

**CITY OF HARLINGEN—STATE OF THE CITY ADDRESS**

**APRIL 9, 2021 HARLINGEN CONVENTION CENTER**

**PERSEVERING, ADAPTING, THRIVING**

1. **Welcome.**

Good Afternoon and welcome back! It is good to be socially distancing with so many friends. I begin by thanking the Rotary Club of Harlingen for once again sponsoring and hosting this important annual report on the State of the City of Harlingen. Thanks to President Wayne Lowery and his team for not only the outstanding organization of this event but for the incredible amount of service they provide the community including volunteering at covid-19 clinics right here at the Harlingen Convention Center. Thank you so much.

2. **Covid-19.**

The year 2020 will indeed go down in history as famous if not infamous. It has been a year of pandemic described as unique, terrifying, exhausting, unusual, depressing, surreal, tragic and sad. We mourn for those we lost to the virus and recognize those who have suffered and survived it. But we must also recognize the extraordinary efforts made by so many and draw hope and inspiration from them. Since we declared a health emergency along with the State and County on March 16 of last year, healthcare workers, first responders, emergency care personnel, police men and women, fire men and women, essential workers, grocers and clerks, truck drivers, teachers, business men and women and everyday folks have responded magnificently. In the early days of the pandemic when we didn't really know what we were dealing with and we didn't know what to expect, the people of this community remained steadfast and prepared. The Marine Military Academy personnel made masks for the hospitals. We sheltered in place and voluntarily followed the strange new rules. The community and businesses adapted--many having to shut down entirely, then gradually reopening. Teachers taught on line. Doctors and Nurses experienced unimaginable shortages of personnel, protective gear, and high death rates unlike any they had seen.

Ambulance drivers waited 8 hours to off-load emergency patients. And grocers scrambled to re-stock shelves. Community organizations and the City organized food distributions for those in need. And, we learned to Zoom. Yet through it all, somehow, the people in this community hung in there and have arrived at a point not yet out of the tunnel, but where the light is shining more brightly at the end of it. Maybe I am biased, but I think people of Harlingen and of this region handled all of this far better than most. Thank you and God Bless you for your efforts in fighting Covid-19. The fight is not finished but we are going to finish the fight.

### **3. Financial Condition**

And so, yet despite all the difficulties and turmoil of this last year, our City has continued its path of growth and progress. The City as a whole has prospered. Yes. The State of the City is Strong.

Our general fund revenues comprised primarily of property and retail sales tax generated \$52,619,989 million against a budget of \$46,507,070.00. This resulted in an increase to our fund balance from \$20.6 million to \$26.1 million or 199 days of operations. This is the largest fund balance in the history of the city and includes about \$3.7 million in covid-19 CARES ACT funding. Even without the CARES ACT funds, the increase to the General Fund Balance would have been roughly 8%. Although we anticipated a potential loss in retail sales tax revenue of at least 8%, some suggesting it could go as high as 20%, we were in fact down only 1.2% from the prior year—nearly flat. And for the first 6 months of this fiscal year retail sales tax has increased by a whopping 10.29%. In other words, Covid-19 does not appear to have affected our finances and we are as financially strong as ever. And to give you some perspective on Harlingen's retail sales tax growth over the last 10 years, in 2011 our total retail sales tax revenues were \$14 million. In the first six months of this fiscal year, our sales tax revenues are \$13,801,934.

Just as exciting, is the strong growth in residential construction in Harlingen. We ended fiscal year 2020 up 34% from the prior year. And just six months into our current fiscal year, residential construction



has already exceeded last year by 50%. New residential construction is one of the leading indicators of economic strength and Harlingen is certainly showing how strong our economy is with this growth.

Altogether, we issued 759 building permits in fiscal year 2019-2020 with a construction value of over \$70,745, 000.

While there have been some job losses as a result of the Pandemic causing our unemployment rate to go up from 5.3% to 8.8%, that still represents a significant drop from 16.5% in May of 2020 at the height of the pandemic restrictions on businesses. With full reopening in Texas in March, we expect to see that come back down. Another very positive note to the city's balance sheet is the reduction in our unfunded liability to the Texas Municipal Retirement Fund down from \$8 million to just over \$600,000. Also, this fiscal year, the City of Harlingen dropped its tax rate from 63 cents per \$100 valuation to just under 62 cents. Harlingen continues to have the lowest tax rate of the larger cities in Cameron County and most in Hidalgo County by a margin of at least 12%.

In 2020 the City received a total of \$40 million in grant funding. And I will talk a little more about those grants later in this presentation.

#### 4. **New Businesses and Industry.**

2020 also brought us many new businesses and employers. In December 2020, TASKUS, announced Harlingen as its third Texas location. TASKUS is the leading tech-enables business service company delivering CX, AI Operations, and content security to the world's most innovative companies. TASKUS has already hired 500 new employees with plans to increase that number to 1000. That's right, One Thousand new jobs for Harlingen. Their headquarters will be in space at Valle Vista mall but with many employees also working from home.

Prime Healthcare will also consolidate their backroom operations for a substantial part of their Hospital system ultimately expanding their presence here by another 200 jobs within the next 24 months.

Our Industrial Park has also experienced dramatic growth over the last two years with company's like Western Food Group and its 50 employees joining 8 other new businesses in almost 60,000 square feet of commercial buildings. Also, making Harlingen its new home is Marc Jones Construction, LLC doing business as Sunpro which will bring 100 new jobs to Harlingen in a 25,000 square feet facility along FM 106.

I mentioned earlier the 10.29% increase in sales tax for the first half of this fiscal year. One reason for that is the numerous new businesses which have opened in Harlingen in 2020 like Elliff Kubota Tractor Dealership, TJ Maxx, Reyna's Bar-B-Que, Firehouse Subs, Velvet Magnolia Furniture, the further expansion of shops at Stewart Place Crossing and coming later this year Modern Express Furniture Decorators, just to name a few.

Altogether, we estimate that all of these new businesses have or will create 1578 new jobs in Harlingen.

##### 5. **Drainage and Infrastructure**

We're proud of the economic growth we are experiencing and the strong financial health of our city which is precisely why we can make drainage projects and other infrastructure a top priority. Over the last 5 years, the City of Harlingen has completed over \$63 million in public works and infrastructure projects. Unlike park projects, convention centers, new retail stores or hotels, drainage projects are largely invisible. Most people don't know they're happening. They just wonder why we're tearing up the streets. And when they're done, they're underground and out of sight.

But as I reported last year, over roughly the last 10 years the City has completed or is in the process of completing nearly \$20 million of drainage projects of the \$43 million in projects identified in our 2008 Master Drainage Study and Plan. Those include the Downtown Drainage Improvements, Matz New Combes Drainage, the 7<sup>th</sup> and Bowie Drainage Project, the Northwest Drainage Improvements, the 9<sup>th</sup> and 13<sup>th</sup> street drainage project, the Northwest Drainage Improvements Phases I through IV, the Buchanan, Hays, & M Street Drainage Improvements Phases I through IV, the Jefferson Drainage Ditch, and the 3<sup>rd</sup> Street Drainage Ditch Improvement Project. Those projects were paid for with \$7.2 million dollars in General Fund Revenues and \$9 million in state and federal grants.

We have also completed seven more Drainage Projects including Altas Palmas, Beckham Road, Secluded Acres, Becky Lane, Halpin Road, Lake Drive, and the 13<sup>th</sup> Street Drainage Ditch at additional cost of \$272,000. Currently underway and nearing completion is the 9<sup>th</sup> and 13<sup>th</sup> Street Drainage Improvements Project at total cost of \$2.86 million funded in part by a \$1 million FEMA grant and \$1.3 million from the Texas Water Development Board. We have also budgeted \$495,000 this year for the Dixieland Drainage Ditch Improvements currently under construction. I want to thank the Harlingen Irrigation District #1 and the Drainage District #5 for their partnership that has allowed us to improve the 13<sup>th</sup> Street and the Dixieland Drainage Ditches.

The healthy fund balance of \$26.1 million which I reported on earlier will also help fund the planned 5<sup>th</sup> & 7<sup>th</sup> Streets Storm Sewer Improvements, the 77 & 13<sup>th</sup> Street Storm Sewer Improvements and the 21<sup>st</sup> Storm Drain Improvements totaling over \$10 million dollars more for drainage. FEMA and HMGP grants have already been submitted for each of those projects and so far, they have been received favorably by those agencies. And we hope to be underway with those projects soon.

The City of Harlingen also led the way in securing a \$5.6 million grant for a Harlingen Regional Flood Planning Study from the Texas Water Development Board. The difference in the grant award and the \$6.2 million cost for the study will come from the cities of Harlingen, and neighboring cities of San Benito, Palm Valley, Primera, Combes, Irrigation District No. 1 and Drainage District No. 5. Harlingen will administer the grant and the study which will be unlike any we have completed before because of the unprecedented cooperation and regional nature of the project. The results; an updated storm water master drainage plan for Harlingen and our entire region. The goal is to coordinate the flood planning for each community so that we maximize efficiency and don't drain into each other. This will be our new drainage and flood planning roadmap for the next 10 years.

Another milestone in flood management for our community will be the Arroyo Colorado Clearing and Dredging project also be paid for by the International Boundary & Water Commission (IBWC). This time, not only will we clear debris and barriers that inhibit the flow of water through the Arroyo but we will dredge a portion to make it deeper and increase the flow making it less likely that the Arroyo will crest during or after flooding not just in Harlingen but from upstream.

Drainage is a top priority but so are our streets. We completed 8.33 miles of street improvements as part of our 2019 street improvement plan and this year we plan to rehab and additional 18 roadways.

And have you noticed those new sidewalks? A \$3.9 million grant from the Texas Department of Transportation is adding 13.2 miles of sidewalks to our city. And a separate grant for \$544,000 from the Federal Highway Administration is helping us add 1.5 miles of sidewalks along Loop 499 from Harrison to Rio Hondo Road. We heard the needs of residents in the Vela Middle School area and added sidewalks and a pedestrian bridge to improve the safety of children walking to school currently under construction.



## **6. Water and Wastewater Improvements**

There are very few things as important to the overall health of a community than safe and sanitary drinking water and wastewater. And our Harlingen Waterworks team has been doing a fantastic job of delivering robust water and wastewater infrastructure improvements. Last year they replaced 17,500 feet of failing water mains as part of the Treasure Hills Waterline Replacement Project. We purchased 170 acre-feet of water rights to further ensure water availability for the City's growth. The Utility replaced or rehabilitated three wastewater lift stations and 55 manholes. And also replaced more than 5000 aging water meters along with implementing a computerized maintenance management system to improve operational efficiency and better customer service.

On behalf of the entire community, I want to express our sincere appreciation for the heroic efforts of the Waterworks team in keeping our water on during the great freeze of February 2021. When the power grid cut power to all water treatment plants, Harlingen kept the systems running and pressure on and avoided any water loss to our residents. Thank you Harlingen Waterworks!

## **7. Public Safety**

The safety of our community is always at the very top of our list of priorities. And it is with great pride that I announce an overall drop in our 2020 Crime rate of over 18%. Violent crime was down 11%. Property crime was down 20% and other crimes such as drug offenses and fraud and forgery were down 12%. The HPD hosted the Texas Sergeants Academy along with the Texas Municipal League & Institute for Law Enforcement Administration being the only city in the Rio Grande Valley to host the two-week program. Despite Covid 19, the Harlingen Police Department once again sponsored the Shop with a Cop program taking 55 deserving school children on a Christmas shopping spree that celebrates and embodies the true meaning of Christmas. The joy these officers gave to these youngsters will undoubtedly be remembered by them for the rest of their lives.



In a year in which police practices around the nation have been scrutinized, I can tell you that the Harlingen Police Department has for many years now already engaged in the Best Practices advocated by so many in the wake of the George Floyd case. You can be proud that you have a best practices department.

The Harlingen City Commission is committed to supporting the men and women of our Police Department by giving them the resources they need to do the job including this fiscal year funding 20 new police cruisers.

#### **8. Park Projects**

Great cities have great parks. They are important for the beauty and character of a city. They are important for our children. They promote good health for the citizens of our community. They give newcomers and longtime residents alike the ability to exercise, enjoy nature and get outside with the kids. And this past year we broke ground and cut ribbons on four outstanding projects. Funded by a \$1.2 million grant from the Legacy Foundation and some land donated by Boggus Motors, we broke ground on the Arroyo Colorado Hike & Bike Trail Extension. Now under construction is an all-weather, all-purpose trail from the end of the current Arroyo Trail at the trailhead I-69E west all the way to Dixieland Road. Harlingen is well-known for this truly unique and scenic trail and being able add another 1.6 miles to the existing 2.8 mile trail will greatly increase the size of this hiking and biking venue. This wonderful Hike and Bike Trail will directly contribute to improved health of our residents. We again thank the Legacy Foundation, Community Improvement Board, and Boggus Motors for the great partnership to promote the health and well-being of citizens.

Another significant project which came in on time and on budget, were the dramatic improvements made to Lon C. Hill Park as we endeavor to create a true Destination Park. This first phase which elevated the beauty and walkability of the Park was funded by the 1/8<sup>th</sup> of a cent of retail sales tax dedicated for these purposes. In 2007 the voters approved the creation of the Harlingen Community Improvement





Corporation under Section 4B of the Texas Development Act (sometime simply called the 4B.) In doing so, the voters earmarked that money strictly for use on such projects as “sports and athletic facilities, tourism and entertainment facilities, Parks and Convention facilities”. The funding is restricted and cannot be used to fund general fund items such as Police and Fire or Drainage. So, it is with great care that the 4B Board has identified projects like the Destination Park as in keeping with what the voters authorized back in 2007. We thank the 4B Board for their commitment and leadership. We also thank State Representative Oscar Longoria for championing for us a \$1 million Parks and Wildlife Grant which allowed us to complete the project.

Our projects didn’t end there. We added our sixth All-Inclusive Playground at Hunter Park thanks to a federal Community Development Block Grant. The new playground included specialized ramping for wheelchairs, synthetic turf and a sidewalk that connects to the parking lot also for easier wheelchair access.

We’re also nearing completion on the new additions to the HEB Tennis Center which will include a new Pro-Shop building and spectator area.

**9. Institute of Neuroscience—University of Texas-Rio Grande Valley School of Medicine**

In November 2019 we broke ground on the UT Health Rio Grande Valley Institute of Neuroscience. This is a huge milestone for the UTRGV School of Medicine campus here in Harlingen. The \$30 million 32,570 square foot building is nearing completion off of Haine street on 35 acres donated to the School of Medicine by the Harlingen Economic Development Corporation. As the departments of neurology, psychiatry, and neurosciences at UTGV School of Medicine grow, the facility will house clinics and diagnostic centers for numerous neuropsychiatric and aging disorders while also leading the way forward in clinical and laboratory research for the Rio Grande Valley. The facility will serve as an incubator to train neurologists, psychiatrists, and neuroscientists of the future. In summary, the Institute for



Neuroscience facility will serve as a world-class clinical and research site for neuroscience. The facility will be a state-of-the-art space where clinicians and scientists can interact to develop and test new ideas for behavioral health and neurological care.

This is only Phase I of a potential two or three phase facility that may eventually comprise over 60,000 square feet.

And did I mention ..... it's in Harlingen.

#### **10. UTRGV and HCISD Early College High School**

The Institute of Neuroscience wasn't the only UTRGV project in Harlingen this past year. In September 2020, UTRGV the Harlingen Consolidated Independent School District and the City of Harlingen broke ground on the UTRGV and HCISD Early College High School campus—masks and all. This campus will allow high school students to participate in dual enrollment high school classes and then complete a four-year degree in their home town. This is another great example of what partnerships do to enhance the quality of life for our citizens. And we're getting good at it. In this case, the city contributed the land. This campus brings the overall UTRGV campus in Harlingen up to over 80 acres. Congratulations to the leadership of UTRGV and HCISD for envisioning higher education opportunities at home for the youth of Harlingen.

And did I mention ..... this is in Harlingen too!

#### **11. Hilton Garden Inn.**

Another exciting project completed here in Harlingen this past year is the beautiful Hilton Garden Inn which adjoins this Convention Center. This \$30 million plus project is based entirely on private investment. Owned by BC Lynd, which operates the convention center for us, this new investment in the city of Harlingen brings a 150-room upper upscale hotel property to our city. This is the city's largest hotel

by a wide margin and gives us hospitality and tourism capability which we simply did not have before. This is the only hotel to adjoin a convention center in the Rio Grande Valley. Congratulations BC Lynd.

## **12. Harlingen Goes to Mars**

While Space-X has been making headlines at Boca Chica Beach, it should be noted that Harlingen residents made some headlines of their own as United Launch Alliance landed the Rover on Mars.

On February 18, 2021 the NASA Mars 2020 Perseverance rover landed on Mars as the most sophisticated rover NASA has ever sent to the Red Planet. It will collect carefully selected and documented rock and sediment samples for future return to Earth, search for signs of microbial life, characterize the planet's geology and climate and pave the way for human exploration. And it all started on a ULA Atlas 5 rocket that launched 8 months ago. The ULA rocket propelled this rover on its 293 MILLION mile journey to Mars, and parts of it were manufactured in Harlingen! The Harlingen ULA team were responsible for the Payload Adapter, Booster Adapter and Centaur Adapter Fabrication of the rocket. We're honored that Harlingen played a role in the build of the ULA Launch Atlas V rocket.

And it didn't blow up. Did I say that part of the rocket that launched the NASA Mars rover was made in Harlingen!

## **13. Valley International Airport**

Of course, Valley International Airport is home to United Launch Alliance's Harlingen Operations. And our airport like every airport and airline in the nation has seen significant reductions in passengers and traffic. And while we are still down over 50% in passenger boardings from the year before due to Covid-19, we are nevertheless rebounding from a low of an 80% reduction in last April. Our airport team met these challenges head on. VIA became a model for Covid-19 response erecting plexiglass barriers at the checkpoint to reduce spread while passengers were in line. They installed air purification systems and

followed all CDC best practices for sanitization. VIA also received \$22.3 million in the first round of CARES act funding for airports being the largest amount of funding by a wide margin compared to other area and State airports. That large amount of funding was attributed to the fact that the Airport has no debt and the formula rewarded airports with low debt. The airport has used that funding to support its tenants including the airlines flying into Harlingen with the Rental Accommodation program. That is a significant achievement and reflection of the outstanding leadership by our airport staff and Boards over the years. Congratulations VIA!

Moreover, the airport is nearing completion of its \$15 million reconstruction of the northwest southwest concrete aprons and the installation of two new Passenger Loading Bridges at a cost of \$1.8 million. These and other capital improvements make the Harlingen Airport the best facility in the region.

We're also proud that Southwest, United, American, Frontier and Sun Country all kept flying during these last 12 months albeit with reduced schedules. But each has announced additional capacity and new flights in the coming months. American Airlines even announced last month the start of non-stop service from Harlingen to Chicago on select days of the week. Harlingen now flies to two American Airlines hubs providing residents of the Rio Grande Valley great nationwide and worldwide connectivity.

#### **14. Harlingen's Covid-19 Response**

So many exciting things are happening in our great City to improve our economy and quality of life. It takes all of us throughout the community to make great things happen. From our businesses, large and small to our School District, TSTC, UTRGV and UTHealth, the Port of Harlingen and our Chamber.

As I began today, I spoke about the year of pandemic we have already gone through, and I want to describe a little more specifically about the truly monumental efforts our city staff undertook this past year to help keep us all safe and to ease some of the burden on those most in need.

So, I would like to begin by recognizing the leadership of City Manager Dan Serna and Assistant City Manager Carlos Sanchez. At the start of the pandemic, I appointed Carlos to serve as our Emergency Operations Coordinator. Dan and Carlos worked hand in hand to insure our city personnel and our citizens were following the many different CDC protocols which the City Commission adopted in the ratification of the Disaster Declaration along with the many and varying orders issued by the Governor and the County Judge. This was no small task. At first daily emergency situational awareness calls were implemented to monitor the state of the city through all our departments and with the County. We appointed Dr. Michael Mohun to serve as our Health Authority and to advise us on protocol. Thank you Dr. Mohun. Health Director Josh Ramirez has also done an amazing job working tirelessly through the pandemic to insure that we were doing everything that needed to be done. We have already talked about the important steps our airport took to insure passenger safety and to support our airlines and tenants. But the City was proactive from the start to meet the challenges presented by pandemic. We partnered with Brownsville, UTRGV and the National Guard to provide readily available testing to citizens. We used CARES ACT funding to buy oxygen concentrators when the hospitals ran out so that the hospitals could discharge patients to their homes and free up important bed space. We were the only city in the County to provide a facility—the

Casa de Amistad and Municipal Auditorium to serve first as an Alternative Care Center to handle overflow from the Hospitals and then as an Infusion Center where through the end of March 1308 patients were given monoclonal antibody treatments, the Eli Lilly bamlanivimab and Regemon. This was one of the more successful programs in the entire nation and it kept 1300 patients from having to be hospitalized with Covid 19.

Recognizing the needs of our citizens at a time when so many were out of work, the City and the City's Community Development Block Grant fund department each set aside monies for Financial Hardship Assistance programs which were administered by Loaves and Fishes. In total, we helped 177 families with over \$336,131.00 to assist with utility bills, rent and mortgages. Our Economic Development Corporation set up the Harlingen Helps program and portioned out \$489,000.00 to 53 local businesses in zero interest deferred loans. These are businesses that were unable to participate in the federal CARES ACT PPP loans. The City of Harlingen co-hosted with the County the very first covid-19 vaccination clinic administering 2000 doses at the Casa del Sol on January 8, 2021. Since then, the City has hosted 8 more vaccine clinics and administered over 11,986 doses. The City partnered with South Texas Emergency Care foundation to do in home Covid-19 testing and now our Fire Department, Health Department and STEC are partnering again to deliver in home Covid-19 vaccinations to the homebound. And the City has done so much more to fight this dreadful disease. But it would have been so much harder if it weren't for the help and support the City and citizens of Harlingen have had from the South Texas Emergency Care Foundation. At this time, I'd like the entire City Staff to stand and be recognized.

I also think it's important to recognize all our healthcare workers.

There have been countless heroes in this community that stood up in our collective fight against COVID-19. We would like to recognize one critical clinical leader who serves not only as a local hospital

leader but personifies the thousands of front-line healthcare workers who have served our community throughout the darkest days of this pandemic. Joining us today is one such healthcare worker, Mr. Stephen Hill. Stephen, please stand.

As the Chief Nursing Officer at Valley Baptist Medical Center – Harlingen, Stephen Hill led the largest hospital nursing team in the County, working upwards of 18 hours each day for 60+ days straight to ensure appropriate operational and staffing oversight of our community hospitals during the height of the COVID surges. Throughout this pandemic, Stephen has worked hands on with local, state and national resources to coordinate staffing and onboarding of contract workers, state strike force and military support to support community demand during some of the most critical points in the COVID fight. Because of Stephen's and the entire team's efforts, our community hospitals were able to continually care for our most vulnerable citizens with the help and support of local, state and national manpower.

Over this past year, Stephen has served not only as a hospital leader, but also a community leader helping to guide other nursing leaders on best practices and staffing models during the height of COVID. He has been a trusted voice on nursing leadership. Stephen is recognized by all hospital staff as one of the hardest working team members, always leading with a humble and positive spirit. Today we'd like to recognize Stephen Hill not only for his individual hard work, but as a representative for all local healthcare workers who have been so profoundly impacted both personally and professionally this past year. To all of our healthcare workers here today represented by Stephen, please know that your efforts, sacrifices, heartache and resolve will never be forgotten in this community. You all are the epitome of what service to our community should be and for that we are forever grateful!

15. **Conclusion.**

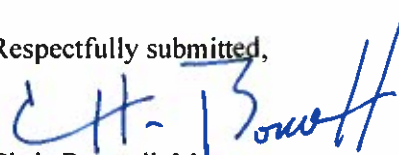
Our Covid-19 response and all the outstanding successes which I have described in our City have all been supported and led by an outstanding team of City Commissioners. I would like to recognize them.

Commissioner Richard Uribe representing District 1. Commissioner Frank Puente representing District 2. Commissioner and Mayor Pro Tem Mike Mezmar representing District 3. Commissioner Victor Leal representing District 4. And Commissioner Ruben de la Rosa representing District 5. These Commissioner each work tirelessly to accomplish the mission of improving our quality of life in Harlingen and growing our City. Each of our accomplishments as a City is a tribute to their hard work and leadership. We should all be proud of our City Commission.

With that there is only one more person to thank besides each and every one of you – and that is Anita. Thank you, Anita. I love you and I love Harlingen.

And we will continue to persevere. And we will continue to make progress and grow our City. Thank you all for being here and God Bless You. God Bless America. God Bless our great state of Texas. And may God Bless this great City of Harlingen.

Respectfully submitted,



Chris Boswell, Mayor  
City of Harlingen