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Lehigh County Executive
State of the County Address - February 16, 2012
Coca Cola Park, Allentown, PA

This is now my seventh time to stand before you to offer a State of Lehigh County address. I really don't understand where the years went. God willing, I will have one more to give before my allowed time in this office expires.

Oscar Wilde wrote, "the best way to appreciate your job is to imagine yourself without one." Since the new Board of Commissioners have been sworn in, I've been reading that quote over and over again. "The best way to appreciate your job is to imagine yourself without one." "The best way to appreciate your job is to imagine yourself without one."

It appears that I'm more popular than ever since we have a record crowd today with people willing to sit at a bar to hear a speech. Too bad they're not serving right now. Each time I perform with my band, I tell the audience, if you keep drinking I guarantee I'll keep sounding better. I'm guessing that my new popularity is based on my hip, new haircut and has nothing to do with the issue of reassessment. ...I will touch on the R word a little later. After watching the president's state of the union address, I was thinking it may be best if you reseal yourselves in two sections by Republican and Democrat, then I remembered this was a Chamber of Commerce event and I didn't want to have me and Mayor Hozza sitting by ourselves. Regular interruptions for standing applause, however, are welcome.

It's a funny thing to have a position where you are required to give a state of the county or the city or the whatever. It is a tremendous honor to be able to do it but, no matter how many times that you do, you never feel worthy of the task. There are more than 350,000 people in this county, tens of thousands of businesses, more than 125,000 properties. Each person with their own blessings and challenges, hopes and dreams, fears and problems. Each person -- and each business -- in their own stage of existence, their own period of prosperity or difficulty, happiness or struggle. While a rising tide may float all boats, each boat weathers a storm differently based on its maintenance, preparation and location on the water.

I often attend the financial outlook addresses given by economists and bankers where they tell you what may happen with the economy in the coming year, just as I often listen to the NFL analysts on television before I fill out my football pool ticket. It's usually interesting -- but it's also the reason I don't bet the games or the stock market. Those of you that have heard me do this before either in the county or as Bethlehem Mayor, know that I usually lead with a disclaimer that these addresses are more the state of the county government, which is far from the whole of the county. When speaking, it's best if one sticks to what one knows. What I can tell you with certainty is the condition of your government, the focus of the executive branch and some of its objectives for the next two years.

And, while I know that there is nothing more interesting to someone after lunch than a deep discussion of county government, I have kept in mind the great line from Voltaire: "The best way to be boring is to leave nothing out."

I apologize in advance to some of the folks here who work in many of the diverse facets of county government in that I will be leaving much out to focus on three primary topics: the soundness of our finances, the focus of our operations and the efforts to grow our economy.

A county government in Pennsylvania does a wide variety of diverse things, many of which no other branch of government really wants to do. Interestingly, more than half of our

budget is for what is creatively called Human Services (we do not yet have a department of Animal or Droid Services). This is assistance for the mentally ill and mentally challenged, for children and youth, such as adoption and foster care and protective custody when the innocence of childhood is stolen by those entrusted to provide it; for senior citizens and the aged who are struggling with deep poverty in what should be their golden years; for veterans often left behind to fight battles long after the wars have ended, and for those with drug and alcohol addictions. These are what many simply and pejoratively call programs; the part of government most of us are fortunate enough not to need. It's more than half the county's total budget but 95 percent of that is paid for by the state and federal government, pass through money, as we call it. Counties just administer it because we are the closest to those in need.

Governor Corbett's new budget cuts funding to the counties for this area by about 20 percent. Those in need -- and their advocates -- will ask the General Assembly to restore those cuts before a final budget is passed. If they are unsuccessful, many of these same people will show up on the county side of the budget in the courts and corrections system or just on the street. Problems don't go away when funding gets cut. They just show up somewhere else.

Nearly 70 percent of local spending -- or 70 cents of every dollar collected in Lehigh County property taxes -- goes to the area we generally call Law and Order: the Courts, Corrections, Probation, Domestic Relations, the Sheriff's operations, the Coroner, the District Attorney, the Public Defender and all their associated support services. To put it simply, if one really wants to cut the cost of government in a significant way we just need to stop people from breaking the law and using the courts to settle their disputes. Good citizens are pretty cheap. These are by far Lehigh County's, and, for that matter, any Pennsylvania county's, two biggest areas of operation. There are numerous others.

Our agenda since 2006 has been to operate this multi-faceted government in a cost-effective way, keep tax rates as low as possible, ensure safe and efficient delivery of services and to grow our economy and strengthen our communities.

The state of Lehigh County's finances and operations is very sound. We continue to grow our economy, strengthen our communities and work regionally to improve public safety, combat crime and deliver services.

The average residential tax bill in Lehigh County this year will be \$680 -- for the year. That amount is unlikely to buy you cell service for one phone. If it does, I want to know your carrier. On average, your county tax is 18.5 percent of your total real estate tax bill.

This year, all property owners will get a credit of \$30 on their tax bills. We've been able to do that because in 2010 through tough management and cost controls we beat our budget and saved \$4.2 million. Instead of keeping the money, we are giving it back.

Keeping taxes as low as possible without sacrificing core operations is our primary objective. To do that, the key is to focus on managing and controlling costs.

Our best partner in that has been our employees and our public employee unions. They understand the reality of the country's economic times and have delivered. Our work force is 5 percent below the level it was in 1990. And, our total personnel costs this year are lower than they were last year. So, that's a smaller workforce than 22 years ago and personnel costs that are going down not up.

Thanks to employee cost sharing, plan adjustments and successful negotiations, our expected healthcare costs for this year are lower than when I took office in 2006. Six years later, county taxpayers are paying less for county worker health care. This has happened not in spite of, but because of, our union contracts. Without arbitration, we have negotiated agreements with

all our unions to keep wage growth under control and for all workers -- union and non-union -- to pay about 20 percent of the cost of their healthcare. All workers also pay 5 percent toward their pensions.

This year in May we will open a first-ever, in-house health care clinic in the Government Center that will serve more than 1,000 employees in our downtown buildings. We expect it to pay back roughly 3 to 1 in reduced healthcare costs for every dollar we invest, along with increasing productivity.

We have retained a AA1 bond rating, a \$25 million cash reserve, a debt service below 15 percent of our budget and a pension fund that is as close to fully-funded as you'll find in any state or local government.

Where it has made sense we've made the tough decisions to get out of operations that could be done just as well by private entities. We sold our composting center to a private operator saving the county at least a quarter million dollars a year while keeping the service for residents and municipalities. This year, we transferred a mental health operation in Human Services to a private provider, shedding about 30 county employees, who all retained their jobs with the company, which will continue the much-needed service. We are in the process of selling county property, generating a quarter of a million dollars, to the private seed company, Seedway, which had leased the 4.5 acres from the county for decades. This follows the sale of unneeded county land to Dorney Park for \$2.75 million, which created revenue for our Green Future Funds program without using tax dollars this year.

We have come out of the Great Recession with sound finances in Lehigh County. By any measure, the state of our county finances are sound.

Finances are a critical measure of a government's health. What it does with the money it collects is also critical. This year, we will put the finishing touches on a facilities and capital program upgrade that has been the most comprehensive in this county's history ranging from a renovated and expanded courthouse to a state of the art 911 dispatch center to more than 20 bridge replacements and repairs.

This year we will launch the county-wide crime data center that has been championed by District Attorney Jim Martin and supported by our Administration for many years. For the first time, data collected from each of the police departments in Lehigh County will be available in real time to all police departments, effectively creating a county-wide police department for data. The center will be staffed by county crime analysts working for the district attorney. This will finally give us the tools to combat the reality that crime knows no municipal boundaries. The idea of keeping crime information just where the event occurs is woefully antiquated. This unique center, which will officially be called the Regional Intelligence & Investigation Center, will be linked to operations in other counties and the State Police. In one week, we will be the first county in Pennsylvania connected to the PA Criminal Intelligence Center, providing us with access to their data and vice versa. We are also now connected to the Law Enforcement Justice Information System data network, which covers Bucks, Chester, Delaware, Montgomery and Philadelphia counties and will be adding Berks and Allegheny later this year. Jim Martin is working with our Attorney General to get connection to both the Philadelphia-Camden and NY-NJ High Intensity Drug Traffic Area data networks. The full center will be operational in the third quarter of this year. We still hold out hope that Northampton County, and all of its police departments, will one day link to the Center, creating a Lehigh Valley-wide operation.

At the end of last year, we completed a renovation and expansion of the Community Corrections Center for non-violent offenders, providing space much cheaper than the main jail to

rehabilitate and educate non-violent offenders in an attempt to get them out of the system, back into their communities and, hopefully, to become productive members of society.

With the same goal in mind, this year in March, construction will begin on a county detoxification center in partnership with a private provider, White Deer Run. Adjacent to the Community Corrections Center between the Lehigh River and South Mountain in Salisbury Township, the center will be used to rehabilitate people from drug and alcohol addictions close to home. It is being built with all state funds.

Through a unique partnership with Cetronia Ambulance, the county will sell land and then lease space from the emergency services provider within a 9-acre new Public Safety Facility that will house much-needed new space for our coroner and forensic operations, along with county emergency management equipment and vehicles. This partnership allows us to save millions on the facility.

The first sections of what will be a spectacular natural greenway linking Allentown to the Trexler Nature Preserve in the northern part of the county were opened at the end of last year. The project, supported by the county, municipalities, the Trexler Trust and the Wildlands Conservancy is called the Jordan Greenway and will follow the Jordan Creek, stretching from the parks of the city through the rolling farmlands to the incredible, 1,100-acre, county-owned Trexler Nature Preserve, with its system of passive recreation trails, wildlife and the Lehigh Valley Zoo. I made a decision last year to change policy at the preserve to stop the course of phasing out the bison on the range and allow for breeding to ensure a perpetual presence of the animal that has become an iconic part of our county. They tell me that the process is going well and that there are some much happier bison.

Much of this has been possible with partnerships. Partnerships with the 25 municipalities of the county, our non-profits, regional entities, like the Chamber and LVEDC, and our businesses. No partnership has been more beneficial than our Congress of Governments, started in 2006, where for the first time the elected and appointed leaders of all of our local governments, along with our regional organizations and state and federal officials come together at least once a quarter to work on regional issues and solutions. Out of that, we strengthened our focus on public safety, leading to the development of the regional crime data center. We also do a better job of championing and coordinating economic development projects like the recent landing of Ocean Spray's \$110 million manufacturing operations in Upper Macungie Township and its 165 jobs.

The same type of collaboration with the Lehigh County Industrial Development Authority, Weisenberg Township, the Northern Lehigh School District, and the private developer Hillwood, a Ross Perot Company, on a TIF program led to the enhancement of roads, ramps a bridge over I-78 and a wastewater facility to develop a new West Hills Business Center that will bring an estimated 500 to 1,500 jobs and new tax base to an area of the county that very much needs it. It was much the same type of cooperation that last year brought Avantor Performance Materials new corporate headquarters to Upper Saucon Township from New Jersey, bringing 200 jobs. Job creation and economic growth, particularly in the challenging times of a recession, doesn't happen without great coordination.

Just this week, the Congress of Governments meeting became a forum for the recent decision of the Board of Commissioners to reassess all properties in the county this year. Many of you know I was opposed to reassessing at this time. I vetoed it and the Board kept my veto record perfect. Two vetoes in seven years and two quick overrides -- 0 for 2.

I don't think it's necessary for me to revisit all my reasons for opposition. It is a difficult

issue -- and it is the law of the land in Lehigh County now. After seeing the data from our models, I don't believe this is the right real estate market to take a new snapshot of property values that are likely to stand for the next 20 years. Prices are depressed and there was little valid data for houses in the middle and upper price ranges. I believe there is a reason why only one other county of the 67 in Pennsylvania is willingly reassessing right now.

A reassessment clearly results in winners and losers. While 58 percent of residential property owners countywide will see a decrease in taxes, the majority of homeowners -- anywhere from 52 to 70 percent -- in our older boroughs and farming townships, such as Coplay, Emmaus, Macungie, Catasauqua and seven others will see their taxes rise. About 70 percent of commercial and industrial properties will see a tax increase. This allows for some of the residential reductions on a countywide basis. Many of these older communities and school districts, however, do not have as much commercial and industrial tax base. For those with vacant land and farmland about 54 percent of those properties will see an increase. My concern is for those who will see significant increases during these difficult economic times in a real estate market that, I don't believe, represents a new normal. The argument for proceeding is that there is no good time to reassess and we are operating under 21 year old assessments that are no longer accurate. A classic high school debate class assignment where you can develop arguments on both sides. I came down on the side of the famous Murphy's "Other" Law, the 50-50-90 Rule. Anytime you have a 50-50 chance of getting something right, there's a 90 percent probability you'll get it wrong.

Letters to the owners of more than 125,000 properties will be mailed next week. The letter will give an owner the current value and the new value and will state the preliminary estimate on whether their taxes will increase or decrease. An owner will be able to go on-line and look at the exact breakdown of school district, municipality and county property taxes under the new assessment. They also will be able to discuss their new assessment with county representatives at informal reviews that will be held at locations around the county. If they are not satisfied, they will be able to file a formal appeal. The new assessments will be locked by the end of November and will apply to tax bills next year in 2013.

We didn't plan it this way but in advance of that taking place next year, we decided to throw a big party this year. 2012 is Lehigh County's Bicentennial. Two hundred years ago on March 6, 1812, the Governor signed our existence into law. We were carved out of Northampton County in large part because the growing community of Allentown and the Pennsylvania German farmers in our area were tired of riding their horses to Easton every time they needed to file wills and deeds and do any business with the county. Their fortitude and resolve to create their own county at a time when our young nation was heading toward another war with the British determined the character of this county from the outset. Anything can be done here, regardless of what is happening elsewhere. During those 200 years, we've been a microcosm of the growth and success and determination of America. While building a strong community here for our families and neighbors, the people of Lehigh County have always answered the call and contributed to the success of our nation, whether it's been on the battlefields defending freedom or in many fields of endeavor. To recognize that, we will induct our first-ever Lehigh County Hall of Fame Class as part of a huge Bicentennial Celebration on Saturday, March 10 at the Agri-Plex in Allentown. Many of area businesses are already sponsors. We encourage more -- and encourage all of you to be there. This class of 24 people, which will be announced in full next Tuesday, are not only household names here in Lehigh County but across much of America and, in some cases, the world. Many of them will give presentations and sign autographs and books

throughout the day.

The day will be filled with food and drink and displays from a multitude of ethnic groups, churches, historical societies and businesses -- all of what makes us Lehigh County. We will honor our local celebrities and end the night with fireworks over the Fairgrounds. We have just put the finishing touches on a magnificent coffee table history book that captures our history in an interesting and informative way. It will be on sale March 10.

All proceeds of the Bicentennial and its sponsorships, will benefit the rare and extraordinary gem that we have here in Lehigh County: the George Taylor House in Catasauqua. One of only a handful remaining homes of one of the 56 men who signed the Declaration of Independence, our very own founding father from Lehigh County. We choose not to mention that when he built the house it actually was Northampton County. We want more people to know that this gem of the National Historic Register, in its original condition, exists.

I thank you for being here today and I hope that you will join me and thousands of others on March 10 as we come together as a community to celebrate the special place that we call home.