
FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT

AGENDA ITEM No. 6 _

DATE: September 9, 2015

TO: Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

SUBJECT: **Consider Approval:** Request from the City of Orange Cove for an extension of time for the "Jacobs-South Reorganization (Del Rey Villas, LLC.)" (LAFCo File No. RO-09-3, Sixth Request.) A reorganization consisting of the annexation of 79.8 acres to the City of Orange Cove and detachment from the Orange Cove Irrigation District for territory located at the southwest corner of S. Jacobs and E. South Avenues.

Recommendation: Approve Extension to November 1, 2017

State law requires that all reorganization proceedings shall be completed within one year of approval unless the Commission grants an extension of time prior to the expiration date. Failure to grant an extension will terminate the proceedings.

In accordance with *Fresno LAFCo Policies, Standards, and Procedures* Section 315-03, extensions of time may be granted when the imminent need for the proposal still exists, the project is still viable, and progress is being made toward completion. The Commission's Policies further state that the Commission may consider economic hardships beyond the control of the proponents as justification supporting the extension request.

Parties of Interest

Del Rey Villas, LLC. (Hormuz Faryab, President)	City of Orange Cove	Rubio Martin
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Summary

The subject reorganization was approved on November 4, 2009, but has not been completed due in part because of violation letters from the State of California for both the Drinking Water Treatment Plant and the City Waste Water Treatment Plant system that were received subsequent to City and LAFCo Conditional approvals for the Tract in 2009. The City and its engineer are in the process of addressing the issues and the City has requested an extension for this proposal. This will be the sixth extension.

Project Description

The affected territory is located at the southwest corner of S. Jacobs and E. South Avenues. The reorganization consists of the annexation of 79.8 acres to the City of Orange Cove and detachment from the Orange Cove Irrigation District. Del Rey Villas, LLC proposes development of a 768 unit Planned-Residential Development consisting of 394 apartment units, 168 townhouses, and 206 single-family residences. A 3.8-acre area is to be set-aside as a drainage easement/park. Approximately 10 acres of the affected territory located adjacent to Jacobs Avenue is not proposed for development.

Reasons for Request and Actions Taken to Date

Economic conditions are improving and the City has indicated that it is making progress in addressing current water management issues dealing with violation letters from the State of California for both the Drinking Water Treatment Plant and the City Waste Water Treatment Plant. The City Manager and City Engineer are aggressively pursuing the water management issues dealing with the violation letters. The City of Orange Cove has been awarded CDBG funding and the City has completed approximately 75% of the improvements necessary to address the violations.

Tentative Tract Map No. 5940 approved for the affected territory is set to expire in 2015, however, the state legislature approved AB 116, that will extend the map until November, 2017. The developer remains optimistic that the economic and market conditions will improve to allow this project to move forward prior to its expiration.

Staff Analysis:

In reviewing the request for an extension of time to complete the proposal, staff has considered LAFCo policy 103 (Encouraging orderly urban development and preservation of open space patterns):

- 03 Annexation proposals to cities or districts providing urban services to undeveloped or agricultural parcels shall show that urban development is imminent for all or a substantial portion of the proposal area...; and
- 04 Orderly growth of cities is supported by applications for change of organization and reorganization that demonstrate development of the subject projects is imminent. The slowed economy has negatively affected the ability of proponents to complete projects timely which is also the case with his proposal. The Commission's policies do allow for economic hardships to be considered as a justification for time extension requests.

The requirement that development is "imminent," meaning that it is pending and forthcoming, is a cornerstone of the Commission's policy framework. It is intended to preclude speculative annexations, which not only preserves agricultural lands but ensures that growth of cities is orderly and logical.

With the recovery of the housing market, the Commission amended its policies in February, 2015, to discourage extensions of time and require applicants to demonstrate that the proposals were still feasible. Fresno LAFCo policy 315 states that "extensions of time are generally disfavored by the Commission" but allows, "(n)o more than one extension of time may be authorized by the Commission."

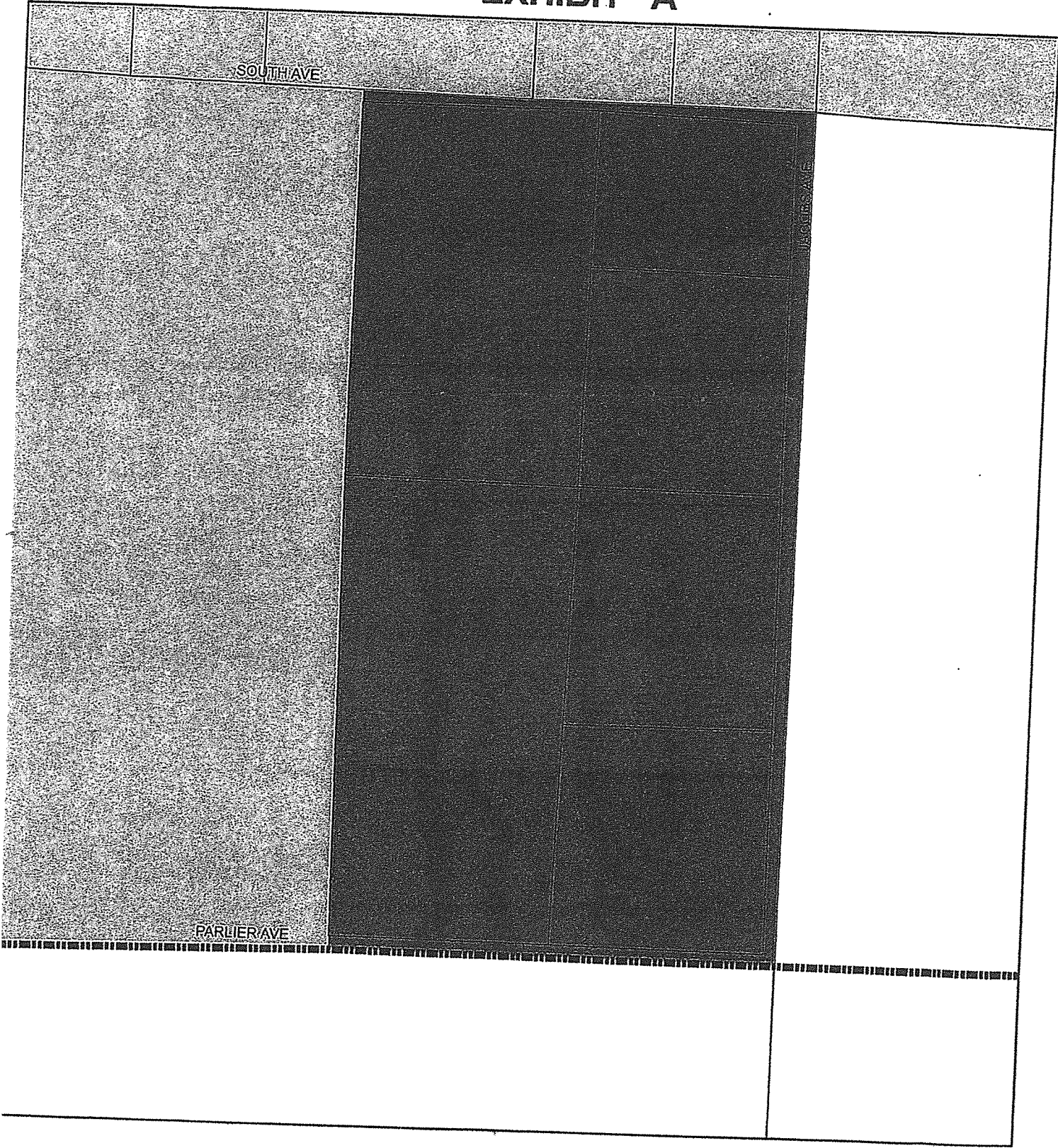
Consistency with policy 315-02(c), requires "(a)n explanation of the project's feasibility and what progress will be made to complete conditions of approval and all necessary prerequisite actions by any party." This feasibility is directly linked to the imminent nature of the project, which is the applicant's responsibility to provide evidence thereof.

Staff believes that circumstances beyond the control of the City and the proponent (including economic hardships due to economic conditions) have caused a delay in completing this reorganization. The City has stated that this project is still viable and the real estate trend for single-family homes sales is starting to improve. Staff supports one last extension request to November 2017.

The Following Have Received Copies of This Report

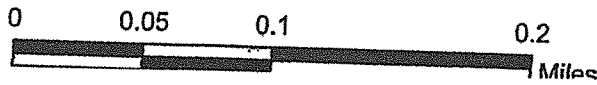
- Ken Price, LAFCo Counsel, Baker, Manock, and Jensen
- Bernard Jimenez, Deputy Director of Planning Public Works and Planning
- Will Kettler, Resources Division, Fresno County Public Works and Planning
- Samuel Escobar, City Manager, City of Orange Cove
- Hormuz Faryab, Del Rey Villas, LLC
- Chief Mark Johnson, Fresno County Fire Protection District
- Fergus Morrissey, Orange Cove Irrigation District

EXHIBIT "A"



- Legend**
- Sphere of Influence
 - City Limits
 - Affected Territory

City of Orange Cove
"Jacobs-South Reorganization
(Del Rey Villas, LLC.)"
LAFCo File No. RO-09-3



Mayor
Victor P. Lopez

Mayor Pro Tem:
Diana Guerra Silva

City Council Members:
Gilbert Garcia
Minerva Pineda
Josie Cervantes



City Manager:
Samuel A. Escobar
(559) 626-4488 ext. 215

Finance Director:
Lan Bui
(559) 626-4488 ext. 216

City Clerk:
June V. Bracamontes
(559) 626-4488 ext. 214

Incorporated January 20, 1948

633 Sixth Street Orange Cove, California 93646 Phone: (559) 626-4488 / FAX: (559) 626-4653

August 17, 2015

Mr. David E. Fey, AICP
Executive Officer
Local Agency Formation Commission (LAFCo)
2607 Fresno Street, Ste. B
Fresno, CA 93721

RE: "Jacobs-South Reorganization (Del Rey Villas LLC) for LAFCo File No. RO-09-3"

Dear Mr. Fey:

Per your correspondence of July 30, 2015, please accept this letter as written request for extension of time for the above Tract. We request that LAFCo move forward to approve a

2 (Two) year extension of the above Tract Map Conditional Annexation originally approved by the City of Orange Cove in October 2009. The City of Orange Cove supports an extension of time to address the above map (LAFCo File No. RO-09-3) proceedings, subject to the Developers of the property providing the extension fee payment of \$750 to LAFCo.

The following information is provided to address requirements for extension of conditional approval, per your most recent letter of July 30th.

1. **Progress made ... during the past year.**

The City via the City Manager's and the City Engineer's office(s) is aggressively in the process of addressing current water management issues dealing with violation letters with the State of CA for both the (1) Drinking Water Treatment Plant and the (2) City Waste Water Treatment Plant system. RE Issue (1), Engineering construction plans are currently being developed to address this issue and implement improvements. Construction of improvements is scheduled to begin in Spring 2016, based on actual State CDBG funding that has been awarded to Orange Cove. RE Issue (2) funding has been provided and the City is approximately 75% completed with improvements to clear this item. The City is moving to address improvements for the benefit of the City and future development opportunity.

2. **Any circumstances that ... suitability for annexation.**

No circumstances have changed in the vicinity of the project area directly. However, the City is under notice from the State of CA, to clear up "backwash water from the City Drinking Water Treatment Plant", of which a channel of water runs through the property within the "Jacobs-

South Reorganization” area. This violation issue occurred subsequent to City and LAFCo Conditional Annexation approvals for this Tract, in 2009.

3. **Action taken by the proponent... within the extension period.**

Meetings were held in 2010 between the City, City Engineer and Developer to broach the possibility of moving forward with development of an initial Phase 1 – 56 single family (SFR) units. It was determined that development of this Phase 1 was not feasible, based on the pipeline of other SFR and MFR units proposed for construction due to capacity issues impacting the City Water Treatment Plant. Some of those other projects have fallen by the wayside. Infrastructure improvement issues dealing with water management issues are being addressed with more CA state infrastructure funding now coming to the plate. However, capacity issues will have to be addressed by the Developers and the City working jointly for any project moving forward, as expressed in the Conditions of Approval.

4. **If a condition of approval ... and date that it will expire.**


The tentative track map # 5940 is set to expire in November 2015, based on AB 116 legislation approved the State of CA, extending the life of Tentative Tract Maps due to real estate conditions existing in the state overall. This request is to extend the life of this map until November 2017, subject to LAFCo approval, of course.

5. **If proponent is unable ... presence of adversarial market or economic condition justify the extension.**

The Orange SFR home market is improving slowly; as with regional real estate SFR family home sales trends. Current SFR building construction is expected to improve, as the City is initiating down payment and subsidy assistance programs to promote home ownership in the community. The Developer believes in the project’s feasibility, over time, as the above issues are addressed and the RE market improves.

A check is being forwarded by the Developer, to cover the extension fee request of \$750 to your offices immediately.

Sincerely,


Samuel Escobar, City Manager

cc:

Mr. Hormoz Faryab, Del Rey Villas, LLC, Los Angeles CA

August 20, 2015

Mr. David E. Fey, AICP
Executive Officer
Attn: Mrs. Candace Fleming
Local Agency Formation Commission (LAFCo)
2607 Fresno Street, Ste. B
Fresno, CA 93721

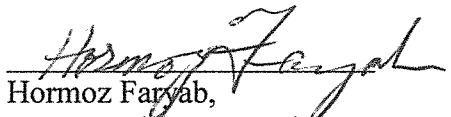


RE: "Jacobs-South Reorganization (Del Rey Villas LLC) for LAFCo File No. RO-09-3"

Dear Mr. Fey:

Attached please find the correspondence letter regarding the matter above, signed by City Manager Samuel Escobar. Pursuant to Mr. Escobar's letter, we have included with this letter a check in the amount of \$750.00 for the extension fee payment to LAFCo for the renewal of the Tentative Track Map #5940, LAFCo File No. RO-09-3, on behalf of Del Rey Villas, LLC.

Sincerely,


Hormoz Farzab,
Del Rey Villas Managing Member