TOWN OF APPLE VALLEY, CALIFORNIA

AGENDA MATTER

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VICTOR VALLEY ENTERPRISE ZONE APPLICATION

Background:

The Town of Apple Valley, in conjunction with the jurisdictions of Adelanto, Victorville and the County of San Bernardino, is preparing an Enterprise Zone Application for submittal to the State of California by September 15, 2010.

The State established the enterprise zone (EZ) program in 1986 in an effort to stimulate economic growth in the most economically distressed areas of the State, by offering tax credits and other incentives to businesses located in an enterprise zone. The most significant benefit derived from enterprise zone designation is a tax credit of \$34,000 per new job created in the designated zone. This represents a substantial incentive and tool to attract businesses to the Victor Valley. In addition, other incentives include tax credits for sales and use taxes paid on qualified machinery purchases, interest deductions for lenders on loans to firms within the zone, a 15-year net operating loss carry-forward, accelerated expense deduction, and priority for various state programs, such as state contracts.

Jurisdictions receive a fifteen-year enterprise zone designation through a competitive application process. As enterprise zone designations expire, the California Housing and Community Development Department (HCD) will announce a new application process and releases a request for proposals (RFP). By legislation, the state is limited to 42 enterprise zones and, therefore, the only opportunity to apply for a designation is when an existing enterprise zone is set to expire. Two zones are expiring in 2010 and two more in 2012. The number of jurisdictions that are making application is unknown at this time, but, historically, HCD receives anywhere from eight to 20 or more applications. This makes for an extremely competitive application process.

(Continued on next page)

Recommended Action

That the Town Council approve the proposed Local Incentives Exclusive to Enterprise Zone Businesses and adopt Resolution No. 2010-41, a resolution authorizing the submission of an application to the State of California Department of Housing and Community Development for designation of the Victor Valley Enterprise Zone.

Proposed by <u>Economic Development & Ho</u>	using Div.	Item Number
T. M. Approval:	Budgeted Item	Yes ☐ No ⊠ N/A

Resolution Authorizing the Submission of the Victor Valley Enterprise Zone Application (continued) Page 2

In 2009 the Victor Valley Economic Development Authority (VVEDA) commissioned a study to evaluate and determine the feasibility of making application for an Enterprise Zone designation. The results of the feasibility analysis were positive. Eligibility criteria and preliminary boundaries were tested and it was determined that the Victor Valley could establish an enterprise zone area that would make eligible, and contain, all the commercial and industrial areas desired by each jurisdiction.

The development of the Enterprise Zone Application has entailed major efforts on behalf of staff representing all four jurisdictions who have, over the past 3 ½ months worked vigorously and cooperatively within their jurisdictions as well as with private sector organizations and other support agencies to gather extensive data and obtain the necessary commitments to move forward. The application requires environmental compliance and CEQA reports, a marketing plan, identification of available properties, existing businesses and jobs, a job development plan, economic development financing programs, a program management and vouchering program, infrastructure and capital improvement plan and, last but not least, local incentives. In order to compete effectively, the State will expect commitments from our local lenders, real estate brokers and public agencies as well as specific local incentives from the jurisdictions to be utilized as resources to ensure the success of the enterprise zone.

Summary

A California Enterprise Zone designation would be a very valuable tool for the region's business recruitment, retention and expansion efforts and is one of the only business incentives still offered by the State of California. If the Victor Valley is successful at obtaining an Enterprise Zone designation, we strengthen our long-standing regional partnership and improve the region's ability to effectively and successfully compete for economic development projects.

The resolution authorizes the Town's submission of the Enterprise Zone application, Town support for job development, job creation and economic development and authorizes staffing to maintain record-keeping, monthly updates on the Enterprise Zone activities.

A draft copy of the Proposed Victor Valley Enterprise Zone Map and Exhibit 44B – Local Incentives Exclusive To Enterprise Zone Businesses is also attached for your review and approval.

RESOLUTION NO. 2010-41

A RESOLUTION OF THE TOWN OF APPLE VALLEY TOWN COUNCIL AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR DESIGNATION OF THE VICTOR VALLEY ENTERPRISE ZONE.

WHEREAS, the Town of Apple Valley Town Council finds that the application area is economically depressed and that designation of the area as an Enterprise Zone is necessary in order to attract private sector investment to the application area; and

WHEREAS, the Town of Apple Valley authorizes and supports job development, job creation and economic development; and

NOW, THEREFORE, BE IT RESOLVED by the Town of Apple Valley Town Council that the Town of Apple Valley authorizes the submission of an application to be designated as an enterprise zone; and

BE IT FURTHER RESOLVED that the Town of Apple Valley authorizes that staffing shall be made available to maintain record-keeping, monthly updates on zone activities, and to discuss these activities with program auditors; and

BE IT FURTHER RESOLVED that the Town of Apple Valley shall develop a self-evaluation process to measure its progress in meeting its goals and objectives; and, that this process shall be submitted to the Department for review, approval and inclusion in the Memorandum of Understanding (MOU) prior to final designation; and

BE IT FURTHER RESOLVED that the Town of Apple Valley agrees to complete all actions stated within the application that apply to its jurisdiction should the proposed Enterprise Zone be awarded designation; and

BE IT FURTHER RESOLVED that the Town Manager or his/her designee is authorized to sign the application, the MOU and other documents necessary for the implementation of the Enterprise Zone.

BE IT FURTHER RESOLVED that the Victor Valley Economic Development Authority, the lead jurisdiction, will work cooperatively with City of Adelanto, City of Victorville and the County of San Bernardino to implement and maintain the enterprise zone for a period of not less than 15 years.

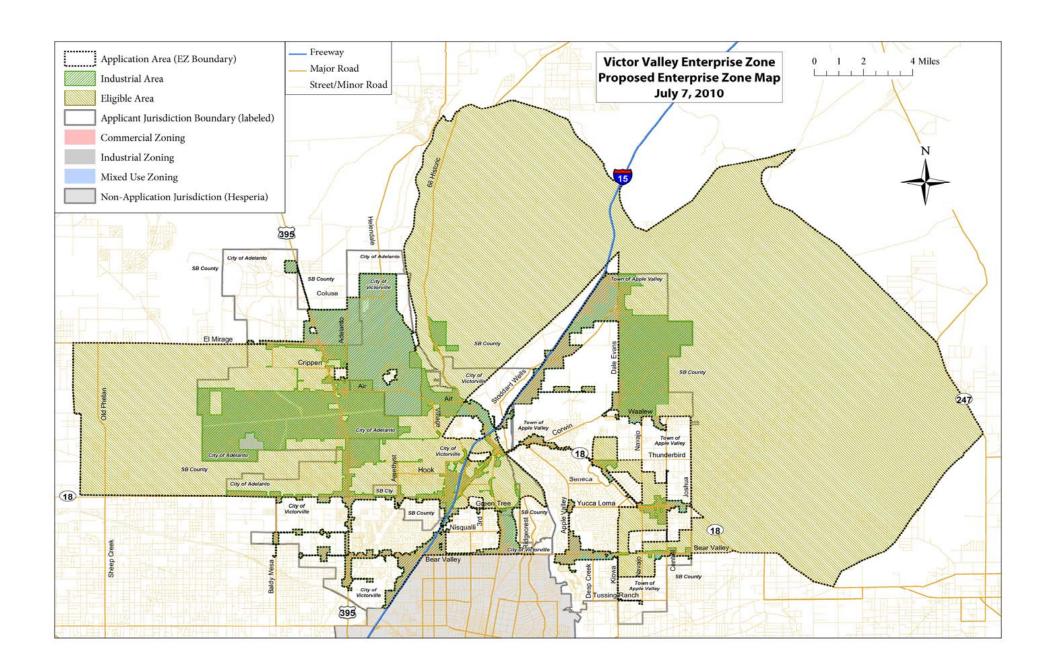


Exhibit 44B

DRAFT



It is well understood by the Victor Valley EZ partners that job creation, retention and expansion results from the growth of business and industry. While fewer businesses are undergoing expansions lately, those that are find that personal assistance and time-saving processes are just as valuable as financial incentives.

There are very few monetary incentive programs that "cash strapped" cities and regions are able to provide in the current economy, especially given the transfer of millions of dollars of redevelopment agency money each of the Victor Valley EZ partners were required to relinquish to the State of California in May of this year.

"Time is Money," the Victor Valley EZ partners have heard this first-hand from businesses, investors, and site selectors. Any potential lag-time in launching construction or beginning operations is considered a key financial factor and critical in deciding where to locate or expand.

By expediting the development process, the Victor Valley EZ becomes a more attractive and financially-lucrative location in which to establish a business. And the faster a firm can begin operations, the faster residents can move into job opportunities.

While the Victor Valley EZ partners are committed to providing financial incentives, including the elimination or reduction of fees for applications and permits, the Victor Valley EZ Local Incentives Plan also includes plans to reduce administrative processing time and provide personalized development assistance.

Victor Valley EZ Team is committed to continually improving the Enterprise Zone's existing streamlined permit process. The current and proposed Victor Valley EZ incentives are designed to:

- Expedite the development process with time-saving measures and tools;
- Clearly articulate and communicate the needs and requirements of each project early in the development process;
- Save businesses time and money in the development process;
- Assist business' financial start-up investment by waiving, deferring, or financing start-up costs; and
- Encourage economic growth and provide planning, permitting, and incentive consistency throughout the Victor Valley EZ.

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions			
		County	Adelanto	Apple Valley	Victorville

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions			
		County	Adelanto	Apple Valley	Victorville
Streamlined permit processing	Victor Valley communities are committed to reducing roadblocks and paperwork that stand in the way of efficient private investment projects. Permits and licenses currently are approved within approximately 120 from the time a company submits completed applications. Victor Valley communities will step-up their commitment to supporting private development by reducing the processing time for EZ businesses by 60 days.	?	?	Streamlined permit processing in the 5,100 industrial acres in North Apple	?
	Benefit — Time saved, risk reduced. EZ businesses save time during the development stages which equates to money saved. The faster a business can get up and operational, the faster they will be able to hire workers, generate revenue, reach profitability and begin to recoup their investment.			Valley Industrial Specific Plan area	
2. Development meetings	Offered at no cost to business, development meetings are held early in the project timeline to ensure all involved parties are familiar with details of the project and development process. Participants include the business and its representatives, jurisdictions, relevant departments, districts, and agencies. For more complex projects, meetings are held frequently throughout the development process.	?	?	Enterprise Zone Development Advisory Board	?
	Benefit — Time saved, risk reduced. EZ businesses can expect to reduce weeks off the development timeline. Meetings open the lines of communication between business and agencies.				
3. Industrial Fee Deferral Program	All Building Permit and Development Impact fees (except pass- through fees) are deferred to time of Certificate of Occupancy is issued. Victor Valley EZ communities currently offer this incentive on a case-by-case basis.	■ ?	■ ?	Industrial Fee Deferral Program	■ ?
I	Proposed new incentive — Upon conditional designation,				

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions			
		County	Adelanto	Apple Valley	Victorville
	Victor Valley EZ jurisdictions will develop consistent language and offering for this important regulatory incentive.				
	Benefit — Reduces initial investment and delays start-up costs which can then be paid from lower-interest take-out financing.				
Development Impact Fee Credits	This was listed in your (Collette's) June 17 email following the Team's incentive meeting is it something that exists? Is proposed? Any information on it?	?	?	Development impact fee credit for oversized installations.	?
5. Online Permitting	Jurisdictions' will upgrade their websites to provide limited online permitting, permit applications, and specify the required documentation to required with application.	?	?	installations.	?
	Benefit — Time and costs saved, processing time reduced. Businesses will know the information and documentation that must accompany the application. Businesses will be able to submit certain permitting applications online, thereby saving them the time and cost of personally visiting the jurisdiction.				
6. Virtual Building Design Program	Victor Valley EZ will design a virtual building(s) within 24 months of designation. By means of CDBG Planning and Technical Assistance funding, building shells ranging from 10,000 to 200,000 square feet will be designed and engineered to meet local and state building codes and will be designed for specific parcels within the EZ and with specific targeted industries in mind (industrial, commercial, and/or retail).	?	?	?	?
	Benefit — Processing time reduced, costs saved, risk reduced.				
7. Habitat Conservation Plan to Fast Track	Over 200 square miles of the Apple Valley portion of the proposed Victor Valley EZ is included in the Habitat Conservation Plan for which all due diligence has been done				

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions			
		County	Adelanto	Apple Valley	Victorville
Development	regarding compliance issues related to the Endangered Species Act and the environmental review process.				
	Benefit — Time saved, risk reduced. Businesses wishing to develop in this area will know what measures have been taken to mitigate impacts to certain species, essentially fast-tracking the development process.				
8. Express Plan Check	Building inspector and planner are available for over-the- counter plan checks and rechecks every Tuesday and Thursday from 9:30 a.m. to 12 noon.				
	Benefit — Time saved. Permits for these projects can be issued immediately when agency/department review and approvals have been completed or determined unnecessary.				
9. One-Stop Shop	Development services divisions (planning, building and safety, and engineering) are housed in one department.			•	
	Benefit — Time saved, services coordinated. Consolidating these departments offers a one-stop-shop for developers and businesses.				
10. One-stop EZ Center	Upon designation, Victor Valley will establish One-Stop EZ Centers offering simplified, single-point of contact in each jurisdiction for businesses and workers.	•	•		
	Benefit — EZ businesses, workers, and potential workers will have access to all the information, resources, programs, and benefits offered through the Victor Valley EZ.				
11. Relaxed local regulations	The size of commercial and industrial buildings that require only the permitting approval of the Director of Economic and Community Development has been increased from 25,000 square feet 50,000 square feet.			The NAVISP does not contain	
	Benefit — Time saved. Overall development time is reduced			building size	

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
	when approvals can be provided at the staff level.			limits.		
12. North Apple Valley Industrial Specific Plan	This 5,100 acre industrial site has permitted uses and development standards already in place and an Mitigated EIR has been adopted for Plan area.					
	Benefit — Time saved and risk reduced . Reduces permit processing time; projects can go from submittal to construction in as little as 120 days.					
13. Fast-Track Permitting via Certified Sites	The proposed Victor Valley EZ contains an 80-acre site certified development-ready by California Department of Real Estate, Southern California Edison, and McCallum Sweeney.					
Program	Benefit — Time saved, risk reduced. The certification process assists with due diligence and enables companies to be up and running with a 90 to 120 day entitlement process.					
	Proposed expanded incentive — Over a five (5) year period five (5) additional industrial or commercial site in the Victor Valley EZ will be submitted to California Department of Real Estate for certification.	•	•	•	•	
14. Recycling Market Development	All properties in the proposed Victor Valley EZ are located in the High Desert Recycling Market Development Zone.	•	•	•		
Zone (RMDZ)	Benefit — Streamlined permit processing, financing and technical assistance. In partnership with the RMDZ, the Victor Valley EZ will provide direct assistance to businesses located in the RMDZ with:					
	local and state solid waste facility (SWF) permits					
	land use permit issues					
	 the environmental review (CEQA) process including: identifying and providing information from similar prior environmental reviews, statewide program reviews, 					

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
	scoping, operational and emissions data, project alternatives, mitigation, best practices, and best available technology.					
15. IBAP (Industrial Business Attraction Program)	Proposed New Incentive — Provide incentives of \$1,000 per job created up to a maximum cap of \$100,000 to a business acquiring or building new industrial facilities in the zone and creating a minimum threshold of 20 jobs.	?	?	•	?	
	Benefit – Will facilitate the creation of new jobs and increase the Town's tax base by providing financial incentives targeted towards attracting businesses interested in creating new jobs and bringing significant capital investment to the Enterprise Zone.					
16. EB-5 Financing Program	To generate foreign investment and job creation this Federal program makes visas available to foreign nationals who invest \$500,000 in a regional center project that creates 10 jobs.					
	The City of Victorville, specifically the Southern California Logistics Airport (SCLA) located in the proposed Victor Valley EZ, is currently a designated EB-5 Regional Center.					
	Benefit — Source of capital investment for new and expanding businesses within the proposed zone which results in new jobs for local residents.					
	Proposed New/Expanded Incentive — Upon designation as an Enterprise Zone, the Victor Valley EZ Team will work to expand the EB-5 boundaries to coincide with the EZ boundaries.	-	-			

Incentive Type	Incentive Description and Benefit to Business	Participati	ng Jurisdicti	ons	
		County	Adelanto	Apple Valley	Victorville
17. International Trade Services	US. Customs – The Southern California Logistics Airport (SCLA), located entirely within the proposed Victor Valley EZ, is designated as a U.S. Customs Port of Entry and has an onsite secured U.S. Customs office with 24/7 operations and experienced operators.				
	Foreign Trade Zone – The proposed Victor Valley EZ also part of a 2,600 acre General Purpose Foreign Trade Zone with two activated sites at SCLA.				
	Benefit — Processing expedited, time saved, costs reduced. Businesses importing products and materials can:				
	 use experienced staff located on site to help minimize the burden of compliance and documentation transfer bonded merchandise to the SCLA secure customs warehouse and immediately recover taxes previously paid clear customs in a matter of two hours versus the long wait periods at LAX and other So. California ports of entry defer, reduce, or eliminate duties while storing, manufacturing, or transporting eligible products 				
	Proposed New Incentive — Establish an FTZ subzone			-	
18. Industrial Development Bonds	Provides access to financing at favorable rates and terms. Encourages and supports development in the proposed EZ				
	Benefit — Comprehensive funding with no prepayment penalty and flexible ownership.				
19. HUB Zone	SBA program to assist small business in securing government contracts.	?	?	2 Active HUB Zones	?
	Benefit — Businesses receive preference points when competing for Federal contracts.				
20. RMDZ	The proposed Victor Valley EZ includes all properties in the			•	•

Incentive Type 21. Adult Internship 22. Public Transportation	Incentive Description and Benefit to Business	Participating Jurisdictions			
		County	Adelanto	Apple Valley	Victorville
	High Desert Recycling Market Development Zone. Program services includes				
	 business plan review/referral for help with plan preparation locating sources of suitable recycled/compostable material feedstock pricing and supply arrangements product marketing through end-user identification inclusion on recycled content materials lists qualification for state and public agency bidding 				
	Benefit — Lending, business planning, and technical assistance for recycling-based businesses located in the zone.				
21. Adult Internship	Put the unemployed back to work even temporarily, also way for them to learn / update skills	?	?	?	?
	Benefit —				
22. Public	Anyone have ride-share programs, reduced bus passes?	?	?	?	?
Transportation	Ride sharing programs?				
	Any other program to help get people to work?				
	Benefit —				
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Rebates/ Credits	Anything to eliminate or reduce construction taxes, business licenses, etc.	?	?		?
23. Cost Model and Incentive Impact Assistance	Using cost model and estimating software custom designed for the Victor Valley EZ, jurisdictions will assist businesses and prospects with a cost-benefit analysis of the incentives available to them.				
	Benefit — Early in the due diligence process EZ businesses will be aware of any potential (positive or negative) impact on their project.				

Incentive Type	Incentive Description and Benefit to Business	Participati	ng Jurisdicti	ons	
		County	Adelanto	Apple Valley	Victorville
24. Transportation Impact Fee Credit	Cost of construction of qualifying street improvements is offset by credit.			•	
	Benefit — Saves time, money, and facilitates development				
25. Sewer Reimbursement	Reimburse cost of construction of qualifying sewer improvements.			•	
	Benefit — Saves time, money, and facilitates development				
26. Water Reimbursement	Reimburse cost of construction of qualifying regional water improvements.			•	
	Benefit — Saves time, money, and facilitates development				
27. Reduced electrical rate	City-owned co-generation power plant servicing Foxborough Industrial Park located in the proposed Victor Valley EZ.				
	Benefit — Cost savings. EZ businesses located in the Foxborough Industrial Park receive cost savings through electricity at 10 percent below the market rate from the cityowned co-generation power plant.				
	Proposed New Incentive — Reduce costs. Exploring the feasibility of establishing a Community Choice Aggregation to provide reduced electrical rates.			•	

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
28. Victor Valley EZ Revolving Loan Fund	Proposed New Incentive — Upon designation, the Victor Valley EZ Team will structure a revolving loan fund to attract and retain businesses in the Enterprise Zone. Within six months of designing the program, will develop guidelines for use of loan funds. Within one year of designing the program, will begin capitalizing.					
	Benefit — Financing assistance through a new low-interest loan program specifically for businesses located in the Victor Valley EZ.					
29. Property Assessment Clean Energy (PACE)	Financing program for installation of renewable energy generation and energy efficiency improvements to residential, commercial, industrial property. Low-interest loans are repaid as an item on the owner's property tax bill.		•			
	Benefit — Low-interest financing for residents, and commercial, and industrial business in the proposed EZ.					
Energy (Free)	Proposed New / Expanded Incentive — Recent actions by the Federal Housing Finance Administration (FHFA) may greatly diminish the effectiveness of this clean energy financing program. However, we fully expect the FHFA's penalizing restrictions will be challenged. Pending a favorable outcome, the Victor Valley jurisdictions will designate the full Victor Valley EZ a PACE program area, based upon demand.					
30. On-Site Vouchering Services	The EZ Vouchering Agent EZ companies hiring over 20 employees can take advantage of on-site EZ vouchering services.		•	Minimum of 20		
	Benefit — Personalized service saves business time by expediting documentation and saves money by ensuring only the most-likely candidate-employees are vouchered.			employees		

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
31. STEP Training Program	The Subsidized Training and Employment Program (STEP) reimburses employers 130 percent of new employee's salary for a six-month period.	-	•			
	Benefit — Makes it more feasible for employers to train new workers who have been receiving government assistance, and employees can upgrade their skills and gain employment.					
32. Redevelopment Agencies	Customized programs, financing, and assistance are offered through the each jurisdictions' Redevelopment Agency on a case by case basis.		•			
	Benefit — Help reduce business' start up costs and development time.					
33. Façade Improvement Programs	Benefit — Provide technical and financial assistance to businesses wishing to make building improvements.					
	Village PBID reimburses up to 50 percent of annual fee assessment for façade improvements.			-		
34. Recycling Market Development Zone (RMDZ) loan program	RMDZ loans are available to recycling-based business within the proposed Victor Valley EZ. Funds are loaned at interest rate equivalent to the State Surplus Money Investment Fund rate, but no less than 4 percent;	•	•		•	
	Benefit — Financing for machinery and equipment, working capital, real estate purchase and improvement, debt financing, and closing costs					
35. Target State and Federal recycling and reuse grant	Victor Valley EZ in partnership with the High Desert RMDZ will assist businesses make application for State and Federal recycling and reuse funds when available, including:	•	•			
funds	 Beverage Container Recycling Market Development grants Tire Recycling Market Development grants 					

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
	 Tire Equipment loans Used Oil Recycling grants Reuse Assistance grants California Pollution Control Financing Authority bonds Rural Energy for America grants and loans Resource Conservation Funds Pollution Prevention grants Source Reduction Assistance grants 					
	Benefit — Additional sources of funds and technical assistance for EZ businesses.					
36. Target Federal and State grant funds	All jurisdictions access funds (grants, loans, bonds) from state and federal sources including but not limited to: CDBG, EDA, USDA, EPA, EDI, and HOME funds, Infrastructure Bank, Redevelopment Funds, Industrial Development Bonds, Department of Energy funds, Workforce funds, etc. These funds would be targeted for projects including:					
	 the Fire District/College training facility in Apple Valley industrial or business park/site developments capital improvements to resident, commercial or industrial areas and in-fill development vocational education, industry-specific training, and work skills training transportation and street construction low/moderate income housing and housing rehab infrastructure improvements and expansions pick up additional info from Infrastructure Exhibit 43 					
	Benefit — Residents, workers, new and existing enterprise zone businesses will benefit from improved infrastructure and an overall improved business climate. Sites ready for					

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
	construction and trained workers ready to hire will save business' development time and money.					
37. Energy Fitness program (ala PG&E) what does SCE have?				Stephanie Young at SCE 626- 815-5605		
38. Housing Assistance Programs	Will pull from Ex 45					
39. Neighborhood Revitalization	Will pull from Ex 45					
40. Enterprise Zone Workshops	Free workshops for both businesses and workers will be held throughout the year at varying and convenient locations throughout the EZ and within each partnering jurisdiction	•	•			
	Benefit — EZ business of all sizes and in all industries, and EZ workers will be made aware of the benefits and programs offered through the Victor Valley EZ.					
41. Consulting Services	In partnership with California Manufacturing Technology Consulting (CMTC), businesses in the Victor Valley EZ can receive professional assistance on business growth, profitability, hiring and training, productivity, energy savings, etc. through workshops and one-on-one assistance. Benefit		•			

Incentive Type	Incentive Description and Benefit to Business	Participating Jurisdictions				
		County	Adelanto	Apple Valley	Victorville	
42. Co-Op Advertising	Co-op advertising opportunities are available to businesses in the Victor Valley EZ on print ads designed to promote the region.	•			•	
	Benefit — Cost savings, assistance with branding, generating awareness and building new markets for EZ businesses.					