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Title: Approve the Fourth 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. Amendment No. 4 to 2003 Tax Sharing MOU_6_24_20_Clean Final Revisedv2.pdf

Date	Ver.	Action By	Action	Result
6/11/2020	1	City Council	approved as amended	Pass

REPORT TO THE CITY COUNCIL

June 11, 2020

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 Fourth 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 Fourth 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 has been extended three times to allow the parties to negotiation a long-term extension. While some progress has been made, the COVID-19 emergency and the considerable resources this has commanded from both the City and County have made necessary this fourth amendment which 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, as was the Third Amendment, approved in April 2019. While some progress has been made, the COVID-19 emergency and the considerable resources this has commanded from both the City and County have made necessary this Fourth Amendment which will allow for the time necessary to negotiate such a long-term agreement. City and County staff have agreed to an additional twelve-month extension, with up to a six month administrative extension if needed; accordingly, Staff recommends that Council approve the attached Fourth 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 2021. The City of Fresno currently receives about 21 percent of the property tax generated on parcels with the City limits. The Fiscal Year 2021 Property Tax estimate will assume no change in the tax-sharing percentage during the fiscal year. Thus, approval of this amendment will not affect the General Fund budget.

Attachments:

Fourth Amendment to the Amended and Restated Memorandum of Understanding