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MEMORANDUM OF UNDERSTANDING BETWEEN  
 THE COUNTY OF FRESNO, THE CITY OF CLOVIS,  
 AND THE CLOVIS REDEVELOPMENT AGENCY

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "MOU") is made and executed this 21st day of August, 1990, by and between the COUNTY OF FRESNO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), the CITY OF CLOVIS, a municipal corporation of the State of California (hereinafter referred to as "CITY"), and the CLOVIS REDEVELOPMENT AGENCY, a redevelopment agency organized and existing under and by virtue of the laws of the State of California (hereinafter referred to as "AGENCY").

W I T N E S S E T H

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

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

WHEREAS, COUNTY, CITY and AGENCY recognize the importance of COUNTY, CITY, and AGENCY's services and are prepared to cooperate in an effort to address COUNTY's, CITY's, and

1 AGENCY's fiscal problems; and

2 WHEREAS, through annexation and appropriate redevelopment,  
3 CITY and AGENCY provide the opportunity for economic growth and  
4 development to support public services for CITY, COUNTY, and  
5 AGENCY; and

6 WHEREAS, close cooperation between COUNTY, CITY and AGENCY  
7 is necessary to maintain the quality of life throughout Fresno  
8 County and deliver needed services in the most cost-efficient  
9 manner to all CITY and COUNTY residents; and

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

14 WHEREAS, CITY and AGENCY recognize that development within  
15 CITY limits may also have the effect of concentrating  
16 revenue-generating activities within CITY rather than in  
17 unincorporated areas; and

18 WHEREAS, annexation which results in the development of  
19 urban uses in response to a clearly demonstrated community  
20 demand is appropriate; and well planned and fiscally sound  
21 redevelopment can be a valuable tool in the physical and  
22 economic development of CITY and COUNTY.

23 NOW, THEREFORE, COUNTY, CITY and AGENCY hereby agree as  
24 follows:

25 ARTICLE I

26 DEFINITIONS

27 Unless the particular provision or context otherwise  
28 requires, the definitions contained in this article and in the

1 Revenue and Taxation Code shall govern the construction,  
2 meaning, and application of words used in this MOU.

3 1.1 "Base property tax revenues" means property tax  
4 revenues allocated by tax rate equivalents to all taxing  
5 jurisdictions as to the geographic area comprising a given tax  
6 rate area annexed in the fiscal year immediately preceding the  
7 tax year in which property tax revenues are apportioned  
8 pursuant to this MOU, including the amount of State  
9 reimbursement for the homeowners' and business inventory  
10 exemptions.

11 1.2 Except as provided in section 6.1, "property tax  
12 increment" means revenue from the annual tax increment, as  
13 "annual tax increment" is defined in Section 98 of the Revenue  
14 and Taxation Code, attributable to the tax rate area for the  
15 respective tax year.

16 1.3 "Substantial development" or "substantially developed"  
17 means real property which, prior to annexation, has an  
18 improvement value to land value ratio equal to or greater than  
19 1.25:1, as of the lien date in the fiscal year in which the  
20 annexation becomes effective.

21 1.4 "Property tax revenue" means base property tax  
22 revenue, plus the property tax increment for a given tax rate  
23 area.

24 1.5 "Tax apportionment ratio" means the tax apportionment  
25 ratio of the parties for a given fiscal year and shall be  
26 ascertained by dividing the amount determined for each party  
27 pursuant to Revenue and Taxation Code Sections 96(a) or 97(a),  
28 whichever is applicable, by that party's gross assessed value,

1 and by then dividing the sum of the resulting tax rate  
2 equivalents of both parties into each party's tax rate  
3 equivalent to produce the tax apportionment ratio.

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

9 1.7 "Redevelopment project" means any new redevelopment  
10 plan or project area and any amendment to an existing  
11 redevelopment plan or project area to which Health and Safety  
12 Code Section 33354.6, as amended by Chapter 147 of the 1984  
13 Statutes, applies. For example, the addition of the power of  
14 eminent domain to an existing redevelopment plan is not a  
15 "redevelopment project" because it does not affect any of the  
16 criteria listed in Health and Safety Code section 33354.6.

17 ARTICLE II

18 ANNEXATIONS BY CITY

19 2.1 Any annexations undertaken by CITY following the date  
20 of the execution of this MOU shall be consistent with both the  
21 terms of this MOU and the standards (hereinafter "The  
22 Standards" or "Standards") as set forth in Exhibit "1",  
23 attached hereto and incorporated by reference herein as if set  
24 forth fully at this point. This MOU shall not apply to  
25 annexations proposed by CITY which are not in compliance with  
26 its terms or which fail to meet The Standards. If a proposed  
27 annexation is not in compliance with the terms of this MOU,  
28 including, but not limited to, The Standards, then no property

1 tax exchange agreement, as required by Revenue and Taxation  
2 Code Section 99, shall exist in regards to that proposed  
3 annexation. Any such non-complying annexation shall be handled  
4 individually through separate negotiations between CITY and  
5 COUNTY.

6 2.2 In order to encourage the orderly processing of  
7 proposed annexations, CITY shall, at least thirty (30) days  
8 prior to filing any annexation proposal with the Fresno County  
9 Local Agency Formation Commission (hereinafter "LAFCO"), notify  
10 COUNTY of its <sup>"N.O.I."</sup> intention to file such proposal and the date upon  
11 which CITY expects such proposal to be filed. Upon COUNTY's  
12 request, CITY agrees to meet with COUNTY to review whether its  
13 proposed annexation complies with The Standards. Within  
14 fifteen (15) days after the date COUNTY receives <sup>(N.O.I)</sup> notice by CITY  
15 of its annexation proposal, COUNTY shall notify CITY in writing  
16 if it has determined that the proposed annexation is  
17 inconsistent with The Standards. Upon receipt of such  
18 notification, CITY may either modify the proposal to COUNTY's  
19 specifications or adopt a resolution finding that the proposed  
20 annexation is, in CITY's determination, consistent with The  
21 Standards.

22 2.3 If CITY adopts a resolution making the findings  
23 described in Section 2.2, then COUNTY may challenge such  
24 findings by appropriate court action filed within thirty (30)  
25 days of receipt of written notice of the adoption of CITY's  
26 resolution. The court shall independently review the evidence  
27 and determine whether the proposed annexation is consistent  
28 with The Standards.

1           As an alternative to a judicial challenge by the  
2 COUNTY, the parties may within the aforesaid thirty (30) day  
3 period mutually agree in writing to arbitrate their dispute  
4 through proceedings conducted in accordance with the rules  
5 established by the American Arbitration Association. The  
6 parties upon agreeing to arbitrate will proceed with  
7 arbitration in a timely manner. The arbitrator hearing the  
8 matter shall independently review the evidence and determine  
9 whether the proposed annexation is consistent with The  
10 Standards.

11           Costs incurred by the prevailing party, either in  
12 court proceedings or arbitration, shall be paid by the  
13 non-prevailing party. The parties agree that CITY shall not  
14 proceed to LAFCO with the proposed annexation until the dispute  
15 is finally resolved either by court or arbitration  
16 proceedings. If CITY attempts to proceed with such proposed  
17 annexation prior to the expiration of the period in which  
18 COUNTY may file its court action or agree to arbitrate, or  
19 prior to the final conclusion of such court or arbitration  
20 proceedings, then this memorandum shall immediately terminate  
21 as to such annexation and in particular no property tax  
22 exchange agreement, as required by section 99 of the Revenue  
23 and Taxation Code, shall exist between CITY and COUNTY as to  
24 that proposed annexation.

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

1 the request of the CITY, conditions the completion of the  
2 annexation upon the Executive Officer's prior receipt of a  
3 certified copy of the document evidencing the finality of the  
4 aforesaid court or arbitration proceedings determining that the  
5 proposed annexation is consistent with Exhibit "1" attached  
6 hereto, or alternatively, receipt of a written stipulation of  
7 the CITY and COUNTY agreeing that a master property tax  
8 agreement still exists permitting the completion of such  
9 proposed annexation. If LAFCO declines to include the  
10 aforesaid condition in its approval, or CITY fails to timely  
11 request such condition, no property tax exchange agreement as  
12 required by Section 99 of the Revenue and Taxation Code shall  
13 exist between CITY and COUNTY as to that proposed annexation.  
14 If CITY nevertheless attempts to proceed with the annexation,  
15 such action on the part of the CITY shall also be deemed good  
16 cause for the COUNTY at its option to terminate this Memorandum  
17 of Understanding in its entirety.

18 ARTICLE III

19 EXCHANGE OF PROPERTY TAX REVENUES TO BE MADE UNDER

20 SECTION 99 OF THE REVENUE AND TAXATION CODE

21 3.1 The property tax revenues collected in relation to  
22 annexations covered by the terms of this MOU shall be  
23 apportioned between CITY and COUNTY as set forth in sections  
24 3.2 and 3.3 below. The parties acknowledge that, pursuant to  
25 Sections 54902, 54902.1 and 54903 of the Government Code and  
26 Sections 97 and 99 of the Revenue and Taxation Code, the  
27 distribution of such property tax revenues will not be  
28 effective until the revenues are collected in the tax year

18 *sect*  
19 *2.4*  
20 *ADDED*

1 following the calendar year in which the statement of boundary  
2 changes and the map or plat is filed with the County Assessor  
3 and the State Board of Equalization.

4 3.2 In regards to the annexation of real properties which  
5 are not considered substantially developed at the time of  
6 annexation, COUNTY will retain all of its base property tax  
7 revenue upon annexation. The amount of the property tax  
8 increment for special districts whose services are assumed by  
9 CITY shall be combined with the property tax increment of the  
10 COUNTY, the sum of which shall be allocated between CITY and  
11 COUNTY pursuant to the following ratio:

12 COUNTY: 63%

13 CITY: 37%

14 3.3 In regards to the annexation of real properties which  
15 are considered substantially developed at the time of  
16 annexation, property tax revenue (base plus increment) will be  
17 reallocated as follows: a detaching or dissolving district's  
18 property tax revenue (base plus increment) shall be combined  
19 with COUNTY's and the sum of which shall be allocated between  
20 CITY and COUNTY pursuant to the ratio set forth in section 3.2.

21 ARTICLE IV

22 AMENDED IN ITS  
23 ENTIRETY. SEE  
FIRST AMDT.

22 DEVELOPMENT WITHIN AND ADJACENT TO

23 CITY'S SPHERE OF INFLUENCE

24 ~~4.1 COUNTY shall not approve any discretionary development~~  
25 ~~permits for new urban development within the CITY's sphere of~~  
26 ~~influence which is within one-half mile of the city boundary~~  
27 ~~unless that development shall have first been referred to CITY~~  
28 ~~for consideration of possible annexation. If CITY does not,~~

NEW  
4.1.1 THRU 4.1.7

1 ~~within sixty (60) days of receipt of notice from COUNTY, adopt~~  
2 a resolution of application to initiate annexation proceedings  
3 before LAFCO, COUNTY may approve development permits for that  
4 new urban development, considering CITY's general plan, and  
5 consistent with COUNTY's general plan policies, provided: (1)  
6 that the development is orderly and does not result in the  
7 premature conversion of agricultural lands, and (2) that COUNTY  
8 shall require compliance with development standards comparable  
9 to CITY's and charge fees reflecting the increased  
10 administrative and implementing cost where such CITY standards  
11 are more stringent than COUNTY's. CITY agrees to cooperate  
12 with COUNTY in providing data in support of fees covering the  
13 applicable standards. COUNTY's actual fees may be more or less  
14 than CITY's, depending on the review. CITY and COUNTY may  
15 annually prepare such a fee schedule for COUNTY use to be  
16 adopted during COUNTY's budget process. COUNTY agrees to adopt  
17 the policies, procedures and ordinances necessary to effectuate  
18 the intent of this article. COUNTY will transfer fees  
19 collected for public facility improvements at the earliest time  
20 ~~when it is legally permissible to do so.~~

21 4.2 COUNTY shall support urban unification. To this end,  
22 COUNTY shall oppose the creation of new governmental entities  
23 within CITY's sphere of influence, except for such entities  
24 that may be necessary to address service requirements that  
25 cannot be addressed by annexation to CITY. CITY and COUNTY  
26 will support transition agreements with current service  
27 providers which recognize the primary role of cities as  
28 providers of urban services within urban areas and where

1 current service providers of urban services have participated  
2 in service master planning.

3 4.3 Within the CITY's sphere of influence and the area  
4 beyond that sphere of influence, as shown in Exhibit "4",  
5 COUNTY and CITY agree that, in the early stages of preparation  
6 of general plan amendments for new urban development, they  
7 shall consult at the staff level in such fashion as to provide  
8 meaningful participation in the policy formulation process, and  
9 shall likewise consult on other policy changes which may have  
10 an impact on growth or the provision of urban services. CITY  
11 shall also be given the opportunity to respond to COUNTY before  
12 the final document is prepared for presentation to COUNTY's  
13 Planning Commission. COUNTY agrees that it will solicit  
14 comments from CITY in the preparation of any Initial Study  
15 required by the California Environmental Quality Act undertaken  
16 within the area. If CITY determines such urban development may  
17 have a significant effect on the environment, the COUNTY shall  
18 require an EIR to be prepared if a fair argument can be made in  
19 support of the CITY's finding.

20 4.4 The policies set forth in this article shall not apply  
21 to development applications received by COUNTY prior to the  
22 date of this MOU.

23 ARTICLE V

24 IMPLEMENTATION OF SALES TAX

25 REVENUE COLLECTION

26 5.1 Pursuant to the Bradley Burns Uniform Local Sales and  
27 Use Tax Law, Part 1.5, Division 2, of the Revenue and Taxation  
28 Code (commencing with Section 7200), CITY is, concurrent with

1 the execution of this MOU, amending its local sales and use tax  
2 ordinance. This amendment shall be timely forwarded to the  
3 State Board of Equalization so that it will become operative as  
4 of October 1, 1990. This amendment shall enable COUNTY,  
5 pursuant to its sales and use tax ordinance, to collect a  
6 portion of the sales and use tax revenues generated within the  
7 incorporated areas of CITY in accordance with the applicable  
8 rate set forth on Exhibit "2", attached hereto and incorporated  
9 by reference as if set forth fully at this point. The format  
10 of this amendment by CITY to its local sales and use tax  
11 ordinance shall likewise provide as a credit against the  
12 payment of taxes due under such ordinance, an amount equal to  
13 any sales and use tax due to COUNTY.

14 5.2 Except as otherwise provided herein, CITY further  
15 agrees that the amendment adopted pursuant to section 5.1 above  
16 shall likewise provide for the periodic reallocation of  
17 additional sales tax revenues generated within the incorporated  
18 areas of CITY in accordance with the schedule set forth on  
19 Exhibit "2". Each subsequent incremental adjustment shall go  
20 into effect on July 1st of each fiscal year following October  
21 1, 1990. These periodic adjustments shall enable COUNTY,  
22 pursuant to its sales and use tax ordinance, to collect that  
23 portion of the sales and use tax revenues generated within the  
24 incorporated areas of CITY equal to the applicable percentage  
25 as specified in Exhibit "2". These periodic adjustments shall  
26 automatically go into effect provided that:

27 5.2.1 CITY receives sales tax revenues per capita in  
28 an amount greater than fifty percent (50%) of the

1 sales tax revenue per capita collected by all Fresno  
2 County cities when taken as a group during the most  
3 recent fiscal year for which State Board of  
4 Equalization information is available, then it hereby  
5 agrees to reallocate sales tax revenues with COUNTY  
6 beginning on October 1, 1990 in fiscal year 1990-91 in  
7 accordance with the provisions of this article; and  
8 5.2.2 CITY's annual sales tax revenue growth for the  
9 most recent fiscal year for which sales tax revenue  
10 information is available from the State Board of  
11 Equalization allows CITY to reallocate sales tax  
12 revenue at the percentage designated in Exhibit "2"  
13 and still have a net increase in its remaining sales  
14 tax revenue when compared with the fiscal year  
15 immediately preceding the fiscal year described  
16 above. The periodic phase in of sales tax  
17 reallocation described herein shall be delayed from  
18 year-to-year if CITY falls below the sales tax  
19 reallocation threshold as identified in section 5.2.  
20 In those years in which CITY does not meet the sales  
21 tax reallocation threshold, CITY's sharing proportion  
22 shall continue at the same rate as in the last year  
23 in which CITY met or exceeded the threshold. When, in  
24 a subsequent year, CITY again meets or exceeds the  
25 threshold, the sharing proportion of CITY shall be at  
26 the next higher sharing proportion shown on Exhibit  
27 "2", and the annual phase-in shall continue therefrom.

28 ///

1           5.3 The sales tax ordinance amendments adopted by  
2 CITY pursuant to this article are intended to reduce CITY's  
3 sales tax rate from its then-existing level to a level which  
4 thereby enables COUNTY, pursuant to its sale tax ordinance, to  
5 continue collecting those amounts set forth in the previous  
6 provisions of this article as well as the applicable  
7 percentages set forth on Exhibit "2". In addition, each  
8 periodic adjustment is intended by the parties to enable COUNTY  
9 to collect an amount equivalent to the applicable percentage  
10 specified in Exhibit "2".

11           5.4 Whenever CITY proposes an annexation of unincorporated  
12 territory which generates substantial sales tax revenue for  
13 COUNTY, CITY agrees to further amend its local sales and use  
14 tax ordinance as set forth in this section. Notwithstanding  
15 the language of subsections 5.2.1 and 5.2.2, this additional  
16 amendment shall become operative no later than the commencement  
17 of the next calendar quarter following the date upon which such  
18 annexation is certified as complete by the Executive Officer of  
19 LAFCO. This additional amendment shall decrease CITY's sales  
20 tax rate to yield an amount equal to the amount of substantial  
21 sales tax revenue being collected by COUNTY in the area to be  
22 annexed, thus enabling COUNTY to increase its sales tax rate by  
23 a corresponding percentage, which shall continue to accrue to  
24 COUNTY throughout the term of this MOU. Any such additional  
25 amendment made by CITY pursuant to this section shall likewise  
26 preserve intact any periodic adjustments previously implemented  
27 pursuant to this MOU. Further, CITY agrees that it shall not  
28 split or separate areas into smaller annexations for the

1 purpose of, or having the effect of, creating an annexation or  
2 annexations which, individually, do not generate substantial  
3 sales tax revenue, but which would generate such revenue if  
4 combined. For purposes of this article, the term "substantial  
5 sales tax revenue" shall be defined as sales tax revenue  
6 derived from taxable sales in the area annexed equal to at  
7 least:

8 5.4.1 If only information for less than one fiscal  
9 year exists, then \$100,000 in taxable sales in the  
10 most recent quarter for which such information from  
11 the State Board of Equalization is available in  
12 writing or electronic or magnetic media, and projected  
13 to a full four quarters, at least \$400,000 in taxable  
14 sales.

15 5.4.2 If information for one or more years exist,  
16 then \$400,000 in taxable sales in the most recent year  
17 for which such information from the State Board of  
18 Equalization is available in writing or electronic or  
19 magnetic media.

20 5.5 If CITY fails to amend its sales tax ordinance as  
21 provided in section 5.1, or if the amendment to the sales tax  
22 ordinance fails to provide for the periodic reallocation of  
23 additional sales tax revenues as provided in section 5.2, the  
24 subsections therein, and Exhibit "2", or if CITY fails to  
25 further amend its sales tax ordinance upon the annexation of  
26 unincorporated territory which generates substantial sales tax  
27 revenue for COUNTY as provided in section 5.4, or if CITY  
28 splits or separates areas into smaller areas as prohibited by

1 section 5.4, then this MOU shall immediately terminate and,  
2 inparticular, no property tax exchange agreement, as required  
3 by Section 99 of the Revenue and Taxation Code, shall exist  
4 between CITY and COUNTY.

5 5.6 CITY and COUNTY further agree that the annual report  
6 of the State Board of Equalization and the Department of  
7 Finance Annual Population Estimates shall be used as the data  
8 source for the purpose of calculating the per capita sales tax  
9 revenue pursuant to this MOU.

10 5.7 Application of the formula to be used in the  
11 allocation of revenues pursuant to section 5.2 is illustrated  
12 in Exhibit "3", attached hereto and incorporated by reference  
13 herein as if set forth fully at this point.

14 ARTICLE VI

15 REDEVELOPMENT

16 6.1 The parties acknowledge that circumstances may develop  
17 making it desirable to negotiate the amount of property tax  
18 increment, as described in Section 33670 of the Health and  
19 Safety Code, that AGENCY will pass through to County and the  
20 Fresno County Library District (hereinafter "Library District")  
21 in individual redevelopment projects. In those instances where  
22 CITY or AGENCY wish to negotiate, the parties agree to conduct  
23 and complete such negotiations within a 60 day period following  
24 CITY or AGENCY's written notice to COUNTY of the desire to  
25 negotiate as to the particular redevelopment project. These  
26 negotiations will take place prior to AGENCY approval of the  
27 preliminary report. In the absence of such negotiations or if  
28 negotiations do not result in an agreement within the

1 negotiating period, CITY and AGENCY will pass through to COUNTY  
2 and the Library District one hundred percent (100%) of their  
3 respective shares of the property tax increment for the project.

4 The parties shall take all actions necessary under Section  
5 33401 of the Health and Safety Code and other provisions of law  
6 to accomplish the purposes of this article. This obligation  
7 includes a finding by AGENCY that any pass through of the  
8 property tax increment to COUNTY and the Library District is  
9 necessary and appropriate to alleviate any financial burden or  
10 detriment to COUNTY and the Library District caused by a  
11 redevelopment project.

12 If negotiations result in an agreement or if CITY and  
13 AGENCY pass through to COUNTY and the Library District one  
14 hundred percent (100%) of their respective shares of the  
15 property tax increment for the project, then COUNTY agrees that  
16 this will satisfy its fiscal concerns.

17 6.2 Understanding that the following remedies are available  
18 without statement herein, but desiring that the parties be  
19 aware, if a redevelopment project is approved without CITY and  
20 AGENCY fully complying with this article, then COUNTY's  
21 cumulative remedies shall include, but not be limited to, the  
22 following:

23 6.2.1 COUNTY may, to the full extent provided by law,  
24 challenge the validity of the redevelopment plan  
25 approved or adopted for a redevelopment project and  
26 may exercise any and all other such remedies it may  
27 have related to such redevelopment project. This  
28 subsection shall not be construed to allow COUNTY to

1 challenge a redevelopment plan approved prior to the  
2 date of this MOU, except as allowed by law in the  
3 absence of this MOU.

4 6.2.2 If CITY and AGENCY fail or refuse to negotiate  
5 with COUNTY or if negotiations do not conclude in an  
6 agreement, and CITY and AGENCY pass through to COUNTY  
7 and the Library District less than one hundred percent  
8 (100%) of their respective shares of the property tax  
9 increment, then this MOU shall automatically terminate  
10 and, in particular, no property tax exchange  
11 agreement, as required by Section 99 of the Revenue  
12 and Taxation Code, shall exist between CITY and COUNTY.

13 6.2.3 COUNTY may maintain a court action for specific  
14 performance of the provisions of this article, and for  
15 declaratory relief to settle disputes as to CITY's or  
16 AGENCY's compliance with this article.

17 ARTICLE VII

18 COUNTY AND CITY ASSURANCES ON USE OF REVENUE

19 7.1 COUNTY recognizes that certain revenue reallocated to  
20 it by this MOU would otherwise have been appropriated by CITY  
21 and AGENCY to meet demands for services. Therefore, COUNTY  
22 agrees to use this new revenue in order to maintain levels of  
23 COUNTY services that are supportive of CITY and AGENCY  
24 services, unless the federal or state governments materially  
25 reduce the level of funding for such services. Examples of  
26 such COUNTY services include: criminal justice system, public  
27 health, and other similar services. This section shall not be  
28 construed as establishing minimum levels of COUNTY services

1 that are supportive of CITY and AGENCY services.

2 7.2 CITY agrees to continue enforcement of laws which  
3 result in the collection of fines and forfeitures.

4 ARTICLE VIII

5 COOPERATIVE EFFORTS AT LEGISLATIVE REFORM

6 8.1 CITY, COUNTY, and AGENCY agree to work jointly for  
7 state legislation and appropriations that would improve the  
8 fiscal condition of CITY, COUNTY, and AGENCY.

9 ARTICLE IX

10 COOPERATIVE EFFORTS REGARDING UNIVERSITY OF

11 CALIFORNIA CAMPUS SITE

12 9.1 CITY, COUNTY, and AGENCY support a University of  
13 California campus site in Fresno County, and shall work in  
14 cooperation to ensure that a Fresno County site is chosen by  
15 the University of California which may include provision of  
16 infrastructure and necessary support systems including but not  
17 limited to water resource transfers; waste water treatment;  
18 streets; highways; and transit. It is further agreed that the  
19 parties shall assist in providing for the mitigation of any  
20 environmental impacts related to the development of the chosen  
21 site (as identified through the CEQA process) to the maximum  
22 extent possible.

23 ARTICLE X

24 GENERAL PROVISIONS

25 10.1 Term of MOU. - AMENDED IN ITS ENTIRETY BY FIRST AMOT. §10

26 ~~This MOU shall commence as of the date of execution by~~

27 ~~COUNTY, CITY and AGENCY and shall remain in effect for a period~~

28 ///

1 ~~of fifteen (15) years, unless terminated prior to that time by~~  
2 ~~mutual agreement of the parties.~~

3 10.2 Termination.

4 Should all or any portion of this MOU be declared invalid  
5 or inoperative by a court of competent jurisdiction, or should  
6 any party to this MOU fail to perform any of its obligations  
7 hereunder, or should any party to this MOU take any action to  
8 frustrate the intentions of the parties as expressed in this  
9 MOU, then in such event, this entire MOU, as well as any  
10 ancillary documents entered into by the parties in order to  
11 fulfill the intent of this MOU, shall immediately be of no  
12 force and effect and, in particular, no property tax exchange  
13 agreement, as required by Section 99 of the Revenue and  
14 Taxation Code, shall exist between the CITY and COUNTY as to  
15 unincorporated property, and CITY shall not be required to  
16 further amend its sales tax ordinance.

17 10.3 Renegotiation Following Court Action

18 If this Agreement is terminated by reason of court action,  
19 the parties agree to negotiate in good faith to achieve new  
20 agreement consistent with fundamental objectives of this  
21 Agreement.

22 10.4 Penalty for COUNTY's Arbitrary Termination.

23 Other than termination for a reason specified in this  
24 Agreement, if the COUNTY terminates this Agreement arbitrarily  
25 and without good cause, the CITY shall be entitled to increase  
26 its sales tax by one-half of one percent (.005) above its tax  
27 in place at the time of COUNTY's breach, beginning the next  
28 calendar quarter following the expiration of thirty (30) days

1 written notice of breach to COUNTY.

2 10.5 Penalty for CITY's Arbitrary Termination.

3 Conversely, other than termination for a reason specified  
4 in this Agreement, if the CITY terminates this Agreement  
5 arbitrarily and without good cause, the COUNTY shall be  
6 entitled to increase its sales tax by one-half of one percent  
7 (.005) above its tax in place at the time of CITY's breach,  
8 beginning the next calendar quarter following the expiration of  
9 thirty (30) days written notice of breach to CITY.

10 10.6 Implementation of Penalties.

11 The parties covenant to make necessary changes in their  
12 respective sales tax ordinances to effectuate the intent hereof  
13 notwithstanding termination of this Memorandum of Understanding.

14 10.7 Termination Due to Changes in Law.

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

1 is mutually understood and agreed that this MOU may, by mutual  
2 agreement be terminated should changes occur in statutory law,  
3 court decisions or state administrative interpretations which  
4 negate the basic tenets of this MOU.

5 10.8 Modification.

6 This MOU and all of the covenants and conditions set forth  
7 herein may be modified or amended only by a writing duly  
8 authorized and executed by COUNTY, CITY and AGENCY.

9 10.9 Enforcement.

10 COUNTY, CITY and AGENCY each acknowledge that this  
11 instrument cannot bind or limit themselves or each other or  
12 their future governing bodies in the exercise of their  
13 discretionary legislative power. However, each binds itself  
14 that it will insofar as is legally possible fully carry out the  
15 intent and purposes hereof, if necessary by administrative  
16 action independent of ordinances, and that this MOU may be  
17 enforced by injunction to the extent allowed by law.

18 10.10 Entire MOU; Supersession.

19 With respect to the subject matter hereof, this MOU  
20 supersedes any and all previous negotiations, proposals,  
21 commitments, writings, and understandings of any nature  
22 whatsoever between COUNTY, CITY and AGENCY except as otherwise  
23 provided herein. This MOU does not supersede the "Joint  
24 Resolution on Metropolitan Planning" except where that  
25 resolution is inconsistent with this MOU; in such a case, this  
26 MOU supersedes the resolution. This MOU does not supersede  
27 existing written agreements among COUNTY, CITY and AGENCY  
28 pertaining to redevelopment, except to the extent redevelopment

1 projects, as defined in this MOU, trigger the application of  
2 article VI of this MOU. This MOU also does not resolve  
3 disputes among the parties related to existing written  
4 agreements pertaining to redevelopment and is not intended to  
5 waive any rights or obligations thereunder.

6 10.11 Notice.

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

<u>COUNTY</u>	<u>CITY and AGENCY</u>
County Administrative Officer	City Manager/Exec. Director
County of Fresno	City of Clovis
Hall of Records, Room 300	City Hall
2281 Tulare Street	1033 Fifth Street
Fresno, CA 93721	Clovis, CA 93612

16 10.12 Renegotiation.

17 If COUNTY enters into an MOU with another City that has  
18 terms and conditions more favorable in the aggregate to that  
19 City than those terms and conditions contained herein, COUNTY  
20 agrees that it will negotiate such terms and conditions upon  
21 written request from CITY or AGENCY, with the intent of  
22 offering a more favorable agreement. Negotiations shall  
23 conclude thirty (30) days from the date of receipt of notice by  
24 COUNTY and, if agreement is tentatively reached during that  
25 period, the legislative bodies of the parties shall approve any  
26 such amendment within thirty (30) days following the date of the  
27 tentative agreement. COUNTY, CITY and AGENCY are not required  
28 to reach agreement.

1           10.13 Notice of Breach.

2           Except as provided in Article II, prior to this MOU being  
3 terminated for breach or default by CITY or AGENCY, COUNTY  
4 shall provide notice to CITY and AGENCY of such breach, and  
5 CITY and AGENCY shall comply with the terms and conditions of  
6 this MOU within thirty (30) days of receipt of notice. If CITY  
7 or AGENCY fail to timely comply, this MOU shall terminate as  
8 provided herein. During the thirty (30) day notice period and  
9 until CITY and AGENCY certify in writing that they are in  
10 compliance and COUNTY agrees in writing, no property tax  
11 exchange agreement, as required by Section 99 of the Revenue  
12 and Taxation Code, shall exist between COUNTY and CITY with  
13 respect to any pending annexations.

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

17           10.14 Other Remedies.

18           Except as otherwise provided in this MOU for a breach of  
19 its terms and conditions, the parties may enforce this MOU in  
20 any other manner authorized by law.

21           IN WITNESS WHEREOF, the parties hereto have executed this  
22 MOU in the County of Fresno, State of California, on the dates  
23 set forth above.

24           ///

25           ///

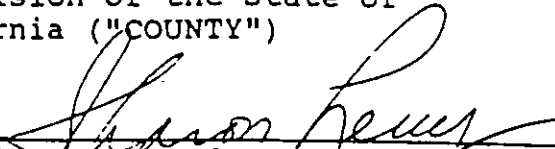
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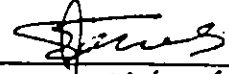
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COUNTY OF FRESNO, a Political  
Subdivision of the State of  
California ("COUNTY")


BY:   
Chairman, Board of Supervisors

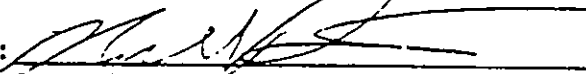
AUG 21 1990

CITY OF CLOVIS, a Municipal  
Corporation of the State of  
California ("CITY")

BY:   
~~Mayor~~ City Manager  
City of Clovis

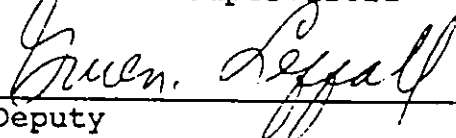
REDEVELOPMENT AGENCY OF THE CITY OF  
CLOVIS

BY:   
~~Chairman~~ Executive Director

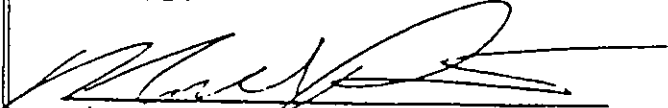
BY:   
Secretary

ATTEST:

Shari Greenwood, Clerk to  
the Board of Supervisors

BY:   
Deputy

ATTEST:

  
City Clerk  
City of Clovis

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APPROVED AS TO LEGAL FORM:

LELAND STEPHENSON, CITY ATTORNEY  
CITY OF CLOVIS and  
AGENCY COUNSEL FOR CLOVIS COMMUNITY DEVELOPMENT AGENCY

BY: Leland D. Stephenson

APPROVED AS TO ACCOUNTING FORM:

GARY W. PETERSON, AUDITOR-CONTROLLER/  
TREASURER

BY: Gary W. Peterson

REVIEWED AND RECOMMENDED FOR APPROVAL:

RICHARD D. WELTON, DIRECTOR,  
PUBLIC WORKS AND DEVELOPMENT SERVICES DEPARTMENT

BY: Richard D. Welton

APPROVED AS TO LEGAL FORM

MAX E. ROBINSON, COUNTY COUNSEL

BY: Max E. Robinson

GK  
0860e-0145

## EXHIBIT 1

### STANDARDS FOR ANNEXATION

- The proposal must be consistent with the adopted sphere of influence of the city and not conflict with the goals and policies of the Cortese-Knox 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 exists, at least 50% of the area proposed for annexation has:
  - (i) Approved tentative subdivision map(s) (S.F. residential)
  - (ii) Approved site plan (for other uses)

■ 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 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 or substantially surrounded area.
- The request for annexation is for an industrial or regional commercial project for which a development application has been made and no significant adverse environmental impact will result that cannot be mitigated or overridden by a necessary public purpose. Condition(s) assuring the financing or completion of necessary development infrastructure before completion of annexation shall be made a part of the proposal.
- The annexation is intended to mitigate or otherwise comply with standards/conditions required by another agency with respect to another development/annexation.

Values  
improvement: land  
1.25:1

EXHIBIT 2

EQUIVALENT SALES TAX REVENUE  
SHARING PROPORTIONS

<u>YEAR</u>	<u>CITY</u>
0 (Fiscal Year 1989)	0
1 (Beginning October 1, 1990)	1/2
2 (Beginning July 1, 1991)	1 1/2
3	2
4	2 1/2
5	3
6	3 1/2
7	4
8	4 1/2
9	5
10	5
11	5
12	5
13	5
14	5
15	5

EXHIBIT 1

	SALES TAX	POPULATION	PER CAPITA	SALES TAX	POPULATION	PER CAPITA	INDEX	INDEX	GROWTH	GROWTH
	REVENUE	JANUARY 1	SALES TAX	REVENUE	JANUARY 1	SALES TAX	100	100	OVER	PER
	1966	1966	REVENUE	1969	1969	REVENUE	1966	1969	1/79	1966
	A	B	C	D	E	F	G	H	I	J
CLOVIS	\$3,127,984	44,919	\$69.84	\$3,669,322	46,741	\$78.51	A	A	Y	17.
COALBURN	\$432,760	7,860	\$55.06	\$466,348	8,221	\$56.98	A	A	Y	12.
FIXERBAUGH	\$303,470	3,906	\$76.13	\$329,281	4,046	\$81.38	A	A	Y	6.
FOWLER	\$215,981	3,057	\$70.65	\$236,236	3,076	\$76.80	A	A	Y	9.
FRENCH	\$31,964,868	106,888	\$103.35	\$33,813,203	111,779	\$106.66	A	A	Y	3.
FURCH	\$114,861	3,713	\$30.86	\$116,740	3,778	\$31.43	B	B	Y	3.
KENNAH	\$425,422	4,512	\$94.29	\$451,674	4,882	\$93.08	A	A	Y	6.
KINGSBURN	\$278,461	6,422	\$43.16	\$303,962	6,789	\$44.77	B	B	Y	9.
KINDOVA	\$263,017	6,851	\$38.19	\$394,040	6,829	\$57.67	B	A	Y	49.1
GRANGE COVE	\$106,330	4,644	\$22.90	\$106,161	4,719	\$22.52	B	B	Y	1.7
PARLIER	\$101,331	7,803	\$13.01	\$101,843	8,046	\$12.65	B	B	B	0.3
RENDLETT	\$910,187	14,112	\$64.41	\$1,024,068	14,846	\$68.96	A	A	Y	12.3
SAN JOAQUIN	\$110,406	2,063	\$53.52	\$127,027	2,103	\$60.40	A	A	Y	13.1
SUMNER	\$821,390	15,142	\$54.25	\$961,964	15,329	\$62.71	A	A	Y	10.1
WELLS	\$1,233,463	14,339	\$85.00	\$1,394,143	14,323	\$97.12	A	A	Y	12.1
SALES TAX REVENUE	\$40,411,933	447,833		43,466,016	453,779					
TOTAL FOR ALL CITIES										
PER CAPITA ALL CITIES			190.24			195.37				
100 INDEX			145.12			147.66				
UNINCORPORATED POPULATION		138,182			139,441					
TOTAL COUNTY POPULATION		606,015			621,220					

SALES TAX REVENUES: COLUMNS A & D, SOURCE: STATE BOARD OF EQUALIZATION ANNUAL REPORT STATISTICAL APPENDIX, FISCAL YEAR DATA AVAILABLE IN FEBRUARY OF NEXT CALENDAR YEAR.

POPULATION DATA: COLUMNS B & E, SOURCE: STATE DEPARTMENT OF FINANCE JANUARY 1 POPULATION ESTIMATES, AVAILABLE IN MAY OF THAT CALENDAR YEAR.

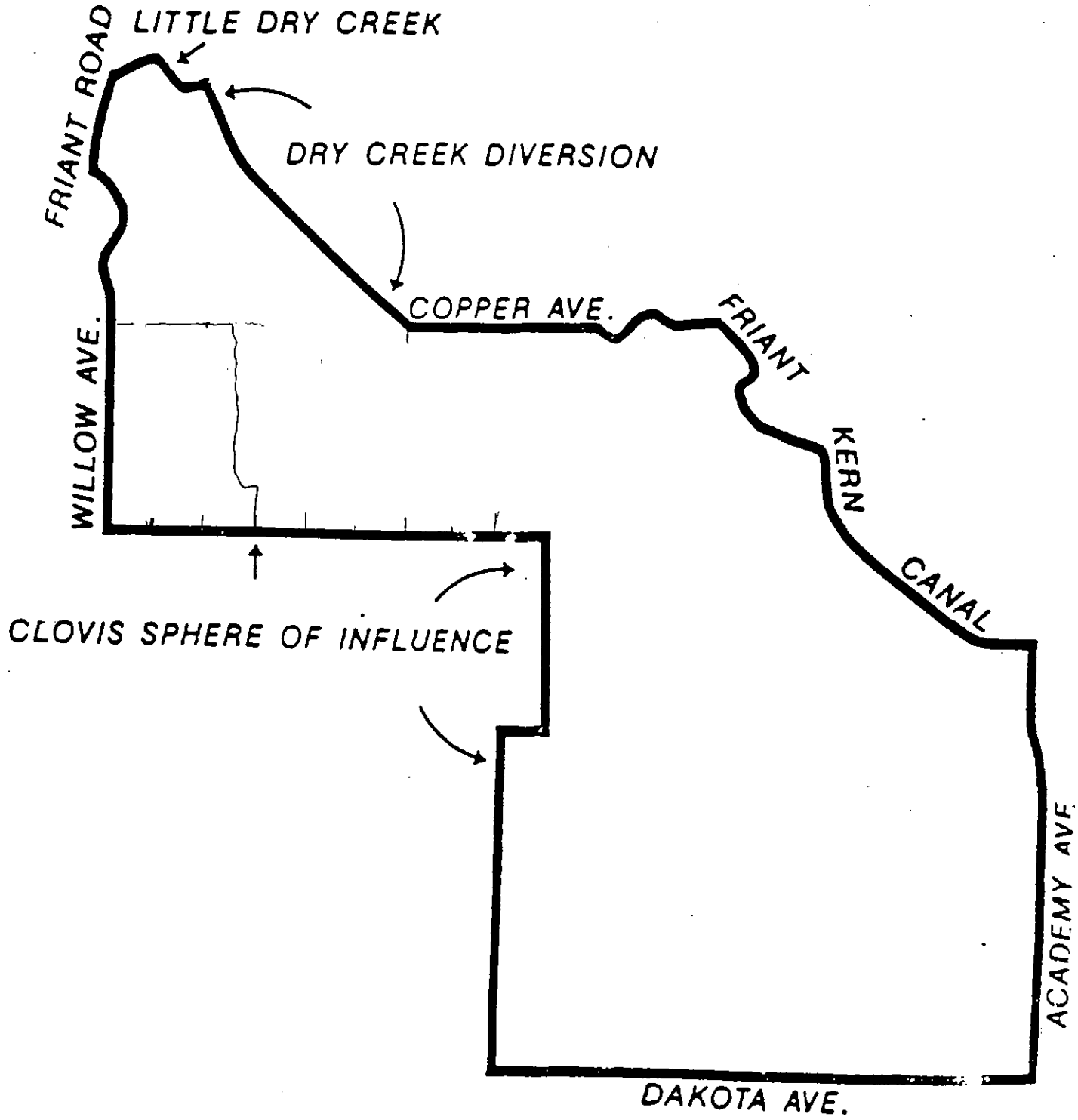
PER CAPITA SALES TAX ALL CITIES (FY:1966): SUM COLUMNS A, AND B. THEN DIVIDE THE COLUMN A SUMMED TOTAL BY THE COLUMN B SUMMED TOTAL. THE RESULT OF SUBTRACTION & DIVISION IS LISTED IN COLUMN C AS "PER CAPITA ALL CITIES."

PER CAPITA SALES TAX ALL CITIES (FY:1969): SUM COLUMNS D, AND E. THEN DIVIDE THE COLUMN D SUMMED TOTAL BY THE COLUMN E SUMMED TOTAL. THE RESULT OF SUBTRACTION & DIVISION IS LISTED IN COLUMN F AS "PER CAPITA ALL CITIES."

100 INDEX COLUMNS: THE PREVIOUS CALCULATIONS DIVIDED BY 1. THEN A COMPARISON OF THIS NUMBER WITH THE NUMBERS IN COLUMNS C & F. THE RESULTS ARE REFLECTED IN COLUMNS G & H. "A" MEANS ABOVE, "B" MEANS THE COLUMNS

SALES TAX REVENUE GROWTH: COLUMN J; COMPUTE PERCENTAGE GROWTH OF SALES TAX REVENUE; CHANGE IN SALES TAX REVENUE REVENUE IN COLUMN D COMPARED TO COLUMN A.

GROWTH COLUMNS: THE SALES TAX REVENUES OF THE CITY GIVE BY AS INDEX 1/79. THE RESULTS ARE REFLECTED IN COLUMN I WITH "Y" INDICATING THAT THE CITY'S GROWTH WAS GREATER THAN 1/79.



see 4.3