

2017 State of the City

delivered by Mayor Ray Stephanson on Jan. 18, 2017

Thank you all for being here this morning to reflect on what we've accomplished as a community, and on the great opportunities that lie ahead.

I look forward to this event every year, and Economic Alliance Snohomish County does a fantastic job of putting it on. Let's give Patrick Pierce and his team a big round of applause.

I'd also like to take a minute to acknowledge and welcome the many elected officials here this morning, and especially the Everett City Council. Congratulations to our newly elected council president, Judy Tuohy, and our 2017 vice president, Cassie Franklin. It has been an honor to get to know and work alongside both of these women, and I look forward to collaborating with them and the entire council in the coming year.

I'd also like to acknowledge the City staff, and members of our police and fire departments, who are here with me this morning. I know firsthand just how talented and dedicated our City employees are, and our community is fortunate to be served by this incredible workforce.

Finally, I want to recognize my family, and especially my wife, Vikki. As many of you here know, there are a lot of long hours, night meetings, and crises in this line of work, and our families feel that the most. I am forever indebted to Vikki and my family for their constant support and encouragement.

Introduction

2016 was a great year for Everett in terms of economic growth, residential and business development, and our work around public safety and improving the lives of our most vulnerable residents. We have much to be proud and significant opportunities and projects yet to come in 2017.

The past two years marked the first full years of revenue increases after the upheaval of the economic downturn and the sluggish recovery that followed. For the second year in a row, our 2016 general government revenues ended the year above our amended budget.

While there is much to celebrate, we know we can't become complacent. We face a lot of uncertainty at the state and national level in 2017, and there are signs that the economy may take a negative turn in the near future.

Our community can rest assured that we will continue to practice the same fiscal discipline and look for new efficiencies even as our revenues have increased.

As a City, we have demonstrated that we can weather significant downturns in the economy. We have the right discipline, the right mindset and the right people at the helm. I am proud that our nearly 1,200 employees can be assured of their job stability and their ability to deliver services to our citizens.

2016 in review

The bulk of the increased revenue we've seen in recent years comes from robust construction activity throughout the city. Several large projects that were slowed by the recession are now moving ahead with full steam, and our city is welcoming new residents and businesses every day.

In north Everett, our college district continues to expand to better serve our students and businesses. This past fall, Washington State University added software engineering and data analytics to its degree offerings in Everett, and will launch a new organic agriculture program this year.

All of WSU Everett's programs will be housed in a brand-new building that will open in August on North Broadway. The four-story facility will be home to WSU Everett and the Everett University Center, offering a wide range of four-year and advanced degrees to local students who can complete their studies right here at home. WSU Everett's enrollment now totals nearly 200 full-time students, and the entire University Center's enrollment has grown to about 600.

I am also so pleased that WSU's Elson S. Floyd College of Medicine will welcome its first class of students this August. A cohort of those future physicians will spend their third and fourth years in Everett, being taught by faculty at Providence Regional Medical Center Everett, the Everett Clinic, and Sea-Mar Community Health Center in Marysville. Upon graduation, the majority of these students are expected to begin their practices here as primary-care physicians.

Everett Community College last year opened a major expansion of its Advanced Manufacturing and Technical Education Center, or AMTEC, a 54,000-square-foot facility offering state-of-the-art training and a pathway to family-wage jobs in aerospace and other manufacturing industries. AMTEC programs enrolled nearly 1,000 students last year, a 23 percent increase in just five years. Importantly, the number of women in AMTEC programs has grown by 27 percent in that time.

Along with WSU, Everett Community College continues to change the face of the North Broadway area with attractive student-housing projects. Mountain View Hall opened last year with 120 beds, and Cedar Hall will open this year with an additional 132 beds.

We know that a successful higher education system depends on a strong K-12 pipeline, and we are fortunate to have two widely respected education partners in the Everett and Mukilteo School Districts.

Our local public schools are highly regarded for strong financial management, excellent student performance, and high graduation rates. Everett Public Schools Superintendent Gary Cohn was recently named 2017 State Superintendent of the Year and the school board was recognized as a

2016 Board of Distinction for its leadership. Just this last week, both Everett and Mukilteo received Title 1 Academic Achievement Awards for their work to significantly improve students' test scores in key subjects – two of only nine schools in the state to receive the recognition.

As our community grows and diversifies, so does the need for additional facilities and staff, and I will support the Everett School District as they make long-term investments in our schools and our students.

Everett also continues to benefit from a strong health care sector, led by nationally recognized Providence Regional Medical Center and the Everett Clinic.

In 2018, Seattle Children's Hospital will open a new regional clinic on Providence's Colby campus, bringing a broader range of specialty pediatric health care services to families in Snohomish County.

In southwest Everett, our advanced manufacturing and aerospace hub continues to attract new talent and new investors.

In May, we celebrated the grand opening of Electric Mirror's new headquarters and manufacturing plant. This family-owned company employs more than 400 people and last year was one of only two Washington companies to win the President's "E" award for its contributions in expanding U.S. exports.

At Boeing, production of the 777X is scheduled to begin in 2017, with first delivery targeted in 2020. The company's state-of-the-art, \$1 billion Composite Wing Center opened in 2016 and will manufacture the wings for the 777X. Even as the commercial airplane industry works its way through a near-term surplus of wide-body jetliners, Boeing is preparing for the next generation of wide-bodies in Everett.

The hard work done by the City of Everett, the Legislature, the Governor and others to ensure the 777X and its composite wings would be built in Everett is paying off – and will continue to pay off with thousands of high-paying jobs for decades to come. In addition to Boeing and aerospace tooling company MTorres, there are currently 61 firms employing more than 5,300 aerospace workers in Everett.

The positive impacts of our growing advanced manufacturing sector are felt throughout the city. The Port of Everett is beginning one of its busiest years ever, as it continues to strategically grow in order to support our aerospace and advanced manufacturing businesses. Last year the Port received a \$10 million TIGER grant to help fund the Seaport Modernization project that will support the 777X, and executed agreements for all of Riverside Business Parks, which will bring hundreds of jobs to north Everett.

Naval Station Everett is also looking forward to a year of growth. The arrival of yet another destroyer, the USS Ralph Johnson, will complete a roster of six destroyers that call Naval Station Everett home. Each carries a complement of more than 300 sailors, together bringing hundreds

of Navy families to our city and county. The aircraft carrier USS Nimitz remains scheduled to return to Everett in 2019.

Together with the Economic Alliance and County and Port officials, I make an annual trip to the Pentagon, where Everett continues to be recognized by Navy leadership as a vital strategic asset.

There is more to do to ensure that we can make the best use of our waterfront. I continue to work closely with the Economic Alliance to push for an expanded Coast Guard presence in Everett, which will bolster our already thriving maritime sector.

I am also committed to seeing positive action on the vacant Kimberly-Clark site this year. When the mill closed in 2012, leaving 700 families in the lurch, Everett's elected leaders did the responsible thing and conducted a thorough planning process to ensure that the site would remain viable for maritime use. Kimberly-Clark, by refusing to take responsibility for the environmental cleanup, has effectively held the property hostage for more than four years, preventing interested investors from realizing its potential. I have directed my staff, in cooperation with the Department of Ecology, to explore additional legal options against Kimberly-Clark to compel them to begin the required cleanup.

Residential and commercial development

Whether it's Navy families or aerospace engineers, newcomers to Everett are discovering a city in the midst of an transformation. Our downtown core is active with families and young professionals taking advantage of new housing options, arts and music venues, and a wealth of restaurants, pubs and breweries.

We've added 1,000 housing units in the past decade, and we project another 1,000 units to be added in the next 10 years. Our newest apartment buildings – Aero Apartments and Potala Place – remain fully occupied.

I strongly recruited toy maker Funko to locate their new headquarters in downtown Everett, and I am looking forward to having such creative neighbors just down the street from city hall. With over \$20 million in annual sales revenue, Funko is a huge draw for families and collectors. The company is actively renovating their building on Wetmore Avenue, and will begin moving employees to the new location in the very near future.

We have seen an influx of residents moving to Everett in recent years, and we expect many will take advantage of unique new housing opportunities on the Snohomish River and Port Gardner Bay. On the Riverfront, Polygon began building single-family homes in 2016 and has 22 sales to date. At the north end of the development, town homes are now under construction, with sales scheduled to start next week.

Stay tuned this year for major announcements about world-class retail options headed to the development's mixed-use center.

On the waterfront, the Port will begin construction this year on up to 268 residential units in Fisherman's Harbor, the first phase of Waterfront Place Central, and will continue to recruit the restaurants, hotels and retail that will fill the new waterfront destination

The new downtown Marriott Hotel opened in November, adding another option for business travelers and visitors. The Holiday Inn on the east side of our commercial core and the Red Lion Inn in north Everett will both complete significant renovations early this year.

Having a wide range of hotel options close to downtown is vital for businesses and the events center, which had a banner year in 2016. The arena hosted more than 300 events, and exceeded its budget projection for the second year in a row. Events like the Pacific Rim Gymnastics, Disney on Ice, and the Everett Silvertips' playoff run attracted nearly 340,000 guests to Everett, and the arena has another great lineup this year.

All of this activity is not possible – nor sustainable – without the ability to reliably move goods and people. Investing in transportation infrastructure and multi-modal options has long been a priority of mine, and we've seen positive results from those efforts in recent years.

Projects from the Connecting Washington package approved by the Legislature in 2015 are already under way, including a significant freight mobility project along West Marine View Drive, Pacific, Rucker and 41st that will improve mobility for trucks moving goods between I-5 and the Port of Everett.

Two other critical regional projects were funded through the Connecting Washington package: a peak-commute shoulder lane on I-5 between Everett and Marysville and improvements on Highway 526 at Hardeson. Both projects are currently in design.

In 2016, with strong backing from local officials, businesses, unions and environmental groups, voters approved a major investment in our transportation future by passing Sound Transit's ST3 package. By 2036 – and we believe sooner – light rail will connect downtown Everett to Lynnwood, Seattle, Bellevue, Redmond, Sea-Tac and Tacoma, making commutes throughout the Puget Sound region fast, affordable and reliable. We will work closely with Sound Transit and Community Transit to ensure fast, efficient connections from all of our neighborhoods and job centers to the light-rail system.

In 2016 we finally saw approval of a commercial air terminal at Paine Field, a long-overdue amenity that will be a benefit to business commuters and vacationers alike. Propeller Airports is moving through the permitting process and we expect to see construction begin sometime next year.

Looking ahead:

It's exciting to see projects that have been in the works for over a decade coming to fruition, bringing jobs, people and revenue to Everett. But we know there is more to be done to protect our quality of life and create the city we envision.

In Olympia, we are hard at work to ensure that we have the resources we need to serve all of our residents, including those on the streets.

As lawmakers wrestle with the challenge of fully funding K-12 education this session, we'll encourage them to see cities as their partners in delivering services to our citizens and avoid the temptation to sweep dollars that currently pay for local services into the state general fund.

We are also working in partnership with Snohomish County and others to secure state capital dollars to expand access to drug and mental health treatment beds in our community. Councilmembers Murphy, Franklin and Roberts were with me in Olympia last week as I made that case with our legislators.

Along with cities and counties throughout the state, we will also be pushing the state legislature to lift the 1 percent limitation on the property tax growth and establish a rate that adjusts for future inflation. Without that, all cities in the state continue to face a structural deficit situation, falling further and further behind every year as inflation outpaces revenue.

Here at home, we remain committed to strategically planning for future growth, investing in critical infrastructure and public safety, and providing affordable, accessible amenities for our entire community.

This month a group of 22 community volunteers started their work to update the Vision 2025 report that was initially developed in 2005. The committee will review goals that have already been achieved, identify what remains to be done, and establish new action strategies that the City could pursue.

We are now a city of more than 108,000, and we are projected to grow by another 60,000 people in the next 18 years. We know that most of that growth will occur in the downtown and Everett Station areas, and we are working to position ourselves to best guide and encourage responsible development. The planning department's Metro Everett plan, which includes strategies and incentives for those target areas, will come before the planning commission and Council for approval this summer.

Everett Transit this month begins outreach and analysis as they develop their long-range plan for a 20-year horizon. The effort will help us understand how we can best fit into the regional transit network and how and where to expand our services as our community continues to grow.

We are continuously looking for opportunities to improve the walkability of our neighborhoods and enhance our open spaces. This year we will add new sidewalks and pedestrian-friendly features to improve the streetscape on Hoyt Avenue between Wall and Pacific and on Rucker Avenue between Pacific and Everett Avenue.

This spring we'll break ground on the Grand Avenue Park pedestrian bridge and stormwater pipeline project. The new bridge will connect the Grand Avenue Park bluff with our beautiful waterfront, while also replacing failing underground pipelines. This will be an incredible new amenity for residents and visitors, and new way to access the Port's upcoming developments.

This year we'll also begin building the first phase of a new 3-acre park at the Riverfront, giving residents another place to enjoy Everett's beautiful natural surroundings.

Finally, in August Council approved my request to fund an expansion of the south Everett library branch, which will add 5,000 square feet to the branch, including new spaces for meeting, studying and children's activities. Council President Tuohy is a major champion of this project as well, and with Council's support, we hope to begin construction later this year. I look forward to opening an expanded, enhanced space for the families and students who use the Evergreen branch on a daily basis.

Public Safety

Ensuring our community's safety has always been my number one priority. We are incredibly fortunate in Everett to have dedicated first responders serving and protecting our community members. In the past two years we've hired 25 firefighters, with 10 more joining the ranks this April. In that same time we've hired 36 police officers, and added five new positions as part of the new Community Outreach and Enforcement Team.

Last week Everett Fire's new chief, Eric Hicks, was formally sworn in, taking over from retiring Chief Murray Gordon. I look forward to working with Chief Hicks to ensure our department is strategically positioned to respond to the ever-changing demands of the fire and EMS fields.

Like cities across the state and country, in recent years our public safety efforts have focused on street-level social issues like homelessness, addiction and mental illness. We are committed to ensuring the health and safety of everyone in our community, from those vulnerable residents who live on the streets to our families and businesses that are often most affected by growing street populations.

These are complex, constantly evolving challenges, and across our own state we see communities that are struggling to respond effectively. I am proud that with the help of our local and regional partners, and with the incredible support of our community members, we have taken a comprehensive approach to solving these issues, and we are starting to see results.

Last year we made great strides in implementing the Safe Streets plan, the City's response to the recommendations of the Community Streets Initiative Task Force I convened in 2014. The plan focuses on proven approaches to housing, enforcement and outreach, and diversion programs to create pathways for those on the street and to ensure the safety of our entire community.

In 2016, we launched a new work crew program to provide an alternative to prosecution and jail-time for low-level offenders and to clean up areas affected by street populations. The program also provides skills training and connections to services and treatment. Between April and December, 42 individuals successfully completed the program, and crews picked up more than 700 large bags of garbage.

We saw great initial results from the first evaluation of our Chronic Utilizers Alternative Response Team, or CHART, program, which brings together emergency responders, law

enforcement, service providers and nonprofits to find solutions for the most chronic utilizers of our emergency and criminal justice systems.

In the six months after being enrolled in the program, the first six individuals identified by CHART had an 80 percent reduction in EMS contacts with Everett Fire, an 80 percent reduction in Everett Police arrests and a 92 percent reduction in jail days.

The Everett Police department launched our Community Outreach and Enforcement Team, including hiring two full-time social workers to help connect those on the streets with treatment and services. All Everett patrol officers now carry Naloxone kits to reverse the effects of opioid overdoses and in 2016 alone, we utilized this new tool to save 21 lives.

Everett Police also formally joined the Police Assisted Addiction Recovery Initiative, and have now sent 13 individuals from Everett to long-term treatment centers out of state through the program, at no cost to the City.

In July I appointed Hil Kaman to a newly created position of Public Health and Safety Director to oversee our efforts around homelessness, mental illness and substance-use disorders. Community education and engagement are a critical component of our work, and in 2016 we hosted several major public forums and spoke with countless community groups about how we're responding to this crisis.

At the foundation of all of our efforts is housing. We know that we have a need for housing at all price points, but particularly for those with little or no income. County planners estimate we would need to add 1,000 units of affordable housing each year for the next 20 years to meet the needs of our community, and we fall further behind each year.

With a rental vacancy rate of less than 2 percent, those with little or no income are left with virtually no options. For those with the added complications of addiction or mental illness, the obstacles are often too great to overcome without assistance.

In 2016, I continued to champion housing opportunities for those on the streets. We selected Catholic Housing Services to build a permanent supportive apartment facility with on-site services and case management for 70 chronically homeless individuals, many of whom struggle extensively with mental illness and addiction.

I want to publically acknowledge and thank our City Council, who last fall unanimously approved a resolution to move the project forward at our preferred site off Evergreen Way at Berkshire Drive. We began the SEPA process at the end of 2016 and Catholic Housing Services will continue to work through the permitting and design phases this year. We expect to break ground on the building this fall.

It is clear that more housing is needed – in Everett and throughout the county – and in 2017 I will continue to advocate for additional funding for homeless housing projects in our community.

In our ongoing work to create a safe and healthy community for all of our residents, there is one issue that remains a challenge for all of us: the opioid crisis. We all know someone who has been impacted by this epidemic and we see it playing out on our streets every day. At the City, our police and emergency responders feel the impacts most acutely, but rampant opioid use affects every department, from Public Works and Parks crews who encounter needles and other debris in their cleanups to library staff faced with drug dealing and overdoses at our libraries.

As the Everett Herald reported this morning, we now know that Purdue Pharmaceuticals knowingly allowed its OxyContin pills to be funneled through the black market and into communities across the country, including directly into Everett. The City Council and I were outraged and wanted Purdue to be held responsible for failing to stop the flood of pills into our community, directly causing our current heroin crisis.

Last summer, I directed staff to work with outside counsel to explore our legal options and based on what we learned, I will ask Council tonight to authorize a lawsuit against Purdue for the damage they have caused our community.

The crisis caused by Purdue's drive for profit has overwhelmed our community's ability to respond. Our jails are overwhelmed, our treatment system lacks capacity to meet the growing needs, and our residents and businesses demand that we do more. Purdue must be held accountable.

At the same time that we seek to hold Purdue responsible, we will continue our efforts to respond to the challenges we face right now in Everett.

One ongoing issue is that our jail lacks the capacity to adequately respond to this crisis. Sheriff Trenary deserves a lot of credit for his work to increase the jail's medical staff and services to deal with the scope of the problem. I also recognize his need to ensure that he can safely and effectively respond to inmates experiencing withdrawals or other medical issues. But our community feels the impact of the jail's current booking policies – nearly 20 percent of the individuals our police bring to the jail for misdemeanor crimes are declined booking for medical or detox reasons.

It is not simply a matter of our jail doing more, but that our larger treatment system is broken and grossly inadequate. There are 10 times as many people detoxing from drugs in our jail than in all the available detox beds in Snohomish County. That is why I have been in Olympia supporting a 5-county, \$32 million request to increase treatment capacity in our community.

The Sheriff and I have committed to work together to create the first-class, innovative detention facility that our community deserves.

He and I, along with Executive Somers and Chief Templeman, are forming a work group of experts to take a closer look at innovative incarceration and diversion approaches from around the state and country and determine what we can implement here in Everett.

Our community deserves a system where the right people are in jail, the right people are diverted into alternative programs, and those who need treatment for addiction or mental illness can get the services they need.

We have accomplished a lot in the last couple years, but there is much more to do. I continue to be greatly impressed by and appreciative of the experience and knowledge of our local service providers, and their willingness to partner with us to address these critically important issues. As I talk to residents and business owners throughout the city, I am struck by their deep compassion for those on the streets and their willingness to be part of the solution to the challenges that are affecting us all. I am convinced we are on right path, and I am committed to seeing this work continue.

It is an honor to serve as your Mayor. Every day I have the opportunity to maximize the potential of our great city, to guide its growth and protect its past, and to make a positive impact in the lives of all our community members – young, old, housed, not housed, Everett born or only here a few months.

As you reflect on all of the growth and development that our community is experiencing, I hope that you are as excited as I am about what lies ahead for our great city.

Each of us here this morning has a role to play, and I thank you all for contributing to our collective quality of life and our vitality as a city. Our future has never been brighter.