

High Desert Report

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



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I wish to welcome our current, future and long standing subscribers and sponsors to the 52nd edition of the Bradco High Desert Report, the first and only economic overview of the High Desert region, covering the northern portion of San Bernardino County and the Inland Empire.

Great information in this edition includes a building permit overview by Dr. Alfred Gobar, Chairman Emeritus of Alfred Gobar Associates (Anaheim) and editor of the Bradco High Desert Report as it relates to residential permits, nonresidential permits and its cycle that their firm has monitored over the last (10) ten years.

I personally want to thank Mr. Carlos Rodriguez, Chief Executive Officer of the Building Industry Association (BIA/Baldy View Chapter), Mr. Dennis Draeger, Assessor-Recorder-County Clerk for San Bernardino County, and our longstanding sponsor Ms. Violette Roberts of Mojave Desert Air Quality Management District for their articles. We wish to welcome back 33rd District Assemblyman Tim Donnelly; the County of San Bernardino Workforce Investment Board, and congratulate Ms. Kelly Reenders on her position as Director of San Bernardino County Economic Development Department.

The leadership in the First District of San Bernardino County is led by Mr. Robert A. Lovingood, our newly elected Supervisor. Robert and his staff are doing a tremendous job at the grassroots level to bring transparency and results to the First District Region.

We appreciate the articles from Ms. Vici Nagel of Academy for Grassroots Organizations, Ms. Yvonne Hester of Mojave Water Agency, and Ms. Jane Dreher with San Bernardino Associated Governments (SANBAG) and her update on the exciting road projects that the High Desert is experiencing.

As a Trustee at Victor Valley Community College District, I would also like to thank Mr. Bill Gruelich our Public Information Officer for his update on the great things occurring at Victor Valley Community College.

Nearly (2) two months ago I had a brief conversation with Mr. Robert A. Martinez, AIA a well-known and respected architect within the region about new laws affecting Americans with Disability Act (ADA), and we have asked him to write a rather complete but concise article about new laws etc. Robert is an expert in the field and we strongly encourage people to call him if they are in need of an ADA inspection assessment etc.

We always appreciate hearing from our friend Ms. Terri Kasinga of Caltrans, who always keeps the Inland Empire apprised of the many projects that Caltrans is continually working through. I recently drove to San Diego, I commented to my wife Deborah on how many hundreds of millions of dollars is being spent within the Inland Empire and more specifically within our county on road improvement, new interchanges, new overpasses, and new off ramps etc.

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High Desert Report

A quarterly economic overview

Economic Recovery Continues – Slowly

By Dr. Alfred J. Gobar

Chairman, Alfred Gobar Associates

Historically, there has been a close correlation between reported nonagricultural wage and salary employment and number of occupied dwelling units. This relationship has been tested for the United States as a whole, showing a long-term (50 years) correlation coefficient (R^2) of about 0.985. Individual analyses of housing markets in 140 U.S. Metropolitan Areas confirm this correlation.

Currently, the Federal Reserve Board seems to believe that a strong housing market will cause growth in employment, whereas most of the research Alfred Gobar Associates has done over the past decades suggests employment is the independent variable, and housing absorption is a dependent variable.

In any case, as shown in Exhibit A, nonagricultural wage and salary employment in Southern California as a whole has been increasing over the past twelve months. This measure of economic growth for the Southern California economy as a whole (Ventura, Los Angeles, San Bernardino, Riverside, Orange, and San Diego Counties) is illustrated on a county-by-county basis in graphic form in Exhibit A. In percentage terms, employment growth in the Inland Empire has been substantially stronger than in other parts of Southern California, suggesting that the local employment base accounts for an increasing share of the total housing market

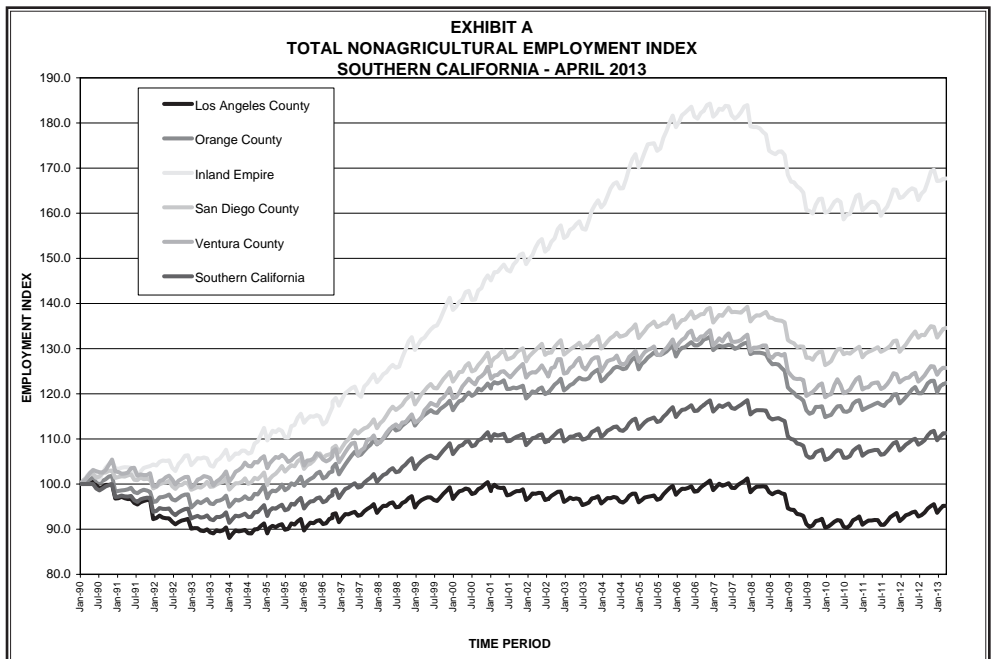
in the Inland Empire, which for several decades prior to 1990 was dependent on commuters to jobs in Orange, San Diego, and Los Angeles Counties.

Growth in nonagricultural wage and salary employment in the Southern California area between 2012 and 2013 amounted to approximately 150,000 jobs. This is fairly typical of “normal” economic times in the Southern California region and suggests increase in housing demand at a rate of about 120,000 units a year, allowing for second homes, some increase in vacant

units, etc.

Strong employment growth is evident for professional and administrative jobs, in the education and health fields, and in leisure and hospitality. State and local employment actually decreased over the most recent twelve months.

The pattern of change in nonagricultural wage and salary employment in Southern California, in the current recession as, compared with similar trends for the recession that began in June of 1990



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is illustrated graphically in Exhibit B. Extrapolation of these trends suggest that employment levels in Southern California will be back to the pre-recession level (of 2007) in late 2016 or early 2017; i.e., we still have a little ways to go to get back to where we started. Meanwhile, we are building a few new units.

Anecdotal information in the media suggest an exploding housing market. To some degree, this is an illusion. The large proportion of cash buyers implies that professional investors account for a large share of the market. In essence, when a speculator buys a foreclosed home for cash, rehabilitates it, and then sells it to a user, the entire transaction is equivalent to only one net sale of a housing unit to an ultimate user; i.e., the formation of a new household to buy or rent the incremental dwelling unit generates two sales—one to the speculator

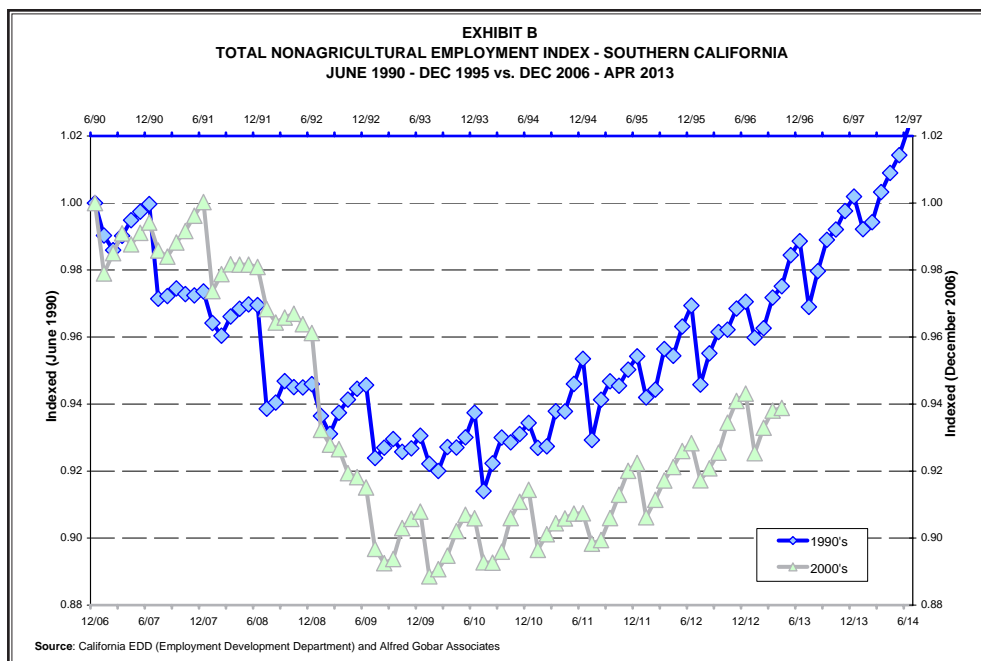


EXHIBIT C RESIDENTIAL BUILDING PERMIT SUMMARY (UNITS) HIGH DESERT AREA

Subarea	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Jan-13 Mar-13
Adelanto														
Single Family	0	96	327	367	900	1,101	329	307	1	26	54	24	20	9
Multi-Family	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	96	327	367	900	1,101	329	307	1	26	54	24	20	9
Apple Valley														
Single Family	277	362	542	641	1,019	1,349	904	149	56	43	67	22	62	25
Multi-Family	0	0	0	3	0	184	14	16	18	0	12	0	0	0
Total	277	362	542	644	1,019	1,533	918	165	74	43	79	22	62	25
Hesperia														
Single Family	210	539	463	1,034	1,478	1,760	1,051	402	189	2	2	0	0	0
Multi-Family	0	13	0	54	128	222	111	48	66	0	67	0	0	0
Total	210	552	463	1,088	1,606	1,982	1,162	450	255	2	69	0	0	0
Victorville														
Single Family	390	637	986	2,103	2,699	2,249	3,016	1,090	196	250	283	112	94	33
Multi-Family	12	0	100	176	82	130	228	459	224	0	0	40	205	0
Total	402	637	1,086	2,279	2,781	2,379	3,244	1,549	420	250	283	152	299	33
Unincorporated North Desert														
Single Family	323	362	274	757	1,193	1,222	1,115	556	119	61	48	35	30	12
Multi-Family	0	8	0	0	18	0	0	0	4	4	0	0	0	0
Total	323	370	274	757	1,211	1,222	1,115	556	123	65	48	35	30	12
Total High Desert (Excluding Barstow)														
Single Family	1,200	1,996	2,592	4,902	7,289	7,681	6,415	2,504	561	382	454	193	206	79
Multi-Family	12	21	100	233	228	536	353	523	312	4	79	40	205	0
Total	1,212	2,017	2,692	5,135	7,517	8,217	6,768	3,027	873	386	533	233	411	79
Barstow														
Single Family	0	0	7	2	34	68	48	75	32	3	11	6	50	2
Multi-Family	0	0	81	0	81	10	0	0	0	0	0	0	0	0
Total	0	0	88	2	115	78	48	75	32	3	11	6	50	2
Total High Desert (Including Barstow)														
Single Family	1,200	1,996	2,599	4,904	7,323	7,749	6,463	2,579	593	385	465	199	256	81
Multi-Family	12	21	181	233	309	546	353	523	312	4	79	40	205	0
Total	1,212	2,017	2,780	5,137	7,632	8,295	6,816	3,102	905	389	544	239	461	81

Source: San Bernardino County Land Management Department, Office of Building and Safety; Bureau of the Census - Construction Statistics Division.

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Continued

and the final sale to the user. In most normal circumstances, the formation of a new housing consumer generates one sale. The current market also is, in part, an illusion fueled by incredibly low mortgage interest rates.

Building permit activity in the High Desert is illustrated in Exhibit C. During the first three months of 2013, a total of 81 new units were authorized by permit, all of which were single-family homes. The largest number of new units authorized was in Victorville, followed by Apple Valley and the unincorporated area.

A linear extrapolation of 81 units per quarter suggests an annual rate of new development of 324 units a year, or 4.0 percent of the level of building permit activity that was achieved in 2005 (8,295

new units were authorized by permit in the High Desert in 2005). The current level of development represents about 8.0 percent of annual average building permit activity in this area from 2000 to 2010.

The supply-side of the demand and supply equation is not accelerating at a rate likely to result in shock in the near term.

Permit valuation data for 2012 and 2013 are not available. Information for 2011, however, shows a high average permit value per unit for new single-family units, suggesting that the limited amount of new housing being developed in the High Desert includes a larger-than-average proportion of custom homes, which would typically carry a higher permit value per unit.

Exhibit D summarizes nonresidential building permit activity on the High

Desert. There is little recent activity except for some new retail construction in Barstow and industrial development in the unincorporated High Desert. The total for the first quarter of 2013 is at an annualized rate of about \$100 million worth of permit activity, which is less than the aggregate for 2012 or any other prior year shown in Exhibit D.

Exhibit E expresses this information as a percent of San Bernardino County totals. The High Desert is not constituting a large proportion of the county's industrial and retail development. This is to be expected since these uses tend to be driven by either an urban environment or an increase in the consumer population.

Another interesting manifestation of the recession is that the composition of employment in Southern California is changing. Historically, nonagricultural wage and salary employment data are collected on the basis of a survey of employers. This data do not provide a basis for estimating unemployment. Another measure of total employment as well as of unemployment levels is based on a household survey in which respondents report the number of people in the household who are employed and also the number of people in the household who would like to be employed, but who are not (unemployed) and further information regarding part-time work, type of employment versus the employed person's training and education, etc. Historically, the level of employment

EXHIBIT D
NONRESIDENTIAL BUILDING PERMIT VALUATIONS (\$000s)
HIGH DESERT AREA

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Jan-13 Mar-13
Adelanto														
Retail	5,633	2,030	984	400	7,450	5,295	2,280	11,556	15,348	1,100	0	0	0	0
Office	0	624	0	0	0	0	0	0	0	0	0	0	0	0
Industrial	0	0	0	0	0	0	5,560	0	0	0	0	0	0	0
Apple Valley														
Retail	303	3,463	29,236	1,043	1,121	20,012	21,377	13,918	15,804	2,192	0	0	0	0
Office	0	0	0	0	0	0	3,000	0	0	962	3,327	0	0	0
Industrial	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hesperia														
Retail	1,666	3,407	571	9,437	3,720	2,252	23,776	43,354	30,213	1,849	380	0	0	0
Office	0	1,601	0	761	2,316	1,557	14,279	4,837	4,355	0	0	0	0	0
Industrial	1,952	1,798	3,142	375	0	3,181	2,927	5,510	3,263	0	0	0	350	0
Victorville														
Retail	32,814	23,337	17,298	8,937	5,205	12,712	2,820	4,043	7,610	4,048	1,088	16,613	497	0
Office	1,987	480	4,363	3,539	4,258	2,181	4,137	7,953	0	2,491	1,257	1,172	872	0
Industrial	0	643	12,511	568	67,733	0	0	30,566	25,688	30,544	10,964	0	566	0
Unincorporated North Desert														
Retail+Office	1,852	1,164	905	1,918	2,036	4,051	1,179	1,598	1,930	3,682	1,452	98	214	9
Industrial	4,536	985	963	280	50	1,889	59,828	15,810	3,011	692	4,167	19,198	76	745
Total High Desert (Excluding Barstow)														
Retail*	42,268	33,400	48,995	21,735	19,532	44,322	51,432	74,469	70,905	12,871	2,920	16,711	711	9
Office	1,987	2,705	4,363	4,300	6,574	3,738	21,417	12,790	4,355	3,453	4,584	1,172	872	0
Industrial	6,488	3,426	16,616	1,223	67,783	5,070	68,315	51,886	31,962	31,236	15,131	19,198	992	745
Barstow														
Retail	1,128	1,812	190	725	180	400	7,618	5,743	3,350	2,500	0	2,000	0	100
Office	200	352	0	0	343	0	0	0	0	0	0	0	38	0
Industrial	0	760	4,363	0	0	0	4,316	0	404	0	0	0	0	0
Total High Desert (Including Barstow)														
Retail	43,396	35,212	49,185	22,460	19,712	44,722	59,051	80,213	74,255	15,371	2,920	18,711	711	109
Office	2,187	3,057	4,363	4,300	6,917	3,738	21,417	12,790	4,355	3,453	4,584	1,172	910	0
Industrial	6,488	4,186	20,979	1,223	67,783	5,070	72,631	51,886	32,366	31,236	15,131	19,198	992	745
San Bernardino County														
Retail	134,185	184,602	161,690	229,890	180,449	235,491	297,276	356,302	255,148	35,817	29,076	58,602	104,446	14,494
Office	15,369	20,208	28,791	60,688	83,840	84,843	115,457	117,865	33,217	8,246	7,041	1,172	14,248	3,660
Industrial	404,568	330,928	243,003	241,743	435,579	321,773	372,801	350,521	92,200	32,864	21,854	50,630	163,438	26,633

*Includes Unincorporated North Desert retail and office valuations.

Source: Bureau of the Census - Construction Statistics Division; Construction Industry Research Board; San Bernardino County - Land Use Services-Admin

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Continued

that could be deduced from the Household Survey has exceeded the employment level estimated on the basis of the Employer Surveys, with the nonagricultural wage and salary employment estimate being about 85.0 to 87.0 percent of the estimate derived from the Household Surveys. This suggests that 13.0 to 15.0 percent of employed people worked in jobs as independent contractors, self-employed entrepreneurs, etc. The most recent data for 2013 indicate that the nonagricultural wage and salary employment sector as reported by employers is a smaller percentage of total employment than typical and that, therefore, independent contractors, self-employed people, etc., are an above-average proportion of the total; i.e., a larger-than-usual “informal” job base.

This ambiguous employment is likely to represent an increasing share of total employment as Obamacare goes into full force with restrictions on employers in terms of providing medical insurance relative to full-time versus part-time total employment level, etc.

In the next few years we are likely to see a larger proportion of total employment who will be people whose employment is not reported on the basis of the Establishment Survey and, therefore, the relationship between change in nonagricultural wage and salary employment and number of occupied units will imply that it takes fewer jobs to support the absorption of a new dwelling unit. That phenomenon may already be appearing to some degree

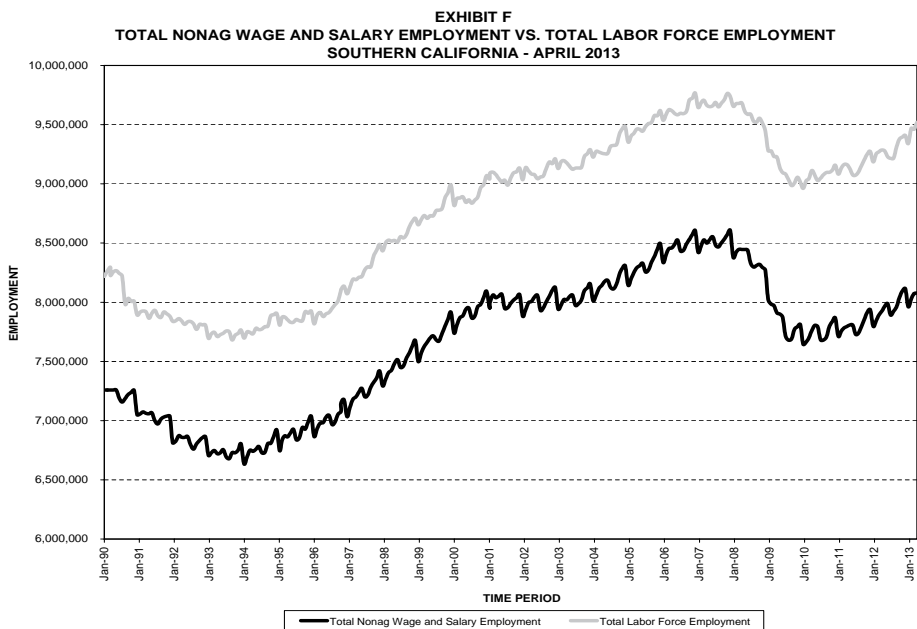
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EXHIBIT E NONRESIDENTIAL BUILDING PERMIT SUMMARY HIGH DESERT AREA AS A PERCENT OF SAN BERNARDINO COUNTY

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Jan-13 Mar-13
Adelanto														
Retail	4.20%	1.10%	0.61%	0.17%	4.13%	2.25%	0.77%	3.24%	6.02%	3.07%	0.00%	0.00%	0.00%	0.00%
Office	0.00%	3.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Apple Valley														
Retail	0.23%	1.88%	18.08%	0.45%	0.62%	8.50%	7.19%	3.91%	6.19%	6.12%	0.00%	0.00%	0.00%	0.00%
Office	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%	0.00%	0.00%	11.66%	47.25%	0.00%	0.00%	0.00%
Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hesperia														
Retail	1.24%	1.85%	0.35%	4.11%	2.06%	0.96%	8.00%	12.17%	11.84%	5.16%	1.31%	0.00%	0.00%	0.00%
Office	0.00%	7.92%	0.00%	1.25%	2.76%	1.83%	4.80%	1.36%	13.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Industrial	0.48%	0.54%	1.29%	0.16%	0.00%	0.99%	0.98%	1.55%	3.54%	0.00%	0.00%	0.00%	0.21%	0.00%
Victorville														
Retail	24.45%	12.64%	10.70%	3.89%	2.88%	5.40%	0.95%	1.13%	2.98%	11.30%	3.74%	28.35%	0.48%	0.00%
Office	12.93%	2.37%	15.15%	5.83%	5.08%	2.57%	1.39%	2.23%	0.00%	30.21%	17.85%	100.00%	6.12%	0.00%
Industrial	0.00%	0.19%	5.15%	0.23%	15.55%	0.00%	0.00%	8.58%	27.86%	92.94%	50.17%	0.00%	0.35%	0.00%
Unincorporated North Desert														
Retail+Office	1.38%	0.63%	0.56%	0.83%	1.13%	1.72%	0.40%	0.45%	0.76%	10.28%	4.99%	0.17%	0.20%	0.06%
Industrial	1.12%	0.30%	0.40%	0.12%	0.01%	0.59%	51.82%	13.41%	3.27%	2.11%	19.07%	37.92%	0.05%	2.80%
Total High Desert (Excluding Barstow)														
Retail*	31.50%	18.09%	30.30%	9.45%	10.82%	18.82%	17.30%	20.90%	27.79%	35.93%	10.04%	28.52%	0.68%	0.06%
Office	12.93%	13.38%	15.15%	7.08%	7.84%	4.41%	7.20%	3.59%	13.11%	41.87%	65.10%	100.00%	6.12%	0.00%
Industrial	1.60%	1.04%	6.84%	0.51%	15.56%	1.58%	22.98%	14.56%	34.67%	95.05%	69.24%	37.92%	0.61%	2.80%
Barstow														
Retail	0.84%	0.98%	0.12%	0.32%	0.10%	0.17%	2.56%	1.61%	1.31%	6.98%	0.00%	3.41%	0.00%	0.69%
Office	1.30%	1.74%	0.00%	0.00%	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.00%
Industrial	0.00%	0.23%	1.80%	0.00%	0.00%	0.00%	1.45%	0.00%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Total High Desert (Including Barstow)														
Retail	32.34%	19.07%	30.42%	9.77%	10.92%	18.99%	19.86%	22.51%	29.10%	42.91%	10.04%	31.93%	0.68%	0.75%
Office	14.23%	15.13%	15.15%	7.08%	8.25%	4.41%	7.20%	3.59%	13.11%	41.87%	65.10%	100.00%	6.38%	0.00%
Industrial	1.60%	1.26%	8.63%	0.51%	15.56%	1.58%	24.43%	14.56%	35.10%	95.05%	69.24%	37.92%	0.61%	2.80%
San Bernardino County														
Retail	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Office	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Industrial	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Includes Unincorporated North Desert retail and office valuations.

Source: Bureau of the Census - Construction Statistics Division; Construction Industry Research Board; San Bernardino County - Land Use Services



Homeownership Policy Priorities – A Federal Perspective

By Carlos Rodriguez, Chief Executive Officer
Building Industry Association (BIA) Baldy View Chapter

Every new home built creates three jobs, as well as expands and increases the tax base that supports schools and our community.

Our homes are the foundation of strong communities, and it is imperative that we pay attention to the debate about housing policy occurring at the national level.

Thanks to national policy that has acknowledged the importance of the home in American family life for almost a century, generations of Americans have counted on their homes for their children's education, their own retirement and a personal sense of accomplishment.

Despite the fact that most Americans want change that will mend the housing market, create jobs, and boost the overall economy, policymakers are proposing radical changes that threaten the dream of homeownership for millions of current and future Americans.

The policies that are being considered could negatively impact Americans' ability to buy a first home, keep their current home, or enter into the move-up market.

Mortgage interest deduction

Eliminating or limiting the mortgage interest deduction would impose a huge tax increase on millions of middle-class homeowners and discourage prospective buyers.

Changing the deduction would cause after-tax housing costs to increase and housing demand to decrease.

Reduced demand would depress home prices – produce a sizable loss for existing homeowners – leave more homeowners underwater, and fuel even more foreclosures.

Such a change in home values could weaken the economic recovery and perhaps drive the nation's economy back into recession.

Mandating 20 percent down payments

The national Qualified Residential Mortgage standard that is being proposed by federal agencies would require a minimum 20 percent down payment and

other stricter qualifications, which would keep homeownership out of reach for most first-time home buyers and middle class households.

It would take 12 years for the typical family to save enough money for a 20 percent down payment on a median-priced single-family home, according to National Association of Home Builders estimates.

Other research has found it would take even longer.

Creditworthy borrowers denied homeownership opportunities

Even though there is pent up demand for homes in many parts of the country – the construction or sale of which would create jobs and support local economies – lenders are not making loans to qualified home buyers.

Overly restrictive lending standards prevent creditworthy borrowers from buying homes, which slows the housing recovery and hurts the economic recovery.

Restoring the flow of credit to qualified homebuyers will boost the housing market, help put America back to work and strengthen the economic health of communities across the country by providing tax revenues that local governments need to fund schools, police and firefighters.

Just as each home is important to the family that owns it, housing is vitally important to local, state, and national economies.

It is critical that homeownership remains attainable and that access to safe, decent and affordable housing remains a national priority.

Economic Recovery Continues – Slowly

Continued

because of the trend lines illustrated in Exhibit F.

The data discussed above implies that full economic recovery is likely to be two to three years in the future. A larger proportion of the housing market in the Inland Empire will be supported by locally-employed people than has been true in the past. Land absorption (the economic variable of interest to many of the readers of this newsletter) at a rate of 120 acres per 1,000 new residents of the Inland Empire is likely to be fairly modest for the next two to three years. Sometime during the reasonably near future, real inflating-adjusted interest will have to come above zero percent on an after-tax basis, which raises the potential for a cosmic economic problem at the national and international level of how we cope with the huge amount of debt and high interest rates in an environment where we need economic growth. The economist whose ideas account for a lot of our current problems (John Maynard Keynes) may have had this situation in mind when he responded to questions about the long-term risks of his policy implications that, "...in the long run, we will all be dead." Could it be that the long run is finally catching up with us? At the age of 81, my odds of avoiding the long run are a lot better than those of the typical reader.



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High Desert Report

A quarterly economic overview

Assessed Values on the Increase

By: Dennis Draeger, Assessor-Recorder-County Clerk
County of San Bernardino

Proposition 13, overwhelmingly approved by California voters in June 1978, is the basis for property tax assessment today in California and all of its 58 counties. Prior to the passage of Proposition 13, property taxes could increase dramatically from year to year based on the market value of the property. The tenets of Proposition 13 limits the tax rate to 1 percent plus additional rates necessary to fund local voter-approved bonded indebtedness. It limits the assessed value increases to a maximum of 2% per year on properties that did not undergo a change in ownership nor had completion of new construction. Proposition 13 placed explicit limitations on the power of government to impose additional property taxes and it requires real property to be assessed at its current market value upon a change in ownership and new construction is to be reappraised at its current market value as of its date of completion. Proposition 13 has been amended numerous times since 1978, resulting in several change in ownership and new construction exclusions from reassessment.

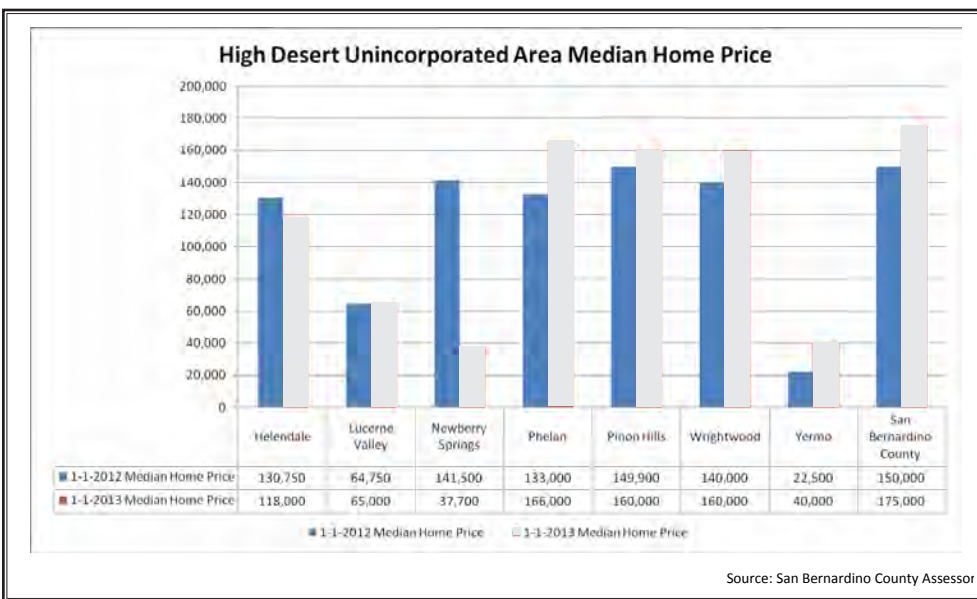
When Proposition 13 was originally enacted in 1978, it did not provide the assessor the legal authority to reduce assessments resulting from a decline in market value. California real estate was appreciating at record levels in the late 1970s so the drafters of Proposition 13 did not have the foresight or envision a need to allow assessors the ability to reduce assessments resulting from economic conditions, depreciation, damage, obsolescence, or other factors causing a decline in value. Proposition 8 was approved by the voters in November 1978 to remedy this oversight in Proposition 13. Proposition 8 allows the assessor to make temporary reductions to assessed values when property has been damaged or its value has been reduced by other factors such

as economic conditions. The assessor can recognize declines in value if the market value of the property on lien date (January 1st) falls below its Proposition 13 value, or stated otherwise, the value to be enrolled in any year is the lower of a property's Proposition 13 value or its current market value.

During the mid-2000s, San Bernardino County experienced unprecedented appreciation in real estate prices in all areas of the county which resulted in

double-digit increases to the assessment roll for years 2004 through 2007. The 5 High Desert cities and adjoining unincorporated areas showed a particularly robust increase in real estate prices with a corresponding increase in their assessed values for years 2004 through 2007, then stabilizing in 2008. The peak of the real estate market in San Bernardino County occurred in 2007, stabilized in 2008, and then began its steep decline. During the late 2000s,

continued on page 8



High Desert Report

A quarterly economic overview

Assessed Values on the Increase

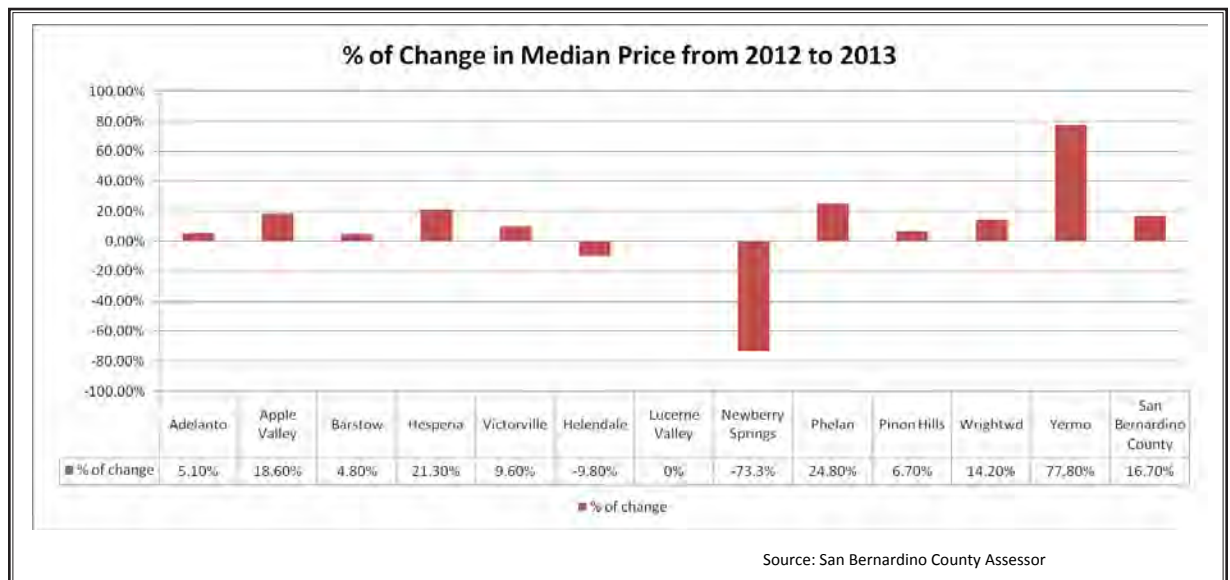
Continued

the 5 High Desert cities and adjoining unincorporated areas were especially hard hit with decline of real estate values and substantial decreases to the assessment roll. Beginning in 2008, the County Assessor's Office began reviewing thousands of decline in market value requests and also proactively reviewed assessed values county-wide. Overall, more than 200,000 county-wide property values were temporarily reduced under the provisions of Proposition 8 and approximately \$32 billion of assessed value was removed from the assessment roll for years 2008 through 2012.

The real estate market is now recovering in San Bernardino County, but some areas are recovering at a greater rate than others. This is particularly true in the High Desert area of San Bernardino County where some areas are recovering at a much greater rate than others as indicated by a comparison of median home prices between 2012 and 2013. Apple Valley, Hesperia, Victorville, Phelan, and Wrightwood (I disregard Yermo due to a small number of real estate sales) are showing strong signs of recovering. Adelanto, Barstow, and Pinon Hills median home prices are increasing but at a lesser rate than the other High Desert areas. Lucerne Valley's median home price is flat and I do not place a great deal of weight on Newberry Spring's 73% decrease due to limited number of real estate sales in that area.

For property owners, an increase in the market value of their real estate holdings is generally a good thing except when it comes to property taxes. Many property owners who had received Proposition 8 reductions since 2008 may see an increase in their 2013 assessed value, which will result in a slight increase in their 2013 property tax bill which they will receive next September. Proposition 8 reductions are temporary reductions that recognize the fact that the current market value as of a particular January 1st lien date has fallen below it Proposition 13 value. Once a Proposition 8 value has been enrolled, it is reviewed annually as of the January 1st lien date to determine if its market value is less than its Proposition 13 value. These Proposition 8 values can and do change from year-to-year as the market fluctuates and if an increase is warranted, the increase is not limited to 2%. which only applies if the property is assessed at its Proposition 13 value. Now with the real estate market in a recovery mode and the Assessor's Office in the process of reviewing approximately 160,000 parcels that are under Proposition 8 status, we anticipate a significant number of parcels will see an increase in their assessed value. Let's say for example

a single family parcel located in Apple Valley has a Proposition 13 value of \$142,800 as of 1-1-2013. Last year for 2012 the property owner requested a Proposition 8 review and it was reduced to \$106,000 as of 1-1-2012. It is now being reviewed for the 1-1-2013 lien date and market value is determined to be \$125,750. This is an 18.6% increase from the previous year but it is allowable because properties under Proposition 8 provisions are not subject to the 2% annual increase limitations that apply to those enrolled under Proposition 13 provisions. Continuing on with this example, next year the assessor reviews the assessed value for the 1-1-2014 lien date and market value is determined to be \$160,000. The assessor will reinstate the Proposition 13 value of \$145,656 (\$142,800 plus 2%) because in no case may a value higher than a property's Proposition 13 value be enrolled. Once the parcel's Prop 13 value is restored it will now be limited to the 2% increase, unless it changes ownership or experiences new construction.



High Desert Air Quality Improves Significantly Over Past 12 Years According to New Report

By Violette Roberts, Community Relations & Education Manager

The California Air Pollution Control Officers Association has released its annual air quality report *California's Progress Toward Clean Air* for all 35 local air districts in the state, documenting dramatic reductions in unhealthy levels of fine particulate pollution in every county reporting air quality data.

Fine particulate pollution - also known as PM_{2.5} - is associated with a wide range of health effects from increased hospitalizations to premature deaths. The report also shows a general trend of improving air quality for ground-level ozone - the primary component of smog - although some counties and their air district face unique challenges in reducing levels of that pollutant.

The report contains statistical information on ozone and PM_{2.5} air quality for 2000 and 2012 for each county; statewide air quality trends and detailed descriptions of air pollution control programs at each air quality district.

The High Desert portion of San Bernardino County - which is under the regulatory authority of the Mojave Desert Air Quality Management District - was one of only eleven county regions in the state where no exceedances of the federal 24-hour PM_{2.5} standard (35 micrograms/cubic meter) occurred in either 2000 or 2012. PM_{2.5} is primarily formed in the atmosphere from gases, such as sulfur dioxides, nitrogen oxides and volatile organic compounds, and is also directly emitted into the air from fuel combustion and

as fugitive dust.

The report also highlights a 19% decline in exceedances of the federal 0.075 part per million ozone standard which occurred throughout the MDAQMD's 20,000 square mile jurisdiction during the last twelve years. In 2000, 84 days were recorded district wide, while in 2012, only 68 days occurred. Meanwhile, "good" Air Quality Index days measured in the High Desert between 2000 and 2012 increased from 173 to 184, respectively. AQI levels are considered good when levels on the color-coded reporting scale fall between 0 and 50, and air pollution poses little or no risk.

"Thanks to our collaborative partnerships with the regulated community and local residents, High Desert air quality continues to improve and serve as a top reason for businesses to relocate to the region," said Eldon Heaston, Executive Officer for the MDAQMD, adding that the MDAQMD's business-friendly approach to regulation serves as another strong incentive for industries to consider the High Desert.

California and its individual air districts have made remarkable progress

in cleaning the air during the past three decades in spite of dramatic increases in population and driving. From 1980 to 2010, the state's population increased by 65 percent and daily miles driven by all vehicles increased by 137 percent. But thanks to a comprehensive air pollution control strategy, smog-forming pollutants were cut by 55 percent during the same period. California's largest industrial plants also cut their greenhouse gas emissions by 17 percent between 2008 and 2011.

These improvements have occurred in spite of the fact that neither the state nor local air districts have the authority to regulate federally controlled sources of air pollution, including ships, locomotives, and aircraft.

For a copy of California's Progress Toward Clean Air, or to learn more about the High Desert's air quality, visit www.mdaqmd.ca.gov.



NOMINATIONS WANTED:



The **EXEMPLAR** AWARD

To recognize businesses, industry, schools, agencies, organizations & individuals who have demonstrated an exceptional commitment to the prevention &/or control of air pollution within High Desert communities.

Award will be presented in observance of Pollution Prevention Week - Sept. 16-22, 2013

NOMINATIONS MUST BE RECEIVED OR POSTMARKED BY AUG. 23, 2013

To receive a Nomination Packet, or for more information contact Violette Roberts at (760) 245-1661 x6104 or visit our web site at www.mdaqmd.ca.gov

Save our Courts - Revive our Economy

By Assemblyman Tim Donnelly, 33rd District

This year the state has the opportunity to correct a massive injustice that has been looming over our trial court system for years. The governor, however, did not include any new funding for our ailing courts in his latest budget. It is up to the legislature now and our response will have far reaching implications, not only for the judicial branch, but also for our economy.

The administration of justice is a core duty of government; it is also a necessary function within a free market system.

With California ranking among the five states with the highest unemployment rate and topping the charts for the worst states to do business in, we cannot afford to scare away any more businesses who rely on a properly funded court system to navigate lawsuits, enforce contracts, or settle disputes.

Over the last five years, California's judiciary – the third constitutionally mandated branch of government – has been cut by over \$1 billion. This has created a backlog of cases, caused court closures, and led to hundreds of staff layoffs. In San Bernardino alone, 8 of 13 courts have already shut their doors.

Access to an open court room is crucial to a thriving economy. According to a survey cited in USA Today, 71% of small-business owners said that they would delay hiring new employees while being sued. Further, many

businesses caught up in litigation struggle to maintain customers and to get necessary loans. It is important that these businesses have access to a fair and speedy trial so they can continue contributing to our economy.

Despite the fact that our judiciary is a key indicator of our economic health, the California budget has historically underfunded certain regions of the State's County Court system, including San Bernardino County. That is why I have introduced AB 1313, which will allocate up to 12 additional judicial positions each year to the counties with the greatest disparity between their current allocation and Judicial Council's recommendation.

This is not an issue to play politics with. All of us rely on a high functioning court system and our very form of government depends on its existence.

If you are interested in supporting AB 1313, and other measures to improve court funding, please contact me at assmblymember.donnelly@assembly.ca.gov. Your voice is invaluable in this fight to reinvest in justice.



County of San Bernardino Workforce Investment Board

As the economy continues to show signs of recovery, County of San Bernardino businesses are pursuing new opportunities for growth. The County is doing its part to support business growth through On-the-Job Training programs. Steeno Design Studios and Hi-Desert Medical Center are examples of High Desert companies experiencing business improvement. These companies are taking advantage of Workforce Investment Board programs designed to offset the cost of hiring and training the new employees needed for expansion.

Steeno Design Studios is a Hesperia-based architectural firm that provides land development, site and building design, consulting, and general contracting services for a variety of industries, including residential, retail, office professional, and industrial projects. The company needed to add two drafters and an office assistant to keep up with increasing demand.

The technical nature of Steeno Design Studios' work made it costly to train new employees. Fortunately, the Workforce Investment Board's (WIB) On-The-Job Training program offered the perfect solution. The company received partial reimbursement for training costs through the On-The-Job Training program. This made it affordable to properly prepare the three new employees in the diversified and highly technical duties of a busy architectural office.

Thomas Steeno, owner of Steeno Design Studios, said, "Working with the County of San Bernardino Workforce Investment Board's Business Resource Team provides beneficial services that promote job creation in our local economy. It empowers our company to confidently hire from a pool of locally unemployed professionals. Each time we work with the Business Resource Team and the On-The-Job Training program, we know it means success for the

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High Desert Corridor

By Robert Lovingood, First District Supervisor
County of San Bernardino

Of the duties of the 1st District Supervisor in San Bernardino County, one of the most important responsibilities for the economic future of the High Desert is to co-lead the High Desert Corridor Joint Powers Authority (JPA) — a two county special authority (LA and San Bernardino) created in 2007 to jump start the planning and construction of the High Desert Corridor, by creating the state's first Public Private Partnership (P3).

When the JPA began, environmental planning of a highway east of the US Hwy. 395 in Adelanto it was already underway, ending at SR 14 in the Lucerne Valley. A separate Caltrans highway widening project existed within Palmdale City Limits. Both were called the "High Desert Corridor Project." There was no middle connector of the projects. Please see map below.

Without traditional gas tax funding available, the JPA jolted the project to life using an international financing model where private sector financing, backed by user fees, would be used as the primary source of construction, operation, and maintenance funding. In the USA, this model is known as a Public Private Partnership (P3).

To succeed as a P3, we need to plan and finance the middle connector between

Adelanto and Palmdale, so that the P3 extends from the area surrounding a new highway interchange with the I-15 at Falschion Rd. Financing would also emanate from simultaneous construction of rail and green energy components—more info below.

This eastern terminus of the HDC P3 project is in very close proximity to the Southern California Logistics Airport (SCLA) and Apple Valley Industrial Park, both already operating with master planned logistics facilities. Logistics facility plans in Adelanto and Hesperia and even Barstow will benefit from the critical new access the HDC will bring. And importantly, post-construction, sustainable logistics and jobs will be stimulated, at the same time reducing the need for commuting down the hill.

Environmental Document Drafting Underway, Completion In December 2014

Voters in Los Angeles County passed a November 2009 ballot measure naming the High Desert Corridor environmental work among projects to receive funds. About the same time the two-county HDC JPA project was ranked near the top of potential P3 projects at the LA County Metropolitan Transportation Authority (Metro).

continued on page 12

County of SB Workforce Investment Board

Continued

employee hired and for our company. We will continue to utilize the On-The-Job Training program and look forward to the future employees gained through these services."

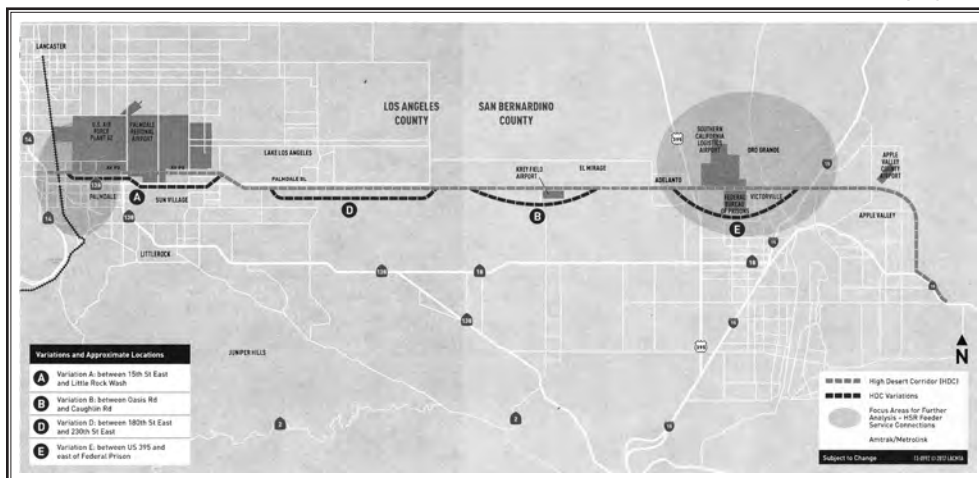
Hi-Desert Medical Center is also showing signs of growth. Once challenged by the economy, the Hi-Desert Medical Center recently added six full-time registered nurses and saved \$25,000 in hiring and training costs with the assistance of the On-the-Job Training program.

"When we learned about the On-the-Job Training program, it sounded too good to be true," said Lionel Chadwick, Chief Executive Officer, Hi-Desert Medical Center. "The financial and professional support provided by the Workforce Investment Board's program reduced our expense, limited our risk, and helped us recruit excellent employees at no cost to us. It was the answer to our growing pains."

The On-the-Job Training program reimbursed the Hi-Desert Medical Center for a portion of a new hire's wages during the initial training period. All six employees, now fully trained and having completed the probationary period, have been permanently hired on full-time at \$28.04 per hour.

The County of San Bernardino Workforce Investment Board is dedicated to providing the services necessary to help employers continue to grow. Through careful analysis of the local economy, the Workforce Investment Board is helping to provide an educated workforce to expanding businesses.

Businesses interested in learning more about or enrolling in the no-cost services provided by the County of San Bernardino Workforce Investment Board can visit www.csb-win.org or call (800) 451-JOBS.



High Desert Corridor

Continued

Subsequently, in May 2010, with talented Metro executives willing to take on management, coordinate with SANBAG, and combine Metro's P3 consultant's analysis, the HDC JPA orchestrated regional consensus for Metro to lead the HDC project's environmental work under CEQA and NEPA-- to cojoin the existing environmental work underway in the Victor Valley, and the JPA's P3 plans, with the Caltrans work underway in Palmdale. The Draft EIS/R is on schedule for release in the winter of 2014, the final document in December 2014.

Rail And Green Energy Corridor Added To HDC Project EIS/R

In 2009, the JPA had formed an alliance with XpressWest (XW) to collaborate our Draft Environmental Impact Statement/Report (DEIS/R) with an extension to XpressWest westward—so XpressWest could first build a segment from Vegas to Victorville, then turn westward to the Palmdale Transportation Center on tracks within the HDC.

Incorporation of a rail connection of the XW Station and the Palmdale Transportation Center Metrolink Station is now included in the Metro/ Caltrans EIS/R alternatives analysis, as part of the HDC DEIS/R.

That allows for a future connection between XW in Las Vegas and Los Angeles Union Station, and access to Metrolink for Victor Valley residents. Solar power generated in the right of way for electric powered rail was endorsed in concept, to make the rail and highway components energy independent and self-reliant.

The Two-County Environmental Document (DEIS/R) Managed By Metro

The HDC DEIS/R with rail connectivity

to XpressWest and Metrolink, a Green Corridor and a Bikeway was officially dubbed a "Multipurpose Corridor." This incorporated rail and right-of-way for green energy purposes into the EIS/R by Metro in March of 2012.

Strategic Multipurpose Corridor Components

- **Highway/Expressway** (including tolling in the middle section between US 395 and 100th St. in Palmdale)
- **Green Energy** (solar production and/ or transmission facility with connections for other renewable energy sources to be connected to the grid)
- **Feeder High Speed Rail (HSR)** (connector service tracks from the private sector XW station in Victorville to the Palmdale Transportation Center)
- **Bikeway** (Route has been included for further analysis)

The purpose of the EIS/R, started by Metro in September 2010, is to study alternatives that improve east-west capacity, safety, goods movement, connectivity to airports, and rail while also contributing to the state's greenhouse gas reduction goals.

We are fortunate to have Metro and its dynamic staff and Caltrans District 7 taking the lead on this two county effort, and working with SANBAG, the JPA, and the cities along the way. The HDC EIS/R Project Team, led by Robert Machuca of Metro and Karl Price of Caltrans District 7, is currently conducting technical studies on highway and rail alternatives. A Draft EIS/R document is on schedule to be circulated in the spring of 2014, and a final document completed late in 2014.

July Public Meetings

Four public meetings are being scheduled

for July for the HDC Multipurpose Corridor including two each in Los Angeles and San Bernardino counties. In addition, a live webcast will be provided at one of the meetings in each county.

Dates and places are in the box on page 12, notification of the meetings will be sent out closer to the meeting dates, but stakeholders are encouraged to visit the project website to obtain the latest project information and also to use the GeoSocial Interactive Map that has been created for this project.

This interactive map tool allows users to dynamically interface with project cities, alignments, and other features to get information and also geo-code comments on the map that can also be shared by social media.

*You can visit the project website at www.metro.net/hdc

I invite you to check it often.

Monday, July 15, 2013 6 -8pm

Lake Los Angeles Elementary School
16310 E Avenue Q
Palmdale, CA 93591

Tuesday, July 16, 2013 6 -8pm

Stater Bros Stadium
Mavericks Conference Room
12000 Stadium Rd
Adelanto, CA 92301

Wednesday, July 17, 2013 6 -8pm*

Endeavor School of Exploration
12403 Ridgecrest Rd
Victorville, CA 92395

Monday, July 22, 2013 6 -8pm*

Larry Chimbole Cultural Center
Joshua Room
38350 Sierra Hwy
Palmdale, CA 93350

**These meetings will be broadcast live. To participate, please go to: ustream.tv/channel/metro-high-desert-corridor.*

Academy For Grassroots Organizations

By Vici Nagel, President/CEO, Academy for Grassroots Organizations

The nonprofit sector plays an important role in San Bernardino County's and the High Desert's communities and economy. Not only do nonprofit organizations provide services that improve the well-being of local residents, they also support the local economy by offering job opportunities and purchasing goods and services from local businesses.

A new report from the San Bernardino County Capacity Building Consortium (Consortium), of which I am a member, outlines how nonprofits are a vital component of the local economy and represent a great deal of untapped potential. According to the Consortium's study, in 2010 nonprofits secured \$2.5 billion in out-of-county revenue ... and spent it locally to create jobs and purchase goods and services. These dollars also supported infrastructure and services provided by local government through \$219 million paid in state and local taxes.

Unlike other businesses which recirculate existing local dollars, the nonprofit sector is a magnet attracting new dollars into the local economy by securing foundation, state, and federal funding. And, most of those dollars stay in the local economy through the nonprofits' purchasing of goods and services and their employees' spending on housing, food, necessities, and entertainment.

Another important fact that the Consortium's report identifies is that the nonprofit sector is a major generator of jobs in San Bernardino County. The employer of 6% of the county's workforce, the nonprofit sector employed 48,792 people in 2010. The significance of this number is demonstrated in its comparison to the 47,200 people employed by the "Transportation, Warehousing, and

Utilities" sector for the same period; a sector many understand to be important to our region's economy. Add to those 48,792 direct jobs employed in the nonprofit sector, an additional 48,090 jobs that the sector indirectly supported through its and its employees' spending, and you can see how vital nonprofits are to our county's workforce and economy.

But the good news doesn't stop there. While nonprofits generate economic impact, as do other local businesses, there is an important distinction: nonprofits provide a "triple benefit" by (1) bringing new dollars into the economy, (2) improving local residents' quality of life through the direct services they provide in our communities – such as health services and recreational activities, and (3) they generate a cost saving to society – such as those that accrue when residents use community-based health care rather than expensive emergency rooms or when graduates of job training programs leave public assistance or find a better job.

Nonprofits also represent vast untapped potential for our economy! Many people have heard about the paltry \$3 per capita San Bernardino County nonprofits receive from foundations as compared to a statewide average of \$119. While this is indeed a problem, it is also a huge opportunity. Nonprofits receive income from a variety of sources in addition to foundation funding, much of which comes from outside the region. With greater investment in helping local nonprofits get stronger, the return on that investment could result in billions of additional dollars infused in to our struggling economy.

For example, in 2010 San Bernardino County received just \$1,018 per capita in federal grants compared to a national average of \$2,213. That is a \$1,195 per

capita disparity, or in other words, our county received approximately \$2.4 billion less than the average allotment of federal grants ... in just one year. What would you invest to bring an additional \$2.4 billion to our county every year?

At Academy for Grassroots Organizations we believe that investing in our nonprofit sector is crucial to the region's quality of life and each year we invest a great deal in the sector; supporting and strengthening it is our mission. By providing groups with meaningful opportunities to connect, exchange ideas and share resources; by advocating for and supporting their efforts; and by helping them learn how to professionalize management and fundraising, we endeavor to create a sector which contributes to a good way of life for local residents. Each year we work with hundreds of organizations, volunteers, and nonprofit professionals to ensure that local:

- Families have the supportive services they need to be healthy, safe, and successful
- Children are educated and nurtured
- Resources, including government resources, are used efficiently and effectively where they are needed most
- Businesses have a desirable, safe, healthy community in which to prosper

But we can't do it alone! Collaboration is a core value of our organization and in this work we partner with: (1) the High Desert Community Foundation that provides a financial-oversight vehicle for local projects and start-up groups, (2) the Victor Valley Community Services Counsel that provides and supports services for seniors, (3) local cities and hospitals working together as Healthy High Desert to improve the built environment and poor health

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High Desert Communities Focus on Water Projects and Programs with an Eye to the Future

By Yvonne Hester, Community Liaison Officer, Mojave Water Agency

A new spirit of cooperation among the High Desert communities, evidenced in recent joint marketing efforts, bodes well for planning water projects and programs for the Mojave Desert. An update of the 2004 Mojave Integrated Regional Water Management (MIRWM) Plan is underway, and offers communities new opportunities to plan for water needs.

Leading this effort is the Regional Water Management Group comprised of the Mojave Water Agency (MWA), Victor Valley Wastewater Reclamation Authority, Mojave Desert Resource Conservation District, Morongo Baseline Pipeline Commission, and the Technical Advisory Committee to MWA.

The planning process is a collaborative, stakeholder-driven effort to manage all aspects of water resources in the region and set a vision for the next 10-plus years of water management in the High Desert. During this process, participants will discuss water supplies, water quality, flood management, water rights, water resources, and more.

As the agency charged with ensuring sustainable water supplies in the region, Mojave Water Agency carries out the plans and programs recommended in the MIRWM Plan. The first integrated plan yielded huge dividends for the High Desert region. Over the last 10 years \$170 million in local, state, and federal dollars have been invested in local water infrastructure and water supplies. This included the construction of pipelines and groundwater recharge sites, investment in new water supplies, development of an aggressive water conservation program, and removal of invasive species in the Mojave River.

Among these projects is the recent completion of the Regional, Recharge and Recovery Project, called R3. This project delivers State Water Project water from the California Aqueduct in Hesperia to recharge sites along the Mojave River in Hesperia and southern Apple Valley. Production wells, owned by MWA, on either side of the Mojave River located immediately downstream of the recharge area will then recover and deliver the stored water through pipelines directly to retail water agencies. This \$53 million project was constructed with more than \$21 million in Proposition 50 IRWM funds. These funds, combined with federal grants and an MWA match, made the construction of this project possible.

The R3 Project is an excellent example of a conjunctive use--one that coordinates the use of surface water and groundwater supplies to maximize the yield of the overall water resource. Another key strategy used in the MWA water portfolio is conservation.

"Cash for Grass," the Agency's most successful water conservation program, also received \$2 million in Proposition 84 funds as a result of the last integrated plan. The program offers customers a rebate of fifty cents per square foot for living and maintained turf that is removed and replaced with desert friendly landscaping. Residential customers may receive a rebate up to \$3,000 and commercial/industrial/institutional customers up to \$10,000. To date, more than 3,200 projects have been completed with participants receiving some \$2 million in direct rebates. In a service area of approximately 450,000 residents, more than

continued on page 15

Academy For Grassroots Organizations

Continued

outcomes, (4) United Way, consultants, and other nonprofit capacity-building organizations through the Consortium, (5) our Board of Directors and Advisory Council of business and nonprofit professionals who oversee and evaluate our efforts, (6) The Community Foundation serving the Counties of Riverside and San Bernardino that provides funding to local organizations and donor development services, and (7) numerous businesses, foundations, and local governments that provide resources and expertise to accomplish our goals.

So my challenge to you, dear reader, is ... join us also!

Get involved in a local nonprofit. Volunteer local. Give local. And help us not only improve our communities, but also improve the local economy at the same time.

If you would like to check us out at one of our High Desert Resource Network meetings, please come as my guest. For our schedule of meetings and trainings and to register please visit www.AcademyGO.com. If you would like a copy of the San Bernardino County Nonprofits Economic Impact Report you can send your request to me at Vici@ViciNagel.com.

I hope to see you soon!



2012 Nonprofit Quick Facts*

5,642 Nonprofits based in SB County
996 Nonprofits based in the High Desert
Total Revenue of County Nonprofits = \$5 Billion
Total Revenue of HD Nonprofits = \$840 Million
Total Assets of County Nonprofits = \$8 Billion
Total Assets of HD Nonprofits = \$977 Million

**Estimates based on 2010 - 2012 IRS Data*

Correctional Facilities: Friend or Foe?

By: Dr. James Hart, City Manager, City of Adelanto

Cities and Prisons, do they go together? Are prisons a magnet to draw family members of prisoners to the area? Often City of Adelanto representatives are asked these questions by people. Some people really want to know the answer and others have already made up their minds. Regardless of which side of the issue you are on, study after study has indicated that prisons do not attract prisoners' family members to the community in which they are located and in fact are economic benefits to the local area.

In 2010, the City of Adelanto entered into an Intergovernmental Service Agreement (IGSA) with the Department of Justice, Homeland Security to house approximately 1,300 inmates. While the city has experience operating a correctional facility, the decision was made to subcontract with The GEO Group as the operator. The GEO Group is one of the world's largest private correctional facility operators and is well equipped to be the operator.

To house up to 1,300 inmates, a new facility had to be constructed and an old facility had to be rehabilitated. As part of the subcontract with The GEO Group, it took on the responsibility of purchasing and rehabilitating the city's former correctional facility and building a new facility. The purchase price for the city's former facility was \$28 Million and The GEO Group put an additional \$20 Million into the rehabilitation. To total cost for construction of the new facility is not known by the author of this article, but both the rehabilitation of the city's former correctional facility and the new facility infused several millions of dollars into the local economy through the creation

of construction jobs for approximately 18 months. Additionally, local vendors were used to purchase materials for the facilities. Overall, the project infused several millions of dollars into the local economy.

The GEO Group facilities were fully operational in August/September 2011. There are currently 358 employees working at The GEO Group facilities. With an average salary of \$40,000 per year (an estimation not confirmed by The GEO Group), there is about \$14 Million for expenditure in the local economy. As we all know, the multiplier for this makes that \$14 Million about \$40 Million or more per year.

The economic benefit of a prison in the local area is significant and the family impacts are minimal to none. The GEO Group facility houses Immigration Customs Enforcement individuals who are waiting to be deported. They are not criminals, just individuals who are in the United States illegally and are awaiting their hearing regarding deportation.

Adelanto has been known to support correctional facility development in appropriate zones. As one can see, the reason for this support is due to the economic benefit that is derived for the entire region.

Mojave Water Agency

Continued

638 gallons per capita is being saved each year and this figure continues to grow.

Much progress has been made in the High Desert region, but statewide water issues affect availability. Successful integrated planning will yield new projects and programs for the region that will help MWA further reduce reliance on imported water from the Delta, and create a sustainable water supply.

While the Mojave Water Agency is responsible for managing the region's water supply, successful plans reflect input from the entire region. During this planning process a number of opportunities to participate are available. The next Technical Advisory Committee meeting is June 6 at 9:30 a.m. at the Mojave Water Agency located at 13846 Conference Center Drive, Apple Valley. Additionally, a number of public meetings are being held through the region. For more information on the plan or any of the public meetings, call 760.946.7000 or visit www.mywaterplan.com



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SANBAG/High Desert Transportation Projects

By Jane Dreher, Public Information Officer



San Bernardino Associated Governments (SANBAG) is the council of governments and transportation agency for San Bernardino County. The SANBAG Mountain Desert Committee is composed of representatives from all mountain and desert cities. They evaluate projects in the High Desert, mountains, Morongo Basin, and Colorado River regions. This edition of SANBAG's update will focus on four of the many High Desert projects:

- I-15/LaMesa-Nisqualli Road Interchange Project, Victorville;
- I-15/Ranchero Road Interchange Project, Hesperia;
- I-15/I-215 Devore Junction Interchange Project, Devore; and
- Yucca Loma Bridge and Yucca Loma Corridor Project, Victorville.

I-15/La Mesa/Nisqualli Road Interchange

The Interstate 15 La Mesa/Nisqualli Interchange Project, located in central Victorville between Bear Valley Road to the south and Palmdale Road to the north, is entering the final stages of construction and is scheduled for completion in late Summer 2013.

In February, crews removed the final temporary bridge support system revealing the new La Mesa / Nisqualli Bridge over I-15, bringing it closer to a new east/west alternative for the resi-

dents of the High Desert. Construction of the ramps, signals, and final freeway striping are all that remain on this major improvement to the regional and local transportation systems.

The project began on a warm January day in 2012 and was celebrated as a major achievement in project delivery. The teamwork between San Bernardino Associated Governments and the City of Victorville highlights the project's theme of "Mission Possible." When complete, the interchange will improve local circulation, enhance safety, relieve I-15 congestion, and improve the quality of life for area residents.

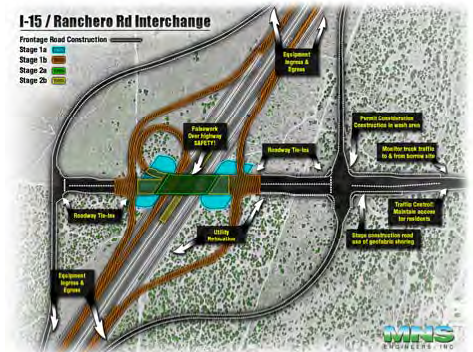
I-15/Ranchero Road Interchange

Located in the city of Hesperia, the Interstate 15 Ranchero Road Interchange officially broke ground in January 2013



and is well underway toward improving connectivity between many residents of eastern Hesperia and Interstate 15. This

\$59 million transportation improvement to the High Desert that will add a new bridge over I-15, provide congestion relief for I-15 and Main Street, improve drainage, and enhance safety is scheduled for completion in early 2015.



Crews have already started clearing the way for work on the ramps, realigning frontage roads, and relocating utilities. Ramps will be constructed first and will serve as a temporary detour (when necessary) for bridge work over the mainline of the freeway.

The new interchange is part of a series of projects for the Hesperia area. The Ranchero Road Underpass (grade separation) to the east combined with future improvements to Ranchero Road and this new interchange will offer a much-needed alternative for area residents, saving commuters time and money from their daily travels.

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SANBAG/High Desert Transportation Projects

Continued

I-15/I-215 Devore Interchange Project to Start Construction in June

This long-awaited regional interchange project will officially begin construction with a groundbreaking ceremony on June 28, 2013. The Devore Interchange Project, where the I-15 and I-215 freeways meet, is a \$324 million project that is being funded with a combination of federal, state, and local Measure I funds.



The purpose of the Devore Interchange Project is to reduce congestion, accidents, and improve freeway operations through the Devore Interchange at the southern base of the Cajon Pass. This is considered one of the worst grade-related bottlenecks in the United States. This junction experiences severe delays, especially during peak afternoon traffic, holidays, and weekend hours, when traffic backs up for five miles. The project limits on I-15 are from 2.3 miles south to 2.0 miles north of the I-15/I-215 interchange and on the I-215 from 1.0 mile south to the interchange.

The Devore Interchange Project is the first design-build highway project for Caltrans in the Inland Empire. This means the contractor is responsible for the design and build of the project. The design-build approach has been suc-

cessful nationwide and offers these advantages: faster construction completion; cost savings; better quality; single designer/contractor responsibility; decreased administration burden; and reduced risk.

The four primary features include:

- Addition of truck by-pass lanes
- Addition of general purpose lanes
- Brings the interchange up to operational standards
- Reconnects the old Route 66

The Devore Interchange Project is a partnership between Caltrans and San Bernardino Associated Governments (SANBAG). Construction begins in summer 2013 and completion is anticipated in 2016.

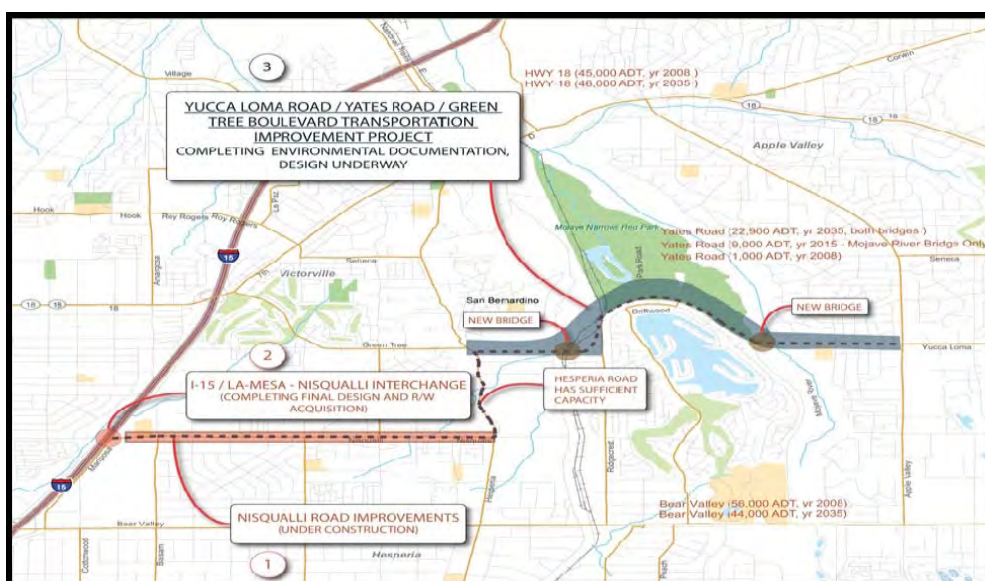
Yucca Loma Bridge and the Yucca Loma Corridor

The Yucca Loma Bridge, Yates Road, and Green Tree Boulevard projects are three of the components of the Yucca Loma Corridor. These projects, along with the widening of Yucca Loma Road east of the Mojave River, are of regional importance to the High Desert as they will become a new east-west connector

across the Victor Valley. The project is midway between two existing Mojave River crossings at Highway 18 and Bear Valley Road and is the first new river crossing to be built in 40 years.

SANBAG has secured funding for the Yucca Loma Bridge and Yates Road construction, which is set to begin in Fall 2013. Funding sources include the Measure I Major Local Highway Program, State Local Partnership Program, and city funds.

The Green Tree Boulevard portion of the project, which includes a bridge over the BNSF railroad, recently entered the final design phase. Construction is scheduled for 2017 if funding is secured for that phase of the project.



Victor Valley Community College

By Bill Gruelich, Public Information Officer, President's Office

Victor Valley College is in its 52nd year of service to the students of the High Desert. Currently, the college is serving approximately 13,500 students. For apportionment purposes, these numbers equal about 8,895 full-time equivalent students. Each full-time equivalent student (FTES) represents one student taking 15 credit hours per semester or five students each taking a course that equals 3 credit hours per semester. The college is funded on these FTES at about \$4,564. The total budget for the college is approximately \$50 million. Currently, the college employs about 800 people. Due to the economy, the college stepped up and enrolled more students than it is being compensated for. The High Desert needs to increase the overall number of residents who have a college degree to raise the economic level of the area. This is a profound goal for the college. This pronouncement is based on data that was presented by an area economist during several economic summits hosted by the college.

The college is currently in the process of re-inventing itself to meet the standards for accreditation established by the Accrediting Commission for Community and Junior Colleges (ACCJC). It has been a challenge to change the entire culture of the college. It is much like a group of overweight people trying to lose pounds. They know they love to eat, but are unwilling to change their lifestyle to accomplish the goal. At VVC, everyone is on a diet and is making lifestyle changes that will make it a continuous quality improvement institution. The college has made great strides as has been noted in an article recently appearing in an area newspaper.

"While we believe we were further along than the ACCJC was able to verify during their visit in October 2012, we recognize that more work in all three of these areas is needed and we have continued to focus on getting them done.

These three areas relate to assessments of student learning outcomes, program review, and elimination of a structural deficit.

Today we can report 100% of all Student Learning Outcomes have been identified and all 100% of active course outcomes will have been assessed by October 15, 2013. As not every class is offered each semester, some of what is required to assess Student Learning Outcomes in all courses is simply the passing of time, such that a course can be completed on its planned schedule. We also implemented a comprehensive tracking system, known as TracDat, for compiling this assessment data and are confident that the ACCJC will acknowledge our full compliance with this standard when they next visit.

The second reason for being retained on probation was that the ACCJC visiting team did not believe that the college had identified and reviewed all of its current programs, both instructional and non-instructional. Program review had been an on-going activity at the college for many years; however, the ACCJC review gave the college an opportunity to establish teams for both parts of program review, instructional and non-instructional. These teams have reviewed every program review report completed by all areas of the college. The ACCJC requires that there is "robust dialog" in the program review process which will move the college forward in closing the loop between planning, implementing, and correcting. The establishment of interdisciplinary program review teams has enabled that dialogue and we are confident that the ACCJC will acknowledge our full compliance with this standard.

The third issue that remains to be resolved is the assertion that Victor Valley College faces a "structural deficit." The college has reduced spending sufficiently, and implemented

cost saving measures, and accessed reserves to balance its budget. This cannot continue indefinitely and the college is examining options for restoring a structural balance to its budget. Some relief will come in the form of additional revenues from the State as our economy improves, but the college is taking other proactive steps to evaluate programs and expenditures.

There has been a significant culture change within the ranks at VVC and the college faculty and staff has embraced the benefits of proper planning and proper assessment. Future students of the high desert will be ultimate beneficiaries of this culture change."

Construction

The next major project on the drawing boards for Victor Valley College is the construction of a new Science and Health Building. The 25,000 square foot building will feature several new labs and faculty areas dedicated to the study of Science and Health. The plan features highly specialized training labs for the Nursing program that include a simulation lab and fundamentals lab, a chemistry lab, additional Life and Physical Science lab (digital), an anatomy lab, a faculty suite, and dean's office. The plan for this free standing building also includes an outdoor covered courtyard area for student and faculty interaction to promote a collaborative and technology driven learning environment. The college has selected Balfour Beatty Construction and NTD Architecture to construct this project. It will be a one-story structure located adjacent to and on the west side of the existing Science Building 31. Together Balfour Beatty and NTD have completed over 30 educational projects totaling over \$600 million throughout Southern California. The team will contract with local consulting firms and contractors to provide training and jobs for the local community.



Americans with Disabilities Act and Small Business

By Robert A. Martinez AIA, CASp, CASI
CASp PRO... Certified Access Specialists

More than 50 million Americans-18% of our population-have disabilities and each is a potential customer. People with disabilities are living more independently and participating more actively in their communities. They and their families want to patronize businesses that welcome customers with disabilities. In addition, approximately 71.5 million baby boomers will be over age 65 by the year 2030 and will be demanding products, services, and environments that meet their age-related physical needs. Studies show that once people with disabilities find a business where they can shop or get services in an accessible manner, they become repeat customers.

People with disabilities have too often been excluded from everyday activities: shopping at a corner store, going to a neighborhood restaurant or movie with family and friends, or using the swimming pool at a hotel on the family vacation. The ADA is a Federal civil rights law that prohibits discrimination against people with disabilities and opens doors for full participation in all aspects of everyday life. This article provides general guidance to help business owners understand revised ADA regulations. The ADA applies to both the built environment and to policies and procedures that affect how a business provides goods and services to its customers. Using this guidance, a small business owner or manager can ensure that it will not unintentionally exclude people with disabilities and will know when it needs to remove barriers in its existing facilities.

Businesses that provide goods or services to the public are called "public accommodations" in the ADA. The ADA establishes requirements for 12 categories of public accommodations, which include stores, restaurants, bars, service establishments, theaters, hotels,

recreational facilities, private museums and schools, doctors' and dentists' offices, shopping malls, and other businesses. Nearly all types of businesses that serve the public are included in the 12 categories, regardless of the size of the business or the age of their buildings. The ADA also requires businesses to remove architectural barriers in existing buildings. "Grandfather provisions" often found in local building codes do not exempt businesses from their obligations under the ADA.

Policies and Procedures

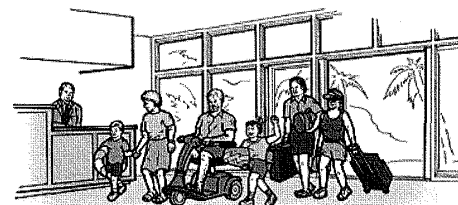
Your business, like all others, has formal and informal policies, practices, and procedures that keep it running smoothly. However, sometimes your policies or procedures can inadvertently make it difficult or impossible for a customer with a disability to access your goods and services. That is why the ADA requires businesses to make "reasonable modifications" to their usual ways of doing things when serving people with disabilities. Most modifications involve only minor adjustments in policies.

Customers with disabilities may need different types of assistance to access your goods and services. For example, a grocery store clerk is expected to assist a customer using a mobility device by retrieving merchandise from high shelves. A person who is blind may need assistance maneuvering through a store's aisles. Usually the customer will tell you up front if he or she needs assistance, although some customers may wait to be asked "may I help you?" When only one staff person is on duty, it may or may not be possible for him or her to assist a customer with a disability. The business owner or manager should ad-

vised the staff person to assess whether he or she can provide the assistance that is needed without jeopardizing the safe operation of the business.

Wheelchairs and Other Power-Driven Mobility Devices

People with mobility, circulatory, or respiratory disabilities use a variety of devices for mobility. Some use walkers, canes, crutches, or braces while others use manually-operated or power wheelchairs, all of which are primarily designed for use by people with disabilities. Businesses must allow people with disabilities to use these devices in all areas where customers are allowed to go.



Devices categorized as wheelchairs must be permitted.

Communicating with Customers

Communicating successfully with customers is an essential part of doing business. When dealing with customers who are blind or have low vision, those who are deaf or hard of hearing, or those who

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Americans with Disabilities Act and Small Business

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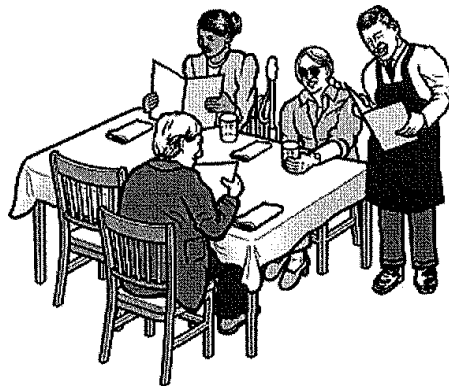
have speech disabilities, many business owners and employees are not sure what to do. The ADA requires businesses to take steps necessary to communicate effectively with customers with vision, hearing, and speech disabilities.

Because the nature of communications differs from business to business, the rules allow for flexibility in determining effective communication solutions. The goal is to find practical solutions for communicating effectively with your customers.

Many individuals who are deaf or have other hearing or speech disabilities use either a text telephone (TIY) or text messaging instead of a standard telephone. The ADA established a free telephone relay network to enable these individuals to communicate with businesses and vice-versa. When a person who uses such a device calls the relay service by dialing 7-1-1, a communications assistant calls the business and voices the caller's typed message and then types the business's response to the caller. Staff who answers the telephone must accept and treat relay calls just like other calls. The communications assistant will explain how the system works if necessary.

The rules are also flexible for communicating effectively with customers who are blind or have low vision. For example, a restaurant can put its menu on an audio cassette or a waiter can read it to a patron. A sales clerk can find items and read their labels. In more complex transactions where a significant amount of printed information is involved, providing alternate formats will be necessary, unless doing so is an undue burden. For example, when a client who is blind visits his real estate agent to negotiate the sale of a house, all relevant documents should be provided in a format he can use, such as on a computer disk or audio

cassette. It may be effective to e-mail an electronic version of the documents so the client can use his or her screen-reading technology to read them before making a decision or signing a contract. In this situation, since complex financial information is involved, simply reading the documents to the client will most likely not be effective. Usually a customer will tell you which format he or she needs. If not, it is appropriate to ask.



Reading a menu to a customer who is blind is one way to provide effective communication.

Making The Built Environment Accessible

People with disabilities continue to face architectural barriers that limit or make it impossible to access the goods or services offered by businesses. Examples include a parking space with no access aisle to allow deployment of a van's wheelchair lift, steps at a facility's entrance or within its serving or selling space, aisles too narrow to accommodate mobility devices, counters that are too high, or restrooms that are simply too small to use with a mobility device.

The ADA strikes a careful balance between increasing access for people with disabilities and recognizing the financial constraints many small businesses face. Its flexible requirements allow busi-

nesses confronted with limited financial resources to improve accessibility without excessive expense.

Existing Facilities

Readily Achievable Barrier Removal

The ADA requires that small businesses remove architectural barriers in existing facilities when it is "readily achievable" to do so. Readily achievable means "easily accomplishable without much difficulty or expense." This requirement is based on the size and resources of a business. So, businesses with more resources are expected to remove more barriers than businesses with fewer resources.

Readily achievable barrier removal may include providing an accessible route from a parking lot to the business's entrance, installing an entrance ramp, widening a doorway, installing accessible door hardware, repositioning shelves, or moving tables, chairs, display racks, vending machines, or other furniture. When removing barriers, businesses are required to comply with the standards to the extent possible. For example, where there is not enough space to install a ramp with a slope that complies with the standards, a business may install a ramp with a slightly steeper slope. However, any deviation from the standards must not pose a significant safety risk.

Determining what is readily achievable will vary from business to business and sometimes from one year to the next. Changing economic conditions can be taken into consideration in determining what is readily achievable. Economic downturns may force many public accommodations to postpone removing some barriers. The barrier removal obligation is a continuing one and it is expected that a business will move forward with its barrier removal efforts when it rebounds from such downturns.

Americans with Disabilities Act and Small Business

Continued

Priorities for Barrier Removal

Understanding how customers arrive at and move through your business will go a long way in identifying existing barriers and setting priorities for their removal. Do people arrive on foot, by car, or by public transportation? Do you provide parking? How do customers enter and move about your business? The ADA regulations recommend the following priorities for barrier removal:

- Providing access to your business from public sidewalks, parking areas, and public transportation;
- Providing access to the goods and services your business offers;
- Providing access to public restrooms; and
- Removing barriers to other amenities offered to the public, such as drinking fountains.

In some instances, especially in older buildings, it may not be readily achievable to remove some architectural barriers. For example, a restaurant with several steps leading to its entrance may determine that it cannot afford to install a ramp or a lift. In this situation, the restaurant must provide its services in another way, if that is readily achievable,

such as providing takeout service. Businesses should train staff on these alternatives and publicize them so customers with disabilities will know of their availability and how to access them.

Parking

If your business provides parking for the public, but there are no accessible spaces, you will lose potential customers. You must provide accessible parking spaces for cars and vans, if it is readily achievable to do so.

Accessible Entrances

One small step at an entrance can make it impossible for individuals using wheelchairs, walkers, canes, or other mobility devices to do business with you. Removing this barrier may be accomplished in a number of ways, such as installing a ramp or a lift or re-grading the walkway to provide an accessible route. If the main entrance cannot be made accessible, an alternate accessible entrance can be used. If you have several entrances and only one is accessible, a sign should be posted at the inaccessible entrances directing individuals to the accessible entrance. This entrance must be open whenever other public entrances are open.

Accessible Route to Goods and Services

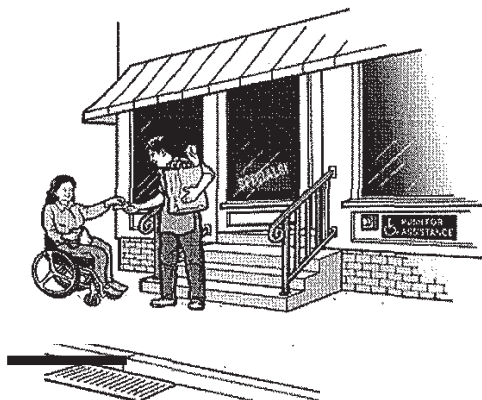
The path a person with a disability takes to enter and move through your business is called an "accessible route." This route, which must be at least three feet wide, must remain accessible and not be blocked by items, such as vending or ice machines, newspaper dispensers, furniture, filing cabinets, display racks,

or potted plants. Similarly, accessible toilet stalls, dressing rooms, or counters at a cash register must not be cluttered with merchandise or supplies.

Shelves, Sales and Service Counters, and Check-Out Aisles

The obligation to remove barriers also applies to merchandise shelves, sales and service counters, and check-out aisles. Shelves and counters must be on an accessible route with enough space to allow customers using mobility devices to access merchandise. However, shelves may be of any height since they are not subject to the ADA's reach range requirements. Where barriers prevent access to these areas, they must be removed if readily achievable. However, businesses are not required to take any steps that would result in a significant loss of selling space. At least one check-out aisle must be usable by people with mobility disabilities, though more are required in larger stores. When it is not readily achievable to make a sales or service counter accessible, businesses should provide a folding shelf or a nearby accessible counter. If these changes are not readily achievable, businesses

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When barrier removal is not possible, alternatives such as curbside service should be provided.

Mojave Water Agency

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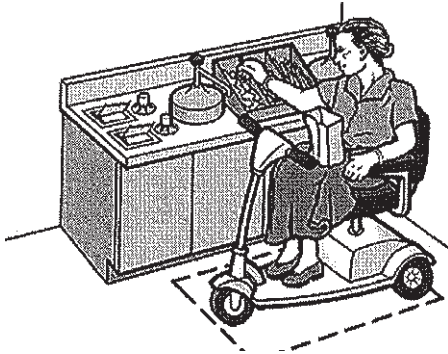
Americans with Disabilities Act and Small Business

Continued

may provide a clip board or lap board until more permanent changes can be made.

Food and Restaurant Services

People with disabilities need to access tables, food service lines, and condiment and beverage bars in restaurants, bars, or other establishments where food or drinks are sold. There must be an accessible route to all dining areas, including raised or sunken dining areas and outdoor dining areas, as well as to food service lines, service counters, and public restrooms. In a dining area, remember to arrange tables far enough apart so a person using a wheelchair can maneuver between the tables when patrons are sitting at them. Some accessible tables must be provided and must be dispersed throughout the dining area rather than clustered in a single location.



Restaurants must provide access to self-service items.

Where barriers prevent access to a raised, sunken, or outdoor dining area, they must be removed if readily achievable. If it is not readily achievable to construct an accessible route to these areas and distinct services (e.g., special menu items or different prices) are available in these areas, the restaurant must make these services available at the same price in the dining areas that are on an accessible route. In restaurants or bars with only standing tables, some accessible dining tables must be provided.

How do I comply?

SB 1608 and SB 1186 were developed to allow building owners and business owners the means by which they can comply with ADA regulations. The first step would be to conduct a Certified Access Specialist (CASP) field survey. At

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California Transportation Commission Approves Nearly \$1 Billion In New Construction Projects To Improve Transportation And To Drive Economic Growth

By Terri Kasinga, State of California, Department of Transportation



San Bernardino – The state's vast transportation system recently received a major infusion of cash, as the California Transportation Commission (CTC) allocated \$878 million in funding to 114 projects that will support job growth, alleviate traffic delays, and repair aging roads and bridges.

"The benefits these projects bring are a huge boon to our economy," said Caltrans Director Malcolm Dougherty, "This investment in our transportation system creates jobs and improves the quality of life for all Californians."

The allocations include \$476 million from Proposition 1B, a 2006 voter-approved transportation bond. In total, nearly \$15.5 billion in Proposition 1B funds have been put to work statewide.

"This billion-dollar investment helps preserve California's great infrastructure of the past and put thousands of Californians to work building something new," said Brian Kelly, Acting Secretary of the Business, Transportation & Housing Agency. "These investments in preservation and innovation are absolutely critical to California's economy: In 2010, traffic congestion caused 95 million hours of delay, wasting fuel, and squandering productive, economic activity."

Highlights of the funding allocations include:

City of Riverside/Riverside County Transportation Commission (RCTC) – Construct a four lane grade separation for railroad lines at

Riverside Avenue (\$12.1 million – Prop 1B/TCIF funds).

San Bernardino County – This project will provide a multipurpose facility that will protect California's transportation infrastructure and promote interstate commerce. It will construct a commercial vehicle facility on I-15 near Wheaton Springs (Joint Point of Entry (JPOE) at Nevada State Line). Eventually a facility will be constructed to house the new Agriculture Inspection Station once funding is approved (\$36.8 million – Prop 1B/SHOPP funds).

City of Highland/San Bernardino Associated Governments (SANBAG) – In the City of Highland, on Greenspot Road between Santa Paula Street and the city limits south of the Santa Margarita River. Construct new bridge across Santa Ana River, realign 0.45 mile of Greenspot Road with bike lanes and turn lanes, rehabilitate existing Greenspot Road and historical bridge for trail use (\$1 million – Prop 1B/local funds).

City of Moreno Valley/Riverside County Transportation Commission (RCTC) – Cactus Avenue third lane widening in the City of Moreno Valley, from Interstate 215 east bound off ramp to 1,000 feet east of Veterans Way (\$560,000 – Prop 1B/local funds).

City of Montclair/San Bernardino Associated Governments (SANBAG) – Monte Vista Avenue widening in the City of Montclair, between 10900-11000 blocks along Monte Vista Avenue (Mission Boulevard to Howard Street). Widen from 3-lanes to 4-lanes and construct concrete asphalt

pavement, new sewer laterals, curb, gutter, sidewalk, street lighting, traffic stripping, and relocation of utilities (\$180,000 – Prop 1B/local funds).

City of Palm Desert/Riverside County Transportation Commission (RCTC) – I-10/Monterey Avenue interchange ramp modifications in the City of Palm Desert. Reconstruct I-10/Monterey Avenue interchange (\$2.8 million – Prop 1B/local funds).

Caltrans District 8 – State Route 62 near Desert Hot Springs, from Route 10 to Indian Avenue - overlay 25.6 lane miles of pavement, widen 12 lane miles of inside shoulder, overlay bridge decks with polyester concrete, reconstruct metal beam guardrail, and make drainage improvements. Project will improve safety and ride quality (\$15.3 million – SHOPP funds).

Caltrans District 8 – Interstate 40 in Needles, at Roadrunner Wash Bridges - seismic retrofit to maintain the structural integrity of two bridges by installing slab bridge seat extenders at the hinges on both eastbound and westbound structures (\$418,000 – SHOPP funds).

Caltrans District 8 – State Route 95 in Needles from Safari Drive to I-40 - construct sidewalks, curbs, ramps and retaining walls to comply with Americans with Disabilities (ADA) standards. (\$477,000 – SHOPP funds).



High Desert Report

A quarterly economic overview

High Desert Employment: How many jobs have we gained or lost in the last 12 years?

By Joseph W. Brady, CCIM, SIOR, President
The Bradco Companies/TCN Worldwide

As Publisher of The Bradco High Desert Report, one of the major issues that we attempt to track is the number of jobs that are created or lost within the High Desert economy. With the help of our great friends at the State of California Employment Development Department (San Bernardino and Riverside Counties), we were able to ask them to create a special chart that compared the years 2006 through 2012 for the State of California, San Bernardino County, and the Cities of Adelanto, Apple Valley, Barstow, Hesperia, Victorville, and Wrightwood (CDP) in the percentage of unemployment that each one of those areas experienced.

We asked them to include the "methodology." I am sure that you will find the stats rather interesting and we can all see the net effect of what happened between 2008 and 2009 with the sudden increase of unemployment throughout the High Desert region. While many of us are "feeling better," one of the key indications of how the High Desert will continue to prosper will be by the creation of jobs and by the continued lowering of the unemployment number.

Second, we asked them to take a look at selected areas within the northern portion of San Bernardino County at the annual average employment number. We picked the rather obvious High Desert areas and we also picked out areas that were not as obvious (Daggett, Boron/Four Corners/Hinkley, Newberry Springs, Johnson Valley, and Lucerne Valley) as well as the incorporated cities. We greatly appreciate the help that Tony Tyler of One Stop Printers gave with manipulating the data that was provided in an Excel spreadsheet to really show a pattern for the High Desert region, the base year of 2001 and obviously the peak year 2007 and 2008.

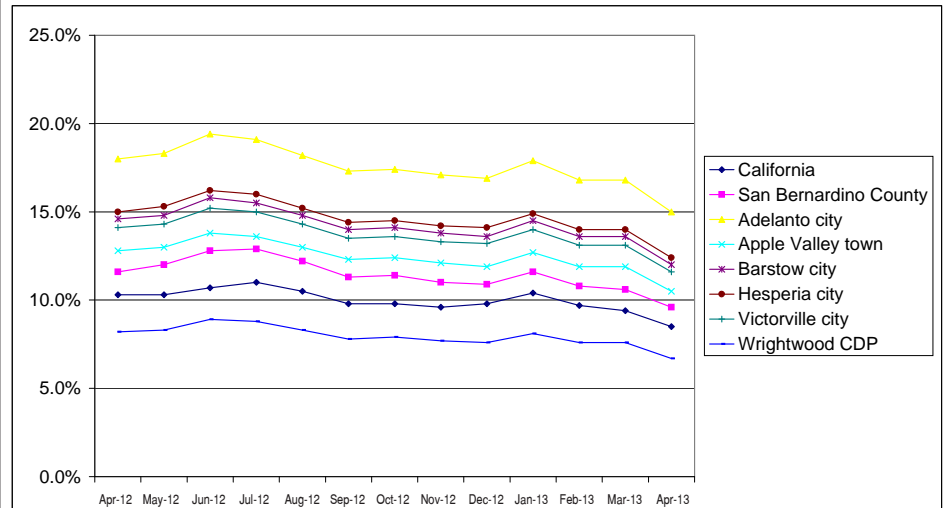
Again many thanks to our friends at the State of California Employment Development Department.

charts continued on page 25

Monthly Labor Force Data for Cities and Census Designated Places (CDP)

April 2012 to April 2013

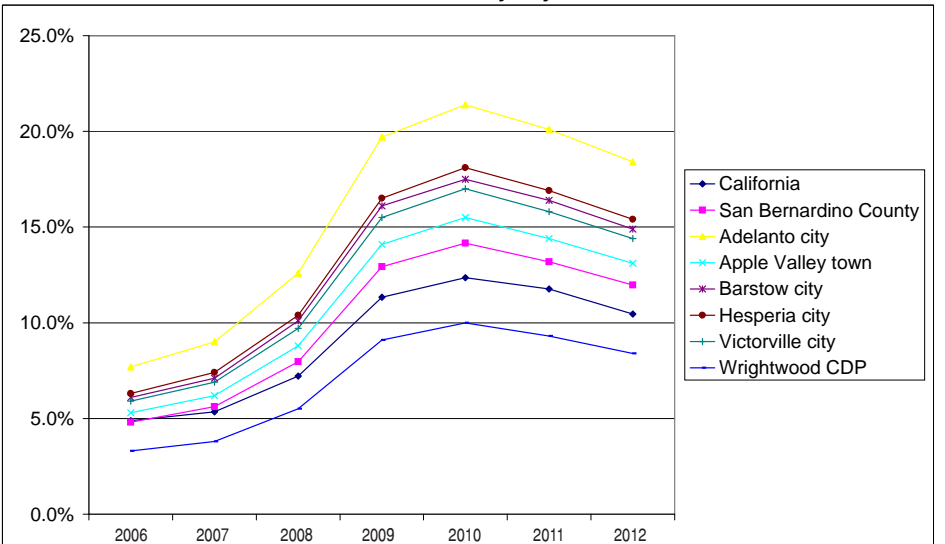
Data Not Seasonally Adjusted



Monthly Labor Force Data for Cities and Census Designated Places (CDP)

Annual Average 2006 to 2012 - Revised

Data Not Seasonally Adjusted



CDP is "Census Designated Place" - a recognized community that was unincorporated at the time of the 2000 Census.

Notes: 1) Data may not add due to rounding. All unemployment rates shown are calculated on unrounded data. 2) These data are not seasonally adjusted.

Methodology: Monthly city and CDP labor force data are derived by multiplying current estimates of county employment and unemployment by the employment and unemployment shares (ratios) of each city and CDP at the time of the 2000 Census. Ratios for cities of 25,000 or more persons were developed from special tabulations based on household population only from the Bureau of Labor Statistics. For smaller cities and CDP, ratios were calculated from published census data.

City and CDP unrounded employment and unemployment are summed to get the labor force. The unemployment rate is calculated by dividing unemployment by the labor force. Then the labor force, employment, and unemployment are rounded.

This method assumes that the rates of change in employment and unemployment, since 2000, are exactly the same in each city and CDP as at the county level (i.e., that the shares are still accurate). If this assumption is not true for a specific city or CDP, then the estimates for that area may not represent the current economic conditions. Since this assumption is untested, caution should be employed when using these data.

The Bradco High Desert Report

Protecting Our Families and Communities

By State Senator Jean Fuller

In 2011, the governor signed legislation that drastically changed how California protects the public's safety. Assembly Bill 109, the Prison Realignment Policy, was designed to reduce the state prison population because of a federal court mandate. Certain low-level criminals, and the responsibility of incarcerating them, were shifted from state prisons to county jails. This had the effect of making county jails overcrowded – which then resulted in the release of inmates into our neighborhoods and communities.

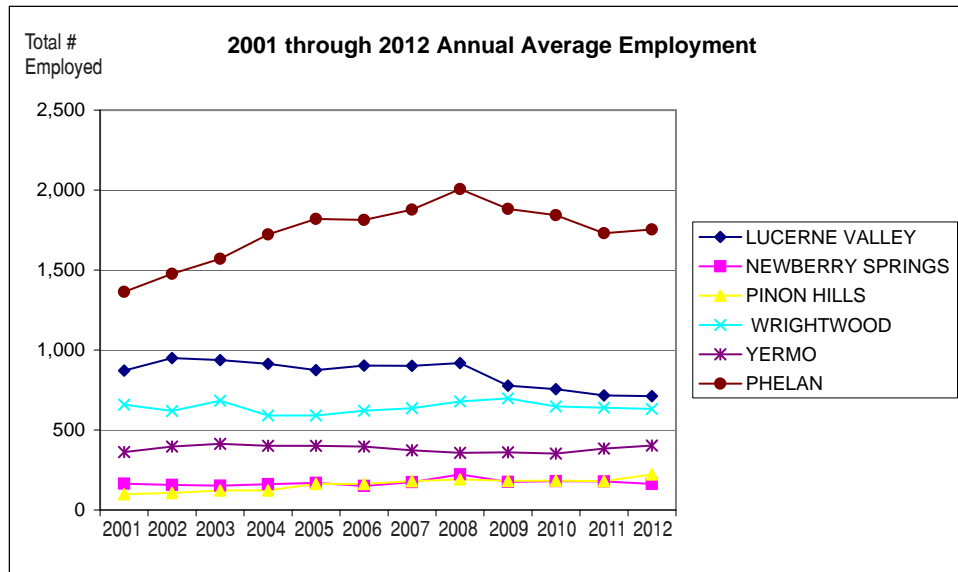
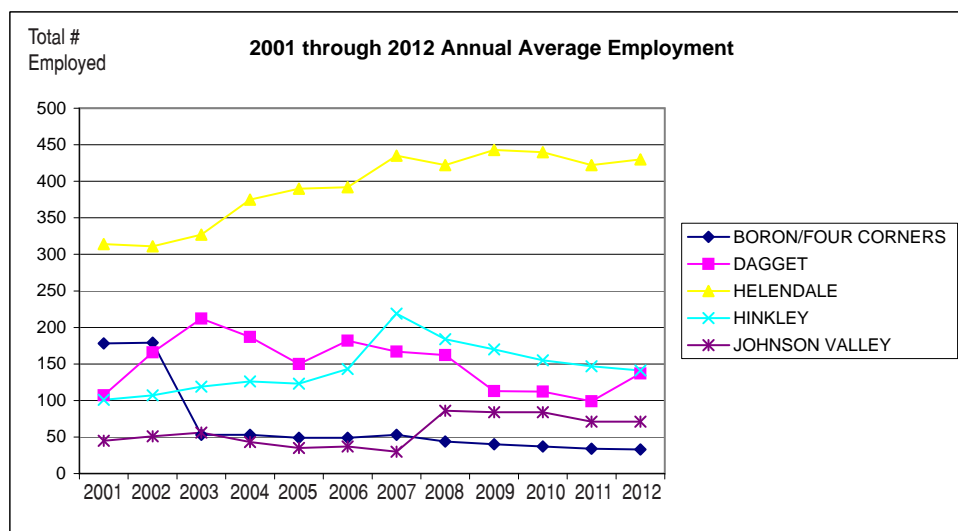
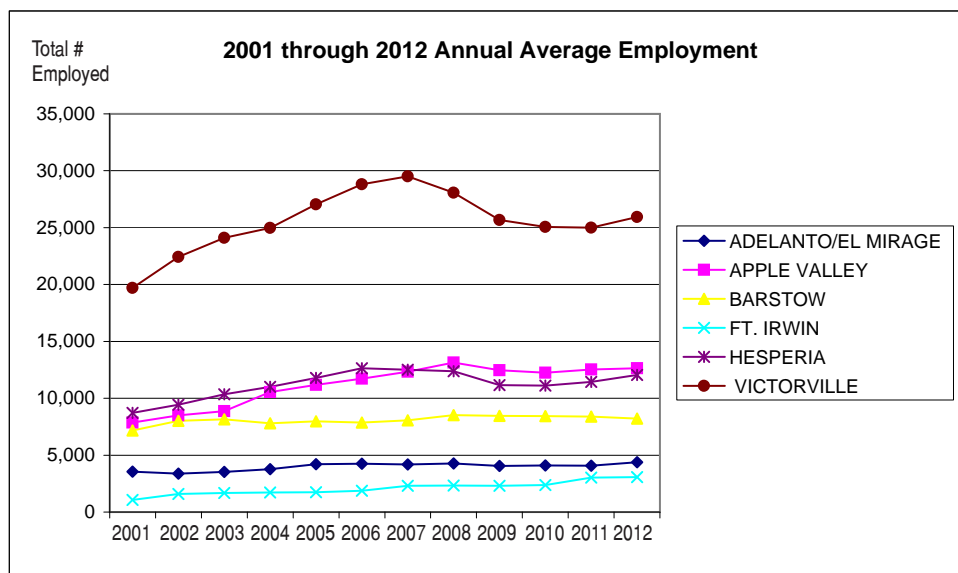
Since then, we have seen a number of effects that have placed the safety of our families and communities in jeopardy. At least 3,400 arrest warrants were issued in California for parolees, most of them sex offenders, who tampered with their GPS monitoring devices. Parolees who disable their tracking devices have correctly bet that local jails are too full to take them back. The number of unaccounted paroled sex offenders in the state and who remain fugitives is 15 percent higher today.

Last month, the governor released his revised budget plan – commonly referred to as the May Revise. To deal with the effects of prison realignment, the May Revise includes additional funds for county probation departments. However, with an increase in violent and property crimes in most large California cities this year, the largest such increase in 20 years, the administration should have included additional funds to counties for front-line law enforcement and county jail operations. Senate Bill 144, the Realignment Reinvestment Act, a bill I co-authored, would have provided such additional funding, but was voted down by the majority party.

continued on page 26

High Desert Employment

Continued



Southern California's Economy Recovering

By: Southern California Association of Governments

The six counties of the Southern California Association of Governments (SCAG) region (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties) are home to over 18 million residents, 8 million workers, and have a gross regional product of approximately \$900 billion, all in an area covering 38,000 square miles. Between December 2007 and July 2009, the region experienced the "Great Recession," a devastating economic downturn with over 1 million jobs lost. Even though the recession technically ended nearly four years ago, California continues to have the fourth highest unemployment rate in the nation with nearly 1.6 million out of work, including approximately 770,000 in the Southern California region.

In 2013, however, Southern California's economic recovery is starting to gain traction, demonstrating significant job creation momentum. Recovery continues steadily as the unemployment rates across the region dropped to their lowest rates in five years. For example, Orange County's rate dipped to 5.7 percent last month, from 6.3 percent in March. Manufacturing, financial services, and construction, industries hit hardest during the Great Recession, have become leaders in job growth. Self-employment and new businesses are also growing rapidly.

Recovering Lost Jobs In SCAG Region

The graph to the right shows unemployment rates by county in three time periods: December 2007 (pre-recession), December 2010, and April 2013. Recent data shows that Southern California unemployment levels are well

below their recession peaks and moving in the right direction. Nonetheless, none have returned to the levels enjoyed prior to the Great Recession. The Southern California region still has a way to go to get back to pre-recession employment levels.

In 2010, the SCAG team of economic advisors compared the pre-recession to post-recession unemployment numbers in the region, State of California, and United States. The purpose was to determine the number of jobs that would need to be created to return to peak level employment in each county. In the fall of 2012, the economic team once again reviewed and analyzed the current economic indicators and employment trends to estimate a probable timeline for economic recovery by each county. The graph on the next page outlines the projected best-and-worst-case time frames for each county to return to pre-recession unemployment levels. Note the difference between Imperial County where the recovery range is between 2013 and 2015, compared to Los Angeles County whose recovery date could reach as far

continued on page 27



Protecting Our Families and Communities

Continued

The governor's Prison Realignment Policy is not working. It continues to produce new problems that even its supporters had not anticipated. And yet, other legislators vote against legislation that could at least help to equip local governments with more resources in dealing with the rise in crime and number of parolees.

Some of my colleagues too often want to create new laws and administer new programs. Unfortunately, but not surprisingly, they execute them with little success and fail to deliver on large promises made to the public. The Prison Realignment Policy should be reversed. Until then, I will argue for more resources for local governments who have to deal with many more violent criminals than they normally work with.

The role of government should be limited to a few responsibilities and elected officials must manage them effectively. Protecting the safety of our families and neighbors in communities across California should be one of them.

High Desert Report

A quarterly economic overview

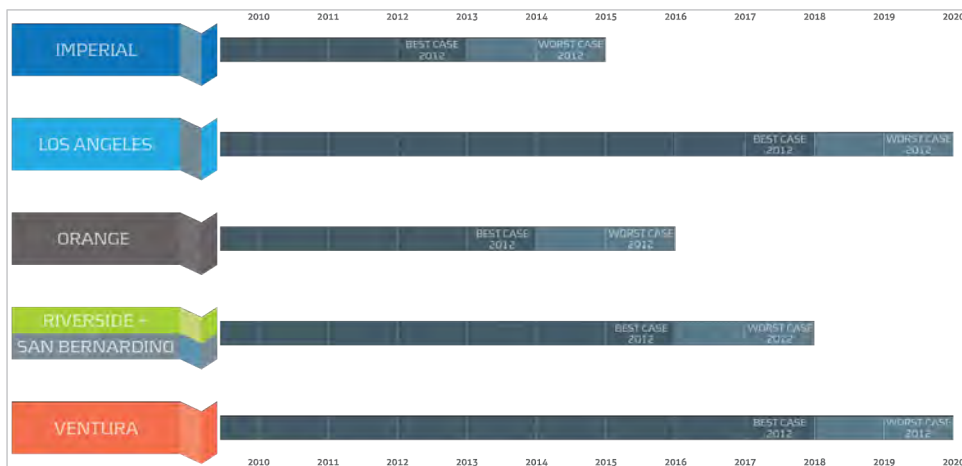
Southern California's Economy Recovering

Continued

out as 2020. In general, much progress has been made so far in 2013 in terms of job creation, and economic recovery is on a steady path in most parts of the SCAG region.

hibit 1 below).

Meanwhile, the local unemployment rate has fallen from 14.3% in 2010 to 9.6% in April 2013. The March 2013 rate of 10.5% was the highest for any



Difficult Inland Empire Economic Environment Finally Improving

During the 2008-2010 Great Recession, the Inland Empire lost 148,425 jobs. The economy has finally started working its way out of that deep hole, creating 4,633 local jobs in 2011 and 23,025 in 2012. If 2013 goes as predicted by SCAG and Inland Empire Economic Partnership economist John Husing, 28,300 will be added. By the end of this year, the total gain of 55,958 positions would represent a 38% of the loss (Ex-

hibit 1 below).

metropolitan area with over 1 million people, higher than Los Angeles, Detroit, and Providence (Rhode Island), each at 9.9% (Exhibit 2 on page 28).

Some good news is seen in the details of inland job growth of 25,233 from first quarter 2012-2013 (Exhibit 3 on page 28). The top four sectors adding jobs showed a wide range of recovery as they included:

- Eating & Drinking (7,267), a low paying sector driven by more funds circulating through the local economy.

- Distribution & transportation (5,833), a moderate paying blue collar sector that brings money to the inland area from international port trade and the rise of fulfillment warehousing centers like Amazon.com.

- Health care (4,100), a moderate paying white/blue collar sector that brings money to the area via Medicare and insurance payments. It has grown in every quarter including throughout the Great Recession.

- Management & professions (3,700), a high paying white collar sector both bringing money to the area via firms like GIS giant ESRI and engineering firms, plus growth due to the local economy now needing more local professionals like lawyers and CPAs.

With that said, the Inland Empire's growth is blunted by difficulties in two sectors:

- Federal and state (-1,333) and local (-1,600) government shrank due to the federal sequester and low tax revenues at the state and local level. These difficulties will likely persist for two more years. Growth would have been 27,100 without these job losses.

- Construction (-800) has stopped its major decline but is still not growing. It normally brings money to the inland area from national money markets. To date, the sector is responsible for 50% (-59,300) of the net inland job loss (-118,700) from the job peak in June 2007 to April 2013.

Looking ahead, the forecast for complete recovery was 2016-2018 due to low home prices and lack of construction. Recent economic and employment data provides evidence that recovery may arrive sooner. Why? Because existing home prices have recently soared,

continued on page 28



Southern California's Economy Recovering

Continued

rising 32.4% from a second quarter 2009 low of \$155,319 to \$205,692 in first quarter 2013. That means fewer underwater homes (down from 54.9% in 2009 to 35.7% today) and fewer foreclosures. Meanwhile, investors bought 52% of first quarter 2013 foreclosures directly from lenders and all cash buyers bought most of the rest. They outbid families for the units and are the reason why prices are soaring. New homes now appear to be the only way families can

acquire homes. Builders are thus indicating a willingness to start small projects, particularly in areas where differences between new and existing home prices are narrowing. This means the housing market should soon be a positive factor helping boost the recovery.

Economic Benefits of Accelerating Five Years of Projects

In April of 2012, the Southern California Association of Governments

unanimously approved the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012-2035 RTP/SCS).

The 2012-2035 RTP/SCS is a long-range plan that improves overall mobility, reduces greenhouse gases, enhances the quality of life for the region's residents, and will create approximately 500,000 jobs per year over the life of the plan by increasing the global competitiveness of Southern California.

But with the region's economy in a slow recovery, how can transportation investments accelerate Southern California's Economic Recovery?

Transportation projects face many hurdles to faster project delivery methods, including funding availability challenges, environmental review process issues, and other process uncertainties, such as agency coordination. Many opportunities exist for transportation project delivery streamlining and expediting (such as "Breaking Down Barriers," "America Fast Forward," process reforms, modernizing CEQA, etc.). According to Caltrans, the average major transportation project takes 17 years to complete. What are the economic benefits of accelerating the building of these projects, adding construction jobs now and increasing the region's competitiveness sooner? In short, what is the real cost of delay?

SCAG engaged prominent economists from throughout the SCAG region to answer the question. Without focusing on how the projects were moved forward, the economic team developed methods to analyze the impacts to the economy of moving a 5 year tranche of the 2012-2035 RTP/SCS forward 5 years. Investments planned for 2021-2025 were added to the investments committed in 2016-2020. And the benefits the plan

continued on page 29

EXHIBIT 2 - UNEMPLOYMENT RATES, HIGHEST 30 of 50, March 2013
WORST U.S. METROPOLITAN AREAS, OVER 1 MILLION POPULATION

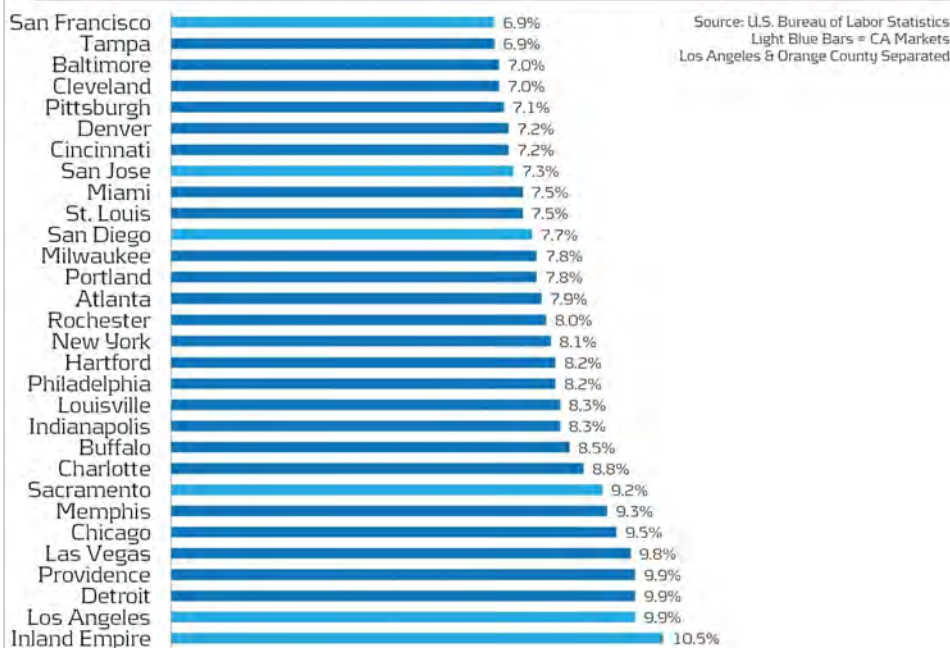


EXHIBIT 3 - INLAND EMPIRE GROWING & DECLINING SECTORS
AVERAGE JANUARY-MARCH 2012-2013



Adelanto Mourns the Loss of Former City Leader Mary Scarpa

By Rene De La Cruz, Staff Writer, Victor Valley Daily Press

ADELANTO • Mary Scarpa listened to her final baseball game last week, as her beloved San Francisco Giants struggled to get back into first place.

"She couldn't see anymore, so I had to announce the games for her," said Mary Scarpa's daughter, Barbara Scarpa, who was at her mother's bedside when she died early Sunday morning. "She loved baseball, she loved her Giants, and she loved Adelanto."

Mary Scarpa, former mayor of Adelanto, died at age 86 at an assisted living facility in Aptos, about nine miles from her daughter's Santa Cruz County home.

City Manager Jim Hart said Mary Scarpa served on the City Council with the people's best interest in mind.

"Even after she was off the council, Mary would stop by my office once a month and find out how the community was doing," Hart said. "She was a great joy to be around."

Hart said the former mayor was instrumental in building the city's foundation and moving the municipality forward in many areas.

"She was the backbone of Adelanto along with Patricia Chamberlaine back in the 80's," said Rachel Lara-Carranza, Hart's executive assistant and deputy city clerk. "She was here at City Hall every day until she moved in with her daughter about two years ago. I can't believe she is gone."

After leaving her hometown of St. Paul, Minn., after high school, Mary Scarpa moved to California where she met her husband, John, and moved about the country before they returned and settled down in Adelanto.

Scarpa, who served on the City Council for 15 years, led the city in creating its first redevelopment agency, creating the city's first two industrial parks, and opening Mavericks Stadium.

For nearly two decades, Mary Scarpa

didn't miss an inning as she watched the High Desert Mavericks minor league baseball club from Seat 8, Row 3, Section 109.

"She loved baseball so much that she used to be an assistant Little League coach back in the 70s in Arlington, Texas," Barbara Scarpa said. "There were no woman coaches back then, but she loved the game."

Scarpa's daughter said her mother fell in love with the Giants when she listened to them on the radio as they played at the Polo Grounds in New York.

As a city official, Mary Scarpa was credited for leading the charge to attract new businesses, seek new sources of revenue, and form partnerships between the public and private sectors to plan economic development in Adelanto.

Mary Scarpa was also known for organizing holiday food basket giveaways while working at the local food pantry.

In a 2010 interview, Joseph W. Brady, president of The Bradco Companies real estate group and Victor Valley College boardmember, said Mary Scarpa did a great job of putting Adelanto on the map.

Brady called Mary Scarpa a "forward thinker" who wanted to cut through bureaucracy and run government more like the private sector.

"When you had talked to Mary about an idea, if the idea is viable, the idea moved very quickly," Brady said. "She wanted an end result."

In November 2010, the city of Adelanto and Chamber of Commerce hosted a luncheon to honor Mary Scarpa's achievements and contributions to the community.

"Mary didn't just work for Adelanto," Lara-Carranza said. "Mary Scarpa was Adelanto."

A public graveside service was held

Southern California's Economy Recovering

Continued

achieved by 2025 (air quality, greenhouse gas reduction, mobility) were assumed to be realized by 2020. The team used the REMI TranSight Model to analyze the results, the same economic impact model that was used to estimate the economic benefits of the SCAG 2012–2035 RTP/SCS.

Benefits of Accelerated Project Delivery

- Accelerating transportation projects by five years will lead to 102,143 jobs brought forward per year. These jobs will be created sooner in an industry crucial to Southern California's economic recovery.
- Infrastructure enhancement leads to an expeditious and enhanced economic competitiveness with 120,639 jobs created per year.
- The reduction in travel time, emissions, fuel consumption, and vehicle operating costs will lead to an additional 83,654 jobs per year. In addition, an increase in road safety and preservation of system infrastructure.
- Advancing five years of projects results in a decrease in construction cost by \$1.25–1.95B (or 5–9% of construction cost). Savings can be reinvested in additional transportation infrastructure and services



on June 15 at Victor Valley Memorial Park near Highway 18 and 11th Street in Victorville.

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City of Adelanto – Progress by Design

By Mike Borja, Sr. Management Analyst
City of Adelanto, Development Services



With a willingness to move forward, the City of Adelanto's development projects are demonstrating what **Progress by Design** truly means. In the past years, most of the development activities have been in the city's five Industrial Parks, but Adelanto is finally seeing retail interest from several notable businesses.

Located on the southwest corner of Highway 395 & Cactus Road, **Cactus Plaza** is one the city's newest development projects for this year. In Phase I of development, a 5,000 square-foot Shell gas station with a Circle K convenience store, and a 3,315 square-foot Steak 'n Shake eatery have both been approved by the city's Planning Commission and Engineering Department to move

forward. Phase II of development will include an 18,191 square-foot medical facility.

Currently under construction, **Steak 'n Shake**, the pioneer and market leader of premium burgers and shakes, is bringing its chain to Southern California. Founded in February 1934 in Normal, Illinois by Gus Belt, Steak 'n Shake restaurants were determined to serve its customers the finest burgers and shakes in the business. With nearly 500 Steak 'n Shake restaurants in 22 states, the chain is expanding into new market territories and has chosen the City of Adelanto to be its first stand-alone, 24hr. drive-thru eatery in Southern California. Additional retail development is currently in the works in the north Adelanto region, which is expected to perform well in the much needed area.

Adelanto's Industrial Parks have seen some significant growth in development as well. Completed in 2012 is the **Adelanto Detention Center West**, a 650-bed correctional facility with 64 additional beds in segregated housing unit. Served as the prime design-builder, Hensel Phelps, a leader in Leadership in Energy

and Environmental Design (LEED), has constructed an 189,016-square-foot, single-story concrete and steel frame structure with precast concrete cells in housing units and segregated housing units. The contract also included major site work and off-site street improvements on two adjoining public streets.

With cities having been greatly impacted by the economic downturn, the City of Adelanto's outlook has indicated that the city has rebound and improved its economic position in today's marketplace. It's an improvement that most would say demonstrates **Progress by Design**.

For more information on the opportunities that exist in Adelanto, please contact the City's Economic Development Department at 760.246.2300 ext.3062, or via email at economicdevelopment@ci.adelanto.ca.us.





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Sue Thomas
Senior Vice President
Manager

MEMBER
FDIC



Town of Apple Valley City Update

By Orlando Acevedo, Economic Development Manager



The Town of Apple Valley recently participated in the International Conference of Shopping Centers (ICSC) RECon in Las Vegas. This year Apple Valley partnered with the other High Desert cities as a regional marketing consortium, Opportunity High Desert (OHD). The partnership unveiled a new region-wide marketing campaign while still promoting their respective cities. Apple Valley set individual meetings with prospective developers, brokers, and tenants, positioning itself as a viable choice for retailers' and restaurants' first and second locations in the OHD regional market.

With the expected completion of the Yucca Loma Bridge in 2015, a long-awaited development opportunity will ripen for the Fountains at Quail Ridge, a 350,000 sq ft mixed-use lifestyle center at the Yucca Loma Road and Apple Valley Road intersection. Other select sites include the 40,000 sq ft former Ralphs' grocery store in the center of town; and, a 4,300 sq ft restaurant on a 47,000 sq ft site, for lease at Bear Valley and Apple Valley roads, the most successful non-freeway intersection in the region. In a neighborhood lacking grocery and general merchandise stores, Apple Valley recently welcomed Dollar General, with a second store slated to open in late 2013.

With the latest reports, Apple Valley has shown 10 consecutive quarters of sales tax revenue growth. Apple Valley will also welcome these new and expanding businesses in the coming months: Ulta Beauty, a 10,000

sq ft beauty supply retail store and salon, will open its first store in the OHD region at Jess Ranch Marketplace (JRM); TruBlu Logistics is doubling its existing facility to 140,000 sq ft; Telexca, an aircraft and aerospace products manufacturer, is doubling their facility to 7,000 sq ft; The Wine Seller recently expanded its store, adding 18 beers on tap to its popular microbrew selection; and Denny's will open its second location in Apple Valley. Other significant projects on the horizon include the Yucca Loma Bridge, the Multi-Species Habitat Conservation Plan and the Walmart Supercenter.

Signature community events continue to attract record numbers each year. More than 50,000 annual attendees converge onto Apple Valley for such events as the Sunset Concerts (8,000 annual attendees), July 4th Freedom Festival (10,000), Apple Valley Air Show (12,000), Lenny Brewster Sports Center Soccer Tournaments (14,000), Happy Trails Chili Cook Off (3,000), Equine Festival (2,000), and the Rockin' the Desert Mud Run and Fest (2,000). These visitor attractions are key economic drivers for both residents and retailers and help cultivate a robust and diverse local economy. They play a vital role in building Apple Valley's unique character and help make it the most preferred residential community in the region.

Apple Valley's housing market is growing slowly but steadily. Since July 2012, Apple Valley has issued 70 single family residential permits—only 32 were issued all of last fiscal year.

Yucca Loma Bridge

In the last six months, Apple Valley has made significant progress towards construction of the Yucca Loma Bridge. The Town Council awarded the construction management contract to Parsons in October 2012, covering both the bridge and the Yates Road components. The plans, specifications, and estimate bid package is complete, and a land conversion with the National Parks Service, which took nearly 24 months, was finally approved in May 2013, clearing the way for the Town to be granted a right of entry to begin construction.

The final funding agreement between the Town and San Bernardino Associated Governments (SANBAG) is complete, and Apple Valley has prepared a submittal for a TIGER5 grant (Transportation Investment Generating Economic Recovery) through the US Department of Transportation for the last piece of the funding puzzle that will complete the project through the Green Tree Blvd. connection. We expect the next six months to be significant in the life of this project.



Barstow City Update

By Oliver Chi, Assistant City Manager

The City of Barstow believes that there is much to be optimistic about as we begin 2013. Signs of an economic turnaround can be found when looking at statistical data and when considering the projects that are underway in the community.

From a statistical perspective, one measure that illustrates how a community's economic health is trending can be seen through tracking the area's median income levels. In the 2000 census, the Barstow area had a median income level of \$35,069. As of the 2010 census, the median income levels for the Barstow area had increased around 37% to \$48,042. This data means that the quality of the jobs in the Barstow area is improving and points to a positive trend for the local economy.

In addition to the statistical data, the city has been working on several important economic development projects that have the potential to significantly improve the overall quality of life in Barstow.

Current significant projects that are underway in the community include the following:

Montara Place Shopping Center Project

During the past several months, city staff has been working with representatives from Rothbart Development to coordinate the environmental and permitting approval process for a 255,000 square foot shopping center set to be anchored by a Super Wal-Mart. The project will be constructed on a 28-acre site located at the southeast corner of East Main Street and Montara Road. Overall, the project calls for the construction of the following facilities on the identified property:

1. A new approximately 200,000 square foot Super Wal-Mart

2. One 30,000 square foot retail store
3. One 14,550 square foot drug store
4. One 5,100 square foot bank
5. One 2,800 square foot restaurant
6. One 2,800 square foot restaurant

Both the Planning Commission and City Council have authorized all of the land use approvals necessary for the Montara Place Shopping Center to proceed. Based on our current project schedule, it is anticipated that the project could break ground toward the end of 2013 or early 2014.

Barstow Casino & Resort Project

The Barstow Casino & Resort Project, which is being pursued as a partnership project between the Los Coyotes Band of Cahuilla & Cupeño Indians and Bar West Gaming, is still a viable initiative that is in the review process. In order for the initiative to move forward, both the Federal Government and the State of California will have to agree to allow the project to be constructed. Currently, the Federal Government's Department of the Interior is evaluating the proposed Barstow Casino & Resort project and a public hearing on the environmental impact statement was held last July. If the Department of the Interior approves the project as meeting federal guidelines, the next step in the process would be negotiating a contract with the Office of California Governor Jerry Brown. That contract would also have to be approved by the California State Legislature. In an effort to give the Barstow Casino & Resort Project the best chance of gaining State approvals, the city is in the process of determining how to hire a state lobbying firm. If all the approvals are obtained, the overall casino project could begin construction in 2014.

Barstow Industrial Park

Another significant initiative that the city is coordinating is the revival of the Barstow Industrial Park project. In total, the Barstow Industrial Park spans over 1,174 acres and is located around 3 miles northwest of Interstate 15 and around 5 miles west of the Interstate 15 / Interstate 40 interchange. The city has been working with the project developer regarding future plans for the location. Discussions are currently underway regarding infrastructure concerns, utility coordination / installation issues, and the potential of obtaining rail-spur access for the site. The city will be working with the developer during this next year to coordinate and implement the solutions needed to ensure that the Barstow Industrial Park becomes the High Desert's premier logistics, manufacturing, and distribution hub.

Lenwood Grade Separation

The city has been working diligently with the County of San Bernardino and SANBAG to coordinate the construction of the Lenwood Grade Separation project. A number of design enhancements have been coordinated during the past several months and the project team is currently working on finalizing the engineering work and right-of-way coordination for the new bridge. In total, the Lenwood Grade Separation will cost an estimated \$31.5 million and is on schedule to begin construction in late 2013.

While the overall economic situation is still challenging, the current projects in the Barstow area that are either underway or in the planning process illustrate that...

...Barstow is strategically situated midway between Los Angeles and Las Vegas.

continued on page 33

Hesperia City Update

A Five-Year Economic Development Retrospective

By Lisa K. LaMere, Economic Development Management Analyst



From Hesperia's 20th Anniversary in 2008, to this year's 25th, many changes have occurred on the economic development front to benefit the city's residents and local businesses and improve Hesperia's quality of life.

Of most significance to businesses was the designation of two California "incentive" Zones being formed in Hesperia. First, the city was designated a California Enterprise Zone (EZ) in 2010, which allows it to offer lucrative state income tax benefits to businesses located within the designated boundaries. These benefits include a hiring credit of up to \$37,440, as well as other incentives such as sales/use tax credits, business expense deductions, net interest deductions to lenders, and more.

To-date, the hiring credit benefits for the Hesperia businesses that have already taken advantage of that EZ incentive could amount to a five-year state income tax savings of more than \$25.3 million.

In addition to the EZ, a designation as a California Recycling Market Development Zone was added to the growing list of Hesperia's attraction benefits, which offers below-market loans and marketing assistance to qualifying businesses.

In keeping with Hesperia's Economic Development Strategy to create jobs targeted at manufacturing, warehousing and logistics industries, a nearly one-mile industrial rail lead track was built, funded in part with a

competitive \$2 million Department of Commerce Economic Development Administration grant.

In addition to these activities, the city has attracted and facilitated the location of approximately 45 new retail, entertainment, restaurant, hospitality, housing venues, and many more have opened businesses here due to our strategic location, demographics and low cost of doing business. These attraction efforts alone equate to upwards of 750,000 square feet of development, more than 1,500 jobs, and an investment of nearly \$100 million in the city.

New restaurants and retail continue to be the focus of the city, whether it is a small, family owned franchise or big boxes like Super Target and Walmart Supercenter, the city works hard to facilitate their development.

Some of these eateries include Farmer Boys, Beef 'O' Brady's, Five Guys and Golden Corral, all offering numerous dining options to Hesperia's citizens, travelers, and regional residents.

Many of these businesses are the first - and only - in the region, and include Marshalls, Golden Corral, Orchard Supply Hardware (OSH), Wood Grill Buffet, Courtyard by Marriott, Beef 'O' Brady's and Five Guys Burger and Fries, as well as the soon-to-open Hot Dog on a Stick and Waba Grill Teriyaki House.

Despite these great additions, the city continues to identify opportunities for new retail and restaurant development. Currently, Hesperia's 14 miles of

continued on page 34

Barstow City Update

Continued

...Barstow is a major transportation corridor that serves more than 60 million travelers and 19 million vehicles each year.

...Barstow is where the Interstates 15 & 40 and Highways 58 & 247 all converge.

...Barstow is home to the Tanger Outlets and Barstow Outlets, which provide shopping options that are usually only found in metropolitan areas.

...Barstow is where an eclectic mix of railroad, military, high technology, and mining employers have located.

...Barstow is home to a vibrant and caring community.

...Barstow is at the crossroads of opportunity... where the best is yet to come.

Any individual who would like to learn more about all that Barstow has to offer is encouraged to visit the city's website at www.barstowca.org or to contact Oliver Chi, Assistant City Manager, via email at ochi@barstowca.org or by telephone at (760) 577-4510.



Hesperia City Update

Continued

commercially-zoned Main Street frontage is enjoying the bulk of retail development activity in the city, with over 44,000 square feet of new construction, expansion, and tenant improvements.

Coming Soon

An O'Reilly's Auto Parts has been approved and permits are pending; and a Dollar General is adding 2,963 square foot to an existing 6,286 square foot building on Main. Along the freeway, Chipotle Mexican Grill is under construction on Mariposa, just north of In-N-Out.

Tenant improvements for the High Desert's first Waba Grill Teriyaki House are underway. They join the region's first Five Guys Burgers and Fries as the two newest eateries in Lewis Retail Center's High Desert Gateway west of I-15 at Main Street.

Oak Hills Brewery on Poplar, west of the freeway, has now leased an adjacent suite to add 2,250 square feet to its existing facility, which opened last November.

Now Open for Business

Civic Plaza 12, located at Ninth Avenue and Smoketree, is showing first run movies and is the first in the region to serve wine, beer, and assorted café items along with traditional theater fare. Two of its 12 screens are 60', among the largest in California; the theater also includes amenities such as 3D and D-Box options.

The busiest area for retail development over the past five years has been in Phase I of the Gateway Center. Anchored by a hugely successful Target, the center is also home to Pier 1 Imports; JoAnn Fabric and Crafts; Sleep Number; Marshalls; and

numerous smaller shops.

Many excellent commercial businesses and retail merchants already operate in Hesperia and have served as the backbone of the community for years; however, with over 155,000 residents in Hesperia's Main Street and I-15 trade area; there is still room for greater variety.

Commercial, industrial, retail, and office opportunities abound throughout Hesperia, and this pro-development, customer service-oriented city is serious about bringing your business to Hesperia! For more information, contact Steven J. Lantsberger, Deputy Economic Development Director, at 760/947-1906 or e-mail econdev@cityofhesperia.us.



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Publisher's Message

Continued

We wish to welcome the articles and input from Senator Jean Fuller and our friends at the Southern California Association of Governments (SCAG) under the great leadership of Mr. Hasan Ikhrata.

Lastly, we could not complete our endeavors to properly portray the High Desert economy without the help of our friend Mr. Mike Borja, Sr. City of Adelanto, Mr. Orlando Acevedo Town of Apple Valley, Mr. Oliver Chi City of Barstow, Ms. Lisa K. LaMere City of Hesperia, and Mr. Doug Robertson who stepped up on very quick notice to assist us with this endeavor representing the City of Victorville.

The economy is improving, although slowly and we are all feeling that the "bottom" of the market is hopefully behind us. The next (6) six months I believe is critical to determine where we really are in this economic revival. It is my hope, as it is our staffs, including our associates at Barstow Real Estate Group and Alliance Management Group, that those reading this have an enjoyable summer and fall as we prepare for the 53rd edition of the Bradco High Desert Report. We hope to have the 53rd edition completed by October/November of this year.

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



Retail Grows in Victorville

By Doug Robertson, Victorville City Manager



It's official, the economy is most certainly coming back. The only question is how fast? Regardless of the actual answer from an economic standpoint the common answer will be, "not fast enough." As the economy begins to grow again, Victorville is seeing the most growth in retail. One new Wal-Mart is open and a second is under construction. A third has entitlements and approvals but has yet to pull permits; and a new Target is also fully entitled.

On the other end of the retail spectrum, the new Victorville Macy's opened to much fanfare earlier this year. By all accounts, the new store has been a success and there is little doubt the Rancho Cucamonga stores have felt its existence. The new store opening adds prestige to our city and valley and will prove that the residents of the High Desert can and will support top line retailers. There had been some concern about JC Penney having just opened a new store in the Mall of Victor Valley. But fear not as JC Penney is also doing well and the two stores are likely helping each other drive sales in the entire center.

Further evidence of the great work being done at the Mall of Victor Valley is the construction of Dick's Sporting Goods in the vacated JC Penney anchor site. When Dick's opens in the fall, it will be the first time in five years all four anchor stores have been occupied. This is

a tremendous accomplishment for mall owner, Macerich, and speaks to the success of the partnership between the mall and the City of Victorville. The center is continuing with updating the look of the exterior and common areas and is beginning to attract exciting new tenants including restaurants that will further complement your shopping experience. By mid to late August, the La Mesa / Nisqualli interchange will make it easier to get to Macy's, the mall, or your favorite mall restaurant.

Restaurants also seemed to be an area of interest in other areas of Victorville at the recent ICSC ReCON tradeshow in Las Vegas. All five cities participated together to market the region allowing each to save costs while presenting a more attractive market to potential new business. Our cooperative effort turned a few heads, as did our total population of 442,000, which would be the eighth largest city in the state if combined, just a little more than Oakland – not that we're headed that way, just a comparison. One attendee commented he was surprised our population compared so favorably to Bakersfield with only 345,000. There is already talk of forming a new MSA, so the High Desert can break away from the Inland Empire.

As we continue to work collaboratively with all the cities of the High Desert, we are seeing regionalism take hold at the chamber of commerce level and

in business. The Victorville Chamber of Commerce recently went back to its original name, the Victor Valley Chamber of Commerce in celebration of its 100 year anniversary and as a nod to its membership, which is 35% based outside of Victorville. Lastly, business leaders are looking to work together as a region. All of this speaks to a stronger region with growth and collective prosperity in mind.



High Desert Report

A quarterly economic overview

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