

Prepared for: Secretary Alan Levin

Good afternoon. Thank you for the opportunity to present the accomplishments of the Delaware Economic Development Office and tell you about the plans we have in store for Fiscal Year 2016.

DEDO prides itself on doing more with less. We are a staff of 42 individuals, which is 10 fewer employees than this agency had before the current administration took office. These men and women have absorbed new tasks and taken on new projects to help the State of Delaware add jobs, bring new businesses to the state and help existing companies grow.

With our economy strengthened and solidified, we plan on carrying out that mission while adding more new initiatives. We will be in the best position to succeed if we receive approval of an operating budget that allows us to continue the programs that have worked to bring Delaware out of the Recession and onto a path toward future growth.

### **Tourism**

A big reason why companies consider Delaware as a new home, and why existing companies stay here, is because our state is a great place to live. It's also a great place to visit. In the past year, our **Tourism** unit continued to promote the First State as a year-round destination for travelers from both the U.S. and overseas, expanding its efforts in several key areas, including:

- Tourism's network of trails, which now includes an Outdoor Trail and an expanded Wine & Ale Trail that features distilleries and has been renamed the Delaware Beer, Wine and Spirits Trail
- Improving the visitor's experience by focusing on tourism-related highway signage and finding ways to ease travelers' traffic concerns.

A look at Tourism's numbers show the value it holds in the state's economy. The unit tallied more than \$12 million in sales thanks to the efforts of its three segments: Consumer; Group Tours; and Sports. Tourism continues to be a resilient segment of Delaware's economy, adding \$2.2 billion to our economy and maintaining its position as the state's fourth largest private sector employer.

In 2015, the Tourism unit will roll out a new Brand to assist consumers in identifying with Delaware as a Tourism destination, and will also launch a new responsive design website which will deliver tagged information to the consumer.

### **Business, Retention and Expansion**

DEDO has made a major push to bolster its **Business, Retention and Expansion (BRE)** effort, which uses a wide array of lending programs, business counseling and referrals to help **businesses large and small, old and new**, grow here in the First State.

**The state's primary funding source, the Delaware Strategic Fund**, provides customized financial assistance to companies looking to expand or locate in Delaware. This flexibility enables DEDO to be responsive and competitive. Over the past year that fund has been used to support numerous projects including expanding and upgrading two Delaware hospitals.

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In September, **Bayhealth Medical Inc.** was approved for a Delaware Strategic Fund performance grant for the creation of 97 full-time positions. The grant will help the hospital add 32 private care beds and make room for future growth.

A Delaware Strategic Fund loan will help with the construction of **Nanticoke Memorial Hospital's** new two-story 35,000-square-foot medical office building, which will consist of several physicians and add an additional 44 employees at the Mears Health Campus in Seaford.

### **Infrastructure**

Delaware has the great fortune of being able to offer ample quality infrastructure to relocating businesses. This includes one of the busiest ports on the East Coast, Dover Air Force Base and strong rail and highway access in a central location.

One of the more unheralded amenities we offer is our growing **aviation industry**, which includes companies like PATS Aircraft Systems in Georgetown, Summit Aviation in Middletown and Dassault Falcon in Wilmington. To capitalize on this growth and synergy, Gov. Markell recently announced the formation of **The Delaware Business Aviation Association**.

The aviation industry is also adding employees, a development that prompted Delaware Technical Community College to construct the **Theodore C. Freeman Powerplant Education Building**, which will expand Del Tech's existing aviation maintenance program to increase the number of well-trained employees available to Delaware aviation firms.

### **Workforce training**

We support initiatives like DelTech's Powerplant effort because we believe that the best form of infrastructure is a skilled workforce.

Our workforce programs help Delaware businesses provide training to their employees. In fiscal year 2014, we signed 34 workforce development projects totaling \$977,886. Participating companies have more than matched the state's investment, contributing \$ 1,908,549 of their own funds. DEDO's investment and support has helped close to 1,711 Delaware workers obtain valuable training and skills development.

### **Sharing our expertise**

DEDO has also staged several events to bring together some of the best and brightest minds in Delaware to offer advice and training to Delaware businesses. DEDO held an **e-Commerce seminar** featuring experts on e-Commerce and social media; an **Access to Capital seminar** that provided businesses with details on financial programs offered by DEDO; **Open For Business events** in all three counties where small business owners learn about resources available in their area; and the upcoming **Delaware Small**

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**Business Summit** on Nov. 18, which will detail new opportunities for smaller businesses, women-owned and minority owned businesses; and businesses owned by those with disabilities.

### Strengths old and new

DEDO's customized economic incentives and flexibility help us compete and win in the global economy, as ILC Grayling and Kraft brought jobs and manufacturing operations from Mexico to Delaware, and Energizer and German-flooring manufacturer Uzin Utz chose to expand in Kent County.

Delaware's long-time strength, the financial industry, continues to bounce back. JP Morgan Chase is in the process of adding 1,200 new jobs in Newark and Wilmington after making a \$50 million investment in 2012; Citibank chose to expand in downtown Wilmington; and since the acquisition of ING Direct, Capital One has grown from 1,200 to 2,400 employees in Delaware.

While innovation and moving forward are key to Delaware's future, we also work to bolster and improve two of our oldest economic strengths: Agriculture and Manufacturing.

We continue to help Delaware farmers and AG businesses through the **Delaware Rural Irrigation Program** – a joint effort between the Delaware Department of Agriculture and DEDO – which helps Delaware farmers irrigate more cropland with the help of a no-interest revolving loan fund. To date, 50 loans have been administered, aiding the irrigation of more than 2,969 acres of land.

Many manufacturing firms are redefining what it means to be a manufacturer through their use of advanced laboratories and technology. **CD Diagnostics** fits that description to a tee. The company, which recently relocated its headquarters and the first of an eventual 170 employees to Claymont, is a leader in biomarker research and immunoassay development that enhances diagnoses and improves patient outcomes.

### Help for small businesses

A fast-growing company like CD Diagnostics had to start somewhere. At the behest of Gov. Markell, DEDO has backed small business with financial programs that help small business owners launch and grow their business.

The **Delaware Capital Access Program** opens doors for such business owners. The private-public match program provides portfolio insurance to participating financial institutions to enable the financial institution to expand small business lending. During the Markell administration, this program has assisted 154 businesses in Delaware, retaining over 1,000 jobs.

DEDO also administers the U.S. Treasury-funded State Small Business Credit Initiative (SSBCI), which increases access to capital and lower interest rates provided to small businesses. These loans help people like Connie Richard, owner of Hartly Family Learning Center, achieve their dreams. With the assistance of an SSBCI loan, Richard was able to open a high-quality childcare center in her hometown.

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**Support for entrepreneurs**

We support entrepreneurs like Connie with initiatives like **Start It Up Delaware**, which offers classes and co-working space to those chasing the dream of launching their own business.

This support continues with the **Kaufman FastTrac Program**, a joint venture between DEDO and Delaware Technical Community College that helps entrepreneurs develop business plans and guides small business owners who want to grow their enterprise.

And we help entrepreneurs move into brick-and-mortar locations through the **Project Pop-Up program**, which offers three months of rent-free commercial space and the assistance of a business advisor to selectees. This program has grown from three businesses during its inaugural year in 2012 to 10 this year, including a business incubator in Wilmington with multiple participants.

Project Pop-Up is a joint effort between DEDO and Downtown Delaware, a resource center within DEDO that gives **the state's historic communities tools to revitalize their downtown districts**. Downtown Delaware works with seven affiliated downtowns – Delaware City, Dover, Middletown, Milford, Newark, Rehoboth and Wilmington – to bring together leaders and business owners to fill vacancies and bolster their respective Main Street areas.

### **Budget request**

With this in mind, I would like to address DEDO's budget request for fiscal year 2016. **The General Fund Operating Budget** request is **\$2,896,900**. This request reflects a one percent increase in DEDO's budget to provide additional funds to the extremely valuable Delaware Main Street program. This will help to offset the large decrease in funding the line has experienced since 2008. Since 1996, the Delaware Main Street program expanded from overseeing technical services for six Main Street towns to becoming Downtown Delaware and serving nearly 20 Delaware communities statewide, two of which have won the National Great American Main Street Award.

**The Capital Budget** request totals **\$45,290,000** of which **\$28,200,000 million** is to recapitalize the Delaware Strategic Fund. The remainder of DEDO's request will be invested as follows:

**\$3,290,000 for the Riverfront Dev. Corp.** Funding is requested to support the development of the Riverfront for real estate, operating funds, Urban Wildlife Education Center, Kalmar Nyckel Yard Dock, and Public Restroom on the Riverfront.

**\$10,000,000 for the Diamond State Port**

Funding is requested for infrastructure and capital expenditures.

**\$1,000,000 for DE Clinical & Translational Research (CTR)** This funding will enable the partner institutions to put in place critical infrastructure to train the next generation of professionals with a focus in clinical and translational health research, develop new methods to translate research discoveries in community health settings and improve healthcare for our citizens across the state. This request represents the **third year of a five-year commitment**.

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**\$1,000,000 for Fraunhofer**

This funding will leverage a 2:1 matching grant from Fraunhofer USA and Fraunhofer Gesellschaft in Germany. This represents **the fifth year of a six-year commitment.**

**\$1,000,000 for INBRE (IDeA Network of Biomedical Research Excellence)** This funding will continue to stimulate Delaware's economic growth by initiating unique collaborations among the public, private and academic sectors of the State. This represents **the second year of a five-year commitment.**

**\$800,000 for EPSCOR**

**(Experimental Program to Stimulate Competitive Research - Research Infrastructure Improvement)**

This funding will provide infrastructure to support research and educational programs for Delaware's water and energy challenges. Funding will match \$3,000,000 of federal funds annually. This request represents **the third year of a five-year commitment.**

I am happy to address your questions at this time.