

APPLE VALLEY VILLAGE

PROPERTY & BUSINESS IMPROVEMENT DISTRICT

RENEWAL MANAGEMENT DISTRICT PLAN

Formed in 2007- Renewed in 2012 - Being Renewed for 5 Years Pursuant to California Streets and Highways Code Section 36600 et seq. - Property Business Improvement District Act of 1994, as amended

PRESENTED BY:

THE APPLE VALLEY VILLAGE PBID ASSOCIATION

**WITH ASSISTANCE FROM
EDWARD HENNING & ASSOCIATES**

SEPTEMBER 2016

MANAGEMENT DISTRICT PLAN

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1.0 APPLE VALLEY VILLAGE PBID - MANAGEMENT DISTRICT PLAN SUMMARY

The Apple Valley Village PBID is a property-based Business Improvement District that was established by a consortium of business and property owners within the Apple Valley Village business area for a five year term in 2007, renewed in 2012 for a five year term and is now being renewed again for a five year period. The purpose of this district is to continue to provide and manage supplemental services and improvements for this important business center, including supplemental security services, marketing and promotions, streetscape beautification/image enhancements, other business related special projects and programs and District management/operations.

The renewed District Year 1 (2018) assessment budget is \$203,167.

The renewed PBID will enable the District property owners, working as a unit, to continue to fund needed property and business related improvement programs and projects above what can be provided by the Town of Apple Valley on a regular basis. PBIDs such as the one being renewed have been successfully set up and renewed in over 200 business districts throughout California

Name: The name of the PBID is the Apple Valley Village Property & Business Improvement District (Apple Valley Village PBID).

Location: Centered along Highway 18 between just west of Navajo to just east of Central generally including all commercial properties north to Esaws and south to Ottawa.

Zones: There are two benefit zones within the renewed PBID - Zone A includes all parcels with Hwy 18, Yucca Loma, Navajo and Central n/o Hwy 18 frontages. Zone B includes all other parcels in District

Zone A has higher levels of PBID activity, visibility and vehicle traffic and, thus, receives higher levels of special benefit than Zone B and has higher associated program costs and corresponding assessment rates.

Services: Supplemental security, marketing and promotions, streetscape beautification improvements/image enhancements, other special projects/programs and District

management/operations in order to maintain a safe, competitive and high-quality business environment.

Finance: Benefit assessment of 314 parcels. No bonds shall be issued to fund Apple Valley Village PBID programs.

Budget: The District assessment budget for renewed Year 1 (2017-18) is projected at \$203,167. The budget allocations may be adjusted to reflect changing costs and priorities. The proposed Year 1 general budget categories and allocations are as follows:

1. Security - \$30,000
2. Marketing - \$90,000
3. Streetscape beautification - \$22,000
4. Special Projects - \$8,167
5. Management/Operations/Contingency - \$53,000

It is noted that the Assessment Engineer has determined that general benefits equate to 1% of the total adjusted PBID program costs of \$203,167 or \$2,032. General benefit costs shall be derived from non-assessment revenue sources such as grants, program income, volunteer credits, interest, memberships and other sources.

It is further noted that phased capital improvement projects such as Highway 18 frontage road drainage and other pavement improvements within the Village PBID are proposed that could expend an average of \$200,000 per year drawn down from PBID capital reserve funds.

Benefits: “General Benefit” is defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special Benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the PBID or to the public at large.

Formula: There are two benefit zones: Zone A and Zone B. Other than as described within for approved supplemental project assessments, all other assessment rates will have a 5% maximum annual increase cap. Year 1 property assessment rates per parcel in each zone are:

ZONE A (Parcels with Hwy 18, Yucca Loma, Navajo and Central n/o Hwy 18 frontages)

- A. \$0.00325 per square foot of land, plus
- B. \$0.12 per square foot of building, plus
- C. \$1.50 per linear foot of Hwy 18, Yucca Loma, Navajo, and/or Central street frontage.
- D. \$0.66 per linear foot of all other street frontages

ZONE B (All other parcels in District)

- A. \$0.0013 per square foot of land, plus
- B. \$0.048 per square foot of building, plus
- C. \$0.66 per linear foot of street frontage

There are two benefit zones in the Apple Valley Village PBID. (A map showing the PBID boundaries and each benefit zone is shown on Appendix 2 attached to this Plan). Parcels with residential uses shall not be assessed for building areas with residential uses.

It is noted that future grading and paving improvement projects have been identified for Del Mar Road and John Glenn Road between Highway 18 and Powhatan Road. Design details, public easements, implementation schedules, additional funding sources and supplemental assessment methodology for parcels with direct street frontage or indirect ingress/egress to these proposed improvements are being developed but will not be finalized for Year 1 (2017-18) of the renewed PBID term. When these project details are finalized, a supplemental petition and Proposition 218 ballot procedure will be conducted for owners of those parcels receiving special benefits from the proposed improvements within an overlay Benefit Zone "C", and subject to proportionate supplemental parcel assessments to fund a portion of these improvement projects as determined by the PBID Assessment Engineer.

Cap: Other than as described above for approved supplemental project assessments, all other assessment increases are capped at a maximum of 5% per year, subject to approval by the Property Owner Association (Apple Valley Village PBID Association) Board of Directors.

Renewal: PBID renewal is a two-step process. First, petitions signed by PBID property owners representing at least 50% of the total assessment to be levied must be secured. Second,

property owners will be sent a ballot to vote on the PBID renewal. Returned ballots in support of the PBID renewal must outweigh those in opposition based on the amount of assessment to be levied. It is noted that the same two-step process will be used for approval of supplemental assessments for those parcels specially benefitting from future street improvement projects.

Duration: The renewed PBID will have a term of five (5) years. After these five years, the petition and balloting process must be repeated in order to renew the PBID and levy assessments again at that time. Per State PBID Law, future renewal terms may extend up to 10 years each time.

II. PBID BOUNDARIES

Setting and Boundary Description

The Apple Valley Village PBID is located in the original historic business center of Apple Valley. The PBID encompasses all properties along the Highway 18 corridor roughly bounded by Navajo Rd. on the west, Central Rd. on the east, Esaws Rd. on the north and Ottawa Rd. on the south. Based on information provided by the San Bernardino County Assessor's Office and field reviews, there are 314 identified and assessed parcels within the proposed renewed PBID. It is noted that the PBID boundaries are being modified slightly by adding 4 new parcels on the west side of Central Avenue south of Highway 18 and 1 new parcel just north of Ottawa Road on the east side of Osage Court.

All properties within this PBID will receive proportionate special benefit from district programs and improvements within a two benefit zones: Zone A includes all properties fronting on Highway 18, Navajo Road and Central Road (north of Hwy 18) and Zone B includes all other properties within the District. A future third overlay benefit zone, Zone C, will be considered at some point in the future for the funding of proposed street pavement projects. A map showing the PBID boundaries is shown on Appendix A attached hereto. This area is the center of commerce in the original Apple Valley Town site. The PBID is generally surrounded by residential neighborhoods on the west, north and south and scattered vacant land and businesses on the east.

Benefit Zones: There are two benefit zones in the Apple Valley Village PBID.

- **Zone A** includes all properties fronting on Highway 18, Navajo Road and Central Road (north of Hwy 18). PBID activity and vehicle traffic is highest in Zone A, as these corridors provide the most direct access and visibility to the Village area. As a result, Zone A parcels will receive a higher level of special benefit from PBID funded activities and improvements and are assessed at a higher proportionate rate than Zone B to offset higher proportionate program level and improvement costs.
- **Zone B** includes all of the remaining parcels within the Apple Valley Village PBID boundaries. PBID activity and vehicle traffic is lower in Zone B, as these grid oriented streets provide only secondary access and visibility to the Village area. As a result, Zone B parcels will receive a lower level of special benefit from PBID funded activities and improvements and are assessed at a lower proportionate rate than Zone A to offset lower proportionate program level and improvement costs.

- **Zone C** (future overlay zone) will include all parcels with direct street frontage on or indirect ingress/egress to John Glenn Road and Del Mar Road between Highway 18 and Powhatan Road. Zone C parcels will receive direct proportionate special benefit from proposed street grading and paving improvement projects within these limits and will be assessed according to a methodology and proportionate amount as determined by the PBID Assessment Engineer.

PBID Boundary Rationale

Northern Boundary: The northern boundary of the Apple Valley Village PBID was determined by zoning and land uses where parcels located to the north of the northern PBID are zoned and/or developed solely residential with residential land uses while those south of the northern boundary are zoned commercial. State of California Streets and Highways Code Section 36632(c) conclusively presumes that properties zoned solely residential do not benefit from the improvements and service funded through PBID assessments, cannot be assessed and, thus, these single use neighborhoods are not included in the Apple Valley Village PBID.

Eastern Boundary: The parcels located to the east of the eastern PBID boundaries are a combination of scattered businesses and vacant land along the south side of Highway 18 and solely residential zoning and land uses southeast of this strip. There has been very little interest expressed by property owners and businesses east of Central to be included in either Village activities or the Village PBID and, thus, are not included in the PBID. Further, regarding the residential areas east of Central and for the reason stated above, are not included within the Apple Valley Village PBID.

Southern Boundary: The southern boundary of the Apple Valley Village PBID was determined by zoning and land uses where properties located to the south of the southern PBID boundary are zoned and/or developed solely residential with residential land uses while those north of the southern boundary are zoned commercial. For the reason stated above, these single use residential neighborhoods are not included in the Apple Valley Village PBID.

Western Boundary: The western boundary of the Apple Valley Village PBID was determined by zoning and land uses where properties located to the west of the western PBID boundary are zoned and/or developed solely residential with residential land uses while those east of the western boundary are zoned

commercial. For the reason stated above, these single use residential neighborhoods are not included in the Apple Valley Village PBID.

A list of all parcels included in the proposed Apple Valley Village PBID is shown as Appendix 1, attached to this Plan with their respective San Bernardino County assessor parcel number. The boundary of the proposed Apple Valley Village PBID and benefit zones are shown on the map of the proposed renewed Apple Valley Village PBID attached as Appendix 2 to this Plan.

All identified parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Plan and in the Assessment Engineer's Report. All PBID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the PBID boundaries and none will be provided outside of the PBID. Each assessed parcel within the Apple Valley Village PBID will proportionately specially benefit from the PBID funded supplemental security, marketing and promotions, streetscape beautification improvements and image enhancements, other special projects/programs and management/operations/contingency/reserve. These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment return of parcels and businesses within the Apple Valley Village PBID by reducing crime, improving the Village aesthetics and professionally marketing goods and services available within the PBID, all considered necessary in a competitive properly managed business district. All PBID funded services programs and improvements are considered supplemental, above normal base level services provided by the Town of Apple Valley and are only provided for the special benefit of assessed parcels within the boundaries of the Apple Valley Village PBID.

III. Proposed 5 Year PBID Work Plan and Budget

Overview

The Programs and activities to be funded by the Apple Valley Village PBID include supplemental security, marketing and promotions, streetscape beautification improvements/image enhancements, other special projects/programs and District management/operations/contingency/reserve. The property uses within the boundaries of the PBID that will receive special benefits from PBID funded programs, services and improvements are primarily a mix of retail, service, office and light industrial. PBID funded activities are

primarily designed to provide special benefits as described below to identified assessed parcels within the boundaries of the PBID.

Assessed parcels are conferred proportionate special benefits from all PBID funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. For these parcels, PBID programs, services and improvements are designed to increase business volumes, sales transactions, occupancies, rental income and return on investments. These programs, services and improvements are designed to improve commerce, security and aesthetic appeal for patrons, visitors and employees of these parcels within the Apple Valley Village PBID by reducing crime, improving Village aesthetics and professionally marketing the array of goods and services available within the PBID, all considered necessary in a competitive properly managed business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the Apple Valley Village PBID and are not provided to non-assessed parcels outside of the PBID. These programs, services and improvements will only be provided to each individual assessed parcel within the PBID boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the Apple Valley Village PBID, the very nature of the purpose of this PBID is to fund supplemental programs, services and improvements to assessed parcels within the PBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The Town of Apple Valley does not provide these programs and services. All benefits derived from the assessments to be levied on assessed parcels within the PBID are for services, programs and improvements directly benefiting each individual assessed parcel within the PBID. No PBID funded services, activities or programs will be provided outside of the PBID boundaries.

The projected program special benefit cost allocation of the PBID assessment revenues for the 5 year PBID term assuming a 5% maximum annual assessment rate increase is shown in the Table on page 12 of this Plan.

WORK PLAN DETAILS

The proposed Apple Valley Village PBID work plan is described in more detail as follows:

Security Services

The Security Services component includes deploying a periodic dedicated San Bernardino County Sheriff Patrol service via Sheriff vehicle throughout the PBID with varying schedules day/night/weekends checking for/reporting on – crime, graffiti, vandalism and suspicious activities. The patrol also makes pedestrian checks and traffic stops within the Village PBID as well as makes business contacts and assesses business location security. The Sheriff provides regular written and oral reports to the PBID Association and disseminates special security and crime related alerts.

The security services component is designed to specially benefit each identified and assessed parcel and land use within the Apple Valley Village PBID. This element is designed to establish and keep the Village a safe place to visit, work, transact business, shop and dine. Security services are designed to attract more customers, clients, employees, tenants and investors which potentially would increase business volumes, sales transactions, occupancies, rental income and return on investments. Security services will be provided only within the PBID boundaries and for the special benefit of identified and assessed parcels and land uses within the Apple Valley Village PBID.

Marketing & Promotions

The marketing and promotions component could include but is not limited to: newsletters, website and social media management, development and distribution of promotional materials, seasonal decorations, special events, media advertising and other programs that will promote the array of goods and services available within the Apple Valley Village PBID.

This component is designed to specially benefit and improve the marketability of assessed parcels within the Apple Valley Village PBID. This element is designed to attract more customers, clients, visitors, employees, tenants and investors which potentially would increase business volumes, sales transactions, occupancies, rental income and return on investments. Marketing programs will only be provided for identified and assessed parcels located within the PBID boundaries.

Streetscape Beautification and Image Enhancements

The Streetscape Beautification and Image Enhancements category includes specialized maintenance of PBID funded improvements and funding of physical amenities and beautification projects for the special benefit of each identified and assessed parcel within the Apple Valley Village PBID. Maintenance includes

regular upkeep and irrigation for the PBID funded center median island improvements along Highway 18 as well as placement, rotation and upkeep of seasonal pole banners along Highway 18 and placement of business directory signs also located along Highway 18. Types of physical amenities and beautification projects include: seasonal pole banners; business directory signs and landscape replacement along the Highway 18 center median island; a private property aesthetic and rehabilitation grant program (ARGP) and, other streetscape related improvements, as approved by the Apple Valley Village Board of Directors.

This component is designed to specially benefit and improve the aesthetic appeal of each identified and assessed parcel within the PBID and attract more customers, clients, visitors, employees, tenants, and investors which potentially would increase business volumes, sales transactions, occupancies, rental income and return on investments. Streetscape Beautification improvements will only be provided for identified and assessed parcels and their businesses and occupants located within the PBID boundaries.

Special Projects

The Special Projects component includes phased future capital improvement projects funded from PBID capital reserves which might include but are not limited to: Highway 18 and Outer Highway 18 storm water drainage improvements (culverts, channels, catch basins, street and gutter regrading and realignment); street grading/pavement/re-pavement; installation of Village theme streetscape elements such as signage, lighting, displays and landscaping; property acquisition for PBID related purposes; and, other projects as approved by the PBID Association Board of Directors. As was done in the past with the Highway 18 center median island landscaping and beautification project, outside matching private and public grant funds will be sought to maximize the value of PBID assessment dollars. Because the timing of gaining approval and receipt of such outside funds is a variable, the exact implementation and phasing of Special Projects will vary and be dependent on outside factors. Special Projects will be funded from PBID assessment reserves.

This component is designed to specially benefit and improve the aesthetic appeal and functionality of each identified and assessed parcel within the PBID and attract more customers, clients, visitors, employees, tenants, and investors which potentially would increase business volumes, sales transactions, occupancies, rental income and return on investments. Special Projects will only be provided for identified and assessed parcels and their businesses and occupants located within the PBID boundaries.

Management/Operations/Contingency/Reserve

Included in the Management/Operations/Contingency/Reserve component are the costs for PBID management, consultants, accounting, legal, bank charges, annual report and Directors and Officers and General Liability insurance and other office and operation expenses. This component also includes County collection fees, allowance for delinquent assessment payments and other variable and unforeseen expenses related to each program element. This program element also includes assessment reserves being held for future capital improvement projects. A portion of PBID assessment funds remaining in the last two years of the proposed PBID renewal term may be used to develop the Management District Plan, Engineer’s Report and related renewal costs for the following renewal term.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities. This component exists only for the purposes of the PBID and will only be provided for matters specially benefitting each individual assessed parcel within the Apple Valley Village PBID.

In summary, all PBID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the PBID boundaries and none will be provided outside of the PBID. Each identified and assessed parcel within the Apple Valley Village PBID will proportionately specially benefit from the PBID funded supplemental security, marketing and promotions, streetscape beautification improvements and image enhancements, other special projects/programs and management/operations/contingency/reserve. These services, programs and improvements are intended to improve commerce, employment, rents, occupancy rates and investment return of parcels and businesses within the Apple Valley Village PBID by reducing crime, improving Village aesthetics and professionally marketing goods, services and spaces available within the PBID, all considered necessary in a competitive properly managed business district. All PBID funded services programs and improvements are considered supplemental, above normal base level services provided by the Town of Apple Valley and are only provided for the special benefit of assessed parcels within the boundaries of the Apple Valley Village PBID.

PROGRAM & ACTIVITY BUDGET

Each identified parcel within the Apple Valley Village PBID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of PBID funded services provided within each benefit zone. The projected program special benefit cost allocation for the Year 1 (2018) of the renewed Apple Valley Village PBID is shown in the following Table:

Year 1 (2018) Projected PBID Special Benefit Costs
(Assessment Revenue Only)

DESCRIPTION	Year 1	%
1. Security	\$30,000	14.77%
2. Marketing	\$90,000	44.30%
3. Streetscape, Beautification & Image Enhancements	\$22,000	10.83%
4. Special Projects	\$8,167	4.02%
5. Management/Operations/Contingency	<u>\$53,000</u>	<u>26.09%</u>
Total	\$203,167	100.00%

In order to carry out the PBID programs outlined in the previous section, a first year assessment budget of \$203,167 is proposed. Since the renewed PBID is planned for a 5 year term, projected program costs for future years (Years 2-5) are set at the inception of the PBID. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum is incorporated into the projected program costs and assessment rates for the five year PBID term. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements. Detailed annual budgets will be prepared by the Apple Valley Village Board and included in an Annual Report for the Town Council's review and approval. It is noted that the allocations shown may be shifted between these major categories based on changing needs, program costs, demands and contract prices in each category's allocation throughout the five year PBID term. A 5 year projected Apple Valley Village PBID assessment budget is shown in the following Table:

YEAR 1-5 PROJECED PBID ASSESSMENT BUDGET SUMMARY
 (Assumes 5% max rate increase per year)

DESCRIPTION	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Security	\$30,000	\$30,450	\$30,907	\$31,370	\$31,841	\$154,568
2. Marketing	\$90,000	\$91,350	\$92,720	\$94,111	\$95,523	\$463,704
3. Streetscape, Beautification & Image Enhancements	\$22,000	\$22,330	\$22,665	\$23,005	\$23,350	\$113,350
4. Special Projects	\$8,167	\$8,290	\$8,414	\$8,540	\$8,668	\$42,079
5. Management/Operations/Contingency	<u>\$53,000</u>	<u>\$53,795</u>	<u>\$54,602</u>	<u>\$55,421</u>	<u>\$56,252</u>	<u>\$273,070</u>
Total	\$203,167	\$206,215	\$209,308	\$212,447	\$215,634	\$1,046,771

It is noted that the Special Projects component may be supplemented by PBID assessment capital reserve funds throughout the five year PBID term.

The Assessment Engineer (see Engineer's Report) has found that the general benefits (i.e. benefits to the general public and surrounding parcels outside the PBID) of the proposed programs, services and improvements (i.e. supplemental security, marketing and promotions, streetscape beautification improvements/image enhancements, other special projects/programs and District management/operations/contingency/reserve), represent 1% of the total benefits generated and, in turn, 1% (\$2,032) of the total costs (\$203,167) of the PBID funded improvements, activities and services provided. Thus, 1% of the total PBID costs will need to be funded by non-assessment revenue sources such as grants, donations, program income, volunteer credits, etc.

The proposed Apple Valley Village PBID may increase the assessment for each individual parcel each year during the 5 year effective operating period, but in no event shall the assessment increase exceed 5% per year and must be approved by the Apple Valley Village Board of Directors, included in the Annual Report and adopted by the Town of Apple Valley Town Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Apple Valley Village Board of the Directors ("Property Owner's Association of the Apple Valley Village PBID) shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The Apple Valley Village PBID Association shall communicate the annual increase to the Town each year in which the PBID operates at a time determined in the Administration Contract held between Apple Valley Village PBID Association and the Town of Apple Valley. No bonds are to be issued in conjunction with the proposed renewed PBID.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 5 year term of the proposed PBID. Accordingly, Apple Valley Village shall have the right to reallocate any budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the Apple Valley Village Board and included in the Annual Report that will be approved by the Apple Valley Town Council pursuant to Streets and Highways Code Section 36650. Any accrued interest or delinquent payments may be expended in any budget category.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the fifth year of operation will be rolled over into the renewal budget or returned to stakeholders. PBID assessment funds may be used to pay for costs related to the following PBID renewal term. If the PBID is not renewed or terminated for any reason, unexpended funds will be returned to the property owners.

Duration of Assessment Levy

The effective operation period of the proposed Apple Valley Village PBID is January 1, 2018 through December 31, 2022. It is noted that the range of property tax years for levying the proposed PBID assessments is 2017-18 through 2021-22 running from July 1 through June 30 of each property tax fiscal year. At the conclusion of this term the PBID may be renewed again for a maximum of 10 years. If the proposed Apple Valley Village PBID is not renewed at the end of the proposed 5 year renewal term, PBID services will end on December 31, 2022 and assessment levying authority will end on June 30, 2022.

Time and Manner of Collection of Assessments

As provided by statute, the Apple Valley Village PBID assessments will be collected by the County of San Bernardino in the same manner as annual property taxes are collected and will appear as a separate line item on the property tax statement prepared by and issued by the County. It is intended that the Town of Apple Valley and the Apple Valley Village Property Owners Association will renew an agreement under which the Town will remit, where applicable, the assessment revenues to the Association for implementation of the Management Plan. Existing laws and policies addressing enforcement and/or appeal of property taxes shall also apply to PBID assessments.

IV PROPOSED ASSESSMENT FORMULA

The PBID programs and services described in this Management District Plan will be funded through benefit assessments against real property in the PBID and non-assessment revenues to fund the costs associated with general benefits conferred on the public at large and surrounding parcels outside of the PBID boundaries. The assessment formula has been developed by the Assessment Engineer to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the programs, services and improvements to be funded by the proposed benefit assessments. The assessment rates are based on the anticipated benefit to be derived by each individual parcel within the boundary of the PBID.

It has been determined by the Assessment Engineer (see Engineer's Report attached to this Plan as Attachment 1) that the benefit assessment of each identified parcel within the PBID will be based on three factors - building area, land area and street frontage within two benefit zones. Assessments for parcels with residential uses shall not be assessed for residential building areas. Zone A assessments will be applied at 100% of the base unit rates and Zone B will be set at 40% of Zone A rates. For a more detailed explanation

of the assessment methodology used to calculate the assessment rates, refer to the Assessment Engineer's Report.

APPLE VALLEY VILLAGE PBID ASSESSMENT FORMULA

[Assessment = Street Frontage Assmt + Land Area Assmt + Building Area Assmt]

- Street Frontage Assmt = parcel street frontage x street frontage rate (from Table below)
- Land Area Assmt = land area x land area rate (from Table below)
- Building Area Assmt = building area x building area rate (from Table below)

YEAR 1 (2017-18) ASSESSMENT RATES

Zone A	YR 1 Rates
"A" Street Frontage Rate (\$/LF)	\$1.50000
"B" Street Frontage Rate (\$/LF)	\$0.66000
Land Area Rate (\$/SF)	\$0.00325
Bldg Area Rate (\$/SF)	\$0.12000
Zone B	YR 1
"B" Street Frontage Rate (\$/LF)	\$0.66000
Land Area Rate (\$/SF)	\$0.00130
Bldg Area Rate (\$/SF)	\$0.04800

Notes:

1. Building area assessments are based on gross exterior building area
2. Building areas for residential uses are not assessed.
3. Mixed use development building areas are assessed based on pro-rated ratios of land uses

Since the PBID is planned for a five year term, maximum assessments for future years (Years 2-5) must be set at the inception of the PBID. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum is incorporated into the projected program costs and, in turn, the resultant assessment rates for the five year life of the PBID. These figures are shown in the Table below. Assessment rates may not exceed those indicated below.

In addition, any annual budget surplus or deficit will be incorporated into the subsequent year's PBID budget. Within the constraints of the annual adjustment, annual assessments will be set to account for surpluses or deficits carried forward.

Five Year Maximum Assessment Rates

(Includes a 5% max annual increase)

Zone A	YR 1	YR 2	YR 3	YR 4	YR 5
"A" Street Frontage Rate (\$/LF)	\$1.50000	\$1.57500	\$1.65375	\$1.73644	\$1.82326
"B" Street Frontage Rate (\$/LF)	\$0.66000	\$0.69300	\$0.72765	\$0.76403	\$0.80223
Land Area Rate (\$/SF)	\$0.00325	\$0.00341	\$0.00358	\$0.00376	\$0.00395
Bldg Area Rate (\$/SF)	\$0.12000	\$0.12600	\$0.13230	\$0.13892	\$0.14586
Zone B	YR 1	YR 2	YR 3	YR 4	YR 5
"B" Street Frontage Rate (\$/LF)	\$0.66000	\$0.69300	\$0.72765	\$0.76403	\$0.80223
Land Area Rate (\$/SF)	\$0.00130	\$0.00137	\$0.00143	\$0.00150	\$0.00158
Bldg Area Rate (\$/SF)	\$0.04800	\$0.05040	\$0.05292	\$0.05557	\$0.05834

SAMPLE CALCULATIONS:

Zone A - 18,000 sq ft parcel with a 10,119 sq ft building and 80 ft of Hwy 18 street frontage

$$\begin{aligned}
 &= 18,000 \text{ sq ft land} \times \$0.00325/\text{sq ft} + 10,119 \text{ sq ft bldg} \times \$0.12/\text{sq ft} + 80 \text{ LF frontage} \times \$1.50/\text{LF} \\
 &= \$58.50 + \$1,214.28 + \$120.00 = \$1,390.78 \text{ per year} \\
 &= \$ 115.90 \text{ per month} \\
 &= \$ 3.86 \text{ per day} \\
 &= 1.1 \text{ cent per sq ft bldg per month}
 \end{aligned}$$

Same example as above but in Zone B

$$\begin{aligned}
 &= 18,000 \text{ sq ft land} \times \$0.0013/\text{sq ft} + 10,119 \text{ sq ft bldg} \times \$0.048/\text{sq ft} + 80 \text{ LF frontage} \times \$0.66/\text{LF} \\
 &= \$23.40 + \$485.71 + \$48.00 = \$557.11 \text{ per year} \\
 &= \$ 46.42 \text{ per month} \\
 &= \$ 1.55 \text{ per day} \\
 &= \text{less than } 1/2 \text{ cent per sq ft bldg per month}
 \end{aligned}$$

It is noted that future grading and paving improvement projects have been identified for Del Mar Road and John Glenn Road between Highway 18 and Powhatan Road. Design details, public easements, implementation schedules, additional funding sources and supplemental assessment methodology for parcels with direct street frontage or indirect ingress/egress to these proposed improvements are being developed but will not be finalized for Year 1 (2017-18) of the renewed PBID term. When these project details are finalized, a supplemental petition and Proposition 218 ballot procedure will be conducted for owners of those parcels receiving special benefits from the proposed improvements within an overlay

Benefit Zone “C”, and subject to proportionate supplemental parcel assessments to fund a portion of these improvement projects as determined by the PBID Assessment Engineer.

Future Development

Other than future maximum rates and the assessment methodology delineated in this Report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

The complete Yr 1 – 2018 assessment roll of all parcels to be assessed by this PBID is included in this Plan as Appendix I.

V. PUBLICLY OWNED PARCELS

The State Constitution - Article 13D (Proposition 218) states that government owned properties are not exempt from benefit assessments, unless there is clear and convincing evidence showing that they receive no special benefit from the programs and services to be funded by the proposed benefit assessments. Thus, 13 parcels owned by the Town of Apple Valley, the Apple Valley Fire District, the Mojave Water Agency and the County School Board will be assessed along with all of the privately owned parcels within the PBID.

Relative to the US Post Office on federal owned land on Highway 18, the US Attorney General has opined that all federal properties are exempt from local taxes and assessments pursuant to the Supremacy Clause of the US Constitution. Thus, this parcel will not be assessed nor will PBID funded services be provided for the special benefit of this parcel.

Relative to the Verizon/Frontier owned public utility parcel and facility on Navajo Road, this parcel contains a building which houses public utility based electronic telephonic switching equipment, similar in function to utility transmission and conveyance infrastructure located along, over and beneath public rights

of ways and utility easements and, thus, will not be assessed nor will PBID funded services be provided for the special benefit of this parcel.

VI. PBID DISTRICT GOVERNANCE

The Apple Valley Village PBID Property Owners Association (“Association”) will continue to be the agency responsible for the ongoing day-to-day management and administration of the Apple Valley Village PBID. The Association is a non-profit corporation formed by property owners located in the Apple Valley Village PBID. The Association may choose to contract with a third party entity such as the Town of Apple Valley to carry out certain District improvements and services. The Association may also contract with professional service entities in conjunction with the planning and implementation of PBID programs and services as well as the next PBID renewal in five years.

The annual programs, budgets and assessments for the Apple Valley Village PBID shall be determined by the Association, which shall also serve as the PBID “property owners association” referenced in State PBID Law. This Board shall be responsible for the general oversight of the District including approval of the annual work programs and budgets, monitoring performance, and ensuring compliance with appropriate rules and regulations, including a PBID management agreement with the Town of Apple Valley. This Board shall generally meet on a monthly basis. When related to PBID matters, such meetings shall be subject to the State of California “Brown Act” open meeting requirements. Records of this Association pertaining to PBID related matters shall be available for public review as stipulated by State Law. Pursuant to State law, the Association Board shall file, for approval by the Town Council, an annual report for the upcoming year for which assessments shall be levied. Upon PBID renewal, the Town Council and the Association shall execute a contract, as applicable, for the performance and delivery of the stipulated program services over the life of the PBID.

VII. PROPOSED RULES AND REGULATION APPLIED TO THE DISTRICT

There are no specific rules or regulations applied to this PBID other than as described in the Governance section above.

VIII. OTHER ITEMS

1. No **bonds** will be issued for any PBID projects in conjunction with this PBID renewal.

2. The **PBID renewal** is a two-step process. First, petitions signed by PBID property owners representing at least 50% of the total assessment to be levied must be secured. Second, property owners will be sent a ballot to vote on the PBID renewal. Returned ballots in support of the PBID renewal must outweigh those in opposition based on the amount of assessment to be levied. It is noted that the same two-step process will be used for approval of supplemental assessments for those parcels specially benefitting from future street improvement projects.

IX. IMPLEMENTATION TIME TABLE

The renewed PBID is expected to begin operation by January 2018. In order to meet this goal, the following procedural timeline is proposed:

<u>Date</u>	<u>Action/Task</u>
March-Aug 2016	• Develop PBID Management District Plan
Sep 2016	• Initiate petition drive
Sep '16 - June '17	• Collect petitions signed by property owners
June 2017	• Submit majority support petitions to Town along with final Management Plan
June 13, 2017	• Town Council adopts Resolution of Intention to renew the PBID
June 2017	• Town sends notice of PBID public hearing and a ballot to property owners within PBID
Aug 8, 2017	• Town Council conducts hearing (ballots due by this date)
Aug 8, 2017	• Providing no majority ballot protest is filed at the hearing, Council approves Resolution of Renewal for the PBID
Aug 2017	• Assessment roll submitted to SB County Assessor
Dec 10/Apr 10 (due)	• Assessments billed and collected by SB County with property taxes
1st Qtr '18	• Revenues remitted to Apple Valley Village per contract with Town
(5yrs)	• PBID Association carries out renewed PBID programs and services

APPENDIX 1

YR 1 – 2017/18 ASSESSMENT ROLL

APN	2017/18 YR 1 PBID ASSMT
0439-022-66-0000	\$13,417.00
3087-301-41-0000	\$1,395.34
3087-301-42-0000	\$84.63
3087-301-43-0000	\$601.36
3087-301-44-0000	\$387.83
3087-301-45-0000	\$10,840.02
3087-301-46-0000	\$1,518.88
3087-301-52-0000	\$1,604.69
3087-341-01-0000	\$491.52
3087-341-02-0000	\$377.50
3087-341-03-0000	\$1,392.78
3087-341-04-0000	\$825.32
3087-341-05-0000	\$389.59
3087-341-06-0000	\$8.13
3087-341-07-0000	\$16.25
3087-341-08-0000	\$0.00
3087-341-09-0000	\$159.61
3087-341-10-0000	\$933.29
3087-341-11-0000	\$529.25
3087-341-12-0000	\$478.46
3087-341-13-0000	\$302.59
3087-341-16-0000	\$2.86
3087-341-17-0000	\$26.00
3087-341-19-0000	\$508.83
3087-341-20-0000	\$895.13
3087-341-21-0000	\$571.43
3087-341-22-0000	\$600.55
3087-341-23-0000	\$202.19
3087-341-24-0000	\$287.61
3087-341-25-0000	\$1,001.64
3087-341-30-0000	\$1,727.43
3087-341-31-0000	\$1,451.45
3087-341-32-0000	\$529.76
3087-341-39-0000	\$526.76
3087-341-40-0000	\$208.47
3087-341-41-0000	\$571.73
3087-341-43-0000	\$1,743.03
3087-342-01-0000	\$603.98
3087-342-02-0000	\$550.25
3087-342-03-0000	\$526.66
3087-342-06-0000	\$668.96
3087-342-07-0000	\$916.30
3087-342-08-0000	\$1,099.57
3087-342-11-0000	\$3,278.64
3087-342-12-0000	\$136.42
3087-342-13-0000	\$7.80

3087-342-14-0000	\$42.90
3087-342-15-0000	\$18.85
3087-342-16-0000	\$2.60
3087-342-17-0000	\$42.90
3087-342-18-0000	\$54.51
3087-342-19-0000	\$57.12
3087-342-20-0000	\$16.32
3087-342-21-0000	\$685.20
3087-342-22-0000	\$406.47
3087-342-23-0000	\$4.94
3087-342-24-0000	\$413.44
3087-342-25-0000	\$1,160.59
3087-342-26-0000	\$398.83
3087-342-27-0000	\$875.04
3087-342-28-0000	\$605.42
3087-342-29-0000	\$704.70
3087-342-30-0000	\$347.10
3087-342-31-0000	\$277.78
3087-342-32-0000	\$276.17
3087-342-33-0000	\$466.85
3087-342-34-0000	\$9,823.69
3087-342-35-0000	\$345.95
3087-342-36-0000	\$363.71
3087-342-37-0000	\$929.12
3087-342-38-0000	\$4,059.95
3087-342-39-0000	\$729.43
3087-342-40-0000	\$855.58
3087-342-41-0000	\$275.64
3087-342-42-0000	\$1,019.46
3087-342-43-0000	\$1,759.86
3087-342-44-0000	\$506.41
3087-342-45-0000	\$634.59
3087-342-46-0000	\$646.50
3087-342-47-0000	\$1,169.03
3087-351-01-0000	\$365.60
3087-351-02-0000	\$118.01
3087-351-03-0000	\$241.98
3087-351-04-0000	\$241.98
3087-351-05-0000	\$488.48
3087-351-07-0000	\$484.52
3087-351-11-0000	\$483.38
3087-351-13-0000	\$141.00
3087-351-15-0000	\$171.19
3087-351-16-0000	\$171.19
3087-351-30-0000	\$483.03
3087-351-31-0000	\$783.00
3087-351-32-0000	\$105.00
3087-351-33-0000	\$585.00

3087-351-34-0000	\$595.50
3087-351-35-0000	\$115.50
3087-351-36-0000	\$115.50
3087-351-37-0000	\$144.11
3087-351-38-0000	\$105.00
3087-351-39-0000	\$105.00
3087-351-40-0000	\$114.07
3087-351-41-0000	\$114.07
3087-351-42-0000	\$402.07
3087-351-43-0000	\$690.07
3087-351-44-0000	\$690.07
3087-351-45-0000	\$741.33
3087-351-46-0000	\$581.30
3087-351-47-0000	\$388.15
3087-351-48-0000	\$101.84
3087-351-49-0000	\$101.84
3087-351-50-0000	\$291.99
3087-351-52-0000	\$770.52
3087-381-02-0000	\$740.06
3087-381-03-0000	\$419.73
3087-381-04-0000	\$1,712.97
3087-381-06-0000	\$495.38
3087-381-07-0000	\$136.50
3087-381-08-0000	\$78.25
3087-381-09-0000	\$78.25
3087-381-10-0000	\$224.16
3087-381-11-0000	\$767.37
3087-381-12-0000	\$385.28
3087-381-15-0000	\$747.28
3087-381-16-0000	\$263.89
3087-381-17-0000	\$408.15
3087-381-18-0000	\$427.65
3087-381-19-0000	\$587.90
3087-381-20-0000	\$35.09
3087-381-21-0000	\$564.96
3087-381-22-0000	\$274.10
3087-381-23-0000	\$364.47
3087-381-25-0000	\$239.72
3087-382-01-0000	\$1,178.66
3087-382-02-0000	\$1,972.77
3087-382-03-0000	\$553.89
3087-382-04-0000	\$700.01
3087-382-05-0000	\$995.12
3087-382-06-0000	\$143.75
3087-382-07-0000	\$143.75
3087-382-08-0000	\$2,516.67
3087-382-09-0000	\$515.05
3087-382-10-0000	\$815.73

3087-382-11-0000	\$142.65
3087-382-12-0000	\$772.03
3087-382-13-0000	\$161.25
3087-382-14-0000	\$573.19
3087-382-15-0000	\$1,287.14
3087-382-16-0000	\$158.81
3087-382-17-0000	\$161.25
3087-382-18-0000	\$158.92
3087-382-19-0000	\$455.96
3087-382-20-0000	\$101.72
3087-382-21-0000	\$101.72
3087-382-22-0000	\$101.72
3087-382-23-0000	\$101.72
3087-382-24-0000	\$101.72
3087-382-25-0000	\$101.72
3087-382-26-0000	\$101.72
3087-382-27-0000	\$101.72
3087-382-28-0000	\$925.52
3087-382-29-0000	\$302.74
3087-382-30-0000	\$101.85
3087-382-31-0000	\$575.61
3087-382-32-0000	\$575.61
3087-382-33-0000	\$553.39
3087-382-34-0000	\$101.85
3087-382-35-0000	\$101.85
3087-382-36-0000	\$101.85
3087-382-37-0000	\$161.85
3087-382-38-0000	\$105.00
3087-391-01-0000	\$2,164.52
3087-391-02-0000	\$42.90
3087-391-03-0000	\$776.35
3087-391-04-0000	\$1,229.72
3087-391-05-0000	\$1,056.15
3087-391-06-0000	\$276.25
3087-391-09-0000	\$376.50
3087-391-10-0000	\$753.00
3087-391-11-0000	\$777.00
3087-391-12-0000	\$303.00
3087-391-13-0000	\$349.80
3087-391-14-0000	\$105.00
3087-391-15-0000	\$105.00
3087-391-16-0000	\$585.00
3087-391-17-0000	\$303.00
3087-391-18-0000	\$364.82
3087-391-19-0000	\$364.89
3087-391-20-0000	\$529.47
3087-391-21-0000	\$739.74
3087-391-22-0000	\$986.72
3087-391-23-0000	\$115.36
3087-391-24-0000	\$115.50
3087-391-25-0000	\$115.50
3087-391-26-0000	\$115.50
3087-391-27-0000	\$115.50
3087-391-28-0000	\$115.50
3087-391-29-0000	\$230.88

3087-391-30-0000	\$2,595.34
3087-392-05-0000	\$498.89
3087-392-06-0000	\$1,074.00
3087-392-07-0000	\$115.50
3087-392-08-0000	\$303.00
3087-392-09-0000	\$105.00
3087-392-12-0000	\$284.83
3087-392-13-0000	\$102.01
3087-392-14-0000	\$523.88
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3087-392-16-0000	\$115.50
3087-392-19-0000	\$674.70
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3087-392-21-0000	\$102.01
3087-392-22-0000	\$284.83
3087-392-23-0000	\$115.50
3087-392-24-0000	\$115.50
3087-392-25-0000	\$115.50
3087-392-26-0000	\$115.50
3087-392-27-0000	\$576.68
3087-392-28-0000	\$899.10
3087-392-29-0000	\$634.20
3087-392-30-0000	\$115.50
3087-392-31-0000	\$115.50
3087-392-32-0000	\$115.50
3087-392-33-0000	\$115.50
3087-392-34-0000	\$115.50
3087-392-35-0000	\$348.82
3087-392-36-0000	\$112.54
3087-392-37-0000	\$112.54
3087-392-38-0000	\$1,230.90
3087-392-39-0000	\$1,210.19
3087-811-02-0000	\$59.82
3087-811-03-0000	\$59.82
3087-811-04-0000	\$59.82
3087-811-05-0000	\$69.96
3087-811-06-0000	\$69.96
3087-811-07-0000	\$69.96
3087-811-08-0000	\$94.79
3087-811-09-0000	\$94.79
3087-811-10-0000	\$94.79
3087-811-11-0000	\$94.79
3087-811-12-0000	\$94.79
3087-811-13-0000	\$94.79
3087-811-14-0000	\$94.79
3087-811-15-0000	\$94.79
3087-811-16-0000	\$94.79
3087-811-17-0000	\$94.79
3087-811-18-0000	\$94.79
3087-811-19-0000	\$94.79
3087-811-20-0000	\$94.79
3087-811-21-0000	\$94.79
3112-561-13-0000	\$912.34
3112-561-25-0000	\$383.72
3112-561-26-0000	\$2,421.77

3112-563-11-0000	\$3,066.31
3112-563-12-0000	\$185.63
3112-563-13-0000	\$185.63
3112-563-14-0000	\$584.75
3112-563-15-0000	\$569.63
3112-563-16-0000	\$633.19
3112-563-17-0000	\$423.59
3112-563-18-0000	\$185.63
3112-563-19-0000	\$521.63
3112-563-20-0000	\$185.63
3112-563-21-0000	\$853.07
3112-563-22-0000	\$821.63
3112-563-23-0000	\$605.63
3112-563-24-0000	\$321.98
3112-651-23-0000	\$3,300.30
3112-651-24-0000	\$3,884.17
3112-651-25-0000	\$513.06
3112-651-26-0000	\$493.50
3112-651-27-0000	\$143.75
3112-651-28-0000	\$540.01
3112-653-01-0000	\$623.00
3112-653-02-0000	\$509.63
3112-653-03-0000	\$713.63
3112-653-04-0000	\$366.83
3112-653-05-0000	\$473.15
3112-653-06-0000	\$421.07
3112-653-07-0000	\$500.99
3112-653-08-0000	\$425.63
3112-653-09-0000	\$701.39
3112-653-10-0000	\$605.63
3112-653-11-0000	\$185.63
3112-653-12-0000	\$1,987.65
3112-721-01-0000	\$1,289.31
3112-721-02-0000	\$335.55
3112-721-03-0000	\$105.00
3112-721-04-0000	\$105.00
3112-721-05-0000	\$344.87
3112-721-06-0000	\$105.00
3112-721-07-0000	\$736.33
3112-721-08-0000	\$825.00
3112-721-09-0000	\$105.00
3112-721-10-0000	\$436.50
3112-721-11-0000	\$105.00
3112-721-12-0000	\$105.00
3112-721-13-0000	\$736.33
3112-731-01-0000	\$595.36
3112-731-02-0000	\$115.36
3112-731-03-0000	\$115.36
3112-731-04-0000	\$585.00
3112-731-05-0000	\$585.00
3112-731-06-0000	\$136.50
3112-731-07-0000	\$2,723.47
3112-731-08-0000	\$895.93
3112-731-12-0000	\$370.84
3112-731-13-0000	\$370.84

3112-731-15-0000	\$402.76
3112-731-16-0000	\$122.14
3112-731-17-0000	\$163.43
3112-731-18-0000	\$2,056.62

3112-731-19-0000	\$594.15
3112-731-21-0000	\$983.32
3112-731-22-0000	\$1,324.13
3112-731-23-0000	\$5,010.87

3112-731-24-0000	\$1,344.10
3112-731-25-0000	\$780.73