



Board Agenda Item 50

DATE: June 6, 2017

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

Jean M Rousseau, County Administrative Officer

SUBJECT: Amended and Restated Memorandum of Understanding between the County of Fresno and City of Clovis

RECOMMENDED ACTION(S):

- 1. Approve and authorize Chairman to execute Amended and Restated Memorandum of Understanding between the County of Fresno and City of Clovis.**
- 2. Designate the \$75,000 payment made by the City of Clovis as part of the Amended and Restated Memorandum of Understanding process to be used to offset future County contribution for Sustainable Groundwater Management Act participation and implementation within the North Kings Groundwater Sustainability Agency area.**
- 3. Determine that the approval and authorization of Chairman to execute the Amended and Restated Memorandum of Understanding between the County of Fresno and City of Clovis is exempt from the requirements of the California Environmental Quality Act, Public Resources Code 2100, et seq., and direct staff to file a Notice of Exemption with the Office of the Fresno County Clerk.**

The City of Clovis' Memorandum of Understanding (MOU) expires on June 26, 2017. This recommended Master tax-sharing agreement continues the same property and sales tax revenue distribution and methodology as contained in the current MOU. The provisions of this MOU will apply to annexations in the current Sphere of Influence (SOI) boundary of the City of Clovis as approved by the Fresno County Local Agency Formation Commission (LAFCo) (See Exhibit A).

ALTERNATIVE ACTION(S):

The Board may determine not to approve the proposed Amended and Restated MOU between the City of Clovis and the County. However, by not approving the recommended action, the current MOU will expire and annexations by the City would need to be considered by the Board on a case by case basis. In addition, the existing sales tax sharing provisions would cease unless extended by a subsequent agreement.

FISCAL IMPACT:

The recommended Amended and Restated MOU will continue the current MOU property tax and sales tax sharing provisions. In addition, the City has agreed to pay the County a one-time \$75,000 payment to defray the County's costs of developing, administering, and implementing the Amended and Restated MOU throughout its term. Payment would be made within 60 days of the effect date of the Amended and Restated MOU. Staff

recommends that this one-time payment be designated to partially offset the County's contribution for participation and implementation of the Sustainable Groundwater Management Act (SGMA) within the North Kings GSA area, which also encompasses the City of Clovis.

Property Tax Revenue

There are no changes recommended to the methodology for the distribution of property tax revenue under the recommended agreement. Under the current MOU, property tax revenue in areas being annexed into the City is currently being shared between the City and County as follows: 63% County and 37% City.

Sales and Use Tax Revenue

There are no changes recommended to the methodology for the distribution of sales tax and use revenues under the recommended agreement. The County will continue to receive 5% of the 1 % local sales tax revenue generated in the City of Clovis. In addition, the Amended and Restated MOU continues to include the same provisions for the City to share with the County the cash equivalent of additional sales tax revenue (3%) from the expanded Sphere of Influence (SOI) area upon annexation.

DISCUSSION:

In 1990, the City of Clovis and the County entered into a MOU to address growth issues in the region and revenue sharing. The MOU was subsequently amended in 1997, 2002, 2005, 2012, and 2014, to address sphere of influence issues, growth in the Dry Creek Preserve area, and to align the sphere of influence with the City's current plan area in the northwest growth area. The current MOU will expire on June 24, 2017, unless extended.

The proposed Amended and Restated MOU carries forth the same provisions as contained in the current MOU related to relating to property and sales tax revenue sharing, directing growth to the City consistent with the County's General Plan, promotion of economic development in form of streamline annexation standards for industrial and regional commercial uses, mutual collection of development impacts fees, and compliance with City development standards when the County approves development with the City's SOI. In addition, the proposed agreement incorporates the prior amendments made to the MOU since 2002. The following is a summary of the major provisions contained in the recommended agreement:

Alternative Standards of Annexation

For the purpose of promoting economic development and job creation, the recommended agreement continues to include the provision that streamlines the annexation of areas for industrial and regional commercial uses. This provision is consistent with the County's General Plan goals and policies to support partnership efforts with cities to create jobs and reduce unemployment. The County recognizes that for an area to be competitive in the attraction of business development, cities must have developed industrial parks and commercial centers available.

The application of this provision for the annexation of land for industrial and commercial development included in this agreement will require the City to provide a conceptual development plan, including a list of economic objectives to be achieved, the service and financing strategy and a schedule identifying the timeframe for completion of major project components. The City is also required to pre-zone the property and meet annually with the County staff to review the progress until the development is completed. This new provision is being included in addition to the existing Standards for Annexation which continue to be included as Exhibit 1 of the Agreement.

Compliance with City Standards and Collection of City Fees

Consistent with the County's General Plan policies, the recommended agreement will continue to direct growth to the City and require that the County refer proposals for new urban development to the City for annexation purposes. The recommended agreement also contains provisions that require all discretionary applications processed by the County at any location within the City's SOI to adhere to City property development standards, if more stringent than the County, and pay applicable City development fees.

City Collection of Countywide Capital Facility Fees

The recommended agreement continues the provision for the City collection of countywide capital facilities fees by the City for development projects implemented in the City of Clovis, if those fees are adopted by the Board of Supervisors.

County Collection of City Development fees within City SOI

The recommended agreements also continues the provision for the adoption and collection of City development fees by the County, for development projects implemented in the City's SOI, if requested and adopted by the City.

Special Study Area

The agreement includes a Special Study Area generally bounded by Tollhouse Road (State Route 168) to the north, east of DeWolf Avenue, generally north of the Nees Avenue alignment on the southern boundary, and approximately halfway between McCall and Del Rey Avenues to the east. This area has been identified by the City in its General Plan as the Northeast Urban Village Area and is generally designated for a large business park campus including industrial uses. The City and County will work together to finalize various plans required for the area. Future development of the special study area would require an amendment to the Amended and Restated MOU.

Annexations that do not Result in Urban Development

The agreement includes a new provision that addresses the County and City's mutual concern with the effect of properties potentially being annexed into the City for the purposes of urban development but being utilized for new non-urban uses. To address this concern, a provision has been added that if a property is annexed for urban development and this does not occur, the City would be obligated to pay the County the Cash Equivalent of 150% of the City's incremental allocation of the Countywide one-percent (1%) property tax rate that City collects from the annexation area.

The City of Clovis has agreed to pay the County a one-time \$75,000 payment to defray the County's costs of developing, administering, and implementing this Amended and Restated MOU throughout its term. Payment will be made within 60 days of the effect date of the Amended and Restated MOU. Staff recommends that this one-time payment be designated to partially offset the County's contribution for participation and implementation of the Sustainable Groundwater Management Act (SGMA) within the North Kings GSA area, which also encompasses the City of Clovis.

The proposed Amended and Restated MOU is exempt under the provisions of the California Environmental Quality Act (CEQA).

OTHER REVIEWING AGENCIES:

A County negotiation team comprised of representatives of the County Administrative Office and Department of Public Works and Planning participated in the negotiation of this agreement. The Clovis City Council approved this agreement at its May 15, 2017 meeting.

REFERENCE MATERIAL:

BAI #24, December 9, 2014
BAI 64, May 22, 2012
BAI #24, November 8, 2005
BAI #8, June 25, 2002

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A
On file with Clerk - 2017 Amended and Restated Clovis MOU

CAO ANALYST:

John Hays