

January 22, 2021

State of the City Address by Mayor Ray O'Connell taped on January 12, 2021

When I look back on 2020, the first thing I want to say is “thank God we made it.”

Baby boomers and those that followed have never seen anything like it. Our way of living has been totally turned upside down to try to put the brakes on a global pandemic that has claimed more than 375,000 lives in the United States, 18,000 of those in Pennsylvania and at least 150 residents of the city of Allentown.

New phrases like flatten the curve, social distancing and contact tracing, and advice like wear a mask, wash your hands often and use hand sanitizer became an everyday part of our lives.

We all know someone who either caught the virus or was quarantined. The effort to slow the spread resulted in significant disruption to our lives.

In the spring of 2020 Pennsylvania schools closed to in person learning for the remainder of the school year and Allentown public schools have remained closed as we begin the second half of the new school year.

There has not been hockey or concerts at PPL Center. Stages went dark and hotels became empty. Restaurants were closed to indoor dining.

We did not operate our summer playground program nor did we open our municipal pools or sponsor summer band concerts to comply with social distancing and crowd size guidance.

Traditions like the Great Allentown Fair, Blues, Brews and Barbecue, Lehigh Valley PRIDE, the St. Patrick's Day and Halloween parades and so many ethnic and cultural festivals and celebrations had to be cancelled or go virtual.

With the support of City Council, we eased the burden by extending tax due dates to help property and business owners and put our CARES Act funding to good use.

We developed a \$400,000 rental assistance program from 2019 HOME funds to assist tenants with rent payments to avoid eviction for a duration of three months.

The city created a \$500,000 Small Business Stabilization Program offering grants of up to \$5,000 to small neighborhood businesses that suffered financially from the pandemic. The program helped neighborhood businesses survive the health crisis and assist employers with emergency cash flow needs.

We expedited our permit process for outside dining by creating TOSA, our Temporary Outside Seating Application.

Working with our partners, we created an “Art of Encouragement” program, funding our local artists who produced art that inspires us during this COVID period. In efforts to promote our Allentown businesses we worked again with our local partners on a citywide marketing program to promote “Shop Local, Shop Safe, Shop Allentown.”

As for city government, we followed the guidance of state government and closed our buildings for a time.

During this time the city forecasted major negative downturns to previously expected revenues, including a projected loss of 12.5% in annualized Earned Income Tax collections, a significant hit to our local share of casino gaming revenues from Wind Creek Casino, and a steady leak of normally expected licensing, building, permitting, and inspection revenue, municipal recreation revenue, other departmental earnings and investment income. The city was looking at a cyclical General Fund deficit of \$8-10 million dollars or more, depending on the estimation.

President Ronald Reagan said, "There is no limit to the amount of good you can do if you don't care who gets the credit."

Our people went to work. Leadership, department and bureau heads and staff across both the bargaining and non-bargaining units were equal to the challenge as well as many of our other businesses and business partners in our great city.

Because of the Federal government offering additional unemployment compensation, city staff were offered temporary voluntary furloughs. I ordered a hiring freeze to find further savings in personnel costs. Departments were ordered to adopt strict spending reductions in all operating budgets, other than personnel. Even with diminished staffing resources and cuts to our purchasing power for services and materials, the City was able to get through the worst of the storm without any involuntary layoffs or furloughs.

Furthermore, the finance team under interim Finance Director Jessica Baraket worked with our financial advisor, the rating agencies, our underwriters and our lender to restructure our 2020 debt service, pay back the general fund for capital improvement, rolling stock and IT improvements previously expensed, and to issue 2020 series general obligation bonds for baseline necessary capital funding to maintain the City’s infrastructure in the near term. Through the hard work of the above mentioned, the City was able to actualize nearly \$4,000,000 of additional liquidity in the General Fund.

The ship steadied. Millions of dollars in estimated reductions in Earned Income Tax turned out to be just one percent under budget.

Our 2020 Consolidated Annual Financial Report, or CAFR, will likely show a modest budget deficit.

Tax rates are unchanged in our \$119.5 million General Fund budget for 2021 while some of our neighbors enacted increases. The only fee increase is at the golf course.

Thanks to the hard work of our Revenue & Audit Bureau, the city is revising its Business Privilege Tax (BPT) regulations based on guidance from legislative acts and court decisions rendered since April 1996 when the last revisions were made.

The revisions apply to all business transactions beginning the first of this year.

In the South Dakota vs. Wayfair case in 2018 the U.S. Supreme Court overturned the long-standing physical presence nexus standard establishing that physical presence is not necessary to create constitutional nexus.

The revisions neither create a new tax, nor establish a new subject of taxation, rather they provide an updated set of rules and filing guidelines for subjects of taxation that had been previously restricted by Supreme Court rulings.

Regardless of whether it maintains or maintained a base of operations, branch or sales department within the city, a business, person or taxpayer has exercised the privilege of doing business in the city if it transacted business or facilitated the transaction of business physically within the city's territorial borders for all or part of thirty (30) or more calendar days within the calendar year. The thirty (30) day standard for physical presence is double that which is required by Pennsylvania law.

Effective January 1, 2021 and thereafter, a business, person or taxpayer with no physical presence in the city is considered to have an economic nexus in the City and, as such, is subject to Business Privilege Tax if it has generated at least fifteen (15) or more transactions to points within the City totaling at least \$500,000 in gross volume or greater within the calendar year, and has sufficient connection to the City to establish nexus under the United States Constitution.

2021 Business Privilege Tax filings and payments are not due until April 15, 2022.

Allow me to take some time to highlight accomplishments of my administration in 2020.

I have said since day one that public safety is my top priority. That remains true today.

Chief Glenn Granitz and the Allentown Police Department are working hard to prevent crime and to solve those crimes that do occur and bring the perpetrators to justice.

The police department has just been accredited for another three years by the Pennsylvania Law Enforcement Accreditation Commission. The department has recently signed on to obtain CALEA certification, which currently only ten police agencies in the entire Commonwealth of Pennsylvania have secured.

It was President John Adams who said, "Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence."

The city has become a much safer place over the past decade and a half.

The city's number of Part I crimes continued its steady decline in 2020. We were down 11% at 4,283.

Our police department does great work every day. It's not always glamorous stuff, but it is important work.

For the 10th consecutive year, Sergeant Craig Berger has made the most DUI arrests among all police in Lehigh County.

Back in February, an officer stopped a tractor-trailer that had gone over the Gordon Street Bridge which is now closed for renovation. The posted weight limit was 14,000 pounds; the truck weighed more than 74,000 pounds. The fine exceeded \$17,000.

Allentown police investigated more than 4000 vehicle crashes.

The chief has placed an emphasis on quality of life issues, and it resulted in the stop or seizure of more than 100 dirt bikes and ATVs causing problems in the streets, an increase of more than 100% over 2019.

The new Background Investigation Unit performed background checks on 171 potential police hires. We are currently at 216 officers and in 2020 APD had its highest staffing levels in well over a decade.

The department will open an entrance at 425 Hamilton Street this year where persons can file or obtain copies of a report. There they can speak to an officer or meet with investigators.

The new MARK 43 records management system should go into service across the county this winter.

In September, APD was accepted into the Active Bystandership for Law Enforcement (ABLE) Project national training and support initiative for agencies committed to building a culture of

peer intervention that prevents harm. It provides practical active bystandership strategies and tactics to law enforcement officers to prevent misconduct, reduce officer mistakes, and promote health and wellness.

In 2021 the department, in partnership with Pinebrook Family Answers, will have a second community intervention specialist, a civilian who arranges services, including mental health services for those whose issues may result in police being summoned.

The department is also working with Cedar Crest College to measure its crisis intervention training and partnerships with community intervention specialists and a look at various models of call-response.

On July 1, the Fire Department was able to staff and place truck 1 back in service for the first time in eight years. This has allowed for a more even aerial response coverage better serving the citizens of Allentown.

The Fire Department purchased new equipment for our three rescue trucks, replacing our 20 year dual core old rescue tools and upgrading them to a newer single core technology that allows for a quicker set up with more power in the tools to extricate victims from vehicles and hydraulic equipment.

Any day now, I expect we will have a new signed labor contract with the fire union.

Fire Chief Jim Wehr is retiring after nearly 27 complete years in the department and I have nominated Freddy Agosto to replace him.

Allentown EMS responded to a record 16,000 calls in 2020. We added Medic 3 to the nightshift and adapted to the challenge of COVID-19 where they had to assume that everyone was COVID positive. Under the leadership of Eric Gratz, the fine men and women of our EMS performed on the front lines with the utmost professionalism.

As a retired school district administrator, I remember pushing a lot of paper that would make its way to local, state and national hands.

We try to get away from similar work in city government and it is our I-T Department under the leadership of Director Matt Leibert that makes it all click.

I-T supports, implements, enhances and integrates a portfolio of more than 200 applications and systems. They manage 1300 devices and components on the city's network and responded to nearly 5000 support requests in 2020.

I-T rapidly responded to the COVID-19 pandemic by enabling secure remote work/collaboration scenarios and efficiently rolled out Microsoft Teams. The cabinet and bureau managers were in daily communication of how best for the city government to respond to the crisis both internally and externally.

When you read that hackers have infiltrated Federal government systems, you can understand the critical annual investment that goes into maintaining our systems, and that means enhancing and validating security across employee accounts, systems, networks and devices.

There are times when I think it is not possible for our city Health Bureau under the direction of Vicky Kistler to do more, but then we were hit with a pandemic.

The Allentown Health Bureau has investigated close to 10,000 cases of COVID-19. The Bureau was a source of guidance for entertainment venues, restaurants, day cares, the court system and a variety of businesses as they adjusted to the red, yellow and green phases of containment. Those were essentially brand-new tasks in 2020 and came on top of annual environmental health inspections, our injury prevention programs, clinical services and communicable disease prevention and follow-up programs. Our Allentown Health Bureau has truly been a champion for community health under the most challenging of times. Their leadership, professionalism and unselfishness has aided in the region's response to this pandemic.

The Allentown Health Bureau falls under the city's Department of Community & Economic Development under the direction of Leonard Lightner.

DCED can stand very proud of its accomplishments.

The department was honored with two Governor's Awards for Local Government Excellence.

The city's Vision 2030 comprehensive planning effort was determined to best exemplify the theme of "Innovative Planning and Sound Land Use Practices," and the "Healthy Kids Healthy Allentown" anti-hunger effort best exemplified the theme of "Health and Wellness Initiatives," providing nearly 70,000 meals to youth.

Any look into our city's future must begin with Allentown Vision 2030; the city's Comprehensive & Economic Development Plan. If you haven't seen it, it is available on the city website.

The Vision 2030 Plan is our guiding framework over the next 10 years.

The Plan provides a coordinated and collaborative approach for City Departments and Bureaus, our public, private, nonprofit, and institutional partners to work together on Plan implementation.

Partnerships are critical to the success of Allentown Vision 2030 and are the foundation of the Plan. We are committed to cultivating our existing partnerships and exploring new and innovative ways to work together as we implement Allentown Vision 2030.

The vision of an Allentown for All focuses in four areas: economic inclusivity, the city as a steward, diversity and inclusion and community empowerment and collaboration.

C-E-D worked hard with its many partners in the 2020 Census. However, COVID kept many people from participating.

People from different backgrounds see the world differently, have different experiences and see the world through a different lens. New insights can innovate entrepreneurial business, vibrant arts and culture, and one-of-a-kind experiences that are uniquely Allentown, thereby creating opportunities for all of our citizens.

We aim to learn from best practices and develop innovative tools to promote affordable housing, residential and commercial density, and mixed-use development.

Neighborhood planning will be a strategic analysis of the quadrants of the city as potential areas for economic growth, community redevelopment, transit-oriented development, and arts and entertainment.

We are committed to improving our city's housing stock.

The city has been awarded \$5.7 million from the federal government to reduce lead paint hazards in city homes.

The city will address lead hazards in 310 housing units over the next three years, providing safer homes for low and very low-income families with children.

The city has budgeted \$500,000 in CDBG funding as a match to the requested funds, helping to ensure the attainment of its program goals.

The program is in line with the city's Vision 2030 Plan which includes a principal of improving the quality of Allentown housing with, "Healthy, quality housing that is free from physical hazards and promotes quality of life and community well-being."

The 2020 lead program comes on the heels of a nearly \$1.4 million grant program that we closed out at the end of 2019. It allowed the city to hire an experienced Project Director who led the program in the remediation of lead in 53 properties.

It is also a jobs creation program. The city is looking for contractors certified in lead remediation. We have the money to have you working in 310 housing units.

DCED forged a "Bank On Allentown" coalition to increase banking access to our residents.

Most of you watching today take access to banking services for granted, but according to Prosperity Now, 37% of households in Allentown are unbanked or underbanked, meaning they rely on costly alternative financial services - like check cashers, payday lenders, and pawn shops - for routine financial transactions. They are half as likely to be able to save for emergencies and being unbanked can cost more than \$40,000 over a lifetime.

Banking access is critical to financial stability - a basic banking account is an important first step into the financial mainstream, depositing earnings securely, paying bills efficiently, accessing credit, and saving for emergencies and the future.

I offer special thanks to our partners in this effort, including United Way of the Greater Lehigh Valley, Financial Literacy Center, FDIC, People First, First Commonwealth Federal Credit Union and QNB Bank.

The city's residential and economic trends are positive. More than 600 housing units are either under construction or proposed. The Da Vinci Center project is advancing. Preliminary approval has been granted for a nearly 11-hundred space parking deck between Walnut and Maple streets, netting more than 450 parking spaces downtown. An industrial facility is planned at the incinerator site. A 125,000 square-foot office building is anticipated on the waterfront. The former Neuweiler bottling shop will be converted into a 42,000 square-foot office building.

The demolition of the Allentown State Hospital site is well underway. Upon completion, the Pennsylvania Department of General Services will create a competitive bidding process to consider redevelopment options for the site. C-E-D Director Lightner is among a four-person panel that will review the proposals and recommend a buyer to the state. The Department of General Services will be developing the bid criteria.

Our Department of Public Works and its 154 full-time employees are capably directed by Craig Messinger.

Negotiators for the city and the Lehigh County Authority (LCA) reached a settlement ending years of disputes and litigation and solidifying their partnership on the concession lease of Allentown's water and sewer utility systems through 2063.

The settlement avoided the risks, uncertainty and very expensive legal costs associated with arbitrations and court actions for both the city and LCA. It is one of our top accomplishments of 2020.

The settlement, which was the byproduct of years of negotiations, ensures that the exceptional quality of drinking water and treated sewage effluent are continuously maintained serving city and suburban customers. It ensures funding from all beneficiaries is available for all necessary capital improvements to the water and sewer systems and provides for LCA's continuous and financially sustainable operation of the system.

To support the city's administration of the lease along with the city's other related water and sewer expenses, LCA will contribute \$400,000 annually beginning this year. Those costs had been borne by the city's General Fund.

In 2021 you will see \$1.3 million in ADA ramp design and construction in UGI project areas and another \$1 million in street maintenance construction and curb and sidewalk construction.

The pandemic brought a whole new set of tasks for our Building Maintenance bureau. They installed plexiglass for employee and customer protection. They responded with new cleaning and disinfecting protocols, and I am happy to report that our buildings were not the source of any significant spread of the disease.

Our Streets Department paved nearly 8-miles of streets and alleys. Among our 2021 projects is the paving of American Parkway from Hamilton to Gordon.

This year, the Traffic Bureau will accomplish Phases 2,3 and 4 of the conversion of some 4300 street lights to LEDs at a cost of \$1.8 million. You will see solar lights on American Parkway from Union Street to Airport Road at a cost of \$1.2 million. There will be Phase 1-A construction of the downtown traffic signal adaptive signal technology that adjusts the timing of red, yellow and green lights to accommodate changing traffic patterns and ease traffic congestion.

The Stormwater Bureau is not to be outdone. In 2020, the bureau lined a mile of pipe throughout the city and repaired 160 inlets and manholes. They anticipate performing repairs to 225 inlets in 2021.

The Bureau of Recycling & Solid Waste is keeping our city clean and environmentally safe. Our recycling program doesn't have to take a back seat to anyone. We recycled 29 tons of old televisions and electronics in 2020. They issued more than 4600 SWEEP tickets. And a word to the wise for illegal dumpers. Our crack down is continuing, and we are updating our covert camera operations.

Perhaps no city department was more adversely affected by the COVID-19 pandemic than parks and recreation. Director Karen El-Chaar and her team planned and prepared for a usual spring, summer and fall season all to see the pandemic stay in the way.

As I mentioned in the beginning, like most other neighboring municipalities we did not operate our summer playground program nor did we open our municipal pools to follow social distancing and crowd size guidance that would have been impossible to enforce otherwise.

We suspended permits for picnic groves, pavilions and courts and fields to comply with the governor's stay at home order.

Play was suspended in our adult volleyball and youth basketball, baseball and soccer leagues. Events like Cedar Sports Day and Woofstock were cancelled. We lost the summer concert and movies in the park series.

I can say on a positive note that it appeared that our parks had many new visitors. At the spring height of the pandemic our parks and trails were packed with walkers and bicyclists.

Our municipal golf course had a banner year, and the course is in pristine condition which attracted visitors from around the valley.

Parks and Rec created a number of virtual programs for city youth including Mindful Mondays, Water Safety Wednesdays and Soccer Saturdays. They developed a Learn to Swim at Home program and Five-Day Fitness programs of easy fitness activities for elementary-aged children. Queen of the Court, which through the game of basketball has taught hundreds of Allentown girls life skills, confidence, teamwork, and empowerment went virtual and just last month completed its 11th season.

The August tropical storm and resulting flooding caused considerable damage to the park system. Our parks maintenance staff reconstructed or redressed pathways in Cedar Creek Parkway, Lehigh Parkway, Jordan Park and Trout Creek Parkway. Downed trees had to be removed from parks and public rights of way.

The new year is bringing the rollout of the department's MyRec software which will provide for on-line payments and reservations at the convenience of the public. It will improve customer relations and streamline operations.

The department anticipates being involved in nine construction projects in 2021 and the design phase of another five projects.

The department garnered nearly \$2 million in grants in 2020, including PennDOT and DCNR grants for the Jordan Creek Greenway Trail project, 1.8 miles of which is in the city.

I don't think I am exaggerating when I say that the pandemic has impacted every department in city government.

It fell to Human Resources lead by Meloney Sallie-Dosunmu and her staff to counsel each and every department and bureau on federally enacted leave programs. More than 80 city employees went out on furlough in the spring.

H-R and Risk Management partnered with St. Luke's Health Network on rapid COVID testing of first responders.

Through the fall, H-R had brought on 69 new employees in the city, including 38 first responders. Our recruitment is focused on city residents and diversity. We want our young people to hold down available summer jobs. H-R partnered with Parks & Recreation to get it done by visiting seven Allentown schools to participate in assemblies or job fairs.

Our health plan changes this year for non-bargaining employees and Fire as we have switched from traditional or HMO plans to a PPO for an estimated five-year savings of \$3.7 million.

H-R negotiated a new contract with the IAFF.

We implemented Industry Safe incident reporting software, modernizing our claim and reporting procedures. In Risk Management, we implemented an enhanced policy to obtain remediation for damages to City property, resulting in more than \$80,000 in subrogation in 2020.

Our Public Works GPS/Dashcam system has proven valuable in recording evidence that helped determine that other parties were at fault in accidents involving city vehicles.

The most important job we have is putting together the annual budget. I introduced the 2021 budget in October. Council took a month and half to deliberate before adopting the plan in early December. This is your city, and you deserve to know how your money is being spent. Whether it is revenue from taxes or fees or grants, you have elected me, the members of city council and the controller to be the proper stewards of your money. I nominate the directors of the various departments and city council confirms those nominations. Those directors are responsible for their individual department budgets and determining what they need to get the job done.

Budgets can be mundane to the average person, but they are a statement of our collective priorities. At home, you can only do what you can afford, and so it is for city government. We are mindful of our tax and fee rates and we are striving to provide the best and most complete services at the lowest possible costs.

I am incredibly proud of ALL the hardworking men and women of the city of Allentown. The city's workforce remained focused and determined to provide our citizens and taxpayers with the best possible services. Our accomplishments would be significant, without considering the challenges of COVID. My administration excelled when planning and re-planning became a seemingly daily occurrence.

Over the past 30-to-40 minutes I have let you know what we have accomplished over the last year and what our unique departmental goals are for 2021.

New York Times's executive editor Dean Baquet believes that 2020 will go down as a signature year in history, alongside years like 1968, 1945 and 1865. I can't disagree.

Teddy Roosevelt said, "Far and away the best prize that life has to offer is the chance to work hard at work worth doing."

I know that is how all the city's elected officials and my team feel. We are all trying to make Allentown a better place to live, work, play and invest.

Anyone who knows me, knows how much I love this city. I lead with conviction and dedication and it is my absolute honor to serve the city of Allentown.

Thank you for partnering with us to move Allentown forward in 2021. And thank you for watching today! Have a great day Allentown!