

# Pittsburgh Post-Gazette®



## The Steel City makes the cut for Amazon's HQ2

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Pittsburgh Post-Gazette  
Jan 18, 2018

Pittsburgh has landed on the mother of all top 20 lists.

The Steel City is one of 20 metro areas to make the cut in the frenzied competition for Amazon's prized second headquarters.

Those cities, including Pittsburgh's cross-state rival Philadelphia, will now "move to the next phase of the process," as Amazon put it in revealing the list of remaining contenders Thursday.

Amazon culled the top 20 from the 238 proposals it received last fall for HQ2, widely considered a potential economic development gold mine with its promise of up to 50,000 jobs and \$5 billion in investment over 17 years.

In the cities that made the cut, the announcement brought lots of high-fives, backslapping, and celebration. In those that didn't, there was dejection and questions of what went wrong. Among those left out were Detroit — once considered a favorite by some — Houston, Baltimore, Cleveland and New Orleans.

Local leaders, of course, were elated that Pittsburgh's hopes are still alive. Mayor Bill Peduto noted there were snickers within the Washington press corps nine years ago when former President Barack Obama announced that the city would host the G-20 summit in 2009.

"Nobody laughs anymore," he said.

Allegheny County Executive Rich Fitzgerald said the selection validates the transformation that has taken place in the region, including the emergence of a strong tech sector. Making the cut "is a big deal. It's a really big deal."

"When you look at that list, it's a tremendous honor for us," he said.

No doubt Pittsburgh will be facing some stiff competition in round two of HQ2.

Other cities still in the running are Atlanta, Austin, Boston, Chicago, Columbus, Dallas, Denver, Indianapolis, Los Angeles, Miami, Nashville, Newark, New York City, Raleigh, Toronto, and Washington, D.C. The Montgomery County, Maryland, and Northern Virginia regions also will compete.

Pennsylvania and Texas were the only two states to place more than one contender on the list. But in what some experts saw as telling, the Washington, D.C., area landed three, counting Montgomery County and Northern Virginia.

"[The D.C. area] makes the most sense economically and politically, and has stood out for awhile," said Tom Stringer, a managing director at professional services firm BDO's New York office.

With the whittling out of the way, Amazon stated it will now work with the 20 remaining contenders to "dive deeper into their proposals, request additional information, and evaluate the feasibility of a future partnership that can accommodate the company's hiring plans, as well as benefit its employees and the local community."

Local leaders had no advanced notice that Pittsburgh had made the top 20. Stefani Pashman, CEO of the Allegheny Conference on Community Development, said the region is ready.

The team that helped to put together the city's Amazon's bid has been meeting regularly to gear up for the next phase. In advance of Thursday's announcement, it even had prepared two press releases — "the good one and the not so good one," Ms. Pashman said.

"The message today is that we are ready. We are ready for Amazon. When this bid went in, we didn't stop working. We kept the team meeting. We made sure that when we got this phone call or this email or this press release that we would know exactly what to do," she said.

"And so we are very much looking forward to working with Amazon in showing even more of our true colors and what we have to offer them."

The team, which includes foundation, university, community, government, and business officials, already has come up with places to take Amazon reps when they come to the city for a site visit to highlight "the best of Pittsburgh," Ms. Pashman said.

Amazon expects to make a final selection this year but has given no timetable for doing so.

The e-commerce giant did not say whether there would be another round. But John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant, said he expects Amazon to "milk this for awhile."

"Now they have a top 20 list. The next phase, they're likely to come out with a top 10, top three or four or top five," he said.

The competition already has touched off a fierce bidding war, with cities offering billions of dollars in incentives to land the coveted economic development prize.

Pennsylvania is believed to be offering \$1 billion in incentives, although that has not been publicly disclosed. New Jersey is pitching \$7 billion. Maryland is dangling more than \$5 billion.

Round two could further up the ante, said Greg LeRoy, executive director of Good Jobs First, a Washington, D.C.-based nonprofit promoting accountability in economic development.

"There's a risk the 20 finalists will feel even more pressure now to give away more of the store," he said, although he stressed he believes tech talent will be a bigger factor in where HQ2 lands..

He called the top 20 list "a giant PR stunt," saying the ones that made it represented 23 percent of the U.S. population and nine of the 10 biggest metro areas in the country.

In Pittsburgh's case, local leaders aren't sure more financial incentives are required. They have refused to release the Amazon proposal or disclose what incentives are being offered.

“I think we feel very prepared, that what we put forward is actually going to be very appealing and it’s indicated by the fact that we made it into the top 10 percent of the proposals,” Ms. Pashman said.

“We fully anticipate we’re going to be competitive,” Mr. Fitzgerald added.

Although Pittsburgh is competing against some formidable opponents, the county executive believes its tech pipeline, its quality of life, housing stock, and cost of living will give it an edge.

He noted that many futuristic ventures like self-driving cars have a strong presence in the city as well. That can only help Pittsburgh, he said, given that futuristic is what Amazon is all about.

While Pittsburgh has been a trendy pick for HQ2 among many pundits, Mr. Stringer begs to differ. He believes the region lacks the space, talent pool, and the “tier one air service” required.

Although he sees the Washington, D.C., area, where Amazon owner Jeff Bezo has bought a home and owns the Washington Post, as the leading contender, he cited Boston and perhaps Philadelphia as other top candidates.

Philadelphia, with good rail and flight access and the proximity to major markets like New York and Washington, “is a diamond in the rough in many ways,” he said.

Mr. Boyd likes Pittsburgh’s chances. “At the outset of this, we kind of said Pittsburgh will find its way onto the short list because of its transformation to one of the most exciting markets in the country with Google, Apple and Uber,” he said.

He views other top contenders as the Washington, D.C., area, Newark, Atlanta, Chicago, Philadelphia, and Miami. Mr. Peduto and Mr. Fitzgerald are standing by their decision not to release the region’s HQ2 proposal, with the mayor citing non-disclosure agreements with the private property owners that have offered their sites for Amazon as one of the main reasons.

A number of local news organizations, including the Pittsburgh Post-Gazette, have filed right-to-know requests to obtain the proposal. Many are now under appeal before the state’s open records office after being denied at the local level. Mr. Peduto said that if the state office rules in favor of the media, he would go to court to try to block the release of the proposal.

Mr. LeRoy said it should be released, arguing that taxpayers have the right to know what the region is offering. He questioned the need for secrecy, saying there is no evidence Amazon is negotiating with any city at this point.

The mayor, meanwhile, views some of Pittsburgh’s chief competitors for HQ2 as Austin, Boston, Raleigh, Nashville, Columbus and Toronto. As for Philadelphia? “I wish Philadelphia all the luck in the world in the Super Bowl,” he said with a smile.