

Fiscal Year 2019
Budget Presentation and State of the City Address
Wilmington Mayor Michael S. Purzycki
Thursday, March 15, 2018

Madame President, Members of Council:

One year ago, I stood before this body and described the goals I had for the city. I think it is fair to say we have had some significant success in improving our city's health overall, but it is also accurate to say we have a long way to go to get to what we all imagine our city can be. Make no mistake, however, the state of the city is good. And in large measure our progress is the result of the efforts of my department heads and senior staff.

Generally speaking, we have much to be optimistic about. Our economy is solid, as is our bond rating. There are one thousand rental units under construction and three hotels getting started, with a Marriott Residence Inn opening downtown next week. While some of our traditional employers are contracting in size, smaller employers are growing and see Wilmington as a place to build their businesses. More restaurants are opening downtown -- Stitch House just opened -- and enthusiasm is high with the Midtown garage opening soon. The Riverfront continues to thrive, with the Christina River Bridge set to be completed early next year. The 76ers training center will offer a great venue for watching world class players as well as a place for our young people to develop their athletic skills in a first-rate facility. And there are many more exciting economic development projects on the horizon.

Our most important challenge last year was to deal with a projected four-year, \$54 million deficit. A seven percent increase in the property tax in the current year aided in smoothing out the burden of these projected deficits, along with making some difficult decisions about staffing of the city. And although we do not call for any property tax increase this year, and management improvements have better controlled spending, challenges remain and we should be mindful of how we deal with out-year projected deficits. Structural financial constraints continue to impede our ability to adequately fund needed capital projects and services for our residents. Aged infrastructure that requires millions of dollars each year in maintenance and replacement drains our resources. Far too many neighborhoods are beset by poverty and crime. And too many of our citizens live in substandard rental housing -- a condition that begs to be corrected.

When we all stood for election last year, the dominant issue in the city was crime. We were called upon to improve public safety. In response, I chose to conduct a nationwide search for a new chief. After a thorough search, we selected Robert Tracy to lead the

department, the first chief to come from outside the department in the city's history. Chief Tracy has brought to Wilmington data driven policing at a level not seen before. He has made organizational discipline, accountability, and district integrity the cornerstones of his deployment strategy. He has created a culture of personal involvement and community engagement that have created strong relationships with our neighborhoods. We have more police officers on the street than ever before and, notably, thanks to the department leadership, we will have the lowest overtime usage in over five years. But nothing speaks louder than results. After finishing last year with record levels of violent crime, the trends are encouraging. Continuing a slowing trend at the end of last year, in 2018 overall crime is down 8% year over year. Notably, shootings are down 56%, victims are down 58%, and homicides are down by 40%. It is far too early to declare victory, but we feel very good about the direction of our police department and its management of public safety.

Speaking of public safety, my administration identified sub-market salaries for our police officers and command staff as a problem in retaining personnel and as the source of low morale among the rank and file. We worked hard with the FOP and the captains and inspectors to reach four-year agreements that were overwhelmingly accepted by the membership. We are gratified with the cooperation of the membership in reaching an agreement that compensates our officers fairly and allows for the more efficient deployment of personnel. We look forward to successful negotiations with locals 320, 1102, and firefighters local 1590.

Our budget for FY 2019 has expenditures of \$162 million -- up \$7.4 million, or 4.8% -- over last year. But of that amount, \$2.7 million is debt service, \$2.6 million is from the contract settlement with the police union, and almost two million was an unanticipated but required contribution to the state-sponsored pension plans for city employees. It is important to note that due to increased participation by employees and better health practices, the city's cost of healthcare in this budget increased by less than one percent, precisely the kind of budget controls we were hoping for.

We will be increasing our water rates by 4% at the recommendation of UCAB, the Utility Citizens Advisory Board, to keep our city water utility meeting all pertinent standards for financial responsibility, including, for the first time, a fully funded sixty-day reserve.

Let me discuss an issue of urgent importance that is generally not well understood by many of our citizens, but which is the cornerstone of property tax fairness. This is the matter of property reassessment.

The last time New Castle County conducted a reassessment was 35 years ago. During that period of time, property values necessarily changed relative to one another while the original assessments remained the same. Consequently, basic fairness is being

denied to too many of our taxpayers. In the city, our residents living in condominiums are generally overtaxed, and in some cases severely overtaxed. This is simply wrong.

While historically these inequities do not affect the city's overall revenues, today we face a potential financial hardship because the courts have opened the doors to assessment appeals that never before existed. The consequence of a backlog of appeals in the context of a redefined standard for appeal, is that the county is negotiating resolution of these appeals with land owners in a way that has cost the city budget \$583,000 over recent years, and a similar amount in FY 2019, with matters only promising to get worse. If we don't find a satisfactory appeals process that is fair to all city taxpayers, the city will bleed to death by a thousand cuts, or a thousand tax appeals. Our goal for the short term is to get a moratorium on the assessment appeals until courts clarify the proper basis for review. We will work with the county on achieving a result that protects the city treasury, but if we are not able to do so we will be forced to seek protection of the courts. In the end a full reassessment of all county properties is the correct path to follow.

Our most pressing goal should always be the improvement of our neighborhoods. To achieve this goal, during my first address to Council, I announced our first Neighborhood Stabilization Project in West Center City -- essentially our pilot project for how to redevelop other city neighborhoods. The components of this project include more focused public safety initiatives featuring intense community engagement, the first rental inspections conducted in the city in ten years, doubling of trash collections, improvement of housing stock, the acquisition of problem properties, general aesthetic improvements, improvement to Hicks Anderson Community Center and Helen Chambers Park, and a coordinated effort with partner agencies to rebuild that community. At the same time, we encourage the state to help better coordinate the deployment of services as recommended by the CDC. I again commend Council President Hanifa Shabazz for her efforts related to the CDC report.

The results in West Center City so far have been encouraging. We have not been able to improve housing as much as I would have liked, largely because the time required to take properties to sheriff's sale and take title is a full six months, if not longer. At last, however, the City will have complete control of 20 properties and have a plan and funds in place for rehabilitating them. We have agreements with the Wilmington Housing Authority to fully rehab 19 properties and to make them available for sale.

Notwithstanding that we are behind in our housing schedule, the overall results of our efforts in West Center City are encouraging. Members of the community report increased satisfaction with our efforts. There have been no shootings in 2018, and crime overall is down 27%. Most encouraging is a significant increase in calls for service, indicating a willingness on the part of citizens to involve our police officers in assisting

with criminal behavior. Notably, we have fifty applicants for our Exterior Home Improvement program in West Center City alone. Working with Council member Turner and members of the community, we are increasingly confident of success in West Center City.

Working with planning, police and City Council, I will identify a second stabilization area in the near future.

I have identified a lack of home ownership as a major cause of weak neighborhoods in our city. Accordingly, I am instructing the Director of Real Estate and Housing and the Director of Economic Development to jointly formulate a plan to provide homeownership opportunities for our qualified resident renters so that they may purchase a fully renovated home for prices under market value, financed with a fifteen year mortgage. Young families can have a chance not only of home ownership, but of owning their home debt free in fifteen years. In other words, we can ensure an important source of wealth accumulation for many of our citizens who have historically been denied a path to home equity.

In our city, we have an estimated 17,000 rental units with 2,700 landlords, too many of whom are not licensed. While many landlords are responsible and maintain their units, too many take advantage of our residents by charging high rents and not maintaining their properties. Our city abandoned rental inspections a decade ago, and the result has been distressing. Our children are being raised too often in homes unfit for human habitation. It is unhealthy for their physical and emotional well-being. Poorly maintained rental units ruin neighborhoods. I have called for the hiring of four additional code inspectors in License and Inspections to augment the staff necessary to adequately inspect our rental properties. We have much work to do. Of the units we have thus far inspected, 85% have failed. In addition to more aggressive inspections, I implore Council to pass Crime and Blight legislation to give us the tools necessary to deal with irresponsible property owners.

We have heard Council's concerns. We will add an amendment to the proposed ordinance to protect homeowners who do not have adequate means to improve their properties to meet codes. Five hundred thousand dollars of home improvement funds will be available for homeowners. Commercial and investor interests are the target of our legislation -- not homeowners -- and I encourage Council to act swiftly. I also will be sending to Council an amendment which provides for a rental fee of \$100 per unit to fund the staffing necessary to maintain our rental units in acceptable condition.

Our internal processes have needed improvement for some time, and we have embarked on a number of initiatives to bring our city up to acceptable standards and practices. I had hoped to accomplish more by now, but I confess I have not acclimated

myself to the pace at which government functions. Hopefully, we can improve upon this. In any case, in L&I we are about to launch a digital plans submission and review system, which will greatly shorten the period of time for plan approval. All of the relevant departments will communicate on-line and review plans together. This follows our previous initiative of reducing the approval time for sewer applications from 65 days to ten days.

We are currently beta testing a 311 call center, which should be operational before the end of this fiscal year. This will make dealing with city complaints and searches for information much more user-friendly, not to mention tracking the progress of any given request or inquiry.

We will implement an Open Government information sharing platform for internal sharing of information, as well as making the facts of government transparent to all of our citizens, including our friends in the press.

We have been planning over the past six months to reach agreement with relevant parties to change all the street lights in the city to LED lighting, which will incorporate smart technologies as well as provide lighting tailored to a specific neighborhood requirement. This will profoundly change the city's appearance and provide improved safety along darker streets when completed at the end of next year.

We have budgeted \$1,600,000 to improve our firehouses that have not received a facelift since 1982 – and, unfortunately, some of them look it.

Public Works director Kelly Williams has announced that savings from this year's decision to eliminate commercial users from trash pickup may save the city over \$200,000 in this year alone.

There are countless ways to describe "Quality of Life." One of these ways is to sponsor an event for young high schoolers to become acquainted with the country's Historically Black Colleges and Universities and understand the educational options available to them. Through the determination of Ashley Christopher and Earl Cooper in the Mayor's Office, 700 youngsters joined us last fall for a spectacular day learning about HBCUs. One-hundred twenty students were accepted on the spot, and there were scholarships totaling \$114,000 awarded that day. We are already gearing up for our next HBCU education event.

Another way to assess quality of life is by measuring places of recreation for children and young adults. To that end, let me say a few words about athletic fields in our city. The proposal by Salesianum School well over a year ago, and the subsequent debate, revealed that, in fact, the city has few athletic fields available for our youngsters to use for youth football and other activities. While the Sallies proposal would not have

diminished public access to Baynard Stadium at all from its historical usage -- a sixty year history -- what was clear was that new fields needed to be identified and improved for our youth. This administration made one proposal after another, but Council members, with virtually one voice, appeared committed to their field of choice -- Eden Park. It was not an acceptable choice from our view because of increased costs. However, in light of Council's strong feelings on the matter, and after value engineering the project, I am willing to fund the construction of the field at Eden Park, assuming we can keep the budget under two million dollars -- which Parks director Kelley informs me is realistic. Hopefully, this will set the stage for our city youngsters to have two state-of-the-art athletic fields, one of which will be located in a grand new stadium funded by private dollars.

It is often said that a budget is an expression of our values or -- stated another way -- our goals. I suspect that if all of us sat down and wrote down our goals for the city, there would be little difference of opinion. We all want clean, safe, and prosperous neighborhoods, we want a strong economy, we want jobs, clean parks and a city government that runs well. How we accomplish these goals is always fair game for disagreement. But that disagreement should not undermine our efforts to make progress together.

Allow me to state the obvious. Nothing is perfect, and no budget is perfect. Mayors are not perfect. There is always a reason to vote no. Candidly, there are things in my own budget I would change. Budgets of thousands of lines always have something we don't like. But that should not be reason to vote against a budget ordinance that satisfies our objectives. I ask you to consider that in one year this administration has tried so very hard to put our city on the right path. It is a path to better housing, better and cleaner neighborhoods, better technology, more beautiful public spaces, and a safer city. It is a path to attracting business, its jobs and its vital tax revenues. It is a path, above all, of inclusion and shared prosperity. But none of this is easy. Government's fundamental inefficiency sometimes frustrates our highest aspirations. And changing history's legacy is hard work. But this is our chosen responsibility and our highest calling.

Not in any way intending to diminish Council's solemn responsibility to serve as gatekeeper, I ask Council to give us a chance to succeed, or even, in good faith, to fail. Extend us trust until we break that trust. I ask that you give us a chance to vindicate an aspirational decision to work together for a better future for Wilmington.

Thank you.

