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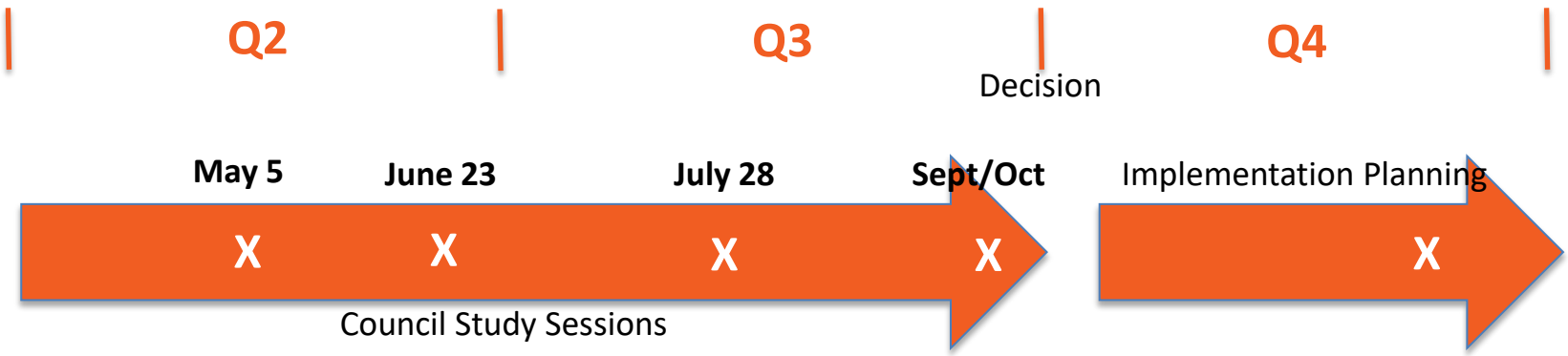
Analysis of Defined Annexation Scenarios
Context for June Study Session
City of Mill Creek

June 23, 2026

CITY OF Mill Creek WASHINGTON

Process Leading to Annexation Decision in Fall



- **May—**Overall process timeline + guiding decision principles + top level options
- **June 23—**Council review of three specific annexation options with updated information on expected population and infrastructure. Intent: narrow options for first step based on defined guiding principles
- **July 28—**Updated staffing assumptions and financial information for defined first-step scenarios. Council guidance on preferred area to pursue with direction for final analysis and planning.
- **Sept/Oct—**Detailed discussion on proposed first area to annex. Go/no go to proceed.
- **Q4—**Implementation planning

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Guiding Principles For Annexation

- **Financial Impact—**The first annexed area **will**…
  - Create near-term (within 3 years) substantive net-positive financial returns to the City (measured by total revenues – total costs)
  - Contribute to long-term financial viability/sustainability of the City

- **Mill Creek Brand and Vision—**Any chosen annexation **will** maintain and align to the City's Brand and Vision, by meeting the following requirements.
  - The City will be able to maintain/apply/execute existing standards of Clean, Safe, Well Maintained to the annexed areas.
  - Annexed communities and citizens will feel like they are part of the City of Mill Creek
  - The size of the first annexation (total population annexed) will not exceed the current population of Mill Creek (no reverse assimilation risk).
  - Annexation will not negatively impact execution of DRCC and South Town Center

- **Strategic Value—**The first annexed area **should** expand strategic influence of the City (in addition to financial impact), such as…
  - Increased influence/control over primary entrances to the City
  - Increased influence over light rail and resulting Martha Lake/164th area development
  - Increased capacity for funding (bonding, grants, legislative funding, etc.)

What That Means For The FIRST STEP:

The first step is important to prove out the City's ability to annex effectively and to demonstrate capability to manage a larger City footprint and population. The first step should also demonstrate evidence of net-positive financial returns.

- **Based on the guiding principles, we are looking for an area that:**
  - Provides substantive net-positive financial returns to the City within 3 years
  - Integrates people and neighborhoods who will feel part of Mill Creek (i.e. the first step is successful and as "seamless" as possible)
  - Enables staff to maintain existing standards of Clean, Safe, Well Maintained

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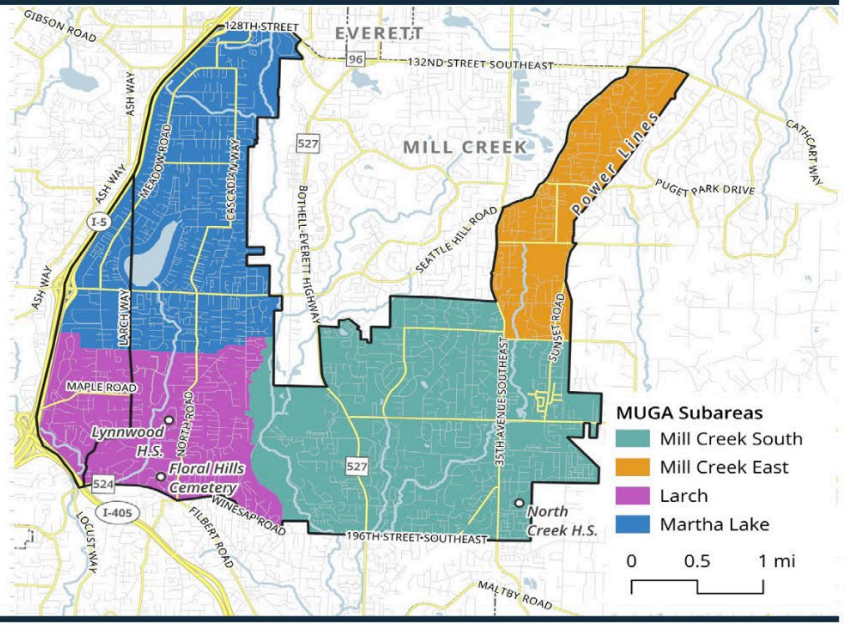
4 MUGA Areas Studied for Strategic Retreat

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



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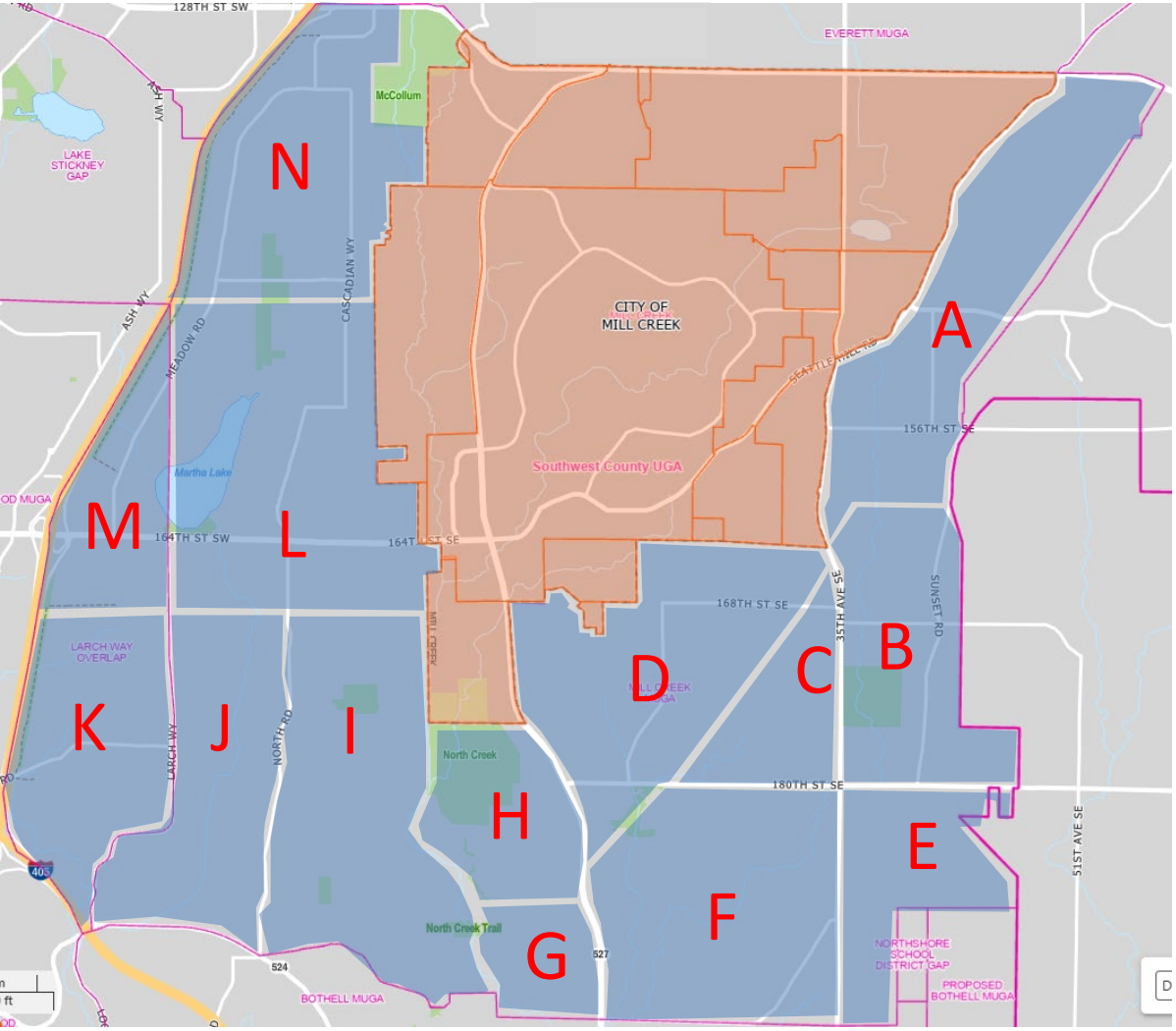
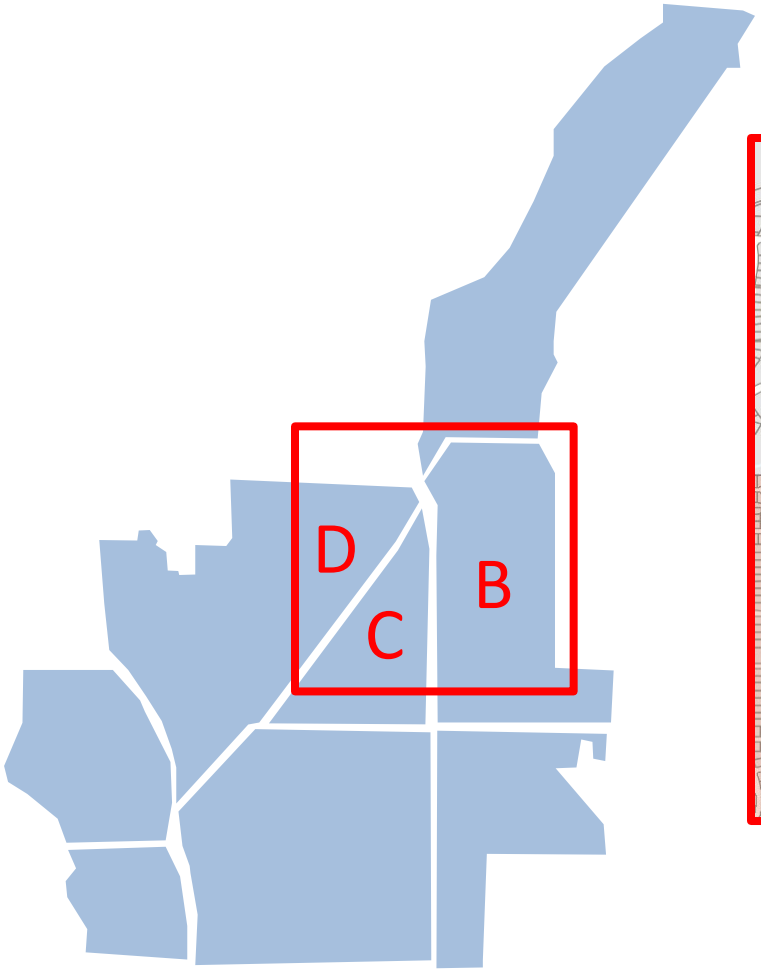
Blocks to Analyze For Annexation Scenarios

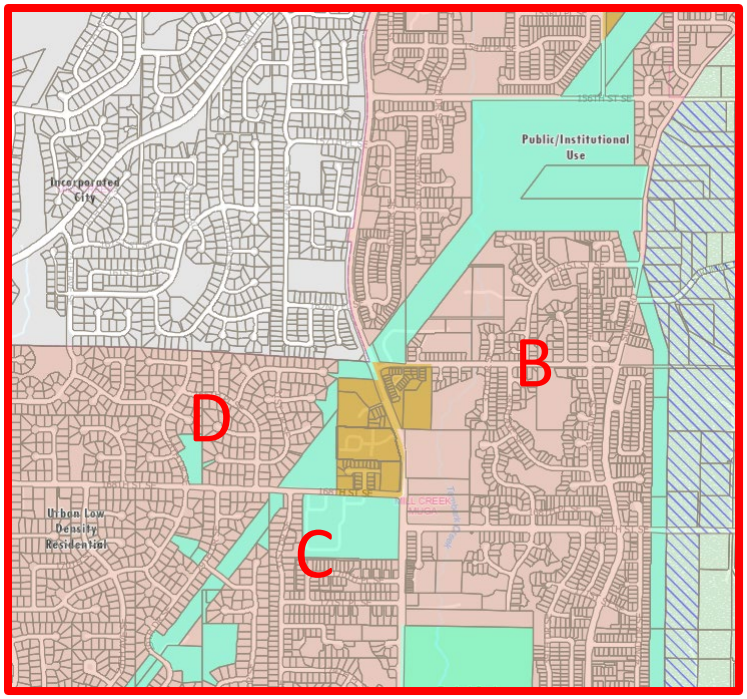


We are analyzing both population and financial impacts by designated "blocks." There are 14 Blocks, lettered "A"– "N". That way, we can configure stages of annexation based on Council guidance.

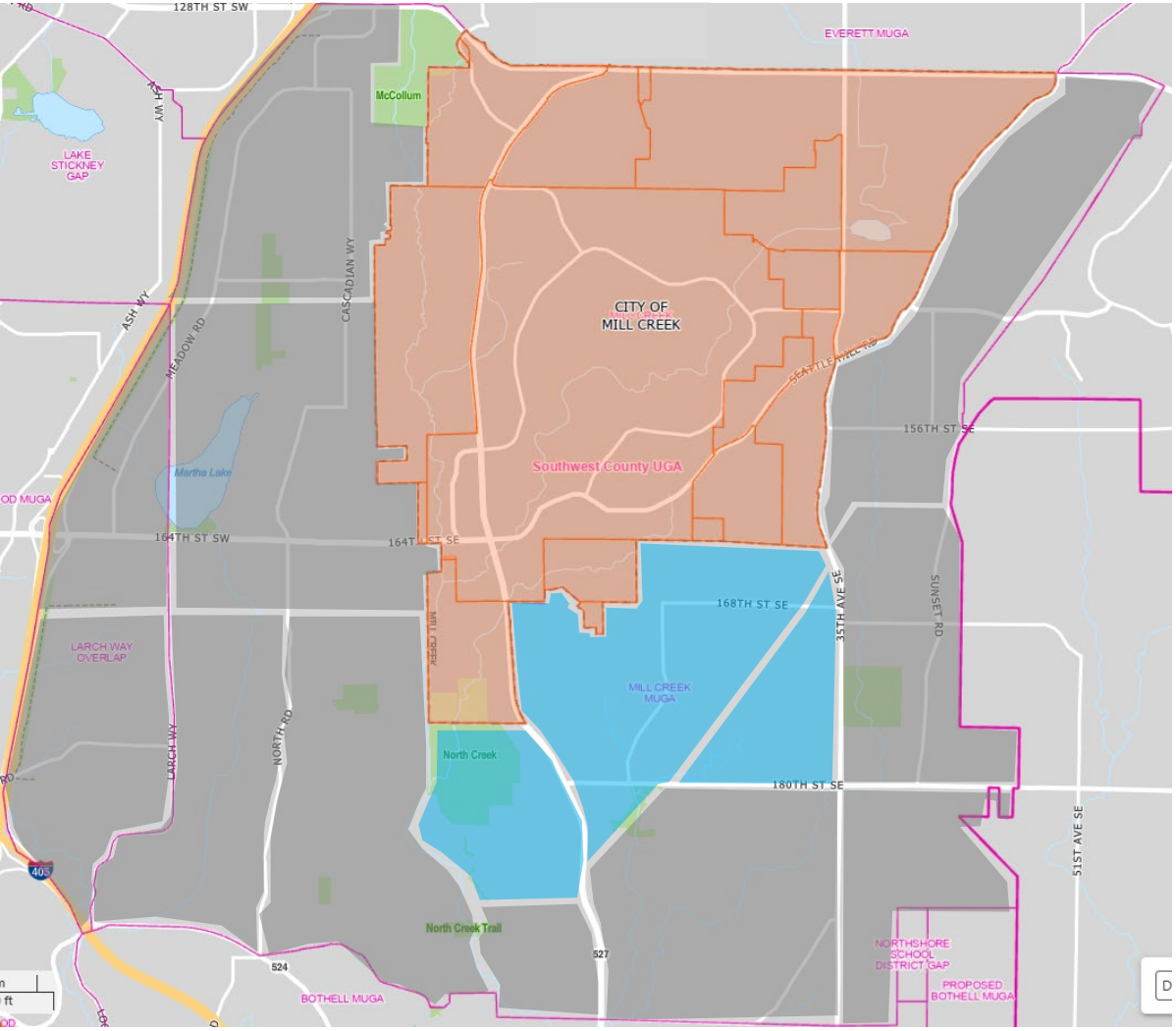
Final, specific boundary lines can be updated as we finalize the specific areas and staging for annexation

Distinctions Around Boundaries in South



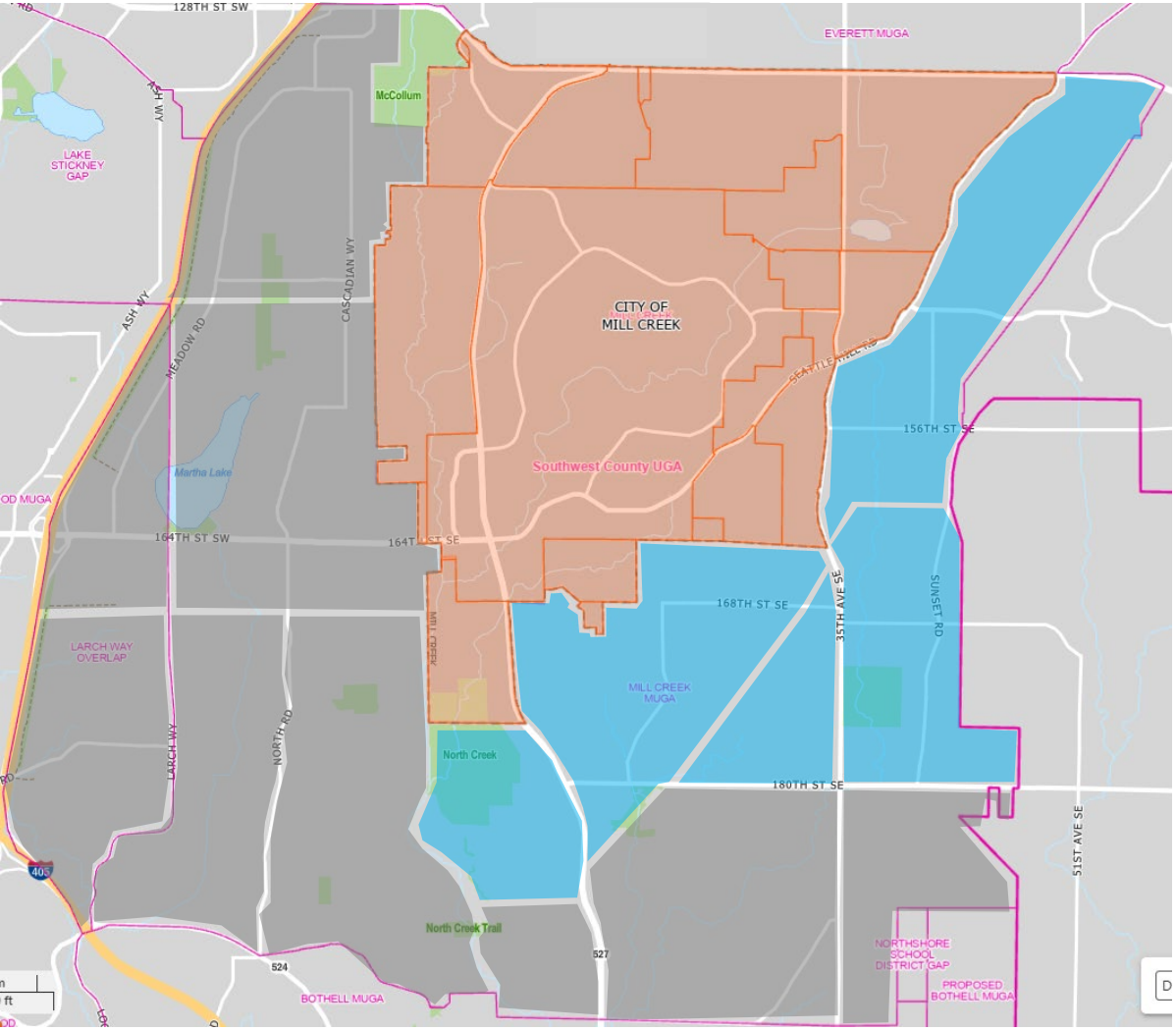


Potential Scenario 1: Mill Creek South



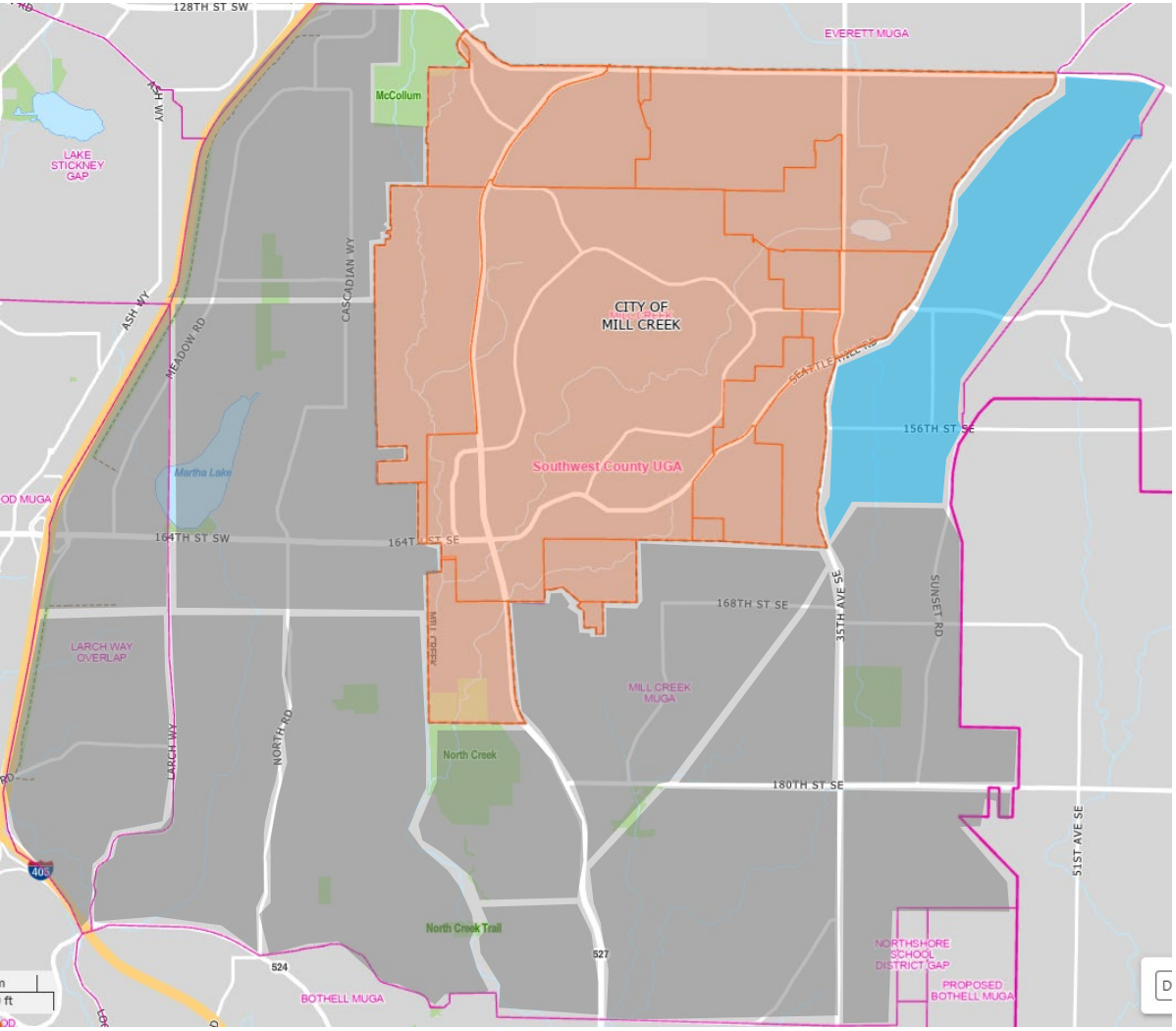
- This scenario would add ~10K population to Mill Creek
- Our initial analysis showed this scenario to be financially positive and includes the commercial corridor along Highway 527 down to 196th.
- This is the most financially viable option as a first step.
- We will finalize staffing assumptions and updated financials for the July session.

Potential Scenario 2: Mill Creek South + East



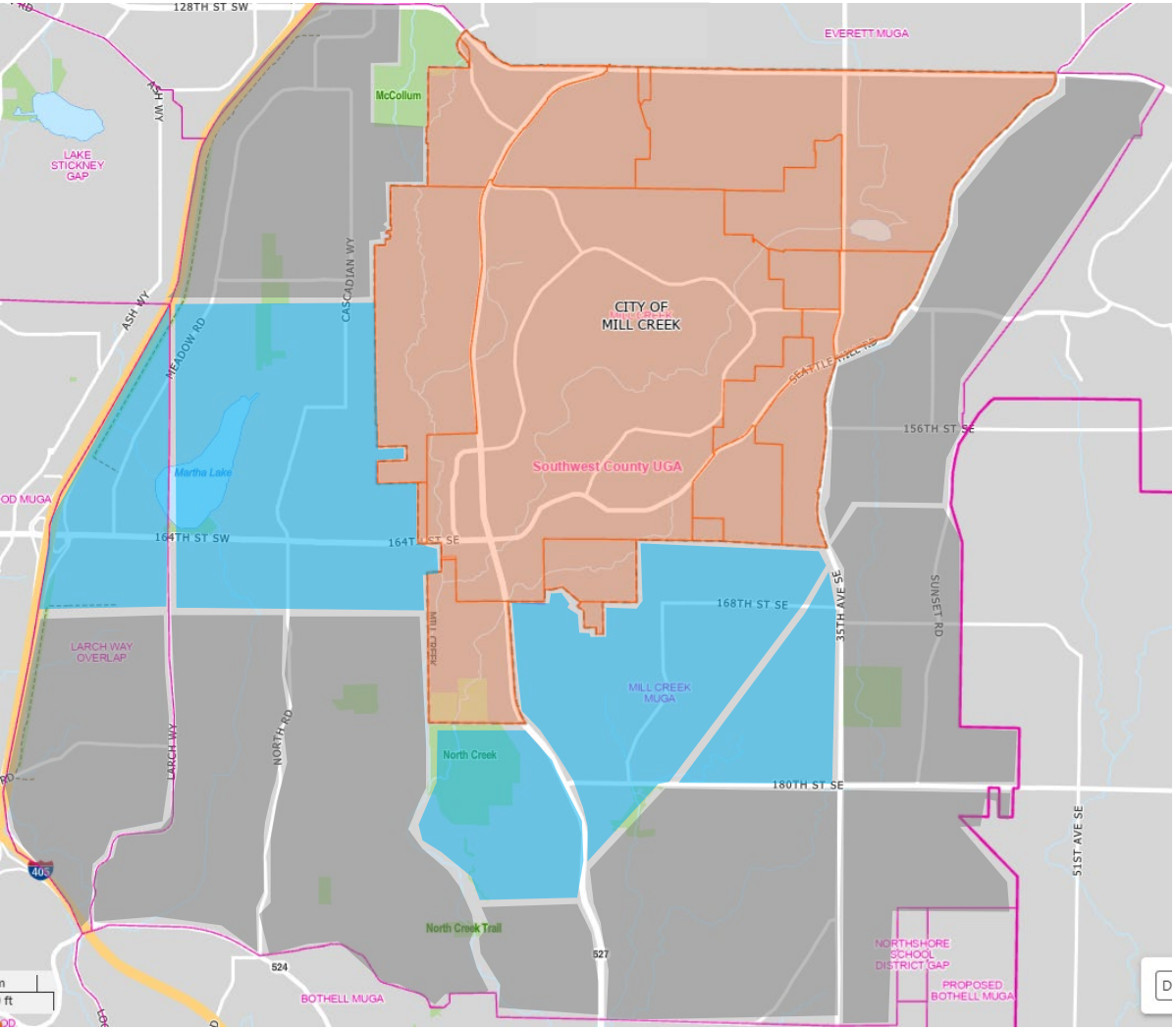
- This scenario would add ~21K population to Mill Creek
- Our initial analysis showed this scenario to be financially positive.
- With this scenario, staff may need to stage it in terms of implementation (hiring staff, etc.). If chosen, we will recommend staging during implementation planning.
- We will finalize staffing assumptions and updated financials for the July session.

Potential Scenario 2A: Mill Creek East Only



- This scenario would add ~6K population to Mill Creek
- This was raised by multiple Councilmembers during interviews as a viable “test pilot” for annexation.
- Our initial analysis showed this scenario to be financially neutral. However, updated staffing assumptions may make it more positive
- This area is viewed as easy to assimilate with few risks identified.

Potential Scenario 4: Mill Creek South + West



- For the West area to be financially net positive, we would need to pair it with South.
- This equates to ~24K population, and with significant growth coming in the Martha Lake section
- There is also more risk of assimilation & maintenance of Clean/Safe/Well Maintained Standards

- This scenario does not meet the guiding principles that Council has defined for the FIRST STEP
- West is strategic AND appears to be a second step/stage in the process
- We are recommending that Council eliminate this Scenario as a potential FIRST step

Tonight's Focus

- **Provide Council updated information regarding population and infrastructure**
  - Expected population by "block" within defined scenarios
  - Updated information from County on state of infrastructure, plus planned projects

- **Guidance from Council on potential narrowing of scenarios**
  - We are recommending that we focus on the Mill Creek South and East areas as the potential FIRST step in annexation

- **Plan for July**
  - Staff will update staffing plans/assumptions for the defined scenarios
  - We will update financials to provide Council updated guidance on whether each scenario meets the Council guiding principles
  - Objective for July: Council guidance on preferred first step, so that we can move into more tactical implementation planning and staging