

Audio Title: Michael Nutter on the Role of Business and Public –Private Partnerships

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Transcript

Intro: Welcome to the Mossavar - Rahmani Center for Business & Government at the Harvard Kennedy School. For more information on events, news, and research, visit www.mrcbg.org.

John Haigh: First of all, let me say thank you everybody for coming. I'm John Haigh and I co-direct the Mossavar - Rahmani Center for Business & Government. It's terrific team. Some of our students are here. Some of my students are here. And we are extremely fortunate today. We have Michael Nutter with us.

And just to give you a little bit of a background. I think most of you probably know this. But Michael served for 15 years as the mayor of Philadelphia.

Michael Nutter: Yeah, City Council.

John Haigh: At City Council and then he was the – I guess the 98th mayor starting in November of 2007, took office in Jan – one in 2007 and took office in 2008. He has just done a tremendous job kind of building business, recruiting businesses into Philadelphia. He even brought the World Championship in football back to Philadelphia.

Michael Nutter: I have nothing to do with that.

John Haigh: You can take full credit for that. And obviously things like – that we care about a lot at the Kennedy School, aboriginal considerations. So he took the city to A credit rating by the major credit rating agencies. So just a number of issues reducing the homicide rate, dealing with crime, they just received a ton of awards. I think somebody was telling me over 150 awards for the city.

And in 2011, Esquire Magazine, I like this one, named him Americans of the Year list in 2014 and Public Official of the Year by Governing Magazine. So just as tremendous – he has been the President of United States Conference of Mayors.

In 2018, January, the Department of Homeland Security appointed him to the Homeland Security Advisory Council.

So there's just array, a huge array of kind of accomplishments and responsibilities that are the kinds of things that we have our students to aspire to do. And he is currently a fellow at the Institute of Politics and he is also the David Dinkins Professor of Professional Practice in Urban and Public Affairs at Columbia University. So ...

Michael Nutter: I noticed a lot of hesitation in your voice.

[Laughter]

John Haigh: I actually have the utmost respect for Columbia, their institution and university. Not an issue.

Michael Nutter: I know. I'm teasing you. [Laughs]

John Haigh: So with that, I want to open it up and give Michael a chance to make a few comments and then we will open it up for questions where everybody can ask Michael what's on their mind.

Michael Nutter: And that also maybe the best part. But good afternoon, everyone, or still kind of morning but good afternoon. John, thank you very, very much for the introduction. Thank you for helping me to get here today and all the folks here at the Harvard Kennedy and certainly, the Institute of Politics.

I think we talked a little bit about giving you some snapshot I guess, a little bit of history and background, what it was like to come into office in 2008 on the heels of great reformed campaign. Philadelphia unlike Boston, we have term limits for the Office of Mayor. The only term limited office in the entire city government is the Mayor's Office. As John mentioned, 14 and a half years as a member of Philadelphia City Council. I was a District Council person, 17-member council, 10 represent districts to fund areas of the city, 7 at large.

I got my start in politics volunteering on a campaign for councilman at large back in the early '80s and that was really kind of my political start. Lots of my first campaign learned a lot of lessons, didn't appreciate them at the time but subsequently, I realized that actually, you learn more from a loss than you do from a win although I don't recommend it as a strategy but [Laughs] but that was my experience.

And when I ran, so I'm born and raised and educated and created all my troubles in Philadelphia, the only place I've ever lived and still do with a lot of travel. When I ran for mayor, in 2006 while I was still a member of City Council but I had in my mind, I had decided I was going to run but I thought maybe I should get some information, get a little data, see what the world was like. Most of us think so highly of ourselves and we are so wonderful and we've done all these great things that we assume that we are enormously popular. Nothing like a legitimate poll to help put your feet back on the ground and help you understand you're not maybe the greatest thing since sliced bread.

So my poll told me that no matter who ran, I would be fifth in a 5-way race. I had about 12% approval rating or name recognition. And a month later, the poll was in May, and a month later in June, I then resigned my position as City Councilor, announced that I was running for Mayor with a poll in my hand that said that I could not win.

But I had a record, a positive kind of record. I had a record of bringing ethics and transparency to city government. At the time, we had a major corruption scandal going on and also the crime rate was going up and I had been leading charge as a City Council member not only talking about fighting crimes but also forcing the then administration to literally hire more police officers by putting money in the budget and raising the issue at a very strong level.

And so, those were two of the four things that I talked about a great deal during the campaign. It was a 5-way race. I was last for almost all the campaign. Our primary election is in May and it was only in about April that actually things started to move for me and they changed pretty dramatically.

Won the primary. In Philadelphia, a heavily Democratic City, if you win the Democratic primary, unless you are indicted and convicted, you should go on to win the general election. And so, won the general election, 83% of the vote. People are excited. New mayor, reform, going to focus on crime, to educate kids, I mean all the very, very positive and wonderful things.

Sworn in in January, did some of the things I said I was going to do. I declared a crime energy on my first day, sworn in my cabinet, signed an executive order requiring the police commissioner to come up with a new plan, fighting strategy in 30 days, a bunch of things.

Life was good. Passed the budget prior to deadline. City Council was happy. We were kind of rolling along, invested in community college, invested in parks and recreation, and a number of investments. We didn't spend money like drunken sailors but we were investing and we were rolling along.

Unfortunately, unbeknownst to any of us at the time, there were some pretty significant storm clouds way, way off somewhere that no one could see. And so, I'll start things with – and I was and am and continue to be a pro-business council person. I characterized myself – I mean I'd like to think pretty progressive although I would suggest that many of the progressives in the Democratic Party have moved so far to the left that I think I'm now in the middle.

[Laughter]

So – but I'm – I'd say socially very liberal on most issues. Fiscally though, pretty conservative. I think fiscal integrity and fiscal responsibility is in fact one of the fundamental keys to running any government. If we learned anything, I'm getting ahead of myself a little bit, but if we learned anything from the recession, we learned that it really is hard to run a government with no money but it's also just irresponsible.

So anyway, summer of 2008, brand new mayor in office. It's summertime. Philly, 4th of July, with every respect to the great, great City of Boston, we know that Philadelphia is the birthplace with freedom, liberty, and democracy in the United States of America. We have all things like the Liberty Bell and Declaration of Independence and the Constitution, all done in Philly. I mean Boston played a tremendous role in the formation of our country but just – I'm required to say that as a Philadelphian.

John Haigh: Keep it in perspective role.

Michael Nutter: Right. Keep it real. So 4th of July, we've got John Legend who was headlining our evening concert. I mean things are really kind of pretty cool. And this is like a cool job.

In August of 2008, one day, I got a call saying that the Chief of Staff and the Finance Director needed to talk to me. I appointed both of them. I knew both of them for a long period of time. These are my guys. Sure.

If you ever find yourself in that position and someone says that the Chief of Staff and the Finance Director want to talk to you, you should run.

[Laughter]

Nothing good is coming out of that conversation. But I was a rookie. I didn't know that. Right? So they come in August of 2008 and say, "There are some unusual things going on. We don't completely understand it. But we are seeing unusual activity in our tax collections." I said, "OK. I'll keep an eye on it."

And later that month, I got another call that those two wanted to see me. Now, I mean I couldn't run. I had to take the call. And they said, "Well, we are still not exactly sure what's going on but actually, there's a growing problem. We are starting to run out of money." I said, "What do you mean we are starting to run out of money?" That we are literally starting to run out of money. Cash.

And on September 11, 2008, I had a press conference and announced to the city that the City of Philadelphia was facing a \$450 million 5-year plan deficit. I've been in office 8 and a half months. We passed the budget in mid-May. It was balanced. The recession had not yet been declared.

And so, the press and the public basically said that these must be the dumbest people who have ever come into public service. They have no idea what they are doing. And this is a mess.

If you go back, that September 11th was a Thursday. That weekend, Lehman Brothers crashed and burned. The following week, numerous banks and other financial institutions also failed. And finally, the federal government did actually announce that we were in a recession that it actually started in December of 2007 but not declared until September of 2008.

So all the while that we were rolling along and things were good and we were having a really good time, this thing is happening off in the distance that no one knew about. And so now, it's time to take action.

So I immediately announced a series of steps that we would take to try to deal with what was to be an even larger crisis. So that was September.

October, I announced that we had a \$650 to \$850 million deficit and growing. Now, there were couple of other things that were going on that you have to be aware of your time and place and other activities taking place in the world.

So, I would say to you, there were two other big things going on in October of 2008. Anyone want to take a stab at what either of those stupid things were?

Participant: The election.

Michael Nutter: The historic election between Senator John McCain and Senator Barack Obama. If you recall, Senator McCain actually announced that the two of them should suspend their campaigns because they are both United State Senators and needed to get back to Washington to vote on then President George Bush's proposal for this thing called TARP.

Participant: Yup.

Michael Nutter: And for Philadelphians, there was one other big thing going on. So in October, the Philadelphia Phillies were in the playoffs, who were not expected to even make the playoffs and let alone we were on a bit of a roll.

And so, I'll talk to you about what it's like to be mayor or be in a leadership position in a time of crisis and a variety of other circumstances. So stick with me. I'll describe what I now referred to as The Week.

Wednesday, October 29th, the Philadelphia Phillies won the World Series.

Friday, October 31st, we had a parade. Two million people showed up. Fortunately, no one got in any trouble.

Tuesday, November 4th, Barack Obama became the first African-American President Elect.

And on Thursday, November 6th, I announced that the city had a \$1 billion 5-year plan deficit in a live press conference.

Participant: Wow! What a week!

Michael Nutter: Well, two out of those three things were really great or three out of the four.

[Laughter]

But I was the major buzz kill for the city and region in making that announcement. People were not happy.

We proposed something that we came to call Shared Sacrifice. And that every department and agency in the government, every citizen in the city, every business, every non-profit had some shared responsibility, a shared sacrifice to make sure the city didn't falter.

So I immediately announced that I was cutting my own salary, the salary of every top professional in the government and actually everyone who made \$50,001 would take a pay cut, [0:16:29] [Indiscernible] days and a variety of other stuff.

One point to note, if you announce something like that, you should tell your spouse or significant other before making such an announcement. My wife heard it on the radio.

[Laughter]

It was an interesting conversation that night when I got home.

We made the decision though and this is not in any way, shape, or form, a criticism of any other city in the country. Everyone has to kind of do their thing. But we also made the decision that we were not going to have massive layoffs. Philadelphia has the highest poverty rate of the ten largest cities in America. We have a population that needs service and we were also not going to basically destroy the internal functioning of the government to save it.

And so, we proposed a plan that was about 50% cuts in service and about 50% raise in revenues by increasing taxes. Merely cutting my salary by 10% was not going to solve this particular problem but people appreciated it. Shared sacrifice.

We close that hole by the end of the year.

Participant: Wow!

Michael Nutter: In February of 2009, when I proposed my next budget, I also had announced that we now had a new \$1.4 billion 5-year plan deficit, which required more cuts and more tax size. The challenge with that of course, well, no reason for you to know this, when I was City Council member, I was the leading proposer of tax cuts and tax reductions my entire council life. To then have to turn around and now first year, 14 months, to raise people's taxes and stop our scheduled tax reduction program was a really, really big decision and it became somewhat personal because it gets into your history and your record and et cetera, et cetera.

And the lesson there is, you don't always get to do what you want to do. You do what you have to do.

We also announced at a certain point that we – actually we are going to stop paying all of our vendors as a part of cost conservation program. Debt service, salaries, and emergency expenditures were the only things we were going to pay for for months. Not one vendor stopped providing us service. Not one. And we made a commitment that everyone would be made whole when the city got back.

In the meantime, we pretty much pissed off everyone in the town, which takes a lot of effort to piss off everybody. We had also luckily – the history in Philadelphia generally is – so we have four major unions that we negotiated or arbitrate with in terms of public employee contracts. Two unions are represented by AFSCME and then Police and Fire have their own bargaining units and they are not allowed to go on strike and so they go to arbitration.

Historically, mayors in Philadelphia, new mayors, were usually faced with all four of those union contracts expiring on June 30 of your first year in office, which is much to the deficit of the executive because you are still trying to figure out where all the bathrooms are and negotiate four major contracts with these unions then usually get kind of run over. And often in those negotiations, it's less about trying to win and really more about trying not to lose too much.

We put forward an idea that we actually wanted in my first year one year contracts which no one have heard of in modern times. But somehow we had convinced them that we wanted just one year contracts which then bought us time to figure out next year if we want to do longer term contracts.

We were lucky because again, we didn't know that recession was coming. If we had agreed to multiyear contracts with multiyear raises, there is no way that we would have actually been able to pay for them and we would have had to lay off thousands of public employees, which we did not do. Virtually, no one got laid off during our time for the two and a half years of recession.

We closed vacant positions. We didn't rehire as quickly. We did a lot of those things. We delayed – I was going to hire 400 more police officers. We delayed two police classes to save money. I mean we did a lot of different things.

We also announced and this was – I'll get into the business side of things. So leading tax cutter as a City Councilman, now as Mayor is proposing pretty significant tax raise. Business community not thrilled. I had numerous conversations with them. Laid out our plan, laid out our projections going forward, why we needed to do what we need to do.

And so part of the main message on that is it's all about communication and having relationships. I mean they knew me. I've worked with them and had organized what was subsequently referred to as a Briefcase Group Brigade. We led a march from the Chamber of Commerce Offices to City Hall back in 2006 to force my predecessor to start cutting our wage tax. It was very public. We took over half of Broad Street. These folks knew me. They knew me well. They knew my history. And I had to then turn around and say to them, "The only way we are going to get out of this is I need to raise – I need to stop out tax reduction program and raise taxes," on the same way.

Philly has five ice skating rinks operated by the Department of Recreation. In that second budget, I announced that we would only be able to operate two of the five and we were going to close the other three.

The now late Ed Snider – Ed Snider has – was of course the owner of the Flyers but also had his own foundation, Ed Snider Youth Hockey Foundation. And one day after making this announcement, I got a call. And Ed said, “I heard the announcement and I know you feel very badly about having to announce that. We want to partner with you. We will operate the other three for you.”

We got into conversation and discussions and not only did they offer to operate the three that we were going to close, but they actually offered to partner with us on all five using their money to operate our ice rinks for kids.

In a subsequent agreement, that was one of our first really big prominent public-private partnerships, in a subsequent agreement, they actually volunteered to – all of those rinks were opened. So of course with that, they only operate certain times of the year. They then subsequently, using their own funds again, enclosed four of the five. We have more ice time, more instruction, more services and programs for kids of Philadelphia than we ever could have been able to provide.

We have 73 swimming pools in the city. I announced that we were only going to be able to operate I think 46. No, I’m sorry. We were only going to be able to operate somewhere in the teens. And we – I mean the pools are all over the place and basically, we are going to have like two, no more than three in each council district open.

We partnered with the United Way and a couple of other entities and we instantly created something called The Summer Splash Fund. Companies, individuals, foundations donated money for us to be able to open as many of those pools as possible. And that summer coming up was only three months. I believe we opened 46 of the 73. In the following summer in 2010, all of the pools were opened.

In our health department, we partnered with University of Pennsylvania, hospital, temple, and Drexel, and our school district to focus on issues of overweight and obese conditions of Philadelphia school-aged children, and had a significant reduction in both of those conditions as a result of a partnership with them and also a signed agreement, a data sharing agreement with the school district to get pertinent information to the parents of children.

We partnered with Drexel University on issues of nutrition and essentially changed the nutritional mix at our schools. We eliminated sodas from sale in school completely. A number of restaurateurs have partnered with our schools to teach cooking classes to change the menu at schools. Almost all kids usually complained about food service at their schools.

Companies and organizations and individuals in this time of crisis, and this again, this message, consistent message of shared sacrifice stepped up time and time and time again.

When the Police Department needed more or to upgrade bulletproof vest for our police officers, we have a police foundation, a number of corporations donated money for that. We lost in my first year in office, we lost four police officers killed in the line of duty. Over the eight years, we

lost eight, five by gunfire. And a number of organizations stepped up to help us with – in that regard in terms of equipment and services.

Virtually, every department and agency in this economic time of crisis helped us in a variety of ways. Some we solicited and many others called us because they wanted to partner with us. They wanted – they did not want the city to falter.

Lastly, I had to go to the General Assembly. Our big plan to basically rescue the city was increased, a 1% increase in the state sales tax just in Philadelphia. And some other provisions related to our pension fund.

I had spent a lot of time as a City Councilman actually out in the suburbs. We have four counties around us, Bucks, Chester, Delaware, and Montgomery counties. At the time, mostly heavily Republican, but I spent a lot of time out there as a Councilman and even more time as Mayor. I spent a significant amount of time in Harrisburg talking to legislators about the city. And it was suburban legislators, many Republican, who fought heavily for us to convince their colleagues from out West that taking this action on behalf of the city was not only critical for Philadelphia but I think over time we had deliver the message to help them understand that the interconnectedness of our economies, the fact that hundreds of thousands of Philadelphians go to work in the suburbs every day and hundreds of thousands of suburbanized come into Philadelphia for work every day actually made a difference. And they were some of our greatest champions.

We had told the General Assembly that on any particular day without their action, we would in fact have to lay off over 3,000 public employees, 928 police officers, 329 fire fighters and a variety of others. It was not an idle threat. I mean they took it pretty seriously. We needed that action by, on particular, Friday otherwise this was going to go into effect the following Monday. This was in 2009.

They passed the measure at 4:00 o'clock on Thursday and I did a live call-in press conference. I was in Harrisburg when this happened, to announce to the government and to the citizens that this Draconian plan which was referred to as Plan C, so we had already gone past B, we were now in Plan C, laying off thousands of public employees, was not going to go into effect. I was literally almost in tears as I said it.

The next day, we delivered the 3,000 plus pink slips, documents up to the Philadelphia Fire Academy where they were subsequently set on fire so that no one would ever know who actually was on the layoff list which we thought would have been devastating from a morale standpoint but it was something that we had to put in place and had to be ready for.

All of that to say it was in fact the worst recession since the Great Depression. No question about it. But we were one of the few cities because of our fiscal stewardship, we actually got a rating upgrade coming out of the recession. We have an A rating from all three rating agencies, first time in 40 years. We did restart our tax reduction program. Wage tax rates are at the lowest level since the '70s.

Through all of that, we did win those awards. At the end of my tenure, we have a 31% reduction in homicides, down to levels that the city hasn't seen since 1967. Population grew all eight years that I was in office, reversing 60 years of population decline.

It is one of the toughest jobs in public service and it only happened because I had a great team, great leaders, and people who are committed to public service, understood their mission and did their job. And we support each other in a lot of different ways.

So – but the business community played a very significant role. They didn't freak out. They didn't flip out. And actually, business development grew in Philadelphia. We changed our zoning code and that was one of the more exciting things in government but it led to an explosion of billions of dollars of growth and development and investment in the city because we paid attention to the details.

You are always dealing with the day to day. I mean you still got to pick up the trash, you got to fill potholes, and you got to move the snow. But you also have to a bit of a vision for what's the future. And taking steps today that either A) no one will appreciate or B) people will hate you for, and understanding that it's not about you, it's always about the future and doing what's in the best interest of the majority of citizens.

It's not a popularity contest. I didn't go down there to have people love me but I wanted them to understand and respect what we were trying to get done. And yeah, it's a great time. We didn't solve all the problems but you do what you can while you're there. It's like a relay race. You run your leg and run as fast as you can, hopefully hand off the baton to the next person. Don't drop it. And then get out of the way. And that's what I'm doing.

So, the floor is open.

John Haigh: Terrific. Let's open it up to questions.

[Applause]

John Haigh: I'm happy to start it off but you can be thinking about your questions.

Michael Nutter: Don't be shy.

John Haigh: I know. Don't be shy. Jane, do you want to go?

Participant: I would love – OK. And then you can go after?

John Haigh: All right. I'm happy to go. I actually have a real question about Rahm Emanuel for example.

Michael Nutter: Yeah.

John Haigh: One of your colleagues.

Michael Nutter: Yeah.

John Haigh: He is in Chicago. And he talks about – at the time, he was saying, “Never waste a good crisis,” and some things like that.

Michael Nutter: Yeah. Yeah.

John Haigh: And on one hand, there is this notion of be strategic in your cuts and how you manage all the different kind of strategic choices and it’s an opportunity that you might not have in other circumstances. And then at the same time you are talking about shared sacrifice. It sounds to me like you are pretty strategic as you thought about it but you ...

Michael Nutter: We thought we were.

John Haigh: But you were also kind of the shared sacrifice. And how do you balance those both from operating actions as well as the public relations aspect of it?

Michael Nutter: Well, to Mayor Emanuel’s point, I mean when you are running out of money, you do end up proposing some things that you otherwise would possibly not do. I mean you have all the reasons behind and you have all the data to show. I mean we cut a bunch of programs that – look, every program has a constituency, right? And everyone could make a case, “Just continue to do this or do that.”

So we used to – we had some big program on collecting old tires, people for whatever reason like to dispose of their tires on the side of the road. We stopped doing that. We stopped neighborhood street sweeping, tree trimming, I mean a bunch of different things. I mean every dollar actually meant something.

And yeah, people were upset. And our focus was fiscal stewardship. And what are the fundamentals? What are the bases that we have to do? And some of these other things, I mean they are nice, they are interesting but I can’t afford it. And so again, you don’t make a lot of friends in this process. And I came from City Council and so, I was like, “Hey, these are my buddies that I worked with blah, blah, blah,” but when you tell your friends no, they usually get upset.

There are people who are still mad with me today when I made the speech, the budget speech. And we were trying to save – so again, every area had to take some cuts. So fleet management, right? So we had the fleet department figure out how many vehicles do actually own, which actually had not been done in a while so it’s interesting. And then where are all these vehicles? And then take out police, fire, prisons, a bunch of other – all that public safety stuff to some extent.

And then there are all these other cars. So who has them, why do they have them, do they need them? We are going to save on fuel. We are going to save on maintenance. I mean I'm telling you, it's every dollar.

I had to call the manager of the fleet and ask him to turn his vehicle in to which he said, "Mayor, if that's what you need, I'll bring it tonight." He is the Fleet Manager but he didn't – I mean he didn't need a car.

John Haigh: Right.

Michael Nutter: Right? So I made the wild outrageous suggestion that City Council Members who are given a vehicle, I never took a vehicle when I was at City Council primarily for two reasons, one, I campaigned when I ran for City Council that I wouldn't take a car, two, the car they gave me was a Crown Victoria. Now, I mean do I look like a Crown Victoria guy?

[Laughter]

I mean was driving a Mazda RX-7. I mean what am I going to do with that? So I never took a car. Anyway, I suggest that City Council Members as a part of the shared sacrifice to turn their vehicles. There are Council Members still mad with me today that I have suggested such an outrageous thing. I didn't even take them. I just suggested. Some gave them back.

So – but if there are some programs that you really do want to get rid of and if you are in economic crisis, you can do it. We called in all of our non-profit providers and said, "You have to justify why we have given you a grant." Now, some – I mean it was like the sun rises in the East and sets in the west. I mean every year, they just like out of grant. They don't know – I mean the toughest thing in the world to kill is a government program. Right?

And we said, "Well, how many people do you serve?" Well, I have city wide, city wide service. "Well, how many people do you actually sever?" I mean it could be like 25. No, we are – I mean were never completely cutting anybody off I mean unless they were just in trouble or something like that. But I mean we gradually had to wean people off of the regular, "I'm just going to get whatever I'm going to get." I mean that was – first, it was the start of some might call it pay-per-performance or outcome-based programming but I mean you had to justify why we were sending you any money. I mean it was take every penny, every quarter, every nickel that you could find.

And so – but you do have to be strategic. I mean we did decide that we weren't doing across the board cuts. The Police Department is one of the largest departments in the government, 5% of their budget is like a whole lot of money. But some of the smaller departments, I mean 5% to them could be devastating, right? So it's 1% here. And so, we told every department, "Give us – show us cuts of 1%, 2%, 5% and what service impact it would have at each of those levels." And we would literally sit and go through each of those departments to figure out what could we afford to give up but not devastate them from being able to provide service?

So that is – it’s a surgical approach. It’s not done meekly. And yet, you really had to be mindful and be willing to take the political pushback that comes because it’s coming.

Participant: I think pretty much building on that phrase, “Never waste a good crisis,” and the shared sacrifice is brilliant, what do you sort of see as potential for as a block, a shared prosperity framing with business? Yes, city government works with the Chamber of Commerce, but how could we be much more ambitious and creative getting business and city government to work together? But the city government might be interested if you think at the – you’re having chaired the Conference of Mayors where there’s the more the Conference of Mayors could be doing say, a business roundtable to say, “This is our vision.”

Michael Nutter: Well, it’s interesting the phraseology that you shared prosperity because shared prosperity actually was the name of our anti-poverty plan called Shared Prosperity of Philadelphia.

Participant: Yup.

John Haigh: Sorry. I’m just going to make one quick comment to follow on that. For the center for business and government, one of the themes we have is actually we should be focusing on shared and we used shared and sustainable prosperity.

Participant: Yeah, beyond crisis. Yeah.

Michael Nutter: Yeah.

Participant: Yeah. Yeah.

Michael Nutter: So again, some of my progressive friends have – I mean they don’t maybe articulate it completely this way but I get nervous with some of the ideas and proposals out there that somehow we allowed ourselves to get into a circumstance where we love jobs, we just hate businesses.

Participant: Yeah, exactly. Yeah.

Michael Nutter: Right. I mean that of course is how Philly worked. And – because people – I mean ultimately, people want to work, right? So I mean it’s not a sin to have kind of a favorable appreciation for growth and economic activity. Not every business is an angel. But what business needs generally is certainty in the process. Most want to play better roles, pay their taxes, et cetera, et cetera, and go on and create economic opportunity.

Governments don’t create jobs. We create an environment where growth can take place. And so, with our stable tax environment or a low tax environment, rules and regulations that you can understand, I’ve mentioned earlier the zoning code, I mean ours was archaic. You would have to hire a lawyer at \$600 an hour just to be able to figure it out. Maybe you could complete a project in your lifetime, maybe not. I mean it was just a mess.

And so, having an environment where it's not a constant attack and assault on the business community and at the same time, people are paying their fair share, they are actively engaged in the community, they are supporting art and culture and kids, and helping to make sure that young people are getting high quality of education.

I've worked regularly with our colleges and universities. Again, we have a lot. I know you have a lot here. We have a lot too. And how do we make sure that there is a greater partnership even between the school district, the K-12 environment, and institutions of higher education? And that could be students tutoring. It could be classes on Saturday. There are a wide variety of opportunities for this partnership.

And so, helping the business leaders and I don't about the business environment here in Boston, a bunch of years ago, many of the leading businesses, the execs, the top, top leaders were in the city or in the region, now with globalization and the banks being taken over in a variety of range, you got the regional vice presidents who report to somebody somewhere. And so, they are not in some instances as actively engaged in the lifeblood of the community because they are worried about shareholders and a variety of other issues.

But it's a positive thing for the city and the city leadership to be connected to the business community, small, medium, and large. Everyone is not a behemoth.

Years ago, the big worry was, how do you protect mom and pop businesses from Walmart or now – and then you got the whole Amazon and all that and Target. This one wants to be in the food and the other one wants the – I mean the blurring of all of that, the impact of the internet, on retail, so there are a lot of dynamics going on from a business sector. But commercial partners are still viable entities of supporting the startup community. We bought an idea, sold an idea from New York and created something called StartupPHL, which was the focus on the entrepreneurial ecosystem in Philadelphia and our innovators.

How do you hold on to your graduates from college and university? Well, after the graduation and the party and all that, I mean at some point in time, the credit card might get cut off. They need a job. And so, you got to have a viable business environment for these young people to go and get work. So, the mayor's job is – I mean it's the CEO and all that, but you're also the chief cheerleader for the city and you have to be able to lay out the vision on how the different pieces work together.

John Haigh: Yes, sir?

Participant: Yeah. A great story of how you were able to succeed and you're the first survivor of the succeeding ...

Michael Nutter: Survival was the goal.

Participant: Yeah, I know. I was just wondering, we got a lot of numbers.

Michael Nutter: Yeah.

Participant: But beyond the numbers or the quantity, I'm a lot interested – I'm very interested in the quality and I'm just wondering if you were able to like when there is a crisis, the first reaction is cry and then there is a sense of pride that builds within you like the Boston pride.

Michael Nutter: Yeah.

Participant: So I'm just wondering, were you able to measure or do something about the productivity? Because I'm sure that the government employees were also like I said, first they cried, do you have any measurement or any – or do you remember any action, specific action so that people got fired up because this thing between business and government, in private business, this is used quite often, I'm just wondering whether you are able to translate that into the government.

Michael Nutter: Yeah. So our first reaction to crisis actually was to drink.

[Laughter]

But I mean I know that people do other things. We had a place like Diamond Street. So I think our general reaction to any of the previous crises that we faced was literally first just trying to understand what is this, what is this about whether it's again, the officer shot or an Amtrak derailment, buildings fall, 20th snow storm, whatever the case maybe. So communicating with the public we always thought was critically important.

And then giving people – appreciate the pride analogy, I think – I mean we sort of tried to do that in some instances but I think what's also really important is to give a sense of comfort that the government and its leadership actually know what they are doing. And so, for instance, if you – any major event whether good or bad, if you were to – and some are on YouTube and that kind of stuff, if you ever look at any of our press conferences, the one thing you may not noticed but if you see a number of them, you will then – you will see a pattern, I was never at the podium by myself.

There was always a team around of all the different leaders because what we are trying to communicate in the frame of your television is there is a team of knowledgeable people from a variety of departments and agencies working in close proximity and coordination to each other and in a different kind of way, maybe a different kind of language, basically we got this. We know what we are doing. And we are laying out a plan, we are giving you the facts, we are telling you the truth, and we need you to trust us that we will handle this. That was the primary message.

If we told folks, “We've got an estimate 18 inches of snow coming and we need you to stay in the house and stay off the roads, et cetera, et cetera,” we noticed over time people actually listened to us and they paid attention. And the reason we wanted you to do that is because we

have this snow warriors also known as the Streets Department, our public employees are going to be working 16-hour shifts trying to get the city back in order. You will help them by staying out of their way because they are going to fight the storm and basically, we are going to beat the storm. And that's what it was really all about.

All those folks though by the way were not under contract when that was going on. We didn't have contracts with two of our units for six years. Through two of the worst winters in the city's history, heavily wet summers and a variety of other things, a hurricane, two hurricanes and an earthquake.

So instilling pride in our public employees and in the citizens I always thought was critically important to getting through any of these kinds of things. I mean again, I cut your services and raise your taxes at the same time. I mean that's like a recipe for disaster, right? People were really pissed off but they understood. And no one lost a job.

Participant: Thank you.

Michael Nutter: Glad it helped. So I don't know if it was measured-measured but I can tell you what the feedback was.

Participant: Thanks for the big explanation and a great motivation of how you were successful. So as you mentioned before, I'm a big believer in city politics in the urban area with Tom Bradley.

Michael Nutter: Yup. Thank you.

Participant: And saw the role of public-private partnerships and he also lost the first time he ran for mayor. And proactively worked again in the Olympics and that actually was successful in '84 and so forth.

So my question relates to one piece that you mentioned. You had the crisis. You kept the skating rinks and then someone steps up. You did some other things and then business steps up. So how do we flip that around proactively to be able to get business to step beforehand? For example you also mentioned the schools and taking Coke or whatever, soft drinks out, but now, if you lay out this change, the sugar tax, so what does it take? Is it the regulatory stick, the economic stick, the other pieces that input to help motivate businesses?

Michael Nutter: Well, I think the first – one of the first pieces of it is again, being able to fairly easily and directly articulate real vision for where you're trying to go. And also understanding at least for your – in some instances for your larger businesses, where are they trying to go, where can we partner on some things?

So I mentioned our high poverty rate. We have some challenges with literacy, also digital device. So we partnered with Comcast on their internet essentials program to bring computers and the

internet into the homes of low income children and families to get our connectivity rate. Some benefits certainly for them, great benefit for us.

And so again, I want to try to especially with our students, it's OK in some instances. It's OK for business to get a benefit, right? The question is, what are you getting out? That's called like a deal. That's called a compromise, right? I make a deal with Whole Foods on a regular basis, right? I go, I get stuff, I give them money and they let me walk out with a whole lot of groceries. Right? I mean it's not personal. I don't need to get to know you. We are not going to hang out, right? This is my part. This is your part.

So doing those kinds of deals, transactions between business and government, as long as it's on the open up and it's all out in the open, it's transparent, nobody is getting anything extra, no thumbs on the scale, et cetera, et cetera. And in many instances, companies want to do stuff. Sometimes our rules and regulations make it a little bit more difficult, sometimes people just don't want to be involved with us and make people nervous and start veering over into campaign world and contributions and all that.

So I mean you just got to keep it really, really straight and really, really clear. And you could pick a dozen businesses and virtually any town who if asked if they understood what you are trying to do would actually want to do some stuff with you.

Participant: So you are optimistic about the future in that more engagement?

Michael Nutter: I am. Absolutely. Yeah.

John Haigh: We have a lot of people here who have worked on those kinds of issues and discussed those kinds of issues and Jane in particular I think has done a lot of responsibility with those issues.

Michael Nutter: Yeah. And I've got – we've got the business side then many of them have their own foundations or they are trying to figure out corporate responsibility or they are trying to do social impact. I mean that's a growing field. I don't think it's going anywhere. And I think many of us are still trying to figure out how to harness some of that activities and it turns up a community. I mean they actually have to give their money away. You have to give it to somebody. I saw a little bit of both. So yeah.

Participant: Question on the governance of the public-private partnerships in the city. How did you manage the development and the stewardship of the partnerships? Was it out of your office or did you assign them to government departments? What was it – what were the challenges of bringing in a corporation into a city department?

Michael Nutter: Yeah, sure. So we had an Office of Grants and Strategic Partnerships. I hired persons specifically for that. That would always – I mean even before I became mayor, it was always a thought that this was a sector that needed its own kind of management. We met with and talked to on a regular basis because it was – I guess now it's called the Philanthropy

Network I think in Philadelphia. So a bunch of our foundations all belong to and we talked to them on a regular basis. And often presented them more with a menu of these are all the things that we were trying to do because this foundation has this interest, this foundation has that interest.

So I mean I'm not trying to fit a round peg in the square hole. I want to try to meet you. If this is what you're concerned about, I've got something for you. If this is what you're concerned about, I've got something for you. Right? So I'm not trying to fight with you about me – they have their guidelines. They have the things that they want to do. We have the things that we want to do. I took the position.

Our job is to figure out how do we match up with what they want to do and support so somewhere in that laundry list of all of that data and information in their annual report, there must be something we are doing that would fit those guidelines. So we try to match up with them. We meet with them on a regular basis. We continued to lay out again, this is what we are trying to get done. It could be summer jobs. It could be a huge thing and I know both [0:56:21] [Indiscernible] particularly focused on those issues. And so – but yeah, we have somebody manage that.

The challenge with especially on the corporate side, not so much with the foundations, on the corporate side, do they have other business interest? Do they have a contract with us? And so, I mean again, you got to watch all the pieces. Does somebody get any more than they should or are they getting an upper hand, did they have inside information? All of that. So I mean you really do need to keep that very, very bright line separating the business side even from the foundation side with those entities.

So pick one, not because they are in the news but Wells Fargo, so I mean they do our money management services or they want it for banks blah, blah, blah but now, they got the Wells Fargo Foundation and they are supporting our efforts to increase our tree canopy. I mean they were helping us with our efforts to plant 300,000 trees during my time.

Times found ourselves in the unusual or uncomfortable position. City Council is hammering the hell out of them about the most recent scandal and I'm over talking to somebody about, "Hey, I need more money for trees." And they are like, "Well, but we've got trouble over here." Like I'm not in that conversation. We are not having a discussion about that. I want to talk about this grant for trees. That's all we are talking about. So you have to be very, very clear with folks like very clear.

Participant: And were there any partnerships you turned down?

Michael Nutter: I would not talk about them but yeah, there were any number of folks who wanted to do things with us and I was like, "No, we are not doing that." Yeah. So we – yeah, we – so it was our administration that originally proposed the soda tax in 2010 and 2011. It never got to a vote. We didn't have the votes and we don't want to give big beverage a win.

In the second round of that, one of the local companies has a significant presence and is in that business offered for health purposes and for health program, offered to give \$10 million.

Participant: Wow!

Michael Nutter: I turned it down publicly. They then tried to give it to one of our hospitals. For the life of me, I literally don't remember what ended up happening with that. But I think people were pretty surprised.

During my tenure as President of the US Conference of Mayors, this is obviously away from the government but I think you have to have a consistency so the American Beverage Association is a business council member of the US Conference of Mayors. They annually gave about \$300,000 to the conference. The year that I was president, I told the Executive Director that we will not be accepting that grant from the ABA and put a \$300,000 hole in the budget but there was no way in the world during my presidency that we are going to have that kind of activity going on. It's the way it is.

So yeah, I mean you have to be careful about some of those partnerships but I mean you've got to be true to your – I think you just have to be true to your values. And there was no way I was going to do that.

John Haigh: We never have those kind of issues at Kennedy School. We never have businesses trying to give us money to do things that were ...

Michael Nutter: Yeah, for their own purposes. Yeah. Yeah. I'm sure. I'm sure. Yes. I'll try to give shorter answers.

Participant: I'm just going to ask. There is a relatively new greater Washington partnership with the coalition and about a dozen heads of businesses that are looking at ...

Michael Nutter: This is Washington as in D. C.?

Participant: Washington, D. C. Yes. Looking at smart cities design and technology, transportation networks, and I'm wondering if there is a comparable coalition in Philadelphia and if you've seen success with that.

Michael Nutter: I'm not aware of that level of a coalition. The closest thing to that is I stole an idea from Mayor Daley. He created the Metropolitan Mayors Caucus out in the, what they call Chicago Land. And surely after I came in office, I organized the four counties around us and just uniquely called it the Metropolitan Caucus that's made up of county commissioners from the four counties and myself to work on a variety Southeast and Pennsylvania kinds of issues. They could be working on something like that but I don't know that it's as targeted as what you mentioned. But I really love that idea. Could you give me some information about that? Yeah. Yeah. Thank you.

Yes, sir?

Participant: Just in your city, if you could speak a little bit more about the process of sort of recovery after crisis. At what point did you decide to stop cutting?

Michael Nutter: Yeah. Yeah. Sure. Somewhere in 2011 kind of going into '12, I mean as a I mentioned, I mean last part – last quarter of '08, all of '09, all of '10, I mean it's kind of down, down, down. It's like where is the bottom?

In '11, it started to level out and what we then started referring to as basically the new normal like we are not going back to '07, '08 levels. We forget that. We are where we are. But at least, we are not losing.

So things are destabilized for the city government for a variety of reasons. And I do not mean to give the impression that we did all this stuff ourselves. First of all, you will recall, shortly after becoming President, President Obama then pushed through the economic stimulus program or ARRA better known as, about \$800 billion of economic activity. That certainly helped us.

Thirty-seven percent of the jobs during my time was like 35% of the jobs in Philadelphia tied to education and medicine. So we got five medical schools, all these colleges and universities, most of which just kept right on going because they had their money from donors and all that. So that kept a lot of our activity going. So we would have gone further. I mean we would have crashed probably not for – but for that sector.

So when things start leveling out, the first task was – I think about it sometimes almost like a submarine, like OK, well, let's do a full damage assessment here like just where are things at the moment. I mean we never closed. We are open. We never had our money but I mean – and so, then it's starting to build back.

So for instance, it's really hard to collect money if you don't have enough people in the Revenue Department. It's really hard to inspect all your buildings if you don't have enough people in the Buildings Department, right?

And then we put in a couple of classes of police officers. We lose 250 police officers or so a month due to retirement. So I wanted to hire 400 net which means that you take that number plus or minus whoever actually leaves in a course of a year. So I mean that started kind of the rebuilding and reinvestment process.

But as we were coming out of recession like deficits, the School District of Philadelphia was going into theirs because their ARRA money, economic stimulus money had run out, and they were having their own financial problems. So we were coming – starting to come back.

And so when I went through another round of raising people's taxes for schools while we were getting stronger. But I would say '11 into '12 is when it was – I mean we were getting stronger. As I mentioned, through that – we had changed the zoning code, we are making investments in

sustainability, we've planted a bunch of trees, bike lanes. We later came up with bike share program, the first one that didn't require credit card.

And so, we were starting to make progress. We got the rating upgrade from the rating agencies. That was kind of a boost. I mean it was, to go back to the gentleman, that was a pride, point of pride for us. We were making real progress in public safety. The numbers were going in the right direction. I mean things were just – they were starting to click for us in that '11, '12, into '13.

From a business and economic development standpoint, so my original game plan was I wanted to better promote the city and lift us up. Boston obviously well-known. New York, well-known. We kind of allowed ourselves to get lulled into being that nice transit stop between Washington and New York. I wanted to do something about that. But I thought significant travel during a recession probably not a great idea.

So in the second term, I visited – I was on 5 continents, 10 countries, 17 cities internationally pushing the business side and the prominent role of Philadelphia in the United States of America internationally and aggressively going after international business. We have a number of sister cities around the world that no mayor had been to in 30, 40 years. And so, we started embarking on some of that activity.

There are businesses from Israel, UK, France, China, South America that are in Philadelphia now as a result of many of those visits and trips. It takes time to build up.

Our last – we hadn't signed a sister city agreement in 23 years. In my last year, we signed one with Frankfurt and made some progress there.

We hosted a number of big events and we also wanted to lift the city up as a place that could host big events and do them well. People know Benjamin Franklin Parkway, the Art Museum, et cetera, et cetera. It was a big deal when Jay-Z and his team picked Philadelphia for Made in America. Obviously, they could have taken that anywhere but they wanted to be in Philly.

And so, go back to the gentleman's earlier point about we are now starting to build – this was now about pride. We had shared sacrifice. We looked out for each other. We weathered the storm. And now, this is about rebuilding the image and the persona and the resilience and our grittiness about who we are and what we are really about. And that's what the second half of my – the second term. That's what that was really started to be about was about the resurgence of this great American city and getting people to pull all ores together in a different kind of way.

John Haigh: So I'm going to take the prerogative of the last question or so, one comment, one question. The comment is, I think what's terrific just to hear you talk through is both the creation of a vision for a city but then tying it back to the operational details, the extent of listening to you, the degree to which you can get down into the details of how these things actually work and particularly in the crisis situations which is really hard.

Michael Nutter: It does matter.

John Haigh: Because you are asking people to do something different than they've normally done and people's instinct is to continue doing the same thing over and over.

Michael Nutter: Yeah.

John Haigh: And so how you were able to manage talent-base and get those things done is impressive.

Michael Nutter: Thank you.

John Haigh: The broader question is taking you out of kind of partially out of your role as a former mayor. You described yourself as a socially liberal and fiscally conservative. And I would say that is a very, very large number of Democrats that I know and I put myself in that category. And what I guess worries me and I'd be curious of your perspective is, is there a role for centrist Democrats of that nature in the Democratic Party today and in the political process.

Michael Nutter: Well, I hope so because I don't have any other party to be in. [Laughs]

John Haigh: Neither do I. So I mean sorry I'm being biased – showing you my bias.

Michael Nutter: Yeah. Yeah. Now, I worry – I mean I know free is a great prize. But as someone who actually had to pay bills, make a payroll, worry about folks possibly being laid off, seeing people go out of business, people lose their jobs, and so many Philadelphians still crashed by the heavyweight of poverty, I mean there is not thing free. Somebody is paying for it.

And I just – should people have health care? Of course, they should. Should folks be able to gain good employment and have economic opportunity and be able to go college and congratulations for not being on the list of the guy?

[Laughter]

I mean that's a whole – we may need to do whole session on that.

John Haigh: That could be an hour or two hours of undertaking.

Michael Nutter: Oh, what insanity. Yeah. OK. And I'd love to work with anybody to solve those problems but I just – I can't – it's not within me to act like they aren't some tough choices and decisions to be made. I mean I was in politics. I don't claim to be a saint. But I mean I can't – I just can't bullshit people like that at that level. And I'm not calling anybody out or calling anybody – just show me a plan. Show me a plan. That's all I want. Show me a plan. Show me how it's going to work, who is going to pay for it, if you want more from me, if it's reasonable, if I can handle it, fine. I'm going to do that. But I mean to just like free, free, free, and everything or everybody, come on.

John Haigh: Right. You have an agreement.

[Crosstalk] [1:11:54]

Michael Nutter: Somebody has got to pay for it. Folks that are not picking up their trash for free. So I just – I mean this is going to be – this next year and a half, I mean it’s just going to be incredible with the – I mean serious real people and a stable that Democratic Party has to put forward. So yeah, I think there is a place and I think people in my business, my line of business, often we just don’t give the public anywhere near as much credit as we should. People like hearing these things. There’s no question about it. But there’s a segment of the public that really just wants the truth. And I think we disrespect people if we don’t tell them the truth. And we have to say something sometimes that folks don’t want to hear.

If I did everything the public wanted me to do, I mean we would have like public hangings out on Dilworth Plaza. I mean sometimes I’m like, “No, we are not doing that,” or that’s wrong or we can’t afford it or not right now, whatever the case maybe. So I just – everybody is – I mean this is clearly the year of the candidate. Everyone who thinks that they have any possible shot is running. Fantastic. The system will sort all that out. I think when people really come to grips with how much it cost to run for president of the United States of America and the toll that it takes on you and your family and everything else that goes with it, I mean the system is designed to kind of weed a lot of that out.

But there will be some subset of serious people running and all I ask for is like just give me a plan that I can read and understand and we will make decisions from there. So yeah, I haven’t announced anything about anybody.

[Laughter]

I mean I’m one of the few people that’s not running for president. Yeah, I’m more than fine with that. I’m really happy.

[Laughter]

I’m done. But this is – it’s going to be exciting. But – and I love national politics and that’s all well and good but the love of cities and the love of the day-to-day, the ability to see and touch and feel and experience the result of that work, you can’t spend it in the supermarket, I get that, but there is a psychological currency and a feeling to know that every day you have an opportunity to improve the quality of life for somebody else. There’s just no feeling like that. And the work is very much at the city level.

So certainly to assume – I mean I encourage you, if you have an opportunity to go into local – into government in general and local government in particular, take advantage of it. It may or may not for you. You will learn a lot. You will get a lot of experience. You will get a lot of responsibility, usually more so than you ever would in the private sector because we can’t afford specialist. But it’s just a whole lot of fun and you will do your best and you will improve the

quality of somebody else's life whom you probably will never meet and they might not meet you. But you will know every day you did something good. And it doesn't get much better than that. So, thank you.

John Haigh: We say thank you [1:5:24] [Inaudible]

[Applause]

[End of transcript]