

Justification for Proposal and Preliminary Environmental Description Form

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the Commission, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: Annexation No. 2008-02 to the Town of Apple Valley

2. NAME OF APPLICANT: Town of Apple Valley

MAILING ADDRESS:

Attn: Ms. Lori Lamson, Assistant Director of Community Development
14955 Dale Evans Parkway, Apple Valley, CA 92307

PHONE: (760) 240-7000

FAX: (760) 240-7399

E-MAIL ADDRESS: _____

3. GENERAL LOCATION OF PROPOSAL:
The proposed annexation site is located immediately west of and adjacent to the current Town limits. The site is generally bounded on the west by Central Road and the eastern boundary of the Town of Apple Valley, on the north by Quarry Road, on the east by the section line of Section 14, Township 6 North, Range 3 West, Section 14, and on the south by the half-section line of Section 23 Township 6 North, Range 3 West, San Bernardino Base and Meridian.

4. Does the application possess 100% written consent of each landowner in the subject territory?
YES ___ NO X If YES, provide written authorization for change.

5. Indicate the reasons that the proposed action has been requested. _____
The proposed annexation area is immediately adjacent to and east of the existing North Apple Valley Industrial Specific Plan. Land owners in the proposed annexation area have expressed an interest in being added to the Specific Plan, to expand the lands available for industrial development in the area. The Town considers this a part of its long term economic development strategy.

6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?
YES ___ NO X If YES, please provide a written justification for the proposed boundary configuration.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area (defined in acres):
The proposed Annexation 2008-02 is comprised of 805.1 acres.

2. Current dwelling units in area:
None

3. Approximate current population in area:
None

4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
The annexation area is designated Planned Industrial in the Town's General Plan. This land use designation allows light industrial and warehousing land uses.

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
Lands within Annexation No. 2008-002 are designated Regional Industrial, Community Industrial, Resource Conservation, and Rural Living in the County General Plan. The Industrial designations allow a range of light to medium intensity industrial uses; Resource Conservation and Rural Living allow very low density residential land uses.

5. Describe any special land use concerns expressed in the above plans.
None

6. Indicate the existing land use.
Approximately 5.5 acres of the proposed 808.8-acre annexation area are currently developed in ancillary uses associated with the Black Mountain quarry operation. The remaining 803.3 acres are currently vacant and undeveloped.

What is the proposed land use?
No project-specific plans have been submitted for any of the parcels within the annexation area. It is expected that future projects will consist of master planned business park and light industrial projects.

7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following:
 - a. Has pre-zoning been completed? YES x NO ___
 - b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ___ NO ___

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process.
The lands within the annexation area were pre-zoned Planned Industrial with the Town's recent update of its Development Code and Zoning Map, adopted by Ordinance on April 13, 2010.

8. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

- Agricultural Land Uses
- Agricultural Preserve Designation
- Williamson Act Contract
- Area where Special Permits are

Required

Any other unusual features of the area or permits required: None

9. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

There are no Williamson Act contracts within the annexation area.

10. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ___ NO X If YES, please explain.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. _____

Annexation 2008-002 is generally flat, and occurs south of the surrounding foothills.

Lands within the annexation area occur at an elevation of approximately 3100 feet above sea level.

2. Describe any existing improvements on the site as % of total area.

Residential _____ %	Agricultural _____ %
Commercial _____ %	Vacant <u>99.3</u> %
Industrial <u>0.7</u> %	Other _____ %

3. Describe the surrounding land uses:

NORTH Vacant land.

EAST Vacant land.

SOUTH Vacant land and scattered very low density residential development.

WEST Vacant land, Scattered very low density residential development.

4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).
 As described above, there are no immediate plans for development within the annexation area. Build out will ultimately facilitate development that will require the expansion of public utilities & facilities: electricity, natural gas, domestic water, wastewater, and communications; and services: law enforcement, fire, solid waste collection. Future projects will also implement facilities associated with the Town's Master Plan of Drainage.

5. Will service extensions accomplished by this proposal induce growth on this site? YES x NO
 Adjacent sites? YES x NO Unincorporated x Incorporated x
 The ultimate build out of this area has the potential to induce growth within the industrial Specific Plan boundary. However, as services and utilities currently occur to the west and south of the area, development in those areas is more likely to precede development within the annexation area.

6. Is this project a part of a larger project or series of projects? YES NO x If YES, please explain.

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME Ms. Lori Lamson TELEPHONE NO. 760-240-7000

ADDRESS: Town of Apple Valley, 14955 Dale Evans Pkwy, Apple Valley, CA 92307

NAME Ms. Nicole Sauviat Criste TELEPHONE NO. 760-341-4800

ADDRESS: Terra Nova Planning & Research, 42635 Melanie Place, Suite 101, Palm Desert, CA 92211

NAME _____ TELEPHONE NO. _____

ADDRESS: _____

CERTIFICATION

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief. I understand that if this proposal is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

DATE October 18, 2010



SIGNATURE OF APPLICANT

Ms. Lori Lamson

PRINTED NAME OF APPLICANT

Assistant Director of Community Development

TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- CITY INCORPORATION SUPPLEMENT
- FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ACTIVATION OF LATENT POWERS SUPPLEMENT

APPLICATION TO BE SUBMITTED TO:

LOCAL AGENCY FORMATION COMMISSION
215 NORTH D STREET, SUITE 204
SAN BERNARDINO, CA 92415-0490
PHONE: (909)383-9900 • FAX: (909) 383-9901
E-MAIL ADDRESS: lafco@lafco.sbcounty.gov

**PLAN FOR PROVISION OF MUNICIPAL SERVICES
ANNEXATION NO. 2008-02
TO THE
TOWN OF APPLE VALLEY**

Prepared for

**Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307**

Prepared by



**Terra Nova Planning & Research, Inc.[®]
400 S. Farrell Dr., Suite B-205
Palm Springs, Ca 92262**

September 2010

I. INTRODUCTION

The Town of Apple Valley proposes the annexation of 805.1 acres of land located in the County of San Bernardino and the Town of Apple Valley Sphere of Influence. The proposed annexation site is located immediately west of and adjacent to the Town limits. The proposed annexation will facilitate industrial development in the Town. The site is generally bounded on the west by Central Road and the eastern boundary of the Town of Apple Valley, on the north by Quarry Road, on the east by the eastern section line of Section 14, Township 6 North, Range 3 West, and on the south by the half-section line of Section 23 Township 6 North, Range 3 West, San Bernardino Base and Meridian. The site is shown on attached Exhibit A, Annexation Boundary Map. The Annexation area may also be described as Assessor's Parcel Numbers:

46320103, 46320103, 46320104, 46320105, 46320106, 46320107, 46320108, 46320109, 46320110, 46320111, 46320112, 46320113, 46320114, 46320115, 46320116, 46320117, 46320118, 46320119, 46320120, 46320121, 46320134, 46320135, 46320137, 46320138, 46320139, 46320140, 46320141, 46320142, 46320143, 46320144, 46320145, 46320153, 46320154, 46320156, 46320157, 46324101, 46324102, 46324103, 46324104, 46324105, 46324106, 46324107, 46324108, 46324109, 46324110, 46324111, 46324112, 46324113, 46324114, 46324115, 46324116, 46324117, 46324118

The Annexation area is currently vacant and undeveloped, with the exception of approximately 5.5 acres which are developed for uses associated with the Black Mountain quarry operation, and a quasi-industrial storage yard located south of Johnson Road. Lands within proposed Annexation No 2008-002 are designated and zoned Regional Industrial, Community Industrial, Resource Conservation, and Rural Living in the County of San Bernardino General Plan.

The proposed land use designations within the annexation area are shown in Table 1. As shown in the Table, the annexation area includes lands designated for industrial land use. Based on the land use assignment proposed, the annexation area could yield 7,676,379 square feet of Planned Industrial space.

Table 1
Annexation No. 2008-002
Land Use at Build Out

Land Use/Designation	Area (Acres)	SF*
Planned Industrial	801.0	7,676,379
Roadways	4.1	N/A
Source: Town of Apple Valley General Plan EIR, prepared by Terra Nova Planning & Research, Inc., 2008.		
*Assumes FAR of 0.22 for industrial development.		

No specific projects are proposed within the annexation area at this time.

The San Bernardino County Local Agency Formation Commission requires the preparation of a Plan of Services for all annexations. The Plan identifies the following:

- Public facilities and service providers that will be responsible for various facilities to serve the property;
- Whether these services are available;
- What costs may be associated with the provision of service, where applicable.

Service providers to the project site include Apple Valley Ranchos Water Company for domestic water; the Town of Apple Valley for sanitary sewer service; Burrtec Waste Industries for solid waste management; the Apple Valley Police Department/San Bernardino County Sheriff's Department for police protection; Apple Valley Fire Protection District for primary fire and emergency medical services; the Apple Valley Unified School District for educational services; the Newton T. Bass Apple Valley Library for public library services; Southern California Edison for electricity; Southwest Gas Company for natural gas; and Verizon and Charter Communications for telephone and telecommunications.

The discussion below describes each of the services and indicates the respective service provider. Existing facilities available to serve the annexation area are discussed, and costs associated with extending services and facilities to serve the site are identified where possible.

II. Community Setting

A. Annexation Area

The Town of Apple Valley proposes the annexation of 805.1± acres of land (Annexation No. 2008-02) located in the County of San Bernardino and the Town of Apple Valley Sphere of Influence. The proposed annexation area is located immediately east of and adjacent to the Town limits. Annexation No. 2008-02 includes limited industrial (aggregate quarry) development. It is located east of and contiguous with the North Apple Valley Industrial Specific Plan (NAVISP), and would serve as an extension of the industrial uses planned within these lands.

The site is generally bounded on the west by Central Road and the eastern boundary of the Town of Apple Valley, on the north by Quarry Road, on the east by the eastern section line of Section 14, Township 6 North, Range 3 West, and on the south by the half-section line of Section 23 Township 6 North, Range 3 West, San Bernardino Base and Meridian.

B. Demographics

The Town is located in the Victor Valley of San Bernardino County and is about forty miles north of San Bernardino, 25 miles southwest of Barstow, and 100 miles northeast of Los Angeles. The Town is located in the high desert between the City of Victorville and the communities of Lucerne Valley on the southeast and Hesperia on the southwest. Federal lands managed by the U.S. Bureau of Land Management (BLM) form the largest land blocks within the adjacent Sphere of Influence. These Federal lands are natural areas managed as open space, which both benefit and characterize the overall setting of the Town.

Although the Town of Apple Valley has experienced consistent growth, it has not expanded as rapidly as the County in which it is located. The County of San Bernardino had a population of 895,016 in 1990. By the year 2000, the U.S. Census estimated that population in the County had grown to 1,709,434, an increase of 91% in ten years. The Department of Finance (DOF) estimates that the County had a population of 2,055,766 in 2008, an increase of 20% over the 2000 population.

The Town's population grew from 46,079 in 1990, to 54,239 in 2000, an increase of 17.7%. From 2000 to 2008, the Town's population increased 29.2%, to 70,092. Currently, there are 72,922 residents in the Town of Apple Valley¹.

In addition to up to 60,877 housing units, the Apple Valley General Plan establishes build out potential for the Town to include approximately 4,113 acres, or 44,550,054 square

¹ Town of Apple Valley website, September 23, 2009; <http://www.applevalley.org/Index.aspx?page=37>

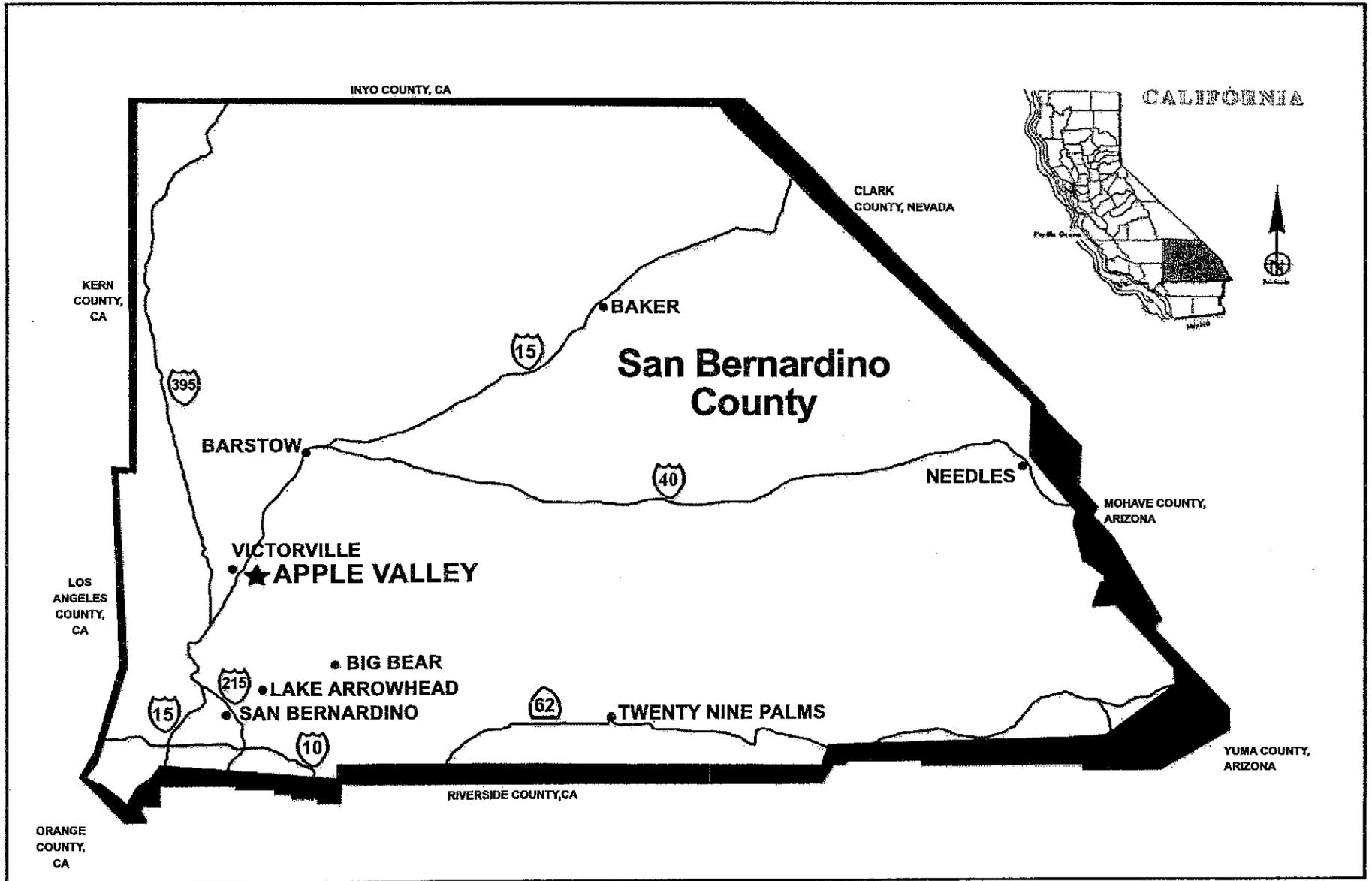
feet of commercial space, and 645 acres or 43,122,386 square feet of industrial space in addition to the commercial and industrial land uses planned for the North Apple Valley Industrial Specific Plan. Within the Specific Plan area, which totals 5,101 acres, an additional 2.5 million square feet of commercial space and 38.2 million square feet of industrial space are possible at build out of the area.

C. Physical Characteristics

The Town of Apple Valley includes approximately 74 square miles within the Town's corporate limits, as well as approximately 192 square miles that comprise the Town's Sphere of Influence. The Town has developed most densely along major roadways in the Town, including State Highway 18, which extends southeast to northwest through Apple Valley and Bear Valley Road, which is located south of Highway 18 and runs east to west. North of Highway 18 to Waalew Road the existing development becomes gradually less dense.

The U.S. I-15 transportation corridor traverses the Town in a generally southwest to northeast direction. It connects the region with Los Angeles and other markets to the south, and Las Vegas and Salt Lake City to the north.

There are approximately 805.1 acres within this proposed annexation area, of which nearly all is vacant and undeveloped. Approximately 5.5 acres are developed for uses associated with the Black Mountain quarry operation, and a quasi-industrial storage yard located south of Johnson Road. The area is dominated by creosote bush scrub habitat and is crossed by two ephemeral, non-jurisdictional waterways that trend in a northeast/southwest direction. These streams originate in the hills to the northeast and terminate at Reeves Dry Lake to the south.



Source:

USGS 7.5 Minute Maps

Apple Valley North, CA 1970, revised 1993

Helendale, CA 1956 revised 1993

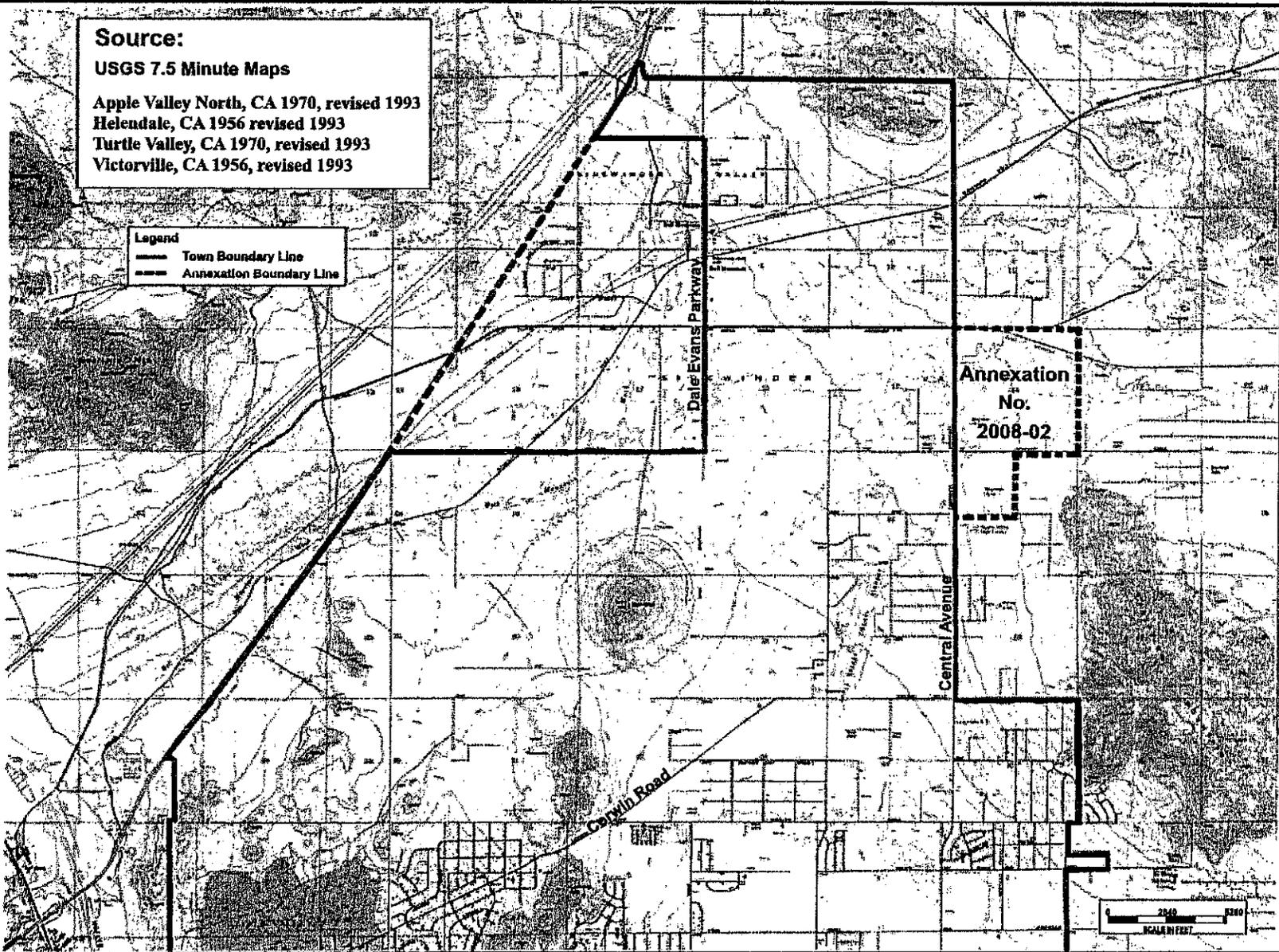
Turtle Valley, CA 1970, revised 1993

Victorville, CA 1956, revised 1993

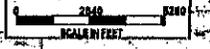
Legend

--- Town Boundary Line

- - - Annexation Boundary Line



Annexation
No.
2008-02



III. Existing and Proposed Services

A. Administrative Services/General Government

County of San Bernardino

The County of San Bernardino general government services include the following:

Supervisor's office, Clerk of the Board of Supervisors, County Administrative Offices, and County Counsel. Administrative assistance to the Supervisor representing the annexation area is provided by the Supervisor's office. The annexation area is in the First Supervisorial District of the County. It is represented by Supervisor Brad Mitzelfelt.

County administrative offices establish and administer policy, manage various County departments, and coordinate the County budget. County Counsel's office oversees all legal aspects of County government, including providing legal representation in court, prosecutions on behalf of the County, providing legal advice and interpretation, and handling all necessary legal processes. The Counsel serves the entire County.

The Clerk of the County Board of Supervisors provides for the recordation and archive of County documents, including actions of the Board of Supervisors, CEQA documentation and other items. The Clerk also processes appeals made by members of committees, commissions and boards to the Board of Supervisors. The Clerk serves the entire County, including the annexation area.

Town of Apple Valley

Town of Apple Valley general government services include the Town Council, Town Manager, Town Clerk, Town Administrative Offices, including Public Services Administration, and Town Attorney.

The Town Council consists of five council members with the mayor as presiding officer. Currently, the Town Council is comprised of the following members: Mayor Peter Allan, Mayor Pro Tem Bob Sagona, Council Member Ginger Coleman, Council Member Rick Roelle, and Council Member Scott Nassif. All members are elected at large. The Town does not operate on a Council District system. The Mayor and Council are in support of the annexation. No new council representation will be required upon annexation.

The Town Manager is responsible for all activities of the Town, as well as managing Town services, and implementing programs and activities as directed by the Town Council. The Town Manager provides both the primary contact to the Town's citizens and responsiveness to their needs. Other managerial responsibilities include monitoring and advising the Council of all state and federal legislation that concern the Town. There are three budgeted full-time equivalent (FTE) positions in the Town Manager's office: the Town Manager, Manager of Legislative Affairs and Grants, and Executive Secretary.²

² Town of Apple Valley Budget Fiscal Year July 1, 2009 – June 30, 2010.

The Town Manager and staff serve the entire Town, and will serve the annexation area. No additional personnel are expected to be required in the Town Manager's office as a result of the annexation.

The Town Clerk maintains the Town's official records, including Town Council official minutes. The Clerk serves as the Town's Election Official and Notary Public, and maintains the Town's Municipal Code. The Department of State has designated the Clerk's office a Passport Acceptance Facility. Recently the Clerk's office expanded its records management services, making available search abilities to all Town departments. There are four budgeted FTE positions in the Clerk's office, including the Clerk, Deputy Town Clerk (2 positions) and Records Technician.³ The Town Clerk and staff serve the entire Town, and will serve the annexation area. No additional personnel are expected to be required in the Clerk's office to serve the annexation area.

Town Attorney

The responsibilities of the Town Attorney include providing legal advice to Town Council and staff on legal matters impacting the Town. Currently the Town Attorney is a contracted position, filled by a private firm. The Town Attorney serves the entire Town and will serve the annexation area. No additional personnel is expected to be required to serve the annexation area.

Other General Government Functions

The Town's General Government offices also include the Town Treasurer, Administrative Services/Human Services (Human Resources) functions, the Public Information office, and Finance/Administrative Services, including Information Systems. The Apple Valley Resources Foundation, a non-profit public benefit corporation intended to support cultural, recreational and human services needs in Apple Valley, is also housed under Finance/Administrative Services.⁴

The Administrative Services/Human Services office is staffed by four FTE positions. The Public Information office includes three FTE positions. The Finance/Administrative Services and Information Systems offices include 13 FTE budgeted positions.

Public/Municipal Services Administration

The Public/Municipal Services Administration Department includes Animal Services (Animal Shelter and Animal Control), Environmental Compliance, and Code Enforcement. Public Services Administration includes 3 FTE public services administration staff, 13.5 FTE Code Enforcement staff, and 17 Animal Services FTE staff.

³ Town of Apple Valley Budget Fiscal Year July 1, 2009 – June 30, 2010.

⁴ Town of Apple Valley Community Resource Foundation, www.applevalley.org/index.aspx?page=672, accessed November 18, 2009.

General Governmental Services Summary

In summary, the Town of Apple Valley General Government offices include the Town Manager, Town Clerk, Town Treasurer, Town Attorney, Administrative Services/Human Services, Public/Municipal Services Administration, and Finance/Administrative Services, with 56.5 budgeted FTE positions.

Over the short term, no additional staffing is expected to be required to serve the annexation area. As the annexation area builds out, additional staffing will be required, particularly for Code Enforcement, to serve the additional industrial development. The Town General Plan addresses the proposed annexation. As indicated in the General Plan, build out of the area is expected to occur gradually, which will allow the Town to add staff as needed to adequately serve the area.

Public Services Department

The Town's Public Services Department includes the Public Works Division, Street Maintenance Capital Improvement Program, and Wastewater. The department's responsibilities include management, administration, and daily operations oversight of the Town's street maintenance and wastewater programs. Public services staff coordinates with the Victor Valley Wastewater Reclamation Authority (VWRA) joint powers authority, which provides sewage treatment and disposal services to the Town and will serve the annexation area.

There are 16 budgeted FTE Public Services positions. Upon annexation the Town will be responsible for maintenance of existing paved roadways in the planning area, which are further described, below. As the annexation area develops, additional roadways will be constructed and will need to be maintained, and wastewater collection facilities will be extended to serve development. It is expected that additional staffing will be required to meet these needs.

Community Development Department

The Community Development Department includes the Building and Safety, Planning and Engineering Divisions. The Town has a contractual arrangement with Charles Abbot & Associates to staff the Building Services division, the cost of which directly correlates to building activity in the Town. There are 9 budgeted FTE staff positions in the Planning Division. There are 5 planning commissioner positions that equate to 1.25 FTEs.

Over the long term, future development in the annexation area is expected to require the addition of Community Development staff and contractual services. As noted above, the cost of contracted Building Services is a function of development activity and these costs will be largely offset by developer impact fees. As demonstrated in the FIA, future development in the area is expected to generate revenues that will exceed costs, including those associated with additional staffing.

Community Services Department

The Community Services Department includes the Parks and Recreation Facilities, Maintenance, and Recreation Divisions. The Apple Valley Town Council serves as the Board of Directors for the Apple Valley Parks and Recreation District.

The Town of Apple Valley has 346.87 acres of developed public parkland that are open to the public and owns an additional 27 acres of land identified for park use, but not yet developed. Another 65 acres of BLM and privately owned land have been identified for parks within approved Specific Plan sites. In total, Town currently has 438.87 acres of developed or developable parklands.

Revenues and costs associated with this department are accounted for separately in the Town budget. Although this Department generates substantial revenues, these are generally exceeded by expenditures. The Town allocates monies from the General Fund on an annual basis to cover this deficit in recognition of the value these programs add to residents' quality of life.

The Town collects Park fees through its Developer Impact Fee schedule based on a per square foot commercial/industrial development basis. The Town allocates a portion (currently 3.9%) of the 1% property tax allocation it receives from the County toward parks and recreation expenses.

Economic Development Department

The Economic and Community Development Department houses the Town's Redevelopment Agency and Community Development Block Grant Administration. Special projects are funded through the issuance of tax allocation bonds. These projects have included construction of new Public Works and Animal Care/Control facilities, benefiting the entire community, as well as road improvement projects. There are 9 budgeted FTE positions in the Economic Development Department. It is expected that no new staff will be required to serve the annexation area in the short term. Additional staffing may be required in future to serve the on-going economic growth of the Town in all areas, not only the annexation area.

B. Wastewater Treatment

The Town owns and operates local wastewater collection facilities, comprised of force main lines and gravity sewer lines. The Town is a member of the Victor Valley Wastewater Reclamation Authority (VWVRA), a joint powers authority that includes the Town of Apple Valley, City of Hesperia, City of Victorville and San Bernardino County. VWVRA maintains regional intercept lines that collect and transport wastewater from Town pipelines to a regional wastewater treatment plant in Victorville. Currently the wastewater treatment plant in Victorville averages treatment of 13 million gallons per day (MGD), and has a design and treatment capacity of 18 MGD.⁵ There are no local wastewater collection facilities in the annexation area. The AV North Regional Intercept

⁵ "Town of Apple Valley General Plan EIR" certified August 11, 2009.

line extends southwest to northeast approximately two miles west of the annexation area.⁶ An existing 12 inch sanitary sewer service line occurs one mile west of the annexation area, at the intersection of Johnson Road and Navajo Road.

Future development projects within the annexation area will be required to extend wastewater collection to the property frontage, and project developers will be responsible for costs associated with connecting all development to the service. The Town adopted a Sewer Connection Policy in 2006 that requires that new development connect to Town facilities where the development's total gross lot sizes are less than one acre and within one-half mile of existing sewer facilities. Developments located more than one-half mile from existing facilities are required to install dry sewers or interim "Holding Tank System", if approved by the Regional Water Quality Control Board (CRWQCB). All new development is expected to ultimately be connected to the community sewage collection system.⁷

The Town and the VVWRA assess local and regional sewer connection fees based on the total number of plumbing fixtures. The Town also assesses capacity fees, sewage facilities fees, and development impact fees for all new development. These fees are expected to provide adequate funding for extension of sewer services to new development.

It is estimated that domestic wastewater flows average approximately 45 gallons per employee per day. Based on the potential build out of industrial land uses within the annexation area, future development in Annexation No. 2008-002 is expected to result in generation of 694,390 gallons of wastewater per day. Future development of the annexation area is therefore not expected to result in wastewater flows that exceed the existing or planned capacity of the wastewater treatment plant. Actual wastewater generation will depend on the level of development that occurs on the within the annexation area.

C. Roadway Construction and Maintenance

No major roadways bisect the annexation area. However, it is bounded on the west by Central Road, a Major Divided Arterial (120 foot right of way), on the west side. Quarry Road, a private roadway, bounds the annexation area on the north, and is designated a Secondary Road, with an 88 foot right of way. Johnson Road is paved west of Central Road, and unpaved in the annexation area, occurring along the southern section line of Section 14. Johnson Road is designated a Major Road (104 foot right of way) west of Central Road, and a Secondary Road (88 foot right of way) east of Central Road. Lafayette Street is unpaved both west and east of Central Road, and is designated a Secondary Road (88 foot right of way) west of Central. It is not a General Plan designated roadway east of Central Road. A small number of local roadways within the annexation area are unpaved.

⁶ Town of Apple Valley Sewer System Map, prepared by SO & Associates, 2008.

⁷ "Town of Apple Valley General Plan," adopted August 11, 2009.

Funding Roadway Improvements

Future development will be responsible for a fair share of roadway improvements. The Town will require the construction of roadways in conjunction with individual development projects as they occur. The Town receives street maintenance and local transportation funds, including Measure I funds, a portion of which are allocated towards local transportation projects.

The Town has established Transportation Impact Fees through its Developer Impact Fee schedule. These are assessed on a per square foot for commercial and industrial development. The Fiscal Impact Analysis (FIA) provides an estimate of these fees during each phase of build out of the annexation area, as well as the costs associated with providing maintenance in the area.

D. Public Transit

Currently, there are three dedicated bus routes in the Town, operated by the Victor Valley Transit Authority (VVTA). The VVTA is a regional transit system designed to link the high desert cities along a network of interconnected routes. It is operated through a joint powers agreement between the communities of Adelanto, Apple Valley, Hesperia, and Victorville as well as the County of San Bernardino.

The three dedicated routes in the Town's planning area are:

- Route 40 (Apple Valley North);
- Route 41 (Apple Valley/Victorville);
- Route 43 (Apple Valley/Victor Valley College).

No scheduled bus service is currently available adjacent to the annexation area. As employment centers develop in the northern part of the Town, it can be expected that scheduled bus service will also be expanded. Costs associated with the provision of service will be offset by ridership fares as the service is expanded.

E. Public Safety: Sheriff and Emergency Preparedness

The San Bernardino County Sheriff's Department provides law enforcement services to the annexation area. Upon annexation, police services will be provided by the Town of Apple Valley, which contracts with the Sheriff's Department for police services. The Police Department is located in the Apple Valley Civic Center at 14931 Dale Evans Parkway in Apple Valley. An un-staffed substation located at 21989 Outer State Highway 18 is used for report writing and other administrative tasks.

The Apple Valley Police Department staff includes 51 sworn personnel and 14 civilian/general employees.⁸ Of the latter, six are qualified to perform non-suspect-involved crimes or calls for service.

The Police Department has set a target ratio of 1 deputy per 1,500 residents. Although the annexation area will not include residential development, the employees within the industrial development which will occur in the annexation area are likely to reside in the Town. Based on the development potential of the annexation area, it is expected that the area could support between 7,700 and 15,500 employees. These employees could generate a need for an additional 5 to 10 police officers.⁹ If the employees all reside within the Town, this demand has been accounted for in the build out of the General Plan, and would be accommodated as growth occurs.

The Town expends approximately 54% of its General Fund towards Sheriff services. The Town has added a sworn gang task force officer and a sworn retail officer as of Fiscal Year 2009-10.¹⁰

The Town has established Development Impact Fees to fund additional law enforcement facilities; these are assessed per square foot of commercial/industrial development. The FIA estimates the potential fees that future development in the annexation area will generate, as well as the potential cost for provision of law enforcement.

Emergency Preparedness

The Town's Public Safety budget includes expenditures for emergency preparedness, including but not limited to the Town/regional Emergency Operations Plan, operation of the Emergency Operation Center (EOC), and public education. Inclusion of this program places the Town in a position to receive Federal Emergency Management Assistance (FEMA) reimbursement funds. The Town shares staffing costs for the Emergency Services Manager with the Apple Valley Fire Protection District. Funding for the Emergency Preparedness program is through the Town's General Fund, the Apple Valley Fire Protection District, and a Federal Emergency Management Program Grant (EMPG).

Emergency medical services are provided by American Medical Respond, AMR, a private company. This is further discussed under Medical Services, below.

F. Fire Department

The Town of Apple Valley, including the annexation area, receive fire protection services from the Apple Valley Fire Protection District (AVFPD), an independent District that serves the Town and unincorporated areas of San Bernardino County. The District's service area encompasses approximately 206 square miles from the Mojave River to Lucerne Valley.

⁸ Town of Apple Valley Budget Fiscal Year July 1, 2009 – June 30, 2010.

⁹ "Town of Apple Valley General Plan," adopted August 11, 2009.

¹⁰ Town of Apple Valley Budget Fiscal Year July 1, 2009 – June 30, 2010.

There are 20 paid-call, 5 part-time, and 54 career (paid, full-time) fire district staff, of which 50 are currently assigned to the District stations. The closest existing station to the annexation area is Station No. 332, at 18857 Highway 18, which has 9 staff and is equipped with a Type-1 engine and a Type-3 engine. It is located approximately 5 miles south of the annexation area.

The AVFPD has established a mutual aid agreement with San Bernardino County, and the Bureau of Land Management. The mutual aid agencies are served by a joint dispatch center located in Rialto.

There is a seasonal fire station operated by the Bureau of Land Management on the east side of Central Road, just northeast of its intersection with Hawthorne Road. However, this fire station is only used to respond to wild fires and would not respond to a fire within the annexation area.

AVFPD's desired staffing ratio of full-time fire personnel to population is 1:1,500. Based on this guideline, at build out the annexation area will require between 5 and 10 additional full time fire protection staff. AVFPD will also need to obtain new equipment, and may need to construct new facilities to serve future development in the annexation area. Given that the annexation area is undeveloped, new fire hydrants and the extension of water mains will also be required. The increased demand will require funding to ensure the adequate provision of fire protection staffing, equipment and facilities to serve future development.

The AVFPD Fire Suppression Development Impact Fee was approved by voters in 1997 for a period of 20 years. Commercial and industrial fees are based on square footage, and for vacant lands on a per parcel basis. It is expected that this tax will be renewed in 2017.¹¹

The Town also collects Fire Protection District developer impact fees to cover the cost of capital acquisitions of fire equipment and property. These fees are provided to the AVFPD.

The FIA estimates the fire tax and fire DIF revenues that the annexation area will generate at build out. It also calculates costs associated with provision of fire services to residential development based on per capita factors derived from the Town's budget. The AVFPD does not have factors to calculate costs for providing fire protection services to commercial and industrial development. However, the FIA utilizes factors from the Riverside County Guide to Preparing Fiscal Analysis, which serves as the model for the FIA, and adjusts these factors for inflation to arrive at 2009 dollars as a basis for estimating these costs.

¹¹ Mark Reynolds, AVFPD Finance Director, personal communication, September 30, 2009.

G. Stormwater Management

The San Bernardino Flood Control District (“Flood Control District”) is responsible for regional drainage facilities. The Flood Control District implements broad management functions such as flood control planning, construction of drainage improvements for regional flood control facilities, and watershed and watercourse protection related to those facilities. It has power of taxation, bonded indebtedness, land and water rights acquisition, and cooperative partnerships with local, state, and federal agencies in order to carry out its mandated responsibility. Decisions related to the Flood Control District are made by the San Bernardino County Board of Supervisors.

The Town is directly responsible for local drainage management. Drainage facilities in the Town include constructed improvements as well as naturally occurring drainages. The Town defines and manages these facilities through its Master Drainage Plans, which identify facilities and future needs within various areas of the Town and its Sphere of Influence. The North Community Drainage Plan includes the proposed annexation area.

The Town is required to monitor its Master Drainage Plans every five years to update changes to local and regional drainage and flood conditions. The Town has established per unit developer impact fees for storm drainage facilities for residential and commercial/industrial development to offset the cost of improvements due to increased development.

H. Public Services and Facilities

The Town is within the service areas of the following public services providers:

- Domestic Water: The annexation area is immediately east of Apple Valley Ranchos Water Company’s existing service area.
- Solid Waste Management: Burrtec Waste Industries
- Electricity: Southern California Edison
- Natural Gas: Southwest Gas Company
- Telephone Services, Internet and Cable Television: Verizon, Charter Communications
- Public Schools: Apple Valley Unified School District
- Library Services: San Bernardino County Library System
- Health Services: St. Mary Medical Center

Each of these services, and the demand resulting from build out of the annexation area, are addressed individually below.

Domestic Water

Currently, the annexation area is outside the service area boundaries of any of the several water purveyors that serve the Town. However, the Apple Valley Ranchos Water Company (AVR) provides water service to the majority of the Town of Apple Valley, and its service area extends to the west side of Central Road, immediately west of the

annexation area. AVR has 22 active wells located along the Mojave River, from which it pumps groundwater into its distribution system. AVR has 11 million gallons (MG) of elevated storage capacity and approximately 400 miles of water distribution pipelines that generally range in size from 4 inches to 20 inches in diameter. Within the AVR service area there are 15 pressure zones, with booster pumps or pressure reducing stations located where pressure zones interconnect.¹² Existing water lines occur west of Central Road, from 500 feet west of the roadway at Quarry Road, to approximately 2,000 feet west of the roadway at Johnson Road and Lafayette Street.

As the annexation area builds out and increased demand warrants, it is expected that it will be annexed into the AVR service area for provision of domestic water and associated facilities, including the extension of water lines. Future development projects will be required to extend water lines and associated facilities to serve each project, and shall be responsible for costs associated with connecting development on each site to the service.

AVR does not publish consumption factors for commercial or industrial uses. Therefore, consumption factors developed for desert climates¹³ were used and applied to proposed land uses to estimate projected water demand in the annexation area. These are shown in Table 2, below.

**Table 2
 Estimated Water Demand at Build Out
 Annexation 2008-002**

	Units	Demand Factor ¹	Demand
Land Use	AC	Ac-Ft/Ac/Year	Ac-ft/Yr
Industrial	801	1.61	1,289.7
Other	4	2.88	11.8
TOTAL ANNEXATION 2008-002			1,301.5

Source: Table III-35, Town of Apple Valley General Plan EIR, certified August 11, 2009.

¹ Industrial factor based on CVWD (2004) factor for Commercial and Industrial parks, based on 35% return flow.

Source: Terra Nova staff estimates based on historical consumption factors for industrial, and other uses factors from Water System Backup Facilities Charge Study, prepared by Engineering Dept, Coachella Valley Water District, Sept 2004.

As shown in the table above, at build out development in the annexation area is projected to use approximately 1,301.5 acre-feet per year. Future demand will depend on actual development. In compliance with SB 610 and/or 221, any major development will be required to prepare a Water Supply Assessment (WSA) prior to the Town's approval of future development on the site. The WSA will quantify the project's estimated water usage within the context of background demand.

¹² "Town of Apple Valley General Plan," adopted August 11, 2009.

¹³ "Water System Backup Facilities Charge Study," prepared by Engineering Department, Coachella Valley Water District, September 2004. See Table 11 - Annual Consumption Factors by Development Type Factors.

Solid Waste

Burrtec Waste Industries of Fontana, California, provides the Town with solid waste collection and disposal services. Through its contractual agreement with Apple Valley, Burrtec's AVCO Division collects non-hazardous solid waste, which is hauled to the Victorville landfill, operated by San Bernardino County. Solid waste collection and disposal services are provided on a fee basis to residential, commercial, and industrial customers.

The Victorville landfill is permitted to receive up to 3,000 tons daily, and averages current receipts of 900 tons per day. The landfill's remaining capacity is estimated at 82 million cubic yards, with recently acquired additional acreage expected to expand capacity. Based on this expansion, the Victorville landfill is estimated to have a closing date of 2047.¹⁴

AVCO also provides weekly pick up of recyclable materials for residential, commercial and industrial development. Recyclables are sorted at the materials recovery facility in Victorville. The facility processes over 710 tons of solid waste per week. The Town participates in the Zero Waste Communities of San Bernardino County (ZWC) collective, as well as the Mojave Desert and Mountain Recycling Joint Powers Authority (JPA) along with Adelanto, Barstow, Big Bear Lake, Needles, San Bernardino County, Twentynine Palms, Victorville and Yucca Valley. The JPA oversees solid waste contracts and facilities for its member cities and some unincorporated areas of San Bernardino County.

The California Bio-Mass composting facility in Victorville accepts greenwaste generated in Apple Valley, for use as composting. The Victorville facility processes approximately 18,000 tons of greenwaste annually.

Collection and disposal of hazardous industrial waste is handled by County-approved private sector hazardous waste disposal firms and coordinated through the County Fire Department. The Cattleman's Hill facility in central California has been most commonly used for disposal of hazardous wastes.

Based on California Integrated Waste Management Board rates¹⁵ development in the proposed annexation area is expected to generate approximately 82,905 tons of solid waste annually.¹⁶ At least 50% of solid waste is expected to be diverted from the waste stream and recycled. The existing level of solid waste services and landfill capacity available to the Town are expected to adequately serve future development in the annexation area. The Town will coordinate with project developers to ensure that recycling areas and containers are included and maintained so as to comply with Town and County waste disposal programs.

¹⁴ "Town of Apple Valley General Plan EIR," certified August 11, 2009.

¹⁵ California Integrated Waste Management Board rates, "Guidelines for Preparation of Environmental Assessments for Solid Waste Impacts," September 1992.

¹⁶ "Town of Apple Valley General Plan EIR," certified August 11, 2009.

Electricity

Electric service is provided the Town and the annexation area by Southern California Edison.

There are four major SCE 115kV electric transmission corridors in the region, from which power is delivered to local residential, commercial, industrial and institutional customers by means of substations and distribution lines. In Apple Valley, SCE has three substations, with voltages of 33kV to 115kV. Distribution lines and circuits range from 33kV to 6.9kV.¹⁷ SCE and the Town are conferring to determine a location for a new planned 115/12kV substation to serve newly developing areas in the Town by year 2013.¹⁸

In the short-term, no immediate increase in demand for electricity is anticipated in the annexation area. Based on SCE current 10-year load forecasts, it expects to be able to provide electrical service to future development in the proposed annexation area. Additional lines may be required to serve future growth, and developers will be responsible for the cost for extension of these facilities. The gradual expansion of SCE infrastructure will be required at build out of these areas, which will contribute to the regional demand for electricity. As a publicly traded company, SCE has developed a rate structure that includes the expansion of facilities to accommodate growth. Since development in the annexation area is expected to occur over time, SCE's expansion plans will be adjusted to accommodate it.

At build out, all development in Annexation 2008-001 is estimated to result in electrical consumption of 68,799,547 kwh/year, from what is expected to be primarily industrial development projects¹⁹.

Natural Gas

Southwest Gas Company (SWG) provides natural gas service to the Town and surrounding areas through a series of pipelines of differing sizes and pressure capabilities. Transmission, supply, and distribution lines provide service to most portions of the Town and its Sphere of Influence.

Some areas within the SWG service area are without existing facility extensions, or are undeveloped areas or extremely rural. Where natural gas services and facilities are not available, propane is utilized as an alternative source of fuel.

SWG has a network of high-pressure natural gas corridors located at Central Road-Quarry Road to Ottawa Road. It also has lines within Dale Evans Parkway, approximately 2 miles west of the annexation area.

¹⁷ Letter of correspondence, Nancy Jackson, Southern California Edison, July 25, 2008.

¹⁸ E-mail correspondence, Nancy Jackson, Southern California Edison, November 10, 2008.

¹⁹ "Town of Apple Valley General Plan EIR," certified August 11, 2009.

The high-pressure system consists of a combination of 4-inch, 6-inch, 8-inch, and 12-inch lines that operate at 240 psig. These lines are supplied by 36-inch lines with pressure levels ranging from 400 to 700 pounds per square inch (psi), with pressure reduced at different limiting stations. Regional distribution lines are 2 to 8 inches in diameter, with pressure levels ranging from 175 to 400 psi, and are located within most public rights-of-way. The pressure is reduced again at regulator stations, which transfer natural gas to distribution lines for transportation to homes and businesses. Local distribution lines are 2 to 4-inch diameter steel or plastic pipes that operate at 45 to 55 psi.²⁰

SWG has indicated that it will work closely with developers to accommodate new development through the extension of services and facilities as demand load warrants. New facilities, including natural gas distribution lines, will need to be constructed to serve new development in the annexation area. This development is expected to build out gradually over time. The Town and SWG coordinate closely to assure the adequate provision of natural gas facilities and services to new development within the SWG service area. SWG's rate structure includes the expansion of facilities to accommodate growth.

Based on anticipated build out of the annexation area, it is estimated that the annexation area will consume approximately 36,846,619 cubic feet per month.

Telephone Services, Internet and Cable Television

Verizon and Charter Communications provide telcommunication services and facilities, including telephone, high-speed internet service and cable television to the high desert region, including Apple Valley.²¹

Verizon provides telephone and high-speed internet services in its service area using a standard telephone network comprised of copper lines. It has a fiber optic network (FiOS) available within Town limits for high-speed internet service and high-definition television.²²

Charter Communications also provides telephone service, high-speed internet and cable television using aerial and underground coaxial cable as well as fiber optic network where available, including Apple Valley.²³

²⁰ Personal communication, Kevin Lang, Southwest Gas, April 2008.

²¹ "Town of Apple Valley General Plan EIR," adopted August 11, 2009.

²² Personal Communication, Paul Elsebusch, Verizon, April 9, 2008.

²³ Personal Communication, Sandra Magana, Charter Communications, May 29, 2008.

Upon annexation there would be no change to the provision of existing Verizon and Charter services and facilities. Future development will require the extension of telephone, high-speed internet and cable television.

Both Verizon and Charter Communications plan for extension of infrastructure throughout the region, based on future development. While both of these service providers will need to monitor growth trends in their service areas to ensure the orderly and efficient of services and facilities, development in the annexation area will occur over time, providing time to plan for this expansion in facilities and into rate structures to accommodate growth.

Public Schools: Apple Valley Unified School District

Apple Valley Unified School District (AVUSD) provides public education services and facilities to the proposed annexation area, which is within District boundaries. Build out of the proposed annexation area is expected to result in development of industrial projects, which will not directly impact schools. However, the potential employees within these projects will have families with children, who will require public schools.

As previously stated, it is anticipated that the annexation area could generate between 7,700 and 15,500 employees. If these employees are residents of the Town, school enrollment would be absorbed into the projected build out enrollment Town wide, which is expected to total 29,899 students.²⁴

AVUSD plans for new school sites as the District's student population increases, based on tract map approvals within the Town. AVUSD receive developer's impacts fees to offset impacts of new development on District schools. It is anticipated that these fees, which are periodically adjusted, will continue through build out of the annexation area. As a result, all development projects within the annexation area will offset its impact on school enrollment through payment of the school impact fee for industrial or commercial development.

The AVUSD is experiencing a budget shortfall resulting from the State budget crisis. The District has taken several actions to address the shortfall, including closing one school in Fall 2009. The District has indicated it intends to close two more schools in school year 2010-11, and is prepared if necessary to discontinue its Classroom Reduction Size (CSR) program. AVUSD has received Federal Stimulus funding which it has used to offset budget cuts in the 2009-10 FY.²⁵ It is unclear whether or to what extent the current budget shortfall will affect the future student population generated in the annexation area, since the build out enrollment will occur over the long-term.

²⁴ "Town of Apple Valley General Plan EIR," certified August 11, 2009.

²⁵ "Frequently Asked Questions on the State Fiscal Emergency," prepared by the Apple Valley Unified School District, August 9, 2009.

Library Services: San Bernardino County Library System

The Town is served by the San Bernardino County Library System. The Newton T. Bass Apple Valley Library is a 19,142 square foot facility located adjacent to Town Hall on Dale Evans Parkway. The library houses over 20,000 hardcopy books and also provides users with access to an online database containing electronic periodicals, magazines and encyclopedias. The library offers a variety of programs and community events.²⁶

The County Master Library Facility Plan (2001)²⁷ indicates that the desirable size of a public library in the County system within communities with populations of between 35,000 and 100,000 persons is 0.5 to 0.6 square feet per capita. For libraries across the United States, it estimates the average at 0.46 square feet per capita. Based on the Town's current estimated population of 72,922, the public library in Apple Valley provides approximately 0.26 square feet of library space per capita. The County Plan further indicates that additional library funding would be needed to meet a standard of 0.5 to 0.6 square feet per capita, and addresses expansion of the library in Apple Valley to provide facilities consistent with the national average by year 2021. The standard targeted in the Master Facility Plan is 0.45 square feet of library space per capita in Apple Valley.²⁸

As previously stated, the annexation area does not include residential development, and as such will not directly impact the library system. Employees within the annexation area, however, would impact the system, if they reside in the Town. Demand for library space is expected to require a facility or facilities totaling 87,719 square feet at build out of the Town. This demand would include that created by the employees within the annexation area.

Currently, the County collects taxes for the library system through a County Library special district assessment. The Special District includes the unincorporated County and 17 cities, among them Apple Valley. The annexation will result in no net change in the total tax revenues to the County Special District. The amount currently allocated towards the annexation area for library services will be redistributed to those allocated towards the Town. The Town does not directly receive any revenues associated with the library special district.²⁹

Medical Services

St. Mary Medical Center, the largest health care facility in Apple Valley, is located at 18300 Highway 18. The approximately 90-acre campus includes a 186-bed hospital, which provides acute, general, medical-surgical, and intensive care. There is a 24-hour emergency room and a variety of other in- and out-patient medical services. The hospital

²⁶ Personal Communication, Cheri Cervantes, Apple Valley Library References, February 12, 2008.

²⁷ "San Bernardino County Library Master Facility Master Plan," prepared by PROVIDENCE Associates, December 2001.

²⁸ "Apple Valley Branch San Bernardino County Library Planning Recommendations in the San Bernardino County Library Master Facility Master Plan", prepared by PROVIDENCE Associates, December 2001.

²⁹ Ed Kieczkowski, San Bernardino County Library, personal communication, November 11, 2009.

is currently designated as a Level III trauma care center, which is the lowest level of trauma care. Near-term (5-year) plans include construction of new acute care facilities with the intention of attaining Level I trauma care status.

The hospital intends to begin construction of additional facilities in Victorville within approximately three years. These new facilities are planned as a 733,500 square-foot facility to include a 120-bed, 100,000 square-foot general acute-care hospital with adjacent 99-bed sub-acute facility, a convalescent care facility, medical office buildings, and office/professional buildings.³⁰

Build out of the annexation area will place additional demand on all health care facilities in the region. Local and regional medical care facilities are privately owned and continue to plan for regional growth. The planned St. Mary Medical Center facility in Victorville is expected to substantially contribute to the provision of acute-care and other general medical-surgical services to residents and visitors in the region, including the annexation area. Other health care providers such as Victor Valley Community Hospital and DVMC are also expected to continue to expand to maintain adequate service as needs are identified.

Emergency Medical Services

American Medical Response (AMR) provides emergency medical services to the region, including ambulance services, via a contract with the County of San Bernardino. Ambulances are dispatched as needed via the Desert Communications dispatch center in Victorville. AMR has Advance Life Support ambulances, staffed with a paramedic and an Emergency Medical Technician (EMT); Basic Life Support ambulances, staffed with two EMTs; and Critical Care Units, staffed with a paramedic, an EMT, and a Registered Nurse. Under its contract with San Bernardino County, AMR has established a response time of 9 minutes 59 seconds or less to all calls. Longer response times are allowed to some rural areas. Based on monthly averages, AMR meets or exceeds this response time an average of 92% of the time.³¹

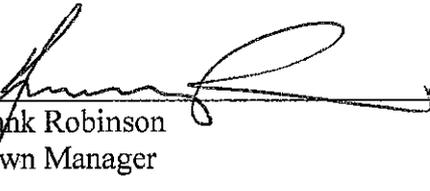
³⁰ Town of Apple Valley, http://www.applevalley.org/pgs/market_profile.asp, accessed November 24, 2008.

³¹ "Town of Apple Valley General Plan," adopted August 11, 2009.

CERTIFICATION

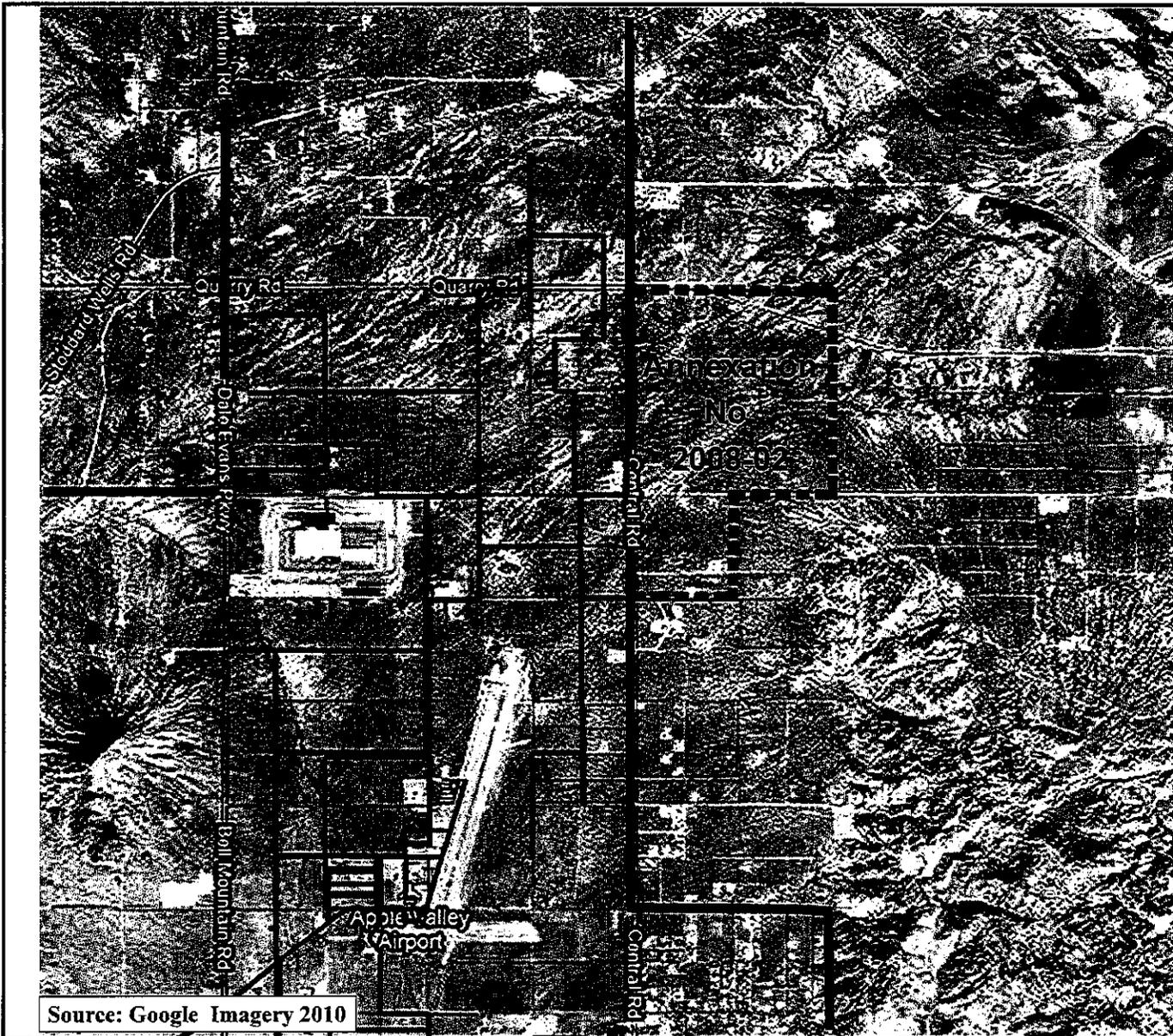
I hereby certify that the statements furnished above and the documents attached to this Plan of Services present the data and information required to the best of my ability, and that the facts, statements and information presented herein are true and correct to the best of my knowledge.

Prepared by:  Date 10/26/10
Lori Lamson
Assistant Director of Community Development

Reviewed by:  Date 10/26/10
Frank Robinson
Town Manager

APPENDIX A

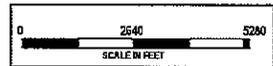
Existing Utility Lines



Source: Google Imagery 2010

Legend

-  Town Boundary Line
-  Annexation Boundary Line
-  Existing Water Lines
-  Existing Sewer Lines



**FISCAL IMPACT ANALYSIS
FOR
the
APPLE VALLEY ANNEXATION NO. 2008-02
in the
TOWN OF APPLE VALLEY
SAN BERNARDINO COUNTY, CALIFORNIA**

Prepared for

**Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307**

Prepared By



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September 2010

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I. Introduction, Project Description and Build Out Assumptions

Introduction

This fiscal impact has been prepared in support of an application for annexation submitted by the Town of Apple Valley to the San Bernardino County Local Agency Formation Commission (LAFCO). Annexation 2008-002 is proposed for the northeastern corner of the Town of Apple Valley.

As neither the County of San Bernardino nor the LAFCO have adopted or recommended formats for fiscal impact analysis, this analysis has been developed based on a number of sources, including Terra Nova Planning & Research, Inc. fiscal impact modeling, the Riverside County Guide to Preparing Fiscal Impact Reports, and third party data sources including the California Department of Finance, the Apple Valley Fire Protection District, and the San Bernardino Associated Governments.

Project Description

This fiscal impact analysis has been prepared to analyze the potential financial impacts to the Town of Apple Valley that could result from the annexation of 805.1 acres of land currently under the jurisdiction of the County of San Bernardino. The 1.3± square-mile annexation, referred to as Annexation 2008-02 in this document, is proposed for lands generally bounded on the west by Central Road and the eastern boundary of the Town of Apple Valley; on the north by Quarry Road; on the east by the eastern section line of Section 14, Township 6 North, Range 3 West; and on the south by the half-section line of Section 23 Township 6 North, Range 3 West, San Bernardino Base and Meridian. west The annexation area is within the Town's Sphere of Influence, as defined by the Local Agency Formation Commission.

The proposed land use designations within the annexation area are shown in Table 1. As shown in the Table, the annexation area includes lands designated for industrial land use. Based on the land use assignment proposed, the annexation area could yield 7,676,379 square feet of Planned Industrial space.

Table 1
Annexation No. 2008-002
Land Use at Build Out

Land Use/Designation	Area (Acres)	SF*
Planned Industrial	801.0	7,676,379
Roadways	4.1	N/A
Source: Town of Apple Valley General Plan EIR, prepared by Terra Nova Planning & Research, Inc., 2008.		
*Assumes FAR of 0.22 for industrial development.		

No specific projects are proposed within the annexation area at this time.

Build Out Assumptions

Growth and development in Apple Valley, and the annexation area, will rise and fall over the build out period, depending on market conditions. It is impossible to predict when growth spurts, or economic turns will occur during the build out of the annexation area or in any portion of the Town or the County. In any given 5 year period, however, it can be expected that growth will occur. The fiscal impact analysis, therefore, assumes steady development over the 20 year period, in 5 year phases.

The assumptions used to calculate build out square footage are based on the Town's Zoning standards and typical land use intensities for building coverage in industrial projects. The fiscal model assumes that these parcels, all designated as Planned Industrial, will develop at 22% lot coverage. These estimates are provided in the Urban Land Institute's "Project Reference File" and represent standard single-story development typical of southern California. They account for landscaping requirements, parking areas, and losses to roadway rights-of-way.

In each five-year period, development of 1,919,095 square feet is planned, for a total of 7,676,379 square feet at project build out. Where variations in the build out square footage occur, this is due to rounding in the formulas.

II. Revenue Assumptions

Introduction

The annexation of lands will result in revenues for both the Town of Apple Valley and the Apple Valley Fire Protection District. This section of the analysis summarizes the revenues which will be generated by development in the annexation area. Each revenue source's assumptions are provided below. Detailed revenue tables are provided categorically in Appendix A.

Please note that all analysis is in 2010 dollars. No adjustment has been made for inflation over the build out period. As this is also the case for potential costs of the annexation's build out, the analysis is consistent.

Potential Revenue Sources for the Town of Apple Valley

Property Tax

The County of San Bernardino collects property tax annually at a rate of 1% of assessed valuation. Property tax revenues are allocated between the County, the jurisdiction in which the land is located (if any), and a variety of other public agencies. Of the 1% collected by the County, the Town receives 9.5%, of which 5.6% goes to the Town General Fund and 3.9% is allocated to the Town of Apple Valley Parks and Recreation Department.

The fiscal model assumes that all properties are taxed at a rate of 1% of valuation, and the collection rate is 100%. The value of new commercial and industrial development is assumed to be \$52 per square foot, based on data for year 2008 provided by the Town Building and Safety Division.¹

Property Transfer Tax

Property Transfer Tax revenues are generated when a change of property ownership occurs. For analysis purposes, a tax rate of \$1.10 per \$1,000 (or 0.11%) of the unencumbered property value is assumed. This analysis further assumes that for a transfer within an incorporated jurisdiction, the revenue is divided evenly between the County (50%) and the jurisdiction (50%). Upon the sale of a new building, 100% of the building's market value is subject to the property transfer tax. Upon change of ownership of an existing building, the unencumbered value (average 80%) of the property is subject to the property transfer tax. Change in ownership is assumed to begin in the fourth year of the project, and 10% of existing properties are assumed to change ownership per year. Property values are stated in year 2010 dollars, and the same property values used in the property tax revenue evaluation, above, are used in this analysis. As buildings of various sizes will be constructed within the annexation area, this analysis is conservative, as larger holdings will result in larger single sales. However, in order to assure that the overall fiscal impact analysis does not over state revenues, this conservative approach is appropriate.

¹ Terra Nova Staff estimates based on Year 2007-08 YTD Commercial/Industrial building permit data, Town of Apple Valley Building Division, September 29, 2009.

Sales Tax Revenues

Annexation 2008-002 will consist of industrial development, ranging from warehousing to light manufacturing uses. Although it is possible that these businesses will include a retail sales component, it is impossible to estimate what that component might generate. As a result, no retail sales tax revenues are assumed in this analysis. Similarly, no Measure I funds are calculated in this analysis.

Transient Occupancy Tax (TOT)

The proposed annexation area will develop in industrial uses. Although it is possible that a hotel or motel could locate in the area, none is planned at this time. No transient occupancy tax has been calculated for the annexation area.

Motor Vehicle In-Lieu Funds

Motor Vehicle In-Lieu Fees, or Motor Vehicle License Fees, are collected by the State of California and allocated to local jurisdictions on a monthly basis. These fees are levied on motorists in-lieu of a local property tax. No residential development is planned within the annexation area. As a result, no increase in population will occur. Although it can be expected that the employees within the industrial projects will live within Town, it is not possible to estimate what percentage of these employees would. In order to maintain a conservative analysis, therefore, no Motor Vehicle In-Lieu Fees have been assumed for this analysis.

Developer Impact Fees

As lands in the annexation area develop, the Town will collect developer impact fees (DIF) based on its adopted fee schedule.² These are one-time fees collected at the time that residential units and commercial and industrial square footage are constructed. This analysis estimates total DIF fees for General Government Facilities, Transportation Impacts, Parks and Open Space, Storm Drainage and Law Enforcement Facilities. Because these are one-time rather than annual fees, they are not included in Table 3, Cost/Revenue Analysis, but are summarized separately.

Potential Revenue Sources to the Apple Valley Fire Protection District

AVFPD Special District Assessment

The AVFPD has established Special Assessment Districts through which it collects taxes on commercial/industrial development on a per square foot basis. AVFPD has also established per parcel factors for vacant lands. This analysis projects revenues for all developable lands in the annexation area.

Assessment factors vary based on the size of development. The following factors have been used in this analysis based on anticipated land uses in the annexation area.

- Commercial/Industrial:
 - \$253.16 per parcel, for development between 5,001 and 20,000 square feet
 - \$379.74 per parcel, for development between 20,001 and 50,000 square feet
 - \$506.29 per parcel, for development over 50,000 square feet

² Town of Apple Valley Developer Impact Fees, www.townofapplevalley.org, accessed October 28, 2009.

- Vacant: \$48.10 per parcel, based on parcels of 10.01 acres to 24.99 acres.

In addition, the District receives a portion of the property tax for each property, built or developed. That portion received by the District is the equivalent of 9.2% of the total property tax collected.

These revenue sources together form the majority of the revenues from which the District operates.

Fire Developer Impact Fees

Through its DIF program, the Town collects fees for the capital acquisition of fire equipment and property. The Town passes these fees directly through to AVFPD. The following table shows these factors for each type of land use.

Table 2
Developer Impact Fees for Fire Equipment and Property

Single-Family Residential	\$740.00/dwelling unit
Multi-Family Residential	\$924.00/dwelling unit
Commercial	\$0.586/square foot
Industrial	\$0.089/square foot
Source: Town of Apple Valley DIF schedule	

As with the Town's DIF, these are one-time fees collected when projects are constructed. The DIF which will be generated to the District is therefore summarized separately from the costs and revenues associated with providing services in the annexation area in Table 6, below.

III. Cost Assumptions

Potential Costs to the Town of Apple Valley

Future development of lands in the annexation area will not only generate additional revenues, but will also generate additional municipal costs. There will be expenditures for general government services as well as the expansion and/or extension of infrastructure, roads and other public services. The fiscal model projects the Town's costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands in the annexation area. It also separately projects costs to the AVFPD for provision of fire protection services.

Costs of General Government

Costs of General Government are funded through the Town's General Fund. Costs to the Town associated with general government include the costs of providing Town-wide services, such as employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of government. It includes public and community services, such as code compliance and animal control, as well as municipal and support services. These are further described in the Plan of Services. The Town also allocates some General Fund monies annually to support programs and services provided by the Apple Valley Parks and Recreation Department.

In order to capture costs for provision of General Government to industrial development, it was necessary to derive factors based on a per acre or per square foot basis. No such factors were available through the Town. Therefore, this analysis uses factors provided in the Riverside County Guide for the Preparation of Fiscal Impact Analysis and Terra Nova independent analysis, adjusted for inflation, to arrive at costs based on year 2010 dollars.

Costs of Public Safety Services

The same method used to calculate general government costs has been used to project costs of providing public safety services to future residents in the annexation area. In Apple Valley these costs include provision of law enforcement services and emergency preparedness. Public safety expenditures include uniforms, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police departments. As with General Government Costs, cost factors to provide public safety services for industrial uses have been derived from the Riverside County Guide for the Preparation of Fiscal Impact Analysis and Terra Nova independent analysis, and adjusted to reflect year 2010 dollars.

Costs of Roadway Maintenance

Costs associated with repairing and maintaining future paved public roads in the annexation area are calculated using a per road mile cost factor. There are 420 paved road miles per square mile of land area in Apple Valley.³ This equates to 5.38 road miles per square mile of land area. The

³ Personal communication, Mark Abbott, Town Engineering Associate, September 21, 2009.

annexation area encompasses a total of approximately 1.3 square miles. Using the average of 5.4 road miles per square mile of land area in Apple Valley, the proposed annexation area could potentially include 7.4 miles of paved roadways at build out. As development is expected to occur on larger parcels, with fewer streets overall than in a residential area, it is anticipated that the actual costs for roadway maintenance within the annexation area will be less.

The model divides the Town's total annual roadway maintenance costs by the number of paved road miles in the Town to determine an annual per road mile cost factor and applies this annual per road mile cost to the number of potential paved road miles in the annexation area.

Potential Costs to the AVFPD

Implementation and build out of the proposed annexation will result in additional costs to AVFPD associated with providing fire protection services to future development. As development in the area builds out, additional fire facilities, equipment and staff will be needed. This analysis has utilized factors derived from the District's "Fire Suppression Facilities et. al. Development Impact Fee Calculation and Nexus Report and Master Facilities Plan for the Apple Valley Fire Protection District, and its current operating budget to establish a per square foot cost of providing fire services to industrial development. Industrial development represents 0.52% of the calls to which the District responds on an annual basis.

IV. Cost/Revenue Analysis

The following conclusions are based on the assumptions described above. It should be noted that all amounts are in Year 2010 dollars and are subject to rounding.

The total annual costs and revenues to the Town over each five-year phase of the 20-year build out period are shown in Table 3. The Table also shows the total costs and revenues that are projected annually at build out of the annexation area.

It should be noted that the cost/revenue summary for the Town does not include revenues from developer impact fees, which are one-time fees that occur at the time of construction. This analysis projects that the Town will receive DIF revenues of approximately \$3.8 million from new development during each five-year phase of the 20-year build out. These revenues are shown separately on Table 4.

Table 5 illustrates the total costs and revenues to the Apple Valley Fire Protection District. As with Town costs and revenues, those for AVFPD are also shown for each five-year phase during the 20-year build out period and at ultimate build out of the annexation area. DIF revenues to AVFPD are shown separately on Table 6.

Each table provides a summary of the detailed tables that have been prepared for each revenue and cost category, and for DIF revenues, associated with this annexation. Appendix A of this analysis presents the individual tables, showing the detailed calculations for each revenue and cost category.

Table 3
Total Potential Costs/Revenues
Summary Table - Town of Apple Valley

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
<i>General Fund:</i>				
Property Tax	\$55,884	\$111,768	\$167,652	\$223,536
Property Transfer Tax	\$55,150	\$57,170	\$59,277	\$61,473
<i>Restricted Funds:</i>				
Apple Valley Parks & Recreation Fund (Property Tax)	\$38,583	\$77,166	\$115,749	\$154,332
ANNUAL COSTS				
<i>General Fund:</i>				
General Government Costs				
General Government/Town-wide Services	\$5,967	\$11,935	\$17,902	\$23,870
General Government Municipal Services	\$48	\$96	\$144	\$192
General Government Support Services	\$12,644	\$25,288	\$37,931	\$50,575
Total General Government Costs (for all services)	\$18,659	\$37,319	\$55,978	\$74,637
<i>Restricted Funds:</i>				
Public Safety Costs				
Town-wide Public & Police Protection Services	\$83,546	\$167,093	\$250,639	\$334,185
Municipal Services, Public Protection Services	\$22,628	\$22,304	\$33,456	\$44,608
Total Public Safety Costs (for all services)	\$106,175	\$189,396	\$284,095	\$378,793
Roadway Maintenance Costs	\$7,590	\$15,180	\$22,769	\$30,359
<i>Revenues:</i>				
Total Annual General Fund Revenues	\$111,034	\$168,938	\$226,929	\$285,009
Total Annual Restricted Fund Revenues	\$38,583	\$77,166	\$115,749	\$154,332
Revenue Subtotal	\$149,617	\$246,104	\$342,678	\$439,341
Total Annual Revenues at Phase Buildout	\$299,234	\$492,208	\$685,356	\$878,682
<i>Costs:</i>				
Total Annual General Fund Costs	\$18,659	\$37,319	\$55,978	\$74,637
Total Annual Restricted Fund Costs	\$113,764	\$204,576	\$306,864	\$409,152
Total Annual Costs at Phase Buildout	\$132,424	\$241,895	\$362,842	\$483,789
Annual Cashflow at Phase Buildout	\$166,810	\$250,313	\$322,514	\$394,893

Table 4
Town Developer Impact Fees Revenues
(One Time Only)

	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
General Government Fees	\$57,573	\$57,573	\$57,573	\$57,573
Transportation Impact Fees	\$3,138,987	\$3,138,987	\$3,138,987	\$3,138,987
Parks & Open Space Impact Fees	\$656	\$656	\$656	\$656
Law Enforcement Impact Fees	\$383,819	\$383,819	\$383,819	\$383,819
Storm Drainage Impact Fees	\$230,291	\$230,291	\$230,291	\$230,291
Total Developer Impact Fee Revenues	\$3,811,326	\$3,811,326	\$3,811,326	\$3,811,326

Table 5
Total Potential Costs/Revenues
Summary Table - AVFPD

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
Fire Tax Revenue	\$116,722	\$207,906	\$299,091	\$390,275
ANNUAL COSTS				
Fire Protection Costs	\$70,336	\$140,673	\$211,009	\$281,346
Annual Cashflow at Phase Buildout¹	\$46,386	\$67,234	\$88,081	\$108,929

¹Does not include DIF fire fees which occur only once, when the structure is permitted.

Table 6
AVFPD Developer Impact Fees Revenues
(One time only)

Total Developer Impact Fee Revenues	\$170,799	\$170,799	\$170,799	\$170,799
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Conclusion

As shown in the Tables, based on the underlying assumptions presented herein, development of lands in Annexation No. 2008-002 is expected to result in substantial positive cash flow to the Town and the Apple Valley Fire Protection District. In the overall, cash flow to the Town and AVFPD are expected to be positive in the near-, mid- and long-term.

Development may occur at differing rates during the build out period, and market conditions may fluctuate. Costs and revenues are expected to vary annually based on actual phasing of development. Nonetheless, based on this analysis, the fiscal impact of the annexation should remain positive.

Appendix A
Detailed Cost and Revenue Tables

Property Tax Revenue from Industrial Development				
<i>Land Use Designation: Planned Industrial Total No. Acres: 801.0 Potential Square Feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs. 1-5)	Phase II (Yrs. 6-10)	Phase III (Yrs. 11-15)	Phase IV (Yrs. 16-20)
Number of acres developed during phase	200.25	200.25	200.25	200.25
Number of square feet constructed during this phase	1,919,095	1,919,095	1,919,095	1,919,095
Total square feet constructed at phase buildout	1,919,095	3,838,190	5,757,284	7,676,379
Average value per square foot ¹	\$52	\$52	\$52	\$52
Total average value of all property	\$99,792,927	\$199,585,854	\$299,378,781	\$399,171,708
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at Phase Buildout	\$997,929	\$1,995,859	\$2,993,788	\$3,991,717
Percent of Property Tax Allocated to General Fund	5.6%	5.6%	5.6%	5.6%
Total Amount Allocated to General Fund at Phase Buildout	\$55,884	\$111,768	\$167,652	\$223,536
Percent of Property Tax Allocated to Town of Apple Valley Park & Recreation Fund ²	3.9%	3.9%	3.9%	3.9%
Total Amount Allocated to Apple Valley Park & Recreation Fund at phase buildout	\$38,583	\$77,166	\$115,749	\$154,332

Assumes buildout of Industrial Development at 0.22 FAR.

¹Based on value of commercial/industrial development in Apple Valley in 2009

GENERAL FUND Property Tax Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total property tax revenue from all development	\$55,884	\$111,768	\$167,652	\$223,536

PARK & RECREATION FUND Property Tax Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total park and recreation tax revenue from all development	\$38,583	\$77,166	\$115,749	\$154,332

Property Transfer Tax from Industrial Development				
<i>Land Use Designation: Service Industrial</i> <i>Total No. Acres: 805.1</i> <i>Potential Square Feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs.1-5)	Phase II (Yrs. 6-10)	Phase III (Yrs. 11-15)	Phase IV (Yrs. 16-20)
New Square Footage (100% of market value is subject to tax)				
Number of acres developed during phase	200.25	200.25	200.25	200.25
Number of square feet constructed at phase buildout	1,919,095	1,919,095	1,919,095	1,919,095
Average value per square foot	\$52	\$52	\$52	\$52
Amount Subject to Property Transfer Tax for all new development	\$99,792,927	\$99,792,927	\$99,792,927	\$99,792,927
Existing Square Footage (80% of market value is subject to tax)				
Number of square feet developed in 1st year of this phase	383,819	383,819	383,819	383,819
Number of square feet changing ownership in 1st year of this phase	Ø	11,515	30,706	49,896
Number of square feet developed in 2nd year of this phase	383,819	383,819	383,819	383,819
Number of square feet changing ownership in 2nd year of this phase	Ø	15,353	34,544	53,735
Number of square feet developed in 3rd year of this phase	383,819	383,819	383,819	383,819
Number of square feet changing ownership in 3rd year of this phase	Ø	19,191	38,382	57,573
Number of square feet developed in 4th year of this phase	383,819	383,819	383,819	383,819
Number of square feet changing ownership in 4th year of this phase	3,838	26,867	42,220	61,411
Number of square feet developed in 5th year of this phase	383,819	383,819	383,819	383,819
Number of square feet changing ownership in 5th year of this phase	7,676	26,867	46,058	65,249
Total number of square feet developed during this phase	1,919,095	1,919,095	1,919,095	1,919,095
Total number of square feet changing ownership during this phase	11,514	99,793	191,910	287,864
Average value per square foot	\$52	\$52	\$52	\$52
Unencumbered Value per unit (80% of market value)	\$42	\$42	\$42	\$42
Amount subject to Property Transfer Tax for all existing square footage changing ownership during this phase	\$478,990	\$4,151,389	\$7,983,456	\$11,975,142

New & Existing Square Footage Combined				
Total amount subject to Property Transfer Tax (includes all new square footage sold & all existing square footage changing ownership)	\$100,271,917	\$103,944,316	\$107,776,383	\$111,768,069
Property Transfer Tax Rate	0.11%	0.11%	0.11%	0.11%
Total Property Transfer Tax Collected at phase buildout	\$110,299	\$114,339	\$118,554	\$122,945
Percent of Property Transfer Tax allocated to Town	50%	50%	50%	50%
Total Property Transfer Tax Allocated to City at phase buildout	\$55,150	\$57,170	\$59,277	\$61,473

Property Transfer Tax Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total tax revenue from industrial development	\$55,150	\$57,170	\$59,277	\$61,473
Total property transfer tax revenue from all development	\$55,150	\$57,170	\$59,277	\$61,473

Development Impact Fees for (Business Park Development)				
<i>Land Use Designation: Planned Industrial</i> <i>Total No. Acres: 801.0</i> <i>Potential Square feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Land Use Buildout Data				
Number of acres developed during this phase	200.25	200.25	200.25	200.25
Number of acres developed at phase buildout	200.25	400.50	600.75	801.00
Potential square feet developed at phase buildout	1,919,095	3,838,190	5,757,285	7,676,380
Calculating DIF Revenues from General Government Facilities fees				
Per square foot General Government Facilities Fee	\$0.03	\$0.03	\$0.03	\$0.03
Total revenues from General Government Facilities Fees at phase buildout	\$57,572.84	\$57,572.84	\$57,572.84	\$57,572.84
Calculating DIF Revenues from Parks and Open Space Facilities fees				
Per square foot Parks and Open Space Facilities Fee	\$0.01	\$0.01	\$0.01	\$0.01
Total revenues from General Government Facilities Fees at phase buildout	\$656.33	\$656.33	\$656.33	\$656.33
Calculating DIF Revenues from Transportation Impact Fees				
Per Unit Transportation Impact Fees ¹	\$1.6357	\$1.6357	\$1.6357	\$1.6357
Total revenues from Transportation Impact Fees at phase buildout	\$3,138,986.52	\$3,138,986.52	\$3,138,986.52	\$3,138,986.52
Calculating DIF Revenues from Law Enforcement Facilities Fees				
Per square foot Law Enforcement Facilities Fee	\$0.20	\$0.20	\$0.20	\$0.20
Total revenues from Law Enforcement Facilities Fees at phase buildout	\$383,818.95	\$383,818.95	\$383,818.95	\$383,818.95
Calculating DIF Revenues from Storm Drainage Fees				
Per square foot Storm Drainage Fee	\$0.12	\$0.12	\$0.12	\$0.12
Total revenues from Storm Drainage Fees at phase buildout	\$230,291.37	\$230,291.37	\$230,291.37	\$230,291.37

¹ Transportation Impact Fee for Industrial Parks, Town of Apple Valley Transportation Impact Fees Summary Sheet, February 11, 2008.

**Costs of General Government
 from Industrial Development**

<i>Land Use Designation: Planned Industrial</i> <i>Total No. Acres: 801</i> <i>Potential Square Feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Land Use Buildout Data				
*Number of acres developed during this phase	200.25	200.25	200.25	200.25
Number of acres developed at phase buildout	200.3	400.5	600.8	801.0
Calculating Annual Costs of General Government				
Per acre cost of General Government (Town-wide Services)	\$29.80	\$29.80	\$29.80	\$29.80
Total cost of General Government (Town-wide Services) at phase buildout	\$5,967.45	\$11,934.90	\$17,902.35	\$23,869.80
Calculating Annual Costs of General Government (Municipal Services)				
Per capita cost of General Government (Public/Community Services)	\$0.24	\$0.24	\$0.24	\$0.24
Total cost of General Government (Public/Community Services) at phase buildout	\$48.06	\$96.12	\$144.18	\$192.24
Calculating Annual Costs of General Government (Support Services)				
Per acre cost of General Government (Support Services)	\$63.14	\$63.14	\$63.14	\$63.14
Total cost of General Government (Support Services) at phase buildout	\$12,643.79	\$25,287.57	\$37,931.36	\$50,575.14

inflation.

Costs of General Government Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual Costs of General Government (Town-wide Services)				
Total Annual Cost from all development at phase buildout	\$5,967.45	\$11,934.90	\$17,902.35	\$23,869.80
Total Annual Costs of General Government (Municipal Services)				
Total Annual Cost from all development at phase buildout	\$48.06	\$96.12	\$144.18	\$192.24
Total Annual Costs of General Government (Support Services)				
Total Annual Cost from all development at phase buildout	\$12,643.79	\$25,287.57	\$37,931.36	\$50,575.14
Total Cost for all General Government	\$18,659.30	\$37,318.59	\$55,977.89	\$74,637.18

Public Safety Costs for Industrial Development				
<i>Land Use Designation: Planned Industrial</i> <i>Total No. Acres: 801</i> <i>Potential Square Feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Land Use Buildout Data				
Number of acres developed during this phase	200.25	200.25	200.25	200.25
Number of acres developed at phase buildout	200.25	400.50	600.75	801.00
Potential square feet developed at phase buildout	1,919,095	3,838,190	5,757,285	7,676,380
Calculating Annual Public Safety Costs (Town-wide Services, Police & Public Protection)				
Per capita cost for Municipal Services, (Police Patrol and Public Protection)	\$417.21	\$417.21	\$417.21	\$417.21
Total costs of Municipal Services, (Police Patrol and Public Protection) at phase buildout	\$83,546.30	\$167,092.61	\$250,638.91	\$334,185.21
Calculating Annual Municipal Services (Police Patrol and Public Protection)				
Per acre cost for Municipal Services, Police Patrol and Public Protection	\$55.69	\$55.69	\$55.69	\$55.69
Total costs of Municipal Services, (Police Patrol and Public Protection) at phase buildout	\$22,628.25	\$22,303.85	\$33,455.77	\$44,607.69

Cost factors based on Riverside County Guide General Fund Net Cost Multipliers for Commercial/Industrial uses, Table A.2.

Public Safety Costs				
Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual Public Safety Costs (Town-wide Services, Police & Public Protection)				
Total Annual Cost from all development at phase buildout	\$83,546	\$167,093	\$250,639	\$334,185
Total Annual Public Safety Costs (Municipal Services, Public Protection)				
Total annual cost from all development at phase buildout	\$22,628	\$22,304	\$33,456	\$44,608
Total Annual Cost for Public Safety	\$106,175	\$189,396	\$284,095	\$378,793

Costs of Roadway Maintenance				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Roadway Data				
*Total land area in public roads (square miles)	78	78	78	78
*Number of paved road miles in jurisdiction (year 2009) ¹	420	420	420	420
Number of road miles per square mile of land area	5.4	5.4	5.4	5.4
*Total Area designated for annexation (square miles)	1.3	1.3	1.3	1.3
Total no. of potential road miles in annexation area	7.0	7.0	7.0	7.0
No. of potential road miles in annexation area at phase buildout	1.8	3.5	5.3	7.0
Calculation of Annual Roadway Maintenance Costs				
*Total Annual Roadway Maintenance Expenditures ²	\$1,821,540	\$1,821,540	\$1,821,540	\$1,821,540
*Number of paved road miles in jurisdiction	420.00	420.00	420.00	420.00
Number of road miles at phase buildout	1.8	3.5	5.3	7.0
Annual Cost of Roadway Maintenance Per Road Mile	\$4,337	\$4,337	\$4,337	\$4,337
Annual Cost of Roadway Maintenance at Phase Buildout	\$7,590	\$15,180	\$22,769	\$30,359

*Variable data.

¹Personal communication, Mark Abbott, Engineering Associate, September 21, 2009.

²Town of Apple Valley 2009-10 Budget, p. 112.

**Fire Development Impact Fees
 from Industrial Development**

<i>Land Use Designation: Planned Industrial</i> <i>Total No. Acres: 801</i> <i>Potential Square Feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Land Use Buildout Data				
*Number of acres developed during this phase	200.25	200.25	200.25	200.25
Number of square feet developed at phase buildout	1,919,095	3,838,190	5,757,285	7,676,380
Calculating DIF Revenues from Fire Fees				
Per square foot Fire Fee	\$0.089	\$0.089	\$0.089	\$0.089
Total revenues from Fire Fees at phase buildout	\$170,799.43	\$170,799.43	\$170,799.43	\$170,799.43

Fee based on Industrial Uses fee, Town of Apple Valley Developer Impact Fee schedule, adopted June 24, 2008.

Fire Development Impact Fees Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Revenues from Fire Fees				
Total Revenues from all development at phase buildout	\$170,799.43	\$170,799.43	\$170,799.43	\$170,799.43

NOTE these are one-time fees only and will apply as projects are built out. Not annual fees.
 Also note these are Fire Fees only: Town collects and passes them through.

Fire District Tax Revenue from Industrial Development

Land Use Designation: Planned Industrial Total No. Acres: 801 Potential Square Feet at Buildout: 7,676,379	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Land Use Buildout Data				
*Number of acres developed during phase	200.25	200.25	200.25	200.25
Number of square feet constructed during this phase	1,919,036	1,919,036	1,919,036	1,919,036
Total square feet constructed at phase buildout	1,919,095	3,838,190	5,757,285	7,676,380
% Fire Fund Revenue at 5,001 to 20,000 SF	0%	0%	0%	0%
% Fire Fund Revenue at 20,001 to 50,000 SF	50%	50%	50%	50%
% Fire Fund Revenue at 50,000+ SF	50%	50%	50%	50%
Number of vacant parcels at phase buildout	39	26	13	0
Calculation of Annual Fire Fund Revenue				
Annual Fire Revenue for 5,001 to 20,000 SF (per 1000 sf) ¹	\$253.16	\$253.16	\$253.16	\$253.16
Annual Fire Fund Revenue for 5,001 to 20,000 SF	\$0.00	\$0.00	\$0.00	\$0.00
Annual Fire Fund Revenue for 20,001 to 50,000 SF ¹	\$379.74	\$379.74	\$379.74	\$379.74
Annual Fire Fund Revenue for 20,001 to 50,000 SF	\$9,873	\$9,873	\$9,873	\$9,873
Annual Fire Fund Revenue for 50,000+ SF (per 1000 sf) ¹	\$506.29	\$506.29	\$506.29	\$506.29
Annual Fire Fund Revenue for 50,000+ SF	\$13,164	\$13,164	\$13,164	\$13,164
Fire Fund Revenue from General Fund Contribution (vacant parcels) ¹	\$48.10	\$48.10	\$48.10	\$48.10
Annual Fire Fund Revenue from General Fund Contribution for vacant lands ²	\$1,876	\$1,251	\$625	\$0
Annual Fire Fund parcel tax revenue at phase buildout	\$24,913	\$24,287	\$23,662	\$23,037
Annual Property Tax Revenue at phase buildout	\$91,809	\$183,619	\$275,429	\$367,238
Total Tax Revenue at phase buildout	\$116,722	\$207,906	\$299,091	\$390,275

¹ AVFPD Special District assessment factors.

² Terra Nova staff estimates based on Annex. 2008-002 Land Use Plan and AVFPD Special District

Fire Fund Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Fire Tax Revenue from All Development	\$116,722	\$207,906	\$299,091	\$390,275

Fire Protection Costs for Industrial Development				
<i>Land Use Designation: Planned Industrial</i> <i>Total No. Acres: 801</i> <i>Potential Square Feet at Buildout: 7,676,379</i>	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Land Use Buildout Data				
*Number of acres developed during this phase	200.25	200.25	200.25	200.25
Number of acres developed at phase buildout	200.25	400.50	600.75	801.00
Potential square feet developed at phase buildout	1,919,095	3,838,190	5,757,285	7,676,380
Calculating Annual Public Safety Costs (Fire Protection)				
Per square foot cost for Fire Services ¹	\$0.04	\$0.04	\$0.04	\$0.04
Total costs of Fire Services at phase buildout	\$70,336.39	\$140,672.79	\$211,009.19	\$281,345.59

¹Source: Apple Valley Fire District and Revenue \$ Cost Specialists, LLC

Fire Protection Costs Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual Public Safety Costs (Fire Protection)				
Total Annual Cost from all development at phase buildout	\$70,336	\$140,673	\$211,009	\$281,346

Total Potential Costs/Revenues Associated with Development of Proposed Project				
Summary Table - Town of Apple Valley				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
<i>General Fund:</i>				
Property Tax	\$55,884	\$111,768	\$167,652	\$223,536
Property Transfer Tax	\$55,150	\$57,170	\$59,277	\$61,473
<i>Restricted Funds:</i>				
Apple Valley Parks & Recreation Fund (Property Tax)	\$38,583	\$77,166	\$115,749	\$154,332
ANNUAL COSTS				
<i>General Fund:</i>				
General Government Costs				
General Government/Town-wide Services	\$5,967	\$11,935	\$17,902	\$23,870
General Government Municipal Services	\$48	\$96	\$144	\$192
General Government Support Services	\$12,644	\$25,288	\$37,931	\$50,575
Total General Government Costs (for all services)	\$18,659	\$37,319	\$55,978	\$74,637
<i>Restricted Funds:</i>				
Public Safety Costs				
Town-wide Public & Police Protection Services	\$83,546	\$167,093	\$250,639	\$334,185
Municipal Services, Public Protection Services	\$22,628	\$22,304	\$33,456	\$44,608
Total Public Safety Costs (for all services)	\$106,175	\$189,396	\$284,095	\$378,793
Roadway Maintenance Costs	\$7,590	\$15,180	\$22,769	\$30,359
<i>Revenues:</i>				
Total Annual General Fund Revenues	\$111,034	\$168,938	\$226,929	\$285,009
Total Annual Restricted Fund Revenues	\$38,583	\$77,166	\$115,749	\$154,332
Revenue Subtotal	\$149,617	\$246,104	\$342,678	\$439,341
Total Annual Revenues at Phase Buildout	\$299,234	\$492,208	\$685,356	\$878,682
<i>Costs:</i>				
Total Annual General Fund Costs	\$18,659	\$37,319	\$55,978	\$74,637
Total Annual Restricted Fund Costs	\$113,764	\$204,576	\$306,864	\$409,152
Total Annual Costs at Phase Buildout	\$132,424	\$241,895	\$362,842	\$483,789
Annual Cashflow at Phase Buildout	\$166,810	\$250,313	\$322,514	\$394,893
TOWN DEVELOPER IMPACT FEES REVENUES (One time only)				
General Government Fees	\$57,573	\$57,573	\$57,573	\$57,573
Transportation Impact Fees	\$3,138,987	\$3,138,987	\$3,138,987	\$3,138,987
Parks & Open Space Impact Fees	\$656	\$656	\$656	\$656
Law Enforcement Impact Fees	\$383,819	\$383,819	\$383,819	\$383,819
Storm Drainage Impact Fees	\$230,291	\$230,291	\$230,291	\$230,291
Total Developer Impact Fee Revenues	\$3,811,326	\$3,811,326	\$3,811,326	\$3,811,326

Total Potential Costs/Revenues Associated with Development of Proposed Project Summary Table - AVFPD				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
Fire Tax	\$116,722	\$207,906	\$299,091	\$390,275
ANNUAL COSTS				
Fire Protection Costs	\$70,336	\$140,673	\$211,009	\$281,346
<i>Annual Cashflow at Phase Buildout¹</i>	\$46,386	\$67,234	\$88,081	\$108,929
¹ Does not include DIF fire fees which occur only once, when the structure is permitted.				
AVFPD DEVELOPER IMPACT FEES REVENUES (One time only)				
Total Developer Impact Fee Revenues	\$170,799	\$170,799	\$170,799	\$170,799