

Catalyze: Inclusive Growth - A Business Imperative (S. 1 Ep. 3)

Transcript

SPEAKERS

Jay Carney, JB Holston, Matt De Ferranti

JB Holston 00:02

Welcome to Capitol Region Catalyze, a monthly podcast from the Greater Washington partnership, featuring thought leaders who are shaping the future of our region. Today I'm joined by Jay Carney with Amazon and Matt De Ferranti, with the Arlington County Board. I'd love for you to each introduce yourselves. And tell us a bit about your work in the region.

Jay Carney 00:20

I'm Jay Carney I am Senior Vice President of global Corporate Affairs at Amazon. I'm a native of Washington grew up here in mostly in Northern Virginia, and returned here as a reporter back in the mid 90s. And I've been here ever since. I was a reporter for about 21 years 20 of them with Time Magazine, I left to go work for Joe Biden as his communications director when he was vice president for two years. And then I was Barack Obama's press secretary for three and a half years. After that I left government and had been at Amazon pretty much ever since.

JB Holston 00:53

Jay is also a board member with the Greater Washington Partnership. Thanks so much for your support of our work, Jay, it's great to have you here. Matt, please introduce yourself.

Matt De Ferranti 01:02

I'm Matt De Ferranti, County Board Chair for Arlington County. I actually am a Northern Virginia native who spent time in Texas through Teach for America, and found my way back to the DC region, and was an advocate for Habitat for Humanity and Feeding America before joining the Arlington County Board in 2019. It's been a busy two years. And now this year, I am Chair of the Arlington County Board. So glad to be with you.

JB Holston 01:32

Thanks very much Matt and Jay. We have a lot of ground to cover today. So let's dive right in. We're a few years now in Amazon committee to build its HQ to in the region. And our listeners want to know how it's going. Matt, why don't you go first?

Matt De Ferranti 01:45

Yeah, well, I would say so far. So really good. It has been unexpected because of the pandemic. And we thought that we were poised as a community for really strong economic growth. And we've been thrown a curveball on that. But I think the most critical factor has been the partnership on issues like housing and education and hunger, that Amazon has really wanted to dig in and think with us to try and address some of our community's biggest challenges. So so far, so good.

JB Holston 02:16

Jay, we love the insider's perspective, how is Amazon's integration into the region going from your point of view?

Jay Carney 02:22

Well, exactly the same. We are honestly pleased with the partnership we have with Arlington with the state of Virginia and the entire region. You know, when we sought out a second headquarters, our original headquarters being in Seattle, when the decision was made, and Northern Virginia had been chosen. I think some folks maybe thought I put my thumb on the scale a little bit. And, you know, I'm a native of this region and have great affection for it, but Arlington one on its own because of everything that it promised to us in the sense of the tech workforce here the potential for really a diverse workforce for us. And just the kind of partnership that we saw that we could build with local officials, local community organizations, and statewide officials really was appealing and not what you know, in spite of the pandemic is very, very pleased with the progress we've made. We've got about 1600 employees now at HQ, two, and we will grow as advertised to 25,000. Here's when Amazon was born in Jeff Bezos, his garage, and then grew as it did in in Seattle. None of that was pre planned because even he didn't know that it would, there would come a time where there were 50,000 or so employees in Seattle of Amazon, but we had a plan here. And we've been able to work from, from the very start with governments and with communities to try to really be a good partner and, you know, have that relationship develop in a positive way.

JB Holston 03:57

Thank you both for that. We're excited to see all of these plans come to light. As our listeners know, the Partnership's focused on making ours the most inclusive region in the country. Matt, when you ran for the Arlington County Board, you said that the three biggest challenges for Arlington are building schools, housing affordability, and

strengthening the local economy. As you think about inclusion and equity in Arlington relative to those values. How are you doing on that path? What still needs to be done?

Matt De Ferranti 04:21

We're doing well. And in part because of the partnership with Amazon. It's accentuated a trend. We're doing so well that there are ongoing challenges, the work isn't done. When we signed the agreement with Amazon, we had a high commercial vacancy rate and that came down but of course then the pandemic happens. So there's still work to be done on inclusive growth. I do think it's really important just to note how good the partnership has been, and so very proud of what we've been able to build together already. And Arlington is doing very well. But we have, of course, more to do in part because of our success.

JB Holston 05:04

Jay, how about you? How does Amazon approach inclusion, equity, and diversity, both overall and in particular in the Capital Region?

Jay Carney 05:11

Well, sure at this high altitude level, Amazon has focused on the importance of inclusion and diversity from the conception of the company, in order to serve the customer, and know and understand what a customer needed. We needed, you know, a team within Amazon, who were as diverse as our customer base. And one of the reasons why we were attracted to this region and to Arlington in particular was the commitment here to diversity, inclusion and the diversity in general of the population and the potential labor force here. And then going back again to Amazon, I think, like a lot of companies and institutions around the country took an even harder look in the wake of George Floyd's murder, to make sure that we were doing everything we could and realize that we could do more. And we've committed ourselves to significantly increasing the number of black professionals in our senior most leadership ranks. It's super important. And I think if we come to the HQ to there's just a lot of opportunities here for us to walk the walk our investments in education, we're very excited to see how our decision to have HB two in Arlington has led to Virginia Tech's Innovation Campus, George Mason University's expansion to create an institute for digital innovation and Maryland's Discovery Center in Crystal City. You know, these are incredibly important pipelines for not just Amazon, but for an ecosystem that will help the region grow and provide great jobs. So we're committed to making the investments that need to be made. And at other levels, too, we have a program called AWS educate that is our global initiative into providing students and educators with resources they need to accelerate cloud related learning. And the

demand for cloud educated specialists is very high. And we're doing as much as we can to help improve the job outcomes of kids and then adults in this region. I mean, I think cloud has become you know, it's, it's the backbone for so much of what we now take for granted in terms of how technology has helped our lives, whether it's GPS or being able to order groceries and things like that. So for delivery. So there's just a lot of potential there, I think for educational opportunities and job opportunities.

JB Holston 07:27

Jay, I wanted to talk a little bit more - wanted to talk to both of you about affordable housing. You've got the \$2 billion housing equity fund. And I know that there's an initial commit around that for 1300 homes in the Arlington region. Could you talk a little bit about what the fund is and how you came to that as a solution? And then Matt, I wanted to talk a little bit with you about the impact in Arlington.

Jay Carney 07:49

So yes, we launched the Amazon housing equity fund. And we launched it concurrently with the announcement of our investment in the crystal house property, which is adjacent to HQ to and we've partnered with the Washington Housing Conservancy to preserve and create up to 1300 affordable homes. What I loved about this was we had been talking on my teams and with others at Amazon about wanting to engage in this space around housing affordability. We heard very clearly when we were talking with Virginia about investing hear that housing affordability was a big, big issue that they wanted us to be engaged in. And we're super excited about our capacity to make a difference here.

JB Holston 08:28

Thanks for that, Jay. And Matt, maybe you could talk from your point of view about that initiative and about affordable housing and the partnership with Amazon on that question.

Matt De Ferranti 08:34

Sure of this year, this is the most exciting thing that has happened in these three months. This is a way that that we can strengthen really the economic ladder so that folks can work their way and try to live the American dream really, because it is those who are earning up to 80% of area median income. And this really does, as Jay was saying, it enables a large number of households, individuals and families to stay in Arlington. This is a way to help Arlington stay with its roots of being a place where folks workforce housing folks can work their way up. And that definition of workforce in the

21st century is different from the 20th century. But we still do need that affordability. So it's a large number of units. And it's a huge commitment of 382 million. This is what local elected officials really hope in their wildest dreams that they would have as a partnership that's along these lines. And I do think that public private is critical. But I will say that this is an example of the sort of corporate citizenship that I think we know we need going forward post pandemic. And we also have more to do with respect to homeownership. That question of whether you can work your way up from starting out to the middle of your life and middle income to succeeding. This Washington housing Conservancy investment of in crystal house is at the center of that question. And so we're thrilled with it. As a community, there's more to do. But we're really thrilled with this extraordinary start.

JB Holston 10:16

Thanks for that, Matt. Jay, in looking back at this past year, in addition to the pandemic, the murder of George Floyd sparked a long overdue reckoning about race in our country, even engaged in a racial equity conversation series in Arlington. And I'd love to know how that came about. What can we learn from the action you're taking on equity across the region?

Jay Carney 10:35

Sure, it came about because of the good work that was happening on the ground there in Arlington, and the invitation to participate and to help sponsor it. And I think where we all have been, those kinds of conversations are critical. And it's, it's not something that we can solve with one piece of legislation out of Congress or one action. It's up and down the ladder. And we look around the country and you see what's happening. And if anybody ever wants to argue that, you know, we've made enough progress in this space, look at what's happening in efforts to try to disenfranchise black Americans and other minorities right now in states across the country. 2021. And I think that's a stark reminder that this work is far from done.

JB Holston 11:17

Matt, share a bit about your views on the conversation series. How's it going? What have you learned?

Matt De Ferranti 11:22

We started in earnest work on equity in 2019, before the murder of George Floyd, but the conversation changed. And we, it was a reckoning for the country. But also a reminder for Arlington about what we need to do and must do these dialogues on race

and equity that we've been having across Arlington over the past year have really helped us assess what do we need to do on housing, what do we need to do on educational equity. And it's the start of the process. But if you think of the history of local governments, things like hunger, which Amazon has made a priority, and things like housing, seeing those from a deeply equitable point of view is not the history of our country. We're having more of those conversations. And we're building networks of conversations that weren't traditionally part of Arlington County's local government. And as we do, we have partners, and we have a better ability to serve all of our residents. And that responsibility, and that change is related to the conversations we're having about race and what we need to do to move forward in a much better way. And so looking forward to continuing that growth, on perhaps one of the most defining issues of our time, in terms of racial justice, and equity.

JB Holston 12:47

You know, Arlington's had some incredible successes, and with the partnership focuses on the whole capital area from Baltimore to Richmond, you're both natives of the region. So I'd love your observations. It's a region that's both quite diverse and quite fraught. What can we learn from the successes you're having together? Jay?

Jay Carney 13:05

Sure. It's a great question. And the fact that it's such a mixed history and a fraught history speaks to the challenge, I think the Washington area of which obviously Arlington is is a key component, you have benefits a lot from added the stability created by the presence of the federal government here. And that is an advantage that the Baltimore and Richmond don't have. But thanks to the mental model, that something like the Greater Washington partnership has, the more I think that opportunities are created, where it's not just Washington focus, or DC Metro Focus, you know, we will see as we build out HQ, to folks living across areas, and you know, there'll be opportunities, I think, as our employees become committed to the region and the neighborhoods, and one of the huge differences in this region, from when I grew up is how much more economically diverse, it is, right? There are businesses that are being born here and growing here, that aren't just serving the federal government, right, which is the way it used to be and and, you know, I think that creates enormous opportunities for the whole region.

Matt De Ferranti 14:12

If you think about the region, Arlington has engaged but we're also seeing it in the Council of Governments, all the governments in the DC region have a cohort that works

is working in individual governments, but also together on racial equity. And so I think that there's a regional recognition that we need to work more on this and then a learning of best practices from different areas. You've seen a huge change. I grew up in Fairfax, huge change in Fairfax. And there's a commitment there as well to racial equity work in the county government. So I think if you consider growing up where the region was, the distance economically between communities was huge and not always is right. recognized as I feel it needs to be, if we don't start being honest about the challenges that we have economically, then we won't succeed in trying to bring more inclusive growth. So that's a change for the better. And I also think that the Partnership has a huge role to play in that because what we need is phenomenal leaders of businesses that are willing to engage on the problems we're facing. And we've seen that at the micro level with Amazon on logistics that are critical and cloud related work data. And we need to see that broadly as a community with the Greater Washington Partnership as a whole. And we do and so building that culture of local governments that are efficient, and committed to inclusive growth and equity, as well as businesses that will join us in that in these big difficult problems, is what we need to do. We're showing how it can be done. And we're also learning from our brothers and sister governments and businesses as well.

JB Holston 16:02

Yeah, this year has been a steady and quickly learning from best practices that are happening across the region, the challenges have been plentiful. What's been the most challenging aspects of the last year for you personally or professionally? Jay, I'll put you on the spot first.

Jay Carney 16:15

Well, I have kids and mine are getting older, I have a 19 year old who was very excited and all set to go to college, and then looked at what the plan was and decided to take a gap year And fortunately, has been able to do that. So he's here, but it's been hard. And I have a daughter is a sophomore in high school and, you know, a lot of remote learning and all the challenges associated with that, and just missing out on so many things. So I think that's been the hardest. I also honestly Miss professional. I like being around my colleagues, I like going to the office and and while I commend zoom and Amazon chime our service for how they've helped us get through this period. I'm looking forward to some in person meetings.

JB Holston 16:55

Matt, how about you?

Matt De Ferranti 16:56

The hardest things are definitely about COVID. And thinking every day, what more could and should I be doing to try and keep our community safer. We've lost 242 people in Arlington to COVID. And those families are missing someone at the table and you can't fully step in their shoes. That's what's been hardest is thinking about what could and should we be doing to help? It's been very difficult. And believe me when you get an email from someone who's a cancer survivor, who says I really would like to dose. Now, that's a hard email to get. And the first responsibility of a government is to keep people safe. And that's that's really been a challenge this year.

JB Holston 17:43

Jay, Amazon's hiring 25,000 employees for HQ to that's a hugely impressive number. But as you've noted, in terms of the talent gap, and digitally skilled jobs for the region, it's just a drop in the bucket. You also mentioned that if we get transportation, right, all of these Amazon workers might not need to live too close to the new headquarters. Can you share more about how you think of transportation in the new world of hybrid work, and what kind of transportation system will need to open up more inclusive opportunities for the region.

Jay Carney 18:11

One of the reasons why Arlington was a strong contender for this was the existing transportation network that was already strong, and then the commitment of local and state and regional officials to enhancing that system. Because we have in our headquarters in Seattle, a huge percentage of our employees there who work in Seattle, you know, they don't drive, they either they walk to work, they bike to work, or they take public transportation. And that is, I think a model that we're very much determined to recreate here with HQ to so it's vital, obviously, for all sorts of reasons, including climate reasons and congestion, aggravation that comes with too much congestion. And it's part of a package that makes coming to Amazon in Arlington appealing to potential talent, we want them to want to come here and the region already offers so much, which is of course one of the reasons why we chose it, but we want to, we want the whole package to be there for our employees. And, you know, we're very pleased with the contributions we're able to make to enhancing the transportation network in the area, but also just the commitment of folks like Matt and others who understand how important it is.

JB Holston 19:25

Matt, what do you think about the impact of transportation access as it relates to the future of Arlington? Metro is certainly part of the equation, but that's not directly under your jurisdiction.

Matt De Ferranti 19:34

Sure, we were early in the mixed use development and transportation oriented development and that is what led to the initial growth in Arlington from the 70s right through into the 2000s. And even to today, transportation has been key and it was at the center of why we were successful in the bid to gain Amazon in Arlington. I know it was critical and We have made some significant investments as a region in transportation and management of the workforce. It's a critical piece of what we're going to need going forward. In this moment, we're in the still trying to come out of the pandemic, it may not seem as central. But I know from conversations that at Med Park, the first of the buildings, there's a huge bicycle area, and that's consistent with the culture of Amazon, Metro is going to keep being key, and we have to continue to invest in it. Because that is really the solution for the economic growth that we want to see in the future 235 years out as we move steadily beyond this pandemic. So there's if we continue to invest, because this is the infrastructure that medium to long term is going to drive the sort of growth we want to see. So transportation is critical, even though right now may seem less so.

JB Holston 20:51

The American rescue plan that just passed includes a lot of funding for transportation, which should help and it sounds like this year really may be the year for an infrastructure plan. Okay, this is my favorite part of the podcast, you know, each get to ask the other question can be about absolutely anything. Jay, why don't you go first?

Jay Carney 21:10

Well, I'm curious, since our growing up overlapped a little bit. You're a little younger than I am. But is there a specific location in the region in Virginia, Northern Virginia, that your self as a child would look at now and be stunned by like, what's happened, the transformation that what was then and what is now?

Matt De Ferranti 21:27

Well, I mean, I grew up along Georgetown Pike near Langley High School and it wasn't immediately there, but Tysons has just changed so much. It's incredible. I mean, I always knew it was growing quickly. But then all of a sudden, it was so many 20 plus

storey buildings and so for me it just that's a far cry from the Tysons that I drove that my mom drove me by to go to travel soccer

Jay Carney 21:54

That is so funny, you mentioned that that is exactly the same. That is what I would point you to when I was growing up in Tyson's was, when I was a little kid was one of the first big malls in the country. And everything else out there was kind of empty, including a lot of woods and, and to see it now, even though I've seen it over the years, is really extraordinary, and speaks to the exceptional growth that this region has seen.

Matt De Ferranti 22:15

So I curious that you had to McLean and Arlington roots. I guess I'd be curious about your perspective on how some of this happened. Fairfax County in Arlington, Northern Virginia is so different from at least from a sort of macro political level and business level of being a federal government type place. I guess. I'm curious, what's your perspective on? How is it that it shifted so quickly, from your experience, perhaps growing up to today?

Jay Carney 22:44

Two things. One, you know, the the advantage of DC is that, that Northern Virginia has inherent diversity, at least regional diversity. People come here from different parts of the country to work for a member of Congress or an agency. They stay. And they bring like, there's that influx of different perspectives. The influx of immigration was incredibly enriching. And culturally, really helped move I think, Virginia, Northern Virginia, particular forward. And then the early tech companies that they like AOL and others that it took root in the in the broader region, I think, began to create a knowledge about this region as a potential for more diversified economic development. And I think those three things really matter. And, you know, super proud of my home state, because they've shown that you can be pro growth and pro inclusion and pro equity and very progressive and still, you know, understand the value and development that economic diversification can bring and investment can bring. So I've been very impressed.

JB Holston 23:45

Would you say the same about Maryland and DC?

Jay Carney 23:47

I know less about it because of my Virginia orientation. But I think there's been significant improvement there. From the days when I was growing up when it was a very

parochial approach politically, and I think Governor Hogan is exceptional and doing a good job. That's my two cents. I also think DC leadership, I think we've had a series of really strong mayors and I think Mayor Bowser is in great for the city. And that makes a difference. Her attitude, as you know, that she expressed to me personally, not just in that letter is, you know, of course, we want you to choose us, but we will still be with you if you choose Virginia or Maryland. And she meant it. And I think that's been terrific.

JB Holston 24:21

I absolutely agree. That's terrific. I'd love to talk about small businesses, women owned black and Hispanic owned small businesses have been particularly hurt during the pandemic. The rescue act alone won't solve that issue. Matt, what are you doing in Arlington County to try to bring these businesses back and support them through recovery and reopening?

Matt De Ferranti 24:39

Well, we have done a couple of different things that stand out. One is we used cares act money and targeted much more narrowly than the PPP program to businesses and limited the amounts of the grants to \$10,000 or less kept them focused on employee salaries or infrastructure that was employment related. That was our first step about a year ago. And then we took some steps specifically to address our restaurants that have been so hurting. And that was really important in terms of some of these outdoor cafes. Those are the two steps we taken. And actually, yesterday afternoon, we were discussing in a work session with our Arlington economic development, the next good ideas to bring forward because I just was really proud the program that we started with, it didn't save every business, but it helped to employees, and it was narrowly enough targeted that it really was about small businesses. And I think this is an area where if you're smart, you can see just like regionalism, this is going to grow the whole economic pie, if we help small businesses, that's oftentimes a different need. Then I have my wife and I have when we order something from Amazon or for delivery, so we've taken good steps. And yet, we know that there's so much more to do for small businesses right now, because they need capital. And they just need that oxygen to get to June or July, and many of them will be able to make it if we can get them there. But it's still a tough moment. And it's going to take a lot of work to reconstruct those businesses that are the lifeblood of all our communities.

Jay Carney 26:16

I agree with that. And I think the rescue act, fortunately, is more directly addressing this particular problem than then previous efforts and COVID. And hopefully that will make a

difference. So we we need the big and we need the small, we in partnership with Arlington bought 10,000 meals to provide meals to frontline health care workers. And through that to keep restaurant employees employed. Like if we can just get these businesses that are hanging on through this, it's going to make a huge difference for the long term health of the community.

JB Holston 26:44

This has been such a test for leaders like you, we've had challenges we could never have imagined. I'm curious how this year has affected you and how it's confirmed who you are as a leader.

Jay Carney 26:52

I think it's enhanced my appreciation for the people I work with closely and my team. And it's so distilled in a circumstance like this, that we only have been able to get through this because we've been able to rely on each other. And having to do that remotely, I think is highlighted how personal it is leading a team, you need to stay in close contact, check in on your folks so that you can provide any insight or guidance or just be somebody who can listen, we have a lot of people on my team. But I have a lot of folks who have young kids who've been dealing with that challenge or parents who are sick. It's humanized, the work for me in a way that I don't think I could have anticipated that.

JB Holston 27:36

What about you? What is this past year taught you about leadership?

Matt De Ferranti 27:39

The year has kind of been at lesson in needing to be bold on ideas that may seem contradictory, but are actually consistent. So Jay was mentioning economic growth and development as critical and inclusive growth in Arlington, we've been able to help our workforce as well, those things are consistent. So where I think I could have done better sooner is being bold with respect to both types of ideas that may seem contradictory, but are really the sort of both and true thinking that can move us forward. And so that's where I could have done better. I will say that I'm really pleased that some of the things that I've worked on have turned out well, and one of them is actually a very granular specific example of Amazon. We had a site plan for the first building the Met Park building, and there was a question of how could we make sure that those building the building, our carpenters were getting fully and fairly compensated. And we just worked and worked and worked on it. And John Shetler, one of Jay's colleagues, but also the

entire organization worked on it. And so you know, a month ago, sitting in my inbox is a picture in front of med Park from the local carpenters union that says thank you to Amazon for honoring our workers. That's confirmation that some of what I'm trying to do and lead is working in the buy nurse lunch program. There's nothing on social media that gets everybody engaged when you're trying to celebrate our healthcare workers and good examples. And even the grants program that I just mentioned, 60% of the awardees in that program are women and minority owned businesses. That happened because we had a rigorous process. You know, those are examples that I'm excited about where some of the commitment towards compassion and inclusive growth worked. You learn how much more you could do.

JB Holston 29:39

Those are lessons for the future to this isn't going to be our last pandemic. We talked about climate change, that's going to be at least as great a challenge if over a longer period of time, and we can never appreciate being empathetic and being together enough in my view. It was particularly timely, I think, to talk not only about what this last year has been about but also about all the progress that's been made since Amazon first decided to Bring HQ to to the region. And our critical public private partnerships are to that continued progress. Thank you, Jay and Matt, for joining us today.

Jay Carney 30:07

Thank you JB.

Matt De Ferranti 30:08

Thanks so much.

JB Holston 30:09

Thank you for listening to Capital Region Catalyze. Tune in next month, where I'll talk about inclusive growth with a focus on closing the racial equity gap with Tony Pierce from Akin Gump, Sheila Johnson from Salamander Hotels & Resorts, and Jason Wright from the Washington Football Team. Be sure to check out our weekly interview series called Fresh Take where we talk one-on-one with thought leaders from across the region. And for more information on what we do follow us on Twitter and Instagram or visit [Greater Washington Partnership.com](https://www.greaterwashingtonpartnership.com). Thanks for joining us.