

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

REVIEW AND APPROVE REPORT EXAMINING THE PROCESSES AND PROCEDURES OF THE VILLAGE AREA PROPERTY BUSINESS IMPROVEMENT DISTRICT (PBID)

Summary Statement:

The forensic accounting firm of Vicenti, Lloyd and Stutzman, LLP (“VLS”) has completed its special Forensic Audit of the Town of Apple Valley’s Apple Valley Property and Business Improvement District (“PBID”). VLS was hired by the Town to review the PBID’s practices, procedures and records in order to determine the PBID’s compliance with its Management District Plan, agreements between the PBID and the Town, corporate by-laws and generally applied legal standards. While completing this thorough review, VLS examined nine areas specifically related to PBID matters, including compliance with public procurement standards and policies, issues surrounding the construction of the Village entryway sign, removal of a PBID member from the Board of Directors, the PBID Chairman’s receipt of Board approval before taking official actions, and the procurement of enhanced security services provided by the Apple Valley Police Department.

In order to complete its investigation, VLS examined a wide variety of pertinent public records and other documents, and spent many hours interviewing Town staff, PBID members, citizen complainants and individuals who were integral in the formation of the PBID.

As set forth more fully in the report, VLS ultimately concluded that a majority of the allegations and complaints previously made public were without merit. VLS concluded, for example, that there was no credible evidence presented that the PBID Chairman ever acted in an official capacity without Board approval and there was no evidence of any legal improprieties in procurement of lighting for the Village entryway sign. VLS also concluded that a former Director’s removal from the PBID Board of Directors occurred legally and that the PBID Board did not violate the Brown Act. Finally, VLS concluded that accusations regarding the approval and procurement of enhanced security services for the PBID, doubts about the completeness of the PBID’s database, and claims that the PBID was not legally formed were also generally without merit. VLS did find, however, that there were some valid concerns about the thoroughness and documentation of the procurement process for the replacement of the Village entryway sign.

Recommended Action:

That the Town Council review and approve the attached Confidential Report of Investigation prepared by Vicenti Lloyd & Stutzman LLP concerning the Apple Valley Property and Business Improvement District.

Proposed by: Town Attorney _____ **Item Number** _____

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