CITY COUNCIL AGENDA

15728 Main Street, Mill Creek, WA 98012
(425) 745-1891

Stephanie Vignal, Mayor • Melissa Duque, Mayor Pro Tem
Vince Cavaleri • John Steckler • Connie Allison • Sean Paddock • Tannis Golebiewski

Regular meetings of the Mill Creek City Council shall be held on the first, second and fourth Tuesdays of each month commencing at 6:00 p.m. **City Council Meetings will be held virtually and in-person until further notice.**

Your participation and interest in these meetings are encouraged and very much appreciated. We are trying to make our public meetings accessible to all members of the public.

The City Council may consider and act on any matter called to its attention at such meetings, whether or not specified on the agenda for said meeting. Participation by members of the audience will be allowed as set forth on the meeting agenda or as determined by the Mayor or the City Council.

To comment on subjects listed on or not on the agenda, ask to be recognized during the Audience Communication portion of the agenda. Please stand at the podium and state your name and residency for the official record. Please limit your comments to the specific item under discussion. A three (3) minute time limitation shall be at the discretion of the Mayor or City Council. The City Council will accept both oral and written comments for Audience Communication and for its Public Hearings. Written comments will be referenced in the meeting minutes.

Study sessions of the Mill Creek City Council may be held as part of any regular or special meeting. Study sessions are informal, and are typically used by the City Council to receive reports and presentations, review and evaluate complex matters, and/or engage in preliminary analysis of City issues or City Council business.

Next Ordinance No. 2026 - 947
Next Resolution No. 2026 - 821

February 24, 2026
City Council Meeting
6:00 PM

1. VIRTUAL MEETING INFORMATION

Join Zoom Meeting

https://us06web.zoom.us/j/84930598787

Meeting ID: 849 3059 8787

One tap mobile
+12532158782,,84930598787# US (Tacoma)
+12532050468,,84930598787# US

2. CALL TO ORDER

3. PLEDGE OF ALLEGIANCE

ROLL CALL

5. AUDIENCE COMMUNICATION

A. Public comment on items on or not on the agenda.

6. CITY COUNCIL STRATEGIC PLANNING RETREAT DAY 2 of 2
(Martin Yamamoto, City Manager, and Rob Fenty, Partner, 1961 Consulting)

B. City Council Strategic Planning Retreat Day 2 of 2

7. ADJOURNMENT

Meeting Date: February 24, 2026

CITY COUNCIL AGENDA SUMMARY

City of Mill Creek, Washington

AGENDA ITEM: **2026 CITY COUNCIL STRATEGIC RETREAT**

KEY FACTS AND INFORMATION SUMMARY:

The 2026 City Council Strategic Retreat, facilitated by Rob Fenty of 1961 Consulting, kicked off on February 19th and will continue on February 24th.

This year's retreat centers on evaluating the feasibility of various annexation options and determining how these options align with the Strategic Vision and Strategic Priorities previously adopted by the Council. The annexation discussion incorporates both financial projections and broader strategic considerations that influence the City's long term and short term sustainability. On May 28, 2024, Council approved two major strategic mileposts: the City's 2040 Vision and the 3-5 Year Strategic Priorities. The final component of 1961 Consulting's scope of work was to develop a plan and timeline for the City's 3-5 Year Strategic Planning process. This work culminated with the City's 3-Year (2025-2027) Strategic Plan, which identifies five Strategic Priorities:

1. Create a Visions and Implementation Plan for the Subarea
2. Approve, Design, and Develop a Multipurpose Community Facility (DRCC)
3. **Develop a Plan for the City's Financial Viability (Short Term and Long Term)**
4. Re-clarify and Meet City Standards for Clean and Well-Maintained Outdoor and Public Spaces
5. Increase Community Engagement

The City has been actively advancing Strategic Priority #3, which includes staff work across five key levers that influence the City's financial viability. As noted, the two-day Strategic Retreat is focusing specifically on the annexation lever. The five levers include:

1. **Annexation**
2. New Taxes (e.g. new taxing district, utility tax)
3. Attraction of new businesses to Mill Creek (e.g. filling existing spaces and creating new capacity)
4. Potential ne fee-based services
5. Development of South Town Center as a visitor destination (e.g. restaurants, retail, etc.)

To support this work, the City engaged Sarah Emmans of SME Consulting LLC in summer 2025 to prepare an annexation feasibility study focused on the fiscal impacts of annexation. Sarah presented her analysis of the Municipal Urban Growth Area (MUGA) at the February 3, 2026, City Council meeting. With this baseline data available, the City convened the two-day retreat with 1961 Consulting to explore the broader strategic implications of annexation. During the course of the Retreat, Council will review each of the four areas of the MUGA individually to gain a more comprehensive understanding of the opportunities and challenges associated with potential annexation.

On the first day of the Strategic Retreat, Rob Fenty focused on Council alignment on the strategic context for annexation decisions, including the "why" for annexation, developing a strategic rationale for why the City might pursue annexation. Rob also guided Council on developing principles and decision criteria by which Council can make decisions regarding annexation. Finally, Council reviewed and discussed two of the four annexation options, Mill Creek East and Mill Creek South.

The second day of the Strategic Retreat will review and discuss the final two annexation options, Larch and Martha Lake. Council will discuss and prioritize the four options in context of the defined decision criteria as well as discuss whether Council is interested in pursuing any of the four options and whether there are any that do not warrant further discussion at this time.

Following the Retreat, the Council will have a more complete picture of the strategic considerations surrounding annexation. This will help guide staff on whether annexation remains a viable lever for financial viability in which the City should continue to invest time and resources.

ATTACHMENTS:

2026 Strategic Retreat Notes Night 1
Mill Creek 2040 Vision and 3-5 Year Strategic Priorities
City's Mission, Vision, & Core Values
City's 3-Year Strategic Plan
City Council Follow-Up Memo and Information
Mill Creek Annexation Impact 2-23-2026

Respectfully Submitted:

Martin Yamamoto

_____

City Manager

1961 CONSULTING

2026 Strategic Retreat
Night 1 Notes + Night 2 Agenda

February 17, 2026

CITY OF Mill Creek WASHINGTON

Reminder: Strategic Retreat Agenda

February 10, 2026

- Council Alignment on Strategic Context for Annexation Decision
  - The "why" for annexation—what is the strategic rationale or "why" for annexation? What are the core problem statements or opportunity statements that it solves?
  - Decision Criteria—what are the guiding principles or decision criteria by which the Council will make its decision around annexation?
- Review and discuss the East Mill Creek and South Mill Creek annexation options
  - Ensure understanding, discuss pros and cons, discuss Council perspective on each option

February 24, 2026

- Review and discuss the Larch and Martha Lake annexation options
- Prioritization—
  - Discuss and prioritize the 4 options in context to defined decision criteria
  - Discuss whether the Council is interested in pursuing any of the 4 options (and whether there are any that do not warrant further discussion at this time)
- Next Steps—Define specific next steps for staff, outlining what Council needs to move forward in its decision making.

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Discussion on Annexation—Why and Why Not?

WHY Annex?

- Financial Viability
  - Path to long-term and short-term financial sustainability
- Control of surrounding areas (look and feel alignment to Mill Creek vision)
- Alignment of tax base to people using resources (e.g. parks and trails)
- Bigger opportunity for grants + regional/legislative influence
- Integration of outlying areas that are already aligned to Mill Creek
- Light Rail—capitalizing on regional economy and opportunity for economic development
- Improved standard of living for our community

WHY NOT Annex?

- Areas may not fit with 2040 vision
- Risk of disconnect in look/feel of Mill Creek
  - Lack of cultural continuity
  - Dilutive to existing Mill Creek Brand and Identity
- Financial uncertainty or viability
  - Risk of losing businesses and citizens (assumptions no longer hold)
  - Some areas may not "pencil out", i.e. not revenue positive
- Community disapproval, ie. if residents do not want to be bigger
- Capacity of staff to execute City standards at larger level and/or unwillingness to staff at levels that are required to maintain standards

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Discussion—What If We DON'T Annex (Do Nothing)

- Another City could annex
  - Light rail will grow; another City will likely annex Light Rail areas
  - That City may have different standards, which changes the areas around Mill Creek
- Potential of declining service levels around us
  - If annexation happens around us, service levels in those areas may decline
  - Risk of hurting Mill Creek image/brand if surrounding areas decline
  - Mill Creek may experience responsibility to serve them as neighbors (e.g. police, etc.)
- Costs could/will increase for Mill Creek residents
  - Lack of additional revenues = ongoing structural deficit
  - Cost of services will continue to increase for Mill Creek residents
- Cost > Benefit assumptions may increase over time (e.g. waiting)
  - Potential for business and resident outflow to surrounding areas
  - Assumptions of financial viability of annexation may become at risk

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Draft Decision Filters for Annexation

- **Financial Impact**
  - The proposed annexation must “pencil out” (est. revenues > est. expenses)
  - If multiple areas are considered, multiple Councilmembers are OK if collectively the areas “pencil out”
  - Readiness and age of infrastructure must be incorporated into estimated costs (incl. ongoing maintenance)
- **Continuity and Consistency to Mill Creek Vision and Brand**
  - Capacity for clean, safe, well maintained
  - Fit to strategic vision
  - Risk of ”reverse assimilation”, meaning new number of citizens > existing Mill Creek citizens should not move Mill Creek away from the existing vision and brand
  - Communities should be willing/interested in being annexed
- **Strategic Value**
  - Potential for economic development + development/re-development
  - Access to Light Rail
  - Control over access points to City/look & feel to borders
  - Regional influence—legislative influence, light rail/transit, access to grants, scale

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Mill Creek East Overview

- Core assumptions
  - Mostly built out with slow expected growth
  - Low amount of undeveloped area
- Revenue potential from sales taxes
  - 2,700 housing units $12K per year per unit spending
  - Estimated $440 sales tax per unit
  - Need to clarify home delivery sales tax amount vs. retail (compared to existing Mill Creek)
- Revenue potential from sales tax
- Questions exist regarding age of infrastructure + ongoing maintenance requirements
- Question regarding potential to expand UGA to go farther east
- Question: how would this acquisition impact housing quota (if at all)

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Mill Creek East—Pros and Cons

Council Informal Ratings:



PROs:

- Very similar to existing Mill Creek
  - Income levels/house values
  - Look/feel; already feels like Mill Creek
  - Residents already view themselves as MC
  - Sidewalks/infrastructure align
- Small, manageable first step; acts as pilot for annexation
- Forecast
  - Cost neutral in short term
  - Small footprint; easy to assimilate
  - Manageable for services
- Increased voice/influence in 132nd + Silver transit line
- Continuity of Public Works
- Community would accept
- Already using parks—spreads tax base for maintenance/upkeep

CONs:

- Minimal economic development; mostly built out
  - Long term revenue negative
  - Increase in size may affect ILA funding
- Population increase gives City control of highways
- Risk of being forced to take Silver Firs
- Power lines
- Buried natural gas line
- Lack of public parks (may require park planning/development)

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Mill Creek South Overview

- Core assumptions
  - Assumption for high commercial growth; low residential growth
  - Current population: 26,684; Housing units: 8900 (2,500 MF/condo, 6,000+ single family)
- Net positive financially to the City in both scenarios—baseline and growth
- Businesses exist in Mill Creek South that are not compliant with our codes (would need to be addressed)
- Questions exist regarding age of infrastructure + ongoing maintenance requirements
- Potential to narrow the acquisition line to 180th
  - Need to investigate what that means—est. population, tax revenues, etc.
- Size of this area would likely require staging or phasing in annexation
- Potential risk of legal challenges exists, due to businesses out of compliance and potential need for code changes

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Mill Creek South—Pros and Cons

Council Informal Ratings:



PROs:

- Tax Revenue—net positive to the City in both scenarios
- Positive impact of scale
  - Larger footprint = more regional influence and scale
  - Would 2X City's bonding capacity
- Growth opportunity
  - Commercial development
  - Green space
  - Prime for redevelopment
  - Proximity to Bothell (jobs linkage)
- Control over the south entrance to the City (look, feel)
- North Creek Trail continuation
- Includes North Shore School District (viewed positively)
- Continuity, in terms of income levels, families, high value homes, look/feel

CONs:

- "Pot" shops—not in compliance with existing codes (2 in Mill Creek South)
- Big population increase. Existing Mill Creek would be in the minority.
- Risk of MC South community buy-in
- Effort required to transition look/feel of South entrance to City (e.g. billboards)
- Potential code conflicts and need for evolution of codes
  - Potential legal challenges
- Increased maintenance requirements, e.g. for North Creek Trail
- Potential aging infrastructure (Need to analyze)

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Night Two (February 24) Preparation Questions

The following questions will guide Councilmembers in doing preparation for the February 24 Strategic Retreat working session.

- **Martha Lake** Annexation Option
  - What specific questions do you have around this option?
  - What are the pros and cons around pursuing the Martha Lake annexation option?
  - Is there critical information missing for you to guide your decision?
  - As of today (based on information you have at hand), are you positive, neutral or negative on pursuing this option further (next steps TBD)?

- **Larch** Annexation Option
  - What specific questions do you have around this option?
  - What are the pros and cons around pursuing the Larch annexation option?
  - Is there critical information missing for you to guide your decision?
  - As of today (based on information you have at hand), are you positive, neutral or negative on pursuing this option further (next steps TBD)?

- **Prioritization**
  - Which of the following areas would you prioritize for potential further discussion and/or action?
  - Are there any areas that you would rule out (no need for further discussion/analysis at this time)?

- **Next Steps**
  - What specific information do you need to move forward in this discussion?
  - What are your expectations in terms of timing and process to move toward a decision?

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CITY OF Mill Creek WASHINGTON 40th ANNIVERSARY

2040 Vision and 3-5 Year Strategic Priorities

July 2024



Mill Creek Strategic Themes & Guiding Principles

Our priorities, decisions and investments should always seek to optimize these three key elements:



Mill Creek's Strategic Vision 2040

In 2040, Mill Creek is a thriving, connected, and safe community characterized by its walkability, well-maintained parks and trails, safe and clean public spaces, and strong community engagement.

Financial Health and Economic Vitality

- Mill Creek has multiple commercial hubs with a vibrant central core, enabling businesses to thrive, creating a destination for dining and shopping and providing a stable economic base for City services.
- Mill Creek proactively funds the services that meet community needs and priorities.
- Mill Creek has enough money in reserves both to strategically invest in the City and to cover unanticipated operating expenses.

Safe and Clean—In Mill Creek, safe and clean go together

- Mill Creek is one of the safest and cleanest cities in Washington.
- Mill Creek's focus on public safety is an integral part of the community, ensuring active police presence and integrating appropriate technologies to keep the community safe.
- The Mill Creek community is engaged and committed to keep parks, trails, streets and public spaces safe and clean.

Engaged and Connected Community

- Mill Creek is a connected community, tied together by trails, walking paths and connecting sidewalks.
- Mill Creek and its residents actively support community events, which bring community members together.
- The City's multipurpose community facility and public spaces bring people together to connect, play, share, and enjoy life in Mill Creek.
- The people of Mill Creek are actively engaged in the community and committed to making it a great place to live.

Well Maintained Outdoors, Public Spaces and Infrastructure

- Mill Creek is recognized as one of the most walkable cities in Washington.
- Mill Creek's parks, trails and public spaces are well maintained and accessible for all community members.
- Mill Creek's infrastructure is well maintained and trusted by community members.

Framework—Aligning Strategic Vision to Implementation

The four guiding themes in the 2040 Vision guide the articulation of 3–5 year priorities

Financial Health/ Economic Vitality | Engaged, Connected Community | Safe & Clean | Well Maintained Outdoors

Council defines 3–5-year priorities aligned to Strategic Vision

3-5 Year Priorities (3-5 Total)

Staff proposes plan, including definition deliverables, staging and timing to meet each priority

Key Deliverables for Each Priority
Staged over 3 years

The plan guides budget development to align execution to the vision and priorities

Operational Plans & Timelines

Biennial Budget

STRATEGIC PLAN

Mill Creek's Draft 3-5 Year Strategic Priorities (2025-2028)

Our Strategic Priorities are made in context to making our 2040 Strategic Vision a reality

Council 3-5 Year Priorities

1. **Create a Vision and Implementation Plan for the Subarea**
2. **Approve, Design and Develop a Multipurpose Community Facility** (DRCC)
3. **Develop a Plan for Financial Viability of the City** (Short Term and Long Term)
4. **Re-clarify and Meet City Standards for Well Maintained Outdoors and Public Spaces**
5. **Increase Community Engagement**

MISSION

Provide outstanding public services in a fiscally responsible manner.

VISION

Provide an exceptional community experience that brings people together. A City where people are safe, natural beauty is preserved, neighborhoods flourish, businesses thrive, and recreational opportunities abound.

CORE VALUES

Integrity

We create trust through honesty and transparency in our working relationships.

Respect

We work in a professional environment that honors the value and dignity of all individuals

Collaboration

We support shared goals through flexible, adaptable, and inclusive actions.

Accountability

We are responsible for our actions and decisions.

Perseverance

We are committed to overcome challenges and achieve successful outcomes.

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CITY OF Mill Creek WASHINGTON



3-Year Strategic Plan
2025-2027

September 2024

Overview and Background:

During October 2023 through May 2024, the City Council engaged a process to develop a 2040 vision for the City of Mill Creek. The intent of the process was to develop both a long-term vision and a set of guiding principles that would guide priorities and decision making for the Council over that time frame.

During that process, the Council engaged an external consultant (1961 Consulting) to engage each Councilmember, integrate staff experience and perspective and engage community input to ensure that the vision reflects the aspirations and priorities of the Mill Creek community. During the process, the Council also reviewed information about eleven comparable cities in the region and toured three neighboring cities (Woodinville, Kenmore and Bothell) to understand and engage in discussion around how other comparable cities have managed their stated visions and priorities into day-to-day reality for their communities.

Our 2040 Vision also provides context as we enter into each planning and budgeting cycle with our community. Our immediate priorities, reflected in our planning and budgeting, should always align to our long-term vision for the City to ensure that we are always focusing and spending our resources on the elements that are most important to the community.

In May 2024, the Council approved the 2024 Vision Statement and Guiding Themes. Based on the 2040 Vision, the Council also approved 3-5 year priorities to provide direction to City staff in planning, budgeting and operational execution.

As we prepare for the 2025-26 biennial budget, Mill Creek City staff have engaged in planning around goals, areas of focus, specific actions and required funding to meet the stated priorities of the City Council. This 3-year plan summarizes the 2040 Vision, the 3-5 Year Priorities set by the Council and initial planning around how to meet those priorities and how to align budget resources in the most effective way possible.

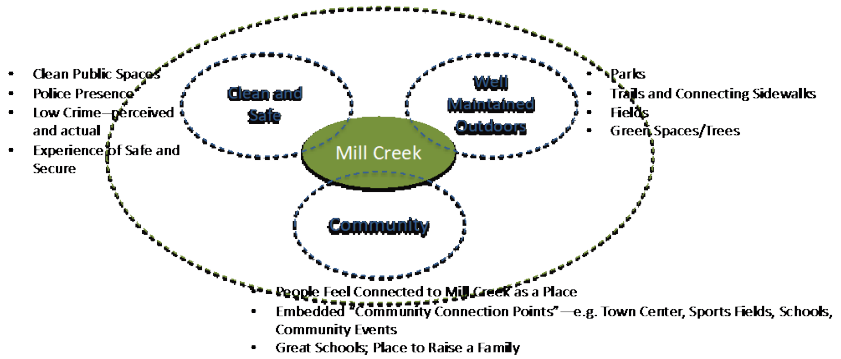
This plan will act as context as the Council considers and approves the proposed 2025-26 biennial budget for the City later this year.

2040 Vision and Guiding Principles:

As a foundation for clarifying a 2040 vision, the City Council agreed upon three key elements that characterize Mill Creek to act as guiding principles in the process:

- Clean and Safe
- Well Maintained Outdoors
- Engaged and Connected Community.

The following diagram summarizes the three key elements to the long-term vision of the City:



Based on these three elements, the Council worked to articulate a 2040 vision which could guide Council priorities and decision making in the years to come. Regardless of who sits on the Council at any given time, the intent is that the Council is always aligned in common pursuit of the long-term vision for our great City. Priorities, decisions and investments should always seek to optimize our ability to reach our 2040 vision.

The 2040 Vision for the City was articulated and approved by the City Council as shown below.

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In 2040, Mill Creek is a thriving, connected and safe community, characterized by its walkability, well maintained parks and trails, safe and clean public spaces and strong community engagement.

Financial Health and Economic Vitality

- Mill Creek has multiple commercial hubs with a vibrant central core, enabling businesses to thrive, creating a destination for dining and shopping and providing a stable economic base for City services
- Mill Creek proactively funds the services that meet community needs and priorities
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- Mill Creek is a connected community, tied together by trails, walking paths and connecting sidewalks
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Well Maintained Outdoors, Public Spaces and Infrastructure

- Mill Creek is recognized as one of the most walkable cities in Washington
- Mill Creek's parks, trails and public spaces are well maintained and accessible for all community members
- Mill Creek's infrastructure is well maintained and trusted by community members

3-5 Year Priorities:

Based on the guiding elements of the 2040 vision, the City Council engaged discussion around 3-5 year priorities, beginning at the Council's Strategic Retreat in January 2024. The Council engaged in follow up discussions through May 2024, culminating in the articulation and approval of five strategic priorities.

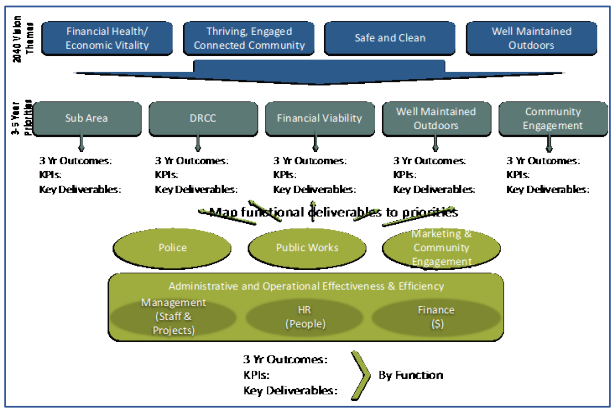
Mill Creek City Council 3-5 Year Priorities:

1. **Create a vision and implementation plan for the SubArea**
2. **Approve, design and develop a Multipurpose Community Facility (DRCC)**
3. **Develop a plan for financial viability of the City (short term and long term)**
4. **Re-clarify and meet City standards for well maintained outdoors and public spaces**
5. **Increase community engagement**

These strategic priorities were provided to staff to guide planning as context for the 2025-26 biennial budget.

3-Year Plan Summary:

Beginning in June 2024, Mill Creek City management and staff started planning in order to meet stated Council priorities. The planning was based on a framework that ties key outcomes, measures of success and deliverables/actions to the 2040 Strategic Vision and defined Council 3-5 year priorities. For each area, staff then defined 3-year outcomes, key performance indicators (KPIs) or measures of success and key deliverables in the three-year period. Within each area, key deliverables were then staged in terms of timing, so that budgeting could align to planning.



Strategic Priority 1: Create a Vision and Implementation Plan for the Subarea

The Council has developed and aligned around a vision for the development of the Mill Creek Boulevard Subarea to become an extension of the Town Center and to act as an inner core of the City, both as a center of community and an economic development engine. Our first priority is centered around creating a vision and implementation plan for the Subarea.

Intended 3-Year Outcomes:

The intended outcome is to be clear and aligned on our plan, with a Master Plan complete and a path to engage developers. Specific outcomes include:

- MCB Subarea Master Plan (Planned Action EIS) complete and ready for developer interest/action.
- Economic Development Plan for Subarea developed and in use to garner property owner support and seek developer interest.
- Public infrastructure in concept and planning stages (transportation, storm water, utilities & public spaces)
- Mill Creek is recognized as an exciting and desirable place to develop and live/work/learn/play.

2025-27 Key Performance Indicators (KPIs):

1. Master Plan complete (with EIS), necessary zoning in place and CIP projects in design
2. Ongoing community measures:
    - Community Survey Measure: Does Mill Creek have multiple commercial hubs that are both competitive and supportive, enabling businesses to thrive?
    - Community Survey Measure: Does the subarea create a new destination for dining and shopping that exceeds community expectations?

Once developed, the intention is to add a KPI regarding the positive economic impact of the MCB Subarea on the long term financial viability of the city.

2025-27 Key Deliverables:

A high-level summary of the plan and staging of key deliverables for the development of the Mill Creek Boulevard Subarea plan is as follows:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
Mill Creek Boulevard (MCB) Subarea Master Plan and Planned EIS	-- MCB Sub Area Master Plan complete. -- Plan for engaging public (as part of EIS) and strategy for engaging developers. -- Guiding principles agreed on housing options (condos, apartments, etc.)	-- Complete EIS of subarea. -- Ongoing engagement with owners and developers.	Amendment of the MCMC 17.0 zoning.
Capital infrastructure planned to prepare for and support private development *(reduce developer uncertainty)*	Potential infrastructure projects in Concept/Scoping stage for Subarea.	CIP for Subarea projects developed, and funding path identified.	-- CIP projects prioritized, design started, and funding plan initiated. -- One or more development projects being planned/funded.

Strategic Priority 2: Approve, Design and Commence Development of a Multipurpose Community Facility (DRCC)

The Council has aligned around a vision to develop a multipurpose community facility(s) on what is known as the DRCC properties (integration of Dobson, Remillard, Church and Cook properties), which the City acquired between 2004-2020. The properties form a total 18.9 acres of land, with an estimated 12-14 acres developable, and are situated adjacent to the Mill Creek Sports Park.

In 2021, the City Council completed a visioning process, which defined guiding principles intended to guide a master planning process. Bruce Dees and Associates (BDA) was engaged in March 2023 to complete Master Planning work, primarily including a site analysis to determine topography, wetlands, tree cover, and other parameters that would affect the developability of the site. Community outreach was also part of that Master Plan, but has not yet commenced. The intention over the next three years is to complete master planning around the multipurpose community facility(s), agree upon core elements of design and function, identify and align funding sources and commence development.

Council's DRCC Guiding Principles:

1. The facility should accommodate multiple types of uses.
2. The project should be primarily designed for use by a broad range of demographics, a large segment (or all!) of Mill Creek residents and should encourage economic vitality.
3. The project should be a significant asset for the Mill Creek community.
4. The project should support, enhance, and not compete with existing businesses in Mill Creek.
5. The City should explore partnerships that could potentially support development and operation of the project.
6. The project should be structured in a way to minimize cost to the City.

Intended 3-Year Outcomes:

- Complete and approve a master plan.
- Narrow options and reach Council alignment on guiding elements of function and design.
- Community engagement.
- Identify and align funding sources, including potential partnerships.
- Commence development.

2025-27 Key Performance Indicators (KPIs), as reflected in the Council guiding principles:

1. Master plan (and planned EIS) complete, financing secured and development commenced
2. Community Survey Measure: Does the multi-purpose community facility create public spaces that bring people to connect, play, share, and enjoy life in Mill Creek?

2025-27 Key Deliverables:

A high-level summary of the plan and staging of key deliverables for the development of a multipurpose community facility is as follows:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
DRCC Master Plan	Complete Master Plan	Significant community outreach and engagement.	Ongoing community outreach and engagement.
Public-Private Partnerships (PPP)	-- Finalize concept options based on community needs/priorities -- Assess potential partners -- Identify and solidify a partner. Reach agreement or MOU.	Partnership agreements executed.	
Internal Funding and External Financing Strategy	Outline financing options to implement DRCC Master Plan	-- Assess and analyze internal funding and external financing options. -- Identify top 1-3 strategies.	Finalize funding and financing strategy.
Design, Development, and Cost Estimates	-- Final concepts for facility. -- Initial Development plan and timeline. -- Initial Cost Estimates.	-- Final design and development plan. -- Final cost estimates.	Commence development.

Strategic Priority 3: Develop a Plan for Financial Viability of the City (short-term & long-term)

The Council is aware that the costs to sustain current operations and to maintain the standards of the City are increasing while City operations are still running lean. In addition, the Council is pursuing significant projects in service to the 2040 vision, including the development of a multipurpose community facility, the development of the Mill Creek Boulevard Subarea and the preservation of the ideals of the community regarding clean, safe and well maintained.

The Council is seeking clarity around how to ensure the short-term and long-term viability of the City in context to both costs and revenue sources as a basis for decision making.

Intended 3-Year Outcomes:

- Fund City operations that deliver the level of services required to meet community needs and council expectations.
- Maintain a balanced budget for the 2025/26 budget and planning for the subsequent biennium.
- Maintain appropriate reserve levels across the 2025/26 budget and subsequent biennium.
- Impact of potential annexations (e.g. West, East, and South) under analysis and consideration.
- Identify and execute a course of action to address the potential 2028 budget deficit.
- Clear guidelines and Public Works processes for tradeoff decisions between contracted services and self-performance to make sound staffing and financial decisions based on data.

2025-27 Key Performance Indicators (KPIs)

1. Community Survey Measure: Do you think Mill Creek has sufficient funding to provide a safe, clean, and well-maintained community?
2. Community Survey Measure: Does the community perceive that growth is planned to ensure Mill Creek proactively funds services that meet community needs and priorities?

2025-27 Key Deliverables:

A high-level summary of the plan and staging of key deliverables to ensure financial viability in the 2025/26 biennium and subsequent biennium is as follows:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
Balanced Budget 2025/26	-- Explore tradeoffs: Contracts vs FTE or PTE. -- Explore tradeoffs: Contracts vs employee tasks and responsibilities.	-- Commence discussions on addressing 2028 potential deficit i.e. revenue. -- Identify options for additional revenues -- Commence discussions on how to utilize (or not) excess reserves.	Potential execution of revenue options.
Planning Area(s) defined and adopted by Council (codify a "Municipal Urban Growth Area" (MUGA) for	-- Annexation Principles updated and adopted -- Assessment of what is feasible/can be approved	MUGA for 3-10 years established; ("Near MUGA"); coordinate planning with County.	MUGA for 2044 established; assume all planning from County.

Strategic Priority 4: Re-clarify and Meet City Standards for Well Maintained Outdoors and Public Spaces

A guiding theme and area of focus in the Mill Creek 2040 vision is the creation and preservation of Well Maintained Outdoor and Public Spaces.

Intended 3-Year Outcomes:

- Clearly defined and agreed upon standards and expectations around the "State of Good Repair" for all city owned infrastructure to fulfill customer expectations, regulatory requirements and excellent financial stewardship. This will entail improving Mill Creek Municipal Codes.
- "Well trained" and "well equipped" staff and equipment for self-performance.
- Well documented (SOPs) processes for maintaining all infrastructure.
- Solid partner relationships for contracted infrastructure maintenance, repair, and rehabilitation, which are continuously evaluated and improved.

2025-27 Key Performance Indicators (KPIs):

We will start with KPIs based on community perception and input. As we build more of a data-based approach, we will integrate KPIs based on the data that we are tracking and using (by year 3).

1. Community Survey Measure: How would you rate the overall quality of services provided by the City of Mill Creek?
2. Community Survey Measure: How would you rate the maintenance and accessibility of City streets, sidewalks, medians, and parks and trails?

2025-27 Key Deliverables:

A high-level summary of the plan and staging of key deliverables to support the City's vision for ensuring the City's private and public spaces are well-maintained as follows:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
Improved use of data in creating well maintained outdoors: *Establish GIS/AM system, integrate date into workload/project planning and establish a tool of choice for all infrastructure related information (public and private infrastructure).*	-GIS/AM systems: Data entry and build out. Ready for reactive issues.	-Ongoing system implementation and integration w/ Springbrook. -Citizen portal established for base data that presently is in CAD maps on website.	
	-Scope work orders system to provide field staff a two-way interface with the data they need to do their job	-System in use for most frequent work orders (reactive and proactive issues).	-Field staff record work performed, with labor and materials data being collected.
Effective, trained staffing (or contactors) for fast and efficient resolution of all regular infrastructure work and emergent issues	-Staff skills identified and development plans for acquiring the proper skill levels and experience. *Relates to contract cost tradeoffs.*	Hiring for increased level of self-performance projects as we grow the crew.	-Leads established where needed for focus areas (e.g., parks, streets, etc.
	-Service standards articulated and agreed upon. -Maintenance worker levels established, training plans for skills needed and certifications required.	-Workforce is all minimally qualified for general equipment (e.g., all CDL). -Specific training for specialized tasks is in progress and in place as needed for increased self-performance of tasks.	-All training is routine and scheduled without need for exceptions.
Process efficiency: *Codify institutional knowledge in written form to improve consistency and efficiency of service.*	-Full policy and procedure documents (SOPs) for all staff processes. Model after APWA certification standards for PW.	-Historical files are readily available and grouped logically and efficiently; no more dreaded G drive searches! -Culture of process documentation becoming the preferred approach.	-All processes are documented and policy/process manuals are well known and used. Continuous process improvement is the norm.

Strategic Priority 5: Increase Community Engagement

The intent of this strategic priority is to engage the community in order to clarify community responsibilities and involvement in creating the 2040 Vision for the City. In addition to the community being actively involved in maintaining the ideals of clean, safe and well maintained, community engagement itself is a key guiding theme and marker of the Mill Creek experience. Our ultimate intent in this priority is to simultaneously support safe, clean and well-maintained resident and business communities and to build pride of ownership of homes and businesses in Mill Creek.

Intended 3-Year Outcomes:

- Increase community engagement and communication with residents, businesses, and community groups.
- Align residents and businesses with City goals as it relates to key projects, public safety and property/street maintenance.
- Develop a community engagement program to support public safety and street/property maintenance and business success.
- Increase community engagement through business and resident partnerships in service to maintaining a Clean, Safe, and Well-maintained City.

2025-27 Key Performance Indicators (KPIs):

1. Community Survey Measure: Overall, the City does a good job engaging the community to get involved and participate in events, volunteer programs and activities?
2. Community Survey Measure: Does the City and its residents actively support community events, which bring people together to connect, play, share and enjoy life in Mill Creek?

2025-27 Key Deliverables:

The proposed plan to improve community engagement in alignment with the 2040 Vision and Council 3-5 year priorities is as follows:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
Residents: Educate private property owners' (i.e homes and apts/condos) responsibilities as it relates to their properties and ROWs.	Educate home property owners on: • Trash, encampments, graffiti, and junk vehicles. • ROW Cleaning. • Storm Drain Maintenance • Required Permitting – Home Improvement. • In-home Businesses. • Other	Ongoing education Code Review and Enforcement: • Related code review and potential changes. • Obtain resident and/or property owner concerns and feedback.	Ongoing education Integrate learnings; iterate any education and code enforcement
Businesses: Educate businesses and commercial property owners on their responsibilities as it relates to their properties and ROWs.	Educate businesses and commercial property owners on: • ROW Cleaning. E.g. trash cans, sidewalks, etc. • Storm Drain Maintenance • Required Permitting – Tenant Improvement. • Other	Ongoing education. Code Review and Enforcement: • Related code review and potential changes. • Obtain business owner and/or property owner concerns and feedback.	Ongoing education Integrate learnings; iterate any education and code enforcement
Develop and Implement a Community Engagement Campaign or Program	Planning w/ Stakeholders: Exec Team (DC Mgr, Mgmt Analyst), Comms/Marketing, PW Teams) Develop and implement Campaign to engage residents, businesses and property owners.	Evaluate program and make adjustments Complete process improvement on processes with potential for efficiencies	Monitor performance survey results/KPIs

Ongoing Support of Safe and Clean: Mill Creek Police

Mill Creek is proud to maintain its own police force and have it integrated within the community. We will continue to focus on ensuring that Mill Creek is clean and safe in line with our 2040 Vision. The City Manager's focus is on police presence while leveraging technology in those areas where officer presence may be deemed higher risk or cost prohibitive.

Intended 3-Year Outcomes:

- Implement appropriate staffing, planning, resourcing and scheduling in order to meet City standards around Crime/Traffic Safety/Quality of Life; Increase staffing to WA State avg.
- Disaster Preparedness—Update the City Emergency Management Plan, with situational readiness achieved and necessary equip./supplies on site at City Hall.
- Achieve WA State Accreditation within 3-years.
- Implement appropriate Law Enforcement Technologies to improve both quality and efficiency of law enforcement and to promote safety within our City.

Key Performance Indicators (KPIs)

1. Reduce Mill Creek crime index by 25%.
2. Maintain community perception of Mill Creek as a safe, walkable and accessible community

2025-27 Key Deliverables:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
Implement effective planning, prioritization and resourcing to meet City service standards for Crime detection/ prevention, Traffic Safety and Quality of Life	Department strategies and organizational chart finalized; evaluation of current resources. Identify resources necessary to address Department Priorities.	Evaluation of resources (staffing and equipment) to accomplish Department/Council priorities.	Reduced Crime Index for City of Mill Creek via Department strategy, priorities, and resourcing.
Disaster Preparedness *Address much needed disaster preparedness shortage in planning and resources.*	Mill Creek EOC materials and location planning workplan.	Mill Creek EOC materials and location planning complete. Emergency Management Plan Approved by City Manager and Snohomish County DEM.	Mill Creek Emergency Management Plan Complete and EOC in service.
Achieve Washington State Accreditation *Become recognized by WASPC as a Dept. utilizing best practices in providing professional law enforcement services, increasing public confidence and credibility..*	Accreditation Team selected and trained.	Department review of Accreditation standards. Proofs and mock accreditation complete.	WASPC review process complete and State Accreditation achieved.
Implement appropriate technologies to increase public safety and officer safety	Flock Safety ALPR implementation complete.	Analysis/assessment of Body Worn Camera hardware/software Potential selection, policies and procedures approved.	If approved, Body Worn Camera agreement with Guild and program implementation.

Ongoing Operational Effectiveness and Efficiency of our City Government: Management, HR and Finance

In addition to meeting the service standards of the City around clean, safe, well maintained and community engagement, the Council is embarking on significant projects to move the City toward its 2040 vision, including the development of a multipurpose community facility, planning and development of the Mill Creek Boulevard Subarea and potential annexations of neighboring communities. Our City staff currently runs efficient and lean compared to other cities of comparable size. While ensuring financial stability, the City is also focusing on an employee strategy that will improve employee development including leadership and management training, employee wellness, and improving on employee performance. Therefore, we need to focus on ensuring that we are optimizing our resources to focus on stated priorities.

Intended 3-Year Outcomes:

- Expand our ability to manage projects that support defined Council priorities.
- Optimize the right balance of staffing levels and overall staff productivity to meet Council and community priorities.
- Strengthen our talent and organizational culture to improve retention and increase productivity.
- Implement planning, budgeting and financial review processes that ensures fiscal responsibility and alignment to stated priorities.
- Implement management training and improve on performance evaluation process.

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2025-27 Key Performance Indicators (KPIs):

1. Complete management training by the end of April 2025.
2. Complete primary PW staff adjustments and additions by the end of 2025. 2026 or the subsequent biennium may require additional PW M&O staffing.
3. Less than 5% turnover across the City in the 2025/26 biennium.

2025-27 Key Deliverables:

Area of Focus	Year 1 Key Deliverables (2025)	Year 2 Key Deliverables (2026)	Year 3 Key Deliverables (2027)
Management--Ensure an effective, accountable organizational structure and proper balance of workloads	Reorganize some roles to ensure accountability and to free up critical expertise for management of MCB-SA and DRCC projects. Hire Community Development Director	Ensure proper staffing for all key projects that meet stated Council priorities	Ensure all roles are operating at top proficiency.
Project Management— Ensure effective and efficient project management to achieve stated priorities	Effective outsourcing where needed to accelerate key projects Codify project management roles and methodology on key projects	Implement process improvements across administrative functions	
Talent and Culture-- *Build our talent and culture to strengthen both retention and performance*	Document workstreams/processes for all key positions Implement supervisor training and peer-based feedback Assess talent and identify areas for improvement.	Update our performance management process and procedures to improve goal alignment, growth and accountability	Research, propose & implement Human Resource Information System (HRIS) to support data-based decision making
Fiscal Management— Ensure alignment of planning and budgeting and effective fiscal review	Implement biennial budget Fiscal review process to ensure departments stay on budget	Ongoing fiscal review process Implement integrated planning/ budgeting process for 2027-28 biennial budget	Ongoing fiscal review

Summary and Link to Biennial Budgeting:

In context to its 2040 Strategic Vision, the City is embarking on an exciting path of both forward progress and the preservation of what's most important and special to our community. There are a few themes that have emerged out of this planning process as we link this plan to the budgeting process.

- We need to properly resource in order to effectively execute on the work required to meet the stated Council priorities. We have set bold goals and priorities in this plan in service to the 2040 Vision. We will need to ensure that we have appropriate levels of staff to execute the breadth and depth of projects that will be required. We will also need to ensure that staff is executing at the highest productivity and efficiency possible.
- Effective Prioritization, Focus and Ongoing process efficiency will be key. In planning, budgeting and execution, we will need to ensure that we are highly focused and not wasting any energy or resources on things that not critical path to our vision and priorities.
- If and where we have tradeoff decisions to make, we should make them in service to the stated 2040 Vision and stated Council priorities.

Staff is currently preparing a 2025-26 Biennial Budget that executes on the elements of this Strategic Plan and allocates resources in the highest, best way possible in service to the stated Council priorities and the City's 2040 vision. The Council will study the proposed budget in

October 2024 with the intention to adopt it in November 2024. This Strategic Plan is intended to provide context and guidance to the budgeting priorities and decisions as part of that process.

MEMORANDUM

TO: City of Mill Creek
FROM: Sarah Emmans and Margaret Raimann
DATE: February 4, 2026
SUBJECT: Mill Creek Annexation Study Technical Appendix

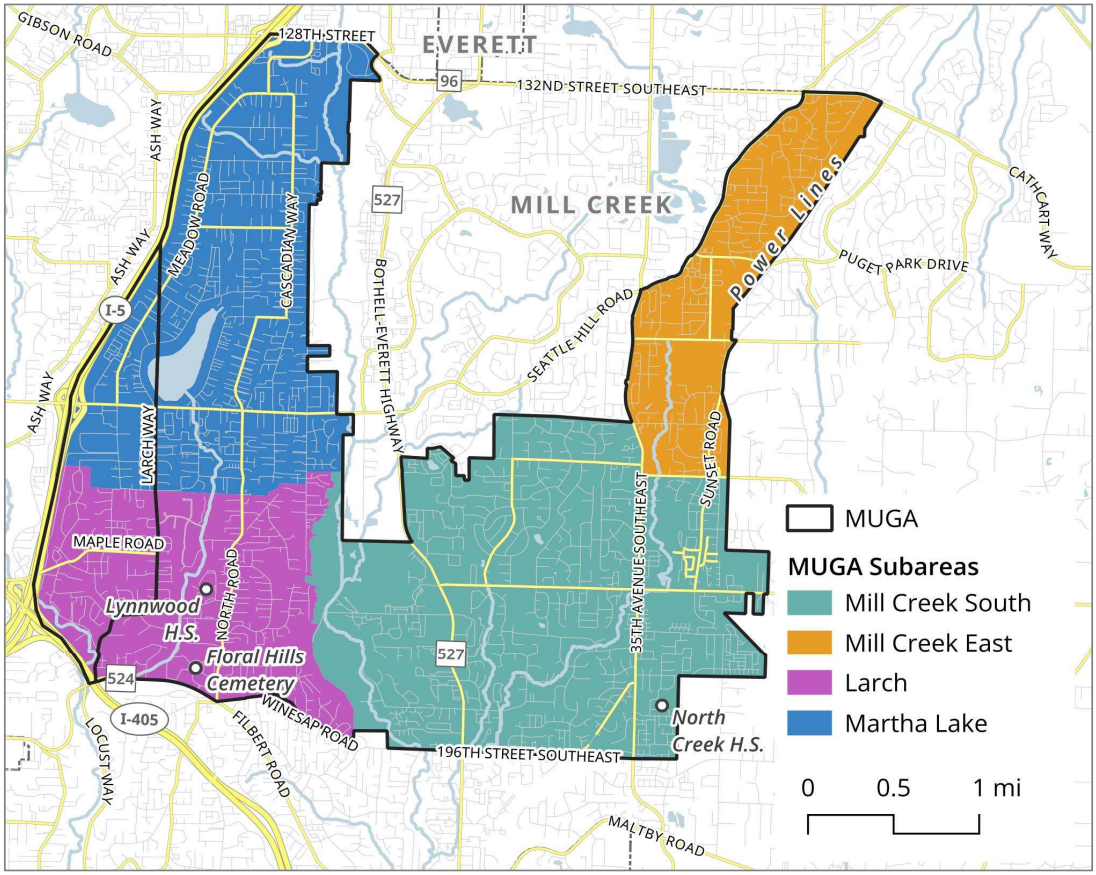
The City of Mill Creek is working with SME Consulting to analyze the feasibility and fiscal implications of the potential annexation of areas in the Municipal Urban Growth Areas (MUGA) surrounding Mill Creek (i.e., the Mill Creek MUGA and Larch Way Overlap MUGA). This memorandum provides an inventory of the spatial data and assets used to define and analyze the subareas used in the study.

Overview

We built the annexation scenarios based on four distinct subareas within the MUGAs surrounding Mill Creek city limits. The four subareas are defined as Martha Lake, Larch, Mill Creek South, and Mill Creek East. The boundaries of these areas are shown on the map in Figure 1, as well as described below:

- **Mill Creek South** is located south of the Mill Creek city limits and 169th Street Southeast, follows the southeastern boundary of the Mill Creek MUGA, north of 196th Street Southeast, and east of the natural areas along North Creek.
- **Mill Creek East** is located south of 132nd Street Southeast (SR 96), west of the power lines (following along the eastern border of the Mill Creek MUGA), north of 169th Street Southeast, and east of the Mill Creek city limits.
- **Larch** is located east of I-5, following the western boundary of the Larch Way MUGA and the southern boundary of the Mill Creek MUGA along SR 524 / Filbert Road to Winesap Road. It is west of the natural areas along North Creek and south of 172nd Street Southwest.
- **Martha Lake** is located north of 172nd Street Southwest, west of the Mill Creek city limits, south of 128th Street Southeast (SR 96) and east of I-5 along the Larch Way and Mill Creek MUGA boundaries.

Figure 1. Annexation Study Subareas



Source: Snohomish County Open Data

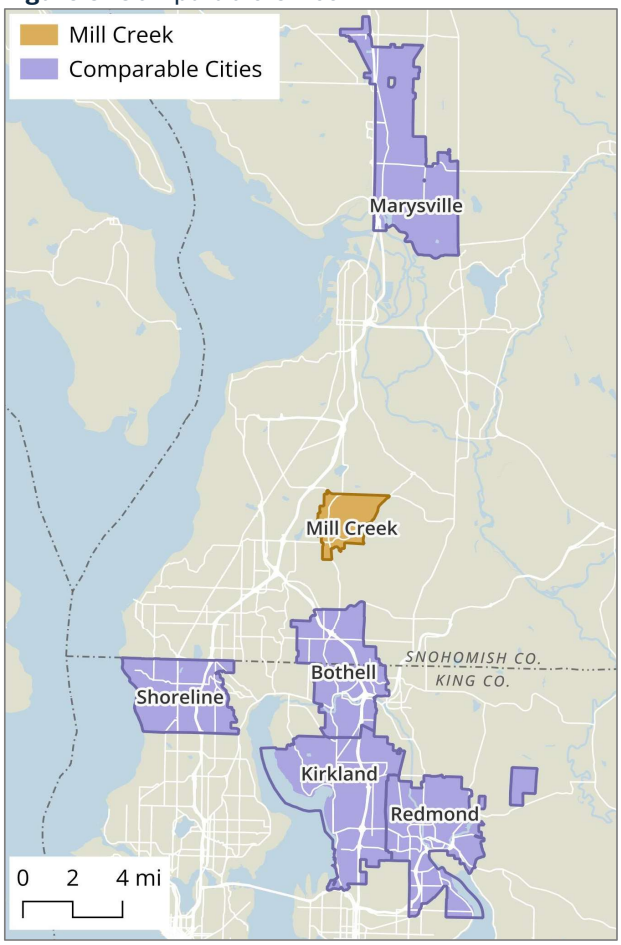
Figure 2 shows the acreage and square mileage of the four subareas both in terms of the parcel area in each subarea and the gross area, including rights-of-way. Acreage for parcels is based on the "TAB_ACRES" field in the parcel dataset from Snohomish County (retrieved on June 18, 2025).

Figure 2. Boundary Acreage and Square Mileage, City of Mill Creek and Annexation Study Subareas

Subarea	Acres	Square Miles	Parcel Acres
City of Mill Creek	2,996	4.68	2,581
Mill Creek South	2,622	4.10	2,265
Mill Creek East	815	1.27	672
Larch	1,258	1.97	1,052
Martha Lake	1,911	2.99	1,553

Figure 3 shows the comparable cities used to support assumptions in the analysis.

Figure 3. Comparable Cities



Source: Snohomish County Open Data, King County

Spatial Data Assets

For each dataset, we completed an intersection with the subarea boundaries to allow for summaries of the assets by subarea. We also calculated geometries—reported in the relevant units of miles, acres, etc.—for each asset. Additionally, the analysis uses data from comparable cities in the region (Bothell, Kirkland, Marysville, Redmond, and Shoreline) to support assumptions about future costs. These comparable data sources are documented in each section, where applicable.

Parks and Trails

The potential annexation subareas include park and trail assets that are currently maintained through Snohomish County Parks and Recreation. Our analysis used the following datasets from the Snohomish County Open Data Portal:

- County Park (retrieved on July 7, 2025)
- Parks County Trails (retrieved on July 7, 2025)

Comparable Cities

We retrieved parks and trails data for each comparable city from the sources listed below. In some cases, the datasets included parks and trails outside the jurisdiction. We filtered the data to only include assets managed by the City, as noted below.

- Bothell Parks and Recreation
  - Retrieved on January 20, 2026
  - Filtered by assets with the value “Bothell” in the field “ManagedBy”
- Kirkland Parks and Community Services
  - Retrieved on January 20, 2026
  - Filtered by assets with the value “PARK” or “PW” in the field “MAINT”
- Marysville Parks, Culture, and Recreation Department
  - Retrieved on January 20, 2026
  - Filtered by assets with the value “Marysville” in the field “MaintBy”
- Redmond Parks and Recreation
  - Retrieved on January 20, 2026
  - Parks data filtered by assets with the value “Comm”, “Neigh”, “Res”, or “Urb” in the field “d_ParkType”
  - Trails data filtered by assets with the value “RED” in the field “d_Manager”
- Shoreline Parks, Recreation, and Community Services
  - Retrieved on January 20, 2026
  - Manually filtered assets by adding a field that indicates whether it is listed as a City park on the website.

Transportation and Roads

For transportation assets, we used two datasets available on the Snohomish County Open Data Portal, listed below. We calculated mileage of streets and acreage of right-of-way. The right-of-way dataset included a field for jurisdiction, which allowed for a high-level understand how the transportation network in the area is managed.

- Streets (retrieved on July 7, 2025)

- Right of Way (retrieved on July 7, 2025)

Comparable Cities

We retrieved transportation network data from each comparable city. Since right-of-way data was not readily available for all cities, we only pulled streets (centerline) data for the comparable cities:

- Bothell Streets (City GIS dataset)
  - Retrieved on January 12, 2026
- Kirkland Streets (King County Transportation Network GIS dataset)
  - Retrieved on January 12, 2026
  - Filtered by assets within Kirkland City Limits
- Marysville (Snohomish County Streets dataset)
  - Retrieved on July 7, 2025
  - Filtered by assets within Marysville City Limits
- Redmond (City GIS dataset)
  - Retrieved on January 12, 2026
- Shoreline (King County Transportation Network GIS dataset)
  - Retrieved on January 12, 2026

Storm and Surface Water

We used several datasets from the Snohomish County Open Data Portal to support assumptions about storm and surface water assets in the potential annexation areas based on conversations with the City of Mill Creek Public Works department.

- The following datasets were retrieved on July 7, 2025
  - Overflow Control
  - Media Filter Structure
  - Culvert
  - Enclosed Pope
  - Open Channel
  - Pond

Police Call Volume

Snohomish County 911 provided data on police call volumes for the three-year period from 2023 to 2025 for both the City of Mill Creek and the potential annexation subareas. The final dataset was provided on December 5, 2025. We filtered the call types in the data provided based on conversations with the Mill Creek Sheriff's Department. The call types include: Alarm Holdup, Alarm Silent, Assault, Assault Priority, Assault Weapon, Burglary, Burglary Priority, Disturbance, Domestic Violence Physical, Domestic Violence Verbal,

Robbery, Robbery Priority, Robbery Weapon, Shoplift, Shots, Theft Priority, Threat, and Weapons.

MEMORANDUM

TO: City of Mill Creek
FROM: Sarah Emmans / SME LLC
DATE: February 6, 2026
SUBJECT: City Council follow-up questions

Thank you for the opportunity to present to the Mill Creek City Council on February 3, 2026. Below and attached please find answers to the follow-up questions. Please note: I have also attached a revised slide deck with all references to "understaff" replaced with "fewer staff" or "lower staffing levels" to appropriately reflect the objective tone my analysis was intended to portray.

The revised slide deck also corrects a summary error on slide 41 (see question # 5 below)

1. **Councilmember Paddock asked about employers or employment by industry.**

Attached please find a table (Page A1) showing employment by industry occupation for the employed population of the City and each Census Designated Place (CDP) in my analysis (*i.e.*, industries of the employed population living in these areas). These data come from Table S2401Occupation by Sex for the Civilian Employed Population 16 Years and Over of the American Community Survey 2024 5-Year Estimates. By my observation, all areas have a relatively diverse employment basis, with larger concentrations in the professional services (top three categories in the attached summary). Please note the very small size of the Larch Way sample, which correspondingly has very high margins of error.

Unfortunately the Census does not report the number of establishments in each of these CDPs.

2. **Councilmember Paddock asked about spending per capita for the comparable cities in the analysis.**

Below please find a table showing FY 2026 adopted general fund expenditures, sorted by city population. Since the general fund is the primary operating funds for all city governments (and accounts for about 75 percent of Mill Creek's operating budget),[1] this is the easiest way to examine spending across these cities, but it is not a perfect apples-to-apples comparison due to the many differences among city budgets.

Among other considerations, these cities differ in terms of their service responsibilities. For example, Mukilteo, Redmond, Kirkland and Bothell have fire departments. Cities operate different numbers of utilities which are not paid for out of the general fund but which may require more centralized administrative or internal service support).

Relatedly, cities differ in terms of how much of their operating budgets are paid for out of the general fund. For example, Kirkland and Redmond have dedicated parks levy funds that pay for a significant portion of operating expenditures.

[1] Mill Creek had $31.5 million biennial general fund budget out of a $42 million operating budget (including surface water, REET, Streets, and other operating funds). See slide 41 of 2/3/2026 presentation.

Cities also differ in how they pay for services, especially with respect to the shared tax burdens among residents and visitors and commercials.

This analysis is not intended as a normative or qualitative statement about how much cities are or are not spending.

Table 1. FY26 Adopted General Fund Budgets, Population, and General Fund Budget per Capita, Select Cities

	FY26 Adopted General Fund Budget ($M)	***2025 Population***	***General Fund per Capita***
*Monroe**	$23.2	20,960	$1,108
Mukilteo	$21.4	21,590	$989
Mill Creek	**$14.6**	**21,630**	**$676**
Mountlake Terrace	$21.3	24,640	$865
Bothell	$82.0	51,760	$1,585
*Shoreline**	$71.2	63,740	$1,118
Marysville	$70.7	75,640	$935
*Redmond**	$158.6	82,380	$1,925
*Kirkland**	$165.8	97,850	$1,694

**FY26 budget is estimated based on annualized 2025-26 Biennial budgets, annualized using 2.5% interest.*

3. **Paddock would like to understand the option/ramifications if the City does not annex.**
4. **Councilmember Steckler asked for data regarding who is working remotely in the MUGA.**

Below please find tables showing the number and percentages of remote workers in each CDP. It's between 23 percent and 28 percent of workers in each CDP.

Exhibit 1. Workers 16 Years and Over by Means of Transportation to Work
Source: ACS 2023 5-Year Table B08301

	Mill Creek, WA		Larch Way, WA		Martha Lake, WA		Mill Creek East, WA		Silver Firs, WA	
	Value	Error	Value	Error	Value	Error	Value	Error	Value	Error
Total:	10,903	508	2,212	476	12,408	1,233	12,938	773	11,913	952
Car, truck, or van:	7,187	744	1,537	450	9,020	1,059	8,552	709	8,203	851
Drove alone	6,300	730	1,354	442	7,900	943	7,363	623	7,468	838
Carpooled:	887	332	183	121	1,120	372	1,189	366	735	189
In 2-person carpool	647	311	110	91	936	361	865	252	631	180
In 3-person carpool	149	100	51	62	122	85	220	188	50	40
In 4-person carpool	69	58	-	13	45	58	43	39	41	46
In 5- or 6-person carpool	22	24	22	34	17	27	61	61	4	13
In 7-or-more-person carpool	-	25	-	13	-	25	-	25	9	15
Public transportation (excluding taxicab):	522	166	99	110	167	94	514	170	406	129
Bus	522	166	99	110	147	90	479	172	406	129
Subway or elevated rail	-	25	-	13	-	25	-	25	-	25
Long-distance train or commuter rail	-	25	-	13	-	25	-	25	-	25
Light rail, streetcar or trolley (carro público in Puerto Rico)	-	25	-	13	20	31	35	42	-	25
Ferryboat	-	25	-	13	-	25	-	25	-	25
Taxicab	-	25	-	13	50	72	-	25	-	25
Motorcycle	81	111	-	13	36	42	78	78	-	25
Bicycle	23	31	-	13	-	25	-	25	-	25
Walked	34	39	11	19	116	83	51	42	58	51
Other means	71	65	-	13	111	93	114	74	174	122
Worked from home	2,985	482	565	212	2,908	666	3,629	497	3,072	424

5. **Councilmember Steckler requested FTE by department for all cities.**

In pages A2-A3 attachments to this memo, please find city staffing by department for all cities – total and "modeled functions" which exclude the departments highlighted in red.

Note: there was an error in the average "Modeled functions FTE per 1,000" on Slide 50 in the attachment. The fire departments of Kirkland, Redmond, and Bothell were erroneously included in the average, which skewed the data higher (5.8 in the previous version, 4.9 in the corrected version). This does **not** affect the fiscal analysis, it was rather an error in a summary document.

6. **Councilmember Steckler asked about the age of surface infrastructure in UGA.**

The GIS analysis used to produce the summaries and analysis did not include this information, and I was not able to find anything online. I've reached out to Snohomish County Public Works to get their input.

7. **Councilmember Steckler would like to know retail sales/sq. ft + per resident household spent.**

The Department of Revenue provided estimates of taxable retail sales activity in the MUGA sub areas for 2020 – 2023, based on the following categories: In-Store Sales, Delivery Sales, and Construction Sales.

Construction sales. The model assumes increases in sales tax from construction activity based on two assumptions: (1) for new development, construction costs are included as a share of market value (around 50%, from the National Association of Home Builders 2024 Cost of Construction Survey) on an assumed 2-year timeline; and (2) for existing development, construction costs are assumed as a share of total assessed value (<1 percent, listed in revenue assumptions).

In-store sales. To build a model of an increase in square footage assumed in baseline and growth scenarios, I used the square footage of parcels with use codes that fell into categories of businesses collecting sales tax:

- 519 Other Wholesale Trade, NEC
- 539 Other Retail Trade NEC
- 549 Other Retail Trade - Food NEC
- 553 Gasoline Service Stations
- 559 Other Retail Trade-Auto, Marine, Aircraft NEC
- 581 Eating Places (Restaurants)
- 591 Drug & Proprietary
- 598 Fuel & Ice
- 611 Banking & Bank Related Functions
- 629 Other Personal Services NEC
- 637 Warehousing & Storage Services
- 639 Other Business Services NEC
- 641 Automobile Repair & Services

- 651 Medical & Other Health Services
- 659 Other Professional Services NEC

The total parcel area was divided by the amount of 2023 in-store sales tax revenues to come up with an estimate of taxable retail sales per square foot, as shown in the revenue assumptions (pasted below).

Remote sales. Remote sales were also provided by the DOR and were divided by the number of residential parcels to come up with remote sales per residential parcel. If the remote sales were divided by households, the amount would be even lower due to multifamily properties; the revenue model used in this analysis assumes the higher amount.

Sales Tax Assumptions	*Martha Lake*	*Larch*	*Mill Creek S*	*Mill Creek East*
Remote sales per residential parcel	$15,810	$12,103	$38,609	$12,211
TRS per square foot (2023)	$122	$136	$258	$170
Taxable retail sales square footage	632,491	118,048	679,100	55,321

As with the property tax revenue model, there is assumed growth in the baseline sales activity (taxable retail sales + 3% growth as forecast by the Economic and Revenue Forecast Council) and then there is assumed new development and new retail & retail service businesses. **The baseline sales activity is the same in both models**, but the new growth in square footage, in taxable retail sales per square foot, in construction-related taxable sales, and in the number of taxable deliveries are assumed to be different under high and low growth scenarios.

The DOR did not provide this information for the City of Mill Creek, so we do not have apples-to-apples comparisons.

8. **Councilmember Steckler would like to know what does understaffing looks like.**

This is answered above in question 4. Please also note in the attached presentation, I have removed references to “understaffing” and instead use the terms “fewer staff than other cities.”

9. **Mayor Vignal would like to know if Mountlake Terrace should not have been a comparable as they run their own utility so they have more staff by default.**

Please see question 5 above where I exclude utility staff from the analysis. Mountlake Terrace staff per 1,000 residents drops from 6.4 FTE to 5.7 FTE accounting for the other utilities.

10. **Vignal would like more information on fire districts and how that process would work.**

CITY STAFFING, FY 2026 ADOPTED BUDGETS: MILL CREEK, MUKILTEO, MOUNTLAKE TERRACE, MONROE

Sources: FY26 adopted budgets for Mill Creek Mountlake Terrace, and Monroe. FY24 adopted budget for Mukilteo (latest available online). OFM 2025 population.

	Mill Creek	Mukilteo	Mountlake Terrace	Monroe
Population	*21,630*	*21,590*	*24,640*	*20,960*
Executive	3.5	6.0	9.0	2.0
Finance and IT		9.0		
Finance	7.2		8.8	4.3
Information Technology	2.0		3.8	3.2
Human Resources	1.0		1.0	2.8
City Clerk	1.5			1.8
Police	29.0	38.0	34.0	44.0
Fire		30.0		
Municipal Court & Jail Services			0.8	3.5
Human Services				1.0
Community & Economic Development	4.0		12.4	11.6
Planning		11.0		
Engineering Services			2.0	
Recreation	3.0	8.3	35.6	
Parks Services			7.9	11.4
Public Works (including Seasonals)	13.8	30.0		
PW - Street Operations			7.1	5.8
PW _ Parks CIP				1.6
PW - Street Construction			1.9	2.5
PW - Utilities			0.7	
Water O&M			9.5	9.6
Water CIP				3.0
Sewer O&M			6.8	10.6
Sewer CIP				2.8
Stormwater O&M			8.5	8.6
Stormwater CIP				1.3
PW - Fleet & Equipment			2.3	2.8
Property Management or Facilities			6.4	3.1
Total	**65.0**	**132.3**	**158.2**	**137.2**
Total, Modeled Functions	**65.0**	**102.3**	**141.2**	**106.8**

	Mill Creek	Mukilteo	Mountlake Terrace	Monroe	*Average*
FTE per 1,000	*3.0*	*6.1*	*6.4*	*6.5*	***6.4***
Modeled Function FTE per 1,000	*3.0*	*4.7*	*5.7*	*5.1*	***5.2***

Read the below as: for every 1 executive FTE in Mill Creek, there are 13 total FTE, compared to 1 exec for 25 total FTE in the other cities.

Central Services Model	Mill Creek	Mukilteo	Mountlake Terrace	Monroe	*Average*
FTE per Executive incl. Clerk	*13.0*	*22.1*	*17.6*	*36.6*	***25.4***
FTE per Finance & IT	*7.1*	*14.7*	*12.7*	*18.3*	***15.2***
FTE per HR	*65.0*	*?*	*158.2*	*49.0*	***103.6***

A3

CITY STAFFING: MILL CREEK, MARYSVILLE, KIRKLAND, REDMOND, BOTHELL, SHORELINE

Sources: FY26 city adopted budgets; 2025 OFM population.

	Mill Creek	Marysville	Kirkland	Redmond	Bothell	Shoreline
Population	*21,630*	*75,640*	*97,850*	*82,380*	*51,760*	*63,740*
Executive/City Manager	3.5	10.0	15.2	6.0	16.5	25.5
Communications				8.0		
Environmental Sustainability				4.0		
DEI				2.0		
Clerk	1.5			4.0		
Municipal Court		13.0	21.3		7.9	
Finance	7.2	18.0	46.5	23.5	12.0	10.6
Human Resources	1.0	6.0	10.0	18.0	5.5	4.0
City Attorney		12.0	5.0	9.3	6.0	3.0
Information Technology	2.0	13.0	31.5	43.0	16.3	13.6
Other Central Service					3.5	8.50
Community Planning and Development	4.0	18.0	75.5	94.8	28.8	28.0
Development Environmental Services		22.5	20.3			
Police	29.0	132.0	161.0	135.0	99.0	53.0
Fire			141.0	179.0	77.0	
Development Staffing*				10.0		
Parks & Recreation or Community Servic	3.0	10.0	41.0	77.0	19.0	49.6
Parks Levy Fund M&O			22.0			
Public Works (excl. below)	13.8		43.1	62.0	29.0	18.5
Streets		37.8	29.3	18.0	14.3	9.9
Surface Water			41.1	14.9	22.1	27.3
Water		69.0	23.66	19.1	11.3	
Wastewater				13.6	11.5	20.6
Solid Waste		14.3	3.2			
Fleet		6.8	9.90	7.50	5.10	2.10
Facilities		6.8	8.95		7.15	2.40
General Services			14.0			
Other			0.8			
Total (Excl. Council)	**65.0**	**389.0**	**764.3**	**748.6**	**391.9**	**276.6**
FTE, excluding non-modeled functions	**65.0**	**258.3**	**535.1**	**513.7**	**278.2**	**253.0**

	Mill Creek	Marysville	Kirkland	Redmond	Bothell	Shoreline	Average
Total FTE per 1,000	*3.0*	*5.1*	*7.8*	*9.1*	*7.6*	*4.3*	*6.8*
Modeled functions FTE per 1,000	*3.0*	*3.4*	*5.5*	*6.2*	*5.4*	*4.0*	*4.9*

Read the below as: for every 1 executive FTE in Mill Creek, there are 13 total FTE, compared to 1 exec for 34 total FTE in the other cities.

Central Services Model	Mill Creek	Marysville	Kirkland	Redmond	Bothell	Shoreline	Average
FTE per Executive incl. Clerk	*13.0*	*25.8*	*35.1*	*51.4*	*16.9*	*9.9*	*27.8*
FTE per Finance	*9.0*	*21.6*	*16.4*	*31.8*	*32.7*	*26.1*	*25.7*
FTE per HR	*65.0*	*43.0*	*53.5*	*28.5*	*50.6*	*63.2*	*47.8*
FTE per IT	*32.5*	*19.9*	*17.0*	*11.9*	*17.1*	*18.6*	*16.9*

EMPLOYMENT BY OCCUPATION, CITY AND SURROUNDING CENSUS DESIGNATED PLACES (CDP)

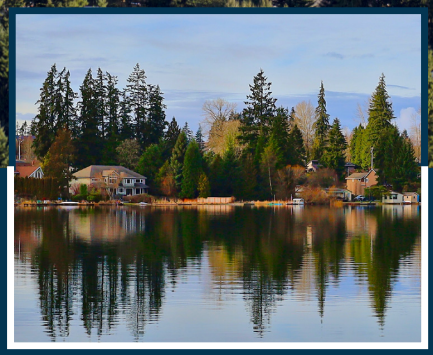
Source: S2401 Occupation by Sex for the Civilian Employed Population 16 Years and Over, 2024 ACS 5-Year Estimates

	City of Mill Creek		Larch Way CDP		Martha Lake CDP		Mill Creek East CDP		Silver Firs CDP	
	Employed	Share of Total Employment	Employed	Share of Total Employment	Employed	Share of Total Employment	Employed	Share of Total Employment	Employed	Share of Total Employment
Management, business, and financial occupations:	3,103	*28%*	546	*20%*	2,434	*19%*	3,200	*24%*	3,174	*26%*
Computer, engineering, and science occupations:	2,160	*19%*	557	*21%*	2,066	*16%*	3,814	*29%*	1,998	*16%*
Education, legal, community service, arts, and media occupation	938	*8%*	195	*7%*	1,264	*10%*	1,312	*10%*	1,247	*10%*
Healthcare practitioners and technical occupations:	644	*6%*	228	*8%*	819	*6%*	540	*4%*	757	*6%*
Healthcare support occupations	311	*3%*	8	*0%*	547	*4%*	175	*1%*	243	*2%*
Protective service occupations:	151	*1%*	29	*1%*	168	*1%*	148	*1%*	112	*1%*
Food preparation and serving related occupations	466	*4%*	146	*5%*	427	*3%*	508	*4%*	285	*2%*
Building and grounds cleaning and maintenance occupations	73	*1%*	11	*0%*	435	*3%*	165	*1%*	67	*1%*
Personal care and service occupations	51	*0%*	85	*3%*	218	*2%*	66	*1%*	225	*2%*
Sales and related occupations	1,059	*9%*	110	*4%*	837	*7%*	934	*7%*	1,225	*10%*
Office and administrative support occupations	966	*9%*	257	*10%*	1,452	*11%*	749	*6%*	1,064	*9%*
Farming, fishing, and forestry occupations	-	*0%*	-	*0%*	12	*0%*	55	*0%*	-	*0%*
Construction and extraction occupations	158	*1%*	166	*6%*	599	*5%*	174	*1%*	344	*3%*
Installation, maintenance, and repair occupations	426	*4%*	116	*4%*	323	*3%*	332	*3%*	349	*3%*
Production occupations	201	*2%*	141	*5%*	425	*3%*	403	*3%*	440	*4%*
Transportation occupations	309	*3%*	74	*3%*	344	*3%*	327	*2%*	312	*3%*
Material moving occupations	135	*1%*	35	*1%*	474	*4%*	181	*1%*	538	*4%*
Civilian employed population 16 years and over	**11,151**		**2,704**		**12,844**		**13,083**		**12,380**	

City of Mill Creek
Fiscal Impact of Annexation









FEBRUARY 2026

Prepared for the City of Mill Creek
by SME Consulting

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This report was prepared by Sarah Emmans of SME Consulting.

This project was financially supported by the City of Mill Creek.

This report benefited from expertise, information, and data provided by staff from the City of Mill Creek, Snohomish County, Snohomish 911, and the Washington Department of Revenue. Margaret Raimann provided GIS analysis and research support. This report was designed by Mary Racila.

SME is solely responsible for the content of this report. This report draws on input from and analysis of public documents and data from government agencies and other sources believed to be reliable. The author of the report has not independently verified all such information and make no guarantee of its accuracy or completeness. All statements and analytical assumptions reflect the author's professional judgment at the time of publication and may evolve as new information becomes available.

Executive Summary

The City of Mill Creek is exploring annexation of part or all of its Municipal Urban Growth Area (MUGA).

This analysis looks at the MUGA broken up into four areas: Mill Creek South, Martha Lake, Larch, and Mill Creek East.



RELATIVELY HIGH INCOMES



LOW POVERTY RATES



HIGH EDUCATIONAL ATTAINMENT



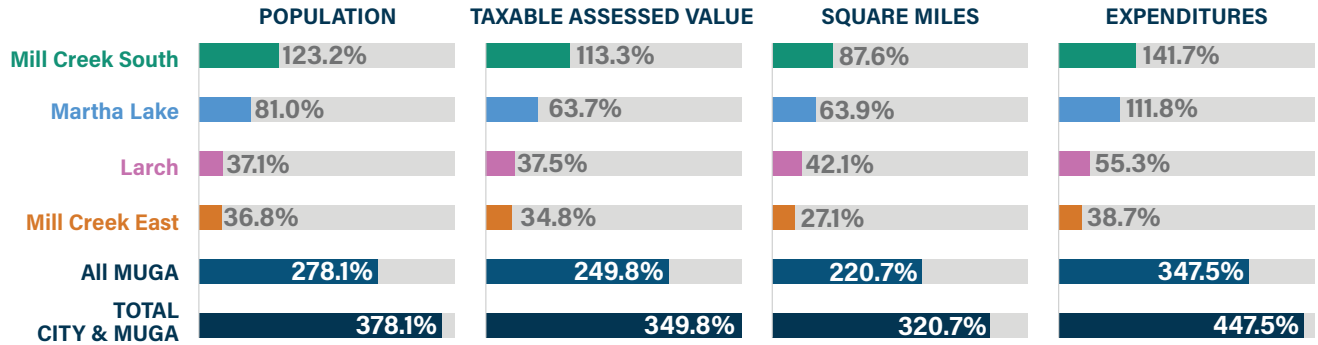
HIGH HOME VALUES

There are key differences within and among these areas with respect to homeownership, employment, age, and family size.

Annexation of the full MUGA would represent the single largest (by population) annexation in Washington state history.

EXHIBIT 1 Size Impacts of Annexation

Percentage Increase from Annexation



- The **Martha Lake** area is expected to grow dramatically in the next 20 years growing from 17,519 in 2025 to the Snohomish County growth target of 28,331 in 2044. With population growth comes increased service costs, but also potential economic growth.
- The **City of Mill Creek** commendably operates very leanly in terms of personnel, the single largest expenditure of city governments. To absorb the responsibilities of the MUGA, the City would need to spend $57 million in the first full year of annexation, over 4.5 times more than current levels to provide public safety, parks, transportation, planning, and other services, and grow its staff from 65 to 286.
- These expenditures are more than offset under a scenario in which the growth expected in **Martha Lake** increases the economic activity — particularly with respect to retail sales.
- **Mill Creek South**, with its strong tax base and low forecasted population growth, would maintain an operating surplus under both a base and growth revenue scenario.
- Activity in the **Mill Creek South** area (and Martha Lake, if realized) can provide a revenue offset to the residential areas of **Larch** and **Mill Creek East**.

Overview of Mill Creek & the MUGA

Mill Creek

The City of Mill Creek (population 21,630 in 2025) is located in Snohomish County about 20 miles northeast of Seattle, just east of I-5, south of Everett. Mill Creek is a former planned golf course community that incorporated in 1983 and is known for its well-maintained parks and trail system, exceptional planning of residential areas, and vibrant, pedestrian-friendly Town Center. The City is experiencing relatively slow population growth of about 0.73% per year (gaining about 170 people per year).[1]



The City's boundary falls just west of North Creek to the west, runs along 132nd St. SE / SR 96 to the north, follows Seattle Hill Road and 35th Ave SE on the east, and its southern boundary is just north of North Creek Park. The City is 4.7 square miles and is surrounded by unincorporated Snohomish County on all sides, though Everett's southernmost boundary touches Mill Creek briefly at Murphy's Corner (the intersection of SR 96 and SR 527).

COMMUNITY CHARACTERISTICS Mill Creek[2]

The Mill Creek population has high incomes relative to Snohomish County — median household income was $121,578 in 2023 — but lower median incomes than the other areas in the MUGA. About 40% of the City population rents, a greater share than the County, the State, and the MUGA. Median rents are slightly higher than the County, comparable to Martha Lake and Larch, but significantly lower than in Mill Creek South and East. About 22% of the City population is under 18 — lower than the County and most other subareas — and about 15% of the City population is over the age of 65, significantly more than the rest of the MUGA and the County. The City's employment rate is lower than the MUGA and the County. From this it may be deduced that the City may have a large concentration of retired people, many of whom rent, and who may potentially be living on fixed incomes (retirement-age people sometimes skew median household income data downward).

$121,578
MEDIAN HOUSEHOLD INCOME

40%
RENT

22%
UNDER 18 YEARS OLD

15%
OVER 65 YEARS OLD

1 SME calculation from Snohomish County 2044 growth targets, 2024 Comprehensive Plan Update.

2 The following section summarizes information from the US Census Bureau American Community Survey. The MUGA boundary does not perfectly align with the Census Designated Places (CDPs) in the analysis. See Appendix Two, p. 14 for more detail.

The Mill Creek MUGA

The City's municipal urban growth area (MUGA) totals just under 8 square miles and is home to 60,143 people as of 2025. The MUGA has four distinct subareas that differ in terms of geographic access to the City of Mill Creek, current and future land use, growth projections, and community characteristics. These areas, their populations, and square mileage are shown in the table and map in Exhibit 2 below. These areas are generally similar to the City of Mill Creek, with high household incomes and high home values compared to Snohomish County as a whole.

A NOTE on *Community Characteristics*:

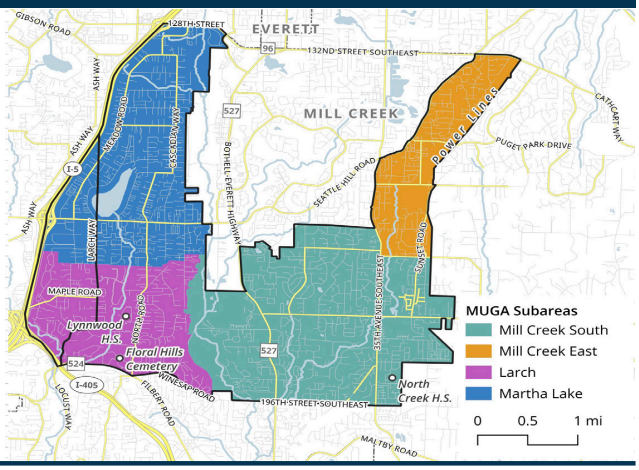
The MUGA subareas align imperfectly with four Census designated places (CDPs) as shown in Appendix Two, p. 14. Census data can provide an overview of characteristics of Mill Creek and the communities surrounding the City. The four CDPs and the MUGA sub areas they align with are:

1. **Larch Way CDP** (which overlaps with the area of the Martha Lake and Larch MUGAs west of Larch Way),
2. **Martha Lake CDP** (east of Larch Way, overlapping with Martha Lake and Larch MUGAs),
3. **Mill Creek East CDP** (which is actually the Mill Creek South UGA), and
4. **Silver Firs CDP** (a portion of which overlaps with the Mill Creek East UGA).

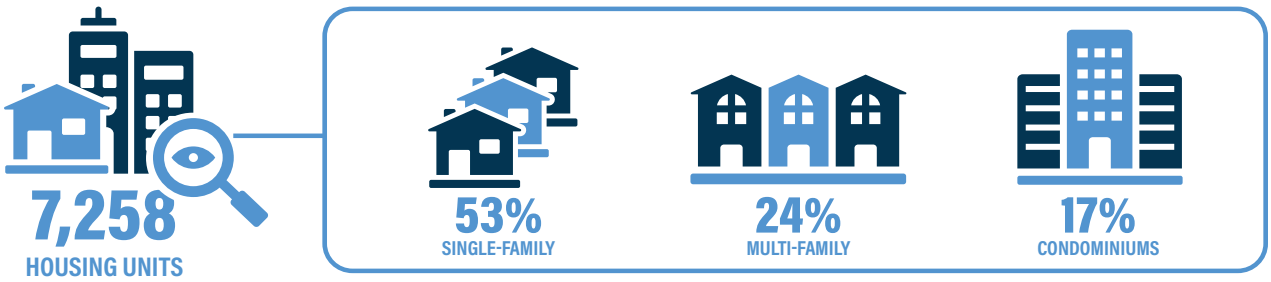
EXHIBIT 2 Mill Creek & MUGA Subareas

	2025 POPULATION	SQUARE MILES
City of Mill Creek	21,630	4.7
Martha Lake	17,519	3.0
Larch	8,021	2.0
Mill Creek East	7,963	1.3
Mill Creek South	26,639	4.1
TOTAL MUGA	60,143	10.4
TOTAL ALL AREAS	81,773	15.1

SOURCES: OFM, Snohomish County, Margaret Raimann, SME



The **Martha Lake** subarea is to the west of the City, east of I-5 and west of North Creek, south of 128th/132nd St. SE (SR 96) and north of 172nd St. SW. This area is characterized by dense residential areas, a corridor of retail, restaurant, and other commercial activity along 64th Ave., and Swedish Hospital in the northwest corner (north of Meadow Road). Martha Lake has an estimated 7,258 housing units with a diverse mix of type: about 53% Single Family Residential (SFR), 24% multifamily, and an estimated 17% condominiums.[3] This area also is home to three County parks (McCollum, Airport Park, and Martha Lake). See page 23 for detailed information about the Martha Lake subarea.



3 Housing units were estimated by SME based on assessor data and current population and household size estimates.

The **Larch** subarea is to the southwest of the City, east of I-5 and west of 3rd Ave SE., south of 172nd St. SW and north of Filbert Rd (SR 524).[4] This area is highly residential (about 2,700 housing units, predominantly single-family residential) and is home to Lynnwood High School close to its center.

Mill Creek South is the largest subarea, located south of Mill Creek city limits, north of 196th St. SE, east of Larch, south of 169th St. SE, and including the North Creek neighborhood in its southeastern corner. The area is primarily low density residential (about two-thirds of housing stock is estimated to be SFR), with an active corridor of commercial and industrial property along the Bothell-Everett Highway (SR 527). The area is home to North Creek Park and several community parks, and is estimated to have about 8900 housing units. See page 23 for detailed information about Mill Creek South.

Mill Creek East is the smallest subarea, population-wise, and is located east of the City, north of Mill Creek South, south of 132nd St. SE/SR 96, and east of the powerlines that run northeast from 148th St. SE. This area is also highly residential, with a small cluster of commercial activity at its northwest corner, the intersection of Seattle Hill Road and 132nd St. SE. There are an estimated 2,700 housing units in Mill Creek East. See page 23 for detailed information about Mill Creek East.

COMMUNITY CHARACTERISTICS

MARTHA LAKE / LARCH[5]

Martha Lake and Larch subareas have higher median incomes than the City ($132,130 and $141,429 respectively), though Martha Lake has a higher poverty rate (10%) than the City, the other subareas, and the County. These areas also have high employment, high educational attainment, and higher homeownership rates than the City. Median rents are comparable to the City. (See Appendix pages 23-34 for the full analysis.)

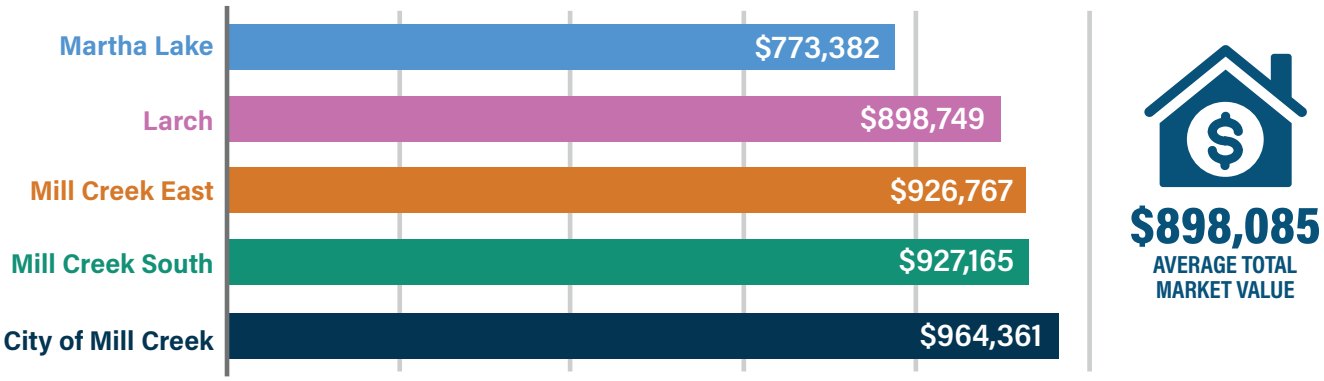
MILL CREEK SOUTH

Mill Creek South has the highest median income of all of the MUGA ($183,466) and much higher educational attainment (64% of adults have a bachelor's degree or higher, compared to <50% for the other MUGA, state, and County). This area has more children (30% of residents are under age 18), which coincides with larger family sizes and fewer residents of retirement age. Median rent is much higher than the City — $3,013 compared to $2,197 in Mill Creek, and homeownership rents are also much higher (83% compared to 60%).

MILL CREEK EAST

The Mill Creek East area does not overlap perfectly with a CDP, making it difficult to use Census information to paint a picture of the community. This area likely resembles Mill Creek South in many ways, with high homeownership rates, larger family sizes, more children, and relatively high employment and educational attainment.

EXHIBIT 3 Average Single-Family Residence Market Value, Mill Creek & MUGA Subareas (2025)



SOURCES: Snohomish County, Margaret Raimann, SME

4 The boundary of the Larch subarea was drawn to follow roads, natural landmarks, or parcel data to the extent possible.

5 These areas are summarized together because they each overlap with two distinct Census Designated Places: Martha Lake and Larch Way.

Future Land Use

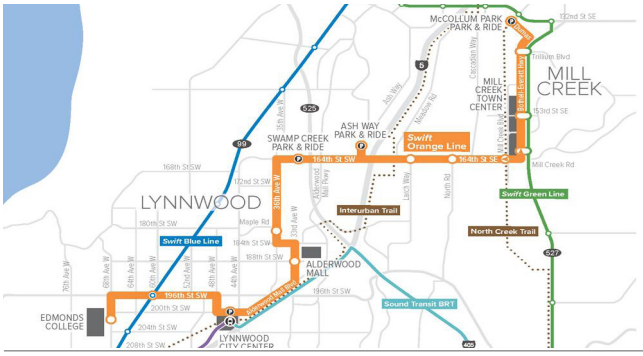
Located along three Swift Bus Rapid Transit (BRT) lines connecting Everett to Shoreline, Bothell, and points south (including light rail), Mill Creek is designated a high-capacity transit community under the Snohomish County Comprehensive Plan.[6] The County's strategy allocates significant growth toward the MUGA between 2024 and 2044. The Martha Lake subarea in particular will see tremendous growth in population.

Martha Lake Subarea

With additional BRT service and the planned extension of Sound Transit Link from Lynnwood to Everett anticipated to open between 2037 and 2041,[7] the County has designated Light Rail Communities (LRC) within a 0.5-mile radius of Link stations. There are **two areas within Martha Lake** that are within the LRCs surrounding the Mariner and Ash Way Link stations. See Exhibit 4 for a map showing future land use in the MUGA. The LRC area is designated with bright lime green. These areas will likely be zoned mixed-use and with unlimited height and density, among other changes that mean that high population growth and more dense commercial, retail, and dining activity is expected within the Martha Lake subarea.

Mill Creek South Subarea

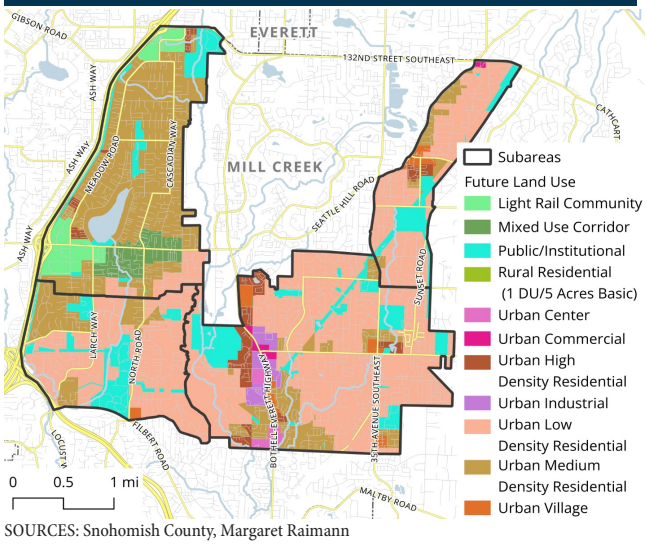
While much of the Mill Creek South subarea remains urban low density residential, a broad and busy mixed-use, commercial, and industrial corridor runs along the Bothell-Everett Highway. Population growth within the Mill Creek South subarea will likely occur within the urban high density residential areas within this corridor, with (potentially) an ancillary increase in walkable retail and dining activity.



The land use designations in the Light Rail Communities (LRCs) are

... "designed to support high-density housing, commercial and office use, and community services, with a strong emphasis on walkability, transit access, and pedestrian-oriented design to leverage major transportation infrastructure investments coming to Snohomish County as part of the Sound Transit Everett Link Light Rail Extension." [8]

EXHIBIT 4
Future Land Use in The Mill Creek MUGA



SOURCES: Snohomish County, Margaret Raimann



6 RCW 36.70A.130 requires counties and cities to plan for 20-year population and employment growth. Snohomish County Comprehensive Plan, 2024. Exhibit C. https://www.snohomish-countywa.gov/DocumentCenter/View/133279/Exhibit-C-Population-and-Employment--Amended

7 Sound Transit. https://www.soundtransit.org/system-expansion/everett-link-extension. Accessed February 13, 2026.

8 Snohomish County. https://snohomishcountywa.gov/4068/Light-Rail-Communities. Accessed February 13, 2026.

Growth Targets

With the land use changes summarized above, the MUGA is projected to grow faster than the City of Mill Creek, with growth rates varying among the subareas.[9]

Mill Creek's population growth target is 24,813 by 2044, an increase of 15% over the 2024 estimate. The County targets the Mill Creek MUGA for growth of 25% between 2024–2044, with significant growth in particular in the Martha Lake and Larch subareas (population increases of 66% and 30% respectively between 2024 and 2044), and less toward the predominantly low-density residential areas of Mill Creek South and Mill Creek East (3% and 8% growth, respectively).



EXHIBIT 5 2024 & 2044
Populations, City & MUGA Subareas

	2024	2044	% GROWTH
City of Mill Creek	21,630	24,813	15%
MUGA	59,528	74,636	25%
Martha Lake	17,082	28,331	66%
Larch	7,918	10,264	30%
Mill Creek South	26,595	27,503	3%
Mill Creek East	7,934	8,538	8%

SOURCES: Snohomish County, SME

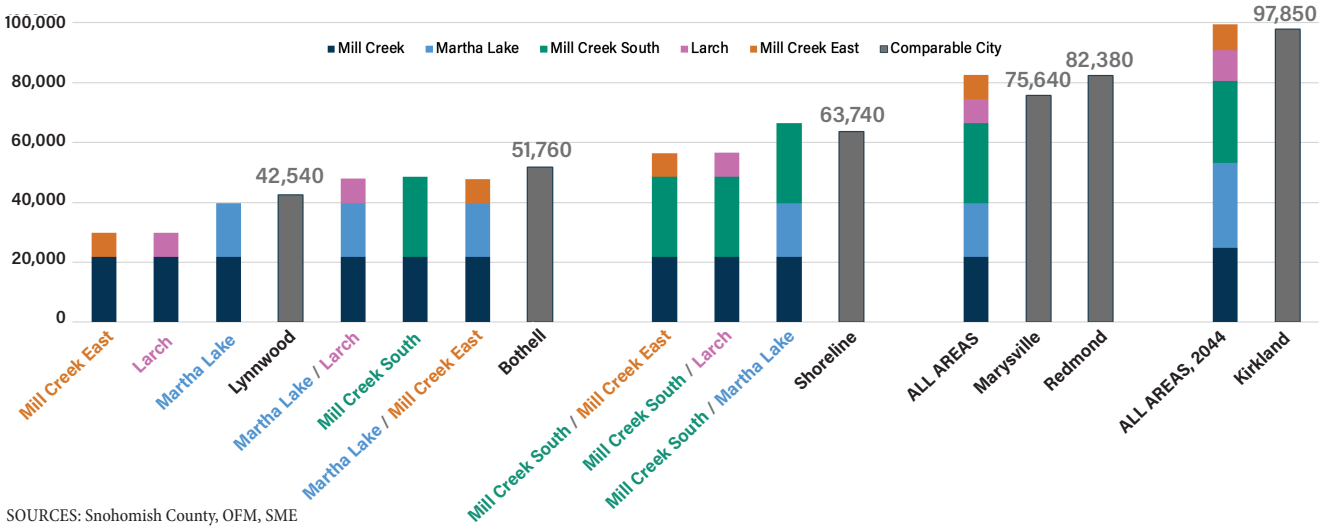
Annexation Population Impacts

The total MUGA population is larger than the current largest annexation event in Washington state history: the City of Vancouver in 1997, which increased the population by 58,171.[10] Annexing these areas would increase Mill Creek from a city of around 21,000 residents to a city of 30,000 to 82,500 residents depending on the area(s) annexed. Further, because of the growth expected particularly in the Martha Lake and Larch areas, the population of the City under a full annexation scenario would be almost 100,000 residents — about the size that Kirkland is today.

Annexation of Mill Creek South alone would be the third largest annexation in the state; annexation of Martha Lake alone would be the fifth largest annexation in the state.[11]

See Exhibit 6 below for a graphic showing the annexation scenarios by 2027 population, along with cities of similar size for context.

EXHIBIT 6 Population of Annexation Scenarios (2027 & 2044) and Comparable Cities (2025)



SOURCES: Snohomish County, OFM, SME

9 MUGA projections are from Snohomish County Comprehensive Plan 2024, Exhibit C, Population and Employment Growth Element. https://snohomishcountywa.gov/DocumentCenter/View/133279/Exhibit-C-Population-and-Employment--Amended. MUGA subarea projections were provided by County staff to the consultant. City projections are from the Office of Financial Management, April 1 Population Forecast.

10 Annexations and Municipal Boundary Changes, Office of Financial Management. https://ofm.wa.gov/washington-data-research/annexations-and-municipal-boundary-changes

11 SME analysis of OFM Central Annexation Tracking System data. https://ofm.wa.gov/data-research/annexations/central-annexation-tracking-system/. Accessed January 20, 2026.

Public Infrastructure & Services in the MUGA

The MUGA covers twice as large an area as Mill Creek, is home to 10 County-owned parks and open spaces (for context, there are currently 11 city-owned parks in Mill Creek), and has almost 2.5 times as many roads (189 total miles, compared to 78 in the City). The area spans four school districts, two fire districts, two water/sewer districts, and is served by Snohomish County for surface water management. The Snohomish County Sheriff provides public safety services in the MUGA. Below is a brief summary the public assets and services provided in the area; detailed information and assumptions can be found in the appendix of the report and in the subarea summaries beginning on page 23.

Parks & Recreation

There are 10 County-owned parks or open space in the MUGA, spanning 281 acres, and about 9 miles of trails. (For context, the City of Mill Creek has 11 public parks along with many neighborhood parks and nature trails.) Under an annexation scenario, the City would take over maintenance of County-owned parks, though it is possible that an interlocal agreement may be negotiated to maintain County services.

Martha Lake has the most complex parks, with Martha Lake Park, Martha Lake Airport Park, and McCollum Park. McCollum Park offers a range of amenities, including a BMX track, cricket pitch, wetland boardwalk, and nature trails. The County has selected **McCollum Park** as the future home of the Snohomish County Food and Farming Center to include a year-round indoor farmers market, commercial kitchen, and processing/distribution center for local farm products.

Larch is home to two parks — Corcoran Memorial, a small neighborhood park with a playground, open space, and picnic area, and Rhody Ridge Botanical Garden, a regional park and arboretum spanning 11.3 acres. Rhody Ridge is County-owned but maintenance of the park is facilitated by a community foundation.

Mill Creek South has four County-owned parks or open space properties: two community parks (Silver Creek and Tambark Creek), a regional park (North Creek Park), and additional open space/preserves under the Seattle City Light right-of-way (utility lines). **Silver Creek** is a 10-acre open space with a meadow and stream corridor that is home to beavers; in 2025-26 the park was closed to the public indefinitely due to trail flooding, beaver damage, and other access issues.[12] The County has a multi-agency improvement project planned to address the damage and potentially improve or replace playground equipment. **North Creek Park** is an expansive

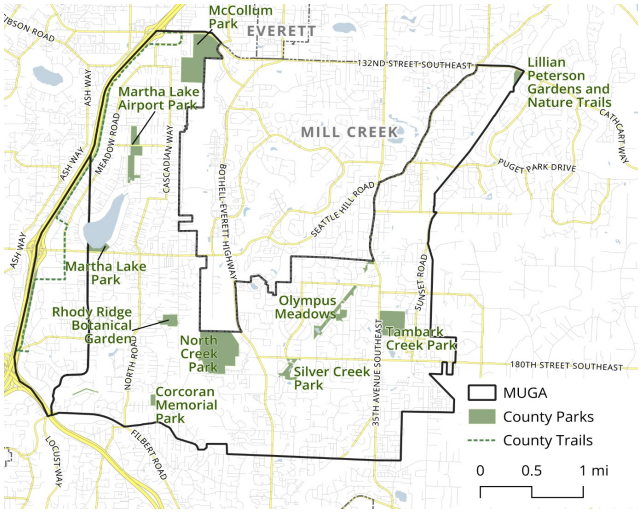


EXHIBIT 7 County-Owned Parks & Open Space in the MUGA

LOCATION / PARK	TYPE	ACRES
MARTHA LAKE		
Martha Lake Airport	Community	27.2
Martha Lake	Community	6.7
McCollum	Regional	72.3
LARCH		
Corcoran Memorial	Neighborhood	3.4
Rhody Ridge Botanical Garden	Regional	11.3
MILL CREEK SOUTH		
Silver Creek	Community	10.1
Tambark Creek	Community	39.0
North Creek	Regional	87.6
Transmission Line Properties	Open Space/Preserve	18.6
MILL CREEK EAST		
Lillian Peterson Gardens and Nature Trails	Open Space/Preserve	4.7
TOTAL ACRES		280.9

SOURCES: Snohomish County, Margaret Raimann

12 Snohomish County. https://www.snohomishcountywa.gov/6614/Silver-Creek-Park-Improvement-Project. Accessed February 15, 2026.

wetland just south of City limits and west of SR 527 (Bothell Everett Highway). The Park has a 3/4-mile long floating boardwalk trail, a beaver pond, and a small playground.

The County owns property running along the Seattle City Light utility line right-of-way; this property is the only County-owned open space in the **Mill Creek East** subarea, including a 5-acre parcel of recently-donated land called the Lilian Peterson Garden and Nature Trails, which features a walking trail but may be developed with an agriculture and gardening focus.[13]

Roads & Streets

There are 189 total miles of roads in the MUGA, almost 2.5 times as many as the 78 miles that are in the City. Under an annexation scenario, the City would assume responsibility for all 168 miles of county roads. **Mill Creek South** and **Martha Lake** have the most county-owned road miles, with 65 and 47 respectively. Mill Creek South also has 18 signalized intersections and six bridges which will require increased maintenance, operations, and replacement costs. See detailed information on all subareas beginning on page 23.

State Roads

Under annexation of any individual subarea, the City would also assume partial responsibility for state roads within the City and annexed area because the population would exceed the 27,500 population threshold under state law that outlines shared responsibilities for state roads in city limits.[14] The City currently has limited responsibilities for portions of SR 527 and SR 96 that are in city limits (sweep, snow plow, lighting, sidewalks, and maintain vegetation on frontages), but if its population exceeded 27,500, the City would also need to add signage and signals, mark pavement and crosswalks, maintain bike lanes, and design/redesign channelization (traffic engineering and guidance).[15]

Surface Water Management

Snohomish County provides surface water management services to the MUGA area. As in Mill Creek, because it holds multiple streams, bodies of water, and wetlands, surface

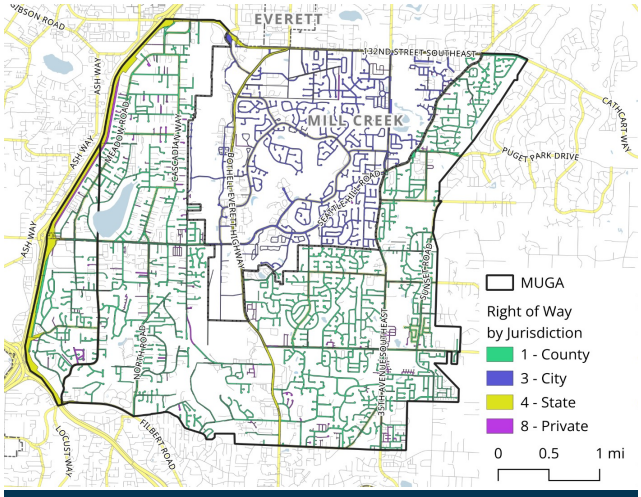


EXHIBIT 8 The City of Mill Creek & MUGA

Roads in Miles, by Ownership

SCENARIO AREA	ROAD MI.	COUNTY	CITY	STATE	PRIVATE
City of Mill Creek	77.6	1.1	62.4	5.9	8.3
Martha Lake	56.8	47.2	-	0.9	8.7
Larch	35.2	32.0	-	0.7	2.6
Mill Creek East	24.6	24.2	0.1	0.4	-0.03
Mill Creek South	72.2	64.7	-	1.3	6.1
TOTAL MUGA	188.8	168.2	0.1	3.2	17.4
TOTAL ALL AREAS	266.49	169.27	62.45	9.09	25.68

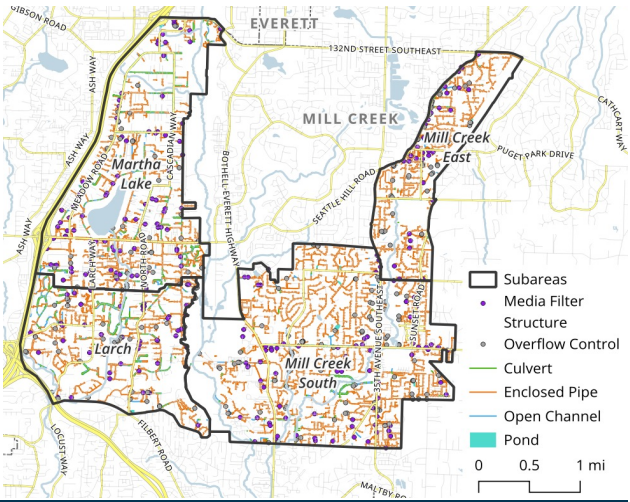


EXHIBIT 9 Surface Water Infrastructure

Stormwater Infrastructure in Miles

AREA	CULVERT	ENCLOSED PIPE	OPEN CHANNEL	POND ACRES
Snohomish Co.	191.1	1,032.7	968.3	357.5
Martha Lake	3.8	44.4	9.8	8.3
Larch	2.1	29.8	6.4	5.2
Mill Creek East	0.2	28.8	1.3	6.4
Mill Creek South	1.5	69.6	4.7	22.3

SOURCES: Snohomish County, Margaret Raimann

13 Snohomish County Park Inventory Report. https://storymaps.arcgis.com/stories/48d9c37812474ba7b4b0baf9ab5e7825. Accessed February 10, 2026.

14 RCW 47.24.020.

15 Conformed Agreement, City Streets as Part of State Highways Guidelines, Washington State Department of Transportation and Association of Washington Cities. April 2, 2013. Document and interpretation provided by City of Mill Creek staff.

water management is a large responsibility in the MUGA. The County has substantial infrastructure in the area, about **9 percent of total county-wide infrastructure** as shown below. (Note that City of Mill Creek GIS information is not available so estimates for the City aren't provided.) Under an annexation scenario, it is highly likely that the City would be able to phase or transition responsibility for this infrastructure through an interlocal agreement with the County. Once responsibility is assumed, the City would be able to adjust charges to the level necessary to cover costs of this program.

Public Safety

The Snohomish County Sheriff's Office provides public safety services in the MUGA. The Mill Creek Police Department would assume responsibility for these areas if they were to be annexed. Snohomish County 911 provides dispatch services to the City and all areas. Analysis of calls for police services reveal that all areas of the MUGA have fewer police calls than the City on a per 1,000 resident basis (chart on right) and that there are particular "hot spots" or areas with a high concentration of 911 calls that require more urgent attention or more time from police officers (map on right).[16] The intersection of 164th St. SW and Meadow Road in the **Martha Lake** subarea which has a large retailer (see map) has a high volume of calls, as does the area near Swedish (Hospital) Mill Creek Campus in the northern part of the subarea. There is also a concentration of calls around the intersection of 18th St. SE and SR 527 in **Mill Creek South**, which has high traffic and several establishments that may have nighttime activity.

Other Service Providers

There are several public entities providing services in the MUGA; See Appendix Two, page 27, for maps of the three areas. These services are assumed to have no impact on City operations under an annexation effort, other than coordination which could be absorbed by existing staff.

Fire and Rescue

Part of **Mill Creek South** and **Mill Creek East** are served by Snohomish Regional Fire & Rescue (formerly Fire Protection Dist. 7), while the rest of the MUGA is served by South County Regional Fire Authority, as in Mill Creek. Any portions of the MUGA annexed by the City and served by Snohomish Regional Fire & Rescue would annex into South County Regional Fire Authority for continuity of services.

EXHIBIT 10 911 Police Calls per 1,000 Residents

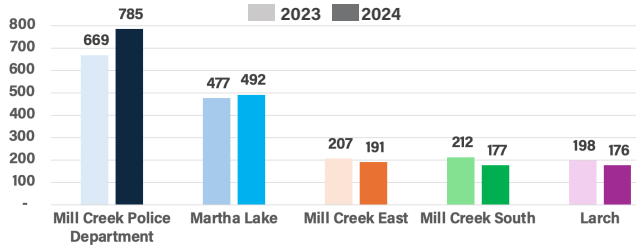
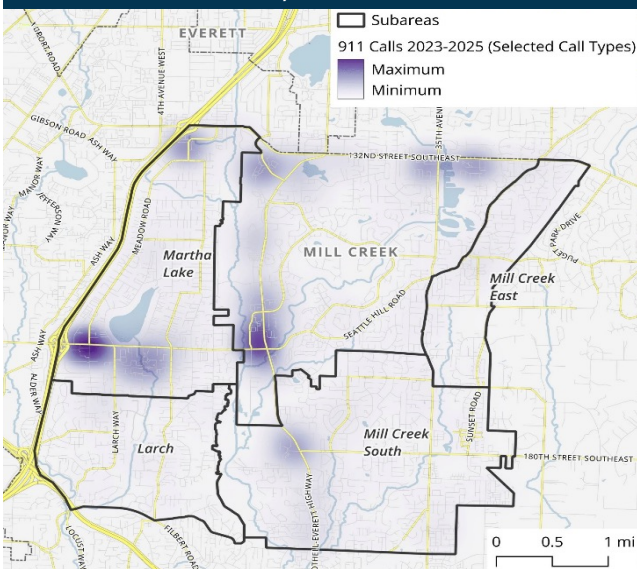


EXHIBIT 11 911 Calls, Select Offenses



SOURCES: Snohomish 911, Snohomish County, Margaret Raimann, SME

School Districts

The MUGA overlaps with four school districts: Mukilteo SD 6 in the northern portion of **Martha Lake**; Edmonds SD 15 in the southern part of **Martha Lake** and most of Larch; Everett SD 2 serves all of **Mill Creek East** and most of **Mill Creek South** (as in the City) and a sliver of **Larch**, and the southeastern part of **Mill Creek South** overlaps with Northshore SD 417.

Water/Sewer

As in the City, these services are split in the MUGA between the Alderwood Water and Wastewater Utility and Silver Lake Water and Sewer.

16 Selected call types: Alarm Holdup, Alarm Silent, Assault, Assault Priority, Assault Weapon, Burglary, Burglary Priority, Disturbance, Domestic Violence Physical, Domestic Violence Verbal, Robbery, Robbery Priority, Robbery Weapon, Shoplift, Shots, Theft Priority, Threat, and Weapons.

Financial Overview

Tax Base & Baseline Revenue Assumptions

Sales taxes and property taxes are the two primary revenue sources of the City of Mill Creek's general fund (about $17 million of total $25 million in general fund revenues in the Adopted 2025-26 Biennial Budget),[17] and thus are critical to fund the broad-based services impacted by annexation. This section of the report provides an overview of the property and sales tax bases in each of the MUGA subareas, and a description of how other budgeted City revenues would be impacted by annexation.

Property Taxes

City of Mill Creek

The City levied $4.4 million in 2025 on a total assessed value of about **$6.4 billion**. Valuation growth has grown about 8.8 percent annually on average over 10 years, though the City's property tax levy is restricted to 1 percent annual growth per year plus new construction under state law. New construction has fluctuated significantly from year-to-year, averaging about 0.5 percent of total property value per year from 2016 to 2025.[18] (These historical assumptions are important for understanding the revenue assumptions of the annexation fiscal scenarios shown later.) Residential property in the City is about 92 percent of the total taxable value in the City. The average market value of a single family residence in Mill Creek is $964,361 in 2025 (excluding condos). The total property tax rate in Mill Creek was **$8.82** in 2025.[19]

... in all areas of the MUGA, property tax rates appear to decrease under annexation, as the City's property tax rate of $0.69 is lower than the County road tax rate of $0.78 per $1,000 of assessed value.

Martha Lake

Martha Lake has total market value of $4.4 billion (taxable value $4.1 billion). Like the City, the area is highly residential (comprising 93% of total taxable value). In the part of Martha Lake that overlaps with Mukilteo SD6, total property tax rate

CITY OF MILL CREEK

$6.4B	$964,361	$8.82
TOTAL MARKET VALUE	AVG SF HOME VALUE	PROPERTY TAX RATE

MARTHA LAKE

$4.4B	$773,382	$8.21
TOTAL MARKET VALUE	AVG SF HOME VALUE	PROPERTY TAX RATE

LARCH

$2.7B	$898,749	$7.97
TOTAL MARKET VALUE	AVG SF HOME VALUE	PROPERTY TAX RATE

MILL CREEK SOUTH

$7.7B	$927,125	$8.82 / $9.47
TOTAL MARKET VALUE	AVG SF HOME VALUE	PROPERTY TAX RATE

MILL CREEK EAST

$2.3B	$926,767	$9.31
TOTAL MARKET VALUE	AVG SF HOME VALUE	PROPERTY TAX RATE

17 City of Mill Creek Adopted 2025-26 Budget, which was adopted prior to the passage of a utility tax.
18 DOR Property Tax Statistics, Senior Taxing District Levies Due, and Snohomish County Assessor certified values, provided by City of Mill Creek. SME analysis.
19 Snohomish County Assessor tax bills, SME.

is **$8.21** (lower than the City). In Martha Lake, as in all areas of the MUGA, property tax rates appear to decrease under annexation, as the City's property tax rate of $0.69 is lower than the County road tax rate of $0.78 per $1,000 of assessed value. (See Exhibit 12 for a chart of property tax rates.) The average value of a single family residence in Martha Lake is lower than the other areas ($773,382 in 2025).

Larch

The Larch area has $2.7 billion of total market value ($2.4 billion of taxable value). Almost 100 percent of taxable value is residential in Larch, and almost 92 percent of residential property is assumed to be single family residences.[20] The average value of a single family residence in Larch is $898,749. Property tax rates were **$7.97** in 2025, lowest of all the subareas sampled for a comparison of tax rates (see Exhibit 12 for a chart of property tax rates).

Mill Creek South

The Mill Creek South area has $7.7 billion in market value ($7.3 billion in taxable value); annexation of this area would more than double the City's property tax base. About 96 percent of taxable value in this area is residential, despite the relatively large share of commercial and industrial activity. This is likely due to the concentration of high-value homes in the southeast portion of the subarea, where it overlaps with the North Shore School District (see Exhibit 13 for a map of taxable value by acre). On average, single family residences had value of $927,125 in 2025. The property tax rate is either **$8.82** or **$9.47** per $1,000 of assessed value, depending on the school district (see Exhibit 12 for a chart of property tax rates).

Mill Creek East

The Mill Creek East area has $2.3 billion in market value ($2.2 billion taxable). The area is 98 percent residential. Average market value of a single family residence is $926,767 in 2025, close to Mill Creek South. The property tax rate is **$9.31** per $1,000 of assessed value.

Sales Taxes

Under an annexation scenario, the City would impose sales tax on taxable retail and service activity within city limits. The Martha Lake and Mill Creek South areas have considerable in-store "brick and mortar" taxable sales activity, while remote sales factor more heavily into the activity in the more residential areas of Larch and Mill Creek East.[21]

City of Mill Creek

The total sales tax rate in Mill Creek is 10.6 percent, which includes the City's combined **1.2 percent** rate and the

EXHIBIT 12 Property Tax Rates, Mill Creek & MUGA Subarea Sampling

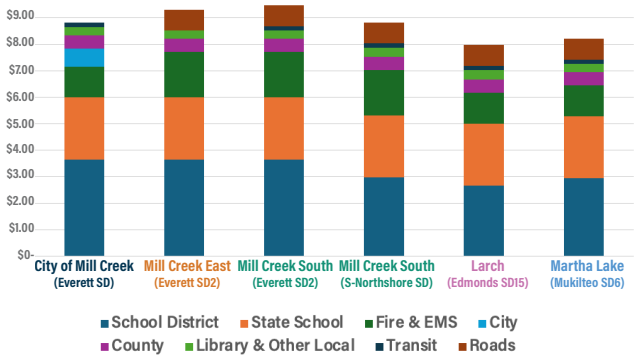
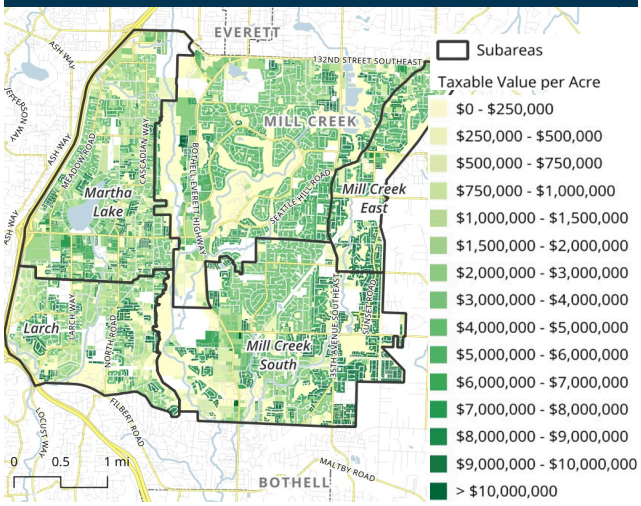


EXHIBIT 12 NOTE: The County road levy of $0.78 per $1,000 is less than the City rate of $0.69 in 2025, indicating property tax rates for all areas would have been lower in the year shown above. Additionally, the rate for fire and EMS services in the Mill Creek South and Mill Creek East areas shown above would also have been lower if these areas were served by the same district that serves Mill Creek.

SOURCES: Snohomish County Assessor property tax bills, SME

EXHIBIT 13 Taxable Value Per Acre, Mill Creek & MUGA



SOURCES: Snohomish County Assessor, Margaret Raimann

20 Taxable value, SME analysis of Snohomish County Assessor data. Percent of residential property, SME calculations of housing units within each subarea.

21 The Department of Revenue provided historical data from 2020 – 2023 regarding estimated taxable sales activity in each area.

tax collected for the state, county, and transit districts.[22] In 2022 and 2023, the **City collected $4.0 million and $4.1 million in gross sales taxes**.[23] The sales tax base — the estimated amount of taxable activity — is thus estimated at $333.6 million in 2022 and $343 million in 2023 based on the City's 1.2% rate. The largest categories of taxable activity were retail trade (about 43% of activity), followed by accommodation & food services (about 15% of activity) and construction (about 14% of activity).

Martha Lake

Martha Lake had estimated taxable activity of $182 million in 2022 and $182.4 million in 2023.[24] About 42%, or $77 million, comes from in-store sales or taxable service activity. Martha Lake has about 632,500 square feet of retail and service property, meaning **taxable sales are about $122 per square feet**. About $69 million of the total came from remote sales, which are taxed at the point of delivery for an estimated $8,300 per year in remote sales per residence.[25] The remainder of taxable activity is construction activity, which can be assumed to grow with development activity as the land use changes go into effect and light rail expansion continues.

Mill Creek South

The composition of taxable retail sales in Mill Creek South is almost identical to Martha Lake, but there is much more activity. The sales tax base is $418 million, about 1.2x bigger than the City of Mill Creek. Remote sales totaled $172 million, which would be about $19,000 per residence per year if all of the deliveries were to households (which they are likely not).

Larch / Mill Creek East

Larch and Mill Creek East have minimal commercial retail activity and taxable service activity, given their highly residential nature. In these areas, remote sales (likely to residences, given the composition of properties in this area) make up the greatest share of taxable activity. Both areas average remote sales of about $11,000 per residence.

EXHIBIT 14 Taxable Retail Sales Activity in The City & MUGA, 2023 ($ Millions)

	REMOTE	CONSTRUCTION	IN-STORE	TOTAL
City of Mill Creek	*	$43.1	*	$343.1
Martha Lake	$69.0	$36.0	$77.0	$182.0
Larch	$29.0	$15.0	$16.1	$60.1
Mill Creek East	$172.0	$71.0	$175.0	$418.0
Mill Creek South	$30.0	$13.0	$9.4	$52.4
TOTAL MUGA	$300.0	$135.0	$277.5	$712.5
TOTAL ALL AREAS				$1,055.6

SOURCES: City of Mill Creek, Washington Department of Revenue, SME

*DOR provided estimates of remote, construction, and in-store taxable activity for the MUGA. Estimates of remote and in-store activity categories are not available for the City of Mill Creek.

Other Revenues

Intragovernmental Revenues

In Mill Creek, intragovernmental revenues from the state and federal governments totaled about $1.4 million in 2026.[26] These revenues are largely distributed by population, and for the most part would increase to scale with population of the annexed area(s).[27]

Surface Water Revenues

To fund its surface water enterprise, Mill Creek charges utility account holders rate charges based on land use classification, parcel/developed lot size, and the amount of estimated impervious surfaces covering a parcel or developed lot.[28] The City collects around **$2.2 million in surface water utility charges** in FY 2025, about evenly split between single family residences and all other developed properties (which, though there are fewer parcels, have much greater impervious surfaces in the form of parking lots and other pavement). The City has broad ability to adjust utility rate charges up or down to cover

22 City of Mill Creek. https://millcreekwa.gov/topics/sales-tax. Accessed February 15, 2026.

23 City of Mill Creek 2025-26 Adopted Budget.

24 The Department of Revenue provided estimates of taxable activity occurring in each subarea. Similar breakdown is not available for the City of Mill Creek.

25 Estimated remote taxable sales of $70.6 million in 2025 divided by an estimated 8,469 housing units in 2025. A research study by GoBolt estimates that Washingtonians spend about $2,858 per capita in eCommerce, which would be about $10,000 per household based on household sizes in the Mill Creek South area. However, Mill Creek South, with large households and high incomes, is conceivably above the average in online deliveries.

26 Municipal Research Services Council.

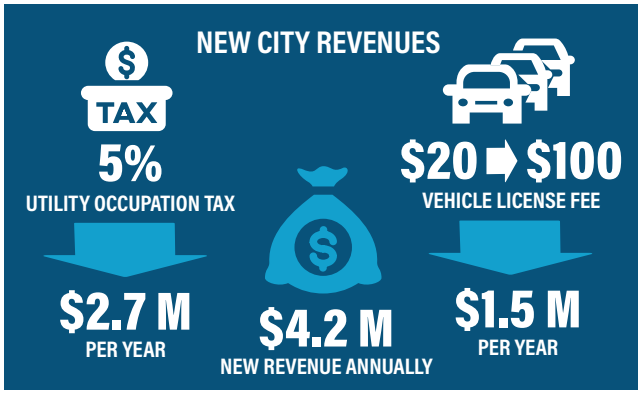
27 Leasehold excise tax and public utility district privilege tax are increased based on where impacted property is located. City DUI enforcement assistance and a portion of city criminal justice assistance is based on population and crime rates in the area.

28 Mill Creek Code Chapter 8.12. https://www.codepublishing.com/WA/MillCreek/html/MillCreek08/MillCreek0812.html. Accessed February 15, 2026.

the cost of the enterprise — including to offset the cost of maintaining and operating the utility in the annexed area(s), though of course large single-year rate increases are to be avoided.

New City Revenues

In December 2025, the City of Mill Creek implemented two new revenue options: a **utility occupation tax** and a **vehicle license fee**. The utility tax of 5% of gross income on all utility providers operating within the City is estimated to bring in **$2.7 million** per year. Under annexation, it is assumed the revenues would scale based on the percentage increase over the base number of properties (utility accounts) within each subarea. The utility tax revenue would be an increase to the general fund that could offset the cost of general service provision in the annexed area. The vehicle tab fee is a graduated fee ($20 per year for two years, and ultimately scaled into $100 per year if approved by election); the vehicle license fee at full scale would generate **$1.5 million** for the City of Mill Creek. This fee is assumed to increase based on population (assuming similar vehicle ownership rates to Mill Creek) and would be an increase to City Road Fund revenues that could be used to offset the cost of maintenance of and improvements to city roads.



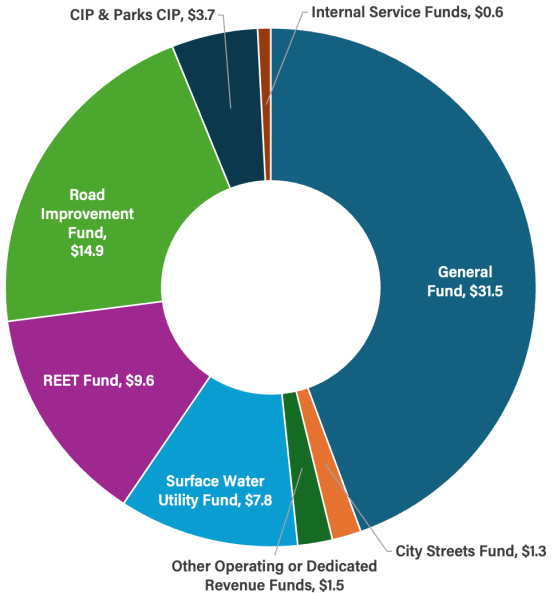
City Budget & Staffing Overview and Expenditure Assumptions

The annexation of subarea(s) of the MUGA would primarily impact expenditures related to public safety (police, jail, dispatch, and judicial services), community planning and development, parks maintenance and operations, street and sidewalk maintenance and operations, surface water, and internal service staff who support citywide staff (both central services, who perform administrative functions, and fleet & facility staff). With population growth and increases in the complexity of traffic and land use, there are also assumed impacts to community planning and development. The addition of potential revenue-generating park assets may lead to necessary investment in parks & recreation services.

OF NOTE: the City operates very leanly, with fewer staff per 1,000 residents than both small cities (similar to its 20,000 population size) and large cities (comparable to the City under various annexation scenarios). The City would likely need to staff up more than proportionately to its population to absorb the responsibilities assumed with annexation.

This section of the report will discuss the expenditures of the City and assumptions for how expenditures would increase based on annexation of each subarea.

EXHIBIT 15 City of Mill Creek FY 2026 Operating Budget, Total Fund ($ Millions)



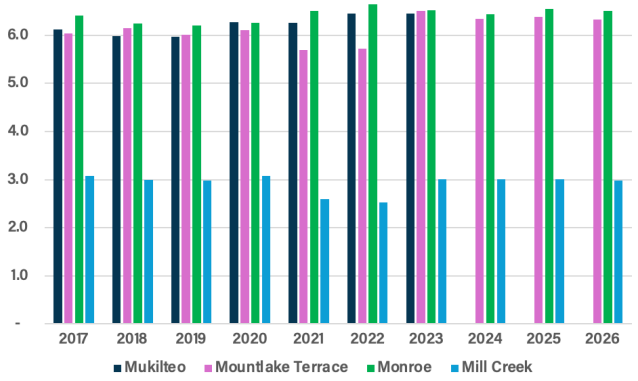
City Budget & Staffing

The City of Mill Creek has a $71 million total biennial budget and a $42 million total operating budget.[29] The General Fund, the City's primary operating fund, comprises $31.5 million of the budget. Annualized FY26 expenditure budget is shown in Exhibit 15. With an annexation, the City can expect increases to expenditures from the General Fund, the Streets Fund, the Real Estate Excise Tax Fund (which funds street and parks maintenance and infrastructure), and the Stormwater Fund.

The City's $31.5 million General Fund is its primary operating fund, supporting Police, General Government, Public Works, Community Development, Communications, and other services. The total fund budget supports operating and capital costs, goods and professional services, and 65 total FTE, which is significantly fewer staff on a per thousand resident basis than other, similarly sized cities, as shown in Exhibit 16. **Since 2017, Mill Creek has operated with about half the staff of these other cities.** Even when controlling for functions that Mill Creek does not operate in-house (such as water/sewer utilities, fire, municipal court, jail, and human services), the City operates at a more leanly staffed ratio: other cities averaged 5.2 FTE per 1,000 residents citywide across the departments that Mill Creek also has (see Appendix Two, p. 81).

The City also operates much more leanly than the larger cities that it would be more comparable to under the various annexation scenarios. Budgeted staffing for FY 2026 is shown below in Exhibit 17; the City is below staffing levels of other cities even for the functions examined in this study.

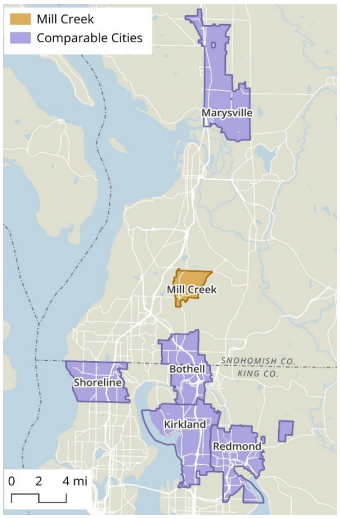
EXHIBIT 16
FTE per 1,000 Residents, Small Cities

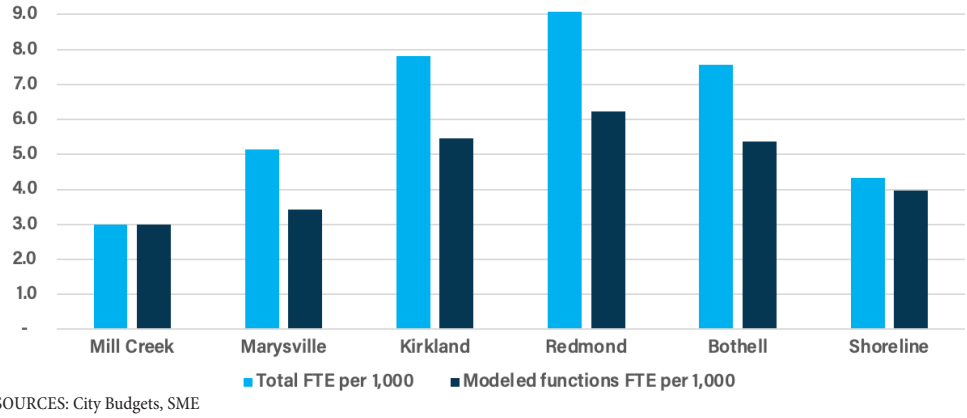


SOURCES: City Budgets, SME

Staffing levels are not an indicator of service levels. But it is very likely that as the City annexes, with more people, traffic, commuter activity, and infrastructure, it would be increasingly difficult for staff to absorb additional workload. Therefore, this expenditure analysis uses the staffing levels of comparable cities as a benchmark in certain departments. For Mill Creek and all local governments, the primary operating expenditure is personnel. Other expenditures are generally assumed as ratios of personnel costs.

EXHIBIT 17 FTE per 1,000 Residents, Larger Cities





SOURCES: City Budgets, SME

29 City of Mill Creek Adopted 2025-26 Biennial Budget.

General Operating Cost Impacts

With a full annexation, the City's general operating expenditures would grow from **$15+ million per year to $56.7 million** (see Exhibit 18 below). The $12.6 million in the City column reflects spending in the functions modeled by this analysis. The costs are greatest in the largest areas, both geographically and population-wise, **Mill Creek South** and **Martha Lake**.



EXHIBIT 18 City & MUGA Operating Costs, Annexation Year 1 ($ 2027)

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	ANNEXATION AREAS	ALL AREAS
Police	$5,636,000	$5,468,000	$2,632,000	$7,948,000	$2,229,000	$18,277,000	$23,913,000
Jail, Judicial Services & Dispatch	$1,038,000	$552,000	$186,000	$625,000	$184,000	$1,547,000	$2,585,000
Public Works - Streets	$903,000	$2,116,000	$989,000	$1,980,000	$751,000	$6,140,000	$7,043,000
Public Works - Parks M&O	$678,000	$1,542,000	$1,055,000	$1,542,000	$81,000	$4,220,000	$4,898,000
Parks, Arts, Recreation, Culture	$497,000	$786,000	$352,000	$1,139,000	$192,000	$2,469,000	$2,966,000
Community Planning & Dev	$1,004,000	$1,344,000	$604,000	$1,948,000	$589,000	$4,485,000	$5,489,000
Fleet & Facilities	-	$388,000	$197,000	$506,000	$139,000	$1,230,000	$1,230,000
Central Services	$2,871,000	$1,923,000	$970,000	$2,200,000	$718,000	$5,811,000	$8,682,000
TOTAL CITY-WIDE	**$12,627,000**	**$14,119,000**	**$6,985,000**	**$17,888,000**	**$4,883,000**	**$44,179,000**	**$56,806,000**

The City would need 217 additional FTE to provide services in public safety, public works, parks and recreation, community development, and central services. An analysis of full staffing impacts by department can be found in pages 54-60 in Appendix Two. All FTE are assumed to grow with population growth to maintain staffing levels.

EXHIBIT 19 Citywide Staffing Impacts, Year 1

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Police	29.2	25.7	12.0	37.4	10.8	85.9	115.0
Public Works - Administration	2.4	-	-	-	-	-	2.4
Public Works - Streets	3.8	7.8	3.9	7.8	3.0	22.6	26.4
Public Works - Surface Water	3.9	5.7	2.6	8.3	2.5	19.1	23.1
Public Works - Parks M&O	2.9	7.1	4.8	7.1	0.3	19.3	22.2
Parks & Recreation	3.0	4.6	2.1	6.7	1.1	14.5	17.5
Community Planning & Dev	4.0	7.4	3.3	10.7	3.2	24.6	28.6
Fleet & Facilities	-	2.0	1.0	2.7	0.7	6.4	6.4
Central Services	15.2	8.2	4.0	9.3	2.9	24.5	39.7
TOTAL CITY-WIDE	**64.4**	**68.6**	**33.8**	**90.0**	**24.5**	**216.8**	**281.2**

Notes on Assumptions

Police

Mill Creek currently has 25 commissioned staff and four non-commissioned (civilian) staff. Annexation would bring on an additional 65 commissioned staff and 20.5 non-sworn (civilian) staff for a total of **86 FTE**. Staff were apportioned across annexation area by population; in reality, the City would likely need a greater patrol presence for **Martha Lake** and parts of **Mill Creek South**, which has higher traffic, commercial activity, and call volume. (Martha Lake has the added complication of being geographically isolated from Mill Creek, with access only at 164th Ave and SR 96.

> **Police**: key assumption is to maintain a staffing level of 1.0 commissioned staff per 1,000 residents. Vehicles are assigned on a per FTE basis. Includes training, equipment, and vehicle replacement.

Public Works

Mill Creek currently has 13.8 FTE in its Public Works department, supporting maintenance and operations of parks, streets, surface water, and other City-owned property, and running the surface water utility. Under a full annexation scenario, it is assumed that the city would need an additional 61 FTE in these areas for a total of **71.6 FTE** city-wide. The impacts by program area: 22.6 for Streets Maintenance and Operations; 19.1 to support the Surface Water Utility; and 19.3 to support parks maintenance and operations.

> **Streets M&O** are costed at 15.4 miles per maintenance worker and 26 miles per engineer (with supervisors assigned proportionately), based on GIS and budget analysis of comparable cities. Adjustments were made for an asset list provided by the County.
>
> **Parks M&O** are costed based on a benchmark of 2 maintenance workers per developed park (with supervisors assigned proportionately).
>
> **Surface Water** costs are based on staffing at a per 1,000 resident level based on comparable cities' stormwater utilities. The total costs end up at about 10% of the County's surface water operating budget for the year, which roughly aligns to the 9% of County assets mentioned earlier in this report.

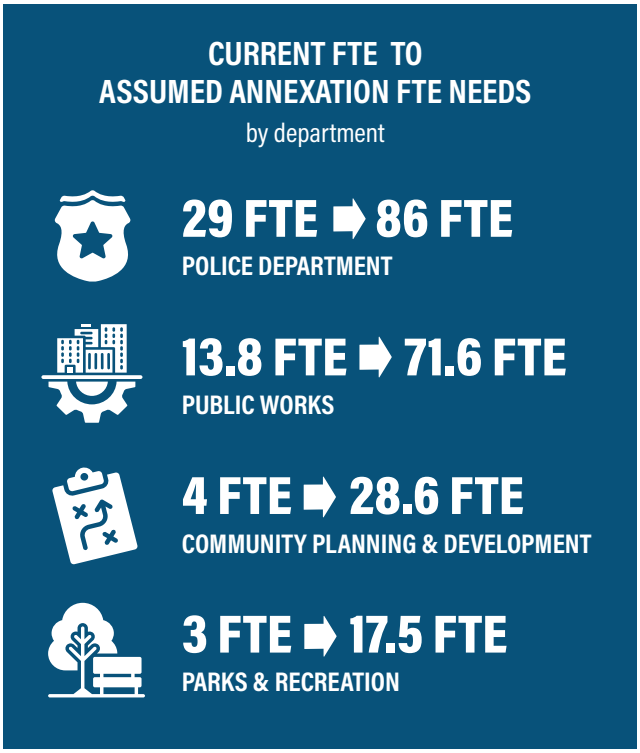
Community Planning and Development

The City currently has 4.0 FTE in Community Development. Full annexation would require an additional 24.6, for a total of **28.6 FTE**.

> **Community Development** is costed at a per 1,000 resident basis, increasing from 0.23 FTE per 1,000 residents to 0.34 FTE per 1,000 residents — still significantly below the average. The City would be able to recover costs in this area through fee structure changes, especially as development in the areas increase.

Parks and Recreation

The City currently has 3.0 FTE in its Parks and Recreation Department. Under a full annexation, the City would need an additional 14.5 for a total of **17.5 FTE**. These FTE are apportioned based on population increases and assumed to grow with population growth. In other cities, there are frequently additional programs such as culture, arts, human services, and tourism that are handled by this department. As with community development, there are opportunities to recover costs through user fees.



Base & Growth Revenue Scenarios

Cities are legally required to balance their budgets and end up facing a structural deficit when revenue growth cannot keep up with growth in expenditures. To test whether annexation is fiscally viable, two revenue scenarios are considered: one with extremely modest growth assumptions — basically, that the MUGA achieves population growth (and resulting service costs) without realizing the economic growth — and the other, that economic activity increases proportionately to the population growth and development that is expected to occur, especially in Martha Lake. Revenues must be sufficient in any geographic scenario for the annexation to be viable.

Revenues

Total operating revenues (and ongoing capital revenues) for the full MUGA are $43.1 million in the first year, compared to total expenditures of $43.9 million for an immediate deficit under the base scenario. Under the growth scenario, full revenues are $46 million in the first year (growth is assumed to begin occurring in 2026 and be initially realized in 2027).

The base revenue scenario assumes roughly 1.3 percent growth above inflation over the time period (blue line in Exhibit 20 below — the dotted line indicates the growth outside of inflation). The growth scenario assumes growth at 3.2 percent above inflation. This assumes considerable but achievable economic growth occurring as development occurs in the Martha Lake area, and as the mixed-use and commercial area of Mill Creek South continues to develop.

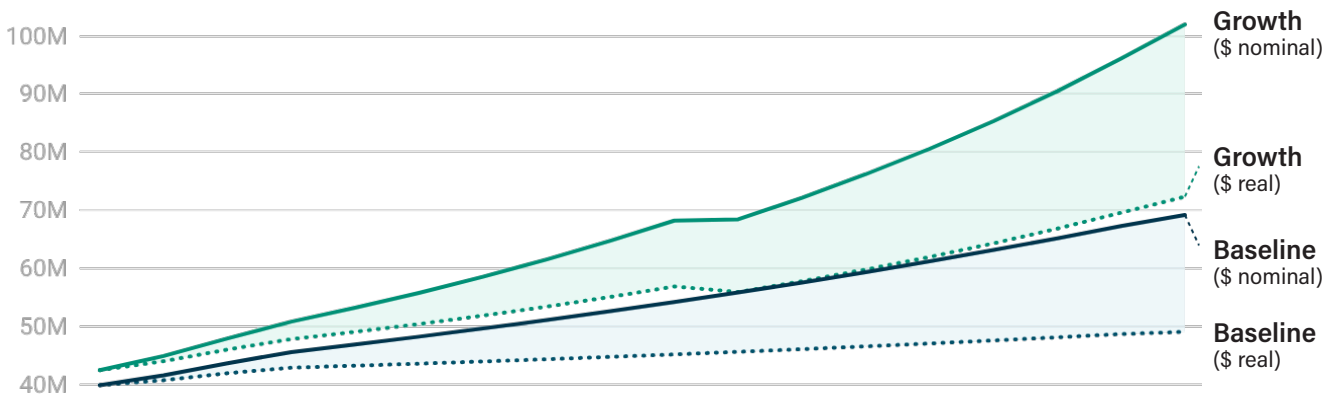
General Fund

In the first year of annexation (assumed to be 2027 for this analysis), the **City** would receive: **$9.8 million** in revenues in the Martha Lake area, **$4.9 million** in Larch, **$15.9 million** in the Mill Creek South area, and **$4.2 million** in Mill Creek East.

In the growth scenario, the implementation of an annexation sales tax credit (a 0.1% or 0.2% credit against the state sales tax) is also assumed, for an additional $1.5 million impact across all areas.[30]

EXHIBIT 20 Annexation Revenue Scenarios

Includes General Fund, Affordable Housing Fund, & Street Revenues.
Real dollars are indexed to 2027 and assume 2% inflation.



30 This credit is only available to be implemented by July 1, 2028, unless the Legislature extends it. RCW 82.14.415. https://app.leg.wa.gov/rcw/default.aspx?cite=82.14.415. Accessed January 12, 2026.

Affordable Housing Fund

The City receives a 0.1% sales tax for affordable housing. This tax would generate $869,000 across all four areas ($500,000 in **Mill Creek South** alone).

Real Estate Excise Taxes, Street Fund, Road Fund Ongoing Revenues

The City has certain funds dedicated to maintaining and operating streets, roads, and parks. Across the revenues dedicated to these funds, the City would realize **$7.3 million** in ongoing revenues.

Annexation Surplus or Deficits

In the first year of annexation, both Martha Lake and Larch would experience deficits under both revenue scenarios. Martha Lake experiences an initial deficit because of the staff costs necessary to serve the large population and because of the multiple parks in the area. Larch's operating deficit is primarily on the revenue side, with relatively little taxable sales activity occurring in this highly residential area.

Mill Creek South has a strong sales tax base and high value properties. Annexation "pencils out" in this area under both revenue scenarios, maintaining a surplus through all years considered in this analysis.

The exhibit below shows revenues, expenditures, and surplus (deficit) of the full MUGA under the base revenue scenario.

EXHIBIT 21 Base Revenue Scenario
Surplus (Deficit) by Subarea, Millions of $ 2027

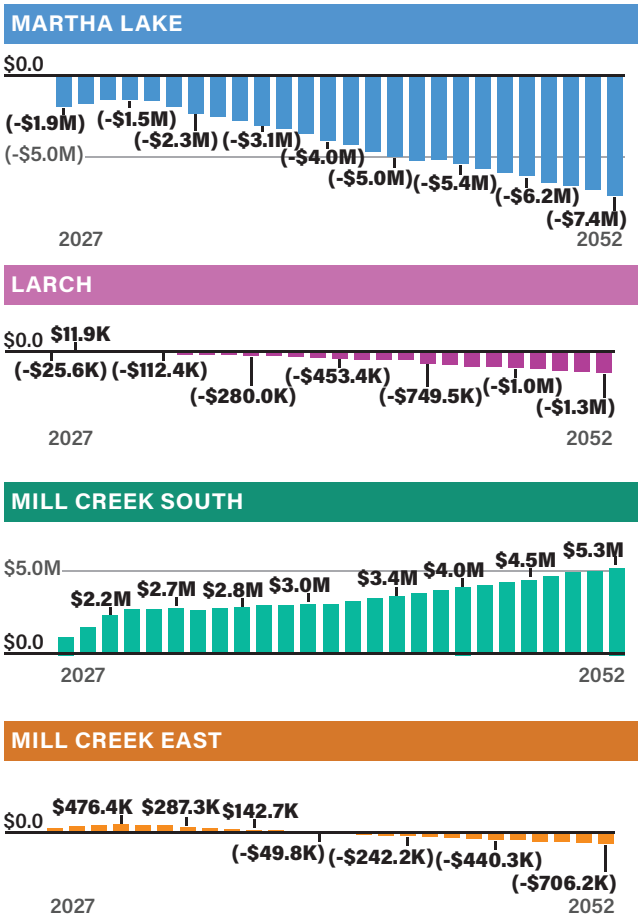
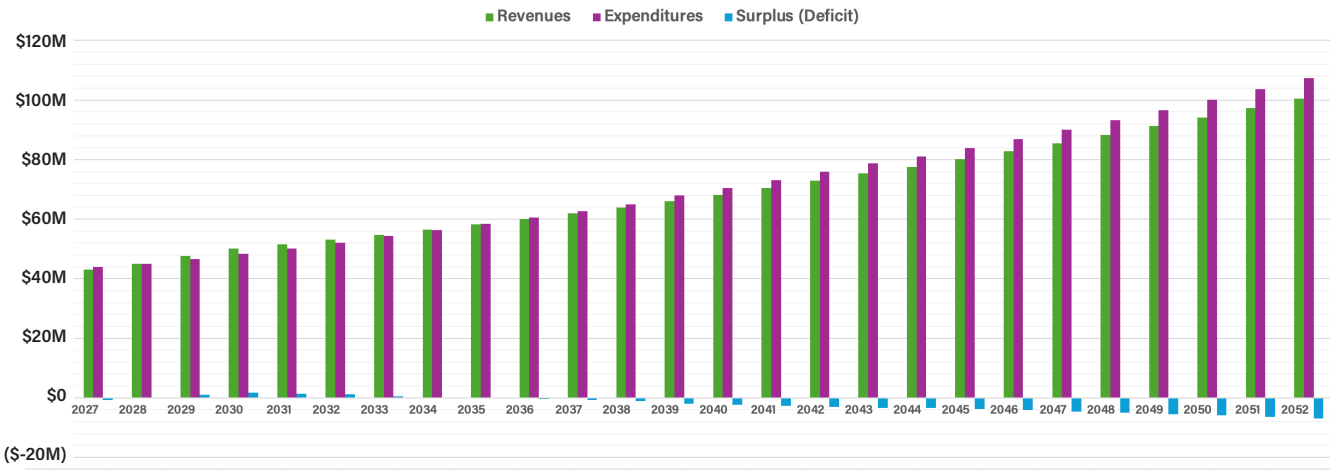


EXHIBIT 22 Base Revenue Scenario Revenues, Expenditures, and Surplus (Deficit)
Millions of $ 2027



SOURCES: City Budgets, SME

Growth Necessary to (More Than) Cover Costs

With the expected increases in housing units, construction activity, dense retail and dining activity, all areas of the MUGA would maintain an operating surplus. (In reality, governments do not maintain ongoing surpluses, just like they would not maintain a substantial ongoing deficit.) It is assumed that the City would reinvest its surplus in capital costs, which are substantial, or potentially reduce revenues.

Martha Lake has the potential for tremendous change and economic growth in the next 20 years.

The primary assumptions in **Martha Lake** relate to the density and nature of taxable retail sales activity, which are assumed to increase based on analysis that the City is currently conducting for the proposed redevelopment of South Town Center. Exhibit 24 below shows images of the area that is designated as part of the LRC; the gray areas in the photograph — parking lots — indicate substantial room for development as the area changes. Similar assumptions were made in **Mill Creek South**, where increases in housing density mean more housing units, greater retail walkability, and market valuation growth that resembles historical averages (8% as opposed to 5%).

EXHIBIT 23 Growth Revenue Scenario
Surplus (Deficit) by Subarea, Millions of $ 2027

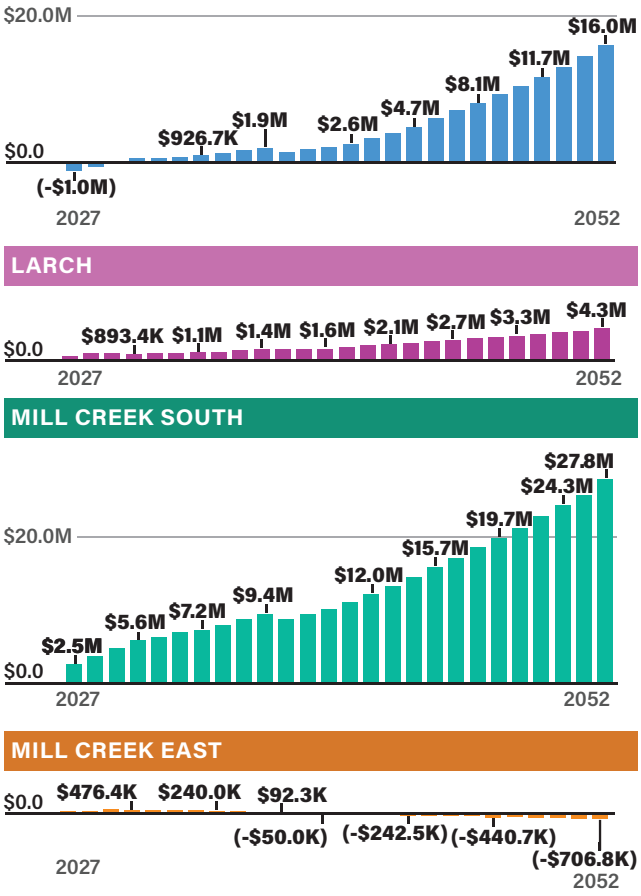


EXHIBIT 24 Ash Way Light Rail Community Area



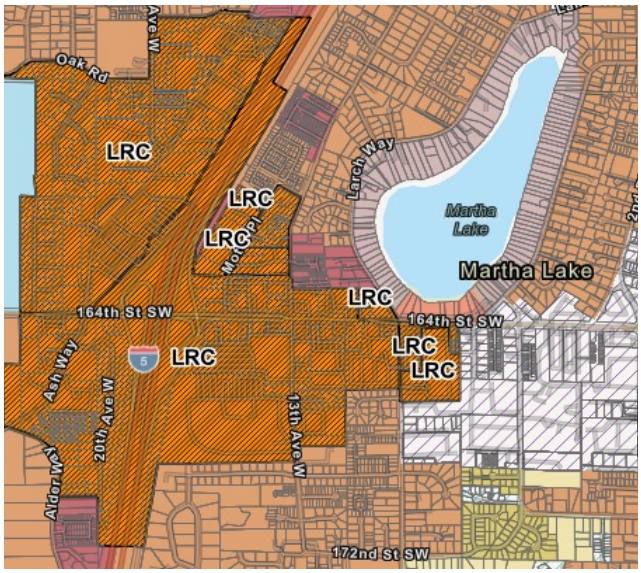
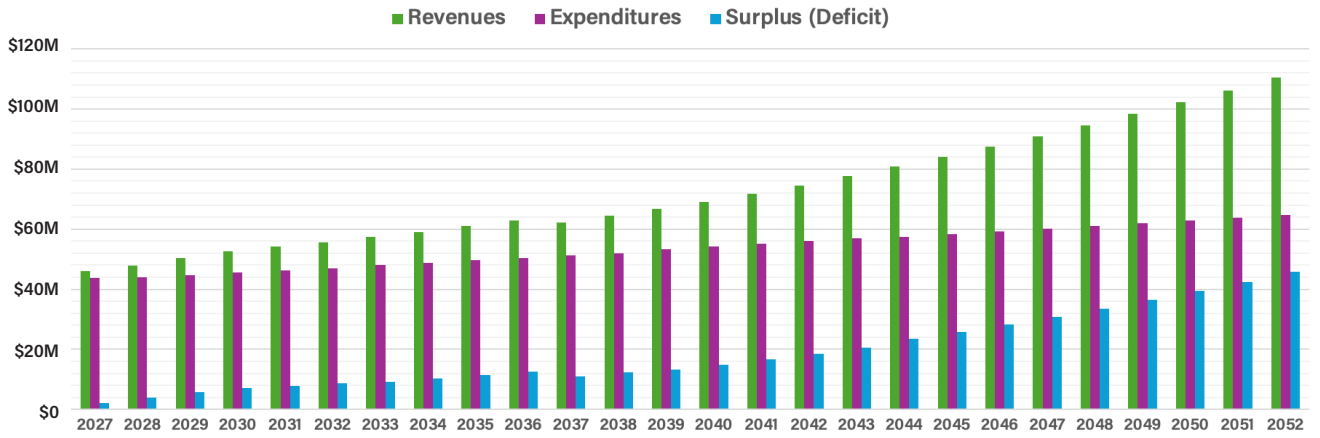


EXHIBIT 25 Growth Revenue Scenario Revenues, Expenditures, and Surplus (Deficit)
Millions of $ 2027



Surface Water

Under an annexation scenario, the City's Surface Water Utility would more than break even **in the first year**. This is based on expenditures costed out based on a per 1,000 resident basis, and revenues costed out based on the City's current rate structure. The City would realize revenues of $8.1 million, with estimated expenditures of $5.7 million (see page 26 of the Appendix), for a net revenue impact of $2.4 million. The City would likely adjust fees up or downward to cover actual costs. Additionally, the County estimates an additional $180 million in fish culverts not shown below that will eventually require substantial investment ($43 million of known culverts are assumed in the capital costs).

Conclusion

This analysis assumes a "magic wand" results in overnight annexation, with full assumed staffing levels and responsibilities growing with population growth, and revenues growing pessimistically or more optimistically based on varying levels of increase in economic activity. In reality, a phased, thoughtful approach could allow annexation to pencil out. Staffing scenarios above can be scaled and phased. The revenue scenarios were intended to present an extremely low and high bounds for what the City may actually achieve from the considerable but unknown growth anticipated in parts of the MUGA.

Mill Creek has proven to be an organization that does not live beyond its means, and annexation would not likely change that approach. This analysis was intended to give the City a full, honest accounting of potential costs incurred in assuming responsibility for large, complex, densely populated areas, some of which are on the cusp of fundamentally changing.



Appendix

APPENDIX EXHIBIT 1 Subareas

	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	NOTES & SOURCES
Population, 2025	17,519	8,021	26,639	7,963	Snohomish County. Mill Creek: 21,630.
Households, 2024*	8,113	1,761	8,108	*	ACS 2024 5-Year Estimate. Mill Creek: $121,578. *Martha Lake: Martha Lake CDP (west of Mill Creek, eastern part of the Martha Lake and Larch MUGA). Larch: Larch Way CDP (west of Martha Lake and Larch MUGAs). Mill Creek South: Mill Creek East CDP. Mill Creek East household number shown; median household income reflects Silver Firs CDP.
Median Household Income*	$132,130	$141,429	$183,466	$153,026	
Average Market Value of a Single Family Residence, 2025	$773,382	$898,749	$927,165	$926,767	Snohomish County Assessor. Mill Creek: $964,131.
Taxable Retail Sales (TRS), 2023	$182,000,000	$60,100,000	$418,000,000	$52,400,000	Washington DOR estimate
Remote	$69,000,000	$29,000,000	$172,000,000	$30,000,000	
Construction	$36,000,000	$15,000,000	$71,000,000	$13,000,000	
In-Store	$77,000,000	$16,100,000	$175,000,000	$9,400,000	
Per household remote TRS, 2025	$9,846	$9,039	$16,142	$9,418	Online sales per household, based on 2025 population and assuming 2.5 people per household
In-store TRS square footage, 2023	632,491	118,048	679,100	55,321	Snohomish County Assessor (2023), based on taxable retail and retail service use codes.
In-store TRS per sq ft, 2023	$121.74	$136.39	$257.69	$169.92	2023 in-store TRS divided by square footage.
Housing Units, 2025	8,469	2,758	9,060	2,724	SME analysis (housing units assigned to residential parcels, spread population).
SFR	3,756	2,535	5,992	2,144	
Duplex, Triplex, Fourplex	188	40	50	6	
Multifamily	3,360	20	958	140	
Condo	920	155	1,742	367	
Manufactured or mobile	245	8	318	67	
Population, 2044	28,331	10,264	27,503	2,846	Snohomish County
Housing units 2044 (base scenario)	11,869	3,583	9,371	2,837	SME analysis
SFR	3,931	2,910	5,817	2,163	
Duplex, Triplex, Fourplex	322	67	125	17	
Multifamily	6,060	290	1274	191.70	
Condo	1,311	308	1,837	398	
Manufactured or mobile	245	8	318	67	
Housing units 2044 (growth scenario)	13,596	4,403	10,760	2,837	SME analysis
SFR	4,245	3,408	6,492	2,163	
Duplex, Triplex, Fourplex	434	123	150	17	
Multifamily	6810	494	1,558	192	
Condo	1,862	370	2,242	398	
Manufactured or mobile	245	8	318	67	

APPENDIX EXHIBIT 2
Base Scenario: Annexation Revenue, Expenditure, & Net Surplus (Deficit), Year 1

The tables below show the estimated ongoing revenue, expenditure, and net revenue or (expenditure) impacts of annexation for each operating fund, and known capital expenditures for one year. For the General Fund, the table lists impacts by type of revenue and the expenditure impacts by department for each area (City, each MUGA subarea, total MUGA, and the total City plus total MUGA). For other funds, revenues, expenditures, and net revenues or (expenditures) are shown. General Fund, Street Fund, REET fund, ongoing revenues in the Road Fund (including vehicle tabs), and Affordable Housing fund revenues are shown together above Surface Water, which is an enterprise fund and is assumed to have less cross-reliance than the tax-supported funds. These are the costs in Year 1 assuming full annexation at full service level (e.g., assuming that immediately upon annexation, the City was at full staffing levels necessary to provide services at the level assumed in the model). Expenditures are the same under both baseline and growth scenarios. For the City of Mill Creek, total expenditures do not equal adopted budget totals; these are the total expenditures in the departments and programs that are included in the financial model.

GENERAL FUND	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	ANNEXATION AREAS	ALL AREAS
Property Taxes	$4,520,000	$2,809,000	$1,654,000	$5,289,000	$1,536,000	$11,288,000	$15,808,000
Sales Tax	$4,723,000	$2,467,000	$1,055,000	$6,173,000	$884,000	$10,579,000	$15,302,000
Other Taxes	$3,414,000	$2,906,000	$1,532,000	$2,442,000	$1,174,000	$8,054,000	$11,468,000
Total Taxes	$12,657,000	$8,182,000	$4,240,000	$13,904,000	$3,594,000	$29,920,000	$42,577,000
Licenses & Permits	$616,000	$534,000	$295,000	$741,000	$253,000	$1,823,000	$2,439,000
Intragovernmental	$476,000	$525,000	$235,000	$772,000	$229,000	$1,761,000	$2,237,000
Charges	$1,206,000	$454,000	$83,000	$333,000	$74,000	$944,000	$2,150,000
Fines & Penalties	$150,000	$126,000	$57,000	$184,000	$55,000	$422,000	$572,000
GENERAL FUND REVENUES	**$15,105,000**	**$9,821,000**	**$4,910,000**	**$15,934,000**	**$4,205,000**	**$34,870,000**	**$49,975,000**
GENERAL FUND EXPENDITURES							
Police	$5,636,000	$5,468,000	$2,632,000	$7,949,000	$2,229,000	$18,278,000	$23,914,000
Jail, Judicial Services, Snohomish 911	$1,038,000	$553,000	$186,000	$625,000	$184,000	$1,548,000	$2,586,000
Parks	$497,000	$786,000	$351,000	$1,140,000	$192,000	$2,469,000	$2,966,000
Parks M&O	$678,000	$1,542,000	$1,055,000	$1,542,000	$81,000	$4,220,000	$4,898,000
Planning & Development	$1,004,000	$1,345,000	$604,000	$1,948,000	$589,000	$4,486,000	$5,490,000
Fleet & Facilities		$388,000	$197,000	$506,000	$138,000	$1,229,000	$1,229,000
Central Services	$2,871,000	$1,924,000	$971,000	$2,200,000	$718,000	$5,813,000	$8,684,000
GENERAL FUND EXPENDITURES	**$11,724,000**	**$12,006,000**	**$5,996,000**	**$15,910,000**	**$4,131,000**	**$38,043,000**	**$49,767,000**
A. Net General Fund Revenues (Expenditures)	**$3,381,000**	**-$2,185,000**	**-$1,086,000**	**$24,000**	**$74,000**	**-$3,173,000**	**$208,000**
AFFORDABLE HOUSING FUND							
B. Revenues	**$50,000**	**$228,000**	**$78,000**	**$500,000**	**$63,000**	**$869,000**	**$919,000**
REET, STREET, ROAD FUND							
Revenues	$1,892,000	$2,133,000	$1,972,000	$2,398,000	$835,000	$7,338,000	$9,230,000
PW Streets Expenditures	$903,000	$2,115,000	$989,000	$1,981,000	$752,000	$5,837,000	$6,740,000
C. Net REET, Street, Road Revenues (Expenditures)	*$989,000*	*$18,000*	*$983,000*	*$417,000*	*$83,000*	*$1,501,000*	*$2,490,000*
D. General Fund & Other Ongoing Net Revenues (Expenditures): A + B + C	**$4,420,000**	**-$1,939,000**	**-$25,000**	**$941,000**	**$220,000**	**-$803,000**	**$3,617,000**

APPENDIX EXHIBIT 2 Continued

SURFACE WATER FUND							
Revenues	$2,347,000	$2,433,000	$979,000	$3,681,000	$997,000	$8,090,000	$10,437,000
Expenditures	$3,872,000	$1,696,000	$771,000	$2,449,000	$754,000	$5,670,000	$9,542,000
D. Net Surface Water Revenues (Expenditures)	*-$1,525,000*	*$737,000*	*$208,000*	*$1,232,000*	*$243,000*	*$2,420,000*	*$895,000*
E. Net Ongoing Revenues (Expenditures): D + E	**$2,895,000**	**-$1,202,000**	**$183,000**	**$2,173,000**	**$463,000**	**$1,617,000**	**$4,512,000**

CAPITAL EXPENDITURES (ANNUALIZED)							
Surface water capital	$1,790,000	$897,000	$897,000	$897,000	$897,000	$3,588,000	$5,378,000
Road Fund Capital	$5,118,000	$1,932,000	$1,197,000	$2,456,000	$837,000	$6,422,000	$11,540,000
Transportation Improvement Projects (2026-2031)	$5,074,500	$4,314,000	$716,000	$1,433,000	$0	$6,463,000	$11,537,500
TOTAL CAPITAL	**$11,982,500**	**$7,143,000**	**$2,810,000**	**$4,786,000**	**$1,734,000**	**$16,473,000**	**$28,455,500**

APPENDIX EXHIBIT 3
Growth Scenario: Annexation Revenue, Expenditure, And Net Surplus (Deficit), Year 1

The tables below show the estimated ongoing revenue, expenditure, and net revenue or (expenditure) impacts of annexation for each operating fund, and known capital expenditures for one year. For the General Fund, the table lists impacts by type of revenue and the expenditure impacts by department for each area (City, each MUGA subarea, total MUGA, and the total City plus total MUGA). For other funds, revenues, expenditures, and net revenues or (expenditures) are shown. General Fund, Street Fund, REET fund, ongoing revenues in the Road Fund (including vehicle tabs), and Affordable Housing fund revenues are shown together above Surface Water, which is an enterprise fund and is assumed to have less cross-reliance than the tax-supported funds. These are the costs in Year 1 assuming full annexation at full service level (e.g., assuming that immediately upon annexation, the City was at full staffing levels necessary to provide services at the level assumed in the model). Expenditures are the same under both baseline and growth scenarios. For the City of Mill Creek, total expenditures do not equal adopted budget totals; these are the total expenditures in the departments and programs that are included in the financial model.

GENERAL FUND	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	ANNEXATION AREAS	ALL AREAS
Property Taxes	$4,520,000	$2,889,000	$1,821,000	$5,289,000	$1,536,000	$11,535,000	$16,055,000
Sales Tax	$4,723,000	$2,796,000	$1,193,000	$6,551,000	$884,000	$11,424,000	$16,147,000
Other Taxes	$3,414,000	$2,906,000	$1,532,000	$2,442,000	$1,174,000	$8,054,000	$11,468,000
Annexation		$434,000	$69,000	$974,000	$59,000	$1,536,000	$1,536,000
Total Taxes	$12,657,000	$9,025,000	$4,615,000	$15,256,000	$3,653,000	$32,549,000	$45,206,000
Licenses & Permits	$616,000	$534,000	$295,000	$799,000	$253,000	$1,881,000	$2,497,000
Intragovernmental	$476,000	$525,000	$235,000	$772,000	$229,000	$1,761,000	$2,237,000
Charges	$1,206,000	$454,000	$252,000	$333,000	$74,000	$1,113,000	$2,319,000
Fines & Penalties	$150,000	$126,000	$57,000	$184,000	$55,000	$422,000	$572,000
GENERAL FUND REVENUES	**$15,105,000**	**$10,664,000**	**$5,454,000**	**$17,344,000**	**$4,264,000**	**$37,726,000**	**$52,831,000**
GENERAL FUND EXPENDITURES							
Police	$5,636,000	$5,468,000	$2,632,000	$7,949,000	$2,229,000	$18,278,000	$23,914,000
Jail, Judicial Services, Snohomish 911	$1,038,000	$553,000	$186,000	$625,000	$184,000	$1,548,000	$2,586,000
Parks	$497,000	$786,000	$351,000	$1,140,000	$192,000	$2,469,000	$2,966,000
Parks M&O	$678,000	$1,542,000	$1,055,000	$1,542,000	$81,000	$4,220,000	$4,898,000
Planning & Development	$1,004,000	$1,345,000	$604,000	$1,948,000	$589,000	$4,486,000	$5,490,000
Fleet & Facilities		$388,000	$197,000	$506,000	$138,000	$1,229,000	$1,229,000
Central Services	$2,871,000	$1,924,000	$971,000	$2,200,000	$718,000	$5,813,000	$8,684,000
GENERAL FUND EXPENDITURES	**$11,724,000**	**$12,006,000**	**$5,996,000**	**$15,910,000**	**$4,131,000**	**$38,043,000**	**$49,767,000**
A. Net General Fund Revenues (Expenditures)	**$3,381,000**	**-$1,342,000**	**-$542,000**	**$1,434,000**	**$133,000**	**-$317,000**	**$3,064,000**
AFFORDABLE HOUSING FUND							
B. Revenues	**$50,000**	**$277,000**	**$91,000**	**$536,000**	**$63,000**	**$967,000**	**$1,017,000**
REET, STREET, ROAD FUND							
Street Revenues	$1,892,000	$2,172,000	$2,033,000	$2,398,000	$835,000	$7,438,000	$9,330,000
Street Expenditures	$903,000	$2,115,000	$989,000	$1,981,000	$752,000	$5,837,000	$6,740,000
C. Net REET, Street, Road Revenues (Expenditures)	*$989,000*	*$57,000*	*$1,044,000*	*$417,000*	*$83,000*	*$1,601,000*	*$2,590,000*
D. General Fund & Other Ongoing Net Revenues (Expenditures): A + B + C	**$4,420,000**	**-$1,008,000**	**$593,000**	**$2,387,000**	**$279,000**	**$2,251,000**	**$6,671,000**

APPENDIX EXHIBIT 3 Continued

SURFACE WATER FUND							
Revenues	$2,347,000	$2,433,000	$979,000	$3,681,000	$997,000	$8,090,000	$10,437,000
Expenditures	$3,872,000	$1,696,000	$771,000	$2,449,000	$754,000	$5,670,000	$9,542,000
D. Net Surface Water Revenues (Expenditures)	*-$1,525,000*	*$737,000*	*$208,000*	*$1,232,000*	*$243,000*	*$2,420,000*	*$895,000*
E. Net Ongoing Revenues (Expenditures): D + E	**$2,895,000**	**-$271,000**	**$801,000**	**$3,619,000**	**$522,000**	**$4,671,000**	**$7,566,000**

CAPITAL EXPENDITURES (ANNUALIZED)							
Surface water capital	$1,790,000	$897,000	$897,000	$897,000	$897,000	$3,588,000	$5,378,000
Road Fund Capital	$5,118,000	$1,932,000	$1,197,000	$2,456,000	$837,000	$6,422,000	$11,540,000
Transportation Improvement Projects (2026-2031)	$5,074,500	$4,314,000	$716,000	$1,433,000	$0	$6,463,000	$11,537,500
TOTAL CAPITAL	**$11,982,500**	**$7,143,000**	**$2,810,000**	**$4,786,000**	**$1,734,000**	**$16,473,000**	**$28,455,500**

APPENDIX EXHIBIT 4 Annexation Staffing Impacts

The tables below show FTE impacts by department and by area (City, each MUGA subarea, total MUGA, and the total City plus total MUGA). These are year 1 FTE at full staffing levels (e.g., assuming that immediately upon annexation, the City was at full staffing levels necessary to provide services at the level assumed in the model). After Year 1, FTE grow with population.

TABLE 1 Citywide

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Police	29.2	25.7	12.0	37.4	10.8	85.9	115.0
Public Works - Administration	2.4					0.0	2.4
Public Works - Streets	3.8	7.8	3.9	7.8	3.0	22.6	26.4
Public Works - Surface Water	3.9	5.7	2.6	8.3	2.5	19.1	23.1
Public Works - Parks M&O	2.9	7.1	4.8	7.1	0.3	19.3	22.2
Parks & Recreation	3.0	4.6	2.1	6.7	1.1	14.5	17.5
Community Development	4.0	7.4	3.3	10.7	3.2	24.6	28.6
Fleet & Facilities		2.0	1.0	2.7	0.7	6.4	6.4
Central Services	15.2	8.2	4.0	9.3	2.9	24.5	39.7
TOTAL	**64.4**	**68.6**	**33.8**	**90.0**	**24.5**	**216.8**	**281.2**

TABLE 2 Police

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Chief	1.0	0.0	0.0	0.0	0.0	0.0	1.0
Patrol Officers	13.1	13.5	6.0	19.3	5.9	44.7	57.8
Corporal	4.0	2.4	1.1	3.4	1.0	8.0	12.0
Sergeant	5.0	2.6	1.2	3.8	1.2	8.8	13.8
Additional Command	0.0	1.0	1.0	2.0	0.0	4.0	4.0
School Resource Officer	2.0						2.0
Non-Commissioned	4.0	6.2	2.8	8.8	2.7	20.5	24.5
TOTAL	**29.2**	**25.7**	**12.0**	**37.4**	**10.8**	**85.9**	**115.0**

TABLE 3A Public Works - Streets Maintenance & Operations (M&O)

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Manager*	0.3	0.3	0.3	0.3	0.3	1.0	1.3
Engineer	1.0	2.5	1.2	2.5	0.9	7.2	8.2
Maintenance Supervisor	0.3	0.8	0.4	0.8	0.3	2.2	2.5
Maintenance Worker	2.3	4.2	2.1	4.2	1.6	12.1	14.4
TOTAL	**3.8**	**7.8**	**3.9**	**7.8**	**3.0**	**22.6**	**26.4**

*Assume 1 manager under any annexation scenario. All other positions scale.

TABLE 3B Public Works - Surface Water

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Manager*	0.3	0.3	0.3	0.3	0.3	1.0	1.3
Maintenance Supervisor	0.3	0.4	0.2	0.6	0.2	1.4	1.7
M&O	2.3	2.3	1.0	3.3	1.0	7.6	9.9
All Other	1.0	2.8	1.1	4.2	1.1	9.2	10.2
TOTAL	**3.9**	**5.7**	**2.6**	**8.3**	**2.5**	**19.1**	**23.1**

*Assume 1 manager under any annexation scenario. All other positions scale.

APPENDIX EXHIBIT 4 Continued

TABLE 3C Public Works - Parks M&O

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Manager*	0.3	0.3	0.3	0.3	0.3	1.0	1.3
Maintenance Supervisor	0.3	0.9	0.6	0.9	0.0	2.3	2.6
Maintenance Worker	2.3	6.0	4.0	6.0	0.0	16.0	18.3
TOTAL	2.9	7.1	4.8	7.1	0.3	19.3	22.2

*Assume 1 manager under any annexation scenario. All other positions scale.

TABLE 4 Parks & Recreation*

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Manager	1.0	0.8	0.3	1.1	0.2	2.4	3.4
Coordinator	2.0	3.8	1.7	5.6	0.9	12.1	14.1
TOTAL	3.0	4.6	2.1	6.7	1.1	14.5	17.5

*Benchmark staffing levels for this department included other programs like arts, culture, tourism, and human services.

TABLE 5 Community Planning & Development

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Associate Planner	1.0					0.0	1.0
Director	1.0					0.0	1.0
Senior Planner	1.0					0.0	1.0
Building official	1.0	0.3	0.3	0.3	0.3	1.0	2.0
Code official		0.3	0.3	0.3	0.3	1.0	1.0
Plans examiner		0.3	0.3	0.3	0.3	1.0	1.0
SEPA Environmental Planner		0.3	0.3	0.3	0.3	1.0	1.0
All other		6.4	2.3	9.7	2.2	20.6	20.6
TOTAL	4.0	7.4	3.3	10.7	3.2	24.6	28.6

*Assume 1 building official, code official, plans examiner, or SEPA environmental planner under any annexation scenario. All other positions scale.

TABLE 6 Internal Services (Fleet, Facilities, Central Services)

	CITY OF MILL CREEK	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	TOTAL MUGA	ALL AREAS
Fleet	0.0	0.9	0.5	1.2	0.3	3.0	3.0
Facilities	0.0	1.1	0.5	1.5	0.4	3.5	3.5
Executive	3.5	1.8	0.9	2.3	0.6	5.6	9.1
Finance	7.2	2.3	1.1	1.4	0.8	5.6	12.8
Human Resources	1.0	1.1	0.5	1.4	0.4	3.5	4.5
Information Technology	2.0	3.1	1.5	4.1	1.1	9.8	11.8
TOTAL	13.7	10.2	5.0	12.0	3.7	30.9	44.6

APPENDIX EXHIBIT 5

The tables below show the assumptions and inputs used to develop the annexation expenditure and revenue models.

GENERAL INFORMATION

POPULATION	2025	2044	ANNUAL GROWTH, 2024 - 2044	NOTES
City of Mill Creek	**21,630**	**24,813**	**0.73%**	Office of Financial Management
MUGA Forecast	**60,143**	**74,636**	**1.1%**	Snohomish County
Martha Lake	17,519	28,331	2.6%	Snohomish County
Larch	8,021	10,264	1.3%	Snohomish County
Mill Creek East	7,963	8,538	0.4%	Snohomish County
Mill Creek South	26,639	27,503	0.2%	Snohomish County

TRANSPORTATION ASSETS	ROAD MILES	SIGNALIZED INTERSECTIONS	BRIDGES	NOTES
Martha Lake	56.8	8.0		Snohomish County
Larch	35.2	6.0		Snohomish County
Mill Creek South	72.2	18.0	6.00	Snohomish County
Mill Creek East	24.6	5.0		Snohomish County

PARKS ASSETS	PARKS	PARK ACREAGE	TRAIL MILES	NOTES
City of Mill Creek	11		25.0	
Martha Lake	3	106.2	3.7	Snohomish County
Larch	2	14.7	0.8	Snohomish County
Mill Creek East	1	4.7		Snohomish County
Mill Creek South	4	145.3		Snohomish County

SURFACE WATER INFRASTRUCTURE	CULVERT (MI)	ENCLOSED PIPE (MI)	OPEN CHANNEL (MI)	POND ACRES	NOTES
Martha Lake	1.46	69.63	4.65	22.3	Snohomish County
Larch	2.07	29.84	6.36	6.4	Snohomish County
Mill Creek East	0.24	28.85	1.31	5.2	Snohomish County
Mill Creek South	3.78	44.40	9.84	8.3	Snohomish County

911 CALL FOR POLICE	2023	2024	NOTES
City of Mill Creek	14,460	16,981	Snohomish 911
Martha Lake	8,074	8,401	Snohomish 911
Larch	1,517	1,397	Snohomish 911
Mill Creek South	5,596	4,701	Snohomish 911
Mill Creek East	1,637	1,512	Snohomish 911

APPENDIX EXHIBIT 5 Continued

EXPENDITURE ASSUMPTIONS

GENERAL ASSUMPTIONS	ASSUMPTION	NOTES
Personnel cost inflation	3%	City budget
Other cost inflation	4%	City budget
Overhead	10%	Assumption
Amortization, replacement of capital equipment	6 years	Assumption

POLICE	ASSUMPTION	NOTES
Commissioned staff per 1,000 residents	0.73	Comparable city benchmark
Officers per sergeant	5.10	Comparable city benchmark
Officers per corporal	5.60	Comparable city benchmark
New command staff	4.00	City staff input
Civilian staff per commissioned	0.18	City staff input
Vehicle per police officer	0.74	City staff input
Police vehicles and patrol equipment, total cost	$2,939,000	Comparable city fleet cost scaled to model FTE
Benefits and overtime as a % of salary	53%	City base budget analysis
Non-personnel costs as a share of personnel	15%	Assumption

OTHER PUBLIC SAFETY	JAIL	JUDICIAL	DISPATCH	NOTES
Martha Lake	$170,457	$205,913	$176,258	Jail, judicial costs scale on a blended ratio of population increase and 911 call increase. Dispatch estimate provided by Sno911 staff.
Larch	$57,337	$69,263	$59,698	
Mill Creek South	$190,462	$230,078	$204,911	
Mill Creek East	$56,695	$68,487	$58,831	

PUBLIC WORKS	ASSUMPTION	NOTES
Workers per supervisor	5.5	Comparable city benchmark
Manager	4.0	1 per division (Roads, Parks, Surface Water, Fleet & Facilities).
Miles per road maintenance worker	15.4	Comparable city benchmark
Road, parks non-personnel as share of personnel	25%	Reduced from 40% in City budget due to staff taking on more in-house
Street and road vehicles & equipment, total cost	$3,068,000	Comparable city fleet cost scaled to model FTE
Developed parks per parks maintenance worker	2.0	City staff in-put
Parks O&M vehicles and equipment	$968,000	Comparable city fleet cost scaled to model FTE
Surface water FTE per 1,000	0.3	Comparable city benchmark
Surface water non-personnel as share of personnel	80%	Reduced from 180% in City budget based on comparable city budget analysis

OTHER FTE	ASSUMPTION	NOTES
Community, Planning and Development per 1,000	0.40	Comparable city benchmark
Parks and Recreation per 1,000	0.31	Comparable city benchmark
Fleet: citywide FTE per fleet FTE	62.80	Comparable city benchmark
Facility: citywide FTE per facility FTE	53.30	Comparable city benchmark
Executive: citywide FTE per exec. FTE	33.30	Comparable city benchmark
Finance: citywide FTE per finance FTE	25.70	Comparable city benchmark
Human Resources: citywide FTE per HR FTE	53.80	Comparable city benchmark
Information Technology: citywide FTE per IT FTE	19.00	Comparable city benchmark

APPENDIX EXHIBIT 5 Continued

REVENUE ASSUMPTIONS

PROPERTY TAX ASSUMPTIONS - BASELINE	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	NOTES
2025 Market Value ($B)	$4.4	$2.7	$7.7	$2.3	Assessor
2025 Assessed Value ($B)	$4.1	$2.4	$7.3	$2.2	Assessor
Valuation growth	5.0%	5.0%	5.0%	4.5%	Conservative; 3% over inflation
New construction as a share of AV (for sales tax calc)	0.9%	0.6%	0.9%	0.6%	Baseline, historical
REET taxable transactions as share of market value	5.7%	11.0%	2.7%	4.0%	Baseline, historical

PROPERTY TAX ASSUMPTIONS - GROWTH	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	NOTES
2025 Market Value ($B)	$4.4	$2.7	$7.7	$2.3	Assessor
2025 Assessed Value ($B)	$4.1	$2.4	$7.3	$2.2	Assessor
Valuation growth	8.0%	7.0%	8.0%	4.5%	Baseline, historical; 5-6 percentage points over inflation
New construction as a share of AV (for sales tax calc)	2.0%	1.5%	1.5%	0.6%	0.5-1 percentage point over historical
REET taxable transactions as share of market value	5.7%	11.0%	2.7%	4.0%	Baseline, historical

SALE TAX ASSUMPTIONS	MARTHA LAKE	LARCH	MILL CREEK SOUTH	MILL CREEK EAST	NOTES
Remote sales per parcel	$15,810	$12,103	$38,609	$12,211	Calculation from Department of Revenue, Assessor
TRS per square foot (2023)	$122	$136	$258	$170	Calculation from Department of Revenue, Assessor
Taxable retail sales square footage	632,491	118,048	679,100	55,321	Calculation from Department of Revenue, Assessor
Annual growth in TRS PSF (over inflation)	3.5%	2.9%	2.7%	-	SME assumption based on Heartland analysis
Annual growth in TRS square footage (growth scenario)	5.7%	2.2%	5.3%	-	SME assumption

INTERGOVERNMENTAL REVENUES	STATUTORY FACTOR	ASSUMPTION	NOTES
Local Criminal Justice (County 10%, scale on population)	Per capita	Population	
City Criminal Justice Assistance - Innovative Programs	Per capita	Population	
City Criminal Justice Assistance - Population	Population & Violent Crime	Population	911 data indicate population is the larger scale factor
City DUI Enforcement Assistance	Population & Crime Rate	Population	911 data indicate population is the larger scale factor
Leasehold Excise Tax Sharing	Location	Not included	Data not available
Liquor Excise Tax Sharing	Per capita	Population	
Liquor Profits Sharing	Per capita	Population	
Motor Vehicle Fuel Tax Additional Sharing - City	Per capita	Population	
Motor Vehicle Fuel Tax Sharing - City	Per capita	Population	
Multimodal Transportation Account Sharing - City	Per capita	Population	
PUD Privilege Tax	Location	Not included	Data not available

OTHER FTE	ASSUMPTION
Utility tax	% of parcels that are customers; applied City assumptions
Surface water	% of parcels that are customers; applied City assumptions
Development fees and charges	Scaled based on number of parcels and development assumptions
Charges	County assumption re. parks and recreation charges

APPENDIX EXHIBIT 6

Baseline Scenario: Annexation Revenue, Expenditure, And Net Surplus (Deficit), All Years (Millions Of Nominal Dollars)

MARTHA LAKE	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$12.2	$12.8	$13.6	$14.4	$14.9	$15.4	$15.9	$16.5	$17.0	$17.6	$18.2	$18.8	$19.5	$20.1	$20.9	$21.6	$22.4	$23.2	$24.0	$24.8	$25.7	$26.6	$27.5	$28.5	$29.5	$30.5
Expenditures	$14.1	$14.6	$15.3	$16.0	$16.8	$17.6	$18.5	$19.4	$20.3	$21.3	$22.3	$23.3	$24.6	$25.8	$27.0	$28.3	$29.7	$30.4	$31.8	$33.1	$34.6	$36.1	$37.6	$39.3	$41.0	$42.8
Surplus (Deficit)	*-$1.9*	*-$1.8*	*-$1.7*	*-$1.6*	*-$1.9*	*-$2.2*	*-$2.6*	*-$3.0*	*-$3.3*	*-$3.7*	*-$4.1*	*-$4.5*	*-$5.1*	*-$5.6*	*-$6.2*	*-$6.7*	*-$7.3*	*-$7.3*	*-$7.8*	*-$8.3*	*-$8.9*	*-$9.5*	*-$10.1*	*-$10.8*	*-$11.5*	*-$12.2*

LARCH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$7.0	$7.2	$7.4	$7.7	$7.9	$8.2	$8.5	$8.8	$9.1	$9.4	$9.7	$10.0	$10.4	$10.8	$11.1	$11.5	$11.9	$12.0	$12.4	$12.8	$13.1	$13.5	$13.9	$14.4	$14.8	$15.2
Expenditures	$7.0	$7.2	$7.4	$7.7	$8.0	$8.3	$8.7	$9.0	$9.4	$9.7	$10.1	$10.5	$10.9	$11.3	$11.8	$12.2	$12.7	$13.1	$13.6	$14.1	$14.6	$15.1	$15.7	$16.2	$16.8	$17.4
Surplus (Deficit)	*$0.0*	*$0.0*	*$0.0*	*-$0.1*	*-$0.1*	*-$0.1*	*-$0.2*	*-$0.3*	*-$0.3*	*-$0.3*	*-$0.4*	*-$0.4*	*-$0.5*	*-$0.6*	*-$0.6*	*-$0.7*	*-$0.7*	*-$1.1*	*-$1.2*	*-$1.3*	*-$1.4*	*-$1.6*	*-$1.7*	*-$1.9*	*-$2.1*	*-$2.2*

MILL CREEK SOUTH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$18.8	$19.8	$21.0	$22.1	$22.8	$23.4	$24.1	$24.8	$25.6	$26.4	$27.2	$28.1	$29.1	$30.0	$31.0	$32.1	$33.2	$34.4	$35.6	$36.8	$38.1	$39.4	$40.8	$42.2	$43.7	$45.2
Expenditures	$17.9	$18.2	$18.7	$19.3	$19.9	$20.4	$21.2	$21.7	$22.4	$23.0	$23.7	$24.4	$25.2	$26.0	$26.7	$27.5	$28.3	$29.1	$29.9	$30.8	$31.7	$32.6	$33.5	$34.5	$35.5	$36.5
Surplus (Deficit)	*$0.9*	*$1.6*	*$2.3*	*$2.8*	*$2.9*	*$3.0*	*$3.0*	*$3.1*	*$3.2*	*$3.4*	*$3.6*	*$3.8*	*$3.8*	*$4.1*	*$4.3*	*$4.6*	*$5.0*	*$5.3*	*$5.7*	*$6.0*	*$6.4*	*$6.8*	*$7.3*	*$7.7*	*$8.2*	*$8.6*

MILL CREEK EAST	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$5.1	$5.3	$5.6	$5.8	$6.0	$6.1	$6.2	$6.4	$6.5	$6.6	$6.8	$6.9	$7.1	$7.3	$7.4	$7.6	$7.8	$8.0	$8.1	$8.3	$8.5	$8.7	$8.9	$9.1	$9.3	$9.6
Expenditures	$4.9	$5.0	$5.2	$5.3	$5.5	$5.7	$5.9	$6.1	$6.3	$6.5	$6.7	$6.9	$7.2	$7.4	$7.6	$7.9	$8.1	$8.4	$8.6	$8.9	$9.2	$9.5	$9.8	$10.1	$10.4	$10.7
Surplus (Deficit)	*$0.2*	*$0.3*	*$0.4*	*$0.5*	*$0.5*	*$0.4*	*$0.3*	*$0.3*	*$0.2*	*$0.2*	*$0.1*	*$0.1*	*-$0.1*	*-$0.1*	*-$0.2*	*-$0.3*	*-$0.3*	*-$0.4*	*-$0.5*	*-$0.6*	*-$0.7*	*-$0.8*	*-$0.8*	*-$1.0*	*-$1.1*	*-$1.2*

ALL AREAS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$43.1	$45.1	$47.7	$50.1	$51.6	$53.1	$54.8	$56.4	$58.2	$60.0	$61.9	$63.9	$66.0	$68.2	$70.5	$72.8	$75.3	$77.6	$80.1	$82.8	$85.5	$88.3	$91.2	$94.2	$97.3	$100.5
Expenditures	$43.9	$45.0	$46.6	$48.4	$50.2	$52.0	$54.3	$56.3	$58.4	$60.5	$62.7	$65.0	$68.0	$70.5	$73.1	$75.8	$78.7	$81.0	$83.9	$86.9	$90.0	$93.3	$96.6	$100.1	$103.7	$107.4
Surplus (Deficit)	*-$0.8*	*$0.1*	*$1.1*	*$1.7*	*$1.4*	*$1.1*	*$0.4*	*$0.2*	*-$0.2*	*-$0.4*	*-$0.8*	*-$1.1*	*-$1.9*	*-$2.3*	*-$2.7*	*-$3.0*	*-$3.4*	*-$3.4*	*-$3.8*	*-$4.2*	*-$4.6*	*-$5.0*	*-$5.4*	*-$5.9*	*-$6.4*	*-$6.9*

Growth Scenario: Annexation Revenue, Expenditure, And Net Surplus (Deficit), All Years (Millions Of Nominal Dollars)

MARTHA LAKE	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$13.1	$14.0	$15.3	$16.5	$17.4	$18.5	$19.6	$20.8	$22.1	$23.6	$23.9	$25.5	$27.3	$29.2	$31.3	$33.6	$36.2	$39.0	$41.9	$45.0	$48.4	$52.0	$55.9	$60.0	$64.5	$69.3
Expenditures	$14.1	$14.6	$15.3	$16.0	$16.8	$17.6	$18.5	$19.4	$20.3	$21.3	$22.3	$23.3	$24.6	$25.8	$27.0	$28.3	$29.7	$30.4	$31.8	$33.1	$34.6	$36.1	$37.6	$39.3	$41.0	$42.8
Surplus (Deficit)	*-$1.0*	*-$0.6*	*$0.0*	*$0.4*	*$0.6*	*$0.9*	*$1.0*	*$1.4*	*$1.8*	*$2.3*	*$1.6*	*$2.2*	*$2.6*	*$3.4*	*$4.3*	*$5.3*	*$6.5*	*$8.6*	*$10.2*	*$11.9*	*$13.8*	*$15.9*	*$18.2*	*$20.7*	*$23.5*	*$26.5*

LARCH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$7.5	$8.0	$8.3	$8.7	$9.1	$9.5	$9.9	$10.4	$10.9	$11.4	$11.8	$12.4	$13.0	$13.6	$14.3	$15.0	$15.8	$16.6	$17.4	$18.3	$19.2	$20.2	$21.2	$22.2	$23.3	$24.5
Expenditures	$7.0	$7.2	$7.4	$7.7	$8.0	$8.3	$8.7	$9.0	$9.4	$9.7	$10.1	$10.5	$10.9	$11.3	$11.8	$12.2	$12.7	$13.1	$13.6	$14.1	$14.6	$15.1	$15.7	$16.2	$16.8	$17.4
Surplus (Deficit)	*$0.5*	*$0.8*	*$0.9*	*$0.9*	*$1.1*	*$1.2*	*$1.2*	*$1.4*	*$1.5*	*$1.7*	*$1.8*	*$1.9*	*$2.1*	*$2.3*	*$2.5*	*$2.8*	*$3.1*	*$3.5*	*$3.9*	*$4.2*	*$4.6*	*$5.1*	*$5.5*	*$6.0*	*$6.5*	*$7.1*

MILL CREEK SOUTH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$20.3	$21.6	$23.4	$25.0	$26.3	$27.6	$29.0	$30.5	$32.1	$33.9	$33.7	$35.5	$37.6	$39.8	$42.2	$44.7	$47.5	$50.6	$53.6	$56.9	$60.4	$64.1	$68.0	$72.2	$76.6	$81.3
Expenditures	$17.9	$18.2	$18.7	$19.3	$19.9	$20.4	$21.2	$21.7	$22.4	$23.0	$23.7	$24.4	$25.2	$26.0	$26.7	$27.5	$28.3	$29.1	$29.9	$30.8	$31.7	$32.6	$33.5	$34.5	$35.5	$36.5
Surplus (Deficit)	*$2.4*	*$3.4*	*$4.7*	*$5.7*	*$6.4*	*$7.1*	*$7.8*	*$8.7*	*$9.8*	*$10.9*	*$10.0*	*$11.2*	*$12.3*	*$13.8*	*$15.4*	*$17.3*	*$19.2*	*$21.5*	*$23.7*	*$26.1*	*$28.7*	*$31.5*	*$34.5*	*$37.7*	*$41.1*	*$44.7*

MILL CREEK EAST	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$5.1	$5.3	$5.6	$5.8	$6.0	$6.1	$6.2	$6.4	$6.5	$6.6	$6.8	$6.9	$7.1	$7.3	$7.4	$7.6	$7.8	$8.0	$8.1	$8.3	$8.5	$8.7	$8.9	$9.1	$9.3	$9.6
Expenditures	$4.9	$5.0	$5.2	$5.3	$5.5	$5.7	$5.9	$6.1	$6.3	$6.5	$6.7	$6.9	$7.2	$7.4	$7.6	$7.9	$8.1	$8.4	$8.6	$8.9	$9.2	$9.5	$9.8	$10.1	$10.4	$10.7
Surplus (Deficit)	*$0.2*	*$0.3*	*$0.4*	*$0.5*	*$0.5*	*$0.4*	*$0.3*	*$0.3*	*$0.2*	*$0.2*	*$0.1*	*$0.1*	*-$0.1*	*-$0.1*	*-$0.2*	*-$0.3*	*-$0.3*	*-$0.4*	*-$0.5*	*-$0.6*	*-$0.7*	*-$0.8*	*-$0.8*	*-$1.0*	*-$1.1*	*-$1.2*

ALL AREAS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$46.0	$48.9	$52.6	$56.0	$58.7	$61.6	$64.7	$68.1	$71.7	$75.6	$76.2	$80.4	$85.0	$89.9	$95.2	$101.0	$107.3	$114.1	$121.1	$128.6	$136.5	$145.0	$154.0	$163.5	$173.7	$184.6
Expenditures	$43.9	$45.0	$46.6	$48.4	$50.2	$52.0	$54.3	$56.3	$58.4	$60.5	$62.7	$65.0	$68.0	$70.5	$73.1	$75.8	$78.7	$81.0	$83.9	$86.9	$90.0	$93.3	$96.6	$100.1	$103.7	$107.5
Surplus (Deficit)	*$2.1*	*$3.9*	*$5.9*	*$7.6*	*$8.5*	*$9.6*	*$10.4*	*$11.8*	*$13.3*	*$15.1*	*$13.5*	*$15.4*	*$17.0*	*$19.4*	*$22.1*	*$25.1*	*$28.5*	*$33.1*	*$37.2*	*$41.7*	*$46.5*	*$51.7*	*$57.3*	*$63.4*	*$70.0*	*$77.1*

APPENDIX EXHIBIT 7

Baseline Scenario: Annexation Revenue, Expenditure, & Net Surplus (Deficit), All Years (Millions Of 2027 Dollars)

MARTHA LAKE	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$12.2	$12.5	$13.1	$13.6	$13.7	$13.9	$14.1	$14.3	$14.5	$14.7	$14.9	$15.1	$15.3	$15.5	$15.7	$15.9	$16.2	$16.4	$16.7	$16.9	$17.1	$17.4	$17.7	$17.9	$18.2	$18.4
Expenditures	$14.1	$14.3	$14.7	$15.1	$15.5	$15.9	$16.4	$16.8	$17.3	$17.7	$18.2	$18.7	$19.3	$19.8	$20.4	$20.9	$21.5	$21.6	$22.1	$22.6	$23.1	$23.6	$24.1	$24.7	$25.2	$25.8
Surplus (Deficit)	*-$1.9*	*-$1.8*	*-$1.6*	*-$1.5*	*-$1.8*	*-$2.0*	*-$2.3*	*-$2.6*	*-$2.8*	*-$3.1*	*-$3.3*	*-$3.6*	*-$4.0*	*-$4.3*	*-$4.6*	*-$5.0*	*-$5.3*	*-$5.2*	*-$5.4*	*-$5.7*	*-$5.9*	*-$6.2*	*-$6.5*	*-$6.8*	*-$7.1*	*-$7.4*

LARCH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$7.0	$7.0	$7.1	$7.2	$7.3	$7.4	$7.5	$7.6	$7.7	$7.8	$7.9	$8.0	$8.2	$8.3	$8.4	$8.5	$8.6	$8.5	$8.6	$8.7	$8.8	$8.9	$8.9	$9.0	$9.1	$9.2
Expenditures	$7.0	$7.0	$7.2	$7.3	$7.4	$7.5	$7.7	$7.8	$8.0	$8.1	$8.2	$8.4	$8.6	$8.7	$8.9	$9.0	$9.2	$9.3	$9.4	$9.6	$9.7	$9.9	$10.0	$10.2	$10.4	$10.5
Surplus (Deficit)	*$0.0*	*$0.0*	*$0.0*	*-$0.1*	*-$0.1*	*-$0.1*	*-$0.2*	*-$0.2*	*-$0.3*	*-$0.3*	*-$0.3*	*-$0.3*	*-$0.4*	*-$0.5*	*-$0.5*	*-$0.5*	*-$0.5*	*-$0.7*	*-$0.8*	*-$0.9*	*-$1.0*	*-$1.0*	*-$1.1*	*-$1.2*	*-$1.3*	*-$1.3*

MILL CREEK SOUTH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$18.8	$19.4	$20.2	$20.8	$21.0	$21.2	$21.4	$21.6	$21.8	$22.0	$22.3	$22.5	$22.8	$23.1	$23.4	$23.7	$24.1	$24.4	$24.8	$25.1	$25.4	$25.8	$26.2	$26.5	$26.9	$27.3
Expenditures	$17.9	$17.8	$18.0	$18.2	$18.3	$18.5	$18.7	$18.9	$19.0	$19.2	$19.3	$19.5	$19.8	$20.0	$20.1	$20.3	$20.5	$20.6	$20.8	$21.0	$21.2	$21.3	$21.5	$21.7	$21.9	$22.0
Surplus (Deficit)	*$0.9*	*$1.5*	*$2.2*	*$2.7*	*$2.7*	*$2.7*	*$2.6*	*$2.7*	*$2.8*	*$2.8*	*$2.9*	*$3.0*	*$3.0*	*$3.1*	*$3.3*	*$3.4*	*$3.6*	*$3.8*	*$3.9*	*$4.1*	*$4.3*	*$4.5*	*$4.7*	*$4.8*	*$5.0*	*$5.2*

MILL CREEK EAST	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$5.1	$5.2	$5.4	$5.5	$5.5	$5.5	$5.5	$5.5	$5.5	$5.5	$5.6	$5.6	$5.6	$5.6	$5.6	$5.6	$5.6	$5.7	$5.7	$5.7	$5.7	$5.7	$5.7	$5.7	$5.8	$5.8
Expenditures	$4.9	$4.9	$5.0	$5.0	$5.1	$5.1	$5.2	$5.3	$5.3	$5.4	$5.5	$5.5	$5.6	$5.7	$5.7	$5.8	$5.9	$5.9	$6.0	$6.1	$6.1	$6.2	$6.3	$6.3	$6.4	$6.5
Surplus (Deficit)	*$0.2*	*$0.3*	*$0.4*	*$0.5*	*$0.4*	*$0.4*	*$0.3*	*$0.2*	*$0.2*	*$0.1*	*$0.1*	*$0.0*	*$0.0*	*-$0.1*	*-$0.1*	*-$0.2*	*-$0.2*	*-$0.3*	*-$0.3*	*-$0.4*	*-$0.4*	*-$0.5*	*-$0.5*	*-$0.6*	*-$0.7*	*-$0.7*

ALL AREAS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$43.1	$44.2	$45.8	$47.2	$47.6	$48.0	$48.5	$49.0	$49.5	$50.0	$50.6	$51.2	$51.8	$52.4	$53.1	$53.8	$54.5	$55.0	$55.7	$56.4	$57.1	$57.8	$58.5	$59.2	$59.9	$60.6
Expenditures	$43.9	$44.1	$44.8	$45.6	$46.3	$47.0	$48.1	$48.8	$49.6	$50.4	$51.3	$52.1	$53.3	$54.2	$55.1	$56.0	$57.0	$57.5	$58.3	$59.2	$60.1	$61.0	$62.0	$62.9	$63.8	$64.8
Surplus (Deficit)	*-$0.8*	*$0.1*	*$1.0*	*$1.6*	*$1.3*	*$1.0*	*$0.4*	*$0.1*	*-$0.1*	*-$0.4*	*-$0.6*	*-$0.9*	*-$1.5*	*-$1.8*	*-$2.0*	*-$2.2*	*-$2.5*	*-$2.4*	*-$2.6*	*-$2.8*	*-$3.0*	*-$3.3*	*-$3.5*	*-$3.7*	*-$4.0*	*-$4.2*

Growth Scenario: Annexation Revenue, Expenditure, & Net Surplus (Deficit), All Years (Millions Of 2027 Dollars)

MARTHA LAKE	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$13.1	$13.8	$14.7	$15.5	$16.1	$16.7	$17.3	$18.1	$18.8	$19.7	$19.5	$20.4	$21.4	$22.4	$23.6	$24.8	$26.2	$27.7	$29.1	$30.7	$32.3	$34.0	$35.8	$37.7	$39.7	$41.8
Expenditures	$14.1	$14.3	$14.7	$15.1	$15.5	$15.9	$16.4	$16.8	$17.3	$17.7	$18.2	$18.7	$19.3	$19.8	$20.4	$20.9	$21.5	$21.6	$22.1	$22.6	$23.1	$23.6	$24.1	$24.7	$25.2	$25.8
Surplus (Deficit)	*-$1.0*	*-$0.6*	*$0.0*	*$0.4*	*$0.6*	*$0.8*	*$0.9*	*$1.2*	*$1.5*	*$1.9*	*$1.3*	*$1.8*	*$2.1*	*$2.6*	*$3.2*	*$3.9*	*$4.7*	*$6.1*	*$7.1*	*$8.1*	*$9.2*	*$10.4*	*$11.7*	*$13.0*	*$14.5*	*$16.0*

LARCH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$7.5	$7.8	$8.0	$8.2	$8.4	$8.6	$8.8	$9.0	$9.3	$9.5	$9.7	$9.9	$10.2	$10.5	$10.8	$11.1	$11.4	$11.8	$12.1	$12.5	$12.8	$13.2	$13.6	$14.0	$14.4	$14.8
Expenditures	$7.0	$7.0	$7.2	$7.3	$7.4	$7.5	$7.7	$7.8	$8.0	$8.1	$8.2	$8.4	$8.6	$8.7	$8.9	$9.0	$9.2	$9.3	$9.4	$9.6	$9.7	$9.9	$10.0	$10.2	$10.4	$10.5
Surplus (Deficit)	*$0.5*	*$0.8*	*$0.8*	*$0.9*	*$1.0*	*$1.1*	*$1.1*	*$1.2*	*$1.3*	*$1.4*	*$1.4*	*$1.6*	*$1.6*	*$1.8*	*$1.9*	*$2.1*	*$2.2*	*$2.5*	*$2.7*	*$2.9*	*$3.1*	*$3.3*	*$3.5*	*$3.8*	*$4.0*	*$4.3*

MILL CREEK SOUTH	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$20.3	$21.2	$22.5	$23.6	$24.2	$24.9	$25.7	$26.5	$27.3	$28.3	$27.5	$28.5	$29.5	$30.6	$31.8	$33.0	$34.4	$35.9	$37.3	$38.8	$40.3	$41.9	$43.6	$45.3	$47.2	$49.0
Expenditures	$17.9	$17.8	$18.0	$18.2	$18.3	$18.5	$18.7	$18.9	$19.0	$19.2	$19.3	$19.5	$19.8	$20.0	$20.1	$20.3	$20.5	$20.6	$20.8	$21.0	$21.2	$21.3	$21.5	$21.7	$21.9	$22.0
Surplus (Deficit)	*$2.4*	*$3.4*	*$4.5*	*$5.4*	*$5.9*	*$6.5*	*$6.9*	*$7.6*	*$8.3*	*$9.1*	*$8.2*	*$9.0*	*$9.7*	*$10.6*	*$11.6*	*$12.7*	*$13.9*	*$15.2*	*$16.5*	*$17.8*	*$19.2*	*$20.6*	*$22.1*	*$23.7*	*$25.3*	*$27.0*

MILL CREEK EAST	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$5.1	$5.2	$5.4	$5.5	$5.5	$5.5	$5.5	$5.5	$5.5	$5.5	$5.6	$5.6	$5.6	$5.6	$5.6	$5.6	$5.6	$5.6	$5.7	$5.7	$5.7	$5.7	$5.7	$5.7	$5.8	$5.8
Expenditures	$4.9	$4.9	$5.0	$5.0	$5.1	$5.1	$5.2	$5.3	$5.3	$5.4	$5.5	$5.5	$5.6	$5.7	$5.7	$5.8	$5.9	$5.9	$6.0	$6.1	$6.1	$6.2	$6.3	$6.3	$6.4	$6.5
Surplus (Deficit)	*$0.2*	*$0.3*	*$0.4*	*$0.5*	*$0.4*	*$0.4*	*$0.3*	*$0.2*	*$0.2*	*$0.1*	*$0.1*	*$0.0*	*$0.0*	*-$0.1*	*-$0.1*	*-$0.2*	*-$0.2*	*-$0.3*	*-$0.3*	*-$0.4*	*-$0.4*	*-$0.5*	*-$0.5*	*-$0.6*	*-$0.7*	*-$0.7*

ALL AREAS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Revenues	$46.0	$47.9	$50.5	$52.7	$54.2	$55.7	$57.3	$59.1	$61.0	$63.0	$62.3	$64.4	$66.7	$69.1	$71.7	$74.6	$77.6	$81.0	$84.2	$87.6	$91.1	$94.8	$98.7	$102.8	$107.0	$111.4
Expenditures	$43.9	$44.1	$44.8	$45.6	$46.3	$47.0	$48.1	$48.8	$49.6	$50.4	$51.3	$52.1	$53.3	$54.2	$55.1	$56.0	$57.0	$57.5	$58.3	$59.2	$60.1	$61.0	$62.0	$62.9	$63.9	$64.9
Surplus (Deficit)	*$2.1*	*$3.9*	*$5.7*	*$7.2*	*$7.9*	*$8.7*	*$9.2*	*$10.2*	*$11.3*	*$12.6*	*$11.0*	*$12.3*	*$13.3*	*$14.9*	*$16.6*	*$18.6*	*$20.7*	*$23.5*	*$25.9*	*$28.4*	*$31.0*	*$33.8*	*$36.8*	*$39.9*	*$43.1*	*$46.5*

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