

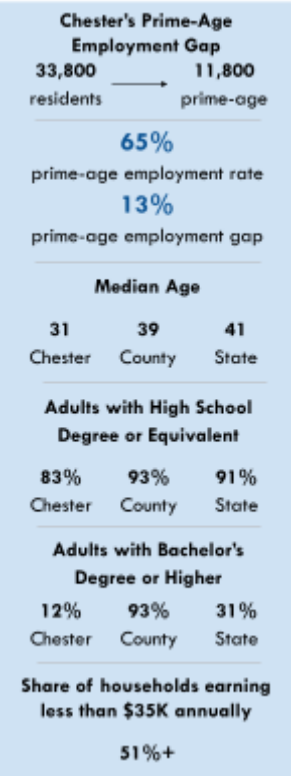
Strategy Development Grants

UNDERSTANDING OF REGIONAL CONDITIONS AND NEEDS

A historic city situated along a river, Chester has experienced challenges attracting people, businesses, and investment to support quality employment and standards of living. The only City in Delaware County, Chester is one of the most historic and culturally diverse areas in the region. Founded as a manufacturing and shipbuilding center, Chester’s industrial strength and proximity to transcontinental railways contributed to a steady growth of jobs and population. Historically important companies established company villages in Chester, while the Great Migration brought Black Americans into the city’s growing economy. Following World War II, economic challenges began as manufacturing moved across the Delaware River to New Jersey. Chester’s population fell from 66,000 in the 1950s to approximately 33,800 today. Even as the State of Pennsylvania and Delaware County have grown, Chester’s population has declined. In the years 2010 to 2020, the population in the State grew by 2.4% and in the County by 3.2% while Chester’s population declined by 4% in the same period.¹ The City’s tax base has plummeted.

The City of Chester is at a critical crossroads as it navigates bankruptcy and receivership under County supervision.² The COVID-19 pandemic prompted a wave of business closures and accelerated local funding challenges. Commercial properties in Chester show higher vacancy rates than in the County or State (17%, versus 9% and 12% respectively).³ Chester has still seen incremental investment progress over the past two decades, as major companies have moved into select vacated industrial land. The Philadelphia Union professional soccer team chose Chester’s Subaru Park as its home; a new sports and recreation complex will transform the waterfront with 60 new jobs and \$90 million in economic activity in its first decade of operation. Regional planning efforts are underway to build future workforces for the regional healthcare, technology services, and green energy industries. Today, Chester seeks to maintain momentum through small business development, business attraction, and leveraging assets like the waterfront and regional access. The City, its Receiver, and its partners are committed to building a strong economy with a robust workforce and a diverse tax base.

Notwithstanding momentum, Chester has a significant prime-age employment gap. The region is home to 33,800 residents, of which 35% are prime-age, representing a prime-age employment rate of 65%, and a prime-age employment gap of 13%. Chester’s workforce is younger, less educated, and has lower incomes than the surrounding regions. Its young population represents a large future labor pool that could serve as an asset. However, residents of Chester face educational inequity compared to adults of the same race in the county and state. Household income is also considerably lower in Chester than in the state, creating significant quality of life challenges. Chester’s median income, \$32,403, is little over half of the median income for Pennsylvania and the US.



The City of Chester faces four critical challenges as it seeks to increase per capita wages and close the prime-age employment gap.

CHALLENGE 1: The City lacks economic development capacity after budget cuts.

The City stands at the brink of bankruptcy, and is struggling to provide vital services to its residents, as well as basic government functions to its employees. The City has been designated into receivership under Pennsylvania General Assembly Act 47. Financial oversight

effected budget cuts and layoffs that eliminated economic development capacity within the City and its development authorities, including roles that oversaw the direction of economic development at Chester Economic Development Authority (CEDA); management of workforce development initiatives; and coordination between the City and local businesses. The Receiver believes addressing Chester's problems is possible.⁷ Other Act 47 cities, such as Reading and Scranton, emerged from distressed status with active and consistent commitments to change.

Recompete Pilot Program award funds and the Program's five-year horizon can provide the critical catalyst that Chester needs to rebuild its capacity, kickstart its economy, and diversify its tax base to support long-term sustainability. Unlocking both Recompete funds and other resources available regionally will require leadership and capacity to implement.

CHALLENGE 2: Job seekers need career development support to match with regional jobs.

Despite challenges, Chester and the region provide employment potential for prime-age residents. Chester's workforce is connected to the rest of Delaware County, with high commuting inflow and outflow rates. Despite population declines, jobs in the city have grown. Delaware County's fastest-growing sectors are health care and professional services, following national trends and technological advancements supporting growth in professional service industries. Health care has been the largest sector in the County for two decades. However, Chester residents are not meeting regional demand. At the County level, businesses across many industries are grappling with ongoing labor shortages, indicating a mismatch of opportunity and near-term employment opportunities.⁸ The County has identified key areas for occupational growth:⁹

- **Computer and Math:** The occupations with the highest projected growth, including occupations such as web developers, network support specialists, and software developers. Half require less than a bachelor's degree, with average annual wages of \$88,500.

- **Healthcare Support:** Healthcare support occupations identified as high priority, such as dental assistants, medical assistants, and nursing assistants, have relatively low educational requirements, with most requiring only postsecondary training.

- **Healthcare Practitioners and Technical:** Over half of high priority healthcare practitioners and technical occupations – medical records techs, paramedics, and physical therapists – only require post-secondary training or on-the-job training. Credentialed roles pay higher wages.

- **Transportation & Material Moving:** High-priority transportation & material moving occupations – such as truck drivers and tractor operators – require on-the-job training or postsecondary training and are expected to benefit from the increase in demand for e-commerce.

- **Construction:** The so-called "trades" are a good source of stable, well-compensated employment in Chester, driven by the presence of major employers such as Power Home Remodeling, the presence of Laborers' Local 413 labor union, and Countywide demand for home construction. Regional transportation infrastructure and green energy projects will grow demand.

Prime-age workers lack awareness of existing career opportunities and resources in growing sectors. Chester needs a visible, centralized access point for career guidance to bridge the gap between local opportunity and the prime-age workforce. Before the COVID-19 pandemic and the City's budget cuts under Receivership, the City of Chester Workforce Development Center organized job fairs and other resources to connect job seekers and employers. Resuming these activities is critical to supporting Chester's resident workforce population. There is a need for local employers in growing industries to re-engage and participate in these employment outreach activities so that Chester workers can discover careers at their companies. A physical career resource center would also provide a centralized "front door" for career guidance in Chester, where residents could walk in to receive customized support; learn about open jobs and learning opportunities; and access career services already provided by institutions such as Widener and Delaware County Community College into this center could also expand access to these services.

Chester job seekers can be better paired with existing skills development and training programs. Many training and education opportunities are available to Chester residents seeking to gain the skills required by growing industries in the region and increase their earnings over time. However, there are barriers to accessing these programs, including economic hardship and childcare and transportation challenges. As most residents lack the necessary resources to stop working while training and developing their skills, apprentice or “learn and earn” programs can help to overcome challenges of forgoing income to develop new skills during the training period. Wraparound support for Community College students can also increase participation in learning programs. With the prevalence of the construction industry and high-paying jobs in the construction sector, more residents could benefit from trades training and credentialing.

Many future prime-age workers don’t have the required skills to enter the workforce or participate in job training programs. Early exposure and mentorship is critical to long term career success; stilted high school performance contributes to the growth of prime-age workers who do not have the necessary skills to advance training for in-demand career tracks. Chester’s public high school has improved academically, but is significantly below proficiency in State standardized exams. Investing in remedial education, mentorship, and trade programs can help better prepare Chester’s future workforce for well paying jobs.

CHALLENGE 3: Chester workers lack wrap-around support needed to develop new skills.

Chester residents are struggling. They require additional wraparound services to support participation in skills development and job placement activities.

Over a quarter of Chester households have at least one child.¹⁰ Most child care centers in Delaware County are turning families away because of staffing shortages and underinvestment keeping some parents – primarily women – at home. Only about half of Delaware County families are sending their 3- and 4-year-olds to formal care, which can exacerbate socioeconomic differences and affect school readiness. Approximately half of the 23 licensed child care centers in Chester are home-based, limited from expanding to serve more families by certification, licensing, staffing, and space requirements that are costly and time-intensive. Providing support to home-based care centers to level up into larger facilities would increase child care capacity in Chester, provide more skilled employment, and support local small business growth.

The city of Chester has the highest citywide imprisonment rate in the Commonwealth of Pennsylvania. Chester has the highest density of incarcerated residents in Delaware County. 380 of its 32,000 residents live in state prison.¹² This incarceration overwhelmingly impacts the region’s Black residents and workers, who comprise 79% of all arrests.¹³ Communities with large numbers of adults in the justice system experience struggling families left behind, and people returning from incarceration face significant challenges finding employment, housing, and acceptance.

Chester residents struggle with accessing transportation to skills development training and employment opportunities. Thirty percent of City residents do not have a car and 78% are transportation cost burdened. Travel by bus to the Community College and regional job interviews can be lengthy and come at the cost of hourly wages. As the County seeks to improve its regional transportation options, providing reliable transportation for students and job seekers and bringing training opportunities to them can help to close the prime-age employment gap.

CHALLENGE 4: Gaps in support for local small businesses

Chester's small businesses need support to thrive. They provide local employment and dynamism that attracts larger regional employers, including in the Downtown District and the Waterfront. Local entrepreneurs see Chester as a “breeding ground” for up-and-coming businesses and feel excited about being surrounded by other residents creating businesses – and by the opportunity to create more options for high school graduates to stay in Chester and

financially succeed.¹⁴ A growing cohort of micro-businesses has been established over recent years – many home-based. However, businesses in Chester face taxes, fees, and development costs that pose business operations and entrepreneurship challenges, stifling business development and startup entrepreneurship in Chester. While firms of all sizes in Delaware County have grown since the Great Recession (2008–2009), medium and large firms have seen much higher growth rates than small firms, likely because larger firms can absorb these costs.¹⁵

Having a centralized City point of contact for businesses could help them navigate local requirements and connect with available resources. Business owners, potential investors, and residents view processes related to starting and growing a business as slow, unclear, or inflexible. Changes to inspection processes have not been well communicated, hampering compliance, while the City’s zoning process may be difficult to understand for potential investors looking to purchase and develop land. These processes disincentivize entrepreneurs and investors from seeing the municipal government as a partner to starting a business within the city. Establishing a City Business Coordinator to centralize resources would improve businesses’ experience.

Once small businesses know where to access resources and seek approvals, they need support to grow and hire locally. Many entrepreneurs have indicated they launched without knowledge about how to create a sustainable business model or access any resources to get there. Local business owners do not have any established meetup or business organizations to network and build new business relationships.¹⁶ A small business incubator would provide home-based small businesses with the technical assistance they need to grow. Entrepreneur Works, a regional provider of technical assistance to small and early-stage companies, estimates demand for such a program at approximately 7 to 10 businesses annually.

Commercial space to expand is a primary challenge for many small businesses. While there are initiatives underway to support the redevelopment of property in the downtown core, such as the Delaware County Land Bank, the market is not recovering suitably fast enough for property owners to renovate buildings, contributing to a shortage of suitable space for businesses to grow. Creating affordable small business space would support small business growth.

IDENTIFY TESTED INTERVENTIONS THAT ADDRESS REGIONAL NEEDS

Chester’s approach will focus on addressing key challenges to sustain long-term economic development and the creation and sustenance of good jobs accessible to Chester residents:

Proposed Projects
CHALLENGE: There is a lack of economic development capacity in Chester.
1) Invest in economic development capacity and leadership in the City of Chester: The City of Chester and its partner CEDA will hire three new full-time permanent roles to oversee and implement economic development programs, oversee workforce development, and coordinate with local small businesses, as well as continue to fund the role of the Recompete Pilot Coordinator over the grant award period.
CHALLENGE: Job seekers need career development support to match with regional jobs.
2) Create career pathway support for prime-age job seekers: Chester will create a suite of career pathway support resources, including an accessible Career Resource Center in City Hall with mentor hours and a series of targeted job fair and job site programming, to connect job seekers with existing career paths and enlighten them to potential well-paying career paths. The engagement of regional employers is central to this vision.
3) Connecting job seekers with relevant skills & training development: Chester will expand a suite of currently successful skills development and training programs with key local partners, including Delaware County Community College, Philadelphia Horticultural Society Land Care Training Program, and Think and Grow Ag Lab, with an emphasis on program that provide real-world training experiences with viable paths to careers in the trades and other credentialed occupations, such as in healthcare and computer sciences.
4) Create space for good jobs programs: There is no suitable space in downtown Chester – near the City’s most in-need residents – that is suitable for centralizing workforce development and training programs. Retrofitting the Smedley School building in downtown will create a critical hub for training and small business support accessible to

job seekers and businesses, providing a permanent and accessible resource for the community.
CHALLENGE: Chester workers need support in the pursuit of good jobs.
5) Provide wrap-around support for job seekers: Chester will invest in providing support for job seekers engaged in skills development and training programs. This will include growing the capacity of local child care centers to meet demand for services, transportation vouchers, and support for workers returning from incarceration.
CHALLENGE: Small businesses need support to thrive and hire new workers.
6) Provide support for small businesses and entrepreneurs: Chester will provide a continuum of support for Chester small and micro-businesses, in the form of an incubator, technical assistance office hours, and downtown programming and events to highlight and showcase small businesses and their products.

PLANNED STRATEGY DEVELOPMENT AND PRE DEVELOPMENT ACTIVITIES

Strategy Development Grant support will empower Chester to build upon momentum, develop critical needed capacity, and identify granular targets for implementation in Phase 2. Strategy Development will build upon Chester and Delaware County’s recent coordinated planning accomplishments, positioning Chester to launch, implement and operate a successful Recomplete Plan that will connect Chester residents with good jobs. The projects proposed are:

1. Hire Recompete Pilot Coordinator (RPC): Upon award, the City will hire a qualified candidate for RPC to oversee Strategy Development work for Chester’s Recompete Plan. The City has already committed to hiring for this role with a formal budget request submitted. Grant support would underwrite this position for the Strategy Development period, allowing for the reallocation of limited Chester budgetary resources to providing services to Chester residents. Responsibilities for the RPC will include: convening Chester’s consortium of partners to reach alignment on Program priorities; managing Strategy development activities, including the Work Assessment Study, Assessment of Chester Government Processes for Businesses, and the Chester Capacity Assessment Study; developing a final Recompete Pilot Program Plan, to be submitted in Phase II. The total estimated budget for this activity is \$100,000, inclusive of fringe benefits at 25% of salary.

2. Conduct Chester Work Assessment Study: To advance upon progress of regional planning initiatives, Chester requires a regionally targeted jobs and skills assessment study to aid planning for implementation in Phase 2. This would include collaboration with existing regional employers to examine emerging jobs and skills needs in priority sectors. The outcome would be a clear roadmap of recommendations to target implementation projects: consensus among regional partners on career pathways for prime-age Chester residents; quantification of unfilled jobs; required skills and training for good jobs; identification of suitable career pathways for a range of prime-age Chester residents. The estimated fee to hire a consultant for the study is \$150,000.

3. Assess Chester Government Processes for Businesses: The City seeks to improve its licensing and inspection, permitting, zoning variance, and other processes to better support small businesses, which are struggling in Chester relative to the region. A study will identify tactical recommendations for policy commitments that will position Recompete investments for better success. The study will also be used to promote Chester’s warm environment for businesses and investment. The estimated fee to hire a consultant for the study is \$100,000.

4. Assess Chester Government Capacity: The City will undertake a study to assess its current agencies’ capacities to implement work related initiatives. Anticipated outcomes include: an understanding of Chester’s local government capacity needs for implementing Recompete programs; clear definition of priority coordination needs with the County, regional educational partners, regional employers, as well as other regional Counties and the State; and a confirmation of staffing capacity gaps that Chester will plan to fund in its Recompete Plan in the implementation phase. The estimated fee to hire a consultant for the study is \$50,000.