

*Wilmington City Council
Wilmington, Delaware
March 18, 2021*

City Council met in “**virtual**” regular session on the above date at 6:00 p.m., President Ernest M. Congo, II presiding.

The opening prayer was done by Akira Grenardo, Deputy City Clerk.

The Pledge of Allegiance was recited by City Council.

ROLL CALL

The following members responded to the Call of the Roll: Council Members Gray, Darby, Oliver*, Harlee, B. Fields, McCoy, Johnson**, N. Field, Cabrera, Dixon, Spadola and Walsh, and Council President Congo. Total, thirteen.

President Congo recognized dignitaries that were in attendance during the Zoom meeting.

SUSPENSION OF RULES

Upon a motion of Council Member Cabrera, seconded by Council Member Walsh, Council suspended the rules in order to present Mayor Michael S. Purzycki’s pre-recorded Budget Address. Motion prevailed.

MAYOR’S STATE OF THE CITY ADDRESS – FISCAL YEAR 2022

Good evening. Perhaps the best place to start this message is to acknowledge the extraordinary times in which we find ourselves. This address was not crafted in a vacuum, but rather during an economic crisis in the midst of a pandemic and its many gruesome manifestations—the deaths of a half-million fellow Americans, millions of job losses, the stresses of social isolation, and a lost school year for many of our children. Our challenge is not just to balance a budget but to craft one that confronts the many problems our community faces both caused by, and revealed by, the pandemic. COVID-19 is not an excuse to hide. It is a call to each of us to better understand the problems we face and then to craft solutions responsive to the world as we find it when things return to normal—almost surely to a new normal. Solutions that will better our city and the lives of our citizens.

The budget I have presented to Council includes no property tax increase. The budget is balanced with a transfer of \$5.6 million from the Rate Stabilization fund. This is the second consecutive year that we have accessed this fund. Obviously, I don’t believe this is the time to raise taxes by 14%, which is what we would need to cover the deficit. Nor do I believe it wise to lay off employees when unemployment itself is a problem for the

country's economy. Our budget does, however, include an increase of 3% in water rates and a 2% increase in the stormwater charge. The increase in the water rate is less than prescribed by the independent Utility Citizen Advisory Board, but it is necessary to cover current expenses and avoid even larger rate increases in the future. The fact is, there is less discretion in the sewer and water budget than there is in general operations budget.

During the pandemic, a number of our employees worked from home to ensure their safety and to limit the spread of the virus. But many of our employees remained at the helm, performed gallantly while never missing a day and exposing themselves to potential health risks. Our sanitation workers, plant operators, many of our office staff, L&I inspectors, our directors, our police, and fire personnel in particular deserve our recognition and our gratitude. Thanks to you all.

As we reflect on 2020 and look forward to 2021 there is much to be optimistic about. We have laid a solid foundation for Wilmington's future. Private investment in the city has approached \$1 billion over the past four years with much more to come. Thousands of apartment units are being built and occupied by new and current residents, stabilizing our crucially important wage tax revenue. Restaurants are opening throughout the city. Three new hotels have opened, and new ones are being proposed. Your city government invested \$40 million in infrastructure. Twenty-six miles of city streets have been paved. Eleven million dollars was invested in parks, community centers, and public spaces. Moody's improved the status of the city's bond rating by removing a negative outlook. We have not had to raise taxes in the last three years while our cash balances have improved. And while the pandemic has presented challenges to our revenues in the short term, our long-term outlook gives us reason for cautious optimism. In short, we have laid the foundation for growth—if and only if we choose the path forward wisely.

The budget proposal increases spending by 5.3% or approximately \$8.6 million over FY 2021. Of this increase, much of it is uncontrollable cost. For example, \$3.38 million is a scheduled increase in debt service. Cost-of-living and step increases for employees required by contract or other mandates account for \$2.6 million of the increase. And, as we continue to implement a police body-worn camera program, software and personnel will add \$650,000, leaving a budget increase in controllable costs of about \$1.9 million, or 1.2% of last year's budget.

Looking ahead, we must be mindful that revenue sources we once took for granted, may not be available in the future. As we end fiscal year 2021, we project a \$12 million decrease in key revenue lines compared with FY 2019, which was the last full year before the pandemic took hold. Examples are a \$3 million loss in parking revenue, \$1.6 million loss in interest income, and an almost \$2 million loss in wage and net profits tax. Empty office space has led to real estate reassessment appeals, which again has resulted in reduced property tax revenue. In fact, Moody's recently estimated that increased office space vacancies nationally will result in office assessments declining by 12.6%.

As most of you are by now aware, the federal government will be providing support for states and local governments through the American Rescue Plan. At this time, it appears

that Wilmington will be entitled to an allocation of \$55 million to offset COVID-related expenses and to perform specific activities related to the impact of the virus on our city. There are limits to the way these funds may be spent, and we shall remain true to the spirit and to the letter of the law and its regulations as to the use of these funds. As we better understand the regulations as they are promulgated, we will confer with Council where appropriate. But in any case, these funds are one-time revenue only and must therefore only be used with the long-term structural health of the city in mind and not for any operational programming.

Our structural revenue loss projected for the next fiscal year, along with increases resulting from contract negotiations, will make balancing the Fiscal Year 2023 budget that much more difficult, and it will be even worse if we are not cautious about adding unfunded operating programming. Our finances, while stable, are threatened not only by the virus and its impact on our economy, but on the long-term consequences of the changes in our society. For example, working at home and workforce consolidation will necessarily impact our revenues in the long run.

This year's structural budget deficit equates to a 14% property tax increase or a reduction of as many as 50 positions without external sources of funding. When the budget is balanced on its own, there will be a fiscal cliff that this government will have to reckon with. So, be advised when you try to pack the budget with spending, there will be a price to pay—either in future high tax increases or severe layoffs. Now let me talk about our administration's priorities.

As I described earlier, we have many things to be proud of. People are moving into the city. We have projects like the Flats on the West Side and Reach Riverside in the northeast—both holding immense promise for our residents. The Riverfront and downtown are doing although also being hurt by the pandemic, but our neighborhoods are suffering, and this is our continuing focus. The housing stock in many of these neighborhoods has been in poor physical condition for years, if not decades. Lower income is at the root of much of this physical decay. It is expensive to repair and maintain older properties. We have long needed a solution to this problem.

Before there was any mention of federal relief, I was prepared to ask Council to budget \$5 million to improve housing in our neighborhoods. Now I think we have an opportunity to use some of the American Rescue Plan funds to provide even more resources to this effort. Therefore, I will set aside as part of our redevelopment effort, to the greatest extent possible, money to help homeowners improve the homes they have lived in for many years and in which they raised their families. At long last, we will have the resources to demolish many vacant houses that are not salvageable and whose presence ruins neighborhoods. And lastly, we will commit to rebuilding and redeveloping areas of the city that have been without any hope of progress for far too long.

Half of our residential dwellings are owned by investor/landlords, which is in large measure why our neighborhoods are not adequately maintained. Too many investors don't seem to care enough about maintaining their properties and about their tenants. This

Council took its first brave step in rewriting our laws governing rental housing. Over the scare tactics and fear mongering of landlords, this Council recognized the importance of giving us the tools to enforce our housing codes and to protect our economically vulnerable citizens. Someday we will all look back on this significant change and wonder what all the opposition could have been about. Thank you to the Council Members who supported this significant and important protection for tenants. If we are going to transform Wilmington's neighborhoods, however, the landlords must be a part of the solution, so I look forward to engaging with them on how they can assist in strengthening the City.

Of course, the scar on the City's soul is the gun violence that costs lives and devastates families. There is a sense of urgency to reduce it, but this urgency inevitably collides with the dispiriting reality that 31 people lost their lives to gun violence in our City last year, a 35% increase over the year before. One hundred sixty-eight people were shot, a 50% increase over the prior year. We take no solace in the fact that this follows a national trend of worsening violence in most all of America's cities since late 2019. The question for us is, what we do about it? I don't believe this is a policing problem. In fact, our police department has done an outstanding job during a time when the entire criminal justice system has been shut down, criminal trials have ceased, and illegal guns flood the streets.

It is an article of faith that if we don't fix the underlying social ills, we will never reduce crime in the long run. Therefore, it will be the theme of this administration to improve the housing and the environment our children are raised in. We will continue to improve our parks beyond the tremendous investment we have already made over our first four years. Our clean teams will continue to clean the streets and our youth career employment programs will now employ our young people not just during the summer, but throughout the year.

Lastly, the City must re-engage with the education community after decades of having little or no say about the ways our children are educated. For over one year, I have been an active part of the Redding Consortium, which is pressing for equity in education that will certainly benefit Wilmington's children. But we must do more. Wilmington must not just join – it must lead. If we are unhappy with the condition of the City, its poverty, and its crime, then we must strengthen the only institution standing that can influence the future for Wilmington's children, and in the end, the City itself. I commit to you my dedication to a better education for our youth and to a city high school that can serve as the anchor for our young peoples' healthy identity and self-image—a high school that serves also as a cultural activity center and as a community support system.

So, our mission remains unchanged. For as long as our longest serving Councilmember Walsh has been on Council, we have had to fight poverty, crime, middle class flight to the suburbs, structural limits on our ability to govern ourselves, and a school system that does not serve us adequately. It is our charge as elected members of our community to actually make things better. To set aside any differences that divide us, because in the end we all want the same things. We should commit that by the end of our term in office we

will have done more than any government that has gone before us to increase shared prosperity, to rebuild our neighborhoods, to improve the internal operation of the government, and finally, to do all in our power to see that our children have the same chance at a bountiful life that we have had.

I ask for your support of this budget and look forward to working with you on solutions to our remaining challenges. Thank you.

REGULAR ORDER OF BUSINESS

Upon a motion of Council Member Cabrera, seconded by Council Member Gray, Council returned to regular order of business. Motion prevailed.

*Note: At this time, Council Member Oliver was recognized and marked present, and reflected in the minutes herein (Roll Call).

President Congo acknowledged additional individuals who were in attendance and thanked Mayor Purzycki for presenting his Budget Address. In addition, President Congo encouraged the public to continue to engage with Council as they begin their series of budget hearings.

MINUTES

After reading a portion of the minutes of March 4, 2021, upon a motion of Council Member Cabrera, seconded by Council Member Walsh, it was moved they be accepted as written. Motion prevailed.

TREASURER'S REPORT

The following Treasurer's Report for March 18, 2021 was read into the record by City Clerk and upon a motion of Council Member Cabrera, seconded by Council Member Walsh, the Report was received, recorded, and filed. Motion prevailed.

Note: The Treasurer's Report is included herein as an insert from Page 6 to Page 7.

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City of Wilmington



DaWayne Sims
City Treasurer

Treasurer's Report

March 18, 2021

Cash - Ledger Balance (as of 03/17/2021):

General	M & T Bank	\$ 11,054,017.00
Payroll	M & T Bank	\$ 1,056,803.45
Law Department Court Costs	M & T Bank	\$ 3,756.07
Total Petty Cash	M & T Bank	\$ 6,233.92
Police - Evidence Found (Currency)	M & T Bank	\$ 1,151,792.46
Police & Fire Remembrance	M & T Bank	\$ 8,444.49
Police Department Discretionary	M & T Bank	\$ 28,388.12
Rent Withholding Escrow	M & T Bank	\$ 4,137.97
Grant-in-Aid	M & T Bank	\$ 140,137.65
Community Development Block Grant	M & T Bank	\$ 1.00
Capital Projects	M & T Bank	\$ 1.00
Total Cash on Hand		\$ 13,453,713.13

Cash Equivalents & Investments (as of 03/17/2021):

Account Type & Fund	Institution	Investment Type	Number of Days	Interest Rate	Interest Receivable	Investment Amount
LIQUIDITY:						
General	M&T	Overnight Repo	3/18/2021	0.01%	\$ 6.74	\$ 26,200,963.11
General	TD	High Yield Checking*	14	0.15%	\$ 408.44	\$ 7,001,878.42
General	TD	High Yield Checking*	14	0.15%	\$ 1,108.59	\$ 19,004,433.55
General	TD	High Yield Checking*	14	0.15%	\$ 291.72	\$ 5,001,186.17
SUB-TOTAL:						\$ 57,208,461.25
RESERVE:						
General	TD	High Yield Checking*	14	0.15%	\$ 976.66	\$ 16,742,679.90
SUB-TOTAL						\$ 16,742,679.90
RESTRICTED:						
Capital Project	TD	High Yield Checking*	14	0.15%	\$ 267.87	\$ 4,592,034.80
Capital Project	TD	High Yield Checking*	14	0.15%	\$ 555.41	\$ 9,521,258.59
Capital Project	TD	High Yield Checking*	14	0.15%	\$ 3,101.25	\$ 53,164,328.36
Water/Sewer	TD	High Yield Checking*	14	0.15%	\$ 177.95	\$ 3,050,639.38
SUB-TOTAL						\$ 70,328,261.13
Total Investments						\$ 144,279,402.28
Total Cash on Hand						\$ 13,453,713.13
Grand Total						\$ 157,733,115.41

¹ Budget Reserve

*High Yield Checking DDA, Effective 02/18/2021

DocuSigned by:

DaWayne Sims

DaWayne Sims, City Treasurer

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CITY TREASURER'S OFFICE

LOUIS L. REDDING CITY/COUNTY BUILDING • 800 FRENCH STREET • WILMINGTON, DELAWARE • 19801-3537

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City of Wilmington



Treasurer's Report (Pensions) March 18, 2021

DaWayne Sims
City Treasurer

Cash - Ledger Balance (as of 03/17/2021):

Pension Payroll	M & T Bank	\$	12,596.19
Retiree Healthcare	M & T Bank	\$	142,279.38
Police Pension	M & T Bank	\$	235,543.70
Fire Pension	M & T Bank	\$	29,527.50
Non-Uniform Pension Act of 1990-Plan 3	M & T Bank	\$	316,019.30
Non-Uniform Pension Plan 2	M & T Bank	\$	1,500.00
Old Non-Uniform Pension - Plan 1	M & T Bank	\$	1,592.81
Total Cash on Hand		\$	739,058.88

Cash Equivalents (as of 03/17/2021) & Investments (Market Value as of March 12, 2021)

Account Type & Fund	Institution	Investment Type	Maturity Date	Interest Rate	Interest Receivable	Investment Amount
LIQUIDITY:						
Pension Plan III	WSFS	CD	4/13/2021	0.05%	\$ 21.98	\$ 527,590.46
Fire Pension	WSFS	CD	3/29/2021	0.01%	\$ 21.92	\$ 2,581,731.13
SUB-TOTAL:					\$	3,109,321.59
RESERVE:						
Pension Trust	Edgar Lomax					\$ 26,089,161.00
Pension Trust	Vanguard Fixed					\$ 39,177,127.00
Pension Trust	Earnest Partners					\$ 36,359,523.00
Pension Trust	Wilmington Trust					\$ 40,488,198.00
Pension Trust	Vanguard Stock Index					\$ 25,137,081.00
Pension Trust	Artisan Global					\$ 11,709,329.00
Pension Trust	Dodge & Cox					\$ 14,688,850.00
Pension Trust	Fidelity					\$ 16,643,878.00
Pension Trust	Harding Loevner					\$ 12,785,672.00
Pension Trust	Vanguard Global					\$ 13,663,029.00
Pension Trust	MFS Management					\$ 27,478,396.00
Pension Trust	Clarion Lyon					\$ 9,872,579.00
Pension Trust	Money Market					\$ 705,132.00
Pension Trust	Morgan Stanley					\$ 9,510,468.00
Pension Trust	Vanguard-OPEB					\$ 30,091,531.00
SUB-TOTAL					\$	314,399,954.00
Total Investments					\$	317,509,275.59
Total Cash on Hand					\$	739,058.88
Grand Total					\$	318,248,334.47

Total Funds under Treasury Management:

Total Investments					\$	461,788,677.87
Total Cash on Hand					\$	14,192,772.01
Grand Total¹					\$	475,981,449.88

¹ Excludes non-City funds held in trust on behalf of City employees (Mass Mutual)

DocuSigned by:

DaWayne Sims

DaWayne Sims, City Treasurer

CITY TREASURER'S OFFICE

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PUBLIC COMMENTS

President Congo opened up the floor for public comments; however, nobody desired the privilege of the floor.

LEGISLATIVE BUSINESS

As Council Member Johnson was the only one presenting legislation this evening, President Congo dispensed from calling each individual Councilmember.

On behalf of Council Member Johnson, Council Member Walsh presented Ordinance No. 21-016 (Agenda #0038) entitled:

AN ORDINANCE ESTABLISHING A RATE OF TAXATION
ON REAL PROPERTY AND THE TAXABLE PROPERTY OF
PUBLIC UTILITIES FOR THE FISCAL YEAR JULY 1, 2021
THROUGH JUNE 30, 2022

The above-referenced Ordinance was given two separate readings by title only and upon a motion of Council Member Walsh, seconded by Council Member Dixon, the Ordinance was received, recorded, and referred to the Finance & Economic Development Committee. Motion prevailed.

On behalf of Council Member Johnson, Council Member Walsh presented Ordinance No. 21-017 (Agenda #0039) entitled:

AN ORDINANCE TO ADOPT A CAPITAL PROGRAM FOR
THE SIX FISCAL YEARS 2022 – 2027 INCLUSIVE

IMPACT STATEMENT: The six-year Capital Program for Fiscal Years 2022 – 2027 is \$288,508,663. This is an estimate of funds necessary to meet the future capital needs of the City. The breakdown is as follows: \$79,653,380, General Fund; \$180,855,283, Water/Sewer Fund; and \$28,000,000, Other Funds.

The above-referenced Ordinance was given two separate readings by title only and upon a motion of Council Member Walsh, seconded by Council Members Dixon and Cabrera, the Ordinance was received, recorded, and referred to the Finance & Economic Development Committee. Motion prevailed.

On behalf of Council Member Johnson, Council Member Walsh presented Ordinance No. 21-018 (Agenda #0040) entitled:

AN ORDINANCE TO ADOPT A CAPITAL BUDGET FOR
FISCAL YEAR 2022

The above-referenced Ordinance was given two separate readings by title only and upon a motion of Council Member Walsh, seconded by Council Members Cabrera and Oliver, the Ordinance was received, recorded, and referred to the Finance & Economic Development Committee. Motion prevailed.

On behalf of Council Member Johnson, Council Member Walsh presented Ordinance No. 21-019 (Agenda #0041) entitled:

AN ORDINANCE ADOPTING THE ANNUAL OPERATING BUDGET FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2021 AND ENDING ON JUNE 30, 2022

The above-referenced Ordinance was given two separate readings by title only and upon a motion of Council Member Walsh, seconded by Council Members Cabrera and B. Fields, the Ordinance was received, recorded, and referred to the Finance & Economic Development Committee. Motion prevailed.

On behalf of Council Member Johnson, Council Member Walsh presented Ordinance No. 21-020 (Agenda #0042) entitled:

AN ORDINANCE TO AMEND CHAPTER 45 OF THE CITY CODE REGARDING SEWER SYSTEM RATES AND CHARGES, WATER RATES AND CHARGES, AND STORMWATER RATES AND CHARGES FOR FISCAL YEAR 2022

SYNOPSIS & FISCAL IMPACT: This Ordinance enacts water, sewer, and stormwater charges and rates for Fiscal Year 2022. The charges and rates for water and sewer services will increase by three percent (3.0%). The stormwater charges and rates will increase by two percent (2.0%). This Ordinance does not amend the unit charges for sewer service contained in City Code Section 45-58.

The projected fiscal impact of this Ordinance is an annual increase of almost \$1.58 million in revenue (net of bad debt) to the Water/Sewer Fund. Below is a table showing the fiscal impact on a typical residential customer living in the City.

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FY 2022 Rate Increase Impact on Typical Residential Customer				
Water, Sewer & Stormwater Typical Monthly Bill Impact (Inside City Residential 5/8 inch meter @ 4,000 gallons monthly consumption)				
Services	Monthly Charge FY 2021	Monthly Charge FY 2022	Monthly Increase	Monthly % Increase
Water	31.79	32.74	0.95	3.00%
Sewer	23.25	23.95	0.70	3.00%
Stormwater	4.95	5.05	0.10	2.02%
Total Bill	\$59.99	\$61.74	\$1.75	2.92%

Finally, as a housekeeping matter, this Ordinance changes the phrase “quarterly facilities charge” to “monthly facilities charge” in Section 45-175(d) to correct an oversight in Substitute No. 1 to Ordinance No. 17-009, which converted the frequency of the City’s water/sewer/stormwater billing cycles from once a quarter to once a month.

The above-referenced Ordinance was given two separate readings by title only and upon a motion of Council Member Walsh, seconded by Council Members B. Fields and Oliver, the Ordinance was received, recorded, and referred to the Finance & Economic Development Committee. Motion prevailed.

**Note: At this time, Council Member Johnson was recognized and marked present, and reflected in the minutes herein (Roll Call).

PETITIONS AND COMMUNICATIONS

Council Members and Council President spoke on the following: Mayor Purzycki’s Budget Address; COVID-19 vaccinations; announcement of upcoming community events; announcement of upcoming budget hearings; and including but not limited to, City Council’s Food Giveaway event scheduled for March 27 (#OneCouncil).

ADJOURNMENT

Upon a motion of Council Member Walsh, seconded by Council Members Dixon and Cabrera, Council adjourned at 6:45 p.m. Motion prevailed.

Attest: Maribel Seijo
Maribel Seijo, City Clerk