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SECOND AMENDMENT TO THE 2005 AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF FRESNO AND THE CITY OF SANGER

This Second Amendment to the 2005 Amended and Restated Memorandum of Understanding ("Second Amendment"), is made and executed on this <u>23rd</u> day of <u>April</u>, 2019, (the "Effective Date"), by and between the County of Fresno, a political subdivision of the State of California (hereinafter referred to as "County") and the City of Sanger, a municipal corporation of the State of California (hereinafter referred to as "City"). County and City are each a "Party" to this Second Amendment and are sometimes collectively referred to as "the Parties" to this Second Amendment.

RECITALS:

WHEREAS, the Parties previously entered into a comprehensive agreement covering development, annexations, sales taxes, property taxes, and other matters, which is entitled "Amended and Restated Memorandum of Understanding" between the County of Fresno and the City of Sanger dated December 13, 2005, (hereinafter "MOU"); and

WHEREAS, the County of Fresno and City of Sanger entered a first amendment to the Memorandum of Understanding on October 31, 2017; and

WHEREAS, City and County desire to amend the MOU provisions relating to City annexations to address the City's Regional Housing Needs Assessment ("RHNA") requirements and to accommodate streamlining in the annexation process in order to facilitate the build-out of City's Sphere of Influence (SOI); and

NOW, THEREFORE, County and City hereby agrees as follows:

- Revised Exhibit 1, Standards for Annexation. "Revised Exhibit 1" attached hereto and incorporated herein by this reference, shall replace "Exhibit 1" to the MOU as of the Effective Date of this Second Amendment.
- 2. Addition of Section 2.4.2, to Article II, Annexations by City. Section 2.4.2 is hereby added to Article II, Annexations by City, of the MOU to read as follows:

REVISED 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 exists, at least 25% of the area proposed for annexation has:
 - (a) Approved tentative subdivision map(s) (S.F. residential)
 - (b) Approved site plan (for other uses including multi-family)
- 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.
- 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