

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

CONSENT AGENDA ITEM NO. 5B

DATE: October 1, 2014

TO: Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

SUBJECT: **Consider Approval** – Request from the City of Orange Cove for a one-year extension for the “Jacobs-South Reorganization (Del Rey Villas, LLC.)” (LAFCo File No. RO-09-3, Fifth Request).

Recommendation: **Approve One-Year Extension**

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.

Past experience has shown that it is not uncommon for reorganizations to take longer than the initial one-year approval to be completed, and that one or more extensions of time may be required to fulfill all conditions of approval.

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. Hormoz Faryab, the developer, has requested an extension for this proposal. This will be the fifth 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:

Besides economic conditions not being favorable at this time, the City has indicated that they are making progress in addressing current water management issues dealing with violation letters with the State of California for both the Drinking Water Treatment Plant and the City Waste Water Treatment Plant system. The City said they are also aggressively working to clear up a violation that was issued subsequent to City and LAFCo approvals in 2009, to clear up the "backwash water from the City Drinking Water Treatment Plant" which runs in the vicinity of the project area as well as expand the plant to have sufficient capacity to serve the project.

Tentative Tract Map No. 5940 approved for the affected territory is set to expire in 2015. 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:

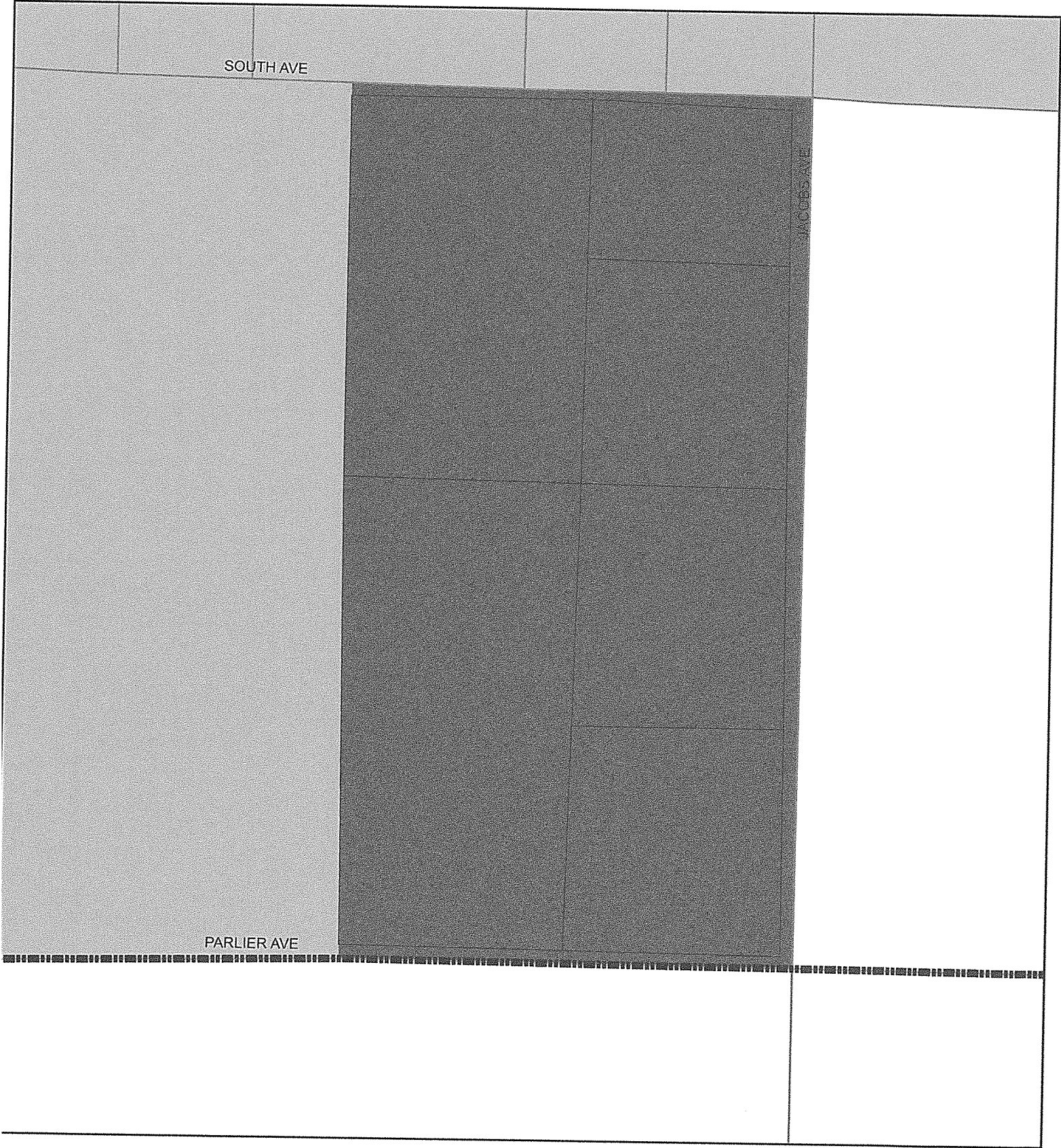
The City has indicated that there have been no changes or circumstances in the vicinity of the affected territory that could affect its suitability for annexation. The City supports the extension.

Staff believes that circumstances beyond the control of the City and the proponent (including economic hardships due to the current economic conditions) have caused a delay in completing this reorganization. The City has stated that this project is still viable and the real estate single family homes sales trends are starting to improve and requests approval of the extension. Staff supports the extension request.




The Following Have Received Copies of This Report:

- LAFCo Commissioners and Alternates
- Ken Price, LAFCo Counsel, Baker, Manock, and Jensen
- Will Kettler, Planning Manager, Fresno County Public Works and Planning
- Bernard Jimenez, Deputy Director of Planning Public Works and Planning
- John Hernandez, Fresno County Public Works and Planning
- Samuel Escobar, City Manager, City of Orange Cove
- Hormuz Faryab, Del Rey Villas, LLC
- David Orth, Kings River Conservation District
- Chief Mark Johnson, Fresno County Fire Protection District
- Ray Franklin, Fresno County Fire Protection District
- Fergus Morrissey, Orange Cove Irrigation District

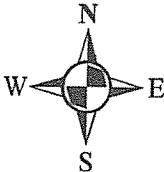
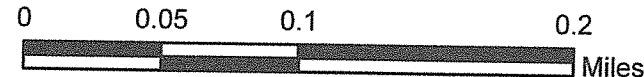
EXHIBIT "A"



Legend

-  Sphere of Influence
-  City Limits
-  Affected Territory

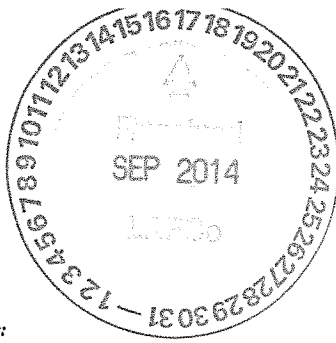
City of Orange Cove
"Jacobs-South Reorganization
(Del Rey Villas, LLC.)"
LAFCo File No. RO-09-3



Mayor
Gabriel Jimenez

Mayor Pro Tem:
Victor P. Lopez

City Council Members:
Diana Guerra Silva
Bertha Del Bosque
Ralph Pardo



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

September 15, 2014

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 letter correspondence of August 8, 2014, we request that LAFCo move forward to approve a one year extension of the above Tract Map Conditional Annexation originally approved by the City of Orange Cove in October 2009. The Orange Cove City Council on August 27, 2014 voted to support 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 to LAFCo.

The following information is provided to address requirements for extension of conditional approval.

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

Progress has been limited, due in large part to existing real estate market conditions. The City is also in the process of addressing current water management issues dealing with violation letters with the State of CA for both the Drinking Water Treatment Plant and the City Waste Water Treatment Plant system. The City is making progress in addressing these issues so that there are no hindrances to this or any other future development projects impacting the community.

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, in 2009. The City is taking aggressive action to these issues and is completing funding commitments to fund improvements to clear this item.

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)

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

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, at that time, based on the pipeline of other SFR and MFR units proposed for construction during this period and capacity issues impacting the City Water Treatment Plant. Some of those other projects have now fallen by the wayside. Development is moving forward but has been impacted by city's current water management issues, which are being addressed with more CA state infrastructure funding coming to the plate.

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

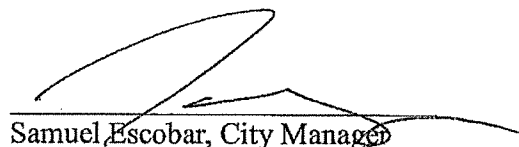
The tentative track map # 5940 is set to expire in 2015, based on AB 116 legislation approved the State of CA, extending the life of Tentative Tract Maps due to the poor real estate conditions existing in the state overall.

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

Based on current research and common knowledge, the Orange SFR home market is extremely slow. However, regional and local real estate single family home sales trends are starting to improve. Current SFR building construction permits issued by the City are picking up, as the City is initiating down payment subsidy assistance programs for new home buyers, in order to help move the sale of new homes. The City is moving forward to implement these programs in an effort to address present RE market conditions and assist SFR Developers.

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

Sincerely,



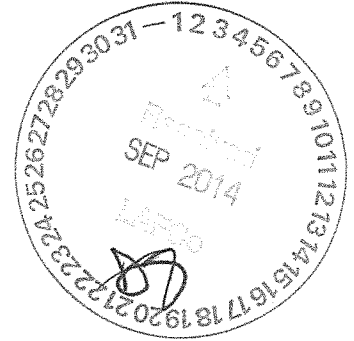
Samuel Escobar, City Manager

cc:

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

DEL REY VILLAS, LLC

3415 S. SEPULVEDA BLVD, SUITE 330
LOS ANGELES, CA 90034
PHONE (310) 398-5858 FAX (310) 398-5861



August 28, 2014

Fresno Local Agency Formation Commission
LAFCo
Attention: Candace Fleming, Clerk
2607 Fresno Street, Suite B
Fresno, CA 93721

**RE: Conditional Annexation Extension Request for
"Jacobs-South Reorganization (Del Rey villas, LLC)"**

Dear Sirs:

We are the owners of the above Tentative Tract Map referred to as the "Jacobs-South Reorganization (Del Rey Villas, LLC)".

Per our understanding, the Orange Cove City Council authorized a one year Annexation extension request to be forwarded to LAFCo for our project; during their recent meeting of August 27, 2014. Enclosed is a check for \$750.00 to cover the LAFCo processing fee, indicated in your letter of August 8, 2014. The City should be forwarding a formal extension request letter to LAFCo for the project, anticipated to be submitted by September 15, 2014. All items should be ready to be included within the Agenda for the proposed October 1, 2014 LAFCo commissioners meeting.

We will be working with the City of Orange Cove to assure that all of the above is completed as soon as possible. Please call our offices should you have any further questions.

Sincerely

Hormoz Faryab

Hormoz Faryab
Managing Partner, Del Rey Villas LLC

CC: Mr. Samuel Escobar, City Manager City of Orange Cove
June Bracamontes, City Clerk, City of Orange Cove
Julian Chapa