

Post-World War II Pittsburgh was a city undergoing transformation. Mayor David L. Lawrence, second from left, was promoting efforts to beautify the local communities, which included establishing stronger smoke abatement regulations to reduce air pollution. Later, deteriorating industrial buildings and dilapidated dwellings were razed in Downtown Pittsburgh, left, to make room for what would be a more modern cluster of buildings called Gateway Plaza. Closely involved in these initiatives was a coalition of civic leaders known as the Allegheny Conference on Community Development.



Dette Library & Archives, Heinz History Center

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hen legendary Pittsburgh Mayor David L.



THE ALLEGHENY CONFERENCE ON COMMUNITY DEVELOPMENT MAY SOUND LIKE AN ACADEMIC THINK TANK, BUT FOR NEARLY 70 YEARS, IT'S BEEN A DOER AS WELL AS A THINKER ABOUT WAYS TO IMPROVE PITTSBURGH'S ECONOMY AND ENVIRONMENT. BY CHRISTINE O'TOOLE

# COMMUNITY AFFAIRS

Lawrence announced his campaign platform in 1945, both CEOs and politicians were skeptical. The Democrat was a shrewd machine politician who had battled the business interests of the powerful Mellon family, as well as state Republicans. When he grandly proposed “public conferences” between the mayor and businessmen, an industrial expansion board to diversify the city’s economy, and a program to beautify the central business district, his critics pounced.

“Mr. Lawrence’s just too wonderful program for the city is just so many more promises,” sneered his primary election opponent, John Huston.

Across the city, the idea of detente between government and big business provoked some eye rolling. But Lawrence quickly found corporate allies. He squelched the skeptics by finding common ground with the industrial and corporate founders of the Allegheny Conference on Community Development — which included Richard K. Mellon and H. J. Heinz II — to forge a powerful planning partnership that cleared the region’s skies after decades of soot and smoke.

## PROMOTING A REGION

Among the strategies that the Allegheny Conference and other community leaders in Pittsburgh have used to attract economic development has been promoting what the city has to offer.

The region's rivers are amenities that provide a variety of recreational and entertainment options, some of which can be enjoyed at the same time, such as kayakers who are able to watch fireworks after a Pirates baseball game, right. Pittsburgh's aesthetic appeal along with the compelling story of its renaissance after the decline of the steel industry enabled the region's government officials and civic leaders such as the Allegheny Conference to woo the international G-20 economic summit to Pittsburgh in 2009. Far right, President Barack Obama talks with Indonesian President Dr. Susilo Bambang Yudhoyono during a session at the David L. Lawrence Convention Center.

Photo by Martha Rial for the Downtown Now Photography Project



A reminder of that signature accomplishment after World War II surfaced last November, when the Allegheny Conference announced its support for The Heinz Endowments' Breathe Project, which continues the region's battle against pollution. The conference is a member of the growing coalition of institutions that have pledged to do their part to help clean up the region's air. Dennis Yablonsky, the organization's CEO since 2009, has helped to promote the initiative.

Yablonsky sees no disconnect between supporting better air and better business. "Our roots are really in the environmental area," he notes. "We were founded to clean up the air and water in Pittsburgh, and we can once again be a part of the solution—to bring parties together."

Endowments President Robert Vagt agrees. "Traditionally, debate on environmental matters perceived two sides, pro-environment or pro-business," he notes. "[Yablonsky's] participation indicates that's not true. Business is committed to doing what it can and, in this case, improves the process."

In the postwar era, Allegheny Conference leaders held unquestioned corporate power in a city where they had likely been born and raised. Environmental awareness and regulation were limited. Today's conference must engage partners with global responsibilities and perspectives. To find common cause, the organization is refining its strengths, emphasizing outreach, and creating opportunities for employers and workers. It is also framing an answer to an oft-repeated question: What does the

Allegheny Conference do? The 21st-century answer is that the conference still quietly brokers economic development agreements that politicians and business leaders can live with. But it is reaching out to pull universities, nonprofits and entrepreneurs under its regional umbrella.

"They see the welfare of the broad region," observes Vagt.

With a board comprising Pittsburgh's wealthiest executives, the nonprofit Allegheny Conference has always had a business agenda, promoting policies and legislation with long-term benefits to regional companies. When the organization announced on March 16 that Shell planned a multi-billion-dollar cracker facility in the region, the conference hailed the decision as a "win" in attracting jobs and investment. The massive world-scale plant will process natural gas to produce polyethylene and other manufacturing products. As the largest industrial project in the region in a generation, its impact—both economic and environmental—immediately became a topic of debate. As it has done for the past 68 years, the conference walked a tightrope between the two perspectives.

"There is a balance between economic development and the environment," says Dewitt Peart, the conference's executive vice president for economic development and president of the Pittsburgh Regional Alliance, its marketing affiliate. The group was deeply involved in the negotiations that resulted in Shell's choice of Pennsylvania over neighboring states. "We constantly evaluate that. But [petrochemicals] is a heavily, heavily regulated industry."

# THE PITTSBURGH SUMMIT 2009



White House photo

Shell's investment is proof that the stakes in Marcellus Shale development continue to mount, changing the makeup of the local economy. While the conference has welcomed state regulations and fees for drillers, it has adopted a new strategy to bring Marcellus Shale extraction into the overall conversation on economic development by emphasizing the breadth of Pittsburgh's energy sector through an initiative dubbed the Energy Alliance of Greater Pittsburgh.

During the final quarter of January's Super Bowl, among ads starring sultry models, talking babies and suit-clad chimps, more than half the adult television viewers in the region saw a 30-second spot proclaiming Pittsburgh as a center for energy innovation, from "deep drillers to deep thinkers." The ad, with the slogan "Energy to the Power of Pittsburgh," was a bold public statement created by a group that has often preferred to stay behind the scenes.

And as a community leader, the organization has reflected the pace of its hometown. Tom Murphy, who occupied the mayor's office 48 years after David Lawrence, observes that Pittsburgh experiences "spurts of progress, then rests on its laurels for a while." In its first decade, the conference sprinted into redevelopment projects and smoke control efforts with the city and county, crowning the new city skyline with skyscrapers and Point State Park.

Early successes paved the way for the conference's continued acceptance, and opened pockets to pay for its operations. It has received strong support from leading firms, agencies and philanthropies. The Endowments, as an example, has invested nearly

\$13 million in conference activities since 1944. As its budget grew—it is now \$7.5 million annually, down from a high-water mark of \$11 million in 2005—so did its staff and workload.

Since its inception, the conference has insisted on a low-key approach. C.J. Queenan, a former chair and longtime member of the board, sums up the two-pronged approach: The group should "avoid surprises—and elected officials should get the credit."

Today's board is larger and more diverse than the "one percenters" of the group's early years. Of its current 57 voting members, four are African American, two are other minorities, and 10 are women. "There are more seats at the table," says Queenan, "and that reflects the change in the demographics and the economy. [Pittsburgh's] concentrated power of being the country's third largest corporate headquarters city—that's gone. The conference had to change and adapt."

Adaptation was essential in 1985, when the region was confronted with the collapse of its steel-based economy and an outmoded airport. The Allegheny Conference backed the late Pittsburgh Mayor Richard Caliguiri and Allegheny County commissioners in Strategy 21, which requested \$460 million in state funding to refocus the economy. But just eight years later, it faced a related question: How would a diversified Pittsburgh economy compete against other U.S. cities?

The conference turned to a relative newcomer, Carnegie Mellon University President Robert Mehrabian, to frame the



effort. To see where the region stood in the national economy, Mehrabian sought a competitive analysis based on data from civic organizations, nonprofits and the Allegheny Conference.

The results of the benchmarking project for the Pittsburgh region, published in a 1993 white paper, were a wake-up call. “It was so daunting,” admits Mehrabian, now chairman of Teledyne Technologies, an international firm based in Thousand Oaks, Calif. “We had lost 50 percent of our manufacturing jobs. We had the country’s second-oldest population. We were at 22nd to 25th place in a lot of matrixes” compared to other regions.

Mehrabian championed “Working Together,” a shared vision for the region that would rely on existing assets and new opportunities. The Allegheny Conference invited 5,000 citizens to frame it. Articulated in a 1994 report, those ideas sound surprisingly familiar nearly two decades later. Pittsburgh would encourage research and development in robotics, software and health systems, along with specialty manufacturing and finance. It would support startup companies. It would leverage its environmental cleanup to encourage green technologies, and nurture its cultural assets to attract international visitors. It would modernize the region’s Balkanized government.

Also helping to nudge the region in a more progressive direction were Allegheny County voters. They narrowly approved home rule in 1998, paving the way for a single county executive and countywide council.

The “Working Together” agenda clicked. The region had direct flights to Paris, Germany and London from its gleaming

international airport, two new stadiums and a new, “green” convention center. The former U.S. Steel Edgar Thomson Works was transformed into a popular retail, restaurant and residential development called The Waterfront. City and county economic development organizations merged under a single director. Local government competition was inching toward local cooperation.

**B**ut the local leadership that helped forge the new partnerships didn’t last. Several left their positions with the conference and the county. Replacing the three-commissioner system was the first elected county executive, Republican Jim Roddey, who charted a different course.

“There was a conflict between the city and the county on economic development,” Roddey admits. “The emphasis was on the city. Tom Murphy was very persuasive. He had co-opted the county commissioners to support his agenda—the stadiums on the North Side. The county’s agenda was taking second priority. I separated and took our own lead. That affected our ability to work with the conference.”

During those years, the Allegheny Conference struggled with its own growing pains, as it consolidated other nonprofits under its umbrella. It added economic research through an affiliation with the Pennsylvania Economy League of Southwestern Pennsylvania, and began marketing the region to potential investors through the Pittsburgh Regional Alliance. It strengthened advocacy efforts with legislators through the Greater Pittsburgh Chamber of Commerce. The mix of tasks and titles



Patrick Patterson



confused the overall perception of the conference's work. "I don't know if they understood the strategic role they were playing," recalls former mayor Murphy. "They didn't speak with one voice in Harrisburg."

Air service suffered a blow when USAirways abandoned Pittsburgh as a regional hub. The 2002 dot-com bust cooled the economy. Conference accomplishments on quality-of-life issues, such as recreational trails, early education and clean water infrastructure, were less visible than the previous decade's bricks-and-mortar boom. The conference's first challenge, air pollution, returned to the headlines. High levels of particulates from the remaining industries in the region, vehicle exhaust, and residential wood burning kept the region from meeting federal air quality standards, and the conference differed with environmentalists on what action was needed.

"For many years, the conference just said the [air pollution] monitor was in the wrong place—that our overall air quality rating shouldn't depend on that one monitor," says Tom Hoffman, western Pennsylvania director for Clean Water Action. "To my mind, the leader in this issue should say, 'This is a problem. What are we going to do as a community to make this better?'"

But there were achievements. The conference supported the master planning process for updating the city's signature Point State Park, a Downtown landmark at which renovations are expected to be completed next year. Recognizing the rising profile of Oakland's universities, the organization backed the successful development of Schenley Plaza with the Pittsburgh Parks

## INFRASTRUCTURE

Maintaining and enhancing the region's infrastructure are integral to attracting and keeping businesses, jobs and workers in Pittsburgh, which is why infrastructure is a priority for the Allegheny Conference.

The organization has been involved in efforts to preserve bus service options, which have been threatened by a series of actual and proposed cuts that affect riders such as Robin Clarke, far left. The conference also helped to secure an agreement with Delta Air Lines to reinstate regular service to Paris, above left, a popular route for business travelers that had been discontinued for a five-year period. And the Allegheny Conference helped develop the regional "Working Together" agenda that led to the construction of the world-class Pittsburgh International Airport, above, which accommodates more than 8 million travelers annually



## ECONOMIC DEVELOPMENT

The Allegheny Conference's leadership in promoting business and job creation in the Pittsburgh region includes helping to develop the Energy Alliance of Greater Pittsburgh, a coalition of nearly 100 companies, universities, government agencies and nonprofits that is emphasizing the breadth of the region's energy sector.

The initiative has launched a public awareness campaign called "Energy to the Power of Pittsburgh" that includes media advertising, above. Previous economic development efforts in which the conference has been involved include the transformation of a former steel mill into the popular Waterfront retail, restaurant and residential development, center, and an agreement with Westinghouse Electric to build a new campus for its nuclear work, right, in Cranberry Township, a suburb north of Pittsburgh.

Conservancy. It also held its own in the growing global battle for corporate site location and investment—most notably, with Westinghouse Electric's 2005 decision to build a new campus for its nuclear work in Cranberry Township, a suburb north of the city. And the organization began accompanying the Pittsburgh Symphony on world tours to promote the region.

The Allegheny Conference even stepped into tourism-related events, such as supporting the Pittsburgh 250 anniversary celebration as well as the city's commemoration of the French and Indian War and its hosting of the Bassmaster pro fishing tournament. However, a much-publicized group effort to create a brand statement for the region fizzled. The array of disparate projects suggested that the organization was diluting its strengths.

Today, conference spokesman Bill Flanagan acknowledges the problem. "Ten years ago, we were all things to all people. All the projects were good, and we'd seldom say no. We were spread a mile wide and a foot deep." Some Allegheny Conference supporters—foundations among them—began to ask pointed questions about the return on their investment.

A worsening recession caused the conference to retrench. By the time Yablonsky took the helm in March 2009, local unemployment had leapt to more than 7 percent. In framing its next three-year agenda, the organization's staff reached beyond its members to seek input.

"They have a duty to members, especially on political and policy issues. But the conference put its microphone in front of



Annie O'Neill



a broad array of people,” says the Endowments’ Vagt. “It could have been a short process, but they talked to others—lots of young people, nonprofits, foundations.”

The resulting agenda focused on job opportunities and post-high-school training, particularly in the energy sector; deeper engagement on the perennial issue of funding public transit; and competition in a global economy. Those individual efforts have had an impact on local workers and companies.

Yablonsky recognized a natural fit between the new shale industry and job training. “We found an occupation with no Pennsylvanians doing the work. The skills were coming from out of state. We put together ShaleNET, a consortium of community colleges, tech schools and businesses—and applied for a federal grant of \$5 million. We got it.”

Among the first to sign up for three weeks of training at Community College of Allegheny County was Isaac Hawes, who quit a deskbound computer job to learn how to be an entry-level roustabout.

“I wouldn’t have gotten hired without it,” says the 32-year-old husband and father, who has recommended the opportunity to friends. Since completing the course last April, he’s already jumped to a higher-paid post with White Welding, because “welders make insane amounts of money—\$60 to \$100 an hour,” he says proudly. Training program director Byron Kohut estimates that the free program will train more than 800 Marcellus workers.

Nearly 320 members now comprise the Allegheny Conference’s Regional Investors Council. Yablonsky interprets

the fact that conference membership has stayed level throughout the recession as a vote of confidence. He also is promoting a project dubbed Pittsburgh Impact, which is an economic development initiative for companies with high growth and potential, regardless of whether they are conference members. The Pittsburgh Regional Alliance is recruiting smaller companies that have retained or expanded jobs since 2004 in key sectors such as advanced materials, information technology, life sciences and construction.

Aquatech is one of those new participants. Providing industrial water purification technology in more than 60 countries, it employs 250 workers locally and 600 worldwide. As the firm prepares for an expansion of its facility in Canonsburg, Washington County, CEO Venkee Sharma says he’ll look to the alliance for help. “We’ll be asking them, who should we be talking to? What programs are available for financing, incentives, grants for training, for our global exports business and growth in the U.S.?”

The Allegheny Conference’s refocusing efforts also included seizing a rare chance to raise the region’s international profile with President Barack Obama’s decision to host the November 2009 G-20 economic summit in Pittsburgh. The organization scrambled, working with tourism officials to create a coordinated media message on the region’s 50-year economic turnaround. The strategy mollified skeptics in the business community. Seven thousand positive media stories “turned peoples’ heads around,” says Yablonsky.





Photo by Annie O'Neill for the Downtown Now Photography Project



Brian Cohen

And conference members, particularly frequent international flyers, clamored for a solution to the loss of the USAirways hub that not only cut 7,500 jobs at the sprawling new airport but also eliminated direct routes from the city to several European destinations. After five years without European service, the conference announced an agreement with Delta Airlines to reinstate regular service to Paris. To mitigate Delta's financial risks, the conference and state guaranteed the airline up to \$9 million if flight revenues fail to reach projections. The Allegheny County Airport Authority agreed to spend \$600,000 over two years to promote the flight, aided by funds from a \$200,000 Endowments grant.

Pittsburgh has emerged from the recession stronger than nearly any other U.S. city. It has added 23,000 jobs since October 2010 alone, and now boasts more jobs than it had at the beginning of the recession in 2008. The central business district has attracted \$5 billion in capital investment in the past six years. That resilience has spurred hope that the region can once again turn its concerted attention to quality-of-life issues such as air quality and other environmental matters.

Yablonsky notes that after input from conference leaders, the shale policy bill that passed the Pennsylvania Legislature in February mandated "significant improvements in safety standards and [stream] setbacks. They're all important to doing business in ways that enhance the environment."

"We take a fact-based approach to issues," he says, "and we intend to guide our policy decisions by what the science says." *h*

## QUALITY OF LIFE

Along with its business priorities, the Allegheny Conference has maintained its emphasis on ensuring that the Pittsburgh region has a healthy and appealing quality of life.

It has supported the construction and maintenance of recreational trails throughout the city, above left. It also is a partner in the Breathe Project, an Endowments initiative to improve air quality in southwestern Pennsylvania, and conference CEO Dennis Yablonsky, above right, has been active in helping to promote the effort.

## OTHER CITY LEADERSHIP GROUPS SHARE PITTSBURGH'S GOALS

**B**usiness climate, job growth, workforce development and sustainability — around the country, CEO-led civic organizations share similar agendas, according to a 2012 report commissioned by the Frey Foundation of Grand Rapids, Mich. Other regional characteristics differ. After surveying 45 such nonprofits, the authors found that most have far larger membership than the Allegheny Conference on Community Development (50 percent exceeded 1,500 members, while the Allegheny Conference has about 320), far fewer staff (an average of 17, compared to the conference's 45) and a median annual budget of \$2.6 million. The conference's 2011 budget was \$7.5 million.

Since Pittsburgh's regional story entered the international spotlight during the G-20 summit in 2009, 20 such organizations have made pilgrimages to the Allegheny Conference's riverfront headquarters to find out what makes the local effort work.

"The level of engagement of our CEOs is unique," says CEO Dennis Yablonsky. "Our members are CEOs only. They must show up at meetings in person, not send delegates. People know we speak for the leaders. And in all endeavors, we include all parties: universities, government, corporations and foundations. Our board expects it and knows how to do it — since 1944, we've been involved in so many projects."

Following the spadework of a 1994 competitive economic analysis by former Carnegie Mellon University President Robert Mehrabian, Pittsburgh became an early adopter of metrics that continuously compare regional performance to other metro areas, a move that Brookings Institution expert Bruce Katz told the Frey report authors was "the most important element" in private-sector civic efforts.

"Very few places in the United States have that platform. In the last few years, global competition has made things very competitive. [You] have to have the diagnostic first, before moving into practice or reform," Katz said in the report.

A common lament for leadership groups nationwide was the expense and inefficiency of fragmented and duplicative government. Allegheny County's adoption of home rule and the elimination of four of 10 county row offices has eliminated some of those obstacles, and state legislation supported by the conference has streamlined the collection of local income taxes. But as is the case in many older metro areas, regional cooperation is still more goal than reality.

