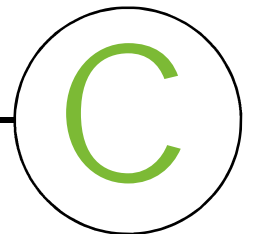

appendix

Notes from Background Interviews

April 30, 2004



Notes from Background Interviews

UrbanAdvisors interviewed local lenders, property owners, neighborhood representatives and business representatives to learn more about the economic and development conditions in Fayetteville. Downtown Fayetteville acts as the art and cultural center for the region, and serves as the local banking center.

The interviews are summarized below. The issues discussed tended to break into specific categories, and are listed by category rather than by interview group or affiliation.

Traffic and Streets

- Traffic gateways into town are a problem
- Archibald Yell acts as a bypass not a gateway; there are high accident counts
- The North-South corridor doglegs on School Street
- There are unnecessary one-way streets and business people don't like them
- What is the role of on street parking; is it necessary; will going to 2 way streets eliminate parking?
- Do streets need to be narrowed (many existing streets are over 28 ft. curb to curb) ?
- There are conflicting aims for street design between fire engine access, lower traffic and pedestrian orientation
- Current traffic studies are promoting suburban design standards for downtown streets
- There is a need to look it at which areas are walkable
- The train can run to the station

Parking

- Merchants and employees are parking on the street, occupying customer spaces
- Parking management may be necessary
- What is the perception versus the reality of parking use?
- Many of the empty spaces in the downtown seem to be the

result of ownership rather the lack of demand

- Churches are buying houses to expand their parking lots
- The parking issue may be a scapegoat for other problems with downtown retailing.
- The market will not support parking structures/ paid parking

Real Estate in the Downtown

- There is a supply of disused and underutilized buildings in downtown
- Mixed-use is primarily residential with retail
- Financing is not a problem.
- NMTC/CDA 30 annual approval projects
- Banks are eager for more loans
- There may be a market for a high-end grocery.
- There is concern about the retail mix, as the downtown is losing stores to the mall.
- Retail and restaurant rents are from \$12 to \$14 per square foot with 20% expenses
- Rents in the Campbell Bell building are \$16 per square foot
- All in costs range from \$100 and \$105 per square foot to \$120 and per square foot
- Sales of lofts style units are around \$175 per square foot
- Mill District rents at \$13 -\$18 or \$15 + utilities
- Three Sisters rents are in the low 20's.
- All of these rents are less than space in Bentonville
- Many of the empty spaces in the downtown seem to be the result of ownership rather the lack of demand
- The post office sits empty- reluctant landlord
- Lots of people want to be here, but there is no place to live
- There is no movie theater in downtown
- There are approximately 300,000 square feet of vacant office space
- The office market is overbuilt, with at least 10 months of supply
- Land cost in Fayetteville is high, with the result that there are few affordable housing units in the 85,000 to \$135,000 range

- Residential demand outstrips supply
- There's not much upward pressure on rents; rents rose 3.4% last year (2002)

Development Incentives

- The downtown area is qualified for New Market Tax Credits
- A local bank is setting up a community development entity for new market tax credits
- New Market Tax Credits have been approved for southwest Fayetteville
- A CDE has been established through the Hartland CDC
- The city is CDBG approved
- The city is not receiving SBIC funding
- There are no incentives for development
- "Needs a carrot"
- Diamond State Ventures is the state Small Business Investment Corporation
- Arkansas Capital is a major source for funding new business

City Regulatory Framework

- Regulations are a problem; city administration is fun but hamstrung by regulations: suburban setbacks and lot standards, zoning that doesn't match use, no design standards
- The approvals process has improved
- Zoning regulations do not match existing uses; suburban setbacks are required in urban areas
- There is a perception that it is difficult to build in the city because of difficult ordinances and the uncooperative handling by City staff- (certainty and time)
- The City has not made its density intentions and preferences clear.
- The City needs to understand development risk
- The current zoning does not match existing uses and rezoning is a tool that is available for the city

Fayetteville is an anchor for the region

- Fayetteville is unique, and liberal, with a historic downtown and good schools
- It has the university and good schools
- It's more liberal and environmentally sensitive than surrounding communities
- It is perceived as more quirky perhaps
- It's becoming a bedroom community
- Fayetteville acts as a representative place in attracting new businesses and residents. It has the opportunity to be the cultural district for the region and perhaps the northwestern part of the state.
- Fayetteville is a faith-based community with 5 major churches.
- Fayetteville is the cultural center of Northwest Arkansas; expansion of the Walton Center to 2000 or 2500 seats is a facility goal. The cultural area should be focused around Dickson Street
- The Cultural Arts district should be:
Visual arts, sculpture gardens
University Museum
Live-work artist lofts
Entrepreneurial Museum, crossover efforts with the University
Funded with state and local incentives and tax abatements
- Springfield is perceived as blue-collar - manufacturing, chickens, construction work
- Rogers is a blooming cosmopolitan competitor - vying for upscale status
- Bentonville is the Wal-Mart town with 16,000 associates, many of whom live in Fayetteville
- The cities Bentonville, Rogers, Springdale, and Fayetteville are viewed as a regional entity, and Fayetteville is on the edge of being left behind
- The region needs to work together to compete; Rogers, Bentonville, and Springdale are all on board but Fayetteville wants to remain as it is
- Fayetteville has a problem defining itself, its goals, and its mission; retail does not serve as a major anchor

Employment and Growth

- Population is expected to double in Northwest Arkansas in the next 20 years
- Some fear that the economic growth will occur outside of Fayetteville
- Fayetteville needs to encourage knowledge-based business
- Building the University is important
- The University is raising \$900 million for scholarships and professorships and adding 5000 students
- Fayetteville is developing a strategy for high-wage employment: University spin-offs or technology transfer
Clusters have not reached critical mass
Current employment is in food processing, transportation, retail, and light manufacturing of nondurable goods
Growth is bi-modal with low-end service employee immigration and high and employment of the vendor community for Wal-Mart
The current industries don't allow pass-through of higher wages to customers
Retail worker productivity is going up through automation of checkout etc.
Fayetteville's employment strategy is focused around the University of Arkansas: it includes faculty with research credentials and connections, dispelling old perceptions of Arkansas, training more graduates at the university level, capture of technology transfer, and an emphasis on diversity and quality of life
- Technology manufacturing is not ready and existing office does not match the needs of technology employers

Downtown Neighborhood Issues

- The historic neighborhoods need protection; and are afraid of being disregarded
- There is an opportunity for a façade renovation program through the design center
- The housing to the west is perceived as substandard
- Neighbors like to see diversification of businesses, something more than bars

- Neighborhoods should be a viable with the diversity of housing, business, culture, retail, and service uses
- Parking is not as large an issue as perceived according to neighborhood advocates who question the necessity of parking decks
- Downtown should be pedestrian oriented with a better mix of uses
- Better pedestrian connections permitted; current pedestrian infrastructure is of poor quality
- The city owns the sidewalks so blocks can be repaired
- The historic quality of downtown and the neighborhoods must be retained
- Below and around 6th Street should be redeveloped
- The park-like area between Prairie and Center Street should be preserved and enhanced
- Design guidelines are needed for Infill and redevelopment
- Tree preservation guidelines need to be part of redevelopment
- There is currently poor attention to garbage unloading issues and to outdoor lighting issues
- Neighborhoods around the downtown core are stressed but people love living there
- There are sometimes conflicts with drunks at closing
- Relationship between the neighborhoods in downtown uses needs to evolve with buffers between businesses in neighborhood residential uses
- Changes occurred so quickly the design issues have not been addressed
- The area north of Dickson Street is a historic district of which some parts are registered
- There is a lack of dialogue between institutional stakeholders and the neighborhoods

City Government and Economic Development

- The state's economic development strategy includes building off of the knowledge bases in Fayetteville and Little Rock
- Jobs have traditionally been in heavy manufacturing, and food processing; both low paying

- There is a bi-modal immigration, with upper income vendors and lower income Hispanic laborers.
- The city is working with banks and other institutions on an economic development strategy
- Fayetteville no longer captures the regional market for retail
- There's no property tax on operations
- The city is targeting specific businesses in order to produce economic development such as technology businesses and entertainment
- The city may set aside \$2 million for economic development staff to help create technology employment
- Town and gown conflicts are being amended
- Employment space is planned mostly for the edges of the city
- The vision for Fayetteville is to be the home of innovation, entrepreneurial business, a regional arts center, and the center for cultural tourism
- While the city agrees with the goals of the cultural district there's little city money for implementation

Downtown Revitalization

- The market has pushed uses out of town
- Incentives are needed to get businesses back
- Business should be involved in the planning
- Success of the plan can be measured by relocations back from the Mall
- The driver for downtown revitalization will be housing rather than commercial development
- Boutique retail is needed
- Mom-and-pop green grocer is needed
- Employer parking is more of a problem the customer parking
- Retail rents in the downtown range from \$7 to \$22 per square foot
- Business that needs high visibility probably won't be downtown
- Connecting the town square in Dickson Street is critical to success
- Downtown is not perceived as good for businesses that require high visibility

Fayetteville's Natural Heritage

- Conserving natural areas is important; there are 14 areas including Sequoia and five Hills surrounding the town
- It is important to address the various communities of Fayetteville
 - Faith: five churches in town
 - The University
 - Small business
 - Neighborhood community groups
 - Environmental community; bikers, hikers, fishermen, and sportsmen
- Organizations in Fayetteville are competent, cooperative, and there is a large overlap between groups

Downtown Is Important to the University

- The University is committed to the Downtown and cultural district, but providing housing in downtown for graduates and staff is not a priority. Currently, new student housing projects are being completed on campus. The enrollment of 16,250 students may grow to as much as 22,000 by 2010.
- The University of Arkansas supports small businesses through a SBC and the Genesis Tech Center (incubator); downtown represents and supports the university to some extent
- Dickson Street is very important as one of the gateways to the University
- Because of this the University supports the cultural district
- In general the University is not expanding into the downtown

The Walton Arts Center

- The Walton Arts Center (WAC) has over 150,000 visitors per year and 40,000 schoolchildren per year
- WAC funding comes from the region and from the hotel and motel room tax
- WAC helps to reinforce of the area as a cultural district
- WAC is pursuing a new 2500-seat hall

Providing 1500 to 2000 parking spaces for both halls will be difficult

The University would use the new facility for conferences, student events, and graduations

A hotel near the facilities would be useful, something in the range of 200+ rooms to accommodate small conferences

- Many interviewees would like to see a museum near WAC
- Parking and access to the city from the North and finding a site for a new hall are barriers
- Way-finding should be improved including boulevards, gateways, and better signage
- Artist live-work space would help to reinforce the cultural district
- Businesses are interested in supporting the arts to help with recruitment and retention of employees
- The demographics of traditional WAC membership, 60-80 year olds, matches the market for some of those moving to high-end condos
- During the peak season there is a lack of hotel space
- Carnall Hall has 49 rooms
- Radisson has 200+ rooms
- Mountain Inn to be renovated?
- There is no space for a small convention of 150!