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Delaware

DIVISION OF SMALL BUSINESS

**FY 2019
Annual
Report**

GAINING AN EDGE

A new program supports small businesses like never before

LET'S CONNECT

Online and in-person, businesses have new ways to find help



A Division of the Delaware Department of State

THE MISSION

The Division of Small Business is focused on making Delaware the number one state in the nation to start and grow a small business.

We provide support to businesses of fewer than 100 employees to help them maximize their potential.

Small businesses account for 98 percent of businesses in Delaware and employ 55 percent of Delaware's workforce. To help them succeed, the Division offers customized services and support, ranging from assistance navigating governmental regulations to connecting them to an extensive network of resource partners.

We focus on traditionally under-served populations to create a more diverse and vibrant business community.

The Division puts a specific emphasis on providing support to minority-owned, woman-owned and veteran-owned small businesses, as well as businesses owned by individuals with disabilities. The Division also assists businesses in under-served geographic areas.

We champion the state's tourism industry by promoting Delaware's endless discoveries to out-of-state visitors.

The Division, through the Delaware Tourism Office, markets the state as a top vacation destination, which benefits the many small businesses that are part of the state's \$3.4 billion tourism industry.

We collaborate with state and local governments to create a better environment for economic growth.

The Division works with all levels of government to streamline the regulatory process to make it easier to open new businesses and expand existing ones.

We are responsible stewards of taxpayer dollars.

The Division, by vetting businesses seeking grants or loans from the Delaware Strategic Fund and other programs, ensures that taxpayer dollars are invested wisely and in a way that maximizes the positive impact on economic development.





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This year has been one of growth for the Division of Small Business (DSB) as a resource for Delaware's small business community. The Division has worked to turn its vision of making Delaware the best state for starting and growing a small business into concrete programs that are benefiting Delawareans.

The Division's Regional Business Managers, Business Finance Unit, and Tourism Office have worked to find new ways to support small businesses, including helping companies connect with potential customers, showing them how to market in the digital age and finding new sources of funding.

These initiatives are increasing DSB's ability to help companies and reinforcing Gov. Carney's vision of an approach to economic development that puts a direct focus on small business.

Delaware's 25,000 small businesses are the life blood of the state's economy. They account for 98 percent of all businesses in Delaware and span the full range of industries, from beauty parlors to manufacturers to start-up biotech firms and everything in between.

Nearly 140 of those companies sent in applications as part of the Division's most high-profile project of the fiscal year - EDGE (Encouraging Development, Growth and Expansion) Grants. This program aims to help early stage businesses level the playing field against larger, more-established competitors.

The idea for what became EDGE was sparked during a trade mission to Ireland. I saw first-hand the positive results of government helping to address the issue of providing capital to small business.

Beyond EDGE Grants, the Division continues to offer other sources of capital for businesses, including through the Delaware Strategic Fund.

DSB also works to connect small businesses with new markets. Launching Make Me a Match networking events, with help from multiple partners, provided a place for small businesses to pitch their products or services to purchasing agents from larger companies.

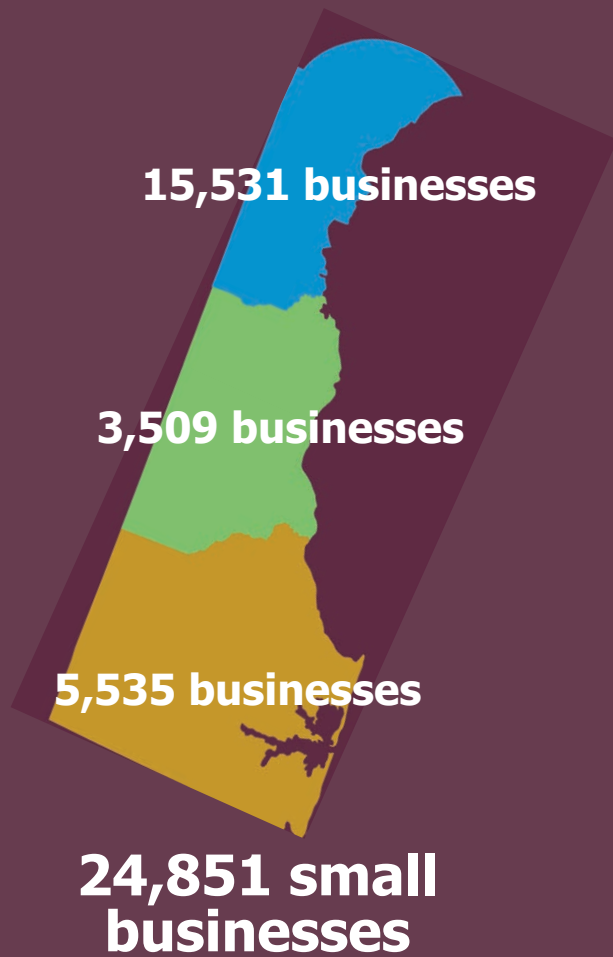
The Delaware Tourism Office does a great job marketing Delaware as a destination for out-of-state travelers. Efforts, such as Firefly Music Festival shuttle service and a partnership with the Lelaps Oyster Festival, help boost the state's \$3.4 billion tourism industry and enhance everything else we are trying to do in economic development. Simply put, more visitors mean more customers for small businesses.

The upcoming year promises to bring even more opportunities for the Division to work with businesses from Claymont to Delmar, to strengthen the state's economy and to bring Delaware even closer to the goal of being the number one state in the nation for starting and growing a small business.

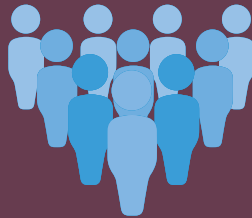
Jeffrey W. Bullock, Delaware Secretary of State



Delaware Small Business Landscape



Small businesses account for:



218,231 jobs
(55% of workforce)



\$9.785B in wages
(45% of all wages)



98% of all
businesses



WORKING WITH BUSINESSES

Regional Business Managers

The Small Business Unit, which is comprised of four Regional Business Managers (one for each county and Wilmington), is on the front lines of the Division's business assistance efforts. Through direct outreach, phone calls, website contacts, social media and more, small business owners inside and outside Delaware connect with these staff members for help with a range of issues as varied as the companies themselves.

During FY 2019 the unit worked with approximately 300 businesses, ranging from cupcake shops to chemical companies. The Business Resource Managers worked one-on-one with small business owners helping them resolve regulatory issues with state agencies, access capital and find locations. The Business Resource Managers also helped dozens of small business owners prepare for various stages of the EDGE Grant application process including helping them with their applications and preparing the finalists for their presentations to a panel of judges.



Make Me a Match

The Division, working with the New Castle County Chamber of Commerce and other partners, also hosted two Make Me a Match networking events at the Emerging Enterprise Center during which small business owners met with representatives of larger companies that might be interested in purchasing their goods and services. The day-long events included panel discussions and speed networking.

Google My Business

For National Small Business Week, DSB held a Google My Business workshop. Experts taught small business owners how to claim and then more effectively utilize the listing for their business on Google to attract customers. More than 30 businesses participated in both the web-based and in-person portions of the seminar at Delaware Technical Community College in Dover.



MAKE ME A MATCH, CONSTRUCTION FIRMS

CLINTON STREET, DELAWARE CITY



The Division of Small Business administers Delaware on Main, which serves as the statewide coordinator for the National Main Street Center's efforts to revitalize and preserve the nation's downtowns and commercial corridors.

In calendar year 2018, the seven cities or towns that are accredited or affiliate program members accomplished the following:

- Created 154 new full-time jobs (net)
- Created 17 new businesses (net)
- Completed 16 renovation projects
- Contributed 5,614 volunteer hours
- Attracted more than \$2.7 million in private investment



Note: Data is for Main Street programs in Delaware City, Dover, Middletown, Milford, Newark, Rehoboth Beach and Wilmington.

COMMUNITY PARTICIPATION

Staff members of the Division of Small Business help connect the state and business community across Delaware throughout the year by serving on various boards/committees and presenting and speaking at a multitude of events and to numerous organizations.

Boards and Committees

- Brandywine Valley NSBP Advisory Board
- Central Delaware Quality of Life Committee
- Coastal Zone Industrial Control Board
- Council of State Governments
- DE Turf
- DE Manufacturing Extension Partnership
- DTCC Business Admin. Advisory Board
- Eastern Trade Council
- Greater GTown CoC Econ. Dev. Committee
- Greater Kent Committee
- Greater Milford CoC Econ. Dev. Committee
- Greater Milford CoC RC Exploratory Board
- Greater Wilmington CVB
- Kent County Economic Summit Event Board
- Kent County Tourism
- Kent Economic Partnership



- Mid Atlantic District Export Council
- National Assoc. of Foreign Trade Zones
- National Main Street Center
- Restoring Central DE Econ. Dev Committee
- Small Business Development Council
- Southern Delaware Tourism
- State International Dev. Orgs. (SIDO)
- Sussex Econ. Dev. Advisory Council
- Western Sussex Econ. Dev. Committee
- WOIA Leadership Team

Events and Speaking Engagements

- American Council of Engineering Companies
- Bethany-Fenwick Chamber
- Biden Institute Opp. Zones Conference
- Camden-Wyoming Rotary Club
- Chase Bank BizMobile
- Delaware Brewers Guild
- Delaware Decision Maker's Luncheon
- Delaware State Chamber of Commerce
- Delaware Tech Social Media Conference
- Developing Delaware Conference
- Emerging Enterprise Center
- Entrepreneurial Summit
- Georgetown Chamber of Commerce
- Goldey-Beacom College Entrepreneur Club
- Greater GTown CoC Econ. Dev. Committee
- Grow Delaware Fund
- Harrington Business Association
- House Majority Caucus
- House Minority Caucus
- Kent County Levy Court
- Kent Economic Summit Panel
- Kent is Open for Business
- Latino Summit
- Launcher Program

- Lewes Chamber of Commerce
- Maryland Motorcoach Association
- Millsboro Chamber of Commerce
- Milton Chamber of Commerce
- National Assoc. of Foreign Trade Zones
- Small Business Caucus
- Smyrna Small Business Roundtable
- Smyrna Town Council
- Spotlight Conference on Mid-Atlantic
- STEM Goes Red
- Sussex County Association of Towns
- Sussex County Open for Business
- Swim with the Sharks
- The Leads Group
- UD Horn Entrepreneurship
- UD Institute of Public Administration
- UD Shellfish Growers
- Western Sussex Econ. Dev. Committee
- Wilmington Downtown Merchants





The mission of the Delaware Tourism Office (DTO) is to attract out-of-state visitors to Delaware. Tourism is a vital part of Delaware's economy, accounting for \$3.4 billion in GDP. The industry employs more than 43,000 people, making it the state's 4th-largest private employment sector. Without tourism, each Delaware household would pay an additional \$1,468 in taxes annually. Here's an update on DTO FY19 initiatives.

Sharing Delaware's Endless Discoveries

The Delaware Tourism Office's digital, print and television campaign, which included a new TV commercial, generated more than 16 million impressions. Additionally, DTO partnered with Delaware small business Carvertise to wrap Uber and Lyft vehicles with iconic Delaware tourism imagery for visitors to the New York Times Travel Show. The campaign received 1.1 million impressions.

Targeted Sales Segments

The tourism office's sales team generated an estimated \$6.2 million in economic impact. Team members attended numerous national and regional trade shows to promote the state to potential visitors. As part of the direct sales outreach, Delaware hosted two group tour conventions in FY19: Spotlight on the Mid-Atlantic and the Maryland Motorcoach Association Travel Leaders Showcase for which DTO partnered with Dover Downs Hotel & Casino. The office also organized and hosted numerous familiarization tours to introduce tours operators and travel planners to Delaware attractions.

Key travel industry partnerships

DTO partnered with Google to increase the state's tourism presence across the platform by providing enhanced photos, video and 360 degree images, in addition to listings for top Delaware attractions. Since January 2019, the photos have been viewed more than 525,000 times.

Hosted educational opportunities

A workshop organized and hosted by DTO attracted industry professionals from throughout





Delaware to hear from a vice president at TripAdvisor and a Google expert, who shared best practices for digital marketing. The event received tremendous feedback, which lead to a second, hands-on workshop for attendees to receive one-on-one assistance for their businesses and organizations.

Launched Firefly Music Festival shuttle

Firefly Music Festival attendees had a new way to get to the festival grounds with the Visit Delaware shuttle service, a partnership between DTO, DART, the Delaware Office of Highway Safety, the Delaware Lottery and the Firefly Music Festival. The shuttle, which sold out, provided safe transportation for festival attendees from hotels in northern and southern Delaware to the fun in Dover.

New signage welcomes travelers

Tourism worked in a partnership with the Delaware Department of Transportation to install "Welcome to Delaware" signs at the Biden Welcome Center on I-95, on the Nassau Bridge in Lewes and in the corridor leading into Fenwick Island from Maryland. The new signs introduce Visit Delaware's branding to additional travelers.

DE on Tap continues to brew

The DE on Tap mobile app continued to grow, adding more breweries and other craft beverage makers, including Wilmington Brew Works and Volunteer Brewing Company. DE on Tap sponsored the 50th anniversary races at Dover International Speedway, providing local flavor to the popular weekend. DTO also increased the number of out-of-state events it attended to promote DE on Tap, such as the Philly All-Star Craft Beer, Wine and Cocktail Festival and the Philly Craft Beer Festival.

Leipsic Oyster Festival breaks records

DTO worked with the festival organizers to drive awareness, which increased attendance and food sales at the annual event, held in October.

Slam Dunk to the Beach hits the court

The tourism office is a sponsor of, and provides coordinating assistance to, the popular high school basketball tournament held annually at Cape Henlopen High School. The tournament attracts top teams from around the nation and future college/NBA stars including Mo Bamba, Cam Reddish and Donte DiVincenzo.

Small business.
Big support.

We know running a business has its challenges.
We can help.

[Learn More →](#)

COMMUNICATIONS

The Communications unit provides public relations and marketing support for Division services and programs that promote small business growth and economic opportunity in Delaware. Through integrated messaging that employs a mix of online, broadcast and print advertising, social media, earned media, marketing materials, sponsorships and in-person contact, the team presents a favorable impression of the state to small business owners, other residents, government officials and more.

New website

The Division of Small Business introduced a new website packed with features business owners said they wanted, including a statewide calendar of events, direct links to each of the Division's Regional Business Managers and the Business Resource Connection, an interactive directory of more than 300 programs offered by nearly 100 organizations.

Communications worked with the Government Information Center and the Department of Technology and Information on the new website, which was recognized with an award from the International

Economic Development Council.

Between its launch in January and the end of FY19, the Division's website attracted 25,000 users with nearly 500 people reaching out to the Division through the site's contact form. Sixty percent of visitors came from Delaware and 21 percent from



DelawareBusinessTimes.com
DELAWARE BUSINESS TIMES
May 28, 2019 / 15

IN CASE YOU MISSED IT



Delle Donne's Avenue North gets \$68 million loan from Capital One

Capital One is stepping up to fund the second phase of development at the former AstraZeneca North Campus outside Wilmington.

The bank announced on May 23 that it has provided a \$68 million five-year loan to Brandywine Investment Group II, an affiliate of Delle Donne & Associates that is financing the next stage of development at the property.

The project, called Avenue North, combines 1.65 million square feet of office, residential, retail, restaurant and recreation space within the 50-acre campus. Located at the intersection of U.S. 302 and Powder Mill Road in Fawcett, the \$350 million development was first announced in the summer of 2017.

"Delle Donne has taken a careful, methodical approach to developing Avenue North, which will include some exciting things in the future," said Jeff Wallace, a senior vice president in Capital One's Commercial Real Estate Group. "As a result of this thoughtful approach they have attracted some of the premier companies in the region to join them as tenants."

Capital One financed the first phase of the project as well, when Brandywine Investment Group I acquired the property from AstraZeneca in a sale-leaseback transaction. This new loan will fund construction of a 1,375-space parking garage and pay for tenant improvements and leasing commissions.

Plans currently call for Delle Donne to build approximately 350 apartments, 150,000 square feet of retail space, 100,000 feet of office space and a 200-room full-service hotel.

In June 2018, Delle Donne signed additional leases with Christiana Care and Solstice for the two other buildings previously occupied by AstraZeneca. Christiana Care took occupancy of its 300,000-square-foot building in March 2019; Solstice will take occupancy of a 110,000-square-foot building on the property in January 2020.

"Capital One has worked closely with us at each stage of this multi-year project," said Emma Delle Donne, the company's chairman. "The bank's ability to structure a series of loans that support our strategy and the certainty of execution they provide have kept us on track."

By Alex Pascual

Christiana Care pain center will offer non-opioid treatments

Christiana Care Health System is opening the Comprehensive Pain Center on the Christiana Hospital campus. The outpatient center will provide non-opioid pain treatment to referred patients with acute or chronic pain.

"Christiana Care is taking a leadership role to help patients combat pain while limiting the use of opioid drugs, which have created an enormous health crisis in our community and across the nation," said Vidya E. Dhanant, M.D., physician lead for Christiana Care's Neuroscience Service Line. "The Comprehensive Pain Center brings together the skills of multiple disciplines to help patients discover a safer path toward pain relief."

Services offered at the center include opioid tapering strategies to help patients on high-dose opioid therapy referrals to six-week outpatient group clinical psychology sessions. Long-term therapies, including cognitive behavioral therapy, mindfulness, acupuncture and the use of anti-inflammatory supplements. Interventional therapies, including epidural steroid injections, joint injections, trigger point injections and radiofrequency ablation.

The new outpatient Comprehensive Pain Center fills a niche that currently does not exist in the community," said Rajiv Mathan, M.D., the center's medical director. "By addressing pain at the right time with the right combination of therapies, we can help our patients find relief without the worry of opioid overdose and addiction."

Christiana Care's Comprehensive Pain Center focuses on opioid-sparing treatments, supporting a broader strategy of responsible prescribing practices to reduce opioid addiction.

Delaware has the highest rate of opioid prescriptions in the U.S. — nine per every 100 people in the state — and the second-highest rate of fatal, overdose-related opioid prescriptions, according to the Centers for Disease Control and Prevention. In 2018 in Delaware, 345 people died from opioid overdoses, a 12 percent increase from the previous year.

Christiana Care has reduced opioid prescriptions for discharged emergency department patients by 50 percent and 23 percent among primary care patients since January 2018.

and distributed multiple news releases.

Staff also responded to requests from national and local media, including:

- Bloomberg News
- Business Facilities
- Delaware Business Times
- News Journal
- USA Today
- Washington Post

Division ad campaign

The Division launched a comprehensive multimedia advertising and marketing program. The well-received campaign placed ads on radio and in numerous local and regional print and online publications. It introduced key stakeholders and the general public to the Division and the services it offers small business owners. Content for the ads, which was also used on the Division website, came from a three-day photo and video shoot at more than one dozen businesses in all three Delaware counties.

Business Marketing Program

There were no non-state cash contributions to the Business Marketing Program during FY 19. Total expenditures for FY 19 were \$177,890.34.

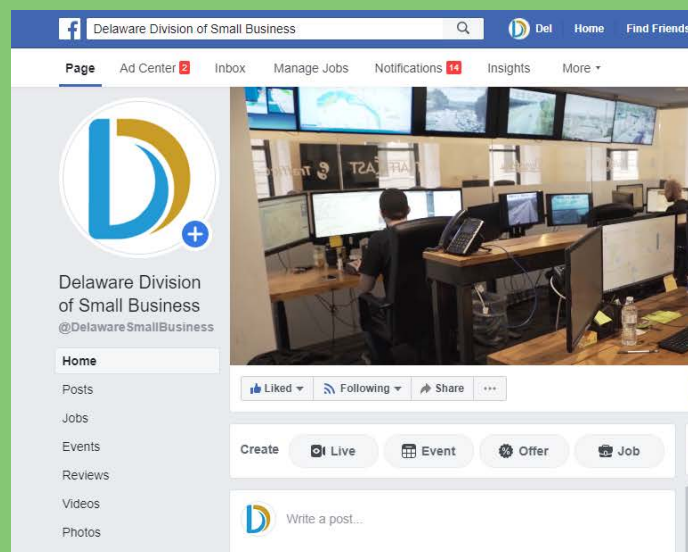
bordering counties. Their most common needs were finding access to capital (funding) and business planning assistance (starting a business).

Social media

The number of followers for the Division's social media accounts increased substantially over the fiscal year, demonstrating the relevance and importance of the Communications team's digital efforts. Facebook posts received 1.04 million impressions, and tweets got 317,000. Additionally, a blog was launched on the Division website focusing on news of interest to Delaware's small business community, stories highlighting area small businesses and updates from Delaware state agencies that affect small business.

Promotion and media outreach

The Communications team publicized numerous Division programs. In addition to promoting events, like Make Me a Match and Google My Business, the team organized press conferences with Governor Carney





“

We want our hardworking entrepreneurs to know that their government is here to help them.

”

- Gov. John Carney

EDGE GRANTS

In May Gov. Carney and the Division of Small Business introduced EDGE Grants, an innovative program aimed at helping promising early-stage Delaware companies get the funding they need to increase production capacity, hire more workers, level the playing field with larger, more established competitors and grow the state's economy.

EDGE (Encouraging Development, Growth and Expansion) is open to businesses that are at least 51 percent based in Delaware, have been in business for less than five years and employ no more than the equivalent of 10 full-time employees.

Science-based businesses (STEM Class) are eligible for up to \$100,000. All other businesses (Entrepreneur Class) can receive as much as \$50,000. Funds are awarded as a 3-to-1 match on qualified expenses, which include:

- real estate used in the business
- essential equipment
- marketing, advertising and web design
- expenses related to prototyping a new product

Staff from the Division of Small Business reviews the applications. Sixteen finalists (eight Entrepreneur Class and eight STEM Class) are selected to make presentations before a panel of independent experts, which recommends five winners in each category.

Delaware's small business community embraced the program enthusiastically with nearly 140 companies submitting applications for the first round of funding.

Class	Applicants	MWVBE
STEM	46	26 (57%)
Entrepreneur	92	74 (80%)
Total	138	100 (72%)

Round one concluded in September 2019. Awardee information will be included in the FY20 report. The Division will hold additional EDGE rounds in FY20.



COUNCIL ON DEVELOPMENT FINANCE AND DELAWARE STRATEGIC FUND

The Council on Development Finance (CDF) is a panel of nine members, appointed by the Governor, Senate President Pro Tempore and Speaker of the House, to advise the director of the Delaware Division of Small Business (DSB). The Council hears, evaluates, and recommends approval or disapproval of projects brought to it by the Division and the Delaware Prosperity Partnership. These projects range from companies wanting to establish new facilities in the state, to existing businesses looking to expand, new companies wishing to grow and the revision of contracts already held with the state. After reviewing the project, the Council makes a recommendation to the Division Director.



DOT FOODS GROUNDBREAKING, BEAR

Delaware Strategic Fund

The Delaware Strategic Fund (DSF) provides customized financial assistance to businesses considering locating or expanding in the state of Delaware. Financial assistance may be provided in the form of grants or low-interest loans to support the attraction and expansion of businesses.

Through the Strategic Fund, DSB supports initiatives such as the Brownfield Assistance Program, Delaware Technical Innovation

Program, Delaware Capital Access Program and the Delaware Rural Irrigation Program. The Strategic Fund also provides funds not affiliated with these specific programs.

The Council on Development Finance in FY19 approved funding of eight projects through the Delaware Strategic Fund.

Since the beginning of FY19, every one million Strategic Fund dollars spent on grants is matched by more than \$14 million in private funding.

The projects are contributing more than \$221 million to Delaware's GDP.

Descriptions of FY19 projects are on the following page.

Information on DSF funding dispersed through the FY19 Budget Bill (SB225) and Bond Bill (HB475 & SS1 for SB9) is available on page 18 of this report.

During FY19, no requests for loans or loan modifications were presented to CDF.

Applicant	Award Amount	Jobs to be Created	Total Jobs to be Created & Maintained	County
Colfax Corporation	\$418,000	39	39	New Castle
Dot Foods	\$1,102,000	201	201	New Castle
FMC Corporation	\$1,642,500	13	373	New Castle
JustFoodForDogs	\$170,000	50	50	New Castle
Marlette	\$2,725,000	232	232	New Castle
Nationwide Healthcare Services	\$1,198,000	192	192	Kent
Solenis	\$3,913,050	92	415	New Castle
Wilmington PharmaTech Company	\$660,400	139	176	New Castle
TOTAL	\$11,828,950	958	1,678	

Colfax Corporation

The Maryland-based diversified technology company was awarded a \$400,000 performance grant to relocate 19 jobs to Delaware and create new 20 jobs. The company was also awarded an \$18,000 grant for capital expenditures.

Dot Foods

The Illinois-based company, which is the largest food industry redistributor in North America, was awarded a \$1,102,000 grant to construct a 188,000 square-foot warehouse and distribution center in Bear. The \$36-million facility will employ as many as 201 workers by 2022.

FMC Corporation

The Philadelphia-based agricultural sciences company was awarded \$1,642,500 in grants consisting of a \$142,500 performance grant and a \$1.5 million capital expenditure grant. FMC will hire 13 research and development employees over

three years at its Global R&D headquarters in Newark and reconfigure its greenhouse and research facility there.

Just Food for Dogs

The California-based pet food maker was awarded a \$170,000 performance grant to open a 22,000 square-foot kitchen in New Castle and hire as many as 50 employees. The company will invest \$2 million in the facility.

Marlette Funding

The Wilmington-based financial technology company, which operates the Best Egg online lending platform, was awarded a \$2,725,000 performance grant to add 232 jobs in Delaware by the end of 2023.

Nationwide Healthcare Svcs.

The Brick, New Jersey-based owner and operator of nursing and rehabilitation facilities, was awarded a \$1,198,000 grant to

construct a 12-acre health and wellness campus called Milford Wellness Village at the location of the former Milford Memorial Hospital. The campus will be home to a number of healthcare providers, including a 150-bed skilled nursing facility operated by Nationwide Healthcare.

Solenis LLC

The Wilmington-based specialty chemicals company was awarded grants totaling \$3,913,050, consisting of a \$763,050 capital expenditure grant, a \$1,980,000 grant to retain 323 jobs and a \$1,170,000 performance grant to add 92 jobs within three years.

Wilmington PharmaTech

The Newark-based pharmaceutical and biotech research company was awarded \$660,400 in grants consisting of a \$300,400 performance grant for adding 139 employees and a \$360,000 capital expenditure grant to expand operations in Newark.

Applicant	Award Amount	County
1861 Restaurant	\$6,250	New Castle
Bar Fly	\$22,000	New Castle
Barrel Holdings	\$6,250	Sussex
Cannan	\$16,020	New Castle
Caroline's Spa & Goods	\$7,875	Kent
Dell Pumping Company	\$16,000	New Castle
Doherty & Associates	\$7,000	New Castle
Eat Clean Juice Bar	\$2,500	New Castle
Fite Fashion	\$12,500	New Castle
G and M MGMT	\$3,750	Kent
G and M MGMT	\$6,250	Kent
Hound Dog Recovery	\$8,000	Kent
KAM Electric	\$30,000	Sussex
Maha Laxmi	\$13,500	Kent
Milford Early Learning Center	\$5,000	Sussex
NAL Gastronomic Group	\$17,500	New Castle
Retired-N-Fit	\$29,750	New Castle
Solomon's Court	\$25,000	Kent
Sonora at the David Finney Inn	\$8,750	Sussex
Town & Country Salon	\$6,250	New Castle
Yoho Management	\$30,000	Kent

Delaware Capital Access Program

The Delaware Capital Access Program (DCAP) gives banks a flexible, transparent tool to expand small business lending. By using a small amount of public resources to generate a large amount of private bank financing, the program provides more access to capital, which stimulates economic growth.

During FY19 there were 21 projects approved (see chart above), and every dollar spent through DCAP generated \$9.37 in private funding.

Brownfield Assistance Program

The Brownfield Assistance Program

provides matching grants to owners and developers to encourage redevelopment of environmentally distressed sites.

There were no Brownfield projects approved during FY19.

State Small Business Credit Initiative

The federally-funded State Small Business Credit Initiative (SSBCI) enables the Division of Small Business to create a loan participation program. This program is a partnership between the Division and lending institutions designed to increase the access businesses have to capital at lower interest rates.

There were no SSBCI loans

approved during FY19.

Delaware Rural Irrigation Program

The Delaware Rural Irrigation Program (DRIP) is a revolving loan fund administered collaboratively through the Delaware Department of Agriculture and Division of Small Business. The program provides no-interest loans to allow farmers to irrigate more cropland. The public-private investments have helped these farmers survive droughts.

No DRIP projects were approved during FY19.

Tax-Exempt Bond Financing

New or expanding businesses, governmental units and certain organizations exempt from federal income taxation can be eligible for statewide financial assistance in the form of tax-exempt bonds. This financing, which does not utilize state funds nor impact the full faith and credit of the State of Delaware, may be cost-effective for projects involving the issuance of more than \$750,000. CDF reviews all applications for their impact on Delaware's economy.

During FY19, there was one issuance approved by the Council on Development Finance – Tower Hill School Association in New Castle County (Wilmington) for \$6,930,000.

FY19 Budget Strategic Fund Allocations

The Capital and Operating Budgets allocate designated funding to the Delaware Strategic Fund directed toward specific purposes and/or projects aimed at enhancing the state's economic development efforts. The Division of Small Business administers payments for and, where dictated by statute, receives reports on these projects.

Operating Budget

Business Incubators

This funding supports established not-for-profit business incubators. In FY19 funds were distributed to the Emerging Enterprise Center and the Middletown Chamber Business Incubator as directed by Section 119(b) of SB 235.

Small Business Devel. Center

This funding supports the Small Business Development Center, an entity jointly funded by DSB and the SBA. The SBDC assists companies with a number of items, including business plans, marketing, grant writing, technology and ownership transitions.

Capital Budget

Bioscience Center for Advanced Technology

This funding goes to addressing the technology gap and promote economic development. CAT fosters academic industry research

partnerships to support local bioscience businesses and help Delaware recruit, retain and create science-based jobs.

Composites Research

This funding provides a match of up to \$100,000 to the University of Delaware Center for Composite Materials for federal research grants that support development and application of composite manufacturing technology for the benefit of Delaware companies.

Del. Clinical & Transitional Research (1st of 5 yrs)

This funding enables partner institutions to put in place critical infrastructure to train the next generation of professionals. The training focuses on clinical and translational health research, developing new methods to translate discoveries in community health settings and improving healthcare across the State.

Del. Prosperity Partnership

This funding goes for a public/private partnership to focus on leveraging private resources to improve business recruitment, retention and expansion; identify and develop a talented workforce; connect with the global economy; and build a stronger entrepreneurial environment.

Del. Stadium Corporation

This funding supports the Delaware Frawley Stadium on the Wilmington Riverfront. The funds mainly help

with minor capital improvements.

Economic Dev. Infrastructure – Town of Delmar

This funding helps efforts by the by the Town of Delmar to enhance public infrastructure in the town.

FY19 Operating Budget Allocations		
Project	Award Amount	County
Business Incubators	\$150,000	New Castle
Small Business Development Center	\$400,000	State

FY19 Capital Budget Allocations		
Project	Award Amount	County
Bioscience CAT	\$1,000,000	New Castle
Composites Research	\$100,000	New Castle
CTR	\$1,000,000	State
Delaware Prosperity Partnership	\$2,000,000	State
Delaware Stadium Corporation	\$600,000	New Castle
Economic Development Infrastructure - Town of Delmar	\$205,000	Sussex
EPSCoR-RII	\$800,000	New Castle
Fraunhofer Vaccine Development	\$1,500,000	New Castle
INBRE	\$1,000,000	New Castle
Kent Economic Partnership	\$100,000	Kent
Laurel Redevelopment Corporation	\$250,000	Sussex
NIIMBL	\$2,500,000	New Castle
Purpose Built Communities	\$1,000,000	New Castle
RAPID	\$1,750,000	New Castle
Riverfront Development Corporation	\$2,880,000	New Castle
Wilmington Riverfront Sports Complex	\$3,000,000	New Castle
TOTAL	\$19,685,000	

The purpose of these enhancements is to improve the town's ability to attract new business investment.

EPSCoR-II (1st of 5 yrs)

This funding helps provides infrastructure supporting research and educational programs for the state's water/energy challenges.

Fraunhofer (2nd of 5 yrs)

This funding goes to the Fraunhofer Vaccine Development project. New capabilities will enable the Center for Molecular Biotechnology (CMB) to develop a stronger and broader infrastructure that will create high-tech and high-impact jobs, spin-off businesses, new partnerships and alliances and enable CMB to leverage its unique technologies in the biotech marketplace.

INBRE (5th of 5 years)

This funding supports the State's academic and medical institutions. Through collaborations among the public, private and academic sectors of the State, the grant continues to support biomedical research, encompassing both basic and translational research.

Kent Economic Partnership

This funding supports a public-private partnership model for economic development in Kent County. The KEP's mission is to create a business climate within the county that encourages innovation and promotes business expansion.

Laurel Redevelopment Corp.

This funding supports the not-for-profit Laurel Redevelopment Corp. with revitalizing Laurel. Since 1992 LRC has helped to create new businesses, parks, housing and office and commercial spaces.

NIIMBL (2nd of 5 yrs)

This funding supports the transformation of biopharmaceutical manufacturing in the State. The institute focuses on bringing safe drugs to market faster and creating quality jobs for Delawareans.

Purpose Built Communities

This funding supports revitalizing Wilmington's Riverside community using the Purpose Built Communities model. This includes new high-quality and mixed-income housing, a high school addition for

East Side Charter School and an expansion of the Kingswood Community Center.

RAPID

This funding provides state match for a grant to establish a new Manufacturing USA Institute at the University of Delaware (UD). UD is a partner in a network of universities collaborating on the project. The institute is focused on developing technologies to boost energy efficiency and domestic productivity. The goal is to work with businesses by merging commercial/research capabilities.

Riverfront Development Corporation

This funding helps continue development of the Wilmington Riverfront. Projects include real estate, operating funds, and a wildlife education center.

Wilmington Riverfront Sports Complex

This funding supplements construction of the 76ers Fieldhouse. The arena opened in FY19 as a premier location for sporting events in Delaware.





DELAWARE TECHNICAL INNOVATION PROGRAM

The Delaware Technical Innovation Program (DTIP) offers transitional grants for research initiatives. Using the Delaware Strategic Fund, the program focuses on applicants for highly competitive federal grant programs known as Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR). Eligible companies conduct high-risk, early-stage research with a high potential for

business growth if successful.

SBIR/STTR research has three phases. During Phase I and II entrepreneurs work to prove their ideas have technical and economic merit, seeking funding from the federal government and other public and private sources to help them develop their innovation. In Phase III, commercialization, less federal funding is available. Entrepreneurs must transition to selling their product on the open market to generate revenue, and must rely more heavily on private investors to fund their capital needs.

Approximately a dozen federal agencies provide significant SBIR/STTR funding for enterprises in Phase I (awards up to \$252,131) and Phase II (awards up to \$1,680,879). However, despite earning a Phase I federal award, the costs associated with completing a Phase II concept may be beyond some entrepreneurs' means. DTIP grants serve as gap financing for entities that have received a federal Phase I grant and have applied for a Phase II. DSB can award a matching grant of up to \$50,000 per application, with a limit of five awards per company within a ten-year rolling period.

Three companies, all based in Newark, received DTIP grants of \$50,000 in FY19:

RiKarbon develops technologies for cost-competitive renewable products that use non-conventional and typically unused carbon feedstocks to serve the specialty and performance chemicals market, including producing bio-based oils for Environmentally Acceptable Lubricants.

Composites Automation focuses on advanced materials and process technologies. The company's goal is to establish a software hub in Delaware to produce and distribute composite processing software material worldwide.

SAS Nanotechnologies has developed smart anti-corrosive additives that are free of heavy metals, sustainable and activate at the onset of corrosion. When activated, they release an inhibitor that prevents further corrosion.

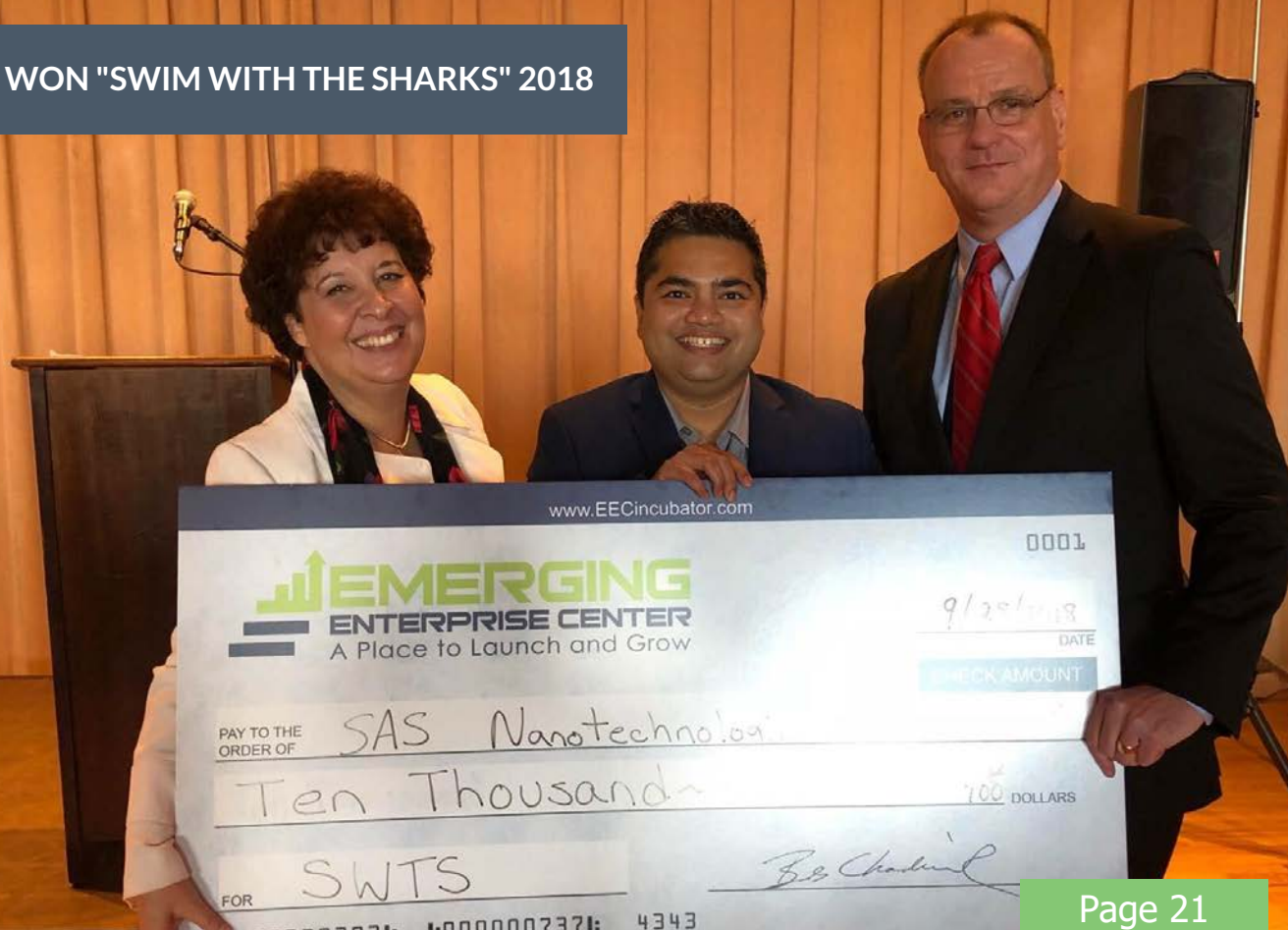
The following tables summarize funding awarded to Delaware entities from January 1, 2009 to June 30, 2019 (end of FY19)

Of the 41 DTIP awards made to Delaware entities, 44% successfully were awarded federal Phase II funding. And 18% of Delaware entities that received federal Phase II funding utilized Division of Small Business assistance. Without transitional funding from the DTIP program, the research and development necessary for these companies to achieve Phase II status would have been compromised.

Federal Awards (January 1, 2009 - June 30, 2019)			
	DE Awards	Amount Awarded	Average Award
Phase I Grants	240	\$34,442,456	\$143,510
Phase II Grants	98	\$82,229,382	\$839,075
Total	338	\$116,671,838	

Division of Small Business Awards (January 1, 2009 - June 30, 2019)				
	Awards	Entities	Amount Awarded	Average Award/Entity
Transitional Grant	41	26	\$2,020,000	\$80,800

SAS ALSO WON "SWIM WITH THE SHARKS" 2018



BLUE COLLAR TRAINING FUND

Workforce Development Grants

The Division of Small Business provides Workforce Development Grants to Delaware businesses for customized training initiatives. Training observations are conducted to ensure training takes place as outlined in the contract and proposal, and completed training contracts are closed. Follow-up is conducted six months after the contract closes to determine if the business met its training goals.

Statistics on New Contracts Awarded in FY19

- 10 new contracts were awarded totaling over \$230,750
- 176 participants will receive training
 - County breakdown:
 - New Castle County – 8
 - Kent County – 1
 - Sussex County – 1

- 1 company was a first-time applicant and a small business. (Companies that have not received funding within the last 5 years)
 - \$12,441 was awarded to this business with a match of \$12,441
 - 6 participants received training
- 9 companies were small businesses. (Less than 100 employees.)
 - \$211,591 was awarded to this business with a match of \$211,591
 - 162 participants will receive training

Statistics on Contracts Completed in FY19

- 4 contracts were completed totaling over \$57,000
- 89 participants were trained
- 1 company was a first-time applicant
- One training observation was conducted during the year

- 4 were small businesses
- County Breakdown:
 - New Castle County – 3
 - Kent County – 0
 - Sussex County – 1

Analysis of participants

Demographic information on the next page comes from voluntary surveys. Some participants chose not to complete the survey; in other cases, participants did not complete the entire questionnaire.

State Employee Training Program

The Department of Human Resources receives \$100,000 annually from the Blue Collar Training Fund to fund and administer the State Employee Training Program. DSB serves on the committee that evaluates training proposals from state agencies for customized training within their respective departments.

Summary of Funds Committed for Customized Training			
	New Castle Co.	Kent Co.	Sussex Co.
DSB Funding	\$181,359	\$19,160	\$30,232
Company Match	\$181,359	\$19,160	\$30,232

Profile of Participants					
Sex		Disability		Veteran	
Female	59.1%	Yes	3.0%	Yes	6.1%
Male	34.8%	No	87.9%	No	86.4%
No Response	6.1%	No Response	9.1%	No Response	7.5%
Age		Marital Status		Race/Ethnic Group	
16-20	0.0%	Married	48.5%	Asian/Pacific Islander	6.1%
21-30	25.8%	Single	31.8%	African American	3.0%
31-55	68.2%	Single Parent	12.1%	Hispanic	62.2%
56-65+	3.0%	Other	1.5%	White	27.2%
No Response	3.0%	No Response	6.1%	No Response	1.5%
Educational Level			Limited English		
Did Not Complete High School	19.70%	2-Year College Degree	3.0%	Yes	33.4%
High School or Equivalent	16.70%	4-Year College Degree	24.2%	No	63.6%
Post-High School/Training Program	7.60%	Additional Degrees	7.6%	No Response	3.0%
Some College	7.60%	No Response	13.6%		
Recipient of Public Assistance within last 90 days		Employment status 90 days prior to training program		State of Residence	
Unemployment Ins.	1.5%	Unemployed	1.5%	DE	90.9%
SSI	0.4%	Employed Part Time	0.0%	MD	3.0%
TANF	1.0%	Employed by This Employer	84.8%	PA	4.6%
Food Stamps	2.6%	Employed by Other Employer	0.0%	NJ	1.5%
No Response	95.9%	No Response	13.7%	No Response	0.0%

ADDITIONAL PROGRAMS

Coastal Zone Conversion Permit Act

Economic activity enabled in FY19 by the Coastal Zone Conversion Permit Act: None

The CZC Permit Act allows for the responsible redevelopment of 14 legacy industrial sites in the coastal zone with the intention of creating new jobs and providing environmental clean-up of those legacy sites along the Delaware coast.

During this fiscal year, the Department of Natural Resources and Environmental Control's Coastal

Zone Conversion Permit Act Regulatory Advisory Committee and Work Groups completed their work on the necessary regulations for the issuance of conversion permits under the Act.

As that effort was in process, there were new business development inquiries. And with the publication of the regulations in FY20*, there is reason for optimism regarding positive movement on those potential developments.

*Visit the Department of Natural Resources and Environmental Control website to view the published regulations.

www.dnrec.alpha.delaware.gov

Delaware Angel Investor Tax Credit

The Angel Investor Tax Credit had two certified investors and two certified businesses in FY19.

The Division of Small Business administers the Angel Investor Tax Credit, which Gov. Carney signed into law in May 2018.

The statute created a 25 percent refundable tax credit for investors who put in at least \$10,000 (for individuals) or \$30,000 (for funds) in Delaware-based companies in high-tech fields, including aerospace, biotech and fintech.



Contact DSB

The Division of Small Business team is knowledgeable, experienced and ready to help. Contact us today!

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