ROADMAP FOR GROWTH

A Vision for the City of Philadelphia



RECOMMENDATIONS TO PROMOTE ECONOMIC GROWTH AND JOB CREATION IN THE CITY OF PHILADELPHIA: 2015 – 2020

GREATER PHILADELPHIA CHAMBER OF COMMERCE

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I. EXECUTIVE SUMMARY



In 2015, Philadelphians will elect a new Mayor and members of City Council. Since 2006, under the leadership of Mayor Michael A. Nutter and the current members of City Council, Philadelphia has experienced population growth and growth in certain business sectors. With the time remaining in the Nutter Administration, the Chamber would like to facilitate a dialogue with public, private and civic sector leaders, and very importantly, with the candidates for Mayor and City Council in 2015. We hope to encourage our local leaders to leverage what has been achieved over the last eight years and to adopt an economic growth agenda that can have positive impacts for the residents, businesses and the civic community for years to come.

This report examines Philadelphia's economic growth over the last several decades, focusing on four key measures: population, employment, household income and enterprise creation. It analyzes publicly available data, including trends in the city's population, employment base, income growth, enterprise creation and the county's gross domestic product.

A review of these growth indicators provides the background for developing policy recommendations to accelerate job creation and business growth in Philadelphia. The report provides an initial set of policy recommendations:

- Improving the city's competitiveness
- Producing a well-educated workforce
- Creating an environment for business growth
- Enhancing Philadelphia's infrastructure

These policy recommendations, however, are not all inclusive. We plan to capture the insights from Mayor Nutter and members of City Council regarding how to improve Philadelphia's economy. These insights can help inform us how to address the city's present set of challenges.

Based upon the current state of the city's economy, Philadelphia could continue to be challenged with a slow growing population, rising unemployment and an ever increasing poverty rate in neighborhoods across the city.

If we work together, however, the city's future could experience resurgence and transform into a thriving, international urban community, given its strategic location, access to transportation, vibrant downtown, and steady growth of educational and medical institutions.

With a new Mayor and City Council beginning their terms in 2016, now is the critical time to assemble public and private sector thought leaders who can organize around a shared agenda and develop a plan to accelerate growth in Philadelphia and create opportunity and prosperity for all Philadelphians.

Over the next year and a half, the *Roadmap for Growth* campaign will serve as a venue to facilitate discussions around public policies designed to help generate growth opportunities and create jobs in the City of Philadelphia.



II.
STATEMENT OF PURPOSE FOR THE ROADMAP FOR GROWTH: 2015–2020

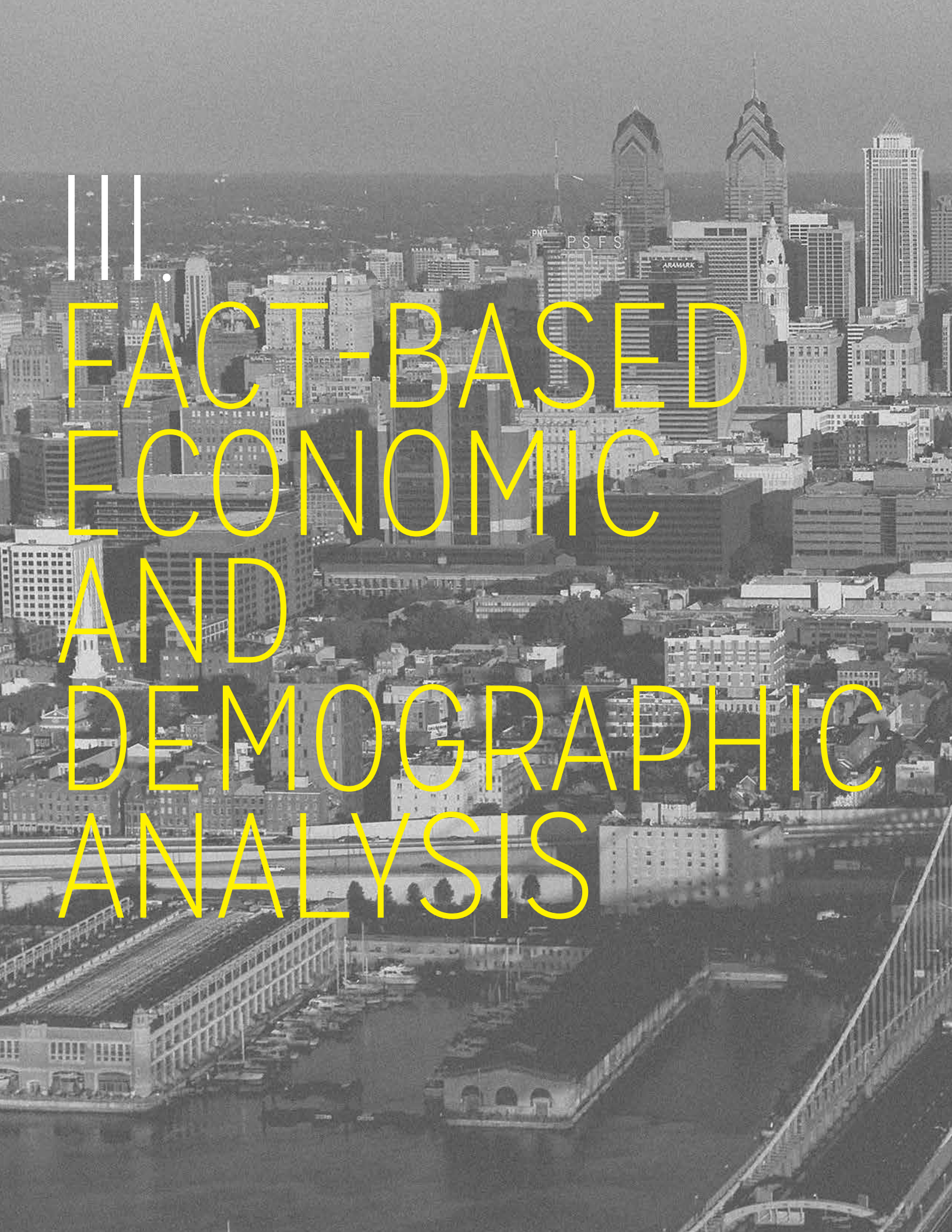


The purpose of the Roadmap for Growth campaign is to build upon the leadership successes of Mayor Nutter and the current members of City Council and to capture new ideas from public and private sector thought leaders that can inform the candidates in the 2015 elections for Mayor of Philadelphia and City Council. The campaign will seek to develop a growth agenda for the city that promotes job creation and economic prosperity through 2020.

The members of the Greater Philadelphia Chamber of Commerce, the campaign sponsors, and our civic and community partners will engage early and often over the next 18 months with our local leaders and with the candidates for Mayor and City Council in a variety of forums to identify opportunities for economic growth and to build consensus on strategies that the new Mayor and members of City Council can pursue in 2016 soon after they are sworn in.

The four elements of the campaign include:

1. **Producing a fact-based economic and demographic inventory** of the state of Philadelphia's economy. The analysis conducted for this study was done by Econsult Solutions, Inc., a local economic consulting firm. The lead economist contributing to the study is Dr. Bernard E. Anderson, the former Whitney M. Young, Jr. Professor of Management at the Wharton School of the University of Pennsylvania. This fact-based study represents an inventory of key economic indicators that will inform public policy makers and aid them in developing a plan for prosperity for the future.
2. **Hosting a Listening Tour of meetings in neighborhoods throughout Philadelphia.** During the fall of 2014, the Chamber, along with the campaign's community and business partners, will work with members of City Council to host meetings with neighborhood and civic leaders to devise new ways of supporting small business growth, investing in community revitalization and creating new job opportunities for the city's residents. The Listening Tours will present a novel opportunity for community leaders to share their ideas about the best ways to promote job creation and economic growth throughout the city.
3. Conducting **Issue Forums** this fall and early next year, providing thought leaders, labor, business, and community leaders, and the candidates for Mayor and City Council, with the opportunity to hold dynamic discussions of ideas designed to promote economic growth and job creation in Philadelphia. A **Mayoral Debate** will be held before the May 2015 Primary to engage the mayoral candidates about the best policies to promote growth, create jobs, and provide opportunity for businesses and citizens.
4. Publishing a final report outlining the "Must Do" agenda for the Mayor and City Council as they set priorities for their term beginning in 2016. The campaign will identify a **team of private and public sector experts,** who will be available to the newly-elected Mayor and next City Council to assist in implementing the strategies contained in the *Roadmap for Growth* report.



III.

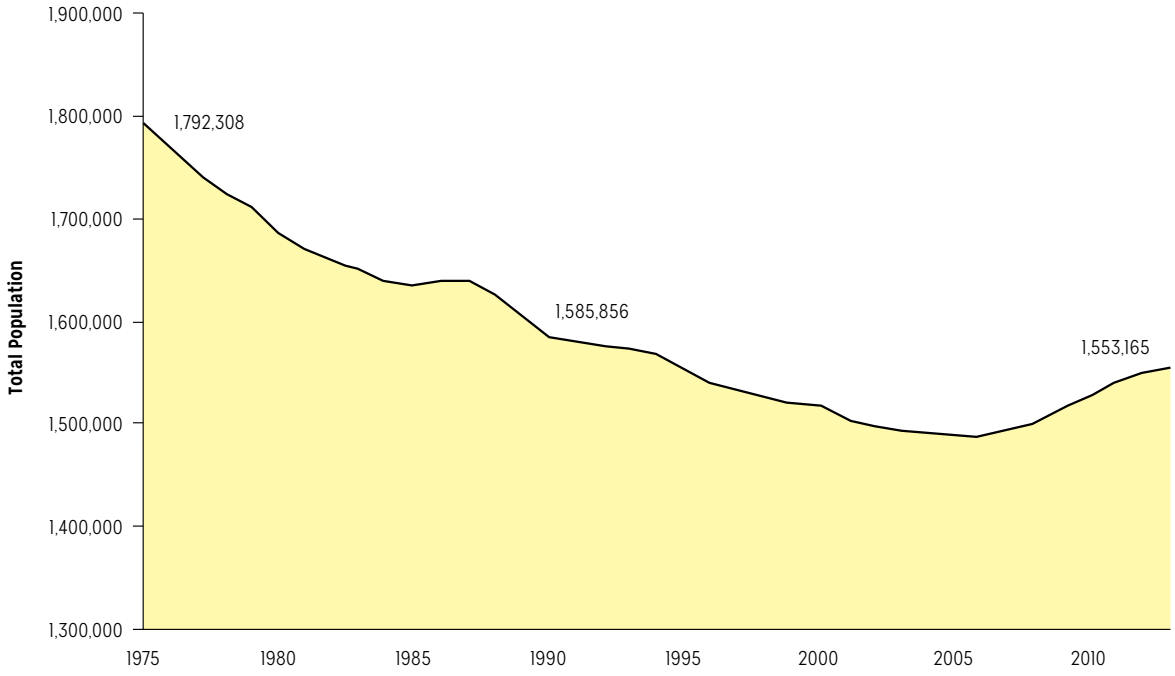
FACT-BASED ECONOMIC AND DEMOGRAPHIC ANALYSIS



A. Philadelphia's Population – After Decades of Decline, An Upward Trend

The population of Philadelphia declined steadily for over 50 years. From 1975 to 2006, the city experienced a net loss of residents reaching its lowest population point in 2006 of slightly more than 1.4 million residents. Since 2006, however, this population decline has reversed, and the population has grown by 4.6% to reach 1,553,165 residents in 2013. *Figure 1.*

Figure 1 – Philadelphia County Historical Population 1975 to 2013



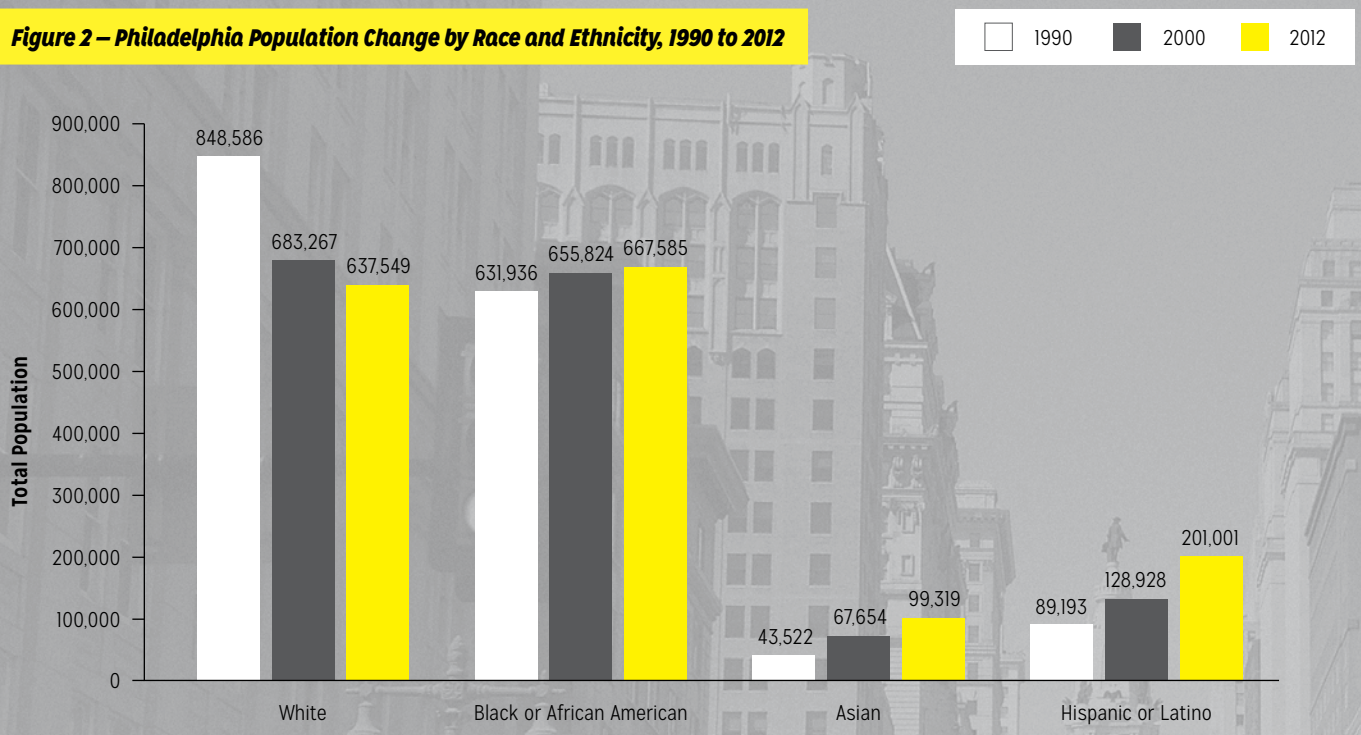
Source: US Census Bureau

The big story, however, is the demographic shift in Philadelphia's population over the last decade. The city's population has grown far more diverse, as the decline in white population has stemmed and the Asian and Hispanic populations have grown. By 2013, the population of the city of Philadelphia was comprised of 44% African American, 13% Hispanic or Latino, 6% Asian and 37% Non-Hispanic White. *Figure 2.*

From 2000 to 2012, Asian immigrants comprised the largest number of nonwhite arrivals to the city, followed by those from the Caribbean islands. These Asian immigrants have come from a diverse collection of regions of the world, including East Asia, India and Southeast Asia. *Figure 3*

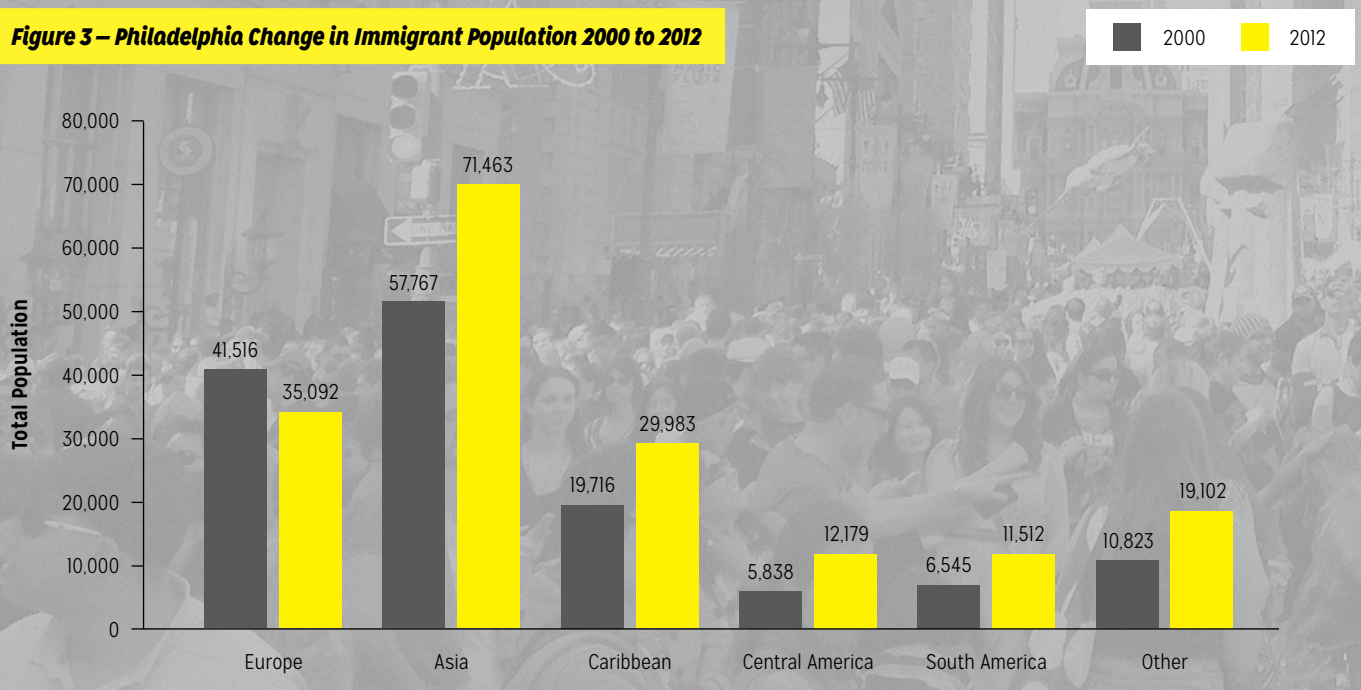
Immigrants represent 10% of the population growth in the city of Philadelphia. Immigration injects vitality into the city's economy as many newcomers pursue entrepreneurial ventures or remain in the city and bolster the skilled-workforce after being educated at one of the region's colleges or universities and pursuing careers in occupations such as medicine, education or technology.

Figure 2 – Philadelphia Population Change by Race and Ethnicity, 1990 to 2012



Source: US Census Bureau, ACS

Figure 3 – Philadelphia Change in Immigrant Population 2000 to 2012



Source: US Census SF-3 2000, ACS 2008 – 2012

CHANGE IN AGE DISTRIBUTION OF THE POPULATION

Population growth of millennials (20 – 34 years old) and baby boomers (50 – 69 years of age) contributed significantly to the increase in city residents over the last decade. *Figure 4.* Between 2000 and 2010, the number of millennials living in Philadelphia increased by over 50,000. According to a recently released report by the Center City District and the Central Philadelphia Development Corporation, the growing population of millennials is clustered in Center City and surrounding neighborhoods, contributing to downtown Philadelphia's growing vibrancy.[1] Center City has excelled in attracting 25 - 34 year-olds, with 28.7% of the downtown population in that demographic, nearly twice the citywide average and more than twice the national average.

Philadelphia experienced some of the fastest population growth in the country among 20 – 34 year-olds from 2006 to 2012. That group's share of the city's population grew by 6.1% – outpacing Boston, Nashville, Baltimore and San Francisco.[2]

The large growth in the millennial population is widely considered to be a boost to Philadelphia's economy. If employed, these young residents add to the city's consuming class. They are spending a large portion of their disposable income patronizing restaurants, retail stores, and arts and cultural institutions. They pay city taxes – and as compared to aging adults – make fewer demands on city services.

Employers seek them for their flexibility and affordability in terms of wages – another boost to economic growth. Companies seek out this growing demographic, and Philadelphia has seen several new technology firms relocate to downtown Philadelphia to appeal to younger employees who reside in the city.

A Pew Charitable Trusts report indicates, however, that many of the millennials are not necessarily committed to remaining residents of Philadelphia over the long-term. About half of the 20 – 34 year-olds said they would definitely or probably not be living in Philadelphia five to 10 years from now, citing job and career reasons, and school and child-rearing concerns as reasons they may depart.[3]

Additionally, the population in Philadelphia among adults ages 50 – 69, commonly referred to as the baby-boomer generation, grew by more than 10,000 from 2000 to 2010. Many baby boomers, which have higher than average income and wealth, are returning to the city because they are empty-nesters and are interested in being close to their employers, arts and culture.

With increasing numbers of millennials and baby boomers actively participating in and contributing to the city's economy, Philadelphia should reap the economic benefits from both of these age groups. As long as they are actively employed, these two population groups represent the consuming public who spend their money in the city and can contribute to accelerating the economic growth in the city.

B. Employment – Education and Medical Sectors Steadily Grow – Tourism & Hospitality Employment Rise as Well

In 2012, the workforce in the City of Philadelphia was comprised of 662,000 wage and salary employees and over 95,000 sole proprietors.[4] Nearly one-third of all employees in Philadelphia, 212,000 employees, work in the education and healthcare services industries. Transportation, professional services, and state and local government each employ more than 50,000 workers.

Over the past decade, seven of Philadelphia's major industries lost jobs, with manufacturing and financial services losing 39% and 20% of their job totals, respectively, but at a far slower pace than during the previous few decades. Employment in certain high-technology and specialty manufacturing sectors has been growing during this time. *Figure 5.*

Government employment declined as well, with a 15% decline in the number of jobs as a result of the federal government's military base closures and the realignment process. Those job losses were concentrated in South Philadelphia at the Navy Yard and the Army Defense Supply Agency and in Northeast Philadelphia at the Naval Aviation Supply Depot. *Figure 5.*

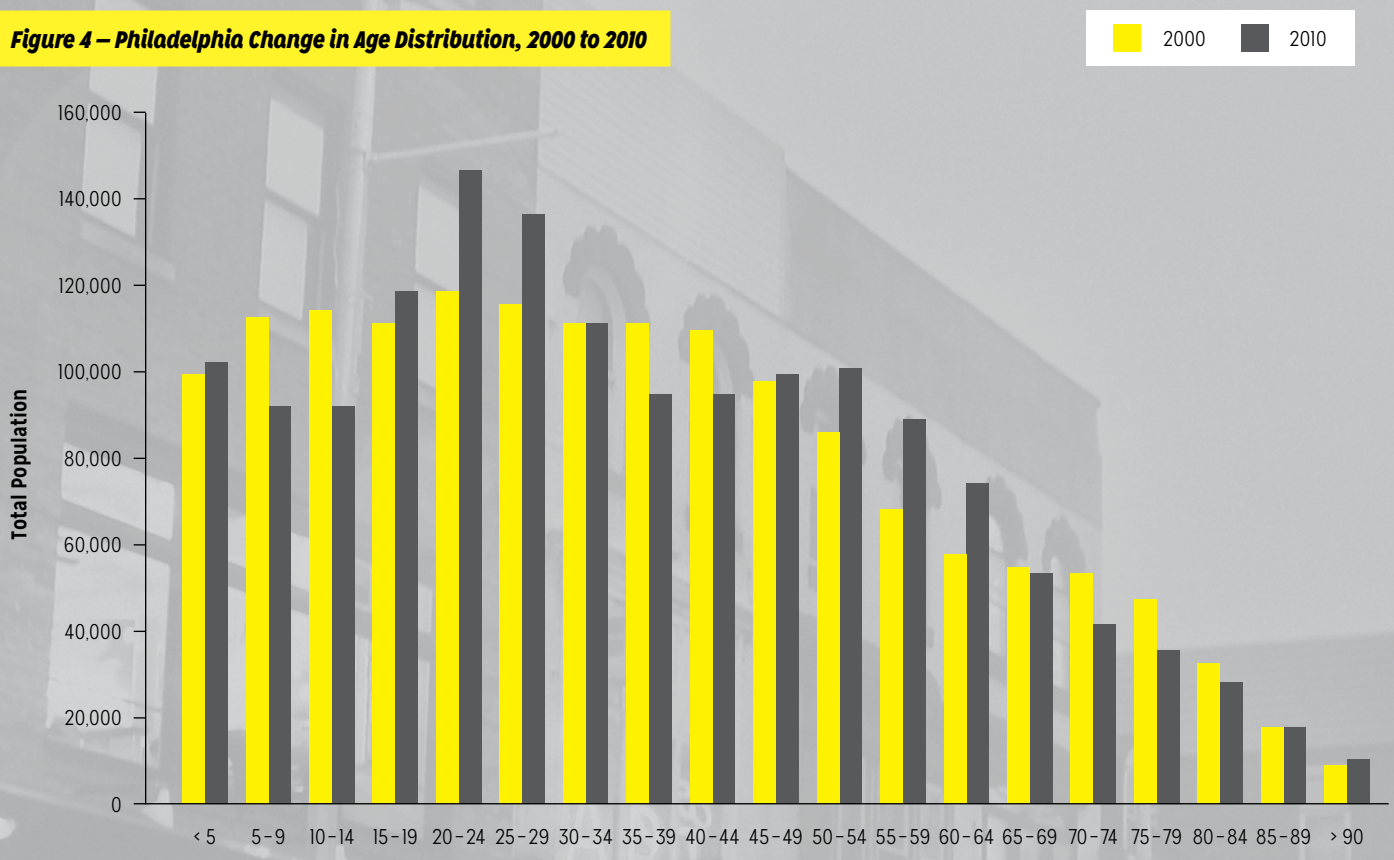
These job losses were largely offset by job creation in the education and healthcare services industries experiencing a 20% increase in jobs, or 39,950 new jobs, and by growth in the tourism and hospitality industries with an 18% increase, or 9,489 new jobs.

Employment is growing in four geographic areas in Philadelphia – Center City, University City, the Navy Yard, and Temple University's two North Philadelphia campuses. These four areas provide 382,000 wage and salaried jobs.[5]

These four growth areas are creating more jobs, but not at a pace to replenish Philadelphia's citywide job loss. Philadelphia has 25% fewer jobs than it had in 1970, with 232,551 fewer private sector jobs. The city's regional job share has declined from 43% percent of all jobs in the region in 1970 to 23% of all jobs in the region today.[6]

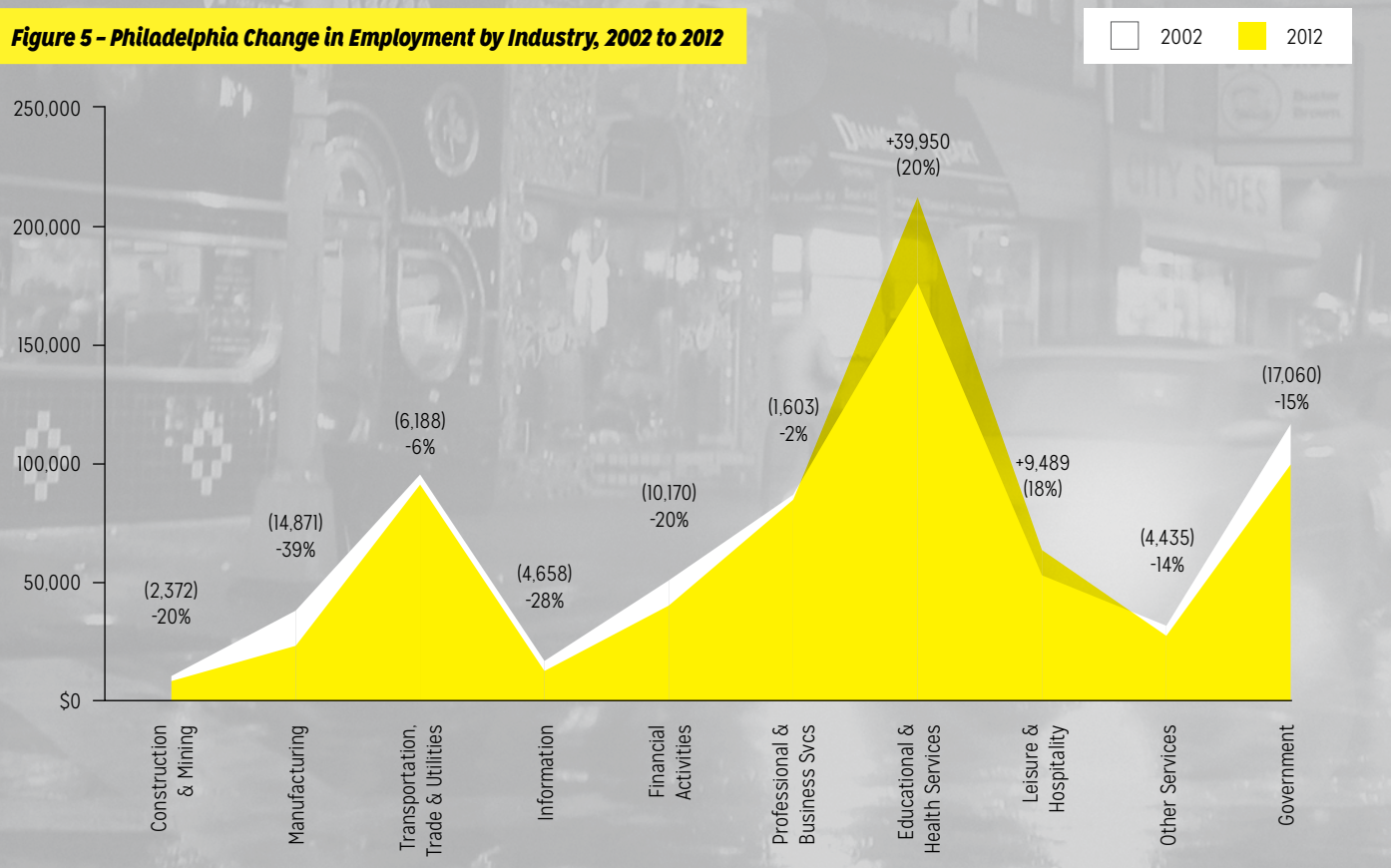
Philadelphia has experienced modest job growth over the past four years. By 2012, the city had rebounded from 2009, adding 2.5% jobs growth to its employment base. However, this was still 2% below the total number of jobs in Philadelphia in 2001.[7]

Figure 4 – Philadelphia Change in Age Distribution, 2000 to 2010



Source: US Census Bureau

Figure 5 - Philadelphia Change in Employment by Industry, 2002 to 2012



Source: Bureau of Labor Statistics

C. Household Income – Total Household Income Grew for the Last 10 Years, but Income Disparity Grew as Well

Household income is an essential ingredient for economic growth. Income supports consumer spending, which accounts for two-thirds of the economy. While total income in Philadelphia grew over the past decade, median income – $41,258 in 2010 – declined. The city ranks 24th out of the 25 largest American cities in median income.[8]

Household income trends reflect change in the industrial structure of the economy. Manufacturing, construction, and other above-median wage industries lost jobs in Philadelphia – while the lower-paying service sector grew jobs.

Education and healthcare services pay above-average earnings for workers with high educational attainment – but the industries also have many lower-paying jobs for less skilled workers. Tourism and hospitality, growing industries in Philadelphia, have a disproportionately higher number of lower paid hourly and part-time jobs. With jobs in these service sectors growing, while jobs in the above-median wage sectors like manufacturing and construction contracting, the overall economy for the city of Philadelphia remains challenged.

Income disparities amongst ethnic minorities impact the city's economy as well. Median household incomes for ethnic minorities who represent over 63% of the city's population are all lower than the median household income for white families. In 2012, Hispanic or Latino family median household income was $25,925, for African American families the median income was $27,828, and for Asian families the median household income was $35,901, as compared to $48,154 for white families. With the majority of the city's population on average earning less income than the white population, the opportunity for real, balanced economic growth for all residents remains a challenge. *Figure 6*.

Philadelphia also has one of the highest poverty rates among major U.S. cities. The city's poverty rate reached 26.9% in 2012, lower only to poverty rates for Detroit and Cleveland.[9] The poverty problem is citywide. In 24 of the city's 46 residential zip codes, the poverty rate exceeds 20%. Concentrations are greatest in North and West Philadelphia.[10]

D. Enterprise Creation

Enterprise creation is an important measure of economic growth for a city. Commercial and industrial enterprises, both for profit and not-for-profit entities, undergird the city's economy. These enterprises, whether as organizations with multiple employees or, increasingly, sole proprietorships, produce goods and services, create jobs and create value that contributes to the overall prosperity of a city. Growth in the number of these enterprises as well as the diversity in the sector mix of these businesses can be a key indicator of the opportunity for future economic prosperity.

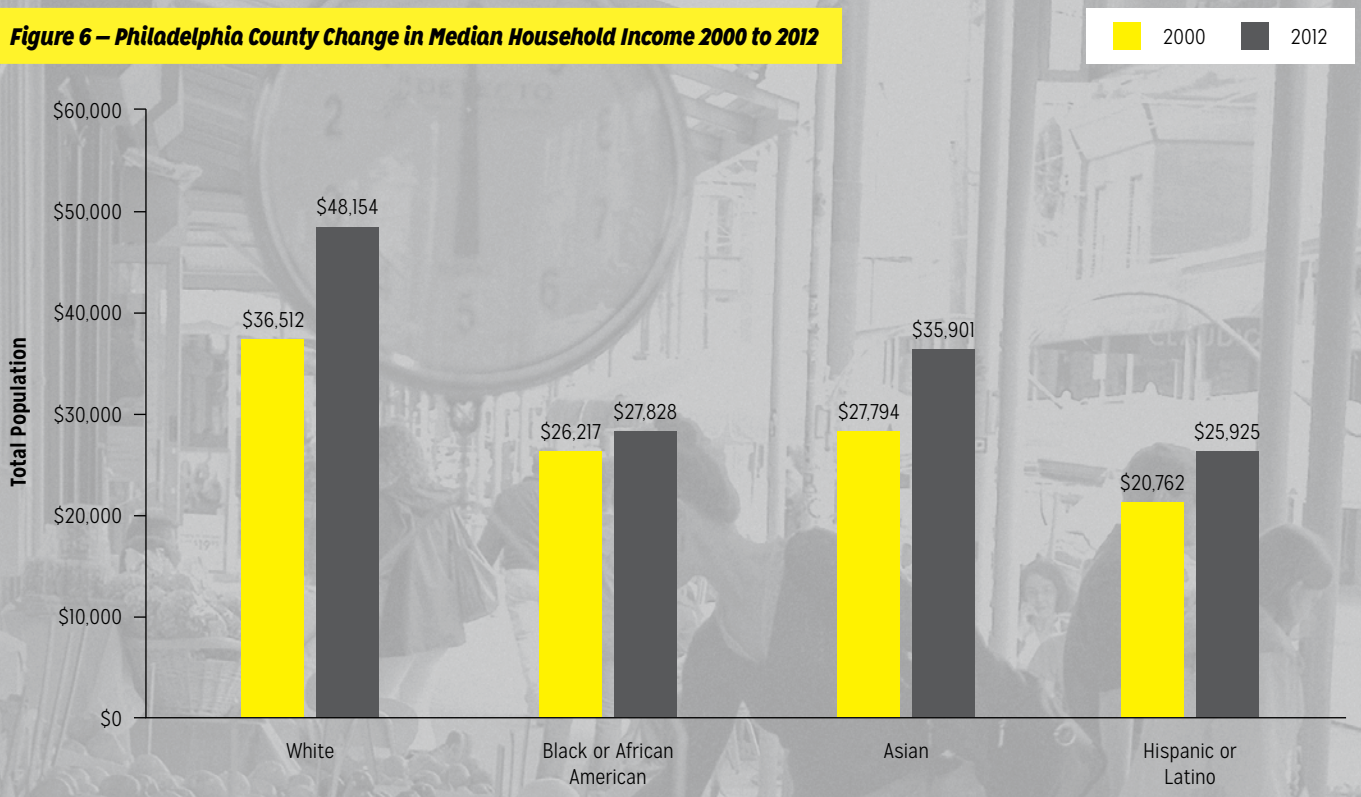
From 2000 to 2012, there were over 800 new establishments created or located in Philadelphia. By 2012, there were 26,662 total for-profit and non-profit enterprises located in the city. The industries that experienced the largest net growth over the last decade include healthcare, social services, educational services, and hotel and restaurant industries. There were 1,549 new enterprises introduced to the city in these industries. Additionally, the real estate and professional services industries reported over 100 new businesses opening up in these sectors. At the same time, there was a sharp decline of over 420 fewer manufacturing entities in the city and over 240 fewer wholesale trade and transport businesses in the city.

Having a favorable mix of business sectors can be a key indicator for the growth prospects in a city. Today, the top economic sectors in Philadelphia include: education and health services (21.4%), trade, transportation and utilities (18.4%), professional services and business services (15.9%) and government (12%). *Figure 7*. Most of these industries have proven to grow new net jobs at a rate of 2% or less per year.

Unlike many other major metropolitan cities, Philadelphia is not dependent on a single industry for job creation or economic value creation. Cities like Detroit, Michigan, which have been very dependent on the automotive sector for its economic success and now its downfall, or Las Vegas, Nevada, which experiences the economic cyclicality of the gaming and entertainment industries, demonstrate that being industry-dependent can be challenging to the long-term prosperity of a region.

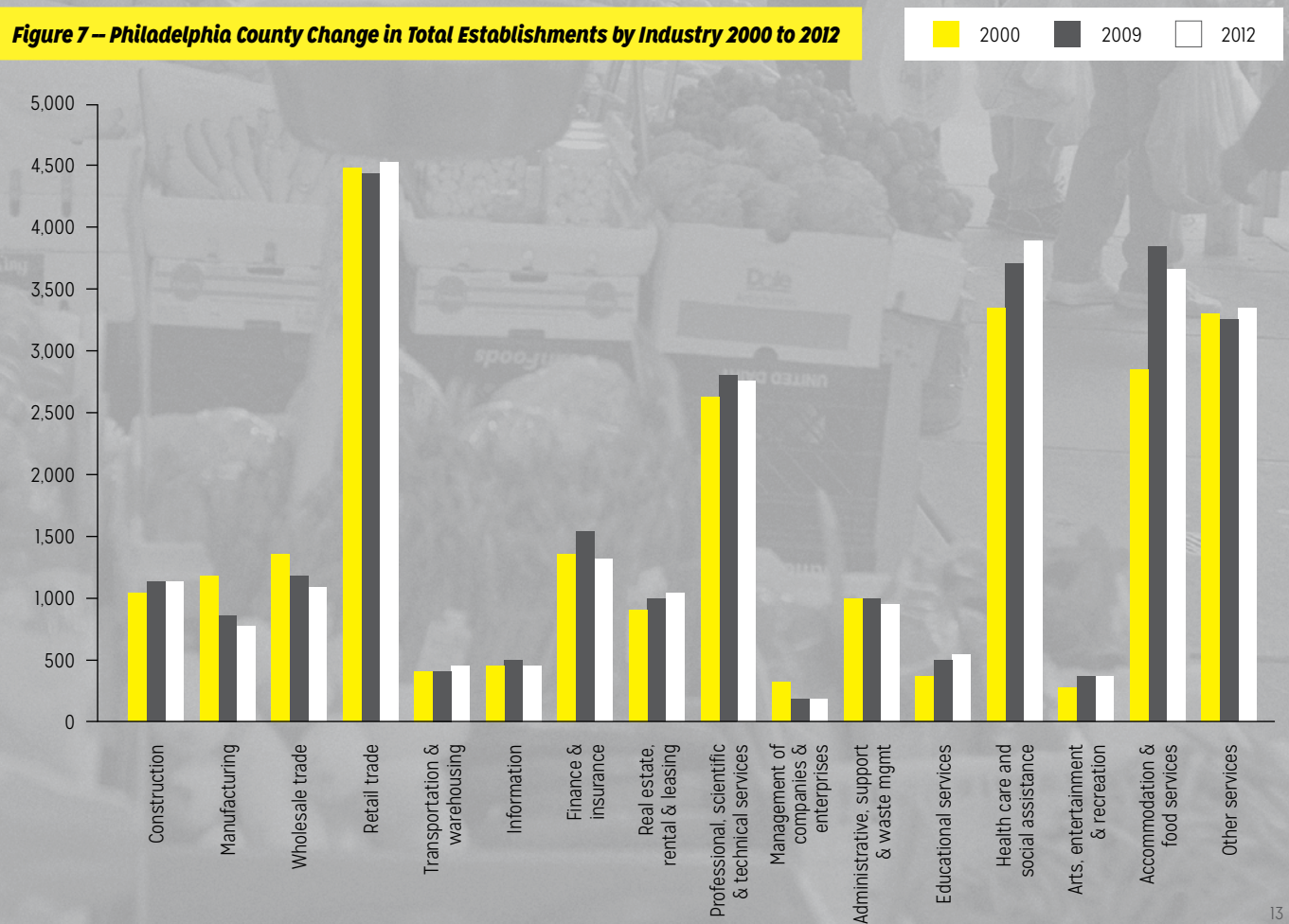
However, with a third of Philadelphia's economy dependent upon employment in educational services, healthcare services and the government, three sectors with historically stagnant or below-average productivity growth, accelerating job creation and economic growth in Philadelphia will be challenging. Economic development leaders realize that industry diversity can be a key benefit to growing job opportunities and regional revenue growth for the city. Attracting new businesses to the city that offer higher than average wages, that are driven by innovation and drive up productivity growth, and most importantly, that produce higher value goods and services which can boost the economy must be a priority for public policy and economic development leaders going forward.

Figure 6 – Philadelphia County Change in Median Household Income 2000 to 2012



Source: US Census SF-3 2000, ACS 2008 – 2012

Figure 7 – Philadelphia County Change in Total Establishments by Industry 2000 to 2012



E. Economic Performance of Philadelphia over the Last Decade

Gross domestic product (GDP) measures the economic performance of the economy for a city, region or nation. It measures the total amount of goods and services produced by enterprises in a region in a given year. The GDP for Philadelphia grew from $63.6 billion to $71.4 billion from 2000 to 2012, respectively. *Figure 8.* The rate of growth slowed during the 2008 to 2009 recession in Philadelphia and then grew modestly after 2010. From 2010 to 2013, Philadelphia's GDP grew by 1.5% per year as compared to the national average of 1.9%.

The GDP growth of a city consists of growth in its population and growth in the industries that fuel the city's economy. If we take a granular look at why Philadelphia's real value added has underperformed the national average GDP of 2% growth per year since 2000, we should consider a number of factors.

Philadelphia is still less-business friendly than other cities, with higher local tax rates and more burdensome regulations. Philadelphia has a higher-than-average proportion of lower-skilled workers and lower-income residents than other faster-growing cities.

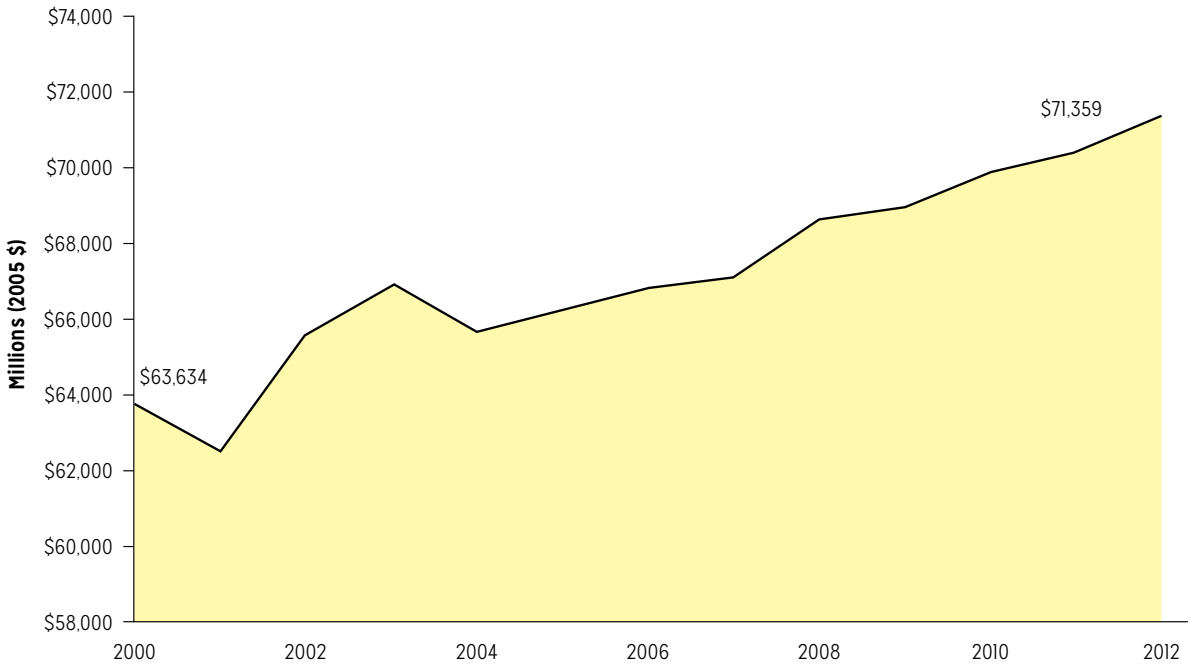
Philadelphia's city boundaries are fixed, and the city is much smaller and denser than other large, growing cities. Philadelphia's public infrastructure is older and less efficient than in other cities.

If we compare Philadelphia to other cities in the United States that have grown their GDP at least 25% faster than the average US growth between 1978 and 2010, there are a number of common factors. According to the McKinsey Global Institute's report on "Urban America: US cities in the Global Economy", large cities like Boston, Massachusetts and Washington, DC have focused on growing the economic base in the city by increasing the number of businesses. Other cities like Austin, Texas and Raleigh, North Carolina have been able to significantly increase their populations and the number of technology companies by leveraging the strong university and research institutions that support the technology industries.[11]

Moreover, urban communities like Dallas, Texas, Atlanta, Georgia and Salt Lake City, Utah leverage the fact that they are "affordable cities" and have significantly expanded the population and thereby, growing the consuming class that lives, works and contributes to the acceleration of production and consumption in the area.

McKinsey's "Urban Cities" report indicates that there is no singular path to accelerating economic growth in a region. City government leaders, however, who want to increase the pace at which their regions are growing must implement policies that support faster business growth and more business attraction while working on growing the population by making the metropolitan community a more attractive place to live and work.

Figure 8 – Philadelphia County Real Gross Domestic Product 2000 to 2012



Source: US Census Bureau


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IV. RECOMMENDATIONS FOR PHILADELPHIA'S FUTURE — ECONOMIC GROWTH AND JOB CREATION



As the 2015 elections approach for Mayor and City Council, it is incumbent upon us to capitalize on the progress that has been made during the Nutter Administration and to begin devising strategies that can spur job creation and business growth in the city. The city and region compete with major metropolitan areas around the world. If Philadelphia capitalizes on its assets and makes improvements that enable us to compete in the national and international markets, then economic growth is inevitable.

To achieve these goals, the *Roadmap for Growth* recommends a number of initial policy steps to improve Philadelphia's business climate. During the campaign over the coming year, the purpose of the campaign is to spark a citywide conversation about what policies are necessary to promote economic competitiveness.

Below you will find a preliminary set of recommendations that encourages investment and economic growth in Philadelphia. These recommendations are insights gathered from local leaders—university presidents, economists and local elected officials—who have proposed an initial set of policies to promote growth in the city. These policies lay the groundwork for businesses to stay here, locate here—and create jobs here—engendering opportunity and prosperity for all citizens.

Improving Philadelphia's Competitiveness

Philadelphia has one of the highest local tax burdens of any city in the country.[12] Its array of local taxes—wage, real estate, business taxes, among others—stifles economic growth. There are several promising local tax reform proposals emerging; they should be encouraged to promote economic growth.

The city has a business tax structure that slows down innovation and makes it difficult for entrepreneurs and start-ups to locate in Philadelphia. Unlike most cities, Philadelphia taxes wages and salaries and imposes significant taxes directly on business. The city taxes both business gross receipts and corporate net income. The extent of taxation imposed on businesses is virtually unparalleled in the country. Annual local taxes (real estate, sales, use & occupancy, among others) have increased by over $300 million in the last five years, on businesses and citizens.[13]

The city's burdensome local tax structure is not a new problem. Two local tax commissions, in 2003 and in 2009, examined the city's tax issues in considerable detail. The 2009 Task Force on Jobs and Economic Competiveness stated, *"The fundamental problem is that Philadelphia has a tax structure that was appropriate to an industrial economy when people and firms were tied to the fixed assets of railroads, factories and ports. By continuing to derive the lion's share of locally generated revenues by taxing people and jobs that are now highly mobile, we continue to undermine our future."*

While the current City Council and Mayor have taken steps to ease some of these growth-inhibiting tax burdens, including adopting single sales factor apportionment and exempting gross receipts for new businesses from business taxes, more steps are needed to attract and retain more businesses and jobs in Philadelphia.

Here are several local tax policy reforms worth considering to improve Philadelphia's competitiveness:

INCREMENTAL REDUCTIONS OF BUSINESS NET INCOME TAXES

This central finding of the city's Tax Reform Commission of 2003 remains relevant today: *"Elimination of the Business Privilege Tax promotes tax system competitiveness by attracting new business investment, retaining those businesses that are considering leaving, fostering business expansion, and creating more jobs. Simply put, other local jurisdictions do not tax businesses the way Philadelphia does."*[14]

VARIABLE REAL ESTATE TAX RATES FOR COMMERCIAL AND RESIDENTIAL PROPERTY – TIED TO REDUCTIONS IN WAGE AND BUSINESS TAXES.

This reform would advocate for a change in the Pennsylvania Constitution to allow for variable real estate tax rates for commercial and residential properties – and tie any increase in commercial real estate tax rates to corresponding decreases in wage and business taxes – dollar-for-dollar. This idea in local tax reform is championed by the Center City District and is gaining support locally. It would require approval from the Pennsylvania legislature in two consecutive sessions.

PRODUCING A WELL-EDUCATED WORKFORCE

Philadelphia's world-class educational institutions are the envy of cities around the country and the world. At the same time, our local public education system is plagued with underperforming schools and high drop-out rates, leading to gaps in the quality of the workforce from which local businesses must recruit. The *Roadmap for Growth* campaign will highlight workforce development policies to promote a well-educated workforce.

The city's educational institutions at all levels – K-12, community college and universities – are a critical part today of the city's economic engine. They have been described as the new factories of the post-industrial economy.[15] While other sectors of the Philadelphia economy contracted over the past decade, the city's educational and healthcare services sectors grew, adding nearly 40,000 jobs. *Figure 5.*

At the same time, the city's local public school system, responsible for educating 200,000 schoolchildren, is struggling – financially and academically. Despite closing more than 30 schools, administrative cuts, other cost reductions, and strong leadership from Superintendent Dr. William R. Hite Jr., the Philadelphia School District remains an urban district in turmoil, moving annually from one budget crisis to the next, beset by rising benefits and labor costs, and uncertain funding at the local and state levels.

Workforce development strategies that encourage and build synergy between the high-achieving, higher-education system in Philadelphia, and the academically- and financially-challenged local School District, will be an important policy focus of the *Roadmap for Growth.*

Well-managed, properly funded public education and job training programs are vital to prepare Philadelphia's population for the jobs of the 21st century. Nationally, low levels of educational attainment correlate with high unemployment. Improving the quality of public education in the city will increase earning and purchasing power among residents, contributing to overall city and regional economic prosperity. Widening the circle of workforce participation may also have the positive effect of expanding the city's tax base, generating more revenues for city services.[16]





The workforce development and educational attainment work of the Greater Philadelphia Chamber of Commerce's CEO Council for Growth, through its Regional Colleges and University Presidents' Council, (The Presidents' Council) will be an important component of the *Roadmap for Growth*.

» College Degree Completion, Retention and Graduation strategies

The Presidents' Council works to leverage Philadelphia's and the region's participation in the national CEO's for Cities Talent Dividend Prize as a framework to achieve increased post-secondary educational attainment.

» Attract, Retain and Support Top-Level Talent

The Council advocates for high-skilled immigration reform and encourages the retention of foreign-born graduate students in the U.S., particularly those engaged in STEM-related research. It supports creating efficiencies in obtaining and maintaining student visas and work permits.

» Support legislation that cultivates research & development, entrepreneurship, and innovation, helping to revitalize America's innovative edge in the global economy

» Pursue federal funding opportunities for the establishment of one more regional *"Centers of Excellence"* that facilitate the creation of larger-scale, multi-national public-private partnerships between academia and industry

» Advocate for federal talent investments and support programs that enhance access to higher education and assist citizens in increasing their level of education

Other workforce development strategies to be examined by the *Roadmap for Growth* will include the work of the *Manufacturing Task Force*, a panel created by Mayor Nutter last year, which examined manufacturing in Philadelphia and made a series of recommendations, including:

» Expand technical training programs offered by local community colleges. Align these job training programs to the needs of the city's slowly reviving manufacturing sector, to create a talent pipeline from which manufacturers can recruit qualified workers

» Focus high school career and technical education programs on science, technology, engineering and math (STEM) to better support manufacturers' needs[17]

CREATE AN ENVIRONMENT FOR BUSINESS ATTRACTION AND GROWTH

When companies have the option of locating anywhere in the nation, or for that matter in the world, it is important for city leaders to provide an attractive business climate. In addition to having a competitive corporate tax policy, government regulations should be business enablers. A company considering moving into the city of Philadelphia cannot wait for six months to a year to obtain the necessary licenses, building permits and zoning applications. Today, the City government's permitting process can cause significant delays and result in businesses questioning if they want to locate within the boundaries of Philadelphia. The city deserves credit for taking steps to begin streamlining and easing its burdensome permitting processes, but more reforms are needed.

Major metropolitan governments are now focused on streamlining the process to locate a business in their city. Transparency, simplifying and streamlining the permitting and zoning process must become the foundational priorities for city government. Cities like Boston are focused on smart permitting in which all city agencies have enforceable deadlines, simultaneous review and clear schedules to make the process easier to navigate for new businesses without loosening

oversight or putting public safety at risk. These improvements will be critical if the city wants to attract major manufacturing, energy-intensive companies or critical infrastructure companies to the city.

Philadelphia's government leaders must also continue to support incentives and ways to attract private capital to the city to remain competitive with other major metropolitan areas of the country. Whether it is identifying a specific area as a tax-free economic development zone or working with the state and federal governments to provide investment dollars that can be leveraged with private sector capital to offer funding to growing business, public policy leaders should consider multiple approaches to encouraging fast growing businesses to locate in the city.

ENHANCING PHILADELPHIA'S CAPITAL INFRASTRUCTURE

Since business productivity relies on good capital infrastructure, all components of the city's capital stock need significant reinvestment to upgrade their productivity.

Philadelphia's transportation infrastructure is often cited as a strategic economic asset for the city. Philadelphia has a strong commodity and goods flow not only with the Northeast Corridor and Mid-Atlantic regions, but with cities like Houston and Chicago as well.

As with other cities, the continued improvement and maintenance of the city's roads, highways, bridges, mass transit systems, port and Philadelphia International Airport are critical factors to maintaining this competitive economic advantage.

The recent work of the city's *Manufacturing Task Force* identified key transportation infrastructure improvements needed to enhance manufacturing in Philadelphia and improve economic growth, including:

- Maintain and improve the city's and region's roads and bridges—crucial gateways for manufacturers and other businesses
- Streamline traffic flow to the Port of Philadelphia—particularly in intermodal access between the port's facilities and the highway and rail networks
- Complete the deepening of the main channel of the Delaware River from 40 to 45 feet
- Build Southport, a new container terminal at the Navy Yard—the first new terminal in Philadelphia in 40 years
- Complete a major, planned expansion at the Philadelphia International Airport[19]

Other important recommendations are being made to improve the city's infrastructure to enhance growth. The Economy League of Greater Philadelphia's *Strategies for a World Class Philadelphia* includes further policy suggestions:

- Modernize and protect the city's and region's existing water infrastructure
- Enhance regional energy infrastructure
- Preserve and expand the city's and region's networks of parks and open space[20]

All of these recommendations and policy proposals will be explored by the *Roadmap for Growth*. Improving the city's infrastructure means increased economic activity, enhanced competitiveness, and more jobs for the city of Philadelphia.







V. CONCLUSION



The multi-decades decline in Philadelphia's population ended in 2006, and by 2013 the city's population had grown close to 1.6 million people—allowing Philadelphia to remain the 5th largest city in the country. Over time, however, city-suburban relocation, domestic inter-regional population flow, and international immigration, changed the demographic mix of the City's population, producing a large, non-white minority population that now comprises more than half of all city residents. Additionally, a steady, growing number of millennials, ages 20 to 34, have moved into Philadelphia and are now populating the city's downtown core.

The city's economy also experienced a major commercial and industrial transformation over the last several decades. The manufacturing, construction, and financial services industries shed several hundred thousand jobs through relocation, merger, and other structural change, while education and health services expanded significantly. Those industries now employ nearly a third of Philadelphia's workforce.

The hospitality and tourism industries grew in response to the construction of the Pennsylvania Convention Center and the continuing revival of Center City as an arts and culture venue.

The challenge now is how to best capitalize on Philadelphia's assets and reverse some of its negative trend indicators in order to accelerate the rate of economic growth in the years ahead. The Nutter Administration, City Council members, public sector, private sector and civic community leaders all have ideas about how to spur growth. Working together to succeed at this challenge can produce more jobs and higher income for many Philadelphians and can make Philadelphia a thriving global urban community that is a better place to live and work.

That is the mission of the *Roadmap for Growth for the City of Philadelphia, 2015 - 2020*.

V. APPENDIX

A. Endnotes

[1] Center City Reports: *Pathways to Job Growth*, CPDC/Center City District, Jan. 2014, p. 1

[2] Pew Charitable Trusts, *Job Growth and Decline*, 5/15/2014 presentation, p. 3

[3] *Ibid.*, p. 1

[4] Center City Reports: *Pathways to Job Growth*, CPDC/Center City District, Jan. 2014, p. 12

[5] Center City Reports: *Pathways to Job Growth*, CPDC/Center City District, Jan. 2014, p. 1

[6] *Ibid.*, pp. 1, 3 and 6.

[7] *Ibid.*, p. 6. *See also* Pew Charitable Trusts, *Job Growth and Decline*, 5/15/2014 presentation, p. 24.

[8] City of Philadelphia, *Shared Prosperity, A Plan to Fight Poverty*, 2013, Executive Summary, p. 5.

[9] Pew Charitable Trusts, *Job Growth and Decline*, 5/15/2014, p. 22, citing U.S. Census Bureau, American Community Survey, 2012.

[10] City of Philadelphia, *Shared Prosperity, A Plan to Fight Poverty*, 2013, Executive Summary, p. 6.

[11] McKinsey Global Institute: *Urban America: US cities in the Global Economy*, Apr. 2012, pp. 24–25.

[12] Office of Revenue Analysis, Washington, D.C., February, 2014.

[13] Pennsylvania Intergovernmental Cooperation Authority (PICA).

[14] Philadelphia Tax Reform Commission Final Report, 11/15/2003, Vol. 1, Recommendation 23, p. 61.

[15] Center City Reports, Pathways to Job Growth, CPDC/Center City District, Jan. 2014, p. 13.

[16] *Ibid.*, p. 11.

[17] Manufacturers Task Force, *A Manufacturing Growth Strategy for Philadelphia*, December 2013, Executive Summary, Task 3

[18] *Ibid.*, Task 2

[19] *Ibid.*, pp. 71–74

[20] Economy League of Greater Philadelphia, *Strategies for a World Class Philadelphia, Infrastructure GPS*, Summary, p. 3





GREATER PHILADELPHIA CHAMBER OF COMMERCE

The Greater Philadelphia Chamber of Commerce is dedicated to promoting regional economic growth, advancing business-friendly public policies and servicing our members through outstanding programs, benefits and services. We represent members in 11 counties across three states with one voice.