



Economic Development Blueprint for a Greater Philadelphia

EXECUTIVE SUMMARY

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Introduction

Philadelphia has a long and proud history. It was this nation's first great city and yearns to be so again. We have made great strides in the last five years. We are revitalizing our neighborhoods, improving our schools, reducing our taxes and now are seeing an explosion of market rate housing and the creation of new office space for the first time in decades. But our goal is to make Philadelphia THE city of choice for new and expanding businesses, for young people including the students attending Philadelphia's great colleges and universities, for immigrants seeking new opportunities, for artists attracted by its flourishing cultural life, and for families who choose it because it is a city with a lively urban life and enormous economic opportunity.

At the two-day Economic Development Summit in September 2004, nearly 200 of the City's most involved, pragmatic and resourceful citizens gathered to help us think about, focus and design an Economic Development Blueprint. One of the participants' important contributions was the establishment of a clear, if broadly phrased, set of goals which were embodied in an imaginary newspaper headline ten years from now: "Market and People Friendly Philadelphia is Now the Location of Choice for Individuals and Business."

The Administration has spent the intervening months considering the input received at the Summit and reexamining its accomplishments in light of its stated priorities, its agenda, and its vision for the future. The job of the Blueprint, then, is to translate these deliberations into goals – goals that reflect the sense of excitement and possibility that underlies them - and then put all that into day-to-day governance terms. The result is a set of ten objectives, which will frame the actions of the Administration in the area of economic development in its remaining years. These will be the touchstones for our actions and decisions. Scarce flexible resources, both financial economic development tools and personnel, will be targeted to these objectives. With rare exception, the City will no longer offer financial incentives that are not aligned with the goals set forth in the Blueprint.

Among these, the first four we believe are the ones that are the most critical to shaping the City's future and over the next three years, these priorities will receive the lion's share of the Department of Commerce's time and resources. We will focus on these established priorities but not to the exclusion of other opportunities that may materialize. The Administration will be receptive to new ideas and diligent in searching for new opportunities. The results of this focus, however, is that we believe that we will be able to make great strides in achieving the vision we hold for the future of a Philadelphia that is the LOCATION OF CHOICE FOR INDIVIDUALS AND BUSINESS.

Absent from these priorities is further tax reduction. Tax reductions in isolation will not grow the City's economy. Further tax reductions will only serve to decimate quality City services that economists caution are as important as a competitive tax structure. Tax

reform must embrace more than simply tax reduction. If the City is to become competitive and maintain essential City services, we must pursue a strategy that shifts away from a dependence on onerous business taxes and balances the burden more evenly across parking taxes, property and other revenue sources. The Administration supports such a shift provided adequate legislative measures are first put in place to protect senior citizens and homeowners put at risk by such a shift between taxes.

OBJECTIVE: EXPAND THE KNOWLEDGE INDUSTRY

The Administration's vision is to make Philadelphia a vibrant and competitive global city. To get there, Philadelphia will capitalize on the City's and the region's current market strengths in the Knowledge Industry, the new economy of the 21st century, and aggressively work to attract and retain our best and brightest young people, in order to capture a competitive edge in the jobs of the next decade. This sector of the economy includes education, health care, life sciences, technology, telecommunications, financial/professional services and occupations where creative service is key.

Strategies:

- A) Continue to attract/retain Philadelphia's best and brightest students and young professionals
- B) Provide knowledge economy skills to Philadelphia's existing workforce
- C) Attract, retain and grow knowledge-based organizations and businesses

Tactics:

- **Increase the City's funding and commitment to the Knowledge Industry Partnership.** The City of Philadelphia's student retention initiative, established two years ago, the Knowledge Industry Partnership (KIP), works to: 1) attract new students to attend college here; 2) encourage the nearly 300,000 students attending colleges here to explore the rich quality of life of this great City; and 3) works to retain those students in our workforce after they graduate from our colleges and universities. The City of Philadelphia will expand its role with KIP and will make a financial commitment of \$1,000,000 to support these efforts over the next three years.
- **Broaden effort to retain and grow the young professional population.** A dynamic young adult population is critical to the development of a prosperous competitive city, and is the building block of Philadelphia's future. Between 1990 and 2000, Philadelphia experienced a 19% loss in its young adult population (25 to 34 year-olds). To reverse this decline and build the knowledge workforce necessary to grow, the City of Philadelphia will: 1) support targeted marketing initiatives promoting Philadelphia's quality-of-life assets to this population; 2) develop and implement a campaign to promote job opportunities to young professionals who have moved out of Philadelphia

and entice them to return; and 3) create a comprehensive housing assistance program that would act as a local clearinghouse and information delivery system for first-time creative class homebuyers in Philadelphia.

- **Create a targeted program to attract and retain international knowledge workers.** By carefully targeting a program to attract highly skilled immigrants, we can supplement the existing knowledge-based workforce. The City currently attracts 12,000 international students annually and has seen an increase in its number of Asian and Hispanic 25 to 34 year-old young professionals. In order to increase the numbers of international knowledge workers, the City of Philadelphia will: 1) Support the strategy to attract international students and knowledge-based workers as outlined in the Greater Philadelphia Global Partners (GP2) Global Plan, 2) Support efforts through KIP's international student attraction campaign and through closer coordination with City's marketing organizations that target the attraction and retention of educated immigrants and 3) Promote language and cultural diversity needed to attract and retain knowledge workers.
- **Use Philadelphia's workforce readiness infrastructure to improve, update, and broaden existing workforce skills.** The City of Philadelphia will actively pursue public resources to support training for incumbent workers so they can be prepared to increase the productivity of their current employers, as well as support the growth of the Knowledge Industry. For those individuals not in the labor force, the Street Administration will continue to strengthen career preparation and job access services so that all Philadelphians have the opportunity to contribute to the economy. Finally, the City will continue to work with the Philadelphia Workforce Investment Board to aggressively align public job training investments in support of key growth clusters, including identifying and pursuing new sources of capital to support economic development objectives.
- **Implement Wireless Philadelphia.** Bridging the digital divide and enhancing economic development in neighborhoods will have multiple benefits across all segments of the economy and civic life. Philadelphia proposes to capitalize on this potential by leading an effort to create a wireless network that gives all citizens affordable access to the Internet through high-speed, broadband wireless connectivity.
- **Develop greater access to venture capital and other forms of financing needed by emerging companies.** Make financing information and capital more abundantly available to all businesses, including minority and women-owned businesses. Four leading technology-based organizations already exist within the City, positioning Philadelphia as a global leader for technology-based economic development. The City has encouraged these organizations to work together, creating a cooperative environment and allowing businesses enhanced access to services. As part of the foundation for this objective,

Innovation Philadelphia has helped to successfully launch the Mid-Atlantic Angel Group Fund I. This angel fund will assist in bridging the gap between angel funding and institutional venture capital in the City and region.

- **Develop and implement strategies for the Creative Economy.** A goal of the Administration is to consider developing a Creative Convergence Center that will bring together our world-class assets in business, arts, and education, and brand the City of Philadelphia and the Greater Philadelphia Region as an international center of arts, business, and technology. Another goal is to hold an Annual Global Creative Economy Conference in Philadelphia, highlighting Philadelphia's many creative assets to the world.
- **Package financial incentive tools to assure that space is available and affordable for knowledge economy companies.** The City must fully utilize all federal and state programs including the Keystone Innovation Zone (KIZ) program to link our academic centers with the region's business resources in order to realize the full potential of the knowledge economy. For example, with the development of the University City KIZ, West Philadelphia has the opportunity to become the "Cambridge on the Schuylkill" – a global leader in the Knowledge Economy. Several other university-driven opportunities exist throughout the City including the redevelopment of the Navy Yard for the creation of a single or multi-user research and development campus driven by the physical and/or life sciences.

Outcomes:

- Attract 20,000 additional students to Philadelphia universities and create 5,000 new internships, with a goal of retaining 50% of internship-placed students after graduation.
- Increase the number of international students by 4% as well as increase the percentage of educated immigrants in the City by 3%.
- Identify workforce development service gaps, and coordinate the pursuit of additional resources to fill those gaps, resulting in a 20% increase in flexible federal and state workforce development funds invested in Philadelphia.
- Catalyze the creation of \$300 million of new seed, venture, and innovative funds/tools and assist academic/research institutions and corporations in attracting additional federal research funding, creating new knowledge-based jobs, and stimulating the establishment of new knowledge-based companies.
- As a result of our role in the BIO 2005 convention and other marketing efforts, attract 5 new knowledge industry companies to locate in Philadelphia.
- Implement Wireless Philadelphia, which will increase access to the Internet to all Philadelphians by leveraging \$10 million of non-City based capital.

OBJECTIVE: SUPPORT CIVIC AND CULTURAL DEVELOPMENT

With significant investments already made in our tourism and hospitality sector, and some exciting major developments immediately on the horizon, the City's job is to stimulate the prompt completion of projects that will further our strength as a destination of choice for residents and visitors alike.

Strategies:

- A) Support the next generation of civic/cultural infrastructure such as the expansion of the Convention Center, the expansion of the assets on the Parkway and the creation of a new Entertainment District on the Avenue of the Arts
- B) Influence gaming options and coordinate retail expansion
- C) Assist in finding dedicated regional funding for Arts and Culture support

Tactics:

- **Provide support and cooperation for all land acquisition activities related to Convention Center expansion.** Facilitation of land acquisition, permitting and other site preparatory work are important components of our commitment to this project. City Departments will work closely with the Pennsylvania Convention Center Authority as needed to complete this project.
- **Assist with planning, siting and financing Parkway and Avenue of the Arts projects and encourage vibrancy of public spaces.** Like our four-facility Stadium complex, an expanded Parkway and Avenue of the Arts offers Philadelphia the chance to host a centrally located collection of cultural and entertainment resources almost unparalleled in the United States. Parkway destinations the City will focus on include the relocation of the Barnes Collection to the current Youth Study Center site, expansion of the Free Library, possible reuse of the Family Court facility and the eventual creation of a Calder Museum. In addition, the City embraces efforts to enliven the public greenspaces along the Parkway. To reinforce the City's investment in the Avenue of the Arts, we will also help determine the viability of a proposed Entertainment District in the area of Broad and South Streets.
- **Creation of Gaming and Retail Advisory Boards.** The introductions of gaming and expanded retail choices are poised to affect the quality of life experienced by residents and the perception of Philadelphia taken home by visitors. Philadelphia's Gaming Advisory Task Force will offer an opportunity for municipal influence on location decisions that impact short- and long-term City development plans. In response to increases in residential population and improved market strength in certain areas, the City will also form a Retail Advisory Board to improve the retail mix and quality of retail options in the central business district.

- **Enhance and support transportation infrastructure such as SEPTA and the Airport.** A strong and widely dispersed public transportation system and an easily accessible Airport are essential regional assets that contribute significantly to the City's perceived advantages locally and abroad. The City is committed to municipal ownership of the Airport, expanded runway capacity to improve on-time performance, and to policies that keep ticket costs low and keep the quality of experience and destination options for users high. While the SEPTA fiscal crisis demands a solution at the State level, the City will continue to advocate for a responsible funding solution tied to permanent, stable and adequate sources of dedicated operating and capital funding.
- **Mayor's leadership of efforts to determine appropriate arts and culture funding models.** Philadelphia has a rich cultural fabric that is broader in scope than cities of comparable size. The City believes that long-term, stable funding for our arts and cultural resources is key to their continued success. Through the Mayor's leadership of an inclusive and collaborative approach, the City will develop a strategy for and implement a regional public-private cultural funding partnership.

Outcomes:

- As the release of State funding permits, facilitate the Convention Center land acquisition process on time and on budget.
- On the Parkway:
 1. Complete relocation of the Youth Study Center, as well as parcel assembly and transfer to the Barnes Foundation, by end of 2005.
 2. Issue bonds to fund Free Library expansion.
 3. By 2006, determine the feasibility of potential reuse ideas for Family Court, including residential and retail.
 4. Facilitate the renovation of Three Parkway Plaza (located diagonally across from Love Park) as well as completion of the proposed Skateboard Park near the Museum of Art.
 5. Form an Administration working group to monitor and facilitate needed infrastructure improvements for all proposed new development on the Parkway.
- Help develop and fund a feasibility study to determine the viability of a proposed Entertainment District in the area of Broad and South Streets, and assist in the relocation and growth of the Rhythm and Blues Foundation.
- Successfully influence gaming site choices in Philadelphia.
- Increase square footage of retail space by 10%; increase retail options/mix to include name brand and successful regional retailers, as well as a new anchor Department store, by 2010.
- Resolve roles and funding responsibility for growth, long-term funding stability, and corresponding governance issues, for Philadelphia International Airport.

- Direct development to locations near public transit so that economic investments leverage existing infrastructure and encourage ridership.
- In the next three years, create a regional funding plan for arts and culture.

OBJECTIVE: MAKE PHILADELPHIA A NATIONAL MODEL FOR MBE/WBE PARTICIPATION IN THE LOCAL ECONOMY

The success of MBE/WBE businesses is crucial for sustained economic growth in Philadelphia, a City where over half of the population is identified as minority. The City embraces the notion that economic integration is a vital component of broader social and civic integration, and will strive to bring the diverse buying needs of government to the attention of women and minority-owned businesses, as well as encourage meaningful participation of these businesses whenever possible.

Strategies:

- A) Use the power of government to encourage minority business development and economic integration
- B) Enhance Minority Business Enterprise Council's (MBEC's) monitoring programs and capabilities
- C) Enhance access to capital by minority and women-owned businesses

Tactics:

- **Through Executive Order, enhance MBEC certification and monitoring programs, as well as the enforcement of City procurement policies.** The Mayor's Executive Order will set forth City-wide antidiscrimination policies relating to City contracts. When enacted, MBEC will be able to: 1) provide a strong compliance and enforcement arm for its vendors; 2) initiate appropriate tracking tools to ensure proper "good faith efforts" on behalf of all City and private sector entities engaging in business within the City of Philadelphia; and 3) introduce a streamlined and less restrictive certification process to encourage minority and women-owned firms to conduct business with the City of Philadelphia.
- **Create a Banker's Task Force to develop a Revolving Loan Fund for MBE/WBE programs.** To increase the number of WBE/MBE firms in Philadelphia, the Department of Commerce will spearhead an effort to create a funding pool that will provide financial assistance for the start-up and expansion of minority-owned businesses. Task Force members will craft a program that will provide, among other things, low interest loans for business priorities such as working capital and equipment purchase. In addition, the Task Force will determine appropriate underwriting criteria and program administration and monitoring responsibilities.

- **Enhance efforts to provide targeted technical assistance and business plan support to minority firms, and improve access to City financing opportunities.** Through targeted outreach to minority firms and in conjunction with organizations offering MBE/WBE resources, the Department of Commerce will strive to coordinate services to meet the needs of new and emerging small businesses. Targeted services to address include: 1) business plan development and feasibility analysis; 2) business owner readiness to obtain credit and manage capital; 3) access to available financing opportunity; and 4) a comprehensive and accessible small business information referral system.

Outcomes:

- Increase the number of MBE/WBE companies in the MBEC database by 25%
- Increase the number of City contracts awarded to MBE/WBE firms by 25%
- Expand the Emerging Contractor’s program and introduce new financing options for MBE/WBE firms
- Increase the number and total amount of loans to MBE/WBE firms

OBJECTIVE: CONTINUE THE SUCCESSFUL DEVELOPMENT OF PHILADELPHIA’S 38 MILES OF WATERFRONT

Since Mayor Street announced his visionary “New River City” initiative one year ago, the Administration’s public investment in planning, site assemblage and infrastructure has helped to stimulate widespread private investment along our waterfront. The results, to date, have been impressive:

The Navy Yard: Since this 1,000-acre property was conveyed to the City by the Department of Defense in 2000, public investment in infrastructure and utilities have helped to attract diverse employers like Kvaerner (shipbuilding), U. S. Navy (research, manufacturing), Liberty Property Trust (real estate), AppTec (biotechnology), Urban Outfitters (retailing) and fifty-five other private companies which employ over 6,000 people. During 2004, the Mayor and the Philadelphia Industrial Development Corporation (PIDC) announced the completion of a Master Plan which envisions mixed use on the 500 acres east of Broad Street with potential for \$2 billion of private investment and 25,000 new jobs.

Lower Schuylkill River: The Mayor’s focus on this section of the “New River City” has been in partnership with the Schuylkill River Development Corporation (SRDC) and its impressive stakeholders, including the University of Pennsylvania, Drexel University, Brandywine Realty Trust and Amtrak. The SRDC Master Plan, a newly constructed River Park and Trail, and plans for soon-to-be-realized infrastructure improvements have been catalysts for a dynamic roster of development projects along the river. A host of new residential projects, the 700,000 square foot Cira Centre office tower scheduled to

open in 2005, and redevelopment plans for the Civic Center and Post Office sites are all examples of the dramatic improvement slated for this corridor.

North Delaware: This riverfront zone extends eleven miles north from the Betsy Ross Bridge and was the subject of a master plan by the Philadelphia City Planning Commission (PCPC). The central vision is to convert up to 3,500 acres of decaying industrial land to residential, recreational and commercial uses at a total cost of \$1.5 billion. Public funding for environmental remediation and a riverfront trail/road/park system is in process. Brownfield reclamation is underway on several major sites and private developers are moving ahead with at least three important residential projects.

Central Delaware: With limited public involvement, market driven residential and retail development is booming along the Delaware from Port Richmond to Packer Avenue. Numerous waterfront sites in this area are also under discussion as possible gaming locations. In addition, existing industrial infrastructure for our Ports and utilities are being strengthened, as evidenced by PGW's plans to expand a LNG facility at its Port Richmond operation and the proposed new Food Distribution Center in South Philadelphia.

Strategies:

- A) Pursue the redevelopment of the Navy Yard in accordance with PIDC's mixed-use Master Plan
- B) Continue to support SRDC in the implementation of its mixed-use Master Plan
- C) Cooperate with the stakeholders in the North Delaware region and identify an appropriate City role in implementation of PCPC's Master Plan
- D) Coordinate development of the Central waterfront district as a residential, commercial and entertainment destination, and expand the infrastructure necessary to support industrial activities surrounding the port

Tactics:

- **Assist in the acquisition of land to enhance waterfront open space and to facilitate land assemblage for market rate uses.** While the majority of land acquisition and development will be by private interests, the City will provide assistance by acquiring open space along the water's edge which will assure public access and accommodate amenities such as parks, pathways, roadways and docks. Similarly, the City will assemble development sites for market rate development, with particular focus on brownfield properties that may require significant publicly funded environmental remediation.
- **Commit \$125 million to appropriate New River City infrastructure, which will leverage maximum private and other public funding.** The City's commitment, to be obtained by unlocking the water and sewer bond reserve funds, will be augmented by State (e.g. Business in Our Sites,

Industrial Sites Reuse, Pennvest, IDP) and Federal (e.g. EDA, EPA, DOT, Army Corps of Engineers) resources to address the standard public responsibilities of planning, land assemblage, environmental remediation, demolition and infrastructure. This investment will create opportunities for private developers to commit significantly greater levels of capital in anticipation of market rate returns.

- **Oversee, coordinate and manage the completion of infrastructural work to be funded with public resources through creation of the New River City Task Force.** Convened by the Director of Commerce, this Task Force will bring together the various entities that are managing waterfront development, and will be a forum for communication and strategic implementation. Members will include representatives from PIDC, SRDC, Penn's Landing Corporation, the Planning Commission, the Philadelphia Water Department, and the Pennsylvania Environmental Council, among others.
- **Select strategic partners to develop City-owned properties.** As the Department of Commerce, in concert with PIDC, has selected private entities to develop the City's industrial parks and sections of the Navy Yard, similar processes will occur for all City-owned properties along the waterfronts. Selection criteria typically include the quality of the proposed development plan, overall experience, financial capacity, MBE/WBE participation and business terms.
- **Institutionalize waterfront development guidelines and controls to assure public access and responsible environmental stewardship.** Given the wide diversity of conditions that exist along the full range of Philadelphia's riverfronts, the PCPC will lead an effort to standardize zoning classifications, development guidelines and other controls. Continuity of permitted uses and design requirements will assure developers, users and communities of consistent waterfront policies and standards.
- **Promote the Development Services Committee to facilitate approval and permitting of waterfront development initiatives.** This valuable forum was created by the Department of Commerce a number of years ago and regularly convenes representatives of City Departments and local agencies impacted by development to provide preliminary review of projects in their earliest stage. This practical tool will be adapted to address the variety of riverfront development opportunities.

Outcomes:

- Navy Yard: During the next three years, approximately 750,000 square feet of office space with 2500 new jobs, and 650 residential units will be developed,

with a total investment of \$250 million. The public contribution will be \$30 million, primarily for street, open space and utility upgrades.

- Schuylkill River: By 2008, SRDC anticipates that the Schuylkill River Trail and park will be completed to South Street Bridge, with trail sections completed to Southwest Philadelphia (Bartram's Garden). Also anticipated is the construction of docks at Bartram's Garden and Chestnut Street and improved bridges and roadways. These projects will represent public and private investments of more than \$35 million in capital projects. Cira Centre and several University of Pennsylvania and Drexel University projects will be completed, representing approximately 1.5 million square feet of new space and a private investment of \$400 million, with the potential to be occupied by 5,000 new employees.
- North Delaware: Approximately \$20 million of the remediation and infrastructure work will be funded and completed by 2008 and, given current market activity, up to 1,000 residential units will be delivered by private developers making an estimated investment of \$200 million in that time period.
- Central Delaware: \$250 million in public and private resources will be invested to expand the infrastructure necessary to support industrial activities surrounding the port, including the development of new Produce and Seafood Terminals and the expansion of the PGW facility to provide capacity to receive ships delivering liquefied natural gas (LNG), expand the emerging residential opportunities on the central waterfront by 2000 units, and fully revitalize the public assembly and recreation areas at Penn's Landing.

Remaining Objectives

The City's economic development priority objectives cannot be realized in a vacuum. There are other factors that contribute to Philadelphia's viability as the location of choice, and the policy choices the Administration makes regarding additional business objectives and quality-of-life issues will continue to play an important role. The economic development priority objectives will be supported and enhanced by a series of important companion objectives. Described more fully in the Blueprint, they are:

Objective: Sustain advances in Neighborhood Economic Development by coordinating and reorganizing existing City resources, and through increased attention on neighborhood commercial centers.

Objective: Make City government incentive programs more predictable, objective and equitable to the business community.

Objective: Continue business attraction and expansion efforts, both locally and internationally.

Objective: Continue to reduce the cost of and barriers to doing business in Philadelphia.

Objective: Increase educational opportunity and achievement for primary and secondary school students through enhanced academic performance standards, safety in schools, community involvement, and stabilized financial performance and for adults through increased access to literacy services.

Objective: Maintain fiscal responsibility through strategic tax allocation and tax reduction.

Conclusion

The Administration has outlined four objectives that we believe are the most critical to shaping the City's future over the next three years: 1) Expand the Knowledge Industry; 2) Support Civic and Cultural Development; 3) Make Philadelphia a National Model for MBE/WBE Participation in the Local Economy; and 4) Continue the Successful Development of Philadelphia's 38 Miles of Waterfront. While progress will certainly be made in other areas, Philadelphia's economic development resources will be devoted to achieving these objectives and to benchmarking our activities in these areas.