

STATE OF THE CITY 2019

MAYOR ROBERT DONCHEZ (03/07/2019)

Good morning and welcome to the annual State of the City address.

As always, I want to extend my thanks to ArtsQuest, the Chamber, the sponsors, my Department Heads, City Council and all of you for attending this breakfast this morning.

Bethlehem continues to be a robust city, and apparently, an “underrated city”, as Reader’s Digest called us this past year. I tend to agree. From our vibrant downtowns, our distinct neighborhoods, our parks and schools, the city welcomes investors and residents alike, and we even welcomed a new sister city this year, Foiano di Val Fortore, Italy. We continue to work to ensure Bethlehem remains a place where we can live, work, learn and play. I am committed to public safety, economic development and providing an unparalleled quality of life for our residents.

While my administration continues to manage the responsibilities of municipal government, many of the things we’ve come to appreciate and enjoy about Bethlehem, are done in partnership, with the tireless efforts of our community organizations.

Bethlehem is fortunate to have high quality educational institutions in our city, and we appreciate our partnerships with Lehigh University, Moravian College and Northampton Community College. Thanks to their investments, we have new educational buildings, a joint public safety substation with Lehigh University, and Northampton Community College’s Center, for Innovation and Entrepreneurship.

The Bethlehem Area School District continues to work closely with us, lending their support to the Northside 2027 Neighborhood Plan, and by partnering with our health department, to develop a plan aimed at improving health outcomes for students. Our pools were fully staffed with lifeguards this year, thanks to our ability to offer a low cost lifeguard certification course, for school district students.

The city’s health care facilities are second to none, with both St. Luke’s University Health Network and Lehigh Valley Health Network ranked in the top ten hospitals in Pennsylvania. Finally, our economic partners, BEDCO, LVEDC, and the Chamber, ensure that the city is seen as the vibrant city it is, with many opportunities for business growth.

Earlier this year, I took part in an interview for Public Radio International, regarding the economic evolution of Bethlehem. Also interviewed was Alan Berube, an expert in the economies of older industrial cities at the Brookings Institute. He ranks cities from “strong” to “vulnerable”, and puts Bethlehem in the top category. He said “strong” cities share some common characteristics: “The first is that they have an innovation engine,” he said. “In a lot of cases, the ability of them to grow new kinds of products, companies and jobs, is tied to having a research university nearby.” Secondly, he says, “successful industrial cities, have also reinvested in their downtowns, bringing jobs and people back into the core, after decades of suburban sprawl”.

To our great benefit, we do have a world class research university right here in south Bethlehem, and to our credit, we have invested in innovation, small business and our downtowns, and Bethlehem is indeed, strong.

Lehigh University has anchored our south side for 154 years, and continues to grow and invest in Bethlehem. As part of President Simon's \$1 billion dollar Path to Prominence campaign, Southside Commons is under construction, and will bring 428 students to the edge of downtown. Last month, the city approved a new health sciences building, which will expand Lehigh's academic footprint, and bring a new host of experts to our city, while Bridge West, the newest on campus housing complex, will create a dynamic campus hub for students. With Lehigh's focus on innovation, and the city's commitment to supporting small businesses, Bethlehem has morphed into a city where small businesses want to locate.

This past fall, the city's KIZ program was awarded the gold medal for our Partnerships with Educational Institutions, at the annual International Economic Development Council conference. In 2018, the KIZ facilitated 7 KIZ tax credit applications totaling more than \$400,000 dollars and awarded almost \$100,000 dollars in related grants. In 2019, the KIZ will continue to identify and facilitate small-scale manufacturing space in the Southside, to respond to demand from entrepreneurs.

Elsewhere on the Southside, the Factory project, has resulted in the repurposing of a former Bethlehem Steel building. The Factory is a team of experienced operators with \$250M dollars of investable capital, who acquire meaningful equity stakes in high potential food, beverage and pet health companies, and partner with them, to rapidly build value. The project will bring dozens of new companies to South Bethlehem, with the goal that as accelerator companies located at the Factory grow, they will choose to locate in Bethlehem. This one-of-a-kind facility is spearheaded by Richard Thompson, the former CEO of FreshPet, American Italian Pasta Company, and Meow Mix.

Bethlehem continues to transition vacant brownfield land, into new development, businesses, and job creators in Lehigh Valley Industrial Park VII and Majestic Realty Center in South Bethlehem. In response to the steady demand of the e-commerce market, QVC announced they will make Bethlehem home for their distribution center. Candlewood Suites, a 101 room hotel, opened last year, and represents some of the first development in the industrial park fronting Route 412. RJ Schinner has established operations in the industrial park, Curtiss Wright is expanding, and SunCup has recently located their juice production and bottling operations, in a 180,000 square foot building on Easton Road.

Investment in our downtowns has resulted in the completion of Greenway Commons. At the eastern end of Third Street, 510 Flats opened, along with the new retail tenants, and the second building on that site is scheduled to break ground this spring. The Goodman building, once on the brink of demolition, has been stabilized and is now on the verge of complete redevelopment.

Brinker Lofts, located at Fourth and Adams Streets, is poised to offer new housing and retail space for our downtown, the first project in the city to utilize the new Opportunity Zone Program. Just last month, City Council gave the first approvals to an expanded venue for arts and culture, with the \$15 million reconstruction of the Banana Factory on Third Street, enhancing our already vibrant Southside Arts District.

Streetscape improvements are in the design phase for South New Street, with the goal of developing a corridor between Morton Street and the Fahy Bridge, that improves safety for bikers and pedestrians, calms traffic in the area, and incorporates new lighting and design elements.

On the Northside, I am optimistic that the Boyd and the connected storefronts will be redeveloped. This is an exciting project for the downtown, and will enliven the Broad St. corridor, a key focus of our Northside 2027 planning study.

Development as a whole in the city has been remarkable, but also highlights the changing landscape of Bethlehem and of the retail market. We welcomed approximately 30 new businesses to Bethlehem last year and are happy to have them here.

In 2018, we saw Moravian College take ownership of the Moravian Bookshop to ensure this important landmark would not close. Thanks to the leadership of President Grigsby, the bookshop retains its status as the oldest operating bookstore in the United States, and brings Moravian students into the downtown shopping district.

In the fall of 2018, the Westgate Mall was sold, and we anticipate positive changes for that shopping center soon.

And while we acknowledge the nostalgia associated with Martin Tower, the definitive plan to demolish the tower, and redevelop the 53 acre site, provides the opportunity for new jobs and new opportunities on that site.

One of the biggest changes the City may see in 2019 will be the transfer of ownership, if approved by the Pennsylvania Gaming Board, of the Sands casino and the surrounding property to Wind Creek. The prospective owners have already indicated, they will make an immediate investment of \$190 million in the area, in the form of a new hotel and the renovation of Machine Shop 2. This is the most positive news we've had for that site in years, and I look forward to a strong working relationship with the new owners.

To give you an idea of the tremendous amount of investment Bethlehem is experiencing, let me share some statistics with you: 2018 saw the most construction permits pulled in the City's history at 8,404. The total estimated cost of construction in the city last year, based on these permits, was \$295 million dollars. Outside of the Sands Casino, this investment exceeded any prior year by almost \$54 million dollars. And to show how much the city has grown and how much confidence people have in investing in their homes and businesses, the estimated construction costs over the last four years exceeds those of the previous four years by \$370 million dollars.

Seeing how the development and redevelopment worlds change, Bethlehem will continue to fund and support programs like Enterprise Zone, CRIZ and LERTA, that help grow businesses, and will advocate for smart and effective economic development programs.

Having the City in a strong financial position, allows the city to support the number programs and services it offers. The city maintains an A+ bond rating from S&P. It is always a goal of my administration, to eliminate waste and cut costs wherever possible. In many cases, the old way of doing things can't be continued – it's costly and inefficient. In 2018, Public Works switched to LED streetlights, and our curbside recycling contract was rebid, resulting in a savings of \$120 thousand dollars in 2019.

We negotiated new labor contracts at the golf course to reduce labor expenses, while negotiating a new lease with the Clubhouse Grill, to increase revenue to the City. And for the 5th year in a row, we increased our collection rate of Business Privilege and Mercantile taxes.

It's easy to see how technology and shifting attitudes about shopping, personal interactions, and other everyday tasks, are changing how we do things. Managing City government is no different. As we learn of more efficient ways of conducting business with emerging technologies, the city is shifting to new ways of operating.

Our inspectors will be using tablets in the field, to upload data to our platform, rather than relying on paper and transcription back in the office. By the end of 2019, 3,500 of our water customer's meters will have been converted to drive-by meter reading. Antennas for remote meter reading, will be installed this year, completely changing how your water meter is read. LED lights are being installed in fixtures throughout the city to reduce costs in both electricity and labor.

Our City's website is being totally revamped as I speak, so that residents and visitors can get information more quickly. This website will interface with our open data platform, which will allow viewers to see how funds are spent down to the line item, learn about specific projects in depth, and interact with the city in a totally new way.

Citizens can now even attend a city council meeting, without leaving home, thanks to the ability of live streaming their meetings.

But even as the city evolves, we need to stay true to our core community values. The first of those is Public Safety. I am pleased to say that the overall crime rate in Bethlehem fell by 4.2% in 2018, with the most serious crimes, Part 1 offenses, dropping by 26.3% from 2017. According to Chief DiLuzio, these results can be attributed to the return to "basic policing". Last year, dash cameras were installed on all police cars and this year, body camera implementation will be completed.

Our Police and Health Departments responded to the increase in overdoses by creating the BPAIR program, in which a drug addicted person, can call or show up to the police department, and request assistance in finding treatment, with no criminal consequences. The police department is now assisting other departments in the county, with scaling up this program, and our fire department has added Naloxone to appropriate engines, which has resulted in 15 lives saved by our firefighters while waiting for the arrival of EMS to a scene. In all, 165 residents were revived with Naloxone in the city last year. To provide an additional safety net for residents battling addiction, our health department implemented a home visiting program, for residents who recently overdosed, in an effort to facilitate entry into treatment.

This year, the Fire Department's Engine #5 will be replaced, with another Engine replacement planned for later this year. An additional goal in 2019 is to continue upgrading our decade-old vehicle rescue equipment, to ensure that we have the most advanced apparatus to assist our residents. One example of our commitment to advanced lifesaving equipment is the recent purchase of 5 LUCAS automatic chest compressors, allowing our EMT's hands to be free and allowing compressions to be done seamlessly. Our Paramedics will be able to maximize the efficiency of their efforts, and reduce the risk of injury to themselves, or other first responders, while saving lives.

2019 will bring one of the biggest changes to how the city operates with the finalization of the 911 center consolidation with Northampton County. And later this year, look for the roll out of a new Bethlehem App that will allow communication between residents and the city in a fast and easy way.

Our Water Department received its eleventh consecutive AWOP Award, which is the water industry's way of recognizing ongoing efforts to ensure that our drinking water is safe and meets high quality standards.

If anyone was driving around the city in 2018, you noticed the amount of street reconstruction being done. Our public works department paved 3.1 miles of road, installed numerous curb ramps, reconstructed W. Garrison Street, improved the pedestrian access near Liberty H.S., and made numerous storm sewer upgrades.

For 2019, my administration has allocated \$2 million dollars for the upgrade of our streets this coming year. New lighting along West Broad Street, storm water replacements on East Boulevard, and the total reconstruction of Carlton Avenue, are some of the improvements we will be undertaking.

As the world evolves into a more tech savvy, online place, the existence of our neighborhood parks becomes critical. Our parks provide vital green space for people to relax, a place for our after school and summer programs to keep our kids engaged in positive activities, and provides a natural community hub for people to interact. The National Recreation and Parks Association has found that young people who live in poor or minority neighborhoods, are 50 percent less likely to have a park near their homes. This is not the case in Bethlehem, where we have 30 parks and 5 pool facilities located throughout the city. Because we realize how important these recreation opportunities are, in 2019, we will investment \$7 million dollars in our recreation facilities. Our recreation department will implement more after school programs for our youth – something we have been hearing is needed through our neighborhood studies and outreach.

Last year, I announced many of the upcoming projects to address the condition of our parks and pools. This year, I can talk about their completion. Phase 5 of the Greenway was completed, the redesign and reconstruction of Memorial Pool will begin in early summer, thanks to over \$1.5 million in grants received for the project. The iconic Rose Garden is moving closer to its redesign, including new signage and pathways, trees, benches, and bike racks.

A new play system and other upgrades are coming to Friendship Park in late spring this year. And because of a \$60 thousand dollar commitment from Northampton County Executive McClure, the City will begin to examine the feasibility of a pedestrian bridge over the Lehigh River, linking our north and south sides.

Just as I'm committed to improving these recreational facilities, I'm committed to improving the neighborhoods that surround them. The city finalized our comprehensive blight study last year, and is now moving into implementing the policy and operational changes from that study. Our housing inspections increased by 10% last year from the same period in 2017, but there is room for improvement. Using the data from the blight study, we are targeting investment in key neighborhoods to stem any potential decline. We assisted our homeowners with over \$300,000 dollars in federal funds for critical housing improvements, allowing more of our residents to remain in their homes.

Last year, I announced that the city was awarded a grant in conjunction with Northampton County and the City of Easton which will allow us to remove lead paint and repair critical

safety issues. I can now elaborate on that information and share that close to \$1 million will be invested in city homes, reducing the risk of harm to our most vulnerable populations.

Because of my commitment to strong neighborhoods, and in conjunction with Councilman Reynolds, we undertook a planning study of the Northside 2027 neighborhood last year. This area has affordable homes, excellent schools, is walkable to the downtown and is an example of Bethlehem's diversity in residents, housing stock and land use. Through public meetings, my neighborhood walks, surveys, and focus groups, we have sought to capture the most pressing issues needing attention. This study will be complete in early June, and we anticipate implementation shortly thereafter.

As the city continues to change and evolve, it is our responsibility to ensure it moves forward in a direction that is positive for all constituents. By investing in our small businesses, supporting innovation and technology, taking steps to guarantee the health of our housing stock and neighborhoods, and maintaining partnerships with those who support these goals, the city is destined to continue its evolution from industrial powerhouse to a city which offers unrivaled opportunity for all.

I would like to note that Historic Moravian Bethlehem is on the cusp of being named a World Heritage Site. Let me put that into perspective. It would put us on par with sites like the Great Wall of China, the Pyramids and the Taj Mahal. There are only 23 such sites in the United States, the closest one being Independence Hall in Philadelphia. Right now, we are on a prestigious short list for final nomination called the "tentative list". It is the highest recognition a site can achieve in the United States.

Finally, I would be remiss if I didn't take this opportunity to thank my friend, the outgoing Senior Vice President of the Bethlehem Chamber, Lynn Cunningham, for her years of service to the City of Bethlehem and the Chamber. Long a cheerleader for this City, Lynn will be sorely missed when she steps down from her position next month. Lynn, I want to thank you for the tireless work you've done on behalf of Bethlehem and I would like to present you with this Moravian Star and proclamation, declaring today Lynn Cunningham Day in the City of Bethlehem.