

1

2

COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEES ON PARKS, RECREATION AND

4

CULTURAL AFFAIRS AND COMMERCE AND

5

ECONOMIC DEVELOPMENT

6

- - -

7

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 7, 2008
1:05 p.m.

8

9

- - -

10

11

PRESENT:

12

COUNCILWOMAN BLONDELL REYNOLDS BROWN, CHAIR

13

COUNCILMAN DARRELL L. CLARKE

14

COUNCILMAN FRANK DiCICCO

15

COUNCILMAN W. WILSON GOODE, JR.

16

COUNCILMAN CURTIS JONES, JR.

17

RESOLUTION 080337 - Resolution authorizing the
Committee on Parks, Recreation and Cultural
Affairs and the Committee on Commerce and
Economic Development to hold joint hearings
regarding Philadelphia's Creative Economy...

18

19

20

21

- - -

22

23

V A R A L L O Incorporated

24

Litigation Support Services

25

Eleven Penn Center

1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
215.561.2220 215.567.2670

1

2

COUNCILWOMAN BROWN: Good

3

afternoon, everyone. The City Council

4

Committees on Parks, Recreation and

5

Cultural Affairs and the Committee on

6

Commerce and Economic Development chaired

7

by my colleague, Councilman Wilson Goode,

8

are now in a public hearing to hear

9

testimony on Resolution No. 080337.

10

Joining us today are Vice-Chair

11

of the City Council Committee on Parks,

12

Recreation and Cultural Affairs,

13

Councilman Curtis Jones.

14

I will now ask the Clerk to

15

please read the title of Resolution No.

16

080337.

17

THE CLERK: A resolution

18

authorizing the Committee on Parks,

19

Recreation and Cultural Affairs and the

20

Committee on Commerce and Economic

21

Development to hold joint hearings

22

regarding Philadelphia's Creative

23

Economy, with a focus on young

24

professionals ages 25 to 34, and to

25

explore potential methods and strategies

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 to retain this demographic for the future
3 of Philadelphia's economic growth.

4 COUNCILWOMAN BROWN: Thank you
5 very, very much.

6 By way of opening remarks, I
7 join the many in our city who clearly
8 recognize that this new phenomena, some
9 might call it, known as the creative
10 economy is a potentially -- for sure an
11 important source, but potentially a great
12 opportunity for innovation and growth for
13 our region and, of course, for future
14 generations, because ultimately it's not
15 about us, it's about getting that next
16 generation of young people,
17 professionals, that we want to hold on to
18 once they leave the more than 88 higher
19 ed universities in the area. And there's
20 a lot of research that's already been
21 done that we're going to hear about today
22 that tells us that this knowledge
23 industry does have potentially incredible
24 growth ready for us. Therefore, it is
25 both imperative and essential for us on

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 this side of the ledger that business,
3 civic and public policymakers assume
4 responsibility for overcoming what some
5 might view as the historical differences
6 and barriers between the City and the
7 region and look at this new sector again
8 as an enormous opportunity.

9 So these hearings hopefully
10 will help us establish how to both
11 attract and retain young professional
12 knowledge workers between those wonderful
13 ages of 25 to 34 and give us a chance to
14 think through strategically how we can
15 look to see how this group of knowledge
16 workers can be maintained and held on to
17 by the political leadership and business
18 leadership of our city.

19 With that said, we want to say
20 thank you all for coming, for the
21 interest in the area. I'm pleased to say
22 I've received a number of e-mails that
23 are very, very encouraging from
24 individuals who cannot be here today but
25 are indeed paying attention to those of

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 us in Council who care a lot about this
3 issue.

4 So with that said, any other
5 opening comments, remarks from either of
6 my colleagues?

7 (No response.)

8 COUNCILWOMAN BROWN: With that
9 said, we're going to ask first for the
10 City department that seems to be the
11 right niche or fit for the discussion of
12 this public policy opportunity. We want
13 to ask Duane Bumb with the City of
14 Philadelphia Department of Commerce to
15 please come forward and offer us your
16 testimony, speaking principally to the
17 importance of the creative economy to
18 Philadelphia.

19 (Witness approached witness
20 table.)

21 COUNCILWOMAN BROWN: Good
22 afternoon and welcome back.

23 MR. BUMB: That's right. Good
24 afternoon, Councilwoman Reynolds Brown
25 and Chairman Goode and members of the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Council. My name is Duane Bumb. I'm the
3 Senior Deputy Director of Commerce.
4 Thank you for this opportunity to testify
5 this afternoon on Philadelphia's creative
6 economy and ways to attract and retain
7 young professionals to fuel its growth.

8 The creative economy indeed is
9 an important part of the City's and
10 region's economy and a sector that is
11 poised to grow given Philadelphia's
12 existing assets and potential. The
13 City's focus on the creative economy is a
14 sector worthy of targeted investment
15 dates back to the Roadmap for Regional
16 Growth study released in 2003. That
17 study identified the region's creative
18 economy as one of seven strategic
19 innovation economy clusters for which
20 Greater Philadelphia has a competitive
21 advantage and growth potential.

22 Since the Roadmap, Innovation
23 Philadelphia has continued to work on
24 better understanding and promoting our
25 creative economy. Over the past few

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 years, great strides have been made in
3 defining and understanding this sector.

4 Through the work of the Greater
5 Philadelphia Cultural Alliance and
6 others, we are aware of the extensive
7 impact of our non-profit arts and culture
8 creative community. In addition to
9 direct dollar impacts, the thriving
10 non-profit side of our creative economy
11 improves Philadelphia's quality of life
12 and makes the City attractive to
13 residents. In recognition of the
14 importance of arts and culture, the Mayor
15 announced earlier this year that he would
16 reopen the Office of Arts and Culture and
17 would significantly increase funding for
18 the Cultural Fund.

19 A separate set of opportunities
20 exists when we look at our for-profit
21 creative industries, and the Commerce
22 Department believes that the potential
23 for growth and innovation here is
24 particularly strong. When we talk about
25 for-profit creative industries, we are

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 focused on 11 discrete industries, and
3 they are architecture, engineering and
4 planning; communications and marketing;
5 digital media and programming; fashion
6 design; graphic and visual arts and
7 multimedia design; information
8 technology; interior and industrial
9 design; music, film and video production;
10 photography; product and merchandising
11 design; software development.

12 The Creative Footprint economic
13 impact study released earlier this year
14 lays out the size and potential for these
15 for-profit creative industries within the
16 City and region. Subsequent analysis
17 conducted by the Commerce Department
18 shows that the City has a comparative
19 advantage with respect to its neighboring
20 suburbs in many of these industries.
21 Philadelphia's relative strengths
22 indicate that strategic investments would
23 directly benefit the City.

24 Philadelphia now faces the
25 challenge of exactly how to capitalize on

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 this potential. It is important to note
3 that while many cities are talking about
4 the power of creativity or holding
5 conferences on the creative economy, few
6 have actually translated the creative
7 buzz into real economic development
8 programs and impacts. If Philadelphia is
9 to maintain its reputation as being a
10 creative economy leader, we need to turn
11 our attention and resources to developing
12 tangible strategies and programs to
13 support growth of specific creative
14 industries.

15 The Commerce Department is
16 poised to support Philadelphia's creative
17 economy as part of its new industry
18 sector-based approach. Commerce is in
19 the process of identifying strategic
20 target industries for dedicated staffing
21 and support. Both the non-profit and
22 for-profit sides of Philadelphia's
23 creative economy will receive dedicated
24 resources and attention. Sector-based
25 planning and staffing will allow the City

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 to deepen its expertise about the nature
3 and needs of our creative industries and
4 firms. Through the Office of Business
5 Services, Commerce will focus on
6 providing services to existing creative
7 industry firms, helping new ones get
8 started, and targeted business attraction
9 and expansion. Through these efforts,
10 Commerce aims to leverage City resources
11 as well as align the work of economic
12 development groups, professional
13 organizations and universities to grow
14 the creative economy.

15 Our ability to grow
16 Philadelphia's creative economy depends,
17 in part, on our success in attracting and
18 retaining young professionals or members
19 of the creative class, as they are often
20 called. Mayor Nutter has consistently
21 talked about the importance of retaining
22 and growing this key 25-to-34-year-old
23 knowledge worker demographic.

24 In January, Mayor Nutter
25 convened a Next Generation Branding

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Committee of 12 young creative economy
3 leaders to provide their insights on how
4 to promote Philadelphia's creative
5 communities. This group is working on a
6 set of recommendations to be delivered to
7 the Mayor this summer, as well as a
8 first-person video project and website to
9 highlight Philadelphia's creative
10 industries and neighborhoods. This
11 Committee's efforts are a key component
12 of the work of the newly created
13 Philadelphia Executive Marketing Council,
14 which serves as an advisory group to the
15 City Representative charged with helping
16 to improve marketing, promotion and
17 branding of all aspects of the City.

18 A variety of efforts currently
19 exist to engage and grow the young
20 professional population. Innovation
21 Philadelphia's Young Professionals
22 Consortium has brought together the heads
23 of more than 30 young professional
24 cultural and civic groups. The Greater
25 Philadelphia Tourism Marketing

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Corporation, with support from the Pew
3 Charitable Trusts, is exploring a
4 potential Move to Philadelphia initiative
5 to encourage non-residents to relocate
6 here. A PBS documentary titled "Being
7 Creative in Philadelphia" that makes the
8 case for Philadelphia as a magnet for
9 creative entrepreneurs is nearing
10 completion. And Campus Philly continues
11 to expand its successful efforts to
12 engage and retain graduates from area
13 colleges and universities. All of these
14 are promising efforts that can contribute
15 to growing our young professional
16 population.

17 The Commerce Department is in
18 the process of evaluating the best use of
19 limited City resources to help us achieve
20 the goal of expanding our population by
21 75,000 residents by 2018. Potential
22 young professional efforts that Commerce
23 thinks are particularly promising include
24 targeted marketing campaigns in feeder
25 markets such as New York City and Boston;

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 a boomeranger strategy to encourage
3 former residents and area alumni to come
4 back and live here; promoting quality
5 education options and School District
6 progress to young families; and a
7 targeted campaign to promote the breadth
8 and depth of economic opportunities in
9 Philadelphia's knowledge industries to
10 young professionals here and elsewhere.

11 The Commerce Department
12 concludes by emphasizing that while
13 creative class amenities such as arts and
14 culture and green space are important to
15 young professionals, research and
16 anecdotes indicate that a lack of job and
17 career opportunities, real or perceived,
18 is Philadelphia's single greatest barrier
19 to expanding its young professional
20 population. Many young graduates and
21 young professionals are drawn to
22 Philadelphia as a place to live, but
23 stall around a job search. This is, in
24 part, attributable to sluggish job growth
25 across many of our knowledge industries.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 However, it is also the case that
3 perceptions of Philadelphia's economy and
4 landscape of economic opportunity are
5 often either inaccurate or incomplete.
6 This suggests that a significant
7 opportunity lies in better promoting the
8 range of career paths that do exist
9 locally and providing improved job
10 connections and networking opportunities
11 for young professionals. The Commerce
12 Department will work to identify these
13 career paths as part of our continuing
14 efforts to realize the full potential of
15 the creative economy.

16 Thank you for your
17 consideration of this important issue
18 today. I know there are a lot of other
19 people here to sort of talk behind me,
20 but I'd be happy to answer questions now
21 or later.

22 COUNCILWOMAN BROWN: Okay.

23 Thank you for your testimony, and
24 encouraged to hear that already the
25 Administration has taken a very

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 aggressive, proactive role in getting its
3 arms around this new industry.

4 Please speak to, if you could,
5 any details that may exist with regard to
6 your statement on the top of Page 3 where
7 you state that dedicated resources and
8 attention, that both the non-profit and
9 for-profit sides of the Philadelphia
10 creative economy will receive dedicated
11 resources and attention. Where is that
12 on the radar screen in the Department of
13 Commerce?

14 MR. BUMB: There I'm actually
15 talking pretty specifically about
16 staffing resources where -- and we've
17 certainly come to you through our budget
18 process and even in some of the
19 subsequent hearings we've had here on
20 various initiatives to explain that we
21 are sort of reorganizing and realigning
22 the resources within Commerce, and part
23 of that is within this newly created
24 Office of Business Services as a way to
25 sort of streamline helping businesses,

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 both new and existing businesses, to grow
3 in the City to help business start-up.

4 But we're also -- we've also identified
5 that we need to do some sector-based work
6 here where we really need to have
7 in-house experts in certain fields, and
8 we've already identified the creative
9 economy as one of those broad areas where
10 there's tremendous growth potential where
11 we are going to want to have experts
12 sitting within our own department to help
13 coordinate and facilitate that growth.

14 COUNCILWOMAN BROWN: So the
15 abbreviated answer to that is, yes, the
16 Department of Commerce has made a
17 commitment to ID staff who will be
18 principally responsible for this new
19 sector?

20 MR. BUMB: That's right.

21 COUNCILWOMAN BROWN: Please let
22 us welcome Councilman Frank DiCicco, also
23 a member of the Committee on Commerce and
24 Economic Development.

25 Councilman Jones.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILMAN JONES: I think you
3 need to change your job description. You
4 testify more from City Commerce --

5 MR. BUMB: I'm just a
6 professional reader.

7 COUNCILMAN JONES: I mean, it's
8 just amazing, I hear from you so much.
9 But it's always a pleasure to hear from
10 you and always informative.

11 I have a couple of questions in
12 reference to the creative economy
13 directed around where will they or do
14 they live, where do they work, where do
15 they play and almost where do they send
16 their kids to school, which are, in my
17 opinion, critical issues as it relates to
18 recruiting, retaining professional staff.

19 Has there been some thought
20 of -- and I lead with this question of
21 clusters of where people live, work, play
22 and from similar backgrounds and
23 industries. Has there been some planning
24 and thought given to that?

25 MR. BUMB: Well, as we are sort

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 of getting a better handle on in fact
3 what are the sort of appropriate
4 components to the creative economy, it's
5 a little bit of a work in progress. I
6 would tell you that, generally speaking,
7 this is a broad area that has relatively
8 low barriers to employment; which is to
9 say, you can start -- in a truly creative
10 economy, if you want to do it, you can
11 start your own business and that that --
12 sort of a little bit unlike a hearing we
13 had just a few days ago about the Green
14 Job Corps where in fact we were sort of
15 saying how do we assist people to get
16 jobs who have relatively high barriers to
17 employment, in this particular case we
18 are talking about people who have low
19 barriers, who have skillsets. They can
20 be anywhere within the City or the
21 region. They have the ability in many
22 cases to be working in a live/work
23 situation. So it's not necessarily even
24 going to the place of work. Sometimes
25 that is where you live.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 So, again, we talked -- I
3 mentioned that there are 11 broad sectors
4 that we've been focusing on, but they
5 cover such a broad cross-section of
6 opportunity in our city that some of
7 those are what we think of as traditional
8 jobs that sort of sit within the
9 commercial setting. So our central
10 business district will have a
11 concentration of those, but others in
12 fact sort of follow where people live
13 and/or are clustered in different ways.
14 So certainly with our universities, they
15 are clustered with our universities, and
16 those are also spread through our city.
17 So there's no --

18 COUNCILMAN JONES: There's no
19 one --

20 MR. BUMB: There's no one
21 place. And I think we have to think in
22 terms of a very flexible, broad-ranging
23 strategy to address all those pieces.

24 COUNCILMAN JONES: I draw the
25 example from cities like Pittsburgh,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 which specifically when I went there on
3 other business directed me to a section
4 of town that was dedicated to a creative
5 economy and that very much where the
6 techies and the creative types were
7 locating both their businesses and also
8 connecting to their residents, and then
9 because of their demographic, because of
10 their specific demographic, they had a
11 high interest in where they played. So
12 kind of putting those three elements
13 together, it kind of created a magnet,
14 working with the universities and the
15 private sector to try to attract and in
16 fact recruit people to those areas and
17 direct them to those areas for various
18 opportunities.

19 So I was thinking if in fact
20 the City of Philadelphia is thinking
21 along those lines and whether we were
22 trying to have a concerted effort.
23 Because no matter what industry, one of
24 the big things I hear is, where will I
25 send my children, if I decide to have

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 them, to school.

3 So kind of in a where do we
4 work, where do we play, where do we live
5 concept, direct people into a quality of
6 life that they want. And if in fact
7 these are high-end jobs -- and I'm
8 imagining from everything that I've read
9 thus far they can be high-end jobs. So I
10 mean, are --

11 MR. BUMB: There's great
12 opportunity for upward mobility within
13 this broad sector. But I think you point
14 out what we know far beyond just the
15 creative economy. It's across all sort
16 of sectors of our economy, how critically
17 important the quality of education is to
18 the success of the City as a place to do
19 business and to live, and sort of
20 secondarily, the quality of housing stock
21 and the choices that people have in a
22 broad variety of neighborhoods.

23 Really, one of the great
24 attractions to Philadelphia is the broad
25 sort of variety of choices that one has

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 here of all types of housing stock and
3 locations, whether it's in a historic
4 sort of row house sort of neighborhood or
5 whether it's a new high rise or whether
6 it's on the waterfront or adjacent to a
7 park setting. We've got a lot of choices
8 here and a lot of unique vibrant
9 neighborhoods for people to choose from.

10 COUNCILMAN JONES: Have we
11 looked at any analysis to say what does
12 the creative economy, what does it
13 represent by way of tax to the City of
14 Philadelphia today? Have we measured or
15 tried to segregate that out?

16 MR. BUMB: Well, I think, not
17 to sort of take the thunder from some of
18 the people who are going to follow me
19 here, certainly the analysis has been
20 done last year on the non-profit side. I
21 think you're going to hear more about
22 that in testimony where they sort of
23 wanted to map out for you that even when
24 we, say, serve non-profit or sort of
25 these cultural institutions, that in fact

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 they have real economic impact, and
3 they've measured that, and you'll hear on
4 the Creative Footprint study that I think
5 Kelly Lee will be talking about sort of
6 how the sort of indicators of what that
7 impact are as well.

8 Yeah, so we started that
9 process to quantify those. Again, all
10 that is part of what tells us why this is
11 a sector of our economy that has real
12 opportunity and growth potential.

13 COUNCILMAN JONES: Thank you.

14 Thank you, Madam Chair.

15 COUNCILWOMAN BROWN: You're
16 welcome.

17 At the top of Page 4 of your
18 testimony, you talk about a PBS
19 documentary being created in
20 Philadelphia. Who is doing that?

21 MR. BUMB: Let me turn to
22 somebody here to get that answer.

23 I think one of your --

24 COUNCILWOMAN BROWN: Someone
25 else will speak to that?

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 MR. BUMB: Harry Wiland, and it
3 sounds like two of the speakers behind me
4 here.

5 COUNCILWOMAN BROWN: I'll ask
6 Ms. Amsterdam to give us background on
7 that when she comes forward.

8 Any other questions from
9 members of the Committee?

10 Councilman Goode.

11 COUNCILMAN GOODE: Thank you,
12 Madam Chair.

13 Good afternoon.

14 MR. BUMB: Good afternoon.

15 COUNCILMAN GOODE: Thank you
16 for your testimony.

17 In your testimony you say few
18 cities have actually translated the
19 creative buzz into real economic
20 development programs and impacts, but
21 could you talk about some other model
22 cities and what they are doing in terms
23 of the creative economy, particularly if
24 there is one particular model city, what
25 they have done to spur the type of

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 activity.

3 MR. BUMB: I think that there
4 are a lot of sort of small examples in a
5 lot of cities around the country. There
6 is certainly examples of initiatives in
7 sort of what we see as the benchmark
8 cities that we compare ourselves to the
9 on the East Coast, Boston and New York
10 and Washington, that have provided some
11 of this. And then -- but the sort of
12 idea that we sort of are focusing on a
13 citywide and in fact on a regional sort
14 of approach to this targeted industry, I
15 think -- I'm not sure that I could sort
16 of point to a good example. I'm not
17 sure -- I think that we are sort of on
18 the cutting edge of some of that.

19 COUNCILMAN GOODE: I'm clear
20 that Philadelphia is a leader in trying
21 to establish itself as a leader. I'm
22 wondering, though, are there other models
23 and is there one particular model that
24 you might point to in terms of a city
25 that is known for having done this and

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 seize that opportunity?

3 MR. BUMB: I'd have to get back
4 to you on that. I don't know that.

5 COUNCILMAN GOODE: Are you
6 aware of any cities that have used tax
7 incentives and/or actually tax reform,
8 restructuring of the taxes particularly
9 to attract people into that creative
10 economy environment?

11 MR. BUMB: There certainly are
12 a lot of -- people have used tax
13 incentives for some of the components
14 that we've talked about here of what we
15 think as creative economy, and, in fact,
16 I think about that because we've been
17 doing some analysis ourselves right now
18 totally separate from this to attract the
19 film industry here and have looked, for
20 example, at other sort of cities.

21 That's just one subset of this,
22 but, actually, I don't know that there is
23 any one sort of tax incentive for what
24 I'd call the creative economy. Again, it
25 is such a broad sort of amalgamation of

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 sectors that we're putting together.

3 COUNCILMAN GOODE: Or in terms
4 of attracting knowledge industry
5 companies. For instance, particularly in
6 terms of trying to retain the talent
7 that's being cultivated here, trying to
8 encourage them in terms of knowledge
9 industry, entrepreneurship, would you
10 agree that the fact that Philadelphia has
11 a gross receipts tax is probably
12 definitely an impediment to that and
13 everything else we might do and hear
14 about today will strongly impede our
15 progress if we retain a gross receipts
16 tax long term?

17 MR. BUMB: I do agree with
18 that, and I think that certain sort of
19 industry sectors are impacted much more
20 negatively than others by the existing
21 tax structure, and this would be one of
22 those that I think we have to be very
23 careful to make sure if we are looking to
24 sort of grow this, that we don't shoot
25 ourselves in the foot by having a tax

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 structure in place that in fact wouldn't
3 allow a business to sort of flourish here
4 in the knowledge industries.

5 COUNCILMAN GOODE: Thank you.
6 Thank you, Madam Chair.

7 COUNCILWOMAN BROWN: Councilman
8 DiCicco.

9 COUNCILMAN DiCICCO: Thank you,
10 Madam Chair.

11 COUNCILWOMAN BROWN: You're
12 welcome.

13 COUNCILMAN DiCICCO: Good
14 afternoon, Mr. Bumb.

15 MR. BUMB: Good afternoon.

16 COUNCILMAN DiCICCO: Several
17 years ago -- actually, it was my first
18 term -- during the Rendell
19 Administration, I had convened some
20 discussions or hearings on something very
21 similar about how to retain young people,
22 keep them in the City. People come here
23 to get an education and they ultimately
24 leave, and that's obviously what this
25 discussion is still about.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: Yes.

3 COUNCILMAN DiCICCO: We had
4 formed an organization. I don't recall
5 the name of it. I think it was being run
6 through the City Rep's Office at the
7 time, and there was some discussion that
8 I had laid out and it kind of piggybacks
9 on what Councilman Goode was just talking
10 about, and I'll just take the area of
11 education as an example.

12 I'm not sure what the current
13 climate is with the educational system in
14 retaining teachers, as an example. I
15 know back in the '90s and the early 2000,
16 2001, we were having difficulty keeping
17 teachers or encouraging people who were
18 in the educational field to come to
19 Philadelphia and stay, and I had talked
20 about a program, and I don't know if we
21 can do it, if it falls outside the scope
22 of -- the boundaries of the uniformity or
23 tax issues, but what I was talking about
24 was kind of creating a situation similar
25 to what the military does. The military

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 says if you join and stay with us for
3 three years, as an example, we will give
4 you a college education, provided at the
5 end of that period of your education you
6 have to continue to stay for another two
7 or three years. And I was just looking
8 at that time to see if there was some way
9 in which we can incentivize people by
10 offering, either by way of scholarships
11 or even in the area of housing, some sort
12 of tax credit or some way of offsetting
13 their college loans, if they had loans,
14 by offering them a similar thing. If you
15 go to the University of Pennsylvania, you
16 go to Drexel, wherever it is, and you
17 have a degree in education, stay in
18 Philadelphia, because we're going to
19 actually help you become a first-time
20 homeowner, but in return for that, either
21 again the tax credit or some sort of
22 low-interest loan to get into the
23 first-time home, you would have to sign a
24 contract that says basically you have to
25 stay within the City of Philadelphia

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 educational system for a certain amount
3 of time. And the thought I had then was
4 if somebody stays six, seven, eight
5 years, it is more likely that they would
6 stay. They're not going to use it as a
7 tool just to get some financial support
8 to offset their educational debts and
9 then leave.

10 It's kind of almost like the
11 ten-year tax abatement, when you think
12 about it. We're offering people an
13 opportunity to come by foregoing a
14 certain portion of their real estate tax
15 for ten years, with the hope that at the
16 end of the ten years, they're going to
17 stick around, they'll become permanent
18 employees, and then the next group that
19 comes in, you start to repopulate.

20 I don't remember if you were
21 part of those discussions. I'm not sure.
22 But is there any thought being given to
23 that kind of incentive that would give
24 people an opportunity to stick around,
25 not only because it's a great city and we

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 have a city of neighborhoods and all
3 kinds of housing opportunities, but how
4 do we get them into a house in the first
5 place, especially people coming out of
6 college?

7 MR. BUMB: Well, there are a
8 couple of things. One is, I also have
9 some -- I was involved several years
10 back -- and I think it's the same period
11 you were talking about -- with the School
12 District when it was looking to attract
13 additional teachers. There was a
14 tremendous need for new teachers.

15 COUNCILMAN DiCICCO: That's all
16 part of that same time period.

17 MR. BUMB: And for that, there
18 was very much a discussion about could
19 the School District sort of structure an
20 incentive package that in fact helped
21 either sort of bring people in with the
22 promise of either front-loading and
23 paying for tuition or repaying student
24 loans as part of a commitment to sort of
25 stay here for a certain period of time,

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 and I don't know sort of what the
3 ultimate result of that effort was.

4 There certainly are challenges
5 that we'd have to sort of work through
6 with the uniformity sort of clause and
7 how that sort of applies here. One of
8 the things that certainly we have been
9 sort of working with is employer-assisted
10 housing, where it is more often than not
11 first-time home buyers. And the best
12 examples in Philadelphia are university
13 based -- a university, which in fact has
14 a vested interest in the neighborhood
15 within which it sort of is the major
16 employer. Penn was the first to do that
17 and now others are following that suit.
18 And we're having discussions with other
19 key employers in the same sort of way.
20 It's one way to sort of reduce --
21 incentivize people. It requires a
22 certain sort of commitment and time to
23 that employer, generally speaking, to get
24 a loan, to get them referred to a grant.
25 We've actually, I know, had discussions

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 about could we be doing that for City
3 service as well as we sort of look to
4 sort of attract people into the public
5 sector.

6 But, yeah, I'm happy to look
7 into that more for you.

8 COUNCILMAN DiCICCO: Thank you.

9 MR. BUMB: It's an idea worth
10 pursuing.

11 COUNCILWOMAN BROWN: You're
12 welcome, Councilman DiCicco.

13 Final question, in your
14 testimony it indicates that Mayor Nutter
15 expects to release recommendations at the
16 end of the summer. What is the end
17 window when the Department of Commerce
18 will finish its reorganization and seek
19 to ID a professional who will wrap their
20 arms around this creative economy sector?

21 MR. BUMB: And I think what
22 you're referring to in my testimony was,
23 I think, specific to --

24 COUNCILWOMAN BROWN: Mayor
25 Nutter.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 MR. BUMB: -- this Branding
3 Committee recommendation.

4 COUNCILWOMAN BROWN: Right.

5 MR. BUMB: And we'll be working
6 closely with the City Rep's Office on
7 that, which will take the lead in all
8 City branding, how do we hold ourselves
9 out to the public. The sort of
10 implementation of the sort of new
11 organization within the Commerce
12 Department and the separation of Commerce
13 and City Rep and clearly defining those
14 duties and how we will coordinate in the
15 future, we are very well along in those
16 discussions, and before the end of this
17 fiscal year, before we get into the
18 summer, we will have fully -- I expect we
19 will have fully implemented that
20 reorganization.

21 COUNCILWOMAN BROWN: Very well.
22 Well, thank you very much for your
23 testimony.

24 MR. BUMB: Thank you.

25 COUNCILWOMAN BROWN: Please, if

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 we could invite Peggy Amsterdam, the
3 leadership, Executive Director at the
4 Greater Philadelphia Cultural Alliance,
5 who will, as my prep notes reflect, speak
6 to the economic impact of non-profit arts
7 and culture.

8 (Witness approached witness
9 table.)

10 MS. AMSTERDAM: And I have
11 handouts and I have some goodies for you.

12 COUNCILWOMAN BROWN: We'll take
13 them. Thank you. Thank you very much.

14 MS. AMSTERDAM: Good afternoon,
15 Councilman Reynolds Brown and members of
16 the Committee. I'm Peggy Amsterdam, the
17 President of the Greater Philadelphia
18 Cultural Alliance, and on behalf of our
19 Board, staff and 375 members, I want to
20 thank you for the opportunity to present
21 testimony today.

22 So we're here this afternoon to
23 talk about the creative economy. It's a
24 subject of best-selling business books,
25 the next generation of job development,

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 and of many cities' revitalization
3 efforts, but what does that mean to
4 Philadelphia?

5 First, you should know that
6 it's not something that we need to build
7 from the bottom up. The creative economy
8 here is already a critical asset in our
9 region. In fact, Greater Philadelphia is
10 one of the few areas across the country
11 that has laid substantial creative
12 economy groundwork within its borders.
13 Given the breadth and depth of our
14 cultural sector, our outstanding network
15 of colleges and universities and our
16 ideal location on the Northeast corridor,
17 we are a region that is primed for
18 success in the creative economy. Our
19 potential, if properly developed, could
20 put us far ahead of the competition in
21 the global quest for residents, jobs and
22 economic growth in the coming decades.

23 Other cities are working hard
24 to build what Philadelphia already has.
25 From Phoenix, Arizona to Des Moines, Iowa

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 to Burlington, Vermont, the creative
3 economy is a major focus of economic
4 development planning, but those cities
5 are just starting to build a creative
6 economy, whereas Philadelphia already has
7 one. All we lack is a coordinated,
8 financially supported plan to build on
9 the potential of our existing
10 infrastructure.

11 And what exactly is this
12 potential? We know that the non-profit
13 cultural sector in this region has an
14 economic impact of \$1.3 billion in total
15 expenditures, generating 40,000 jobs and
16 nearly \$160 million in state and local
17 tax revenues. Every dollar invested in
18 this sector returns \$5 to local
19 government.

20 And that's just the start.
21 Americans for the Arts produces a
22 comprehensive study of creative
23 industries in this country's 50 largest
24 cities. I've included a copy of the full
25 report for you with my testimony today.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 In it, Philadelphia ranks 6th in total
3 population, 11th and growing in the total
4 number of arts businesses, but 42nd in
5 the number of arts businesses per capita.
6 We have a solid base, but clearly we also
7 have plenty of room to grow.

8 The region is also doing a good
9 job of producing college graduates
10 trained in creative economy skillsets. A
11 study from Philadelphia's own Knowledge
12 Industry Partnership revealed that this
13 region is sixth in the nation in terms of
14 the number of visual and performing arts
15 graduates it generates. Sixth in the
16 nation. That's something we need to do a
17 better job of capitalizing on.

18 The creative economy is already
19 attracting businesses to our region, too.
20 Every year the Greater Philadelphia
21 Chamber of Commerce releases an economic
22 outlook survey, and every year the
23 region's arts and cultural amenities are
24 rated as one of the top three reasons why
25 businesses choose to locate here.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Finally, consider these
3 headlines from a new study by the
4 Delaware Valley Regional Planning
5 Commission. When asked what they like
6 most about the region, 58 percent of
7 people surveyed said it's our numerous
8 cultural and historic sites. It was the
9 number one answer, ranking more than ten
10 percentage points higher than any other.

11 In the same survey, an
12 overwhelming number of respondents said
13 that future regional development efforts
14 should be directed toward the region's
15 existing core cities like Philadelphia
16 and Trenton and older, first-generation
17 suburbs such as Lansdale and Haddonfield.

18 So the data are there, and they
19 support the theory that the creative
20 economy could be a big part of
21 Philadelphia's landscape. But does all
22 of this theory actually work in practice?
23 Does anyone really stay in or move to a
24 city because of its creative presence?
25 The answer is a resounding yes, and

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 here's just one quick example.

3 Over the past year, the
4 Cultural Alliance has created two new
5 staff positions. Both of those positions
6 are now occupied by wonderful young
7 adults who are not Philadelphia natives,
8 but were attracted here by the low cost
9 of living, the high quality of life and
10 the opportunity to build a career by
11 putting their skills to work in the
12 creative sector.

13 Now that you know that the
14 potential is here, what can we do to
15 start up this engine? So here are a few
16 recommendations.

17 Number one, support policies
18 that make it easier for small businesses
19 to operate in our city. Our tax system
20 is still incredibly burdensome for new
21 emerging entrepreneurial businesses.
22 Councilwoman Reynolds Brown's recently
23 proposed revision to the business
24 privilege tax are a good start, but much
25 work remains to be done in this area.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Number two, provide
3 opportunities for creative workers to
4 live and work in a great urban
5 environment by establishing work zones
6 with special tax incentives and support
7 for creative workers. Artists will come
8 into a neighborhood, help to fix it up
9 and create a 24/7 atmosphere that
10 attracts people.

11 And you asked about other
12 cities. One example off the top of my
13 head that I saw just transform a city was
14 in Providence, Rhode Island, and it was
15 Mayor Buddy Cianci who set aside an area
16 that needed to be developed for artists.
17 He made it a tax-free area for artists
18 and he said, artists aren't making a lot
19 of money anyway, we might as well give
20 them the tax-free status, and that whole
21 neighborhood just turned over in a couple
22 of years. I don't know how long it took,
23 but it was amazing. And, of course,
24 areas like Soho happened by themselves a
25 long time ago, but any time you can get a

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 group of artists into an area, they'll
3 fix it up and they'll bring it alive.

4 Number three, work with
5 regional organizations who promote
6 Greater Philadelphia to new residents and
7 businesses, places like GPTMC or Select
8 Greater Philadelphia, and enable them to
9 keep creative companies and amenities at
10 the forefront of their professional
11 agendas.

12 Four, support research efforts
13 that prove the value of the creative
14 sector to the region and identify gaps
15 and opportunities for building on the
16 infrastructure we already have.

17 Five, invest in creative
18 economy jobs. Mayor Nutter's proposed \$2
19 million increase to the Philadelphia
20 Cultural Fund does just that, as it
21 provides general operating support to the
22 non-profit cultural organizations. That
23 type of funding allows these businesses
24 to invest in what they need to better
25 serve the local community, staff

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 included.

3 I also want to comment on --
4 Councilman DiCicco, you mentioned
5 incentives to keep people here, and there
6 is a national organization forming that's
7 looking into creating a music corps
8 that's something very similar like Teach
9 America, where recent graduates in the
10 music programs would go and teach music
11 in inner city schools or schools across
12 the country. So I have been invited.
13 The Aspen Institute had a meeting, and I
14 think that is moving forward, but it's
15 certainly something that we may be able
16 to do here.

17 The cultural sector is prepared
18 to do its part in growing our creative
19 economy as well. I invite you all to
20 join me tomorrow night at The Hub at Cira
21 Centre as the Cultural Alliance launches
22 Engage 2020, a new effort designed to
23 dramatically increase cultural
24 participation in the region, supported by
25 generous grants from the Pew Charitable

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Trusts and the Wallace Foundation.

3 So thank you for inviting me
4 here today to present this information.
5 As you consider your next steps, please
6 know that the Cultural Alliance stands
7 ready to work with the City and the
8 region to further strengthen one of our
9 greatest potential assets.

10 Thank you very much.

11 COUNCILWOMAN BROWN: Well,
12 thank you for your testimony. The time
13 for tomorrow night?

14 MS. AMSTERDAM: Five o'clock at
15 The Hub at the Cira Centre. I know that
16 your staff is attending. I know David
17 Forde is planning on attending, but
18 anybody else who wants to come, just let
19 me know.

20 COUNCILWOMAN BROWN: Secondly,
21 could you provide to the Chair any
22 background information you might have on
23 the Providence, Rhode Island model?

24 MS. AMSTERDAM: I can get it
25 for you, certainly.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: Is the
3 Cultural Alliance working with any
4 organizations in the City specifically
5 around the issue of the creative economy?

6 MS. AMSTERDAM: Well, we work
7 very closely with Kelly Lee and
8 Innovation Philadelphia and, of course,
9 Kelly and I and several of the other
10 people who are testifying were involved
11 in the original Roadmap where it
12 identified the creative economy as a
13 potential area for growth. That was,
14 what, four years ago with the Chamber of
15 Commerce and Innovation Philadelphia.

16 COUNCILWOMAN BROWN: So with
17 that, have you identified any next
18 tangible action steps? We've done the
19 research. We have the recommendations,
20 and what next?

21 MS. AMSTERDAM: I think Kelly
22 will be speaking to that.

23 COUNCILWOMAN BROWN: Very well.
24 Thank you for your testimony.

25 MS. AMSTERDAM: Thank you. And

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 I leave you some bubble pens from Philly
3 Fun Guide.

4 COUNCILWOMAN BROWN: Thank you.

5 MS. AMSTERDAM: We want to show
6 you how creative we are.

7 COUNCILWOMAN BROWN: Very nice.

8 Let's invite up the next panel.

9 Kelly Lee with Innovation Philadelphia
10 and Patricia Smith with the Reinvestment
11 Fund and Mark Stern of the University of
12 Pennsylvania Social Impacts on the Arts
13 Project. Following this panel will be
14 the creative industry entrepreneurship,
15 Matthew Fisher with the Night Kitchen
16 Interactive and David Brown of Brown
17 Partners. You'll be the next panel up.

18 (Witnesses approached witness
19 table.)

20 COUNCILWOMAN BROWN: Forgive
21 me. I did have a question for
22 Ms. Amsterdam, and maybe Councilman Frank
23 DiCicco can answer this point of
24 information.

25 Is there not legislation in

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Harrisburg up for consideration to
3 incentivize the film industry working
4 closely with the Philadelphia Film
5 Office?

6 COUNCILMAN DiCICCO: We have
7 something in the works, something with a
8 tax credit.

9 COUNCILWOMAN BROWN: Tax
10 credit. Very well. Thank you.
11 Welcome and please proceed with
12 your testimony, starting with Kelly Lee
13 of Innovation Philadelphia.

14 MS. LEE: Good afternoon. I'm
15 Kelly Lee, Executive Vice-President of
16 Innovation Philadelphia, and I would like
17 to thank Councilwoman Blondell Reynolds
18 Brown and Councilman Wilson Goode for
19 holding this joint hearing and also
20 giving Innovation Philadelphia the
21 opportunity to provide testimony.

22 Many regions and cities are
23 focusing on strengthening their creative
24 industries as a means of economic growth.
25 Philadelphia has a unique advantage of

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 having the assets needed to successfully
3 make its creative industries an economic
4 anchor, much like the life sciences and
5 hospitality industries in the Greater
6 Philadelphia region.

7 Innovation Philadelphia first
8 began studying the creative economy in
9 2002 when we partnered with the Greater
10 Philadelphia Chamber of Commerce to do an
11 asset map of the Philadelphia region.
12 Together, we produced a report, which
13 Duane Bumb referred to, as did Peggy
14 Amsterdam, called the Regional Roadmap
15 for Growth. This Roadmap first
16 identified the creative community as a
17 target of opportunity for economic
18 growth. Since the Roadmap was released,
19 Innovation Philadelphia has developed
20 programs and strategies targeting the
21 creative industries, specifically the
22 for-profit technology-driven creative
23 industries.

24 The purpose of my testimony
25 this afternoon is threefold. First, I

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 want to validate the enormous impact of
3 the for-profit creative economy. Second,
4 I want to prove that it is a growing
5 industry and has the potential to have
6 even greater economic growth on the City
7 of Philadelphia, and also demonstrate
8 that the creative economy is a smart
9 priority for economic investment by the
10 City of Philadelphia. Such investment
11 will offer economic benefits in the form
12 of new jobs, new businesses and will
13 attract the type of young professional
14 talent vital to economic growth.

15 You just heard Peggy talk about
16 the economic impact of the non-profit
17 creative industries. Innovation
18 Philadelphia, like I said before, we are
19 focused just on the for-profit side, and
20 those industry sectors -- you have the
21 list in front of you, so I won't read
22 them, but it's industries that are driven
23 by technology, such as architecture and
24 engineering, digital media and
25 programming, information technology,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 music, film and video production,
3 software development, et cetera.

4 Following the Cultural
5 Alliance's model, we realize the first
6 thing that we needed to do was to study
7 the economic impact of the for-profit
8 creative industries so that we would not
9 only have the accurate size and scope of
10 these industries, but then we would also
11 have a benchmark in which to measure its
12 future growth.

13 Innovation Philadelphia in
14 January released the findings -- and you
15 have it in your packet -- this report
16 called the Creative Footprint that
17 measures the size and scope of the
18 for-profit creative industries. The
19 highlights in the report demonstrate that
20 the for-profit creative industry is a
21 huge economic generator for the City and
22 for the region. It produces nearly \$60
23 billion a year in economic impact,
24 766,000 jobs and 32.5 billion in total
25 earnings.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Now, that's a regional number.

3 When you look at the impact to the City
4 of Philadelphia, that 60 billion in
5 annual spending, 6.4 billion is in the
6 City of Philadelphia. Of the 32.5
7 billion in total earnings, 4 billion is
8 earned in Philadelphia. And of the
9 766,000 jobs, 92,000 are in Philadelphia.

10 The for-profit creative
11 industry is also a considerable source of
12 state and local taxes. Combined, it
13 generates 1.2 billion in taxes. Six
14 hundred and forty million goes to the
15 Commonwealth of Pennsylvania and \$320
16 million a year goes to the City of
17 Philadelphia.

18 We're also talking about
19 high-paying, high-value jobs. The
20 average annual wages for for-profit
21 creative industry workers is \$61,600 a
22 year. That's 45 percent higher than
23 non-creative industries, whose average
24 salary is \$43,000 a year.

25 The for-profit creative

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 industry is also growing. Between the
3 years of 2003 and 2005, creative
4 occupations in the region increased by
5 12.4 percent and earnings increased by
6 19.1 percent.

7 The for-profit creative
8 industries is also a source of enormous
9 entrepreneurial activity in the region.
10 Nearly 12 percent of all creative
11 industry employment are self-employed
12 workers, making up 36,500 self-employed
13 workers, and many of these self-employed
14 are young entrepreneurs which you will be
15 hearing from later on this afternoon.

16 The for-profit creative
17 industries is also four percent higher in
18 Philadelphia than the national average.
19 In particular, digital media and
20 programming and software development are
21 two of the highest industry sectors in
22 the Philadelphia region. And also in
23 comparison to our peer regions, in the
24 Creative Footprint, we did compare
25 ourselves to other cities that have

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 economic development strategies that are
3 focusing on their creative economies. So
4 we compared ourselves to Austin, Boston,
5 Denver, Phoenix, Seattle and Tampa, and
6 when you look at Philadelphia in
7 comparison to these peer regions, we were
8 ranked first in earnings and second in
9 average wages.

10 Philadelphia also has a pool of
11 talent to fuel the for-profit creative
12 industries. As you know, the
13 Philadelphia region has a wealth of
14 colleges and universities, about 85 of
15 them. We give out 55,700 degrees a year.
16 Of those, 11,000 degrees are awarded in
17 creative occupations, and half of those
18 are directly within colleges and
19 universities in Philadelphia.

20 In Creative Footprint, we also
21 measured the minority and female
22 ownership and participation in the
23 creative industries. Minority and
24 female-owned creative industry firms
25 account for 21.6 percent of all creative

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 industry jobs in the region; 15.6 percent
3 are female-owned and 6 percent are
4 minority-owned.

5 We find that one of the most
6 interesting things about focusing on the
7 creative industries is that those numbers
8 that I just gave to you are just
9 measuring the creative industries in the
10 region and in Philadelphia, but if you
11 look at creative industry workers, they
12 fuel all industry sectors. So, of
13 course, if you go into a creative
14 industry employer like a Comcast or
15 Electronic, Inc. or Brown Partners, those
16 are creative industry workers, but if you
17 go into any company, an Aramark, an
18 Independence Blue Cross, they all have IT
19 workers, website designers, marketing and
20 communications professionals. So
21 whatever the City does to increase the
22 amount of creative talent in jobs in the
23 region with any creative industries, we
24 will be impacting all industry growth
25 throughout the region.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 So now what can the City do to
3 realize this potential and grow the
4 creative economy? First and foremost,
5 branding is essential. Branding
6 Philadelphia as a creative destination
7 will attract businesses, attract these
8 young educated creative workers and job
9 opportunities for existing creative
10 industry businesses in the region.

11 Since October of 2007,
12 Innovation Philadelphia has generated
13 over 71 articles and about 58.5 million
14 media impressions about Philadelphia's
15 creative economy. We've also been
16 participating in a number of conferences
17 and seminars showcasing Philadelphia's
18 creative economy strategy.

19 Also, internal branding within
20 the region is also very important to grow
21 the creative economies. There is still
22 that perception of our more traditional
23 businesses that they have to go outside
24 of the region in order to attract sort of
25 quality creative services. Whatever we

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 can do to brand the creative talent, a
3 lot of them which are in this room today,
4 to businesses within the region will
5 provide them with more opportunities in
6 which to grow their business.

7 The third is exploring sort of
8 special incentives and funding
9 opportunities to help fuel the creative
10 industry businesses, whether or not these
11 are special zoning programs that we can
12 develop to make it easier for our
13 creative industry entrepreneurs who do
14 work and live within the same space, to
15 make it easier for them to do that,
16 modeling programs after what's happening
17 in Austin. They just announced a big
18 creative corridor that has film and music
19 industries all in one designated
20 location. Or whether or not we look at
21 existing programs, like our Keystone
22 Innovation Zones and explore the
23 opportunity of doing a KIZ program for
24 the creative industries in Philadelphia.
25 These are the types of things that the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 City and the State and organizations like
3 Innovation Philadelphia, the Commerce
4 Department, the Cultural Alliance can
5 explore in order to attract and build
6 some of those resources here in
7 Philadelphia.

8 Also, Innovation Philadelphia
9 has developed one of the only funds in
10 the U.S. that's specifically targeting
11 the growth of the for-profit creative
12 industries. You have information in your
13 packet about the Creative Economy
14 Investment Fund in which we invest
15 between 25,000 and 100,000 in start-up,
16 early-stage creative industry companies
17 within Philadelphia, and on May 22nd, we
18 will actually be announcing the first
19 three recipients of awards for the
20 Creative Economy Investment Fund.

21 Increase minority and women
22 entrepreneurism within Philadelphia. IP
23 has had several programs and initiatives
24 specifically targeting minority and women
25 entrepreneurs, everything ranging from

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 supporting the Black Lily Film Festival
3 that's focusing on minorities and women
4 in film and music production and also
5 sort of doing workshops and panels in
6 partnership with Urban Philly.

7 The other thing that we can do
8 is connect creative workers with creative
9 employment opportunities. IP will be
10 launching in September a job site in
11 partnership with the Philly Creative
12 Guide specifically helping creative
13 industry workers to find out only full
14 and part-time jobs, but also free-lance
15 projects that exist here within
16 Philadelphia.

17 We've also held the first
18 creative industry career fair last
19 September. It's now going to become an
20 annual event, where we, again, are sort
21 of linking sort of creative workers with
22 creative job opportunities within
23 Philadelphia and within the region.

24 We will also be hosting this
25 fall the first free-lance entrepreneurial

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 fair called the Creative Marketplace.

3 This will provide small businessowners

4 and creative free-lancers with an

5 opportunity to develop more business

6 opportunities with companies within

7 Philadelphia.

8 I won't go through all of the

9 recommendations, but I think the most

10 important one here is designating a

11 creative economy institutional driver.

12 There are a lot of organizations that are

13 now focused on the creative economy, I

14 think a lot of it as a result of the work

15 that Innovation Philadelphia has been

16 doing since 2002. It's definitely

17 becoming a priority with this current

18 Administration. But I think that we have

19 all proven, the Cultural Alliance,

20 myself, I think you're going to hear from

21 a lot of other great testimony, that this

22 is worthy of the City's further

23 exploration, the City's further

24 investment in order to support these

25 organizations, whose sole purpose is to

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 grow the creative economy in
3 Philadelphia.

4 Thank you and I will welcome
5 any questions.

6 COUNCILWOMAN BROWN: We will
7 hear from the entire panel and then we
8 will move to Q and A.

9 MS. SMITH: Good afternoon,
10 members of the Committees on Commerce and
11 Economic Development and Parks,
12 Recreation and Cultural Affairs. My name
13 is Patricia Smith and I'm Director of
14 Special Initiatives at the Reinvestment
15 Fund.

16 Councilman Goode and
17 Councilwoman Reynolds Brown, I applaud
18 your leadership in organizing these
19 hearings to learn more about the impact
20 of creative industries on City of
21 Philadelphia, how they impact on business
22 development and how they are a magnet for
23 attracting and retaining young
24 professional and educated workers.

25 Serving the Midatlantic region,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 the Reinvestment Fund provides financing
3 and high-quality data and information to
4 support a wealth-building strategy. We
5 pursue both people and place-based
6 strategies, and our work has resulted in
7 financing of affordable housing,
8 supermarkets, daycare centers, charter
9 schools and other business enterprise for
10 more than 20 years.

11 The creative sector, with its
12 range of content-rich industries, has a
13 significant import for cities struggling
14 to define post-industrial relevance.
15 Yet, we implore that a more and expansive
16 view also be taken of how creative
17 activity, particularly what we call
18 community-based arts and culture,
19 interacts within cities in our
20 neighborhoods and how we can stimulate a
21 broader and more integrated policy
22 discussion and take more effective action
23 and redevelopment of distressed places.

24 Over the past year and a half,
25 TRF, in collaboration with the Social

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Impact of the Arts Project of the
3 University of Pennsylvania, has been
4 examining the ways that creative
5 activity, specifically community-based
6 arts and culture, can play a role in
7 revitalization of post-industrial cities
8 and neighborhoods. One outcome of this
9 collaboration is the monograph Creativity
10 and Neighborhood Development Strategies
11 for Community Investment, which lays out
12 our arguments for building an integrated
13 vision of creativity in neighborhood
14 revitalization. It focuses on the way
15 cultural activity, whether for-profit or
16 non-profit, and redevelopment have
17 complementary and in some ways
18 intertwined the missions and that offers
19 a framework for flexible investment and
20 funding that can spur imaginative and
21 substantive neighborhood renewal.

22 We see community-based arts and
23 cultural activity as an important subset
24 of the creative economy, and included in
25 the subsector are local enterprises that

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 provide culture and arts and festivals,
3 neighborhood festivals, public arts,
4 community centers, artist studios that
5 offer performances and educational
6 experiences, the transformation of
7 residential and commercial spaces to
8 accommodate the work of artists and other
9 creative economy activities, as well as
10 the intentional use of community as the
11 basis of stories in the -- sort of like
12 the inspiration for cultural and creative
13 activity.

14 Community-centered creative
15 activity in many ways is multi-structured
16 in its boundaries and representation, and
17 that sort of like ecosystem, as we call
18 it, has been well documented by the work
19 of Mark Stern and Susan Seifert with the
20 Social Impact for the Arts Project. It
21 is both formal and informal. It is
22 for-profit and non-profit.

23 Our approach looks at beyond
24 studies, just showing the economic impact
25 and regional competitiveness of the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 creative sector, each important for
3 showcasing, as you've seen today from the
4 Cultural Alliance and Innovation
5 Philadelphia, the role of arts in cities
6 and giving artists and organizations a
7 voice in a public arena towards how the
8 intrinsic value of the arts and culture
9 can support what we call an architecture
10 of community.

11 In creativity and neighborhood
12 development, we too recommend investing
13 in the intellectual, human and economic
14 capital of our creative base -- of our
15 community-based creative activity to
16 enhance its place-making role and
17 potential. These investments are not
18 meant to be a substitute for other arts
19 and cultural funding. If we blur the
20 distinction, then there's familiar zero
21 sum gain of non-profit fundraising and
22 development overwhelms the conversation.

23 So quickly, what kinds of
24 ventures would benefit from investment?
25 We think, again, creative enterprises

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 that engage communities in expressing
3 their special aspects of place. An
4 example of that could be like the Jazz
5 Festival in West Oak Lane that has become
6 actually a regional attractor, the work
7 of the Philadelphia Folklore Project that
8 documents, I think, the ethnic and
9 immigrant histories of Philadelphia,
10 art-making projects and cultural
11 activities that improve the quality of
12 neighborhood streetscapes and public
13 places. And I think we must not overlook
14 our own world-renowned Mural Arts Program
15 and the social capital-building role it
16 plays in neighborhoods. The
17 construction, renovation and repurposing
18 of abandoned or obsolete buildings by
19 artists throughout the City of
20 Philadelphia, either as housing or work
21 spaces, and there are lots of example of
22 that, some carried out by CDCs and other
23 by for-profit developers. And, of
24 course, there's business with social
25 ventures that artists as entrepreneurs,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 which sometimes involve partnerships with
3 the non-profit or for-profit sectors that
4 can be oriented around establishing
5 businesses and products, service
6 products.

7 The monograph -- and I have
8 copies of a series of reports and papers
9 we've put out for the Committee -- delves
10 into these issues and spells out some
11 specific investments that can foster
12 community-oriented creative enterprises.

13 In closing, I just want to
14 leave you with the following thought: It
15 seems to me that there's a significant
16 opportunity to tie together the
17 post-industrial opportunities of what has
18 become termed as the creative economy
19 with the movement to rebuild opportunity
20 in some of our City's distressed
21 neighborhoods, and we should not overlook
22 or undervalue these opportunities as we
23 go forward with our policy and
24 programmatic discussions. There's a
25 broad group of practices out there from

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 which we can learn by connecting the two
3 issues, the creative economy and
4 community or neighborhood development,
5 and the thoughtful way I believe we will
6 truly lay an important foundation for
7 making Philadelphia a world-class 21st
8 century city.

9 And my colleague, Mark Stern,
10 will follow up with a couple of
11 observations.

12 COUNCILWOMAN BROWN: Thank you
13 and good afternoon. Welcome.

14 MR. STERN: Thank you,
15 Councilwoman Reynolds Brown. My name is
16 Mark Stern. I'm a professor at the
17 University of Pennsylvania. I teach
18 social welfare and history, and I'm also
19 Co-Director of the Urban Studies Program.
20 I'm also a resident of Mount Airy. I
21 have been principal investigator of the
22 Social Impact of the Arts Project, a
23 research initiative at Penn, since 1995.

24 In the time I have, I want to
25 make just two points. First, the major

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 connection between creative investments
3 and economic revitalization flows from
4 culture's impact on our neighborhoods'
5 social fabric. Second, as the City
6 considers its policy options in
7 addressing the creative economy, it needs
8 both to encourage the growth of the
9 creative sector and to take steps to
10 ameliorate some of its negative
11 consequences.

12 Our research on the cultural
13 community and Philadelphia neighborhoods
14 makes clear that the direct economic
15 benefits of the arts and culture are
16 relatively modest compared to their
17 impact on our city's social fabric. The
18 arts promote revitalization in two ways.
19 On the production side, the development
20 of a critical mass of creative
21 resources -- for-profit cultural firms,
22 non-profit organizations and artists --
23 appears to have a significant impact on
24 the level of innovation in a particular
25 field. We call these clusters natural

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 cultural districts, which, in our view,
3 present the best opportunity for
4 sustaining a vibrant creative sector.

5 On the consumption side, we
6 have found that levels of cultural
7 engagement have a longstanding
8 relationship with neighborhood economic
9 vitality. To cite just one example,
10 during the early part of this decade,
11 cultural participation was highly
12 correlated with the probability that a
13 neighborhood would witness a significant
14 improvement in its housing market. And
15 in this, we collaborated with the
16 Reinvestment Fund's Policy Unit. The
17 connection was the result of two social
18 dynamics: the level of ownership that
19 residents feel for their neighborhood and
20 the ability of even small-scale arts
21 activity to turn a neighborhood into a
22 cultural destination.

23 While the growth of the
24 creative sector has many potential
25 benefits for the City, it poses one very

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 big challenge. It increases economic
3 inequality. If the City is to encourage
4 the growth of a sector dominated by
5 high-income, college-educated workers, it
6 needs to take steps to assure that the
7 benefits of the creative economy are
8 shared by all of the City's residents.
9 We can achieve this goal first by
10 building ladders to creative sector jobs
11 that don't require a college education
12 and, second, by cultivating our
13 neighborhoods' creative clusters.

14 In conclusion, we can combine
15 Philadelphians' entrepreneurial talents
16 and wise public policy to build not just
17 a creative economy, but a creative
18 society.

19 Thank you.

20 COUNCILWOMAN BROWN: Thank you
21 all very, very much.

22 Do we have copies of your
23 testimony, sir?

24 MR. STERN: Yes. I handed them
25 out just now.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: Okay,
3 then.

4 If looking at your own
5 expertise, knowledge and homework in this
6 area, if you had to pick one, two or
7 three neighborhoods that have seeds of
8 the kind of potential you've spoken
9 about, what might you offer up as
10 potential places to start?

11 MR. STERN: Well, actually, Ira
12 Goldstein, who is Director of Policy at
13 the Reinvestment Fund, and I have been
14 running a class at Penn this past
15 semester and we actually had students out
16 snooping around neighborhoods to look at
17 what's going on. They came across places
18 in Kensington where companies were
19 fabricating props for films that were
20 being done in the area. They came across
21 a warehouse in Germantown where the guy
22 wouldn't quite open the door all the way
23 and just poked his head out, but there
24 was something going on in there and my
25 students concluded it was creative.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: They were
3 thinking out of the box.

4 MR. STERN: And interestingly,
5 we had a group of students in Olney who
6 came across a whole variety of businesses
7 that are being encouraged by, I believe
8 it's, the Korean Businessman's
9 Association along 5th Street there.

10 COUNCILWOMAN BROWN:
11 Interesting.

12 MR. STERN: So you have an
13 interesting example of like a flower shop
14 that just from the street looks just like
15 a flower shop. You go in and it's a
16 major dealer in Asian arts that
17 apparently for members of the Korean
18 community is a real destination for that.

19 So I'd say Olney, Germantown
20 and moving up from Northern Liberties
21 into Fishtown and Kensington are
22 certainly three areas that are quite
23 lively.

24 COUNCILWOMAN BROWN: I actually
25 thought of Northern Liberties and -- is

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 it called the Ice Box? That community
3 there.

4 Okay. That takes care of that
5 question.

6 The status of Innovation
7 Philadelphia, what is the staffing and
8 have you been affected at all with the
9 most recent budget proposed by Mayor
10 Nutter?

11 MS. LEE: Current staffing, we
12 have nine full-time employees at
13 Innovation Philadelphia. In terms of
14 funding from the City of Philadelphia for
15 FY09, currently we are not in the budget.
16 The last sort of official correspondence
17 that we had, we were asked to prepare a
18 plan for Commerce as to how Innovation
19 Philadelphia would allocate a reduced
20 funding from the City of Philadelphia.
21 Previously we were receiving \$2.5 million
22 a year. For FY09 we requested \$1
23 million, with a plan to reduce that
24 funding over the next five years.

25 Commerce is still working with

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 the Administration, I guess, just to
3 finalize the budget period and also to
4 see whether or not Innovation
5 Philadelphia will receive any type of
6 funding support from the City.

7 COUNCILWOMAN BROWN: Okay.

8 Have any of you amongst this world spoken
9 with university leadership, leadership of
10 our various universities to talk through
11 creating creative economy pockets in the
12 world where they sit? I mean, does that
13 make sense to you at all?

14 MS. LEE: We have had
15 conversations with different university
16 leaders since we did the Footprint in
17 2003, particularly with Happy Fernandez
18 of Moore College of Art and Design.
19 We've been very engaged with the
20 University Arts from the very beginning,
21 and I just recently, a couple months ago,
22 had my first meeting with President Sean
23 Buffington, who you will hear from, just
24 to sort of give an overview of Innovation
25 Philadelphia.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 One of the things that we were
3 talking about in terms of how we could
4 partner with the universities is
5 exploring doing some sort of proposal for
6 a KIZ, because it has to happen within
7 partnership with a university, and create
8 this sort of district where entrepreneurs
9 and within the creative industries and
10 with students coming out of the
11 universities, there is a process for
12 doing that.

13 COUNCILWOMAN BROWN: Sure. In
14 a captured pool as well.

15 MS. LEE: Absolutely. And some
16 of our sort of research and conversations
17 have shown that students sort of
18 graduating from our art institutions are
19 more likely to start a business in the
20 City of Philadelphia than students who
21 graduate from our business schools. So
22 whatever we can do to sort of capture
23 these entrepreneurs coming out of our art
24 institutions and keep them in
25 Philadelphia, it will definitely do a lot

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 to drive the economic growth within
3 Philadelphia.

4 COUNCILWOMAN BROWN: So the
5 yield of those discussions with the
6 leadership of those institutions was
7 what?

8 MS. LEE: With the University,
9 it was a preliminary discussion. We just
10 met each other. But, actually, I do have
11 a meeting scheduled with the Ben Franklin
12 Technology Partnerships up in Harrisburg
13 to actually get more information about
14 the KIZ program and the process for
15 applying and the partners that you need.
16 So I wanted to get that information first
17 and then go back to the universities that
18 we've had preliminary discussions over
19 the years and try to see whether or not
20 this is something that we can feasibly do
21 within Philadelphia.

22 COUNCILWOMAN BROWN: Okay.

23 MR. STERN: I might say just in
24 terms of Penn, a really interesting model
25 for how public, non-profit and kind of

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 funky informal resources can come
3 together is the 40th Street corridor,
4 where the most obvious parts is, the
5 University obviously put a lot money into
6 building a movie theatre and a grocery
7 store. The Free Library renovated its
8 area. But then there's a whole variety
9 of small artists who have benefited
10 essentially from low rent in
11 university-owned buildings, and it's
12 really created a very mix, as Pat said,
13 kind of ecosystem of different kinds of
14 cultural resources in one area.

15 COUNCILWOMAN BROWN: I guess my
16 comment with regards to that as an
17 example is, it would be my opinion that
18 the biggest beneficiaries of the site you
19 just located are University of Penn
20 students. If you move that north to
21 Market Street where you have Philadanco
22 and No. 9 North Preston, there's an
23 opportunity to enrich that entire
24 corridor --

25 MR. STERN: Right.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: -- in a
3 way that you just described. Would you
4 agree?

5 MR. STERN: I think that's a
6 very good point to make, and, in fact, I
7 think the University has been making
8 efforts in terms of encouraging some
9 smaller arts organizations to locate up
10 towards Chestnut Street and up towards
11 Market. So I really agree with you.
12 That's an excellent idea.

13 COUNCILWOMAN BROWN: Okay,
14 then. Well, that's a potential
15 assignment on our end.

16 Thank you all for your
17 testimony. It's extremely informative.
18 Councilman Goode has a question.

19 COUNCILMAN GOODE: Just
20 following up on the discussion of
21 place-based strategies as a vehicle for
22 encouraging a creative economy, I know
23 Councilwoman Brown had an idea several
24 years ago, a concept that she was
25 floating related to the Neighborhood

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Transformation Initiative, and I know
3 that a similar concept was being
4 implemented up in the Frankford section,
5 but what do you think about mixed-use
6 development on neighborhood commercial
7 corridors as part of this place-based
8 strategy approach?

9 MS. SMITH: I think it's
10 critical, and what's exciting is that --
11 one of the things that when you talk
12 about where should we start, part of our
13 studies says sort of like uncover what
14 exists, and there's a lot that does
15 exist, and I think the Frankford
16 commercial corridor and what has sort of
17 like percolated up with some targeted and
18 some relatively small resources is pretty
19 exciting. And I think that's an example
20 of where you have -- where you bring
21 together public art and the bike racks,
22 where there's artist housing. We have
23 financed a little bit further north along
24 Frankford Avenue an artist studio that
25 was a for-profit artist entrepreneur.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 So, again, there's a cluster of
3 activity that can benefit from different
4 types of support. So I agree. It makes
5 lots of sense.

6 COUNCILWOMAN BROWN: So is that
7 to suggest then that our city currently
8 is not engaging in those types of
9 opportunities the way you just described?
10 And let be more specific, where
11 government on this side is not doing what
12 we can to --

13 MS. SMITH: I was going to say,
14 I think what Kelly mentioned about the
15 need for institutional driver or
16 coordinator, again, I think a lot of
17 things are happening. The question is do
18 we get synergy from what's happening, and
19 then what role can the public sector play
20 versus other sectors in helping to drive
21 that type of activity and drive it in
22 such a way that you don't get in the way.
23 Because sometimes we do insert ourselves
24 and, unfortunately, we suppress the
25 activity and the creativity and

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 innovation as opposed to stimulating
3 more.

4 MS. LEE: And I think that's
5 tied into the whole sort of branding --
6 the internal branding within
7 Philadelphia, within the region, because
8 there is so much great stuff going on
9 within our communities, but it's not
10 packaged, and there's no way that we have
11 this critical mass. And I think that if
12 there was this institutional driver whose
13 responsibility every day all day would be
14 to make sure that these things are linked
15 together, everyone would see that there
16 is a lot happening, the potential for
17 growth, the impact that it's already
18 having. But right now it's so
19 scattered --

20 COUNCILWOMAN BROWN:
21 Fragmented.

22 MS. LEE: -- that it's hard to
23 sort of see the big picture.

24 COUNCILWOMAN BROWN: Okay,
25 then.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Please, sir.

3 MR. STERN: One of the
4 things --

5 COUNCILWOMAN BROWN: State your
6 name again for the record for our
7 transcriber.

8 MR. STERN: Sorry. Mark Stern,
9 University of Pennsylvania.

10 I think one of the things that
11 came out of our collaboration with the
12 Reinvestment Fund is an appreciation that
13 the real driver for this kind of activity
14 comes from the grassroots in terms of
15 artists taking a chance, taking over a
16 studio, or a community group deciding to
17 build some artist housing in the hope
18 that it can create this.

19 So I guess from the City's
20 standpoint, in addition to the points
21 that have been made, I'd make the point
22 that kind of City governance fundamentals
23 around zoning, around taxation, around
24 consistent regulations are really a core
25 push that I think really would give this

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 sector a lot of opportunity.

3 COUNCILWOMAN BROWN: Okay.

4 Thank you all very much.

5 (Thank you.)

6 COUNCILWOMAN BROWN: Next up,
7 an entrepreneurial panel, Matthew Fisher,
8 Night Kitchen Interactive, and David
9 Brown, President of Brown Partners. I
10 understand we have another entrepreneur
11 with us, so we'll ask you to join this
12 panel, Hassan Charles.

13 (Witnesses approached witness
14 table.)

15 COUNCILWOMAN BROWN: Good
16 afternoon, gentlemen.

17 MR. FISHER: Good afternoon.

18 COUNCILWOMAN BROWN: Thank you
19 very, very much. Welcome, and please
20 proceed with your testimony.

21 MR. FISHER: Thank you. I'd
22 like to thank the Council and Kelly Lee
23 of Innovation Philadelphia for inviting
24 me here today.

25 In contrast to the previous

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 testimony, Kelly asked me to speak
3 briefly about my personal experience as a
4 creative entrepreneur in Philadelphia.
5 So I hope I don't bore you with my
6 personal story.

7 COUNCILWOMAN BROWN: Not at
8 all.

9 MR. FISHER: My name is Matthew
10 Fisher and I'm President of Night Kitchen
11 Interactive, a design company providing
12 interactive exhibits and online learning
13 to museums, arts and cultural
14 organizations, and global corporations.

15 We started in 1997 right here
16 in Philadelphia, with no capital to speak
17 of, an office in my apartment and no paid
18 employees.

19 Today my partner and I have an
20 office on 2nd and Pine, 12 fantastic
21 employees, half of whom are under the age
22 of 35. We have a great roster of
23 clients, including the Smithsonian
24 Institute, the National Constitution
25 Center and the Pew Charitable Trusts, and

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 over the years, I've had a great
3 privilege of working with many of the
4 major cultural institutions in
5 Philadelphia.

6 I'm also on the Board of the
7 Philadelphia Area New Media Association,
8 a volunteer professional organization,
9 and on the Advisory Board of the
10 Rosenbach Museum and Library, and I also
11 have been a member of Innovation
12 Philadelphia's Economic Roadmap process,
13 along with Peggy Amsterdam and a number
14 of others, since 2003 invested in the
15 future of the creative community here.

16 I grew up in West Philly and
17 lived in Center City and Old City and now
18 in Northern Liberties, and I'd like to
19 lobby for that being a good place,
20 although pushing towards Kensington,
21 because pricing is a little high for
22 artists these days.

23 I'd then like to applaud the
24 City for how far it's come in this past
25 decade and for the direction that it's

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 heading. Mayor Nutter recognizes
3 Philly's arts and cultural assets as
4 significant, and City Council has made
5 good progress towards reducing the wage
6 tax and hopefully will do so with the
7 business privilege tax as well.

8 I also applaud Innovation
9 Philadelphia for their Creative
10 Industries Investment Fund and their
11 global creative summit, which they've had
12 and are having again.

13 When we started Night Kitchen
14 Interactive in 1997, there were far fewer
15 resources in the City than there are now,
16 but we did grow, and today we're thriving
17 and doubled in size in just the past few
18 years.

19 I'd like to say Philly is great
20 for our business. We have more museums
21 than almost any other city in the
22 country, and that means excellent
23 world-class clients at our doorstep.

24 An affordable cost of living in
25 Philly means affordable salaries for our

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 employees. A \$50,000 salary here
3 provides our employees with \$10,000 more
4 disposable income than the same salary in
5 New York or DC.

6 And Philly's a small town.
7 Everybody knows everybody, which means
8 great networking and resources and
9 support for all of us.

10 As great as Philly is, there
11 are some things that I think could be
12 better. I'm not here to harp on the high
13 wage taxes and the dreaded business
14 privilege tax or our outdated public
15 transit system, but everybody here knows
16 how important it is that these issues are
17 addressed, particularly the business
18 privilege tax.

19 But I will say that specific
20 industries represent growth opportunities
21 and invaluable assets to the City, and
22 I'm, of course, talking about the
23 creative industry here, and it should be
24 targeted for tax reductions, low-interest
25 loans and investment, if possible.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 That said, I'd like to focus on
3 the positives and suggest what we can do
4 to build on them.

5 Philly is a world-class
6 cultural destination, with incredibly
7 rich depth and diversity of cultural
8 organizations and creative businesses.
9 This is, in my opinion, our strongest
10 asset. In Travel and Leisure Magazine
11 this fall they had a survey of America's
12 favorite cities. Sixty thousand people
13 ranked Philadelphia in the top two for
14 museums -- sorry; for monuments and
15 history and the top four for museums and
16 galleries.

17 So I think we can do a lot
18 better job at branding ourselves. I
19 think we've got a good start. We've
20 branded the Avenue of the Arts, but I
21 think we shouldn't stop there. We should
22 brand Philadelphia as "the City of the
23 Arts."

24 Similarly, I think we should
25 promote the best of our non-profit

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 organizations and creative businesses
3 within the region. We tend to overlook
4 our own strengths. For example, it
5 wasn't until I started to speak regularly
6 at international museum conferences that
7 the National Constitution Center
8 contacted us, despite the fact that they
9 are just a few blocks away. Better
10 promotion would highlight that we have
11 some of the best in the business right
12 here in Philly.

13 We have some great young talent
14 streaming in from all over the world to
15 attend our universities, but four years
16 later they stream right back out again.
17 I personally have found it very
18 challenging to identify top candidates to
19 work in our unique field. I think many
20 of our young and talented don't realize
21 how good they have it right here in
22 Philadelphia and head out to New York and
23 San Francisco to seek their fortunes.
24 Again, I think this is largely an issue
25 of perception and lack of information and

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 our branding.

3 The pool of young talent needs
4 to know what opportunities our creative
5 businesses can offer them, the value of
6 Philadelphia's salary and the benefit of
7 our rich cultural assets. And what is
8 our greatest asset, in my opinion, is,
9 the creative and small businessowners and
10 employees have much to offer, much more
11 than can be measured by income generated,
12 jobs created and our tax base. While
13 these contributions are considerable, I
14 think there's much more. Creative
15 professionals tend to be creative people
16 in all aspects of life or creative
17 citizens, and as such, we're dedicated to
18 the growth and prosperity of the City's
19 creative community in many ways.

20 As creative citizens, we not
21 only produce the creative goods, but we
22 are consumers of them as well. We are
23 the film and theatre goers, the music
24 lovers and the museum visitors. Not to
25 say that everybody else isn't.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 We not only support the
3 community with our dollars, but we do so
4 through our involvement. For example,
5 through PANMA, our Board holds many free
6 educational and networking events
7 throughout the year, bringing emerging
8 and experienced members of the new media
9 community together, and through my
10 advisory position at the Rosenbach, I
11 support one of my favorite cultural
12 treasures in the City. And the Maurice
13 Sendak exhibit just opened yesterday. So
14 check that out.

15 I do not consider myself to be
16 exceptional in my dedication to the
17 creative community. Most creatives show
18 similar dedication to this pursuit and
19 many far outshine my own.

20 Take Geoff DiMasi, for example,
21 who in addition to having his own design
22 business, P'unk Avenue, for Passyunk, has
23 converted a South Philadelphia storefront
24 into a meeting place for art openings,
25 for the Junto, a so-called "club of

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 mutual improvement," and for community
3 meetings, with the goal of generally
4 embracing our neighborhood and city. Or
5 how about Alex Hillman, who is sitting
6 right over here, a young man who
7 spearheaded Independents Hall, and that's
8 "independents" with a T, a co-working
9 environment for independent design and
10 technology professionals in Old City that
11 has gained national attention.

12 In closing, I'd like to
13 summarize by saying that participating as
14 producers, consumers and community
15 members, we as creative citizens build a
16 thriving creative industry in
17 Philadelphia from both the inside and
18 without. This, in turn, benefits all of
19 our City's citizens.

20 Again, I'd like to thank the
21 City Council for giving me this
22 opportunity to speak today.

23 COUNCILWOMAN BROWN: You're
24 welcome.

25 Do you have copies of your

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 testimony?

3 MR. FISHER: Yes.

4 COUNCILWOMAN BROWN: They're up
5 here?

6 MR. FISHER: Yeah.

7 COUNCILWOMAN BROWN: Okay,
8 then. Let's hear from the entire panel
9 and then we'll move to questions.

10 Good afternoon.

11 MR. BROWN: Good afternoon.

12 Madam Chair, Councilman Goode and members
13 of the Committee who are participating in
14 this hearing, again, thank you, and echo
15 Matthew's thanks to addressing you this
16 afternoon to talk about the creative
17 economy. And I've been asked to give you
18 a perspective of both as a businessowner
19 and also as a perspective of small
20 minority-owned business here in
21 Philadelphia in the creative economy.

22 Our firm, Brown Partners, is a
23 minority-owned and controlled
24 full-service ad agency here, using a
25 range of different things to motivate the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 behavior of all kinds of consumers.
3 We're headquartered here right in Center
4 City. We are a Pennsylvania-based
5 corporation and we currently employ ten
6 full-time people, and we serve as the
7 minority agency of record for some of the
8 industry's most recognizable brands in
9 the country, Comcast, McDonald's and
10 Coke, but regionally we also represent
11 the Commonwealth of Pennsylvania, the
12 Department of Health, the Department of
13 State and the Department of Tourism, and
14 locally we represent PECO, PGW and the
15 School District.

16 We started our firm here in
17 Philadelphia six years ago because we
18 love Center City. We love the City that
19 we share. I was born here. I was raised
20 here, grew up in West Philly, graduated
21 from Central High, 239, and working here
22 in Center City --

23 COUNCILWOMAN BROWN: Might
24 there be another Central person?

25 MR. BROWN: Yes. I'm waiting

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 for him to say his class number.

3 He's not going to say. All
4 right.

5 COUNCILMAN GOODE: 241.

6 MR. BROWN: 241, okay. Not as
7 good as 239.

8 Anyway, working here in Center
9 City for more than 20 years. So this is
10 something that I believe in. This is
11 something that is very much a part of who
12 I am. So this is not an accident. This
13 is very intentional about being here in
14 Philadelphia.

15 I got my start in advertising
16 participating in a program called
17 INROADS, which provides career exposure
18 and internship opportunities for students
19 of color, and it was my first taste of
20 the creative pie, and I've been hooked
21 ever since.

22 For us, providing workplace
23 exposure for our young people -- and I do
24 want to talk about that a little bit --
25 is not simply something that's nice to

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 do. Internship exposure is a business
3 principle at Brown Partners and is our
4 way of life at our firm. We have senior
5 staff members who oversee our internship
6 program, and we interview, screen and
7 award internships year round. Each
8 intern is required to develop an
9 experienced plan with us and to ensure
10 that they get what they need during their
11 time with us and we get what we need from
12 them as their employers. We are required
13 to help them develop a marketing plan to
14 present to our staff as a way for them to
15 help hone their skills and while at the
16 same time understanding the industry in
17 which we hope to grow them as it relates
18 to future employment.

19 But the investment in providing
20 internships to area college students has
21 paid off nicely, as we have hired many of
22 the employees who started out as interns.
23 As a matter of fact, the University of
24 the Arts is here today. We currently
25 have employed three students who

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 graduated from the University of the Arts
3 as employees with us.

4 While we focus primarily on
5 college-age students, we have recruited
6 and made opportunities available for high
7 school students in providing them with a
8 modified but an equally rigorous work
9 experience that prepares and encourages
10 them to pursue this field of study at the
11 college level.

12 Our commitment to work and
13 workplace exposure extends even beyond
14 our own firm. First, I'm proud to say
15 that I serve as a member of the adjunct
16 faculty of the University of the Arts,
17 whose testimony you'll hear in a little
18 bit from the President, Sean Buffington,
19 but I've also spoken and leaped from the
20 college classroom anywhere else who will
21 listen about the importance of getting
22 involved in the industry at Temple,
23 LaSalle, Lincoln, Cheyney, anyone who
24 will give us a listening ear.

25 But we've also made a pretty

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 significant investment that extends well
3 past any time we might spend in any given
4 classroom.

5 Four years ago, our firm
6 created a program called The Big Pitch.
7 The Big Pitch is a program that matches
8 inner city Philadelphia public high
9 school students with advertising agencies
10 and exposes them to the field of
11 communications. The participating high
12 school teams and their agency coaches
13 create campaigns on a common topic in
14 competition against each other,
15 "pitching" for the top prize; in other
16 words, presenting the winning campaign.
17 The students from the winning team
18 receive a \$1,500 cash prize that they
19 split between the team members and the
20 school, and those numbers are helped to
21 attract a good quality of students, and
22 their schools are awarded paid
23 internships and paid scholarships to the
24 University of the Arts Pre-College Summer
25 Program, enabling the students to

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 continue exploring the field in a very
3 structured manner.

4 When we first started The Big
5 Pitch, we found that the students who
6 participated were really deficient in
7 their writing and their presentation
8 skills. So as part of the competition,
9 we created something called The Big Pitch
10 Institute in which students are given
11 four weeks of classes at our Center City
12 office, which we now have moved the
13 classes to the University of the Arts as
14 part of one of our partners, teaching
15 them the basics of presenting and
16 writing, marketing skills, how to do
17 research, how to develop some of those
18 skills in terms of what they'll need if
19 they're going to pursue this as a field
20 of study in the future.

21 We've partnered with the
22 University of the Arts since the
23 inception of the program, and most
24 recently we've been able to conduct the
25 program on campus to give these kids an

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 exposure to a college environment.

3 And since the program has
4 started, the program has enrolled
5 students from six public high schools and
6 have matched them with five different
7 agencies, awarding nearly \$5,000 in prize
8 money to the schools and the students,
9 while providing scholarships for three
10 consecutive years to the Pre-College
11 Summer Institute Program at the
12 University of the Arts.

13 In 2005, The Big Pitch was
14 awarded the first ever Mosaic Award for
15 Student Diversity from the American
16 Advertising Federation honoring the
17 program as the best program in the
18 country for exposing youth of color to
19 the advertising field.

20 But beyond these accolades, we
21 count our success based on the lives that
22 we touch. We have regularly attracted
23 students who have entered our competition
24 with aspirations for college and, after
25 participating, have enrolled in

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 post-secondary programs here within the
3 state and throughout the country. Since
4 it started, we've had 50 kids participate
5 in The Big Pitch at our own expense,
6 along with sponsorship support from
7 participating ad agencies that we've
8 recruited. With so many more high
9 schools clamoring to participate, we've
10 been able to secure a DCED grant working
11 with the Office of State Senator Vincent
12 Hughes enabling us to hire a program
13 director and strengthen the structure of
14 the program.

15 But we know that we're really
16 in the ad business, not in the youth
17 development business, but for Brown
18 Partners, this is more than just a
19 motivation to improve the employability
20 of youth who may eventually knock on our
21 doors to start their advertising careers.

22 Such a program like The Big
23 Pitch could only happen in a community
24 where a creative economy is supported and
25 is thriving.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 But beyond investing in talent
3 for the future, the creative economy in
4 this region helps firms like Brown
5 Partners grow every day. Our employees
6 are young, they're active and they're
7 mobile. They live in the funkiest parts
8 of town, from Old City to Mount Airy. We
9 work them hard all week so they can play
10 all weekend in our parks, clubs and
11 restaurants. They CarShare, they bar-hop
12 and then they brag to their New York
13 friends about how affordable their lives
14 are here.

15 In addition to attracting
16 creative talent, the creative economy
17 here has enabled firms like Brown
18 Partners to attract investment dollars to
19 help fuel our business. And you had
20 heard from Kelly Lee from Innovation
21 Philadelphia, and Innovation Philadelphia
22 has helped provide an articulate voice
23 for the importance of the creative
24 economy here in the region, and they did
25 start and she referenced the Creative

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Economy Investment Fund. We're proud to
3 say we're going to be one of those three
4 firms selected by the Fund to help expand
5 our creative capacity.

6 It was supposed to be a
7 surprise. Okay. So now you know.

8 But none of this would have
9 been possible if our city was not
10 supportive of the creative economy of
11 which we are all a part. However, like
12 any business, we want to continue working
13 in an environment that is favorable to
14 our industry. As such, we applaud the
15 effort and support any effort that the
16 Administration will continue to pursue in
17 terms of making a more favorable tax
18 environment and any other program that
19 might be considered hostile or at least
20 handicapping our ability to grow this
21 emerging economic sector.

22 But even though the creative
23 economy clearly has a bottom-line purpose
24 that impacts the lives of our businesses
25 and our families, a thriving creative

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 economy has personally saved my life.

3 And I just want to just end
4 with this very brief story.

5 Despite having two great
6 parents and what most would consider to
7 be a stable family upbringing, I got
8 caught up running the very same streets
9 that are claiming lives of too many of
10 our kids today. Through a series of
11 events, I survived a botched drive-by
12 when I was a teenager that scared me
13 right off the street corner and right
14 into a summer program that led me to an
15 internship that led to a career in
16 advertising. That fateful night was my
17 last night on the street. It wasn't
18 because I was scared to hang out. I just
19 had better things to do with my young
20 life, like giving my life a future.

21 So thank you again, Madam Chair
22 and the members of City Council, for this
23 opportunity to bring this testimony to
24 you, and we, again, applaud your efforts
25 to do so.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: You're
3 welcome.

4 Do we have copies of your
5 testimony as well?

6 MR. BROWN: Yes, ma'am.

7 COUNCILWOMAN BROWN: Thank you
8 very much.

9 Good afternoon.

10 MR. CHARLES: Good afternoon.

11 COUNCILWOMAN BROWN: Please
12 proceed with your testimony. State your
13 name for the record.

14 MR. CHARLES: Thank you very
15 much. My name is Hassan Charles. Thank
16 you, Councilwoman Blondell Reynolds Brown
17 and also Councilman Goode for having this
18 hearing today. I'm very pleased to have
19 the opportunity to address the Council
20 and also particularly excited to address
21 it with other creative entrepreneurs in
22 the market.

23 My history, my background, I
24 spent ten years in finance, in risk
25 management and banking, and then I owned

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 a creative economy company for six years.
3 I made several investments in other
4 smaller companies as well, and until last
5 week, I was the Assistant Director of
6 Programs at Innovation Philadelphia. So
7 I feel uniquely qualified to discuss some
8 of the opportunities and challenges in
9 the creative economy here in
10 Philadelphia.

11 And I have to start by saying
12 that I think that to really grow an
13 innovative and a creative economy, you
14 have to have innovative and creative
15 approaches. I think it's really
16 difficult. I've spent really the greater
17 part of the last year producing events,
18 networking events for close to 1,000
19 creative professionals. I've interviewed
20 close to 100 creative entrepreneurs,
21 creative workers, young professionals as
22 well living in this region. The
23 responses that you're getting from the
24 community are a little bit different from
25 the responses that we see or from the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 things that we're discussing at the high
3 level.

4 I want to be really clear.
5 Young people, every last one of them, is
6 a potential creative entrepreneur.
7 They've grown up in a different
8 environment. They've embraced
9 information technology. They've embraced
10 software. They've embraced computers.

11 If you were to open an
12 economy -- if you were to open an
13 opportunity for people to feel like there
14 was a way to balance all of their
15 priorities as young professionals,
16 meaning have great work, meaningful work,
17 live a high-quality life, there are
18 certainly people all over the country and
19 all over the region that would be open to
20 relocating to the Philadelphia region.
21 I, for one, am a transplant here.

22 For the five years that I was
23 self-employed, I produced concerts and
24 festivals in 30 cities all over the
25 country. I interacted with several

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 hundred thousand young people, and I'm
3 really able to speak to the assets and
4 the benefits of the quality of life here
5 and the region. And I chose here. I
6 chose to live here before I chose the
7 business. I chose to live here for its
8 proximity to major metro areas. I chose
9 to live here for its reasonable quality
10 of life and reasonable cost. And I also
11 chose to live here for the upside
12 potential that any young professional
13 living, especially in this Northeast
14 corridor, would recognize is huge value.
15 However, the resources that
16 these young folks need to succeed in this
17 creative economy are quite different from
18 some of the things that we've discussed.
19 I think these creative entrepreneurs
20 really hit it on the head. For one,
21 Philadelphia has to lose its inferiority
22 complex regarding the creative economy.
23 We do have the best and the brightest
24 talent. We have the most colleges and
25 universities. We have the most students

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 in several of these creative sectors that
3 are out there. What they don't know,
4 what they think they know but they don't
5 know is how to start and run a successful
6 business.

7 Everyone today thinks that they
8 can run a business. Do they have a
9 business privilege license? Are they
10 paying taxes? Are they filing quarterly
11 returns? Absolutely not. They're
12 running side ventures out of their homes,
13 and they're running them as early as 15
14 years old, 12 years old. So there's no
15 way to assume that those folks at 24, 25
16 know that there's another way to do
17 things. There's no way to assume that
18 they know that there's a Commerce
19 Department that exists to support
20 creative businesses and businesses of
21 these endeavors.

22 It is very difficult for them
23 to take the step from a start-up business
24 out of their home to a thriving business
25 that employs people in the region. So

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 they need office space, they need
3 business incubation services, they need
4 strategy, advice and counsel, and they do
5 need low-cost financing, low-interest
6 financing, those things that -- mezzanine
7 funding, things that will help support
8 the growth of their businesses in a
9 successful manner.

10 The second thing that people
11 really do need is not promotion for the
12 sake of making us feel good. The
13 creative economy in Philadelphia is very
14 well aware of what they're capable of
15 doing. However, they also feel affected
16 by the inferiority complex to the region.
17 They also are impacted by the stories on
18 CNN that brand Philadelphia as the
19 nation's murder capital. They don't
20 believe that companies from New York, the
21 media capital of the world where the
22 largest spends are made globally, are
23 interested in hiring Philadelphia firms
24 to do work, despite the fact that
25 Philadelphia has talent that is

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 comparable to any creative region in the
3 country.

4 And there are examples.
5 Councilman Goode, I heard you ask about
6 examples of other regions and sectors
7 that are doing it successfully. There
8 are several examples. For example, I
9 think there's one report that I think
10 you'd really be remiss not to read, is
11 the Creative Britain report that was just
12 released probably about a month and a
13 half ago.

14 COUNCILWOMAN BROWN: The
15 Creative who report?

16 MR. CHARLES: Creative Britain.

17 COUNCILWOMAN BROWN: Creative
18 Britain.

19 MR. CHARLES: Creative Britain,
20 yeah. And it's really a report that was
21 prepared by a team of strategists in the
22 UK who are placing their entire economy
23 around the creative economy. They want
24 to be the global creative center of the
25 world. They understand that the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 industries around fashion and music and
3 design and the other creative economies
4 do more than produce funds. They produce
5 excitement. They produce dreams and hope
6 for young people. They produce outlets
7 in areas that they're confident that they
8 can succeed. A lot of young folks are
9 not confident that they can succeed in
10 other areas.

11 So that brings me to my last
12 point. If you talk to any creative
13 entrepreneur in this city, they will tell
14 you that talent development is an issue
15 in the pipelines. In the Creative UK
16 report, they've gone as far as to say
17 we're going to institute five hours of
18 culture and learning for every elementary
19 school-age child in all of London,
20 because they understand the importance of
21 hands-on experience, the ability to think
22 and learn and adapt in your daily life
23 and how it might affect your future
24 prospects in the creative economy as
25 well.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 So this is a large issue. It's
3 a huge opportunity for everyone here in
4 the region, for those who are and are not
5 involved in the creative economy, because
6 of its growth prospects. However, some
7 of the results that we seek to achieve
8 can also be accomplished by some really
9 basic steps. I think also TIF financing
10 and zones and empowerment zones, all
11 those things are great ideas, but there
12 are some really core opportunities at the
13 foundation that, for whatever reason,
14 aren't necessarily being capitalized on.

15 COUNCILWOMAN BROWN: Thank you
16 very much for your enthusiasm and for all
17 three of you, commitment. It comes
18 through on why this economy is one that
19 maybe -- not maybe, but one we as a
20 government should pay more attention to.
21 In fact, it behooves us if we want to
22 capture the type of benefits you've
23 talked about.

24 A few questions. One, how
25 would you best recommend targeting or

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 tapping the very population you just
3 spoke about, these young people who want
4 to grow to be successful entrepreneurs,
5 they have the passion and the dream, but
6 they don't have the techno expertise to
7 start off getting it right? How would
8 one go about identifying them? Where
9 would you find them? Outside of Moore
10 College of Art and/or University of the
11 Arts?

12 MR. CHARLES: Again, I think,
13 you know -- and David has a really
14 similar experience of young folks who
15 weren't exposed to these industries early
16 on, and that is where it comes in, early
17 exposure to the opportunities. Lots of
18 young folks when they watch television
19 and they think about the music industry,
20 they only understand that performing on
21 stage generates income and generates
22 fame. They don't understand that there
23 are sound engineers, production techs,
24 back-line people on studios. There are
25 125 industries around the music industry.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 They have no understanding of the other
3 jobs and the other opportunities.

4 The same goes for design
5 technology. They only understand what's
6 coming through on the mediums that they
7 are most in tune to. They're not aware
8 of the other opportunities, and there
9 aren't enough people that are willing to
10 give them early exposure to those
11 industries.

12 You can talk to companies. I
13 think Independence Media -- they own WIBE
14 Mind TV -- is a great example.
15 Particularly, the President and CEO told
16 me that 80 percent of his business was
17 grown on intern labor.

18 COUNCILWOMAN BROWN: On what?

19 MR. CHARLES: On intern labor.
20 In that he found that 100 percent of the
21 examples of interns either said one of
22 three things: Wow, this is a business I
23 had no knowledge of and it's something I
24 really want to pursue, or This is a job
25 that I thought I wanted to do, I no

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 longer want to do it anymore, or I'm
3 going to go to college now because I
4 realize there are things that I didn't
5 know about life that I'd like to learn
6 about.

7 So I do think early exposure to
8 opportunities, getting kids --
9 identifying corporate partners and really
10 driving -- I think the Mayor is doing a
11 good job now of driving these 2,000
12 internships this summer in partnership
13 with the Philadelphia Youth Network.
14 Those are all things that will change
15 young people's lives in the long run. We
16 may underestimate it, but for those of us
17 who had the opportunity --

18 COUNCILWOMAN BROWN: Are
19 products of that.

20 MR. CHARLES: -- go one way or
21 the other. When they see a good
22 opportunity and something that they can
23 succeed in --

24 COUNCILWOMAN BROWN: And
25 capture.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 MR. CHARLES: -- they'll follow
3 it.

4 COUNCILWOMAN BROWN: Mr. Brown.

5 MR. BROWN: Just very briefly,
6 I agree with what Hassan is saying. It
7 is about exposure. I would say also it's
8 the non-traditional, because we're not
9 going to expect that 12- or 15-year-old
10 who is in their basement cooking up
11 something is not going to go to a program
12 necessarily. So we kind of have to kind
13 of go and meet them where they are. I
14 think part of it is being able to -- and
15 that was my experience. I didn't know
16 there was a career in advertising to be
17 had until I got exposed to, This is what
18 you got to do in terms of schooling and
19 things of that nature.

20 But we're trying to create a
21 program actually -- this is wearing my
22 ministry hat for a second -- in North
23 Philadelphia working with Cookman United
24 Methodist Church that has an alternative
25 school. We're trying to teach

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 entrepreneur skills under this program
3 called Street Smarts. So we have this
4 idea where these kids are basically
5 coming up with these ideas. And to the
6 point that Hassan made, you can have a
7 good idea, but is it structured, do you
8 know what a balance sheet looks like, and
9 talk in terms that they can understand,
10 because a great idea that can't be
11 necessarily moved forward just becomes a
12 great idea and becomes a period of
13 frustration and a barrier to move some
14 things forward.

15 Two things start to happen with
16 that. One, we start to grow businesses
17 from the grassroots up, which makes a
18 whole lot of sense. But not everybody
19 can run a business. That's one thing we
20 do recognize. But everybody can learn
21 entrepreneurial skills. An
22 entrepreneurial-minded person in any
23 environment is going to be able to be a
24 valuable and an employable person.

25 So we're looking at this as a

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 way to kind of structure such a way, the
3 kind of taking it to the streets, because
4 there are a lot of folks who have the
5 gift, but don't have the access or even
6 how to take what they know and be able to
7 model that in such a manner that's going
8 to be able to make it into a viable
9 enterprise.

10 COUNCILWOMAN BROWN: To anyone
11 or all three of you, if you had to rewind
12 back to when your businesses started,
13 1997 -- when was yours, Mr. Brown?

14 MR. BROWN: We started in 2002.

15 COUNCILWOMAN BROWN: And yours?

16 MR. CHARLES: 2001.

17 COUNCILWOMAN BROWN: To rewind,
18 what one, two or three help factors, what
19 one, two or three aids would have been
20 useful to you from government to move you
21 along more quickly? What could
22 government have done to make your start
23 better and different?

24 MR. FISHER: Well, I did want
25 to just speak to your last question as

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 well.

3 COUNCILWOMAN BROWN: Please.

4 MR. FISHER: And just say that

5 I completely agree with the two other
6 speakers, but also to support that kind
7 of critical period of time, the three to
8 nine months after graduation for college
9 students who are either from Philadelphia
10 or from outside the region. That's a
11 pivotal place where I think a lot of the
12 decision-making in these young people's
13 minds determines whether or not they
14 stay, and I think there's a lot we can do
15 in terms of universities collaborating
16 with businesses and hopefully government
17 to create kind of incubation
18 environments, maybe not exactly
19 completely start-up incubation, maybe
20 something transitional between their
21 classroom experience and more of an
22 intercapital environment, but I think
23 there's a lot of ways that we can
24 support. And you see these kids coming
25 out of school every day with their

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 graduate thesis project that is so close
3 and yet they miss some of the critical
4 business skills that we're talking about
5 here that they aren't getting in art
6 school to survive.

7 COUNCILWOMAN BROWN: Very
8 helpful.

9 MR. FISHER: In terms of when I
10 started, I mentioned that there wasn't --
11 or I guess the Philadelphia Area New
12 Media Association started at the same
13 time pretty much as my business, so it
14 would have been helpful to have more
15 support for particular industries that
16 were either government supported or not,
17 just having a better information network
18 out there about how to get a business
19 started.

20 I did attend the Wharton Small
21 Business Development, I think a \$50
22 workshop. That was about as much
23 business savvy as I had going into it.
24 So we learned the hard way. But I think
25 if young people had availability to

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 affordable workshops and training to
3 support their ability to start their own
4 business, they would absolutely take
5 advantage of it.

6 COUNCILWOMAN BROWN: Very well.

7 MR. BROWN: I think, if I may,
8 and this is -- I'll be very honest. In
9 terms of 2002, one of the biggest
10 barriers was the City of Philadelphia
11 itself in terms of getting things like
12 our business privilege license and things
13 of that nature. It took an inordinate
14 amount of time, working at the time with
15 MBEC and getting certification. When I
16 say took an inordinate amount of time, I
17 mean, duplication, sending things three
18 or four times and so forth, while at the
19 same time trying to run a business.

20 I have to say -- Matthew had
21 mentioned about doing it the hard way.
22 Part of that is kind of part of the
23 process. I mean, I don't think anybody
24 who started a business knows that -- you
25 got to kind of roll with the punches a

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 little bit. It's going to kind of prove
3 the mettle of kind of how you do it, but
4 we shouldn't make it so tough that nobody
5 gets through.

6 So I think that at certain
7 times, that for me was a way to
8 streamline the process and to have a much
9 more coordinated fashion would be great.
10 At the time when we started, I don't
11 think there was an active Innovation
12 Philadelphia, which has helped in terms
13 of being able to help and book technical
14 assistance and so forth.

15 COUNCILWOMAN BROWN: Moving
16 different pipelines.

17 MR. BROWN: Absolutely. And I
18 think the third thing would be a better
19 network. I mean, I've been trying to
20 create a network, and I think anybody who
21 started a business -- and this kind of
22 may go across various lines, and this may
23 not be a role for government, but this
24 might be a role that we within the
25 creative economy might have to start

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 populating in an intentional as opposed
3 to an incidental way, that if you know
4 that you have other entrepreneurs -- my
5 grandmother has a saying that I can give
6 you the recipe, but you still have to
7 cook. Well, help me with the recipe.
8 And I think that becomes something that,
9 honestly, that if I can help someone
10 avoid a pothole, because all boats will
11 rise with that tide. We don't have --
12 and I think it's still a little fragile
13 in terms of a formal network. I think
14 you had mentioned about Independents,
15 which I think is great. Looking at those
16 types of things have to happen as part of
17 a movement. That's not a role for
18 government necessarily, but it is a role
19 that we have to play.

20 COUNCILWOMAN BROWN: Of the
21 professionals who live and breathe the
22 industry.

23 MR. BROWN: Absolutely. And
24 not necessarily like a trade association,
25 but being able to say find each other,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 network, do it.

3 COUNCILWOMAN BROWN: Sure. So
4 let me ask, is there a directory of
5 sorts? I learned last week through our
6 Green Job Corps hearing that there is a
7 directory of every green business in the
8 City. Might there exist a directory of
9 all of those who are reflective of the
10 categories mentioned in the Innovation
11 Philadelphia report? Just curious.

12 MS. LEE: Yes.

13 COUNCILWOMAN BROWN: State your
14 name for the record. You have to come
15 back up.

16 (Witness approached witness
17 table.)

18 MR. FISHER: Are you talking
19 about the Philly Creative Guide?

20 MS. LEE: Yes.

21 MR. FISHER: Yeah, which is --
22 it's a directory, definitely.

23 COUNCILWOMAN BROWN: A step in
24 that direction?

25 MR. FISHER: Yeah.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Do you want to speak to it?

3 MS. LEE: Kelly Lee from

4 Innovation Philadelphia.

5 The Philly Creative Guide is an
6 online directory that's a resource for
7 creative industry entrepreneurs and
8 workers. They're in the process now of
9 actually expanding and enhancing that
10 directory, and Innovation Philadelphia
11 has been working with them very closely
12 to not only have the sort of directory to
13 make it more interactive, but that is
14 going to sort of translate into this job
15 website that I spoke of earlier, but then
16 creative industry workers can find
17 creative industry job opportunities on
18 this website. Employers can go onto the
19 website, post job opportunities, and
20 creative industries can go in to find
21 them, whether it's free-lance, full time
22 or part time. But the Philly Creative
23 Guide is the closest thing that this
24 region has to a full directory of all
25 types of creative industries.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 COUNCILWOMAN BROWN: Okay,
3 then.

4 Thank you all again. Your
5 testimony is quite informative and
6 instructive for what we're looking to do
7 on this end.

8 MS. CHARLES: Councilwoman, may
9 I add one thing to your last question?

10 COUNCILWOMAN BROWN: Please.

11 MS. CHARLES: Just about what
12 resources would have been really helpful.

13 COUNCILWOMAN BROWN: Please.

14 MR. CHARLES: I think one thing
15 to really understand, especially with
16 creative businesses -- well, with all new
17 businesses, revenues are very cyclical.
18 You could have fantastic months and you
19 may not get paid again for six months.
20 So any time you're faced with having to
21 incur fixed expenses that are large,
22 office space, it's very difficult for a
23 small company.

24 So I think one of the things
25 this concept of Independents Hall, being

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 able to cut, slice traditional office
3 space into smaller segments that young
4 people can afford is a phenomenal idea.

5 In addition, creative
6 businesses don't have traditional
7 collateral, so they won't qualify for
8 traditional bank loans. If you don't
9 have a superior credit score, it doesn't
10 matter if you have the best ID or not.
11 Traditional institutions don't finance
12 ideas.

13 So, yeah. Some support in
14 terms of low-interest financing, flexible
15 pay, pay options in terms for early
16 businesses, early-stage businesses, or
17 different terms that may change once
18 businesses mature I think would be an
19 excellent benefit to young businesses,
20 particularly creative businesses.

21 COUNCILWOMAN BROWN: Okay.
22 Well, again, it's been quite instructive.
23 Thank you very much for your testimony.

24 Do we have a way of following
25 up with you? Does Joe Meade have your

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 information?

3 MR. CHARLES: Absolutely.

4 COUNCILWOMAN BROWN: Terrific.

5 Thank you very, very much,
6 gentlemen.

7 Our last panel, Sean Buffington
8 with the University of the Arts, please
9 come forward. Blake Jennelle, Philly
10 Startup Leaders, and Paul Wright,
11 Philadelphia Live Arts Festival.

12 (Witnesses approached witness
13 table.)

14 COUNCILMAN GOODE: Please state
15 your name for the record and proceed with
16 your testimony.

17 MR. BUFFINGTON: Sure. My name
18 is Sean Buffington. I'm the President of
19 the University of the Arts. Councilwoman
20 Reynolds Brown, Councilman Goode, thank
21 you so much for your invitation to be
22 part of this discussion.

23 I've been asked to provide some
24 basic statistics about my institution,
25 the University of the Arts, and then to

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 suggest a few of the challenges that I
3 see that our graduates in particular face
4 once they leave. But first let me say
5 that my figures represent only my
6 institution and it's important to
7 remember that there are four independent
8 arts colleges and universities in
9 Philadelphia: UArts, Moore, PAFA,
10 Curtis; outstanding visual arts colleges
11 at Drexel, Temple, Philadelphia
12 University and Penn; a performing arts
13 college at Temple; a campus of the Art
14 Institutes; and myriad university and
15 college departments of art, music and
16 theatre. So this should be taken really
17 as just an indication, I think, of the
18 scale and diversity and excellence that
19 are represented by these institutions.

20 The University of the Arts
21 enrolls 2,300 students in three colleges:
22 Performing Arts, Art and Design and Media
23 and Communications. Our programs range
24 from dance, music and theatre to fine
25 arts and applied arts to multimedia and

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 writing.

3 Each year we graduate about 500
4 students, 65 percent in Art and Design,
5 30 percent in Performing Arts, and five
6 percent in Media and Communications. The
7 largest programs in terms of graduates
8 every year are Graphic Design,
9 Illustration and Photography. One year
10 after graduation, the vast majority of
11 our students, 90 percent, are still
12 working in the fields for which they were
13 trained.

14 Thirteen percent of our current
15 students have permanent addresses in
16 Philadelphia, meaning they're from
17 Philadelphia originally; 19 percent are
18 from Southeastern Pennsylvania, excluding
19 Philadelphia; 43 percent of our students
20 are from the Philadelphia metro area,
21 which would include Philly, Southeastern
22 Pennsylvania, plus some of the counties
23 in New Jersey and Delaware; five percent
24 of our students are from outside of the
25 United States, representing 43 countries.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 We have about 14,000 living
3 alumni, and we have reliable address
4 information for about 11,000 of them. Of
5 those 11,000, 5,000 live within 25 miles
6 of our institution, which is at 320 South
7 Broad Street. You go up to 6,500 if you
8 go out 40 miles, in a 40-mile radius from
9 our institution. Three-quarters, 75
10 percent, of our alumni live in the DC-New
11 York City corridor.

12 The largest clusters of alumni
13 outside of DC and New York City are
14 Chicago, San Francisco, Los Angeles and
15 Miami.

16 In short, Philadelphia has an
17 enormous concentration of current
18 students pursuing creative training
19 programs, and if my institution is any
20 indication, the City also retains a
21 significant percentage of graduates from
22 those institutions after graduation.

23 I want to make one
24 counter-intuitive remark, which is that
25 as important as it is for us to retain as

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 many of our students here in
3 Philadelphia, it is important that some
4 of our graduates do leave. It's actually
5 important to the reputation of the City
6 for students who are trained here or who
7 start businesses here and then leave to
8 take the reputation of the City and its
9 institutions outside the City. That's
10 part of what makes this an attractive
11 place. So we don't want to lose sight of
12 that.

13 I've been asked to say just a
14 couple of words about the needs of our
15 graduates and what we can do to maintain
16 the City's competitiveness in retaining
17 them.

18 First, let me say that it's
19 difficult to generalize about the needs
20 of the youngest members of our creative
21 sector. They include independent visual
22 artists and performers; creative
23 consultants, like graphic and interactive
24 designers, who will work in or form their
25 own consultancies; innovators, who will

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 create and commercialize new products,
3 technologies and processes; and
4 institutional entrepreneurs, who will
5 seek to create new performing and visual
6 arts organizations; and, of course,
7 professional teachers. Each of these
8 creative constituencies has different
9 needs, though each is a critical
10 component of a healthy and vibrant
11 creative economy.

12 I'm going to try to identify a
13 couple of what I think of as general
14 concerns, but I do want to stress that I
15 think looking at each one of these
16 sub-sectors, if you will, is quite
17 critical, because they are unique.

18 A few general concerns:
19 Inexpensive housing and workspace has
20 been one of the City's great strengths in
21 attracting and supporting artists and
22 retaining artists and other creative
23 professionals, but as housing prices rise
24 in the City, the attraction does
25 diminish. One anecdote that may be

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 instructive, at the University of the
3 Arts ten years ago, the vast majority of
4 our students could afford to live in
5 Center City within walking distance of
6 the institution. Now most of them live
7 in South Philadelphia, and their distance
8 from campus grows each year as the South
9 Philadelphia neighborhoods become more
10 desirable and expensive.

11 I think it's reasonable to
12 suggest that our recent graduates are
13 subject to the same pressures that our
14 students are. That's something that I --
15 although we know that that's one of
16 Philly's great assets, I've seen it
17 happen. I lived in Boston for 17 years.
18 It happened in Boston, where initially
19 neighborhoods that had enormous amounts
20 of affordable housing gradually became
21 more and more desirable and artists began
22 to get pushed, and I think we're starting
23 to see that here in this city.

24 Second, artists and creative
25 professionals need access to markets for

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 their work. Individual artists need
3 galleries and ultimately individual
4 buyers to support themselves. Creative
5 consultants and entrepreneurs need
6 customers, companies seeking design work,
7 investors prepared to support the
8 commercialization of new products and
9 technologies. Philadelphia's internal
10 markets may not be sufficient to support
11 our creative makers and innovators. We
12 need to ask ourselves how we can
13 strengthen those markets and, perhaps
14 more important, help our creative
15 professionals access markets outside of
16 Philadelphia.

17 Third, and relatedly, arts
18 institutions are very good at teaching --
19 and I think this echoes something that's
20 been said in some of the prior panels.
21 We are very good at teaching conceptual
22 and technical skills to our students. We
23 are not very good at helping our students
24 understand how to become entrepreneurs,
25 how to market their skills and their

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 work, how to create small businesses.
3 We, the arts institutions, send our
4 students into highly competitive markets
5 without all of the skills that they may
6 need to compete.

7 Two other final observations.
8 Universities provide students with
9 critical access to equipment, software
10 and facilities. When students graduate,
11 they essentially fall off a cliff with
12 regard to access to some of the
13 specialized infrastructure. We have
14 found that graduates -- we have graduates
15 knocking on our door constantly one and
16 two years out who want to return to the
17 institution, not as formal students but
18 in order to use our facilities in order
19 to continue to make work.

20 It's important to remember that
21 as the artistic fields have expanded,
22 we're not simply talking about an artist
23 in a studio with a canvas any longer.
24 We're talking about the need to access in
25 some cases intensive computing power in

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 order to pursue the kind of work that
3 students want to pursue, that graduates
4 and creative people want to pursue. So
5 they are desperate for access to
6 software, to specialized facilities, and
7 there's a need to try to provide that for
8 them.

9 Finally, I would say -- and
10 this is something that I think we tend to
11 forget about -- community is critical.

12 Councilwoman Reynolds Brown,
13 you mentioned the Ice Box, which is in
14 the Crane Building. Someone mentioned
15 P'unk Avenue. We've talked about some of
16 these efforts to provide -- Independents
17 Hall -- hubs for creative people. What
18 makes art colleges such vital places is
19 that during the four years of a student's
20 education, they provide that kind of
21 critical mass of curious and creative
22 people who challenge each other. They
23 challenge their ideas. They challenge
24 each other's work, and that leads to
25 better, more interesting work. You lose

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 that when you leave college. And so I
3 think one of the challenges that we face
4 as a city is trying to provide venues and
5 opportunities for independent artists and
6 creative professionals to continue to
7 interact with one another, to challenge
8 one another. We need to create that kind
9 of community network.

10 In conclusion, I just wanted to
11 identify one initiative of the University
12 of the Arts to try to address a few of
13 these needs, by no means all. We will
14 relaunch next year our Corzo Center for
15 the Creative Economy. The Center will
16 have three components, one focused on
17 research, one on education, which will be
18 both internal; that is, aimed at our own
19 current students, and also external; that
20 is, aimed at the community outside of the
21 university. And then I think most
22 critically an entrepreneurship initiative
23 that will not only provide our students
24 with opportunities to work in
25 multi-disciplinary teams for real

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 clients, but will also support recent
3 alumni and young entrepreneurs as they
4 seek to develop new creative businesses.
5 My hope is that that will be up and
6 running next year.

7 So I'm assuming we're going to
8 go on with the panel, but, of course, I'm
9 happy to answer questions at the end of
10 the panel.

11 COUNCILWOMAN BROWN: Exactly.
12 We're going to hear from everyone.

13 MR. BUFFINGTON: Thank you.

14 COUNCILWOMAN BROWN: Good
15 afternoon.

16 MR. JENNELLE: Good afternoon.
17 Thank you for having me, Councilwoman
18 Reynolds Brown, Councilman Goode, and
19 thank you, Kelly Lee from Innovation
20 Philadelphia, as well for inviting me
21 here today.

22 My name is Blake Jennelle. I'm
23 the CEO of Anthillz, an Internet start-up
24 based right here in Center City, and I'm
25 also the Founder of Philly Startup

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 Leaders, which is a grassroots network of
3 entrepreneurs that's bringing new
4 confidence and optimism to the start-up
5 community here in Philadelphia.

6 I'm here today representing our
7 200 members and our 100 member companies
8 who make up Philly Startup Leaders. We
9 have a number of our members and
10 supporters here today and I'd like you to
11 meet them.

12 COUNCILWOMAN BROWN: We would,
13 too.

14 MR. JENNELLE: If you would, if
15 you're a member of Philly Startup Leaders
16 or if you're on our e-mail list, if you
17 would please just stand.

18 (Members of Philly Startup
19 Leaders standing.)

20 MR. JENNELLE: Thank you.

21 I also just want to read you
22 some of the companies that these folks
23 represent. Again, we have about 100
24 companies that are members, so this is
25 just the tip of the iceberg. Hopefully

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 over time you'll start to recognize these
3 names. Some of them may become household
4 names. We have Vuzit, Find Me, Smart
5 Genetics, Indy Hall, Ticket Leap, Eco TV,
6 Xercel, Finpago and my own Anthillz, of
7 course.

8 COUNCILWOMAN BROWN: Is age a
9 criteria for membership?

10 MS. JENNELLE: No. You only
11 have to be young at heart.

12 COUNCILWOMAN BROWN: Got it.

13 MR. JENNELLE: So most of the
14 entrepreneurs who you see here from our
15 group are young and their companies are
16 growing fast. They left their companies
17 this afternoon to come here because they
18 have tremendous hope about this city and
19 they believe that we can do something
20 about it.

21 When we started this group less
22 than a year ago, we didn't have any grand
23 ambitions about it. It simply started as
24 a handful of guys who traded war stories
25 over drinks, and we came together for

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 just one simple reason, which is that
3 starting a company is hard, and it's even
4 harder when you try to do it alone.

5 So what those first few of us
6 who got together didn't realize was that
7 there were hundreds of entrepreneurs in
8 this city just like us struggling in
9 isolation and looking for the help and
10 support of their peers. In fact, we
11 thought that the handful of us were the
12 only ones crazy enough to launch a
13 technology start-up here in Philadelphia.

14 As it turned out, we were not
15 the only entrepreneurs who thought they
16 were alone. When we polled our members
17 recently, we found that before they
18 joined our group, most couldn't have
19 named five other people like them
20 starting start-ups here in Philadelphia.
21 Now, of course, each of our members know
22 dozens of their peers, if not more,
23 almost entirely as a result of Philly
24 Startup Leaders.

25 By networking these start-up

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 entrepreneurs together, our group has
3 transformed Philadelphia from a city
4 where entrepreneurs struggle alone to a
5 city where entrepreneurs can thrive
6 together, where we can help each other
7 write our pitches, find office space,
8 choose a web designer, navigate the
9 investor community, and introduce each
10 other to the people that we all need to
11 help us succeed.

12 What's amazing today to me is
13 how closely knit this community has
14 become in less than a year. Many of our
15 members have become close friends. One
16 of our members just had a baby and the
17 first thing he did was to send an e-mail
18 to our e-mail list, which has over 150
19 people on it, to tell us about it,
20 including pictures.

21 Some of our members have gone
22 into business together, some have found
23 employees and consultants through our
24 group, and a few have even found funding
25 through introductions that they got from

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 their peers.

3 So I'm proud to say today that
4 we are thriving as a community and that
5 Philadelphia is quickly becoming a great
6 city for start-ups, beginning at the
7 grassroots. But there are also some
8 challenges we all face as start-up
9 entrepreneurs where I think the City can
10 help.

11 My first suggestion may not be
12 something that you want to hear, which is
13 that sometimes we just need the City to
14 get out of the way. By simplifying the
15 bureaucracy of City government, making
16 taxes more competitive with the suburbs
17 and with other cities, the City could go
18 a long way toward getting entrepreneurs
19 to start and keep their start-ups here in
20 Philadelphia. But you already know all
21 this.

22 I also have a few other
23 suggestions, which come directly from our
24 members. We held a leadership summit in
25 January where together our members

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 developed a list of the top problems
3 facing us as entrepreneurs. The first
4 was lack of access to seed funding. With
5 government funds, Ben Franklin Technology
6 Partners, for example, does a great job
7 for companies who have revenue already or
8 who have a seasoned management team, but
9 they leave behind a lot of other
10 earlier-stage companies and first-time
11 entrepreneurs. Many of these companies
12 wither on the vine here because they
13 can't raise the seed funds they need to
14 get their companies off the ground.

15 The City also has an
16 opportunity to incentivize seed-stage,
17 higher-risk investments. You can do this
18 through tax credits to investors who take
19 a risk on an early stage start-up; by
20 helping to de-risk loans from financial
21 institutions; by matching seed capital
22 put up by friends and family of the
23 founders. There are also many other
24 creative strategies available here that
25 would increase the rate of start-up

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 success and would help brand the City to
3 the outside world as a place that's open
4 for business.

5 The second major problem we
6 identified is lack of access to mentors.
7 I'm not sure what, if anything, the City
8 can do here, but I want to mention it
9 because you may have some ideas of your
10 own. What we found, especially in web
11 and software, is that Philadelphia does
12 not have enough successful start-up
13 alumni who can mentor our young
14 entrepreneurs, which, in part, is a
15 symptom of our growth, because we have so
16 many more people starting companies now
17 than we have alumni from a generation
18 ago.

19 The third major problem, in
20 addition to lack of funding and lack of
21 mentors, is a lack of access to talent we
22 can afford. Early-stage start-ups have
23 little to no cash to pay salaries, and as
24 a result, our salaries are well below
25 market. We try to make up with it with

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 equity compensation, but even this can
3 make recruiting very difficult.

4 I do believe that there's ample
5 talent in this city. The problem is that
6 much of the time people who would love to
7 join our start-ups have to say no because
8 they can't support themselves and their
9 family on a start-up salary.

10 This is a tough nut to crack,
11 and, again, I'm not sure exactly what we
12 can do here, but I have a few ideas for
13 some creative ways the City might help.

14 As entrepreneurs, first of all,
15 we'd like to see some tax incentives
16 targeted not only at us and our companies
17 but at the workers who join start-ups.
18 One approach would be to fund fellowships
19 for people who join start-ups, in much
20 the same way the fellowships are used to
21 subsidize the non-profit and artistic
22 workforces.

23 I've also seen cities give
24 large companies direct tax credits or
25 even outright cash grants per job that

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 they create or bring to the City. In
3 Philadelphia, for example, a grant of
4 \$3,000 to \$5,000 per start-up employee
5 could help fund the crucial first months
6 of salary while a company brings in their
7 initial revenues.

8 I could go on, but beyond these
9 recommendations, there's just so much
10 more we could talk about, and I'd rather
11 be brief.

12 So really I hope this is just
13 the beginning of the conversation. What
14 I hope comes out today is not solutions
15 to any of these problems, because they're
16 very tough problems, but what I hope we
17 leave here today with is a closer
18 relationship between the City and those
19 of us on the front lines at the
20 grassroots level. There is an incredible
21 amount of momentum in the grassroots
22 communities, and I'm confident that by
23 working together, we can develop some
24 innovative policies that will turn heads
25 here in Philadelphia as well as across

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 the country.

3 The first thing we need to do
4 to develop these ideas is to cut out the
5 buffers that stand between the City and
6 the grassroots leaders. I suggest as a
7 first step that we exchange some contact
8 information and begin working together
9 directly.

10 Our members are anxious to work
11 together with you, and I hope that this
12 is the beginning of a great collaboration
13 to come.

14 Thank you again to you both on
15 Council and to Kelly Lee for having us
16 here today.

17 COUNCILWOMAN BROWN: You are
18 very welcome.

19 We are going to have Q and A,
20 but I'm going to seize the moment to
21 reassure you this is the beginning of an
22 important conversation and we welcome an
23 opportunity to have subsequent
24 discussions offline.

25 MR. JENNELLE: That would be

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 wonderful.

3 COUNCILWOMAN BROWN: Good

4 afternoon, sir.

5 MR. WRIGHT: Hi. How are you

6 doing? My name is Paul Wright, and just

7 to clarify, I'm here in the capacity of

8 Co-Chairman of the Next Generation

9 Branding Committee. My Co-Chair is Nick

10 Stuccio, who runs the Fringe and Live

11 Arts Festival here in Philadelphia.

12 The Next Generation Branding

13 Committee is an initiative sort of by

14 Mayor Nutter to establish private and

15 public partnerships around bringing more

16 attention basically to the creative arts,

17 with a special focus on attracting 20- to

18 30-somethings here to the City and

19 connecting them both within the creative

20 arts and outside of it.

21 Just a quick background on

22 myself. I run a media and technology

23 company based in Berwyn. We started the

24 company in 2002, and that was actually

25 the result of a merger of my previous

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 company, which I started in 2000. We
3 have 33 employees, most of which are
4 under 35, and we dabble in a combination
5 of radio as well as digital and mobile
6 outlets.

7 The Next Generation Branding
8 Committee was basically formed with three
9 ideas in mind. It was the impetus that
10 there is already established, strong,
11 creative communities here in Philadelphia
12 and we wanted to attract those 20 and 30
13 somethings to those existing strong
14 communities.

15 Two, new technologies have had
16 a tremendous impact on reaching and
17 engaging and interacting with the 20- to
18 30-something demographic, especially
19 those in the creative communities and
20 especially as media resources have become
21 more fragmented and media outlets have
22 become more fragmented.

23 Three, Philadelphia, as stated
24 earlier by several of the speakers, has
25 an existing strong creative sector, but

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 it is not broadly known for it, nor is
3 there a clear connection either between
4 those who participate in the creative
5 sector or the creative communities or
6 those who like to appreciate those who
7 participate in the creative communities.

8 The general objective of the
9 Next Generation Branding Committee was
10 to, as I said, combine private citizens
11 who actually work inside the creative
12 economy and with public and semi-public
13 workers to bring more attention to the
14 strong creative communities here in
15 Philadelphia, both locally, nationally,
16 as well as internationally.

17 We're here to extend the brand
18 of Philadelphia to include the vibrant
19 history, the mythology, the present and
20 future of creative industries, especially
21 for that 20- to 30-something-year-old
22 demographic.

23 The committee members span the
24 head of P'unk Avenue, actually a
25 professor from the University of the

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 Arts, people from Young Involved
3 Philadelphia, the guys who run
4 Ortlieb's --
5 COUNCILWOMAN BROWN: The guys
6 who run what?
7 MR. WRIGHT: Ortlieb's
8 Jazzhaus.
9 COUNCILWOMAN BROWN: I knew
10 that.
11 MR. WRIGHT: The woman who runs
12 Belita and Open House and Bindy in terms
13 of the restaurant industry; person who
14 runs Stick and Move, a digital
15 advertising agency here in town; Termite
16 TV Collective; as I said, the Fringe
17 Festival; Tettemer behind -- originally
18 behind Red Tettemer Ad Agency, now doing
19 kind of free-lance PR work --
20 COUNCILWOMAN BROWN: You're
21 talking much too fast. You are talking
22 much too fast. Your enthusiasm exudes,
23 but we got to be able to transcribe it.
24 MR. WRIGHT: Yes, ma'am.
25 COUNCILWOMAN BROWN: So repeat

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 the last three members.

3 MR. WRIGHT: My mother tells me
4 that all the time, too, so I will do my
5 best.

6 The Termite TV Collective,
7 Fringe Festival --

8 COUNCILWOMAN BROWN: Oh, Fringe
9 Festival, sure.

10 MR. WRIGHT: Right. Nick
11 Stuccio, who is my Co-Chair actually for
12 the Next Generation Branding Committee.
13 Representatives of the City, actually
14 from the City Representative's Office,
15 Erica Atwood sits on our committee,
16 members from GPTMC. So it's truly a kind
17 of collaboration, primarily private
18 sector individuals, but working hand in
19 hand with those in the public sector or
20 kind of semi-public sector organizations.

21 Our mission, stated simply, is
22 to develop channels to promote the
23 excitement, diversity and passion of
24 Philadelphia's creative communities,
25 again, especially focusing on attracting

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 those 20- and 30-somethings to the area
3 and retaining them in the area.

4 Our timeline -- and just to be
5 in full disclosure, I basically got it
6 yesterday. So I'm kind of going through
7 what our process has been to date, and
8 I'll have my remarks for you tomorrow
9 when I get those written up.

10 COUNCILWOMAN BROWN: Okay.

11 MR. WRIGHT: But our timeline,
12 we are slated to speak to Mayor Nutter to
13 make our recommendations and our
14 presentation to Mayor Nutter in early
15 July, basically with three deliverables:
16 a report that kind of spans what we've
17 been discussing, people we've been
18 talking to, the recommendations that
19 we're making; two, a presentation; and,
20 three, a prototype interactive video
21 presentation that basically outlines a
22 lot of the ways that we believe that can
23 bring some of the creative communities
24 together.

25 Currently, our status, we've

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 been together since January, since Mayor
3 Nutter took office. We have done --
4 we've conducted surveys, a little over a
5 hundred, members of the creative economy,
6 spanning design, entrepreneurs in
7 technology, advertising, literature.
8 Basically about a hundred surveys that
9 were qualitative in nature, not trying to
10 do anything quantitative. It was really
11 qualitative. Not to get to any metrics
12 necessarily, but to give us a starting
13 point as to where we should be going in
14 order to make these recommendations. As
15 we represented maybe 15 or 16 people, we
16 knew there was 50 or 60 for every one of
17 us, that we wanted to make sure we gained
18 input before we started working.

19 One of the things that came out
20 of the survey, which actually formed the
21 core of our recommendations, which,
22 again, we have about eight categories
23 ready -- we're not fully ready with our
24 recommendations, but we will be over the
25 next month. The four categories that

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 came out of our surveys in terms of
3 regardless of the sector, regardless of
4 the creative community, the four common
5 themes that came out were, one, that
6 Philadelphia needed to improve its
7 credibility, identity and perception,
8 both within the creative community and
9 those who are outside of Philadelphia
10 looking inside of it. That's one
11 category.

12 Two, that we needed to
13 establish programs to increase the
14 tolerance, openmindedness and global
15 perspective of Philadelphia, which is
16 especially essential in the creative
17 communities.

18 Three, that we need to enhance
19 the cross-collaboration and the community
20 connections of the creative community,
21 and, again, that represents both creative
22 people working together as well as
23 interacting with those who appreciate the
24 creative communities.

25 And then, four, and probably

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 arguably the most important, which kinds
3 of pervades all of them, is that there
4 was an amazing solidarity in the
5 excitement and potential that everyone
6 that we spoke to who was here in
7 Philadelphia, whether they were
8 transplants or homegrown, excitement and
9 belief in the potential of Philadelphia
10 that just pervaded everything that they
11 did. And so our goal was to establish
12 what recommendations around those four
13 categories can we then make to the Mayor
14 in July.

15 And kind of the fifth
16 semi-category, and it's kind of been
17 touched on quite a bit here in a few
18 different ways, is getting a catalogue of
19 existing projects. There are so many
20 rich projects going on from so many
21 people, so many creative people here in
22 Philadelphia, and there's very little
23 connection between them. One of our kind
24 of parallel initiatives to the
25 recommendations is to try to do our best

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 to catalogue them and to figure out how
3 best to make recommendations to connect
4 them. And if anything pervaded our
5 discussions in our meetings, it's been
6 that.

7 So, again, I thank you for the
8 opportunity to speak to the Council and
9 for this hearing and welcome any
10 questions.

11 COUNCILWOMAN BROWN: We
12 appreciate very much the opportunity to
13 hear what the Administration is currently
14 doing in this area. So thank you for
15 taking the time.

16 A couple of questions. Much of
17 what Mr. Blake Jennelle spoke of we also
18 heard in Hassan Charles' comments. Your
19 comments mirror each other in terms of
20 the City getting out of the way to make
21 the lives of start-ups more comfortable,
22 if you will, knowing that you're going to
23 have bumps and hurdles initially anyway,
24 but government can do better by
25 streamlining the access to what's

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 required to start the business. So that
3 affirmation was important to hear.

4 The Corzo Center -- and let me
5 thank you for inviting representatives of
6 Philly Startup Leaders. Appreciate that.

7 The Corzo Center for the
8 Creative Economy is scheduled to open,
9 you say, next year. Where?

10 MR. BUFFINGTON: You mean
11 physically where?

12 COUNCILWOMAN BROWN: Yes.

13 MR. BUFFINGTON: Physically in
14 our facilities at the University of the
15 Arts. Currently, we have space set aside
16 in the Terra Building for it at Walnut
17 and Broad, but the specific site may
18 change.

19 COUNCILWOMAN BROWN: Okay.

20 MR. BUFFINGTON: But it will be
21 in one of our facilities.

22 COUNCILWOMAN BROWN: All of you
23 have addressed my question, which is a
24 running theme, what role can those of us
25 on this side of the table do to

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 invigorate, if you will, an already very,
3 very excited base of those who live in
4 the creative economy. So that question
5 has been answered well.

6 Any final recommendations,
7 suggestions, tips you want to offer us as
8 we continue this conversation once this
9 formal hearing is recessed?

10 MR. JENNELLE: Sure. I just
11 have one thing that you reminded me of as
12 you talked about making the City more
13 user friendly to interact with and
14 streamlining processes. It would be
15 really helpful for start-up companies to
16 have some sort of ambassador or account
17 manager who can buffer between us and the
18 bureaucracy. Personally, I've spent
19 countless hours on hold with the
20 Department of Revenue. I've gotten
21 delinquent tax notices for taxes that
22 were paid or filed. You know, the issue
23 there is not that -- there are always
24 going to be bumps like that, but if you
25 there was a way that someone could help

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 us.

3 COUNCILWOMAN BROWN: An
4 ombudsman-type professional?

5 MR. JENNELLE: Exactly. Yeah,
6 just a go-to person. I have this
7 problem, I just call this person, they
8 take care of it or tell me what I need to
9 do rather than having my people
10 struggling to work our way through it.

11 COUNCILWOMAN BROWN: Okay.
12 That's helpful.

13 Please, sir.

14 MR. WRIGHT: Yes. One thing I
15 would state, which has been a theme of
16 our own discussions as well as my own
17 company, is that interacting especially
18 with the 20-somethings and 30-somethings
19 requires a much -- and Hassan kind of
20 touched on this -- almost a much
21 different approach to engaging them,
22 attracting them and then retaining them
23 here in the Philadelphia region,
24 specifically around linking and
25 interacting with their digital

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 life-styles. And right now in terms of
3 information gathering or connecting with
4 others or connecting whether it be to
5 other people in your same sector or with
6 the City, the series of websites and
7 things like that, it's very cumbersome
8 and for 20-somethings and 30-somethings
9 who live on their mobile phones, who want
10 information pushed to them, who live
11 digital lives, aren't really reading
12 newspapers, aren't really listening to
13 the radio as much, I think it's very
14 important for the City to take a look at
15 its digital strategy and not make it a
16 sideline. And this is kind of a theme in
17 the media industry in general and one
18 which I deal quite a bit with, is that
19 you can't view kind of digital
20 life-styles or mobile life-styles as a
21 sideline. It really is an integral
22 part --

23 COUNCILWOMAN BROWN:

24 Centerpiece.

25 MR. WRIGHT: -- a centerpiece,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 especially for the 20-somethings and
3 30-somethings. So I would just recommend
4 that that be a centerpiece of any
5 discussions that go on.

6 COUNCILWOMAN BROWN: Okay.
7 Please.

8 MR. BUFFINGTON: I would just
9 say very quickly, I want to reinforce
10 that I see myself here as a
11 representative of the higher education
12 community. I think this city is
13 remarkable for the concentration of art,
14 design and performance facilities, not
15 only in terms of producing students but
16 also in terms of creating a kind of sense
17 of community and creative critical mass
18 around the City. So I think it is
19 certainly important, and I would urge
20 Council to continue to engage, not just
21 the University of the Arts but all of the
22 university leaders in the City in trying
23 to develop strategies to support the
24 development of the creative economy.

25 COUNCILWOMAN BROWN: Okay.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 MR. JENNELLE: Just one more
3 comment, if you would.

4 COUNCILWOMAN BROWN: Please.

5 MR. JENNELLE: Members of our
6 group kind of tend to have a very
7 self-help, just-do-it attitude, and I
8 wanted to highlight a way in which one of
9 our members is innovating to make the
10 City government work better that I wanted
11 to bring your attention, an example and a
12 model for what can become --

13 COUNCILWOMAN BROWN: It's
14 called seize the moment.

15 MR. JENNELLE: Yeah. The
16 project is called iSEPTA, and if Randy
17 will stand up and Alex, who are involved
18 with it over here. They basically took
19 it upon themselves -- they're mobile
20 phone and iPhone users. They made an
21 interface for the SEPTA schedules that
22 you could use on your mobile phone and
23 take it with you, without the cooperation
24 of SEPTA, but not doing anything wrong,
25 just pulling data and repackaging it.

1 5/7/08 - PARKS & COMMERCE - RES. 080337

2 And there's a lot of people who care
3 about the City enough and are frustrated
4 enough to just build things like this.

5 So to the extent that maybe
6 with these guys you can help them make an
7 introduction into SEPTA and find a way to
8 take advantage of what they're doing and
9 encourage other young entrepreneurs and
10 innovators if they see a problem, to just
11 fix it and not ask for permission, that
12 would be a big help as well.

13 COUNCILWOMAN BROWN: Okay.

14 Well, make sure you see Joe Meade on my
15 staff, gentlemen.

16 In closing, let me say thank
17 you to Kelly Lee and Rachel Zimmerman, in
18 her absence, who my second year in
19 Council approached me about what we now
20 know as the creative economy, and in her
21 own mind had this vision of little
22 clusters, hubs around the City where you
23 had those in this world just really,
24 really feeding off of each other in a
25 good way. And X number of years later,

1 5/7/08 - PARKS & COMMERCE - RES. 080337
2 we now have had hearings, which will
3 further guide and instruct us on how the
4 City can do better when it comes to
5 making sure that the creative economy
6 reaches its full potential, what's been
7 established here this afternoon.

8 Thank you for your time and all
9 of what you're doing on behalf of the
10 City. Thank you very much.

11 (Thank you.)

12 COUNCILWOMAN BROWN: This
13 hearing, I just say for the record, is
14 recessed to the call of the Chair.

15 Thank you very much.

16 (Committee on Parks, Recreation
17 and Cultural Affairs and Commerce and
18 Economic Development adjourned at 3:30
19 p.m.)

20 - - -

21

22

23

24

25

1

2

CERTIFICATE

3

I HEREBY CERTIFY that the

4

proceedings, evidence and objections are

5

contained fully and accurately in the

6

stenographic notes taken by me upon the

7

foregoing matter on May 7, 2008, and that this

8

is a true and correct transcript of same.

9

10

11

12

13

14

15

MICHELE L. MURPHY

16

RPR-Notary Public

17

18

19

(The foregoing certification of this

20

transcript does not apply to any reproduction

21

of the same by any means, unless under the

22

direct control and/or supervision of the

23

certifying reporter.)

24

25