

MEMORANDUM

July 9, 2019

To: Interested Parties in the High Desert Quality of Life

From: Joseph W. Brady, CCIM, SIOR
President
The Bradco Companies
DRE Lic. No: 00773589

Re: Identifying and Addressing the Social Demographic
Characteristics and Economic Challenges of the
High Desert region (Mojave River Valley region)

BACKGROUND:

Mr. Joseph W. Brady, CCIM, SIOR, is President of Joseph W. Brady, Inc., dba The Bradco Companies. He became a resident of the Mojave River Valley Region (High Desert) on Friday, May 13, 1988.

Since that time, he has noticed a tremendous amount of changes in the High Desert. Following the announcement of the shutdown of George Airforce Base on December 28, 1988 and the ultimate closure of the facility on December 28, 1992, a historic six-year fight for control of the facility ensued, ultimately resulting in the base being granted to the City of Victorville and the Victor Valley Economic Development Authority (VVEDA). Transition of the base to a commercial enterprise has been among the many challenges the High Desert has encountered over the past 31years.

OVERVIEW:

The growth spurt from 1999-2008 was unprecedented, including the Cities of Adelanto, Barstow, Hesperia, Victorville, and town of Apple Valley. Encompassing San Bernardino County's 1st Supervisorial District, nearly 34,400 homes were built during that period, along with millions of square feet of commercial, industrial and office space. The Valley blossomed and a regional economic development group was created, High Desert Regional Economic Development Authority (HDREDA) in order to market the High Desert Region. This public/private partnership operated successfully for many years until it was dissolved in 2001.

In October of 2008, the world economy witnessed one of the worst economic downturns of all time, beginning with the collapse of Lehman Brothers and many other banks on Wall Street. Regions such as the Mojave River Valley, along with other parts of the High Desert, Palmdale, Lancaster, the Morongo Basin, Bakersfield, Stockton, Fresno and many of the more affordable areas in California as well as Nevada, Arizona, Texas and Florida experienced

lack of Code Enforcement, increased crime, increased welfare and entitlements, inadequate infrastructure, lack of a quality, educated workforce, homelessness, or challenges associated with the Cajon Pass, economic activity in the High Desert Region has clearly slowed and many in the business community are looking for answers on how we might reverse this negative trend.

While many believe that it is government's responsibility to reverse our economic woes, others believe that it is government's role to protect its citizens, to help grow its infrastructure, but most importantly to protect its citizens. If industry is going to rediscover the High Desert Region, it needs to feel safe and needs to know that there is adequate infrastructure and a qualified, motivated and educated workforce awaiting them.

THE 2011 CHALLENGE:

On March 8, 2011, an article was published in the Daily Press titled, "What is Hindering the High Desert's Economy?" The article was very short and sought the opinion of readers, residents and business owners: "The High Desert has plenty of affordable housing, nice weather, low-priced land and a large labor market. So why isn't the High Desert economy thriving? Is it an under-educated workforce, gang problems or our remote location? Regulations or local bureaucracy? Tell us three things that are hindering the High Desert's economy." Many people responded in the comments section of the article and on Facebook. The Bradco Companies tracked the comments and prepared a set of findings.

The article and our findings led to a luncheon meeting on April 8, 2011. Mr. Joseph W. Brady in conjunction with Mr. George Passantino of Passantino Andersen Communications, held a private lunch in Spring Valley Lake in its rear Dining Room in which Mr. Steve Pontell, facilitated a conversation discussion amongst elected leaders in the Mojave River Valley Region including the San Bernardino County Sheriff, District Attorney, local mayors, etc., on the topic of why the Mojave River Valley Region had not continued to prosper since the downturn of October 2008. From that conversation, and with the assistance of April Tyler, Vice President of Marketing with The Bradco Companies, the following notes were taken:

In reading the comments in response to this question, the common overtone was anger. People were genuinely angry about what they were seeing in the Mojave River Valley area. All comments or posts are in red.

The Comments can be summed up into four basic categories:

- Social Problems
 - Welfare
 - Entitlement programs
 - Section 8 housing
 - Low income
 - The area has turned into a ghetto with gang problems, graffiti, crime, group homes, prisons, and drugs
 - Lack of decent people
- Business
 - Anti-business policies by local governments
 - Over regulation
 - Higher taxes
 - Utility Costs
 - Lack of Industry
 - High paying jobs down the hill not here

- Remote Location
- Education
 - Lack of a 4-year college
 - Undereducated workforce
- Government
 - Poor Leadership
 - Corrupt Government
- Solutions
 - Working towards having high profile companies in the area
 - Representation that should fight for companies to build here
 - Expanding the airport
 - Invest in mass transit to LA, OC and Riverside Counties
 - Build solar plants
 - Initiate Broken Windows policy
 - Bulldoze all non-completed construction
 - Yucca Loma Bridge needs to happen
 - Civic pride
 - Higher Expectations for ourselves and the community
 - Be aware what already exists in the Community, by way of business and leisure activities
 - Capitalize on our Resources
 - Choosing sustainable over cheap
 - Rancho Bridge

Social Problems

Ghetto attracts Ghetto

- There goes the neighborhood

There is a considerable lack of decent people who share a vision of common good for their community as a whole. From our political leaders to our rotten bottom feeders.

Three (3) Things:

1. Section 8
2. Section 8
3. Section 8

Crime, Section 8, and welfare.

1. Gangs/tagging
2. Disregard for other people/neighbors
3. Renters who could care less about how their house or neighborhood looks.

Because of Welfare, Section 8, food stamps and free meals at the schools. 32% of population in Victorville receive some form of welfare assistance. People who have jobs won't move to Victorville because of the crime and leaches we have here!!

We can't get out from under our own feet due to the problems caused by moving section 8 types into the desert. Our citizens used to be able to feel safe. Not anymore. We should be



able to pull out of it, but it's going to take a hell of a lot more work than half our population is going to put in. Why should someone on welfare and section 8 try and work? They get better return on benefits than they do working.

I know plenty of people who live here but refuse to shop here for anything more than groceries and a stop at the gas station for gas. They refuse to shop here because it simply isn't safe or enjoyable to be in the presence of the bottom feeder scum, especially with the safe and clean alternative of shopping just 30 minutes away down the hill. And these are people with jobs and actual discretionary income to spend. Nobody wants to run the gauntlet of gangbangers, welfare scum, and transients just to shop local. The convenience of location takes a distant backseat to the inconvenience of the nastiness you have to wade through.

- Gangs
- No jobs
- Too far to commute

WELFARE is hindering the High Desert.

Very few people understand how complex the welfare problem has become in the High Desert Region. The Bradco Companies has been tracking this problem for many years as part of our job is to help attract new industry to the area. While there are people who rightfully so need welfare, the State of California has created another level of entitled people (many of whom can work), but the incentive to not work out ways the pride to have job.

We are an EBT economy now, and there's just about zero growth potential in that.

1. Low income
2. Ghetto mentality
3. Apathy

Another MAJOR reason the High Desert is not thriving is this: You can purchase a home in an upper-class neighborhood to provide a safe environment for your children only to learn later that you are now surrounded by THREE state funded "group homes". These homes harbor sex offenders and other non-desirable members of society. Does anyone want this for their children? I believe the majority DO NOT!

Business

The High Desert is too remote for the nice weather and cultural attractions of Los Angeles, yet still burdened with the high taxes and anti-business policies of Southern California. If an employer is going to expand its workforce, they need to balance cost of operating in the new locale with the attraction of the area for its employees.

It blows to live in the High Desert. There isn't any industry driving its economy except for fast food restaurants, retail stores, and people on welfare. On top of that... the crime, ghetto people and meth. Why would anyone want to live in the High Desert?

There is a huge labor market and most of those people drive down the hill because that is where the higher paying jobs are located. The biggest problem facing the High Desert's Economy is a lack of employers large enough to pay more than minimum wage, so people are willing to drive to get that type of pay. It is a remote location, lacking in venues for people



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who like to go out at night. And a 4-year college would be an asset because it would provide educational opportunities along with greater access to the arts.

Lack of industry and gainful employment. We need to BRING BACK INDUSTRY TO SOUTHERN CALIFORNIA. But it is a fight against cheap overseas competition, and the environmental policies.

The problems in the High Desert generally aren't any different than anywhere else in California. We differ in the fact that the area is pretty remote and isolated from the major growth/employment areas of the SoCal region. Having a couple of high-profile companies in the area or the expansion of the airport would be a plus.

No jobs anywhere in sight, fight tooth and nail for a minimum wage... We need to bring some sort of industry to the High Desert and until then it's going to go down the hill.

Major Limitations:

1. Distance from LA
2. Lack of Infrastructure and Transportation (traffic on 15 Freeway, no intermodal train facility, major transportation corridors are crowded much of the time Bear Valley Road and Main Street)
3. California business costs and regulations limit companies' profits if they construct a facility in this state.
4. Expensive water, electricity, and gas
5. Relatively poorly educated and untrained workforce for many specialized trades (specialty manufacturing, programming, R&D)
6. Relatively low-income area as compared to areas south of us where commercial development is more attractive.

Government

Government Harassment of Private Business, - widespread corruption in all government entities, - and a general tax-gouging attitude of government.

Let's start where the money is(isn't). The High Desert has always been the last in line for influx of funds from this county. There is a very large transportation problem, including only ONE (feasible) major route into the High Desert. Crime is growing without a viable network to stop it (back to funding from San Bernardino). We have plenty of land to develop, we get crap for industry (?) in the way of a place to dump the criminal trash, i.e.: prisons.

The High Desert needs representation that should be fighting for companies to build here. The High Desert should bulldoze all the non-completed construction; it makes the High Desert look even more empty and ghetto. There are a lot of good people here, but they have all formed bad attitudes which are justified in many ways.

Our highly paid, inconsistent, corrupt, moral-less, and condescending local leaders are the main problem, the people in the industry are watching the debacle of the Dr Pepper/Snapple plant, and the millions lost with the Power plants and someone having to fork over funds to cover it. Cities lean on businesses with payroll taxes, or fees on whatever the flavor of the day is. The EPA is going to really keep this area from growing with us being lumped in with SCAQMD and their quasi cap and trade on carbon. Our infrastructure is going to be a drag on



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our economy, why build here and have to improve the roads around where you are building? Down the hill, infrastructure is already mature, up here if you want to build on the 395, you would have to widen the road adding the cost to the cost to build making it more expensive than Ontario.

Poor Leadership

All the tax money for mosquito abatement and graffiti control goes down the hill. The crooked politicians don't help anything either. Historically, they've lined their own pockets and didn't do their jobs. It really shows in the pathetic lack of infrastructure.

Over regulation. As much as the High Desert cities and counties and agencies want to tell everyone they're business friendly, they are not. Overbearing boorish bureaucrats enforcing their personal interpretation of federal, state and local laws and ordinances to build and maintain their little empires is stifling any chance this area has of ever being self-sustaining.

1. The Ghetto-fixation of the desert caused by our city councils doing everything they can possibly do to attract ghetto folks to be able to cash in on federal money.
2. The boondoggle projects our city council has sunk us into that have sucked funds needed to combat problem #1 and to do anything worthwhile to make this area a better place to live.
3. A general lack of concern for blight. Where else does the city turn a blind eye to blight like here? Anyone who has a few vacant houses on the street knows that the city does nothing to hold the banks accountable for what they are letting these properties turn into. Bill them for these houses being blighted and I bet they'd be in a bit more of a hurry to sell them and get them occupied.

Career politicians, misuse of Taxpayers funds, Public and Private. White collar and blue-collar crime.

1. Reliance on recipients of government programs to drive the local economy.
2. Coddling of same recipients.
3. Failure to initiate Broken Windows policy (i.e. start with the small stuff and the big stuff goes away)
4. Lack of local leadership.
5. Excessive lawsuits against politicians.
6. Inexcusable financial malfeasance at the city, county and state level.
7. City officials hiding behind excuses instead of cleaning up neighborhoods.
8. Excessive state bureaucracy hindering business growth.
9. Tax and spend State Assembly and State Senate.

Solutions

Best Comment:

I talk to local business owners and residents every day about this very question. No one has come up with a silver bullet yet, and I think that is because there is no silver bullet. My 2 cents, after these many conversations with intelligent, interesting, creative and dedicated HD entrepreneurs:



1. **Civic Pride** – It is much easier to bash the HD in a bigoted rant in the comments than to come up with actual solutions. Easier to dump our trash in the desert than to pay to go to the dump. Easier to blame someone else than take responsibility ourselves.
2. **Low expectations** – Why do we have to settle for second or third rate anything? When we take our region seriously and demand better from ourselves and each other, those outside the HD will take us more seriously too.
3. **Lack of awareness** – My business is all about supporting and promoting the local, independent business up here. We talk to people all the time who are not aware of the amazing array of things to do here. Restaurants, wine bars, art galleries, theaters, sports, planetariums. There is so much! People just don't realize it.
4. **Capitalizing on our resources** – Why are we not developing more business surrounding clean energy, shipping, manufacturing, etc? We have people hungry to work. Do we have to wait for the government to hand us a big pile of money to do something?
5. **Choosing sustainable over cheap** – I'm struggling with finances as much as the next person, but it seems like we sacrifice long-term good by going for low-quality imported items (let alone buying something made locally). Can we work together to produce more here and buy more here?
6. No one else will turn things around for us, but if we are not prepared to do the hard things, then I guess we reap what we sow.

THE 2014 CHALLENGE:

In early 2014, Mr. Art Bishop, the then Mayor of the Town of Apple Valley approached me about endorsement for his election as a potential Republican Assemblyman. Mr. Bishop helped facilitate a discussion at the Town of Apple Valley's headquarters in their large Conference Room on April 16, 2014, which was spearheaded by a three hour discussion by Dr. John Husing, President of ECAP, a renowned economist, a gentleman that has given over 4,000 speeches in the Inland Empire, and is frequently quoted by the New York Times, The Wall Street Journal, Los Angeles Times and many other publications. Dr. Husing has monitored the Inland Empire for nearly 50 years.

With my encouragement, Dr. Husing spent a five hour period between travel and providing a three hour candid overview to the five incorporated cities, mayors, mayor pro tems and city managers about the many social issues that were confronting the High Desert Region, and what he felt needed to be done in order to avoid the continual downturn that we find ourselves in today.

WHERE WE ARE TODAY:

Motivated by my frustration, love and passion to see the High Desert Region continue to be a great place to live, work and play, I met with Dr. John Husing on May 1, 2018 in Redlands, California. I expressed my frustration and asked Dr. Husing for his suggestions. From that dialog, emerged the following suggestions:

1. He directed me to Dr. Barbara Sirotnik, Professor of Information and Decisions Sciences/Director of the Institute of Applied Research, who could help facilitate a survey among businesses (The Bradco Companies would contract with the Cities of Adelanto, Apple Valley, Barstow, Hesperia and Victorville) to display their business names, contacts and business licenses to Cal State San Bernardino (where Cal State San Bernardino would perform a survey) to be approved by The Bradco Companies and some of its sponsors to determine why the High Desert Region is not growing, why it is challenged and what needs to be done in order to further its growth.

2. Dr. Husing proposed from the data that would be gleaned from this survey to focus on five or six of the major issues that are impeding the High Desert Region and its growth and not just write about the issue, but most importantly, write about solutions and how we move forward to a final conclusion. Dr. Husing estimated that the cost of this report would be approximately \$50,000 and would take three to four months to complete and at the end, a luncheon would be held (hosted) by one of the sponsors during which Dr. Husing would review Dr. Sirotnik's data, the methodology and findings of the report, his conclusions and recommendations for creating a roadmap for the High Desert to return to a prosperous state.
3. Joseph W. Brady, President of the Bradco Companies, has been working with Mr. John Ohanian, managing partner for Terra Verde Group (the Master Plan developer) of "Tapestry," a fully entitled Master Plan community in southeast Hesperia as well as Mr. Randall Lewis, Principal and Partner of Lewis Operating and Mr. Bob Martin of Lewis Operating, relative to this survey.
4. A press conference will be held sometime during the week of June 24th at Spring Valley Lake Country Club with 15 members of the local press.

Monday July 8, 2019, Update:

A very successful luncheon was held on Monday, July 8, 2019, and hosted by Mr. Reid Floco (Owner) and Mr. Wesley Quintanar (General Sales Manager) with nearly thirty members of the Inland Empire regional media. We believe it was the largest press conference held in the High Desert region since the close of George Airforce Base.

All the participants received this overview, a copy of Dr. Barbara Sirotnik's proposal, and three large spreadsheets that depict the impact that our economy has in the last three years.

- Resale Home Sales from 1985-2018
- Building permit values from 2000-2018
- San Bernardino County Recipients Receiving Welfare Assistance 2000-2019

We anticipate that the survey will start with Dr. Sirotnik of Cal State San Bernardino sometime during the week of August 1, 2019. It will last approximately one month.

In mid-September the outcome of the surveys will be given to Dr. John Husing, the Inland Empire's most noted Economist and a report will ensue for the next six months looking at the 5-7 issues where solutions can be created to help revive the High Desert (Mojave River Valley) economy.

We have currently received a total of \$65,000.00, in verbal commitments to sponsor this event.

For additional sponsorship and/or more information regarding this undertaking, please contact Mr. Joseph W. Brady, CCIM, SIOR, and President of Joseph W. Brady, Inc., dba The Bradco Companies. Mr. Joseph W. Brady can be reached at his office (760) 951-5111 x101, via email to jbrady@thebradcocompanies.com, or on his cell (between 9:00 AM and 6:00 PM daily) at (760) 954-4567.

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