011-2019, our region has been an employment engine, gaining 352,208 local jobs. In 2019 the Inland Empire is on track to reach 1,544,212 jobs. That would be 237,537 jobs above its 2007 peak of 1,306,675, up 18.2% (Exhibit 1). This includes a very slow 1.7% growth rate estimated for 2019. In that period California's gain put it only 12.8% over 2007; the U.S. was up just 9.4%. This is a stunning turnaround from the 2008-2010 Great Recession when the Inland Empire lost an annual average of 140,214 jobs or 10.7% of all its positions. That was much worse than California's which lost 7.7%, and the U.S., which lost 5.5%.

The fall in unemployment rates from the high in 2010 to the lows in 2019 underscores the level of the turnaround. The Inland Empire dropped from a peak of



14.4% in 2010 to a historic low of 4.2% in June 2019. California's rate hit 12.7% and is now 4.1%. The U.S. unadjusted rate reached 10.6% in 2010 and is now 3.8% (Exhibit 8).

Construction

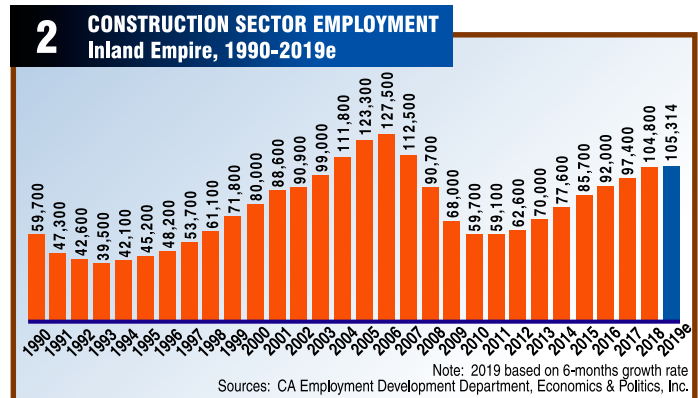
Surprisingly, the job recovery appears to have given the Inland Empire a better job mix than before the downturn. The Great Recession hit U.S. males particularly hard, with a significant share of job losses in the male-dominated manufacturing and construction sectors. Thus, 4.4 million men lost jobs during the recession, nearly three times the 1.5 million lost by women. This showed up in the inland area with the construc-

tion dropping from 127,500 jobs in 2006 to 59,100 in 2011, a loss of 68,400 or 53.6% due to the mortgage/foreclosure crisis. Since 2011 employment has returned to 105,314, a gain of 46,200 jobs. However, that means there are still 22,200 fewer people working for local construction companies in 2019.

These are relatively good jobs with median pay of \$52,482 in 2019.

Manufacturing

Manufacturing has had a similar issue, largely due to state regulations and high energy costs that have hurt production companies (Exhibit 9). The sector went from 123,600 positions in 2006 to



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85,200 in 2011, a drop of 38,400 jobs or 31.1% (Exhibit 3). By 2019 the sector has only gained back 16,200 workers to 101,401. That means there are 22,200 fewer production workers. Again, the sector has a relatively strong median pay at \$54,438.

If all the 44,400 workers no longer employed in these two sectors earned the median pay in their sector (half above the median pay/half below), the net loss to the economy in 2019, when compared to the 2007 median pay levels, would be \$2.4 billion in worker incomes.

Health Care

Offsetting the losses in these major sectors of the Inland Empire's economy has been strong job gains in two others. Health care has been significant in having lost no jobs during the Great Recession (Exhibit 4). In 2007 the sector had 97,900 jobs. In 2019 it is on track to have 149,500. That will represent a gain of 51,600 workers or 57.0%. This is a good-paying sector with a median income of \$65,757. The group's constant expansion has occurred because of the population growth in the inland counties, the aging of its population, and the impact of the Affordable Care Act (Exhibit 10).

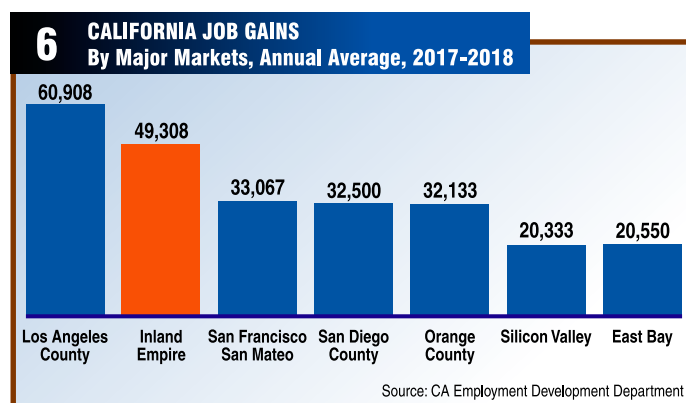
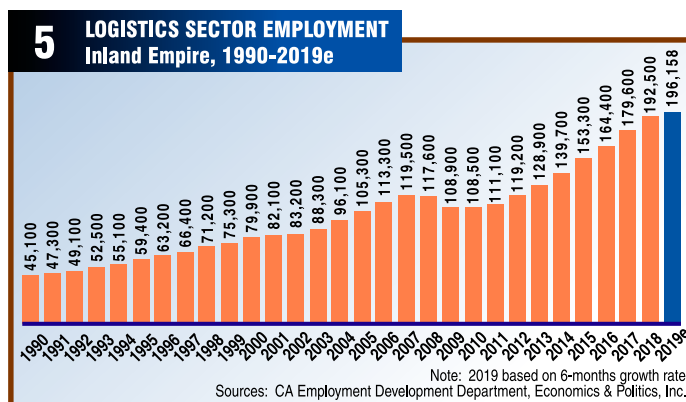
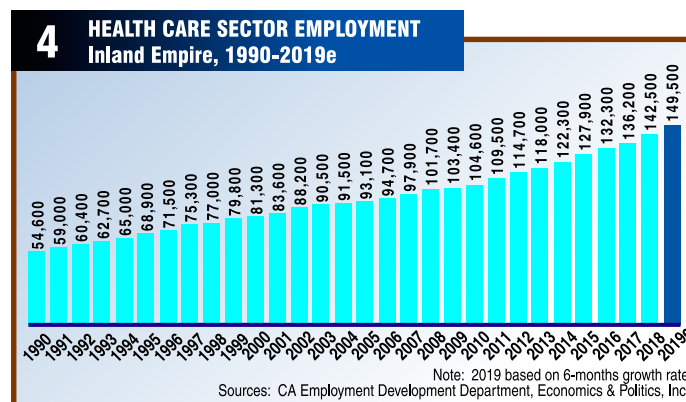
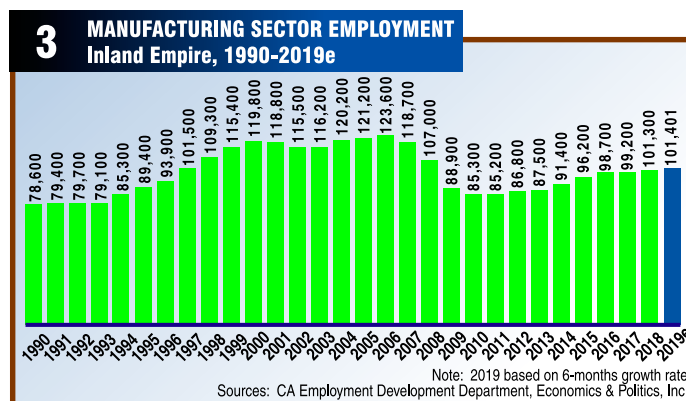
Logistics

Meanwhile, the logistics sector has soared (trucking, warehousing, wholesale trade). This group fell from 119,500 jobs in 2007 to 108,500 in 2010, a loss of 11,000 jobs or 9.2%, due to the Great Recession. Subsequently, it has expanded dramatically, gaining 87,700 positions to reach 196,158 in 2019. As a result, goods movement firms have 76,700 more workers now than in 2007. Their median income of \$49,106 is somewhat weaker than those construction and manufacturing. The 80.8% explosion of growth during the 2010-2019 recovery and expansion period is partly due to the increased activity at the ports of Los Angeles and Long Beach, where imported volumes reached a record 9.0 million twenty-foot equivalent containers in 2018 (Exhibit 11). It is also due to the explosion of demand for e-commerce workers since most online retailers have put their Southern California fulfillment centers in the Inland Empire. Amazon alone has opened 13 centers, with another one planned for 2019.

Again, if the extra 135,600 workers in health care and logistics since 2007 earned their median pay levels, those jobs today would represent \$13.5 billion more in worker income than that pre-recession year. Compared to the \$2.4 billion loss of income by shrinkage of manufacturing and construction firms since 2007, the moves between these four key sectors will have meant an estimated net increase of \$11.1 billion in worker incomes by 2019.

Economic Power

Interestingly in 2018, the Inland Empire's job growth was 3.4%, which exceeded the growth rates of every other California metropolitan area. In absolute numbers, the 49,308 jobs added in the inland area were exceeded only by Los Angeles (60,908). Behind



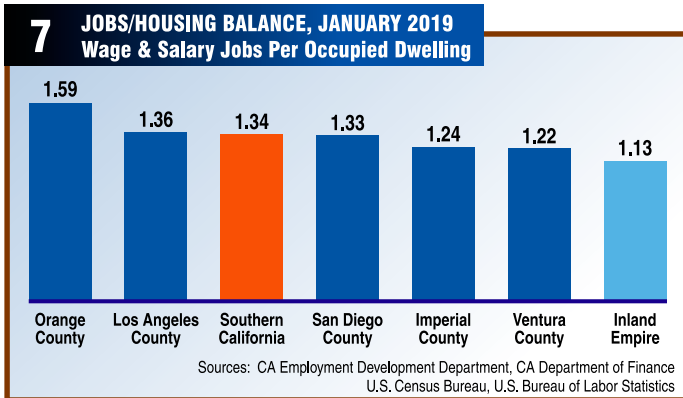
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our region were San Francisco-San Mateo (33,067), San Diego (32,500), Orange (32,133), Silicon Valley (20,333) and the East Bay (20,550) (Exhibit 6).

High-End Sectors

This is not to say that the situation is perfect. California's second-fastest-growing group was comprised of com-

panies in management and the professions, with median pay of \$72,386. These firms added 352,867 new jobs in the state from 2011-2019. Unfortunately, only 1,100 of those new positions were added in the inland area (0.3%). This is the absent piece of our economy. It is an issue for two reasons. First, only 29.8% of the Inland Empire's 2017 adults had an Associate of Arts or higher degree. The area thus has trouble competing with counties along the coast: Los Angeles (39.2%), San Diego (47.0%) and Orange (48.0%). Second, these types of firms prefer to locate in higher-density urban areas that provide the lifestyles their employees prefer. With the possible exception of the city of Riverside, this is largely an absent piece for the inland counties.

Commuting

A continuing issue for the Inland Empire is the fact that its population has grown faster than the local job base. In January 2019 there were 1.13 jobs per occupied house in the area. This was well below the 1.34 average for Southern California, indicating that some workers must commute for employment. The local ratio is up from 1.09 in 2017. In the 2009-2013 period, the Census Bureau noted that

21.0% of local residents were commuting out of the Inland Empire for jobs. Interestingly, that was the same share as far back as 1990. The main difference is that it is now largely office workers commuting, given the rapid growth of the inland blue collar/technical sectors.

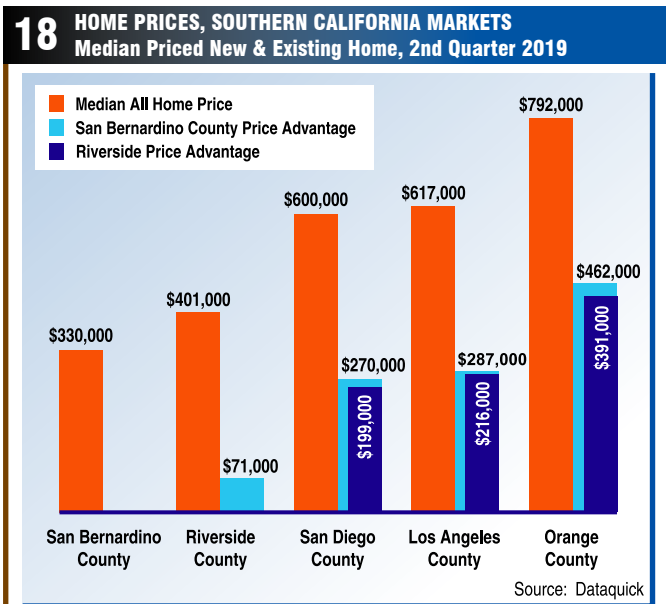
Challenges

Looking ahead, the Inland Empire economy is doing very well. However, it must see four issues handled in the near term. Health care must continue its strong growth despite difficulties in finding qualified workers. Logistics must grow as well, despite a tough regulatory pressures. The recent increase in well-educated commuters living primarily in our western cities must be used to entice management and professional firms to migrate inland. And to reduce commuting, we need firms across the board to migrate or grow in the Inland Empire faster than we are adding workers.

New & Existing Homes ... Prices Still Climbing, Volume Turns Up

In second quarter 2019, the Inland Empire recorded 16,224 seasonally adjusted detached home sales (Exhibit 21), a small jump from recent trends. That put volume near the top of the 14,500-16,000 band where they have been since 2010. Sales have been hurt by a lack of supply, high FICO score requirements and the low ceiling on FHA-, Fannie Mae- and Freddie-Mac conforming loans. The raw data show existing home sales at 15,283 units (down 2.0% from 2nd quarter 2018). Quarterly new-home sales were 2,167 units (down 7.6% from 2nd quarter 2018) (Exhibit 20).

In second quarter 2019, Riverside County's median new home price was up 1.4% to \$435,000 from a year ago while its existing-home price was up



Home Price Advantage. The large Inland Empire housing price advantage versus the coastal counties continued in second quarter 2019. The combined new and existing median home price of \$330,000 in San Bernardino County ranged from \$270,000 less than San Diego County (\$600,000) to \$287,000 less than Los Angeles County (\$617,000) and a huge \$462,000 below Orange County (\$792,000). Riverside County's \$401,000 median price was \$199,000 below San Diego County, \$216,000 below Los Angeles County and \$391,000 less than Orange County. The inland housing affordability to local residents (not shown) was 50% in San Bernardino County and 39% in Riverside County. Coastal counties affordability was down to 24% in Orange County, 27% in San Diego County and 28% in Los Angeles County.

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19 HOME PRICES 2nd Quarter, 2018-2019			
County	2nd Qtr-18	2nd Qtr-19	% Chg.
NEW HOMES			
Riverside	\$429,000	\$435,000	1.4%
San Bernardino	\$487,000	\$477,750	-1.9%
Los Angeles	\$648,000	\$655,500	1.2%
Orange	\$948,500	\$1,019,000	7.4%
San Diego	\$686,000	\$645,000	-6.0%
Ventura	\$652,750	\$598,000	-8.4%
So. California	\$639,100	\$623,600	-2.4%
EXISTING HOMES			
Riverside	\$380,000	\$395,000	3.9%
San Bernardino	312,000	315,000	1.0%
Los Angeles	635,000	615,000	-3.1%
Orange	790,000	760,000	-3.8%
San Diego	620,000	595,000	-4.0%
Ventura	650,000	615,000	-5.4%
So. California	\$557,300	\$544,000	-2.4%

Source: Dataquick

20 HOME DEED RECORDINGS Inland Empire, 2nd Quarter, 2017-2018							
NEW HOMES				EXISTING HOMES			
Area	2nd-2018	2nd-2019	% Chg.	Area	2nd-2018	2nd-2019	% Chg.
SB Mountains	3	7	133.3%	SB Desert	686	687	0.1%
I-15 to I-215	128	148	15.6%	Victor Valley	1,319	1,308	-0.8%
Victor Valley	114	120	5.3%	West of I-15	1,389	1,369	-1.4%
SB Desert	7	7	0.0%	SB Mountains	761	730	-4.1%
West of I-15	564	347	-38.5%	East of I-215	537	508	-5.4%
San Bdn-Highland	145	60	-58.6%	I-15 to I-215	998	940	-5.8%
East of I-215	28	11	-60.7%	San Bdn-Highland	853	793	-7.0%
SAN BDNO COUNTY	989	700	-29.2%	SAN BDNO COUNTY	6,543	6,335	-3.2%
I-215 South	324	475	46.6%	Riverside	1,054	1,122	6.5%
Pass Area	161	189	17.4%	Corona, Norco	871	906	4.0%
Moreno Valley	102	118	15.7%	Coachella Valley	1,705	1,673	-1.9%
Coachella Valley	78	90	15.4%	I-15 South	1,825	1,785	-2.2%
Riverside	128	135	5.5%	Pass Area	470	458	-2.6%
Corona, Norco	194	165	-14.9%	I-215 South	1,891	1,828	-3.3%
I-15 South	308	249	-19.2%	Moreno Valley	590	562	-4.7%
Rural Desert	61	46	-24.6%	Rural Desert	653	614	-6.0%
RIVERSIDE COUNTY	1,356	1,467	8.2%	RIVERSIDE COUNTY	9,059	8,948	-1.2%
INLAND EMPIRE	2,345	2,167	-7.6%	INLAND EMPIRE	15,602	15,283	-2.0%

Source: Dataquick

3.9%, reaching \$395,000 (Exhibit 19). San Bernardino County's median new-home price fell by -1.9% to \$477,750; its existing-home price rose 1.0% to \$315,000. The existing- & new-home median prices for the two counties continued to show they remained a significant bargain compared to the coastal counties (Exhibit 18, previous page).

Sales. Riverside County recorded 1,457 new home sales during second quarter 2019, up 8.2% from 1,356 in 2018. As recordings come at the end of escrow, this included many sales from the first quarter. The county's percentage and absolute sales leader was the South I-215 area (475 sales; 46.6%). Riverside County's existing-home volume fell 1.2% to 8,948 sales in second quarter 2018-2019. Riverside city had the greatest percentage increase (1,122 sales; 6.5%). The volume leader was the South I-215 area (1,828; -3.3%).

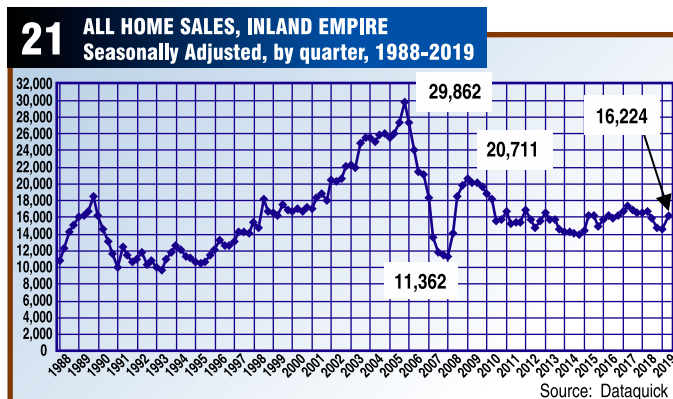
San Bernardino County's second quarter 2019 new-home sales fell 29.2% to 700 units from 989 last year. The San Bernardino mountain market was the percentage leader (7 sales; 133.3%). The volume leader was the area west of

the I-15 freeway (347 sales; -38.5%). Existing-home sales in San Bernardino County fell -3.2% to 6,335 from 6,543 in 2017. The outlying San Bernardino Desert area was the percentage leader (687 sales; 0.1%). The area west of the I-15 was the volume leader (1,369 sales; -1.4%).

Prices. Riverside County's second quarter 2019 median new-home price of \$435,000 was up 1.4% from last year's \$429,000. It was equal to the prior quarter's \$429,000. Its median existing-home price was \$395,000. That was up from \$350,000 the prior year (3.9%) and up from the prior quarter's \$375,000. San Bernardino County's median new-home price was \$477,750, down -1.9% from last year's \$487,000. It was below the prior quarter's \$493,500. Its median existing-home price of \$315,000 was up 1.0% from \$312,000 a year ago equal to last quarter's \$315,000.

The Future. The Inland Empire's new-home sales are very slowly

strengthening but remain well below historic volumes, as costs are rising, FHA financing is not readily available for median-priced homes and builders remain committed to only building houses they know they can sell. Second quarter 2019 existing-home price levels were up in Riverside County (3.9%) and San Bernardino County (1.0%). New-home prices rose a little in Riverside County (1.4%) but fell in San Bernardino County (-1.9%) as more building moved into that county's more affordable areas. The huge price differentials to the coastal counties continue to widen, but lack of supply is inhibiting in-migration to the existing-home market and high prices are affecting the new-home sales.



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High Desert Workforce Will Determine the High Desert's Economic Future

By Phil Cothran, Chairman,
San Bernardino County Workforce Development Board

It's all about the workforce

As recent research underscores, the High Desert can lay claim to a future labor pool ample enough to meet the needs of high-growth industries. The key will be to align the training and skillsets of that workforce with the specific requirements of those business sectors.

Let's start with the basics. The High Desert is now a region of more than a half million people. According to the San Bernardino County Workforce Development Board, 509,000 people currently live in the 1st Supervisorial District, which comprises most of the High Desert. Nearly 40% of the High Desert population is under the age of 25, and the median age—32.9—is nearly five years younger than the U.S. average.

This youthful pipeline of current and future workers represents a huge opportunity for the High Desert and, with the right training and skillsets, will help attract more jobs—better paying jobs—to the region. It's why initiatives such as the county's new Vision-2Succeed campaign is so important to the region's economic prospects. In connecting residents to opportunities that enhance their skills and qualifications in a way that supports business growth and job creation.

A vivid example of this is the newly announced High Desert Training Center at the Southern California Logistics Airport in Victorville, a partnership between Victor Valley College, Stirling Capital Investment, Prologis Inc and the Workforce Development Board. The Training Center will bring accessibility to individuals within the High Desert and surrounding areas to acquire in-demand manufacturing skills to better position them for employment in living-wage and higher-paying positions with growth potential.

In a similar vein, nine school districts have partnered with business and industry to form the Mountain Desert Career Pathways program to provide work-based learning opportunities for local students. The Mountain Desert program is very much in alignment with the Workforce Development Board's much-lauded GenerationGo! initiative, de-

signed to encourage, create and support public-school career pathways that meet the current and future needs of businesses.

Bold initiatives such as this can go a long way toward mitigating the educational attainment gap that exists throughout the High Desert and create new economic opportunities for the region as a whole. According to the Workforce Development Board's recently released Workforce Roadmap, nearly half of adults in the High Desert have no education beyond high school, and only about one in four have an associate's degree or higher. Contrast that with statewide numbers showing that more Californians (41%) have some kind of degree than those who have never attended college (37%).

Let's be clear: Not everyone desires to go to college—and, indeed, many of the jobs heading our way do not require a degree. But if you're going to be competitive in today's workplace, skills training is essential.

Training also creates an opportunity to increase a region's labor force participation rate and provide employers with a stronger pool of potential employees. According to the Workforce Development Board, 200,654 High Desert residents—or 54.5% of the region's working-age population—are actively employed. By contrast, the labor force participation rate statewide and nationally is 63.3%—roughly an 8-percentage-point difference. Closing that gap would add nearly 30,000 people to the labor pool.

So what kinds of jobs do we see coming our way?

According to the Workforce Development Board, healthcare, logistics, hospitality and education have seen the strongest growth in recent years—a trend that should largely continue moving forward. Within the logistics sector, transportation and warehousing have seen an additional 2,776 jobs during the past three years—a staggering growth rate of 12.6%. The average annual wage—\$46,957—is slightly higher than the average for all industry sectors (\$46,151). The same goes for the region's largest employment sector—healthcare and social assistance—which has added more than 1,800 jobs in

the past three years and pays an average of \$49,469.

Meanwhile, most of the better-paying industry sectors—professional, scientific and technical services (\$63,805), management (\$75,218), manufacturing (\$55,908), mining, oil and gas (\$82,670)—have seen negative or flat growth.

Which brings us back to the workforce and the training needed to increase labor force participation and attract better-paying jobs to the High Desert and San Bernardino County as a whole. According to the Workforce Roadmap, the lack of a qualified labor force is the primary factor in limiting job growth overall—particularly in higher paying industry sectors.

“By 2018, so much slack has been eliminated from the labor market that job growth going forward will be bound by the supply of labor,” the report stated.

The Roadmap noted that workers with at least a bachelor's degree have been able to obtain more highly skilled and specialized jobs, with 70% of them earning \$50,000 or more. By contrast, those with less than a high school diploma are more than likely to earn \$30,000 or less.

“Wages are strongly correlated with educational attainment,” the report stated.

For information on the county's Workforce Roadmap and other economic and workforce research, visit: <http://wp.sbcounty.gov/workforce/labor-market-information/>.

Major population centers in the 1st Supervisorial District

Victorville:	122,441
Hesperia:	94,859
Apple Valley:	73,037
Adelanto:	34,066
Oak Hills:	8,879
Fort Irwin:	8,845
Pinon Hills:	7,272
Helendale:	5,623
Needles:	5,007
Wrightwood:	4,525



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St. Mary Medical Center - Making Investments in the Health of our Community

By John Kozyra, Chief Development Officer of St. Mary Medical Center / St. Joseph Health

St. Mary Medical Center has served the High Desert Region since 1956 and has consistently grown in size and scope as the community has grown in numbers. Today, St. Mary serves more than 70,000 patients per year in its 212-bed facility. It is a destination medical center known for its Neonatal Intensive Care Unit (NICU), labor and delivery services, comprehensive cardiovascular surgery program, emergency department, cutting edge imaging equipment, and community health programs.

St. Mary Medical Center is making important investments in new and expanded health care resources for the community. These include the following:

Certified as the High Desert's only Stroke Receiving Center. Historically, if a patient was picked up by ambulance with stroke symptoms, they would have been transported down the Cajon Pass to a stroke receiving hospital. As of December 2018, St. Mary is now certified as a Stroke Receiving Center and is seeing 90+ patients per month with stroke symptoms. This is very important for the High Desert Region because, when it comes to having a stroke, every minute truly counts.

Building and Opening a new Urgent Care. It is sometimes difficult to get a same-day appointment with a Primary Care Physician and wait times are typically a challenge in the Emergency Room. In response St. Mary opened a new Urgent Care facility in Apple Valley to provide non-emergency care for the community. It is located next to the St. Mary Emergency Department, which is a benefit in case patients need to be escalated to a higher level of care. The Urgent Care is already seeing more than 70 patients per day.

Expanding Pediatric Rehabilitation Services. St. Mary has consistently had

a waiting list for speech, occupational, and physical therapy services for children. After receiving a large investment from two donors, St. Mary will now be renovating and expanding its pediatric rehab facility and will be able to double the number of patients it can serve. The new space will open in 2020.

Adding an 18-bed Observation Unit. To ensure that patients are being treated at the most appropriate level of care, St. Mary is adding a new Observation Unit. This is for patients who only need to be in the hospital for 24 hours or less and do not need to be admitted to an inpatient bed. St. Mary leadership believes this expansion will help alleviate wait times for Emergency Department and inpatient beds.

Community Members Investing in Health

High Desert community members truly care about the health of our community. In recent years St. Mary Medical Center Foundation has received large investments through estate gifts to ensure our community continues to have access to excellent medical care. One creative way individuals and families are giving support is through a Charitable Remainder Trust (CRT). The following is an example of how one community member recently created a CRT to benefit St. Mary Medical Center:

- The individual had multiple rental properties and would have a heavy tax burden if they sold them without a plan
- After speaking with a local advisor, this individual worked with their CPA and attorney to create a

Charitable Remainder Trust for one of their properties to benefit St. Mary Medical Center

- The CRT is now providing the individual with guaranteed income for life
- The remaining value of the CRT will then be donated to support programs and services at St. Mary Medical Center

There are many benefits derived from creating a Charitable Remainder Trust, including:

- Tax savings on the sale of real estate
- Income for life through the CRT
- Make an impact in the cause you care about through your estate plan

If you are a realtor or broker, you would be an important partner in facilitating the sale of the property that would fund the CRT.

Questions about creating a CRT or St. Mary Medical Center Foundation? Please contact John Kozyra, Chief Development Officer, at (760) 946-8103 or by email at John.Kozyra@stjoe.org.



The Mojave Desert AQMD is committed to attaining and maintaining **healthful air quality** while supporting strong and sustainable **economic growth**.

High Desert Report

An economic overview of the Mojave River Valley

Mojave Water Agency Maximizes Opportunities to Ensure the Region's Sustainability

By Yvonne Hester, Director of Community Outreach and Cultural Relations, MWA

Since its inception in 1960, the Mojave Water Agency has laid the foundation for water sustainability with its participation in the development of the State Water Project (SWP) that allows MWA to purchase imported water to augment the local water supply. Today, the second phase of the SWP is in the planning stages, and the Agency is poised to take advantage of phase two, as well as continue to invest in projects that ensure efficient groundwater management.

Recent news of Governor Gavin Newsom's directive to downsize the Cal WaterFix from a twin-tunnel conveyance project to one tunnel, was met with support from MWA officials.



Construction crews work on the spillway of the Amethyst Basin Project.

"Water reliability is critical in a desert region," said Carl Coleman, MWA President. "We look forward to participating with the governor and his administration in this project that will result in improved water reliability as our state continues to address a myriad of environmental impacts and climate change."

As a member of the State Water Contractors, MWA has a contract to purchase up to 89,800 acre-feet of water from the state. The agency purchases varying amounts of water annually to ensure local needs are met including using this source to help replenish the local groundwater supply.

Coleman, who also served as the first MWA General Manager from 1964

through 1973, said phase two—the cross conveyance system—was always part of California's water plan.

"Early planning stages for the State Water Project included an underground conveyance system to transport water under or around the Sacramento Delta. This isn't a new idea. It's finally happening. For our region this project is about ensuring MWA has reliable access to purchase imported water to recharge our local water basins so we can meet our water needs today and in the future."

Beyond bringing imported water to the desert, the agency seeks opportunities to enhance the region's natural groundwater supply. Last month, MWA and project partners San Bernardino County Flood Control District, the City of Victorville, and the California Department of Water Resources opened the Amethyst Basin Flood Control and Water Project.

The 27.4-acre project, 10 years in the making, serves

as an example of a smart project bringing together various agencies to address community needs while reducing costs.

This project will serve as an important flood-control facility and is designed to handle a 100-year storm. The basin will capture peak storm flows and release them at manageable rate that will protect property and road crossings, including Interstate 15.

Additionally, the Amethyst Basin will deliver state imported water to recharge basins in Oro Grande, located west of Interstate 15 and south of Bear Valley Road.



Vic Nguyen with the Department of Water Resources discusses the importance of the project.

According to Tom McCarthy, MWA General Manager, initiatives such as the Amethyst Basin Project are the result long-range planning, collaboration, and wise investment.

"Our community comes together through the work of the Technical Advisory Committee, and this group of stakeholders identifies projects to be included in the Integrated Regional Water Management Plan," McCarthy said. "Almost a decade ago, the Amethyst Basin Project originated as two projects—a recharge project and a flood-control project. Through the integrated plan's collaborative process, these projects were identified as priorities and constructed as one multi-purpose project."



Officials and team members celebrate the completion of the project. Pictured from left are: Curt Carlson, Tom McCarthy, Darrell Reynolds, MWA Board President Carl Coleman, First District Supervisor Robert Lovingood, and MWA Board members Kimberly Cox, Thurston "Smitty" Smith, Jeanette Hayhurst, Mike Page, and Richard Hall.

High Desert Report

An economic overview of the Mojave River Valley

High Desert Continues Steady Gains in Valuation

By Bob Dutton, San Bernardino County Assessor-Recorder-Clerk

As county assessor, my goal is to ensure that property owners are treated fairly throughout the assessment process.

Every year, as required by state law, my office will fairly and accurately appraise over 800,000 parcels in San Bernardino County. The 2019 Annual Property Assessment Roll showcased the continuation of steady property valuation growth. In fact, some High Desert regions have fully recovered from the Great Recession. In 2019 the roll contained 814,067 taxable parcels valued at \$234,693,591,280 which is a 5.8% net increase as compared to the 2018 Assessment Roll.

San Bernardino County's annual property valuation growth has been around 5.5% to 6.5% in the past five years, indicating a steady increase that is positive for the county.

According to the 2019 Annual Property Assessment Roll:

- The **City of Adelanto's** total property is valued at \$2,298,333,532. The value is a **10.7% increase** from the 2018 Assessment Roll.
- The **Town of Apple Valley's** total property is valued at \$6,226,709,831. The value is a **4.2% increase** from the 2018 Assessment Roll.
- The **City of Barstow's** total property is valued at \$1,443,598,696. The value is a **5% increase** from the 2018 Assessment Roll.
- The **City of Hesperia's** total property is valued at \$6,387,712,389. The value is a **6.2% increase** from the 2018 Assessment Roll.
- The **City of Victorville's** total property is valued at \$9,161,434,771. The value is a **5% increase** from the 2018 Assessment Roll.

San Bernardino County continues to see

an increase in transfers of ownership. In fact, 41% of increased property valuation in the county for 2019 was due to change in ownership of property. Thirty percent of growth was due to annual Proposition 13 inflationary rate increases. New construction made up for 19% of increased value in San Bernardino County.

The remainder of growth was due to reassessments of Proposition 8 properties. Proposition 8 allows for a temporary decrease in the assessed value when the current market value of a property declines to less than the indexed Proposition 13 value. A property under Proposition 8 is annually reviewed and assessed based on market conditions. As market conditions improve, state law requires the assessor to restore assessed values in subsequent years up to the property's indexed Proposition 13 value. The High Desert region experienced some the largest numbers of Proposition 8 reassessments during the Great Recession. With the local housing market improving in this region, we continue to restore Proposition 13 values.

If you have any questions or wish to see personal assessed values of your property, visit my website at www.sbcounty.gov/assessor and click on the Online Services, Property Information Management System link. You can also call our toll-free number at 1-877-885-7654.

To view the 2019 Assessment Roll, including all 24 cities and unincorporated areas, you can also visit the ARC Blog: www.sbcountyarcblog.org/assessment

SCE's Economic Development Rate Program

Helping to Drive Down Your Cost of Doing Business

Southern California Edison is offering discounts through their Economic Development Rate (EDR) program to help retain, expand, or locate businesses within California (i.e., SCE service territory locations).

The program offers a 12% monthly discount on a customer's energy bill for a period of five years. To qualify, a business must have a minimum monthly energy load of 150 kw though SCE can also offer the program to small businesses who fall below that amount. Additional requirements include that the business not be identified as a residential, state, or local government customer. A key part of the program includes presenting a business case demonstrating the critical need for the EDR program as well as presenting a viable out-of-state option (including facility closure).

To learn more about the full list of requirements and the process for applying to SCE for the Economic Development Rate, please contact Economic Development Consultant Michael Curley at 626-633-4856 or send an email to michael.curley@sce.com.

SCE looks forward to helping businesses locate and grow in California.



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Desert Valley Medical Group

760.241.8000 | www.dvmc.com
16850 Bear Valley Road, Victorville, CA 92395



The Bradco High Desert Report

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High Desert Report

An economic overview of the Mojave River Valley

Collaborating with Educational Partners to Train Our Future Workforce

By Carlos Rodriguez, CEO, Building Industry Association, BIA Baldy View Chapter

California's current housing crisis has been in the making since the end of the Great Recession. Recent news articles state that California residents are either moving out of state due to being priced out, or families are doubling up to share the costs of housing. Residential units are not being built fast enough to accommodate California's existing housing demand.

There are many root causes into why housing has not been built fast enough to ease the inflationary pressures on home prices and rents. Left unaddressed, it will be the lack of a skilled labor force that could become the biggest barrier to ensuing residential housing is being built.

In previous economic recoveries, skilled labor would return to jobsites when residential construction picked up, but not this time. Numerous factors are in play, not the least is the generational viewpoint that working outside in the environmental elements and starting on the bottom rung isn't as appealing as working as a Starbucks barista.

Fortunately, help is on the way for those looking for a variety of well-paying career paths in the residential construction industry. Victor Valley College and its educational foundation should be commended for launching the Construction Career Readiness Program. The program is meant to identify those students seeking to pursue a career in construction, as well as a pathway towards obtaining certifications in electrical, plumbing, and HVAC technician.

Recently, members of the Building Industry Association of Southern California (BIA) met with representatives of Victor Valley College to express

support of this forward-thinking program that will benefit the residents and business community of the Mojave River Valley region.

The BIA has also been collaborating with the San Bernardino Community College District to create a residential-construction training program to address the thousands of unfilled jobs in the growing labor shortage in the homebuilding industry.

The BIA Entry Level Construction Training Program was created to address the current labor shortage. The college-certified course consists of instructional training in general construction skills, onsite safety procedures, time management skills, and critical thinking. Upon completion of the program, the individual receives certification proving to future BIA employers that these individuals have met the minimum training requirements to work in the industry. The program is designed to draw from a variety of candidate pools, including the justice-involved population, continuation students, recent high school graduates, and veterans.

Over twenty-seven BIA member companies have indicated their commitment by offering priority interviews for those who complete the course, with possible employment opportunities.

Once these students complete their coursework in these programs, they will have the educational foundation to immediately apply their new trade skills in a variety of construction industry career paths earning a potential start-

ing average wage between \$40,000 to \$60,000 per year. In many cases those individuals who stay in the industry have the opportunity for upward mobility and higher salaries and could eventually start their own businesses.

It is future collaborations between private and public organizations like the BIA, Victor Valley College, and San Bernardino Community College District that will provide the essential tools to ensure that a skilled labor force is on the jobsites building housing for current and future Californians to have a place to call home.

These unique programs demonstrate the amazing results that can be achieved when public and private organizations collaborate for the betterment of the community. Individuals are assisted in restarting their lives, businesses find a trained labor force, and communities are able to build more affordable housing.



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

High Desert Report

An economic overview of the Mojave River Valley

Mojave Desert AQMD Helping Local Businesses Reduce Emissions Through State Grants

By Ryan Orr, Community Relations & Education Supervisor,
and Martial Haprov, Administrative Services, Community Relations

The Mojave Desert Air Quality Management District (MDAQMD) is using state grant funds to help local businesses purchase equipment. This makes their operations more efficient while significantly reducing emissions that impact Victor Valley's air.

True to its mission to "attain and maintain a healthful environment while supporting strong and sustainable economic growth," the MDAQMD has been seeking local partners who have unique opportunities to upgrade equipment that would reduce or remove air pollutants.

The biggest of these projects is the new high-efficiency locomotive purchased in the spring by Cemex Victorville that's already reducing emissions by more than 80% and reducing fuel consumption by 25% compared to the model it replaced. MDAQMD contributed \$1 million in Carl Moyer grant funding—29% of the total cost of the new 400-series diesel-electric, six-axle short-haul locomotive.

"To see a company with such history embrace the future and the environment through this emission-reducing technology is very gratifying," said Brad Poiriez, Executive Director of MDAQMD. "We hope other local organizations follow suit."

With the continued promotion of available grant funds throughout the community, other organizations have indeed followed suit. In February, Mitsubishi Cement Corporation received a grant of AB 2766 funds in the amount of \$323,712, contributing to the purchase of a new, clean-diesel mobile railcar mover—effectively replacing two dated pieces of equipment long overdue to be decommissioned by the company.

"We greatly appreciate that MDAQMD found a grant to retire our ancient locomotive," said David Rib, Mitsubishi Cement Corporation's Environmental Manager. "That's one more clean diesel engine we are proud to operate."

In May, CalPortland Cement in Oro Grande replaced a 1987 Trackmobile

with a 2019 Rail King RK330, thanks to a \$339,948 AB 2766 grant from MDAQMD. The new Rail King reduces emissions on average by more than 97 % over the old equipment. San Bernardino County 3rd District Supervisor Dawn Rowe and Victorville City Councilman Jim Cox were on hand for the unveiling of the new equipment. Rowe and Cox also serve as members of MDAQMD's Governing Board.

Grant funds for clean air aren't exclusive to cement plants. Farmers throughout the district—particularly, in Blythe—have been replacing old equipment such as tractors for clean-burning, more-efficient versions through the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program.

In Trona, \$121,638 in Carl Moyer funds from MDAQMD allowed Valley Wide Construction to purchase a new Xtreme XR1147 Open Cab forklift, and Shawn Barker Construction purchased a Hyundai HL975 loader with \$219,630 of NOx Remediation Measure Funding from the district. Both projects will significantly decrease emissions over the equipment that was in use.

In Barstow, MDAQMD utilized Carl Moyer funds to cover 23% of a new \$90,000 skip loader for the Public Works Department that reduces emissions by 80% over the old equipment. Mobile Source Emissions Reduction funds were also granted to Barstow in the amount of \$146,399 that went to creating new bicycle lanes, installing bicycle racks, and a number of other projects—such as pedestrian corridors and even bicycle repair stations—to increase options for active transportation.

With \$1.3 million in AB 617 funds,

MDAQMD has ordered three new all-electric Model Blue Bird T3RE school buses, two of which will go to Apple Valley Unified School District, while Lucerne Valley Unified School District receives the third, helping to protect the air surrounding the districts' youngest residents.

"While working closely with the



MDAQMD to acquire grant funding, we will be among the first in the High Desert to include electric buses as part of our regular home-to-school transportation," said Douglas Smith, Director of Transportation for AVUSD. "We are proud to support improved air quality for our community and look forward to other opportunities to add clean-air vehicles to our fleet."

The list goes on. While MDAQMD is proud to educate local students on the importance of clean air, conduct inspections, work with businesses, and influence clean-air policies that affect the Mojave Desert Air Basin, some of the agency's most important work is ensuring that every dollar from every funding mechanism available goes to support local projects that help local businesses and improve the health of its residents by reducing air pollution.

"Everything we do is important in creating awareness, but these are the projects that will literally make us all breathe a little easier," Poiriez said.

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Housing Authority of the County of San Bernardino Meeting Local Communities Needs

By Maria Razo, Executive Director

Housing Authority of the County of San Bernardino

The Housing Authority of the County of San Bernardino (HACSB) is not like a traditional housing authority, it is a Congressionally designated Moving to Work (MTW) agency for being a high performer and innovative agency, which means it has the ability to develop, transform, and establish local housing programs and services that best meet the needs of the local communities.

The name of the designation can be a bit confusing, but the three goals are to: help families achieve economic independence, provide families with various housing options, and save taxpayer dollars through administrative efficiencies. As a result, the agency has implemented various innovative initiatives such as term limits on new families assisted as part of the Housing Choice Voucher Program (non-elderly/non-disabled). These innovative changes are not available to traditional housing authorities, who must adhere to regulatory requirements.

HACSB's staff helps families with career mentoring; resume building; overcoming barriers to employment; financial literacy/capability skills such as budgeting and credit/asset building; and other employment-development services. The San Bernardino County Workforce Development Department provides on-site Workforce Development Specialists to work exclusively with HACSB customers to assist them in job training and placement.

Over the past 10 years, the MTW designation has resulted in positive outcomes for HACSB and the families served, such as:

- Improved administrative efficiencies resulting in over \$4 million in total cost savings from MTW activities

and over 163,000 hours of staff time saved from MTW activities.

- The Local Payment Standards activity improved housing choices and enabled more than 1,400 low-income families to lease units that would have been out of reach under HUD's traditional payment standards.

- Implemented activities aimed at helping families work toward economic self-sufficiency, resulting in a:

- o 52% earned-income increase for all MTW families;
- o 67% earned-income increase for families participating in the Term-Limited Lease Assistance Program since 2012; and
- o 87% earned-income increase for families subject to the \$125 HACSB minimum rent required.

- For families who participated in the Term-Limited Lease Assistance Program, there was a 55% increase in full-time employment since implementation in 2012.

- The number of children participating in the No Child Left Unsheltered program, who are at risk of developing a clinically significant behavioral problem, decreased by 78%.

These outcomes show the positive impact MTW flexibilities can have for not only the agency but for the customers it serves.

Housing Authority Frequently Asked Questions

1. How can an individual/family access the waiting list applications?

Recently, the Housing Authority transitioned away from paper waiting list pre-applications to an online paper-

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Mojave Desert AQMD

Continued

I. Carl Moyer Memorial Grant Program

- The purpose of the Carl Moyer Program is to reduce emissions by providing financial incentives to both the public and private sectors to retire and replace older off-road equipment. The removal and destruction of the older off-road equipment provides permanent emissions reductions in the district.

II. AB 2766

AB 2766 is a revenue collected by the California Department of Motor Vehicles on behalf of the district. The revenue is used to support MDAQMD's Mobile Source Emissions Reduction Program, as well as district operating, planning, monitoring, enforcement, and technical studies necessary to implement the California Clean Air Act.

III. Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program

The FARMER Program was established to reduce criteria, toxic, and greenhouse gas emissions from the agricultural sector. This is accomplished by replacing older agricultural equipment with newer, cleaner engines.

IV. Voluntary NOx Remediation Measure Funding (NRM)

The NRM grant was developed by the California Air Resources Board to help mitigate historic NOx emissions caused by biodiesel use in response to the Low Carbon Fuel Standard.

V. AB 617 (Community Air Protection Program)

The Community Air Protection Program focus is to reduce exposure in communities most impacted by air pollution. MDAQMD is using its first year of CAPP funds to purchase all-electric school buses for school districts.

High Desert Report

An economic overview of the Mojave River Valley

SBCTA Keeps the High Desert Moving

By Tim Watkins, SBCTA, Chief of Legislative and Public Affairs



The San Bernardino County Transportation Authority (SBCTA) has been pretty active in the High Desert over the past decade. Delivering on projects like the La Mesa/Nisqualli Interchange, the Rancho Road Interchange, the Lenwood Road Grade Separation, and partnering with the Town of Apple Valley and the City of Victorville on the Yucca Loma Corridor are just a few of the examples of our efforts and illustrates the recognition of the demand in the region. Furthering our role in addressing regional transportation challenges in San Bernardino County, we recently embarked on the widening of US 395 between SR-18 (Palmdale Road) and Chamberlaine Way. The project will widen US 395 from two lanes to four lanes and install turn lanes and signals at various intersections within the project limits.

US 395 is a critical part of the state highway system. Owned and operated by the California Department of Transportation, SBCTA was able to pursue a grant that facilitated this portion of the widening for the benefit of our residents. Future widening, however, is contingent upon securing state and federal funding. This phase represents an investment of nearly \$60 million in transportation funds, including

approximately \$18 million in Measure I funds. Measure I is the 1/2 cent sales tax in San Bernardino County for transportation improvements within the county. San Bernardino County voters first approved the measure in 1989, and overwhelmingly approved its extension in 2004, with more than 80% voting to extend the measure through 2040. The projects mentioned at the onset of this article are just a few of the examples of the influence Measure I has had in the region.

US 395 is one of the main north/south highways in Southern California, providing access to and linking economic centers, recreational areas, and urban and rural regions. Goals for this first phase will be to relieve congestion, enhance safety, and improve travel time within the corridor.

Placing of K-rails and grinding of pavement started in May 2019, with roadway excavation/grading work beginning during the day behind K-rails in July and continuing through the end of August. For those looking for more information on the project, visit the SBCTA website at goSBCTA.com/us395widening and sign up to receive our construction alerts. In the meantime, please be considerate of the work zone, slow down, and watch for personnel and equipment as you travel through the area. Taking a little extra time can make all the difference.

Housing Authority

Continued

less applicant portal. New and existing waiting list applicants will need to register for the applicant portal by visiting www.hacsb.com

2. Are there any resources in San Bernardino County for homeless individuals and families?

The Housing Authority does not have the resources for immediate housing assistance or for managing homeless shelters. San Bernardino County has established a Coordinated Entry Systems (CES) to identify, assess, and prioritize homeless individuals and families for housing and services, based on their individual situations. All individuals/families in need of homeless housing assistance and resources should call the HACSB. Upon entering the 3-digit calling code—2-1-1—the caller will be connected to a call specialist. A call can be made 24-hours a day, 7-days a week.

3. Prior to housing new families, does HACSB conduct background checks?

All applicants 18 years of age and older are subject to third-party screening and verification of criminal history.

4. Who can a community member contact with issues regarding any HACSB program participant?

If a community resident believes a household may be a participant in any of HACSB's affordable housing programs and may be violating housing program rules, they may call (909) 332-6302 to report the situation. Whether the family is an HACSB-program participant cannot be disclosed. However, if the family is an HACSB-program participant, we will open an investigation and address any findings.



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Update on the Third District

By San Bernardino County 3rd District Supervisor Dawn Rowe

The first half of 2019 was a whirlwind experience as I assumed the position of Third District Supervisor. As many of you are aware, I was appointed by my colleagues on the San Bernardino County Board of Supervisors to complete the term of my predecessor, James Ramos, who was elected to the California State Assembly in November 2018.

I've thoroughly enjoyed my time on the Board of Supervisors, as it has given me an opportunity to address many of the quality-of-life concerns in the Third District. One of my first actions as your supervisor was a vote to prohibit the siting of utility-scale renewable-energy projects in rural living areas of our county. These massive projects hurt property values and take away the rural nature of our desert communities.

Another problem for which I'm working on a solution is short-term rental properties. Communities like Joshua Tree have seen a significant spike in the number of these rentals, which has prompted an overwhelming number of code enforcement complaints from neighboring homeowners regarding noise and sanitation. I'm currently working with code enforcement staff to establish an ordinance that will provide increased oversight with regard to short-term rentals. Moreover, I requested additional code enforcement officers to resolve the backlog of open complaints. These officers will be in place in the coming weeks.

As your representative on the Board of Supervisors, it's my duty to provide accountability for how your tax dollars are spent. Furthermore, I believe that residents of our county deserve to have a voice in determining levels of taxation. This is why I voted to eliminate the controversial FP-5 per-parcel assessment for fire service. Originally approved by voters in Helendale, the FP-5 parcel assessment was extended to nearly all the unincorporated areas of the county and several incorporated cities late last year, without a vote of the people. Under the direction of the Board of Supervisors,

the \$158-per-parcel FP-5 assessment will be eliminated next fiscal year, and an alternative funding proposal will be placed on the November 2020 ballot for consideration by voters.

It's difficult to step outside and avoid seeing the spike in homelessness. According to the most recent point-in-time count, San Bernardino County experienced a 23% increase in the homeless population over a period of one year. While many of our county's homeless are homeless because they have fallen on hard times, there is a significant amount who suffer from drug/alcohol addiction and/or mental illness. This segment of the homeless population is often regarded as the most difficult to rehabilitate and to place in stable housing environments. The good news is, however, that the county established a pilot program for rural areas with state grant funding known as Innovative Remote Onsite Assistance Delivery (InnROADs). The purpose of InnROADs is to provide services to homeless individuals in the field, as opposed to waiting for them to arrive at a facility. This allows care providers to build trust with their clients and increases the likelihood a homeless person enters a permanent housing situation.

We certainly have our challenges in San Bernardino County, but I'm proud to be a part of finding solutions. I applied for appointment to the Board of Supervisors because I believe local government provides a real opportunity to effect change that impacts the lives of my constituents. It's never easy to build a consensus on a solution, but with your input and guidance, we can build communities in the Third District that work for all of us. If you have an idea or suggestion to improve county government, please don't hesitate to contact me at (909) 387-4855.



Victor Valley College 58 Years of Service

By Robert Sewell & Charity Lindsey,
VVC Public Information Office

Victor Valley College (VVC), now in its 58th 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), and serves the cities and communities of Adelanto, Adelanto, Apple Valley, Helendale, Hesperia, Lucerne Valley, Oak Hills, 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 and an aviation program at Southern California Logistics Airport (SCLA) in Victorville. In total, a population base of approximately 420,000 people, with over 30 feeder high schools and diploma-granting institutions, rely on VVC for their educational needs and opportunities.

What's happened in the last 25 years is an increase in how much community colleges are involved in job training and economic development. "VVC is the place to be" when industry identifies a skill gap. The relationship between industry and the college continues to strengthen as we work together as a catalyst to develop career partnerships that provide workers with the skills the economy needs most.

VVC is the primary source of workforce training in the Victor Valley. Our career technical programs teach fundamental skills that employers in almost every corner of the region need and offers more than 100 certification programs to ensure our graduates are marketable employees. VVC also offers customized training to help companies train up their employees in specialized skills they need in order to be more profitable.

The 2019 commencement ceremony was the largest in VVC's history, cel-

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An economic overview of the Mojave River Valley

Victor Valley College

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celebrating more than 1,330 graduates who earned associate degrees. As such, the event was held at America's largest outdoor music venue, Glen Helen Amphitheater, for the first time ever to accommodate the near-600 graduates who walked and more than 7,000 guests. The significant number of degrees earned by students this past year marks a 30% increase from last year, with nearly 900 candidates from this spring semester alone. Assemblyman Jay Obernolte served as the commencement speaker, sharing the story of his education and career with the graduates. Nine valedictorians and one salutatorian were honored, along with special recognition for honor graduates, Phi Theta Kappa international honors students, Associated Student Body Council, and veteran students.

Enrollment

The count of students registered during the Fall 2018 semester was commensurate with that of the year before, about 12,300. Spring 2019 registration is also aligned with one year prior, with about 11,800 students registered for classes. With ongoing efforts from the Enrollment Management Committee, the college expects these numbers will increase slightly by the next academic year.

The Dual Enrollment Program at Victor Valley College, which has established partnerships with local high school districts to bolster the number of college-ready or career technical education students, has now grown to 15 partners. The program allows students to take VVC classes at their own school campuses. In the fall of 2018, VVC offered 36 courses at its partner schools. In the fall of 2019, number of requested courses has doubled.

Victor Valley College, in partnership with UC Davis, hosted 18 female high school students entering 10th, 11th, or

12th grades in June at the inaugural Girls in Robotics Leadership (GIRL) Camp: The Next Generation of Female Creators, Makers, and Leaders. Students learned advanced coding and physical computing with Arduino and robotics. They were encouraged to pursue STEM in higher education and to serve as leaders in their fields. In addition they learned leadership and teamwork skills while working in groups and were introduced to robotics, principles of engineering, and computer programming. They met inspiring women leaders working with science and technology to gain exposure to the variety of opportunities available to them.

Every senior who graduates from Apple Valley High School and chooses to attend Victor Valley College in 2019 will receive a \$1,600 scholarship, courtesy of the new AVHS Alumni Scholarship. The donation was made by an alum of both AVHS and VVC and will be given to the VVC Foundation, the primary organization through which the community invests in the college. A \$1,600 scholarship was offered to the entire graduating class, which is about 540 students. The AVHS Alumni Scholarship available to this year's graduates will allow many of the high school graduates to attend VVC for free for at least the first year and possibly, two. The hope is to have continued support for the scholarship in coming years.

Campus Update

RegisteredNursing.org ranked the Victor Valley College Nursing Program No. 5 in California and praised the college for producing graduates who are "ready to work" as a member of "the health care team." Registered Nursing also recognized VVC as a leader in educating "generations of individuals while building successful communities." Programs ranked included four-

year schools that offer associate degrees in nursing or direct-entry MSN degrees.

In 2018 the VVC campus completed a comprehensive "Signage/Wayfinding" make-over. This included the removal of former signage, addition of "You are Here" maps, parking lot re-naming and labelling, vehicular and pedestrian wayfinding, additional building identification, interior wayfinding, and room identification.

Victor Valley College students interested in aviation careers can become certified avionics technicians for remotely piloted aircraft in just two years' time. Thanks to a \$692,000 grant awarded to the college from the California Community College Chancellor's Office and a partnership with General Atomics Aeronautical Systems, Inc., the students will get paid during training that will provide them with an opportunity to gain experience and develop a skill set. It will provide valuable career training and skills required for employment opportunities in an in-demand and fast-growing industry sector. Apprentices in the program are paid full-time competitive wages and offered a comprehensive benefits package. In addition they will earn 20 college credits and two certificates through VVC.

As a recent extension of an award the Victor Valley College Automotive Technology Department obtained three years ago, the college has partnered with Victor Valley Union High School District to channel funding to developing pilot training programs at two local high schools. The California Energy Commission / Advanced Transportation and Renewable Energy grant helped VVC create new and improved curriculum and supported increased professional development and the purchase of state-of-the-art classroom equipment. Adelanto and Victor Valley high schools are

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Victor Valley College

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two of eight schools in the state to be awarded the grant extension, creating a much clearer transitional pathway from their propulsion programs to VVC's. Both high schools now have "Switch Lab" kits from Switch Vehicles, Inc., allowing students to build fully functional electric cars from start to finish. VVC's auto program ordered its own kits through funding from the Strong Workforce Program. Arriving in time for a class in the Spring 2020 semester, it will complement and advance what students coming out of the local high school programs have learned.

Victor Valley College has embraced the Caring Campus Initiative in order to encourage greater enrollment and participation from the local community, improve the image of the college, and achieve the goals of the Vision for Success program. The objective of the program is to increase student retention and success at VVC. It is particularly important for students from historically underserved populations, students less familiar with college, students of color, students from low-income households, and first-generation students to feel they are welcome and belong in college.

One of 12 goals adopted by the 2019-2020 Associated Student Body Council is to re-capture the honor of the American Student Association of Community Colleges (ASACC) Campus of the Year. Each year the 18 elected student council members commit themselves to representing the student body's interests in a fashion they feel will enhance the "caring" student experience found at Victor Valley College. Ongoing support from VVC faculty, staff, administration, and past ASB Council members allows them to continue their road to success.

Accreditation

Victor Valley College received confirmation of its continued full accredita-

tion in January 2019. The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, reviewed materials submitted by VVC, as well as the External Evaluation Team Follow-Up Report. The Commission acted to find compliance and affirm accreditation for the remainder of the cycle. The next report from the college will be the Mid-term Report, due on March 15, 2021. The next comprehensive review will occur in the spring term of 2024.

Construction

Construction began in the summer of 2018 on a new 27,000-square foot Student Services Center that will be the new "front door" of Victor Valley College. The center, which is about 60 percent complete as of mid-July, will increase efficiencies related to the way students access services on campus and will encourage improved collaboration between students and staff. It will improve the overall student experience for both prospective and enrolled students. The building will house multiple student services, including Admissions & Records, Assessment, ACCESS, Bursar's Office, CalWORKS, Career Center, Counseling, EOPS, and the Financial Aid Department. It will be equipped with interactive, user-friendly kiosks available for student use immediately upon entry and a staffed welcome-center desk. Throughout the entire design process, student input was a pivotal factor, including their insight gathered from several visits to other community college campuses. The total cost for the project is approximately \$20 million, including all soft-cost (architect, inspection, furniture) for the Center. The Student Services Center completion date is December 2019 or January 2020 (no later than February 2020). The project is right on schedule and will be in full operation by the start of spring semester.

Plans for a multipurpose stadium / conference center at Victor Valley College are taking form, with a Request for Qualifications (RFQ) for architectural services having been sent out. A screening process will ensue to ensure the college finds the best fit for the project. All constituency groups will be included in discussions of the project, which is tentatively projected to be completed by 2022. This long-awaited project would both renovate the college's football field and add an adjacent multi-purpose conference center. The estimated cost for the project is about \$20 million. Conceptual designs include stadium seating with a capacity of 5,000 people— 3,500 on the home side and 1,500 on the visiting side. Plans also include the re-crowning of the field and installation of a synthetic track, new sod turf, stadium lighting, and a sound system. The conference center would be built overlooking the field and could be used to hold 500 to 600 people for various events.

Finishing touches are being completed on the Mojave Riverwalk, a concrete bike trail along the Mojave River near the lower campus of Victor Valley College. The trail runs north from Bear Valley Road between the west side of the Mojave River and the east side of the college to the Yucca Loma Bridge, where it connects with the bike and pedestrian paths on the eastbound side of Yucca Loma Road. An underpass allows the Riverwalk to continue northwest alongside the westbound side of Yates Road. The Riverwalk is easily accessible from Bear Valley Road and a parking area for the trail is open, located off Mojave Fish Hatchery Road. The parking area has designated parking spots, a water fountain, steps and ramps for reaching the Riverwalk, shaded picnic-style tables, signage, and new landscaping.

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AB 802: California's New Energy Disclosure Law

By Marika Erdely, Founder and CEO of Green EconoME



Many commercial brokers and building owners act surprised when I tell them that California has reinstituted its Energy

Disclosure Law, known as AB 802.

Unlike AB 1103, California's former energy disclosure law, AB 802 is mandatory, requiring energy use disclosure every June 1, beginning 2017.

This comes as news to many building owners. The California Energy Commission (CEC), which oversees this law, has been slow to communicate the new legislation. I'm told that next year they hope to send letters out to all owners of commercial and multi-family buildings greater than 50,000 sq. ft. For now, feel free to contact me with any questions. There are exemptions to the new law that I'd be happy to explain.

So what's the point of this new law? AB 802 aims to reduce greenhouse gases (GHG) emitted from commercial buildings. The commercial and residential building sector

accounts for 39% of carbon dioxide (CO₂) emissions in the U.S. per year, more than any other sector. U.S. buildings alone are responsible for more CO₂ emissions annually than those of any other country except China. Use of electricity in commercial buildings is the most significant factor contributing to CO₂ emissions.

Fortunately, energy efficiency in a building, while reducing GHG, also results in lower operating costs and higher net operating income for a building. Higher NOI results in a more favorable cap rate and a higher market valuation.

The energy disclosure process, known as Energy Star Benchmarking, provides valuable information as to how a building's operational and energy use compares to similar buildings. Buildings are scored on a scale of 1 to 100, identifying whether a building is efficient or not. In a world of big data, benchmarking the building's energy usage provides a simple, understandable metric for building owners to use when deciding whether or not to conduct an energy audit

and identify areas of improvement. With short payback periods for most retrofits, it makes legitimate financial sense to understand what the options are for increasing a building's value.

Why retrofit now? The federal tax credit of 30% for all solar projects is reducing to 26% as of 1/1/2020. Utility incentives are still available. The cost of energy is not decreasing. In addition, the new tax law provides for "bonus depreciation," which can be deducted all in the first year of ownership. This is one of the best kept secrets and I'm here to help you take advantage of it in 2019!

Marika Erdely is the CEO and Founder of Green EconoME, a full service Energy Consulting and Construction Co. located in Culver City. License B and C-10 #1001368. Feel free to reach out to Marika at 818-681-5750 or Marika@greeneconome.com or check out www.greeneconome.com

USGBC, Buildings and Climate Change document, www.eesi.org/files/climate.pdf.

What Will You Do With The Extra "Cash Flow"?

By E. Lamont Cosby, Executive Consultant, Cost Segregation Services, Inc.

The passage of the "Tax Cuts and Jobs Act" (TCJA) of 2017 has substantially changed the environment for investing and owning commercial buildings. TCJA has improved the ability of building owners to increase their tax savings. Though it requires a well-defined process and necessary expertise, the personal property component of the buildings with a depreciation life of 20 years or less can be expensed as bonus depreciation. Thus, taxable income is reduced and cash flow would increase, conservatively, by 5 to 8%.

Cost Segregation

Cost Segregation is an existing tool that produces a process by which income tax savings are generated through increased depreciation expense. Simply put Cost Segregation (CS) is a specialized building analysis that provides the foundation for increasing cash flow for owners of commercial real estate. CS is different than the straight line depreciation that many accountants use.

CS is an IRS approved method of reclassification of portions of commercial buildings

from real property to personal property. This process allows the assets of personal property to be depreciated on a 5-, 7-, or 15-year basis instead of the standard 25.5-year (rental units) and 39.9-year (commercial or industrial) real property depreciation schedule. The Tax Cuts and Jobs Act of 2017 allows all personal property with a 20 year or less life to be expensed as bonus depreciation. This changes the investment analysis for potential buyers of commercial real estate. The increased cash flow can make a deal where the numbers would not otherwise justify the investment.

Though owners of commercial property are direct beneficiaries of the depreciation aspects of CS and TCJA, there are measurable ongoing benefits allowed for the expensing versus capitalization of the cost of repairs and renovations. CS is also foundational for compliance with the Tangible Property Regulations. This allows for a simple ratio test to determine whether or not a repair or renovation can be expensed. This allows for strategic planning of major repairs and renovations. The TPRs are important to both building owners and

property managers.

Examples of commercial business owners that would benefit from engaging an expert in CS include owners of:

- Skilled Nursing, Board and Care, and Assisted Care Facilities
- Restaurants
- [Commercial] Real Estate Assets in Trusts
- [Commercial] Real Estate Assets in Family Offices
- Warehouses
- Funeral Homes
- Trade Schools and Colleges
- Gas Stations/Convenience Stores
- Storage Facilities
- Veterinary Hospitals
- Strip Malls
- Health and Fitness Clubs
- Recycling Centers

In summary, commercial building owners, brokers, lessees, and tax professionals need to have a relationship with a Cost Segregation expert. This will allow them to take full economic advantage of recent federal tax reform.

The Bradco High Desert Report

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Update From Jay Obernolte's First Term as State Assemblyman, 33rd District

It has been my honor to represent the High Desert in the State Assembly since 2014. I'd like to take a minute to update you on the state budget and the work I'm doing in Sacramento.

A fundamental issue that has affected our community in the last few years has been a lack of access to justice. Many of our courthouses have closed, and those that remain are backlogged with large numbers of cases. More judges and judicial system funding for San Bernardino County courts is desperately needed. I have been advocating for funding more judgeships for 5 years, and this year, through my role as Vice-Chair of the Assembly Budget Committee and service on the Joint Legislative Budget Committee and the Budget Conference Committee, I was able to successfully push through funding for 25 additional judgeships statewide, many of which will be allocated to courts in our county. I will continue to fight on this issue until our courts are fully reopened and functional.

I also authored AB 2710, which improves court efficiency by enabling the process of obtaining search and arrest warrants to be accomplished

electronically. The sheer volume of warrant requests can be overwhelming to California judges and law enforcement. This bill will allow judges to issue arrest and search warrants electronically, making it easier for judges to grant warrants and making the request process more efficient. Crime being a major issue in our state, I feel this will help law enforcement do its jobs. AB 2710 became state law, January 1st.

Last year I also authored and passed AB 2535, which requires that any ticket generated by automated technology for a high-occupancy-toll-lane violation must include a photo proving the violation. This will help drivers know either that the toll evasion violation was deserved or, alternatively give them the necessary recourse to fight an unwarranted ticket. This will affect many of the High Desert residents who commute down the hill every day.

Finally, I'd like to discuss an issue in next year's election. A provision to undermine the property tax protections of Proposition 13 will be on the ballot in November 2020. The confusing initiative entitled "Requires Cer-

tain Commercial and Industrial Real Property to be Taxed Based on Fair-Market Value," is also known as the "split-roll" initiative. This initiative would destroy the protections of Prop 13 for commercial property, requiring the property to be reassessed annually and increasing the taxes on those properties. This would devastate small businesses by causing their rents to increase and killing the jobs those small businesses provide. Please join me in defeating this costly tax increase.

It is an honor to represent you.



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Caltrans' Transportation Milestones in the High Desert

Joy Schneider—Public Information Officer, Caltrans

Caltrans is committed to improving the roadways throughout the High Desert, newly dubbed Mojave River Valley Region, to accommodate the rapid growth.

Some hallmark projects for that effort include the \$324 million Devore Interchange Project, which added truck bypass lanes in each direction of Interstate 15, added additional general use lanes in each direction, brought the I-15/I-215 interchange up to operational standards, and addressed the arterial highways network deficiencies—specifically reconnecting State Route 66 (Cajon Boulevard), and the \$121 million I-15 Cajon Pass Pavement Rehabilitation Project, which rehabilitated, resurfaced and restored the pavement between Kenwood Avenue and the Hesperia Overhead. This project provided approximately a 40-year life to the pavement through the Cajon Pass.

Projects that we are currently working on include:

I-15 Stoddard Wells, D & E Streets Interchange Project

The \$80 million I-15 Stoddard Wells, D & E Streets Interchange Project will construct new interchanges at D and E Street

sin the City of Victorville. The project also constructs new bridges and ramps on I-15 at Stoddard Wells, D Street, and E Street. In addition the project will construct a new frontage road and auxiliary and deceleration lanes.

The project was awarded to Ames Construction, Inc. and began in March 2016. It is estimated to be complete by the end 2019.

SR-58 Kramer Junction

Construction of the \$190.8 million Kramer Junction Expressway Project began construction in December 2017. The project is in the county of San Bernardino, near the Kern County line and extends 7.5 miles east of US Highway 395. The project will realign the current four-lane divided expressway in order to alleviate some of the congestion caused by the current lane configuration. The project also constructs a railroad grade separation at the east end of the project and a new SR-58/US-395 interchange.

The project is currently 60% completed and is estimated to be complete in mid-2020.

Caltrans is diligently working to improve

US-395. In the spring of 2019, Caltrans began two projects to construct a four-foot median buffer, widen the existing shoulders to eight feet, and install centerline and shoulder rumble strips on US-395 near Adelanto from south of Kramer Road to SR-58. The projects are estimated to be complete by late fall 2019.

A project is also planned to upgrade the striping on US-395 from I-15 to Kern County to the current six-inch standard. It is estimated to begin in September 2019. The \$6.35 million project was awarded to Pave Tech, Inc. and is expected to be complete by the end of 2019.

Centerline channelizers and additional signage will also be installed as part of the US-395 projects.

Caltrans is pleased with the achievements of the projects mentioned above. Each project will aid in the enhancement of the transportation infrastructure of the Mojave River Valley region. 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.

Service Expansion in the High Desert

By Vincent McCoy, Executive Director, Inland Empire Small Business Development Center

The Inland Empire Small Business Development Center (IESBDC), hosted by California State University, San Bernardino's Jack H. Brown School of Business and Public and Administration, and the Inland Empire Center for Entrepreneurship has expanded service offerings in the High Desert. The City of Hesperia is the location, and appointments are available each week for existing and start-up small businesses to receive one-on-one, free, confidential counseling that helps ideas become reality.

IESBDC has been granted two sources of funding by the Governor's Office of Business and Economic Development (GO-Biz). The center has added staff, expanded the range of business topics, and created more workshops. The Capital Infusion Program is designed to help small businesses get help finding the money they need, while the

Technical Assistance Expansion Program funding is being used to bring other skills and people to IESBDC for the purpose of addressing current and future concerns expressed by the community. New team members focus on social media marketing/online business analysis, human resources, cottage food operations, and restaurant management.

The goals of the Inland Empire Small Business Development Center are to help people become better managers, more effective owners, and free them from their routines so they can be the visionary leaders the companies they run need in order to grow, thrive and remain profitable. This can be in the form of navigating the start-up process, setting up QuickBooks, securing government contracts, getting money to start or grow, or addressing the myriad challenges of person-

nel, operations, marketing, and managing the online presence that is now essential for success.

Micro loans are funds in the range of \$300 to \$75,000 offered to qualified small businesses. IESBDC has a partnership with Accion and employs Mary Takavorian as a micro-loan specialist to walk small businesses step by step through the process of understanding, applying for, and securing this vital source of capital. The funds can be used for business start-up, to acquire vehicles, and to generate working capital that is used for inventory, marketing, staffing, and sales. As with other IESBDC services, these are available by appointment. Those seeking help can register (always free) for consulting sessions at our website, www.iesmallbusiness.com, or by calling our office 951-781-2345.

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Housing Market 2019

By John Mulville, Vice President, Advisory, Metrostudy - Meyers

A year ago in this newsletter we described the housing market recovery as being the firmest in U.S. history. Given the lackluster new-home market we have experienced in the last 12 months, our 2018 opinions may seem optimistic in hindsight. A look at 2019 housing market conditions is in order.

Housing Supply

As we look at the 2019 housing market and the years ahead, we see a market that remains deeply undersupplied. Clearly, the homebuilding industry has not overbuilt new homes. Shown below is a comparison of new- and existing-home sales going back to 1985.



Existing-home sales quickly rebounded to normalized levels after the Great Recession, whereas new-home sales only improved to levels associated with past mild recessions. There are reasons for the uninspiring performance of the new-home market, which have perpetuated our current undersupplied condition.

First, recall that banks were very cautious about construction lending, having bled red ink during the recession. Today, credit is available, not on the unsound terms that preceded the recession, but with solid collateral and proven credit-worthiness. Compared to the subprime era underwriting standards are tighter.

Second, consumer-lending standards remain firm, but not tight. Qualified bor-

rowers have access to credit at very reasonable rates. Programs for borrowers with small down payments are abundant, as are programs for households with low credit scores. Solid credit availability at a time of slow sales indicates that home prices remain too expensive for many prospective homebuyers.

Third, following the recession, for many, homebuilding was considered such a risky sector that distressed-debt investors took ownership positions. Distressed-debt companies were attracted by low land prices and beaten-down stock market valuations. Builders have since recapitalized and firmed up their balance sheets. Over time, distressed-debt investors have sold their ownership shares (at substantial profits) and conventional institutional investors reentered the market. For homebuilders, rebuilding balance sheets has taken priority over rapid expansion of new-home production.

The fourth reason supplies are low is that surviving builders understood that the recovery emerged first among high-income households, which motivated them to build move-up, discretionary, and luxury homes instead of entry-level and first-time new-home products. This contributed to the shortfall in new homes at affordable prices that we are currently experiencing.

Finally, during the recession, many of the smallest builders were forced out of business. Some of these operations provided very affordable homes, below the price levels that a public homebuilder could justify. Public homebuilders will not take on low-profit deals when they have limited capital to deploy and must ultimately answer to profit-seeking shareholders.

Housing Demand

Now that we understand a few of the reasons why new-home supplies are low, let us look at demand. We have a saying in our operation that goes like this: "When prices are too low, the construction of new homes dries up; when prices of new homes are too high, sales of new homes dry up."

Homes have appreciated rapidly in the last few years, much faster than wages and total household incomes. This has made the purchase of a home, especially a new home, out of reach for many households. That does not mean there is a lack of demand; demand exists at prices that are lower than many households can afford, especially, in high cost markets like Southern California.

Let us look at some of the major drivers of demand that support the market today and will propel the market forward in coming years.

First, the market is about to experience the huge demographic surge from millennials. Everyone has heard that millennials are not buying homes. The fact is that millennials will buy homes, sooner than many believe. Millennials have student debt and are tending to marry at older ages, thus delaying their child-bearing years. Millennials will "hit their stride" over the next few years, bringing an unprecedented surge of homebuyers to the market.

Second, while the delay in millennials purchasing a new home is slowing home sales in 2019, there is a considerable benefit to this delay. Millennials will be older when they buy homes; older households will be financially more capable and less prone to divorce, and more mature households have historically made better parents and neighborhoods.

Next, in most of the markets, rental rates have climbed, and climbed, and then climbed some more. This has impeded the ability of renters to save for a down payment. Renting has also gained mar-

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Housing Market 2019

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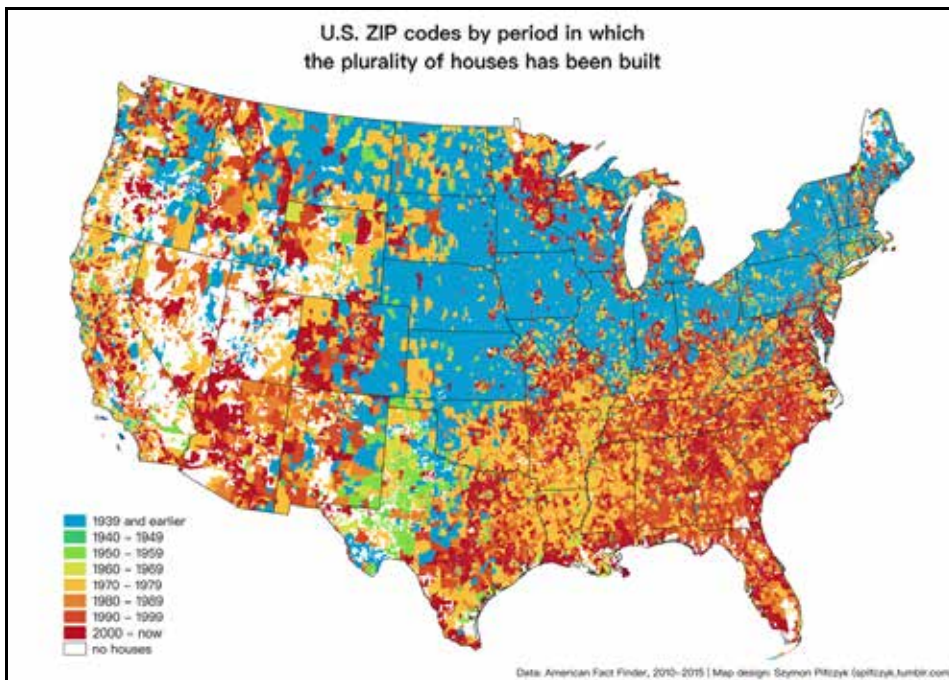
ket share relative to owning. However, in many markets across the U.S., there are developments of new, detached homes being built for renters. This shows strong demand for the traditional, detached-house prototype, as well as an inability to buy.

Finally, the data shows that the average home in the U.S. is rapidly aging because new homes are not being built fast enough to keep the overall average age from increasing. (See the nearby map.) New homes are concentrated in the South and Southeast, old homes are concentrated in the Northeast and Mid-West (Rustbelt), and the West is a mixed bag. Economic growth demands a decent and attractive housing inventory. Large businesses evaluating places to locate new facilities and operations choose settings where their employees have access to decent housing and schools.

that are more affordable and are more in line with the demographics, design preferences, and income profiles of the market.

We also see a market that is experiencing a temporary flat spot in demand, caused in part by the small size of the Gen-X age bracket, which will soon be followed by the largest generational group in U.S. history, the millennial generation. We have not considered them here, but we need to note that there is enormous, unmet demand for 55+-year-old homebuyers whose desire to change housing types (from large 2-story to small 1-story) will intensify in coming years.

These factors suggest that the current housing market recovery remains on firm footing and continues to enjoy a positive alignment of current and fu-



As we examine 2019, we see a housing market where supply levels are very low and are out of alignment with the purchasing capabilities of many potential homebuyers. This is likely to change in coming years, as builders are working furiously to devise new home designs

ture conditions. If you want to sell your house and move out of California, we understand the sentiment. However, we would not recommend doing so because of an approaching “bubble” or potential collapse in prices.

Lahontan Regional Water Quality Control Board Update

*By Douglas F. Smith, PG
Assistant Executive Officer*

Under the State Water Resources Control Board and the leadership of its own appointed board members, the Lahontan Regional Water Quality Control Board (Water Board) works to preserve and restore the quality of California’s water resources. The Water Board does this by regulating waste discharges to surface and groundwater resources and implementing the region’s Water Quality Control Plan (Basin Plan), which focuses on water quality issues specific to the Lahontan region.

The Lahontan Region covers 33,131 square miles of the eastern side of the state, which contains a diverse range of landscapes and habitats. The region is divided into two basins: the North Lahontan Basin, administered by the South Lake Tahoe office, and the South Lahontan Basin, which is administered by the Victorville office. Both offices work together as custodians of the waters in the region and include teams of engineers, geologists and scientists.

KEY INITIATIVES FOR 2019

In the South Lahontan Basin, the primary focus has been on groundwater quality, with an emphasis on addressing pollutants such as nitrate and other salts, chromium, perchlorate, petroleum, and other contaminants. Priority projects in 2019 include the following:

- Ensuring compliance with drinking-water replacement orders.
- Continuing groundwater remediation in Barstow, Hinkley, and Adelanto.
- Assisting local agencies in implementing Local Area Management Plans.

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Mojave River Valley Alliance Forms to Create Regional Branding Identity

On March 27, 2018, Orange County Supervisor Todd Spitzer stated that, in response to the growing homeless crisis, they should just “put people in the High Desert...where land is cheap and away from everyone else.”

There are several “High Deserts” in California, yet it was only the region from Barstow down to Hesperia—our region—that felt the pain of that remark and expressed the understandable umbrage in the form of angry op-eds and letters to the editor.

Lancaster and Palmdale, also known as Antelope Valley, are also the High Desert. The largest medical group in the “AV” is the High Desert Medical Group, and there are hundreds of businesses in the Antelope Valley with High Desert in their name. Yucca Valley is also the High Desert with even their daily newspaper named the *Hi-Desert Star*.

The brand of the High Desert is off, and it’s not even uniquely our brand. Our neighbors to the east and west of us have wisely shuffled it off—yet we still retain it.

The goal of the Mojave River Valley Alliance is to create our own brand, separate and apart from the communities that have historically been called the High Desert. The name is meant to emphasize the important historical nature of the Mojave River and how it has impacted our area. It allows our communities to create a marketing brand that will improve perception and, hopefully, lead to creation of a regional economic coalition that will cause employers to look at us in a different light and which will attract jobs to the region.

The effort to brand our region as the Mojave River Valley is not new. In its most recent incarnation, it started in 2015 with community stakeholders leading the charge for this common identity.

The Mojave River is extremely important to our region, and it’s understandable that the name Mojave River Valley even goes back before that. According to the *Mojave River Valley News*, “the

area’s written history begins in 1776 when Francisco Hermanegildo Garces, a missionary-priest, came overland from the Colorado River, following a trail parallel to the Mojave River on his way to the San Gabriel Mission. Father Garces is important because he led travelers that brought successive waves of civilization to this desert area.”

The overall mission of the Mojave River Valley Alliance is to share the beauty of the region far and wide. This effort comprises three elements:

1. Promoting the regional brand locally,
2. Communicating this brand wherever possible to others outside the region, and
3. Creating common, regional activities that help cement our common identity.

Just this past May the Alliance hosted a beer-tasting event which garnered nearly 100 attendees who spanned the region and represented a spectrum of political, business and civic leaders.

The Mojave River Valley is a great place to raise a family. It’s home to a more relaxing way of life because it is surrounded by beautiful desert landscapes, gorgeous mountain trails, and serene open spaces. As hubs like the Southern California Logistics Airport continue to grow, the Mojave River Valley will be viewed as the next frontier of economic growth and innovation in Southern California.

Does this mean that regional names like High Desert and Victor Valley will go away? Of course not. We’ll always be a part of the High Desert, but we want people to know about the things that make the Mojave River Valley great, stretching from Barstow all the way down to Hesperia.

Like any great endeavor, it will take time, but like the first pioneers to our great region, it will take the work of committed community leaders to bring this regional identity to life.

To find out more about the Mojave River Valley Alliance, visit: www.MojaveRiverValley.com

Lahontan Regional Water Quality Control Board Update

Continued

- Overseeing investigation and clean-up at abandoned and orphan sites and seeking state funding for sites with no responsible party.
- Closure of cleanup sites that pose a low threat to public health and the environment; and
- Applying appropriate cleanup remedies, including active approaches, monitored natural attenuation or some combination, and developing General Orders for monitored natural attenuation.

To the extent that a safe and reliable source of surface and groundwater is essential to residential, commercial, and industrial development, the Water Board plays an important role in the High Desert economy. Businesses, industries, and households that are investigating our region as a potential destination are likely to view water quality as an important factor in their locational decision-making. The Lahontan Regional Water Control Board remains committed to working with local governments, businesses, and residents to ensure and improve water quality throughout the Mojave River Valley.



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Challenges to Affordability and Opportunity in California

By Senator Mike Morrell, 23rd Senate District



These days, each of us likely knows someone who has either left California or is planning to leave. Nearly a third of those moving are

adults 35-44, often with families.

In most cases, I am finding that government is not the solution, but the problem. Due to government's increasing size, the state is becoming more unaffordable thanks in large part to costs and regulations that drive up the expense of housing and limit financial opportunities.

According to the National Association of Home Builders (NAHB), only one-third of homes in the Inland Empire are considered affordable for middle class families and first-time buyers. In the Los Angeles area, it is 11%.

Yahoo Finance recently released an analysis showing that the same home built and sold in Texas for \$300,000 costs \$800,000 in California. In some parts of California, fees on one single-family home can total as much as \$150,000.

These facts are the reality facing California, but rather than ease these burdens, unelected government bureaucrats and majority party leaders in Sacramento either skirt around the edges of the housing shortage or make the situation worse through more fees and regulations.

Just this past year, the California Energy Commission imposed building mandates that will result in a state-estimated cost of \$10,000 per home. NAHB describes the real-world impact this way: for every \$1,000 increase in the cost of a California home, the market prices out 15,000 buyers. Doing the math, it comes out to 150,000 people.

Along with mandates and fees, abuse of the California Environmental Quality Act (CEQA) also drives up costs. Many environmental groups sue these

projects, not to protect the environment but to delay them long enough in hopes of stopping them altogether. On average a three-year delay could add an additional cost of \$67,000 to a home, where a seven-year delay adds over \$200,000 in additional costs per home.

Mandates, regulations, and lawsuits – these are the challenges, but the solution to the problems is the same, no matter your political persuasion: California needs more homes.

During this legislative session, I authored Senate Bill 384, which prioritizes homebuilding by streamlining judicial review of lawsuits brought under CEQA for new homes—the same process used to fast-track sports arenas over the last decade. The approach is one that even the governor claimed to support in his 2019 State of the State Address. Yet Senate Democrats voted down SB 384.

While on housing my colleagues across the aisle have not shown a willingness to take the problem head on, they are more than ready to pass legislation that would threaten California jobs and the economy.

A major debate currently happening at the capitol surrounds the topic of independent contractors. Many Californians choose to work under this classification instead of as an “employee” for the flexibility they have to set their own schedules and work/life balance. These jobs include weekend referees and Uber or Lyft drivers, as well as physical therapists, travel agents, and truckers.

The California Supreme Court in 2018, however, issued a ruling, commonly known as the “Dynamex decision” that abandoned long-established rules to determine whether someone is considered an independent worker or an employee. Put into force, it would effectively eliminate this job classification and, along with it, the freedom two million workers value.

In response to the case, the legislature has tasked itself with clarifying this area

of state law.

One solution I coauthored with Senate Republican Leader Shannon Grove (R-Bakersfield), sought to create clarity by allowing Californians to continue choosing how they want to work, conforming California's rules for determining employment status with those established by the federal Fair Labor Standards Act. SB 238 is a sensible solution that applies the law equally across industries.

Rather than pass SB 238, the majority on the Senate Labor, Public Employment, and Retirement Committee opted to vote out another bill supported largely by labor unions. AB 5 by Assemblymember Lorena Gonzalez (D-San Diego) puts into state law the provisions of the Dynamex decision but exempts a number of industries.

Whereas SB 238 would have treated every industry equally, AB 5 chooses winners and losers. The process is a telling commentary on both the terrible ruling in Dynamex and the misguided approach legislative Democrats have taken to the issue.

In making laws, we should do so with a mindset of opportunity for all and favoritism toward none. AB 5 does the opposite, and the more government overreaches, the more it zaps the entrepreneurial spirit.

There is no doubt that California is a great place to live, work, and raise a family. Nevertheless, self-inflicted problems are beginning to outweigh our state's God-given blessings.

The only way to make substantial progress in meeting our housing demands and expanding economic opportunity for everyone is by minimizing government interference and taking bold action to prepare the state for the needs of the next generation.

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

Legislation Which Improves Our Public Lands and Utilization

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

As the representative of California's largest congressional district, it's my privilege to represent some of the most beautiful, treasured, and important public lands in the country. These lands support a variety of uses, including ecotourism, off-roading, and mining. As a member of the House Natural Resources Committee, I've made it a priority to sponsor legislation that improves our public lands and utilizes them for the good of the people in our district and the American people.

Recently, two of my bills were signed by President Trump as part of the landmark John D. Dingell Conservation, Management, and Recreation Act. Both bills will have a significant impact on public lands in my district for years to come.

The first is the California Desert Protection and Recreation Act of 2019. This law will have an enormous effect on an important facet of the High Desert economy: off-roading. It creates the nation's first system of Off-Highway Vehicle (OHV) Recreation Areas on federal land. This system will provide permanent protections for approximately 300,000 acres of OHV areas in the California desert, ensuring that future generations can continue to use these areas for off-road recreation. It's the culmination of over five years of work in Congress, as well as over a decade of work by supporters on the ground. This landmark legislation designates or expands six OHV Recreation Areas in the California desert: Johnson Valley, Spangler Hills, El Mirage, Rasor, Dumont Dunes, and Stoddard Valley. It guarantees access to these areas for OHV users and ensures that they can't be simply closed administratively.

Off-highway vehicle recreation is incredibly valuable to our local economy. The Off-Road Business Association,

utilizing data from the Bureau of Land Management, estimates that Johnson Valley alone brings between \$71 million and \$191 million a year to the local economy. The other five OHV areas likely generate similar economic activity and bring significant value to local businesses. In places like Lucerne Valley, off-road events, such as King of the Hammers, often provide local businesses with their best week of sales for the entire year. It's critical that we do everything we can to ensure that events like this continue.

While recreational use is a critical component of public land management, it is also critical to promote a reasonable balance between conservation and economic development. That's why I worked with Congressman Pete Aguilar to introduce and pass into law the Santa Ana River Wash Plan Land Exchange Act, which was also included in the John D. Dingell Conservation, Management, and Recreation Act. This law will facilitate a land exchange between the Bureau of Land Management and the San Bernardino Valley Water Conservation District to promote conservation efforts in the Santa Ana Wash, while ensuring that producers of critical aggregate materials will be able to continue their operations, create jobs, and support important infrastructure projects.

An overwhelming majority of the land in my district is public land, so I have a responsibility to ensure that the federal government is a good steward on behalf of my constituents and the American people. I'll continue fighting to ensure that our lands are managed in a way that appropriately balances conservation, recreation, and economic activity. This balance is critical to not only the High Desert economy, but the economic and ecological health of the California desert as a whole.

Latham & Watkins Case Summary

By Marc Campopiano, Lucas Quass,
and Dustin Higginsⁱ

City of Hesperia v. Lake Arrowhead Community Services District et al., California Court of Appeal, Fourth Appellate District, Division One, Case No. D075100 (July 19, 2019)

In a decision certified for publication, issued July 19, 2019, City of Hesperia v. Lake Arrowhead Community Services District et al., the California Court of Appeal affirmed the trial court's decision and upheld the City of Hesperia's ("City's") challenge to the Lake Arrowhead Community Services District's ("District's") resolution exempting its proposed solar energy project from the City's zoning ordinances.

In summary, the court determined:

- To be exempt from the City's zoning ordinances under Government Code Section 53091(e), an agency must show that a project involves the "production or generation of electrical energy" yet does not involve the "storage or transmission of electrical energy."
- To be exempt from the City's zoning ordinances under Government Code Section 53096(a), an agency must provide substantial evidence in the administrative record to support the finding that there are no feasible alternatives to the proposed project.

The trial court granted a writ of mandate, ruling that the District must comply with the City's zoning ordinances because its proposed project involved the transmission of electrical energy and because the administrative record did not contain substantial evidence to support the District's finding that there were no feasible alternative to installing the solar farm at any other location. The District appealed the writ on the grounds that its proposed project was absolutely exempt under Section 53091(e) and qualifiedly exempt under Section 53096(a).

Background for Appeal

Local agencies must comply with all applicable laws and regulations.
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High Desert Report

An economic overview of the Mojave River Valley

Latham & Watkins Case Summary

Continued

plicable building and zoning ordinances of the county or city where its property is located, unless otherwise exempt. The District was attempting to develop a solar energy project ("Solar Project") on property it owned within the City limits that was zoned as "Rural Residential." The Solar Project required a general plan amendment and zone change to be filed with the City.

In December 2015, the District adopted a resolution that rendered the City's zoning ordinances inapplicable to the Solar Project. The District determined that the Solar Project met the criteria for absolute exemption under Section 53091(e) and, by four-fifths vote, found that pursuant to Section 53096(a), "there is no feasible alternative to the location of the Solar Project."

The City challenged the District's findings in a petition for writ of mandate and a request for declaratory and injunctive relief. The trial court found that the exemptions found in Sections 53091(e) and 53096(a) did not apply to the Solar Project and that the District must comply with City zoning ordinances. The District appealed.

Absolute Exemption

On appeal, the District argued that the absolute exemption from City zoning ordinances contained in Section 53091(e) applied to the Solar Project and that the exception to the exemption did not apply. The exemption applies to the location or construction of facilities for the production or generation of electrical energy. However, this exemption will not apply if the facilities include the storage or transmission of electrical energy. The court held that the exemption applied to the Solar Project even though the project was not integral to the District's authorized operations, as argued by the City. However, since the Solar Project involved the transmission of electrical energy (albeit only 250 feet of underground cable for interconnection to Edison's facilities), the exemption was inapplicable and the District had to comply with local zoning ordinances.

Qualified Exemption

The District further argued that it was qualifiedly exempt from the City's zoning ordinance under Section 53096(a) since it resolved by four-fifths vote of its board that there were no feasible alternatives to its proposal. The court explained that in order for an agency to properly determine that there are no feasible alternatives, the agency is required to have: (1) considered alternative locations; (2) taken into account economic, environmental, social, and technological factors; and (3) determined that the proposal was not capable of being accomplished in a successful manner within a reasonable period of time at the alternative locations.

The administrative record did not contain any evidence of an alternative location for the Solar Project, and thus, the court held that the Solar Project was not qualifiedly exempt from the City's zoning ordinances.

Implications

When seeking an exemption from City zoning ordinances, agencies should consider preparing more comprehensive infeasibility showings, including analysis of alternative locations.

- Opinion by Justice Irion, with Presiding Justice McConnell and Justice Nares concurring.
- Trial Court: Superior Court of San Bernardino County, Case No. CIVDS1602017, Judge Donald R. Alvarez.

For more than 40 years, Latham & Watkins' Environment, Land & Resources lawyers have advised clients on complex regulatory, litigation and transactional matters stemming from cutting-edge environmental issues. For more information and commentary on climate change, renewable energy and clean technology, please visit Latham's Clean Energy Law Report at: <https://www.cleanenergylawreport.com/>



Southern California Logistics Airport Redevelopment Progress Report

Over the past year, redevelopment of the Southern California Logistics Airport (SCLA), formerly known as George Air Force Base, has accelerated, with several job-generating projects being announced and implemented. Stirling Development, a Foothill Ranch, California-based, strategic, full-service, value-added development company specializing in master-planned communities and major land renovations, has spearheaded redevelopment of the former air base facility. Prologis, Inc., the global leader in logistics real estate, announced in March 2019 that they would be taking over as Stirling's capital partner to continue the buildout of SCLA, an 8,500-acre multimodal freight transportation hub supported by air, ground, and rail connections that includes a 2,500-acre commercial and industrial complex entitled for 60 million square feet of development. Several new development and expansion projects at SCLA have been recently announced.

In March 2019 a 466,255-square-foot building expansion for Newell Brands (NYSE: NWL) was completed. The expansion space was completed ahead of schedule and is Newell's second expansion of this building since it signed its original lease for 407,600 square feet in 2006. This expansion brings the new building to a total size of 1,050,667 sq. ft. "Newell's business has grown rapidly at SCLA over the last several years," said Brian Parno, COO of Stirling Development. "This is one of the few regions in Southern California where tenants can expand in place and take advantage of the affordability and logistical advantages the Inland Empire's High Desert region provides." Under the terms of the lease, Newell will occupy the new building through 2029.

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Southern California Logistics Airport Redevelopment Progress Report

Continued

In May 2019 Stirling Capital Investments and Prologis, Inc. announced a 10-year agreement with Victor Valley Community College (VVCC) to create a new High Desert training center at SCLA. Stirling and Prologis are donating an existing building for a 10-year term, and VVCC will facilitate hands-on training programs to better prepare the High Desert workforce in skills needed in business today.

VVCC Superintendent-President Daniel Walden, Ph.D., stated, “We have an opportunity to work with our local manufacturing, transportation and logistics industries, among others, to better understand the skill sets businesses need today and for the future. The goal of the new training center is to be responsive to what will propel the economy of the High Desert region forward.”

“The City of Victorville is pleased to see our relationship with VVCC expanding at SCLA,” said Victorville Mayor Gloria Garcia. “We remain excited that our

community will have new opportunities and pathways to employment with our growing industries at SCLA.”

“Stirling’s ongoing development in Victorville has brought thousands of jobs to our community and has spurred growth across the High Desert,” said Robert Lovingood, Victorville’s representative on the San Bernardino County Board of Supervisors.

“We have experienced ongoing demand to build new facilities in SCLA for the last ten years,” said Dougall Agan, president and CEO of Stirling Development. “The economic growth, logistical advantages and low cost of real estate make the High Desert one of the best distribution locations for major corporations in Southern California.”

Finally, in June 2019 Stirling Development announced the execution of a long-term lease with Plastipak Packaging, Inc. for an additional 233,770 square feet at SCLA. Plastipak’s 96-month lease is

at an existing building adjacent to the 296,203-square-foot building in which Plastipak houses its current manufacturing operations, bringing Plastipak’s total space occupied at SCLA to 530,230 square feet. “Like many of our tenants, Plastipak is taking advantage of the ability to expand in place at SCLA,” said Brian Parno, Chief Operating Officer of Stirling Development. “The growth trend in the Inland Empire’s High Desert region is a testament to both the logistical advantages and affordability of the area.”

Plastipak’s need for expansion is being driven by the company’s new venture of manufacturing bottled water in conjunction with their existing manufacturing operations of producing plastic bottles and food-grade containers.



ONT: The Story Behind America’s Fastest-Growing Airport

Southern California’s newest aviation gateway is now the fastest-growing airport in the United States.

Connecting the robust economic and population centers of the Inland Empire and San Gabriel Valley to destinations throughout the United States and beyond—and with popular new amenities, concessions, and streamlined parking and security—Ontario International Airport has become the airport of choice for business and leisure travelers.

Passenger volumes now exceed 5 million per year, with 67 daily departures and nonstop service to 19 major airports in the U.S., Mexico, and Asia. Since its return to local control in November 2016, ONT has added China Airlines, Frontier Airlines and JetBlue to its formidable lineup of air carriers—and has

begun nonstop service to New York, Atlanta, Orlando, San Antonio, Austin and Taipei, Taiwan. This summer United Airlines has launched direct service to Houston, while Southwest Airlines has begun offering four flights a day to San Francisco.

ONT’s remarkable performance has earned it the No. 1 ranking on *Global Traveler* magazine’s list of fastest-growing U.S. airports.

“Since our transfer to local control, Ontario Airport has become an international aviation gateway and economic engine for the region, a testament not only to the facilities, services, and amenities that appeal to our customers, but the strong community and business support we’ve continued to receive,” said Mark Thorpe, Chief Executive Officer of the

Ontario International Airport Authority.

Indeed, the community and market it serves is a big part of ONT’s success. More than 120 people are moving into the Inland Empire and San Gabriel Valley every day, making it one of the most vibrant population, employment, and economic centers in the U.S. Emerging industry sectors such as e-commerce, alternative energy, information technology, health science, and advanced manufacturing are helping to spur vast investment throughout the region—and putting an even higher premium on its prized airport.

With the infrastructure, facilities, and customer base all in place, ONT is well positioned to reach its projected capacity of 30 million annual passengers.

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High Desert Report

An economic overview of the Mojave River Valley

ONT: The Story Behind America's Fastest-Growing Airport

Continued

"The extraordinary growth at ONT is a credit to the incredible team we have and the deep and lasting partnerships we've established with our airlines and the community at large. It has been a remarkable run these past two years, and the best is yet to come," said OIAA President Alan D. Wapner.

Helping to ensure the airport's continued growth are millions of dollars in investments in new, upgraded restaurants, retail concessions, high-end lounges, parking improvements, and expanded transit options.

ONT has partnered with MAG USA to open Escape Lounges in both of its passenger terminals, each measuring about 2,800 square feet and offering travelers food, beverages, plush and relaxed seating with ample power outlets, high-speed Wi-Fi, up-to-the-second flight information, and access to national and local newspapers.

Delaware North recently completed a \$6 million upgrade of ONT's food and beverage concessions, including the addition of such high-profile and popular brands as Rock & Brews, Einstein Bros. Bagels, Wahoo's Fish Taco, Wolfgang Puck's WPizza, Cross Grain Brewery, and Harvest & Grounds.

And as part of an eight-year lease agreement, Hudson Group is spending \$2.4 million to remodel and rebrand ONT's retail concessions, with the addition of outlets such as Tech on the Go, catering to tech-savvy travelers, and Cali Market, a California-centric contemporary travel store providing travelers with a local sense of place.

Getting to the airport has become easier too.

Omnitrans, which operates public transit service in San Bernardino County, now offers bus service to and from ONT every 15 minutes. The airport has also

added designated stops for ride-share services such as Uber and Lyft. And in January of this year, ONT launched a digital parking reservation program, allowing travelers to go online, book a space, and pay in advance. Daily and valet parking are available through the pre-payment system, which tracks available spaces and identifies options where the greatest savings are available.

Once inside the terminal, travelers can enjoy an expedited screening process, thanks to an expansion of the Terminal 4 checkpoint and the introduction of new high-tech trays that increase screening capacity by 25%.

"It's all about improving the airport experience," said Thorpe, OIAA's CEO. "We recognize that our customers have choices, so it is critically important that we continue to add new services and amenities that make ONT even more convenient than other airports in Southern California."

These kinds of improvements and investments have also helped ONT increase its non-aeronautical revenues, which boosts the airport's bottom line and, ultimately, allow it to hold down costs to its airline partners.

Other examples include a 15-year lease extension with long-time tenant Guardian Air Services which will produce more than \$5 million in rent payments and significant capital investments; new multimillion-dollar agreements for in-terminal and outdoor advertising; and the continuing expansion of ONT's cargo operations, which rank among the Top 10 in North America. Last year the airport and Federal Express Corporation announced a 30-

year lease extension that will include an investment by FedEx of \$100 million to expand its operations.

In addition, ONT—with the support of the region's Congressional delegation—recently secured \$11.8 million in Federal Aviation Administration grants for infrastructure repairs and improvements.

So what does the future hold for America's fastest-growing airport?

With passenger volumes at a 10-year high, millions of dollars in new investments, and a market in the midst of a historic boom, it's no wonder that ONT officials believe the sky is the limit.

"There is so much more ahead of us," Thorpe said. "We couldn't be better situated—in the heart of one of the fastest-growing regions in the country, easily accessible to some of the most popular destinations in Southern California, and with a loyal customer base and incredible airline partners. Who wouldn't love what we've got?"

"We're not going to stand still, however. Our commitment is to develop ONT into an even more attractive aviation gateway and even more important economic engine for the region."



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High Desert Report

An economic overview of the Mojave River Valley



Opportunity Knocks For The High Desert

By Senator Scott Wilk, 21st Senate District

California is famous—or infamous—as the commuter capital of the nation. It will come as no surprise to anyone living in the High Desert that the number of super commuters, folks forced to commute 90 miles to a job, is on the rise.

Tens of thousands of people make the daily trek down the hill on the Cajon Pass to work. Many people on the lookout for affordable housing chose the High Desert as home, but any savings they had hoped for are being eaten up by the costs of a long commute: high gas prices, more frequent (and expensive) car maintenance costs, and lost time with family.

Then there are the health issues: sitting in a non-stop traffic jam hours a day, breathing in exhaust fumes and watching your blood pressure climb as you deal with the stress and aggravation of your commute.

For these reasons, we need to do a better job of expanding our local job market, which is why I am working on a number of issues that will bring steady, mortgage-paying jobs to the High Desert. This will be good for our commuters, our families, and our economy.

While Los Angeles and the San Francisco Bay Area get all the credit for job creation and innovation, people tend to overlook the economic potential of the High Desert region.

Los Angeles has the entertainment industry and the Bay Area has tech, but the High Desert can be a legitimate powerhouse when it comes to two highly important fields: agriculture and aerospace. I have made it a priority to promote these industries in the area as much as possible,

boosting our local economy and bringing jobs right to our back yards.

The High Desert has the chance to take part in an agricultural revolution that could also bring mortgage-paying jobs to our area and get us out of our cars - avoiding the hours-long commutes many of us make down the hill.

Last year the Governor signed my Senate Bill 1409, which aligned California law with federal farming regulations to allow for the cultivation of industrial hemp. This year I am authoring Senate Bill 153, which makes further updates to ensure California is in total compliance with federal farming requirements, paving the way for a significant increase in hemp production in the High Desert.

Industrial hemp is grown and processed throughout the world for thousands of consumer and food products. It is not cannabis. It cannot get you high, but it can be used to manufacture a great variety of products, including batteries, clothing, rope, concrete, paper, and biomass energy, that can replace the use of fossil fuels. It is also a natural fit for California's arid climate, as it uses very little water.

However, efficient use of our most precious natural resource is only one of the advantages of allowing farmers to switch to hemp. Economically speaking, we could be looking at a sizable expansion of California's agricultural and manufacturing influence.

California is the heart of the nation's agriculture industry, bringing in over \$50 billion and 400,000 jobs per year. With SB 1409 signed, and SB 153 on the way, I am confident manufacturing jobs will

follow the growth in hemp cultivation and bring a wide variety of good-paying jobs to the High Desert.

Another industry inextricably linked to our region is aerospace. The Apollo command module was built here, the Columbia space shuttle landed here after its first trip to the heavens, and the sound barrier was first broken here.

Aerospace brings in \$61.6 billion a year to California and employs over 500,000 people. The industry is fundamental to the state economy. This is a great place to look to add jobs and strengthen our long-term economic development in the High Desert. We need to make sure aerospace stays here.

I am very proud to be part of the effort to launch The California Institute of Aerospace in the High Desert region. Investment from private industry, coupled with money from the Air Force and Antelope Valley College allow this graduate and post-doctoral research institute to move forward in the High Desert.

This center of excellence will be a magnet for additional investment in the High Desert, promoting more opportunities for locals and bolstering the region's stake in the industry—allowing our economy to blossom and benefiting everyone in our community.

By bringing mortgage paying jobs to the High Desert, people won't have to choose between spending time with family and hours in the car commuting to work. Let's push forward and work together to support these innovative industries that will keep our jobs and our families at home.

High Desert Report

An economic overview of the Mojave River Valley

IAR's Inland Empire Report on Business

By The Institute of Applied Research

**Housed in CSUSB's
Jack H. Brown College of Business and Public Administration**

Report for August 2019

**Sponsor: San Bernardino County
Economic Development Agency
and Riverside County Economic
Development Agency**

Another Mixed Economic Report For The Inland Empire

According to Dr. Barbara Sirotnik (Director, Institute of Applied Research) and Lori Aldana (Project Coordinator, Institute of Applied Research), "The August Inland Empire Purchasing Managers' Index (PMI) registered 50.0, a significant decrease from last month's 55.0. Readers will recall that the June PMI dipped below 50, ending 29 straight months of figures reflecting growth in the manufacturing sector. July's figure rebounded to 55.0, but this month the figure receded to 50.0, indicating that the manufacturing sector is not growing, but it is not contracting either.

"The main components of the PMI were a 'mixed bag' of economic news. The New Orders Index decreased from 61.7 last month to 51.7 this month, reflecting growth in new orders (although the rate of growth has slowed significantly)—a good sign for the economy. In contrast, the Production Index dipped back below 50, decreasing from 53.3 to 48.3, indicating that production was down last month—not a good sign. The Commodity Price Index registered 66.7 (a significant increase from last month's 56.7), signifying that cost of raw materials is increasing (and at a faster pace than before). Further, the Employment Index dropped precipitously to 46.7 from last month's 60.0. The Supplier Deliveries Index registered 55.0, suggesting that

the speed of deliveries is slowing (usually a sign that suppliers are busy and doing well).

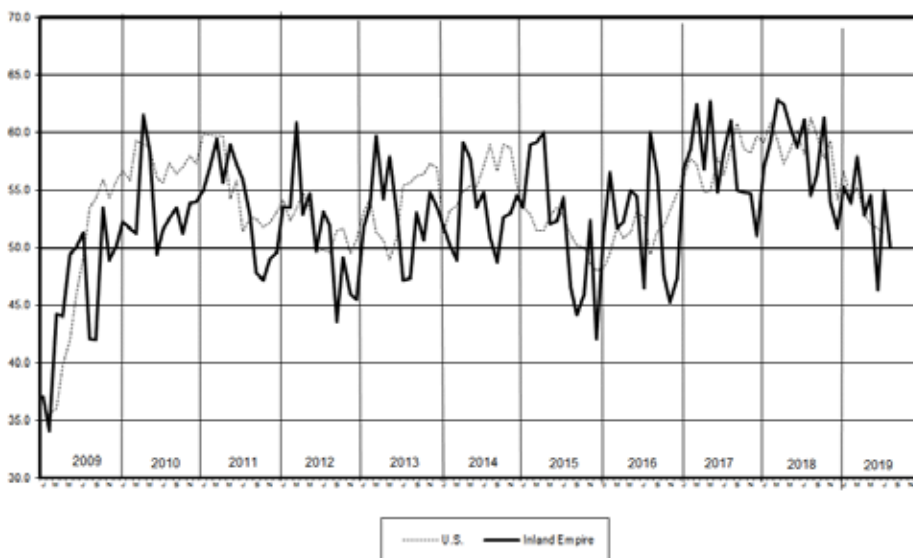
"Most of the survey respondents (63%) continue to believe that the local economy will remain unchanged ('flat') over the next few months. Only 15% predict-

ed that the local economy will become stronger in the upcoming months, and 22% believe the local economy will become weaker over the next quarter."

Following is a summary of highlights from this month's report:

August 2019 Business Survey at a Glance					
	Series Index		Direction from 50	Rate of Change from Last Index	Trend Months
	Last Month	This Month			
Local PMI	55.0	50.0	Unchanged	From Growing	2
Commodity Prices	56.7	66.7	Increasing	Faster	2
Production	53.3	48.3	Contracting	From Growing	1
New Orders	61.7	51.7	Growing	Slower	2
Inventory	51.7	48.3	Decreasing	From Increasing	1
Employment	60.0	46.7	Contracting	From Growing	1
Supplier Deliveries	48.3	55.0	Slowing	From Faster	1
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	14%	15%			
% Same	64%	63%			
% Weaker	22%	22%			

Purchasing Managers' Index



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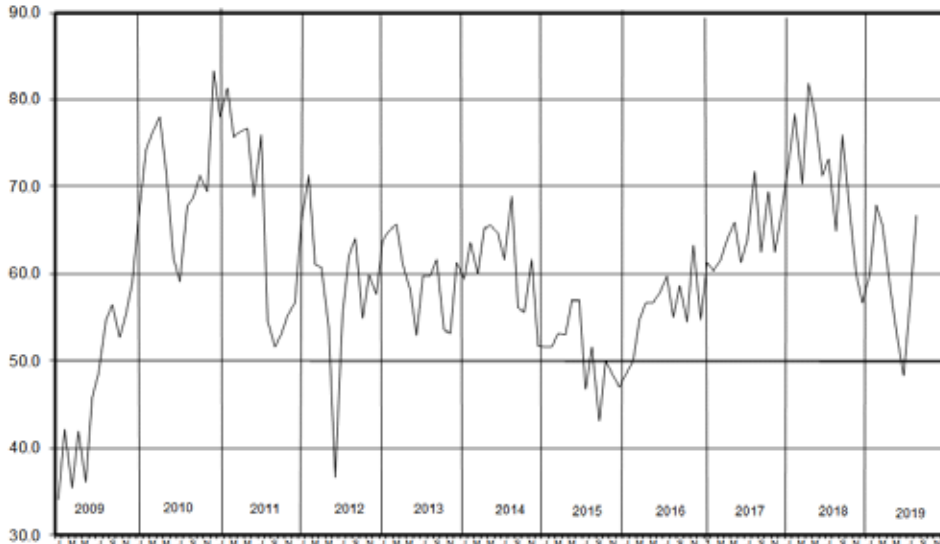
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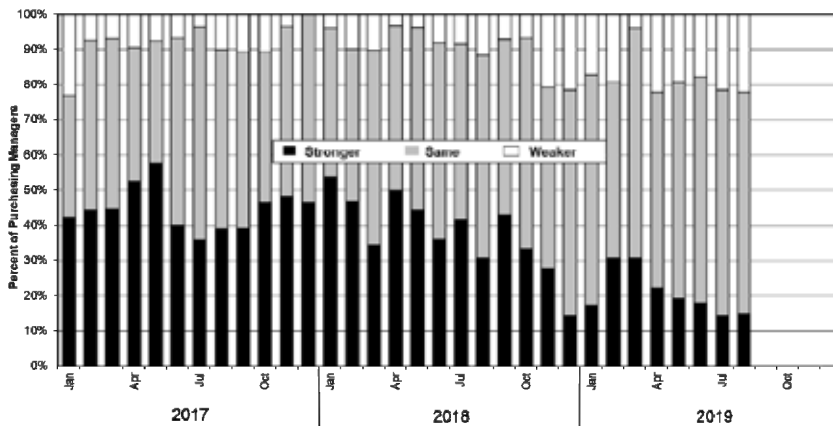
Iar's Inland Empire Report on Business

Continued

Commodity Prices



State of the Local Economy



Following are positive comments from Purchasing Managers regarding general business conditions and/or reasons for import and export changes:

- "Overall business continues to be firm. New orders are up from a year ago. Trend looks to be very positive."
- "Business has been good with new government projects and corporate projects booking. They do seem to

be taking a little longer to move forward though."

Mixed or cautionary comments include:

- "While we have booked and have backlog for the specialized products we are providing, our general market is in an absolute holding pattern due to the uncertainty in the marketplace caused by the political intervention in the economy."

- "Business is still soft. Although at the beginning of the month, August looked like it may be the best month in a while, it turned out to be pretty much flat with June and July. We do have good orders on the books for the next few months. So, maybe things will start to turn around in September. Prices are going higher, so that is a positive for us."

- "Business slow for this time of year, sales below last year."

- "Orders slowing at a time when they should be holding steady. Was going to add two new positions but holding off for now."

- "Slow."

- "We don't buy from overseas suppliers, but we do buy power cords from a Wisconsin company, and they buy the bulk cable from China and then cut to length, add terminals, and mold the plastic for the plug end. The tariffs on this wire have been passed on to us as a 25% increase. And this has cut deeply into the profit on parts using the power cords."

- "Some areas are slowing—defense and aerospace contracts currently being renewed. Automotive, in general, has remained steady."

- "Slowed on imports due to tariffs."

Finally, in mid-August a survey by the National Association for Business Economists indicated that 38% of economists predict a recession by the end of 2020, and an additional 34% predict a recession by the end of 2021. In order to determine the opinions of Inland Empire manufacturing leaders, a new question was asked: "Based on what you are seeing in your business (and looking into your 'crystal ball'), what do you think is the chance of a recession by the end of

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High Desert Report

An economic overview of the Mojave River Valley

Iar's Inland Empire Report on Business

Continued

2020?" Responses ranged from one end of the spectrum (optimists who believe that there is no chance of recession) to the other (people who definitely see a recession coming). Over half the respondents (51.9%) said there is a 50/50 or higher chance of a recession within the next 16 months.

Comments from those not predicting a recession included:

- "So long as Trump is in office, we won't go into a full recession. We may slow down, but I don't think we will go into a full recession."
- "For U.S. manufacturers, I believe there will be new opportunities. Chinese costs are being pushed up as its local economy grows and demand around the world grows. Economic growth worldwide means more opportunity for U.S. companies that can meet the needs."
- "I don't think that all of the indicators are pointing towards a recession. But the media is screaming recession, and that scares people into a 'self-fulfilling' situation."
- "Pricing is holding and the only reason to speak of this is the media looking for another means to damage the administration and the work they are getting done to improve manufacturing in the U.S. and government."
- "Low unemployment and interest rates will keep consumer demand strong."
- "None of our customers are indicating any concerns."
- "Our business has been solid, unable to predict any recession in our industry."

Comments from those predicting at least a mild recession included:

- "The cycle is due. Sales and hous-

ing markets are slowing down, tariffs are having an effect, Washington instability is causing a problem."

- "There are just too many industries that have suffered a downturn this year. That will have to equate to some sort of recession in the coming 12 months (or sooner). However, this recession is likely to be much milder and shorter compared to those in previous times. At this point the economy does not feel like a bubble, just getting tired. I think that translates to a mild recession."
- "If we have a recession, I expect it to be mild, more like a correction. Brexit could cause financial and business issues in Europe, and those problems in Europe could spread to the U.S."
- "We are slower than previous months, but year over year we are even or only slightly lower. Lots of news about trade war is making business concerned. I think it will pass most likely. There is always a chance of recession after long expansion."
- "The Fed cut rates by 0.25% on Wednesday, July 31, 2019. But an inverted yield curve between the 10-year Treasury bond and the three-month T-bill suggests a recession is coming unless the Fed can steepen the yield curve."

In summary, the PMI Index, as well as the individual indices making up the PMI, are a mixed bag of positive and negative economic news. New orders are up slightly, but production is down slightly. Employment has dropped and the price of raw materials is increasing. There is a great deal of variability in all indices, rather than the slow and steady growth we saw in the Inland Empire manufacturing sector for over two years.

Will this variability change to economic downturn? Neither nationally known economists nor our respondents can agree on an answer to that question. But suffice it to say that there are widespread concerns about issues on the national scene including tariffs on \$110 billion in Chinese imports, layoffs of factory workers in the Midwest, and an inverted yield curve that may be stoking fears in the marketplace that there is an increasing chance of a recession. Obviously, the Inland Empire is not immune to the effects of these national issues.

For Questions Or Further Information, Contact:

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High Desert Report

An economic overview of the Mojave River Valley

Publisher's Message

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direction the High Desert (Mojave River Valley) has taken in the last ten years.

While our national economy is doing as well as it has ever done, the High Desert region has really not returned to the level of economic activity we saw in 2003 and 2007.

While going out in public and challenging our elected officials and our local leaders to take a look at what has done this, I reached out to Dr. John Husing to ask for his advice. The bottom line he gave me at a lunch on October 1, 2018, in Redlands, California, was: If you don't like what you see—Dr. Husing didn't like what he saw—you need to either personally get involved with it or move.

The conversation about moving with my great wife and partner, Deborah K. Brady was rather short. It is true that, like many in California, we are eventually building a second home—ours will be in Prescott, Arizona—but we are not abandoning the Mojave River Valley or the cities of Adelanto, Apple Valley, Barstow, Hesperia, and Victorville.

During my lunch with Dr. Husing, he suggested that the Bradco Companies (ultimately in conjunction with Mr. John Ohanian, managing partner of Terra Verde and the master developer of Tapestry, and Mr. Randall Lewis and Mr. Richard Lewis the principals of Lewis Operating and Lewis Retail – an exceptional developer) help contribute to the cost of undertaking the first ever survey of the Mojave River Valley that would be conducted over a 30-day period of time and be done electronically and under the direction of Dr. Bar-

bara Sirotnik, professor, information and decisions sciences director, Institute of Applied Research, who has been affiliated with Cal State San Bernardino for over 25 years.

The cost of the survey was \$16,700 and will be completed at the time of the printing of this newsletter. We finished the survey on September 15, 2019, with 12,371 residential survey responses. That data will be correlated and aggregated by Cal State San Bernardino and sent to Dr. Husing for his candid assessment and preparation of what we call the Mojave River Valley Solutions Report.

What I mean by this:

- I will not be a part of a project that does not have measurable results.
- The sponsors that we have brought in to do this (which will all be announced publicly and as a part of this solutions reports in March/April 2020, acknowledge that we have some economic and social challenges within our region that need to be addressed and to assure that our children and our grandchildren are blessed—as many have been—to live in this great region, and we all want to ensure its long-term success.

We anticipate that this report will be very candid and will ultimately be presented to nearly 1,500 stakeholders the Bradco Companies have identified during our 31 years of doing business within the High Desert.

These stakeholders will be major landowners, building owners, and commercial/residential brokers, and local educators, elected leaders, banks, and individuals, all who care about the Mojave River Valley and

want to make it a great place to live, work, and play.

By stakeholder I mean anyone who is highly visible within the region, has been in the region for period of time, has been involved with our local chambers and local organizations and has given time to make the Mojave River Valley region a great place to live, work, and play. The stakeholder is not necessarily based on income.

We are currently working on a location for this event, and I would ask anyone who is reading this who wants to be involved to please send me a personal email and ask for a place on that list, and I assure you that your name will be added. My email is jbrady@thebradcocompanies.com.

I am extremely excited about the Mojave River Valley region prospects over the course of the next few years.

I would like to thank Dr. John Husing for adding his first-ever Bradco High Desert Report articles. I think you will find them fascinating. I am humbled by the inclusion of the article from a longtime (25 years) Mr. Bill Cothran, chairman of the San Bernardino County Workforce Development Board. I served with Mr. Cothran and many other leaders within San Bernardino County nearly 25 years ago. It was quite a privilege.

I would also like to welcome San Bernardino County's newest supervisor, Ms. Dawn Rowe, who was appointed to the Board of Supervisors during this past year. She has done a

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great job and we strongly support her now and in her future endeavors to continue on the Third District Board of Supervisors in the 2020 election.

I would also like to formally welcome Dr. Daniel Walden, our new president and superintendent of the Victor Valley Community College District. I am currently vice president of the Board of Trustees and will become President of the Board of Trustees in December 2020. With the help of Dr. Walden's predecessor, Dr. Roger Wagner, the Victor Valley Community College District Board of Trustees now has solid goals, our president and superintendent has goals, and I believe that within the next two years, Victor Valley Community College will be recognized regionally and nationally for the great leadership we now have.

I would also like to thank Mr. Steve Garcia, the director of facilities for Victor Valley Community College District, his staff and his construction management company (CPM out of Ontario) with the great progress that has been made on the "One Stop Building" on our campus. This facility is due to be opened by the Spring 2020 semester (or approximately February 18, 2020) and has been the vision of many former trustees.

I would also like to acknowledge former Victor Valley Community College and Board President, Mr. Joe Range for working as hard as he did for all the years that he was on the Board of Trustees as he believed that this One Stop Facility was the one of the most important buildings that the college could ever build to help facilitate a great experience for

our students.

On Friday, September 13, 2019, as I finish up the 58th Edition of the Bradco High Desert Report, I had the opportunity of touring the One Stop Facility with Mr. Steve Garcia and many of the members of the Victor Valley Community College Foundation. It is absolutely a gorgeous building and I cannot wait for it to open.

Again, I always appreciate hearing from anyone who has a chance to touch and read our publication, if you ever have any questions feel free to contact me directly at (760) 951-5111 x101, via email to jbrady@thebradcocompanies.com or on my cell between 8:00 AM and 3:00 PM daily at: (760) 954-4567.

High Desert Preparing College, Career-Ready Students For Workforce

By Ted Alejandre, San Bernardino County Superintendent

The High Desert is at the forefront of efforts to collaborate with industry and business to provide opportunities that prepare public school students in the region for college and future careers. Through the strong partnership between Mountain Desert Career Pathways (MDCP) and Mountain Desert Economic Partnership (MDEP), thousands of students from the region annually receive hands-on educational training to help position the area to be a viable economic engine for sustained growth and prosperity in the coming years.

Aligning with Countywide Vision for San Bernardino County, the High Desert region has set in place forward-looking plans to provide career and educational opportunities for the more than 112,000

students who attend public schools in the region. Developing a more highly skilled and highly education workforce is key to future economic growth and vitality for the region, which is the focus of the partnership between educational offerings of MDCP and industry opportunities with MDEP.

During the just completed 2018-19 academic year, MDCP and MDEP collaborated to work on three, long-term, collective-impact strategies to meet on-going needs for students, business/labor/government, and their communities. In August three subgroup committees will reconvene to discuss three areas to improve outcomes for preparing students for colleges and careers. The three areas identified are:

- Producing a network to provide techni-

cal, academic and innovative skills to help students meet local industry needs.

- Graduating all seniors with college credit and access to post-secondary education with a local, four-year presence to meet demands for current and future employment needs in the region.
- Supporting a thriving regional economy with a myriad of opportunities to cultivate and retain a highly skilled and educated workforce with a high quality of life.

With the aim to collectively transform the economic landscape of the High Desert during the next 15 years, data-driven progress is already being seen in many areas. Mountain Desert Career Pathways coordinates career technical education programs for nine member K-12 school

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High Desert Preparing College, Career-Ready Students For Workforce

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districts: Apple Valley, Baker Valley, Barstow, Hesperia, Lucerne Valley, Silver Valley, Snowline, Trona, and Victor Valley Union. During the 2017-18 academic year, more than 7,900 students from member districts participated in career technical courses throughout the region. That resulted in generating more than 2,300 industry-focused certificates in business sectors like automotive, construction, cosmetology, culinary, entrepreneurship, marketing/merchandising, and medical fields.

Grants totaling nearly \$4 million are in place to enhance and expand existing programs in a variety of industry sectors. During the 2017-18 academic year, more than 1,900 articulated grades were issued on college transcripts at Victor Valley College for high school students who completed college-level career technical courses. That number is estimated to increase close to 40% during the just-completed school year as Barstow Community College also sees growth in its articulated offerings.

These are exciting results that present great opportunities for growth, especially through the collaborative work with the Mountain Desert Economic Partnership. Industry partners in the region are providing a range of opportunities for High Desert students in the areas of internships, mentoring, field trips, job shadowing and training for teachers. In the field of medical training, there are affiliation agreements with 40 companies and programs for internships. During the just-completed academic year, the MDCP advisory committees held 17 industry-specific meetings to garner feedback and gain input for career technical education programs across the region.

Upcoming joint projects for MDCP and MDEP are focused on developing data needs in the following areas:

- Number of jobs anticipated in key regional sectors;
- Offering more training in soft skills areas;
- Charting local, unfilled critical-need jobs;
- Categorizing average number of days to hire by sector;
- Detailing average costs to recruit and hire by sector;
- Increasing career technical education data on students by specific industries of study that includes participation in work-based learning.

The thriving partnership between the MDCP and MDEP has helped the high school graduation rate for all seniors in career technical education programs in the region reach 94%, which is about 10 points higher than our countywide graduation rate.

Providing opportunities for more post-secondary learning is a key factor looking forward for the High Desert region. Offering students more local, four-year-college experiences would help to maintain and grow a more highly skilled workforce across the region. The California Department of Education recently released first-of-a-kind data showing college-going rates throughout the state, as well as at the county, district and local levels. The overall state college-going rate for the 2017-18 academic year was 64.4% and countywide the rate was 58.4. High Desert school districts graduate about one-fifth of the county's 28,144 graduates and the area's top districts in college-going rates included Barstow (61.4%), Apple Valley (57%), Silver Valley (56.8%) and Hesperia (55.9%).

Among the more than 16,000 county grads who attended college from the Class of '18, more than 9,400 enrolled in California community colleges. There were 3,100 grads who enrolled in Cal State

University schools and another 1,600 who attended University of California sites.

The new data will give all county districts and schools the opportunity to target more resources and programs to assist students in transitioning to colleges and future careers and developing the education and skills demanded by our global workplace. As county superintendent I am confident in the work being done by the 33 school districts in our county to keep our region competitive in attracting employers and industries that will sustain our communities. Just as the High Desert has shown with its strong collaborative spirit between education and industry, I look forward to initiating and fostering strong partnerships in our communities to enhance the quality of life throughout our region as we continue to transform lives through education.





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The Latest News on The Tapestry Project

By The Tapestry Development Team

After what seems like an eternity, the Tapestry project in the City of Hesperia is moving toward becoming a reality. Tapestry is a state-of-the-art master planned community in the City of Hesperia. When completed over the next several decades, the community will include 15,663 residential units, over 700,000 square feet of commercial and business park development, 7 elementary schools, a middle school, a high school, over 380 acres of new parks and a trail system of over 190 miles. The community will be one of the most environmentally sensitive communities in the country and will employ the latest in construction techniques. It will be a connected community that will be a place to live, work, and play for many years to come.

It hasn't been an easy process. It took almost five years to complete the planning and approval process and an additional 18 months to resolve all of the environmental litigation that came after approval. But with the approvals completed and the litigation settled, Tapestry is ready to do its part in lifting the values in the Mojave River Valley.

Employers have consistently indicated that one of the chief stumbling blocks to attracting good paying jobs to the Mojave River Valley is the lack of a varied and modern housing stock. Young families want to live in a safe, well-planned neighborhood, and that has been lacking in most of the Mojave River Valley. By providing a wide range of housing types, Tapestry hopes to address this

concern and do its part in attracting new businesses to the region.

This past year has been spent on finalizing the financing structure for Tapestry and completing the engineering necessary to start construction. The Tapestry team hopes to have building permits to start construction in early 2020. If all goes according to plan (which it never does), the first residents will be calling Tapestry home in 2022.

It is an exciting time in the Mojave River Valley. Pressures of population growth in Southern California, and the lack of affordability in the coastal communities, make our little corner of the world a very attractive place to live. Look for more exciting news in the months ahead.

California's Interesting World Of Human Resources And Employment Law

By Sharon Page - HR Edge

New Harassment Prevention Training Requirements

There's an old Chinese proverb that says, "May you live in interesting times." Since we live in California, that proverb is an accurate forecast for us every year because every year the state legislature continues to add to the burdens on employers – especially small businesses. The state (and to a lesser extent, the federal government as well), reacts and responds to issues, circumstances, and individual cases with what feels like a dump truck load of new laws.

As we head solidly into Q3, I've been thinking a lot about the world of Human Resources and what is going on in our industry. I've looked back at the questions our clients have been asking and what the employment law attorneys, economic forecasters and HR professionals are anticipating for the rest of this year and beyond. Here are the things you need to know.

Unless you were a big movie fan, you probably didn't know Harvey Weinstein's name before the fall of 2017. In the aftermath of the investigative report surrounding the allegations of sexual harassment, the #metoo movement was born. In the past 2 ½ years, there have been over 250 other high-profile individuals accused of sexual harassment in the workplace.

As a result of these allegations, legislatures across America reacted with a variety of different bills, proposals, and laws. California, of course, was no exception.

The most significant bill in terms of widespread impact was SB 1343. It was no surprise that Governor Brown signed it into law. The law greatly expands the number businesses required to provide

the 2-hour supervisory harassment prevention training. Now small businesses with just 5 or more employees must comply. In addition it also adds a one-hour training class for all non-supervisory employees for businesses with 5 or more employees. That's a LOT of training.

Even if a business did the training in 2018, DFEH (Department of Fair Employment and Housing) says it needs to be repeated in 2019. There are several options to get the training completed—you can have a trainer come onsite, you can send employees to an offsite training, or you can provide online training.

New employees will need to complete their training within 6 months of hire. All businesses need to complete the training by January 1, 2020. The course certificates will be good for 2 years, so this training will need to be repeated every 2 years.

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One common question is—can I take the training as a supervisor/office manager/practice administrator and then deliver it to my employees? And while it seems like that may be a logical option, the regulations specifically require qualified trainers. Qualified trainers are generally defined as attorneys, human resources professionals or harassment prevention consultants with at least 2 years of experience, or law school, college or university instructors who have 20 hours of employment law instruction under FEHA (Fair Employment and Housing Act) or Title VII (Civil Rights Act of 1964).

Other new bills in the area of sexual harassment include limiting your ability to have a confidential settlement and defining what can, cannot, and must be revealed when providing references after a sexual harassment incident. If you have an allegation in the workplace, make sure you have a plan to complete a thorough, effective, timely investigation and then discuss with your attorney the best next steps.

Since we're over halfway through the year, if you haven't completed or scheduled your training yet, you should get it on the calendar so you aren't scrambling at the end of the year.

Wage And Hour Compliance

Many California small businesses and organizations are still having challenges with Wage and Hour and other compliance issues. Please realize that these are low hanging fruit for plaintiff attorneys because it is next to impossible for an employer to accurately capture the time 100% of the time. Therefore, you may want to do a self-audit on a regular basis and make sure you're capturing any errors, correcting any issues, and disciplining employees for not following your policies.

Meal And Rest Breaks

Despite the Brinker court decision from 2015, it is still challenging to document meal and rest breaks. Every business needs to offer and encourage employees to take their mandatory meal and rest breaks. Make sure supervisors understand this critical need and are communicating with their direct reports. Employees are entitled to at least 30 minutes of unpaid, uninterrupted, duty-free time, no later than the end of their 5th hour of work for their meal periods, unless they are working a shift that is 6 hours or less. One challenge—make sure that the time is duty-free. They can't be interrupted by coworkers, clients/customers, vendors, etc. while they're on their meal period.

What happens if an employee doesn't get their meal period? Or has to finish up with a customer before they can take it and it's late? The employer must pay them for all their time worked AND pay them a one-hour penalty at their current wages.

Overtime

Most businesses have a good grasp of the daily overtime requirement—any time worked over 8 hours in a day is paid at time and a half (up to 12 hours and then it's double time). There are some additional regulations about overtime, but in general, that's the main rule. However, overtime does vary by Wage Order.

Review your Wage Order to see how to specifically pay overtime. The Industrial Wage Orders govern wage and hour for California entities, and if you don't know which one applies to you, look here: <https://www.dir.ca.gov/dlse/WhichIWCOClassifications.PDF>

TIP: You also need to post your Wage Order, along with your giant All-In-One

poster.

Two exclusions to daily overtime are:

- Alternative Workweek Schedule
 - o Regularly scheduled workdays that exceed 8 hours in a day
 - o Need to follow specific steps, including a secret ballot to implement and submitting results to the state
 - o May vary seasonally (example – 4/10s during the summer/fall and 5/8s during the winter/spring)
- Make-Up Time
 - o Employers cannot require or solicit
 - o Employees can take off time for personal reasons and make up the time in the same workweek
 - o Employees may work up to 11 hours in a day without incurring overtime premiums
 - o Employers must define their workweek and the time off/made up MUST occur in the same workweek
 - o Employees must request Make-Up Time for each occasion

Training

There's been an uptick in businesses and organizations that are offering training to their employees. Not surprising since unemployment is so low. One low-cost perk that helps an employer be a great place to work is to offer personal and professional development. In addition, many businesses are looking for more ways to offer additional internal opportunities to their employees. Even small businesses can provide developmental training and allow employees to take on new/different roles and tasks. One common theme as the millennial generation floods the market is that younger workers are always looking to learn new skills and are keeping an eye out for the

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California's Interesting World Of Human Resources And Employment Law

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next opportunity. That may be at the desk next to where they sit today.

The most popular topics include:

- Workplace Positivity
- Team Building
- Leadership
- Communication
- New Supervisor Training (ie., what tools newly promoted or hired supervisors need to be effective in their new role)

Independent Contractors

One big court case that is rocking the employment world is the Dynamex case.

In this critical court case decided last year, the California Supreme Court ruled that all workers would be considered employees unless the hiring entity could show that all three of the ABCs were met:

- A. that the worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact;
- B. that the worker performs work that is outside the usual course of the hiring entity's business; and
- C. that the worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed.

This new ruling severely restricts who meets the criteria for an independent contractor and limits the hiring entity (and the attorneys) from arguing that an individual is appropriately classified as such.

Some examples to consider:

1. An employee working 9-5 for an of-

fice expresses a desire to work after-hours doing the janitorial work. The employee says they can do the work better than the current vendor and could use the extra money. This scenario presents multiple red flags, but one of the major issues is that the worker doesn't meet the C of the ABCs.

2. *A hiring entity hires a handyman to come work on a project. Before it's complete, they agree on a second project. The work continues with the handyman doing more and more work for the hiring entity. It's now been a couple of years, and the handyman is now working regularly scheduled hours for the hiring entity but is still getting paid as an independent contractor. This is a somewhat common scenario where a hiring entity hasn't reviewed 1099s to ensure they are still the most appropriate relationship with the workers.*
3. *A plumbing company is experiencing an unusually high call volume. The company calls on another plumber to help. This relationship, under the new ABC rules, is probably one of employer-employee because even though the plumber may meet A and C, the work doesn't satisfy B.*
4. *A retail shop has a plumbing problem and calls in a plumber to fix it. That's an independent contractor and not an employee relationship.*
5. *A plumbing contractor has a plumbing problem and calls in a plumber to fix it. That's a gray area! It seems like it should be a pretty simple answer: independent contractor. But the way the ruling was written, it falls into a grey area ... because the work performed is part of the usual course of the hiring entity's business.*

So tread lightly and keep an eye out. There's currently legislation in progress to expand the court decision, minimize the decision, exclude certain industries from the decision, etc. Most sources indicate that the decision will most likely remain, although some exclusions will be specified.

Arbitration Agreement Decision

On a positive note for employers, the California Court of Appeal recently handed down a decision regarding an employee who refused to sign an arbitration agreement, even after being notified that the agreement was a condition of employment. In a somewhat surprising decision, the court said that the employee's continued employment after that notification had implied consent to arbitration and therefore would be compelled to arbitrate. While there remains some pros and cons to arbitration (and that's a conversation you should have with your employment law attorney), that's a welcome pro-employer decision.

As you can see, the world of HR in California continues to be interesting. There are always things going on in our legislature, as well as the employment arena in general.

Wishing you much success as we round the corner to finish out 2019,

Sharon R Page - Helping California's small businesses navigate and implement the state's employment rules and regulations so employers can make their HR decisions quickly and with confidence, knowing what and where the risks are.

Note: I am not an attorney. This is not legal advice. These are HR Best Practices. If you need legal advice, contact your employment law attorney.



San Bernardino County Goes Digital with EZ Online Permits

Efficient • Convenient • Simple Visit: EZOP.sbcounty.gov

By Terri Rahhal, Director, San Bernardino County Land Services Department



Good News for Builders

When was the last time you heard about government making new construction easier? Impossible, you say? Paradoxical? Laughable? Well, hold onto your (hard)hat! The county of San Bernardino has implemented the EZ Online Permit (EZOP) system to make building projects easier in the unincorporated areas of the County. EZOP combines fully digital plan review and permitting with a web-based portal to facilitate remote access by customers and staff. This web-based platform allows the whole permit life cycle, including plan review, permits, and inspection services to go paperless. The county issues approximately 7,000 permits every year. With that kind of volume, human errors inevitably occur when paper plans are bundled together accidentally or placed in the wrong bin. Electronic plan review solves all the problems related to handling paper by implementing efficient record management, which also saves the customer travel time and printing costs.

What is EZOP? Why is it Better?

The county has customized Accela Automation Software to create EZOP, which provides customers 24/7 access to plan review and permit records. File plans and apply for permits any time. See plan review comments as they are completed. This platform provides full transparency for the property owner. See status information and plan corrections firsthand, instead of relying on a third party to give you updates. For first-time applicants, or for anyone who wants a little help getting started,

customer kiosks are provided at every County Land Use Services office. Staff will provide as much assistance as needed and is happy to do so. If a customer submits hand-drawn plans, that is not a problem. The plans will be accepted and scanned, free of charge. From that point forward, the plan review proceeds like any electronic submittal. EZOP is an enterprise system utilized by all county departments involved in plan review and permitting, including Land Use Services, Public Works, and County Fire. Cities that partner with County Fire, such as Hesperia and Adelanto, also have access to EZOP for their fire-safety-plan reviews. EZOP truly lives up to the tag line: Efficient – Convenient – Simple.



Resources Available at: **EZOP.sbcounty.gov**

The EZOP website is much more than the access point for permit customers. It is a resource center for how to use EZOP, how to find standards and specifications, how to make special requests, like getting multiple projects submitted to the same plan checker or how to submit a stock plan that has been approved for another project site. Many useful information bulletins are posted there as well. Tired of getting a soils report for every project site? The county now offers a foundation specification approved for all soils as an alternative to engineering the site to determine the specifications. Last but not least, the EZOP website also has a fee estimator to plan ahead for the costs of plan review and permits.

Developer Roundtables

EZOP is a big time-saver. What, you may wonder, is the county staff doing with the time savings? Well, we have learned many lessons about communication. Often, the face-to-face contact over the building counter provided additional information and pointed out key information that might not come through in an electronic plan submittal. So we do contact customers at key points to make sure we understand the customer's needs and to establish a rapport. As we add information and resources to the EZOP website, we seek customer feedback on what works for them and what else they would like to see. When the county first went live with EZOP, we scheduled developer roundtable meetings to help people learn to use EZOP and to work out bugs in the system. These meetings were very valuable, and the topics of conversation encompassed much more than EZOP-user training. The county learned about the building customer experience, frustrations with the plan review process, consistency in plan corrections, and many great suggestions for improvements. We have come a long way, and there is still room for improvement, so the roundtable discussions continue. For more information about EZOP or building in the unincorporated communities of San Bernardino County, please contact the County Land Use Services Department at luscustomerservice@lus.sbcounty.gov



High Desert Report

An economic overview of the Mojave River Valley

City Of Adelanto Continues Growth and Expansion in 2019

By Jessie Flores, City Manager, City of Adelanto



2019 has proven to be one of the most active and successful years in the history of Adelanto, as commercial and residential development and public

works projects continue at a rapid pace. Several of the more significant projects underway are highlighted below.

Commercial Development

1. Lewis Group Towne Center (Highway 395 & Mojave Drive)
 - a. Grading plans, water plans and hydrology report have been submitted for Adelanto's review. Currently in plan check for grading and utility construction permit approval.
 - b. The first phase of this long-awaited shopping center is expected to be completed in mid-2020.
2. ARCO/AMPM Service Station
 - a. Rough grading and building foundation are complete.
 - b. Building currently under construction, with expected completion in late 2019.
3. Greenpark Development (Air Expressway and Daisy Road)
 - a. Development includes cannabis cultivation and a multi-tenant retail and office building.
 - b. Expected completion late 2020.
4. Cactus Avenue & Highway 395
 - a. Development includes car wash, retail development, 16 super-charging stations, and 76 gas station.
 - b. Expected completion mid-2020.
5. Palmdale Road & Bellflower Street
 - a. Being presented to Planning Commission for entitlement approval, August 2019.

b. Project includes commercial/retail development, including a drive-through restaurant.

Housing Development

1. Stonebriar I & II (Frontier Communities)
 - a. First phase, 56 homes, Stonebriar-I, almost sold out.
 - b. Second phase, 48 homes, Stonebriar-II construction currently in process.
2. Aster Pointe (DR Horton)
 - a. 44 homes currently under construction.
 - b. 148 units anticipated to be completed in 2019.

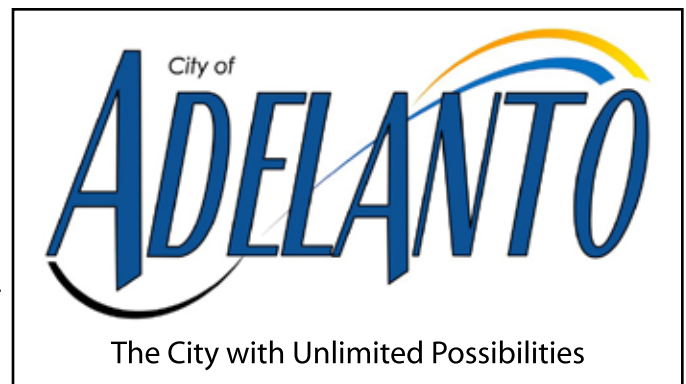
Capital Improvement Projects

1. Rancho and Adelanto Road repaving Project
 - a. Contractor is mobilized, and removal of old concrete has already begun. Project duration is approximately 4 months.
 - b. Awarded contract is \$3.6M plus 10% contingencies and \$100K for inspection and testing, Measure I fund.
2. Safe Routes to School—An \$800K federally funded program to install safe access to elementary schools by constructing new sidewalks, ramps, and traffic safety devices. Project is complete.
3. Bellflower Repaving and Transit Access Project
 - a. Repave Bellflower Street between Lee Avenue and Air Expressway. Also includes segments of new sidewalk near Lee Avenue and on

Bartlett Avenue to improve access and pedestrian safety to existing Victor Valley Transit Authority bus stops.

b. Scope of work has been approved by city council, and design work will begin before the end of 2019. Construction estimated for fall '20, Article 8 fund will be used.

As Adelanto approaches the fiftieth anniversary of its incorporation, the city is poised to emerge as one of the High Desert's most vibrant and dynamic commercial and residential centers. The projects that moved forward in 2019 will serve as important components of the rapid advancement of our community.



High Desert Report

An economic overview of the Mojave River Valley

Town of Apple Valley Update

By Orlando Acevedo, Economic Development Director, Town of Apple Valley



With a population of more than 82,000 residents, Apple Valley continues to experience steady economic growth.

St. Mary Medical Center opened a 12,500-sq-ft Urgent Care in 1Q18, and at Lewis Retail Center's Apple Valley Commons, several new quick service restaurants opened including Wingstop and Los Alazanes, along with 76 Fuel and Beyond in the last 12 months. In 2Q19 Tractor Supply Company opened a 19,000-sq-ft store on Bear Valley Road at Braeburn, creating 15 jobs.

In 3Q19, Chase Bank broke ground on a new 3,500 square foot branch office with drive-thru services at the southeast corner of Apple Valley and Bear Valley Roads. Nico Plaza, an approved commercial building at Kamana and Hwy 18, is expected to begin construction in 4Q19 and include Apple Valley's third Starbucks drive-thru coffee location along with a remainder 1,300-sq-ft unit for a quick service restaurant.

Approved development plans for Corky's Kitchen and Bakery to remodel and occupy the Johnnie D's restaurant at the corner of Bear Valley and Apple Valley roads. The remodeled building will include glass storefront enhancements and the clay tile roof will be replaced with a standing seam metal roof. A portion of the building will be demolished to make room for an outdoor dining patio. Corky's will open in late 2019 and will hire 60-80 individuals to help serve its guests. It is the region's first Corky's.

One of the largest projects in the region's history both in sheer size and economic impact, Big Lots Distribution Center,

is expected to be fully operational in 4Q19. The \$120 million, 1.3 million-sq-ft center includes 30,000 sq ft of office space. Big Lots will have contributed more than \$818,000 in school impact fees to the Apple Valley Unified School District, more than \$130,000 to the Apple Valley Fire District, more than one million dollars to sewer and road impact fees, add road improvements to Navajo, install a new road on LaFayette, and add nearly 500 jobs to the community.

The Town successfully annexed 1,365 acres of land in North Apple Valley. Approved by the council and subsequently approved by the Local Agency Formation Commission of San Bernardino (LAFCO) in 1Q19, this action adds three miles of prime freeway frontage to the town's boundaries, increases freeway visibility, and will help to attract more retail and industry to North Apple Valley. As development occurs in this area, the additional tax revenues will support town services throughout the entire community. Development standards and entitlement process for future projects, including public roads, will be brought under the town's jurisdiction.

The Town Council and Planning Commission launched a complete development code review on May 1, 2019. The first joint meeting helped gauge interest and solicit ideas to make our development process more flexible. This will make it easier to gain compliance and offer a more business-friendly environment, while maintaining Apple Valley's high-quality standards as we grow. As a result of the joint meeting discussion, the town council directed the town manager to bring back items for further consideration and those amendments are ongoing.

In 1Q19, the council approved a contract amendment with Dokken Engineering for engineering services on the Apple Valley Road/Highway 18 Intersection Realignment Project for an amount not to exceed \$491,366. The town was awarded a \$4.5 million SB-1 state matching grant to widen the intersection. This \$9 million project will also include new signals, storm drains, curbs, sidewalks, ramps, gutters, and a new monument sign to mark the entrance to town.

Judge Donald R. Alvarez has set trial for Sept. 30, 2019, on Liberty Utilities' challenge to the town's right to acquire the Apple Valley Ranchos Water System by eminent domain. The trial by judge will be conducted in San Bernardino County Superior Court in downtown San Bernardino and may last for several weeks. The legal question before the judge is whether the town's proposed acquisition and operation of the water system is in the public interest. Liberty Utilities is challenging this presumption and will have the burden of disproving it. If the court determines that the town has the right to acquire the water system, there will be a subsequent trial, which will be before a jury at a later date, to determine the amount to be paid for the acquisition.

Apple Valley Choice Energy offers Apple Valley businesses and residents 3% lower generation rates than Edison with higher/greener renewable content.

In 2Q19, the town council approved increased opportunities for accessory dwelling units.

A development permit was approved in late 2018 to complete the 96 remaining single-family homes in the Vista Del Sol community in North Apple Valley.

**Barstow's Economic Progress Continues Under New
City Manager - Update**

By Nikki Salas, City Manager, City of Barstow



Recently appointed Barstow City Manager Nikki Salas, Ed.D. reports a number of recent developments that have occurred under her leadership. Thanks to the passage of Measure Q, a one-cent sales tax increase approved by local voters in November 2018, the city plans to enhance public safety through the addition of eight new police officers and six firefighter paramedics. Additionally, there has been good news on the economic development front.

The Shops on Main, anchored by a Walmart Supercenter, have added a Jack-in-the-Box restaurant, as well as an adjacent retail center that has signed three new tenants, an electric vehicle charging station, and an ATM kiosk. Burlington Northern/Santa Fe recently completed a new intermodal facility that is expected to stimulate more warehousing and logistics employment in the city. Perhaps most encouragingly, land has been purchased and plans submitted for a new countertop-and-tile-manufacturing operation that will bring 400 new jobs to Barstow. Finally, ground has been broken on the long-awaited Home-2-Suites Hotel in the Lenwood Road highway commercial area.

With regard to housing, city staff met recently with a developer in-

terested in constructing 146 homes on an already-approved subdivision map. This is an encouraging development in our efforts to revive the long-dormant new housing market in Barstow.

In the brief period of time under Salas' leadership, the City of Barstow has made impressive strides with regard to public safety, economic development, and housing. As the local and regional economies continue to recover, additional progress can be expected.



**Town of Apple Valley
Update**
Continued

With 30 homes built and occupied in the gated community, the project will bring semi-custom homes to prospective buyers seeking Apple Valley's rural lifestyle, dramatic landscapes, and growing community. Located in North Apple Valley along Choco Road, the latest proposal, approved by the Apple Valley Planning Commission on Dec. 19, consists of four floor plans ranging from 2,508 to 3,396 sq ft of living area with three different building elevations per floor plan.

Fast Facts:

- Population: 82,224 (includes 92307 and 92308)
- Median HH Income: \$55,300
- Average HH Income: \$78,600
- Households: 29,600
- Owner-Occupied Housing Units: 19,041
- Renter-Occupied Housing Units: 9,333
- Average HH Size: 2.88
- Median Age: 38.8



High Desert Report

An economic overview of the Mojave River Valley

City of Hesperia Update

By Rod Yahnke, Economic Development Manager, City of Hesperia



Hesperia is pleased to be the new home to Texas Roadhouse's first location in the High Desert. Enthusiastic crowds waited in line to be among its first customers, with thousands of patrons served in the first few weeks. Known for delicious home-style food, fun atmosphere, and friendly wait staff, Texas Roadhouse offers a unique, family-friendly dining experience. Conveniently located on Mariposa Road just south of Main Street, Texas Roadhouse is a great dining option for local families and commuters alike.

Hesperia welcomed another first in the High Desert – Kahoots Pet Store. Located on Main Street at Maple Avenue, Kahoots offers high-quality products and services for the care and feeding of pets and livestock. Their 15,141-sq-ft facility provides food and products to support the needs of families in the care of their household pets, as well as the needs of the 30+ equestrian centers in the region. In addition to retail, Kahoots offers both pet vaccinations and teeth cleaning.

Delighting gourmets in our region, Culichi Town Sushi and Mariscos has also selected Hesperia for its first High Desert location. Offering Japanese/Sinaloan fusion cuisine, Culichi Town specializes in Japanese rolls and Sinaloan seafood dishes. Culichi Town is located on West Main Street at Catalpa and anticipates a summer 2019 opening.

Hesperia is excited to welcome a second Aldi market to the city. Sited in the northeastern region of the city at Bear Valley and Fish Hatchery roads, the

58,866-sq-ft shopping center will also include Les Schwab Tires.

A new Chevron opened at Fashion Court at the Ranchero Interchange, serving residents and motorists along the Interstate 15 corridor. The service station includes both a Fatburger and Chronic Tacos, sure to draw interest from locals and hungry travelers alike.

More Business Development:

- Mexico Lindo restaurant is now open on Main Street at Catalpa Way;
- Organic Fusion Teahouse and Café is now open on Main Street at Topaz Avenue;
- Marco's Pizza is now open on Main Street at Escondido Avenue;
- DD's Discounts on Main Street at Ninth Avenue plans a Q4/2019 opening;
- Mama Carpino's restaurant on Juniper Street across from the Civic Plaza Park is under construction;
- Kaiser Permanente Medical Offices' 10-acre site on Escondido Avenue south of Main Street plans a 2019 groundbreaking;

Housing continues to present a strong front in Hesperia. During Fiscal Year 2017/18, 293 single-family-home permits were issued, while 205 were issued in Fiscal Year 2018/19. Several market-rate multi-family housing projects are moving forward, including Frontier Homes Apartments with 160 units on Live Oak and Olive Tree Apartments on Third Avenue with 186 units.

Industrial interest continues to grow, with announcements on the horizon for more than 200,000-sq-ft of new manufacturing coming soon.

Hesperia is customer focused. Hesperia's Economic Development team continues to prioritize attracting development that will add to the strength and character of the community. Contact us about these projects or other opportunities at econdev@cityofhesperia.us.



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- Huge selection of prime sites
- A City Council committed to commerce
- Trade area population: 205,000
- Average household income: \$62,000
- Retail Potential: \$2.5 billion

City of Hesperia
Rod Yahnke, EDEM
rod@cityofhesperia.us

To learn more about how Hesperia can work for you, visit cityofhesperia.com/bizdev



High Desert Report

An economic overview of the Mojave River Valley

Victorville City Update

Victorville Continues to Experience Strong Growth

By Sophie L. Smith, Deputy City Manager & Director of EDC

The City of Victorville has continued to enjoy strong growth in 2019 with new retail, industrial, and residential developments within the city. With a population surpassing 125,000, Victorville is primed for success and continues to be a top-choice destination by industries.

Retail & Commercial

Victorville's largest retail addition so far in 2019 came in June when Cardenas Markets opened its doors to the community at Palmdale and El Evado roads. Cardenas Markets, which is now the premier store in the former Ralphs shopping center, introduced a new design concept to enhance customers' shopping experience. The 42,000-sq-ft store has provided a convenient location for residents to shop and has resulted in some 200 employees being hired to manage operations at the store.

Other retail announcements through 2019 include Circle K gasoline and convenience store locating to Mojave and Village Drives; Tacos La Bufadora Baja Grill occupying a building in Dunia Plaza and Wing Stop opening their third location in the Desert Plazas at Roy Rodgers Drive. New retail developments that will be coming in late 2019 include several car washes, new or expanded gasoline stations and markets, and Sundowners family restaurant. In addition, Hampton Inn has submitted plans to build a new hotel, located on Mariposa Road, providing 87 rooms.

Two medical facilities are underway in 2019. One, proposed to be approximately 16,506-sq-ft, and will be located at the Business Center on Jasmine Street and will provide medical services. The other will be an approximately 14,300-sq-ft, multi-tenant professional office building located on Silica Rd.

Industrial and Warehousing

Cemex Admix, located on E Street, is undergoing an expansion project. The industrial company will be adding 22,400-sq-ft of building space and 3.69 acres of overall space to their existing

land to allow for a concrete-additive and grinding-aids facility to be built. The expansion is a result of increased demand in products and materials.

Southern California Logistics Airport (Warehousing and Manufacturing) Real Estate Activity

The warehousing and manufacturing outlook at the Southern California Logistics Airport (SCLA) continues to be positive with numerous expansions and lease agreements so far in 2019. Newell Brands completed an expansion to its facility, Distribution Centre 3, in March of 2019, bringing their building space from 584,412 to +1,050,667-sq-ft.

In June 2019 Plastipak announced its expansion at the Southern California Logistics Airport. The expansion includes an additional 233,770-sq-ft, bringing the total building space to 530,230-sq-ft. Plastipak's need for expansion was driven by their venture with Hydration Source, a water bottling company based out of Plymouth, MI.

Southern California Logistics Airport (Aviation) Real Estate Activity

SCLA continued to boost its occupancy rate with the addition of seven leases. The lease agreements included companies such as The Boeing Company, HDSI, Otto Aviation Group, Aircraft Recycling Corporation, United States Air Force, Cal Fire, and Exquadrum Inc. With these additions, the SCLA occupancy rate remains strong at 88%, with only six buildings available for occupancy.

City Infrastructure Projects

Many city-wide infrastructure projects are planned in the coming year. Scheduled for late spring 2020 on Silica Road and Industrial Boulevard, a pavement reconstruction is planned. Another planned infrastructure project is our widening of the Bear Valley Road bridge. This project would widen the current bridge on both sides of Bear

Valley Road over the BNSF Railway tracks, from Industrial Boulevard to about 350 feet east of Ridgecrest Road. This improvement will widen the lanes to accommodate higher traffic volume and accommodate a double eastbound left turn lane from Bear Valley Road to Ridgecrest Road. On June 18 the City Council approved a funding agreement with the San Bernardino County Transportation Authority (SBCTA) committing SBCTA and the City each to fund up to \$1.6 million of the \$8.3 million project. Additional funding is being sought from Caltrans and the federal Highway Bridge Program. Construction is expected to take at least a year to complete.

Residential Development

Residential development continues to expand in the City of Victorville. Currently, nine housing developments are either in the planning or building review, construction, or occupancy phases. Developers such as KB Homes, D.R. Horton, K. Hovnanian Homes, and Legacy Homes, among many others, are collectively building over 220 new homes. Homes range in size from 1,600-sq-ft to 3,000-sq-ft, providing many design schemes and pricing options for persons considering purchasing a new home in Victorville. Last year the city issued 322 single-family-home permits and have 227 to date in 2019, putting the city on pace for an estimated 400 permits issued by year's end.

Sterling Inn, located on the southeast corner of Ridgecrest Road and Lindero Street, is adding 40 new units to their existing 98,000-sq-ft convalescent housing complex creating 133,000-sq-ft of total space. The additional units, featuring large floor plans, will serve as housing for seniors. Sterling Inn offers assisted- and skilled-nursing-care services for its residents.

For more information about the City of Victorville, visit our website: VictorvilleCity.com or contact us at: 760.955.5032.

High Desert Report

An economic overview

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