Board Agenda Item 42

DATE: March 17, 2026

TO: Board of Supervisors

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

SUBJECT: Second Amendment and Restated Memorandum of Understanding between the County of Fresno and City of Firebaugh

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute the Second Amended and Restated Memorandum of Understanding between the County of Fresno and the City of Firebaugh; and**

2. **Determine that the approval and authorization of the Chairman to execute the Second Amended and Restated Memorandum of Understanding between the County of Fresno and City of Firebaugh is exempt from the requirements of the California Environmental Quality Act, Public Resources Code 21000, et seq., and direct staff to file a Notice of Exemption with the Office of the Fresno County Clerk.**

The existing first Amended and Restated Memorandum of Understanding (Agreement No. 11-112) with the City of Firebaugh (City) will expire on March 22, 2026. The proposed Second Amended and Restated Memorandum of Understanding (MOU) will implement the property and sales tax revenue distribution methodology as directed by your Board. The provisions of this MOU will apply to annexations to the City during its term as well as development in the current Sphere of Influence (SOI) boundary of the City as approved by the Fresno County Local Agency Formation Commission (LAFCo). This item pertains to areas located in District 1.

ALTERNATIVE ACTION(S):

Your Board may determine not to approve the proposed Second Amended and Restated MOU between the City and the County. However, by not approving the recommended actions, future annexations by the City, following the expiration of the existing MOU, would need to be considered by the Board on a case-by-case basis. In addition, sales tax sharing provisions will cease unless extended by a subsequent agreement.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The recommended Second Amended and Restated MOU will continue the existing property tax and sales tax sharing apportionment.

Property Tax Revenue

There are no changes recommended to the methodology for the distribution of property tax revenues under the recommended agreement. Under the current first Amended and Restated MOU, property tax revenue in areas annexed into the City are 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.

DISCUSSION:

On June 14, 1994, the City and the County entered into the original MOU (Agreement No. 94-238) to address growth issues in the region and revenue sharing. The MOU was subsequently extended in 2011 via the first Amended and Restated MOU (Agreement No. 11-112), for an additional 15 years. On September 21, 2021, the City and County executed an amendment to the 2011 MOU (Agreement No. 21-385) to facilitate expansion of the City's SOI and annexation to accommodate future urban development within the City.

The proposed Second Amended and Restated MOU carries forth generally the same provisions as contained in the current MOU related 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. 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 continues to 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.

Compliance with City Standards

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 agreement also recognizes that because of state-mandated directives, including, but not limited to, the state Regional Housing Needs Allocation, the County may need to consider approval of urban development in areas that are not currently planned for such uses.

The recommended agreement also contains provisions that require all discretionary applications processed by the County at any location within the City's SOI 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 if fees are adopted by the Board of Supervisors.

California Environmental Quality Act

The proposed Second Amended and Restated MOU is exempt under Section 15061, subdivision (b)(3) of the California Environmental Quality Act (CEQA) Guidelines, because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. In addition, under CEQA Guidelines section 15378, subdivisions (b)(2), (b)(4), and (b)(5), the activity does not meet the definition of a “project.”

OTHER REVIEWING AGENCIES:

The Firebaugh City Council discussed and approved the Second Amended and Restated MOU on February 2, 2026.

REFERENCE MATERIAL:

BAI #47, September 21, 2021
BAI #37, March 22, 2011

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Second Amended and Restated MOU

CAO ANALYST:

Maria Valencia