



COUNTY COMMENTS

CIVIC LEAGUE FOR NEW CASTLE COUNTY
Informed Citizens for Sound County Growth

May
2012

STATEMENT OF PRINCIPLE

Monitor and selectively evaluate government actions including laws, regulations and policy.

Provide appropriate forums for informing as well as soliciting input from the public.

Establish positions based on responsible studies and consistent with the aims and purpose of the organization.

Advocate these positions.

Founded in 1962, the Civic League is non-profit volunteer organization, which studies and illuminates County and State government actions concerning comprehensive developments and the quality of life and is a vocal advocate of relevant positions.

County Comments is the official publication of the Civic League for New Castle County.

Chuck Mulholland,
President

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MEETING

Tuesday, May 15, 2012

7:00 PM at the Del Tech Innovation & Technology Center
97 Parkway Circle
New Castle, DE 19720

AGENDA

Guest Speaker: Ms. Ann Visalli
Director of the Office of Management & Budget

Items not reported in the mainstream news media:

For those having our April 2012 County Comments edition, we now have some enlightening responses from the Department of Finance as presented at our monthly meeting on April 17th:

Our question #1. Given a current (2012) bonded debt amount of \$1.7B, compared to the 2002 amount of \$709.9 M, can you outline the average \$100M yearly increase over each of the past (10) years and provide the highest (5) different items (ie. specific capital projects) of increased expense each year during that time period?

Response: the bonded debt amount for this year is \$1,785,800,000.00. The top (5) items for each year's increase has been **school construction**, resulting from the expansion of residential housing, according to the April 17th presentation.

#2. Is a yearly cost per resident available for that time period?

Response: the per capita cost in 2002 was listed as \$883, and for 2011 at \$1,782 (a 200% increase, my calculation)

#5. Do the \$1.7 B and \$709.9M amounts, with all intervening amounts, include or exclude bond amounts for road construction and/or DeIDOT project(s)?

Response: the road improvement and construction amounts are listed separately, and as of 2011 was \$1,099,725,000.00.

(continued)

#8. Can you provide an overview of income streams for the State and how these source(s) may have changed over the last (10) years?

Response: (a few notable items) - all figures are actual 2011 collections versus the March 12, 2012 DEFAC numbers:

- Personal income tax receipts increased by 4.6% to \$1,043.4M
- Franchise tax increased by .2% to \$761.5M
- Corporation income tax decreased by 40.2% to \$100.7M
- Bank franchise fees decreased 8% to \$110.1M
- Gross receipts taxes increased 18.3% to \$238M
- Lottery receipts decreased 7% to \$266.9M
- Abandoned property decreased 10.4% to \$383.6M
- **Realty transfer tax** decreased 35.3% to \$28.5M
- Estate tax decreased 38.1% to \$10M
- Insurance taxes decreased 6.5% to \$58.8M
- Public Utility tax decreased 17.8% to \$47M
- Cigarette tax decreased 3.2% to \$125M
- Other revenues decreased 34.8% to \$87.5M

A bottom line calculation on the DEFAC General Fund Revenue Work sheet lists a net decrease of 3.7%, or a decline from \$3,531.4M in 2011 actual collections, to DEFAC's March 12th, 2012 figure of \$3,400.4M.

These figures are being made available in light of recent circumstances in the finance and government arena, both domestic and foreign. Recent events include the ousting of several European government(s) and presidents tied to the economic and debt problems pervading the finance markets and government budgets.

Now to address a potential cost to County taxpayers

This also leads to the New Castle County arena and a point recently not known to at least (3) members of County Council, and a subject that could prove rather expensive to county taxpayers, the potential purchase of unsold Workforce Housing units.

This matter was discovered in the review of what is titled "Master Workforce Housing Agreement(s)", mandated under New Castle County Code section **40.07.341**, and containing the following wording on page 5 of each agreement, in the section titled "Failure to sell" *... if, after being on the market for (365) days..the unit may be offered for sale to New Castle County.."*

In review of prior Planning Board reports it was explained by David Culver, Department of Land Use General Manager, *"Mr. Culver is confident that as workforce housing units come on line that there will be buyers...but acknowledges that if there are no buyers..that the developer is at risk that the other market rate units cannot be built."* (report for application 2008-0882-T , dated December 16, 2008, page 10).

(continued)

Next refer to NCCC section **40.07.331**: Staging plan and timing of workforce dwelling units construction... *Within each (WFH) project, the issuance of permits for market rate units shall be stopped at the levels indicated below ; A) 25% pending the issuance of an equal percentage of building permits for workforce dwelling units...*

Note : As per every comment from the land use attorneys and experts, sale of the increased number of market rate units allow for the plan to succeed. If no WFH units are sold, according to **40.07.331**, the market rate units must also stop being constructed and sold. Then the building inspection fees and the realty transfer taxes reaped by both the State and County would stop in a given project... and the scheme collapses.

So who thinks that the County would allow any sales to stop?

Who authorized the wording found in the master agreements?

The same mindset/ department/ administration or Council that authorized the contract for the cooling system at the new police station? The one that, per recent published reports, will cost the taxpayer a fresh \$500,000 in needed repairs?

Lets do some more math:

According to data gleaned from Department of Land Use documents there are now over (261) approved WFH lots, none yet constructed.

This figure is among a gross number of new lot approvals totaling 4,824 housing units within WFH projects.

Now use the first figure trotted out by County officials in 2008 for a target price for WFH units: \$270,000.00
(261) x \$270K= \$70,470,000

or a more realistic (261) x \$200K=\$52,200,000

In a government that flourished when housing sales were relentless, allowing for over \$150M in surplus funds from realty transfer taxes, yet in recent years repeatedly raised property taxes , and also cut compensation and benefits to County employees, who is watching this golden part of these contracts? And the potential cost?

Unfortunately for the wider reading public, this matter was dropped from any print in December 2011 by the main line press, even though a reporter confirmed mid month with at least (1) Council member that the "failure to sell" clause was unknown to him and other members. If one doubts this statement, line up and ask Council in public, when they knew, who authorized the particular contract(s) wording, if they are prepared to bail out private developers who can't sell certain new housing units, and to what expense, or cost.

Next is the rest of the Failure to sell line, that the unsold unit may be offered for sale to New Castle County or another housing entity. How about the Wilmington Housing authority, which per the March 9, 2012 new report, laid off (14) employees due to Federal funding cuts of \$1.9M?

Who is paying attention, again? How much debt is enough?

Wait until the County gets reminded about the failure to sell clauses...

prepared by Chuck Mulholland

THE TIME OUR BEST CANDIDATES NEED SUPPORT IS NOW

This is a terribly important election year and if we do not get involved now through contributions and volunteer work, the new candidates will not be able to launch a challenge to the entrenched office holders in time to win. Many people will go away for the summer and when they return, the primary election will be right away – too late for you to help anyone. We should be supporting our own members who are running and the people who came to us for help with reforming County government. That's what this year is about – REFORM.

The public interest is at stake.

Indeed democracy in Delaware is at stake.

For more information, visit candidate websites. Just Google their names and they will come up.

Take action.

by Christine Whitehead

Nominated Officers for 2012-2013

President Chuck Mulholland

Vice - Presidents William Dunn
Dave Carter
Mark Blake

Treasurer Dave Bailey

Past President Dan Bockover

Nominated Directors for 2012 - 2015:

David Carter
Philip Lavelle
Chuck Mulholland
Norman Spector
Gary Warren

*If any current member of the Civic League would like to become a Director,
call Frances West at 475-8154.*