



**DATE:** November 2, 2010  
**TO:** Mayor and Members of the City Council  
**FROM:** Jim Goodwin, City Manager

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**COUNCIL AGENDA STAFF REPORT**

**SUBJECT:** Proposed City of Live Oak Annexations  
**RECOMMENDATION:** Review only at this time  
**FISCAL IMPACTS:** TBD costs for LAFCO application and surveying

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Now that the General Plan, Zoning Ordinance and Pre-Annexation Zoning Maps have all been approved by Council, Live Oak has an opportunity to move forward with annexation of properties either recently purchased by the City or deemed strategic for the future.

The properties recently purchased by Live Oak should be annexed as soon as possible to remove the city's obligation to pay property taxes (with the exception of special assessments). These properties include the two sites on Pennington Road and the 26 acres just south of the city limits. The property on Larkin Road has not closed escrow and will be included once the city owns the property.

Live Oak currently lacks a strong business base, and site locations within the existing city are limited. Land use designations in the 2030 General Plan include significant new acreage for job creating land uses along the SR99 corridor. By annexing these properties to the city now (approximately 370 acres), Live Oak will be able to rely upon both the infrastructure planning already completed as part of the General Plan update (master water, sewer and storm drain plans) and the General Plan EIR, both of which are required by LAFCO for consideration for annexation.

The properties currently lack necessary infrastructure for development. Both the lack of infrastructure and the costs associated with annexing these properties are barriers to development and the resulting jobs that could be created. The city, by taking the lead in the annexation of the properties, will remove one of the barriers and increase the possibility of new investment.

Attached is information on the property tax impact of the commercial area annexations. Because the Gill property annexation will move forward at the same time, staff has included the Gill properties in the analysis. The separate, city-owned parcels are not included and have no substantive impact. Area 1 and 3 include the north and south commercial areas respectively. Area 2 is the Gill properties.

The cost of the annexation includes the LAFCO application (\$5,000 to \$8000) and the surveying that will be required as a condition of approval of the annexation (approximately \$20,000 - \$25,000). Denis Cook will complete the staff work to process the annexation applications under his ongoing contract for planning services. All costs are General Fund expenditures.

If Council does not object to moving forward, staff will prepare the required resolutions for Council adoption on November 17. The annexation process should be completed within 6 months from the date the applications are submitted to LAFCO.

Respectfully Submitted,

Jim Goodwin  
City Manager

Scenario 1 - Estimate of Property Tax Revenue Based on County ERAF Shift to State

	Assessed Value	Tax Rate	Gross Tax	County Share	County ERAF	Net County Share	City Share
Area 1	7,879,268	1%	78,793	26,663	(11,760)	14,903	8,197
Area 2	5,485,401	1%	54,854	18,563	(8,187)	10,375	5,707
Area 3	2,515,276	1%	25,153	8,512	(3,754)	4,758	2,617
	15,879,945		158,799	53,738	(23,701)	30,036	16,520

Scenario 2 - Estimate of Property Tax Revenue Based on City ERAF Shift to State

	Assessed Value	Tax Rate	Gross Tax	County Share	City Share	ERAF	Net City Share
Area 1	7,879,268	1%	78,793	26,663	14,665	(3,577)	11,087
Area 2	5,485,401	1%	54,854	18,563	10,209	(2,491)	7,719
Area 3	2,515,276	1%	25,153	8,512	4,681	(1,142)	3,539
	15,879,945		158,799	53,738	29,556	(7,210)	22,346

	Acreage	Street Miles	Street Condition	Dwelling Units	Est Population
Area 1	264	1.2	B+ to C-	24	96
Area 2	387	0.5	B+ to C-	5	20
Area 3	106	1.8	C- to D-	11	44
	757	3.5	B+ to D-	40	160

