



Legislation Details (With Text)

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**Title:** Approve the Third Amendment to the Amended and Restated Memorandum of Understanding between the County of Fresno and the City of Fresno, dated January 6, 2003, relating to annexation, development, and property and sales tax allocation.

**Sponsors:** Office of Mayor & City Manager

**Indexes:**

**Code sections:**

**Attachments:** 1. Third Amendment to the Amended & Restated MOU.pdf

Date	Ver.	Action By	Action	Result
4/25/2019	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**May 25, 2019**

**FROM:** WILMA QUAN, City Manager  
Office of the Mayor & City Manager

**THROUGH:** JANE SUMPTER, Assistant City Manager  
Office of the Mayor & City Manager

**SUBJECT**

Approve the Third Amendment to the Amended and Restated Memorandum of Understanding between the County of Fresno and the City of Fresno, dated January 6, 2003, relating to annexation, development, and property and sales tax allocation.

**RECOMMENDATION**

It is recommended that the City Council approve a Third Amendment to the Amended and Restated Memorandum of Understanding between the County of Fresno and the City of Fresno, dated January 6, 2003 (the Third Amendment), to provide a one-year extension to the Amended and Restated Memorandum of Understanding, dated January 6, 2003 (the 2003 MOU).

**EXECUTIVE SUMMARY**

The City and County entered into the comprehensive 2003 MOU regarding the City's sphere of influence, annexation of County land into the City, development, sales tax and property tax allocation, and other matters impacting both the City and the County. The 2003 MOU expired on December 31, 2017, and was extended twice to allow the parties to negotiation a long-term extension. This third amendment will allow City and County staff additional time to continue to negotiate the prospective long-term agreement.

## **BACKGROUND**

For decades, the City and County have worked together to develop a fair and equitable approach to sound urban and economic growth and tax sharing. In 1983, the County and the City entered into a Joint Resolution of Metropolitan Planning which provided a cooperative arrangement concerning land use and related matters. In 1991, the City, County, and Fresno Redevelopment Agreement entered into a Memorandum of Understanding, dated February 26, 1991 (the 1991 MOU), covering development and tax issues and later a First Amendment to 1991 MOU, dated September 1998. Following a dispute regarding the 1991 MOU, which resulted in litigation involving both the City and the County, among other litigants, the parties entered into the 2003 MOU.

The 2003 MOU set forth: obligations related to the terms of annexing County territory into the City; the allocation of property tax revenues collected in relation to annexations under Revenue and Taxation Code Section 99; implementation of sales tax revenue collection and allocation of sales tax revenues generated from annexed territories; procedures related to expanding the City's sphere of influence and sequencing development; and other cooperative efforts.

The 2003 MOU expired on December 31, 2017, and on December 5, 2017, the parties agreed to the First Amendment which extended the term of the MOU to June 30, 2018. The Second Amendment was approved in May 2019 to allow additional time to negotiate the terms of a new agreement. Since that time, the City has conducted an analysis of its tax share apportionment and is currently working on new proposed terms for a long term agreement. To allow for the time necessary to negotiate such a long-term agreement, City and County staff have agreed to an additional twelve-month extension. Accordingly, Staff recommends that Council approve the attached Third Amendment, which has been approved as to form by the City Attorney's Office.

## **ENVIRONMENTAL FINDINGS**

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this item does not qualify as a "project"; therefore it is exempt from the CEQA requirements.

## **LOCAL PREFERENCE**

Local preference is not implicated because this item does not involve public contracting or bidding with the City of Fresno.

## **FISCAL IMPACT**

The proposed amendment would continue the current tax-sharing percentages through the end of Fiscal Year 2020. The City of Fresno currently receives about 21% of the property tax generated on

parcels with the City limits. The Fiscal Year 2019 Property Tax estimate of \$135,484,000 assumed no change in the tax-sharing percentage during the fiscal year. Thus, approval of this amendment will not affect the General Fund budget.

**Attachments:**

Third Amendment to the Amended and Restated Memorandum of Understanding