

**2019 CITY OF HARLINGEN
STATE OF THE CITY ADDRESS**

HARLINGEN: FLYING HIGH

1. OPENING

Good afternoon. And welcome to the Harlingen Convention Center. Isn't it beautiful? We'll talk more about that in a few minutes. But, it is great to see such a large turnout for this wonderful opening of our Harlingen Convention Center and the State of City Address. I want to once again express our extreme gratitude to the Harlingen Rotary Club for their long time commitment to hosting this event. Thank you to our outstanding City Commissioners each of whom believes deeply in this City and who work very hard to insure that the state of our City is strong, that it is prosperous, that it is safe and that it is fiscally sound. The year 2018 was indeed a year in which Harlingen was flying high and I am excited to report today on so many of Harlingen's great achievements in 2018 and beyond.

2. VALLEY INTERNATIONAL AIRPORT SPREAD ITS WINGS

Certainly, Valley International Airport was flying high in 2018. There is no other way to say it but that Valley International Airport is on a roll. After a great deal of effort and determination, Harlingen's airport landed two new airlines. Frontier and American. This was a joint effort by the outstanding leadership of the Harlingen Airport Board, Marv Easterly, the Director of Aviation, our City Manager, Dan Serna, and the entire City Commission. Working together and authorizing an incentive package along with the resources of the airport, we were able to beat out some competition and bring Frontier and American to Harlingen. The Town of South Padre Island partnered with us as well and I congratulate and applaud Mayor Dennis Stahl for his efforts. Frontier now gives us non-stop access to both Denver and Chicago three times a week and American began daily non-stop service to the Dallas/Ft. Worth airport earlier this month. Even before American Airlines began operating from Harlingen, the airport was posting a 12 ½% increase in passenger boardings for the fiscal year ending 2018 and as of January 2019 the numbers showed a 19.4% increase over the previous year. Southwest Airlines was up

almost 2% and United Airlines was up over 26.6% over the last year. Sun Country posted a 55% increase in passenger boardings. Valley International Airport is now home to all the major air carriers in the United States. At peak times, all of our gates are full. It is an amazing site to see these aircraft lined up one after another at Harlingen's Valley International Airport.

That's not all. Our air cargo numbers have increased dramatically as well. In January of 2019 alone, there was a 15.7% increase in the airport's cargo numbers. FedEx alone had an almost 35% increase. Overall in 2018, air cargo traffic increased by 28.5% from over 20,000 tons to over 26,000 tons. Of all the airports in the United States, Harlingen is ranked the 76th largest in cargo and by the end of this fiscal year, Harlingen should be in the high 50's - - larger than airports like McCarran in St. Louis.

And there's still more. In 2018 our Harlingen airport opened its state of the art aircraft rescue and fire-fighting facility. This \$3.3 million dollar facility will insure that our airport is one of the safest and most responsive in South Texas now and for decades to come. The airport also secured over \$16 million dollars in grant funding to replace worn out World War II concrete aprons on the landing side of the airport terminal. This is a huge project currently under way and will improve safety and smoothness for our aircraft as they move into the terminal building. Valley International Airport did some great sprucing up on the inside of the terminal building as well with another \$2 million dollar grant from the Federal Aviation Administration to replace all of the flooring. That and new paint, ceiling tiles and the replacement of roof tiles gives our airport the look and feel of a brand new terminal building. You'll also notice that the que for the TSA security check-point had to be expanded to handle all of the increased boardings and airline activity at our airport. All told, more than \$20 million dollars in grant funding projects were completed or committed by the Federal Aviation Administration at Valley International Airport in 2018. Airport Improvement Program funding for airports across the United States resulted in VIA receiving the second largest amount of funding from this program in the State of Texas. Second only to Dallas/Ft. Worth Airport. If you wanna get somewhere and get somewhere fast, the place to go is Valley International Airport which has a lot more plans on its horizon. Again, I congratulate the Airport Director and staff, each of the members of the Harlingen Airport Board,

the City Commission and our friends at South Padre Island for working together to make this the airport for South Texas.

3. BAXTER LOFTS: NEW HEIGHTS FOR THE TALLEST BUILDING IN HARLINGEN

Harlingen's downtown is flying high as well with the completion of the Baxter Lofts. Baxter Lofts is another great story of determination and collaboration. Improving the appearance of our community and enhancing economic vitality have been some of our top goals as a community. Restoring the 9 story Baxter Building was identified as a goal in the Harlingen 100 Plan as adopted by the City Commission in 2008. For years our City Staff, elected officials and members of the business community worked hard – many on a volunteer basis – to create a unique opportunity where we could acquire the property and begin restoration. Constructed in 1927, the building has been our tallest and it was the tallest building in the Rio Grande Valley for 50 years. It was a historic address for business professionals. This is the only building in Harlingen eligible for listing on the National Register for Historical Properties deemed worthy of preservation. It was not only important but essential that we work to protect and preserve this unique and iconic structure, rekindle the confidence and pride in our downtown so vital to realizing the many successes of which we are capable.

So in 2014 we did acquire the Baxter Building from an owner who had no desire to see it restored. And, later we found a partner that had a desire to restore the building and put it to an excellent use. That partner was MRE Capital. The owners, Dan Sailor and Jake Mooney, believe that providing affordable housing and restoring iconic buildings like the Baxter, serve a necessary purpose for our communities and for economic vitality. This wasn't their first rodeo and they have restored two other 1920's era buildings in the State of Texas before taking on the Baxter in Harlingen. It was a difficult process. Because in order to make this project economically viable, MRE had to qualify for a tax credit program administered by the Texas Department of Housing and Community Affairs. After applying and being denied the award in 2016, MRE and the City of Harlingen remained committed and did not give up. MRE applied

again with the City's support and help in 2017. And even then, after being denied a second time, we appealed that decision directly to the TDHCA Commission which reversed the staff's ruling and awarded MRE the tax credit funding. The end result of this hard work, determination, collaboration and Harlingen's can do spirit, was a net investment of \$350,000 by the Harlingen Community Improvement Board (the 4B Board) into this building, resulting in over \$4.5 million dollars in private investment going to restore the Baxter Building. That's right. Only \$350,000 was spent by the City of Harlingen to leverage over \$4.5 million dollars in our downtown. And now we have a beautiful functional building which will bring family residences into our downtown to live and to support the other businesses that thrive there. We express our deep appreciation to State Senator Eddie Lucio, State Representative Eddie Lucio, III and State Representative Oscar Longoria who all supported and advocated for the project. Dan Serna demonstrated why he is our City Manager. And finally, last, but not least, we thank the many other people who championed the restoration of the Baxter Building from the beginning – including our long time downtown manager Cheryl LaBerge and someone who I call the Mayor of Downtown - Bill DeBrooke. Thank you all for everything you did to make this a reality not just for our downtown but for our City. Because as Cheryl says: It's everybody's downtown.

4. UNIVERSITY OF TEXAS – RIO GRANDE VALLEY SCHOOL OF MEDICINE – INSTITUTE OF NEUROSCIENCES

Another endeavor in the making by so many outstanding leaders of our community is the expansion of the UTRGV School of Medicine Harlingen. I recall that two years ago at this event I reported that just that day UTRGV had announced that Harlingen would be home to an institute of neurosciences as part of UTRGV's School of Medicine. This was possible in large part by a Legacy Foundation Grant. As Dr. Guy Bailey put it – this institute of research and collaborative medicine will be of national prominence. In 2018 we took a huge flying leap forward on this project with the gift of 35 acres by the South Texas Medical Foundation to University of Texas Rio Grande Valley School of Medicine for the purpose of constructing this institute of neurosciences and other school of medicine related buildings as part of their campus. That brings our total UTRGV School of Medicine campus area in the City of Harlingen to over 65

acres. That's for the School of Medicine alone. I would like to report that just last month UT building and planning officials met with our City Staff to begin the process of a ground breaking on this new facility for the school of medicine. And while the planned ground breaking will not be until next year, planning is now under way in earnest. The 35 acre gift from the South Texas medical foundation was made possible by the acquisition of that property originally by the Harlingen Economic Development Corporation. Harlingen has long played a role in the development of the School of Medicine. This was a visionary and well considered investment in land and obviously is paying off. So I want to thank the Harlingen Economic Development Corporation Board and in particular Randy Whittington as Chairman of the South Texas Medical Foundation Board and the other members for seeing through this important historic gift of land for the expansion of the School of Medicine.

That's not the only thing that's happening with the UTRGV School of Medicine in Harlingen. UT Health which is the health care delivery component of the School of Medicine has now opened three practices here in our City. As an example, just in February, UT Health opened its surgery and women's specialty practice. This is part of the academic medicine delivery point for our community. We now have two gynecological oncologists on staff working here in Harlingen. These are the kind of specialty care physicians which prior to the opening of the School of Medicine we did not have. The opening of these UT Health practices is what was envisioned by our community leaders so long ago when we dreamt of a School of Medicine here in the Valley. This is the kind of improved health care and quality of life we had hoped would be the result of the School of Medicine for Harlingen and the Valley. Every day, more and more that dream is becoming a reality.

5. NEW UTRGV CAMPUS AND HCISD EARLY COLLEGE HIGH SCHOOL CAMPUS FLYING HIGH

Other partnerships with UTRGV are flying high here in Harlingen. Just last month, the City of Harlingen was pleased and proud to partner with HCISD and UTRGV to create an extraordinary new educational campus for our City. The City of Harlingen has agreed to gift 30 acres of land to the University of Texas Rio Grande Valley. Already the University of Texas Board of Regents has accepted that gift. On this new site, UTRGV and Harlingen CISD will

create an early college high school campus which will combine with the UTRGV higher education campus. UTRGV President Guy Bailey said the early college high school students will receive an authentic college learning experience under the guidance of UTRGV professors. This will be a dual enrollment and higher education campus in the City of Harlingen. The City of Harlingen is committed to building and strengthening its relationship with the University of Texas RGV and bringing higher education opportunities to the City of Harlingen. We know that higher education opportunities and enhanced public education opportunities through the Harlingen CISD are the cornerstones of future economic prosperity. The City is determined to support workforce readiness, skilled labor and advanced higher education within the City and the surrounding area. It was with these objectives in mind that the City Commission purchased this property back in 2014 just as UTRGV was beginning its formation as the newest university in the State of Texas. The City Commission's objective in purchasing this property was just with this hope that UTRGV could expand its educational footprint and build a campus here within the City of Harlingen. We congratulate the Harlingen CISD and their great leadership and UTRGV for making this dream a reality. With the gift of the 30 acre tract of land to UTRGV, this brings the total number of UT School of Medicine, UTRGV and UT Health sites to a total of six within the City limits, all within close proximity to each other. This is a great thing for the future of our children and for the future of Harlingen.

6. ECONOMIC DEVELOPMENT.

Another great thing is that Harlingen building permits were up by \$13.9 million dollars in 2018. Closing at over \$78 million dollars compared with \$64 million dollars in 2017. That's an increase of almost \$14 million dollars with the largest increase in new commercial permits, being up by 59%. 115 new subdivision lots were approved at an increase of over 51%. Another 125 new apartment units were built in Harlingen last year. Our partnership with Cameron County, San Benito, and Los Indios with our new cold storage inspection facility at the Free Trade Bridge is now starting to pay dividends. There is new business development through-out the City including new restaurants, new retail shopping centers, new schools and a landmark development called Stuart Place Crossing which plays host to numerous restaurants, a business center, Orange Theory fitness and Texas Regional Bank's new \$10 million dollar four story corporate

headquarters also opening on that site late last year. Our Harlingen Economic Development Corporation in connection with Workforce Solutions estimates over 500 new jobs were created in Harlingen in 2018 bringing our employment rate to a record low of 5% in November of 2018. That's the lowest number in ten years. Harlingen is prospering and it shows.

7. CITY'S FINANCES STRONG AND SOUND.

Harlingen's strong economic prosperity is reflected as well in the City's own strong fiscal performance. The City of Harlingen is financially sound and Standard and Poors Rating Services said so again this year. Standard and Poors reaffirmed the City's credit rating at a strong AA- and credited the City with strong management, good financial policies and practices and a strong budgetary performance with operating surpluses in the General Fund. It also notes that the City has positioned itself as one of the leading transportation services and trade hubs of the Rio Grande Valley. We also received \$6.4 million dollars in grants in 2017-1018 for the purchase of various types of equipment, for our library, 20 miles of sidewalks and for the extension of the Arroyo trail just to name a few. We ended the year with a strong 17.5 million dollars in fund balance representing 135 days of operating reserves. Our strong fund balance is what enables our City to pay for capital improvement items out of savings rather than borrow money. This reflects the City's own strong financial performance and increased revenue through sales tax. In the last three years, the City of Harlingen has reported an unprecedented 21 straight months of positive retail sales tax growth. And again, the City of Harlingen did not raise its tax rate for the thirteenth consecutive year.

8. STREETS AND DRAINAGE REMAIN PRIORITIES.

Our streets and drainage and other infrastructure needs remain top priorities for the City of Harlingen. Other projects may seemingly get more attention than streets and drainage, but year in and year out our City's staff works tirelessly to insure that we have the best possible roadways and relief from flooding.

Of course, everyone remembers the torrential rains in June of 2018 which caused wide spread flooding through-out the Rio Grande Valley. Arguably, Harlingen had more rainfall in a 72 hour period than any other city in the Valley at 16.85 inches. This was what is known as a

500 year rain. And while 43 homes in Harlingen did experience some water in them, that was significantly less than our neighbors, particularly to the West. Some cities had to rescue over 5,000 people from their homes. That didn't happen here. That should be attributed, at least in part, to the \$13.4 million dollar investment in drainage projects the City of Harlingen has made over the last 10 years. We are hoping to invest another \$10 million dollars more over the next 3-4 years. Because of our investment, the storm sewer system functioned the way it should with most of the water from this 500 year rain clearing out in 3 – 4 hours. We should be proud of that and we should embrace the City Commission and Staff's commitment to continue these drainage improvements along with policies that require new development to build right sized detention ponds to mitigate against future flooding.

Just as important, good streets remain an important focus for our public works system. In 2018 alone we used \$3.3 million dollars to rehab 32 roadways through-out the City and in the coming year, the City will rehab another 26 streets at a cost of another \$2 million dollars. Many people have noticed that through-out our City we are constructing 18.7 miles of sidewalks with \$3.25 million dollars grant funding from Texas Department of Transportation. Walkability of a City is important. And, the Texas Department of Transportation specifically targets funding sidewalk projects. Harlingen has taken advantage of it. We also intend to embark upon the first major thoroughfare project in our City in quite some time. The \$7.3 million dollar Spur 54 project completed it schematic design phase and has been submitted to TxDot. That's the street you probably crossed to get here between Bass Pro Shop and Sam's. It is now and has been a major industrial thoroughfare but now is transforming itself into a major retail thoroughfare as this entire area develops. Spur 54 will be enlarged to six lanes with shoulders, sidewalks, raised medians and landscaping. The tentative letting date is in April of this year. This project is intended to deliver easier connectivity to this area and spur additional growth to our City.

9. PUBLIC SAFETY

Harlingen is a safe place to live. And we are blessed by this safe and secure environment. And it has always been a source of pride for me to tell others how safe our City truly is. The security we enjoy is important in recruiting business and industry as well as health

care professionals. The safety of our cities in the Rio Grande Valley is a story which each of us should tell. In fact, a recent study by SafeHome ranked Harlingen in the top 40 safest cities in Texas—No. 37. Our ranking shows us to be safer than Dallas or Austin. SafeHome uses the FBI crime statistics, crime types and trends to score each city. In Harlingen, violent crimes—offense involve force or threat of force-- is down 41% and property crime—those involving theft of property or money-- is down 43% in comparison to our 10 year highs. These reductions in the numbers of crimes committed in Harlingen are despite our increases in population and business activity. And we are grateful for the partnerships we have with the Border Patrol and other state law enforcement agencies. Each of the agencies supports the other and communicate well to enhance the safety of our communities along the border region. All our Valley cities are safe.

Certainly, the City Commission and our staff are committed to have the best police department in Texas. Recruiting qualified personnel to fill all of our budgeted positions is now more difficult as fewer qualified men and women throughout the nation are seeking positions in law enforcement. It is a nation-wide problem. And we have hundreds of applicants just for one police officer position. But I am pleased to report that just last month we achieved full staffing for the 144 sworn police positions we have budgeted. That was a milestone and should be attributed to the outstanding reputation and quality of the Harlingen Police Department. We congratulate them.

But it's not all about statistics. At the heart of public safety in our City are the men and women who risk their lives and save lives while protecting their neighbors. That's why I want to tell you the story of what two of our public safety officers did on March 29, 2018. On that day, a car which was traveling too fast crashed into a house and the police were called. When Officer Robert Silva, II reached the home he found 6 people had been injured including 5 children. Worse yet, one small child had an arm severed and was bleeding badly. His quick thinking led him to rush the child to Valley Baptist without waiting for EMS. He was assisted by Firefighter Jacob Cortez who held the child in his arms all the way. The child survived. And the doctors at the hospital told us that had it not been for Officer Silva's quick actions, the child would have lost his life due to the amount of blood loss. These are the kind of heroes we have working for

the citizens of Harlingen. I would like Officer Silva to stand and be recognized. Thank you for your service to our community. There are a lot more stories like Officer Silva's.

10. HEALTHY HARLINGEN AND OUR PARKS SYSTEM TAKING OFF TOO

Safety, prosperity, infrastructure and beautification are important. But so is doing what we can as a City to contribute to the health and fitness of our community. So it is with great pride that we can announce that for the second year in a row the City of Harlingen has won the Number 1 ranking statewide in our category in the It's Time Texas Challenge sponsored by It's Time Texas and HEB. So did our school district. With over 4.6 million points, we scored even higher than larger cities like Austin and Brownville. And while this is a fun competition, it has a serious purpose behind it—bringing local government, business and the health care industry together to combat juvenile obesity, diabetes and to increase workforce productivity. We want our children and our employees to be healthier. Not only will it save us money—it's the right thing to do.

But we're going beyond competitions here in Harlingen as we continue to add to our already robust park system. We've added our fourth All Inclusive Playground at Vestal Park as Harlingen remains a state-wide leader in these type of playgrounds giving children of all ability levels a chance to get out and play and strengthen their bodies. And with a gift from the Valley Baptist Legacy Foundation of \$1.2 million dollars, we will be extending our Arroyo Hike and Bike Trail another 1.5 miles from Expressway 83 all the way to Dixieland Park. And with the 25 acres gifted to the City by Harlingen resident Mac Elkins, we are building Harlingen's first mountain biking trail. Henry Roberts would be proud of us.

11. HARLINGEN CONVENTION CENTER TAKING OFF.

Today, we hear about our City's amazing progress as we sit in a magnificent new public facility which is in itself a symbol of our City's progress. To fully appreciate the symbolism of this building, it's important to understand how we got here. Some believe this idea of this building began as we started working with hotel developers 4 or 5 years ago. Others, attribute

the start of it to the Harlingen 100 planning process in 2008. But we can go back even further than that, this poster shows City leaders urging the development of a convention center in Harlingen as early as 1964 not too far from the location this building sits on today.

At the ground breaking for this meeting space, we joked that Harlingen should build a new public building at least every 50 years. After all, the Casa del Sol was erected in 1961. The Tourist Center, now called the Harlingen Community Center, was built in 1969. And Casa De Amistad was built in 1967. These have been our meeting spaces for over 50 years. And they have served us well. And they will continue to serve us in many meaningful ways.

But just as we hope each generation can improve upon the last, Harlingen should find ways to improve those places we invite our friends, neighbors and guests to meet with us. Fortunately, in 2007, the voters approved the use of 1/8 of one cent of our sales tax to be used for quality of life projects including parks and public buildings. The 4b economic development law specifically approves of the use of that retail sales tax funding to be used for the construction of convention centers as do the laws relating to hotel motel taxes and our tax increment financing districts which is where the capital funding for this convention center has come from. The money used to build this facility is restricted to these types of uses. No tax dollars used for streets, drainage or public safety has been used on this building. I want to express our appreciation to the 4b Community Improvement Board Chairman Jesse Robles and each of the Board members for having the vision and determination to invest in a signature project such as this one. Thank you.

For this is not merely a building, it is a place. It is a place where our friends and our children will marry or celebrate marriage and begin new lives together in our community, a place where young 15 or 16 year old women will celebrate their special day, a place where couples will celebrate 50th anniversaries, a place where students will receive their college or university diplomas and begin new careers, where businesses will hold corporate meetings, a place where hospital staffs may gather for large meetings or training, where trade associations, professionals or government officials will gather to improve their knowledge of their professions and, yes, a place where conventions will be held. This will be a place, not to commemorate Harlingen's

past but to celebrate and live out its future in a myriad of different ways. Congratulations to all of those who have brought this place to life so that it can be a meeting place of the future.

12. CLOSING.

Harlingen is flying fast into the future. And certainly in 2018, it has achieved greater heights in public safety, infrastructure development, financial security and economic development. Great progress has been made. And I want to thank each and everyone one of you as business owners, community leaders, educators, citizens, non-profit leaders, philanthropists and volunteers for working together to bring our City to where it is today.

But there is still much more to do. There are still more opportunities to seek out. We should, as we have in the past, continue to do all that we can to support and strengthen our partnerships with the Harlingen School District, TSTC and UT-RGV—because strong public education and higher education are the cornerstones of economic development.

We should focus on the development of the Aerotropolis and attract the kind of development for which this Large Industrial Site has been certified by AEP and one of the most well-known site selectors in the world McCallum Sweeney. This is the place where we should create jobs and a lot of jobs to enhance the economic prosperity of the City and region.

And we should work with and support the new owners of Valle Vista Mall and the more than 50 businesses who call Valle Vista home. This is the best piece of real estate in the entire Rio Grande Valley. And with new ownership, I am confident that Valle Vista can once again realize the potential that it has always had. Let's work together to support these efforts.

Thank you all for being here today. God Bless You. God Bless our United States of America and our great state of Texas. And God Bless this great City of Harlingen.