

2006 TENTATIVE BUDGET

Today, the Munchak-Cordaro administration presents its 2006 Tentative Budget to the people of Lackawanna County. As we developed our first budget in 2005, we faced a roughly \$40 million shortfall. At that time, Lackawanna County had no credit rating and we were unable to pay our bills or borrow money without taking drastic steps. Lackawanna County also found itself involved in numerous businesses which were quietly adding to the red ink. Sadly, we had no financial system in place so the public would know the truth about their money, and the former administration failed to undertake audits for 2002 and 2003.

Even more insidious was a physical plant in dire need of repair, including a crumbling Courthouse, a dangerously unprotected Emergency Services facility and roads and bridges which were either closed or in disrepair up and down the line.

On the fiscal side, we took great pains to tell the public about the mess we inherited, told them we would confront these issues head on and then did so after formulating a multi-year recovery plan. For 2005, we addressed the \$40 million terror by cutting spending, borrowing to spread the cost of accumulated sins over 10 years time, and finally, when there were no other options, raising taxes. Our Administration made difficult decisions which were avoided for years. Many took us to task, but we were never offered a better alternative. Since that time, new voices have arisen to carp, but are unwilling and unable to articulate what their plan of action would have been. Despite the pain and the critics the people of this County responded to our leadership and have helped us return to the proper financial path.

Because of the steps we took, Lackawanna County now pays its bills. We received accolades from the Capital Markets and Wall Street which are now willing to finance our growth and projects the people need us to pursue.

To prevent more bleeding, we stepped out of several costly ventures which continually failed because of political control and interference. We exited the recycling business and can now promise municipalities superior environmental services while giving the taxpayers a guaranteed modest profit. This reverses years of losses which totaled millions. We contracted our food service to a private company, saving hundreds of thousands in capital equipment costs and assuring Lackawanna County a steady profit after years of misleading and confusing reports. We saved a small fortune by bringing a private business in to rent the overbuilt Visitor's Center, allowing a scaled-back Visitor's Center and Company Store to remain at limited cost. Montage and The Stadium Authority were still problem children in 2005, but we reduced the taxpayer's overall exposure by letting managers manage the facilities while politics and the old crowd were booted out.

We have now installed the first half of a financial reporting system which will keep decision makers – and the public – on top of our finances. We will soon finish that task and convert to an accrual method of accounting to provide a true picture of Lackawanna County finances. Never again will cynical politicians be able to cover up incompetence and malfeasance in the public treasury.

We recently concluded the planning process for a renovated Courthouse and a new Center for Public Safety. We asked for, received and listened to tremendous public input and will be breaking ground for both projects this fall. The Courthouse project, in particular, benefited from public hearings which brought the effort full circle and will result in huge cost savings, greater open space and a revitalized downtown real estate market. While we knew a number of commentators had political agendas or ulterior motives, we also heard from and followed the advice of concerned citizens who wanted - and will receive - the best for the County.

The new Center for Public Safety will be a jewel, moving Lackawanna County from worst to first in the areas of emergency preparedness and first response. This not only protects our citizens, but demonstrates a commitment and a consciousness of the dangers we face in today's world. Our investment will truly justify the investments that

companies make in security and job creation. We will soon be able to say, “Invest in Lackawanna County, we have a plan.”

As to infrastructure, we reprogrammed \$2 million in savings from the Courthouse Complex to fix bridges in rural areas which had been allowed to deteriorate for years. These vital links, though ignored, are essential to the safety, prosperity and convenience of the people who live in these communities as well as everyone who uses them.

Our investments in the arts, culture and education are paying off. The Munchak –Cordaro Administration believes that job growth follows the arts, culture and education in today’s service-based economy. In this regard, we have renewed our commitment to education by fully funding the award winning Lackawanna County library system, reversing layoffs and severe cutbacks which had occurred during the previous administration. We also embarked on an exciting journey by instituting a Culture & Education fee which now supports the Scranton Cultural Center and the Everhart Museum, two critical cultural institutions which were struggling just to survive (before our actions). This fee also fosters new artistic endeavors including the development of a cultural plan for Lackawanna County, the enticement of Arts Space, which will create a virtual artists’ colony in the City of Scranton. We also provided mini-grants to artists and artistic groups who can now help us express our better selves. For 2006, we will begin the Mural Arts program to beautify Scranton’s gateway and eventually, all areas of Lackawanna County.

After a difficult, but very productive year, we can now begin to enjoy the fruits of difficult decisions and the painful recovery Lackawanna County has been forced to endure. Despite this, 2006 is not without new problems and challenges. The Munchak-Cordaro team vowed to respect and communicate with our workforce. To that end, in 2005, our Administration settled four different union contracts without rancor, or resort to arbitration or strike. We commend the unions and our employees for working with us. Unfortunately, personnel costs beyond our control, including health insurance and worker’s compensation continue to explode, adding millions to our annual expenses. A dramatic increase in utilities and liability insurance, even with major and continuing cost containment, have forced us

to increase our General Fund Budget by five percent (5%) to a total of \$101,271,277. This spending plan is augmented by a Capital Budget of \$44,447,094 primarily aimed at the long term and long overdue projects outlined earlier in this message.

There is good news to report, however. While we continue to be vigilant in managing County government, restraining spending across the board, there will be no cuts in spending for our Library, and there will be a continued effort to promote education, the arts and culture with the dedicated Library Tax, as well as the popular and pivotal Arts & Culture Fee.

When we bit the bullet last year, it was done in the context of a long term plan to restore Lackawanna County's fiscal health. Part of this plan was a program of tax cuts aimed at General Fund Tax millage. We know people are hurting from taxation at all levels as well as the very health care and energy costs the County is absorbing. Therefore, for 2006, the Munchak-Cordaro program calls for a 5% tax cut in General and Capital Fund taxes to 38.598 mills creating a reduction of over 2 mills.

With the help and support of the citizens, employees and vendors of Lackawanna County, we hope to continue this process for years to come. So soon after facing down insolvency, this won't be without challenges and threats, but we believe we are on the road to recovery. This tax cut will take place even as we continue and expand on programs and services needed to meet critical needs, from our court system, to our children, seniors and neediest residents.

In addition, we will begin the critical process of tax reassessment, a long overdue, multi-year, multi-million dollar task which promises tax fairness to all. The Munchak-Cordaro administration also declared that we would bring voting technology into the 21st Century and 2006 will see the culmination of that effort. 2005 was a critical year for restoring faith in the Lackawanna County Prison and our Administration has worked hard to turn a scandal and a laughingstock into a first-rate facility.

In 2005, we launched our new web presence, which serves as an

important source of information and is beginning to provide a new way to do business with Lackawanna County. Soon, residents and others will be able to transact any business they have; from a title search to buying a Red Barons ticket – on our new and ever-improving site. 2005 saw momentum growing for “Lackawanna Wonderful” our new branding and image campaign, along with enhanced creativity and buying power, created by our Council on Marketing, which is consolidating and coordinating all of the County’s marketing efforts.

We believe 2006 is the start of a turnaround for Lackawanna County government and a continuation of great things for the County as a whole. The Munchak-Cordaro team is prepared to provide leadership to make our future brighter. 2005 proved change can happen. 2006 and beyond will show that those same changes will work for the people of Lackawanna County.