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ONLY IN THE WORLD-HERALD **City's slow growth prompts new look at annexations**

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Coming off last week's population disappointment, the City of **Omaha** plans to get more aggressive on **annexation**. "We're going to take a fresh look at the whole **annexation** question from many different angles," Mayor Jim Suttle said in an interview.

After the U.S. Census Bureau counted a surprisingly-low 409,000 people in **Omaha** in 2010, The World-Herald analyzed local population figures and found a cache of 85,000 residents living just outside the **Omaha** city limits.

That points to conservative **annexation** as a key reason **Omaha** ended the decade with a sluggish annual growth rate of .5 percent.

A group of residents large enough to nearly lift **Omaha** to a half-million people sits in a zone within one mile of the current city limits.

As close as that is, those areas have remained out of reach. The controversial 2005 Elkhorn **annexation** notwithstanding, **Omaha** had a light decade of **annexation** as financial considerations outweighed the urge to grow.

Suttle said the city's recent approach to **annexation** has put it behind in taking in new residents.

New housing developments start outside the city limits and borrow money to build new streets and other infrastructure. Over time, the subdivisions fill up, which generates taxes to pay down their debt, making the finances attractive enough for the city to annex them.

If the annexed areas are too costly, people in the city's current core end up subsidizing their debt payments, snow removal and police

protection. But if the **annexations** make financial sense, they broaden **Omaha's** tax base.

When the new home construction market busted, many subdivisions were too burdened by debt for the city to consider **annexation**. Although former Mayor Mike Fahey moved to annex Elkhorn, he otherwise pulled back on the aggressive approach of his predecessor, Hal Daub, as city finances and the cost of extending services to newly annexed areas took priority.

Some high-debt subdivisions have been passed over for **annexation** for decades.

An **annexation** plan will be put before the City Council this summer.

"We need to start over with a blank piece of paper," Suttle said. He added: "We're going to come up with a whole new way of looking at this **annexation**."

The Suttle administration's discussions preceded last week's census hit and come at a time when the city has faced budget shortfalls and soft tax revenues. On top of that, the Legislature is poised to strip away several city revenue sources.

Now city officials are working to interpret an official population count that came in 11 percent below the last Census Bureau estimate of 454,000.

The official 2000 count was about 390,000. The World-Herald found that the city added 28,000 residents in the past decade by expanding its city limits, including the Elkhorn **annexation**. But since older parts of the city have lost population since 2000, **Omaha's** net gain was less than 19,000.

Leading up to the census count, Suttle was just taking office in 2009 when **Omaha** would have needed to make a population push. **Omaha** didn't annex any areas that year. At the time, Suttle says, he was getting a grasp on the city's financial troubles.

In contrast, in the year before the 2000 Census count, Daub pushed through the **annexation** of nearly 14,000 people - a grab that equaled half the city's take over the entire next decade.

In Fahey's two terms, the city did not annex annually and often focused on commercial properties and sales tax revenue, rather than people.

From the perspective of increasing **Omaha's** population, it's possible that the city got too conservative during Fahey's tenure, said Paul

Landow, who was chief of staff under Fahey and now is a political science professor at the University of Nebraska at **Omaha**.

The tougher the city's finances became, Landow said, the less incentive there was to annex aggressively.

"In retrospect, you may wish that we had added more population," he said. "But as tough as it got financially, I think you'd have to say that we made the right decision."

Going forward, it will be important for the city to carry on with **annexation**, said Bob Blair, director of UNO's urban studies program. He called **annexation** one of the keys to keeping **Omaha** a viable city.

"The thing that has saved our population for decades has been our **annexation** policy," Blair said.

Bob Doyle, an **Omaha** lawyer who works with unincorporated housing developments, said the city could find some subdivisions worth annexing if it wanted to add population. But many others are not ready financially.

The slow market for home construction will continue to weigh down **Omaha's annexation** prospects.

Doyle said it's hard to guess when subdivisions affected by the slowdown will see their housing activity pick back up, which would allow them to pay down their debt quicker. He figured it might take those neighborhoods five to 10 years longer to be financially ready for **annexation**.

Now **Omaha** plans to re-examine its **annexation** formula.

Through **annexation**, **Omaha** would regain some of the wheel tax revenue that will be lost when the Legislature halts those collections in the city's three-mile zoning area outside the city limits. A final vote on that measure is expected Wednesday.

Suttle said he believes some subdivisions are purposely maintaining high debt to avoid **annexation**. He said he wants to examine if **Omaha** could absorb only the original debt from when a subdivision was formed, while keeping debt incurred in later years with the neighborhood.

In subdivisions where the streets weren't built to city standards, officials will look at ways to keep any improvement costs with the neighborhood, said Rick Cunningham, the city planning director.

If a neighborhood is surrounded by the city limits, Cunningham said the city may not need to spend as much to extend services, such as police who patrol around an area now.

"We've got to find a way," he said, "so it makes dollars-and-cents sense for the city."

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