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To win Amazon, Philly elites need to open up



Philadelphia can offer Amazon good sites to build its 8-million-square-foot headquarters, from the Navy Yard to the railroad land next to Drexel and Amtrak to the former factory districts of North Philly.



by Joseph N. DiStefano, Staff Writer – Sep 18, 2017

Corporate-location adviser John Boyd, who has helped Boeing, Dell, Hewlett-Packard, JPMorgan, Samsung, and other global companies scout big new sites, claims “no biases” in handicapping Amazon’s search for a 50,000-worker office center. He puts Philadelphia on the short list, with downtown Atlanta, Austin, Boston, Chicago, Dallas, and suburbs around D.C., in south Florida, and central New Jersey.

Amazon wants a tech recruiting center: “Talent is the dominant factor,” Boyd told me from his office in Princeton Friday. “Expect Drexel president and Philadelphia Chamber of Commerce chairman John Anderson Fry to play a role here – a common denominator of successful cities around the country today is having mayors and governors work closely with business-oriented university presidents like Fry in its industry-attraction efforts.”

It helps that the city's airport, Amtrak, and I-95 tie Philadelphia to New York and Washington — the nation's capital is "a critical site-selection variable today given the politicization of site selection today and Amazon's laundry list of lobbying activities," Boyd said. U.S. Sen. Bob Casey's quick pitch to Amazon in support of Pennsylvania "was wise in this regard." The fact that the region has three state congressional delegations likely to back Amazon in its Washington fights — and three state governments who are proven billion-dollar corporate-concession-granters — should strengthen Philly's case.

And unlike other East Coast cities, Philadelphia has good sites to build. Amazon plans 8 million square feet — enough to fill eight high-rises or office parks. The Navy Yard, the railroad land next to Drexel and Amtrak, the former factory districts of North Philadelphia, and sites in Montgomery, New Castle, and Camden Counties could fit that, with room to spare.

Of course, the fact we have space to build reminds us of the city's chronic slow growth and the challenges that have long cost Philadelphia its old lead among U.S. cities:

- **Slow government.** The people elected and appointed to run things, despite their claims to support growth, like things the way they are, with them in charge. City Council is notoriously hands-on and tends to drag out or sink initiatives that members perceive as a threat to personal power. Planning, zoning, historic review, and councilmanic prerogative can stop or slow big projects.
- **Taxes.** Though Amazon Web Services makes a lot of money, Amazon shipping barely breaks even. Philadelphia's gross-receipts tax and Pennsylvania's high corporate tax rate discourage coming here. The state and city are eager to make exceptions for the big and well-connected: On Thursday, Councilman David Oh proposed exempting "megabusineses" such as Amazon from business income tax for 10 years.
- **What will Comcast do?** As the largest private employer here since the banks, factories, and railroads left town, Comcast benefits from the city's affordable wages, offices, and metro housing. But Amazon plans *five times* Comcast's city workforce, inflating prices and threatening Comcast's advantage. And Comcast, like Amazon, needs engineers. Philly has an undersized software sector. Amazon could swamp it.
- **Labor.** Union wages aren't the problem — skilled labor is scarce everywhere, but its solid medical and retirement plans cost more.

What would Philly gain if it wins? Jobs, commerce, demand for better housing, restaurants, schools, and amenities, and a flood of new public revenues — if not from Amazon, which has squeezed lucrative benefits from Pennsylvania for its many upstate warehouses, then from 50,000 new wage- and sales-tax-paying workers.

But, again, plenty of Philadelphians like the city and its arcane business-and-government relationships just the way it is, because they benefit. Will they stand aside to please Amazon?

Maybe a high-profile Amazon pitch will open Philly minds to the benefits of growth, so ambitious young people don't have to keep leaving town.

"Even if Philadelphia does not win this trophy project, it is an opportunity for the city to promote itself as being open for business," Boyd told me. "Economic development today is about both the steak *and* the sizzle."