

AN ORDINANCE INDUCING THE ORDERLY WIND-DOWN OF THE WILMINGTON PARKING AUTHORITY

#4737

WHEREAS, the Wilmington Parking Authority (the “WPA”) was formed in 1951 to

Sponsor:

provide off-street parking and since its founding has developed a number of garages and

**Council
Member
Adams**

parking lots throughout downtown Wilmington; and

WHEREAS, at present, the WPA owns and operates six garages and two lots within

Co-Sponsors:

the City (the “WPA Garage Properties”); and

**Council
President
Shabazz**

WHEREAS, the WPA Garage Properties are not subject to property taxes assessed by the City; and

**Council
Members
Walsh
Dixon**

WHEREAS, as of June 30, 2018, the WPA had approximately \$12.8M in outstanding bonds (the “WPA Bonds”); and

WHEREAS, the City guaranteed the WPA Bonds, which is a factor weighing negatively in determining the credit rating of all bonds issued by the City; and

WHEREAS, it is expected that any necessary capital improvements of the WPA Garage Properties will require the WPA to issue additional bonds that the City will be required to guarantee, further negatively impacting the City’s credit rating; and

WHEREAS, the City’s Central Business District (“CBD”) is facing office space vacancy rates in excess of twenty-two percent (22%) and CBD building owners/landlords need to compete for tenants with suburban landlords who have a competitive advantage of being able to provide on-site parking to their tenants; and

WHEREAS, the City has a vested interest in facilitating the entry and retention of businesses in downtown Wilmington; and

WHEREAS, on March 14, 2019 Council passed a resolution (Resolution 19-003) requesting that the Mayor have a property valuation conducted and a property valuation report prepared to determine the fair value of the WPA Garage Properties; and

WHEREAS, the Mayor had a property valuation performed and a property valuation report prepared by Appraisal Associates, Inc. (the “WPA Report”) and the WPA Report was furnished to Council and the WPA; and

WHEREAS, based upon the valuations in the WPA Report, the sale of the WPA Garage Properties can be expected to generate proceeds resulting in a distribution of over \$30M to the City, after the repayment of the WPA Bonds and other debts owed by the WPA, thus significantly improving the City’s fiscal position and credit rating; and

WHEREAS, the sale of the WPA Garage Properties would also subject those properties to the payment of property taxes to the City, further enhancing the City’s fiscal position; and

WHEREAS, the sale of the WPA Garage Properties to private owners would also enable the adjacent CBD landlords to bid on the WPA Garage Properties so that they may then negotiate on-site parking as part of any office space to be leased to businesses considering entering or exiting the City, diminishing the competitive advantage of suburban landlords; and

WHEREAS, Council believes having the WPA wind-down its operations beginning with the orderly sale of the WPA Garage Properties and culminating with its dissolution is in the best interest of the City and its residents.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON
HEREBY ORDAINS:**

SECTION 1. It is the will of Council that the WPA immediately commence with the winding-down of its operations beginning with the orderly sale of the WPA Garage Properties.

SECTION 2. It is the will of Council that after the sale of each of the WPA Garage Properties by the WPA, the WPA use the sale proceeds to, inter alia, paydown the WPA Bonds and payoff other debts owed by the WPA.

SECTION 3. It is the will of Council that after the sale of all the WPA Garage Properties and the repayment of the WPA Bonds and the other debts owed by the WPA, the WPA convey all its remaining property to the City and terminate its existence.

SECTION 4. It is the will of Council that the WPA accomplish all of the above on or before December 31, 2021.

First Reading.....November 7, 2019
Second Reading.....November 7, 2019
Third Reading.....

Passed by City Council,

President of City Council

ATTEST: _____
City Clerk

Approved this ____ day of _____, 2019.

Mayor

SYNOPSIS: This Ordinance induces the Wilmington Parking Authority to wind-down its operations via an orderly sale of its real estate holdings and use those sale proceeds to paydown the WPA Bonds and payoff other debts owed by the WPA. Thereafter the WPA would convey its property to the City and effectuate the termination of its existence.

FISCAL IMPACT STATEMENT: The fiscal impact of this Ordinance will be positive as this Ordinance is expected to bring over \$30M into the City via the sale of the WPA Garage Properties. Furthermore, this Ordinance will increase the tax revenues of the City by subjecting the WPA Garage Properties to City taxes.