

**SECOND AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
THE COUNTY OF FRESNO AND THE CITY OF FIREBAUGH**

THIS SECOND AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING (hereinafter "RESTATED MOU") is made and executed by and between the COUNTY OF FRESNO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), and the City of FIREBAUGH, a municipal corporation of the State of California (hereinafter referred to as "CITY").

WITNESSETH

WHEREAS, on March 22, 2011, COUNTY and CITY entered into a comprehensive agreement covering development, annexations, sales taxes, property taxes, and other matters, referred to as the 2011 Amended and Restated Memorandum of Understanding ("2011 MOU"); and

WHEREAS, the 2011 MOU served in part as COUNTY's and CITY's master property tax transfer agreement under subdivision (d) of section 99 of the Revenue and Taxation Code; and

WHEREAS, the 2011 MOU also included provisions relating to redevelopment and included as a party the former Firebaugh Redevelopment Agency, which CITY dissolved on February 1, 2012, following the State adopted comprehensive legislation, Assembly Bill X1 26 (Stats. 2011, 1st Ex. Sess. Chp. 5), dissolving California redevelopment agencies and prohibiting further redevelopment activities under the California Community Redevelopment Law (former Health and Safety Code Section 33000 et seq.); and

WHEREAS, September 21, 2021, COUNTY and CITY executed a First Amendment to the 2011 MOU to facilitate expansion of the City of Firebaugh's (City) Sphere of Influence (SOI) and annexation to accommodate future urban development within the City; and

WHEREAS, COUNTY and CITY desire to make additional changes to their comprehensive agreement set forth in the 2011 MOU, and to extend the term of their comprehensive agreement for an additional 15 years; and

WHEREAS, due to the age of the 2011 MOU and the desire to make additional changes, COUNTY and CITY have determined that it is in their best interests to enter into this RESTATED MOU, which will supersede and replace the 2011 MOU; and

1 WHEREAS, COUNTY and CITY wish to work together to develop a fair and equitable approach
2 to tax sharing and the encouragement of sound economic growth; and

3 WHEREAS, in order to encourage economic development and environmentally sound land use
4 planning, it is important that any tax sharing among COUNTY and CITY be determined in advance and
5 that such arrangements not be fiscally detrimental to either COUNTY or CITY; and

6 WHEREAS, COUNTY and CITY recognize the importance of COUNTY and CITY services and
7 are prepared to cooperate in an effort to address COUNTYs and CITYs fiscal issues; and

8 WHEREAS, through annexation CITY provides the opportunity for economic growth and
9 development to support public services for CITY and COUNTY; and

10 WHEREAS, close cooperation between COUNTY and CITY is necessary to maintain the quality
11 of life throughout Fresno County and deliver needed services in the most cost-efficient manner to all CITY
12 and COUNTY residents; and

13 WHEREAS, COUNTY recognizes the need for orderly growth within and adjacent to CITY and
14 for supporting appropriate annexations and promoting the concentration of development within CITY; and

15 WHEREAS, CITY recognizes that development within CITY limits may also have the effect of
16 concentrating revenue-generating activities within CITY rather than in unincorporated areas and that, as
17 a result of Proposition 13 and its implementing legislation, annexation by CITY of unincorporated territory
18 can result in a loss of revenue sources for COUNTY unless there is significant new development activity
19 as a result of annexation; and

20 WHEREAS, annexation is appropriate where it results in the development of urban uses in
21 response to a clearly demonstrated community demand, and it can be a valuable tool in the physical and
22 economic development of CITY and COUNTY; and

23 WHEREAS, the parties recognize that COUNTY General Plan Goal LU-G provides that COUNTY
24 will direct urban growth and development within the cities spheres of influence to existing incorporated
25 cities and will ensure that all development in city fringe areas is well planned and adequately served by
26 necessary public facilities and infrastructure and furthers countywide economic development goals; and

27 WHEREAS, the parties recognize that when urban growth and development is directed to cities
28 there is a lost opportunity of development by COUNTY in the unincorporated area and that sharing of

1 local sales and use taxes generated by such development would serve as a tool for the COUNTY to
2 participate in receiving a share of that new revenue; and

3 WHEREAS, it is the interest of the parties to require all new urban development to pay a roughly
4 proportionate share of the cost of urban services and infrastructure created by the development, whether
5 it occurs in the CITY or in the adjacent unincorporated area of the CITY's sphere of influence.

6 NOW, THEREFORE, COUNTY and CITY hereby agree as follows:

7 ARTICLE I

8 DEFINITIONS

9 Unless the particular provision or context otherwise requires, the definitions contained in this
10 article and in the Revenue and Taxation Code shall govern the construction, meaning, and application of
11 words used in this RESTATED MOU.

12 1.1 "Base property tax revenues" means property tax revenues allocated by tax rate
13 equivalents to all taxing jurisdictions as to the geographic area comprising a given tax rate area annexed
14 in the fiscal year immediately preceding the tax year in which property tax revenues are apportioned
15 pursuant to this RESTATED MOU, including the amount of State reimbursement of the homeowners' and
16 business inventory exemptions.

17 1.2 "Property tax increment" means revenue from the annual tax increment, as "annual tax
18 increment" is defined in Section 98 of the Revenue and Taxation Code, attributable to the tax rate area
19 for the respective tax year.

20 1.3 "Substantial development" or "substantially developed" means real property which, prior
21 to annexation, has an improvement value to land value ratio equal to or greater than 1.25:1, as of the lien
22 date in the fiscal year in which the annexation becomes effective under the Cortese-Knox Local
23 Government Reorganization Act, and on and after January 1, 2000, the Cortese-Knox-Hertzberg Local
24 Government Reorganization Act of 2000.

25 1.4 "Property tax revenue" means base property tax revenue, plus the property tax increment
26 for a given tax rate area.

27 1.5 "Tax apportionment ratio" means the tax apportionment ratio of the parties for a given
28 fiscal year and shall be ascertained by dividing the amount determined for each party pursuant to

1 Revenue and Taxation Code Sections 96(a) or 97(a), whichever is applicable, by that party's gross
2 assessed value, and by then dividing the sum of the resulting tax rate equivalents of both parties into
3 each party's tax rate equivalent to produce the tax apportionment ratio.

4 1.6 "Tax rate equivalent" means the factor derived for an agency by dividing the property tax
5 levy for the prior fiscal year computed pursuant to Section 97 of the Revenue and Taxation Code by the
6 gross assessed value of the real property within the jurisdiction of the agency for the prior fiscal year.

7 1.7 "Effective Date" shall mean the last date that all the parties hereto execute this
8 RESTATED MOU between COUNTY and CITY.

9 1.8 "Urban development" or "urban type development" shall mean development not allowed
10 in areas designated Agriculture, Rural Residential or River Influence in COUNTY's General Plan or its
11 applicable community plans as of the Effective Date of this RESTATED MOU.

12 ARTICLE II

13 ANNEXATIONS BY CITY

14 2.1 Any annexations undertaken by CITY following the date of the execution of this
15 RESTATED MOU shall be consistent with both the terms of this MOU and the standards (hereinafter
16 "The Standards" or "Standards") as set forth in Exhibit "1", attached hereto and incorporated by reference
17 herein as if set forth fully at this point. This RESTATED MOU shall not apply to annexations proposed
18 by CITY which are not in compliance with its terms or which fail to meet The Standards. If a proposed
19 annexation is not in compliance with the terms of this RESTATED MOU, including but not limited to, The
20 Standards, then the property tax exchange provisions of Article III of this RESTATED MOU shall not
21 apply in regards to that proposed non-complying annexation. An exchange of property tax revenues
22 between COUNTY and CITY for any such non-complying annexation shall be handled individually
23 pursuant to subdivision (e) of Section 99 of the Revenue and Taxation Code or by the negotiation of a
24 standalone property tax exchange agreement between COUNTY and CITY.

25 2.2 In order to encourage the orderly processing of proposed annexations, CITY shall, at least
26 thirty (30) days prior to filing any annexation proposal with the Fresno County Local Agency Formation
27 Commission (hereinafter "LAFCO"), notify COUNTY of its intention to file such proposal and the date
28 upon which CITY expects such proposal to be filed. Upon COUNTY's request, CITY agrees to meet with

1 COUNTY to review whether its proposed annexation complies with The Standards. Within fifteen (15)
2 days after the date COUNTY receives notice by the CITY of its annexation proposal, COUNTY shall notify
3 CITY in writing if it has determined that the proposed annexation is inconsistent with The Standards.
4 Upon receipt of such notification, CITY may either modify the proposal to address the inconsistencies
5 with the Standards identified in the COUNTY's written notice or adopt a resolution finding that the
6 proposed annexation is, in CITY's determination, consistent with The Standards. If County fails to give
7 such notice within the fifteen-day period, the annexation shall be conclusively deemed consistent with all
8 provisions of this article and The Standards.

9 2.3 If CITY adopts a resolution making the findings described in Section 2.2, above, then
10 COUNTY may challenge such findings by appropriate court action filed within thirty (30) days of receipt
11 of written notice of the adoption of CITYs resolution. The court shall independently review the evidence
12 and determine whether the proposed annexation is consistent with the Standards.

13 As an alternative to a judicial challenge by the COUNTY, the parties may within the aforesaid
14 thirty (30) day period mutually agree in writing to arbitrate their dispute through proceedings conducted
15 in accordance with the rules established by the American Arbitration Association. The parties upon
16 agreeing to arbitrate will proceed with arbitration in a timely manner. The arbitrator hearing the matter
17 shall independently review the evidence and determine whether the proposed annexation is consistent
18 with The Standards.

19 Costs incurred by the prevailing party, either in court proceedings or the arbitration proceedings,
20 shall be paid by the non-prevailing party. The parties agree that CITY shall not proceed to LAFCO with
21 the proposed annexation until the dispute is finally resolved either by court or arbitration proceedings. If
22 CITY attempts to proceed with such proposed annexation prior to the expiration of the period in which
23 COUNTY may file its court action or agree to arbitrate, or prior to the final conclusion of such court or
24 arbitration proceeding, then the property tax exchange provisions of Article III of this RESTATED MOU
25 shall not apply to that proposed annexation.

26 Notwithstanding the foregoing, the CITY may proceed to LAFCO under this RESTATED MOU if
27 court or arbitration proceedings are not completed within thirty (30) days after the filing thereof provided,
28 however, that LAFCO in its resolution of approval, at the request of the CITY, conditions such approval

1 upon the Executive Officer's receipt of a certified copy of the document evidencing the finality of the
2 aforesaid court or arbitration proceedings determining that the proposed annexation is consistent with
3 the Standards, or alternatively, receipt of a written stipulation of the CITY and COUNTY agreeing that the
4 annexation complies with the Standards and permitting the completion of such proposed annexation. If
5 LAFCO declines to conditionally approve the annexation as provided in this paragraph, or CITY fails to
6 timely request such conditional approval of the annexation, then the property tax exchange provisions of
7 Article III of this RESTATED MOU shall not apply and such annexation. If, at the request of the CITY,
8 LAFCo approves the annexation over the objections of the County, such approval by LAFCo shall be
9 deemed good cause for the COUNTY at its option to terminate this RESTATED MOU.

10 2.4 For the purpose of promoting economic development and job creation, an Alternate
11 Standard for Annexation for industrial or regional commercial uses is hereby created. In the place of The
12 Standards set forth in Exhibit 1, the Alternate Standard for Annexation shall apply to and govern the
13 review of annexation proposals for industrial or regional commercial uses. Annexation proposals for
14 industrial/regional commercial uses shall include a conceptual development plan, as described herein.
15 The conceptual development plan shall consist of the economic objectives to be achieved, the service
16 and financing strategy and its schedule, and shall include a map of the proposed rezoning. The
17 conceptual development plan's schedule shall include milestones for major project components, to
18 measure the progress of the project. Due to the complexity of such projects the development schedule
19 for planning and implementation may reasonably require a period of from five to ten years. The
20 annexation proposal shall be submitted to and reviewed by the COUNTY pursuant to Section 2.2.
21 Annexation proposals that comply with the criteria of this Section 2.4 shall, be deemed to comply with
22 Section 2.1. The annexation application to be submitted to LAFCO shall be considered complete upon
23 adoption of the rezoning by the CITY. COUNTY and CITY agree to meet annually to review the progress
24 toward the achievement of the economic development objectives and to identify ways to promote mutual
25 economic development objectives. The proposed annexation made under this Alternate Standard for
26 Annexations described in this Section 2.4 should not create islands and annexation boundaries must
27 ultimately minimize creation of peninsulas, corridors, or other distortion of boundaries.

28 ///

1 ARTICLE IV

2 DEVELOPMENT WITHIN AND ADJACENT

3 TO CITY'S SPHERE OF INFLUENCE

4 AND COUNTY CAPITAL IMPROVEMENT FEES

5 4.1 COUNTY shall not approve any discretionary development permits for new urban
6 development within CITY's sphere of influence unless the development shall have first been referred to
7 CITY for consideration of possible annexation. If CITY does not, within sixty (60) days of receipt of notice
8 from COUNTY, adopt a resolution of application to initiate annexation proceedings before LAFCO,
9 COUNTY may approve development permits for that new urban development. COUNTY's approval shall
10 take into consideration CITY's general plan and be consistent with COUNTY's general plan policies,
11 provided, that the development is orderly and does not result in the premature conversion of agricultural
12 lands.

13 4.2 Within the CITY's sphere of influence, COUNTY shall require compliance with
14 development standards that are comparable to CITY's and charge fees reflecting the increased
15 administrative and implementing cost where such CITY standards are more stringent than COUNTY's.
16 These requirements shall apply to discretionary development applications approved by COUNTY. For
17 purposes of this Agreement, "discretionary development applications" shall mean General Plan
18 Amendments, Rezoning, Tentative Tract Maps, Tentative Parcel Maps, Conditional Use Permits, Director
19 Review and Approvals, and Variances.

20 4.3 CITY development fees shall be charged for any discretionary development applications
21 to be approved by the COUNTY within CITY's sphere of influence. To establish or amend CITY
22 development fees, CITY shall conduct a public hearing and notify property owners in accordance with
23 State Law. At the conclusion of that hearing, CITY shall adopt a resolution describing the type, amount,
24 and purpose of CITY fees to be requested for COUNTY adoption.

25 4.4 CITY shall transmit the adopted resolution to the COUNTY for its adoption of the fees.
26 CITY shall include a draft ordinance for COUNTY's adoption with appropriate supporting documentation
27 or findings by the CITY demonstrating that the fees comply with the Mitigation Fee Act (Section 66000
28 and following, of the Government Code) and other applicable State Law requirements. CITY fees may

1 also include CITY's and COUNTY's increased administrative costs and inspection charges, provided
2 those costs similarly comply with the Mitigation Fee Act and other applicable State Law requirements.

3 4.5 COUNTY shall collect the applicable CITY development fees for infrastructure and
4 facilities at the time of final map approval or issuance of building permits as established by the fee
5 schedule. Or, COUNTY shall require the applicant to present a voucher issued by CITY evidencing the
6 payment of the fees directly to CITY, or written confirmation by CITY that fees are inapplicable. If
7 COUNTY imposes and collects fees on behalf of CITY, COUNTY shall transfer the fees to CITY at the
8 earliest time legally permitted.

9 4.6 CITY shall give COUNTY at least thirty (30) days' notice before implementing any new
10 fees or an amendment to existing fees. Notwithstanding this Section 4.6, or any other provision of this
11 MOU, CITY shall be solely responsible for determining the amount of the fees and setting them in
12 accordance with law. This Section 4.6 shall not be construed as a representation by COUNTY as to the
13 propriety of the fees or the procedures used in setting them.

14 4.7 CITY shall hold harmless, defend and indemnify the COUNTY from all claims, demands,
15 litigation of any kind whatsoever arising from disputes relating the enactment of or the collection of CITY
16 development fees by the County.

17 4.8 If COUNTY adopts capital improvement fees, CITY shall require that an applicant for any
18 land use entitlement or permit within CITY shall pay all COUNTY, public improvements fees applicable
19 to the entitlement or permit. At the COUNTY's request, CITY shall either timely impose and collect all
20 such fees or shall require the applicant to present a voucher issued by COUNTY evidencing the payment
21 of fees directly to COUNTY. If adopted by COUNTY, the fees are to mitigate the impact of development
22 on required COUNTY facilities and services including, but not limited to, the criminal justice system,
23 health, social services, parks, transportation and library. If CITY imposes and collects fees on behalf of
24 COUNTY, CITY shall transfer the fees to COUNTY at the earliest time legally permissible to do so.
25 COUNTY may impose new fees and amend existing fees from time to time in its sole discretion and in
26 accordance with applicable law. COUNTY shall give CITY at least thirty (30) days notice before
27 implementing any new fees or an amendment to existing fees. Notwithstanding this Section 4.8, or any
28 other provision of this RESTATED MOU, COUNTY shall be solely responsible for determining the amount

1 of the fees and setting them in accordance with law. This Section 4.8 shall not be construed as a
2 representation by CITY as to the propriety of the fees or the procedures used in setting them. If COUNTY
3 imposes capital improvement fees and CITY collects capital improvement fees on behalf of COUNTY,
4 this RESTATED MOU serves as a joint powers agreement under Chapter 5 of Division 7 of Title 1
5 (commencing with Section 6500) of the Government Code for the purpose of CITY's collection of capital
6 improvement fees on behalf of COUNTY.

7 4.9 COUNTY shall hold harmless, defend and indemnify the CITY from all claims, demands,
8 litigations of any kind whatsoever arising from disputes relating to the enactment or collection of COUNTY
9 capital improvements fees.

10 4.10 COUNTY shall support urban unification and consolidation of urban services. To this end,
11 COUNTY shall oppose the creation of new governmental entities within CITY's sphere of influence,
12 except for such entities that may be necessary to address service requirements that cannot be addressed
13 by annexation to CITY. CITY and COUNTY will support transition agreements with current service
14 providers which recognize the primary role of cities as providers of urban services and where current
15 service providers have participated in service master planning.

16 4.11 Within CITY's sphere of influence and for the two-mile area beyond that sphere of
17 influence, COUNTY and CITY agree that, in the early stages of preparation of land use and general plan
18 amendments, they shall consult at a staff level in such fashion as to provide meaningful participation in
19 the policy formulation process and shall likewise consult on other policy changes which may have an
20 impact on growth or the provision of urban services. CITY shall also be given the opportunity to respond
21 to COUNTY before the final document is prepared for presentation to COUNTY's Planning Commission.
22 COUNTY agrees that it will solicit comments from CITY in the preparation of any Initial Study required by
23 the California Environmental Quality Act undertaken within the area. If CITY determines such urban
24 development may have a significant effect on the environment, the COUNTY shall require an
25 Environmental Impact Report to be prepared if a fair argument can be made in support of the CITY's
26 finding.

27 ///

28 ///

1 Notwithstanding anything to the contrary herein, because of state-mandated directives, including
2 without limitation, the state Regional Housing Needs Allocation, COUNTY may consider approval of
3 urban development in areas that are not currently planned for urban development, in order to meet its
4 obligations under a state-mandated directive.

5 4.12 City may, at any time during the term of this RESTATED MOU, file the appropriate
6 application with LAFCo to modify or expand the City's sphere of influence. Any change in the CITY's
7 sphere of influence proposed by either COUNTY or CITY which would modify the area depicted in Exhibit
8 "2" requires the mutual consultation of both parties prior to submission to LAFCO.

9 ARTICLE V

10 IMPLEMENTATION OF SALES TAX

11 REVENUE COLLECTION

12 5.1 Pursuant to the Bradley Burns Uniform Local Sales and Use Tax Law, Part 1.5, Division
13 2, of the Revenue and Taxation Code (commencing with Section 7200), CITY shall, concurrent with the
14 execution of this RESTATED MOU, amend its local sales and use tax ordinance, as needed, to comply
15 with the terms of this RESTATED MOU. The amendment of CITY's sales and use tax ordinance
16 (hereinafter referred to as "Ordinance Amendment") described in this Section 5.1 shall be timely
17 forwarded to the State Department of Tax and Fee Administration so that it will become operative as of
18 the first July 1 following the CITY reaching the threshold forth in subsections 5.2.1 and 5.2.2. The
19 Ordinance Amendment shall enable COUNTY, pursuant to its sales and use tax ordinance, to collect a
20 portion of the sales and use tax revenues generated within the incorporated areas of CITY in accordance
21 with the applicable rate set forth on Exhibit "3", attached hereto and incorporated by reference as if set
22 forth fully at this point. The format of this amendment by CITY to its local sales and use tax ordinance
23 shall likewise provide as a credit against the payment of taxes due under such ordinance, an amount
24 equal to any sales and use tax due to COUNTY.

25 5.2 Except as otherwise provided herein, CITY further agrees that the Ordinance Amendment
26 shall likewise provide for the periodic reallocation of additional sales tax revenues generated within the
27 incorporated areas of CITY in accordance with the schedule set forth on Exhibit "3". Each subsequent
28 incremental adjustment shall go into effect at the commencement of the fiscal year indicated. These

1 periodic adjustments shall enable COUNTY, pursuant to its sales and use tax ordinance, to collect that
2 portion of the sales and use tax revenues generated within the incorporated areas of CITY equal to the
3 applicable percentage as specified in Exhibit “3”. These periodic adjustments shall automatically go into
4 effect provided that:

5 5.2.1 CITY receives sales tax revenues per capita in an amount greater than fifty percent
6 (50%) of the sales tax revenue per capita collected by all Fresno County cities when taken as
7 a group during the most recent fiscal year for which State Department of Tax and Fee
8 Administration information is available, then it hereby agrees to reallocated sales tax revenues
9 with COUNTY beginning in fiscal year 2022-2023 in accordance with the provisions of this
10 article; and

11 5.2.2 CITY’s annual sales tax revenue information is available for the State Department
12 of Tax and Fee Administration allows City to reallocate sales tax revenue at the percentage
13 designated in Exhibit “3” and still have a net increase in its remaining sales tax revenue when
14 compared with the fiscal year immediately preceding the fiscal year described above. The
15 periodic phase in of sales tax reallocation described herein shall be delayed from year-to-year
16 if CITY falls below the sales tax reallocation threshold as identified in Section 5.2. In those
17 years in which CITY does not meet the sales tax reallocation threshold, CITY’s sharing
18 proportion shall continue at the same rate as in the last year in which CITY met or exceeded
19 the threshold. When, in a subsequent year, CITY again meets or exceeds the threshold, the
20 sharing proportion of CITY shall be at the next higher sharing proportion shown on Exhibit “3”,
21 and the annual phase-in shall continue therefrom.

22 5.3 The Ordinance Amendment is intended to reduce CITY’s sales tax rate from its then-
23 existing level to a level which thereby enables COUNTY, pursuant to its sales tax ordinance, to continue
24 collecting those amounts set forth in the previous provisions of this article as well as the applicable
25 percentages set forth on Exhibit “3”. In addition, each periodic adjustment is intended by the parties to
26 enable COUNTY to collect an amount equivalent to the applicable percentage specified in Exhibit “3”.

27 5.4 Whenever CITY proposes an annexation of unincorporated territory which generates
28 “substantial sales tax revenue” (as defined in this section 5.4 below) for COUNTY, CITY, agrees to further

1 amend its local sales and use tax ordinance as set forth in this section. Notwithstanding the language of
2 subsections 5.2.1 and 5.2.2, this additional amendment shall become operative no later than the
3 commencement of the next calendar quarter following the date upon which such annexation is certified
4 as complete by the Executive Officer of LAFCO. This additional amendment shall decrease CITY 's sales
5 tax rate to yield an amount of substantial sales tax revenue being collected by COUNTY in the area to
6 be annexed, thus enabling COUNTY to increase its sales tax rate by a corresponding percentage which
7 shall continue to accrue to COUNTY throughout the term of this RESTATED MOU. Any such additional
8 amendment made by CITY pursuant to this section shall be cumulative and likewise preserve intact any
9 periodic adjustments previously implemented pursuant to this RESTATED MOU. Further, CITY agrees
10 that it shall not split or separate areas into smaller annexations for the purpose of, or having the effect of,
11 creating an annexation or annexations which, individually, do not generate substantial sales tax revenue,
12 but which would generate such revenue if combined. For purposes of this article, the term "substantial
13 sales tax revenue" shall be defined as sales tax revenue derived from taxable sales in the area annexed
14 equal to at least:

15 5.4.1 If only information for less than one fiscal year exists, then \$100,000 in taxable
16 sales in the most recent quarter for which such information from the State Department of
17 Tax and Fee Administration is available in writing or electronic or magnetic media, and
18 projected to a full four quarters, at least
19 \$400,000 in taxable sales.

20 5.4.2 If information for one or more years exists, then \$400,000 in taxable sales in the
21 most recent year for which such information from the State Department of Tax and Fee
22 Administration is available in writing or electronic or magnetic media.

23 5.5 If CITY fails to amend its sales tax ordinance as provided in section 5.1, or if the Ordinance
24 Amendment fails to provide for the periodic reallocation of additional sales tax revenues as provided in
25 section 5.2, the subsections therein, and Exhibit "3", or if CITY fails to further amend its sales tax
26 ordinance upon the annexation of unincorporated territory which generates substantial sales tax revenue
27 for COUNTY as provided in section 5.4, or if CITY splits or separates areas into smaller areas as
28 prohibited by section 5.4, then this RESTATED MOU shall immediately terminate and, in particular, no

1 master property tax exchange agreement under subdivision (d) of Section 99 of the Revenue and
2 Taxation Code, shall exist between CITY and COUNTY.

3 5.6 CITY and COUNTY further agree that the annual report of the State Department of Tax
4 and Fee Administration and the Department of Finance Annual Population Estimates shall be used as
5 the data source for the purpose of calculating the per capita sales tax revenue pursuant to this
6 RESTATED MOU.

7 5.7 Application of the formula to be used in the allocation of revenues pursuant to section 5.2
8 is illustrated in Exhibit "4", attached hereto and incorporated by reference herein as if set forth fully at this
9 point.

10 ARTICLE VI

11 COUNTY AND CITY ASSURANCES ON USE OF REVENUE

12 6.1 COUNTY recognizes that certain revenue reallocated to it by this RESTATED MOU would
13 otherwise have been appropriated by CITY to meet demands for services. In light therefore, COUNTY
14 agrees to use such new revenue in order to maintain levels of COUNTY services that are supportive of
15 CITY services, unless the Federal or state governments materially reduce the level of funding for such
16 services. Examples of such COUNTY services include, but are not limited to, the criminal justice system,
17 public health, and other similar services.

18 6.2 CITY agrees to continue enforcement of laws which result in the collection of fines and
19 forfeitures.

20 ARTICLE VII

21 COOPERATIVE EFFORTS AT LEGISLATIVE REFORM

22 7.1 CITY and COUNTY agree to work jointly for state legislation and appropriations that would
23 improve the fiscal condition of both CITY and COUNTY.

24 ARTICLE VIII

25 GENERAL PROVISIONS

26 8.1 Term of MOU

27 This RESTATED MOU shall commence as of the date of execution by COUNTY and CITY and
28 shall remain in effect for a period of fifteen (15) years, unless terminated prior to that time by mutual

1 agreement of the parties or as otherwise provided by this RESTATED MOU.

2 In addition, should all or any portion of this RESTATED MOU be declared invalid or inoperative
3 by a court of competent jurisdiction, or should any party to this RESTATED MOU fail to perform any of
4 its obligations hereunder as determined by a court of competent jurisdiction, or should any party to this
5 RESTATED MOU take any action to frustrate the intentions of the parties as expressed in this
6 RESTATED MOU as determined by a court of competent jurisdiction, then in such event, this entire
7 RESTATED MOU, as well as any ancillary documents entered into by the parties in order to fulfill the
8 intent of this RESTATED MOU, shall immediately be of no force and effect and, in particular, no property
9 tax exchange agreement, as required by Section 99 of the Revenue and Taxation Code, shall exist
10 between the CITY and COUNTY as to unincorporated property.

11 8.2 Geographic Application of RESTATED MOU

12 This RESTATED MOU shall apply only to the area identified as the City of Firebaugh's Sphere of
13 Influence as depicted in Exhibit "2". This RESTATED MOU shall not apply to any sphere of influence
14 beyond the area depicted in Exhibit "2" unless and until the parties mutually agree to amend this
15 RESTATED MOU.

16 8.3 Termination Due to Changes in Law

17 The purpose of this RESTATED MOU is to alleviate in part the revenue shortfall experienced by
18 COUNTY which may result from CITY's annexation of revenue-producing or potentially revenue-
19 producing properties located within the unincorporated area of COUNTY. The purpose of this RESTATED
20 MOU is also to enable CITY to proceed with territorial expansion and economic growth consistent with
21 the terms of existing law as mutually understood by the parties as well as to maximize each party's ability
22 to deliver essential governmental services. In entering into this RESTATED MOU, the parties mutually
23 assume the continuation of the existing statutory scheme for the distribution of available tax revenues to
24 local government and that assumption is a basic tenet of this RESTATED MOU. Accordingly, it is mutually
25 understood and agreed that this RESTATED MOU may, by mutual agreement be terminated should
26 changes occur in statutory law, court decisions or state administrative interpretations which negate the
27 basic tenets of this RESTATED MOU.

28 ///

1 8.4 Modification

2 This RESTATED MOU and all of the covenants and conditions set forth herein may be modified
3 or amended only by writing duly authorized and executed by COUNTY and CITY.

4 8.5 Enforcement

5 COUNTY and CITY each acknowledge that this RESTATED MOU cannot bind or limit themselves
6 or each other or their future governing bodies in the exercise of their discretionary legislative power.
7 However, each party agrees that it will insofar as is legally possible, fully carry out the intent and purposes
8 of this RESTATED MOU, if necessary, by administrative action independent of ordinances, and that this
9 RESTATED MOU may be enforced by injunction to the extent allowed by law.

10 8.6 Entire Agreement and Supersession

11 With respect to the subject matter hereof, this RESTATED MOU supersedes any and all previous
12 negotiations, proposals, commitments, writings, and understandings of any nature whatsoever between
13 COUNTY and CITY except as otherwise provided herein.

14 8.7 Notice

15 All notices, requests, certifications or other correspondence required to be provided by the parties
16 to this RESTATED MOU shall be in writing and shall be delivered by first class mail or an equal or better
17 form of delivery to the respective parties at the following addresses:

18 **COUNTY**

19 County Administrative Officer
20 County of Fresno
21 Hall of Records, Room 300
22 2281 Tulare Street
23 Fresno, CA 93721

18 **CITY**

19 City Manager
20 City of Firebaugh
21 City Hall
22 1133 P Street
23 Firebaugh, CA 93622

24 8.8 Renegotiation

25 If COUNTY enters into an agreement or memorandum of understanding, which includes a master
26 property tax exchange agreement under subdivision (d) of Section 99 of the Revenue and Taxation Code,
27 with another city that has terms and conditions more favorable in the aggregate to that city than those
28 terms and conditions contained in this RESATED MOU, COUNTY agrees that it will negotiate such terms
and conditions upon written request from CITY, with the intent of offering that more favorable agreement.
Negotiations shall conclude thirty (30) days from the date of receipt of notice by COUNTY and, if

1 agreement is tentatively reached during that period, the legislative bodies of the parties shall approve
2 any such amendment within thirty (30) days following the date of the tentative agreement. COUNTY and
3 CITY are not required to reach agreement.

4 8.9 Notice of Breach

5 Prior to this RESTATED MOU being terminated as expressly provided in this RESTATED MOU,
6 COUNTY shall provide notice to CITY of any breach of this RESATED MOU by the City, and CITY shall
7 comply with this RESTATED MOU within thirty (30) days after the date of receipt of notice. If CITY fails
8 to timely comply with the terms and conditions of this RESTATED MOU, this RESTATED MOU shall
9 terminate. During the thirty (30) day notice period and until CITY certifies in writing that it is in compliance
10 with the provisions of this RESTATED MOU and COUNTY agrees in writing, no property tax exchange
11 agreement, as required by Section 99 of the Revenue and Taxation Code, shall exist between COUNTY
12 and CITY with respect to any pending annexations.

13 In like manner the CITY and AGENCY shall give COUNTY thirty (30) days written notice and
14 opportunity to cure any alleged breach of the RESTATED MOU on the part of the COUNTY.

15 Prior to this RESTATED MOU being terminated as expressly provided in this RESTATED MOU,
16 CITY shall provide notice to COUNTY of any breach of this RESTATED MOU by the COUNTY, and
17 COUNTY shall comply with the terms and conditions of this RESTATED MOU within thirty (30) days after
18 the date of receipt of notice. If COUNTY fails to timely comply with the terms and conditions of this
19 RESTATED MOU, this RESTATED MOU shall terminate. During the thirty (30) day notice period and
20 until COUNTY certifies in writing that it is in compliance with the provisions of this RESTATED MOU and
21 CITY agrees in writing, at the election of the CITY, no property tax exchange agreement, as required by
22 Section 99 of the Revenue and Taxation Code, shall exist between COUNTY and CITY with respect to
23 any pending annexations.

24 Except as otherwise provided, the parties hereto have executed this RESTATED MOU in the
25 County of Fresno, State of California, on the dates set forth above.

26 8.10 No Waiver of Government Claims Act

27 For all claims arising from or related to this RESTATED MOU, nothing in this RESTATED MOU
28 establishes, waives, or modifies any claims presentation requirements or procedures provided by law,

1 IN WITNESS WHEREOF, the parties hereto have executed this RESTATED MOU in the County of
2 Fresno, State of California, on the last date set forth below.

3 County of Fresno, a Political
4 Subdivision of the State of California
(COUNTY)

City of Firebaugh, a Municipal
Corporation of the State of California (CITY)

5
6 By: _____

By:  _____

7 Garry Bredefeld, Chairman of the
8 Board of Supervisors of the County of Fresno

Freddy Valdez, Mayor, City of Firebaugh

9 Date: _____

Date: 2/4/2026 _____

10 **Attest:**
11 Bernice E. Seidel
12 Clerk of the Board of Supervisors
13 County of Fresno, State of California
Clerk of the Board of Supervisors

Attest:
Rita Lozano
City Clerk

14 By: _____
15 Deputy

By:  _____
Rita Lozano, City Clerk
City of Firebaugh

Ben Gallegos, City Manager

16
17
18
19
20
21
22
23
24
25
26
27
28

By:  _____
Ben Gallegos, City Manager
City of Firebaugh

Approved as to Legal Form
City Attorney, City of Firebaugh

By:  _____
Christina Di Filippo, City Attorney
City of Firebaugh

EXHIBIT 1
STANDARDS FOR ANNEXATION

- The proposal must be consistent with adopted sphere of influence of the city and not conflict with the goals and policies of the Cortese-Knox-Hertzberg Act.
- The proposal must be consistent with city general and specific plans, including adopted goals and policies.
- Pursuant to CEQA, the proposal must mitigate any significant adverse effect on continuing agricultural operations on adjacent properties, to the extent reasonable and consistent with the applicable general and specific plan.
- A proposal for annexation is acceptable if one of the following conditions exist:
 1. There is existing substantial development provided the City confines its area requested to that area needed to include the substantial development and create logical boundaries.
 2. Development exists that requires urban services which can be provided by the City.
 3. If no development requiring urban services exists, at least 25% of the area proposed for annexation has:
 - (a) Approved tentative subdivision map (single-family residential)
 - (b) Approved site plan (for uses including multi-family)
 4. The annexation is to fulfill the city's Regional Housing Needs Allocation (RHNA) obligation which otherwise cannot be accommodated on lands currently within the city's incorporated boundary.
- The annexation proposed must include the full width of road right-of-way along the annexation boundary and must not result in the creation of bypassed segments of existing road rights-of-way.
- The proposal would not create islands. Boundaries must ultimately minimize creation of peninsulas and corridors, or other distortion of boundaries.

For any of the following circumstances listed below, a proposal for annexation is presumed to comply with all standards for annexation:

- The request for annexation is by a city for annexation of its own publicly-owned property for public use.
- The request for annexation is by a city in order to facilitate construction of public improvements or public facilities which otherwise could not be constructed.
- The request for annexation is to remove an unincorporated island, substantially surrounded area, or otherwise address existing peninsulas and/or irregular boundaries.
- The annexation is intended to mitigate or otherwise comply with standards/conditions required by another agency with respect to another development/annexation

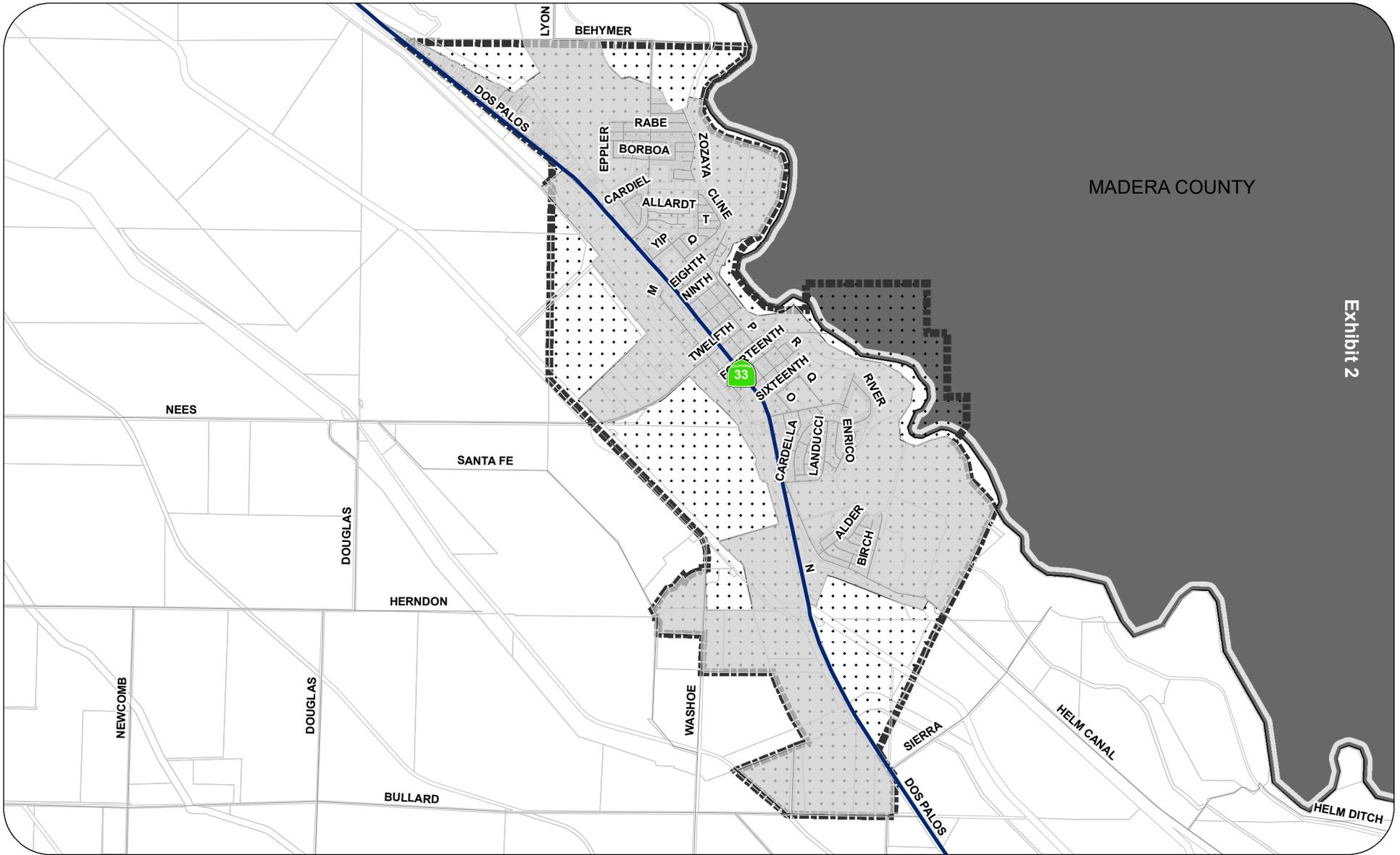


Exhibit 2

CITY OF FIREBAUGH



Legend

-  City of Firebaugh City Limits
-  City Sphere of Influence

Department of Public Works and Planning
Development Services Division



Prepared by: CHUVANG
G:\4360Devs&Pin\GIS\Maps\Specific

EXHIBIT 3

Effective July 1, 2025, the Sales Tax Revenue Sharing Proportion shall continue as follows:

YEAR	CITY
1	5%
2	5%
3	5%
4	5%
5	5%
6	5%
7	5%
8	5%
9	5%
10	5%
11	5%
12	5%
13	5%
14	5%
15	5%

Table 1: Sales Tax Revenue Allocation Application FY 2022-23 Data

City	Sales Tax Revenue 2017 - 2018	Population January 1, 2018	Per Capita Tax Revenue 2017 - 2018	Sales Tax Revenue 2018 - 2019	Population January 1, 2019	Per Capita Tax Revenue 2018 - 2019	Meets 50% Criteria 2017 - 2018	Meets 50% Criteria 2018 - 2019	Growth over 1/2%	Sales Tax Revenue Growth
	A	B	C	D	E	F	G	F	I	J
Clovis	\$ 20,088,192	113,501	\$ 176.99	\$ 21,398,962	116,609	\$ 183.51	A	A	Yes	6.53%
Coalinga	\$ 795,842	16,516	\$ 48.19	\$ 946,569	16,944	\$ 55.86	B	B	Yes	18.94%
Firebaugh	\$ 887,447	7,893	\$ 112.43	\$ 825,341	7,980	\$ 103.43	A	A	No	-7.00%
Fowler	\$ 1,290,773	6,161	\$ 209.51	\$ 1,415,099	6,220	\$ 227.51	A	A	Yes	9.63%
Fresno	\$ 86,000,524	536,593	\$ 160.27	\$ 91,798,987	542,012	\$ 169.37	A	A	Yes	6.74%
Huron	\$ 174,745	7,281	\$ 24.00	\$ 182,158	7,302	\$ 24.95	B	B	Yes	4.24%
Kerman	\$ 1,913,749	15,335	\$ 124.80	\$ 1,981,109	15,767	\$ 125.65	A	A	Yes	3.52%
Kingsburg	\$ 975,836	12,397	\$ 78.72	\$ 1,141,664	12,551	\$ 90.96	A	A	Yes	16.99%
Mendota	\$ 611,472	12,201	\$ 50.12	\$ 674,507	12,278	\$ 54.94	B	B	Yes	10.31%
Orange Cove	\$ 176,743	9,443	\$ 18.72	\$ 225,323	9,460	\$ 23.82	B	B	Yes	27.49%
Parlier	\$ 424,544	15,460	\$ 27.46	\$ 444,697	15,658	\$ 28.40	B	B	Yes	4.75%
Reedley	\$ 1,687,854	25,797	\$ 65.43	\$ 1,755,297	25,873	\$ 67.84	B	B	Yes	4.00%
Sanger	\$ 2,320,636	26,418	\$ 87.84	\$ 2,325,388	27,005	\$ 86.11	A	A	No	0.20%
San Joaquin	\$ 185,302	4,124	\$ 44.93	\$ 252,989	4,144	\$ 61.05	B	B	Yes	36.53%
Selma	\$ 5,515,388	24,327	\$ 226.72	\$ 6,482,913	24,402	\$ 265.67	A	A	Yes	17.54%
Sales Tax Revenue										
Total All Cities	\$ 123,049,047	833,447		\$ 131,851,003	844,205					
Per Capita All Cities			\$ 147.64			\$ 156.18				
50% Minimum			\$ 73.82			\$ 78.09				
Unincorporated Population		170,813			170,990					
Total County Population										

Sales Tax Revenues: Columns A & D, Source: State Board of Equalization Annual Report Statistical Appendix; Fiscal Year Data Available in January of Next Calendar Year

Population Data: Columns B & E, Source: Source State Department of Finance January 1, Population Estimates; Available in May of that Calendar Year

Per Capita Sales Tax All Cities (FY 2017-18) Sum Columns A & B. Then divide the column A summed total by the column B summed total. The Result is listed in Column C as "Per Capita Cities"

Per Capita Sales Tax All Cities (FY 2018-19) Sum Columns D & E. Then divide the column D summed total by the column E summed total. The Result is listed in Column F as "Per Capita Cities"

50% Minimum Criteria: The Previous Calculations divided by 2. Then a comparison of this number with the numbers in columns C & F is made. Results are reflected in columns G & H. "A" means above, "B" Below the Criteria.

Sales Tax Revenue Growth: Column J; Compute percentage growth of Sales Tax Revenue: Change in Sales Tax Revenue in Column D compared to Column A.

Growth Criteria: If the Sales Tax Revenues of the city grew by at least 1/2%, the results are reflected in column I with a "YES"