



WILMINGTON MAYOR MICHAEL S. PURZYCKI

**FY 2024 BUDGET PRESENTATION AND
STATE OF THE CITY ADDRESS**

THURSDAY, MARCH 16, 2023

Good evening.

I am pleased to report that the state of the City is better than we could have ever imagined just a short while ago.

Tonight, I will describe the progress that this administration and this council have made together. We certainly do not always agree on some of the means and methods, but we surely agree on the goals -- a safe, healthy and prosperous City in which our children can grow and reach their God-given potential.

Two years ago, there were reasons for us to be very uneasy about the state of affairs locally and nationally. The pandemic exacted a price on all sectors of the economy. It changed the way Americans lived their lives and how we worked as well. All of this affected the fortunes of America's cities. Working from home has negatively impacted wage tax revenue. In America's largest cities, 25% of employee time is spent working from home. Empty office buildings have resulted in fewer customers for our small businesses and lower tax assessments on appeal -- inevitably lowering property tax revenue. This post-pandemic reality foreshadows a declining tax base and future fiscal challenges for cities across America. Wilmington assuredly is not exempt.

But through this once-in-a-lifetime crisis our City's economy withstood the national headwinds that threatened the revenues of city after city across the nation. Construction of apartments, hotels, and restaurants have energized Wilmington's economy. Building permits have averaged a remarkable \$253 million annually over the past three years. The Downtown District, the Riverfront, and notably the neighborhoods have all thrived economically.

When would you have imagined that Wilmington would be chosen by Condé Nast as one of the 23 best cities in America to visit? And featured by Forbes as one of their 22 best places to travel?? And repeatedly featured in Virginia and Philly magazines for our restaurants, hotels, and amenities? Washington, D.C. Thrillist lists Wilmington among seven cities to visit this winter.

The Chase Fieldhouse has become an unexpected economic driver for the City, drawing an astonishing 1.5 million participants and visitors to Wilmington in 2022, while the Christina Riverwalk counted well over one million visitors over this past year. In the Downtown District, Quoin joined La Fia, Bardea and Bardea Steak, and a host of other fine dining destinations. The Chancery joined DECO as a premiere food hall where our residents can socialize and eat a relaxing meal. SZA rehearsed for a week in Wilmington at the \$20 million Pine Box Studios, which opened just this past year.

In our neighborhoods, unprecedented investment has occurred. In the Northeast, \$150 million is being invested in Amani Village, EastSide Charter School, and a new Kingswood Community

Center. Amani Village, an existing 140-unit Purpose Built Community under the Reach Riverside umbrella, is now seeking to expand one of the most ambitious housing projects in the City's history.

On the East Side, this administration has committed \$20 million of American Rescue Plan funds for up to 150 new and redeveloped houses for our residents. Habitat for Humanity has repaired or rebuilt 49 houses to date for City homeowners with another 40 in process or scheduled for repairs. Overgrown alleys have been cleaned and the Hattie Phelan Park has been reclaimed. The governor has committed almost \$100 million to the rebuilding of Bancroft School. The Wilmington Housing Authority and the Community Education Building have jointly purchased the Elwyn Building on East 11th Street to turn it into a social services support center for our residents. We continue to work with community partners like Central Baptist CDC to rebuild our historic East Side. And we have asked the state for \$1.5 million to remake Herman Holloway Park -- hopefully to include a likeness of the iconic senator himself.

On Lower Hilltop, the Wilmington Land Bank has committed millions of dollars to rebuild another of our long-forgotten neighborhoods. It has acquired approximately 40 parcels, including five rehabilitated units nearing completion. Alleys where nothing good happens are being gated by L&I, abandoned houses are being closed or demolished, and open space is being created. Fifty-four new affordable units just opened in West Center City while 72 dilapidated apartment units are about to undergo a complete rehabilitation.

Despite the recent trend toward working from home, our major employers are holding firm to their commitment to Wilmington; JP Morgan Chase alone has invested \$250 million in the City. We applaud Chase and our other employers for their unwavering commitment to Wilmington.

Other cities have reacted to reduced office space by encouraging apartment development. But while Washington, D.C. has as its goal 15,000 new apartment units by 2028, Wilmington, just one-tenth its size, has already built 2,400 since this Administration came into office. Nearly 1,000 new apartments currently in production continue to bolster the City's future vitality. And it should be noted that in so doing *we have not displaced one single resident.*

Strengthening our neighborhoods and our neighbors has been an overarching goal of this Administration and this Council. We have worked together to bring the impressive work of the Community-Based Public Safety Collective to Wilmington from Newark, NJ. Under the leadership of Dr. Debra Mason, 18 of our citizens will become the frontline trained professionals prepared to interrupt the violence that plagues our neighborhoods without having to depend entirely on our police officers.

Having said that, violent crime has actually been reduced to the lowest level in memory, almost exclusively through the work of our police department. While the nation's cities in 2022 experienced a drop of 6% from the previous year, Wilmington saw a 62% drop in homicides and a 17-year low in overall violent crime during that same year. Our new Police Chief, Wilfredo Campos, has notably implemented deployment strategies that will strengthen our ongoing commitment to community policing -- an objective we all share.

I continue to work with Council regarding police methods and practices. Our commitment to civilian oversight of our police department is strong but is limited by the Law Enforcement Officers' Bill of Rights and changes proposed in Dover. We are making progress, nonetheless, in building confidence between our officers and the public they serve. In any case, I believe that the WPD is, and will continue to be, one of the very finest departments of its size in the nation. But I remain appreciative of the many contributions and suggestions made by Council to improve it even more.

For the first time in the City's history, Wilmington is reviewing closely the fairness and inclusiveness of our government procurement process. To this end, we launched a disparity study in 2022. Our goal is to make sure the procurement system is providing minority and women-owned businesses the opportunity to bid for City-issued proposals for goods and services. We have begun to act on the recommendations of the Disparity Report, which was compiled by Miller 3 Consulting. I want to thank Council -- and especially to remember our late dear friend Rysheema Dixon -- for working with the Administration to bring about needed change. The patterns of longer-term disparity, as presented in the report, did not start with my Administration, but it is my goal to see these practices end before I leave office. I pledge to continue working with City Council for as long as it takes to get the job done.

Along these lines, however, it should be noted that this Administration has extended over \$4 million in credit and grants to minority developers and businesses.

In this year's budget we increase funding to our clean teams to continue the program that keeps our neighborhoods' appearances worthy of the children whose futures we claim to value.

Wilmington's HBCU Week will again provide tens of millions of scholarship dollars to our children aspiring to attend our nation's Historically Black colleges and Universities. They will join the 22,000 who have attended the College Fair, the 4,300 who have been admitted through this nationally recognized program, and those who have been offered almost \$35 million in scholarships. This past year we took Wilmington's show on the road to Disneyworld, where 8,600 students attended their first ever HBCU College Fair, where \$11 million in scholarships were offered to participants.

There is much we have accomplished together that receives little mention. A sewer agreement with New Castle County eluded our predecessors for almost 20 years until this year, when the county executive and I determined to negotiate a fair agreement that will endure for a decade. Reassessment is finally being conducted after we reluctantly joined a suit against our friends at the County. For the first time since 1983, there will be tax fairness for our City property owners and for property owners throughout the County.

In 2017, the fund balance of the City was \$34 million -- less than that required by rating agencies to maintain our bond rating. By year-end, we will have increased our fund balance to a very healthy \$75 million, or 40% of budget -- well above the 25% required by rating agencies.

The goal of this Administration has been to improve every service we provide and upgrade every property we own. We don't always succeed. But we try. To this end, we have thoroughly reorganized our land use department, led by Jeff Starkey, in an effort to increase efficiency and staff accountability.

The Rodney Reservoir is one example of a City property needing our attention. It has been an unsafe, unsightly, and poorly maintained structure for far too long. We intend to demolish the reservoir and transform the site into a beautiful City park -- and to that end we intend to fully engage with the community for a planning exercise for the design of the site.

Our capital assets, including our parks, are in excellent condition -- even the building we are in tonight. But some of our firehouses, after having been neglected for years, are not in such good condition and will be receiving our much-needed attention. One was completed last year, one rehabilitation is now underway and another is in pre-construction.

Under the orchestration of Tina Betz, we have constructed a beautiful performance stage in a park-like setting at the Urban Artist Exchange on the City's East Side.

We will complete the next phase of the Rodney Square revitalization this summer. And DNREC has committed to finally improving the aesthetics at H. Fletcher Brown Park along the Brandywine River

Many thanks to DelDOT for their extraordinary partnership and cooperation through the two-year reconstruction of I-95. Together we paved almost 38 miles of City streets. DelDOT is restoring all of the recreational facilities that were previously in the highway right-of-way, and the decorative fencing along the highway has been a welcome improvement.

We have asked Council to support policy changes that respond to our changing times. Residency requirements must yield to new employment realities. Owners of vacant housing must be held to account for dragging down our neighborhoods by being charged more appropriately for the damage they inflict. Our fees must be updated to meet our budgetary

demands of delivering regulatory and enforcement services. I extend my sincere gratitude to Council for its cooperation and support of our efforts.

Along with removing the employment barrier of residency, we must remain competitive with other employers. Our negotiations with our union employees have been productive but necessarily costly given the inflationary environment. A Citywide compensation study will be completed this spring to help guide the compensation of our valued employees.

As to our budget for this year, we will enjoy a short-lived surplus and, therefore, require no tax increase. Assuming the prescribed revenue enhancements, we can escape deficits in FY 24 and 25, but starting in FY 26 and beyond is when the bills will come due. We will simply need every additional source of revenue to balance our budgets in the very near future. To this end, we will ask Council to approve three new sources of revenue -- a \$1 ticket tax on all events in the City, an increase in our hotel tax from 2% to 3%, and an overall increase in fees. The effect of these revenue increases will be almost \$4 million annually and get us closer to long-term financial viability. As promised, we will continue to engage with the State to find new funding sources.

A reality we must get used to is that, based on the long-term capital needs of our aging sewer and water infrastructure, without external revenue sources, our water fund will require increasing rates on a fairly regular basis. The Utilities Citizens Advisory Board has recommended an increase of 6%. We are proposing to Council a rate increase of just 5.7 % along with a 6% increase in stormwater fees.

So, in spite of the challenges we have faced together, we have fostered unprecedented economic development, greatly enhanced the condition of our neighborhoods, improved housing, reduced crime, stabilized our finances, and helped thousands of our children get to college.

I don't mean to suggest that this Administration deserves credit for every success I have listed here tonight. But assuredly we deserve credit for creating the environment for success, and we deserve credit for the vision needed to succeed. We deserve credit for giving confidence to the investment community that Wilmington is worth every dollar they've invested. You and the Administration, working together through the pushing and pulling that is the inevitable part of governance, can be proud of everything this government has achieved over the past year. I know I am, and you all should be too.

Thank you.