

## Delaware out of the running for Amazon headquarters

Scott Goss and Jeff Neiburg - The News Journal - Jan. 18, 2018



*(Photo: Elaine Thompson, AP)*

Delaware's longshot pitch to land Amazon's second U.S. headquarters came up short. The online retail giant on Thursday unveiled 20 locations across the country that have advanced in its unprecedented sweepstakes a project that promises \$5 billion worth of real estate investment and up to 50,000 jobs.

Philadelphia is in.

Newark, New Jersey and Montgomery County, Maryland, also are still in the running.

But the First State is among 218 sites whose proposals did not make the first cut.

"Getting from 238 to 20 was very tough - all the proposals showed tremendous enthusiasm and creativity," Holly Sullivan of Amazon Public Policy said in a release. "Through this process we learned about many new communities across North America that we will consider as locations for future infrastructure investment and job creation."

The Seattle-based company said it evaluated all of the proposals using the criteria it outlined in September – a staggering list of demands that made Delaware a dark horse candidate from the start.

"I think every one thought it was a long shot," said John Boyd, a principal with Princeton, New Jersey-based corporate site selection consulting firm The Boyd Co.

Amazon said it wants to be located in a major metropolitan center with a population of 1 million or more people, rife with universities and gobs of tech talent. It also is seeking a site within 45 minutes of an international airport.

Each of those requests forced Delaware to lean on its proximity to Philadelphia and its surrounding suburbs just to qualify.

Leaning on Philadelphia, Boyd and others say, would still be a win for Delaware, should Philly end up winning HQ2.

"I really think Philadelphia is a strong contender," Boyd said. "Yesterday there were 238 candidates. Now there is 20. This affirms Amazon's positive view of Philadelphia's labor market, a dominating criteria (for HQ2)."

Now, officials in Delaware are putting all their focus on getting behind Philadelphia's application.

In a joint statement Thursday, Gov. Carney, the congressional delegation, Wilmington mayor Mike Purzycki and New Castle County Executive Matt Meyer responded to Amazon's announcement with the following:

"Of course we are disappointed that Amazon has not chosen Delaware as a finalist location for its second North American headquarters. But we used this opportunity to showcase all the options in Delaware not just for Amazon, but for any business looking for a location to set down roots and grow. In that respect, Delaware's effort - which brought together leaders in the public and private sectors to promote our great state - was a resounding success. Going forward, we'll do everything we can to support Philadelphia's application, to help bring Amazon to our region."

Delaware quite simply couldn't compete with cities like Philadelphia in available space downtown.

Amazon said it would need at least 500,000 square feet of office space immediately with another 8 million square feet available for new construction.

That's more than all of the office space in Wilmington. Not vacant. Total.

But even skeptics had to concede Delaware could meet some of Amazon's requirements, both stated and implied.



*Governor John Carney explains the three sites that have been chosen as the best potential locations for Amazon's new headquarters at an bid announcement presentation Thursday at the Delaware Contemporary. (Photo: Jerry Habraken, The News Journal)*

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The state provides a central location on the East Coast, some of the fastest internet speeds in the nation and a relatively low tax burden.

Delaware's formal pitch also offered up three sites that meet most, if not all, of the space requirements. They included the 425-acre property that once housed Evraz Claymont Steel and

an 82-acre block of properties along Wilmington's South Market Street, just south of the Christiana River, mostly owned by the Buccini-Pollin Group. A third site, the 82-acre former AstraZeneca campus in Fairfax, was pitched as a possible location for the 500,000-square-foot Amazon says it will need immediately.

Perhaps Delaware's most attractive feature, however, is its "stable and business-friendly environment" with elected officials "eager and willing to work with the company." That includes a willingness to pass any new laws needed to give Amazon the massive tax credits and grants it will assuredly demand.

But a willingness to offer tax breaks, grants and loans may not have translated to inducements on the scale that Amazon is seeking.

Former New Jersey Gov. Chris Christie laid out nearly \$7 billion worth of incentives tied to its Newark proposal. Pennsylvania officials are reportedly offering up to \$3 billion.

Delaware, by comparison, has an annual operating budget of \$4.2 billion.

Gov. John Carney refused to reveal the size of the financial incentive package that Delaware offered Amazon but called it "the largest number I've ever seen as it relates to economic development projects here in our state."

Carney's office also refused to reveal the full 103-page bid his office submitted to Amazon. A version obtained by The News Journal through the Freedom of Information Act featured numerous blacked out pages about the Wilmington site, a completely redacted letter of support and lacked crucial details about the financial incentive package being offered to the \$550 billion company.

Delaware's formal bid did include promises from New Castle County not to collect an extra dime in property taxes if Amazon chose one of three sites included in the pitch. The county also said it would be willing to help expand New Castle Airport, where some runways would be reserved exclusively for Amazon's use.

But the state and city's portions of the incentive package were not released.

Brett Saddler, the executive director of the Claymont Renaissance Development Corp., said Delaware's pitch could still reap rewards for New Castle County.

"What it did was give us an opportunity to showcase what we have to offer and we've had a lot of interest from different entities for the Claymont site since we started this process," he said. "From the start, everyone knew this was a longshot, but I think it was a good exercise that really helped to market the state to companies that otherwise might not have considered Delaware."

All eyes now turn toward Philadelphia and other relatively local site options.

An Amazon headquarters in the City of Brotherly Love would likely result in hundreds of company workers moving to Delaware in search of lower property taxes and housing prices.

And similarly, Delaware would still benefit from HQ2 being in D.C., Maryland, Virginia and New Jersey.

"Economic development, it's all cumulative," Boyd said. "It's better to have a project of this size two hours away from you instead of six hours away from you. It enriches the overall labor market."

Overall, Boyd said he wasn't too surprised by any the 20 sites on the list. In addition to Philadelphia, he touted the D.C. area, where Amazon CEO Jeff Bezos' Washington Post is located, and Miami, which has a bilingual workforce and could be a "gateway" to Central and South America, where Boyd said Amazon would be "aggressively expanding."

Amazon says it will work with each of the 20 finalists to "dive deeper" into their proposals before making a final selection later this year.