



Monterey County

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1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Parker, seconded by Supervisor Salinas and carried by those members present, the Board of Supervisors hereby:

- a. Approved a Memorandum of Agreement between the City of Gonzales and the County of Monterey regarding working cooperatively on common planning, growth and development issues; and
- b. Authorized the Chair of the Board of Supervisors to execute the Memorandum of Agreement. (Gonzales Memorandum of Agreement/REF090001/Exempt under CEQA)

PASSED AND ADOPTED on this 25th day of March 2014, by the following vote, to wit:

AYES: Supervisors Calcagno, Salinas, Parker and Potter

NOES: None

ABSENT: Supervisor Armenta

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 77 for the meeting on March 25, 2014.

Dated: March 31, 2014

File Number: 14-255

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

**MEMORANDUM OF AGREEMENT BETWEEN
THE CITY OF GONZALES AND THE COUNTY OF MONTEREY REGARDING
WORKING COOPERATIVELY ON COMMON PLANNING, GROWTH AND
DEVELOPMENT ISSUES IN ORDER TO BE AS EFFECTIVE AS POSSIBLE IN THE
IMPLEMENTATION OF THEIR RESPECTIVE GENERAL PLANS**

This Memorandum of Agreement, hereinafter referred to as (“Agreement”), is entered into on this 7th day of April 2014 (the “Effective Date”) by and between the City of Gonzales, a Municipal Corporation hereinafter referred to as (“City”), and County of Monterey, a political subdivision of the State of California, hereinafter referred to as (“County”), and together hereinafter referred to as “the Parties”.

RECITALS

WHEREAS, the Parties declare that it is in their mutual interest to work cooperatively on issues of planning, growth, and development in order to provide more certainty regarding the future direction, extent, and conditions of urban development, to reduce unnecessary conflicts and to reduce costs for future development including affordable housing, to provide for the long term protection of valuable agricultural lands, and to be as effective as possible in the implementation of their respective General Plans; and

WHEREAS, as an expression of the intent to work cooperatively on common issues pertaining to planning, growth and development, the Parties have prepared this Memorandum of Agreement (“Agreement”), which serves to fulfill the requirements of California Government Code Section 56425(b), as an Agreement by and between the Parties regarding the expansion of the boundaries of the City’s Sphere of Influence, and the establishment of planning principles by both Parties to promote logical and orderly development for purposes of the City’s application to the Monterey County Local Agency Formation Commission (LAFCO) to update its Sphere of Influence; and

WHEREAS, the Parties recognize, pursuant to California Government Code Section 56425(c) that this Agreement itself does not commit the Parties to any particular form or pattern of development, but rather, if LAFCO’s final determination is consistent with this Agreement, then the Agreement would need to be considered for approval by both the City and County after noticed public hearing. Once the Agreement has been adopted by the Parties and their respective general plans reflect the Agreement, then any development approved by the County within the adopted sphere shall be consistent with the terms of the Agreement; and

WHEREAS, this Agreement is not subject to environmental review under the California Environmental Quality Act (CEQA) because numerous actions must be taken pursuant to State and local laws and regulations before such policies can be implemented. Such actions include, in some instances, the need to complete financial nexus studies, comply with the California Environmental Quality Act (CEQA), the need to hold public hearings and/or otherwise seek public input before reaching binding decisions, and the need to obtain approvals from other agencies such as the Local Agency Formation Commission of Monterey County (LAFCO). For all such provisions, the MOA shall be understood to constitute tentative policy commitments that can only become fully binding after all such legal prerequisites have been satisfied; and

WHEREAS, the Parties recognize and understand that individually each has its own growth plans, priorities and approaches; however, it is of mutual benefit to enter into this Agreement to acknowledge their cooperation in a variety of key policy areas.

NOW THEREFORE BE IT RESOLVED, that the Parties find that establishment of this Agreement is an effective and beneficial means of reaching basic agreement regarding future planning, growth and development issues in and around the City of Gonzales.

BE IT FURTHER RESOLVED that the Parties declare and agree as follows:

Section 1. Logical & Orderly Development.

1.1 The City has adopted the 2010 Gonzales General Plan, which establishes a long range development plan for the City that identifies the “ultimate” City area that will enable the City to plan for efficient provision of public facilities and the delivery of services, provide clarity for property owners about the direction of future development and its extent, and direct development away from the best agricultural land.

1.2 The County recognizes that the City’s long-range plan serves the mutual goal of conserving agricultural lands, by limiting urban development and its impacts on agricultural operations to a defined area. The City General Plan provides certainty for farmers and ranchers outside of the growth area that they can invest in and continue farming on a secure basis, without future pressure to convert their lands for urban development.

1.3 The County desires to implement its policies regarding City-Centered Growth (General Plan Policies LU – 2.14 through LU – 2.19) as discussed in the adopted 2010 County General Plan, and reinforced by City General Plan Policy LU-1.4. The County recognizes that a

commitment to City-Centered Growth principles implies long-term reliance on the City to accommodate housing and other urban needs, and relies on the City to be able to designate adequate land for its needs while developing in a logical, compact and orderly manner.

Section 2. Direction of Future Development.

2.1 The City agrees as follows:

a) To limit future long-term development within the area shown on Exhibit ‘A’ and designated as “Urban Growth Boundary / Proposed Sphere of Influence” (the “UGB/SOI”). The purpose of the UGB/SOI is to bound and enclose the land intended for development within the time horizon of the City’s General Plan.

b) To manage development of land within the UGB/SOI utilizing the best available “sustainable” practices. The intent of the City is supported by City’s General Plan Policy SUS-1.2 and Implementation Action SUS-1.2.1, which read as follows:

“Policy SUS-1.2 Sustainable Land Use Patterns

Encourage sustainable and efficient land use patterns that promote walkability, reduce vehicular trips, and preserve open space and long-term agricultural lands.

Implementing Action SUS-1.2.1 – Implement Neighborhood Design Guidelines. Utilize the Neighborhood Design Guidelines, Specific Plans, and other General Plan implementation programs as appropriate to establish and maintain sustainable land use patterns.”

c) To encourage proposals for infill development on vacant or underutilized sites within the existing City limits west of Highway 101 whenever possible, to avoid urban sprawl and postpone the conversion of agricultural land to urban uses.

d) To require Specific Plans to include residential densities that ensure a compact urban form that helps protect agricultural land from premature conversion.

e) To establish a permanent agricultural edge for the purpose of maintaining a clearly defined north and south boundary between the urbanized incorporated areas of City and the agricultural areas within the unincorporated County as shown on Exhibit ‘A’ and identified as “Permanent Agricultural Edge”. City’s General Plan Implementing Action COS-4.2.1 requires new development projects to contribute to the cost of purchasing permanent agricultural easements beyond the permanent urban edges.

f) To utilize agricultural buffers within the UGB/SOI to address the compatibility between the development of urban land uses and existing or planned agricultural uses. The City’s

General Plan defines an agricultural buffer as typically 200 feet in width and includes other vegetation, walls, or other screening deemed necessary to ensure that property owners on both sides of the buffer may enjoy full and unencumbered use of their property for its designated use without experiencing significant deleterious effect from neighboring use.

g) To actively participate with the County, LAFCO and other cities within the Salinas Valley to develop a Valley-wide Agricultural Land Mitigation Program to address the loss of agricultural land due to development and conversion to urban uses.

h) To utilize permanent agricultural buffers along the UGB/SOI to ensure compatibility between the development of urban land uses and agricultural uses in the unincorporated area. The City agrees to actively participate with the County, LAFCO and other cities in the Salinas Valley to develop a Valley-wide Agricultural Buffer Program to ensure compatibility of urban land use with agricultural uses in the unincorporated area.

2.2 The County agrees as follows:

a) Consistent with County General Plan Policy LU – 2.14, mutually work with the City to support the City’s proposals to manage its growth and gradually develop within UGB/SOI of the City General Plan in accordance with the approval of future Specific Plans that are prepared to implement a logical, orderly development pattern that matches the City’s ability to provide urban services.

b) To consult with the City on development projects that are proposed within the City’s Planning Area Boundary as illustrated on the City’s Land Use Diagram (Exhibit ‘B’) as it exists on the Effective Date of this agreement. The intent of the County is supported by the County’s General Plan Policy LU – 2.19. which County intends to implement by 1) minimizing potentially competing development within the City’s Planning Area Boundary, 2) limiting approval of new agricultural-industrial or commercial projects and by directing such development to the City’s agricultural business parks and/or light industrial areas, and 3) referring any discretionary development proposals within the City’s Planning Area Boundary to the City for comment and, for larger projects, potential annexation.

c) To promote long-term conservation of commercial agriculture outside of the 2010 Gonzales General Plan UGB/SOI (Exhibit ‘A’) and “Urban Reserve Overlay” as shown on the City’s Land Use Diagram (Exhibit ‘B’), for the purposes of regional economic stability and to maintain physical separation from other communities in the area, including Soledad, the state prisons, and Chualar. The intent of the County is expressed in the County’s General Plan Policy LU – 2.17.

Section 3. Specific Planning Actions.

3.1 During the negotiation of this Agreement, the Parties identified and discussed three specific planning actions that the Parties intend to implement if the Sphere of Influence Amendment as proposed by the City is approved by LAFCO and if this Agreement is subsequently adopted following noticed public hearing, subject to all legal prerequisites as set forth in section 9.1 below. Each of those specific planning actions is described below.

a) Extent of UGB/SOI at Gloria Road. The City agrees to amend its General Plan to remove all Commercial, Industrial and Industrial (Urban Reserve) land use designations south of Gloria Road and outside of the proposed Sphere of Influence, as designated on the Effective Date of this Agreement and as shown in Exhibit A, and replace those designations with an Agricultural designation and the designation of Permanent Agricultural Edge. Areas designated Commercial and Industrial, which are located east of U.S. Highway 101 and south of Gloria Road and within the existing Sphere of Influence, as of the Effective Date of this Agreement, shall remain designated for Commercial and Industrial use.

b) Maintenance of a Positive Housing and Jobs Relationship. The Parties agree that the removal of job-generating land uses south of Gloria Road weakens the housing and jobs relationship provided in the City's General Plan, and that the relationship that currently exists in the City's General Plan should be maintained. Therefore, in exchange for the removal of the job-generating land uses south of Gloria Road, the County agrees to allow the City to pursue the designation of Assessor Parcel number (s) 223-021-001, 020-031-003, 020-031-004 as Industrial with the designation of Permanent Agricultural Edge along the outside of the southern and western boundary to prevent future extension of urban land uses.

By signing this Agreement, the City expresses its intent to not extend urban land uses to the south and west of the parcels referenced in the paragraph above. However, if the Permanent Agricultural Edge, as described in the paragraph above, should ever be proposed to be eliminated to allow the future extension of urban uses, the City shall discuss the matter with the Board of Supervisors prior to any City action; and the City shall require mitigation for the loss of prime agricultural land with an agricultural conservation easement at a ratio of 3:1, with the conservation easement deeded, at the sole discretion of the City, to a nonprofit public benefit corporation organized under Internal Revenue Code section 501(c)(3), or other appropriate legal entity, operating in Monterey County for the purpose of conserving and protecting land in agricultural production. Furthermore, should the Permanent Agricultural Edge be eliminated, the City agrees that, to the extent allowed by law, all local taxes collected from annexation of the property shall not accrue to the benefit of the City. To the extent allowed by law, local taxes collected from areas annexed by the City shall be distributed in a manner as if the annexed area was not part of the City.

c) Access Limitations to Gloria and Iverson Road & Associated Lane. The City agrees to coordinate with the County and plan the arterial roadways along Associated Lane, Iverson Road and Gloria Road in a manner that supports the free-flow of both automobile and truck traffic, utilizing method(s) determined by a traffic engineer to be practical, including but not limited to: utilizing the existing County road as a frontage road/by-pass road, roundabouts, directional barriers or medians, trap lanes and right-turn-in and right-turn-out intersections.

The language of this section is to be interpreted in a manner that most facilitates the movement of agricultural vehicles from agricultural fields to the highway, agricultural plants, or rail yards with little to no interference from City traffic.

Section 4. Development Phasing & Annexations.

4.1 The City's adopted 2010 General Plan focuses future urban development to the east of Highway 101 and provides for the phasing of development through the use of Specific Plans within the area shown on Exhibit 'A', which is designated as UGB/SOI. Goal LU-2 of the City's General Plan reads as follows:

"2. Specific Plans and Development Phasing

Goal LU-2: Orderly growth and development phasing through the use of Specific Plans."

Additionally, City's General Plan Policy LU-2.1 states that a Specific Plan shall be prepared for all development proposals within the Plan's new growth area (i.e., excepting territory currently in the City's existing Sphere of Influence). The Specific Plans will promote self-contained neighborhoods that are no smaller than 125 acres and no larger than 400 acres. Accordingly, the timing of annexation applications submitted for consideration by LAFCO will be based upon the approval by the City of a Specific Plan, which includes a phasing plan, a plan for services and public facilities and financing plans that demonstrate compliance with LAFCO Standards.

4.2 The City adopted procedures in September 2008, which address the form and content of any specific plan that is prepared for a development project within the City. The City's Specific Plan Procedures specifically address development phasing and sequence of improvements, as follows:

"D. PHASING/SEQUENCE OF IMPROVEMENTS

The phasing of private and public development within the Specific Plan area shall be described. The provisions for development phasing should ensure orderly and

well-planned development consistent with the policies of the 2010 Gonzales General Plan.

The phasing program shall include thresholds of residential or commercial development that cannot be exceeded until the construction of appropriate improvements has been initiated or that will be completed by a specific date. The phasing plan shall be consistent with City approved infrastructure studies. The phasing plan should contain a list of public improvements and supporting exhibits which must be built with the development of each phase so that the phased development is self-sustaining and independently viable. It should be noted that certain improvements may be needed beyond the phase boundaries to support the respective phase.

The phasing plan shall address the timing of construction of recreation facilities, public facilities (including infrastructure facilities) and other uses within the plan (including a phasing diagram). The phasing programs shall ensure that adequate supporting public services, retail, parks, schools and other uses are in place to support residential and commercial uses.”

4.3 The City shall refer proposals for the preparation of a Specific Plan within the UGB/SOI to the County Resource Management Agency (RMA) - Planning Department for informal review and comment regarding the potential impacts of the proposed project upon the adjacent unincorporated area and associated County facilities. Environmental documents associated with the Specific Plan process shall be referred to the County RMA - Planning Department for formal review and comment.

Section 5. Agricultural Land Compatibility.

5.1 The City agrees to maintain agriculture as the core of the local economy by conserving and protecting agricultural lands and operations within its Planning Area Boundary, and where agricultural land is planned for eventual urbanization, to work to keep such land in production up until the time when the land is converted to urban use.

5.2 The City agrees to emphasize agricultural land compatibility by implementing the following actions as described in the 2010 City General Plan, including:

“Implementing Action COS-4.1.1 – Grow Eastward. Focus future urban growth to the east of Highway 101 in order to keep the highest quality agricultural lands located west of the highway in production.

Implementing Action COS-4.1.2 – Agriculture as Interim Use. Encourage agriculture as an interim land use on undeveloped properties in the General Plan growth area designated for future urban uses.

Implementing Action COS-4.1.3 – Interim Mitigation. When preparing environmental reports for Specific Plans, require an assessment of potential adverse impacts on adjoining agricultural lands that lie within the growth area shown on the Land Use Diagram and require interim measures to mitigate the impacts that are identified.

Implementing Action COS-4.1.4 – Protect Agricultural Operations. Protect agricultural operations from interference from urban uses by:

(a) Using buffers or transitional uses (such as parking, roads, etc.) between permanent agricultural areas and residential development areas. The criteria to be used in the establishment of agricultural buffers include: 1) the type of non-agricultural use proposed, site conditions and anticipated agricultural practices; and 2) weather patterns, crop type, machinery and pesticide use, existence of topographical features, trees and shrubs, and possible development of landscape berms to separate the non-agricultural use from the existing agricultural use;

(b) Requiring that development is phased in a manner which prevents "islands" of urban uses surrounded on all sides by farming. All new development should be either contiguous to the existing city or located within a new neighborhood developed under a Specific Plan, which sets forth orderly development consistent with the approved Neighborhood Design Guidelines and Standards and Community Character policies; and

(c) For properties on the perimeter of the city limits, require Specific Plan features that minimize potential conflicts with permanent agricultural operations. Less sensitive uses such as agricultural support, agricultural packaging, agricultural warehousing, agricultural processing, parking, roads, storage, and landscaping—to the degree they are consistent with the Land Use Diagram—should be sited adjacent to the agricultural areas. Residential backyards should not directly abut areas planned for long-term agriculture without proper mitigation measures to limit potential nuisances.

Implementing Action COS-4.1.5 – Infill Development. Provide incentives to encourage infill development on vacant or underutilized sites within the existing city limits west of Highway 101 whenever possible, to avoid urban sprawl and postpone the conversion of agricultural land to urban uses.

Implementing Action COS-4.1.6 – Phased Development. Phase development in an orderly, contiguous manner to maintain a compact development pattern and avoid premature farmland conversion or interference with farm operations. New development should be either contiguous to the existing city or located within a new neighborhood developed under a Specific Plan, which sets forth orderly development consistent with the approved Neighborhood Design Guidelines and Standards and Community Character policies.”

5.3 The City agrees to implement policies that require the City to be consistent with the County of Monterey’s “Right-to-Farm” Ordinance and the policies with respect to farming rights and agricultural protection/compatibility found in the County General Plan, and consider revision of the City’s Zoning Ordinance to require the recordation of a Right-to-Farm Notice as a condition of discretionary approval for residential development (including lots approved as part of a new residential subdivision) within 200 feet of an established agricultural operation.

5.4 The City agrees to develop and implement a plan, in consultation with the County, to separate and re-route truck traffic, primarily associated with agricultural operations, from local traffic routes.

Section 6. Agricultural Land Conservation Program.

6.1 The City agrees to maintain agricultural open space around the City of Gonzales as a means of giving form and definition to the City. The County desires this protection to ensure preservation of the agricultural economy so critical to Monterey County, including its cities. To this end, the City agrees to permit urban development only within the areas designated for urban uses on the City’s General Plan Land Use Diagram and as described in this Memorandum of Agreement. Land immediately beyond this boundary should remain in agricultural use utilizing permanent agricultural easements as described below in City’s General Plan Implementing Action COS-4.2.1, other mitigation measures that may arise as a result of project-level CEQA review, or any other feasible methods determined by the City to be feasible to preserve agricultural lands and define the limits of urban expansion for the City.

“Implementing Action COS-4.2.1 – Agricultural Easements. Require new development to contribute to the cost of purchase of permanent agricultural easements beyond the permanent urban edges identified in the Land Use Diagram.”

6.2 Consistent with the City’s General Plan Implementing Action COS-4.3.3 - (Agricultural Impact Fund), the City agrees to establish an Agricultural Land Conservation Program. The Program includes securing the dedication of agricultural land easements, purchase of banked mitigation credits and/or levying a mitigation fee that could be used to purchase easements on lands outside of the City’s General Plan Urban Growth Boundary and Urban Reserve Overlay.

6.3 Notwithstanding participation by the City in any other adopted program, by adopting this Agreement, the City agrees to implement an Agricultural Land Conservation Program as follows:

6.3.1 To the extent as permitted by law, for the development of land within the City's UGB/SOI as shown on Exhibit 'A', which lands have been annexed to the City and are designated by the California Department of Conservation's Farmland Mapping and Monitoring Program as "Prime" or "of Statewide Importance", but excepting all lands within the area denoted as "Existing Sphere of Influence", the owner/developer/successor-in-interest shall select one or any combination of the following items:

a) provide the in-kind direct purchase/acquisition of an agricultural mitigation easement at a 1:1 ratio and dedicate the easement to an agricultural land trust or other qualifying entity; and/or

b) if available, purchase agricultural banked mitigation credits at a 1:1 ratio from a qualifying entity; and/or

c) pay an in-lieu mitigation fee, which amount shall be determined by the City prior to project approval. The amount of the fee should reasonably be expected to lead to the preservation of agricultural land. Said fee shall be kept by the City in a fund established specifically for agricultural land mitigation purposes; and/or

d) implement other innovative approaches as approved by the City that results in the preservation of agricultural land within areas targeted by the City.

6.3.2 The method for mitigating the loss of agricultural land shall be implemented at the discretion of City to coincide with the time of the recordation of a final subdivision map, except where a final map is clearly labeled as a "Large-lot Subdivision Map" and the map and associated agreement clearly specify that the creation of parcels (a) is for purposes of resale and not intended for development, or (b) does not include any entitlements which would permit development of the subject parcels without recordation of subsequent subdivisions maps or prior to the issuance of a grading permit. The City may consider receiving mitigation fees for individual projects in annual installment payments plus interest on the outstanding balance as long as the full amount is secured by a bond held by the City or other enforceable method of security, in the City's sole discretion.

6.3.3 The filing of a parcel map that does not result in the conversion of land zoned for agricultural purposes does not require dedication or payment of in-lieu fees.

6.3.4 It is the intent of the City to oversee, collect and manage any and all fees collected through the implementation of its Agricultural Land Conservation Program to ensure the use of the fees and the selected form of mitigation represents the best interest of the City, and that the

form of mitigation is the most effective in addressing the agricultural conservation goals and objectives of the City as expressed in the City General Plan. Such intent is subject to the requirements of the California Environmental Quality Act to provide actual mitigation and to report on utilized mitigation funds.

6.3.5 In establishing its Agricultural Land Conservation Program, it is the further intent of the City to establish a Committee, which is appointed by the City Council, to plan the use of mitigation fees and to make recommendations to the City Council on the use of those funds. The Committee's composition shall be determined by the City Council, and could be structured as follows: two members of the City Council, the City's Community Development Director, a representative for Agriculture, a representative of an Agriculture Conservation/Preservation organization, a representative of the Building Industry/Development Community, a representative of the County of Monterey Agricultural Commissioner's Office, and the 3rd District County Supervisor.

6.3.6 Any agricultural mitigation fees assessed and collected by the City pursuant to its Agricultural Land Conservation Program may, in the City's sole discretion and reasonably acceptable to the County, be applied to activities designed to preserve and promote agriculture and the agricultural industry in the Greater Gonzales Area, including but not limited to:

- a) Scientific research for addressing agriculture's needs (e.g. food safety). Entities applying for research funding could include universities, colleges, research think tanks, non-profits, industry/business, government and schools;
- b) Increased agricultural educational programs in the Gonzales Unified School District;
- c) Purchase of permanent agricultural buffers to alleviate potential physical conflicts between existing or planned agricultural uses (either within or outside the UGB/SOI and urban land uses planned within the UGB/SOI);
- d) Economic programs developed to expand markets for local agricultural products;
- e) Programs promoting careers in agriculture;
- f) Contributions to non-profit associations dedicated to agricultural education, promotion or preservation.
- g) Funds for the acquisition of agricultural easements outside the City UGB/SOI.

6.3.7 Notwithstanding all of the foregoing measures described in Section 6.3.6 above, City and County agree that the first priority use of agricultural mitigation fees is for the acquisition of permanent conservation easements adjacent to the proposed Sphere of Influence Boundary to the north, south and west, as shown on Exhibit 'A,' through the owner/developer/successor-in-interest securing an easement, as described in Section 6.3.1(a) of

this Agreement, or through the use of mitigation fee funds collected pursuant to Section 6.3.1(c) of this Agreement.

6.4 The County will consider that the City's participation in an Agricultural Land Mitigation Program, for the purpose of this agreement, has been satisfied if the City can prove to County that land immediately adjacent to the City's northern, western and southern boundaries have been permanently secured by the recordation of an agricultural preservation easement or through the sale or dedication of land to a private land trust.

Section 7. Traffic Mitigation Fees.

7.1 The County agrees to prepare and consider a Traffic Impact Fee that would include a Zone that includes the Greater Gonzales Area within 18 months of the effective date of the adoption of the Sphere of Influence by LAFCO. Proper notice shall be provided to the City and all affected property owners of the preparation of such a fee study, when and where discussions regarding the fee will occur and when the fee will be adopted. The City agrees to consider adoption of the County's impact fee program, as may be amended from time to time, to fund improvements to County roads listed in the program. Until the Impact Fee is established, the City agrees to ensure that any new development project in the incorporated area, pursuant to the City's General Plan, that causes traffic impacts on local roads in the nearby unincorporated area, will pay its pro rata fair share to the County as mitigation for impacts on County roads.

7.2 The County agrees that for any development within the City's Planning Area Boundary as shown on the City's Land Use Diagram, the County will consult with the City to determine if there are traffic impacts to the City. In the event that there are traffic impacts to the City, the County will require the development to pay its pro rata fair share to the City as mitigation of impacts on City roads. The pro rata fair share shall be determined through a formula calculation prepared along with a project's traffic impact analysis.

Section 8. Tax Sharing.

8.1 By signing this Agreement, the City and County agree to discuss the provisions of the Master Tax Sharing Agreement prior to the annexation of any territory located in the City's UGB/SOI, excepting all lands within the area denoted as "Existing Sphere of Influence."

8.2 Unless mutually agreed to otherwise by both parties and to the extent allowed by law, the City and County agree that all local taxes collected from annexation of property not consistent with this Agreement shall not accrue to the benefit of the City. To the extent allowed by law,

local taxes collected from areas annexed by the City not consistent with this Agreement shall be distributed in a manner as if the annexed area was not part of the City.

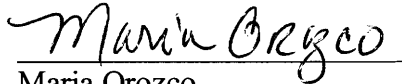
Section 9. Environmental Review, Public Hearing & Local Decision-making.

9.1 The Parties recognize that, with respect to some of the provisions set forth herein, numerous actions must be taken pursuant to State and local laws and regulations before such policies can be implemented. Such actions include, in some instances, the need to complete financial nexus studies, comply with the California Environmental Quality Act (CEQA), the need to hold public hearings and/or otherwise seek public input before reaching binding decisions, and the need to obtain approvals from other agencies such as the Local Agency Formation Commission of Monterey County (LAFCO). For all such provisions, the MOA shall be understood to constitute tentative policy commitments that can only become fully binding after all such legal prerequisites have been satisfied.

[Signatures on a separate page]

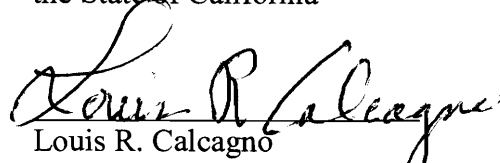
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day and year first written above, and shall take effect following adoption and the placing of signatures by all Parties.

City of Gonzales, a Municipal Corporation



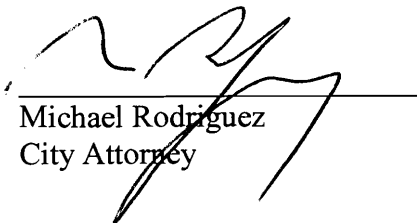
Maria Orozco
The Honorable Mayor

County of Monterey, a political Subdivision of the State of California



Louis R. Calcagno
Chair, Board of Supervisors

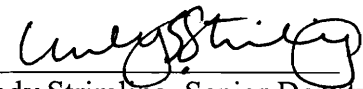
APPROVED AS TO FORM:



Michael Rodriguez
City Attorney


APPROVED AS TO FORM:

Charles McKee
County Counsel

By: 

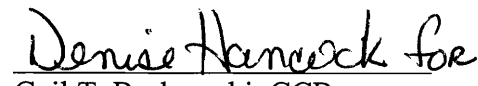
Wendy Strimling, Senior Deputy County Counsel

ATTEST:



René L. Mendez
City Clerk

ATTEST:



Gail T. Borkowski, CCB
Clerk of the Board

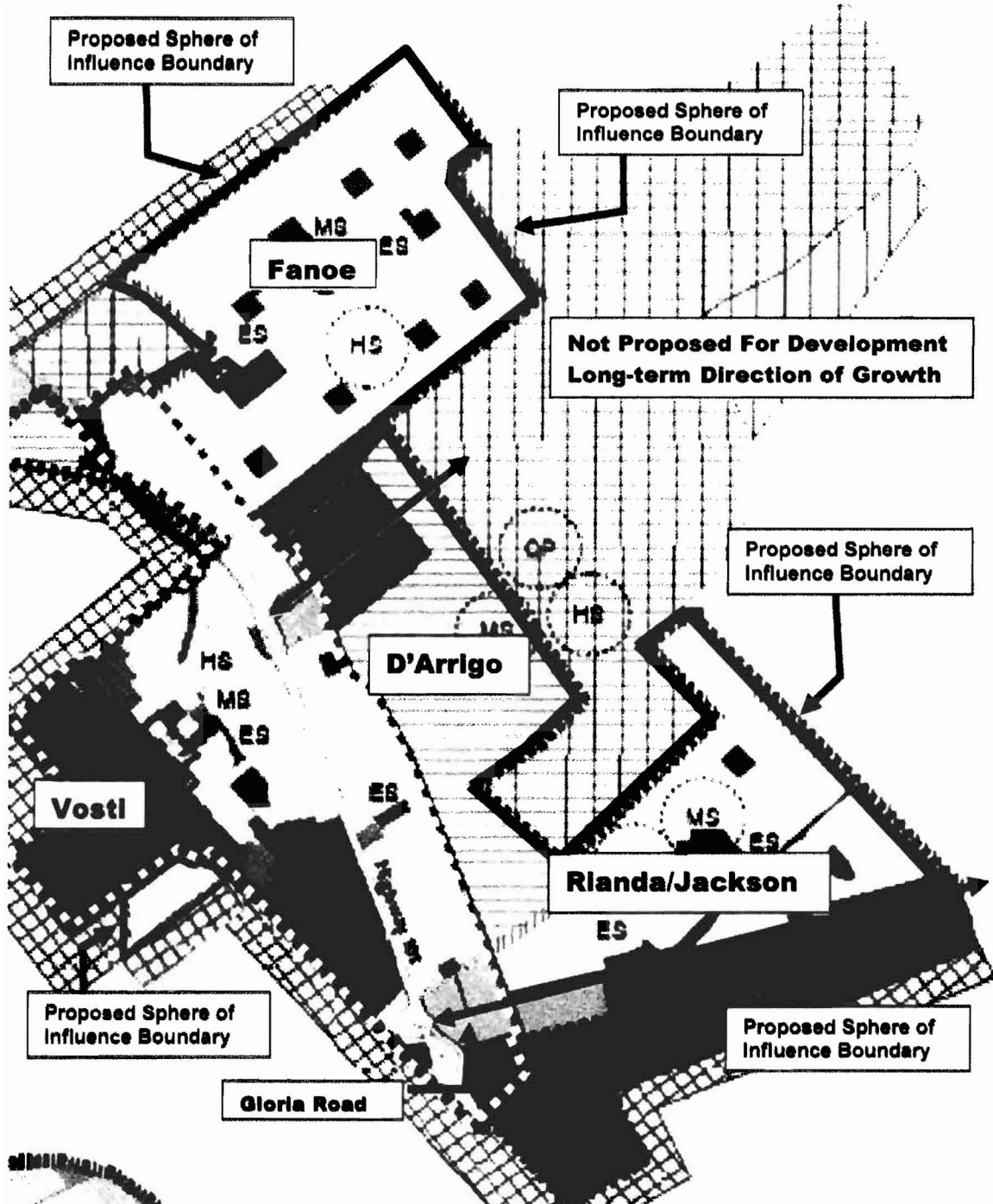


EXHIBIT 'A'
CITY OF GONZALES
Urban Growth Boundary / Proposed Sphere of Influence


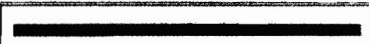
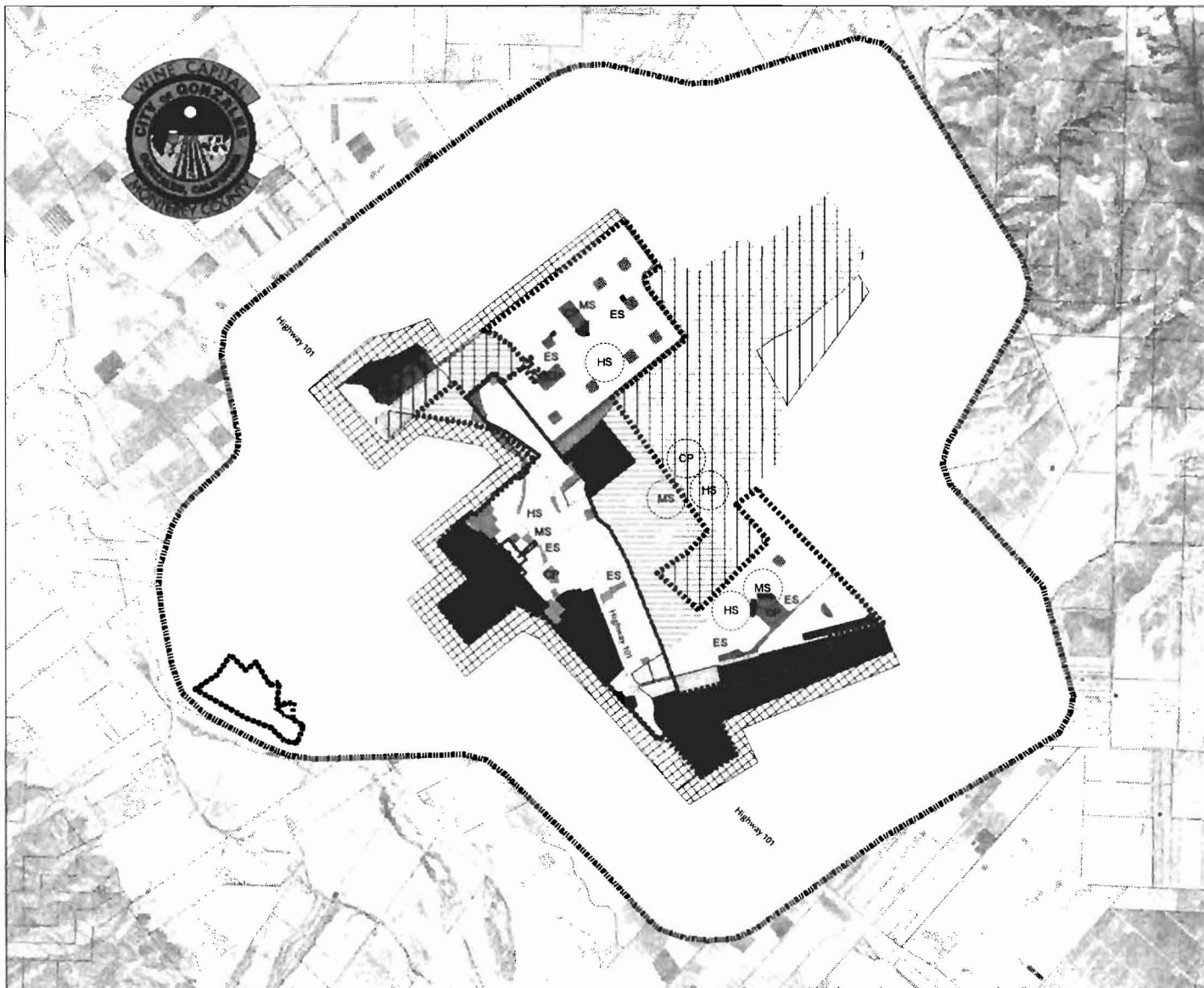
 City of Gonzales Existing Sphere of Influence Boundary
 City of Gonzales Proposed Sphere of Influence / Urban Growth Boundary

EXHIBIT B



CITY OF GONZALES

2010 GENERAL PLAN

Land Use Diagram

Legend

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Neighborhood Residential
- Downtown Mixed Use
- Neighborhood Commercial
- Neighborhood
- Community Commercial Mixed Use
- Highway Commercial
- Industrial/Manufacturing
- Light Industrial
- Public/Quasi Public
- Parks and Open Space
- Agriculture
- Historic District
- Urban Reserve Overlay
- Urban Growth Boundary
- Planning Area Boundary
- Agricultural Buffer
- Permanent Agricultural Edge
- Sphere of Influence
- HS High School*
- MS Middle School*
- ES Elementary School*
- CP Community Park*

Note: *The precise location, dimensions, and features of community parks and school sites will be determined during the Specific Plan process. Facilities planning studies to be undertaken by the Gonzales Unified School District, in consultation with the City of Gonzales, will determine the need for all, some, or none of the school sites shown on this map.

0 1,500 3,000 6,000 Feet



HAMILTON SWIFT
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