

*Wilmington City Council
Wilmington, Delaware
March 17, 2022*

City Council met in regular session virtually with remote participation on the above date at 6:30 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, Mills, Spadola and Walsh, and Council President Congo. Total, thirteen.

SUSPENSION OF THE RULES

Upon a motion of Council Member Cabrera, seconded by Council Member Walsh, the 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 2023

Good Evening,

As we emerge from the worst pandemic in over a century, we find ourselves in a very different world from the one we occupied just two years ago. Mask wearing is entirely optional. We are returning to our restaurants, bars, and entertainment venues. Offices are emptier. More people now work at home. As a result, our streets and sidewalks are quieter—especially during the lunch hour. People are just now adapting to sitting next to a neighbor and speaking directly to one another instead of on Zoom calls.

Our government performed well during this challenging period in our history. Of almost 1,100 current City employees, over 800 of them showed up to work routinely as if nothing happened. They stared COVID in the face and performed admirably. For that, they will be awarded over \$3 million in premium pay as a gesture of appreciation from their City government and its citizens.

Our City economy continued to grow as new projects defied the conventional view that the economy was suffering. One thousand apartment units remain online to be available for occupancy over the next year, bringing the City much needed tax revenue. While the overall value of the permits decreased from 2020, the number of permits increased, indicating a vibrant development economy. This year we will open new hotels and a

number of first-rate restaurants in the downtown area, including Bardea Steaks – owned and operated by James Beard contenders Scott Stein and Antimo DiMeo.

Much of what we accomplish in government is not glamorous but is still so very important. With the partnership and cooperation of County Executive Matt Meyer, our respective negotiating teams have all but completed the arduous task of presenting to our governments a new and fair wastewater treatment agreement that has eluded City and County governments for decades. We look forward to seeing the final product of an almost year-long negotiation. Our thanks to the members of these teams for their hard work and dedication.

We made two operational changes in City government that will vastly improve customer service for our taxpayers. Our 311 system is designed to improve customer service and increase employee accountability. Every call and on-line inquiry is tracked and recorded. We now know the response time of every department in dealing with inquiries and complaints of our most valuable customers—our residents. Each year, we can expect approximately 104,000 calls for everything from special pickups and parking ticket appeals, to reporting potholes. Before 311 was operational, the average wait time for a caller was upwards of six minutes. Today it is less than one minute. Excluding public works and L&I calls, which by their very nature take time to resolve, 63% of all other contacts are resolved in one call. It is a highly effective customer service module and is improving each day as we continue to train our users on its functions. In summary, 311 allows us to identify each and every call to the City and faithfully record our departments' responses to those calls.

The second operational improvement in our government is the renaming of our Planning Department to the Land Use and Planning Department. The revamped Department will combine parts of each of our departments that currently deal with land use approvals and permits. Applying for building permits, for example, currently requires an applicant to deal with Licenses and Inspections, Planning, Public Works, and the Fire Marshall's Office. These offices are not located together, and try as they might, they do not coordinate efficiently. Parts of each of these departments will soon be located on one floor to streamline the process of securing building permits for our development community and to make securing permits for small residential applicants considerably more user friendly.

Wilmington, like cities across America, was rocked by high levels of violent crime throughout 2021. This unrelenting violence shook our confidence in our ability to protect our neighborhoods and ensure civic tranquility. But this year, while major cities like New York, Chicago, and Philadelphia all experienced continued high levels of violence, and Baltimore had its deadliest year since the seventies, Wilmington's violent crime has plummeted during the first three months of this year, proving to be the safest for our citizens since 2015. While I am not in any way declaring victory over City violence, I am encouraged by the current trends and deeply appreciative of our outstanding police department for the great job it does protecting us each and every day. I am further appreciative of the great work done by our Attorney General Kathy Jennings and US

Attorney David Weiss, whose cooperation with Chief Tracy on removing guns from our streets has, in my judgment, been one of the keys to this year's reduction in gun violence.

Before anyone knew what ARPA was, I had determined to put \$5 million aside from our fund balance to invest in the East Side, one of our most historic and yet one of the most neglected parts of town. With the coming of the American Rescue Plan, together we were able to commit tens of millions of dollars to neighborhood re-development, greatly enhancing our investment footprint on the East Side and in other neighborhoods in the City. ARPA gives us the once-in-a-lifetime opportunity to test whether plentiful resources can make a meaningful difference in the overall health of impoverished neighborhoods.

As with so many endeavors in life, it is difficult to succeed without the cooperation of partners. We selected the East Side in part because of the tremendous commitment made by Governor Carney in improving childhood education, starting with the construction of a new \$80 million-plus Bancroft School. Howard High remains an iconic City educational anchor. Woodlawn Trustees is committing to rehabilitating 60 of its existing residences and to building 20 more new ones. Habitat for Humanity is committed to building 20 more new homes, adding to the projects already completed on Bennett Street on the East Side. Reverend Keeling and Central Baptist CDC are already reliable development partners on the East Side with whom we are already working.

It is worth mentioning that the exciting development and rehabilitation of our neighborhoods will be largely performed by minority contractors and Disadvantaged Business Enterprises (DBEs), whose participation we have vigorously solicited and supported. In addition, we have partnered with the Vocational-Technical School District to provide paid training for our young people in the construction trades—a highly compensated gateway to upward social mobility.

With the cooperation of Council, we have determined to invest in some of our not-for-profits, understanding that we cannot fund all of them—worthy as they may be. We reserve our funding for those who we collectively believe will contribute most directly to our efforts in improving all our neighborhoods and the lives of our children.

Together, we have agreed to set aside up to \$8 million for violence reduction. We traveled to Newark N.J., together to understand what the city where I grew up was doing that resulted in measurable reductions in crime. We have invited Aqeela Sherrills to visit with us and have contracted with his firm to do a landscape analysis of our social service and public safety infrastructures and to determine how effectively they interact with one another. We look forward to reviewing the information and working on a strategy for Wilmington.

We continue to fund our clean teams, and in fact have expanded the footprints of affected neighborhoods. Nothing is any more noticeable to visitors and residents alike than clean parks, streets, and sidewalks.

Delmarva Power informs us that they have recently completed installing LED lighting throughout the entire East Side and should have the balance of the 5,900 total lights in the City substantially completed by end of this fall. The city's 1,300 lights have already been retrofitted for LED fixtures, and all lights self-report any outage—no more long-lasting dark streets.

Over the past two years we have declined to raise needed revenues through tax increases because through a severe pandemic this would have been untenable for any number of reasons. We relied instead on CARES Act and rate stabilization funds to help us offset our losses of revenues. This year, however, we must be more disciplined about our finances. As has been our practice since we took office, we will not just look at the current year budget, but five years ahead in making our budgetary decisions.

While finances have generally stabilized, there is an unsettling threat of a continued loss of revenues from a number of sources. Working from home threatens our wage tax revenues, resulting in current collections being down \$1.5 million and tax refunds increasing by an additional \$2.4 million. Red light safety camera fines are down \$1.6 million and real estate tax appeals have resulted in an annual loss of \$800,000. From 2019, our interest revenue is down \$1.5 million. All told, these revenue lines add up to a loss of \$7.8 million. We have found some offsetting sources of revenue and have made budget cuts, but the challenge remains real.

Thanks to the outstanding work by my department directors and senior management, led by Chief of Staff Tanny Washington, this year's operating expenditures represent only a 2.4% increase over Fiscal Year 2022. In order to balance this year's budget with the lower revenues we project, we would need only a small transfer from fund balance, ARPA funds, or a modest tax increase. But a sensible look down the road reveals an untenable deficit in years to come if we are not prudent today. Deferring tough decisions would conceivably result in a \$40 million cumulative deficit through FY 2026, and a fund balance bordering on insolvency. So, as I have described to all of Council in several recent meetings, I am proposing a 7.5% tax increase in this year's operating budget that will give us a small surplus in this fiscal year, but one that can be used to help balance future budgets. Council must realize that in order not to leave our successors with catastrophic deficits, we have to raise additional sources of revenue.

These additional revenues must include a long overdue increase of all of the City's permits and license fees. They also will almost certainly include another property tax increase in the near future. As for the use of ARPA funds, we propose using \$12 million of these funds to smooth the transition back to pay-as-you-go budgeting.

An alternative to tax increases, of course, is to cut spending, which in City government, as with most governments, means layoffs. The tax increase in this budget amounts to replacing lost revenue of about \$3 million, or in terms of corresponding personnel cuts, in excess of 30 employees in this year alone. This is in addition to the 14 positions already reduced in this budget, seven of which are unfilled positions from the Police Department.

As I stated earlier, the members of the WPD have done an outstanding job catching those who commit unthinkable violence and taking guns off the streets. I have no intention of limiting their ability to perform their difficult tasks by further reducing their ranks. Hopefully there will be a day when the department can function with less, but today is not that day.

Regarding the police, we are in a time of great social change, which necessarily involves members of our police department. These changes involve, among other issues, the existence of Citizens Review Boards, the legislation for which our government adopted a year ago. We have delayed implementation because of the suggested changes by the legislation's sponsor, Councilman Johnson, and now because of proposed state legislation that will define and limit just what role our own board will be able to play in reviewing allegations of police misconduct. In any case, be assured that a board will be appointed forthwith.

I am also asking Council to approve a 5% increase in the water rate. This is less than the suggested rate of 7.5% from our Utility Citizens Advisory Board. Wilmington's water utility does not have the political flexibility that our operations budget has. As costs rise and as capital needs are required, there is no choice but to raise rates. We look forward to a discussion of these rate increase requests during budget hearings.

We should keep in mind that with respect to both property taxes, and sewer and water rates, each has only been raised modestly over the past five years. With regard to property taxes, this is the second tax increase in six years, yielding an average annual increase of 2.5%. The sewer and water rates have only averaged 3% over the same time frame.

The larger context of our budget should always be the goals and objectives we have for our City. We should all be asking ourselves why we are here. Well first, we must operate our government efficiently and deliver services promptly and effectively while earning the trust of our citizens.

But when we ask ourselves what else can we accomplish together, for me the answer is always the same. I want a Just City that is better than America. I want prosperity to be shared among all our citizens. I want to find the best way to educate our children and I want to strengthen families and neighborhoods. I want to allow our neighbors to live unafraid of the violence that shatters lives. These tasks are easy to talk about and hard to accomplish. Critics are everywhere. Those who make real progress are vanishingly rare.

I look at this time as your Mayor as an opportunity to permanently change our City for the better. More than any of you, I am aware of the limits of my allotted time here, not only as Mayor, but also the limits of my time here on this earth. As such, I have no time to waste. I am impatient for progress. I am anxious to see our neighborhoods thrive once again. I am anxious for Wilmington to take its place among the best cities in America. Together we can do so much. I invite you to join me. Thank you.

REGULAR ORDER OF BUSINESS

Upon a motion of Council Member Walsh, seconded by Council Member B. Fields, the Council returned to regular order of business. Motion prevailed.

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

MINUTES

After reading a portion of the minutes of March 3, 2022, 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 17, 2022 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 7 to Page 8.

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City of Wilmington



DaWayne Sims
City Treasurer

Treasurer's Report March 17, 2022

Cash - Ledger Balance (as of 03/16/2022):

General	M & T Bank	\$ 11,202,259.00
Payroll	M & T Bank	\$ 1,241,202.20
Law Department Court Costs	M & T Bank	\$ 4,652.07
Total Petty Cash	M & T Bank	\$ 6,329.89
Police - Evidence Found (Currency)	M & T Bank	\$ 1,214,058.67
Police & Fire Remembrance	M & T Bank	\$ 9,444.49
Police Department Discretionary	M & T Bank	\$ 28,675.61
Rent Withholding Escrow	M & T Bank	\$ 4,137.97
Grant-in-Aid	M & T Bank	\$ 112,760.87
Community Development Block Grant	M & T Bank	\$ 1.00
Capital Projects	M & T Bank	\$ 1.00
Total Cash on Hand		\$ 13,823,522.77

Cash Equivalents & Investments (as of 03/16/2022):

Account Type & Fund	Institution	Investment Type	Number of Days	Interest Rate	Interest Receivable	Investment Amount
LIQUIDITY:						
General	M&T	Overnight Repo	Daily	0.01%	\$ 2.99	\$ 14,203,929.47
General	TD	ARPA funds*	13	0.08%	\$ 750.82	\$ 25,989,928.53
General	TD	High Yield Checking	13	0.08%	\$ 260.57	\$ 9,019,894.37
General	TD	High Yield Checking	13	0.08%	\$ 144.60	\$ 5,005,433.09
General	TD	High Yield Checking	13	0.10%	\$ 1,126.33	\$ 31,190,688.03
SUB-TOTAL:						\$ 85,409,873.49
RESERVE:						
General ¹	TD	High Yield Checking	13	0.08%	\$ 498.92	\$ 17,270,312.72
SUB-TOTAL						\$ 17,270,312.72
RESTRICTED:						
Capital Project	TD	High Yield Checking	13	0.08%	\$ 71.11	\$ 2,461,443.14
Capital Project	TD	High Yield Checking	13	0.08%	\$ 141.86	\$ 4,910,647.58
Capital Project	TD	High Yield Checking	13	0.08%	\$ 893.40	\$ 30,925,392.27
Water/Sewer	TD	High Yield Checking	13	0.08%	\$ 95.91	\$ 3,320,039.57
State Bonds Proceeds	TD	High Yield Checking	13	0.08%	\$ 182.01	\$ 6,300,292.17
Wilmington Parking	TD	High Yield Checking	13	0.08%	\$ 120.17	\$ 4,159,880.60
SUB-TOTAL						\$ 52,077,695.33
Total Investments						\$ 154,757,881.53
Total Cash on Hand						\$ 13,823,522.77
Grand Total						\$ 168,581,404.30

¹ Budget Reserve

*Restricted use. Per ARPA US Treasury Guidelines

DocuSigned by:

DaWayne Sims

DaWayne Sims, City Treasurer

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 17, 2022

DaWayne Sims
City Treasurer

Cash - Ledger Balance (as of 03/16/2022):

Pension Payroll	M & T Bank	\$	206,450.02
Retiree Healthcare	M & T Bank	\$	136,853.96
Police Pension	M & T Bank	\$	459,818.78
Fire Pension	M & T Bank	\$	25,593.02
Non-Uniform Pension Act of 1990-Plan 3	M & T Bank	\$	380,069.23
Non-Uniform Pension Plan 2	M & T Bank	\$	1,000.00
Old Non-Uniform Pension - Plan 1	M & T Bank	\$	1,592.81
Total Cash on Hand		\$	1,211,377.82

Cash Equivalents (as of 03/16/2022) & Investments (Market Value as of March 11, 2022)

Account Type & Fund	Institution	Investment Type	Maturity Date	Interest Rate	Interest Receivable	Investment Amount
LIQUIDITY:						
Pension Plan III	WSFS	CD	3/25/2022	0.01%	\$ 4.55	\$ 554,104.15
SUB-TOTAL:						\$ 554,104.15
RESERVE:						
Pension Trust	Rhumblin 3000					\$ 49,242,938.00
Pension Trust	Fidelity Market Index					\$ 4,613,867.00
Pension Trust	Edgar Lomax					\$ 19,117,591.00
Pension Trust	Rhumblin 1000					\$ 15,608,682.00
Pension Trust	Earnest Partners					\$ 17,263,144.00
Pension Trust	Dodge & Cox					\$ 15,071,964.00
Pension Trust	AB Global Core					\$ 13,397,378.00
Pension Trust	Artisan Global					\$ 12,584,160.00
Pension Trust	MFS Low Global					\$ 13,797,785.00
Pension Trust	Hartford Schroder					\$ 2,621,122.00
Pension Trust	Fidelity Total Intl. Index					\$ 5,403,507.00
Pension Trust	Harding Loevner					\$ 1,340,030.00
Pension Trust	Wellington Emerging					\$ 3,910,925.00
Pension Trust	Clarion Lion					\$ 15,060,707.00
Pension Trust	Morgan Stanley					\$ 11,125,539.00
Pension Trust	LM Capital Core					\$ 37,788,749.00
Pension Trust	Rhumblin Core					\$ 36,413,811.00
Pension Trust	Fidelity Bond Index					\$ 7,256,365.00
Pension Trust	Money Market					\$ 1,049,032.00
Pension Trust	Vanguard-OPEB					\$ 29,840,002.00
SUB-TOTAL						\$ 312,507,298.00
Total Investments						\$ 313,061,402.15
Total Cash on Hand						\$ 1,211,377.82
Grand Total						\$ 314,272,779.97

Total Funds under Treasury Management:

Total Investments						\$ 467,819,283.68
Total Cash on Hand						\$ 15,034,900.59
Grand Total						\$ 482,854,184.27

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

Re-signed by:

DaWayne Sims

7768CA8083EB468
DaWayne Sims, City Treasurer

CITY TREASURER'S OFFICE

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PUBLIC COMMENTS

President Congo opened up the floor for public comments and the following individual spoke: Kristina Kelley.

LEGISLATIVE BUSINESS

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

Council Member Johnson presented and called for the first and second reading Ordinance No. 22-013 (Agenda #0150) entitled:

AN ORDINANCE ESTABLISHING A RATE OF TAXATION
ON REAL PROPERTY AND THE TAXABLE PROPERTY OF
PUBLIC UTILITIES FOR THE FISCAL YEAR BEGINNING
ON JULY 1, 2022 AND ENDING ON JUNE 30, 2023

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

Council Member Johnson presented and called for the first and second reading Ordinance No. 22-014 (Agenda #0151) entitled:

AN ORDINANCE TO ADOPT A CAPITAL PROGRAM FOR
THE SIX FISCAL YEARS 2023 – 2028 INCLUSIVE

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

Council Member Johnson presented and called for the first and second reading Ordinance No. 22-015 (Agenda #0152) entitled:

AN ORDINANCE TO ADOPT A CAPITAL BUDGET FOR
FISCAL YEAR 2023

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

Council Member Johnson presented and called for the first and second reading Ordinance No. 22-016 (Agenda #01523) entitled:

AN ORDINANCE ADOPTING THE ANNUAL OPERATING
BUDGET FOR THE FISCAL YEAR BEGINNING ON
JULY 1, 2022 AND ENDING ON JUNE 30, 2023

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

Council Member Johnson presented and called for the first and second reading Ordinance No. 22-017 (Agenda #0154) entitled:

AN ORDINANCE TO AMEND CHAPTER 45 OF THE
CITY CODE REGARDING SEWER SYSTEM RATES
AND CHARGES AND WATER RATES AND CHARGES
FOR FISCAL YEAR 2023

SYNOPSIS & FISCAL IMPACT: This Ordinance enacts new water and sewer rates and charges for Fiscal Year (FY) 2023 (July 1, 2022 - June 30, 2023). The rates and charges for water and sewer services will increase by five percent (5.0%) in FY 2023 from what they are in FY 2022. Stormwater rates and charges are not affected by this Ordinance and will remain the same in FY 2023 as they are in FY 2022, as listed in City Code Section 45-53(d). 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 \$2.49 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 2023 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 2022	Monthly Charge FY 2023	Monthly Increase	Monthly % Increase
Water	\$32.74	\$34.37	\$1.63	5.0%
Sewer	23.95	25.14	1.19	5.0%
Stormwater	5.05	5.05	0.00	0.0%
Total Bill	\$61.74	\$64.56	\$2.82	\$4.6%

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

PETITIONS AND COMMUNICATIONS

Council Members and Council President spoke on the following: reminder of the no plastic bags and the release of balloons; announcement of community meetings and events; announcement of Healthy Sub-Committee meeting as well as Health, Aging & Disabilities Committee meeting; Women's History Month; St. Patrick's Day; COVID-19 testing kit giveaway; announcement of upcoming Budget Hearings and everyone was encouraged to continue to stay engaged in the process; Colon Cancer Month; announcement of new business on Union Street; National League of Cities Conference; everyone was encouraged to continue to test and wear your mask; structural deficit that the City has and the need to look for the opportunity to cut cost; Mayor Purzycki was commended on his Budget Address and for thinking not only short term but also long term; and including but not limited to, two men's basketball teams were congratulated (one for state championship and the other for their efforts).

POINT OF ORDER

A point of order was made by Council Member Johnson when Council Member Gray spoke about the public being engaged and constituents speaking during the public comments segment at committee meetings. However, President Congo provided the privilege of the floor to Council Member Gray to continue with her comments. President Congo made some comments around being open for engagement with constituents.

Note: During this time, City Treasurer DaWayne Sims was recognized as being in attendance in the Zoom meeting.

ADJOURNMENT

Upon a motion of Council Member Gray, seconded by Council Member Johnson, Council adjourned at 6:47 p.m. Motion prevailed.

Attest: Maribel Seijo
Maribel Seijo, City Clerk