



Good morning. I'd like to share with you the perfect introduction into the state of Lehigh County. This wonderful 4-minute film is thanks to Ted Rosenberger--a recent appointee to the Airport Authority. Ted shot the footage from his "Vertivue" helicopter and did all of the editing and production.

Obviously, we have a beautiful and diverse county, complete with numerous higher education options, extensive health care resources, terrific social, sports, cultural and recreational venues, the State's third highest number of preserved farmland acres, abundant natural resources, ideal distribution logistics, great workers and relatively low taxes. It's no wonder Lehigh County has been the fastest growing county in the State for a number of years and has had population growth of 1% per year for the past 25 years!

Economically, things are on an upswing. Unemployment continues to drop, the real estate market has strengthened, companies and developers continue to focus on our county and government support for development has contributed to that interest. One project that drew a lot of attention and controversy, along with support from both the East Penn School District and Lower Macungie Township, is the Hamilton Crossings shopping center. The latest update on that project is that the three anchor stores--Costco, Target and Whole Foods--are on schedule to open this summer and the other tenants will open by early Fall. That's a lot of new jobs and this center being built on blighted land has already generated almost \$1 million in tax revenue and paid contractors \$23 million for their work.

But, obviously, the biggest beneficiary of government support has been Center City Allentown and that support has had its critics but Allentown's transformation is important to the entire county. Several years ago, Mayor Pawlowski and I had a brief debate regarding the importance of Allentown to the County. He took the understandable position that Allentown is one-third of the County. My counter was that Allentown represented one-third of the County's population but only 19% of the County's tax revenue and over 70% of the County's spending. Those statistics are shifting as the development is generating increased revenue and crime has dropped for 8 consecutive years. I'd like to share with you another video--this one by students at Allen High School--that very effectively captures Allentown's transformation.

Many people tend to forget that a sizeable portion of Bethlehem is part of Lehigh County and there has been a lot of controversy lately regarding the Martin Tower site—over 50 acres of prime urban land that has been standing vacant for over a decade. Mayor Donchez and the City Council have moved in favor of a plan that will probably result in the razing of Martin Tower itself and include some retail development considered threatening by downtown merchants. Those concerns are understandable but, in my opinion, underestimate the strength of the businesses they've created and I support what those elected officials are trying to do.

Dialing down to the state of our Lehigh County government, the picture is quite good. Starting with what many focus on exclusively—taxes—our tax rate is less than 1% above where it was 25 years ago and the taxes on the median home are more than 40% less than in either Berks or Northampton counties!

We entered both 2014 and 2015 with budgeted deficits and eliminated them by finding ways to improve efficiencies, refinance debt and carefully shrink County government. As a result, our personnel count has dropped in each of the last 7 years and is now down to below where it was in 1988. Meanwhile we've added staff to critical public safety initiatives including the Central Booking Unit, the Regional Crime Center, a Digital Forensics Lab, the Coroner's Medicolegal Center and a Ballistics Lab.

We also have a "rainy day" fund that exceeds the minimum recommended by the Government Finance Officers Association and enjoy ratings from both Moody's and S&P that have enabled us to profitably refinance borrowings. A point that most impresses the ratings agencies is the fact that, with the exception of the Coca Cola Park bonds, our debt goes out only 6 years and our overall debt is far below guidelines for a county of this size.

All of this good news doesn't mean we don't have some challenges. Cost reduction efforts at our Cedarbrook nursing homes has brought the financials well under control while retaining our 4-star rating. Better yet, two actions moving through the State legislature could move us to a breakeven point or better if passed. But, we desperately need to reach agreement on the management of Cedarbrook, which I hope we will accomplish yet this month. And our big open issue is determining if we are going to renovate the South Whitehall building or build a replacement home. We should lock that decision down by mid-year and will then take advantage of our strong ratings to fund that plan via a bond.

Other issues on our plate include working to eliminate a budgeted 2016 deficit of \$6.5 million, meeting our pension obligations after a down-market year, bringing open union negotiations to positive closure and maintaining our provision of services while the State continues to bumble with its 2015-2016 budget. To put that last issue into perspective, you should be aware that, even excluding Cedarbrook, over 50% of the County's budget

is provided by the State. I don't care what side of the political aisle you favor, there is simply no excuse for the State's failure to enact a budget.

My brother-in-law's response when someone tells him he's looking good is often "better than my x-rays" and the same might be said for Lehigh County. Despite all of the positives, there are issues of concern.

On the political front, we need campaign finance reform and I applaud Commissioner Brace's willingness to take on the challenge. The "pay-to-play" legislation passed last year was good media fodder but focused on the area where there were already significant "checks and balances". The loop needs to be completed--as it has been in Philadelphia--to address influence-buying by both individuals and special interest groups.

Leaving politics behind, the great growth we've seen over the past 25 years and particularly the past 10 has put tremendous pressure on our infrastructure and I think we all can attest to the fact that traffic--particularly truck traffic--is an issue. The truck traffic is a natural fallout from our prime location for product distribution and distribution centers result in heavy usage of our roadways while generating a relatively small number of local jobs....unless the trucks are built by Mack!

But trucks aren't the only traffic issue. We live in a county of commuters; 47% of Lehigh County workers commute to jobs out of the county and 54% of those who work in Lehigh County come from outside the County. More important, most of those workers--**over 80%**--travel alone and only 2% use mass transportation. The burden all this traffic puts on our highways and bridges is clear.

We have spent millions of County tax dollars on bridge repairs and replacements in recent years and PADot has projects lined up for the next decade. The good news is that we are better off than most counties in the State. The bad news is that the need to invest in our infrastructure and the need for greater usage of public transportation will not subside. That's why we need to seriously consider enacting the \$5 fee for vehicle registrations that was authorized by the State legislature last year to fund transportation-related needs and has already been enacted in some counties.

I believe another challenge facing us is linked to both Allentown's transformation and general business forces. The strong job and leasing growth in Allentown has come at the expense of our suburbs and we need to successfully draw businesses from outside the County and work with the businesses we have to help them grow if we want to end up at a true "win-win" end point.

We also can't afford to lose any big businesses and should be wary when the PPL spin-off--Talon--hasn't announced a final site selection and the company officers have been

granted "golden parachutes" in the case of an acquisition. Similarly, I won't be comfortable until the Air Products spin-off commits to a home in the County. I've spent too many years in the corporate world in acquisitions, divestitures and closures to feel comfortable until final decisions are made.

And, of course, as Alan Jennings frequently reminds us, Allentown's transformation has to extend beyond the borders of the NIZ!

But, Lehigh County's biggest challenge, in my opinion, is far more basic. With all due respect to the Declaration of Independence, the fact is that all men are **not** created equal....or at least not born equal. Every child represents tremendous potential but the odds of achieving that potential for a child born into a single-parent, low income home, are not equal to those of a child born into an affluent two-parent home. That single parent can be at wit's end faced with the challenge of being the bread winner and trying to raise that child. If you are thinking "Not here. Not in my area.", consider these facts:

- Over 40% of children born in Lehigh County each year are born into a single-parent household.
- 45% of Lehigh County families with children below 5 years of age and only a female head of household live below the poverty level.
- Even affluent school districts such as East Penn and Parkland are dealing with homeless students numbering in the triple digits. It's not just an Allentown School District problem.
- An education--starting with pre-school--is critical. If a child isn't reading at the 3rd grade level by 3rd grade, his or her odds of earning a high school degree are severely diminished.
- If an "at-risk" child can be saved and earn a high school diploma, the savings to taxpayers over that individual's lifetime is over \$2 million on average.

These are sobering facts facing us right here in our county. We simply can't afford to ignore them and I believe there are three key steps we need to take:

1. We need to recognize the problem and be willing to make solving it a high priority.
2. We need a bi-partisan commitment and effort. The partisan politics in play 75 miles to our west should make this need clear.
3. We need to focus and consolidate efforts as much as possible. One thing I've observed over my first two years as County Executive is that there are many individuals and entities trying desperately to make a difference, but far too many are lacking the resources to make a long-term impact. There is great truth in the phrase "United we stand; Divided we fall." and we need to set aside parochialism to achieve the greater good. We have a good example of such an effort. This past year we pulled together a number of individuals and groups with interest in eliminating homelessness among veterans and that team is approaching its goal.

Unfortunately, there is no single answer to the problem and the Lehigh Valley has lost many of the individuals who never shied away from funding a worthy cause. But we all can find time to spare if we believe in the cause and we need organizations to seriously assess if combining efforts could drive better results. I plan to continue to meet with the concerned groups to explore more effective ways to ensure that every Lehigh County child has the opportunity to achieve his or her potential.

In closing, I'd simply say that we have a financially strong county, rich in resources and opportunities but those opportunities can only be realized for all of our citizens if we work together. **We can be better together.**