

Why Wilmington is experiencing financial hardships

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After serving 12 years, I recently resigned from WEFAC – the Wilmington Economic and Financial Advisory Council.

WEFAC is an independent board, appointed by the mayor, which provides advice and assistance regarding the city's finances.

In my opinion, the city of Wilmington's financial landscape has recently changed.

Wage tax and property tax continue to make up roughly two-thirds of the city's budget. But for the first time in a decade, property tax is now projected to decline.

Some insiders blame lower assessments approved through the New Castle County appeal process for that downturn.

Clearly that issue needs attention.

However, I believe the city's money problems are more robust than just an accounting entry.

That drop in property tax tells me the very foundation of the city of Wilmington is being challenged. People vote with their feet, and they are apparently leaving one of the nation's most violent cities.

Despite the economic recovery, there are over 2 million square feet of vacant office space in relatively small Wilmington.

In turn, many new developments have trouble finding funding.

At the same time, a Pew Foundation study labeled Wilmington's pension as one of the most underfunded. That means the budget becomes increasingly indentured to retirees, as taxpayers are drained for past over-promises from the political class.

The numbers also suggest the city's need to focus on its core mission of public safety, and public health has been diluted and replaced with empire building and patronage.

Over the last 10 years, the Mayor's Office has surged from 24.5 full-timers to over 45.

From 2003 to 2013, the total payroll for all city employees rose 54.2 percent.

Wilmington had *less* employees in the 1990s – when it had responsibilities at both the Port of Wilmington and the courts – than it does now.

Spending gone wild has created an expenditure crisis. Especially given the new dynamics, the city can no longer afford itself.

Its math, not politics, costs have to be cut and services have to be rethought.

The story gets worse.

Logic suggests there will not be any bailouts, as the state of Delaware has already created two city of Wilmington aid packages.

So after studying the stats and emerging trends, what did the politicians actually "do"?

Mayor Williams called for a 9.9 percent property tax increase.

I quit the next day.

Dace Blaskovitz has spent his entire 36-year financial services career in downtown Wilmington.