

October 26, 2016

The regular meeting of the Everett City Council was called to order at 12:30 p.m., October 26, 2016, in the City Council Chambers of the William E. Moore Historic City Hall, Council President Murphy presiding. Upon roll call, it was found that Mayor Stephanson and Council Members Roberts, Moore, Murphy, Franklin, Bader, and Tuohy were present. Council Member Stonecipher was excused.

Council Member Roberts led the Pledge of Allegiance.

The minutes of the October 19, 2016, City Council meeting were approved as printed. Council Members Roberts and Franklin abstained from the vote.

MAYOR

BUDGET ADDRESS

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Council President Murphy, City Council members, City staff and residents of Everett:

Today I am pleased to present to you a proposed balanced budget for 2017. My budget includes important enhancements to our city's infrastructure and public amenities, and continues our investments in public safety and housing aimed at creating long-term solutions for street-level social issues.

ECONOMIC DEVELOPMENT AND NEW HOUSING OPPORTUNITIES

Our community has much to be proud of as we near the end of 2016, and even more to look forward to in 2017. After years of recession and recovery, we are seeing long-awaited developments gathering steam and new faces in our commercial cores.

On the housing front, Polygon has begun building single-family homes along the Snohomish River and has already pre-sold 10 houses. In 2017

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the City will 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. Polygon is working diligently to bring world-class retail options to the development, and I look forward to major announcements in the coming months.

To the west, the Port has reached terms with a housing developer for 254 housing units in Fisherman's Harbor, the first phase of Waterfront Place Central, and has selected a preferred developer for a 140-room hotel. They are hard at work recruiting restaurants and retail business for the district, and expect vertical construction to begin by late 2017.

Our college district continues to expand and attract new talent. Next fall Washington State University will open the new home for WSU Everett programs, including mechanical engineering, electrical engineering, hospitality and business management.

Last week WSU received preliminary accreditation for their medical school, with its inaugural class slated to enroll next fall. The community-based model means WSU medical students will be able to train with Everett health care providers like Providence Regional Medical Center and the Everett Clinic.

Everett Community College continues to create pathways for students interested in manufacturing and technical careers. The college opened new housing for 120 students this fall, and is expanding their Advanced Manufacturing Training and Education Center.

Also in north Everett, Children's Hospital will begin construction on a 36,000-square-foot facility at the Providence campus in 2017, offering specialized care for families from all over the region.

In the downtown core, we are now beginning to realize the vibrant, walkable neighborhood we've envisioned for many years. 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.

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After a brief slow-down, the 10,000-square-foot Farms & Market at Potala Place is back on track, with tenant improvements beginning in January. Choux Choux Bakery opened on the ground floor in September, and several other tenants are in lease negotiations.

We are thrilled to welcome Funko to Wetmore Avenue and are looking forward to the energy and creativity they'll bring to the downtown. Funko is a national leader in toy production, with over \$20 million in annual sales revenue. They will move 150 employees to the new Everett headquarters by January 2017.

The beautiful Marriott Hotel just behind us is set to open within weeks, adding another option for business travelers and visitors. On the east side of our commercial core, the Holiday Inn is undergoing a complete renovation that will be completed in early 2017. To the north, the Red Lion Inn has also been completely remodeled, and will reopen early next year. Having a wide range of hotel options close to downtown is vital for businesses and the events center, which has brought several major conferences and national events to Everett this year.

In southwest Everett, our aerospace, technology and manufacturing companies continue to propel our economy forward.

The Boeing Company, which celebrated 100 years this summer, opened the new Composite Wing Center in June, a \$1 billion, 1.3 million-square-foot facility where workers will build carbon-fiber wings for the 777X jetliner. Everett's first Fortune 500 company, Fortive, opened for business in July.

And, after far too many years, we will finally see commercial air service beginning at Paine Field next year. With nearly 200,000 vehicles now traveling on I-5 through Everett every day, I know that our citizens and workers will be grateful to have an air-travel option close to home.

FINANCIAL OUTLOOK

All of this development activity and new business in Everett has translated into increased resources for the City. General government revenues are

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currently projected to end the year with a total of \$131.4 million, which is \$2.8 million over the amended budget.

However, we are keenly aware that increased revenues are not the norm, and as construction stabilizes in the coming years, we will once again face a structural deficit. The cost of operations continues to rise, and we must have a more consistently reliable source of revenue in order to maintain the service levels our residents rely upon. In 2017, we will ask the state legislature to lift the 1 percent limitation on the property tax growth and establish a rate that adjusts for future inflation.

In the meantime, my proposed 2017 budget uses the revenues from our rebounding economy to replenish our reserves, prefund financial obligations where possible, and plan for future repair and replacement needs.

INVESTING IN CITY INFRASTRUCTURE

This year and next, we are focused on improving critical City infrastructure and enhancing the public amenities that make Everett a place people want to work and live.

This summer we began work on a project that will keep freight and traffic moving between the Port and I-5 by adding capacity and improving key intersections on Pacific, Rucker and Marine View Drive. The state's 2015 transportation investment package provided funding for the project, which will wrap up next spring.

Next 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. More than half of the project funding comes from grants.

We continue to make progress on our efforts to separate stormwater flows from the combined sewer system in north Everett, and will begin several more separation projects next year. In 2017 we will begin design work for a new water reservoir to replace the deteriorating Reservoir 2 on Rucker Hill, which is 105 years old. The replacement work will begin in 2018.

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The 7.5-mile Tulalip Water Pipeline, a joint project between the City and the Tulalip Tribes, is nearly complete, and by the end of the year the Tulalip Reservation will begin receiving water from the Everett water system. The new pipeline can carry up to 36 million gallons of water a day, providing a reliable, long-term water supply for the Tribe.

Our parks department completed several major projects this year, including replacing two 15-year-old soccer fields at Kasch Park with new multipurpose sports fields. The \$2.9 million project was partially funded by grants from the Washington Recreation and Conservation Office.

In north Everett, neighbors helped celebrate the renovation of Senator Henry M. Jackson Park this spring, a project that revitalized the west side of the park with a new play area, community garden, restrooms, picnic shelters, walking paths, and more. The \$2.5 million project was partially funded by a Community Development Block Grant and grants from the Washington Recreation and Conservation Office.

In the coming year we will begin construction 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 deteriorated underground pipelines.

Finally, with the Council's approval, we will begin construction on the expansion of the south Everett library branch in 2017. This long-overdue project will add 5,000 square feet to the branch, including new spaces for meeting, studying and children's activities, more restrooms and more computers.

FACING THE CHALLENGES OF HOMELESSNESS

In 2017 we will continue to build on our early successes in finding new, more effective approaches to alleviating homelessness, mental illness and addiction on our streets. Thanks to the dedication of our first responders, City staff and community partners, we have already delivered on many of the goals we outlined in fall 2015.

In July I appointed Hil Kaman to lead the City's ongoing efforts through a newly created Director of Public Health and Safety position. Everett Police

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has established a dedicated Community Outreach and Enforcement Team, which includes two embedded social workers. The unit is connecting those on the streets with treatment and services, including through an innovative partnership with the national Police Assisted Addiction Recovery Initiative.

We've had a very positive response to our work crew program, which began in April. We are now expanding the program to allow for referrals from the Everett Municipal Court and officers throughout the city.

This summer the City Council approved the selection of Catholic Housing Services to build and operate a 70-unit permanent supportive housing building in Everett. The developer will begin the permitting process in November, with construction expected to begin in fall 2017. Providence Regional Medical Center and Snohomish County have committed to providing funding for around-the-clock residential support services at the facility, and my proposed 2017 budget includes \$200,000 for the City's match.

CHARTING A COURSE FOR THE FUTURE

Everett's population now tops 108,000, and by 2035, the Puget Sound Regional Council estimates that number will grow by an additional 60,000 people. That growth will bring challenges, including increased traffic and a greater need for housing at all price points, as well as opportunities to strategically reinvest in our city. As City leaders, we must set a course that is responsible, thoughtful and remains true to the values we hold as a community.

The downtown and Everett Station area are projected to accommodate most of our future population growth, and our planning department is leading an effort to develop strategies and incentives to guide development in those areas. The Metro Everett plan will come before the planning commission and Council for approval next summer.

In January, a group of community volunteers will come together 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.

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In November I will begin my 14th year as Everett's mayor. While we continue to face new issues that challenge us to respond in different and more efficient ways, I have never been more optimistic about what I'm seeing in our community. I believe Everett has unlimited potential, and I look forward to what we will accomplish together over the coming year.

In closing, I want to acknowledge our City employees, who provide a high level of service and care to our community on a daily basis. It is an honor to work alongside them.

I would also like to thank the City Council for your continuing commitment to Everett and the future of our region.

Sincerely,

Mayor Ray Stephanson

COUNCIL

Council members thanked the Mayor and City staff for their work on the budget.

Council Member Franklin spoke about the Beyond the Streets event that took place on October 25, 6:30 p.m., at the Historic Everett Theatre. She thanked community members and Community Streets Initiative task force members for their involvement.

Council Member Tuohy provided a liaison report on her attendance at the Historical Commission meeting last night. She also invited the public to attend a library fundraising event to be held on November 3, 7 p.m., at the Everett Public Library, and the 100th anniversary of the Everett Massacre organized by Historic Everett on November 3, 5:30 p.m., at the Anchor Tavern.

Council Member Moore expressed his excitement about a positive outlook for Everett in the next five years.

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Council Member Bader provided a liaison report on his attendance at the Transportation Advisory Committee meeting last week. He also stated that he is employed by the Archdiocese of Seattle, and the head of this corporation is also the head of Catholic Housing Services. After discussing and reviewing with the city attorney, Council Member Bader stated that he has no involvement with Catholic Housing Services, so there is no conflict of interest to prevent him from participating in discussion and voting on items related to the low-barrier housing.

Council Member Roberts thanked the Mayor, Council Member Franklin, and all others who participated at the Beyond the Streets meeting last night. He also reported on his attendance at the Rail-Volution Conference in San Francisco last week. Council Member Roberts provided an update on the work of the Joint Transportation Committee around real safety issues.

President Murphy recognized the Mayor and Council Member Franklin for their work on the Beyond the Streets event.

ADMINISTRATION UPDATE ON PRIOR BUSINESS

Debra Bryant, Administration, had no report.

CITY ATTORNEY

City Attorney Iles requested an executive session, anticipated to last no longer than 20 minutes, concerning a legal matter pursuant to RCW 42.30.110(1)(i)(c) with no announcement to follow.

CITIZEN COMMENTS

Gary Watts, Everett, spoke in support of the low-barrier housing project and problems with Smith Ave. corridor.

J.T. Dray, Everett, spoke about a counterproposal to the Charter Review Committee's recommendation to establish a committee separate from the

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Transportation Advisory Committee (TAC) that would be devoted exclusively to Everett Transit.

Willie Russell, Everett, spoke in support of the low-barrier housing project and encouraged Council to solve homelessness.

COUNCIL BRIEFING AGENDA:

Briefing on a potential amendment to the Zoning Code to allow detached accessory dwelling units in single family zones.

Presented by Allan Giffen, Planning.

Council members supported the proposed review process. Considerable discussion ensued regarding design standards, parking requirements, considerations for different parts of the City, an owner-occupancy requirement, and the need for a clear set of rules and standards for the City staff.

Council Member Tuohy inquired about a number of homes that would require an amnesty process.

Council Member Franklin suggested it would be beneficial to get information from other communities about parking impacts.

Authorize the Mayor to sign the Interlocal Agreement with Community Transit for the SWIFT II BRT project.

Presented by Dave Davis, Public Works.

Council Member Bader asked about planned stops along the Airport Rd. corridor.

Dave Davis, Public Works, stated he will provide that information by the next council meeting.

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PROPOSED ACTION ITEMS:

COUNCIL BILL 1610-43

SECOND READING:

AN ORDINANCE authorizing the issuance of Water and Sewer Revenue bonds in the principal amount not to exceed \$82,500,000 for the purpose of refunding certain outstanding revenue bonds of the City

COUNCIL BILL 1610-44

SECOND READING:

AN ORDINANCE closing a Special Improvement Project entitled "North Everett Pedestrian and Bicycle Safety" Fund 303 Program 093 as established by Ordinance No. 3243-11

CONSENT ITEMS:

Moved by Council Member Roberts, seconded by Council Member Bader, to approve the following consent items:

RESOLUTION - CLAIMS

To adopt Resolution No. 7041 acknowledging the payment of audited and approved claims against the City of Everett in the amount of \$1,180,741.57 for the period of October 8, 2016, through October 14, 2016.

RESOLUTION – ELECTRONIC TRANSFER CLAIMS

To adopt Resolution No. 7042 acknowledging payment of audited and approved electronic transfer claims against the City of Everett in the amount of \$6,366,762.39 for the period of September 1, 2016, through September 30, 2016.

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BID CALL – CITYWIDE INTERSECTION SIGNING PROJECT

To authorize Call for Bids for the Citywide Intersection Signing Project.

Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

PUBLIC HEARING – “ECLIPSE MILL PARK”

President Murphy opened a public hearing regarding a proposed resolution naming the proposed Riverfront Park in the Riverfront Redevelopment Project “Eclipse Mill Park.”

Council President Murphy invited public comment.

There were no citizens who wished to speak.

Moved by Council Member Franklin, seconded by Council Member Roberts, to close the public hearing.

Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

RESOLUTION – ECLIPSE MILL PARK

Moved by Council Member Franklin, seconded by Council Member Bader, to adopt Resolution No. 7043 naming the proposed Riverfront Park in the Riverfront Redevelopment Project “Eclipse Mill Park.”

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Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

ACTION ITEMS:

DONATION – ARTWORK

Moved by Council Member Franklin, seconded by Council Member Tuohy, to accept the donation of artwork created by a local artist to the Everett Municipal Art Collection from Diane Wright and Greg Nordholm.

Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

ARTWORK RESTORATION – ART FUNDS USE

Moved by Council Member Tuohy, seconded by Council Member Franklin, to approve the use of the 1% for Art Funds to repair and restore artwork in the City's Municipal Art Collection not to exceed \$50,000.

Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

FINAL PLAT APPROVAL – TOWNS AT RIVERFRONT

Moved by Council Member Franklin, seconded by Council Member Tuohy, to grant final plat approval for the Towns at Riverfront.

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Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

AGREEMENT – WHOLESALE WATER DELIVERY

Moved by Council Member Moore, seconded by Council Member Roberts, to authorize the Mayor to sign a Wholesale Water Delivery Contract for 2016-2066 with the Tulalip Tribes.

Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

**AGREEMENT AMENDED – WATER FILTRATION PLANT
PROGRAMMED LOGIC CONTROLLERS REPLACEMENT
PROJECT**

Moved by Council Member Roberts, seconded by Council Member Bader, to authorize the Mayor to sign Change Order No. 1 with Seahurst Electronic, Inc. for the Water Filtration Plant Programmed Logic Controllers Replacement Project in the additional amount of \$299,512.32 including Washington State sales tax.

Roll was called with all council members voting yes, except Council Member Stonecipher who was excused.

Motion carried.

PUBLIC HEARING – 2017 BUDGET

President Murphy opened a public hearing regarding the 2017 Budget, which will remain open for two more meetings through November 9, 2016.

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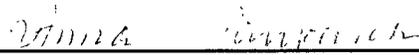
Debra Bryant, Administration, announced that City department heads would be in attendance at next week's budget hearing to address operational questions.

Council President Murphy invited public comment.

There were no citizens who wished to speak.

EXECUTIVE SESSION

The City Council meeting recessed for an executive session at 1:44 p.m., reconvened, and adjourned at 2:04 p.m.



Deputy City Clerk

Read and approved as printed.



Council President