



**NEW CASTLE COUNTY
EXECUTIVE
BUDGET ADDRESS**

**THOMAS P. GORDON
NEW CASTLE COUNTY EXECUTIVE**

MARCH 24, 2015

INTRODUCTION

President Bullock, President Pro Tem Hollins, members of County Council, other elected officials, members of my Cabinet, the people of New Castle County, thank you for this opportunity to present our Fiscal Year 2016 Budget and deliver my budget message to include reasons for the requested appropriations.

SENIOR EXECUTIVE STAFF

Let me take a moment to introduce my senior executive staff.

David Grimaldi is the Chief Administrative Officer. He has general supervision over the executive, administrative and operational departments of the County and is responsible for the preparation of the annual operating budget, capital program, and capital budget and supervises the execution of the budget.

-Samuel L. Guy, Esq., Deputy Chief Administrative Officer
-James McDonald, Chief of Staff

- Union Presidents

- Mike Zielinski, FOP
- Kenny Dunn, 3911
- John Spence, 459
- Chris Shetzler, 1607
- Joe Cochran, 3109

BUDGET SUMMARY

I will shortly present the budget for 2016. A budget that can best be described as 'prudent'. I thank Mike Coupe, my Chief Financial Officer and his staff for their important role in this endeavor.

It's a Budget for people who realize there are no easy answers to problems built up over many years. And together with the hardworking staff of NCC we are, slowly but surely, improving our County's economic future.

This is my 11th budget address before County Council. This is also the 11th time that I have stood before this body without requesting a tax increase. For these eleven years, I have been honored to have led a hardworking and dedicated workforce. With the continued motto of "citizens first," County employees serve the citizens with excellence.

I am proposing a FY2016 overall operating budget of approximately \$256 million. This budget request is only .24% above the approved FY2015 budget. The budget also reflects a .10% **reduction** in the General fund Operating budget. It is important to note that this is one of only 5 times in County history that the operating budget has **contracted** over the previous year.

I am recommending a FY2016 Capital Budget of \$56.6 million, down \$1.8 million from the approved FY2015 Capital Budget. This Capital Budget will continue to fund improvements to our Sewer System, Parks, Public Safety and Community Services programs, most notable, the Rt. 9 innovation center.

Current Financial Status

Based on current financial forecasting, we predict that we will end Fiscal Year 2015 with a surplus. With rising costs across the board, this was no small feat. I thank the members of my management team, particularly our CAO, who recognized that we were heading for a \$2.5 million deficit and worked with the departments in making necessary cuts to bring us back in the black.

I was the County Executive back in the late 90's when New Castle County received its first AAA Bond rating. In 2014 New Castle County's Bond Rating was reaffirmed at AAA status by all three major credit rating agencies, Fitch, Moody's and Standard & Poor's. New Castle County is one of only a handful of Counties in the Country to have a AAA Bond Rating from all three Bond Rating agencies. This rating allows the County to fund its capital projects at the lowest available interest rate, thereby, saving the citizens of New Castle County millions of dollars.

\$12 Million Savings

In examining methodologies to reduce the County's budget, we restructured our outstanding debt. We refinanced the County's debt the day after the 30-year treasury yield hit an all-time low. This astute action will save us \$12 million over the next three years. I must acknowledge the diligence of David Grimaldi and our Chief Financial Officer, Michael Coupe, for it was their financial expertise that made this savings possible.

Pension

It is with great sadness that I have read about pension cuts to retirees across the United States. It is with greater sadness that I returned to office faced with a 72% funded pension fund, after leaving behind, in 2004, one of the best funded pension plans in the United States

Under this administration, we have fully funded pension contributions for three years in a row. The County's pension funded ratio has improved from 72% to 75.3% since taking office. Retiree healthcare funding has enjoyed significant gains as well. The funded ratio of our OPEB trust fund has nearly doubled from 6% to 11%, making us one of the best funded retiree healthcare plans in the Nation.

This work is to ensure that when the hardworking staff of New Castle County retires, they can focus on enjoying new hobbies and spending time with their families, not worrying about how to make ends meet due to decreases in pension payments.

Investment Income

We have taken important steps to strengthen our position with regard to our investments. We do not believe in taking unnecessary risks with public funds and therefor eliminated our exposure to junk bonds and derivatives. In doing so, New Castle County has reduced both credit risk and duration risk. We currently restrict fixed income investments to US Treasury, government agency and investment grade corporate bonds. In 2014, our investment portfolio outperformed its benchmark and gained \$1 million in low risk return.

Public Safety

Joseph Bryant, Jr., our Director of Public Safety, plays an important role managing and implementing policies in the area of public safety relating to the police, fire service, emergency medical services, emergency communications, and emergency management.

According to Mayer and Erickson, internet technology and the proliferation of social networking sites have changed how terrorist organizations recruit and communicate. This development has rendered the collection of intelligence an issue for local authorities. The new face of terror requires a robust, decentralized intelligence-gathering apparatus that reaches far beyond the usual scope of the federal government and associated intelligence agencies, and brings together the expertise and manpower of the nation's 18,000 local, state, and federal law enforcement agencies.

It becomes imperative that the broader state and local law enforcement community create a new generation of police officers trained in the recognition and awareness of both traditional criminal activity as well as activity that may be a nexus to terrorism.

In this changing world, crime and the fear it creates impacts many of the citizens of New Castle County. As one of our commitments to making our County an even better place to live, work and raise a family, we refuse to allow Public Safety to take a backseat.

Police Department

As the Chief of Police for the New Castle County Police Department, Colonel Elmer Setting and his leadership team personify an ongoing attitude of dedication to excellent public service. They promote legal, professional and ethical values, while creating and maintaining an effective and motivated police force resulting in public trust and respect.

After being elected and resuming office in late 2012, we inherited a police department which was 56 officers below its authorized strength. This was unacceptable and impacted not only the safety of our communities, but also the safety of our officers who bravely protect us each day. With the support of County Council, we are proud to say that we have sworn in 109 diverse and highly qualified police officers and will continue to ensure that staffing remains at its maximum levels to keep officers on our streets and in our communities.

Two years ago, with the outstanding leadership of Public Safety Director Joseph Bryant and Colonel Elmer Setting, we started a new initiative within the police department to focus on quality of life complaints which are a primary concern of many of our residents. The Targeted Analytical Policing System, TAPS, has had a resounding impact as our quality of life calls are down 8.9%. This represents 3,460 citizens having a renewed sense of safety and security within their communities. Along with this decrease in quality of life incidents, crime in all of New Castle County has decreased 13.6% which equates to 4,137 less victims of crime.

Even with our many successes, there are still many battles to face. We have learned that the influx of heroin is the driving force behind our County property crime rate. To combat this in 2014, we implemented a Property Crime Initiative. The primary goal was to provide a faster response by assigning these incidents to specially trained officers from the patrol division. These officers are provided advanced training and equipment which greatly increases their probability of recovering property or making an arrest.

This initiative has had a dramatic effect on property crimes. Burglaries have been reduced by 26.6%; thefts are down 5.6%; and vehicle thefts are down 8.7 %. So what does that mean? There are 1,084 less victims of burglary, 403 less victims of theft, and 62 vehicles that were not taken.

Heroin Prevention

However enforcement is not the only answer to making our County safer. Earlier this month, we launched a ground breaking educational program as part of our unified effort to stop the devastating effects of heroin. When you get a chance please go to our heroin prevention website, TheHeroinTrap.com. If we can prevent our children from falling prey to this deadly drug and help those who are battling addiction, lives will be saved.

We will continue to ensure that we constantly seek out new and innovative ways and initiatives to combat the changing times and crime trend. This is a fight we cannot lose.

Emergency Medical Services

Under the leadership of Chief Larry Tan, our paramedics provide an essential public safety service for the New Castle County Government. Responding to over 30,000 incidents each year, our paramedics provide critical assistance to a broad range of emergency situations that over the past year have included assisting with the delivery of a baby in the parking lot of the I-95 welcome center, responding to over 229 shootings and stabbings throughout New Castle County, and tending to the needs of 50 victims of a crash involving an overturned coach tour bus.

As a nationally accredited emergency medical service, our paramedics rank among the top 1% of all services in the United States. In fact, we have the first and only emergency medical service in Delaware to be accredited by the Commission on Accreditation of Ambulance Services. The accreditation validates that our paramedics meet what is considered to be the “gold standard” for a modern emergency medical service. New Castle County Paramedics are the best.

Emergency Communications Division

In Emergency Communications, led by Chief Miller, we implemented a Career development ladder, which allowed the division to promote from within and enabling true career incentives in the Emergency Communications Profession allowing for advancement, correcting pay disparity, and improving morale.

Over the last 2 years, \$3 million in Capital funding allowed us to upgrade our communications radios to ensure that our first responders remain equipped with the latest technology.

Moving us into the future, New Castle County is creating a “Fusion Center” a one of a kind information and analytics gathering place with a primary focus on protecting the public while enabling first responders to be better informed as they respond to and mitigating emergency events of all kinds.

Office of Emergency Management

Dave Carpenter, Jr. serves as the Coordinator of Emergency Planning and leads the Office of Emergency Management. He is charged with preparing New Castle County and the public to manage activities before, during, and after the impact of natural and technological disaster to protect lives and property within New Castle County.

Land Use

On March 16, 2015, I received notification from the County’s Land Use General Manager that she would be retiring. While it was the saddest day of our Administration, we knew Eileen had promised us one and one-half years of service and had graciously given two. Eileen Fogarty is a nationally recognized land use practitioner that joined our team and immediately became a shining star. Leading by example, Eileen has led the effort to transform the Land Use Department. She has made great inroads with the County’s civic, business and nonprofit stakeholders. The ongoing dialogue, that she directed, helped to shape the direction of the department’s first Strategic Action Plan. This Plan is a blueprint for how the County will move forward to enhance neighborhoods, expand access to housing and transportation and bring jobs to our great County. While the plan looks to the future, there have already been achievements on this document in the areas of land conservation, housing development, permitting and context sensitive design and public amenities. Utilizing a streamlined review process, Eileen and her team have also secured numerous “job rich” projects in this County. Eileen is a consummate professional and will undoubtedly be remembered as the best General Manager of the Department of Land Use. Please join me in offering her a well-deserved round of applause.

Special Services

Over the past several years, the Special Services Department, led by Wayne Merritt, has been working hard to continue and improve its high level of service to County residents. The County’s diverse park system has been rejuvenated through

improvements to its most popular parks. The Carousel Park and Equestrian Center has been returned to the former glory of my first administration and is the perfect venue for the well-attended Sleep Under the Stars and other events which allow residents to truly appreciate the pristine beauty of this unique park. Further, improvements have been made to complete and fully utilize Glasgow Regional Park, one of the most popular parks in our system. Finally, the County is in the process of reprogramming Rockwood Mansion and Park, a true historical gem in our park system.

In addition to providing residents with top-quality recreation areas, the County has made significant improvements to the County's library system. The long-awaited Claymont library has been opened and is serving its residents well. Further, the County's plans for the state-of-the-art Route 9 Library and Innovation Center, and the rehabilitation of its neighborhood parks, is a significant step forward in rejuvenating the entire community.

The Special Services Department has continued its efforts to improve water quality in the County through its management of the County sanitary and storm sewer systems.

This year, the department completed the Boyd's Corner Force Main, which allowed the County to divert all of its sanitary sewer flows from Middletown to the County's Water Farm #1 for treatment, a move that is estimated to save the County \$100 million over the next 25 years.

Community Services

Sophia Hanson, the Community Services General Manager, is the steward of our system of libraries hosting over 2.6 million visits last year. We have seen the utilization of New Castle County's library system continue to grow. Our challenge is to continue to study and create spaces and services that meet the changing needs of library patrons. In partnership with the Delaware Library Catalog consortium, we continued the development of virtual library services including e-books, Flipster e-magazines, streaming video, online Ask-a-Librarian service, and videoconferencing. Additionally, we have added Coding and Minecraft programs that were designed to meet the interest of the youth. We have initiated the implementation of maker spaces and 3D printers to our libraries.

Last year County Council approved \$12 million for the Route 9 Library. Under the leadership of General Manager, Sophia Hanson, we are utilizing the Library Innovation Center and Campus as a catalyst, to re-plan, redesign and re-

envision this area. As you leave the City of Wilmington, via Route 9, you enter the County's new Innovation District. The name "Innovation" reflects the 40,000 square-foot Innovation Center that we are building. This new library is being designed around technology and innovation, but also walkability, public art and state of the art technology. The library will offer many unique features, such as a Scriptorium, a Vintage Reading Room for older adults, a wet lab, which the tweens and teens will love, and innovative maker space. Our new library will also feature a Sensory Room for children on the various spectrums of autism. I want to thank Teresa Avery, Executive Director of Delaware Autism, for volunteering her time and the time of her staff to make certain that we design the best public Sensory Room in the nation.

The term "Innovation" also reflects the fact that this area was the first part of the State to offer suburban housing opportunities for African Americans. This was a great opportunity for new homeowners, but the planners lacked vision in designing the business corridor. This lack of vision resulted in heavy industrial uses in close proximity to these residential areas, an unsafe and unwalkable commercial area and a lack of local businesses serving the community. On May 5, 2015, New Castle County and WILMAPCO will lead a walkability tour of this corridor. The planning around this new civic icon will be comprehensive and transformative.

Carousel Park and Equestrian Center has also received additional and well deserved attention. I am committed to preserving this pristine 200 acre natural area. Last year, the Park was reintroduced for public enjoyment, including a fishing pond, lake, walking and hiking trails, as well adding a playground and various animals on display. This year Carousel Park hosted the North American Police Equestrian conference with over 8,000 attendees. [**Thank You Regina Marini**]

Rockwood Museum and Park has been recognized as one of the County's hidden treasures. I have increased the County's resources to Rockwood in order to address historic preservation and building renovation, along with preserving the many artifacts and collection materials belonging to Rockwood Museum.

After nearly six years, New Castle County was excited to open the New Castle County Section 8 Waiting List in February. The demand is so high for these programs, we were only able to take 500 names, but due to careful budget planning and oversight, the New Castle County Section 8 Program will begin housing these individuals by this spring. HUD has designated the New Castle County Section 8 Housing Choice Voucher Program a high performing agency for the twelfth

consecutive year. This is due to the meticulous work of the County's Section 8 team.

Office of Law

Under the leadership of County Attorney Bernard Pepukayi and County Solicitor Darryl Parson, the Office of Law provides County government with high quality legal representation. The County Attorney has developed the most diverse law office in New Castle County's history. They have protected our County by ensuring the proper utilization of land. On a daily basis, the Office of Law protects the resources of this County displaying the professional and ethical standards.

Risk Management

Risk Manager Cheryl McDonough and her staff have creatively implemented many important initiatives resulting in significant cost savings.

Most state and local governments are facing rising health care costs, New Castle County employees, and retirees, have premium level coverage. In an effort to continue to offer these level of benefits, in 2014 we re-negotiated the medical and pharmacy contracts and bundled them together. This cost saving initiative will allow New Castle County to continue to offer premium benefits to our employees. We expect the savings will allow us to hold the line on premium increases.

Since 2012 the department of Risk Management has worked to provide quality care for our injured workers. We have eliminated the us versus them mentality. Risk Management has implemented cost saving measures while keeping the injured employees care as the top priority. New Castle County return to work program has reduced the overall lost time ratio to less than 1%.

In an effort to prevent injured workers from getting trapped into addiction to pain killers, we have put in place measures to prevent narcotic abuse due to injury. Our in house case management efforts allow open communication between NCC and employees, thus reducing litigation cost.

Human Resources

Christine Dunning, our Chief Human Resources Officer, maintains an ongoing attitude of dedication to excellent public service as she directs and manages the human resources department for New Castle County. She and her staff ensure quality service in the major human resources functions of administering a centralized personnel system; attracting and retaining productive, qualified employees; negotiating and administering collective bargaining agreements; maintaining competitive wages, benefits and classifications systems; payroll, time

and attendance functions; and administering the pension and benefits programs. As a result of the use of recruitment planning as a component of the hiring process, equal employment opportunity and diversity policies have been internalized. There has been a 30 percent increase in applications processed by human resources. A County Sponsored career fair was held at the Garfield PAL.

Administrative Services

We need to recognize Chief of Administrative Services, Tonney Gardner, and his staff, for developing several key initiatives to reduce operating costs for the County. In an effort to standardize and increase proficiency of all procurement activities, this office worked with New Castle County Council to amend the County Code to shift the responsibility of contract construction from Special Services to the Office of Administrative Services. The Office of Procurement continues to refine metrics that track savings, local suppliers and diverse spending. Total savings for the last fiscal year was approximately \$2 million dollars. New Castle County has continued to deplete our surplus property by utilizing GovDeals, our online auction service provider. Since its inception, surplus has generated approximately \$1 million dollars. We pursue additional outreach opportunities to increase education on how to do business with New Castle County, especially for Minority and Women owned businesses.

Communications

Antonio Prado, the Director of Communications, serves as the media representative and liaison ensuring a consistent voice and image for New Castle County. NCCTV has blossomed into a TV station with local content and people that highlight the functions of County Government as well as its residents and communities. Press conferences are now regularly taped and shown on NCCTV to inform the public of such things as important police investigations and community outreach, and members of Council have appeared on NCCTV to discuss pending legislation and upcoming county events. Under the Director of Communications, the county has tripled its following on Facebook and Twitter and has ventured into the realm of Instagram as another tool to highlight county news and information.

Economic Development

As you know, New Castle County is comprised of two-thirds of the State's population and nearly three-quarters of its economic activity. We felt it was best to lead the charge and create the first ever comprehensive development plan in the State of Delaware. Marcus Henry and the County's Office of Economic Development worked diligently to include as many businesses in the process as possible, which was achieved through numerous focus groups. With assistance

from nationally recognized consulting firms, New Castle County was able to unveil the first ever comprehensive economic development plan mapping out the County's potential. The finished plan provides a competitive assessment of the County as a "product" in the highly competitive economic development marketplace. The plan includes an analysis of the strengths and weaknesses of New Castle County, a target industry analysis identifying growth areas and demographic shifts, short term goals, long term opportunities, and a strategic action plan detailing specific steps to bring new jobs and strengthen the economy. We anticipate that the implementation of this plan will yield financial benefits to the County for years to come.

Port of Wilmington

We have also worked closely with longshoremen of the Port of Wilmington, a forward-thinking group of ILA officials, led by William Ashe and Ronald "Kimoko" Harris. Their vision to expand the Port of Wilmington to the shores of the Delaware River has been essential in anticipation of the Panama Canal's widening and the increasing use of mega cargo ships already in use to deliver goods. We are blessed with a geographic location unrivaled by any. Cargo coming ashore in Wilmington can be transported on Interstate 95 to New York, Washington, D.C. and all of the East Coast in minutes or it can travel on the intricate rail system that leads from the Port out to the former GM Plant. We recently had an encouraging meeting with federal officials excited about this innovative idea.

When you think boldly and take some risks, the dividends will pay off. By thinking big about economic development and the Port we put ourselves in a position to create not just thousands of jobs but jobs with livable wages that once again allow people to buy homes and cars making it possible for New Castle County to thrive.

In the meantime, we stay with a lean budget. I want to thank each and every one of you again for being here with me tonight as a guest in Council Chambers. Thank you, President Bullock and members of Council, for your time and attention. May God bless each of you and grant to you the patience and wisdom needed to now proceed with your work to approve my budget. Thank you, and good night.