

Episode #46
Pittsburgh's Next Act:
A Region Prepares For The Next 75 Years
 (6/26/2019)

Who	Audio Segment
Andy Levine	So, I want you to imagine we're sitting back at this table in 75 years, maybe if they figure out how to extend our lives, it will be doing that. But it's 2094, what does the Pittsburgh region look like?
Jeff Broadhurst	I really see a larger, more diverse, current picture of Pittsburgh.
Stefanie Pashman	This city will continue to be one of the best test tubes for incubation of technology and that we remain on the cutting edge of whatever unimaginable technological advancements exist in the future.
Zach Malone	I think we fully realize that and go from, no longer a kind of feel-good underdog story to a true, fully realizing our position as a world leader in terms of innovation, quality of life, and just a place that people really want to be.
Dianna Bucco	I want our rivers to be clean and flowing.
Morgan O'Brien	We're much more diverse than we are today that we become a community that truly supports everybody and welcomes everybody.
Lisa Schroeder	Knowing that any child can breathe safely and thrive in a safe community and have an opportunity to go to a great school, and enjoy this very, very distinctive culture, that is Pittsburgh.
Stephanie Fowler	We will be the place that other cities from around the world look to and say, "Wow, look what Pittsburgh did."
Kenny Chen	I'm really placing my bets on Pittsburgh as a city on the front lines of the fourth industrial revolution.
	INTRO MUSIC; FADE TO BACK DROP FOR PODCAST OVERVIEW

<p>Andy Levine</p>	<p>Welcome to Second Act Stories, a podcast that looks at people who have made major life and career changes and are pursuing more rewarding lives in a second act. I'm your host, Andy Levine.</p> <p>We're going to mix things up with today's episode in two ways:</p> <ol style="list-style-type: none"> 1) Instead of focusing on an individual's "second act," we're going to look at a region of the country that has emerged as the leading example of a "second act" or "turnaround" community. I'm talking about Pittsburgh, Pennsylvania. 2) And instead of presenting the story in chronological order as we normally do, this episode is going to be a bit like a Quentin Tarantino movie. But we'll pull everything together at the end. <p>I traveled to Pittsburgh at the invitation of the Allegheny Conference on Community Development, a group that has been focused on advancing the region's future over the past 75 years. In fact, this podcast will be debuted at an event in Pittsburgh on June 27th called "Our Next 75 Summit."</p> <p>During my visit, I had the chance to sit down with more than a dozen leaders from the area. We talked about the past and difficult challenges the region has faced. But mostly we talked about the future of Pittsburgh and southwestern Pennsylvania – essentially what I'm calling the Pittsburgh's next act.</p>
	<p>FADE MUSIC</p>
<p>Andy</p>	<p>We'll start today's podcast by going back nearly 40 years to the early 1980s and the collapse of the steel industry. Steel had been central driver of the region's economy for a long time. Here's Chris Briem, a Regional Economist at the University of Pittsburgh's Center for Social and Urban Research.</p>
<p>Chris Briem</p>	<p>Some people blame international competition, in reality, we had lost our competitiveness to other steel producing regions in the U.S. long before that. So, it wasn't just international competition, it was domestic competition. We had not built a modern steel industry, you know, which had shifted toward electric arc mini mill production. None of that ever came here. And that coupled with two back-on-back recessions in the early '80s sort of brought this all together. It was kind of an implosion of events that really sort of brought the manufacturing numbers here down and it was pretty catastrophic for the region.</p> <p>We had about 300,000 manufacturing jobs through the '70s here in Pittsburgh, right at the beginning of the 1980s. By 1985, that number was really closer to 150,000.</p>
<p>Andy</p>	<p>Morgan O'Brien, now President and CEO of People's Natural Gas, remembers that period.</p>

<p>Morgan O'Brien</p>	<p>As a child growing up here, I remember driving through the streets of Southside with cars lined up and down parked on sidewalks. And 24/7 the flames of the steel mills shooting up into the sky, both in the south side and then across the river in Hazelwood. And as far as you could see, you'd see those steel mills. And then as they, one-by-one, you know, you saw them go away. I was going into college at that time and I remember many of my friends were going to college with a view they were going to go somewhere else to find a job.</p>
<p>Andy</p>	<p>The region bounced back from the collapse of Big Steel. Once again, here's economist Chris Briem with his take on Pittsburgh's comeback.</p>
<p>Chris Briem</p>	<p>Well, so, people ask me this, you know, "Where did the jobs come from?" My answer really has been, you know, there was this slow and steady pace, we call it Eds and Meds. Where the job growth came from, steady growth across the service sectors, Eds and Meds. I'll certainly include financial services, slowly, for the first couple of decades, I think it's been more rapid recently. And what that provided was a base of stability that allowed other things to sort of stabilize and move on. I think that, everything here, you know, again, it wasn't just the steel jobs that went away, it was this, this is the most mature industrial agglomeration in United States history at one point. And so everything was connected to that. So, those jobs in the service sectors, again, Eds and Meds, provide the stability for a greater diversification that sort of evolved over time.</p>
<p>Andy</p>	<p>Eds and Meds – I love that term. This period of economic transition that followed the loss of the Steel mills is called "Renaissance II." So you might wonder, when did Renaissance I occur. And that actually takes us back even further to 1944 as World War II was winding down.</p> <p>Pittsburgh had been producing massive amounts of steel to support the war effort. And coal is firing all of those steel plants generating massive levels of pollution. Air quality was at times so bad, streetlights needed to be turned on during the day so people could navigate the downtown. The city's rivers weren't faring much better with tons of industrial waste and raw sewage flowing in them.</p> <p>And that's when industrialist R.K. Mellon came together with 29 other CEOs to form what would become the Allegheny Conference on Community Development. They worked with Pittsburgh Mayor David Lawrence to overcome the smoky skies, polluted rivers and decaying urban environment.</p> <p>Stefani Pashman, the current CEO of the Allegheny Conference, talks about those early days.</p>
<p>Stefani Pashman</p>	<p>So back in 1944, when the conference launched, it was basically a group, a very small group, of-CEOs, corporate leaders, who came to the table and worked with the mayor to think about the future. And for many, many years, the conference had that tight-knit decision-making authority, and they could really have easy unity of perspective and they could move very quickly on things.</p>

<p>Andy</p>	<p>And while this group did a lot of good things to help revitalize the city and it's environment, there is one dark element of its history around what is known as "The Hill District."</p> <p>The Hill District is a historically African American neighborhood which was a cultural center of black life in Pittsburgh. I got to speak with Paul Ellis who is the Executive Director of the August Wilson House and the nephew of the Pulitzer Prize winning playwright. August Wilson wrote a series of ten plays called the Pittsburgh Cycle. They are largely based on his time growing up in the Hill District.</p>
<p>Paul Ellis</p>	<p>The Hill District is in many respects an anomaly. It has a very distinguished and storied background. And its legendary. It has an entire history of an absolutely compelling storyline and draw, especially for artists of color in the field of jazz and blues. I'm not sure how the Hill District got to that point, how it became a national beacon for those type of artists. But it did. And it enjoyed that distinction for decades.</p>
<p>Andy</p>	<p>But during what became known as Pittsburgh's Renaissance I period, a substantial area of The Hill District was slated for redevelopment. An estimated 8,000 individuals were displaced.</p>
<p>Paul Ellis</p>	<p>I think that the problem that arises when there's a failure to recognize the culture and history of any group, I think when that happens, it's a lost opportunity. If you look at the remarks made by the government officials back in the 1950s, when they displaced 8000 African Americans from the Hill District, their rationale reflected a complete and total misunderstanding about the Hill District.</p>
<p>Andy</p>	<p>And that brings us to Pittsburgh today and a much more inclusive process that the Allegheny Conference is leading to chart a new course. Here's more of my interview with Stefani Pashman.</p>
<p>Andy</p>	<p>So the table is bigger and there are some much more diverse group of people at that table.</p>
<p>Stefani Pashman</p>	<p>Absolutely, incredibly diverse. So it's not just symbolically diverse. We now have women. We now have African Americans. We now have younger people and older people. We also have the broader region. We're 10 counties now. We also have a much more complex economy, a very diversified economy. You know, the manufacturing and energy heritage here is incredibly rich. But we are now the place where we have spawned learning industries like artificial intelligence, robotics.</p> <p>And, in addition, we have philanthropic leaders who may be coming at this from different perspectives, not just what's good for business or what's good for people, what's good for quality of life. And we have universities who are now key partners in this equation. And so that really creates a very different leadership conversation.</p>

<p>Andy</p>	<p>As I interviewed different leaders, they kept coming back to the development of two emerging and very different industries in the Pittsburgh region: artificial intelligence and energy.</p> <p>Let's start with artificial intelligence (or AI for short). Kenny Chen is the executive director of a non-profit AI think tank called the Partnership to Advance Responsible Technology.</p>
<p>Kenny Chen</p>	<p>So Pittsburgh's AI competencies, you know, are primarily based off of a long history of Carnegie Mellon University's longtime engagement in this front. So dating back to 1955, 1956 when Herbert Simon and Allen Newell, who were faculty at what was then called Carnegie Tech-were part of this historic Dartmouth Convention in 1956 where most people point to as like the birthplace of AI when the term was coined, when research started.</p> <p>So then that already created one center of gravity. But then following that, in 1979, CMU created the Robotics Institute, essentially the first university robotics program in the country and also followed with the first robotics PhD program. And you continue that and it was a year-and-a-half ago now that CMU also launched the first AI undergraduate major option. And they've continued to stay very ahead of the curve in terms of creating these kinds of opportunities and attracting that talent.</p>
<p>Andy</p>	<p>Summer Fowler works at Argo AI, one of a half-dozen Pittsburgh entities focused on getting America's first autonomous vehicles on the road.</p>
<p>Summer Fowler</p>	<p>We are really working to set the bar when it comes to safety of autonomous vehicles. So, there are lots of organizations in Pittsburgh in this space, you know, so it's not just Argo. There's Uber ATG. There's Aurora. There's Active.</p> <p>It's a very exciting place to be, in the sense that you're watching technology and other types of things be invented.</p>
<p>Andy</p>	<p>At the other end of the spectrum is a growing energy industry based on the fairly recent discovery of the Marcellus Shale natural gas resource which is centered in the Pittsburgh region.</p> <p>Hilary Mercer, a 30-year veteran of the Shell Oil Company arrived in the Pittsburgh region in 2017 to lead the development of a \$6 billion ethylene cracker plant in Beaver County, Pennsylvania that will initially employ over 6,000 construction workers.</p>
<p>Andy</p>	<p>I wonder if you can just put Marcellus Shale into a global perspective?</p>
<p>Hilary Mercer</p>	<p>It's certainly one of the largest gas fields in the world today, yes. But it's, you know, readily available, and that's the amazing thing. It's a gas field that is not remote, it is close to where the industry exists that thrives on that energy. So, we don't have to liquefy it, we don't have to move it, we don't have to take it to the customer, the customer is already here.</p>

<p>Andy</p>	<p>So AI and Energy are two of the hot growth industries in the Pittsburgh region. But I also had the chance to speak with a number of the region's tech entrepreneurs.</p> <p>Jim Gibbs is the CEO and Co-Founder of a company called Meter Feeder that focuses on, you guess it, parking enforcement solutions. He contrasted his time working in Silicon Valley with his current work in Pittsburgh region.</p>
<p>Jim Gibbs</p>	<p>So, I had a two-bedroom apartment, shared it with my co-founder, and it looked like it hadn't been updated since I don't know "Miami Vice" so, yeah, we were paying somewhere around \$4,000 a month for this little tiny sardine can. Meanwhile, back at home, I have, you know, a three-bedroom house with two car garage, gigantic kitchen, walk-in closets, you know, huge land, chickens, all that stuff. And we're paying \$1,000 for mortgage, right? So, the contrast is pretty significant.</p>
<p>Andy</p>	<p>Zach Malone, a Principal with a venture capital firm called Draper Triangle Ventures also drove home the dramatic cost differential.</p>
<p>Zach Malone</p>	<p>You almost get two to one leverage with investment dollars here versus San Francisco, just because of rent, mainly, on top of just higher salaries you have to pay in order for people to also rent an apartment and survive. You can get a lot further on a lot less money here, which is, you know, incredibly important for an early-stage tech company that has maybe roughly a year of cash left before they either raise more money or go out of business. And it can really make a difference for them.</p>
<p>Andy</p>	<p>Bobby Zappala, a Managing Partner of Localize Capital Management, a new fund that invests in locally owned businesses, offered a broader perspective on the benefits of starting a company in Pittsburgh.</p>
<p>Bobby Zappala</p>	<p>So I think it's become kind of en vogue to say that it is kind of the cost of living here really makes it easier in the sense that you can kind of extend that "runway," that you can limit the burn rate of your early stage company. I like to think that that's only really a small piece of it. I think that it's more about the ability to get access to the right pieces that you need to build a successful business. You can find good mentors, you can find great talent. You can find other companies that may actually be in a similar space to the space you're in, who are actually willing to talk to you about the problems that you're facing because it's not kind of a winner-take-all mentality all the time here.</p> <p>And so, it's the resources, it's the talent and connectivity that I think really make it an exceptional place to start a company.</p>
<p>Andy</p>	<p>Priya Amin is a fairly new arrival to the region. She recently launched Flexible, a company focused on providing on-demand, on-site childcare at hundreds of professional and personal events.</p>

Priya Amin	<p>I think there's a real pull for me in Pittsburgh in that this is a city that I knew nobody and I didn't know what I wanted to do. And in a very short amount of time, within four years, I went from not knowing anybody and not having an income and not, you know, being a business person to being a foremost entrepreneur in the area. Somebody who I feel the region has, you know, kind of brought in and said, "Your opinion matters." And I really admire and appreciate that about this region.</p>
Andy	<p>So you've heard from a lot of different voices today about the Pittsburgh region and it's many attributes. But it also struggles with a range of challenges that will be discussed at the Allegheny Conference's "Our Next 75" Summit.</p> <ul style="list-style-type: none"> • Better infrastructure – and in particular, transportation infrastructure; • Achieving a more diverse demographic make-up of the population; • Continuing to attract the best and brightest talent to the region. <p>The group expects close to 1,000 participants in the June 27th event. I'll give the final word on today's podcast to Jeff Broadhurst, one of the co-chairs of the "Our Next 75 Summit."</p>
Andy	<p>Your company has invested a lot in "Our Next 75" and the summit. What do you hope this experience will do for the region?</p>
Jeff Broadhurst	<p>And I've thought a lot about it, and co-chair Toni and I, and our steering committee have just been fun working with them all. But really it's about trying to engage a very diverse group of leaders, and, more importantly, future leaders, around a table, big table, small table, just get everyone around a table, and really think through what's best for the region going forward.</p> <p>And the amount of impressive ideas that came out from this diverse group, they would have never come out before. So it was fascinating. And I can't wait for the 27th, because we're going to have a lot more people in this room, and really with one goal in mind. It's to make the Pittsburgh region, which is an incredible region, an even better place to live, and work, and play. So, I can't be more excited about the event that's coming up. And more importantly, just about the future prospects for the region. And it's fun to see everyone get around and get engaged.</p>
	<p style="text-align: center;">OUTGOING MUSIC; FADE TO BACK DROP FOR PODCAST CONCLUSION</p>
Andy	<p>Over the years I've read and heard so much about the Pittsburgh's "comeback kid" story. It really was terrific to sit down with so many of the community's leaders to hear about that history and for a discussion about Pittsburgh's next act.</p> <p>What I found most compelling was the contrast between the Renaissance One period post-world war II. A relatively small number of business leaders led by R.K. Melon gathered to set a course for the city of Pittsburgh. That's so remarkably different from what the ten-county region is going through gathering much, much larger segment of the population and making sure everyone's voice is heard.</p>

There are a lot of people to thank for participating in today's episode. In alphabetical order by last name, my special thanks to Priya Amin, Chris Briem, Dianna Bucco, Jeff Broadhurst, Kenny Chen, Paul Ellis, Summer Fowler, Jim Gibbs, Zach Malone, Hilary Mercer, Morgan O'Brien, Stefani Pashman, Lisa Schroeder and Bobby Zappala.

I also want to thank Philip Cynar, Kaitlyn Hendrickson and Kelly Dunbar-Jones for their help in coordinating these interviews.

We hope you'll keep listening. There are more second act stories just around the corner.