



THE COMMITTEE OF 100

FYI

July 15, 2015

Year End Review

The Committee of 100 was active on a number of issues before the General Assembly as well as state and local agencies this year. The end of the legislative session is a good time to take stock of our efforts and to begin thinking about the coming year.

Infrastructure Funding has long been a major focus of The Committee of 100 and particularly for the past two and a half years. Joining with other business groups, we presented a remarkably united front in support of additional revenues for infrastructure projects, especially the Transportation Trust Fund (TTF). After the failure last year to enact a 10-cent motor fuel tax increase, this year the Governor declined to propose a funding package, instead challenging legislators to come up with a package of their own and signaled his willingness to match up to \$50 Million in new revenues with additional borrowing. He also signaled his willingness to discuss issues that had been raised by Republicans, like prevailing wage reform and 'lock box' provisions to ensure that any new revenues would be used solely for capital projects, not DelDOT operating expenses.

Prevailing wage reform ended up being the fulcrum in a political deadlock between Democrats and Republicans that lasted until the evening hours of the last day of the Session. Because the Democrats in the Senate lacked the votes to pass a revenue bill without at least one Republican vote, the prevailing wage impasse tied up not just HB 140, the transportation fee bill, but also the Bond Bill, the Operating Budget, and Grants-in-Aid Bill. Once an agreement on prevailing wages and on the TTF 'lock box' was reached, 3 Senate Republicans joined Democrats to pass the transportation fee bill and bipartisan votes quickly followed on the major money bills. The result for the Transportation Trust Fund will be about \$60 Million in additional annual funding via \$23 Million in new fee revenue, possibly as much as \$30 Million in additional borrowing, and \$5 Million in DelDOT operating expenses transferred out the Trust Fund, freeing those funds for capital projects. This about half the additional funding The Committee of 100 had sought. The prevailing wage compromise raised the thresholds where prevailing wages kick in and exempts Community Transportation and Municipal Street Aid projects from prevailing wages.

Coastal Zone. Last fall, the Committee of 100's Energy and Environment Committee met to map out initiatives for the year. Among the issues that emerged were water infrastructure funding and possible changes to the Coastal Zone Act that could encourage industrial redevelopment and job creation along the Delaware River. Joining with the State Chamber of Commerce, a small working group from The Committee of 100 sounded out legislative and Administration leaders on limited changes to the CZA, focusing strictly on existing sites north of the C&D Canal, seeking changes that could be made without undermining the original goal of the iconic Act. Legislation was not introduced this spring, but will be considered again next year.

Water Infrastructure was also a priority for the Energy and Environment Committee. Picking up where the Governor left off last year, the Delaware Nature Society led a Clean Water Initiative to pursue funding for water infrastructure and clean up. The Committee of 100 informally participated in the Initiative, which culminated in the adoption by the General Assembly of Senate Concurrent Resolution 30, establishing a Clean Water and Flood Abatement Task Force.

The Committee of 100 will be represented on the Task Force, which will explore funding mechanisms for the State and local governments to undertake clean water and flood prevention projects. The Committee of 100's view has been that a properly designed program would benefit both the State's economy and environment.

Wilmington was the focus of a great deal of attention this past year on issues ranging from public safety, to education, to neighborhood revitalization to comprehensive planning and economic development. The Committee of 100 supported the City's successful application for designation as a Downtown Development District. The state program, funded at \$7 Million this year, leveraged \$65 Million in qualified private investment. Wilmington projects were awarded \$4.8 Million. Funding for the DDD was increased to \$8.5 Million in the FY'16 Bond Bill. An outgrowth of the City's development district planning was the passage in Dover of SB 66, supported by The Committee of 100, which authorizes local governments to establish land banks to more effectively deal with abandoned, tax delinquent properties. Coming up, The Committee of 100 will be an active participant in the development of Wilmington's Comprehensive Plan and on needed reforms in project review and permitting.

At the urging of state legislators from Wilmington, the Governor established the Wilmington Public Safety Strategies Commission, which worked over the winter on a comprehensive set of recommendations to reduce violent crime. The Mayor and Chief Cummings have implemented some, but not all, of the recommendations and are working with City Council on appropriating additional funds for implementation. The Strategies Commission concluded that a change was needed in the culture of the Wilmington Police Department and that, more than money, will be the largest hurdle going forward.

Education was a controversial issue as a Counter Reformation of sorts gathered some steam in the General Assembly this year. Varying strains of dissatisfaction with the Common Core Curriculum, state testing, teacher accountability measures, dislike of the Department of Education bureaucracy and the Governor's proposed Priority Schools takeover in Wilmington all combined to produce legislation that could weaken the reforms that have been generally supported by the business community. Among the actions taken were a moratorium on new charter schools in Wilmington, refusal to fund continuation of some Race to the Top positions, and so-called Opt-Out for parents who don't want their children to take the state assessment tests. As of this date it is not clear whether Governor Markell will veto the Opt-Out legislation, HB 50. On a more positive note, legislation also passed that could lead to the consolidation of Wilmington schools into one district (Red Clay) and give city parents and officials more say in the education of their kids. Also adopted was SJR 4, which creates a commission to review how the State funds education in general and how resources are allocated to the school districts. A bill directly calling for additional funding to schools determined to be low-income remained in committee in the House of Representatives.

New Castle County unveiled a new economic development plan last year and looked for ways to streamline the development approval process. In presentations to our Economic Development and Land Use Committees, County officials underscored the importance of coordination between economic development goals and land use policies and outlined a multi-year process of updating the Unified Development Code (UDC) to accomplish that. The strategy is centered on the creation of a series of Overlay Districts that can provide greater flexibility in meeting the requirements of the UDC. The 800 lb. gorilla remaining in the room, as Land Use General Manager Eileen Fogarty expressed it before her departure, is the transportation Level of Service (LOS) requirement that hamstring development in much of the County. Finding a politically acceptable method of measuring transportation system performance on a larger scale, rather than allowing an individual failing intersection to kill a project, remains a top priority of The Committee of 100. Finally on New Castle County, The Committee of 100 also offered comments on ordinances relating to affordable housing, vacant property registration, and exempting parking garages from the calculation of gross floor area in determining major development review.

Regulatory reform. The General Assembly adopted several pieces of legislation that could lead to an improved regulatory climate in Delaware. HB 147 codified and made permanent Governor Markell's 2012 Executive Order No. 36, which required state agencies to periodically review, and eliminate when possible, all regulations under their jurisdiction. The review process will be on a 4-year cycle. Also adopted were two bills, SB 113 and SB 120, collectively known as the Regulatory Transparency and Accountability Act of 2015. Aimed at helping small businesses, The Act requires agencies to submit a regulatory flexibility analysis and a regulatory impact statement to the Registrar of Regulations whenever a new or revised regulation is proposed. Importantly, the Act also requires that the impact and flexibility analyses be sent to the appropriate standing committee of the legislature. This provides a measure of legislative review of regulations that the business community has long sought.

Economic Development Roundtable. At the end of June The Committee of 100's Economic Development Committee sponsored a roundtable discussion with state and local economic development officials. Held in Dover at the Tidewater Utilities Training Center, the event drew 75 members of The Committee of 100 and DEED and was attended by Governor Markell, DEDO Director Alan Levin and his successor Bernice Whaley, and State Housing Authority Director Anas Ben Addi. Local officials discussed their current projects and presentations were made by Rebecca Faber of World Trade Center Delaware and Jim Peffley of the Delaware Community Investment Corporation. Representatives from Seaford, Dover, and Wilmington detailed the projects getting underway following their designations as the first three Downtown Development Districts.

What's next? It looks now as though the State's fiscal condition will be the dominant issue in the coming months and into the next General Assembly session. The current projections are for a \$150 – \$170 Million shortfall in next year's budget. This is the largest gap since Governor Markell took office in 2009 facing a nearly \$800 Million gap for FY 2010 and will mark his seventh straight year of challenging fiscal conditions.

The situation is complicated by the fact that 2016 is an election year. And legislators like neither to cut popular programs nor raise taxes in an election year. Secondly, there is a political gulf between the parties that could make finding a bi-partisan governing majority difficult. Democrats cannot raise any revenues without Republican support, the price of which will undoubtedly be expenditure cuts. Further complicating the calculus for next year is the emergence of a group of 6 self-described 'progressives' in the House Democratic Caucus who voted against even this year's budget because they believed it did not tax business and the wealthy enough and hurt lower income Delawareans.

So, with some Republicans unwilling to support any revenue increases and some Democrats opposed to any expenditure cuts, it remains to be seen if enough votes can be found in the middle to make a deal. Stay tuned.

Get involved. The effectiveness of The Committee of 100 is embodied in the expertise and involvement of its members. Our work is done through the subject area committees and working groups that come together on specific issues. If you are not an active member of a committee, contact a chairperson or me and join.

Cordially,



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