

1 **SECOND AMENDED AND RESTATED**
2 **MEMORANDUM OF UNDERSTANDING BETWEEN**
3 **THE COUNTY OF FRESNO AND THE CITY OF MENDOTA**

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

8 W I T N E S S E T H

9 WHEREAS, on February 7, 2006, COUNTY and CITY entered into a comprehensive agreement
10 covering development, annexations, sales taxes, property taxes, and other matters, referred to as the
11 2006 Amended and Restated Memorandum of Understanding ("2006 MOU"); and

12 WHEREAS, the 2006 MOU served in part as COUNTY's and CITY's master property tax transfer
13 agreement under subdivision (d) of Section 99 of the Revenue and Taxation Code; and

14 WHEREAS, the 2006 MOU also included provisions relating to redevelopment and included as a
15 party the former Mendota Redevelopment Agency, which CITY dissolved on February 1, 2012, following
16 the State adopted comprehensive legislation, Assembly Bill X1 26 (Stats. 2011, 1st Ex. Sess. Chp. 5),
17 dissolving California redevelopment agencies and prohibiting further redevelopment activities under the
18 California Community Redevelopment Law (former Health and Safety Code Section 33000 et seq.); and

19 WHEREAS, on July 8, 2008, COUNTY and CITY executed a First Amendment to the 2006 MOU
20 to address a 62.73-acre new growth area to accommodate expansion of the CITY's wastewater treatment
21 plant; and

22 WHEREAS, on January 26, 2021, COUNTY and CITY executed a Second Amendment to the
23 2006 MOU to accommodate extension of the 2006 MOU for one year from the expiration date of February
24 7, 2021, and to provide additional time for both parties to complete ongoing negotiations regarding a
25 longer-term extension; and

26 WHEREAS, the 2006 MOU is set to expire February 7, 2022; and

27 WHEREAS, COUNTY and CITY desire to make additional changes to their comprehensive
28 agreement set forth in the 2006 MOU, and to extend the term of their comprehensive agreement for an
additional 15 years; and

1 WHEREAS, due to the age of the 2006 MOU and the desire to make additional changes,
2 COUNTY and CITY have determined that it is in their best interests to enter into this RESTATED MOU,
3 which will supersede and replace the 2006 MOU; and

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

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

9 WHEREAS, COUNTY and CITY recognize the importance of COUNTY and CITY services and
10 are prepared to cooperate in an effort to address COUNTY's and CITY's fiscal problems; and

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

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

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

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

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

26 WHEREAS, the parties recognize that COUNTY General Plan Goal LU-G provides that COUNTY
27 will direct urban growth and development within the cities' spheres of influence to existing incorporated
28

1 cities and will ensure that all development in city fringe areas is well planned and adequately served by
2 necessary public facilities and infrastructure and furthers countywide economic development goals; and

3 WHEREAS, the parties recognize that when urban growth and development is directed to cities
4 there is a lost opportunity of development by COUNTY in the unincorporated area and that sharing of
5 local sales and use taxes generated by such development would serve as a tool for the COUNTY to
6 participate in receiving a share of that new revenue; and

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

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

11 ARTICLE I

12 DEFINITIONS

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

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

21 1.2 Except as provided in Section 6.1, "property tax increment" means revenue from the
22 annual tax increment, as "annual tax increment" is defined in Section 98 of the Revenue and Taxation
23 Code, attributable to the tax rate area for the respective tax year.

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

1 1.4 "Property tax revenue" means base property tax revenue, plus the property tax increment
2 for a given tax rate area.

3 1.5 "Tax apportionment ratio" means the tax apportionment ratio of the parties for a given
4 fiscal year and shall be ascertained by dividing the amount determined for each party pursuant to
5 Revenue and Taxation Code Sections 96(a) or 97(a), whichever is applicable, by that party's gross
6 assessed value, and by then dividing the sum of the resulting tax rate equivalents of both parties into
7 each party's tax rate equivalent to produce the tax apportionment ratio.

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

11 1.7 "Effective Date" shall mean the last date that all the parties hereto execute this Amended
12 and RESTATED MOU between COUNTY and CITY.

13 1.8 "Urban development" or "urban type development" shall mean development not allowed
14 in areas designated Agriculture, Rural Residential or River Influence in COUNTY's General Plan or its
15 applicable community plans as of the Effective Date of this RESTATED MOU.

16 ARTICLE II

17 ANNEXATIONS BY CITY

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

1 2.2 In order to encourage the orderly processing of proposed annexations, CITY shall, at least
2 thirty (30) days prior to filing any annexation proposal with the Fresno County Local Agency Formation
3 Commission (hereinafter "LAFCO"), notify COUNTY of its intention to file such proposal and the date
4 upon which CITY expects such proposal to be filed. Upon COUNTY's request, CITY agrees to meet with
5 COUNTY to review whether its proposed annexation complies with The Standards. Within fifteen (15)
6 days after the date COUNTY receives notice by the CITY of its annexation proposal, COUNTY shall notify
7 CITY in writing if it has determined that the proposed annexation is inconsistent with The Standards.
8 Upon receipt of such notification, CITY may either modify the proposal to COUNTY's specifications or
9 adopt a resolution finding that the proposed annexation is, in CITY's determination, consistent with The
10 Standards. If County fails to give such notice within the fifteen-day period, the annexation shall be
11 conclusively deemed consistent with all provisions of this article and The Standards.

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

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

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

1 Notwithstanding the foregoing, the CITY may proceed to LAFCO under this RESTATED MOU if
2 court or arbitration proceedings are not completed within thirty (30) days after the filing thereof provided,
3 however, that LAFCO in its resolution of approval, at the request of the CITY, conditions the completion
4 of the annexation upon the Executive Officer's prior receipt of a certified copy of the document evidencing
5 the finality of the aforesaid court or arbitration proceedings determining that the proposed annexation is
6 consistent with Exhibit "1" attached hereto, or alternatively, receipt of a written stipulation of the CITY and
7 COUNTY agreeing that a master property tax agreement still exists permitting the completion of such
8 proposed annexation. If LAFCO declines to include the aforesaid condition, or CITY fails to timely request
9 such condition, no property tax exchange agreement as required by Section 99 of the Revenue and
10 Taxation Code shall exist between CITY and COUNTY as to that proposed annexation. If CITY
11 nevertheless attempts to proceed with the annexation, such action on the part of the CITY shall also be
12 deemed good cause for the COUNTY at its option to terminate this RESTATED MOU.

13 2.4 For the purpose of promoting economic development and job creation, an Alternate
14 Standard for Annexation for industrial or regional commercial uses is hereby created. In the place of The
15 Standards set forth in Exhibit 1, the Alternate Standard for Annexation shall apply to and govern the
16 review of annexation proposals for industrial or regional commercial uses. Annexation proposals for
17 industrial/regional commercial uses shall include a conceptual development plan, as described herein.
18 The conceptual development plan shall consist of the economic objectives to be achieved, the service
19 and financing strategy and its schedule, and shall include a map of the proposed rezoning. The
20 conceptual development plan's schedule shall include milestones for major project components, to
21 measure the progress of the project. Due to the complexity of such projects the development schedule
22 for planning and implementation may reasonably require a period of from five to ten years. The
23 annexation proposal shall be submitted to and reviewed by the COUNTY pursuant to Section 2.2.
24 Annexation proposals that comply with the criteria of this Section 2.4 shall, be deemed to comply with
25 Section 2.1. The annexation application to be submitted to LAFCO shall be considered complete upon
26 adoption of the rezoning by the CITY. COUNTY and CITY agree to meet annually to review the progress
27 toward the achievement of the economic development objectives and to identify ways to promote mutual
28 economic development objectives. The proposed annexation made under this Alternate Standard for

1 Annexation described in this Section 2.4 should not create islands and annexation boundaries must
2 ultimately minimize creation of peninsulas, corridors, or other distortion of boundaries.

3 2.5 Section 2.4 shall be deemed suspended if CITY rezones an area that was annexed using
4 the Alternate Standard for Annexation to a zone other than Industrial/Regional Commercial without
5 COUNTY's consent.

6 ARTICLE III

7 EXCHANGE OF PROPERTY TAX REVENUES TO BE

8 MADE UNDER SECTION 99 OF THE REVENUE AND TAXATION CODE

9 3.1 The property tax revenues collected in relation to annexations covered by the terms of this
10 RESTATED MOU shall be apportioned between CITY and COUNTY as set forth in Sections 3.2 and 3.3
11 below. The parties acknowledge that, pursuant to Sections 54902, 54902.1 and 54903 of the
12 Government Code and Section 99 of the Revenue and Taxation Code, the distribution of such property
13 tax revenues will not be effective until the revenues are collected in the tax year following the calendar
14 year in which the statement of boundary changes and the map or plat is filed with the County Assessor
15 and the State Department of Tax and Fee Administration.

16 3.2 In regards to the annexation of real properties which are not considered substantially
17 developed at the time of annexation, COUNTY will retain all of its base property tax revenue upon
18 annexation. The amount of the property tax increment for special districts whose services are assumed
19 by CITY shall be combined with the property tax increment of the COUNTY, the sum of which shall be
20 allocated between CITY and COUNTY pursuant to the following tax apportionment ratio:

21 COUNTY: 63%

22 CITY: 37%

23 Effective July 1, 2022 these property tax-sharing ratios shall be as shown in Exhibit "2".

24 3.3 In regards to the annexation of real properties which are considered substantially
25 developed at the time of annexation, property tax revenue (base plus increment) will be reallocated as
26 follows: a detaching or dissolving district's property tax revenue (base plus increment) shall be combined
27 with COUNTY's and the sum of which shall be allocated between CITY and COUNTY pursuant to the
28 ratio set forth in Section 3.2.

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 development fees reflecting the
15 increased administrative and implementing cost where such CITY standards are more stringent than
16 COUNTY's. These requirements shall apply to discretionary development applications approved by
17 COUNTY. For purposes of this Agreement, "discretionary development applications" shall mean General
18 Plan Amendments, Rezoning, Tentative Tract Maps, Tentative Parcel Maps, Conditional Use Permits,
19 Director 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
26 development fees. CITY shall include a draft ordinance for COUNTY's adoption with appropriate
27 supporting documentation or findings by the CITY demonstrating that the fees comply with the Mitigation
28 Fee Act (Section 66000, and following, of the Government Code) and other applicable State Law

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

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

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

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

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

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

9 4.9 COUNTY shall hold harmless, defend and indemnify the CITY from all claims, demands,
10 and litigation of any kind whatsoever arising from disputes relating to the enactment or collection of
11 COUNTY capital improvement fees.

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

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

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 Any change in the CITY's sphere of influence proposed by either COUNTY or CITY which
6 would modify the area depicted in Exhibit "3" requires the mutual consultation of both parties prior to
7 submission to LAFCO.

8 ARTICLE V

9 IMPLEMENTATION OF SALES TAX

10 REVENUE COLLECTION

11 5.1 Pursuant to the Bradley Burns Uniform Local Sales and Use Tax Law, Part 1.5, Division
12 2, of the Revenue and Taxation Code (commencing with Section 7200), CITY shall, concurrent with the
13 execution of this RESTATED MOU, amend its local sales and use tax ordinance, as needed, to comply
14 with the terms of this RESTATED MOU. The amendment of CITY's sales and use tax ordinance
15 (hereinafter referred to as "Ordinance Amendment") described in this Section 5.1 shall be timely
16 forwarded to the State Department of Tax and Fee Administration so that it will become operative as of
17 the first July 1 following the CITY reaching the threshold set forth in subsections 5.2.1 and 5.2.2. The
18 Ordinance Amendment shall enable COUNTY, pursuant to its sales and use tax ordinance, to collect a
19 portion of the sales and use tax revenues generated within the incorporated areas of CITY in accordance
20 with the applicable rate set forth on Exhibit "4", attached hereto and incorporated by reference as if set
21 forth fully at this point. The format of this amendment by CITY to its local sales and use tax ordinance
22 shall likewise provide as a credit against the payment of taxes due under such ordinance, an amount
23 equal to any sales and use tax due to COUNTY.

24 5.2 Except as otherwise provided herein, CITY further agrees that the Ordinance Amendment
25 shall likewise provide for the periodic reallocation of additional sales tax revenues generated within the
26 incorporated areas of CITY in accordance with the schedule set forth on Exhibit "4". Each subsequent
27 incremental adjustment shall go into effect at the commencement of the fiscal year indicated. These
28 periodic adjustments shall enable COUNTY, pursuant to its sales and use tax ordinance, to collect that

1 portion of the sales and use tax revenues generated within the incorporated areas of CITY equal to the
2 applicable percentage as specified in Exhibit "4". These periodic adjustments shall automatically go into
3 effect provided that:

4 5.2.1 CITY receives sales tax revenues per capita in an amount greater than fifty percent
5 (50%) of the sales tax revenue per capita collected by all Fresno County cities when taken as
6 a group during the most recent fiscal year for which State Department of Tax and Fee
7 Administration information is available, then it hereby agrees to reallocated sales tax revenues
8 with COUNTY beginning in fiscal year 2021-22 in accordance with the provisions of this article;
9 and

10 5.2.2 CITY's annual sales tax revenue information available for the State Department of
11 Tax and Fee Administration allows City to reallocate sales tax revenue at the percentage
12 designated in Exhibit "4" and still have a net increase in its remaining sales tax revenue when
13 compared with the fiscal year immediately preceding the fiscal year described above. The
14 periodic phase in of sales tax reallocation described herein shall be delayed from year-to-year
15 if CITY falls below the sales tax reallocation threshold as identified in Section 5.2. In those
16 years in which CITY does not meet the sales tax reallocation threshold, CITY's sharing
17 proportion shall continue at the same rate as in the last year in which CITY met or exceeded
18 the threshold. When, in a subsequent year, CITY again meets or exceeds the threshold, the
19 sharing proportion of CITY shall be at the next higher sharing proportion shown on Exhibit "4",
20 and the annual phase-in shall continue therefrom.

21 5.3 The Ordinance Amendment is intended to reduce CITY's sales tax rate from its then-
22 existing level to a level which thereby enables COUNTY, pursuant to its sales tax ordinance, to continue
23 collecting those amounts set forth in the previous provisions of this article as well as the applicable
24 percentages set forth on Exhibit "4". In addition, each periodic adjustment is intended by the parties to
25 enable COUNTY to collect an amount equivalent to the applicable percentage specified in Exhibit "4".

26 5.4 Whenever CITY proposes an annexation of unincorporated territory which generates
27 "substantial sales tax revenue" (as defined in this section 5.4 below) for COUNTY, CITY, agrees to further
28 amend its local sales and use tax ordinance as set forth in this section. Notwithstanding the language of

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

14 5.4.1 If only information for less than one fiscal year exists, then \$100,000 in taxable
15 sales in the most recent quarter for which such information from the State Department of
16 Tax and Fee Administration is available in writing or electronic or magnetic media, and
17 projected to a full four quarters, at least \$400,000 in taxable sales.

18 5.4.2 If information for one or more years exist, then \$400,000 in taxable sales in the
19 most recent year for which such information from the State Department of Tax and Fee
20 Administration is available in writing or electronic or magnetic media.

21 5.5 If CITY fails to amend its sales tax ordinance as provided in section 5.1, or if the Ordinance
22 Amendment fails to provide for the periodic reallocation of additional sales tax revenues as provided in
23 section 5.2, the subsections therein, and Exhibit "4", or if CITY fails to further amend its sales tax
24 ordinance upon the annexation of unincorporated territory which generates substantial sales tax revenue
25 for COUNTY as provided in section 5.4, or if CITY splits or separates areas into smaller areas as
26 prohibited by section 5.4, then this RESTATED MOU shall immediately terminate and, in particular, no
27 master property tax exchange agreement under subdivision (d) of Section 99 of the Revenue and
28 Taxation Code, shall exist between CITY and COUNTY.

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

8 8.2 Geographic Application of RESTATED MOU

9 This RESTATED MOU shall apply only to the area identified as the City of Mendota's Sphere of
10 Influence and the Future Growth Areas as depicted in Exhibit 3. This RESTATED MOU shall not apply
11 to any sphere of influence beyond the area depicted in Exhibit 3 unless and until the parties mutually
12 agree to amend this RESTATED MOU.

13 8.3 Termination Due to Changes in Law

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

25 8.4 Modification

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

28 ///

1 8.5 Enforcement

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

7 8.6 Entire Agreement and Supersession

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

11 8.7 Notice

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

15 **COUNTY**

16 County Administrative Officer
17 County of Fresno
18 Hall of Records, Room 300
19 2281 Tulare Street
20 Fresno, CA 93721

CITY

 City Manager
 City of Mendota
 City Hall
 643 Quince Street
 Mendota, CA 93640

21 8.8 Renegotiation

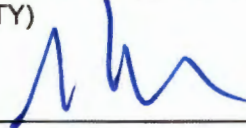
22 If COUNTY enters into an agreement or memorandum of understanding, which includes a master
23 property tax exchange agreement under subdivision (d) of Section 99 of the Revenue and Taxation Code,
24 with another city that has terms and conditions more favorable in the aggregate to that city than those
25 terms and conditions contained herein, COUNTY agrees that it will negotiate such terms and conditions
26 upon written request from CITY, with the intent of offering that more favorable agreement. Negotiations
27 shall conclude thirty (30) days from the date of receipt of notice by COUNTY and, if agreement is
28 tentatively reached during that period, the legislative bodies of the parties shall approve any such
amendment within thirty (30) days following the date of the tentative agreement. COUNTY and CITY are
not required to reach agreement.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

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

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

By:  _____

By:  _____

Steve Brandau, Chairman of the Board of Supervisors of the County of Fresno

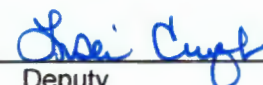
Rolando Castro, Mayor, City of Mendota

Date: December 4, 2021

Date: 11/9/2021

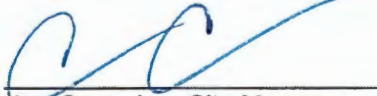
Attest:
Bernice E. Seidel
Clerk of the Board of Supervisors
County of Fresno, State of California
Clerk to the Board of Supervisors

Attest:
Celeste Cabrera-Garcia, MPA
City Clerk

By:  _____
Deputy

By:  _____
Celeste Cabrera-Garcia, MPA, City Clerk
City of Mendota

Cristian Gonzalez, City Manager

By:  _____
Cristian Gonzalez, City Manager
City of Mendota

Approved as to Legal Form
City Attorney, City of Mendota

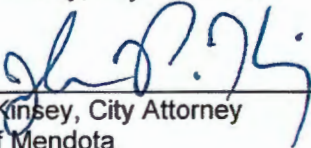
By:  _____
John Kinsey, City Attorney
City of Mendota

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 other 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.
 5. The annexation includes the full width of road right-of-way along the annexation boundary and does not result in the creation of bypassed segments of existing County 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

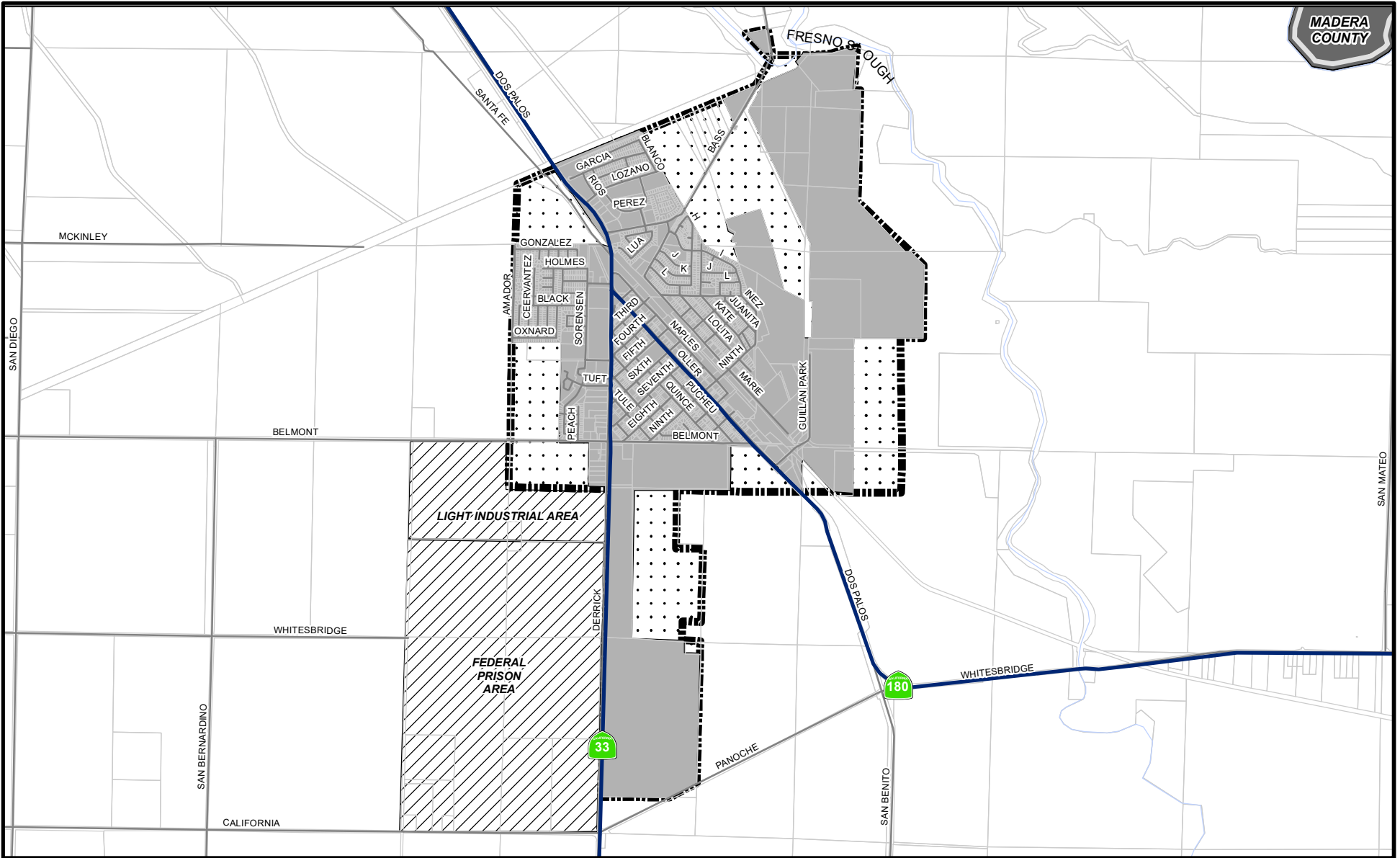
EXHIBIT 2

Effective July 1, 2021, the property tax sharing ratios shall be as follows:




County	City	Effective Date
63.0%	37.0%	July 1, 2022
63.0%	37.0%	July 1, 2023
63.0%	37.0%	July 1, 2024
63.0%	37.0%	July 1, 2025
63.0%	37.0%	July 1, 2026
63.0%	37.0%	July 1, 2027
63.0%	37.0%	July 1, 2028
63.0%	37.0%	July 1, 2029
63.0%	37.0%	July 1, 2030
63.0%	37.0%	July 1, 2031
63.0%	37.0%	July 1, 2032
63.0%	37.0%	July 1, 2033
63.0%	37.0%	July 1, 2034
63.0%	37.0%	July 1, 2035
63.0%	37.0%	July 1, 3036

EXHIBIT A

MADERA COUNTY



Legend

-  Mendota City Limits
-  City of Mendota Sphere of Influence
-  Future Growth Area: 1,206.28 Acres

CITY OF MENDOTA

Department of Public Works and Planning
Development Services Division

Prepared by: GSAMANO
G:\4360Devs&Plan\GIS\Maps\Specific

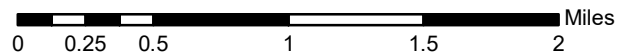


EXHIBIT 4

Effective July 1, 2021, the Sales Tax Revenue Sharing Proportion shall be 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 2018-19 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"