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OPPORTUNITY NOW:
THE NUTTER PLAN FOR
ECONOMIC DEVELOPMENT

The Philadelphia story is turning into a “tale of two cities.” My vision for Philadelphia is one city for all, where everyone has the opportunity to succeed.

Michael Nutter

Philadelphia is turning into two cities – one city that offers a great place to live and work to residents who have advanced training and can afford to live in a good neighborhood, and one city that continues to lose jobs and people as residents leave for better opportunities in other places. The middle class in particular, has been squeezed by fewer employment opportunities, inadequate schools and declining public services. Philadelphia is also turning into a city that creates opportunities for people with political connections, while too often, people without connections decide to take their business elsewhere.

The overall trend has been negative:

- Philadelphia is still losing people and jobs – our population declined by 55,000 between 2000 and 2005, and we lost 37,000 jobs during the same period.
- A quarter of the city’s population lives in poverty – up two percent since 2000.
- Average household income has declined since 2002.
- Nearly 25 percent of the adult population has no high school diploma – higher than most competitor cities (Atlanta, Cleveland, Boston and Pittsburgh)
- Only 20 percent of population has college degrees – half the rate of competitor cities Atlanta and Boston.

As Mayor, I will use the City’s economic development resources to create opportunities for all people, including small business owners, middle class residents and the graduates of our high schools and area colleges and universities. In my administration, I will:

- Increase the number of successful small businesses
- Provide access to continuing education and job training for every Philadelphian
- Bring market-driven strategies to neighborhood business creation, funded by a Neighborhood TIF program
- Promote Philadelphia’s attractions for creative people from around the world

At the same time, I will provide leadership on these important economic development issues that are covered in other policy papers:

- Education
- Taxes
- Housing
- Public Safety
- Ethics and Reform
- Sustainable Development

INCREASE THE NUMBER OF SUCCESSFUL SMALL BUSINESSES CREATED IN PHILADLEPHIA

Small business creation and growth is the future of any city. As Mayor, I will provide leadership and this will be my number-one economic development focus.

Michael Nutter

Most jobs today are created by small businesses. For too long, however, Philadelphia's economic development programs have focused primarily on large companies - but this is a losing strategy.

I will establish an Office of Business Services to cut through obstacles and create opportunities for all businesses, including small businesses

As Mayor, I will establish an Office of Business Services to work with any business or prospective business, in order to provide technical assistance and eliminate obstacles that businesses encounter in the City. Every business that comes through the door will have a Business Assistance Representative assigned to it. This Office of Business Services will report directly to the Director of Commerce and will publish a monthly report, posted on the City's website, on its progress in helping businesses open and expand in Philadelphia. The office will have a particular focus on getting start-up businesses to expand so they can hire staff. It will serve as an information clearinghouse –directing businesses to the organizations and services that are currently available. It will also identify and fill gaps in services available.

I will create an Economic Opportunity Cabinet and in my first term as Mayor, I will double the number of minority, women and disadvantaged businesses awarded contracts by the City.

The existing MBEC office has failed by every measure to serve the minority business community and the women's business community. Even though 45 percent of all Philadelphians are African American, only 16 percent of all firms in the City are owned by African Americans, and less than 1 percent of all business gross receipts are from African American firms. In 2006, the City of Philadelphia awarded 13 percent of its contracts to minority-owned businesses, 6.2 percent to women-owned businesses and less than one percent to disabled-owned businesses. These numbers are completely unacceptable. By failing to take advantage of the resources of these communities, we have reduced the City's wealth and limited our tax revenues – which could be used to

help our most needy citizens. We cannot afford to under-utilize these talented populations.

As Mayor, I will create an Economic Opportunity Cabinet to oversee our plan to achieve the goal of 30 percent MBE, 15 percent WBE and five percent DBE businesses. The Economic Opportunity Cabinet will implement and monitor these goals. This Cabinet will consist of the relevant City departments - Commerce, Finance and Procurement - as well as the relevant quasi-public economic development agencies: Philadelphia Industrial Development Corporation (PIDC) and Philadelphia Commercial Development Corporation. It will be staffed by the Department of Commerce, and as Mayor, I will chair this Cabinet.

The Economic Opportunity Cabinet will have sufficient budget and staff to:

- Certify businesses, including providing technical assistance.
- Monitor MBE/WBE/DBE contracts, including stepped-up on-site inspections, so that contractors cannot use minority “fronts” instead of actual MBE/WBE/DBE businesses.
- Offer monthly workshops on the certification process and the City’s procurement process. These will be held during evenings and weekends, when minority businesspeople are available.
- Working with the active chambers of commerce, make it easy for purchasers and private companies to identify Philadelphia-certified businesses.
- Create supplier diversity and supplier development programs.
- Create a semi-annual “Meet the Buyers” event for minority, women’s and disadvantaged businesses seeking to do business with the City.

As part of this reorganization, I will move the MBE/WBE/DBE Office out of the Department of Finance and move it to the Department of Procurement, which has the expertise to help minority businesses, women-owned businesses and disadvantaged businesses obtain certification and apply for and obtain City contracts.

As Mayor, I will provide leadership outside of City government to encourage minority/women and disadvantaged business creation.

As part of this effort, I will:

- Encourage area banks to make more minority business loans. The City will partner with the Federal Reserve Bank if necessary to provide training and technical assistance for banks.
- Encourage entities that receive City assistance (such as the Ben Franklin Technology Center, Innovation Philadelphia and PIDC) to significantly increase the numbers of minority and women businesses in their portfolios.
- Eliminate paperwork and make it easier to get certified, by combining the City’s certification program with the Commonwealth’s and SEPTA’s programs.
- Fully partner with the African American Chamber of Commerce, the Hispanic Chamber of Commerce and Asian business organizations.

I will mandate that the construction trade unions that do work with the City of Philadelphia triple the number of minority and women apprentices in their trades within three years.

For too long, minorities and women have not been included as workers on Philadelphia's construction projects. The irony is that many other large cities, such as Atlanta and Washington D.C., have implemented the goals of the "Philadelphia Plan" that mandates that contractors hire more minority workers on federally-funded projects. Philadelphia's numbers are among the worst of all large cities.

As Mayor, I will mandate that all city projects have a workforce that is representative of the City's residents, at all levels, including the highest-skilled workers. This will be a condition for any construction projects done with City capital funds or borrowed City funds. I will establish a M/W/DBE Construction Unit which will monitor and track all city construction projects to ensure that the MBE and WBE participation goals are met. The Unit will also work with contractors to ensure timely payments to sub-contractors for work performed on city projects. The general contractor on any City construction contract will be required to submit the M/W/DBE forms, including a list of designated M/W/DBE firms, within five business days after notification of an award to the M/W/DBE Office.

Achieving this goal is a question of leadership. Other places have done it. For example, the University of Pennsylvania has achieved a goal of having nearly a quarter of all Penn construction jobs have gone to minority and women workers, and 26 percent of all contracts have been awarded to minority and women owned businesses. As the City, we can do no less.

I will require that City-funded projects hire neighborhood workers

When I was a member of City Council, I introduced a bill that would require that at least fifty percent of all construction hours on large projects that are funded with governmental funds be performed by Philadelphia residents. As Mayor, I will push for passage of this proposal into law and ensure that the Economic Opportunity Cabinet monitors and enforces this provision and ensures that Philadelphia projects are creating jobs for Philadelphia residents.

I will establish a Construction Skills Program that will bring hundreds of skilled minority workers into the building trades.

One barrier to achieving greater participation by minorities and women in the construction trades is a lack of skills training, particularly at higher levels.

- As Mayor, I will establish a Construction Skills Program, which will increase the number of Philadelphians who begin careers in the construction field. This will include mentoring and preparation for apprenticeship tests. Participants will receive a stipend for each week of perfect on-time attendance (to be paid at the end of the program). I will ask the City's major construction firms underwrite the cost of this program, on a rotating annual basis.

- In addition, I will establish an eight-week construction management training program to enhance the managerial skills of women and minority business owners managing construction projects.

PROVIDE ACCESS TO CONTINUING EDUCATION AND JOB TRAINING FOR EVERY RESIDENT OF PHILADELPHIA

Philadelphia's ability to attract quality employers depends on our ability to provide quality employees.

Michael Nutter

A generation ago, a high school education was enough to get a good job and good pay. Today, college is the minimal requirement for success. This means that in order to own a house, build wealth and have a pension, college is no longer optional for most workers. However, only 18 percent of Philadelphians have a college degree – placing us near the bottom (92nd out of 100) of the largest cities in percentage of college-educated residents. Twenty-five percent of our residents left high school without their diplomas – twice the state average. Many of these are ill-prepared for either the labor market or college. Salaries climb 89 percent for women and 60 percent for men when they receive their college degree. According to the Philadelphia Workforce Investment Board (PWIB), increasing our education levels to close to the state level would raise the City's wage tax potential by more than 10 percent (\$1.8 billion).

As Mayor, I will reorganize and strengthen the City's job training programs to better serve Philadelphia's businesses.

As part of this effort, I will:

- Move all workforce development systems under the oversight of the new Office of Small Business Services. This would make them much more integrated with the business sector.
- Include the active chambers and Philadelphia's business community in policy-making and job training. Philadelphia's workforce training organizations do not include leadership from a broad enough cross-section of Philadelphia's business leadership. In order to have training programs that respond to the needs of businesses, we must have significant business leadership involved in policy making and program implementation.
- Target workforce training based on business sectors, such as the growing sectors in Philadelphia's economy: healthcare/biotechnology, office/financial services and hospitality/tourism sectors for initial focus.

As Mayor, I will ensure that adults return to the classroom

Philadelphia's educated residents earn 60 percent more than their non-degreed colleagues. More than 80,000 adult Philadelphians have some college, but did not stay long enough to get a degree. As Mayor, I will set a goal of getting an additional 10,000

adults to complete an associate's or bachelor's degree by the end of my first term. It is in everyone's interest to get adult residents back to the classroom.

As part of this effort, I will also:

- **Ensure that Community College of Philadelphia plays a greater role in the City's job training efforts.** CCP recently expanded its workforce development center, but according to a recently study by Pew, it still does not play a central role in the City's job training efforts. As Mayor, I will use the resources of CCP to expand the City's job training services to businesses.
- **Use public schools as adult education venues.** As Mayor, I will make sure that our public school buildings are used as locations for evening classes for adults.
- **Encourage businesses to provide pre-paid tuition reimbursement.** As Mayor, I will lead a campaign with the city's active chambers of commerce to encourage Philadelphia's businesses to provide tuition reimbursement to their workers. As part of that effort, I will encourage them to pre-pay the cost of tuition for their employees, because for many low-income workers, getting the money together for tuition is a barrier to taking classes, even when they get reimbursed. In the long run, our continuing education efforts must be led by the private sector in order to be sustainable. This campaign will be the first step in that process.
- **Develop Lifelong Learning Accounts for Philadelphia residents.** Lifelong Learning Accounts (LiLAs) are employer-matched, portable individual savings accounts used to finance education and training – like a 401(k) for skill building and career advancement. With LiLAs, workers can upgrade their skills and knowledge to meet the needs of business and industry while achieving their career goals. I will work with the philanthropic community and the City's corporate community to develop a LiLA program in Philadelphia that will provide funds for continuing education to 1,000 adult residents.

I will fully fund the City's obligation to Community College of Philadelphia

The City is currently funding only 20 percent of the cost of operating Community College of Philadelphia (CCP) – far below its obligation to fund one-third. As a member of City Council, I added a million dollars from the City to CCP's budget in FY 2007. As Mayor, I will fully fund the City's obligation by the end of my first term, and I will ensure that this additional funding goes to reduce the cost of tuition.

I will increase the number of young people entering and succeeding in college, by creating the Philadelphia Compact for Youth Success

As Mayor, I will double the number of business-funded jobs and internships by the end of my first term, from 1000 this summer to 2000 in four years. This is in addition to the jobs that have been identified through the Work Ready and School District programs. This effort will require a significant effort to coordinate with the region's business community and identify additional businesses that can offer a summer internship.

I will offer tax credits to businesses who hire ex-offenders

I recently proposed a new \$10,000 per year tax credit for employers to hire up to 1000 ex-prisoners at an annual cost of \$10 million. The Philadelphia Re-entry Employment

Program (PREP) tax credit would be taken against the employer's Business Privilege Tax liability. The tax credit would be awarded to employers who hire certified ex-prisoners released from the Philadelphia Prison System or other correctional facilities at specified wage and benefit levels and retain these employees for at least six months and up to three years. The value of the credit would be used to defray the wage and benefit costs of the employee, to finance the basic education and job training advancement of the employee, and to fund an array of retention services for the employee.

BRING MARKET-DRIVEN STRATEGIES TO BUSINESS CREATION IN EVERY NEIGHBORHOOD IN PHILADELPHIA

My vision for Philadelphia is that every neighborhood have a strong business presence that responds to the residents' needs.

Michael Nutter

I will create a Neighborhood TIF program that directs new funding to neighborhoods that need a boost.

Other cities, such as New York and Chicago, have used tax increment financing (TIF) to stimulate neighborhood development. This is the proper use of TIF financing. It must be done in a smart, disciplined way that meets the “but for” test – the development would not have happened without the TIF financing. As Mayor, I will create a neighborhood TIF program that will provide an estimated \$8-10 million per year by the end of my first term. This new funding will be used to stimulate new development in targeted neighborhoods. A portion of this will be available to neighborhood small businesses as grants or low-interest loans.

I will establish a focused neighborhood development entity to oversee neighborhood economic development and commercial corridors.

As Mayor, I will improve our commercial corridors with proven strategies, such as: pedestrian-friendly lighting, cleanup of billboards and graffiti, and appropriate plantings. In addition, every commercial corridor will have a designated commercial corridor manager, who operates like a mall manager and is responsible for every aspect of the corridor's success. This will be part of a larger, market-based retail strategy for the entire city.

I will develop smart transit-oriented development plans for Philadelphia's neighborhoods.

As Mayor, I will transform Philadelphia through smart, targeted investment in physical connections, including transit-oriented development. We will focus development dollars on locations that have transportation infrastructure in place. This can be financed with federal and state transit-oriented development funds.

I will encourage neighborhood entrepreneurship

In the long run, Philadelphia will thrive only if we encourage and facilitate the creation of new businesses. As Mayor, I will use the City's resources to create a pipeline of

neighborhood-based entrepreneurs who can become small businesspeople of the future.
As part of this effort, I will:

- Provide after-school workshops in public high schools and introductory business workshops in CCP
- Provide incubator facilities, with skill-building, coaching and shared services

MAKE PHILADELPHIA A CITY THAT ATTRACTS CREATIVE TALENT FROM AROUND THE WORLD

Philadelphia is already a great city, but we need to act like it.

Michael Nutter

The past decade has seen a boom in cities that is being driven by creative-class workers. These workers, who could live anywhere in the world, are expressing a preference for cities with amenities, diversity and a good quality of life. Many of Philadelphia's strongest industries – such as “eds and meds”, architecture, design and arts-related technical businesses – are built on creative-class workers. Because many of these workers compete in a global labor market, the most important thing we can do to attract them is to build a world-class city.

I will market and expand the quality of life amenities that attract creative-class workers and the companies that hire them.

These amenities include: parks, arts and culture, libraries, diversity, and schools. My Sustainability Plan is focused on creating a future-oriented city, and my Arts and Culture Plan outlines my plans to support and expand that sector.

I will develop live-work space in appropriate neighborhoods

As Mayor, I will encourage the creation of housing that responds to the growing desire for a 24-hour live-work environment. As much as possible, I will direct these developments to neighborhoods outside of Center City so that they can be a catalyst for further development and ensure that our neighborhoods are attracting this type of business. In addition, I will ensure that the City's zoning code allows for this type of development.

I will build on the cluster of education and medical facilities to attract new businesses

Our region is home to 83 colleges and universities. As Mayor, I will establish an Office of College and University Development, in order to build on the strengths of this business cluster. This office will work to get our colleges and universities to play additional roles, such as seeking patents and then selling or licensing the technology, incubating new businesses, setting up faculty members in operating companies, helping to take companies public, and partnering with small neighborhood businesses.

I will increase international business expansion

As Mayor, I will make sure that Philadelphia's economic development agencies do a better job of improving our international business connections, through an increased City

presence abroad and by providing export assistance and tax-free zones for Philadelphia businesses that want to expand to international markets.