

Prepared for: Director Bernice Whaley

Good afternoon. I am Bernice Whaley, director of the Delaware Economic Development Office. I am here today to present DEDO's FY18 Capital Budget request. Before I begin, I want to thank the members of the Bond Bill Committee for the opportunity to share DEDO's many accomplishments. Your continued support allows us to positively impact the lives of the citizens of Delaware and solidify the health and vitality of our state's economy.

Our Capital Budget request for FY18 is \$35,680,000. Funds from this request will support ongoing programs, economic development infrastructure projects, and recapitalize the Delaware Strategic Fund. Specifically, \$7.8 million dollars will allow for the continuation of several innovative programs which leverage significant federal funds and bring together research, education, and business. These programs include:

**\$800,000 to Experimental Program to Stimulate Competitive Research (EPSCOR);** the final year of a five year commitment;

**\$1M to Center for Clinical and Translational Research (CTR),** the final year of a five year commitment;

**\$1M to IDeA Network of Biomedical Research (INBRE),** the fourth year of a five-year commitment;

**\$1.5M to Fraunhofer Vaccine Development,** the first year of a new, five-year commitment.

**\$1M to the Bioscience Center for Advanced Technology (CAT);** and

**\$2.5M to the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL),** the first year of a five-year commitment.

Additionally, DEDO's capital budget request supports infrastructure and redevelopment initiatives including:

**\$1.5M to the Diamond State Port Corporation;** and

**\$2.88M to the Riverfront Development Corporation**

The remaining **\$10M will be used to recapitalize the Delaware Strategic Fund.**

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Approval of our request will allow DEDO to continue to carry out our mission of business attraction, retention and expansion; provide guidance and educational business events for entrepreneurs, and small-, minority-, and veteran-owned businesses.

With a complement of only 42 full-time staff, DEDO is considered a small agency; yet, we deliver substantial results. We seek new projects, develop innovative programs and administer collaborative agency initiatives. We carry out our mission in a variety of ways and we continue to see positive outcomes.

DEDO plays a vital role in assisting with the creation of jobs by **working with location advisors and employers to attract, expand and retain innovative companies in Delaware**. Thanks to the Delaware Strategic Fund, we are able to successfully compete against other states. Our prospect pipeline consists of 31 new projects with the potential of creating nearly 1,400 new jobs and generating millions of private capital investment.

Beyond our work with new prospects, DEDO is actively administering 102 grants, 300 loans and 35 bonds.

**Since the beginning of the FY16, every one million Strategic Fund dollars spent in grants is matched by over \$27 million dollars in private funding. The projects contribute over \$852.6 billion dollars to Delaware's GDP.**

As of August 2016, Delaware's portfolio of businesses currently receiving Strategic Fund grants have reported more than 32,800 full-time employment opportunities; which is over 8,200 more than promised.

The strength and importance of the Strategic Fund is evident. It has allowed us to attract companies such as the following:

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**Alpha Technologies**, a global information technology firm, established its headquarters in downtown Wilmington. The company's mission is to create and keep IT jobs in the U.S. Its Wilmington headquarters includes an entire floor dedicated to workforce training to help fulfill the staffing needs of local businesses.

Another global company, **Datwyler**, is building its U.S. headquarters and manufacturing facility in Middletown. The new facility will be specially designed to manufacture pharmaceutical rubber components such as diagnostics rubber stoppers for vials and plunger stoppers for pre-filled syringes.

**Kraft Heinz**, relocated its bread making operations from a Maryland facility to the Dover plant. Other brands manufactured in Dover include Jell-O Gelatin & Pudding, Shake 'n Bake, Crystal Light and Kool-Aid.

**NextFab Studio**, a network of membership-based makerspaces that provide access to tools, technology, education, events, and services for makers of any skill level, will open a satellite facility in downtown Wilmington. The new facility will include a cooperative working space, private offices, training room, wood shop, electronics lab and digital fabrication tools.

**Perdue Agribusiness**, is relocating its headquarters from Maryland to Delmar. This group of six business units with domestic and international food, feed, organic fertilizer, and biofuel industries, operates more than 70 facilities in 12 states. Perdue Agribusiness processes, trades and transports agriculture products locally, regionally, and internationally to more than 43 countries around the world by utilizing an extensive logistics support system housed in Delaware.

In addition to attracting businesses to the state, the Strategic Fund is a critical tool for DEDO as we work with employers to retain and expand businesses. Expansion incentives help Delaware general managers compete with other locations as they work to bring new opportunities to

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their Delaware facilities. With DEDO's assistance, companies such as **Johnson Controls Battery Group** and **M Cubed** are expanding their Delaware operations. In both cases the expansions may have instead gone elsewhere.

Utilizing the Strategic Fund we continue to bolster one of our oldest economic strengths, **Agriculture.**

Not only is Perdue Agribusiness relocating headquarters to Delmar, just last year, the Strategic Fund was also instrumental in helping us minimize potential job losses by offering incentives to entice DowDuPont to locate both its specialty products and agricultural spinoff headquarters in Delaware. As a result, the agricultural company will be the largest in the nation and several hundred fundamental jobs will be retained as the new business develops into a global leader in the agricultural science field.

To further solidify the future of Delaware's agricultural industry, the Strategic Fund supports programs such as the **Delaware Rural Irrigation Program**, or DRIP, a joint effort between DEDO and the Delaware Department of Agriculture to help expand irrigated farmland. The program has assisted 56 family farms by enabling them to survive droughts and increase yields by at least 75%; resulting in an economic impact of over \$1.2 million dollars for Delaware farmers. Since the program's inception in 2011 through June 2016, every public dollar invested, generated over \$4 dollars in private investment.

During the past eight years, the following programs, supported by the Strategic Fund, have also achieved significant results:

The **Delaware Capital Access Program, a private-public match program**, positively impacted 178 small businesses; over 50% of them are minority-owned. Many of these small businesses would be unable to obtain financing without DEDO's contribution. Approximately 25% are start-ups that are typically short on capital and collateral, which makes traditional bank financing

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hard to come by. From January 2009 to the end of FY16, every public dollar invested through this program generated over \$8 dollars in private investment.

A great example of a DCAP success is **BAKED Coffee Bar** located in Dewey Beach and the dream of Pam Minhas. Pam, a veteran who served in the U.S. Army and a breast cancer survivor, had years of experience in business and IT. She had the right background to make the project a success, but not the funding. Pam also had great credit and a sound business plan, but the bank was still hesitant to loan her the money because it was under-collateralized. By enrolling in the DCAP program, the bank made the loan to her and she opened up her shop. It has been so successful that she is now opening a second location called **Twice Baked** in Rehoboth.

Through the **Delaware Technical Innovation Program**, DEDO has administered 35 grants to 22 research-based businesses in Delaware. Through this program, innovative companies like **Compact Membrane Systems (CMS)** are able to maintain operations while awaiting a decision from the U.S. Department of Energy Phase II B. CMS patented a process which removes water from lubricants and developed a new technology that separates olefins from paraffin, enabling clients to increase performance, utilize less energy, and lower costs.

The Strategic Fund also backs DEDO's **Brownfield Assistance program**, which provides matching grants to owners and developers to encourage redevelopment of environmentally distressed sites within the state.

An example of a brownfield redevelopment is **Proximity Malt**, a malt producer opening a new malt house in Laurel, Delaware. The site, formally constructed as a grain mill in the 1950's, was renovated and redeveloped, converting the regions' barley crop to a malted barley food product. The Laurel location will have barley origination, malting, roasting, packaging, warehousing, and trans-loading capabilities.

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DEDO also partnered with several agencies for the remediation of **Clifford Brown Walk** in Wilmington. This was an adaptive reuse project that brought 80 affordable housing units to a brownfield site that was formerly used as an industrial tanning operation.

Projects such as these, and many more, are happening across our state every day — making **Delaware the best place to start, grow and locate a business.**

Thank you for your ongoing support and consideration today. I welcome any questions you may have.