



Right Place. Right Size.

FY16 JFC Hearing Remarks – Delaware Economic Development Office

February 9, 2015

Good afternoon. I am Alan Levin, director of the Delaware Economic Development Office. I am here today to present DEDO's requested FY16 Operating Budget. Before I begin, I want to thank the members of the Joint Finance Committee for the opportunity to detail DEDO's many accomplishments over the past year and the efforts that went into making those successes a reality.

For over 34 years, DEDO has played a vital role of enhancing the state's economy by increasing employment opportunities and promoting Delaware as a premier travel destination. As you will hear, we accomplish this mission in many ways.

Every company started out as an idea, and for that reason we continue to use new and existing programs and initiatives aimed at growing our strong entrepreneurial business sector. To help with this growth, we recently approved the financing of labs at Delaware State University and at the University of Delaware's STAR campus.

Last September, our Delaware Economic Development Authority helped DSU procure tax-exempt bonds to construct, equip and furnish an Optical Science Center for Applied Research. Additionally, with the assistance of a Strategic Fund loan, this state-of-the-art facility will house a suite of shared laboratories, providing users with advanced technology testing and instrumentation.

And, last month, a Strategic Fund loan was approved for the creation of a business laboratory incubator at the STAR Campus. The incubator will be home to roughly 10 early stage companies, mainly in the biotech and life sciences sectors.

We've also seen our existing initiative, Project Pop-Up, administered by DEDO's Downtown Delaware continue to flourish. Right now, we would like to show you our promotional video for the 2014 program.

[Play Pop-Up video]

As mentioned in the video, the 2013 campaign resulted in five new businesses signing long-term leases in once-vacant spaces. In 2014 Project Pop-Up placed 15 new businesses in formerly unoccupied properties in Milford, Milton and Wilmington.

The Markell Administration has put a strong emphasis on start-ups by helping entrepreneurs pursue their dreams and nurturing small businesses in their earliest phases.

This effort is carried out through initiatives and programs developed by DEDO's **Entrepreneurial and Small Business Support**.

We support entrepreneurs at the earliest phase, with initiatives like **Start It Up Delaware**. This program offers classes and co-working space to those who aspire to launch their own business.

We continue our partnership with Delaware Technical Community College in presenting the Kauffman FastTrac program, which helps entrepreneurs develop business plans and provides guidance to small business owners who want to grow their business.

And, two recent events, a seminar featuring experts on e-Commerce and social media; and the Delaware Small Business Summit, helped to educate small business owners on available tools and resources.

We also assist small businesses through our business, retention and expansion efforts that include lending programs, business counseling and referrals.

DEDO's **Business Development Team** is on the front lines, identifying and assisting companies interested in expanding or moving to Delaware and working with businesses that want to grow here in the First State. They provide business counseling and help foster relationships critical to a business' success.

Our **Capital Resource Team** manages the Delaware Strategic Fund, DEDO's primary funding source. This fund provides low interest loans, grants, or other assistance such as the Delaware Capital Access Program and the Delaware Rural Irrigation Program.

I have a number of successes to report.

- Many of you are familiar with the SevOne success story. The data management and IT service provider was launched in 2005 by two University of Delaware graduates and is now one of the fastest growing companies in the nation. SevOne is growing so fast that they needed to expand. After considering options in Philadelphia and Boston, it will soon be preparing and outfitting new space in the STAR Campus in Newark. With the assistance of a Delaware Strategic Fund grant, SevOne will be adding 150 employees to its current full-time workforce of 163 talented individuals.
- In 2013, Energizer purchased Johnson & Johnson's Feminine Care business, and acquired its manufacturing plant in Montreal, Canada which required Energizer to consolidate operations. As a result of DEDO's efforts and a Delaware Strategic Fund grant, Energizer chose to move the production from Montreal to its Dover plant. This plant currently employs about 500 people and the move will create up to 270 new jobs.
- 21st Century North America Insurance Company was approved for a Strategic Fund grant to offset costs associated with upgrades and modifications to its Wilmington headquarters and the creation of up to 300 new full-time Delaware positions.

- In October, Weitron Inc., a refrigerant management company, was approved for a Strategic Fund grant to assist with moving its headquarters from Elkton, Md. to Newark, creating 28 jobs in the process.
- Last fall, IPR International was approved for a Strategic Fund grant to assist with relocation costs associated with moving its headquarters from Wayne, Pa., to Wilmington, creating 30 new, full-time jobs in Delaware.
- In June, Perdue Farms was approved for a Strategic Fund grant to help the company upgrade organic production at its Milford facility, creating 350 jobs.

The fund also provided critical funding in the upgrades of three key Delaware hospitals.

- In September, **Bayhealth Medical Inc.** was approved for a Strategic Fund 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 Strategic Fund loan will assist with the construction of **Nanticoke Memorial Hospital's** new 35,000-square-foot medical office, which will consist of several physicians including 44 new employees at the Mears Health Campus in Seaford.
- And **St. Francis Hospital** – critical to the people of Wilmington and the city's economy – continues to provide care to those that cannot afford to pay, thanks in part to the loan from the Strategic Fund.

A well-trained workforce is necessary for businesses of any size to grow and compete. Thanks to the combined efforts of our **Workforce Development** team, the Department of Labor and the private sector, Delaware's workforce consistently places high in national rankings.

Our workforce programs help Delaware businesses offer customized training to new and existing employees. In FY14, DEDO provided training grants for 34 projects totaling approximately \$978, 000. Participating companies have more than matched the state's investment, contributing over \$ 1.9 million of their own funds. This collaborative investment has helped over 1,700 Delaware workers obtain valuable training and skills development.

DEDO's **Inter-governmental** relations facilitates processes such as permitting, planning and land-use issues with federal, state and local government to ensure that an active project can move along quickly toward completion.

These efforts were critical in enabling Noramco's Wilmington facility achieve production authority in Delaware's Foreign-Trade Zone. As of March 2014, Noramco begin manufacturing products using imported components with tariffs and duties reduced or eliminated.

DEDO continues to facilitate the coordination between the USAF, DeIDOT, DEDO, Kent County and the Delaware River and Bay Authority to determine if there is potential to attract a developer to undertake expansion of the Civil Air Terminal.

DEDO's **Industry Research & Analysis** team provides economic analysis to support business retention, recruitment and expansion initiatives.

This team is also responsible for the production of the Delaware Data Book, a comprehensive overview of the state's economy, quality of living, tourist attractions and other factors that might appeal to a company looking to locate in the state.

DEDO's **Strategic Communications** team brings visibility to the state's programs, initiatives and accomplishments. Building and developing relations between local and national media is crucial to the team's operations, as are the community involvement events presented or supported by DEDO, including conferences, expos and economic development programs.

In partnership with GIS Planning, the team is in the process of implementing new software on DEDO's website. This initiative will provide real estate, demographic and industry data to help businesses and site selection professionals select locations in Delaware. This new feature will be officially announced in March.

The economic impact of tourism was \$1.7 billion when Gov. Markell came into office. Today, the tourism industry has added \$2.9 billion to Delaware's economy. That's an increase of 1.2 billion in just six years.

DEDO's **Tourism** team focuses on the consumer, group tours and sports segments. These segments have brought in more than \$12 million in sales over the past year.

One major accomplishment I'd like to highlight is the return of the renowned Slam Dunk to the Beach sponsored by the Delaware Sports Commission, high school basketball tournament. After an 11-year absence, the 2014 tournament included 11 of the nation's top boy's high school basketball programs from six states, including five from Delaware. The 3-day event attracted over 10,000 attendees and received extensive media coverage, including ESPN. As a result, Sussex County hotels, retailers and other businesses saw a substantial economic lift at a traditionally slow time of the year.

The Tourism team also launched a new Outdoor Trail and revamped the Delaware Beer, Wine and Spirits Trail. They hosted a successful familiarization tour that took travel writers to Delaware's top attractions. And finally, the team contributed to yet another massive Firefly Music Festival, which infused more than \$68 million into the regional economy and created the equivalent of 579 full-time jobs in 2014.

Delaware recently underwent a tourism rebranding campaign that includes commercials that will be shown to outside markets. We would like to show you one of them now.

PLAY VIDEO

The new effort includes a mass media campaign that will undoubtedly increase the visibility of Delaware as a top destination.

DEDO's **Administration** team supports the Business and Tourism units by overseeing maintenance, technology, fiscal operations, budgets, human resources, the AmeriCorps programs, and the Committee on Recognition, Education, Ethics and Diversity (CREED).

It is the people of DEDO, the Delaware Strategic Fund and our operating budget, that enable us to achieve these accomplishments. That leads me to our request.

For fiscal year 2016, as recommended in the Governor's Operating Budget, we request: \$8,850,800.

Thank you. I'd be happy to take any questions.