



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** May 08, 2018

From: Orlando Acevedo, Assistant Director **Item No:** 12
Economic Development and Housing

Subject: PUBLIC HEARING FOR ANNEXATION 2018-001, A REQUEST TO CONSIDER THE ANNEXATION OF 1,304± ACRES THAT LIE WEST OF DALE EVANS PARKWAY AND STODDARD WELLS ROAD, NORTH OF JOHNSON ROAD, EAST OF INTERSTATE 15, AND SOUTH OF MORRO ROAD

Town Manager Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

- A. Move to open the public hearing and take testimony; then
- B. Close the public hearing; and
- C. Adopt Resolution No. 2018-16, approving an Addendum to the EIR for the 2009 General Plan Update and Annexation 2008-001;
- D. Adopt Town Council Resolution No. 2018-17, requesting initiation of annexation proceedings for Annexation 2018-001;
- E. Direct staff to file all necessary application materials relating to Annexation 2018-001 with the Local Agency Formation Commission (LAFCO);
- F. Direct Town Manager to sign Plan of Services.

SUMMARY:

On August 11, 2009, the Town Council voted to pursue the annexation of the area known as the Golden Triangle in north Apple Valley. The area is generally bounded by Interstate-15, Dale Evans Parkway and Johnson Road. The purpose of the annexation was to add freeway frontage land into the Town, to improve local services in the area and in the process, retain tax revenues generated in the area. The effort was ultimately denied by a vote of the registered voters residing in the area.

After nearly ten years, it is staff's recommendation to consider a revised attempt at annexation that will exclude any existing residential properties. This will allow homeowners to remain within the unincorporated portion of the County, consistent with the will of the majority vote in 2009. As a result, the annexation area has been significantly

reduced. Proposed Annexation 2018-001 and accompanying Plan of Service contained herein evaluates a newly proposed annexation area that covers the western portion of the previous Annexation No. 2008-001. Annexation 2018-001 consists of 1,304± acres, representing 47 percent of the land area previously proposed under Annexation 2008-001 (2,774.6± acres) and is in the Town's Sphere of Influence.

The proposed annexation area is northwest of the Town and adjacent to the Interstate-15 transportation corridor, both of which are areas where development is expected to occur and intensify in the future. Its southern and northern boundaries are contiguous to the Town corporate limits. The annexation of these lands will provide the Town with certain benefits, particularly those associated with economic development goals. The annexation area is bordered on the west by Interstate-15, and will provide the Town with frontage on this heavily traveled interstate. This frontage is planned for future commercial development, while the interior lands in the annexation are planned for varying residential product types.

LAFCO requires a "Resolution of Initiation" to begin the annexation proceedings. Accordingly, staff recommends that the Town Council approve Resolution No. 2018-17 and directs staff to begin the filing of the application materials for Annexation 2018-001.

BACKGROUND:

On August 11, 2009, the Town Council adopted Resolution No. 2009-30, including the recommended environmental findings, mitigation and monitoring program, Statement of Overriding Consideration and certified the Environmental Impact Report (SCH #200891077) for General Plan Amendment 2008-001, Annexation 2008-001 and Annexation 2008-002. At the same meeting, Council directed staff to prepare and submit an application to the Local Agency Formation Commission (LAFCO) for Annexation 2008-001. Annexation 2008-001 was subsequently not approved by the voters, however, and the area was not incorporated into the Town.

The proposed annexation area is generally west of Dale Evans Parkway and Stoddard Wells Road, north of Johnson Road, east of Interstate 15 and south of Morro Road within a portion of Sections 5, 6, 7, 8, and 18, Township 6 North, Range 3 West; and a portion of Section 13, Township 6 North, Range 4 West of the San Bernardino Base and Meridian.

The entire annexation area consists of undeveloped desert land, except for several paved and unpaved roads that traverse the area. As noted, the northern and southern boundaries of the annexation area are adjacent to the Town's boundaries. Land to the immediate east is sparsely developed with scattered residential units. Interstate-15 forms the annexation area's western boundary and separates it from vacant land to the west.

Pre-zoning of the annexation area was accomplished in the 2009 General Plan Update. A map of the pre-zoning can be found in Attachment 1.

The annexation area is undeveloped and has no residents.

Upon annexation, the Town would provide typical municipal services such as planning, code enforcement, animal control, street maintenance, police protection and Town administrative services. The extension of sewer services will be provided by the Town. The Apple Valley Fire Protection District currently provides fire protection to the proposed annexation area, and will continue to do so upon annexation into the Town. Currently, there is no water service provider serving the area and this will not change immediately upon annexation. It is expected that the Liberty Utilities Water Company will initiate proceedings with the California Public Utilities Commission (CPUC) to provide services to development in the annexation area as it is needed.

Plan for Service

The Plan for the Provision of Municipal Services for the annexation identifies the level and range of services to be provided by the Town. Where services are to be provided by other agencies or organizations, these are also identified. The Plan for Service clearly indicates that the Town will be able to provide a level of services and facilities that is equal or superior to that provided by the County of San Bernardino.

Addendum to Environmental Impact Report

In 2017, the Town prepared an Addendum to the 2009 General Plan Environmental Impact Report (SCH #2008091077). The Town considered the project under the provisions and requirements of the California Environmental Quality Act (CEQA). An Addendum is required 1) when the proposed project modifications do not require preparation of a subsequent EIR and 2) when the proposed modifications do not result in new or substantially more significant environmental impacts compared with the impacts disclosed in the previously certified EIR. The impacts of this potential development have therefore been analyzed, and impacts have been mitigated to the greatest extent possible. With regard to impacts associated with air quality, land use and traffic, in 2009 the Town Council determined that, although these impacts cannot be reduced to a less than significant level, the benefits associated with the build out of the General Plan outweigh the potential impacts, and the Town Council adopted Findings and a Statement of Overriding Considerations.

As required by the Municipal Code, the Council made specific Findings to adopt the General Plan Amendment, adopting the General Plan and proposed annexations, including Annexation No. 2008-001, and herein Annexation 2018-001. As required under Section 9.02.050 H 3 of the Development Code, the following findings were made:

1. The General Plan Amendment is consistent with the goals, policies and standards of all Elements of the General Plan and will further those goals, policies and standards;
2. The General Plan, as amended, will comprise an integrated, internally consistent and compatible statement of policies for the Town;

3. The General Plan Amendment furthers the public interest and promotes the general welfare of the Town by providing for a logical pattern of land uses and clarifying various land use policies for the town.
4. The Town wishes to annex lands located west of the current Town limits in order to establish logical borders, remove confusion from the provision of public services and to facilitate economic development and meet the needs of the Town, property owners and other interested parties.
5. The Environmental Impact prepared for the General Plan, as amended, and the subject annexation and associated actions have been certified and incorporate mitigation measures and overriding considerations, and the subject annexation will not be detrimental to the health, safety or general welfare of the community.
6. The proposed Town limit represents the area which is or can be reasonably expected to be supported by Town services and/or facilities.
7. The proposed annexation will bring the planning, design and construction of future development, including public roads, under the jurisdiction and direction of one entity, and provide proper control, orderly development, and logical growth in accordance with the Town General Plan.
8. The proposed annexation is a logical extension of the development of urban areas of the Town and will allow the Town to more cost-effectively provide public services and facilities.

FISCAL IMPACT:

A copy of the 2018 Fiscal Impact Analysis is provided. The proposed annexation will result in no significant immediate budget impacts to the Town. In the future, the revenues generated by development in the annexation area will outpace the costs associated with providing services within the area. A positive cash flow is expected to result, as shown in the attached Fiscal Impact Analysis, Attachment 5.

The LAFCO application fees are as follows:

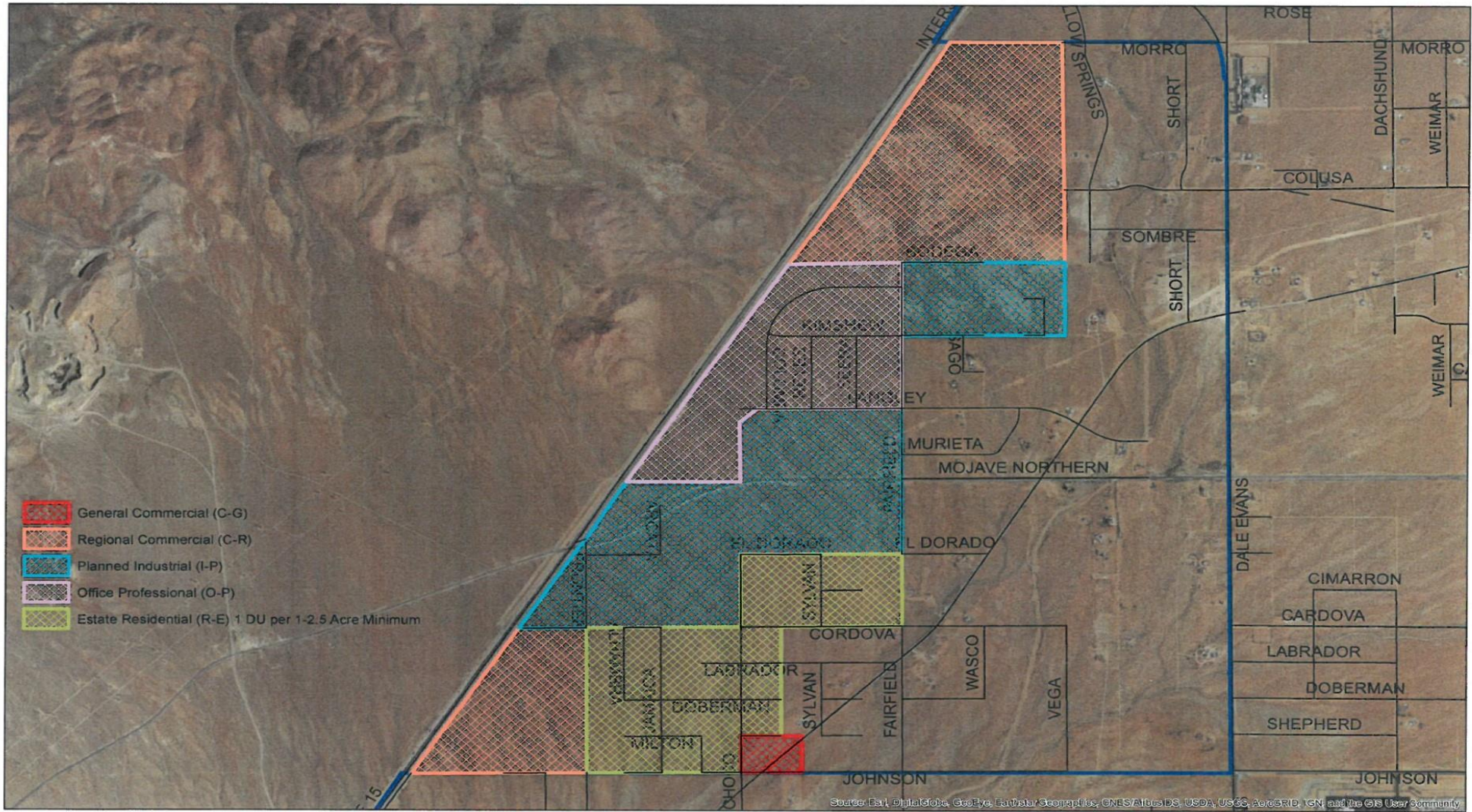
Base Fee:	\$ 9,000.00
Legal Fee	\$ 1,200.00 (deposit)
Environmental Review:	\$ 750.00 (deposit)
Individual Noticing:	\$ 700.00 (deposit)
<u>Total Upfront Fees:</u>	<u>\$11,650.00</u>

ATTACHMENTS:

1. Pre-Zoning Map, Legal Description/Map
2. Resolution No. 2018-16, (Addendum to EIR available for review in Town Clerk's Office).
3. Resolution No. 2018-17, Plan for Provision of Municipal Services Annexation 2018-001 - Town of Apple Valley
4. Fiscal Impact Analysis

ATTACHMENT 1:
Pre-Zoning Map, Legal Description/Map

PRE-ZONING MAP ON FOLLOWING PAGE



**ANNEXATION BOUNDARY MAP UNDER SEPARATE LINK
ON AGENDA PAGE FOR ONLINE VERSION**

LAFCO _____

TOWN OF APPLE VALLEY ANNEXATION NO. 2018-001

IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, A PORTION OF SECTIONS 5, 6, 7, 8 AND 18, TOWNSHIP 6 NORTH, RANGE 3 WEST AND A PORTION OF SECTION 13, TOWNSHIP 6 NORTH, RANGE 4 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF INTERSTATE 15 WITH THE SOUTH LINE OF SAID SECTION 13, SAID POINT ALSO BEING THE POINT OF BEGINNING OF LAFCO 2470;

COURSE 1 – THENCE NORTHEASTERLY ALONG SAID CENTERLINE, FOLLOWING ALL OF ITS VARIOUS COURSES, TO THE EAST-WEST CENTERLINE OF SAID SECTION 5, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF LAFCO 2807A;

COURSE 2 – THENCE ALONG SAID EAST-WEST CENTERLINE TO THE CENTER QUARTER CORNER OF SAID SECTION 5;

COURSE 3 – THENCE SOUTH ALONG THE NORTH-SOUTH CENTERLINES OF SAID SECTIONS 5 AND 8 TO THE CENTER QUARTER CORNER OF SAID SECTION 8;

COURSE 4 – THENCE WEST ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 8 TO THE WEST QUARTER CORNER OF SAID SECTION 8;

COURSE 5 – THENCE SOUTH ALONG THE EAST LINES OF SAID SECTIONS 7 AND 18 TO THE EAST QUARTER CORNER OF SAID SECTION 18;

COURSE 6 – THENCE WEST ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 18 TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION;

COURSE 7 – THENCE SOUTH ALONG THE NORTH-SOUTH LINE OF THE NORTHWEST AND SOUTHWEST QUARTERS OF THE SOUTHEAST QUARTER OF SECTION 18 TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION;

COURSE 8 – THENCE EAST ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 18 TO THE NORTH QUARTER CORNER OF THE SOUTHEAST

QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION;

COURSE 9 – THENCE SOUTH ALONG THE NORTH-SOUTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 18 TO THE SOUTH QUARTER CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION;

COURSE 10 – THENCE WEST ALONG THE SOUTH LINES OF SAID SECTIONS 18 AND 13, SAID LINES ALSO BEING THE NORTH BOUNDARY LINE OF LAFCO 2470, TO THE POINT OF BEGINNING.

PREPARED BY:

AMÉLIA PAULA PEREIRA - P.L.S. NO. 8493

DATE

ATTACHMENT 2:

Resolution No. 2018-16

(Addendum to EIR Available for Review in the Town Clerks Office)

RESOLUTION 2018-16

RESOLUTION OF THE TOWN COUNCIL FOR THE TOWN OF APPLE VALLEY ADOPTING AN ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT (STATE CLEARINGHOUSE NO. 2008091077) FOR THE APPLE VALLEY 2009 GENERAL PLAN AND ANNEXATION 2008-001 AND APPROVING ANNEXATION 2018-001

WHEREAS, on August 11, 2009, in accordance with the California Environmental Quality Act (CEQA) (Pub. Res. Code, § 21000 et seq.) and the State CEQA Guidelines (14 Cal. Code Regs., § 15000 et seq.), the Town Council for the Town of Apple Valley certified the Final Environmental Impact Report (EIR), adopted a Mitigation Monitoring Program (MMRP) and a Statement of Overriding Considerations, and approved the Apple Valley 2009 General Plan and Annexation 20098-001 (the “Project”); and

WHEREAS, the Project is an Addendum to the 2009 General Plan EIR]; and

WHEREAS, the Town now desires to file an application for the Annexation of 1,304± Acres That Lie West of Dale Evans Parkway and Stoddard Wells Road, North of Johnson Road, East of Interstate 15, and South of Morro Road; and

WHEREAS. Annexation 2018-001 consists of 1,304± acres, representing 47 percent of the land area previously proposed under Annexation 2008-001 (2,774.6± acres) and is in the Town’s Sphere of Influence.]; and

WHEREAS, because the Town has certified the EIR and now is considering a discretionary minor modification to the approved Project, the Town is required to review the modification and determine whether any of the circumstances under Public Resources Code section 21166 and State CEQA Guidelines section 15162 require additional environmental review; and

WHEREAS, the Town has evaluated the Modified Project and has determined that none of the conditions described in State CEQA Guidelines section 15162 calling for preparation of a subsequent EIR or MND have occurred; however, pursuant to State CEQA Guidelines section 15164, subdivision (a), the Town determined that an Addendum to the EIR should be prepared because some changes or additions to the EIR are necessary; and

WHEREAS, it has been determined that the Modified Project is consistent with the goals, policies, objectives and regulations of the EIR, and mitigation measures imposed in the MMRP; and

WHEREAS, the Addendum has been reviewed by the Town in connection with the previously-certified EIR and is available for inspection at the Town of Apple Valley’s Town Hall, 14955 Dale Evans Parkway, Apple Valley, California 92307 and is incorporated herein by reference; and

WHEREAS, pursuant to State CEQA Guidelines section 15164, subdivision (c), the Addendum is not required to be circulated for public review, but can be attached to the certified EIR; and

WHEREAS, on May 8, 2018, at a regularly scheduled public meeting, the Town Council considered evidence prepared by staff and public testimony concerning the Addendum to the EIR and the Modified Project.

NOW, THEREFORE, THE TOWN COUNCIL FOR THE TOWN OF APPLE VALLEY FINDS THAT THE ABOVE RECITALS ARE TRUE AND CORRECT AND INCORPORATED HEREIN, AND DOES HEREBY RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

SECTION 1. Compliance with CEQA: In considering the Modified Project, the Council has considered the Environmental Impact Report for the 2009 General Plan and Annexation 2008-001 (State Clearinghouse Number 2008091077), which was certified by the Town on August 11, 2009, and the Addendum thereto, along with all oral and written comments received and the administrative record (the Record). The Council hereby finds and determines that the Record contains a complete and accurate reporting of the environmental impacts of the Modified Project and the Project as a whole, the impacts of which were fully addressed and mitigated (to the extent feasible) in the EIR. The Council hereby further finds and determines that the Addendum has been completed in compliance with CEQA and the State CEQA Guidelines. The Council further finds and determines that the Addendum reflects the Council's independent judgment.

SECTION 2. FINDINGS REGARDING ENVIRONMENTAL IMPACTS. Based on the substantial evidence set forth in the record, including but not limited to the Addendum, the Council finds that an addendum to the EIR is the appropriate document for disclosing the minor changes and additions that are necessary to the EIR to account for the Modified Project. The Council finds that none of the conditions under State CEQA Guidelines section 15162 requiring the need for further subsequent environmental review have occurred because the modifications specified in the Addendum:

a) do not constitute substantial changes that would require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

b) do not constitute substantial changes with respect to the circumstances under which the modifications are administered that would require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and

c) do not contain new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the EIR was certified showing any of the following: (i) the modifications would have one or more significant effects not discussed in the EIR; (ii) significant effects previously examined would be substantially more severe than shown in the EIR; (iii) mitigation

measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects, but the Town Council declined to adopt such measures; or (iv) mitigation measures or alternatives considerably different from those analyzed in the EIR would substantially reduce one or more significant effects on the environment, but which the Town Council declined to adopt.

SECTION 3. APPROVAL OF ADDENDUM. The Council hereby approves and adopts the Addendum to the EIR prepared for the Modified Project.

SECTION 4. APPROVAL OF MODIFIED PROJECT. The Council hereby approves the Modified Project, as described in the Addendum, namely Annexation 2018-001.

SECTION 5. NOTICE OF DETERMINATION. The Council hereby directs staff to prepare, execute and file a Notice of Determination with the County of San Bernardino's Clerk of the Board of Supervisors and with the Office of Planning and Research State Clearinghouse within five (5) working days of the approval of the Project.

SECTION 6. CUSTODIAN OF RECORDS AND LOCATION OF DOCUMENTS. The certified EIR and the Addendum are on file and available for public review at the Town of Apple Valley's Town Hall, 14955 Dale Evans Parkway, Apple Valley, CA 92307. The custodian for these records is the Town's Director of Community Development.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 8th day of May 2018.

Art Bishop, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk

ATTACHMENT 3:

**Resolution No. 2018-17
Plan for Provision of Municipal Services Annexation 2018-001
Town of Apple Valley**

RESOLUTION NO. 2018-17

A RESOLUTION OF THE TOWN OF APPLE VALLEY, SAN BERNARDINO COUNTY, CALIFORNIA, REQUESTING THAT THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) INITIATE PROCEEDINGS FOR THE ANNEXATION OF PARCELS THAT LIE WEST OF DALE EVANS PARKWAY AND STODDARD WELLS ROAD, NORTH OF JOHNSON ROAD, EAST OF U.S. INTERSTATE 15, AND SOUTH OF MORRO ROAD, UNDER ANNEXATION NO. 2018-001

WHEREAS, the Town of Apple Valley desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government code, for the annexation of that unincorporated property that is presently within the Town's Sphere of Influence; and

WHEREAS, the territory proposed to be annexed includes vacant parcels, and residential and commercial uses within the annexation area; a description and the boundaries of the territory is set forth in Exhibits A (legal description) and B (parcel listing) attached hereto and by this reference incorporated herein; and

WHEREAS, this proposal is consistent with the Sphere of Influence of the Town; and

WHEREAS, on May 8, 2018 a public hearing was held by the Town Council regarding the adoption of the Addendum to the Environmental Impact Report for the General Plan Amendment and the annexation area; and

WHEREAS, it is desired to provide that the proposed annexation be subject to the following terms and conditions; and

The following services and improvements will be financed by general tax revenues of the Town of Apple Valley: police, recreation, street and street tree maintenance. The following services and improvements will be financed by on-going service charges to users of said service: sewer and solid waste disposal services, electric and natural gas service, telecommunications services. The following services will be financed and installed by the owners/subdividers: sewer lines, streets and related improvements, electric lines, natural gas lines, telecommunications facilities.

The Town of Apple Valley will provide the following urban services to the subject site property as they become available upon completion of the annexation process: sewer, police, planning and building inspection services; recreation and parks; street and street tree maintenance; street cleaning; code enforcement and animal control; and

WHEREAS, the reasons for the proposed annexation is as follows:

The proposed annexation will bring the planning, design and construction of future development, including public roads, under the jurisdiction and direction of one entity, and provide proper control, orderly development, and logical growth in accordance with the Town General Plan.

NOW, THEREFORE, BE IT RESOLVED, by the Town Council of the Town of Apple Valley that the Local Agency Formation Commission of San Bernardino County is hereby requested to proceed with the annexation of territory as described in Exhibits A and B according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg local Government Reorganization Act of 2000.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 8th day of May 2018.

Art Bishop, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk

**PLAN FOR PROVISION OF MUNICIPAL SERVICES
ANNEXATION 2018-001
TO THE
TOWN OF APPLE VALLEY**

Prepared for:

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

Prepared by:



**Terra Nova Planning & Research, Inc.[®]
42635 Melanie Place, Suite 101
Palm Desert, CA 92211**

February 2018

TOWN OF APPLE VALLEY

Annexation 2018-001

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I. INTRODUCTION

The San Bernardino County Local Agency Formation Commission (LAFCO) requires the preparation of a Plan of Services (POS) to evaluate all proposed annexations. The POS describes existing services provided within the annexation area and identifies the jurisdiction or other agency that provides them. It also discusses services to be provided to the annexation area by the Town of Apple Valley and other applicable service providers upon annexation.

In 2008, a POS was prepared for Annexation No. 2008-001 to the Town of Apple Valley. The voters did not approve the annexation, and the annexation area was not incorporated into the Town. The POS contained herein evaluates a newly proposed annexation area that covers the western portion of the Annexation No. 2008-001 (see Exhibit 3). The proposed annexation area is within the Town of Apple Valley Sphere of Influence. It is northwest of the Town and adjacent to the U.S. Interstate-15 transportation corridor, both of which are areas where urban development is expected to occur and intensify in the future. Its southern and northern boundaries are contiguous to the Town corporate limits.

The purpose of this annexation application is to provide a means by which to accomplish comprehensive and orderly planning for future development, while ensuring the efficient and adequate provision of services to the site. The most efficient provision of municipal services and the extension of utilities, as well as the use of public facilities, would be by the Town. The Apple Valley General Plan provides for the extension of public facilities and utility services to the proposed annexation area.

The POS identifies the following:

- Public facilities and service providers that will be responsible for various facilities to serve the annexation area;
- Whether these services are currently available in the annexation area;
- Where applicable, extension of services has been considered, and costs that may be associated with the provision of service.

The annexation area will be provided services by the following providers:

- Liberty Utilities Apple Valley for domestic water
- Town of Apple Valley for sanitary sewer service
- Apple Valley Unified School District for public educational services
- San Bernardino County Newton T. Bass Apple Valley Library for public library services
- AVCO Disposal, a Burrtec Waste Industries company, for solid waste management

- Apple Valley Police Department/San Bernardino County Sheriff's Department for police protection
- Apple Valley Fire Protection District for primary fire services
- Town of Apple Valley for parks/recreation services and facilities
- Southern California Edison for electricity
- Southwest Gas Company for natural gas
- Frontier and Charter Spectrum for telephone and telecommunications
- St. Mary Medical Center for hospital services; American Medical Response (AMR) for ambulance services

Section III describes each of the services that will be provided by the respective service provider. Existing facilities available to serve the annexation area are discussed, and costs associated with extending services and facilities to serve the site are identified where possible.

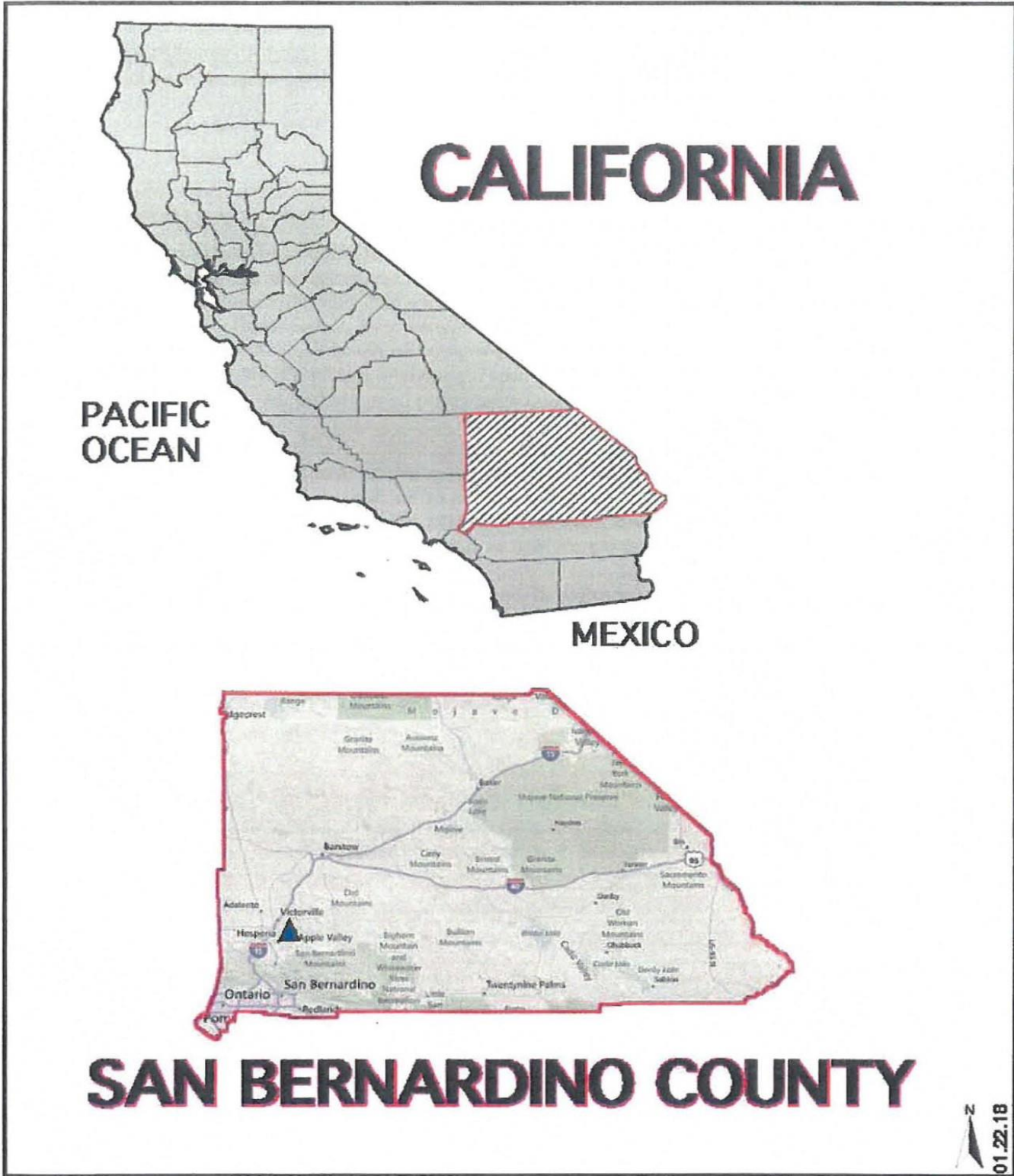
II. COMMUNITY SETTING

A. Annexation Area

The Town of Apple Valley proposes the annexation of 1,304± acres of land currently under the jurisdiction of the County of San Bernardino. The proposed annexation area is in the northwest portion of the Town's Sphere of Influence and generally bounded on the north by Morro Road (extended), on the south by Johnson Road, on the west by U.S. Interstate-15 (I-15), and on the east by various parcels west of Stoddard Wells Road and Dale Evans Parkway. The location of the annexation area is shown on Exhibits 1 and 2. Exhibit 3 shows the boundaries of the currently proposed annexation compared to the previously proposed Annexation 2008-001.

The annexation area may be described as including: a portion of Sections 5, 6, 7, 8, and 18, Township 6 North, Range 3 West; and a portion of Section 13, Township 6 North, Range 4 West of the San Bernardino Base and Meridian. A list of Assessor's Parcel Numbers (APNs) in the annexation area is provided in Appendix A.

The entire annexation area consists of undeveloped desert land, with the exception of several paved and unpaved roads that traverse the area. As previously noted, the northern and southern boundaries of the annexation area are adjacent to the Town's boundaries. Land to the immediate east is sparsely developed with scattered residential units. I-15 forms the annexation area's western boundary and separates it from vacant land to the west.



Annexation 2018-001 - Plan of Services
 Regional Location Map
 Apple Valley, California

Exhibit
 1



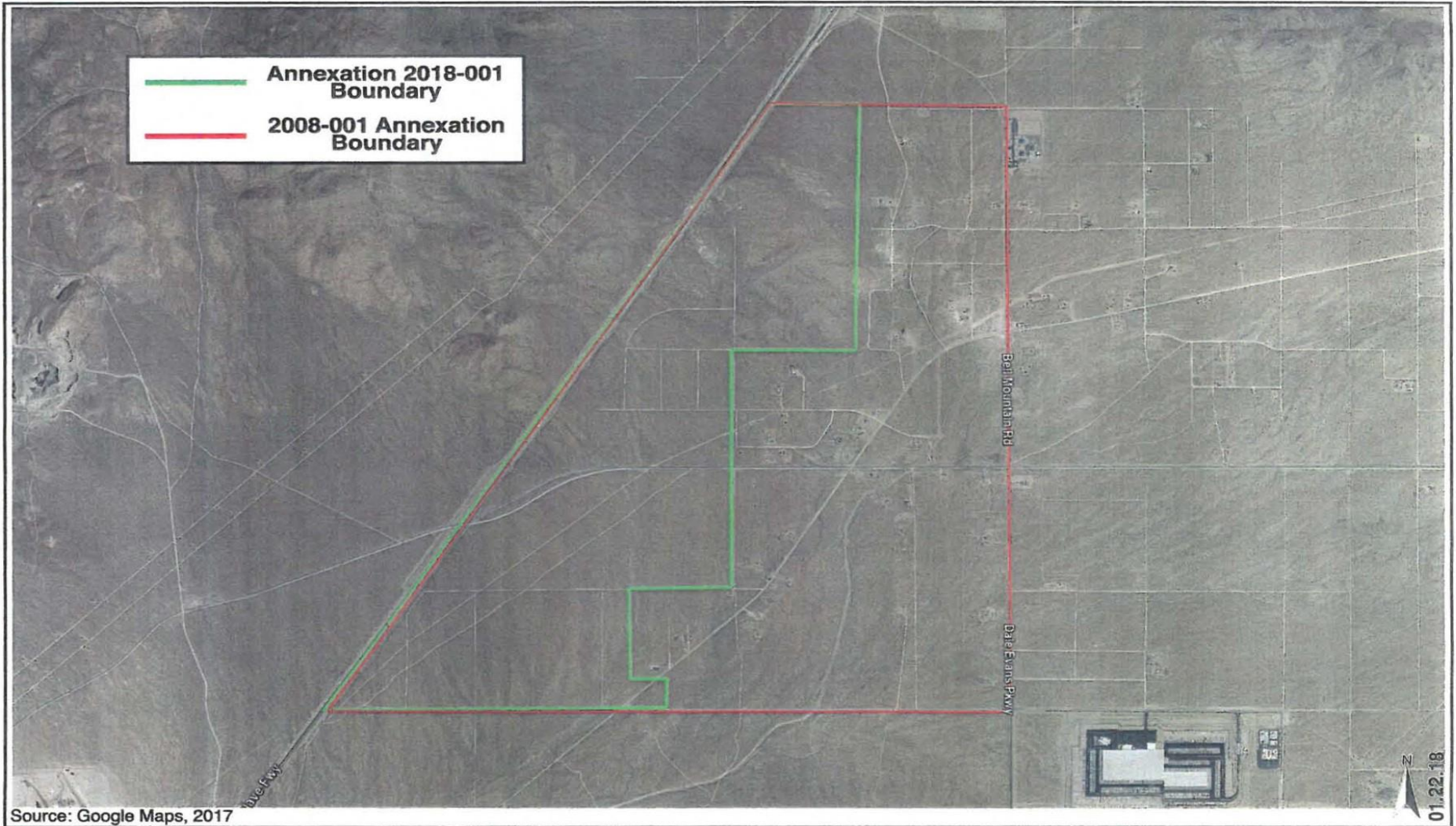
Source: Google Maps, 2017



**Annexation 2018-001 - Plan of Services
Vicinity Map
Apple Valley, California**

Exhibit

2



Annexation 2018-001 - Plan of Services
Annexation 2018-001 and Annexation 2008-001 Boundary Map
Apple Valley, California

Exhibit

3

B. Planning Area Context

The Town of Apple Valley's corporate boundaries cover approximately 78 square miles.¹ An additional 200± square miles comprise the Town's Sphere of Influence. Apple Valley is situated in the high desert region of southwest San Bernardino County, near the foothills of the San Bernardino Mountains, which lie to the south. Other jurisdictions in the region include the City of Victorville to the west, City of Hesperia to the southwest, City of Adelanto to the northwest, and unincorporated community of Lucerne Valley to the east.

The Town has developed most densely along major roadways, including State Highway 18, which extends southeast to northwest through Apple Valley; and Bear Valley Road, which is located south of Highway 18 and runs east to west. North of Highway 18 to Waalew Road, the existing development pattern becomes gradually less dense. North of Waalew Road, existing development is scattered and relatively limited in most areas; however, the North Apple Valley Industrial Specific Plan (NAVISP) provides for substantial future industrial and commercial development in this area. Existing development in the NAVISP area includes the Apple Valley Airport and the Walmart Distribution Center, as well as a number of smaller industrial buildings and projects. Some development has occurred on Dale Evans Parkway, which is east of the annexation area and provides direct access to I-15.

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

C. Physical Characteristics

The proposed annexation area is characterized by expanses of vacant desert and several paved and unpaved roadways. Its topography is relatively flat, with elevations ranging from approximately 3,000 feet to 3,160 feet above mean sea level. Dry washes, part of the regional drainage of the area, occur throughout the annexation area.

D. Population Estimates

In 2010, the Town of Apple Valley population was 69,135; by 2017 it was estimated at 74,701.² The average household size is 2.91.³

The annexation area is undeveloped and has no residents.

¹ <http://www.applevalley.org>

² U.S. Census 2010; and California Department of Finance City/County Population and Housing Estimates, January 1, 2017.

³ U.S. Census 2010.

III. EXISTING AND PROPOSED SERVICES

A. Administrative Services/General Government

County of San Bernardino

The annexation area is currently under the jurisdiction of San Bernardino County. General government services include the County Supervisor's office, Clerk of the Board of Supervisors, County Administrative Offices, and County Counsel. The Board of Supervisors is the governing body of the County government and Board-governed special districts. The annexation area is in the First Supervisorial District of the County, which is currently represented by Supervisor Robert Lovingood.

Duties of the Clerk of the County Board of Supervisors include handling appeals made by members of committees, commissions and boards to the Board of Supervisors. The Clerk also records documents, including CEQA documentation and other items. The Clerk serves the entire County, including the annexation area.

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

Town of Apple Valley

Upon annexation, the annexation area would become part of the Town of Apple Valley. General government services include the Town Council, Town Manager, Town Clerk, Town Administrative Offices, including Public Services Administration, and Town Attorney. The Town Council consists of five council members with the mayor as presiding officer. No new council representation will be required upon annexation.

The Town Manager is responsible for the administrative affairs of the Town, including managing Town services and implementing programs and activities as directed by the Town Council. Other managerial responsibilities include monitoring and advising the Council of all state and federal legislation that concern the Town. The Town Manager and staff serve the entire Town, and will serve the annexation area. No additional personnel are expected to be required in the Town Manager's office as a result of the annexation.

The Town Clerk maintains the Town's official records, including Town Council official minutes. The Clerk performs duties required by the California Political Reform Act, which created the California Fair Political Practices Commission (FPPC). The Clerk serves as the Town's Election Official and Notary Public, and maintains the Municipal Code. The Clerk's office also serves as a Passport office. The Clerk and staff serve the entire Town, and will serve the annexation area. No additional personnel are expected to be required in the Clerk's office to serve the annexation area.

The Town's General Government offices and services include the following:

- Human Resources Department, including Risk Management
- Public Information Office
- Finance Department
- Animal Services
- Economic and Business Development Department
- Police Department
- Community Development Department, including planning, housing, and code enforcement services
- Parks & Recreation Department
- Public Services Department
- Office of Emergency Preparedness
- Building & Safety Department
- Public Works Department, including street maintenance, wastewater, and grounds maintenance
- Engineering Department
- Environmental & Transit Services
- Apple Valley Golf Course administration

The Community Resource Foundation, a non-profit public benefit corporation, supports and promotes cultural, recreational, and human services needs in Apple Valley.

B. Wastewater Treatment

There are currently no wastewater collection or treatment facilities in the annexation area. Upon annexation, the Town of Apple Valley would be responsible for providing wastewater services as the area builds out. The Town owns and operates the local wastewater collection system, which serves more than 22,000 residents. The sewer system consists of approximately 145 miles of sewer pipe infrastructure, 9 lift stations, and 9 miles of force mains. It is relatively new and does not cover the entire Town; approximately 70% of developed residential areas have not been connected to the sewer system and still rely on septic systems.

The Town is a member of the Victor Valley Wastewater Reclamation Authority (VWVRA), a joint powers authority that includes the Town of Apple Valley, City of Hesperia, City of Victorville, and San Bernardino County Service Areas 42 (Oro Grande) and 64 (Spring Valley Lake). Although the Town of Apple Valley maintains ownership, operation, and maintenance of its sewer system, VWVRA maintains regional intercept lines that collect and transport wastewater from Town pipelines to a regional wastewater treatment plant in Victorville. The Victorville wastewater treatment plant treats approximately 10.7 million gallons per day (MGD),⁴ and has a design and treatment capacity of 18 MGD. Overall capacity is expected to be expanded to 22 MGD by 2020 and 30 MGD by 2025.⁵

⁴ <http://www.vvwra.com>, accessed September 21, 2017.

⁵ "Victor Valley Wastewater Reclamation Authority Sewer Plan, Adopted Policy for Serving the Growth of the Community," August 2005.

The Apple Valley Subregional Water Reclamation Plant near Brewster Park is a new facility that will treat a portion of locally generated wastewater, while all solids and other wastewater will continue to be treated at the Victorville treatment plant. The new plant will produce about one million gallons per day of recycled water to be used for irrigation of the Apple Valley Golf Course and other irrigated spaces.⁶

Although there are currently no local sewer facilities in the annexation area, the Northern Apple Valley Interceptor (NAVI) is located approximately ½-mile to the east.⁷ The NAVI is a 38,925-foot long sewer pipeline with diameters ranging from 18 to 24 inches. It extends from the High Desert Juvenile Detention Center at the intersection Dale Evans Parkway and Morro Road in the north, south along Stoddard Wells Road, and southwest beyond Interstate-15 to the Victorville sewer collection system. Currently, its only connection is the Detention Center.

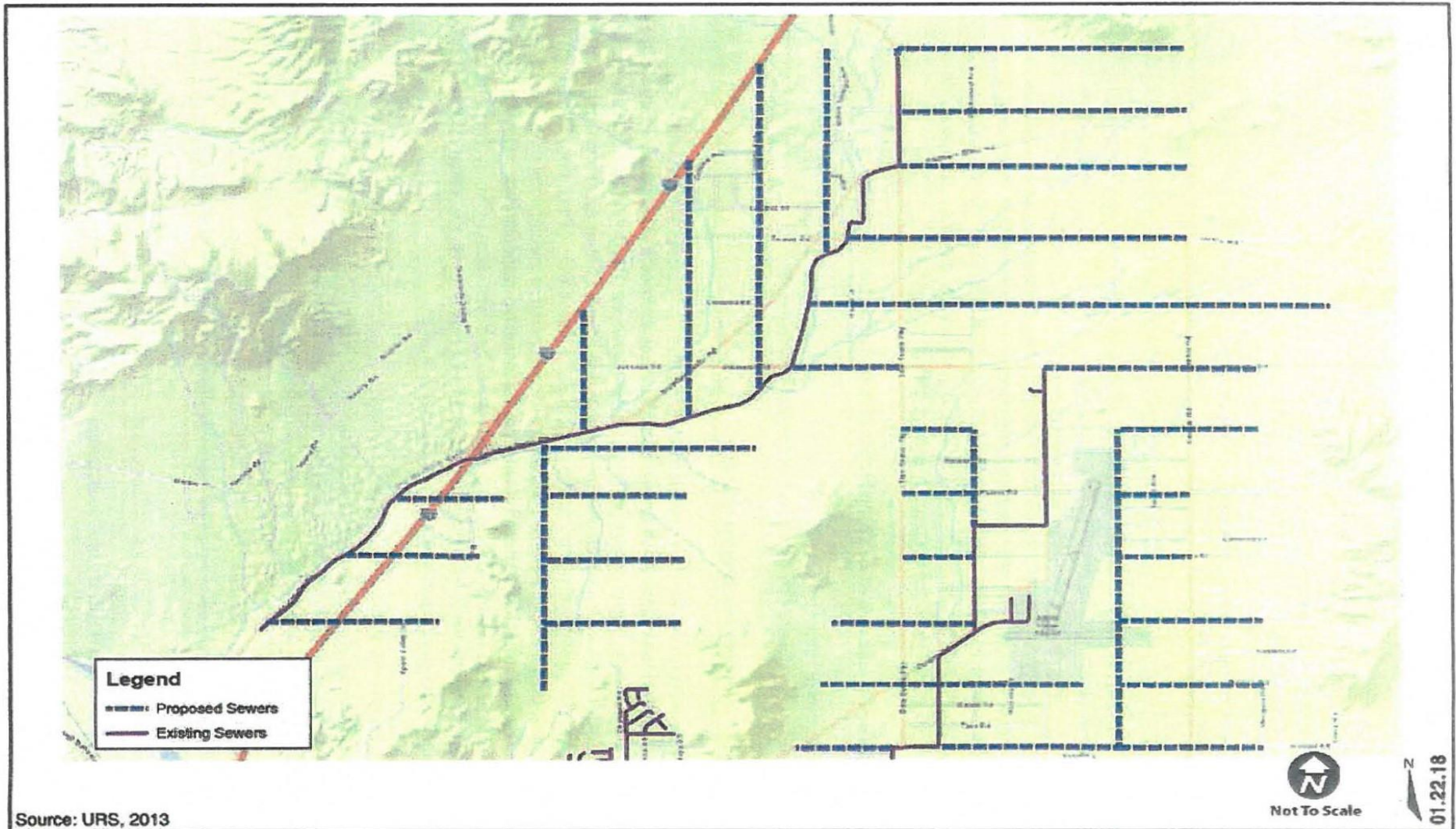
The Apple Valley Sewer System Master Plan Update evaluated the adequacy of the Town's sewer system based on the assumption that the Town will develop according to land use projections defined in the 2009 General Plan. These projections include build out of the Golden Triangle area ("previously denied" Annexation 2008-001), which encompasses the currently proposed annexation area plus an additional 1,200± acres. The report concluded that the NAVI has adequate capacity to handle additional flows from future build out anticipated within the Golden Triangle without the need for upgrading the pipe diameter.⁸ New pipelines that connect to the NAVI will be needed to serve development as the area builds out. The report includes plans for future pipelines (see Exhibit 4) in the Golden Triangle and estimates that new infrastructure serving the Golden Triangle area would cost about \$31.9 million.⁹ The proposed annexation area covers about 50% of the Golden Triangle and will result in less development at build out. Therefore, it is reasonable to assume the need for and costs associated with new infrastructure will be less than these estimates.

⁶ Ibid.

⁷ "Final Report, Sewer System Master Plan Update, Town of Apple Valley, California," URS Corporation, August 2013.

⁸ Ibid, p. 10-30 and 10-65.

⁹ Ibid, Figure 12-4, Figure 12-5, Table 1-2.



Annexation 2018-001 - Plan of Services
Existing & Proposed Sewers in the Annexation Vicinity
Apple Valley, California

Exhibit
4

At build out, the annexation area is expected to have a population of approximately 719 residents. Based on a wastewater generation factor of 100 gallons per capita per day¹⁰, build out of the annexation area could generate an estimated 71,900 gallons of wastewater per day. Based on these estimates, future development is not expected to result in wastewater flows that exceed the existing or planned capacity of the Victorville wastewater treatment plant.

Future development within the annexation area will be required to extend wastewater collection to the property frontage, and project developers will be responsible for costs associated with connecting development to the service. The Town adopted a Sewer Connection Policy in 2006 that requires that new development connect to Town facilities where the development's lots are within one-half mile of existing sewer facilities. Developments located more than one-half mile from existing facilities are required to install dry sewers or interim "Holding Tank Systems" if approved by the Lahontan Regional Water Quality Control Board (CRWQCB). All new development is expected to ultimately be connected to the community sewage collection system.¹¹

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

C. Stormwater Improvements

Stormwater management for the annexation area and surrounding area is provided by the San Bernardino Flood Control District ("Flood Control District"). The Flood Control District implements broad management functions, such as flood control planning, construction of drainage improvements for regional flood control facilities, and watershed and watercourse protection related to those facilities. It has power of taxation, bonded indebtedness, land and water rights acquisition, and cooperative partnerships with local, state, and federal agencies in order to carry out its mandated responsibility. Decisions related to the Flood Control District are made by the San Bernardino County Board of Supervisors. The District is subdivided into several geographic zones; the Town of Apple Valley and proposed annexation area are in District Zone 4.

Upon annexation, the Flood Control District would be responsible for regional stormwater management within the annexation area, and the Apple Valley Public Works Department would be responsible for local drainage management. The Town defines and manages local facilities through its Master Drainage Plan, which divides the Town and its Sphere of Influence into several subareas and identifies facilities and future needs within each. The proposed annexation area is within the North Community Drainage Plan area, which includes numerous drainage facilities designed to manage locally generated runoff.

¹⁰ p. III-246, "Draft Environmental Impact Report, Apple Valley General Plan and Annexations 2008-001 & 2008-002," February 2009.

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

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

Future development within the annexation area will be required to manage storm flows on-site, and to participate in regional drainage improvements included in both County and Town drainage master plans.

D. Roadway Maintenance

The annexation area includes a small network of paved and unpaved roadways. It is bounded on the west by U.S. Interstate 15, a 6-lane divided highway. The nearest I-15 interchanges to the annexation area are at: 1) Dale Evans Parkway, approximately ½-mile north of the annexation area, and 2) Stoddard Wells Road, approximately ¾-mile south of the annexation area.

Stoddard Wells Road runs through the southeast corner of the annexation area. It is a two-lane undivided, southwest-northeast trending roadway that enters the Town at an interchange with I-15 and extends northeast beyond the Town limits. It is General Plan designated as a Major Road (104 foot right-of-way) north of Johnson Road and to the northeast as it traverses the Town.

The annexation area is bounded on the south by Johnson Road. East of Stoddard Wells Road, it is a two-lane east-west trending road that extends from the annexation area to the east across the northern portion of the Town. West of Stoddard Wells Road, it is unpaved and unimproved. Johnson Road is General Plan designated as a Major Road (104 foot right-of-way) east of Stoddard Wells Road.

Quarry Road roughly bisects the annexation area. It is a privately owned east-west trending road that runs parallel to and north of Johnson Road. It originates from a quarry east of the Town limits and continues west through the annexation area, crosses over I-15, and continues west. It is currently a 2-lane undivided roadway. The General Plan designates it as a Major Divided Arterial (128 foot right-of-way) within the annexation area.

Upon annexation, the Town will be responsible for roadway construction and maintenance. Construction and improvements will be required as development occurs in the annexation area, and will likely be undertaken by individual developers. Future development will be responsible for a fair share of roadway improvements. The Town has established transportation impact fees through its Developer Impact Fee schedule. These are assessed on a per unit basis for single and multi-family residential development, and per square foot for commercial and industrial development. Gas taxes, Proposition 42 Traffic Congestion Relief funds, Local Transportation Funds, and Measure I funds are also used for the construction and maintenance of streets and highways.

E. Public Safety: Police and Emergency Preparedness

Law Enforcement

The San Bernardino County Sheriff's Department currently provides law enforcement services to the annexation area. Upon annexation, law enforcement services will be provided by the Town of Apple Valley which contracts with the San Bernardino County Sheriff's Department. The Apple Valley Police/Sheriff Station is located in the Civic Center at 14931 Dale Evans Parkway in Apple Valley. Its staff includes 51 sworn personnel and 13 general employees.¹² In 2016, staffing levels resulted in a ratio of one deputy per 1,922 residents, and the Department responded to 69,944 calls for service.¹³

The Department has set a target ratio of 1 deputy per 1,500 residents.¹⁴ Based on this standard, and a projected buildout population of 719 in the annexation area, build out of the annexation area would require one additional deputy.

The Town expends approximately 48% of its General Fund toward Sheriff services.¹⁵ The Town has established Development Impact Fees to fund additional law enforcement facilities; these are assessed per dwelling unit and per square foot of commercial/industrial development.

Emergency Preparedness

The Town's Public Safety budget includes expenditures for emergency and disaster preparedness, including but not limited to the Emergency Operations Plan, operation of the Emergency Operation Center (EOC) at the Apple Valley Unified School District's Administration Campus, emergency response training and coordination, and public education and drills. Inclusion of this program places the Town in position to receive Federal Emergency Management Assistance (FEMA) reimbursement funds. In the event of an emergency, the Apple Valley EOC reports directly to the County Office of Emergency Services who can assist the Town with requests for state and federal assistance. Funding for the Emergency Preparedness program is through the Town's General Fund, the Apple Valley Fire Protection District, and a Federal Emergency Management Program Grant (EMPG).

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

¹² <http://cms.sbcounty.gov/sheriff/PatrolStations/AppleValley.aspx>, accessed September 22, 2017.

¹³ p. 178, "Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018"

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

¹⁵ p. 34, "Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018"

F. Fire Department

The Apple Valley Fire Protection District (AVFPD) provides fire protection and emergency response services to a population of approximately 90,000 in a service area covering 206 square miles, including the Town of Apple Valley, the annexation area, and unincorporated land east of Apple Valley.

The District employs 51 full-time and 22 part-time, paid call, and reserve personnel.¹⁶ In 2016, it responded to more than 11,247 incidents, including fires and medical emergencies.¹⁷ It staffs five fire stations full time, all of which provide paramedic services. The closest station to the annexation area is Station No. 332 at 18857 Highway 18, approximately 4.5 miles to the south. Response times are typically within 6 minutes.¹⁸

The desired staffing ratio of full-time fire personnel to population is 1:1,500.¹⁹ Based on this guideline, at build out the annexation area will require one additional full time fire protection staff. AVFPD may also need to obtain new equipment or facilities to serve future development in the annexation area. Given that the annexation area is undeveloped, new fire hydrants and the extension of water mains will also be required. As previously noted, the AVFPD already serves the annexation area, and additional demand will increase incrementally as development builds out in the area. Nonetheless, the increased demand will require funding to ensure the adequate provision of fire protection staffing, equipment, and facilities to serve future development.

The District's 2016-17 budget totals \$9.3 million.²⁰ Operations are funded through two main revenue sources: property taxes and special tax measures. In 2016, voters approved Measure A, a special tax measure to help fund the District, allowing it to open two previously closed fire stations and reduce response times. The District also receives revenues from Development Impact Fees which are collected by the Town from developers for new development occurring within the District.

G. Parks and Recreation

The annexation area is currently undeveloped and has no parks or recreation facilities. Upon annexation, the Town of Apple Valley Parks and Recreation Department would be responsible for planning, operating, and maintaining parks and recreational facilities within the annexation area. There are currently 370 acres of parks and open space within 6 mini parks, 2 neighborhood parks, 3 community parks, 2 special use parks, and 4 undeveloped park properties in Apple Valley.²¹ The special use parks include the Apple Valley Golf Course and Horsemen's Center. The closest developed park facilities to the annexation area are the Lenny Brewster Sports Complex and Virginia Park, approximately 4 and 4.5 miles, respectively, to the southeast.

¹⁶ <http://avfpd.org/about-us/>, accessed September 22, 2017.

¹⁷ Ibid.

¹⁸ <http://avfpd.org/fireems/ems-unit/>, accessed September 22, 2017.

¹⁹ Town of Apple Valley General Plan, 2009.

²⁰ "Apple Valley Fire Protection District 2016-17 Final Budget"

²¹ "Apple Valley Parks and Recreation Master Plan, Final Plan," MIG, Inc., May 2013.

The Town's target parkland standard is 4.5 acres of developed parkland per 1,000 residents.²² To meet the needs of its growing population over the long term, the Town has identified the need for 176.2 acres of additional parkland throughout its incorporated limits. The nearest proposed parks to the annexation area are: 1) a neighborhood park near the intersection of Dale Evans Parkway and Stoddard Wells Road (½ mile east of the annexation area), and 2) a community park near Bell Mountain (1 mile south of the annexation area).²³ At build out, the annexation area is projected to have a population of 719 residents. To achieve the target parkland standard of 4.5 acres per 1,000 residents, the annexation area would require approximately 3.2 acres of new parkland.

The Town collects Park fees through its Development Impact Fee schedule based on a per residential unit and per square foot commercial/industrial development basis. As authorized by the Quimby Act of 1975, the Town has adopted an ordinance to require dedications of land or in-lieu fees for development of new, or rehabilitation of existing, park facilities. A portion of the 1% property tax allocation it receives from the County is also allocated to parks and recreation.

H. Public Services and Facilities

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

- Domestic Water: the Town is served by several water service providers, of which Liberty Utilities Apple Valley has the largest customer base.
- Solid Waste Management: Burrtec Waste Industries
- Electricity: Southern California Edison
- Natural Gas: Southwest Gas Company
- Telecommunications: Frontier, Charter Spectrum
- Public Schools: Apple Valley Unified School District
- Library Services: San Bernardino County Library System
- Medical Services: St. Mary Medical Center, American Medical Response (AMR)

Domestic Water

The annexation area is undeveloped and outside the service areas of any of the several water purveyors that serve the area. Domestic water for existing residences to the immediate east is provided by private wells.

The Town of Apple Valley is served by several water providers. Liberty Utilities Apple Valley provides water services to the majority (81%) of the Apple Valley population, including areas east and south of the annexation area (see Exhibit 5). Liberty pumps 100% of its water from the Alto subarea of the Mojave River Basin groundwater aquifer from 24 wells. It has approximately 20,000 service connections, 450 miles of water pipelines, 11

²² Ibid.

²³ Ibid, Map 2.

storage tanks, 4 booster pump stations, and 11.6 million gallons of storage.²⁴ Liberty’s 2015 Urban Water Management Plan concluded that it can meet water demands during normal, single dry, and multiple dry years through the year 2040, and groundwater supplies available to Liberty in the Mojave Basin area are considered reliable over the long term.

The Town will require new development in the annexation area to extend water infrastructure as development occurs. As the annexation area builds out and increased demand warrants, it is expected that it will be annexed into the Liberty Utilities Apple Valley service area for provision of domestic water and associated facilities, including the extension of water lines. Future development in the area will be required to extend water lines and other facilities to the property frontage, and shall be responsible for costs associated with the extension of service.

At build out, implementation of the proposed annexation will facilitate the development of approximately 247 dwelling units, 590 acres of commercial development, 462 acres of industrial development, and a population of 719 residents.

**Table 1
Estimated Water Demand
at Build Out**

Land Use	Units	Demand Factor¹	Total
	no. of persons	gallons/capita/day	ac-ft/yr
Residential	719	208.00	167.5
	no. of acres²	ac-ft/ac/year	ac-ft/yr
Commercial	590	1.98	1,168.2
Industrial	380	1.61	611.8
TOTAL:			1,947.5

¹ Demand factors from Table III-35, “Draft Environmental Impact Report, Apple Valley General Plan and Annexations 2008-001 & 2008-002,” February 2009.

² Does not include street right-of-way acreage.

As shown in Table 1, development in the annexation area is projected to consume approximately 1,947.5 acre-feet of water per year at build out. Future demand will depend on actual development levels and types. Major development projects will be required to prepare Water Supply Assessments (WSAs) in compliance with Senate Bills 610 and/or 221, prior to the Town’s approval. WSAs will quantify a project’s estimated water usage within the context of background demand.

²⁴ “Liberty Utilities – Apple Valley, 2015 Urban Water Management Plan,” Stetson Engineers, Inc., June 2016; and <http://www.avrwater.com/about-avrwater/about-our-water/>, accessed September 26, 2017.

Solid Waste Management

The annexation area is currently undeveloped and generates no solid waste. Upon annexation, the Town of Apple Valley will be responsible for providing solid waste management services to future development in the annexation area.

Burrtec Waste Industries provides the Town with solid waste collection and disposal services. Through its contractual agreement with Apple Valley, Burrtec's AVCO Disposal collects non-hazardous solid waste and hauls it to the Victorville Landfill, located at 18600 Stoddard Wells Road, approximately 1 mile southwest of the annexation area. The landfill is operated by San Bernardino County. It has 491 total acres, 341 disposal acres, and is permitted to receive up to 3,000 tons daily.²⁵ Its remaining capacity is estimated at 81,510,000 cubic yards,²⁶ and the estimated closing date is October 2047.²⁷ Solid waste collection and disposal services are provided on a fee basis to residential, commercial, and industrial customers.

AVCO also provides weekly pick up of recyclable materials for residential, commercial and industrial development. Recyclables are sorted at the Victor Valley Materials Recovery Facility (MRF) at 17000 Abbey Lane, approximately 4 miles southwest of the annexation area. The facility is capable of processing 20 tons of material per hour.²⁸

Residential household hazardous wastes (HHW), such as pesticides, batteries, medications, paint thinners, electronics, and gasoline and fuels, are accepted at the Apple Valley Public Works Yard at 13450 Nomwaket Road.

The Town participates in the Zero Waste Communities of San Bernardino County (ZWC) collective, as well as the Mojave Desert and Mountain Recycling Joint Powers Authority (JPA) along with Adelanto, Barstow, Big Bear, Needles, Twentynine Palms, Victorville, Yucca Valley, San Bernardino County, and unincorporated areas in the high desert. The JPA addresses solid waste contracts, facilities, issues, and education for its member cities and some unincorporated areas in the County.

Table 2 estimates potential solid waste generated at build out of the annexation area.

²⁵ <http://calrecycle.ca.gov/SWFFacilities/Directory/36-AA-0045/Detail/>, accessed September 27, 2017.

²⁶ Ibid.

²⁷ County of San Bernardino Solid Waste Facility Permit, Facility Number 36-AA-0045, issued June 2, 2010.

²⁸ <http://www.applevalley.org/services/solid-waste-trash/materials-recovery-facility-mrf>, accessed September 27, 2017.

Table 2
Estimated Solid Waste Generated
at Build Out

Land Use	Generation Factor¹	Unit Type	Build Out Units	Total tons/year
Residential/Single Family	2.0400	tons/du/year	247 du	503.88
Commercial/Retail	0.0024	tons/sf/year	3,789,101 sf	9,093.84
Commercial/Office	0.0108	tons/sf/year	1,867,957 sf	20,173.94
Industrial	0.0108	tons/sf/year	3,646,216 sf	39,379.13
Total:				69,150.79

¹ Generation factors from Table III-58, "Draft Environmental Impact Report, Apple Valley General Plan and Annexations 2008-001 & 2008-002," February 2009.

As shown in Table 2, build out of the annexation area is projected to generate 69,150.79 tons of solid waste per year. Actual solid waste generation will depend on development. At least 50% of solid waste is expected to be diverted from the waste stream and recycled. The existing level of solid waste services and landfill capacity available to the Town are expected to adequately serve future development in the annexation area. The Town will coordinate with developers to ensure that recycling containers are included and maintained in compliance with Town and County waste disposal programs.

Electricity

The annexation area is currently undeveloped and generates no demand for electricity. However, it is within the service area of Southern California Edison (SCE), which serves the Town of Apple Valley and High Desert region. SCE has four major SCE 115kV electric transmission corridors in the region, from which power is delivered to local residential, commercial, industrial and institutional customers by means of substations and distribution lines. Substation voltages are 33kV to 115kV. Distribution lines and circuits range from 33kV to 6.9kV.²⁹ The Town Ordinance No. 14.28.020 requires that all new electric lines of 34.5kV or less in Apple Valley be installed underground.

In the short-term, no immediate increase in demand for electricity is anticipated in the annexation area. Development is expected to occur gradually over time and will contribute to the regional demand for electricity. Developers will be responsible for the cost for extension of electricity facilities in the annexation area. As a publicly traded company, SCE has developed a rate structure that includes the expansion of facilities to accommodate growth. Since development in the annexation area is expected to occur over time, SCE's expansion plans will be adjusted to accommodate it.

As shown in Table 3, total electricity usage at build out of the annexation area is estimated at 109,592,202.7 kilowatt-hours per year.

²⁹ Letter of correspondence, Nancy Jackson, Southern California Edison, July 25, 2008.

Table 3
Estimated Electricity Usage
at Build Out

Land Use	Usage Rate ¹	Build Out Units	Total kwh/year
Residential	5,626.5 kwh/unit/year	247 du	1,389,745.5
Commercial/Retail	13.55 kwh/sf/year	3,789,101 sf	51,342,318.6
Commercial/Office	12.95 kwh/sf/year	1,867,957 sf	24,190,043.2
Industrial	8.96 kwh/sf/year	3,646,216 sf	32,670,095.4
Total:			109,592,202.7

¹ Usage rates from Tables III-7, III-8, and III-9, "Draft Environmental Impact Report, Apple Valley General Plan and Annexations 2008-001 & 2008-002," February 2009.

Natural Gas

The annexation area is undeveloped and generates no demand for natural gas services. Southwest Gas Company (SWG) provides natural gas service to the Town and its planning area through a series of pipelines of differing sizes and pressure capabilities. Transmission, supply, and distribution lines provide service to most portions of the Town and its Sphere of Influence. Some undeveloped or extremely rural areas within the SWG service area are without facilities. Where natural gas services and facilities are not available, propane is utilized as an alternative source of fuel.

SWG has a network of high-pressure natural gas corridors along: Central Road-Quarry Road to Ottawa Road; Thunderbird Road-Central Road to Highway 18 and Quantico Road; Ottawa Road-Central Road to Kiowa Road; Del Oro Road-Kiowa Road to Tussing Ranch Road; Del Oro Road-Kiowa Road to Joshua Road; Bear Valley Road-Kiowa Road to the Mojave River; and Apple Valley Road-Bear Valley Road to Yucca Loma Road. It also has lines within Dale Evans Parkway east of the annexation area.

The high-pressure system consists of a combination of 4-inch, 6-inch, 8-inch, and 12-inch high-pressure lines that operate at 240 pounds per square inch (psi). These lines use 36-inch lines with pressure levels ranging from 400 to 700 psi, with pressure reduced at different limiting stations, which then direct the gas to distribution lines. Distribution lines are 2 to 8 inches in diameter, with pressure levels ranging from 175 to 400 psi, and are located within most public right-of-ways. The pressure is reduced again at regulator stations, which transfer natural gas to distribution lines for transportation to homes and businesses. Distribution lines are 2 to 4-inch diameter steel or plastic pipes that operate at 45 to 55 psi.³⁰

SWG works closely with developers to accommodate new development through the extension of services and facilities as demand load warrants. New facilities, including natural gas distribution lines, will need to be constructed to serve new development in the annexation area. Build out is expected to occur gradually over time. The Town and SWG

³⁰ Personal communication, Kevin Lang, Southwest Gas, April 2008.

coordinate closely to assure the adequate provision of natural gas facilities and services to new development within the SWG service area. SWG’s rate structure includes the expansion of facilities to accommodate growth. As development occurs, SWG’s expansion plans will be adjusted to accommodate it.

Table 4 estimates that natural gas consumption in the annexation area at build out will be 33,872,398.7 cubic feet per month.

**Table 4
Estimated Natural Gas Usage
at Build Out**

Land Use	Usage Rate ¹	Build Out Units	Total cf/month
Residential/single-family	6,665.0 cf/du/month	247 du	1,646,255.0
Commercial/Retail	2.9 cf/sf/month	3,789,101 sf	10,988,392.9
Commercial/Office	2.0 cf/sf/month	1,867,957 sf	3,735,914.0
Industrial	4.8 cf/sf/month	3,646,216 sf	17,501,836.8
Total:			33,872,398.7

¹ Usage rates from Tables III-10, III-11, and III-12, “Draft Environmental Impact Report, Apple Valley General Plan and Annexations 2008-001 & 2008-002,” February 2009.

Telecommunications

The annexation area is currently undeveloped, and there is currently no demand for telecommunications services.

Frontier and Charter Spectrum provide telecommunications services, including telephone, high-speed Internet service, and cable television, to the high desert region, including Apple Valley. Upon annexation, there would be increased demand for Frontier and Charter Spectrum services and facilities in the annexation area. Both companies plan for infrastructure and service extensions throughout the region based on future development. While both of these service providers will need to monitor growth trends in their service areas to ensure the orderly and efficient of services and facilities, development in the annexation area will occur over time, providing them time to plan for expansion and to accommodate growth into their respective rates structures.

Public Schools

Apple Valley Unified School District (AVUSD) provides public education services and facilities to over 13,000 students in the Town of Apple Valley and surrounding area, including the annexation area.³¹ The annexation area is within the service boundaries of the following schools: 1) Sycamore Rocks Elementary School (K-6), 5.5± miles to the southeast, 2) Phoenix Academy (K-8), 5± miles to the southeast, and 3) Granite Hills High School (9-12), 7± miles to the southeast. The annexation area is currently undeveloped and generates no student population.

³¹ <http://sites.google.com/a/avusd.org/www/Home>, accessed September 25, 2017.

Build out of the proposed annexation area is expected to result in development of 247 dwelling units, all of which are expected to be single-family homes. Table 5 estimates that, based on student generation rates provided by AVUSD, build out of the annexation area will generate a school enrollment of 120 students. New development will occur over time, with a gradual increase in the number of students.

**Table 5
Estimated Student Generation
at Build Out**

Grade Level	Potential Build Out Units	Student Generation Rate ¹	Estimated Student Generation at Build Out
K-5			
Single-Family	247	0.2609	65
Multi-Family	0	0.2344	0
6 - 8			
Single-Family	247	0.0727	18
Multi-Family	0	0.0454	0
High School			
Single-Family	247	0.1489	37
Multi-Family	0	0.0880	0
TOTAL:			120

¹ Source: Table 5, Apple Valley Unified School District Residential Development School Fee Justification Study, March 25, 2016.

Future development in the annexation area will generate revenues to the District from Developer Impact Fees. Development Impact school fees are \$0.56 per square foot for commercial development, and \$3.48 per livable square foot for residential development. AVUSD plans for new school sites as the student population increases based on tract map approvals within the Town. The Town will coordinate closely with AVUSD to ensure the adequate provision of public education services and facilities to students in the Town.

Library Services

The Town is served by the Newton T. Bass Branch Library, which is part of the San Bernardino County Library System. The Bass Library is a 19,000± square foot facility located next to Town Hall at 14901 Dale Evans Parkway. It houses over 71,000 hardcopy books³² and also provides users with access to an online database containing electronic periodicals, magazines and encyclopedias. The library offers a variety of programs and community events.

³² Michael Jimenez, County Librarian, San Bernardino County, October 4, 2017.

The County Master Library Facility Plan³³ indicates that the desirable size of a public library in the County system within communities with populations of between 35,000 and 100,000 persons is 0.5 to 0.6 square feet per capita. The County Plan further indicates that additional library funding would be needed to meet a standard of 0.5 to 0.6 square feet per capita, and addresses expansion of the library in Apple Valley to provide facilities consistent with the national average by year 2021. The standard targeted in the Master Facility Plan is 0.45 square feet of library space per capita in Apple Valley.³⁴

At build out the annexation area is expected to have a population of 719. Based on the proposed standard of 0.45 that is indicated in the County's Master Plan, the build out population of the annexation areas would be adequately served by approximately 324 square feet of library facilities. Buildout of the annexation area will occur gradually over time, thus providing the County an opportunity to plan for expansion of library facilities.

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

Medical Services

Hospital Services

The nearest hospital to the annexation area is St. Mary Medical Center, a licensed 212-bed hospital located at 1830 Highway 18 in Apple Valley (4.5± miles south of the annexation area). Its service area includes more than 372,000 residents in the communities of Apple Valley, Heperia, Lucerne Valley, Adelanto, Victorville, Helendale, and surrounding areas. It is staffed by more than 1,751 employees and has professional relationships with more than 300 doctors.³⁵ Major programs include a fully accredited cardiovascular surgery program, Level II Neonatal Intensive Care Unit, diagnostic imaging, emergency medicine, and obstetrics.

Build out of the annexation area will generate a population of approximately 719 residents, which represents 0.2% of St. Mary's total service area population. It is anticipated that the hospital would be capable of serving the population of the annexation area.

³³ "San Bernardino County Library Master Facility Master Plan," prepared by Providence Associates, December 2001.

³⁴ "Apple Valley Branch San Bernardino County Library Planning Recommendations in the San Bernardino County Library Master Facility Master Plan", prepared by Providence Associates, December 2001.

³⁵ "St. Mary Medical Center 2017 Community Health Assessment Report."

Emergency Medical Services

American Medical Response (AMR) Victorville is under contract to San Bernardino County to provide emergency, non-emergency, and stand-by medical services to High Desert communities, including Apple Valley and the annexation area. It responds to approximately 40,000 calls annually and employs an estimated 130 EMTs and Paramedics.³⁶ Upon annexation, ambulance service would continue to be provided by AMR.

³⁶ <http://www.amr.net/home/victorville>, accessed September 27, 2017.

CERTIFICATION

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

Prepared by: _____ Date _____
Orlando Acevedo
Assistant Director of Economic Development

Reviewed by: _____ Date _____
Doug Robertson
Town Manager

Appendix A
ASSESSOR'S PARCEL NUMBERS WITHIN ANNEXATION 2018-001

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
047229323	0	QUARRY	RD	APPLE VALLEY	CA	92307
047236123	0					00000
047236125	0					00000
047227105	0					00000
047227364	0					00000
047227368	0					00000
047227371	0					00000
047226404	0	SERRA	AVE	APPLE VALLEY	CA	92307
047227311	0	3 LTS E OF FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047236131	0					00000
047236255	0					00000
047236256	0					00000
047226107	0					00000
047226114	0					00000
047226115	0					00000
047236104	0					00000
047229327	0					00000
047229328	0					00000
047229331	0					00000
047226408	0					00000
047227203	0					00000
047227206	0	N/O COLOMA	AVE	APPLE VALLEY	CA	92307
047227210	0					00000
047226501	0					00000
047226505	0					00000
047226506	0					00000
047226507	0					00000
047227210	0					00000
047226116	0					00000
047226201	0					00000
047226208	0					00000

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
047236240	0					00000
047227314	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047227315	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047227316	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047227323	0					00000
047236107	0					00000
047236111	0			APPLE VALLEY	CA	92307
047236114	0					00000
047236115	0					00000
047223232	0	MORRO	RD	APPLE VALLEY	CA	92307
047227213	0					00000
047227359	0					00000
047227215	0					00000
047227215	0					00000
047227217	0					00000
047227217	0					00000
047236245	0					00000
047236246	0					00000
047226101	0					00000
047226104	0					00000
047226303	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047236247	0					00000
047236248	0					00000
047229315	0					00000
047229316	0					00000
046916211	19459	WRANGLER	RD	VICTORVILLE	CA	92392
046916214	0					00000
047223208	0					00000
047223209	0	1 LOT S OF MORRO	RD	APPLE VALLEY	CA	92307
047223210	0	S/O MORRO	RD	APPLE VALLEY	CA	92307
046916216	0					00000

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
046916224	0					00000
046916228	0					00000
047227370	0	PROXIMAL TO COLOMA	AVE	APPLE VALLEY	CA	92307
047226206	0					00000
047236127	0					00000
047229320	0					00000
047229326	0					00000
047226109	0					00000
047226111	0					00000
047226215	0	COLOMA	AVE	APPLE VALLEY	CA	92307
047223215	0	COLUSA	RD	APPLE VALLEY	CA	92307
047227312	0					00000
047229304	0					00000
047226104	0					00000
047229304	0					00000
047229304	0					00000
047227369	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047226110	0					00000
047236213	0					00000
047226102	0					00000
047226209	0					00000
047226301	0					00000
047236128	0					00000
047226508	0					00000
047223213	0	NORTH OF COLUSA	RD	APPLE VALLEY	CA	92307
047229332	0	ARCATA	RD	APPLE VALLEY	CA	92307
047226407	0					00000
047229329	0					00000
047223216	0	COLUSA	RD	APPLE VALLEY	CA	92307
047236108	0					00000
047226212	0	COLOMA	AVE	APPLE VALLEY	CA	92307

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
047227327	0					00000
047229313	0					00000
047227360	0					00000
047236121	0					00000
047236212	0					00000
047229317	0					00000
047226105	0					00000
047226106	0					00000
047236105	0					00000
047226108	0	COLOMA	AVE	APPLE VALLEY	CA	92307
047223211	0	SOUTH OF MORRO	RD	APPLE VALLEY	CA	92307
047236239	0					00000
047227214	0					00000
047227214	0					00000
047227357	0					00000
047229325	0					00000
047227365	0					00000
046916201	0					00000
046916215	0					00000
047227310	0	COLUSA	RD	APPLE VALLEY	CA	92307
046916218	0					00000
047229318	0					00000
047226306	0					00000
047236249	0					00000
047236106	0					00000
047226214	0	COLOMA	AVE	APPLE VALLEY	CA	92307
047226402	0					00000
047226502	0					00000
047227308	0	COLUSA	RD	APPLE VALLEY	CA	92307
047236237	0					00000
047223212	0					00000

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
047236222	0	STODDARD WELLS	RD	APPLE VALLEY	CA	92307
047236222	0	STODDARD WELLS	RD	APPLE VALLEY	CA	92307
047223218	0	COLUSA	RD	APPLE VALLEY	CA	92307
047227204	0					00000
047226103	0					00000
047226302	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047223214	0	N/O COLUSA	RD	APPLE VALLEY	CA	92307
046916213	0			APPLE VALLEY	CA	92307
047227205	0	SOMBRE	RD	APPLE VALLEY	CA	92307
047227305	0	COLUSA	RD	APPLE VALLEY	CA	92307
047226207	0	KIMSHEW	ST	APPLE VALLEY	CA	92307
047236116	0					00000
047236126	0					00000
047226504	0					00000
046916220	0					00000
047229306	0	QUARRY	RD	APPLE VALLEY	CA	92307
047229311	0					00000
047226307	0					00000
047227212	0					00000
047227306	0	WILD WASH	RD	APPLE VALLEY	CA	92307
047227306	0	WILD WASH	RD	APPLE VALLEY	CA	92307
047236109	0	DOBERMAN	RD	APPLE VALLEY	CA	92307
047226112	0					00000
047226204	0	KIMSHEW	ST	APPLE VALLEY	CA	92307
047226211	0					00000
047227221	0					00000
046916225	0					00000
047227202	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047227326	0					00000
047229322	0					00000
047226203	0					00000

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
047236113	0	JOHNSON	RD	APPLE VALLEY	CA	92307
047226304	0	FAIRFIELD	ST	APPLE VALLEY	CA	92307
047223206	0	MORRO	RD	APPLE VALLEY	CA	92307
047236215	0					00000
046916210	0	JOHNSON	RD	ORO GRANDE	CA	92368
046916223	0					00000
047223231	0					00000
047226210	20605	COLOMA	AVE	APPLE VALLEY	CA	92308
047226308	0					00000
047226403	0					00000
047236117	0					00000
047236118	0					00000
047236129	0					00000
047236214	0					00000
047227219	0	1 LT W OF FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047229303	0					00000
047229314	0					00000
047226205	0					00000
047226305	0	SERRA	AVE	APPLE VALLEY	CA	92307
047223217	0	COLUSA	RD	APPLE VALLEY	CA	92307
047226406	0					00000
046916217	0			ORO GRANDE	CA	92368
047229330	0					00000
047227220	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047236254	0					00000
047236130	0					00000
047236132	0					00000
047236257	0					00000
047229310	0					00000
047229312	0					00000
047227319	0					00000

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP
047229305	0	QUARRY	RD	APPLE VALLEY	CA	92307
046916212	0					00000
047226401	0					00000
047226405	0	REYES	AVE	APPLE VALLEY	CA	92307
047227218	0	JEO I-15		APPLE VALLEY	CA	92307
047227313	0					00000
047229324	0					00000
047236120	0					00000
047227307	0					00000
047229308	0					00000
046916219	0	FRONTIER	RD	APPLE VALLEY	CA	92307
046916226	0					00000
047226113	0					00000
047236110	0					00000
047223219	0	COLUSA	RD	APPLE VALLEY	CA	92307
047236112	0					00000
047227209	0					00000
047236238	0					00000
047227309	0					00000
047227317	20713	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047229302	0					00000
047227372	0	FAIRFIELD	AVE	APPLE VALLEY	CA	92307
047236101	0					00000
047236103	0					00000
047226202	0					00000
047226503	0					00000
046916227	0					00000
047226213	0	COLOMA	AVE	APPLE VALLEY	CA	92307
047236124	0					00000

Assessor Parcel Number (APN)	Parcel Address (optional)					
	Street Number	Street Name	St. Rd. Ln.	City Name	State	ZIP

ATTACHMENT 4:
Fiscal Impact Analysis



Town of Apple Valley

**FISCAL IMPACT ANALYSIS FOR
ANNEXATION NO. 2018-001
to the
TOWN OF APPLE VALLEY**

Prepared for

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

Prepared by



**Terra Nova Planning & Research, Inc.®
42635 Melanie Place, Suite #101
Palm Desert, California 92211**

April 2018

**FISCAL IMPACT ANALYSIS
for
ANNEXATION 2018-001
to the
TOWN OF APPLE VALLEY**

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TOWN OF APPLE VALLEY ANNEXATION NO. 2018-001

FISCAL IMPACT ANALYSIS

I. INTRODUCTION, PROJECT DESCRIPTION AND DEMOGRAPHICS

Background

In June 2011, the Town of Apple Valley prepared a Fiscal Impact Analysis to evaluate potential fiscal impacts associated with buildout of Annexation No. 2008-001 (also known as the Golden Triangle). The annexation area consisted of 2,774.6± acres adjacent to the western Town limits and under the jurisdiction of San Bernardino County.

Annexation 2008-001 was not completed. The Town now proposes Annexation 2018-001, consisting of 1,304± acres within the Annexation 2008-001 area. Compared to Annexation 2008-001, the currently proposed annexation would result in a reduction of overall total acreage and land use buildout quantities. The balance of the 2008 annexation area, 1,470± acres, would remain part of the County.

This document evaluates the potential fiscal impacts associated with buildout of Annexation No. 2018-001. It uses the same methodologies and assumptions of the 2011 document but is based on updated fiscal and demographic data, tax rates, Town fees, and other information to reflect current conditions in the project area.

Introduction

The County of San Bernardino Local Agency Formation Commission (LAFCO) does not prescribe format or content for the fiscal impact analyses required as part of annexation actions. Neither does the County of San Bernardino have guidelines for these documents. As a result, this fiscal impact analysis is based on previously prepared fiscal impact analyses for annexations in San Bernardino and Riverside counties. It addresses the costs and revenues which can be expected to be generated through build out of the annexation area, in five (5) year increments, and assuming a twenty (20)-year build out, although it is likely that build out of the annexation will occur over a longer period of time.

Revenue and cost factors were obtained from a variety of sources, including the Town of Apple Valley Fiscal Year July 1, 2017- June 30, 2018 Budget and Apple Valley staff, Apple Valley Fire Protection District, San Bernardino County, San Bernardino County Association of Governments (SANBAG), and the State of California.

The analysis applies the appropriate revenue and cost factors to the proposed land use designations assigned in the Apple Valley General Plan Land Use Map and Zoning Map to the annexation area. The revenue and cost categories used to develop this fiscal analysis are described in Sections II and III of this document, respectively. Assumptions associated with each land use category are described in Section IV. The cost/revenue analysis is shown in Section V.

Both costs and revenues throughout this analysis are calculated in current dollars. No inflation adjustment has been made. Although costs and revenues will rise over the build out period of the annexation area, the ratio of costs to revenues is not expected to significantly change. As a result, the analysis in constant dollars is representative of the framework of costs and revenues likely to be experienced by the Town throughout the life of the annexation.

Project Description

The purpose of this fiscal analysis is to consider the potential financial impacts to the Town of Apple Valley from the annexation of 1,304± acres of land that are currently under the jurisdiction of San Bernardino County. Annexation No. 2018-001, referred to herein as “the annexation,” is comprised of lands immediately west of the current Town limits, along U.S. Interstate 15 (I-15). The annexation area is bounded by the Town’s corporate limits on the south, east and north. It is within the Town’s Sphere of Influence, as defined by the LAFCO.

Table 1 shows the proposed land use designations in the annexation area, which include lands designated for residential, commercial and industrial uses. The proposed land use assignments could result in up to 247 single-family residential dwelling units; 5,657,059 square feet of commercial space; and 3,646,216 square feet of industrial space. There are no projects currently planned within the annexation area. The annexation area is entirely comprised of vacant desert land.

Table 1
Annexation No. 2018-001
Vacant and Developed Acreage by Land Use Designation

Land Use Designation	Developed Acres	Vacant Acres	Total Acres	Total Units
Residential Designations				
Estate Residential	0	247	247	247
Residential Subtotal			247	247
Commercial Designations				
				Total Square Feet
General Commercial	0	14	14	134,069
Regional Commercial	0	381	381	3,655,032
Office Professional	0	195	195	1,867,957
Commercial Sub-total			590	5,657,059
Industrial Designations				
				Total Square Feet
Planned Industrial	0	380	380	3,646,216
Industrial Sub-total			380	3,646,216
Other Designations				
Street Rights-of-Way	0	87	87	
Other Sub-total				
Grand Total	0	1,304	1,304	

Demographic Profile

The population in the Town of Apple Valley increased from 46,079 in 1990 to 54,239 by 2000, according to U.S. Census data. This represents an increase of approximately 17.7%. The 2010 Census reported a population of 69,135, representing an increase of 27.5% between 2000 and 2010. The California Department of Finance estimates that the Town's 2017 population was 74,701.¹

The median age in Apple Valley in 1990 was 30.8 years, which increased to 35.4 years in 2000 and 37.0 years in 2010.² The number of housing units in the Town was 20,163 in 2000 and 26,117 in 2010; this figure was estimated at 25,909 in 2016.³

In 2000 there were an average of 2.90 persons per household in the Town; by 2010 this had increased to 2.91, and by 2016 it had increased to 3.07.⁴

¹ Department of Finance, Demographic Research Unit, City/County Population Estimates with Annual Percent Change, January 1, 2016 and 2017.

² 1990, 2000, and 2010 U.S. Census.

³ 2000 and 2010 U.S. Census; 2012-2016 American Community Survey 5-Year Estimates.

⁴ 2000 and 2010 U.S. Census; 2012-2016 American Community Survey 5-Year Estimates. 2016 persons per household is not available; figure shown is the average of Average Household Size of Owner-occupied Unit (2.89) and Average Household Size of Renter-occupied Unit (3.24).

The median household income in Apple Valley was \$40,421 in 2000, \$50,066 in 2010, and \$47,433 in 2016.⁵

The median price for an existing home in Apple Valley was \$234,463 in 2017, an increase of 12.1% over the 2016 figure.⁶ The median price for a new home was \$262,400 in 2017, a decrease of 5.6% from 2016.

⁵ 2000 U.S. Census; 2006-2010 American Community Survey 5-Year Estimates; 2012-2016 American Community Survey 5-Year Estimates.

⁶ “Inland Empire Quarterly Economic Report,” Inland Empire Economic Partnership, Vol. 29, No. 4, October 2017.

TOWN OF APPLE VALLEY ANNEXATION NO. 2018-001

FISCAL IMPACT ANALYSIS

II. Potential Revenues FROM ANNEXATION NO. 2018-001

Buildout of the annexation area has the potential to generate revenues to the Town of Apple Valley and the Apple Valley Fire Protection District (AVFPD), a special district that provides fire protection services to the annexation area. The following describes potential revenue sources to the Town and to AVFPD.

A. Potential Revenue Sources to the Town of Apple Valley

Revenue sources to the Town include annual revenues and one-time fees. Annual revenues consist of those that flow into the Town's General Fund and funds that are restricted for specific uses. General Fund revenues include property tax, property transfer tax, sales tax, transient occupancy tax, and motor vehicle in-lieu fees. Restricted funds include the portion of property tax that is allocated to the Parks and Recreation Department, Measure I transportation funds, and highway users gas tax.

The analysis also considers projected one-time revenues which will occur as a direct result of development within the annexation area. These include Developer Impact Fees paid to the Town at the time of construction. These revenues have been quantified in this analysis, but are not included in the annual revenues shown in Table 7.

Annual Revenues

Property Tax

The County of San Bernardino collects property tax annually at a rate of one percent (1%) of assessed valuation. Property tax revenues are allocated between the County, the jurisdiction in which the land is located (if any), and a variety of other public agencies. Of the one percent (1%) collected by the County, the Town receives approximately 9.5%, of which 5.6% goes to the Town General Fund and 3.9% is allocated to the Town of Apple Valley Parks and Recreation Fund.⁷ In accordance with the County's "Share the Pain" revenue-sharing policy for annexed lands, 50% of

⁷ Finance Director, Town of Apple Valley, April 2018.

these revenues will be distributed to the Town and 50% will be distributed to the County when the annexation is completed. Table 7 shows revenues to the Town under General Fund revenues, and revenues to the Parks and Recreation Department under Restricted Funds revenues.

The fiscal model assumes that all properties are taxed at a rate of one percent (1%) of valuation, and the collection rate is 100%. The only residential land use designation proposed in Annexation 2018-001 is Estate Residential (RE) which allows detached single-family homes; no multi-family units are proposed. The value of new single-family detached residential units is based on the second quarter, year 2017 median new home price for the Town of Apple Valley as shown in the “Inland Empire Quarterly Economic Report.” This value is \$262,400.⁸

The value of new commercial and industrial development is assumed to be \$55 per square foot, based on building permit data for years 2014-2017 provided by the Town Building and Safety Division.⁹

Property Transfer Tax

Property Transfer Tax revenues are generated when a change of property ownership occurs. For analysis purposes, estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County “Guide to Preparing Fiscal Impact Reports.” Factors set forth in the Guide include a tax rate of \$1.10 per \$1,000 (or 0.11%) of the unencumbered property value. This analysis further assumes that for a transfer within an incorporated jurisdiction, the revenue is divided evenly between the County (50%) and the jurisdiction (50%). Upon the sale of a new unit, 100% of the unit’s market value is subject to the property transfer tax. Upon change of ownership of an existing unit, the unencumbered value (average 80%) of the property is subject to the property transfer tax. Change in ownership is assumed to begin in the fourth year of the project, and ten percent (10%) of existing residential properties are assumed to change ownership per year. Property values are stated in year 2017 dollars, and the same property values used in the property tax revenue evaluation, above, are used in this analysis. A resale rate of one percent (1%) is assumed for single-family attached development. As discussed in Section III, this analysis assumes no resales during the twenty (20)-year buildout period for commercial and industrial development, as such sales are infrequent and sporadic. As a result, the analysis is conservative, and revenues to the Town from property transfer tax are likely to be higher than represented herein.

Sales Tax

Sales tax in San Bernardino County is collected at a rate of 7.75% by the State of California. The table below describes how sales tax revenues are allocated among public agencies.

⁸ “Inland Empire Quarterly Economic Report,” Inland Empire Economic Partnership, Vol. 29, No. 4, October 2017

⁹ Terra Nova Staff estimates based on Year 2014-2017 Commercial/Industrial building permit data, Town of Apple Valley Building Division.

Table 2
Components of the 7.75% Sales and Use Tax

<u>Rate</u>	<u>Jurisdiction</u>
5.00%	☐ State General Fund
1.00%	City/County Local Tax
0.25%	Countywide Transportation Tax
0.50%	County Mental Health
0.50%	Public Safety Augmentation Fund (Prop 172)
0.50%	County Transactions Tax (Measure I)
7.75%	TOTAL RATE

Source: p. 61, “Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017-June 30, 2018.”

Of the sales tax collected by the State, one percent (1.0%) is allocated to the jurisdiction in which the sale occurred. The fiscal analysis estimates total taxable sales that could be generated at buildout of the proposed annexation area, then calculates 1% of taxable sales to determine how much sales tax revenue would be generated to the Town.

The fiscal impact model projects potential sales tax revenue generated on vacant commercial lands proposed for annexation. It assumes that future development of commercial lands will result in twenty-two percent (22%) lot coverage. It also assumes that ninety percent (90%) of the net floor space of General and Regional Commercial development, and thirty percent (30%) of the net floor space of Office Professional development, will be dedicated to the sale of taxable goods. Average annual sales estimators from the Urban Land Institute’s (ULI) 2008 “Dollars and Cents of Shopping Centers” are applied to the number of square feet dedicated to taxable sales. The fiscal analysis calculates sales tax generation from three types of commercial development, based on ULI definitions:

- “Neighborhood Commercial” development: includes neighborhood scale shopping centers conveniently located near residential areas, and a variety of smaller commercial centers, specialty retail shops and personal service businesses. This type of development generates an annual average of \$326.13 per square foot in taxable sales.
- “Community Commercial” development: includes larger, community scale shopping centers and malls that may be anchored by several department stores. This type of development generates an annual average of \$286.10 per square foot in taxable sales.
- “Regional Commercial” development: includes larger, regional scale shopping centers and malls that may include a variety of general merchandise, apparel, and home furnishings as well as services and recreational facilities that may be anchored by department stores. This type of development generates an annual average of \$275.41 per square foot in taxable sales.

Although small amounts of sales tax revenue are likely to be generated in the industrial development which will occur in the annexation area, the amount is expected to be negligible. As a result, industrial development is assumed to generate no taxable sales in this analysis.

Transient Occupancy Tax (TOT)

Transient Occupancy Tax is collected from individuals when they occupy a hotel or motel room. In Apple Valley, TOT is collected at a rate of seven percent (7%). Potential TOT revenues are based on the number of hotel/motel rooms that could be constructed on annexation lands, the average nightly room rate charged, and the average occupancy rate. The number of hotel/motel rooms that could be constructed is determined by multiplying the number of acres available for hotel/motel development by the maximum permitted room density. The room rate used in this analysis is \$100.00/night, which is the average nightly rate for a freeway serving hotel/motel such as might be realistically expected to develop in the annexation area. The average occupancy rate is assumed to be sixty-five percent (65%). As tourism activity may be expected to fluctuate seasonally in the region on an annualized basis, a sixty-five percent (65%) occupancy rate is conservative.

Motor Vehicle In-Lieu Fees

Motor Vehicle In-Lieu Fees, or Motor Vehicle License Fees, are collected by the State of California and allocated to local jurisdictions on a monthly basis. These fees are levied on motorists in lieu of a local property tax. The Town anticipates receiving approximately \$0.80 per person in Motor Vehicle In-Lieu fund revenues.¹⁰

Highway User Gas Tax

The State of California imposes a per gallon tax on all gasoline purchases. A portion of these revenues is allocated to counties and cities throughout the state. Gas tax monies can only be used for construction and maintenance of streets and highways. The anticipated per capita apportionment for Fiscal Year 2017-2018 for the Town is \$20.99.¹¹

Measure I Funds

Of the 7.75% sales tax collected in San Bernardino County, 0.50% (or .005 cent on the dollar) is contributed to the Measure I fund for regional and local transportation projects. These revenues are managed and distributed by the San Bernardino Association of Governments (SANBAG). For purposes of Measure I distributions, the Town is a part of the Victor Valley sub-area of the Mountain/Desert Subregion. Of Measure I funds collected in the sub-area, seventy percent (70%) is allocated to the sub-area Local Streets program. Of this, two percent (2%) is set aside for the Project Development and Traffic Management Systems projects. The remainder is allocated to each jurisdiction in the sub-area, based on a formula that accounts for the jurisdiction's population and total taxable sales.¹² Based on sales tax data for Apple Valley for previous years,¹³ compared

¹⁰ p. 59, Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018. Motor vehicle in-lieu budgeted revenue FY 17/18 (\$60,000) ÷ population (74,701) = \$0.80 per capita.

¹¹ p. 72, Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018. Gas Tax (Section 2013, 2105, 2106, 2107, 2107.5) estimated revenues (\$1,567,761) ÷ population (74,701) = \$20.99 per capita.

¹² p. A-9, Appendix A, "Measure I 2010-2040 Strategic Plan," April 1, 2009.

¹³ Taxable Sales in the 272 Largest Cities, by Type of Business, prepared by California State Board of Equalization.

with Measure I receipts,¹⁴ Apple Valley receives an average of five (5%) annually of the total Victor Valley sub-area allocation. Although the actual allocations change annually, the review of sales tax and Measure I data indicates that the five percent (5%) average may be expected to remain consistent over project buildout. Therefore, this analysis assumes the same allocation amount for each phase of the twenty (20)-year buildout.

Investment Income

The fiscal analysis assumes that the Town will also receive investment earnings on new revenues. To project potential investment earnings, the fiscal model applies the historical average interest rate of the ninety (90)-Day Treasury Bill. During the twenty-five (25)-year period from 1993 through 2017, the average interest earned on the ninety (90)-Day Treasury Bill was 2.43%.¹⁵ The fiscal model calculates investment income for all annual revenues included in this report.

One-Time Revenues

Development Impact Fees

As lands in the annexation area develop, the Town will collect developer impact fees (DIF) based on its adopted fee schedule. These are one-time fees collected at the time that residential units and commercial and industrial square footage are constructed. This analysis estimates total DIF fees for General Government Facilities, Transportation Impacts, and Law Enforcement Facilities. Because these are one-time rather than annual fees, they are not included in Table 7, but are summarized separately in Table 8.

¹⁴ San Bernardino Associated Governments Measure I Actual Distribution Summary Mountain/Desert Jurisdictions, Victor Valley Subarea.

¹⁵ Average historical interest rate determined using data from Table B.3, "Riverside County Guide to Preparing Fiscal Impact Reports," January 1995 and "3-Month Treasury Constant Maturity Rates," from the Federal Reserve Board of Governors, as provided by The Financial Forecast Center.

**Table 3
Development Impact Fees**

Development Type	General Government Facilities Fee	Law Enforcement Facilities Fee	Transportation Impacts Fee
Single-Family Residential	\$407.07/unit	\$147.64/unit	\$6,745.00/unit
Commercial/Industrial	\$0.03/sq. ft.	\$0.20/sq. ft.	varies based on development type and size ¹

¹ The following Transportation Impact Fees were used in this analysis based on anticipated development in the annexation area:

- General Commercial: 100,001 to 200,000 sq.ft. = \$3.02851/sq.ft.
- Regional Commercial: 100,001 to 200,000 sq.ft. = \$3.02851/sq.ft
- Office Commercial: 10,001 to 100,000 sq.ft. = \$2.23597/sq.ft.
- Planned Industrial: Industrial Parks = \$1.63566/sq.ft.
- Hotel: \$4,721.50/hotel

Source: Town of Apple Valley Development Impact Fee schedule.

B. Potential Revenue Sources to the Apple Valley Fire Protection District

Annual Revenues

According to AVFPD’s Fiscal Year 2017/18 Budget, its primary revenue sources are property taxes and special taxes.

Property Tax

From properties within its service area boundaries, AVFPD receives 0.355289% of the 1% general property tax levy collected and allocated by San Bernardino County.¹⁶

Special Tax: Measure A

Measure A, approved by voters in November 2016, is a parcel tax based on units rather than assessed value. It extended the term of the District’s fire suppression special tax (Measure V, approved in 1997) and increased the rate to fund additional fire and emergency response services, including reopening fire stations and improving response times. Although the tax rates can be adjusted over time, this analysis estimates revenues based on the adopted rates shown in Table 5 and anticipated development at buildout.¹⁷

¹⁶ Franz Zyss, Auditor-Controller Manager, San Bernardino County Auditor-Controller/Treasurer/Tax Collector, personal communication, March 8, 2018.

¹⁷ Future commercial and industrial buildout assumptions are based on information about current development trends in Apple Valley, provided by Apple Valley Economic Development Department. Specific assumptions are described in Appendix A tables.

Table 4
AVFPD Measure A Tax Rates

Land Use	Annual Rate
Residential	\$126.90 per dwelling unit
Commercial ¹ :	
0 – 5,000 sq. ft.	\$252.34
5,001 – 20,000 sq. ft.	\$344.97
20,001 – 50,000 sq. ft.	\$487.53
50,001 sq. ft. or more	\$630.06
Other ²	\$116.88 per building/unit
Vacant Land:	
0 – 10.00 acres	\$81.27
10.01 – 24.99 acres	\$113.98
25 acres or more	\$146.84

¹ Includes industrial, manufacturing, mercantile, wholesale/retail, churches, private schools, etc.

² Includes agricultural buildings and privately owned light aircraft hangars
Source: Measure A, Ordinance No. 54, Apple Valley Fire Protection District, adopted November 8, 2016.

One-Time Revenues

Fire Developer Impact Fees

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

Table 5
Developer Impact Fees for Fire Equipment and Property

Single-Family Residential	\$740.00/dwelling unit
Commercial (Office/Store/Professions, etc.)	\$0.586/square foot
Industrial Uses	\$0.089/square foot
Lodging Units	\$78.00/unit

Source: Town of Apple Valley Development Impact Fee schedule.

TOWN OF APPLE VALLEY ANNEXATION NO. 2018-001

FISCAL IMPACT ANALYSIS

III. Potential Costs from Annexation No. 2018-001

A. Potential Costs to the Town of Apple Valley

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

Costs of General Government

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

For residential development, this analysis uses information provided in the Town's FY 2017-2018 budget to translate costs into a per capita factor for General Fund expenditures. It applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents.

General Government costs for Fiscal Year 2017/18 are shown in Table 6. As shown, approximately \$14.8 million are budgeted for General Government expenditures for Fiscal Year 2017/18. Based on the 2017 population of 74,701 residents, this equals \$198/capita. The fiscal model applies the \$198/capita to the projected annexation area buildout population.

Table 6
General Governments Costs, Fiscal Year 2017/18

Service	Cost
General Government ¹	\$9,755,168
Public/Municipal Services ²	\$3,793,831
Community/Economic Development ³	\$1,270,921
Total:	\$14,819,920

¹ includes Town Council, Attorney, Manager, Clerk, Finance, Public Info., Human Resources, Information Systems, General Govt., and Public Facilities

² includes Public Services Admin., Animal Services, Code Enforcement, Building & Safety

³ includes Community Development, Engineering, Economic Development

Source: p. 57, Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018.

For residential development, the analysis also projects costs of providing parks and recreational services to future residents. Parks and Recreation expenditures are budgeted at \$3,625,245 or \$48.53 per capita (based on population of 74,701).¹⁸ This factor is applied to the projected buildout population of the annexation area.

In order to capture costs for provision of General Government to commercial and industrial development, it was necessary to derive factors based on a per acre or per square foot basis. No such factors were available through the Town. Therefore, this analysis uses factors provided in the Riverside County Guide to Preparing Fiscal Impact Reports, adjusted for inflation, to arrive at costs based on year 2017 dollars (\$114.81 per acre).¹⁹

The costs of General Government do not include expenditures for public safety or roadway maintenance. Those costs have been calculated separately and are discussed below.

Costs of Public Safety Services

The same method used to calculate general government costs has been used to project costs of providing public safety services to future residents in the annexation area. In Apple Valley, these costs include provision of law enforcement services and emergency preparedness. Public safety expenditures in Apple Valley are primarily those associated with the contract the Town maintains with the San Bernardino Sherriff's Department. Additional costs associated with facilities used by the department, and those associated with emergency preparedness activities are included in this calculation.

For residential development, the fiscal model translates these expenditures (\$13,908,851²⁰) into a per capita factor (\$186/capita, based on 2017 population of 74,701) and applies this factor to the anticipated buildout population of the annexation area.

¹⁸ p. 107, Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018.

¹⁹ Table A.2, Guide to Preparing Fiscal Impact Reports, Riverside County Administrative Office, January 1995.

²⁰ Public Safety Expenditures, p. 176, Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018.

For commercial and industrial development, cost factors for the provision of public safety services have been derived from the Riverside County Guide to Preparing Fiscal Impact Reports, adjusted to year 2017 dollars (\$451.89/acre).²¹

Costs of Roadway Maintenance

Costs associated with repairing and maintaining future paved public roads in the annexation area are projected using a per road mile cost factor. There are 78 square miles and 423 paved public road miles²² in Apple Valley's incorporated limits. This equates to 5.4 road miles per square mile.

The annexation area encompasses approximately 2.0 square miles. Using the average of 5.4 road miles per square mile of land area in Apple Valley, the proposed annexation area could potentially include 10.8 miles of paved public roadways at build out. This does not include commercial driveways, interior parking lots, or other paved facilities which could occur in the area, but they would be located on private property, and therefore would be privately maintained.

The fiscal model divides the Town's total annual roadway maintenance costs (\$2,425,605²³) by the number of paved road miles in the Town (423) to determine an annual per road mile cost factor (\$5,734/mile), and applies this factor to the number of potential paved road miles in the annexation area.

B. Potential Costs to the Apple Valley Fire Protection District

The annexation area is within the boundaries of the Apple Valley Fire Protection District. Buildout of the proposed annexation will result in additional costs to AVFPD associated with providing fire protection services to new development and population. As development in the area builds out, additional fire facilities, equipment, and staff can be expected to be needed.

AVFPD cost factors for the annual provision of fire protection services are not available on a per capita, per dwelling unit, per square foot, or per acre basis. Therefore, they were derived from the District's budget and data about development within AVFPD boundaries. According to the AVFPD Fiscal Year 2017-18 Budget, total annual expenditures are \$10,724,820 million.²⁴ Residential development (29,300 dwelling units) makes up 70% of all land in the District's boundaries, and commercial/industrial development (7,135,151 square feet²⁵) makes up 1%.²⁶ The fiscal model uses these data to generate the following annual cost factors: \$256.22 per dwelling unit, and \$0.02 per square foot of commercial/industrial development.

²¹ Table A.2, Guide to Preparing Fiscal Impact Reports, Riverside County Administrative Office, January 1995.

²² Brad Miller, Apple Valley Engineering Department, personal communication, February 21, 2018.

²³ p. 72, Street Maintenance Fund Total Budget, Town of Apple Valley Adopted Budget, Fiscal Year July 1, 2017 – June 30, 2018.

²⁴ p. 19, Apple Valley Fire Protection District 2017-18 Final Budget.

²⁵ Orlando Acevedo, Assistant Director, Apple Valley Economic Development Department, March 20, 2018.

²⁶ p. 6, Apple Valley Fire Protection District 2017-18 Final Budget.

TOWN OF APPLE VALLEY ANNEXATION NO. 2018-001

FISCAL IMPACT ANALYSIS

IV. BUILDOUT ASSUMPTIONS

Introduction

The buildout assumptions used to calculate the costs and revenues associated with Annexation No. 2018-001 are presented in this section. As previously noted, there are no specific projects currently proposed within the annexation area. Therefore, the analysis is based on general assumptions regarding build out of the annexation lands, consistent with the Apple Valley General Plan land use designations.

A. Buildout Assumptions

This analysis assumes a twenty (20)-year buildout of the annexation area. Depending on market conditions, growth and development in the Town and the annexation area will rise and fall. For residential and industrial land, an even distribution of development has been assumed for the twenty (20)-year buildout period. For commercial land, it is assumed that only one 10 acre project, of a freeway convenience commercial nature would occur in year 4 or 5 (Phase I), and that the balance of commercial development would occur from years 6 to 20 (Phases II, III and IV). Commercial development in Phases II through IV has been distributed evenly. As the analysis has been conducted in constant 2018 dollars, the relative costs and revenues will be as calculated at build out of the annexation area, regardless of when this occurs. That is to say that although inflationary and recessionary factors will affect the Town's revenues and costs over time, the relative cost of providing services, the relative amount of revenues generated within the annexation area, and the surplus or shortfall to the Town, are represented in this analysis.

Assumptions used to calculate buildout units and square footage are based on the Town's zoning standards as well as typical land use intensities for building coverage in commercial and industrial projects. The following estimates have been made regarding residential, commercial and industrial land use intensities.

Residential

The Estate Residential designation allows for up to one dwelling unit per 1 to 2.5 gross acres. It has been assumed that the maximum number of units, 247, could be constructed in the annexation area. Applying the Town's average household size of 3.07 persons per household yields an estimated buildout population of 759 residents.

Commercial and Industrial

The General and Regional Commercial, and Office Professional designations assume a twenty-two percent (22%) building coverage. This accounts for driveways, parking lots, stormwater retention/detention facilities, and similar ancillary facilities.

The Planned Industrial designation assumes buildout of industrial lands at twenty-two percent (22%) lot coverage.

The following sub-sections summarize assumptions used to calculate various revenues that could be generated by build out of the annexation area.

1. RESIDENTIAL

As noted above, residential land uses proposed in the annexation area are assumed as single-family detached units on lots up to 5 acres.

Estate Residential

- 62 single-family units constructed in each five (5)-year period, for a total of 247 units at build out.
- Unit value at \$262,400 per unit.

For residential property transfers, an annual resale rate of one percent (1%) change of ownership figures have been applied to residential units. These represent statistical averages that may be assumed to occur over the life of the annexation area, well beyond the build out year. This analysis also assumes that property transfer tax will begin in the fourth year of development (no resales in the first three years). No resales have been assumed for any of the rental units during the twenty (20)- year build out period.

2. COMMERCIAL

General Commercial

- 0 square feet developed in Phase I
- 44,689.67 square feet developed in Phases II, III, and IV, for a total of 134,069 square feet at build out.
- Per square foot value of \$55, based on recent new commercial/industrial construction valuation in the Town of Apple Valley.
- 90% leasable space for generating sales tax revenue

Regional Commercial

The Regional Commercial tenant mix is not known at this time. However, the analysis assumes a mix of retail, office, and a 125-room hotel that is expected to be freeway serving.

- 95,932 square feet developed in Phase I
- 1,186,367 square feet developed in each of Phases II, III, and IV, for a total of 3,655,032 square feet at build out.
- Per square foot value of \$55, based on recent new commercial/industrial construction valuation in the Town of Apple Valley.
- 90% leasable space for generating sales tax revenue
- One 5-acre, 125-room freeway-serving hotel built in the sixth year of project buildout.

Office Professional

- 0 square feet developed in Phase I
- 622,652.33 square feet developed in each of Phases II, III, and IV, for a total of 1,867,957 square feet at project build out.
- Per square foot value of \$55, based on recent new commercial/industrial construction valuation in the Town of Apple Valley.
- 30% leasable space for generating sales tax revenue

The analysis assumes no revenues from transfer of commercial properties in the annexation area. This assumption provides for a more conservative analysis of projected revenues.

3. INDUSTRIAL

Planned Industrial

- 911,554 square feet developed in each five (5)-year period, for a total of 3,646,216 square feet at build out.
- Per square foot value of \$55, based on recent new commercial/industrial construction valuation in the Town of Apple Valley.

As with commercial development, this analysis assumes no revenues from transfer of industrial properties in the annexation area.

TOWN OF APPLE VALLEY ANNEXATION NO. 2018-001

FISCAL IMPACT ANALYSIS

V. COST/REVENUE ANALYSIS

A. Cost/Revenue Summaries

The following conclusions are based on the assumptions described above. It should be noted that all amounts are in Year 2018 dollars and are subject to rounding.

1. TOWN OF APPLE VALLEY

The total annual costs and revenues to the Town over each five-year phase of the twenty (20)-year buildout period are shown in Table 7. As shown, build out of the annexation area according to the proposed land use plan is projected to result in annual revenues of approximately \$12.2 million and annual costs of approximately \$940,000. This does not account for all possible revenues and costs that could be generated, but includes those described and analyzed in this study.

It should be noted that Table 7 does not include revenues from developer impact fees, which are one-time fees that occur at the time of construction. This analysis projects that the Town could receive DIF revenues of approximately \$2.4 million from new development during Phases I, and \$7.7 million during Phases II, III, and IV. DIF revenues are expected to be higher during Phases II, III, and IV due to commercial development, and slightly higher during Phase II due to assumed development of a hotel. These revenues are shown separately in Table 8.

Tables 7 and 8 summarize detailed calculations that have been prepared for each revenue and cost category, and DIF revenues, associated with the annexation. Appendix A presents the individual tables, showing the detailed calculations for each revenue and cost category.

It is expected that the annexation area's primary revenue source will be sales tax during Phases II, III, and IV since, with the exception of some grocery store sales, all retail sales generate sales tax. At buildout, the annexation area could generate approximately \$11.2 million in sales tax annually to the Town.

The second largest revenue source is expected to be property taxes, which are projected to total \$273,834 (\$161,418 in General Fund revenue and \$112,416 in Parks and Recreation Fund revenue) annually at buildout.

Table 7
Town of Apple Valley
Potential Costs/Revenues at Buildout of Annexation Area

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
General Fund:				
Property Tax	\$20,052	\$67,174	\$114,296	\$161,418
Property Transfer Tax	\$9,258	\$12,375	\$15,955	\$19,418
Local Sales Tax	\$237,786	\$3,910,740	\$7,583,695	\$11,256,649
Transient Occupancy Tax	\$0	\$207,594	\$207,594	\$207,594
Motor Vehicle In-Lieu	\$152	\$303	\$455	\$607
Restricted Funds:				
Highway Users Gas Tax	\$3,979	\$7,958	\$11,937	\$15,917
Measure I	\$4,161	\$68,438	\$132,715	\$196,991
Parks & Recreation Fund (from Property Tax)	\$13,965	\$46,782	\$79,599	\$112,416
ANNUAL COSTS				
General Fund:				
General Government Costs				
General Government/Town-wide Services	\$2,990	\$11,202	\$19,414	\$27,626
General Government/Residential	\$37,687	\$75,375	\$113,062	\$150,749
General Government/Parks and Recreation	\$9,237	\$18,474	\$27,712	\$36,949
General Government/Municipal Services	\$223	\$834	\$1,445	\$2,056
General Government/Support Services	\$8,842	\$33,123	\$57,403	\$81,684
Subtotal:	\$58,980	\$139,008	\$219,036	\$299,064
Restricted Funds:				
Public Safety Costs				
Town-wide Public & Police Protection Services	\$76,764	\$226,618	\$376,472	\$526,326
Town-Wide Services, Emergency Services	\$394	\$789	\$1,183	\$1,577
Municipal Services, Public Protection Services	\$11,865	\$20,933	\$36,278	\$51,623
Subtotal:	\$89,024	\$248,340	\$413,934	\$579,527
Roadway Maintenance Costs	\$15,549	\$31,098	\$46,646	\$62,195
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	\$267,248	\$4,198,187	\$7,921,994	\$11,645,686
Total Annual Restricted Fund Revenues	\$22,105	\$123,178	\$224,251	\$325,324
Subtotal:	\$289,353	\$4,321,365	\$8,146,245	\$11,971,010
Historic Average Interest Rate on 90-Day Treasury Bills	2.43%	2.43%	2.43%	2.43%
Anticipated Interest Earned on Revenues	\$7,031	\$105,009	\$197,954	\$290,896
Total Annual Revenues at Phase Buildout	\$296,384	\$4,426,374	\$8,344,199	\$12,261,905
Costs:				
Total Annual General Fund Costs	\$58,980	\$139,008	\$219,036	\$299,064
Total Annual Restricted Fund Costs	\$104,572	\$279,438	\$460,580	\$641,722
Total Annual Costs at Phase Buildout	\$163,552	\$418,445	\$679,616	\$940,786
ANNUAL CASHFLOW AT PHASE BUILDOUT	\$132,832	\$4,007,929	\$7,664,583	\$11,321,119

Table 8
Town of Apple Valley
Potential Development Impact Fee Revenue at Buildout of Annexation Area
(one time only)

General Government Fees	\$55,361	\$108,094	\$108,094	\$108,094
Transportation Impact Fees	\$2,198,027	\$7,032,716	\$7,027,995	\$7,027,995
Law Enforcement Impact Fees	\$210,614	\$562,169	\$562,169	\$562,169
Total Developer Impact Fee Revenues	\$2,464,002	\$7,702,980	\$7,698,258	\$7,698,258

2. APPLE VALLEY FIRE PROTECTION DISTRICT

Table 9 summarizes total projected costs and revenues to the Apple Valley Fire Protection District associated with buildout of the annexation area. As with Town costs and revenues, those for AVFPD are shown for each five (5)-year development phase of the assumed twenty (20)-year build out period. Potential DIF revenues to AVFPD are shown separately in Table 10.

Annual revenues are projected to be approximately \$280,000 at buildout of the annexation area. Annual expenditures needed to serve future development in the annexation area are projected to be \$249,000, resulting in annual revenues of approximately \$30,600 at buildout. One-time revenues from Developer Impact Fees are projected to be approximately \$183,000 during Phase I, and \$1.2 million during Phases II, III, and IV (due to commercial development). DIF revenues are projected to be slightly higher during Phase II due to assumed development of a hotel.

Table 9
Apple Valley Fire Protection District
Potential Costs/Revenues at Buildout of Annexation Area

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
Property Tax	\$2,544	\$8,524	\$14,503	\$20,482
Measure A	\$35,488	\$110,073	\$184,768	\$259,463
Total Revenues at Phase Buildout	\$38,033	\$118,597	\$199,271	\$279,946
ANNUAL COSTS				
Fire Protection Costs	\$35,971	\$107,098	\$178,225	\$249,352
Total Costs at Phase Buildout	\$35,971	\$107,098	\$178,225	\$249,352
Annual Cashflow at Phase Buildout	\$2,061	\$11,498	\$21,046	\$30,594

Table 10
Apple Valley Fire Protection District
Potential Development Impact Fee Revenue at Buildout of Annexation Area
(one time only)

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
AVFPD Developer Impact Fees	\$183,039	\$1,222,847	\$1,213,026	\$1,213,026
Total Revenues at Phase Buildout	\$183,039	\$1,222,847	\$1,213,026	\$1,213,026

B. Conclusion

As shown in Tables 7 through 10, based on the underlying assumptions presented herein, development of lands in Annexation No. 2018-001 based on land use designations set forth by the Town is expected to result in long-term revenues to the Town and the Apple Valley Fire Protection District. In the overall, cash flows to the Town and AVFPD are expected to be positive in the near-, mid-, and long-term.

Development may occur at differing rates during the buildout period, and market conditions may fluctuate. Costs and revenues are expected to vary annually based on actual phasing of development. Nonetheless, based on this analysis, the fiscal impact of the annexation should remain positive if all land uses develop in a balanced manner.

Appendix A

Detailed Cost and Revenue Tables

Available at Town Hall