

will be paid directly from PBID assessment revenues by the Town whereas components of the Budget that are directly administered by the Association will be paid directly by the Association and may be advanced to the Association annually upon Town Council approval of that year's Budget. The Association will be held accountable for all funds it directly administers and will submit expense reports and financial statements accordingly, per the Agreement.

The proposed Agreement is attached for review.

Staff recommends adoption of the form motion.

BACKGROUND:

The Town Council established the PBID in 2007 to levy annual assessments against the PBID's assessable parcels to be used solely for purposes described in the PBID's adopted Management District Plan ("Plan") and in 2008 the PBID property owners formed and incorporated the Village PBID Association ("Association"), a nonprofit mutual benefit corporation.

The Association Board was subsequently selected to act as the PBID administering body and entered into an Agreement for Services "(Agreement)" with the Town to implement the Plan and to access and expend assessment revenues.

In 2012, upon completion of its initial five year term, FY 2007-08 through FY 2012-13, the Association led a successful grassroots campaign to renew the PBID for an additional five-year period, FY 2012-13 through FY 2016-17. Subsequently, the Town Council unanimously ratified the property-owner vote and approved the continuation of the PBID following a public hearing.

Most recently, on April 23, 2014, the Association unanimously adopted its FY 2014-15 Annual Budget Report, thereby approving key budget activities.

FISCAL IMPACT:

There is no financial impact to the Town associated with the recommended action. All budgeted expenditures are from PBID assessment revenues.

ATTACHMENT 1
AGREEMENT FOR SERVICES

**TOWN OF APPLE VALLEY
AGREEMENT FOR SERVICES**

This Agreement for Services (Agreement) is entered into on August 26, 2014, at Apple Valley, California, between the Town of Apple Valley, a municipal corporation, (Town) and the Apple Valley Village Property and Business Improvement District Association, a nonprofit mutual benefit corporation, (Association), with either party referred to individually as “Party” and collectively as “Parties”.

RECITALS

WHEREAS, pursuant to Resolution No. 2007-38 (Resolution) the Town Council established the Apple Valley Village Property and Business Improvement District (PBID), under Section 36600, et Seq. of the California Streets and Highway Code (Law) to levy annual assessments against the PBID’s assessable parcels to be used solely for purposes described in the PBID’s adopted Management District Plan (Plan); and

WHEREAS, in 2008 the PBID property owners formed and incorporated the Village PBID Association (Association), a nonprofit mutual benefit corporation. The Association Board was subsequently selected to act as the PBID administering body and entered into an Agreement for Services (Agreement) with the Town to implement the Plan and to access and expend assessment revenues; and

WHEREAS, in 2012, upon completion of the initial five year term, the Association led a successful grassroots campaign to renew the PBID for an additional five-year period, FY2012-13 through FY2016-17; subsequently, the Town Council unanimously ratified the property-owner vote and approved the continuation of the PBID following a public hearing; and

WHEREAS, on April 23, 2014, the Association unanimously adopted its FY2014-15 Annual Budget Report, thereby approving key budget activities; and

WHEREAS, the Town desires to renew the Agreement for the administration of the Association’s program of improvements and activities and the use of the assessments in connection with the PBID for FY2014-15, through and including FY2018-19 in accordance with the Law.

NOW, THEREFORE, and in recognition of good and valuable consideration, the Town and Association mutually agree as follows:

1. TERM OF AGREEMENT

- 1.1 The term of this Agreement shall be from July 1, 2014 through June 30, 2019; and shall automatically renew for one additional year upon receiving a written request from the Association prior to the expiration of the Agreement.
- 1.2 In the case of a default or breach by the Association, the Town may terminate this Agreement by giving written notice in accordance with the terms of this Agreement.
- 1.3 Upon termination or expiration of this Agreement, all unexpended funds for the PBID and all assets purchased with PBID funds shall be returned to TOWN to be used and/or

disbursed in accordance with the Plan, attached hereto as Exhibit "1" and incorporated herein by this reference, adopted pursuant to the Law.

2. USE OF FUNDS

- 2.1 Funds received by the Association pursuant to this Agreement shall only be expended for the purposes stated in the Resolution as authorized by the Law, and shall only be expended in accordance with the Plan, attached hereto as Exhibit "1" and incorporated herein by this reference, and each annual report prepared by the Association pursuant to Section 36650 of the Code, as approved by the Town Council.

3. ASSOCIATION RESPONSIBILITIES

- 3.1 Association shall administer the PBID work program and perform all of the services specified in the Plan and each annual report of the Association pursuant to Section 36650 of the Code as approved by the Town Council, and in this regard shall cooperate with the Town Manager of the Town or his designee.
- 3.2 Throughout the term of this Agreement, the Association shall timely submit to the Town's Economic Development Office the following:
- 3.2.1 Quarterly Expense Reports: By the last business day of the first month of each fiscal quarter, commencing October 1, 2014, a quarterly expense report for the immediately previous fiscal quarter;
- 3.2.2 Annual Report: By July 1, beginning with FY2015-16, an annual report detailing a work program and itemized budget for the current fiscal year that conforms to the Plan and Section 36650 of the Code.
- 3.2.3 Financial Statements: By October 1, commencing October 1, 2014, a statement of income and expenses of the Association in relation to the PBID, reviewed by a Certified Public Accountant covering the previous fiscal year. Notwithstanding the termination date of this Agreement, the Association shall submit a statement of income and expenses of Association in relation to the PBID, covering FY2018-19 no later than October 1, 2019.
- 3.2.4 Within thirty (30) days of a written request of the Town's Economic Development Office, the Association shall provide all other financial information in relation to the PBID as may be reasonably requested from time to time.
- 3.3 The Association hereby agrees to comply with all federal, state and Town laws, codes, ordinances, and/or regulations as they may relate to the administration of the PBID under this Agreement.
- 3.4 The Association reserves the right to request consideration of matching grants and funds in order to maximize the leverage of PBID funds to carry out program, services and improvements outlined in each annual work plan, adopted pursuant to the Plan.

4. TOWN RESPONSIBILITIES

- 4.1 The Town shall prepare and submit to the County of San Bernardino each year an annual assessment roll for the PBID and prepared by the PBID for FY2014-15 through FY2018-19 and shall disburse PBID assessment revenues received by the Town from the County of San Bernardino to the Association in accordance with Section 5.1 of this Agreement. Any costs for preparation of the annual assessment rolls shall be paid from the PBID assessment revenues.
- 4.2 With respect to the assessable parcel(s) of any public agencies for which the County of San Bernardino does not bill the annual PBID assessments, the Town shall hand bill such agencies for PBID assessments, including the enforcement of the collection of such assessments.
- 4.3 The Town shall review all reports submitted by the Association.
- 4.4 The Town shall make available to the Association such information in its possession, except for information which is determined to be confidential information by the Town Attorney, which is reasonably necessary for implementation of the PBID work program.
- 4.5 The Town shall report to the Association on a regular basis as to the status of PBID assessment revenues thus far collected so that the Association can adjust its future budget and work program accordingly.
- 4.6 The Town shall make available to the Association a full accounting of PBID funds encumbered prior to any direct expenditure, including but not limited to estimated service hours, billing rates and other related expenses.

5. DISBURSEMENTS

- 5.1 Commencing with FY2014-15 and continuing through FY2018-19, the Town shall remit to the Association the PBID assessment revenues collected by the County of San Bernardino and paid to the Town on an as-needed basis and in accordance with the approved Annual Budget Report (Budget). Components of the Budget that are directly administered by the Town will be paid directly by the Town whereas components of the Budget that are directly administered by the Association will be paid directly by the Association. In these cases, assessment revenues paid to the Town to cover Association administered components may be advanced to the Association annually upon approval of that year's Budget.

6. AUDITS, ACCOUNTING AND AUDIT EXCEPTIONS

- 6.1 The Association's program, as it relates to the PBID, will be audited in accordance with the Town's policy and funding guidelines. The Town or its authorized representatives shall, with thirty (30) days' prior written notice, have access to any and all of the Association's books, documents, papers, records, property, and/or premises, for the purpose of audit and/or inspection.
- 6.2 Association staff will cooperate fully with authorized auditors when they conduct audits and examinations of Association's program as it relates to the PBID. If indications of

misappropriation or misapplication of the funds governed by this Agreement cause the Town to require a special audit, the cost of the audit shall be paid by Association. The right to audit, as provided by this Agreement, shall be for a period of three (3) years from the date of submission of the financial report in question or any indication or notice to the Town of a misappropriation or misapplication of funds by Association, whichever is later. This right shall survive the termination of this Agreement, irrespective of how such termination occurred.

- 6.3 Association will establish and maintain on a current basis an adequate accrual accounting system in accordance with generally accepted accounting principles and standards. The system shall detail all costs chargeable to the PBID under this Agreement and shall substantiate all such costs, meeting acceptable standards for public entities in Southern California and complying with any applicable federal standards. The system shall meet the minimum fiscal and internal control requirements as reasonably determined by the Town.

7. INSURANCE

Without limiting Association's indemnification of the Town, the Association shall provide and maintain at its own expense during the term of this Agreement the program(s) of insurance covering its operation pursuant to the requirements described below. Such insurance shall be provided by insurer(s) satisfactory to the Town and evidence of such programs satisfactory to the Town shall be delivered to the Economic Development Office within (10) days of the effective date of this Agreement. The Town may require complete, certified copies of any or all policies at any time.

- 7.1 General liability insurance with minimum limits of at least one million dollars (\$1,000,000) combined premises/operations and personal injury coverage is required. The Town, its directors, commissioners, officers, employees, agents and volunteers must be endorsed on the policy as additional insured with respect to liability arising out of the Association's performance of this Agreement. If the Association employs other contractors as part of its performance under this Agreement, contractor's protective coverage is required. The Association may insure all subcontractors and/or independent contractors under its own policy or shall procure and furnish separate insurance for each subcontractor and/or independent contractor in accordance with the requirements set forth in this Section 7. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit.
- 7.1 The Association shall, if applicable, provide workers compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than one million dollars (\$1,000,000) per accident for all covered losses.
- 7.2 The Association shall procure and maintain at its own expense a policy covering directors & officer liability with minimal limits of one million dollars (\$1,000,000).
- 7.3 Each insurance policy included in this Section 7 shall be endorsed to state that coverage shall not be canceled except after thirty (30) days prior written notice to the Town, and that coverage is primary to any other coverage available to the Town.

7.4 Insurers shall be lawfully admitted in the State of California to provide insurance, as regulated by the California Department of Insurance, unless pre-approved in writing by the Town.

7.5 Failure by the Association to procure or maintain all insurance required by this Agreement shall constitute a material breach of this Agreement under which the Town may immediately terminate this Agreement upon written notice. Failure to so terminate shall not constitute a waiver of any rights by the Town.

8. NOTICES

All notices, plans, or reports permitted or required under this Agreement shall be in writing, and shall be delivered by personal hand delivery, first class mail, postage prepaid, or by overnight courier, with service deemed made the same day if by personal hand delivery, within two days of depositing in the U.S. mail, or the following day after depositing with an overnight courier. All notices must be addressed to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

Town of Apple Valley
Economic Development Office
14955 Dale Evans Parkway
Apple Valley, CA 92307

Apple Valley Village PBID Association
Chairperson of the Board
P.O. Box 1044
Apple Valley, CA 92307

9. CONFLICT OF INTEREST

9.1 For the duration of this Agreement, neither the Association nor its employees will act as consultants or perform services of any kind for any other person or entity in regard to the PBID without the prior written consent of the Town. In addition, neither members of the Board of Directors of the Association, nor its Chief Executive Officer, may enter into any other contracts regarding the PBID, nor vote on any PBID matter when such contract or matter would be of financial benefit to the member or director over and above the general financial benefit to all members in the PBID.

10. NONDISCRIMINATION

10.1. The Association represents and agrees that it does not and will not discriminate against any employee or applicant for employment because of political affiliation or opinion, age, ancestry, marital status, physical condition, pregnancy or pregnancy-related condition, race, ethnicity, religion, color, sex, sexual orientation, national origin or medical condition.

11. GENERAL PROVISIONS

11.1 Assignment. Neither this Agreement, nor any interest herein, shall be assigned by any Party without the prior written consent of the other Party.

- 11.2 Independent Contractor. It is agreed and understood that the Association is a wholly independent contractor. This Agreement is not intended and shall not be construed to create the relationship of agent, employee, servant, partnership, joint venture or association as between the Town and the Association. Neither the Town nor its agents shall have control over the conduct of the Association except as set forth herein. The Town shall have no liability or responsibility for payment of any wage or benefits to the Association's employees, for whom the Association shall bear sole responsibility and liability.
- 11.3 Default of Contractor. In the case of default by the Association in providing any service, or in performing this Agreement, the Town may, in addition to all other remedies it may have, including but not limited to termination of the Agreement and/or filing of a suit at law or equity, obtain such services from other sources and deduct the cost thereof from any costs due or thereafter owing to the Association relating to such items or to otherwise claim and collect such costs.
- 11.4 Attorney's Fees. If a legal action or proceeding is sought by any Party because of default or material breach of this Agreement, or to enforce any provision thereof, the prevailing Party therein shall be entitled, in addition to any other relief, to recover reasonable costs, including attorney's fees and court costs, from the other party as determined by the court in which said action or proceeding is pending.
- 11.5 Indemnification. The Association agrees to indemnify, defend (upon request by the Town and with attorneys approved by the Town in its sole discretion) and save harmless the Town, its agents, representatives, officers and employees from and against any and all liability, claims, actions, judgments, and expenses, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, or property damage arising from or related to the Association's operations, or its services hereunder, or arising from or related to any wrongful acts or omissions; and the Association's obligations hereunder to defend, indemnify and hold harmless also includes any workers' compensation claims or any other claims, suits, judgments or liability or expense, relating in any manner to services performed by or on behalf of the Association or by any person pursuant to this Agreement.
- 11.6 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and supersedes any and all prior agreements, if any, whether oral, written, or otherwise. This Agreement may only be modified in writing, signed by both Parties.
- 11.7 Governing law. This Agreement shall be governed by the laws of the State of California, with venue being proper in the Superior Court for the State of California, County of San Bernardino.
- 11.8 Time of Essence. Time is of the essence of each and every provision of this Agreement.
- 11.9 Authority. The signatories to this Agreement represent and warrant that they have the necessary authority to bind the Party that they represent to each and all of the terms of this Agreement.

[SIGNATURES ON NEXT PAGE]

**SIGNATURE PAGE
TO
TOWN OF APPLE VALLEY
AGREEMENT FOR SERVICES**

TOWN OF APPLE VALLEY

**APPLE VALLEY VILLAGE PROPERTY
AND BUSINESS IMPROVEMENT
DISTRICT ASSOCIATION**

By: _____
Frank Robinson
Town Manager

By: _____
Larry Cusack
Chairman

ATTEST:

Ms. La Vonda M. Pearson
Town Clerk

APPROVED AS TO CONTENT:

Frank Robinson
Town Manager

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

John Brown
Town Attorney

Exhibit 1
Apple Valley Village PBID Management District Plan

APPLE VALLEY VILLAGE

PROPERTY & BUSINESS IMPROVEMENT DISTRICT

MANAGEMENT DISTRICT PLAN

Prepared pursuant to the State of California
Property and Business Improvement District Law of 1994
To Renew a Property and Business Improvement District in Apple Valley Village

By

Apple Valley Village Property & Business Owners

JANUARY 2012

V1.2

APPLE VALLEY VILLAGE PBID
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1.0 DISTRICT SUMMARY

The Apple Valley Village PBID is a property-based Business Improvement District that was established for a five year term in 2007 by a consortium of business and property owners within the Apple Valley Village business area and is now being renewed 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 public safety services, marketing and promotions, additional streetscape beautification/image enhancements, other business related special projects/ programs and District management/operations.

The renewed District annual budget is being reduced 41% from the current level of \$337,000 per year to \$200,000. In turn, individual property assessments will generally be reduced by 40-60% of current assessment rates. There are some minor assessment formula and boundary changes being made in the renewed District.

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.

Location: Primarily along Highway 18 between just west of Navajo to just east of Central and surrounding certain commercial properties generally between Esaws on the north and Ottawa on the south (*map forthcoming*).

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

Finance: Benefit assessment of real property (294 identified parcels)

Budget: Total district budget for renewed Year 1 is \$200,000. The budget allocations may be adjusted to reflect changing costs and priorities. The proposed general budget categories and allocations are as follows:

1. Security - \$30,000
2. Marketing - \$50,000
3. Streetscape beautification - \$75,000
4. Special Projects - \$25,000
5. Management/Operations/Contingency - \$20,000

Cost: There are two benefit zones; Zone A and Zone B. Assessment rates will have a 5% maximum annual increase cap. Year 1 property assessment rates per parcel in each zone are:

APPLE VALLEY VILLAGE PBID

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.

Formation: District formation requires submission of petitions from property owners representing at least 50% of the total assessment to be levied. In addition, a balloting of property owners who will be assessed is required whereby, returned ballots in support of the PBID must not be “outweighed” by those returned in opposition to the PBID based on the amount of assessment to be levied.

Duration: The renewed district will have a term of five (5) years. After five years, the petition and balloting process must be repeated in order to renew the district again and continue to levy assessments.

PBID Q & A

1. *What is a PBID?*
A PBID is a unique funding tool which allows business district property owners to pool their financial resources by assessing themselves to pay for certain districtwide activities and improvements. PBID's have existed in California since 1995 and around the country for three decades and are the most effective and fair method to fund business district programs.
2. *What is the primary benefit of a PBID?*
Competition for trade dollars is increasing and improving all the time. Much more can be accomplished by working together as an organized unit than by working alone. There is the advantage of group purchasing power for funding areawide improvements and programs .
3. *Is a PBID just another government program?*
No. The local government agency's role is to approve the renewal of the PBID and to annually re-approve the PBID budget and facilitate fund collection from the County Tax Collector. The funds may only be used to pay for the programs and activities stipulated in the approved PBID Management Plan.
4. *Is a PBID assessment a new tax?*
No. Taxes go into government agency general funds to be used throughout their jurisdictions as needed. PBID assessments, however, can only be levied and used within the PBID boundaries to fund programs and activities authorized by the approved Management Plan. The PBID must be re-approved after the end of each renewal period (10 years max). The Town Council will contract with the Apple Valley Village Property Owner's Association to continue to manage PBID matters and make annual specific budget and work plan recommendations.
5. *Which properties are assessed?*
All properties within the boundaries of the renewed PBID will be assessed including government owned properties and facilities. Assessments will vary based on the projected proportionate special benefit to be conferred on each property.
6. *How much is each property charged?*
An equitable formula has been developed whereby assessments are computed based on various property related factors in proportion to the expected level of benefit to be derived from the programs, improvements and activities being funded.
7. *Can the assessment formula or programs be changed in the future?*
Other than as stipulated in the Management District Plan, the assessment formula and broad programs can only be changed by a process similar to the PBID initial formation involving support petitions, a ballot procedure, notices and a public hearing.

2.0 INTRODUCTION

There is an ever increasing awareness of social issues in business districts such as crime and environmental concerns (littering, natural resource depletion, graffiti), as well as a greater perceived need by the public for supplemental security and maintenance services.

Coupled with this, there is an ever-increasing amount of competition for business districts from malls, off-price centers, big box warehouse retailers and factory outlets as well as a myriad of internet and home shopping networks. There is a much greater need to aggressively market goods and services and create physical environments and services comparable to the competition. Business districts everywhere must work harder and smarter just to capture a portion of their proportionate marketplace share.

In order to survive and coexist in the myriad of competition, business districts cannot rely solely on discretionary government funding or normal tax supported programs and services. There is a need to pool private resources to independently fund, at least in part, vital activities, services and improvements. Business districts throughout California, from Eureka to San Diego, are finding that one of the most viable methods today to accomplish this is through a property and business improvement district (PBID).

This unique assessment mechanism can fund an exciting array of activities ranging from farmer's markets, art festivals and street fairs to beautification projects such as banners, holiday decorations and landscape planters, to more urgently needed services such as supplemental security and maintenance. By pooling property owner dollars, PBIDs are able to collectively pay for activities, programs and improvements which would not be possible on an individual owner basis. In a time of stretched public resources, PBIDs are one of the most valuable and effective business district finance tools available.

2.1 PBID ELIGIBLE USE OF FUNDS (Generic)

PBID assessments are levied directly on properties within a prescribed area on the basis of relative special benefit from the improvements and activities to be funded and defined in the State law as follows:

- **“Improvement”** means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

APPLE VALLEY VILLAGE PBID

- (a) Parking facilities
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs
- (c) Trash receptacles and public restrooms (d) Lighting and heating facilities
- (e) Decorations (f) Parks (g) Fountains (h) Planting areas
- (i) Closing, opening, widening, or narrowing of existing streets
- (j) Facilities or equipment, or both, to enhance security of persons and property within the area.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures

• “Activities” means, but is not limited to, all of the following:

- (a) Promotion of public events which benefit businesses or real property in the district.
- (b) Furnishing of music in any public place in the area.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Activities which benefit businesses and real property located in the district.

3.0 PBID DETAILS

3.1 PBID BOUNDARY

The Apple Valley Village PBID encompasses all properties along the Highway 18 corridor roughly bounded by just west of Navajo Rd. on the west, just east of 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 294 parcels within the proposed renewed PBID. All properties within this PBID will receive varying degrees of primary direct 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 map showing the PBID boundaries is shown on Appendix A attached hereto.

3.2 PBID ACTIVITIES/PROGRAMS/COSTS/BUDGET

Supplemental Public Security services may include:

- additional sheriff patrolling
- security seminars for property/business owners

Marketing and Promotions may include:

- print, TV, radio, mail advertising
- website design and maintenance

Streetscape Beautification/Image Enhancement may include:

- decorative streetlight design/installation
- Hwy 18 drainage/parking improvement design/construction
- miscellaneous street paving
- theme/holiday banner design/purchase/installation/maintenance
- holiday decoration purchase/installation/maintenance

Special Projects/Programs may include:

- continuation of the property rehabilitation rebate program
- other special projects as warranted and appropriate

Management/Operations may include:

- professional services (i.e. coordinator, legal, marketing, accounting)
- insurance, postage, phone, internet and other related operation expenses and costs
- contingency/reserve for unforeseen expenses

PROPOSED PBID BUDGET SUMMARY

PBID Program Costs and Budget

In order to carry out the renewed PBID programs outlined in the previous section, a first year budget of \$200,000 is estimated. Since the PBID is planned for a five year term, tentative projected program costs for future years (Years 2-5) are set at the inception of the PBID. These figures are shown in the table below. Carryovers, if any, could be reapportioned the following year for related programs, services and improvements. Budget allocations may be shifted by the Board from one year to the next between major work plan categories based on actual program costs, priorities, public input, design costs, contract prices, availability of matching funds and implementation schedules. Detailed annual budgets will be prepared by the Property Owner's Association Board for the Town's review and approval.

Projected Five Year Program Costs
(Based on 5% max annual assessment rate increase)

DESCRIPTION	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Security	\$30,000	\$31,500	\$33,075	\$34,729	\$36,465	\$165,769
2. Marketing	\$50,000	\$52,500	\$55,125	\$57,881	\$60,775	\$276,282
3. Streetscape Beautification	\$75,000	\$78,750	\$82,688	\$86,822	\$91,163	\$414,422
4. Special Projects	\$25,000	\$26,250	\$27,563	\$28,941	\$30,388	\$138,141
5. Management/Operations/Contingency	\$20,000	\$21,000	\$22,050	\$23,153	\$24,310	\$110,513
Total	\$200,000	\$210,000	\$220,500	\$231,525	\$243,101	\$1,105,126

HOW VILLAGE STAKEHOLDERS BENEFIT

All property owners:

- Real and perceived public safety services
- Enhanced rental incomes from vacant and underutilized space
- Greater pedestrian activity
- Improved business climate and mix of desired and needed uses
- New businesses and investors
- Stronger and united voice in Village business district matters

Retail, restaurant, entertainment, and service businesses:

- Improved image to attract and keep customers

Professional, medical and financial businesses:

- Enhanced image & public safety programs for welfare of customers and employees

General office uses:

- Enhanced climate and opportunities for entertaining clients and guests

Churches, fraternal groups, government facilities and non-profits:

- Enhanced overall environment for members, visitors and contributors

Residents

- Enhanced image and safe living

3.3 PBID ASSESSMENTS

Analysis of Basis and Method of Levying Assessments

The Apple Valley Village PBID is a benefit assessment type district whereby district program costs are to be apportioned amongst benefiting properties based on the special benefit each property is expected to derive from the PBID programs. The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the PBID. Some large PBIDs require secondary benefit zones to be identified to allow for a tiered assessment formula for variable benefits derived. Also, as required by Proposition 218, general benefits may not be incorporated into the assessment formula and levied on the PBID properties; only special benefits and costs may be considered. Furthermore, Proposition 218 no longer automatically exempts government owned property from paying benefit assessments unless it is demonstrated by clear and convincing evidence that the property in fact receives no special benefit. Thus, properties owned by the Town of Apple Valley, the Fire District, the Mojave Water Agency, the County School Board etc. will be assessed along with all of the privately owned parcels within the PBID.

Based on the linear/cross shape of the proposed renewed PBID, as well as the nature of the proposed PBID program elements, it is determined that two benefit zones exists in which all properties will gain special, albeit, proportional degrees of benefit. Zone A includes all properties fronting on Highway 18, Navajo Road and Central Road n/o Hwy 18 and Zone B includes all other properties within the District.

PBID assessment formulas typically relate to either property street frontage or parcel and building size and location which affect the amount of assessment to be paid. The formula may base assessments on a single factor or a combination of factors. Based on the program activities to be funded, which relate directly to the amount of street frontage, parcel size and current building improvements, it is determined that the assessments be based in part on three property related elements - the amount of adjacent street/sidewalk frontage, the parcel size and the building area. Within the PBID there are 294 parcels, 16,772 linear feet of "A" street frontage, 50,119 linear feet of "B" street frontage, 16,713,163 square feet of land and 1,388,494 square feet of building area. A list of all parcels in the PBID is shown on Appendix B attached hereto. Using the cumulative property related data totals from above, the base Year 1-5 assessment rates for Zone A and Zone B are shown on the charts on the next page.

Due to recognized diminished benefits, residential uses shall be exempt from the building area portion of the assessment fee.

APPLE VALLEY VILLAGE PBID

It is noted that properties zoned solely for residential use, by State law, may not be assessed; however, residential uses on non-residential zones may be assessed. No parcels within the PBID are zoned solely for residential use.

PBID ASSESSMENT FORMULA

Total Assessment = Street Frontage Assm't + Land Area Assm't + Building Area Assm't

- Street Frontage Assm't = parcel street frontage x street frontage rate (from chart below)
- Land Area Assm't = land area x land area rate (from chart below)
- Building Area Assm't = building area x building area rate (from chart below)

YEAR 1-5 ASSESSMENT RATES

(Based on 5% Max Annual Rate Increase)

Zone A					
"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					
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

$$= 18,000 \text{ sq ft land} \times \$0.00325/\text{sq ft} + 10,119 \text{ sq ft bldg} \times \$0.12/\text{sq ft} + 80 \text{ LF frontage} \times \$1.50/\text{LF}$$

$$= \$58.50 + \$1,214.28 + \$120.00 = \$1,390.78 \text{ per year (old assmt} = \$2,400.28 \text{ per year, a 42\% drop)}$$

$$= \$ 115.90 \text{ per month}$$

$$= \$ 3.86 \text{ per day}$$

$$= 1.1 \text{ cent per sq ft bldg per month}$$

Same example as above but in Zone B

$$= 18,000 \text{ sq ft land} \times \$0.0013/\text{sq ft} + 10,119 \text{ sq ft bldg} \times \$0.048/\text{sq ft} + 80 \text{ LF frontage} \times \$0.66/\text{LF}$$

$$= \$23.40 + \$485.71 + \$48.00 = \$557.11 \text{ per year (old assmt} = \$1,093.59 \text{ per year, a 49\% drop)}$$

$$= \$ 46.42 \text{ per month}$$

$$= \$ 1.55 \text{ per day}$$

$$= \text{less than } 1/2 \text{ cent per sq ft bldg per month}$$

3.4 SPECIFIC ANNUAL ADJUSTMENTS

During the term of the PBID, the annual budget may increase based on new developments and additional building stock added to the building inventory within the District. In addition, upon the Association Board's approval, the annual assessment rates may be increased up to 5% per year to offset program cost increases and inflation. Any annual budget surpluses will be incorporated into the subsequent year's PBID budget.

3.5 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 and the Apple Valley Chamber of Commerce 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.

3.6 PBID SPECIAL RULES AND REGULATIONS

The Association has developed a policy of competitive bidding for outside service and improvement contracts. The policy aims to maximize service quality, efficiency and cost effectiveness of procured products and services. Other special rules and regulations may be adopted by the Association from time to time, as deemed appropriate and necessary.

4.0 TIME AND MANNER FOR COLLECTING 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.

5.0 PBID DURATION

Pursuant to State PBID law, the Apple Valley Village PBID will have a five year operating duration extending from January 2013 through the end of December 2017 (Property Tax Years 2012-13 through 2016-17). Any continuation of the PBID after the renewed five year period will require compliance with all regulations and statutes in place at the time relative to renewal of a property and business improvement district. At present, this would require preparation of a new management plan for up to 10 years, circulation of a new majority support petition, a Prop 218 balloting and a public hearing and noticing process.

6.0 BONDS

There will be no bonds secured by PBID revenues issued to finance any PBID improvements.

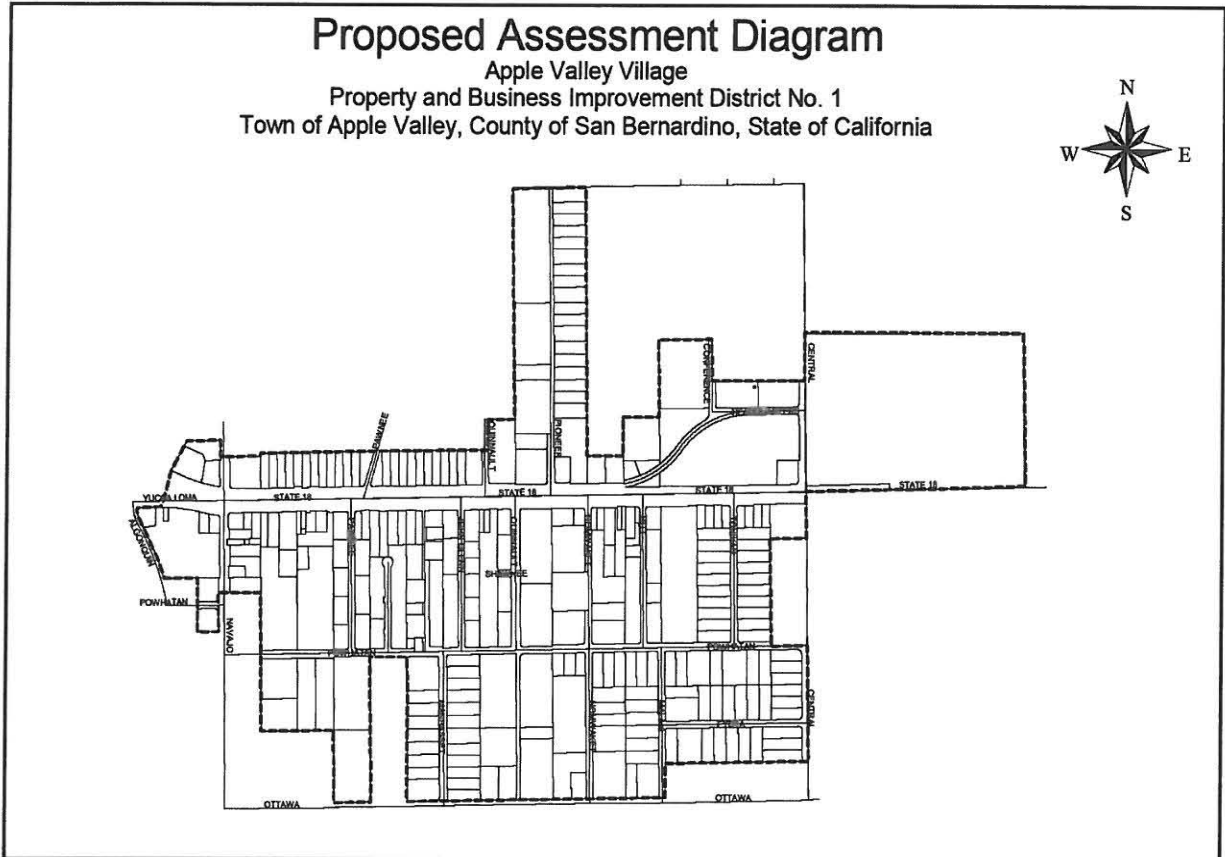
7.0 PBID IMPLEMENTATION TIMELINE

The renewed Apple Valley Village PBID is expected to be operational by January 2013. In order to meet this goal, the following procedural timeline is proposed:

<u>Date</u>	<u>Action/Task</u>
Sep '11 - Jan '12	• Develop PBID Management Plan
Sep '11 - Feb '12	• Strategize renewal support campaign/meetings etc.
Sep '11 – May '12	• Conduct PBID outreach/education campaign
January '12	• Initiate petition drive
Jan - May '12	• Collect petitions signed by property owners
May '12	• Submit majority support petitions to Town along with Management District Plan
June 12, 2012	• Town Council adopts resolution of intention to renew the PBID
By June 29, 2012	• Town sends public hearing notice and ballot to each PBID property owner
August 14, 2012	• Town conducts public hearing (ballots due by this date)
August 14, 2012	• Open and tabulate ballots, providing no majority ballot protest, Council approves resolution renewing PBID
By mid Aug '12	• Assessment roll submitted to Assessor/Record Map and Notice
Dec 10, Apr 10 (due)	• Assessments collected by County
1st Qtr '13	• Revenues remitted to Association per contract
2013-2017 (5 yrs)	• Association carries out PBID programs and services

APPENDIX A

BOUNDARY MAP



APPENDIX B

2012-13 ASSESSMENT ROLL

APPLE VALLEY VILLAGE PBID

APN	ASSM'T
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	\$558.88
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	\$1,017.77
3087-341-09-0000	\$159.61
3087-341-10-0000	\$933.29
3087-341-11-0000	\$996.44
3087-341-12-0000	\$478.46
3087-341-13-0000	\$302.59
3087-341-19-0000	\$508.83
3087-341-20-0000	\$895.13
3087-341-25-0000	\$1,001.64
3087-341-30-0000	\$1,727.43
3087-341-31-0000	\$1,451.45
3087-341-39-0000	\$526.76
3087-341-40-0000	\$208.47
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
3087-342-21-0000	\$685.20
3087-342-25-0000	\$1,160.59
3087-342-32-0000	\$276.17
3087-342-33-0000	\$466.85
3087-342-34-0000	\$9,823.69
3087-342-38-0000	\$4,059.95
3087-342-39-0000	\$729.43
3087-342-43-0000	\$1,759.86
3087-342-46-0000	\$646.50
3087-381-01-0000	\$0.00

APN	ASSM'T
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
3087-381-19-0000	\$587.90
3087-381-21-0000	\$564.96
3087-381-22-0000	\$274.10
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
3087-382-13-0000	\$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
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
3112-653-01-0000	\$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

APN	ASSM'T
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
3112-731-07-0000	\$2,723.47
3112-731-08-0000	\$895.93
3112-731-12-0000	\$370.84
3112-731-13-0000	\$370.84
3112-731-22-0000	\$1,324.13
3112-731-23-0000	\$5,010.87
3112-731-24-0000	\$1,344.10
3112-731-25-0000	\$780.73
3087-341-16-0000	\$2.86
3087-341-17-0000	\$26.00
3087-341-21-0000	\$571.43
3087-341-22-0000	\$600.55
3087-341-23-0000	\$202.19
3087-341-24-0000	\$287.61
3087-341-32-0000	\$529.76
3087-341-41-0000	\$571.73
3087-342-09-0000	\$452.67
3087-342-10-0000	\$716.36
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
3087-342-22-0000	\$406.47
3087-342-23-0000	\$4.94
3087-342-24-0000	\$413.44
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
3087-342-35-0000	\$345.95

APPLE VALLEY VILLAGE PBID

3087-342-36-0000	\$363.71
3087-342-37-0000	\$929.12
3087-342-40-0000	\$855.58
3087-342-41-0000	\$275.64
3087-342-42-0000	\$1,019.46
3087-342-44-0000	\$506.41
3087-342-45-0000	\$634.59
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
3087-381-02-0000	\$740.06
3087-381-03-0000	\$419.73
3087-381-04-0000	\$1,712.97
3087-381-05-0000	\$1,716.40
3087-381-15-0000	\$747.28
3087-381-16-0000	\$263.89
3087-381-17-0000	\$408.15
3087-381-18-0000	\$427.65
3087-381-20-0000	\$35.09
3087-381-23-0000	\$364.47

3087-381-25-0000	\$239.72
3087-382-10-0000	\$815.73
3087-382-11-0000	\$142.65
3087-382-12-0000	\$772.03
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
3087-392-15-0000	\$115.50
3087-392-16-0000	\$115.50
3087-392-19-0000	\$674.70
3087-392-20-0000	\$102.01
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
3112-651-25-0000	\$313.06
3112-651-26-0000	\$493.50
3112-651-27-0000	\$143.75
3112-651-28-0000	\$540.01
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

APPLE VALLEY VILLAGE PBID

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
3112-731-15-0000	\$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

APPLE VALLEY VILLAGE

PROPERTY & BUSINESS IMPROVEMENT DISTRICT

*District being renewed in the Town of Apple Valley
pursuant to Section 36600 et seq. of the California Streets and Highways Code
The Property and Business Improvement District Law of 1994*

DISTRICT ASSESSMENT ENGINEER'S REPORT

*Report Prepared by
Edward V. Henning,
California Registered Professional Engineer # 26549
Edward Henning & Associates*

JANUARY 2012

V1.0

APPLE VALLEY VILLAGE PROPERTY & BUSINESS IMPROVEMENT DISTRICT

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting parcels located within the renewed Apple Valley Village Property & Business Improvement District ("AVV PBID") will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the assessment is proportional to, and no greater than the benefits conferred on each respective parcel.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature in black ink that reads "Edward V. Henning".

Edward V. Henning

RPE #26549

January 2, 2012

Date

(NOT VALID WITHOUT CERTIFICATION SEAL AND SIGNATURE HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIII D of the California Constitution (Proposition 218) to support the benefit property assessments levied within the Apple Valley Village PBID in the Town of Apple Valley, California being renewed for a 5 year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Apple Valley Village PBID.

NOTE: The terminology "identified benefiting parcel" or "property" is used throughout this report pursuant to SB 919 - "Proposition 218 Omnibus Implementation Act" which clarified portions of Prop 218. It provides the Engineer and District Consultant with the ability to actually identify individual parcels which specially benefit directly either in whole or in part from the District funded programs and improvements and does not imply that all parcels receive assessable benefits.

APPLE VALLEY VILLAGE PROPERTY & BUSINESS IMPROVEMENT DISTRICT

Background

The Apple Valley Village PBID is a property-based benefit assessment type district being renewed for a 5 year period pursuant to Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the “Act”).

Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst each and every identified benefiting parcel within the PBID based on the proportional amount of program special benefit each parcel is expected to derive from the assessments levied. Within the Act, frequent references are made to the concept of relative “benefit” received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

The method used to determine special benefits derived by each identified parcel within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Apple Valley Village PBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of diminished benefit which may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different “weights” or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, District administration and ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment Districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; only direct or “special” benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a “net” cost figure. In addition, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

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From this, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. PBIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Apple Valley Village PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIIIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the assessment formula for the Apple Valley Village PBID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Apple Valley Village PBID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

There are 294 “identified” parcels within the Apple Valley Village PBID that, in the opinion of this Assessment Engineer, will derive special benefits from the District programs and activities and will be assessed.

Benefits are special and unique only to the identified parcels within the District because programs and services are only provided directly for the identified parcels. These identified benefiting parcels are located within the PBID perimeter boundary which is shown on the Boundary Map included in the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Any future land developments and/or subdivisions approved within the term of the renewed District will adhere to the assessment rate structure described herein.

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Boundaries

The PBID extends primarily along Highway 18 between just west of Navajo to just east of Central and surrounding certain commercial properties generally between Esaws on the north and Ottawa on the south. There are two benefit zones within the renewed PBID – Zone A and Zone B. Zone A includes all parcels with Highway 18, Yucca Loma, Navajo and Central north of Highway 18 frontages. Zone B includes all other parcels in the District boundaries.

No services or improvements from the existing PBID are provided to the neighborhoods to the east, west or south of the PBID boundaries and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

All identified parcels within the above-described boundaries are assessed to fund special benefit services, programs and improvements as outlined in this report and the Management District Plan. PBID funded activities are only provided to properties inside the District boundaries – none outside.

Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. “

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the identified parcels. For the purposes of this analysis, a “general benefit” is hereby 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 District or to the public at large.

The property uses of the identified parcels within the boundaries of the Apple Valley Village PBID which receive special benefits from PBID funded programs and services are currently a mix of retail, office, financial, light industrial, residential and parking. Services, programs and improvements provided by the District are explicitly designed to provide special benefits to identified parcels within the boundaries of the District.

Existing Town of Apple Valley services are enhanced, not replaced or duplicated, by PBID services. In the case of the Apple Valley Village PBID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the PBID boundaries above and beyond what is being currently provided to the City in general or the public at large and funded either via normal tax supported methods or other funding sources. PBID funded supplemental services, programs and improvements, are designed to enhance each identified parcel, increase tenancy, image and marketing of each identified parcel in the PBID and improve the aesthetic appearance

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and safety of streetscape areas adjacent to each identified parcel within the PBID. All benefits derived from the PBID assessments levied on parcels within the PBID are for supplemental services, programs and improvements directly benefiting each parcel within this area and support increased commerce, business attraction and retention, increased property rental income and improved identity. No services are provided beyond the PBID boundaries.

Improvements and Activities

The following are the proposed improvements and activities to be funded by the Apple Valley Village PBID:

1. Supplemental Public Security Program:

- additional Sheriff patrolling
- security seminars/alerts for property/business owners, as needed

This supplemental security program directly benefits each parcel within the PBID by creating positive perceptions of the Village area as a safe and visitor-friendly shopping, dining and service area. Supplemental security services present a perception of a safe and successful business center for the direct and special benefit of each parcel within the PBID.

This supplemental security program assists in securing the PBID areas adjacent to each parcel within the PBID and enhances the image of this business center and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce and attract and retain businesses for the benefit of each parcel within the PBID. This supplemental security program will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The cost of providing this supplemental security program is estimated at \$30,000, or 15% of the Year 1 budget.

2. Marketing/Promotions

- advertising of the District's diverse array of goods, dining, and services
- underwritten advertising opportunities for District businesses
- sales and business promotions

This activity is designed to enhance commerce and attract and retain businesses for the direct benefit of each parcel within the PBID boundaries by marketing the array of goods, services and dining within the District. Marketing/promotions directly benefits each parcel within the PBID by creating positive perceptions of the Village District as a friendly shopping, dining and service area. Regular marketing promotes a viable and successful business center for the direct and special benefit of each parcel within the PBID.

These marketing-promotion programs will only be provided for each parcel within the PBID boundaries; therefore these services constitute "special benefits" to each assessed parcel.

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The cost of providing marketing-promotions is estimated at \$50,000, or 25% of the Year 1 budget.

3) Streetscape Beautification/Image Enhancement/Special Projects

- decorative streetlight design/installation
- Hwy 18 drainage/parking improvement design/construction
- miscellaneous street paving
- theme/holiday banner design/purchase/installation/maintenance
- holiday decoration purchase/installation/maintenance

This streetscape beautification/image enhancement/special projects element directly benefits each parcel within the PBID by creating positive image perceptions of the Village area as a visitor-friendly shopping, dining and service area. These improvements present a perception of a successful business center for the direct and special benefit of each parcel within the PBID.

These improvements assists in beautifying the PBID areas adjacent to each parcel within the PBID and enhances the image of this business center and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce and attract and retain businesses for the benefit of each parcel within the PBID. These improvements will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The cost of providing streetscape beautification/image enhancement/special project improvements is estimated at \$100,000, or 50% of the Year 1 budget.

4) Administration/Operations

This program element funds the costs for day to day program management, preparation of regular PBID related reports, office expenses, legal fees, City/County assessment district fees, accounting/bookkeeping fees, and Directors & Officers and General Liability insurance.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities which are intended to benefit each parcel within the PBID through increased commerce within the District. Because this program exists only for the direct benefit of each identified parcel within the PBID and will only be provided for matters occurring within the PBID boundaries, this program constitutes a "special benefit" to each identified and assessed parcel.

The cost of providing administration/operations for is estimated at \$20,000, or 10% of the 2013 Budget.

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Each of the above-described programs and activities work together to create a more pleasing environment within the District that is conducive to strengthening the current and future economic vitality of this business center through the attraction and retention of new business, increased commerce and enhanced aesthetics. The programs, improvements and services are designed to specifically benefit each identified parcel within the PBID boundaries. The PBID assessments are only levied on identified parcels within the PBID boundaries and assessment revenues are spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no supplemental services are provided beyond the PBID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits as related to PBID funded activities and services, if any, are not quantifiable, measurable, or tangible.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the district will be assessed based on property characteristics unique only to that parcel. The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified parcel within the district as a whole. Larger parcels and ones with larger buildings and street frontages are expected to impact the demand for services and programs to a greater extent than smaller ones and thus are assigned a higher proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified land attributes.

The proportionate special benefit costs (benefit assessments) for all identified parcels within the District have been calculated based on the assessment formula as determined by this Assessment Engineer, and are listed as an attachment to the Management District Plan and this Report. The individual proportionate benefit percentage (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which is possible through the Apple Valley Village PBID, they are also considerably less than other options considered by the Apple Valley Village PBID proponent group. The actual assessment rate for each parcel within the PBID directly relate to the level of special benefit service to be provided to each identified parcel within the District based on the

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respective and applicable property characteristics as delineated in this Report.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

In the opinion of this Assessment Engineer, there is no clear and convincing evidence that publicly owned parcels do not benefit equally to privately owned parcels and, thus, Town and County School Board owned parcels within the Village PBID are assessed in the same manner and rate as private owned parcels using the same formula and property characteristics methodology. It is noted that the PBID assessment for the Federal owned US Post Office site is set at \$0 since there is no method to levy and collect a local property assessment on property owned by the US Government. In the 250 plus PBIDs throughout California, no district has successfully collected a PBID assessment from the Federal Government. No PBID funded services and improvements will overtly benefit this subject property. It is further noted that in California, any public property used for public streets, utilities, and thoroughfares are historically, not subject to local property assessments, and thus, are not levied an assessment in the Village PBID.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments levied within the Apple Valley Village PBID.

Finding 7. From Section 4(c): “The amount of the (proposed) assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the (proposed) assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 5 years and may be renewed again at that time. The reasons (purposes) for the assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to street frontage, land area and/or building area. There are two benefit zones.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

PBID assessment formulas typically are based on property characteristics such as street frontage, parcel size, building size and site location, all which relate to the amount of special benefit conferred on a particular parcel and the

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proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

Based on the specific and diverse needs and corresponding program activities to be funded by the Village PBID, which relate directly to the property street frontage, parcel size, building improvements and location, it is the opinion of this Assessment Engineer that the assessments be based proportionally on four property related elements; the amount of adjacent street frontage, the parcel size, the building area, if any, and the site location. Using the integration of multiple assessment factors like street frontage, parcel size and/or building area is an appropriate application of assessment methodology in a mixed density area like Apple Valley Village where the development patterns, parcel configurations and land uses are diverse and vary from block to block and parcel to parcel.

In an area like Apple Valley Village, the interactive application of site location and street frontage, land area and building area quantities is a proven method of fairly and equitably spreading special benefit costs to benefitting properties for PBID funded services, programs and improvements. Each of these factors directly relates to the degree of benefit each parcel will receive from PBID funded activities.

Site location (i.e. benefit zone) is a direct measure of the proportionate benefit received by each parcel relative to the site's proximity to PBID funded improvements and activities. There are two benefit zones within the renewed PBID – Zone A and Zone B. Zone A includes all parcels with Highway 18, Yucca Loma, Navajo and Central north of Highway 18 frontages. Zone B includes all other parcels in the District boundaries. In the opinion of this Assessment Engineer, the targeted weight of this factor, site location, should generate about 60% of the total PBID revenue in Zone A and 40% in Zone B. Many of the PBID funded improvements are slated for Zone A roadways due to the prime visibility to automobile traffic and the fact that most trips to the Village area (Zone A and B) have their ingress and egress via Zone A roadways.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as clean and safe activities and administration/operations. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate about 30% of the total PBID revenue.

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities such as clean and safe and administration/operations. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 15% of the total PBID revenue based on program needs, priorities and corresponding costs.

Building Area is a direct measure of the dynamic utilization of each parcel and its corresponding impact or draw on PBID funded activities such as marketing/promotions and administration/operations based on development density. In

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the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 55% of the total PBID revenue.

The “Basic Benefit Units” will be expressed, for commercial parcels, as a combined function of street frontage (Benefit Unit “A”), land area (Benefit Unit “B”), building area (Benefit Unit “C”). Based on the grid shape of the PBID, as well as the nature of the District program elements, it is determined that all parcels will gain a direct and proportionate degree of benefit based on the respective amount of street frontage, land area and building area, within two benefit zones.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units within the PBID, there are 67,551 linear feet of street frontage, of which 17,972 linear feet (Benefit Units “A-1”) are “A” street frontage with the remaining 49,579 linear feet (Benefit Units “A-2”) along all other streets in the District, 7,538,722 million square feet of Zone A land (Benefit Units “B-1”), 9,359,571 million square feet of Zone B land (Benefit Units “B-2”) and 586,300 square feet (Benefit Units “C-1”) of Zone A building area and 826,194 square feet (Benefit Units “C-2”) of Zone B building area. A list of all parcels in the PBID is shown in Appendix B attached hereto.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Apple Valley Village PBID was computed from data extracted from Town of Apple Valley land records as well as San Bernardino County Assessor records and maps. These data sources delineate current building areas and property dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data used for assessment computations has been provided to each property owner in the PBID for their review and verification. All known or reported discrepancies, errors or misinformation have been corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the Apple Valley Village PBID assessments are to be based on a combination of street frontage, land area and/or building area.

Using the cumulative property related data totals from Step 2 above, the base Year 1 assessment rates are set as follows:

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Assessment Formula Unit Costs (2012-13):

(Benefit Unit "A-1")	= \$1.50/lin ft of "A" street frontage
(Benefit Unit "A-2")	= \$0.66/lin ft of "B" street frontage
(Benefit Unit "B-1")	= \$0.00325/sq ft of land area
(Benefit Unit "B-2")	= \$0.0012/sq ft of land area
(Benefit Unit "C-1")	= \$0.12/sq ft of gross exterior bldg area
(Benefit Unit "C-2")	= \$0.048/sq ft of gross exterior bldg area

2012-13 Assessment Rate Schedule and Application:

The assessment formula is:

"A" Frontage x "A" Frontage Rate + "B" Frontage x "B" Frontage Rate + Land Area x Land Area Rate +
Building Area x Building Area Rate

Any parcel zoned solely residential or agricultural cannot be assessed pursuant to State PBID Law which presumes such parcels do not benefit from PBID funded programs and services. There are currently no such parcels within the Village PBID.

Future Development As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations or new building construction, additions or demolitions. In turn, individual parcel street frontage measurements, parcel sizes and building areas may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels or building areas based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

It is noted that 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.

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SAMPLE CALCULATIONS:

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

$$\begin{aligned}
 &= 18,000 \text{ sq ft land} \times \$0.00325/\text{sq ft} + 10,119 \text{ sq ft bldg} \times \$0.12/\text{sq ft} + 80 \text{ LF frontage} \times \$1.50/\text{LF} \\
 &= \$58.50 + \$1,214.28 + \$120.00 && = \$1,390.78 \text{ per year (old assmt = \$2,400.28 per year, a 42\% drop)} \\
 & && = \$ 115.90 \text{ per month} \\
 & && = \$ 3.86 \text{ per day} \\
 & && = 1.1 \text{ cent per sq ft bldg per month}
 \end{aligned}$$

Same example as above but in Zone B

$$\begin{aligned}
 &= 18,000 \text{ sq ft land} \times \$0.0013/\text{sq ft} + 10,119 \text{ sq ft bldg} \times \$0.048/\text{sq ft} + 80 \text{ LF frontage} \times \$0.66/\text{LF} \\
 &= \$23.40 + \$485.71 + \$48.00 && = \$557.11 \text{ per year (old assmt = \$1,093.59 per year, a 49\% drop)} \\
 & && = \$ 46.42 \text{ per month} \\
 & && = \$ 1.55 \text{ per day} \\
 & && = \text{less than } 1/2 \text{ cent per sq ft bldg per month}
 \end{aligned}$$

Step 5. Estimate Total District Costs

The total District projected costs for Year 1-5 are shown below in Table 1.

TABLE 1
Total Estimated Year 1-5 District Costs (assume max 5% increase over prior year)

DESCRIPTION	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Security	\$30,000	\$31,500	\$33,075	\$34,729	\$36,465	\$165,769
2. Marketing	\$50,000	\$52,500	\$55,125	\$57,881	\$60,775	\$276,282
3. Streetscape Beautification	\$75,000	\$78,750	\$82,688	\$86,822	\$91,163	\$414,422
4. Special Projects	\$25,000	\$26,250	\$27,563	\$28,941	\$30,388	\$138,141
5. Management/Operations/Contingency	\$20,000	\$21,000	\$22,050	\$23,153	\$24,310	\$110,513
Total	\$200,000	\$210,000	\$220,500	\$231,525	\$243,101	\$1,105,126

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All benefits derived from the assessments outlined in the Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified properties within the PBID. All PBID funded activities are provided solely to properties within the Apple Valley Village PBID. All services are delivered only within the boundaries and designed only for the direct special benefit of the identified assessed properties in the PBID. No services are provided to non-assessed parcels outside the PBID boundaries. Any potential spill over effect is unquantifiable as previously discussed in this report. Thus, all general benefits (if any) within or outside of the PBID, are inadvertent, intangible and immeasurable. Total Year 1 District revenues are shown below in Table 2.

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TABLE 2
Total Year 1 District Revenues

Funding Source	Revenue	% of Total
PBID Assessments	\$200,000	100.00%
TOTAL DISTRICT REVENUE	\$200,000.00	100.00%

Step 7. Calculate “Basic Unit Cost”

With a Year 1 projected assessment revenue of \$200,000, the Basic Unit Costs are shown above in Step 4. Since the PBID is being renewed for a 5 year term, maximum assessments rates for future years must be set at the renewal point of the PBID. *An annual flat inflationary assessment rate increase of up to 5% may be imposed each year for Years 2-5*, on approval by the PBID Property Owner’s Association. The maximum assessment rates for Years 1-5 are shown below in Table 3.

TABLE 3
Year 1-5 Maximum and Projected District Assessment Rates
(assumes maximum 5% increase over prior year rates)

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
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

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the PBID are shown in the Management District Plan and were determined by applying the District assessment formula to each identified benefiting parcel.

APPENDIX 1

2012-13 PROPERTY TAX ASSESSMENT ROLL

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APN	YR 1 ASSM'T
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	\$558.88
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	\$1,017.77
3087-341-09-0000	\$159.61
3087-341-10-0000	\$933.29
3087-341-11-0000	\$996.44
3087-341-12-0000	\$478.46
3087-341-13-0000	\$302.59
3087-341-19-0000	\$508.83
3087-341-20-0000	\$895.13
3087-341-25-0000	\$1,001.64
3087-341-30-0000	\$1,727.43
3087-341-31-0000	\$1,451.45
3087-341-39-0000	\$526.76
3087-341-40-0000	\$208.47
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
3087-342-21-0000	\$685.20
3087-342-25-0000	\$1,160.59
3087-342-32-0000	\$276.17
3087-342-33-0000	\$466.85
3087-342-34-0000	\$9,823.69
3087-342-38-0000	\$4,059.95
3087-342-39-0000	\$729.43
3087-342-43-0000	\$1,759.86
3087-342-46-0000	\$646.50

APN	YR 1 ASSM'T
3087-381-01-0000	\$0.00
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
3087-381-19-0000	\$587.90
3087-381-21-0000	\$564.96
3087-381-22-0000	\$274.10
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
3087-382-13-0000	\$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
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
3112-653-01-0000	\$623.00
3112-653-02-0000	\$509.63
3112-653-03-0000	\$713.63

APN	YR 1 ASSM'T
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
3112-731-07-0000	\$2,723.47
3112-731-08-0000	\$895.93
3112-731-12-0000	\$370.84
3112-731-13-0000	\$370.84
3112-731-22-0000	\$1,324.13
3112-731-23-0000	\$5,010.87
3112-731-24-0000	\$1,344.10
3112-731-25-0000	\$780.73
3087-341-16-0000	\$2.86
3087-341-17-0000	\$26.00
3087-341-21-0000	\$571.43
3087-341-22-0000	\$600.55
3087-341-23-0000	\$202.19
3087-341-24-0000	\$287.61
3087-341-32-0000	\$529.76
3087-341-41-0000	\$571.73
3087-342-09-0000	\$452.67
3087-342-10-0000	\$716.36
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
3087-342-22-0000	\$406.47
3087-342-23-0000	\$4.94
3087-342-24-0000	\$413.44
3087-342-26-0000	\$398.83
3087-342-27-0000	\$875.04
3087-342-28-0000	\$605.42
3087-342-29-0000	\$704.70

APPLE VALLEY VILLAGE PROPERTY & BUSINESS IMPROVEMENT DISTRICT

3087-342-30-0000	\$347.10
3087-342-31-0000	\$277.78
3087-342-35-0000	\$345.95
3087-342-36-0000	\$363.71
3087-342-37-0000	\$929.12
3087-342-40-0000	\$855.58
3087-342-41-0000	\$275.64
3087-342-42-0000	\$1,019.46
3087-342-44-0000	\$506.41
3087-342-45-0000	\$634.59
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
3087-381-02-0000	\$740.06
3087-381-03-0000	\$419.73
3087-381-04-0000	\$1,712.97
3087-381-05-0000	\$1,716.40

3087-381-15-0000	\$747.28
3087-381-16-0000	\$263.89
3087-381-17-0000	\$408.15
3087-381-18-0000	\$427.65
3087-381-20-0000	\$35.09
3087-381-23-0000	\$364.47
3087-381-25-0000	\$239.72
3087-382-10-0000	\$815.73
3087-382-11-0000	\$142.65
3087-382-12-0000	\$772.03
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
3087-392-15-0000	\$115.50
3087-392-16-0000	\$115.50
3087-392-19-0000	\$674.70
3087-392-20-0000	\$102.01
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
3112-651-25-0000	\$313.06

APPLE VALLEY VILLAGE PROPERTY & BUSINESS IMPROVEMENT DISTRICT

3112-651-26-0000	\$493.50
3112-651-27-0000	\$143.75
3112-651-28-0000	\$540.01
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
3112-731-15-0000	\$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