

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee met on October 25, 2017 at 9:06 a.m. with Mayor Christiansen presiding. Members present were Mr. Hudson (Acting City Manager's designee), Mr. Hugg, Ms. Evans, Mr. Sheth (arrived at 9:30 a.m.), and Mr. Hammond (arrived at 9:22 a.m.). Mr. Hare, Mr. Cole, and Mrs. Mitchell were absent.

AGENDA ADDITIONS/DELETIONS

Due to the lack of a quorum at the commencement of the meeting, the agenda was not adopted.

Presentation - Economic Development and Downtown Revitalization (Mayor Mike Purzycki, City of Wilmington)

Mayor Christiansen introduced Mayor Mike Purzycki, the 56th Mayor of the City of Wilmington, stating that Mayor Purzycki is a great force in economic development in the City of Wilmington and the State of Delaware and could bring a message of hope and encouragement to the City of Dover's economic development efforts, based on the successes that he has had in his community and city. Mayor Christiansen noted that partnership on economic development and other issues equates to success.

Mayor Purzycki stated that it was nice to be back in Dover, noting that he had been Senate Attorney in the early '80s and spent more time in Dover when Mr. Joe Purzycki was a coach at Caesar Rodney High School and Delaware State. Mayor Purzycki stated that he did not miss a game for all those years and saw every Friday night Henlopen Conference football game throughout the late '70s and '80s.

Mayor Purzycki stated that being Mayor of the City of Wilmington had been an extraordinary experience. He noted that he was 72 years old and did not expect to find himself in the unique situation of taking on the job of mayor at his age but did so because it felt right. Mayor Purzycki advised that he got to a point in his life where he looked at his city and saw that it was not doing very well. He indicated that he did not realize how difficult the job was with respect to the number of things that come at him every single day from every corner and stated that he thought that everybody ought to be mayor for one (1) hour. Mayor Purzycki advised that he was surprised how rewarding the job could be, noting that people say it must be a thankless job; however, it is anything but thankless and people are very generous and appreciative.

Mayor Purzycki stated that his reputation was largely due to his work on the Riverfront. He advised that he has had a successful and happy life, has a great family, and is very blessed in those respects. Mayor Purzycki stated that he was previously in the private sector and suddenly became the executive director of the Riverfront, which was an extraordinary experience. He explained that all of the buildings there were Department of Defense grade buildings that were left over after World War II, and there was nothing attractive, such as in the antebellum South with its big, old, brick buildings with beautiful architecture. Mayor Purzycki explained that they took what they could and made something special out of it, noting that when they started there was nothing there but Frawley Stadium and Kahunaville. He stated that Kahunaville brought a lot of people to the area; however, everything was kind of trashy, and they had to figure out what to do. Mayor Purzycki advised that the success they had was because of a vision of what the development could be. He indicated that the initial vision was an image of a huge harbor to be built on the marshland east of Walnut Street;

however, it made more sense to him to develop the west side, where the development is today. Mayor Purzycki advised that if he brought anything to his role it was a practical sense of what could be done, versus the starry-eyed things that had been talked about. He noted that the grand images were inspiring to some people and denigrating to others because they were so silly, and he thought he brought everybody back to earth with an aspiration that was grand but pretty realistic and wound up being much of what is seen today.

Mayor Purzycki advised that there has to be leadership. He noted that there does not have to be a great leader; however, there must be someone that everyone has confidence in because decisions must be made. He indicated that, more often than not, it is not the idea that is bet on but the individual, and people will place a bet on an individual or organization that they have confidence in.

Mayor Purzycki advised that investment is needed and noted that, in Wilmington, the '90s were pretty strong and there were surpluses in the State. He explained that Governor Tom Carper, as well as Senator Patty Blevins and Representative Roger Roy, co-chairs of the Bond Bill Committee, believed in the project and were committed to it, and whenever there was an idea they would write a check. Mayor Purzycki stated that all the good ideas in the world will not work without any money. He noted that about \$250M was probably used over 22 years in roads and Delaware Department of Transportation (DelDOT) spending; in cleaning up land, a good bit of which was owned publicly by the State and City; and in building necessary infrastructure. Mayor Purzycki advised that approximately \$100M were economic development funds, noting that approximately \$5M was received per year, which allowed them to operate. He stated that these funds provided some wiggle room on investments they made; however, they returned every single penny back to the State in taxes in 2013, when the payback was finished. Mayor Purzycki also indicated that about \$40M came back to the State every year due to the employment and economic development that was going on, noting that these were the University's figures and not his own. He advised that this was a great justification for the necessity of investment. Mayor Purzycki explained that these projects cannot be done cheaply and a difference can be seen between places where there is investment and where there is none.

Mayor Purzycki advised that when he left the Riverfront project, approximately two (2) years ago, there were 7,000 people working and 1,400 people living there, a dozen restaurants, and a spectacularly beautiful wildlife refuge. He noted that there are river boats, a movie theater, a children's museum, and the Riverfront Market. Mayor Purzycki stated that the Riverfront was turning into a wonderful place that could be put in any city in America and people would still say, "Boy this is really nice down here." He indicated that there was much more to come, two (2) hotel developers had applications in to build hotels, and another restaurant was being built. Mayor Purzycki advised that a bridge was currently under construction across the river and Wilmington was one (1) of the long shot competitors for Amazon. He explained that competing for Amazon was a great exercise that made Wilmington reflect on their greatness and their shortcomings. Mayor Purzycki stated that they hired Robert A. M. Sterns, one (1) of the world's great architectural design firms, to provide a vision of what the South Market and South Walnut Street area, on the other side of the river across the bridge, could be. He noted that this is the area

where the ShopRite is and where they had gotten rid of big petroleum tanks, although there are still tanks from the recycling operation there, and that they want to land plant that area all over again. Mayor Purzycki explained that Robert A.M. Sterns had done the Navy Yard in Philadelphia, this was the kind of model that Wilmington was looking for, and Robert A. M. Sterns came back with an outstanding plan that Wilmington cannot wait to roll out in the near future. He stated that redeveloping that side of the river in this way has the potential to redefine the City of Wilmington forever.

Mayor Purzycki indicated that the rest of Wilmington has economic development challenges. He stated that, on the positive side, in addition to the hotels, 1,000 units are being built, including some on the Riverfront, 300-400 downtown, and another 500 throughout other parts of the City. Mayor Purzycki advised that Wilmington has a good, strong residential market; people who are willing to move into the City; and developers who are willing to invest a great deal of money. He indicated that their negative issue is crime, which appears in the papers all the time. Mayor Purzycki informed members that when he ran for office, he stated, "Crime is not the problem, crime is a symptom of the problem, and if you keep chasing crime as a problem you will never beat it. You simply won't beat it. You have to keep looking at what the underlying causes are of crime." He advised that in Wilmington the causes are joblessness, poverty, and a kind of subculture of underclass. Mayor Purzycki stated that this was deeply distressing to him as a human being and confounding as somebody who is in charge of trying to steer the course for the City in the future. He indicated that his commitment was to do whatever it takes to turn around these neighborhoods and address problems in a way that is uncomfortable for some people, because we have done some things as a society that we should not be proud of.

Mayor Purzycki advised that he had hired the best police chief in the country, noting that in the history of Wilmington's Police Department they had never hired a police chief outside their City limit or Department. He stated that his reasoning was that if you keep getting people from the same department, in any department, you get a recycling of what they did before. Mayor Purzycki indicated that everybody learns from the old chief, who learned from the old chief, who learned from the chief before him.

Mayor Purzycki noted that it was stated in a crime report approximately five (5) years ago that Wilmington had tried every crime strategy proven to work in cities throughout America, and Wilmington always moves on to chase the next shiny object. He advised that this is like a football coach who says, "Our blocking and tackling is not the problem, let's change the system." Mayor Purzycki stated that if you cannot do the basics, any system does not work. He advised that Wilmington had to change what it was doing, and the best way to do that was to hire a new chief. Mayor Purzycki informed members that there were 30 applicants from every large city in America and, after interviewing many of them, he hired Police Chief Bob Tracy, who had 22 or 24 years in New York City and five (5) years in Chicago. He noted that Chief Tracy understood any number of strategies that had worked very well in New York City, and crime had dropped precipitously while he was in New York and in Chicago. Mayor Purzycki stated that they have a lot of confidence in the Chief, who goes out into every single community and meets with everybody. He advised that

Wilmington's police officers are everywhere, there are more police on the street than ever before, and they meet people, including good guys and bad guys. Mayor Purzycki indicated that he and Chief Tracy share the tenet that they must start treating people as equals and as people who share the same city. He stated that they cannot keep treating people like "others" and as if a class of people have a different status in their community. Mayor Purzycki advised that this approach had been working and core relationships were being built in the community; however, at the moment this was not translating to a reduction on crime. He indicated that he thought that this was, in large measure, because these kinds of things have to take root so that people will pick up the phone and call and there will be cooperation from their neighbors, which is a longer process.

Mayor Purzycki explained that the second part of the process involves the CompStat methods that Wilmington uses, which require the accumulation of data about the people who are committing crimes. He indicated that Wilmington had approximately 167 or 168 shootings. Mayor Purzycki noted that the 125 victims had 2,800 prior arrests, 199 of which were gun charges; therefore, the victims were people who had gotten themselves into much trouble. He stated that the City of Wilmington is trying to get as much data as they can about the people who are committing these crimes and thinking about how to get them off the streets, because they are repeat offenders. Mayor Purzycki indicated that if people are going to insist on carrying guns, he will insist on getting them off the streets.

Mayor Purzycki expressed the need for a conversation with the Department of Corrections (DOC) about what they do when they put people into prison because, in his judgment, those who come out of prison are no better off, and in many cases worse, than when they went in. He stated that the DOC is misnamed, noting that it does not correct things but punishes people. Mayor Purzycki advised that there are people who insist that punishment is the right thing to do and expressed the need to face up to the fact that Delaware has the highest recidivism rate of any state in the country, including Mississippi, Louisiana, and Alabama. He stated that 77% of all those coming out of prison will be rearrested in three (3) years, and 66% will return to prison in three (3) years. Mayor Purzycki expressed the need to ask hard questions, noting that if three-quarters of those who come out of prison are going back, maybe someone is doing something wrong.

Mayor Purzycki stated that the police are being asked to solve the crime problem the way teachers are being asked to raise kids, and this is a bad decision. He advised that police officers do what they can; however, there is a need to change the communities that everyone lives in. Mayor Purzycki explained that his mantra is that we must strengthen neighbors and rebuild our communities, noting that people are living in terrible, third-world housing in old, broken-down houses that should not be inhabited. He noted that Wilmington did rental inspections for the first time in 10 years in West Center City, which was the first part of the city for his neighborhood stabilization efforts. Mayor Purzycki explained that staff needs permission to inspect rental houses before going to court, and one would assume that those who gave permission to inspect would be people who felt pretty confident about their ability to pass an inspection; however, 28% of them failed. Mayor Purzycki indicated that Wilmington had not yet gotten to the people who did not respond.

Mayor Purzycki informed members that Wilmington has a landlord rental industry of people who will buy a property cheaply, slap some paint on it, and collect a stiff rent, because everybody pays \$800-\$900 for their rent to the City. He stated that there is a condition of deterioration in the

neighborhoods, and many landlords are, in a sense, predatory, although they do not think of themselves that way. Mayor Purzycki advised that these landlords are profiteers because they can buy a house for \$30,000, slap some paint on it, and, if they get the rent, receive \$800 per month, and this is the big number they are chasing. He stated that this is where the mind set of the people in the City of Wilmington must be changed.

Mayor Purzycki indicated that, looking forward, he feels pretty good about what is going on in Wilmington. He noted that optimism is considerably up because of confidence in leadership. Mayor Purzycki stated that if people believe that things can get better, things just start to get better. He advised that he did not take this for granted and did not want to squander it, but people were pretty excited about what could be done. Mayor Purzycki stated that although crime was up, people were not complaining about it. He advised that there had not been letters to the editor, which is not a bad bellwether, noting there may be five (5) letters tomorrow. Mayor Purzycki indicated that people understand that things will not turn around quickly and stated the importance of people believing that what was being done would accomplish the goal.

Mayor Purzycki stated that he was fortunate to have a key developer who is willing to spend huge amounts of money on the city. He explained that the Buccini/Pollin family is committed to the City of Wilmington, which is emotionally their home, and this group had a huge investment in Wilmington. Mayor Purzycki indicated that some may argue that their investment is self-preservation; however, he stated that Buccini/Pollin believes in this little world and his job is to support them in everything single way possible. He noted that this is good advice for any mayor anywhere, and if someone wants to invest in your city, you should support them.

Mayor Purzycki advised members that Wilmington has some remarkable things going on, with many people building apartments and great projects underway. He stated that he feels good about the future as long as he can put together a plan to deal with the City's communities, which are pretty fractured. Mayor Purzycki noted that he reads the paper and knew that Dover has issues also, although on a different scale, and that Dover wishes it could deal better with violence. He expressed his belief that this is America's problem. Mayor Purzycki indicated that last week was difficult and that, within two (2) days, a poor mother had drowned her two (2) children and two (2) men were shot in the middle of West Center City, the area where Wilmington's staff is working as hard as they can and where police are doing such a great job. He noted that another individual from Maryland shot someone in Wilmington after killing two (2) or three (3) people in Maryland, and that all of this was enough to get one's shoulders a little bowed.

Mayor Purzycki stated that, at the same time, Father Gregory Boyle, a remarkable man who is a Jesuit from Los Angeles, came to speak. He explained that Father Boyle is the head of Homeboy Industries in Los Angeles, which puts those who are coming out of prison to work, for example, as painting contractors, and builds its own business. Mayor Purzycki advised that Father Gregory noted that Homeboy Industries is the biggest employer around for men coming out of prison. He noted that Father Gregory has a sense of humor, is real, and is in the trenches. He stated that the things that Father Gregory talked about meant a lot to him because one can look at things all day long and think they have it right, and then someone gives a perspective that changes one's focus.

Mayor Purzycki stated that he thought Father Gregory was right when he stated that we spend all of our time judging each other and we ought to marvel, in some cases, that people do as well as they do, given the burdens they have in their lives. He noted that he loved Father Gregory's statement that we have to live in kinship with one another, because in kinship you do not judge one another and are not living in service of one another. Mayor Purzycki stated that Father Gregory indicated that living in service of one another suggests that the superior person is giving something to the subordinate person; however, in kinship everyone understands that they are all in this together, which this is a mind set that is very difficult for some people. Mayor Purzycki indicated that his eyes had opened up to this idea, he was moved by it, and he thought this is ultimately what must be done. He explained that he thinks differently about going to work every day than he did before, this approach works, and he has hope.

Mr. Hammond advised that, in looking at West Center City and Southbridge, Wilmington has structural unemployment problems. He stated, in regard to the high recidivism rate, that although he did not have empirical data, he believed that a lot of those who come back to prison cannot get employment, and they go back to the things that put them in jail. Mr. Hammond stated his understanding that financial services, such as credit card and banking businesses are a major economic employer in the city; however, those coming out of prison have never worked in these areas, and he noted that DuPont had been scaled down. He asked what Mayor Purzycki's strategy was for engaging people in a long-term attachment to work in view of the structural problems in Delaware. Responding, Mayor Purzycki stated that 66 percent of all men over 18 years old in Wilmington's three (3) zip codes have been in prison. He noted that it is a tough road to get a job after getting out of prison and these individuals will obviously not get a well-paying job. Mayor Purzycki stated that some people may question why those with no skills or record should get employment. He advised that the bigger problem is that two-thirds of these men will go back to prison again.

Mayor Purzycki indicated that we tend to obsess over kids and noted that, off the top of his head, he could immediately recall two (2) schools in Wilmington where 3% or less of the students in third and eighth grades can do math at grade level and 8% can read at grade level. He advised that everybody states the need to help children and all of the emotional energy goes toward them. Mayor Purzycki stated that he was asked what kind of program he would have for kids if he had \$1M, and he answered that he would spend this money on employing their fathers. He indicated that the trouble with our community is that young people do not internalize the kind of middle-class values that we simply take for granted. Mayor Purzycki explained that, although he had not been a very good student, he always knew that he would go to college because he was surrounded by expectations that he would do so, and he internalized that growing up. He noted that many people do the same thing that their parents did, such as becoming a police officer, fireman, or accountant. Mayor Purzycki advised that we internalize images as we grow and they become our aspirations. He indicated that people always say to him that these kids have no hope. Mayor Purzycki explained that words matter, and before one can have hope they have to have an aspiration. He indicated that kids do not even know what to hope for, and to him this was the big problem.

Mayor Purzycki stated that the challenge is the cycle of poverty. He advised that no one should be judged, because as soon as this is done the conversation becomes exhausting. Mayor Purzycki

indicated that half of the room wants to say that things should be done as their family did them, others want to talk about entrenched racism, and no one gets anywhere.

Mayor Purzycki noted that there are men who cannot work when they finally decide they want to do so and, in his judgment, if they are not put to work, nothing else will work, regardless of how good the schools are. He expressed the desire for kids to feel the temple of life around them, explaining that people wake up in the morning, work all day, come home, relax in front of the TV, and go to bed. Mayor Purzycki indicated that if this is not the cycle of someone's life, they may wake up at 11:00 and hang out on the streets all day long, and there may be 20 people standing on a street corner doing nothing. He stated that the second path will not end well, something ill-advised will be done, and this is what happens every day. Mayor Purzycki stated the need find a way to get people working, even if this must be forced for a while. He noted that everybody says that they want to work; however, some have never held a job.

Mayor Purzycki informed members that he had been to step-down houses for those coming out of prison where a program for resume writing was provided that only a bureaucrat could make up. He estimated that only two (2) out of 30 former prisoners have held jobs and asked what they would put on their resumes. In addition, Mayor Purzycki advised that although these individuals state that they want to work, if he gets them a job they do not appear for work on the second day because they have never had to get out of bed and go to work every day. He noted that when they get to work, the boss may give them a hard time, which is part of working, and if they are not used to this they may take a swing at the boss and be fired. Mayor Purzycki stated that it takes a long time for people to understand what it takes to be a responsible employee.

Mayor Purzycki reiterated the need to get people working because so much money is being spent on the other end. He noted that the Works Projects Administration (WPA) from 70-100 years ago put people to work during the Depression, and this approach worked. Mayor Purzycki advised that what we have now is worse than a depression. He stated that people should be put to work and there is plenty for them to do, noting that this might offend some people's politics. Mayor Purzycki stated the need to be practical because what was currently being done was not working. He advised that you cannot have two-thirds of the people going to prison and two-thirds of them going back again, noting that, doing the math, the statistic would become 90%, not 70%. He advised that this was his answer and that he did not have the details fleshed out.

Mayor Purzycki indicated that a tremendous amount of money was invested in the Riverfront, there was a huge return, and we can also invest in human capital and have a great return.

Mr. Kirby Hudson, Assistant City Manager, stated that he has two (2) mayors, since he works daily with Mayor Christiansen and lives in Wilmington. He noted that he is originally from New York and had been living in Delaware since 1988, when a lot of bankers and other people came from New York. Mr. Hudson indicated that over time he had been able to see the transformation of Market Street, had strolled from one end of it to the other for the first time over the past weekend, and was impressed to see how far Market Street had come. He noted that it had been hard to get people to come to that area; however, it was now bustling and many different things were opening up. Mr. Hudson asked what the top three (3) things were that Wilmington had done to turn that area

around and inspire people to want to open businesses there. Responding, Mayor Purzycki advised that Market Street was not yet where they wanted it to be. He stated that the first thing was to have a developer who believes in the city and knows how to avail himself of the various programs that the State, city, and private sector offer. Mayor Purzycki explained that it is not easy to make things profitable, so partners are needed who help cushion the blow on the investment that will be made. Mayor Purzycki stated that, for Wilmington, investment is a no brainer because the return is tremendous.

Mayor Purzycki stated that the Riverfront never worked until people lived there. He recalled that in approximately the tenth year they needed photographs for a periodical and had to use time lapse photography to get enough people in the picture. Mayor Purzycki indicated that after people began living in the area, everything suddenly worked because it became populated and felt friendly. Mayor Purzycki indicated that no one was living in the area for a long time, then the Buccini/Pollin Group developed the Residences at Rodney Square in the old Delaware Trust building, which was a start, and the LOMA development then started to work as well. He indicated that there is now a fund for the upstairs, another 200 units must be built scattered on the second floor of the retail spaces, and larger units are currently being built there. Mayor Purzycki advised that as soon as people are seen getting up in the morning, walking out and having coffee, and having friends over, the place will suddenly feel different.

Mayor Purzycki indicated that Wilmington has the same problem that Dover has, which is that retail business is struggling everywhere, and it is difficult to get retail business except in New York or Philadelphia, where there is a lot of money to patronize these businesses. He noted that Wilmington has many good things, including the Wilmington Playhouse, the Wilmington Grand Opera House, and The Queen. Mayor Purzycki stated that a big investment was needed to get The Queen going; however, The Queen was great because it provided some entertainment in the area.

Mayor Purzycki stated that Wilmington always gives people incentives to open businesses in different places, supports people, has good jobs, and will pay the ransom to keep businesses there. He indicated that he wanted to subsidize restaurants, night life, and bars because this is how he ultimately saw the downtown being populated. Mayor Purzycki advised that the Riverfront is going to be wonderful, but it will not have the city feel. He noted that Market Street has a block or two (2) that still needs some work, but it is very pretty. Mayor Purzycki stated that they had painted some of their buildings with nice colors, so the area feels good and is getting better. He indicated that they also have other nice things to start with there, such as the Historical Society.

Mr. Mike Harrington, ERA Harrington Realty, asked what Mayor Purzycki would suggest that the Department of Corrections do so that they do not have such a large return. Responding, Mayor Purzycki reiterated that he had been Senate Attorney in Dover for years and got a flavor of the culture of the State. He stated that our State had always had the idea that if you commit a crime you get punished for your crime, and he did not think people worried about who was going to prison. Mayor Purzycki stated that when his predecessor ran, he stated, "I'm not going to hug a thug," and everybody loved it; however, Mayor Purzycki stated that these individuals are people and, although some of the people put in prison cannot be fixed easily, there are many who are 18, 19, or 22 years old and are still pretty malleable. He advised that people can be treated in such a way that they come out of prison better than when they went in, with a General Educational Diploma (GED), education,

or training. Mayor Purzycki noted that he meets people in the steel fabrication business who need welders terribly; however, they will not hire an unemployed welder because there are so many jobs and so few welders that they assume that an unemployed welder probably does not know what he is doing. He indicated that one would think that we would be investing by teaching skills like welding to prisoners, who could make much more than \$15 per hour when they get out of prison. Mayor Purzycki advised that he was aware that some individuals cannot be fixed. He noted that there are many people who are in prison for multiple gun offenses and should not just be turned out but have to prove that they can be released. Mayor Purzycki indicated that these individuals go back to the same places, have the same habits, and are the ones that are killing their neighbors.

Mayor Purzycki indicated that the mentality of police officers had always been to see themselves as warriors; however, they are now starting to think of themselves as people who are guarding and working in cooperation with the public, which is a different mind set. He noted that officers can flip the warrior switch. He advised that DOC also needs a new mind set. He stated that inmates are the bad guys; however, they have to be treated like human beings if they are to behave like human beings. Mayor Purzycki noted that he did not have a precise answer to Mr. Harrington's question; however, to state that there is no funding is foolish because money will be paid sooner or later.

Ms. Evans stated that she did not claim to be an expert on this subject; however, her husband had retired in April from the DOC after 28 years. She indicated that Mayor Purzycki was correct, noting that if someone's father grandfather, and mother are teachers, they become a teacher. Ms. Evans advised that it is the same way with those who have grandfathers, fathers, and uncles in prison. She stated that her husband worked for the last nine (9) years in an area of the DOC where concrete, welding, car repair, and upholstery are taught, so there are programs in place. Ms. Evans indicated that Mayor Purzycki and Mr. Hammond were more correct in saying that once prisoners are released there has to be an option for them if they have learned a skill. She noted that former prisoners are not used to working and the work environment. Ms. Evans advised that they have two (2) paths to choose when they are released: taking what they have learned or fitting right back into the same family and neighborhood and continuing down that path, and she asked which is the easier path. She suggested, although it would not be easy, putting money into some type of mentorship program, such as Alcoholics Anonymous (AA) or Narcotics Anonymous (NA), to plug these individuals into and have someone mentor, help, and pursue them. Ms. Evans indicated they could then possibly take that road less traveled within their own family or neighborhood, and begin developing that group one (1) person at a time. She stated that what the DOC does is not perfect; however, they do have programs that should be expanded on. Ms. Evans advised that the issue was more about figuring out what path former prisoners will take and whether or not they will put their skills to use.

Mayor Purzycki stated that we cannot be naive about what happens when a young man comes out of prison and goes back to the neighborhood where he grew up. He advised members that there is a wonderful book entitled, "The Short and Tragic Life of Robert Peace" which he read and enjoyed because it took place in Newark, New Jersey, his hometown. Mayor Purzycki explained that this young man grew up in East Orange, New Jersey, blocks away from Newark, and Charlie Cawley from MBNA paid for him to go to St. Benedict's. He indicated that Robert Peace went to Yale, where other students had money but he did not. Mayor Purzycki advised that Robert waited on tables but also sold marijuana and almost got jammed up; however, someone backed him and he managed to graduate at the top of his class in microbiology. He stated that Robert went to work for

American Airlines as a baggage handler because he wanted to see the world. Mayor Purzycki explained that Robert saved \$60,000 and put it in his uncle's care while he traveled; however, when he returned, his uncle had spent the money and Robert was broke and went back to selling drugs. Mayor Purzycki advised that someone who is caught selling drugs in New Haven receives a smack on the wrist; however, in East Orange one can be killed for doing this, and Robert Peace was killed. He noted that he knew another tragic story exactly like Robert's, kids coming out of prison go back to what they know, and there is nothing good back there. Mayor Purzycki indicated that this issue is terribly complex and a tremendous challenge, and a terrible disservice is done by not defining the problem correctly.

Mr. Mike Petit de Mange, Kent County Administrator, referred to Mayor Purzycki's comment that great visions with no money do not go anywhere. He noted that the Riverfront project was a great example of a project that went somewhere; however, there was public and private risk. Mr. Petit de Mange stated that it is very common in most places for local governments to be risk averse, they do not want to go into debt and are afraid of it, and they expect someone else to pay for it. He asked for Mayor Purzycki to discuss some of the tools he may have employed or promoted in the Riverfront to get where they are, as well as what he was looking to do to finance Phase 2, which sounded exciting. In response, Mayor Purzycki stated that the City of Wilmington made proportionate contributions early. He noted that the City's pockets are not as deep as the State's; however, the City made investments along the way, and the things that they did early were not terribly risky. Mayor Purzycki explained, for example, that the first thing they spent a lot of money on was the Chase Center. He noted that every time he goes into the Center he questions what the City would do without it since the City does not have anyplace else to put 500 or 1,000 people. Mayor Purzycki advised that the building was built for \$14M, and this was a remarkable effort. He noted that it has 126,000 square feet downstairs and 80,000 unfinished square feet upstairs. Mayor Purzycki informed members that when it was finished, they had \$14M in another building, traded this building with Verino Pettinaro, who got the building for which rent is paid, and Wilmington got a building which is spectacular. He advised that, when all was said and done, the cost was \$14M. Mayor Purzycki stated that the risk was owning a building that became their convention center, which was not a big risk.

Mayor Purzycki indicated that there were things that were a little risky at times, noting that the Riverwalk cost \$25M and the river's edge was just mush, because it had been used for shipbuilding and had gouges every 200-300 feet for shipways. He explained that ships were built on the land and had to slide down these shipways. Mayor Purzycki advised that the cost was so much because the place where they wanted to have the Riverwalk had whatever fill had been put in over the years. He noted that some of the ways they used money were a little aggressive, and it would have been on him if things did not work out well.

Mayor Purzycki stated that they overpaid for the property where the Big Fish Grill on the Riverfront is located. He noted that the power of eminent domain was lost in the General Assembly eight (8) or 10 years ago and the owner of the roofing company at this location had the advantage of knowing that the uglier the building, the more they would have to pay for it. Mayor Purzycki advised that most of the money was recovered when they sold the property to the Big Fish Grill. He stated that although they lost \$600,000 or \$800,000, it was a bargain to get rid of a roofing company eyesore and trade it for a nice restaurant, which will become a hotel and a conference room.

Mayor Purzycki explained that judgments are made along the line and this undertaking is not for the timid. He stated that a few dollars may be lost, but there are important reasons for doing projects. Mayor Purzycki advised that if you have your convictions about you, you will find people will be willing, noting that someone will always complain. He indicated that there must be judgment about what funds are invested in along the way, and it is important not to look at it on a project-by-project basis because there are loss leaders in every big investment. Mayor Purzycki noted that, although money will be lost on parts of the development, a tremendous amount of money will be made when looking at the big picture. He stated that the only sensible way of looking at the Riverfront is to consider how much money was put in and how much comes back every year, regardless of where it comes from. Mayor Purzycki explained that money may be lost here or there, but if three (3) times more is made somewhere else, it is a success.

Mr. Tom Burns, Burns and Ellis Realtors, stated that he was born and raised in Wilmington, and he knew what downtown Market Street used to look like and that all the shopping, etc., eventually moved away. He noted that he had been in Kent County for 40 years. Mr. Burns advised that, in the past 10 years, Kent County had not recovered from the recession in terms of unemployment and New Castle County was suffering from the same malady. He stated that he saw things going in the wrong direction in the State, businesses were disincentivized from moving here, and asked what Delaware can do as a state. Mr. Burns indicated that those in Kent County are striving to have stronger businesses come in to avoid underemployment; however, Delaware now ranks above the national average on unemployment. He indicated that he, the members of the Kent Economic Partnership, and other people in the room feel that they are at loggerheads with the State in terms of trying to move things forward. Mr. Burns stated, for example, that he and Mr. Harrington are real estate brokers and, at the last minute, the State increased the State transfer tax by one-third, which disincentivizes businesses and real estate investors to come here.

Mayor Purzycki stated that this tax adds to the burden when going into transactions, especially for young people buying homes. He advised that an estimated 5,000 or 6,000 people who do not come from Delaware own homes in Sussex County. Mayor Purzycki indicated that their deeds reflect that these homes are not even owned by people but by family trusts from Maryland, Georgia, and Virginia who beat the system and are not charged anything for taxes. He noted that there may be a \$5M house on the beach whose owners do not pay \$5,000 in taxes, and when the owners come for the closing they see the yearly amount for taxes and ask if it is the monthly rate. Mayor Purzycki indicated that this made no sense to him and it is hard for him to get his head around people coming from out of State, paying no sales tax, using our services, and paying nothing. He stated that Delaware's taxes are so low that we invite older people from other states to come here, and all Delaware gets from them is a transfer tax. Mayor Purzycki noted that Delaware probably gives these individuals some sort of exemption since everyone is given a \$500 exemption for being 65 years old, or possibly younger, and this is not even means tested. He stated that in the northern part of the State, where schools are so challenged, people of significant means who are wage earners are chased into Chester County, Pennsylvania. He advised that in the southern part of the State, Delaware attracts people who are retiring from other states who will pay nothing and Delaware does not even get a decent property tax out of them. Mayor Purzycki stated that Delaware then finds itself without money and raises the transfer tax. He indicated that it is said that a 10-cent gas cannot be added when gas costs \$2.60. Mayor Purzycki advised that smart investment must be made in a state or it will die.

In regard to how to attract things to Delaware, Mayor Purzycki stated that people over-sophisticate why they choose a place. He noted that location is important, and Delaware has an unbelievable location. Mayor Purzycki advised that another question is how attractive a state is, some parts of Delaware are very attractive, and other parts are fixable but have been neglected. Mayor Purzycki stated that old, beaten up places on a highway indicate poverty, and that a sign that has not been fixed for 40 years states that we cannot afford to fix it and are old and tired. He advised that when he was running for office, he said, "If you have some guy standing on your highway with a sign saying, 'Please help me, I'm homeless,' that says there's something wrong with your city. You can't have it. You cannot have that guy standing there. You want to give him money? You do it on your own terms. He's not standing here, because that says the city is unwell." Mayor Purzycki indicated that, when driving down the highway, if there are places that look like they are ready to fall down and probably should be leveled, this says that the location is unwell.

Mayor Purzycki stated that the bond rating is strong and there are a lot of favorable things, including a great location and physical appeal. He indicated that the schools should be in Delaware's favor and, unfortunately, this cannot be said. Mayor Purzycki advised that access to government is tremendously important, noting that he sat with Mr. Jamie Dimon, Chairman, JP Morgan Chase, for an hour at their annual meeting and discussed access to the elected officials in Delaware. Mr. Dimon stated that Mayor Purzycki had no idea how important it is to him that Mr. Dimon can call Senator Chris Coons or Senator Tom Carper when he needs something or wants them to understand his point of view, and this does not happen elsewhere. Mayor Purzycki explained that Mr. Dimon stated that he had now spoken to Mayor Purzycki more than he had ever spoken to Mayor Bill de Blasio of New York, and that one cannot get to the Mayor of New York and speak to him. Mayor Purzycki stated that Delaware offers these organizations instant access to its congressional delegation, and Delaware's two (2) senators are as important as Texas or California senators. He stated that he thought Delaware should take advantage of these kinds of things.

Ms. Tammy Parris, Parris Nail Lounge, asked what should be done first for economic development downtown. In response, Mayor Purzycki stated that it would be presumptuous for him to advise on this subject since he does not know everything about downtown Dover, and this is why he was spending time here. He noted that it is now difficult for little downtowns everywhere, which had suffered economically, other than Newark, Delaware, which has the University of Delaware. Mayor Purzycki stated that Newark is thriving and is a wonderful little town, but it has 20,000 people walking around with pockets full of money to spend and 60 restaurants. He expressed his belief that it is a well-managed city, noting that it is easier to manage a place where there is money than a small town that is asking how to get retail downtown after retail has moved to the malls. Mayor Purzycki stated that retail is not strong in Wilmington, and that is why they need entertainment. He advised that Wilmington's downtown has to find its image, which he thought would have to be entertainment and culture. He noted that every place has to be real, stating that people are always waiting for a Nordstrom's, which is not going to happen. Mayor Purzycki advised that it is hard to get retailers and the kind of things that you want to see downtown. He stated that he wished he could provide better advice; however, he would not presume to tell those in Dover how to do their jobs.

Mayor Christiansen thanked Mayor Purzycki for his insight and for answering questions.

By unanimous consent, the meeting adjourned at 10:12 a.m.

Meeting adjourned at 10:12 a.m.

Robin R. Christiansen
Chairman

RRC/JS/dd

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