



CITY OF  
**MUKILTEO**

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*Planning and Community  
Development Department*

# **Preliminary Annexation Evaluation and Work Plan**

## **Phase 1: East Side of SR 525**

April 2018

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## INTRODUCTION

The Growth Management Act as adopted by the State of Washington requires Cities and Counties to adopt annexation strategies to reduce urban sprawl by encouraging “urban development” in cities and “rural development” in Counties. Ultimately, urban areas within counties are intended to be annexed into an adjacent city. In Snohomish County, Mukilteo is located in what is commonly referred to as the South-West Urban Growth Area and consists of the cities of Bothell, Brier, Edmonds, Everett, Lynnwood, Mill Creek, Mountlake Terrace, Woodway, and the unincorporated areas between these cities.

Mukilteo’s 2015-2035 Comprehensive Plan identified those areas within the SW UGA which are intended to eventually be annexed into the City of Mukilteo. Mukilteo’s municipal urban growth boundary generally follows 148<sup>th</sup> Street to the south, then along Hwy 99 northeast to Airport Road then north along Airport Road to Beverly Park Road along the southern boundary of Paine Field Airport. The map below shows the City’s Urban Growth Area in greater detail.

### Annexation Policies

The following policies were adopted to guide Council, staff and its citizenry on future annexations:

**LU 14:** The City of Mukilteo shall support the Growth Management Act’s goal to encourage growth in urban areas by considering annexation of all or part of its Municipal Urban Growth Area (MUGA) but only if the annexation benefits existing Mukilteo residents, businesses, and property owners.

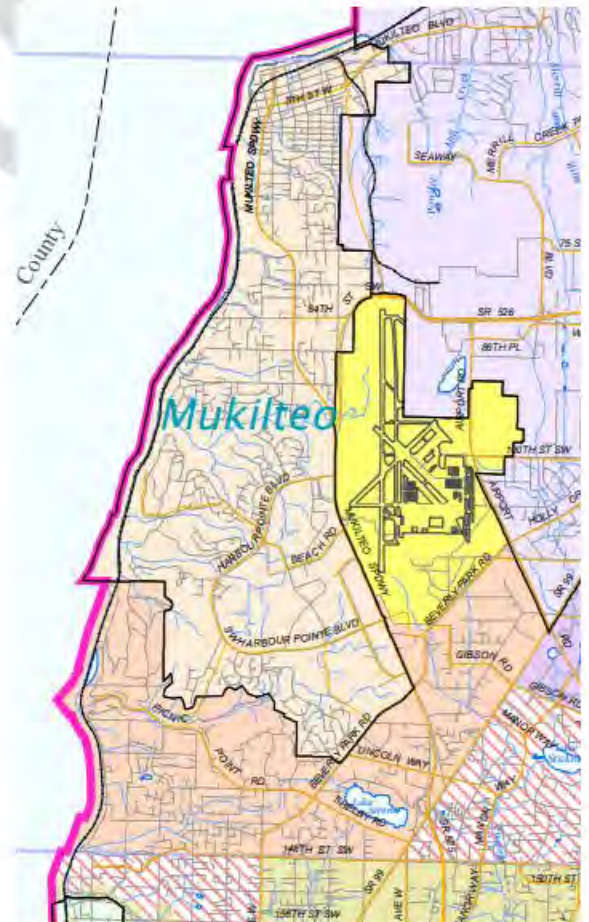
**LU 14a:** Annexation and / or de-annexations should only be considered if they:

- Enhance, improve, or maintain the quality of life for existing Mukilteo residents, businesses, and property owners; and
- Improve land use compatibility; promote orderly development, and facilitate traffic circulation.

**LU 14b:** Potential annexations and de-annexations shall be evaluated for their short-term and long-term financial and operational impacts.

**LU 14c:** Pre-Annexation zoning of the Mukilteo MUGA should be considered and implemented if necessary to City of Mukilteo interests.

**LU 14d:** Procedures to assure that owners of property within an annexed area pay a share of the Mukilteo’s bonded indebtedness should be analyzed and considered.



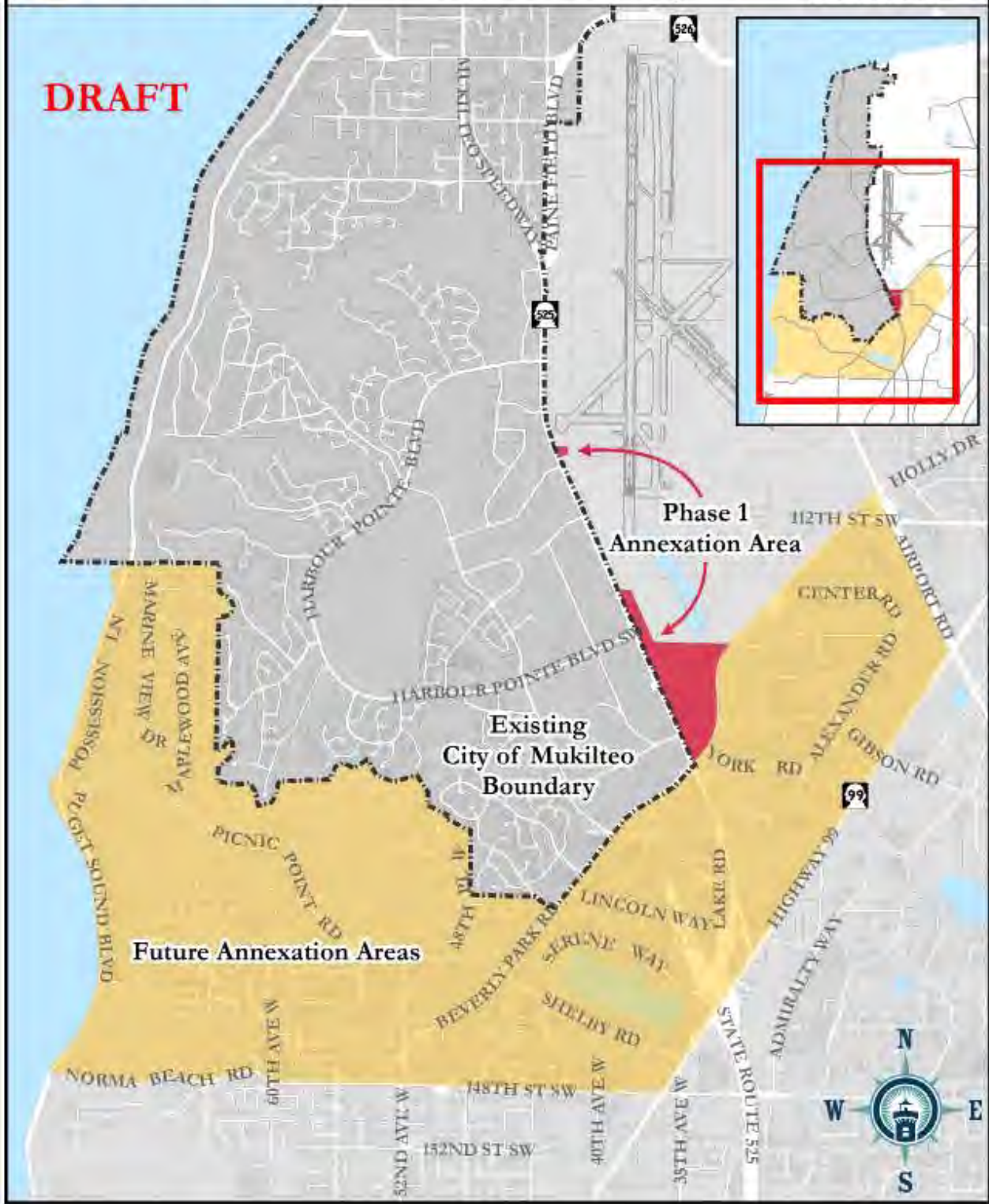
## Annexation Phases

The City's Urban Growth Area consists of nearly 4.2 square miles of land area and has a population capacity of over 10,000 people. Due to the sheer size of the area, the City established an annexation strategy which included a phased approach to future annexations.

### Mukilteo Annexation Areas and Priorities 2018 – 2024

Priority Phasing	Description	Timing
<b>Phase 1: East side of SR 525:</b> Urban Growth Area along the east side of SR 525 from roughly the QFC intersection south to Beverly Park Road then north from Beverly Park Road to the southern boundary of Paine Field Airport.	Initiate an annexation of approximately 61 acres on the east side of the Mukilteo Speedway. <ol style="list-style-type: none"> <li>1. Prepare financial analysis of annexation area.</li> <li>2. Negotiate ILA or other agreement with South Snohomish Fire and Rescue District and County Sheriff's office on providing fire and police services.</li> <li>3. Issue Annexation Notice of Intent.</li> <li>4. Pursue either election or petition annexation method.</li> </ol>	Mid 2018 - 2020
<b>Phase 2: Financial Analysis of Future Study Area:</b> Remaining Urban Growth Area from Beverly Park Road south to 148 <sup>th</sup> Street SW and Hwy 99 and east to Airport Road.	Evaluate costs, expenditures, and revenues for the future annexation area; including developing a potential phasing plan approach. <ol style="list-style-type: none"> <li>1) Initial Annexation Costs: One-time costs associated with processing an annexation.</li> <li>2) Long Term Expenditures: On-going service costs associated with an annexation.</li> <li>3) Revenue: Taxes and revenues generated by the annexation area.</li> </ol> Evaluate the pre-zoning densities identified in the City's Comprehensive Plan to ensure the annexation areas can accommodate the growth targets adopted by the County and make changes as may be needed.	2022-2024
<b>Phase 3: Future Annexations</b> Remaining Urban Growth Area from Beverly Park Road south to 148 <sup>th</sup> Street SW and Hwy 99 and east to Airport Road.	Initiate annexation phases based on phase 2 financial analysis and recommendations.  Future annexations shall include a combination of residential, commercial and / or industrial areas to preserve natural neighborhoods and community boundaries.	To Be Determined

The purpose of this study is to prepare a preliminary evaluation of the phase 1 annexation, including: land use, costs, schedule, staffing, and process of a proposed annexation.



# INVENTORY OF ANNEXATION AREA

The first step in any annexation process is to fully understand the area being considered for annexation. This Chapter describes both the physical land area of the Phase 1 Annexation area as well as the existing land uses.

## Land Area

The Phase 1 Annexation Area is located adjacent to the east side of the Mukilteo Speedway in the area commonly known as Harbour Pointe. This area follows the east side of SR 525 from roughly the QFC intersection south to Beverly Park Road then northeasterly from Beverly Park Road to the southern boundary of Paine Field Airport. The Lombardi Pizza Building, a small single parcel surrounded by the City and Snohomish County Airport – Paine Field, is also included in the Phase 1 Annexation Area.

**Land Area:** 61.6 Acres

**Parcels:** 57 Parcels

**Assessed Value:**  
\$73,287,000 (2018 valuation)

**Major Roads:** SR 525, Beverly Park Road, and 121<sup>st</sup> Street

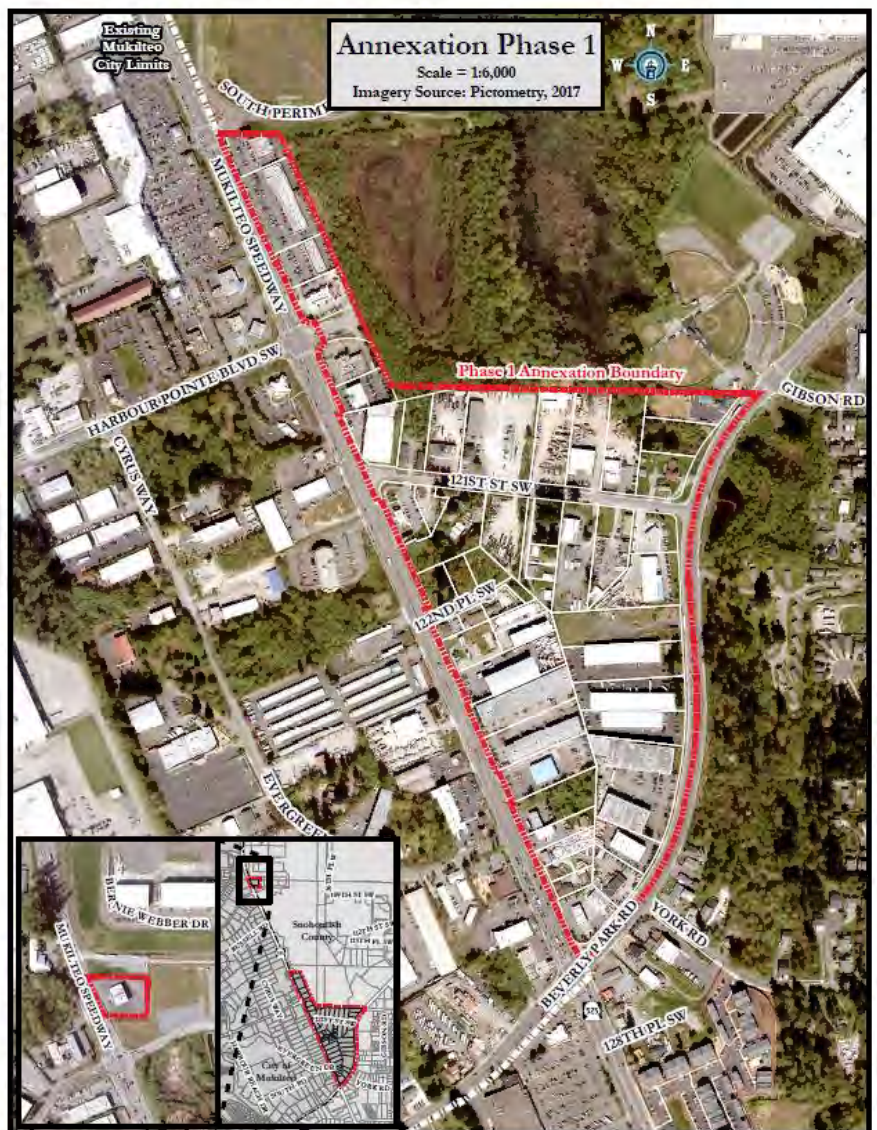
**Public Facilities (i.e. parks, schools, fire stations etc.):** None within annexation boundaries; Paine Field Airport is directly north and east of the of the Phase 1 annexation boundary.

**WRIA:** Lake Washington / Cedar / Sammamish Watershed (8)

**School District:** Mukilteo School District #6

**Fire District:** South Snohomish Fire and Rescue District (Formally Fire District #1)

**Water / Sewer District:** Alderwood Water and Wastewater District

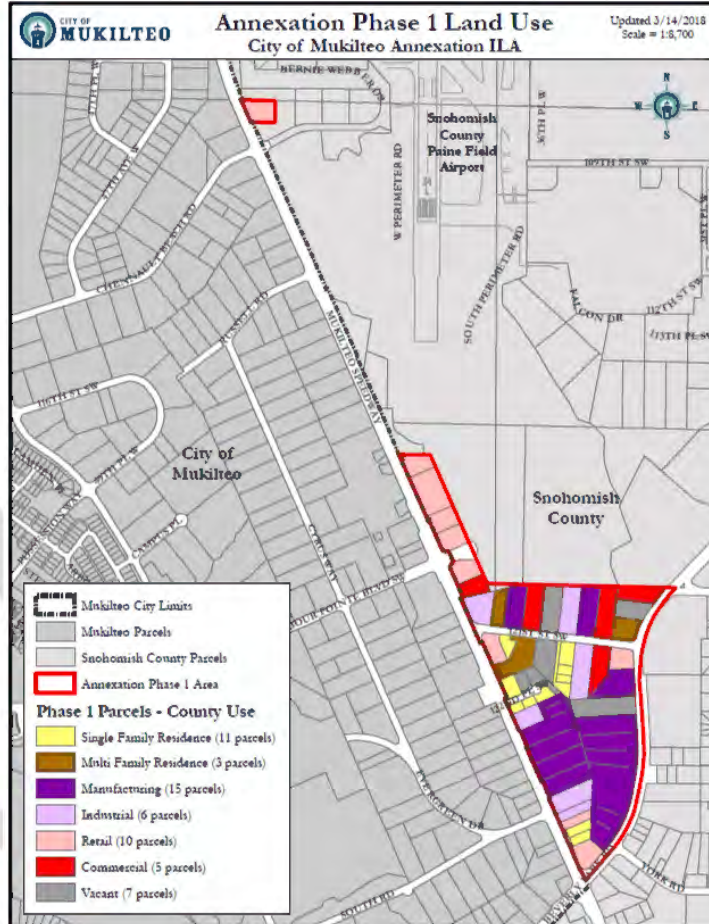


## Land Use and Zoning:

The property within the Phase 1 annexation area is subject to Snohomish County’s Light Industrial zoning regulations. This zone generally allows retail, commercial and industrial uses. However, there are a few non-conforming residential uses within the area as well. The following land uses are located within the Phase 1 area:

Land Use	Number of Parcels
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Single Family Residential	11
Multifamily Residential	3
Retail	5
Commercial	15
Manufacturing	6
Industrial	7
Vacant	

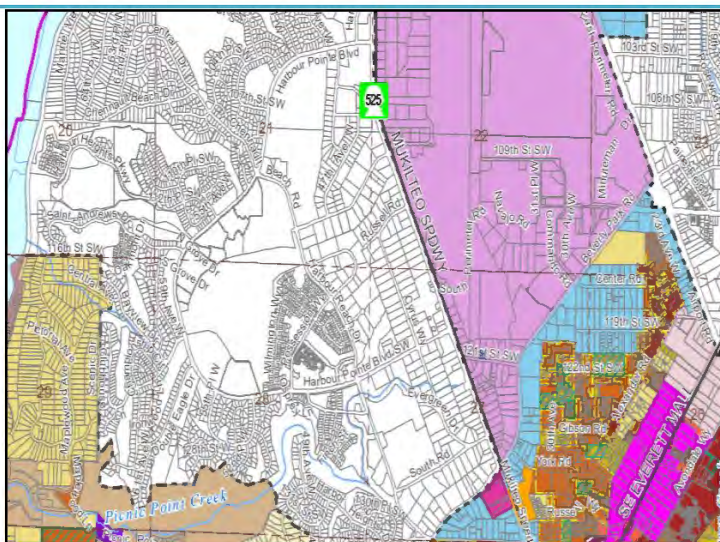
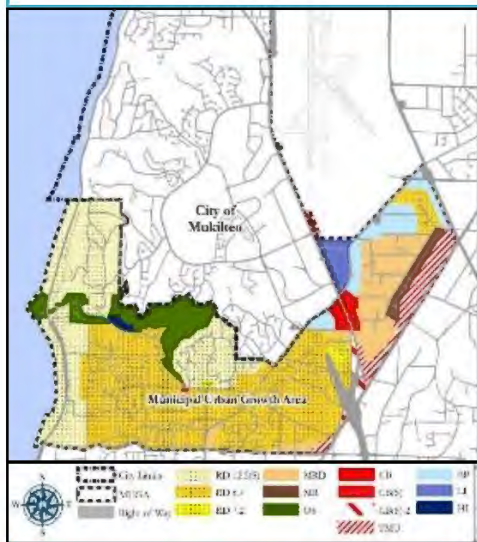


During the City’s Comprehensive Planning process, the City established “pre-zoning” for the Mukilteo Urban Growth Area. The intent of establishing pre-zoning for the City’s MUGA is twofold: 1) it establishes the City’s land use intent for future annexations and 2) facilitates a smooth transition regarding land use discussions between the County, City and property owners.

As shown in the maps below, Snohomish County has a Light Industrial zoning for the entire Phase 1 area. The City, however, desires that the commercial strip along the east side of the Speedway remain in retail, restaurant, or commercial uses and has pre-zoned that area to Community Business - South. While the Light Industrial zoning allows commercial uses, it is the City’s desire to restrict industrial type uses from moving back into the predominately commercial area. The Community Business-South zoning designation restricts most industrial uses. The City’s land use designation in the remaining Phase 1 area is consistent with the County’s Light Industrial Designation.

**City of Mukilteo  
Comprehensive Plan  
MUGA Pre-Zoning Map**

**Snohomish County  
Comprehensive Plan  
SW County Zoning Map**



**Growth and Population Allocation**

Annexations must be consistent with Snohomish County’s General Policy Plan including future growth and development objectives. At the same time, annexations must also be implemented in a way that benefits the City. Therefore the following objectives were established to guide future annexations:

Growth Objective	Phase 1 Annexation Compliance
Direct growth and development activity per the pre-zoning map outlined in the Comprehensive Plan.	City and County land uses and zoning while not identical are consistent with each other.
Discourage incompatible land uses near Paine Field airport.	Zoning in the Phase 1 area consists of commercial and industrial uses which is consistent with the County’s Airport Compatibility regulations. There are a few non-conforming residential uses within the Phase 1 annexation area and those uses are allowed to continue per grandfather regulations, but no new residential uses would be allowed within the area under current zoning.
Provide public facilities in an orderly and cost efficient manner.	No new public facilities or services would be required in the Phase 1 annexation area.
Provide residential, commercial and industrial development in sufficient quantities to satisfy the 20 year population growth targets.	There are no population growth targets in the Phase 1 annexation area as the area is zoned for commercial and industrial uses.
Protect environmentally sensitive areas.	Properties will be subject to the City’s critical area regulations after annexation. The City’s regulations have been reviewed by the Department of Ecology and meet current guidelines.

# AVAILABILITY OF PUBLIC SERVICES

In evaluating future annexations, the City must evaluate if its existing facilities, equipment and staffing levels can provide similar or better services to the annexation area than that of the County. If not, an action plan is needed to show how the City would provide those services. Mukilteo is a full service City, with the exception of providing water and sewer which are provided by Special Districts. City services include: Police, Fire, Public Works, Recreation and general City administration.

City staff met in the fall of 2017 to evaluate the impact of the Phase 1 annexation on level of service projections and department operations. Mukilteo is roughly 6.25 square miles of land area with 67 miles of city streets, 55 miles of storm drains, 650 acres of parks and open space, and 23 municipal buildings. This evaluation looks at the level of effort needed by each department to provide equal or better service to the Phase 1 annexation area. If the annexation were to be approved, the City’s geographical land area would increase by approximately 0.10 square miles (or 61 acres) bringing the City’s service area to approximately 6.35 square miles.

Department	Services Provided	Departmental Impact Analysis of Phase 1 Annexation
<b>Police</b>	Patrol Crime Prevention Special Operations Drug Enforcement Community Support	<p>The Mukilteo Police Department consists of 36 people providing administrative support, general law and traffic enforcement, criminal investigations, animal control, and emergency service coordination.</p> <p>Current police services are provided by Snohomish County Sheriff’s Office. Response time is dependent on the seriousness of the call in relationship to other ongoing calls or priorities.</p> <p><b>Department Analysis:</b></p> <ul style="list-style-type: none"> <li>▪ Annexation would add less than a mile of roadway (0.66 miles) to patrol; no significant impact on patrols</li> <li>▪ Night time call demand is low due to size and minimal residential units</li> <li>▪ The Department currently responds to traffic accidents on SR 525; would need to add Beverly Park Road and 121<sup>st</sup> Street to response; there are low call volumes in this area</li> <li>▪ Officers would continue to respond to calls based on seriousness of call: emergency vs. non-emergency; however it is expected that the City would respond faster to non-emergency calls than the Sheriff’s Office due to proximity of station and officers on duty</li> <li>▪ Minimal additional educational outreach would be required</li> </ul> <p><b>Conclusion:</b> Minimal impact on the Mukilteo Police Department; no additional staffing would be required to provide full police service to the Phase 1 annexation area.</p>

Department	Services Provided	Departmental Impact Analysis of Phase 1 Annexation
<b>Fire</b>	Fire Emergency Medical Services Fire Marshal Services	<p>The Mukilteo Fire Department consists of 29 people providing fire prevention, suppression, investigation, emergency medical, disaster preparedness and other special operations and services.</p> <p>Current fire service is provided by South Snohomish County Fire and Rescue with Mukilteo providing support through Mutual Aid Agreements.</p> <p><b>Department Analysis:</b></p> <ul style="list-style-type: none"> <li>▪ Mukilteo Fire provides first responder services up to Harbour Pointe Boulevard South and is second responder to the rest of the Phase 1 annexation area; changing to first responder would not impact the department as they currently service the area</li> <li>▪ Minor increases in Fire Marshal services for code inspections and public outreach education; the Fire Marshal has capacity to absorb 36 businesses (57 parcels minus residential and vacant properties)</li> <li>▪ Amendments to current Interlocal and Mutual Aid Agreements may be required</li> </ul> <p><b>Conclusion:</b> No changes to current fire operations or services as a result of the Phase 1 annexation.</p>
<b>Public Works</b>	Streets Stormwater Parks Facilities	<p>The Public Works Division of the City consists of 16 field workers plus the Superintendent and another 1.5 custodians maintain the City’s buildings. Public Works maintains the City’s streets, stormwater, parks and facility infrastructure.</p> <p>Phase 1 Annexation Geographical Statistics:</p> <ul style="list-style-type: none"> <li>▪ 61 Acres</li> <li>▪ 0.66 linear miles of streets (Beverly Park Road &amp; 121<sup>st</sup> Street)</li> <li>▪ 133 catch basins</li> <li>▪ 11,157 linear feet of stormwater pipe</li> <li>▪ 1 public detention facility</li> <li>▪ 16 private detention facilities</li> <li>▪ Total Maximum Daily Loads: None Currently</li> <li>▪ 55 acres of Illicit Discharge Area (IDDE)</li> <li>▪ No public or private parks</li> <li>▪ No public buildings</li> </ul> <p><b>Departmental Analysis:</b></p> <ul style="list-style-type: none"> <li>▪ Beverly Park Road is in good condition; standard street maintenance will be required; street cleaning, plowing, etc.</li> <li>▪ 121<sup>st</sup> Street has patched pot holes and pavement cracking; within five to ten years major repairs will be needed from an overlay project to full street reconstruction</li> </ul>

Department	Services Provided	Departmental Impact Analysis of Phase 1 Annexation
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- The overall City stormwater facility inventory will increase by one percent; however surface water fees are anticipated to increase by four percent. It is anticipated that the surface water fee revenue will cover the increased costs to maintain and inspect these facilities
- Annexation will not change the City’s overall NPDES status; an update to the permit will be required to show the new area, however the City is not required to continue inspections per the County’s Phase 1 Permit requirements after annexation
- Copies of all County stormwater inspection reports will be needed
- There is one Surface Water Management capital project in the Phase 1 annexation area which is in the design phase; the City and County will need to execute an ILA (or other type of agreement) on the future management of that project. The drainage improvement project is to reduce flooding caused by an overtopping catch basin north of 121<sup>st</sup> Street NW with no outlet. The project proposes to connect the catch basin to the roadway drainage system. Estimated cost is \$65,000.
- Payment of the WRIA 8 fees will need to be updated based on the annexation area

**Conclusion:** It is anticipated that no additional staffing will be needed for the Phase 1 annexation area and stormwater fees will cover the increased stormwater inspection and NPDES permit reporting requirements.

121<sup>st</sup> Street will need to be added to the City’s capital project list and potentially to the City’s 6-year capital project list. Potential increased sales tax revenue could help offset this cost; total project costs are unknown at this time.

A \$65,000 stormwater improvement project is scheduled in the Phase 1 area that may require shared costs or reimbursement.

**City Hall**  
 Executive & Human Resources  
 Finance & IT  
 Engineering  
 Planning  
 Building  
 GIS

City Hall provides the basic executive, administration, planning, building and engineering support to residents and other internal City staff.

- Department Analysis:**
- No additional staff would be needed in the Executive Department
  - The Finance Department will conduct some initial outreach to the businesses on business license requirements; however with the process being automated with the state the impact will be minimal

Department	Services Provided	Departmental Impact Analysis of Phase 1 Annexation
		<ul style="list-style-type: none"> <li>▪ With the area only having 57 parcels in the Phase 1 annexation area, the current planning, building and engineering staffing levels can accommodate any small increase in permitting activity, including stormwater review and inspections</li> </ul> <p><b>Conclusion:</b> No changes to current staffing levels at City Hall are anticipated as a result of the Phase 1 annexation.</p>
<b>Recreation</b>	Recreation Programming Facility Rentals	<p>The Recreation and Cultural Services Department provide an array of recreational opportunities to the Mukilteo community including: fitness and learning classes, dance and theater programs, art, room rentals, public and private celebrations, and community events. The Department is staffed by 8.95 employees working a combination of full and part time positions.</p> <p><b>Department Analysis:</b></p> <ul style="list-style-type: none"> <li>▪ Phase 1 annexation will add 14 residential buildings; 11 which are single family residential houses and 3 multifamily buildings</li> <li>▪ Increase in residential use from the annexation is minimal</li> <li>▪ Minor increases in quarterly mailings costs are anticipated</li> </ul> <p><b>Conclusion:</b> No change to current staffing level at the Rosehill Community Center is anticipated as a result of the Phase 1 annexation.</p>

### Summary of Availability of Public Service

In summary, staff concluded that the existing personnel and facilities could accommodate the Phase 1 annexation while maintaining the same or better level of service.

## COST RECOVERY OF SERVICES

Using the draft phased annexation plan, staff investigated potential revenues and expenditures associated with annexing Phase 1. Budgetary considerations of a potential annexation have been broken down into three categories:

- Revenue: Taxes and revenues generated by the annexation area
- Initial Annexation Costs: One-time costs associated with processing an annexation
- On-Going Costs: Estimated on-going staffing and capital costs associated with Phase 1 annexation

### 2018 Revenue Estimate:

<i>Revenue Source</i>	<i>Rate</i>	<i>Calculation</i>	<i>Low (+45 PPL)</i>	<i>High (+50 PPL)</i>
<b>General Fund</b>				
Property Tax per \$1,000 AV	\$1.0467	\$73,287,000	\$76,706	\$76,706
Sales Tax	0.85%	\$14,020,000	\$119,170	\$166,838
Local Criminal Justice Tax	\$16.48	Per Capita	\$742	\$824
Natural Gas Tax	\$20.48	Per Capita	\$922	\$1,024
Electricity Tax	\$45.91	Per Capita	\$2,066	\$2,296
Garbage Collection Tax	\$13.89	Per Capita	\$625	\$695
Cable Television Tax	\$20.01	Per Capita	\$900	\$1,001
Telephone Tax	\$24.72	Per Capita	\$1,112	\$1,236
Storm Drainage Tax	\$7.53	Per Capita	\$339	\$377
State Shared Revenue	\$38.06	Per Capita	\$1,713	\$1,903
Cable Franchise Fees	\$16.48	Per Capita	\$742	\$824
Garbage Franchise Fees	\$10.59	Per Capita	\$477	\$530
Business Licenses		2016 Est.	\$23,668	\$23,668
Development Revenue		2016 Est.	\$4,155	\$4,155
<b>Sub Total:</b>			<b>\$233,337</b>	<b>\$282,077</b>
<b>TBD Fund</b>				
TBD Sales Tax	0.01%	\$14,020,000	<b>\$14,020</b>	<b>\$19,628</b>
<b>EMS Fund</b>				
EMS Levy per \$1,000 AV	\$0.3963	\$73,287,000	\$29,046	\$29,046
Ambulance Transport Fees	\$28.25	Per Capita	\$1,271	\$1,413
<b>Sub Total:</b>			<b>\$30,317</b>	<b>\$30,459</b>
<b>Surface Water Fund</b>				
Storm Drainage Fees	\$19.19 / \$23.43	Per mo./681.85 ERU	<b>\$157,016</b>	<b>\$191,709</b>
<b>REET I &amp; II Funds</b>	0.5000%	Dependent on Sales		
<b>TOTAL:</b>			<b>\$434,690</b>	<b>\$523,871</b>

### One-Time Annexation Expenditures:

<i>Pre-Annexation Expenditures</i>	Description	<i>Low</i>	<i>High</i>
<b>Financial Analysis</b>	Peer Review of Annexation Financial Analysis	\$ 5,000	\$ 10,000
<b>Annexation Support</b>	Consultant with Expertise in Annexations (Public Outreach, Meetings, & Technical Expertise)	\$ 30,000	\$ 60,000
<b>Attorney Fees</b>	Annexation Ordinance / Notice of Intent	\$ 20,000	\$ 40,000
<b>Processing Costs</b>	Filing Fees, Noticing, Public Meetings, Recording Documents	\$ 3,000	\$ 5,000
<b>Census</b>	Conduct Census of Annexation Area	\$ 5,000	\$ 10,000
<b>Staff Time</b>	Include in 2018-2020 Work Plan	\$ 0	\$ 0
<b>Annexation Methodology</b>	Assessor Validation and Election Costs	\$ 25,000	\$ 30,000
<b>TOTAL:</b>		<b>\$ 118,000</b>	<b>\$ 155,000</b>

### Level of Service and Financial Analysis Needed for Phase 1 Annexation:

<i>On-Going Annexation Expenditures</i>	<i>Potential Yearly Costs</i>	<i>Potential Capital Costs</i>	<i>Evaluation Comment</i>
<b>Fire Service (Negotiate Service Agreement)</b>	\$0		No Additional Costs; Serve with Existing Staff; Ensure discussions with RFA to clarify no financial impacts
<b>Police Service</b>	\$0		No Additional Costs; Serve with Existing Staff
<b>City Hall Staffing</b>	\$0		No Additional Costs; Serve with Existing Staff

<b><i>On-Going Annexation Expenditures</i></b>	<b><i>Potential Yearly Costs</i></b>	<b><i>Potential Capital Costs</i></b>	<b><i>Evaluation Comment</i></b>
<b>Public Works Staffing</b>	\$0		No Additional Costs; Serve with Existing Staff
<b>Road Improvements</b>	\$0	\$500K – 1M	Capital Improvement Year 5 – 10: 121 <sup>st</sup> Street Repair (11,617 sy X \$40 sy for grind /overlay or \$69 s.y. for street reconstruction; numbers are rounded up)
<b>Stormwater Improvements</b>	\$0	\$65,000	Potential one time cost of \$65,000 capital Improvement (catch basin repair project)
<b>NPDES Compliance</b>	\$12,000		Public Works anticipates a 4% increase in revenues and a 1% increase in work load. (Assume a 5% increase per year)
<b>Snohomish County Stormwater Bond</b>	\$7,000		\$7,000 / Year till 2021
<b>Snohomish County Road Improvement Bond (if any)</b>	\$0		None Known
<b>Park Bond (if any)</b>	\$0		No parks in Phase 1 Annexation Area
<b>Wetland Mitigation Monitoring</b>	\$0		Continue monitoring with existing staff
<b>WIRA 8 Fees</b>	\$3,000		Current fee is \$7,285; new fee will be approximately \$10,175 or \$2,890 additional dollars per year. Fee is based on population, assessed value and acreage.
<b><i>TOTAL:</i></b>	<b>\$22,000</b>	<b>\$565K – 1M</b>	

### **Financial Evaluation Summary**

This section summarizes the anticipated revenues that could be generated in the Phase 1 annexation area against the expected cost of service. The charts below evaluate the two major issues which affect the City budget: near term operating costs and long term capital needs. Below is a summary of those revenues and costs.

General Fund Operating Budget	Low	High
<b>Estimated Revenues</b>	\$233,337	\$282,077
<b>Estimated Expenditures</b>	-\$10,000	-\$10,000
<b>Difference:</b>	\$223,336	\$272,075
<b>1-Time Annexation Expenses</b>	-\$118,000	-\$155,000
<b>Year 1 Difference:</b>	\$105,336	\$117,075

Transportation Benefit District	Low	High
<b>Estimated Revenues</b>	\$14,020	\$19,628
<b>Estimated Expenditures</b>	\$0	\$0
<b>Difference:</b>	\$14,020	\$19,628

Emergency Medical Services	Low	High
<b>Estimated Revenues</b>	\$30,317	\$30,459
<b>Estimated Expenditures</b>	\$0	\$0
<b>Difference:</b>	\$30,317	\$30,459

Surface Water Enterprise Fund	Low	High
<b>Estimated Revenues</b>	\$157,016	\$191,709
<b>Estimated Expenditures</b>	-\$12,000	-\$12,000
<b>Difference:</b>	\$145,016	\$179,709
<b>Potential 1-Time Capital Expense</b>	-\$65,000	-\$65,000
<b>Difference</b>	\$80,016	\$114,709

Known Capital Expenses	Low	High
<b>121<sup>st</sup> Street Road Repair</b>	\$500,000	\$1,000,000
121 <sup>st</sup> Street has patched potholes and pavement cracks which will need to be repaired in the next 5 to 10 years. Funds to cover this expense would most likely come out of the pavement preservation fund.		

### Summary of Financial Evaluation:

Based on preliminary estimates, it is likely that the cost of an annexation will break even with revenues in the first year and ongoing revenues are predicted to exceed operating expenditures. Capital projects, both street and storm drainage, will need to be included in the City's 6-year CIP.

## POLICY EVALUATION

Mukilteo is located in what is commonly referred to as the Snohomish County Southwest Corridor with the Cities of Lynnwood, Mill Creek, Edmonds, Bothell and Mountlake Terrace.

This area is one of the fastest growing parts of Snohomish County due to its easy access to I-5, I-405, and major employment centers.

With this regional growth, comes pressure to initiate annexations within Mukilteo’s Urban Growth Boundary. To ensure that annexation decisions are made only after a full evaluation of the potential effects on the Mukilteo Community, both positive and negative, the City adopted Comprehensive Policies and annexation criteria to guide future annexations.

## Phase 1 Annexation Policy Evaluation

Comprehensive Plan Policy	Response
<p><i>LU 14:</i> The City of Mukilteo shall support the Growth Management Act’s goal to encourage growth in urban areas by considering annexation of all or part of its Municipal Urban Growth Area (MUGA) but only if the annexation benefits existing Mukilteo residents, businesses, and property owners.</p>	<p>A 6-year annexation plan has been prepared detailing three annexation phases:</p> <ol style="list-style-type: none"> <li>1. Phase 1: Small 57 parcel annexation on the east side of SR 525</li> <li>2. Phase 2: Financial study of the larger urban growth boundary</li> <li>3. Phase 3 or More: Future annexations based on the results of the annexation study</li> </ol> <p>The Phase 1 Annexation area abuts the east side Mukilteo Speedway and consists mostly of retail, restaurants, and industrial businesses. The general public does not know that this area is not within Mukilteo’s jurisdictional boundary; the community and businesses associate themselves with the City of Mukilteo.</p> <p>Mukilteo Police and Fire Departments currently provide service to the area until the County and Regional Fire Authorities arrive on site. The City of Mukilteo provides services to the Phase 1 annexation area without the benefit of the taxes generated by the properties.</p> <p>Annexation benefits to the City include:</p> <ul style="list-style-type: none"> <li>▪ Taxes generated within the annexation area will offset the cost of services currently being provided</li> <li>▪ Existing businesses and residents will not subsidize public safety service to the annexation area as is currently occurring due to mutual aid agreements</li> <li>▪ Businesses and residents will have a greater sense of community knowing their economic spending power and community activism supports Mukilteo</li> <li>▪ Businesses within the annexation already identify themselves with Mukilteo: i.e.: Mukilteo Café, Spiro’s sponsors Mukilteo Little League and Kamiak High School sport teams; and businesses belong to the Mukilteo Chamber of Commerce</li> </ul>
<p><i>LU 14a:</i> Annexation and / or de-annexations should only be considered if they:</p> <ul style="list-style-type: none"> <li>▪ Enhance, improve, or maintain the quality of life for existing Mukilteo</li> </ul>	<p>The Phase 1 annexation improves land use compatibility between the east and west side of the Mukilteo Speedway:</p> <ul style="list-style-type: none"> <li>▪ Logical boundaries that take in both sides of the Mukilteo Speedway develop uniformity in community appearance through the application of common rules and regulations</li> </ul>

Comprehensive Plan Policy	Response
<ul style="list-style-type: none"> <li>residents, businesses, and property owners; and</li> <li>▪ Improve land use compatibility; promote orderly development, and facilitate traffic circulation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The east side properties can only be accessed through the City of Mukilteo</li> <li>▪ Mukilteo can best and most efficiently provide the urban services necessary for the commercial and/or industrial development in the Phase I area since it is not accessible from any other city</li> </ul>
<p><i>LU 14b:</i> Potential annexations and de-annexations shall be evaluated for their short-term and long-term financial and operational impacts.</p>	<p>The preliminary financial analysis of the Phase 1 annexation shows that the City will receive a slight increase in general fund revenues over expected expenditures. Overall, the Phase 1 annexation is expected to cover its direct staffing costs over the short and long term.</p> <p>A onetime capital improvement project to repair 121<sup>st</sup> Street is expected within the next 5 to 10 years. That project will need to be added to the City’s Capital Improvement Project list and prioritized along with other City projects. In the short term the road is capable of handling projected traffic levels.</p>
<p><i>LU 14c:</i> Pre-Annexation zoning of the Mukilteo MUGA should be considered and implemented if necessary to City of Mukilteo interests.</p>	<p>The Mukilteo Comprehensive Plan has identified pre-zoning for the Phase 1 annexation area as follows:</p> <ul style="list-style-type: none"> <li>▪ Commercial: Along the east side of the Mukilteo Speedway from the QFC intersection south to the Windermere building just north of 121<sup>st</sup> Street and the Lombardi’s Pizza property</li> <li>▪ Light Industrial: The remaining Phase 1 annexation area; roughly the triangle area encircled by the Mukilteo Speedway, Beverley Park Road and the southern border of Paine Field Airport.</li> </ul> <p>This zoning is generally consistent with Snohomish County’s Light Industrial zoning of the area; however the City’s zoning restricts light industrial development within the commercial area along a portion of the Mukilteo Speedway. The City’s pre-zoning preserves the existing commercial and retail character of the area by restricting light industrial uses from moving back into the retail shopping strip along the Mukilteo Speedway.</p>
<p><i>LU 14d:</i> Procedures to assure that owners of property within an annexed area pay a share of the Mukilteo’s bonded indebtedness should be analyzed and considered.</p>	<p>Currently the only debt that the City has is repayment of a councilmanic bond for the Rosehill Community Center which is being paid over a 20 year period using REET funds. The City pays on average \$880,000 a year until the bond is paid in full at the end of December 2029. While no additional property tax will be levied against the Phase 1 properties, if a property is sold the REET portion of the sale will be used to help pay off the Community Center bond per Council policy.</p>

Annexation Criteria	Response
<p>Can the future annexation be serviced by the City with little or minimal adverse impacts?</p>	<p>Yes; public safety, public works and city administrative services can be provided at existing staffing levels.</p>

<p>Does the annexation area broaden the City’s housing stock to provide housing for all economic segments of the community?</p>	<p>N/A; the Phase 1 annexation is a commercial / industrial area with minimal residential units. The few residential units in the area are considered non-conforming and are allowed to remain per non-conforming laws and regulations.</p>
<p>Does the annexation broaden the City’s tax base or provide a financial benefit to the City?</p>	<p>Yes; findings show that the City’s general fund tax base will increase by \$225,000 to \$275,000 (rounded up numbers) per year with minimal operating costs.</p> <p>Stormwater water (restricted enterprise fund) funds of approximately \$145,000 to \$180,000 are expected to cover cost of services.</p>
<p>Is the annexation area consistent with the City’s adopted Comprehensive Plan?</p>	<p>Yes; the Phase 1 annexation area is a small subset of the larger Municipal Urban Growth Area (MUGA) identified on Map 7 of the Mukilteo Comprehensive Plan. Mukilteo’s MUGA extends south from the existing city limits to 148<sup>th</sup> Street and east along Hwy 99 to Airport Road and then along the Airport’s southern boundary.</p>
<p>Will the annexation put additional strain on the City’s budget for needed roads, drainage, parks or environmental capital projects?</p>	<p>No; No new facilities are needed; however long term maintenance should be expected.</p> <p>A small storm drainage project is needed and will either be completed by Snohomish County or the City; depending on annexation timing the City may be responsible for the improvement costs. Stormwater fees collected in the area are expected to cover the \$65,000 project costs.</p> <p>121<sup>st</sup> Street will need maintenance and repair within 5 to 10 years of annexation. This is similar to other roads in the area. The City just passed a 0.01% sales tax levy for road preservation; increased sales tax of approximately \$15,000 to \$20,000 from the Phase 1 area will be added to the Transportation Benefit District fund. The project will be added to the City’s road preservation program, ranked and prioritized along with other City projects.</p>
<p>How will the annexation affect the City’s ability to provide police and fire services?</p>	<p>No impact projected; Police and fire services can be provided at existing level of service without additional staff or equipment. New EMS revenues of approximately \$30,000 per year are anticipated.</p>

**Summary of Policy Evaluation:**

The Phase 1 annexation is consistent with City Policy and the Mukilteo Comprehensive Plan.

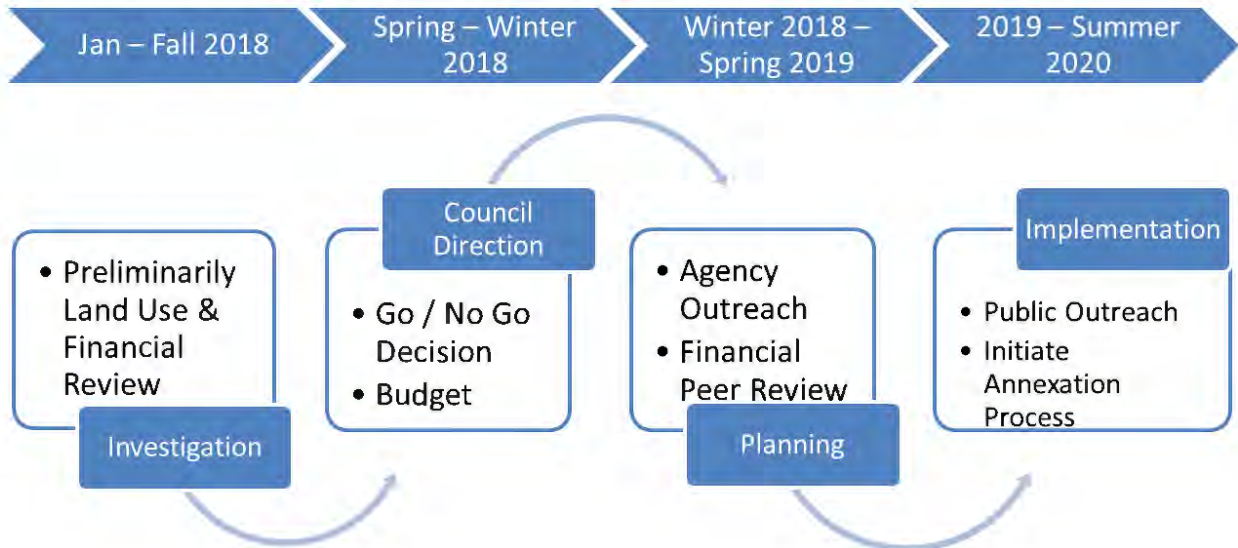
# ACTION PLAN

Annexations are a major undertaking for a City and can be controversial and/or difficult for its residents: community character, values and service levels are core issues evaluated and debated by both supporters and opponents. As such accurate information, prolific public outreach and transparent communication are crucial to a successful annexation.

Annexations also take time; they are staff intensive, multi-step processes that can take up to a year to two years to complete. Strategic planning needs to be included in the timing of any annexation as the revenues identified in this report may not be available to the City for up to six months to a year depending on the effective date of the annexation while residents and businesses expect service immediately.

The following action plan summarizes required annexation steps with a tentative timeline.

## **Phase 1 Annexation Timeline:**



## **Phase 1 Annexation Step 1:**

Investigation Phase: January: Fall of 2018	Summary of Work
<b>Identify annexation area</b>	Complete
<b>Meet with Snohomish County staff on phased annexation plan proposal</b>	Complete
<b>Prepare annexation evaluation and work plan</b>	Complete
<b>Update Annexation ILA</b>	Pending; First Draft Under Review; Estimate approval by County Council in fall of 2018

### Phase 1 Annexation Step 2:

<b>Council Update &amp; Direction: Spring – Winter 2018</b>	<b>Summary of Work</b>
<b>Brief Council on annexation work plan, process, and estimated costs</b>	Review annexation progress to date with Council and obtain direction
<b>Recommend annexation methodology: Petition, Election, Fire District ILA</b>	Evaluate annexation methods and provide preliminary recommendation to Mayor and Council
<b>Adopt or prepare a budget amendment to fund annexation efforts</b>	Prepare Budget Amendment or New Business Item for 2019 Budget cycle
<b>Council Direction: Go / No Go Decision</b>	Council GO Decision: proceed to Planning Phase Council NO GO: end process

### Phase 1 Annexation Step 3:

<b>Planning Phase: Winter – Spring 2019</b>	<b>Summary of Work</b>
<b>Review Franchise Agreements to see if any changes are needed</b>	Finance Department and Attorney review existing franchises to determine if amendments are needed to existing agreements; initiate discussion with agencies
<b>Select and Prepare Consultant(s) Scope of Work</b>	Prepare detailed scope of work including: financial peer review, annexation process, public outreach, publication materials, and social media experience, advertise, interview and hire annexation consultant
<b>Meet with Fire District on potential annexation ILA: multiple meetings</b>	Initiate conversations with South Snohomish Fire and Rescue District to determine fire service and / if any agreements are necessary
<b>Meet with Snohomish County on ILA issues</b>	Initiate discussions with Snohomish County specific to the Phase 1 annexation
<b>Conduct peer review of annexation financial analysis</b>	Conduct peer review of Phase I revenue and cost recovery analysis
<b>Council Direction: Go / No Go Decision</b>	Council GO Decision, proceed to Annexation Implementation Phase Council NO GO, end process

## Phase 1 Annexation Step 4:

Annexation Implementation: 2019 – Summer 2020	Summary of Work
<b>Prepare and implement a public outreach campaign</b>	Hold Public Meetings: City Council & Neighborhood meetings; select formal annexation methodology.
<b>City Council formally votes to accept annexation petition / methodology</b>	Public Hearing on City Council Resolution and Notice of Intent
<b>Council Direction: Go / No Go Decision</b>	Council GO Decision, proceed to Formal Annexation Phase Council NO GO, end process
<b>Initiate annexation mythology</b>	If petition method used, obtain signature approval of 60% assessed valuation ownership; signatures must be certified by County Assessor
<b>File Resolution and Notice of Intent with County Council and Boundary Review Board</b>	File Analysis Report with Boundary Review Board Boundary Review Board holds Public Hearing Attend / defend annexation proposal Await Boundary Review Board Decision
<b>City Council adopts annexation ordinances, agreements, and/or franchises</b>	Annexation materials submitted to state for certification
<b><i>Post Annexation Census:</i></b>	Conduct formal census of annexed area and submit to Office of Financial Management (OFM)

A more detailed schedule will be developed as the project proceeds.