



Board Agenda Item 52

DATE: October 31, 2017

TO: Board of Supervisors

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

SUBJECT: First Amendment to Amended and Restated Memorandum of Understanding
between County of Fresno and City of Sanger

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute the First Amendment to the Amended and Restated Memorandum of Understanding between the County of Fresno and City of Sanger regarding annexation of substantial sales tax generating uses within the City's Sphere of Influence.**
2. **Determine that the approval and authorization of the Chairman to execute First Amendment to the Amended and Restated Memorandum of Understanding between the County of Fresno and City of Sanger 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.**

Approval of the recommended action would modify the Memorandum of Understanding (MOU) between the County and City of Sanger to address sales tax sharing between the City and County for annexation of substantial sales tax generating uses within the City's Sphere of Influence.

ALTERNATIVE ACTION(S):

No viable Alternative Action is available.

FISCAL IMPACT:

The amended MOU is limited to modifying existing sales tax sharing revenue provisions relating to annexation of potential future substantial sales tax generating uses within a specified geographic area of the City's Sphere of Influence. Today, no substantial sales tax generating uses exist within the identified area so there is no fiscal impact to the County. The amended MOU does not modify existing property tax sharing provisions contained in the existing MOU between the County and the City of Sanger.

DISCUSSION:

On December 13, 2005, the Board approved and executed an Amended and Restated MOU with the City of Sanger addressing land use and revenue sharing. On July 24, 2017, the City notified the County of its desire to amend the existing MOU to incorporate provisions contained in the City of Fowler's MOU relating to substantial sales tax generating uses.

The existing provisions contained in the County/Sanger MOU provide that whenever the City annexes unincorporated territory that generates substantial sales tax revenue for the County, the City agrees, upon annexation, to amend its local sales and use tax ordinance such that the County continues to receive the same amount of sales tax revenue generated prior to annexation. The City/County MOU defines "substantial sales tax revenue" as sales tax revenue derived from taxable sales in the area annexed equal to at least \$100,000 in taxable sales if only information for less than one fiscal year exists, or \$400,000 if four or more quarters exists. Under the terms of the existing MOU, the County would continue to receive the sales tax revenue throughout the term of the MOU.

The MOU that the County executed with the City of Fowler in 2011, contains the same provisions described above, however, the MOU also contains additional provisions that the County's retention of sales tax revenue generated by the substantial sales tax generating use ends after five years. It is this provision that the City of Sanger has requested be include into the City/County MOU.

Article IX (General Provisions), Section 9.8 (Renegotiation) of the existing MOU between the County and City of Sanger provides that if County enters into an MOU with another City that has terms and conditions more favorable in the aggregate to that city, the County agrees that it will negotiate such terms and conditions upon written request from City. As noted above, the City notified the County of its request to modify the existing MOU.

OTHER REVIEWING AGENCIES:

The First Amendment to the MOU between the County of Fresno and City of Sanger was prepared and coordinated between City and County staff. The Sanger City Council discussed and approved the Amendment at a public hearing on October 5, 2017.

REFERENCE MATERIAL:

BAI #9, December 13, 2005

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A

Exhibit B

On file with Clerk - MOU Amendment with City of Sanger

CAO ANALYST:

John Hays