

**CITY OF HARLINGEN – STATE OF THE CITY ADDRESS**

**MARCH 18, 2022 HARLINGEN CONVENTION CENTER**

**BIG THINGS ON THE HORIZON**

**1. Welcome.**

Good afternoon and welcome to the 2022 State of the City of Harlingen report. Once again, I want to thank the Rotary Club of Harlingen for sponsoring this annual event. Thank you, President Lucy Cadenas and Event Chair Pam Leverett, for your outstanding leadership of a club that does so much to serve our community. Thank you to Rotary members for volunteering at the many covid-19 vaccine clinics sponsored by the City of Harlingen right here at our Convention Center. Your countless hours of volunteer efforts here made a real difference in the fight against Covid-19. The entire community appreciates the work you have done.

**2. Coming Through the Pandemic.**

Last year I talked at length about the collective efforts of our City staff, first responders, our partnership with Cameron County and the heroic work of our medical community in battling the covid pandemic. Those efforts have continued and are ongoing even now. We now hope that we have seen the worst of this disease which has wreaked so much havoc on our lives and many of our businesses. And, we have reason to be optimistic for more normalcy and fewer casualties thanks to the prevention and treatment efforts of so many. We thank all of our first responders and healthcare heroes.

**3. Population Increase and Sales Tax Growth.**

Despite all of the challenges brought on by the pandemic these last two years, Harlingen has continued to thrive. Indeed, the State of the City is strong.

In fact, Harlingen grew its population by almost 11% according to the recent census figures. 10.76 % to be exact. The U.S. Census Bureau says we now have a population of 71,829. That compares very favorably to growth in Brownsville measured at 6.69% and the County at 3.7%. And I'll be the first one to say that we were all undercounted and that I am certain that Cameron County's census number does not

reflect its true population. And we also believe that Harlingen was undercounted and that our true population is much higher. Nevertheless, using the census as a measuring stick, and comparing apples to apples, Harlingen has grown significantly by 10.76% beating even McAllen's 9.49% growth rate. An 11% census growth rate will help us to attract more businesses, retail outlets and restaurants which rely almost exclusively on census figures in making their determinations on where to locate. Expect our census data to pay off in the coming years.

Another strong indicator of Harlingen's rapid growth is our retail sales tax revenues. Our retail sales tax revenue has gone from \$18.6 million in 2011 to almost \$30 million in 2021. And we are track to exceed the \$33 million dollar mark in retail sales tax revenues by years end. That growth means that the economy in our city is strong. It means that we are adding businesses and restaurants and that existing businesses are growing as well. It means we can provide the city services our citizens expect. It means we can adequately fund our police and fire departments through pay and equipment. It means that we can pay our share of grants for drainage improvements. And it means that we can keep our property taxes low. At 62 cents per \$100 valuation, our tax rate is among the lowest in the valley. Lower by more than 12% on average of communities in Cameron County and most in Hidalgo County.

These two leading indicators our growth and prosperity—11% population growth and skyrocketing retail sales are remarkable achievements for our community and our businesses. Congratulations!

#### **4. Airport Continues to Soar.**

Let's talk about Harlingen's airport—Valley International. It continues to soar. In 2021, Valley International added its seventh airline. On May 6, 2021, Viva Aerobus began the first International Airline Service at our airport since 1996 flying nonstop to Monterrey. And recently they have added one-stop connections to Cancun, Mexico City and Guadalajara.

American Airlines continued its pattern of growth by up-sizing their service to larger dual cabin airplanes. In addition, American Airlines extended their seasonal nonstop service to Chicago, starting the service two months earlier in 2021.

And also in 2021, Frontier Airlines continued its expansion with new non-stop service to Las Vegas and Orlando!

And of course, just a few days ago, Sun Country Airlines announced it would begin twice per week non-stop service to Cancun, Mexico. That makes a total of 12 non-stop destinations flying out of Harlingen's airport.

Southwest Airlines' passenger numbers also increased in 2021 leading them to add approximately 80% more seats to the scheduled flights as of this month. This month, Southwest also began one daily nonstop flight to Dallas and added a second non-stop to Austin, while maintaining four daily nonstops to Houston.

All of this additional service has seen the last 3 months hitting 10-year record high levels.

To handle all of our international service, VIA completed upgrades to the largest operational Federal Inspection Station Facility in the Rio Grande Valley. It has six clearance lanes and is able to process 186 passengers in 50 minutes.

The airport continues sprucing up the facility to make it the finest in south Texas. The runway extension project continues its progress and we hope to see a groundbreaking on that later this year. We already have the longest runway in South Texas at 8300 feet, the extension will add another 1100 feet making the runway a total length to 9,400 feet. This added length will allow for large wide-body Boeing 767 aircraft utilized by FedEx and DHL to carrier more cargo in and out of the RGV. Along with the extension will be the addition of two brand new modern Instrument Landing Systems that will allow for Special Category II approaches. These new approaches will allow aircraft to come closer to the ground during inclement weather reducing the possibility of diversions and flight cancellations.

Congratulations to the Airport Board and to Director of Aviation Marv Esterly and his staff for the outstanding leadership at the best airport in the Valley.

**5. Economic Activity Continues to Be on the Rise.**

And it's not just the airport that's thriving, business in general throughout the City is on the rise. Last November marked the 10<sup>th</sup> anniversary of the opening of Bass Pro Shops in Harlingen. And over the last five years they have seen steady growth as reflected by this bar chart. Bass Pro Shops and Sam's have anchored the strong retail sales tax growth that I described earlier. We continue to add name-brand retailers with TJ Max and Breadsmith Bakery along with others opening their doors in Harlingen last year. Also, soon to open is DD's Discounts, Party City and the highly anticipated Moon Rock Food Truck Park.

We also continued to realize growth and renovation in our fantastic downtown. Harlingen businessman Luis Villareal and his partners opened the Post-Executive Office Suite. This building is now home to the downtown post office, Senator Eddie Lucio's District Office as well as 9 other tenants. After years of most of the building being vacant, they leased 31,000 square feet of offices in 2021 and brought this beautiful downtown building back to life. They didn't stop there. In 2021, they also purchased San Pedro Plaza located adjacent to The Reese. They have also beautifully restored this downtown building and are nearly complete on the reimagined 22,000 square feet of space.

All of these projects and more have supported our unemployment rate returning to a very low level of 5.7% for December of 2021.

Also contributing to our low unemployment was the continued growth of TASKUS which opened their training center and headquarters at Valle Vista Mall. They have hired an additional 500 plus employees making their total employment level at over 1000. We are so proud that TASKUS made Harlingen its home. I'd like to recognize their leadership in the audience here today \_\_\_\_\_.

Also on the rise are our building permits and construction throughout the city. Overall, building Permits grew by 55.28% with a construction value of \$109,857,469.53 up from \$70,745,821.00 in 2020 doubling over the last seven years. Our new home Permits also continued their growth by increasing 12.3%. We issued 256 permits in 2021 compared to 228 in 2020. And the increase in permits for Multi-family

Duplexes and Apartments was off the chart growing by a whopping 530% with a total construction value of \$34,586,899 in 2021 compared to \$5,487,000 in 2020. The total increase in permits issued by The City of Harlingen in 2021 was 899 compared to 759 in 2020.

The growth in construction in our City this past year is remarkable especially given the fact that we remained in a pandemic.

Also, remarkable given the pandemic is that this Convention Center turned a small profit. In 2021, the Harlingen Convention Center hosted 412 events and generated \$869,000 in revenue against \$842,000 in expenses for net income of almost \$27,000. And it has served the community in a multitude of ways from hosting social and charitable events to being the center for our vaccine clinics and it will even serve as an early voting polling station. The community can be proud of this fine facility and how it has served the citizens of Harlingen.

#### **6. Our Strong Economy Also Means the City is Financially Sound**

Our strong economy also means that our City is financially sound. The City of Harlingen anticipates finishing FY 2021-2022 with an estimated fund balance of \$24,109,536 which represent 164 days of operations. This fund balance positions the City to be able to fund important drainage and infrastructure projects without borrowing money. It also means that Harlingen's credit rating is a "AA+". This rating reflects that credit rating companies see the City as having a very strong capability to meet financial commitments. This has been reaffirmed by Fitch Ratings Inc. which reports that Harlingen has solid revenue growth prospect, superior financial resilience, exceptionally strong gap-closing capacity, and moderate fixed costs. Fitch predicts Harlingen will continue to have strong reserve levels with a strong operating performance. Standard & Poor's Rating Services also reports that Harlingen's economy is stable predicting the fund balance will again remain above 30% of expenditures for the current and next fiscal years. For the 30<sup>th</sup> consecutive year the City was awarded the Government Finance Officers Association Distinguished Budget Presentation Award. Our Finance Department was also awarded the 2022 Investment Policy Certificate of Excellence by the Association of Public Treasurers for establishing

a Comprehensive Investment Policy. And Harlingen also received an unmodified audit opinion from our external auditors Carr, Riggs and Ingram. This is the best possible audit result. We congratulate our City Manager Team and the finance department for their exceptional stewardship of the City's finances.

#### **7. Drainage and Infrastructure Projects.**

Our strong financial position allows the City to invest in infrastructure. We continued our priority commitment to improving our drainage infrastructure by completing another Master Drainage plan project– the \$2.4 million 9th & 13th Street Drainage Improvements. This is the 27th project completed from our Master Drainage Plan. And the City Commission allocated another \$6 million of American Rescue Plan funds this past year for additional projects we hope to complete this year. That allocation will be directed toward drainage improvements including the Jefferson Storm Sewer, Bus. 77 & 13th Storm Sewer, Lozano Detention Pond, and West Commerce Storm Sewer projects. We are also on track to receive almost \$8 million in additional grant funding for three more drainage projects: the Business 77 and 13<sup>th</sup> Street Storm Sewer, the 5<sup>th</sup> and 7<sup>th</sup> Street Storm sewer and the 21<sup>st</sup> Street Storm sewer.

We also took the first steps in developing the City of Harlingen HUC 10 Flood Protection Planning Study. This \$6.2 million flood mitigation study is funded by a \$5.6 million grant from the Texas Water Development Board to examine two regional water sheds that includes over 295 square miles of terrain, 49 centerline miles of the Arroyo Colorado and over 740 additional centerline miles of existing drainage channels, ditches, and irrigation canals. This new data will provide a solid foundation toward providing a cohesive regional approach in solving many of the existing drainage challenges in our region.

And sidewalks. They're almost done! Funded by a \$4 million grant from the Texas Department of Transportation and another \$500,000 from the Federal Highway administration, these projects should wrap up by the end of next month.

#### **8. Waterworks Projects.**

Clean Water and Wastewater Treatment are critically important to the health of every City. They are important to our hospitals, our restaurants, and to every single resident. Yet this vital infrastructure is often taken for granted. The men and women of our Public Utility the Harlingen Waterworks System make sure that our water and wastewater treatment needs are met every single day. And they have been improving our system and planning for the future.

In 2021, the Harlingen Waterworks completed replacement of 17,500 feet of water mains in the Treasure Hills area where the aging and fragile pipe had been prone to frequent leaks. Waterworks chose to use a pipe bursting construction method to limit disruption to residents. This \$3.1 million project is the first of a series of similar water main replacement projects planned for the next 20 years.

The Waterworks also recently completed a 30-month effort to develop the most comprehensive master plan for water and sewer infrastructure in its 80-year history. With the help of sophisticated hydraulic models and extensive calibration data, the Plan proposes a large set of capital projects that will solve existing overloading and pressure issues, provide backbone infrastructure to facilitate future growth, and replace aging pipelines throughout the City. The Plan calls for aggressive infrastructure construction of more than \$100 million by 2030 to address existing needs. This planning effort sets a foundation for first-rate water and sewer service for decades to come.

## **9. Park Projects**

Parks and recreational sports facilities are important to the quality of life in any City. They promote health and well-being among its residents and they serve to attract visitors and newcomers to our City. Last year we improved several existing facilities and planned to literally launch a new one.

In March of 2021 we opened the all-new Lon C. Hill Destination Park on Fair Park Boulevard. Phase 2 is already in the design process and it includes building a special needs ball field and extending the walking trail north across the street to run behind Casa de Amistad.

In December of 2021 we cut the ribbon for the new HEB Tennis Center. Located at Pendleton Park, this center now includes a pro-shop, air-conditioned space, and a covered patio. The pro-shop includes an office, training room, restrooms, a spectator viewing area, and a lobby. The cost was \$712,000 with the majority coming from a 2001 Certificate of Obligation Bond and \$115,000 from HEB to resurface all 14 tennis courts. This will allow us to attract tournaments at very much improved H.E.B. Tennis Complex.

Last July the City commenced its new B-Cycle Bikeshare Program with new bike rent stations at the Lon C. Hill Destination Park, McKelvey Park, our Museum, and Hugh Ramsey Park. In November, the Library opened the state's first auto-mated 24-hour library by Envisionware at Lon C. Hill Park. Additionally, this park now has free Wi-Fi.

And soon, Harlingen will have its first blue trail. A Kayak Launching Facility is under design thanks to a grant from the Texas Parks & Wildlife. The facility will be located at McCullough Park and it will allow residents and visitors access to kayak up and down the Arroyo Colorado.

#### **10. Public Safety**

We are exceptionally proud of our men and women of the Harlingen Police Department. Make no mistake, the City Commission and I are intensely focused on providing our police department the funding it deserves and the resources it needs to do the job. Because they do a great job!

In 2021, the City of Harlingen had an overall decrease in the crime rate of 7.7%. Looking back five years, Violent Crime has decreased 13% and Property Crimes have decreased 18%. These statistics are vitally important our residents. And they are important in telling the story to visitors, professionals and businesses looking to come to Harlingen that we are a safe City. And that our City is not marred by the violence and criminal activity which unfortunately we have seen on the rise in other parts of our State and Nation.

Our police department promotes so many great activities which contributes to our safety and which is the hallmark of great community policing. Their sponsorship of National Night Out, Run with the Heroes

and Shop with a Cop all contribute to a sense of partnership between our citizens and our police men and women. These are wonderful activities and we are very proud of Police Department for hosting them.

They truly are heroes. And so are the civilian support staffers who work with our Police Department. I want to recognize one of them here today. Would Harlingen Police Dispatcher Moises Cruz please stand?

On Christmas Eve, just before noon, Mr. Cruz received a 911 call that was disconnected. When he called back, he discovered a panicked father, whose wife had just given birth, and the baby was not breathing and was turning purple. While another dispatcher called for an ambulance, Mr. Cruz instructed the parents how to perform Child CPR on the baby. Because of his quick thinking and calm & clear directions, the parents were able to perform CPR on the newborn until emergency personnel arrived, saving the baby's life.

Chief Kester has praised Mr. Cruz calling him a hero and saying that "his experience, knowledge, and actions under pressure are in keeping with the highest standards of service and core values of the Harlingen Police Department. He is an outstanding example of the critically important role that 911 Dispatchers play as First Responders in service to the public."

For these actions, Moises Cruz has been awarded the Lifesaving Award by Chief Kester. The Life-Saving Award is the highest award given by the Harlingen Police Department. Let's give him a great big round of applause.

#### **11. Covid Response and Community Support**

As COVID-19 continued to strengthen its hold on the nation and the demand for vaccines grew, last year the City dedicated more than 100 employees to conduct vaccine clinics in Harlingen. Working with nurses and staff from Valley Baptist Hospital Harlingen, Harlingen Consolidated Independent School District, South Texas Emergency Care Foundation (STEC), and community volunteers, the clinics were held bi-monthly at the Harlingen Convention Center as the region worked tirelessly to slow the spread of the infectious disease.

In 2021, the City held 74 clinics and administered 28,509 vaccines. Weekly vaccine clinics continue at the Health Department and a monthly clinic here at the Convention Center.

To help our homebound population and lend a helping hand at the City Vaccine Clinics, 15 Harlingen Fire Fighters underwent specialized training preparing them to administer COVID-19 Vaccines to Harlingen residents. Together with STEC Emergency Medical Technicians (EMTs) they've administered hundreds of shots throughout the City helping people with minimal mobility or a form of disability that prohibits them from leaving their homes. Harlingen was the first City in the Rio Grande Valley to implement a homebound vaccination program.

With us today are some of those 15 firefighters and representatives of South Texas Emergency Care Foundation, I'd like them to stand and be recognized.

Although Harlingen as a whole continued to thrive economically, there is no question that many in our community suffered not only from disease but financial hardship.

For almost two years, the City of Harlingen and the Food Bank RGV held monthly distributions at the Harlingen Soccer Complex. Thousands of families in Cameron County have been helped. The food was provided by the Food Bank and distributed once per month by City employees. The effort began in April 2020 when COVID-19 was at its highest levels and many people were out of a job. That year, the City and Food Bank distributed 501,282 pounds of food benefiting 40,115 people. In 2021, 1,117,62 pounds of food were distributed to over 80,000 people. We're grateful to all the Police officers, fire fighters, city staff and volunteers who have continued to help with this effort.

## **12. The Healthcare Industry in Harlingen**

Here in Harlingen, we have always thought of our efforts in developing more and more healthcare infrastructure and medical education as not only a core economic driver for the city but also one which enhances our quality of life. There are approximately 1,232 health care facilities in Harlingen employing over 12, 038 employees. The health care industry in Harlingen has over twice the expected employment

for medical related jobs compared to the United States and we are expected to grow those jobs by 2% over the next year. There are over 10 million square feet of healthcare facilities that have been developed in our city, with more on the horizon.

### **13. Our Partnership with UTRGV**

Knowing that healthcare in Harlingen is such an important part of our economy is one of the many reasons, we are so proud of our partnership with the University of Texas—Rio Grande Valley. The year 2021 brought two important milestones and celebrations of that partnership.

The first was the Ribbon Cutting Ceremony for the UTRGV Institute of Neuroscience in October. ION houses clinics and diagnostic centers for numerous neuropsychiatric and aging disorders while also leading the way forward in clinical and laboratory research. Their world-renowned neurologists, other clinical specialists and scientists work together to create personalized diagnostic and treatment plans of the highest-quality. Their researchers are also leading the way on Alzheimer's disease, stem cell and medication therapies for neuropsychiatric disorders and neuromodulation for spinal cord injury. ION will house the state's only National Institute on Aging-designated Alzheimer's Disease Research Center to help examine and better understand how this disease impacts Hispanics. ION is a great partnership between the City of Harlingen, our EDC which secured the land over 10 years ago, UTRGV and the South Texas Medication Foundation. But it would also not have been possible without the help and support of the Legacy Foundation. We thank Executive Director Judy Quisenberry and her Board of Directors. We also thank Medical School pioneers former Mayor Randy Whittington and former Texas Higher Educations Coordinating Board Chairman Bob Shepard and their wives Merced and Anne who have been honored with the naming of the lobby at the ION—Shepard-Whittington Lobby. Congratulations.

Then in November, the second milestone was the ribbon cutting on UTRGV Harlingen Collegiate High. The City of Harlingen supplied the land for this awe-inspiring partnership between UTRGV and the Harlingen School District. Not only do we now have UTRGV medical education in Harlingen, but general education that will allow students to complete two years of university education prior to graduation and complete selected 4-year degrees in the same building without having to leave home. We are so proud of this partnership and this achievement.

But wait there's more. ***Today, we are happy to announce that UTRGV's new School of Podiatric Medicine will reside on the university's Harlingen Medical Campus. This will be the first school of podiatry in Texas and will allow students to pursue careers in the medical and surgical care of the foot and ankle – an important specialization for the Valley, with its high incidence of diabetes and related diseases of the lower extremities.***

#### **14. On the Horizon for Harlingen**

As we applaud this new addition to the array of UT-RGV Medical Education on the Horizon for Harlingen, we look ahead for even more to come. Clearly, Harlingen's future will be significantly linked to the progress of UT-RGV not just in our City but throughout the Rio Grande Valley. Supporting and nurturing this strong relationship is important to Harlingen. So, it is our collective responsibility as a community to support the efforts of the leadership of UTRGV not only here but in Austin. We are blessed to have visionary leadership at the helm of UTRGV and the UTRGV School of Medicine. Thank you, Dr. Guy Bailey, Dr. Janna Arney and Dean Michael Hocker, for all that you are doing to elevate not only educational opportunities in the Rio Grande Valley but our quality of life in so many different ways.

Also looking to the future, the City Commissioners met for a two-day retreat here at the Harlingen Convention Center last July. Guided by Dr. Mike Mowery, President of Leadership Development for

Strategic Government Resources, the Commission agreed on a strategic plan which the City Staff has already begun implementing. The Pillars of the long-range plan focus heavily on Infrastructure development including drainage and water works capital improvement projects, expanding Educational Opportunities including strengthening our partnership with UTRGV, expanding Manufacturing operations in Harlingen, promoting our Health Care Industry and promoting quality of Life.

Another initiative for our future involves improving connectivity to information and communication provided by the internet through broadband. So, in September, the City Commission approved a \$100,000 feasibility study to provide the City with information needed to analyze, select and implement the most sustainable and innovative approach for expanding broadband access in the community. The Harlingen Consolidated School District is also a partner in this effort and is sharing the cost. The engineering firm selected to provide this service-- Cobb Fendley and Associates-- has a strong reputation as a leader in the telecommunications industry. This initiative is about much more than student access to the internet throughout the city, although we learned how critical that was during the pandemic. It is also about seizing opportunities to build last mile fiber optic cable to significantly improve the quality of our connectivity. Higher quality fiber optic connection can open the doors to greatly expanded economic activity, being competitive in attracting businesses which rely on highest quality connection and even improving access to telemedicine. Broadband and fiber optic cable has been compared to electric service itself in the late 20<sup>th</sup> century. If we don't want future opportunities to pass us by, we must sooner or later invest in the technology of the future. We anticipate significant funding to be made available by the State and Federal programs and Harlingen aims to tap into those opportunities. If you haven't taken the broadband survey, help us out and go to [myharlingen.us](http://myharlingen.us) and take the survey.

Our strategic plan initiative reminded us that Harlingen has a seat at the table in aerospace manufacturing with the presence of United Launch Alliance—America's Ride to Space. That presence and the future of aerospace opportunity here was underscored when we received visitors from NASA last August. Astronauts led by Commanders Butch Wilmore and Sunita Williams visited the United Launch Alliance

site in Harlingen where major components of the Atlas V rocket are manufactured. The Atlas V will launch their Boeing Starliner reusable space capsule when Astronauts are launched into space from American soil for the first time in decades. Commander Wilmore said that he and his crew launch aboard the Atlas V, they will be that rockets first ever self-loading payload. They flew down to take a look at the high-quality advanced manufacturing that goes on here in our City. Important parts of these rockets are Proudly Made in Harlingen, Texas USA.

With ULA and Space X already here. With a proven track record of a workforce that can support aerospace. With the Nation's highest quality workforce training institution Texas State Technical College here to train aerospace workers and UTRGV to train aerospace engineers. Why not more?

#### **15. Conclusion.**

Indeed, why not more for our City and our Valley and all of its residents. Helping launch astronauts into space is not just a dream, it's a reality.

In the last few years, the potential for our City and our Region has truly begun to seem limitless.

We are blessed by a great workforce, tremendous institutional and business partners and the ambition and drive to bring it all together to move to ever greater heights.

Each and every one of you and the organizations you represent are building this City and this region. You are creating opportunities. You are improving the lives of residents. Thank you to all of you.

Before I close, as always, I have to thank my wife, Anita. Thank you.

God Bless You All. God Bless the USA. God Bless Texas and God Bless this great City of Harlingen.

Respectfully submitted,

Chris Boswell, Mayor