

A black and white photograph of a group of people on a stage. In the foreground, the lower legs and feet of several people are visible, including one person on a scooter. In the background, a woman is smiling and looking towards the camera. Confetti is falling from the top of the frame. A semi-transparent dark grey rectangle is overlaid on the center of the image, containing the title text.

# 2017-2018 ANNUAL REPORT

NORTHWEST ARKANSAS COUNCIL

July 10, 2018

Members of the Northwest Arkansas Council:

Welcome to the 2017-2018 Annual Meeting of the Northwest Arkansas Council. At today's meeting, you'll be hearing details about our organization's next strategic plan and how we'll go about pursuing that work.

It's appropriate that we're on the University of Arkansas campus today. The Council's new strategic plan includes a commitment to strengthening partnerships with the University of Arkansas to advance regional economic goals. In particular, it highlights the importance of university-based research and commercialization as key pillars of strengthening our economy and the need to increase federal research dollars in this process. As the Council's presiding co-chair and the university's chancellor, I embrace these goals, and I look forward to even stronger ties between the Council and the university going forward.

The region continues to move forward, and this annual report highlights a few key advancements of the last year. For example, Walmart announced that it will build a new home office in Bentonville; Arkansas Children's Northwest opened its doors; J.B. Hunt kicked off its second major headquarters expansion; Tyson Foods opened its downtown Springdale technology hub; the Arkansas Department of Transportation opened the first leg of the future Springdale Northern Bypass; Simmons Foods announced plans for a \$300 million facility in Benton County; and the University of Arkansas received a \$120 million gift to create a School of Art that's going to be the envy of the nation.

One particularly noteworthy factor about each of these projects is the strong connection to the work of the Northwest Arkansas Council. Our members — either as individuals or collectively — were involved in each of these successes.

Our members are leaders in so many ways that go unrecognized in this report. You make critical contributions to the advancement of this region through participating in this Council, serving in local and state government, volunteering time and helping fund nonprofit organizations. Your leadership continues to ensure that Northwest Arkansas has a bright future. Thank you for this work.

It has been my honor to serve as presiding co-chair of the Northwest Arkansas Council, and I've enjoyed getting to know so many of you in a deeper way.

Sincerely,



Joseph E. Steinmetz  
Presiding Co-Chair

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Marcy Doderer, president and CEO of Arkansas Children's Hospital, joined community leaders to celebrate the opening of Arkansas Children's Northwest.

## Arts, Hospital Projects Lead Area's Quality of Life Enhancements

Few similar-sized regions in the U.S. can match Northwest Arkansas' steady improvements in quality of life, and there's no sign that the pace of expansion is slowing.

Starting with the 2006 opening of Pinnacle Hills Promenade in Rogers, Northwest Arkansas can claim more than a dozen notable projects that have enhanced the region's quality of life.

That Pinnacle Hills shopping center was followed by a botanical garden, a professional baseball stadium, a world-class art museum, the state's largest outdoor music venue and an impressive kayak park. Then came a children's learning museum, the completion of a 36-mile bike/pedestrian trail, multi-use regional parks, a performing arts center expansion, a culinary school and expansions to the region's health care systems that include a new children's hospital.

Exhausting pace? Yes. Is that it? Never. There's always something big in the Northwest Arkansas pipeline.

The newest impressive group of projects already out of the ground include Crystal Bridges Museum of American Art's new venue, The Momentary in Bentonville, TheatreSquared's new home in Fayetteville, and healthcare expansions to the Mercy Northwest Arkansas system that'll touch several cities.

The construction of TheatreSquared's new facility — Northwest Arkansas' first permanent home for professional theater — is proceeding on schedule and on budget.

The concrete walls are complete alongside steel to frame out the three-level public commons, offices, and artist workspaces. Construction on accompanying artist housing will begin in August.

Both new theater spaces preserve TheatreSquared's spirit of sheer proximity to the stage. The back wall of the new main stage is just one row deeper than in the current space across the street that's so well liked because the audience is so close to what's happening on stage.

The ambitious scope of the 50,000-square-foot project on the corner of West Avenue and Spring Street in downtown Fayetteville is hard to miss.

"The larger region has enthusiastically embraced the notion that Northwest Arkansas is ready for its own, dedicated, world-class home for professional theatre," said Martin Miller, who is in his ninth year as TheatreSquared's executive director. "This vision of collective ownership feeds back into attendance at the current venue as well — in fact, for the first time this season, patrons from outside Fayetteville made up more than half of our audience. At each show, we're able to point across the street and say, that's our region's theater taking shape."

Performances will move from the current building, which TheatreSquared rents from the Walton Arts Center, to the new facility in mid-2019.

**2006:** Pinnacle Hills Promenade • **2007:** Botanical Garden of the Ozarks • **2008:** Arvest Ballpark • **2011:** Crystal Bridges • **2014:** Walmart AMP and Siloam Springs Kayak Park • **2015:** Scott Family Amazeum, Northwest Arkansas Razorback Greenway, The Railyard Bike Park • **2016:** Walton Arts Center renovation, Mount Kessler Regional Park • **2017:** Brightwater Culinary School, Washington Regional Medical Center expansion • **2018:** Arkansas Children's Northwest



If the TheatreSquared project continues on schedule, it'll finish up just a few months ahead of the opening of The Momentary, a remarkable art space in a former Kraft Foods cheese plant in Bentonville.

Work at The Momentary, which drew the attention of The New York Times in 2016 in part because of its uniqueness and potential to build on the success of Crystal Bridges Museum of American Art, began in earnest earlier this year. It sits just to the northwest of the Brightwater Culinary School in Bentonville.

The goal is to have work on The Momentary complete and the innovative arts venue open in early 2020.

Some of the region's biggest additions are in the area of healthcare with Arkansas Children's Northwest and Mercy Northwest Arkansas making huge investments.

The most recently completed in the long list of projects was Arkansas Children's Northwest, a more than \$400 million investment. The hospital, which includes the 233,613-square-foot building on a 37-acre site in a western area of Springdale, opened Feb. 27. Hundreds of people gathered at an opening celebration in March where hospital officials thanked donors, and community leaders discussed the building's importance in fast-growing Northwest Arkansas.

Mercy Northwest's construction and investment in the region's healthcare continues at a rapid pace. The cost of its overall project has increased to \$277 million since it was announced in April 2016. The overall project, which includes the construction of a new hospital tower in Rogers and the opening of medical clinics throughout Northwest Arkansas, is expected to add 1,000 healthcare jobs.

The largest piece of the expansion is the \$141 million, seven-story tower at Mercy Hospital Northwest Arkansas in Rogers. It's on schedule and expected to be completed in August 2019. That project will cause the 208-bed hospital to increase its capacity to more than 300 beds.

The most expensive of the Mercy clinic expansions is a \$40 million multispecialty center on a 31-acre Elm Springs Road site in Springdale. The two-story, 63,000-square-foot clinic, where construction started in October, will create space for nearly two dozen primary care and specialty providers. Its completion is expected in August 2019.

Mercy also opened or began work on four other clinics in the past year. When those are complete, Mercy will have a combined 30 clinics in Bella Vista, Bentonville, Centerton, Lowell, Pea Ridges, Rogers and Springdale.

There are other projects that will impact quality of life in the region, but they aren't yet under construction. The most prominent was the announcement in May that Topgolf will build near the Walmart AMP in Rogers, but the construction isn't expected to start until next year.



Construction workers (top) continue to make progress on the \$141 million, seven-story tower being added to Mercy Hospital Northwest Arkansas in Rogers. Martin Miller of TheatreSquared (above) led a January tour of the organization's venue that's under construction in Fayetteville.



Margot Lemaster is working with partners to develop EngageNWA's strategic plan; Ben Hasan of Walmart and Mary Oleksuk of Tyson Foods spoke about diversity at the Northwest Arkansas Council's winter meeting; Mayor Doug Spouse joined others at a Martin Luther King Jr. Day parade in Springdale.



# Programs Ensure Northwest Arkansas Becomes Known Nationally

*EngageNWA's success will play important role in region's long-term economic success*

The Northwest Arkansas Council manages a group of programs with the dual purposes of attracting talent to the region and ensuring that those newcomers have good experiences once they arrive.

The programs — Finding NWA, EngageNWA and Northwest Arkansas Digital Ambassadors — convey what it's like for people from all backgrounds to live and work in one of the nation's fastest-growing metropolitan areas.

If all three programs are successful, people who live elsewhere will increasingly pursue Northwest Arkansas job opportunities and consider attending college in the region, and they'll have a greater knowledge of Northwest Arkansas before sizing up Northwest Arkansas as a possible home.

## EngageNWA

While two of those programs are fully established and ongoing, it's the development of an EngageNWA strategic plan that's drawn much attention over the past year or so. The EngageNWA plan is nearly complete.

The purpose of EngageNWA, which was formed in 2013, is to help residents and newcomers work together to broaden inclusion and engagement, and to strengthen the regional economy by positioning Northwest Arkansas as a community of engaged global talent.

The EngageNWA strategic plan will serve as a roadmap that

outlines intentional steps regional partners can take to work together on the common goal of maximizing the inclusion of everyone in the regional community.

Led by Margot Lemaster, EngageNWA has worked with dozens of Northwest Arkansas civic leaders, business people and residents to create a strategic plan focused on making life better for all people who live in Northwest Arkansas. Priority areas in the plan will include government leadership and equitable access, economic development, education, community civic engagement, and safe and connected communities. Nearly 200 people participated in the plan's development.

Some examples of initiatives in the plan include creating a civic engagement academy to help community members better understand and participate in local government, producing websites and important documents in more than one language, establishing a youth council to focus on diversity and inclusion efforts, coordinating a one-stop online resource directory of amenities and services for diverse individuals moving to Northwest Arkansas, and increasing the number of school teachers with diverse backgrounds to align with student demographics.

The program's work is important as Northwest Arkansas is a place where people who aren't Arkansas natives and who come from diverse backgrounds are becoming a larger and larger portion of the population. The region's





Cathy Luo of the Chinese Association of NWA performs at a Welcoming Week celebration held in Northwest Arkansas.

unemployment rate remains exceedingly low, meaning it's necessary for the region to become increasingly attractive to newcomers.

### **Finding NWA**

The Finding NWA program aims to share information about Northwest Arkansas with those who live elsewhere, and it ensures that people talking about Northwest Arkansas to job candidates have the latest, most important information.

Established in mid-2016, Finding NWA continues building its website audience. The website traffic of Finding NWA doubled in the program's second year, and it's drawing more attention from people outside the state. Its largest out-of-state audiences are in Oklahoma City, Dallas and Chicago.

Its social media outreach through Facebook, Instagram, Twitter and LinkedIn has tripled in the past year. There are now 7,700 social media accounts with a connection to Finding NWA.

That's all been made possible through building local connections to people with information to share as well as by monitoring media outlets across the U.S. to promote positive information about Northwest Arkansas. While news articles in publications such as the *The New York Times* or in *Forbes* are difficult to miss because they are so widely shared, it takes some online sleuthing to spot messages about Northwest Arkansas in less familiar places. Finding NWA is able to take those harder-to-find articles in niche publications and ensure that they receive wide distribution.

Additionally, Finding NWA helps human resource professionals and others who are sharing information about the region with job candidates. To accomplish that goal, the Council staff conducts face-to-face meetings with HR teams at area companies, answering questions about what's happening in Northwest Arkansas as well as being sure those professionals know where to find information about schools, housing, the

region's cities and quality of life amenities.

"The challenge for any region growing as fast as Northwest Arkansas is data quickly becomes outdated," said Mike Harvey, the Council's chief operating officer. "We want to be an HR resource for companies in the region, regardless of whether that company has a huge HR team like Walmart or just one person handling all HR responsibilities.

"It's been demonstrated time and again that people who know Northwest Arkansas end up liking Northwest Arkansas, and people who live elsewhere will pursue jobs here. We just have to ensure that people elsewhere know enough about Northwest Arkansas to give us a look."

### **Northwest Arkansas Digital Ambassadors**

The Northwest Arkansas Digital Ambassadors program, established in late 2013, creates and shares information about the region, asking more than 650 ambassadors to share stories on Twitter, Facebook and LinkedIn. Each good news message about the region reaches 80,000 to 120,000 social media accounts.

The program has continued to grow its influence. Within four months of being established, the program had more than 300 ambassadors.

The digital ambassadors on some days can dominate social media feeds in Northwest Arkansas.

The ambassadors in the past year gave the biggest boosts on social media to messages about Siloam Springs being a finalist to be the location for a Hulu television series, the annual University of Arkansas Business Forecast Luncheon, a Northwest Arkansas Council report about the region's diversity, and a Milken Institute study that showed the Northwest Arkansas metropolitan area is one of the nation's top economic performers.



Becky Keogh, director of the Arkansas Department of Environmental Quality, talks with Northwest Arkansas leaders about water quality issues.

## Infrastructure Remains Core Aspect of Council's Mission

The priorities have shifted over the years, but the Northwest Arkansas Council continues to maintain infrastructure as one of its core pursuits.

Building new highways, protecting water quality, advancing public transportation and ensuring that the Northwest Arkansas Regional Airport is excellent for business and leisure travelers remain central to the organization's work.

The Council's role in infrastructure advancement is to communicate what the business community needs to continue building on its success in the region. Traffic congestion, water quality, air travel and public transit all impact businesses.

"Our members have never waived in their view that better infrastructure is a priority for the region's long-term success," said Nelson Peacock, the Council's president and CEO. "Some members are most interested in air travel while others prioritize water quality or better highways, but every member recognizes the Council needs to play a leading role in ensuring that we continue to pursue better infrastructure in Northwest Arkansas."

Summaries of what the Northwest Arkansas Council is doing to support better infrastructure are included in this section.

### Better Highways

The Council – probably for the first time in its history – prioritized an out-of-state highway project as critical to the future of Northwest Arkansas..

That project is what's now being called the Missouri-Arkansas Connector, a five-mile highway segment of Interstate 49 that needs to be built in McDonald County, Mo., one of the four counties in the Fayetteville-Springdale-Rogers Metropolitan

Statistical Area. While there are sections of I-49 that still need to be built in Benton County in Arkansas, the Missouri piece is the only unfunded I-49 project. One goal is to create an uninterrupted I-49 between Kansas City, Mo., and Fort Smith.

To eliminate that gap, the Northwest Arkansas Regional Planning Commission decided it would take the lead in applying for a \$32 million federal grant, and it would turn those funds over to the Missouri Department of Transportation if the grant were received. The U.S. Department of Transportation announced in June that 26 projects would receive federal funding from the Infrastructure for Rebuilding America (INFRA) grant program, and the Missouri project was not among them.

The grant application was submitted in November, and it's always the case that competition for federal grants is stiff. The fact that it wasn't funded demonstrates that there are critical infrastructure needs across the nation, and many of them are excellent projects.

As part of the regional planning commission's application, the Northwest Arkansas Council went to work gathering letters of support that the regional planning commission could include to show people in Missouri and Arkansas are prioritizing the project.

Among the more than 40 letters gathered by the Council from cities, counties, chambers of commerce and businesses in Southwest Missouri and Northwest Arkansas was a letter signed by six members of Congress. Signed by Sens. Tom Cotton and John Boozman of Arkansas, Sens. Roy Blunt and Claire McCaskill of Missouri, Rep. Steve Womack of Arkansas and Rep. Billy Long of Missouri, it asked Transportation Secretary Elaine Chao to prioritize the project.

Arkansas Gov. Asa Hutchinson and U.S. Rep. Bruce Westerman were among the others who provided letters of support for the Connector.



"The Northwest Arkansas Council continues to provide leadership and focus to complete priority infrastructure projects in the region," said Tim Conklin, the regional planning commission's transportation director. "The Council was instrumental in garnering overwhelming support for the I-49 Missouri-Arkansas Connector from various groups and entities in Missouri and Arkansas."

The Council will keep the Missouri-Arkansas Connector at the top of its priority list and will be working with leaders in both states as well as Washington, D.C.

Northwest Arkansas did see projects finished up in the past year, and none were bigger than the opening of Arkansas 612. The four-lane divided highway runs west from I-49 near Lowell toward the Northwest Arkansas Regional Airport. The Arkansas Department of Transportation celebrated the completion of the \$100.6 million roadway in April. The roadway carried 2,500 vehicles a day in May, and it shaved about 10 minutes off the commute to XNA.

Many people believe it's necessary to extend Arkansas 612 further to the southwest, connecting it to U.S. 412 near Tontitown. The long-term vision is that Arkansas 612 will be extended to the west and east and become the Springdale Northern Bypass, but there's little funding for that large project.

Two other projects — building an XNA access road and widening Arkansas 112 — are viewed as regional priorities. The more expensive of those projects is widening Arkansas 112 from Fayetteville to Bentonville as a 2015 study showed it would cost more than \$100 million.

## Public Transit

Many large employers in Northwest Arkansas are interested in exploring how expanded public transportation systems can be helpful in moving more people to work locations.

In a region that's added nearly 34 people a day to its population, the need for more public transportation should become increasingly important. However, it's not clear if or how Northwest Arkansas would pay for a larger, more expensive system or if public transportation will be prioritized ahead of the region's other infrastructure needs.

It is clear that discussions in the past year about how to approach public transportation in a better way in Northwest Arkansas have increased. Among the more important discussions was the exploration of whether bus rapid transit could effectively move people across the region and demonstrate that it's possible to rely on public transit to make the commute to and from work.

KFH Group, an Austin, Texas consultant, was hired last year by Ozark Regional Transit to explore whether a rapid transit route could be established in a U.S. 71B corridor with frequent buses taking riders from southern Fayetteville to northern Bentonville. That 27-mile corridor includes a high number of major employment centers: Walmart, Tyson Foods, George's, Northwest Health Systems, J.B. Hunt and the U.S. Veterans Medical Center in Fayetteville among them.



Fayetteville's Peter Nierengarten joined Ozark Regional Transit and Northwest Arkansas Regional Planning Commission staff on a November trip where they timed stops for a potential bus rapid transit route through the region.

It would be necessary to connect the north-south rapid transit buses, which would become the backbone of a modified Ozark Regional Transit system, with other ORT buses operating in the cities and the buses of Razorback Transit, which operates in Fayetteville.

"This route will quickly become the dominant route with far and away the highest ridership and turn ORT into a true regional system," the consultant wrote. "The challenge is to ensure that the service is funded well enough so that it can succeed, rather than cut costs to save money, resulting in lower service quality, convenience and ultimately chances for success."

The consultant suggested in its report that the rapid transit route could be successful. The 21 additional vehicles needed would cost \$7.9 million, and more than 50 rapid-transit-ready bus stops would cost nearly \$3 million more. The additional employees, added fuel costs and other annual operating costs would be near \$3.3 million and that's just the rapid transit portion of the ORT system. ORT's current annual budget is near \$3.4 million and much of that funding would be needed to continue operating other aspects of the system.

## Low-Cost Carrier

Airport administrators, the Council staff, and a few Council members continue to work on bringing daily low-cost air service to the region.

That's because the Northwest Arkansas Regional Airport remains one of the nation's most expensive places to fly, and the impact those fares have on businesses across the region remains a huge concern. Roundtrip fares at XNA averaged \$539 last year; the national average was \$347, records kept by the U.S. Bureau of Transportation Statistics show.



The Northwest Arkansas Regional Airport opens its first parking deck in August. The photo shows how the structure looked in February.

Those 2017 fares are far from an anomaly. XNA fares most years exceed the national average by at least \$100 per trip, and XNA passengers have spent a combined \$1.2 billion above the national average since the airport's opening in 1998.

With all that in mind, the Council stepped up its partnership with XNA, attending airline recruitment conferences such as Jumpstart and Routes America, beginning in 2014.

"The Northwest Arkansas Council staff literally joined forces with our team in the airport's ongoing air service recruitment efforts," said Kelly Johnson, XNA's airport director. "Having the Council staff directly join these discussions has added a valuable element – a commitment from our business community.

"The Northwest Arkansas region's ability to create demand and sustain it is what will ultimately result in more air service. That directly relates to our business partners and citizens represented by the Council."

At the airline recruitment conferences, the conversations with the airlines already at XNA – Allegiant, American, Delta and United – are as important as those with airlines that don't operate in Northwest Arkansas. The Council staff has stayed involved in conversations with Spirit, JetBlue, Southwest, Frontier and a number of less familiar regional airlines about serving XNA.

"What every airline wants to know is whether the companies are willing to move people to their airline after years of people flying from XNA primarily on American, Delta and United," said Rob Smith, the Council's communications and policy director. "Many Council members have expressed a willingness to move people to a low-cost airline, but it's going to take a regionwide effort. Moving people is critical to success for any low-cost carrier.

"As one of the low-cost carrier representatives told us earlier this year, it's not a matter of if XNA gets a low-cost carrier. It's a matter of when it happens."

The role of the Council and regional partners is to make sure this happens as soon as possible.

## Water Quality

Just as it has for the past several years, Council staff continues its work to ensure that its members' interests are considered as water-related regulations change. The Council serves as a bridge, ensuring that the U.S. Environmental Protection Agency as well as Arkansas and Oklahoma state agencies understand the impact additional regulations will have on Northwest Arkansas companies.

The Council in the past has given attention to both the Illinois River watershed, which drains much of fast-growing Northwest Arkansas, and Beaver Lake, the massive U.S. Army Corp of Engineers' lake that holds most of the region's drinking water.

The Council over the past year has focused its attention on the Illinois River watershed. The watershed remains a point of disagreement between upstream Arkansas and downstream Oklahoma, and it's remained that way since the early 1990s. Oklahoma remains concerned about the amount of phosphorus that's in the Illinois River as it flows from the Natural State into Oklahoma.

Concerns about phosphorus led the EPA about a decade ago to begin the development of a Total Maximum Daily Load (TMDL) for the Illinois River watershed. That project has taken years longer than originally intended. In recent weeks, the EPA backed off its position that a TMDL is needed. Instead, the federal agency released an Illinois River model and a Lake Tenkiller model that can simulate conditions within the river and lake.

"These tools are great examples of how cooperative federalism works by helping partnering agencies achieve their long-term goals," said EPA Regional Administrator Anne Idsal. "Over the years, we have made great progress by working with states, tribes and local agencies in improving conditions throughout the watershed."

What's clear in Northwest Arkansas is cities, companies and farmers remain interested in further reducing phosphorus in the Illinois River and its tributaries. Far less poultry litter, which contains phosphorus, is being spread of farm fields than in past years. Cities have improved wastewater treatment processes at plants, enabling them to reduce how much phosphorus reaches streams.

"The phosphorus concentrations in the Illinois River have declined greatly since 2002 with all the reductions in effluent phosphorus inputs," said Brian Haggard, director of the Arkansas Water Resources Center at the University of Arkansas. "Phosphorus concentrations during seasonal base flow vary with dilution, and during summer concentrations still hit near 0.1 milligrams per liter. Continued monitoring of water quality is a priority, especially to see the effects of any additional municipal effluent management."





Ted Abernathy of Economic Leadership LLC led focus group discussions as the Northwest Arkansas Council sought broad input on the new strategic plan.

## Stakeholders Seek ‘Bigger Plays’ in Northwest Arkansas Council’s Strategy

A new strategy unveiled by the Northwest Arkansas Council prioritizes diversifying the economy through a renewed commitment to research, supporting entrepreneurs and startups, training and attracting tech talent, and improving the region’s physical and social infrastructure.

The three-year plan was shared with Northwest Arkansas Council members at the organization’s annual meeting held on the University of Arkansas campus in Fayetteville.

Among the new strategy’s highest priorities is for the Council to work with regional businesses, governments and the University of Arkansas to double the amount of research and development expenditures by increasing federal, state and industry-sponsored research.

In the annual State of the Northwest Arkansas Region Report published each fall since 2012, the amount of university research spending is always listed as one of the region’s weaknesses when compared to the University of Texas, the University of Wisconsin and schools in other regions used for comparison.



Todd Jenkins of J.B. Hunt, Jerra Nalley of Leisurlist and Michael Iseman of Startup Junkie joined a focus group, providing opinions to shape aspects of the Northwest Arkansas Council’s strategic plan.

“There’s clearly an opportunity to gain ground when it comes to research expenditures at the University of Arkansas,” said Nelson Peacock, the Northwest Arkansas Council’s president and CEO. “Research commercialization needs to be a cornerstone of diversifying our economy in the future, and we are excited about Chancellor Steinmetz’s vision for expanding these efforts.”

“Northwest Arkansas stacks up extremely well in many areas compared to our peer regions, and it makes sense for the Council to work with many partners to increase research and commercialization.”

There are five areas of work identified in the strategy: Innovation Ecosystem, Talent Development and Attraction, Infrastructure, Economic Development and Regional Stewardship.

Ted Abernathy, an economic consultant who assisted the Council with the new strategy, said every region has organizations with strategies that include a combination of workforce development, economic development, entrepreneurship and innovation, infrastructure, housing and health care.

Many of those areas were identified as important during focus group meetings led by Abernathy over the past several months. The Council also surveyed all of its members as part of building the strategy.

“An overwhelming theme is there’s a thirst to do more than incremental improvement,” Abernathy told the Council’s Executive Committee at its June meeting.

“The region is incrementally improving and better and better, and it’s getting more national recognition, but what we heard is it’s time to make some bigger plays. They said let’s look bigger.”

In addition to the goal of doubling research spending at the university, those “bigger plays” and transformational changes include building a robust culture of innovation and collaboration and expanding talent creation and cultivation.

The plan expresses that the region needs a best-in-class campus for middle-skills job training. It’s possible that Northwest Technical Institute in Springdale can be the best-in-class facility, but significant investments and upgrades are needed.

It also indicates that the Council should work with partners to create a world-class youth leadership institute.

The strategy recommends a study to determine what impact a medical school could have on the region is a worthy pursuit. The potential research and development impact of a medical school could be huge, Abernathy said.

Abernathy also expressed the need for the University of Arkansas to produce more graduates in the areas of engineering and information technology. Many of the Northwest Arkansas Council’s members have expressed the need for far more employees with information technology backgrounds.

The state of Utah, which is similar in population to Arkansas, could provide a useful model. In the early 2000s, Utah leaders decided to increase the number of engineering and science students at state universities. Through public and private sector efforts, Utah tripled its engineering degrees and significantly increased its gross domestic product. Now, Utah is the fastest-growing tech state, and it has the No. 1 economic outlook in the nation.

“If you can’t attract the IT talent, you will lose opportunity,” Abernathy said. “You need people to look at Northwest Arkansas and say ‘That’s an IT powerhouse.’”

The strategy gives special attention to EngageNWA, a portion of the Council’s overall work that focuses on creating an inclusive social and economic environment in Northwest Arkansas. EngageNWA, which was established in 2013, will come out with its own strategic plan later this summer.

Most aspects of previous work areas will continue for the Northwest Arkansas Council, and they are noted in the new strategy. Abernathy refers to the ongoing efforts as the “blocking and tackling work of the Council.”

The Council will remain a leader in the pursuit of funding for highways, in advancing school workforce training programs, in helping out-of-state companies explore expansion possibilities in the region, in working with chambers of commerce on an employer retention and expansion survey, and in improving air service at the Northwest Arkansas Regional Airport.

The Council also will continue work that’s part of Finding NWA. The Finding NWA website contains information about such things as the region’s schools, the outdoors, entertainment, quality-of-life amenities, cities and businesses.

Other attention will go toward branding Northwest Arkansas for national and international audiences, ensuring that people elsewhere become more familiar with its exceptional quality of life amenities.

The new three-year strategy revealed at the Council’s annual meeting comes after what are widely considered successful strategic plans that led to the accomplishment of a range of goals.

Northwest Arkansas far exceeded the success of most peer regions identified in its 2011 strategy that included places such as Huntsville, Ala., and Lexington, Ky. Northwest Arkansas outperformed most of a new group of peer regions selected when a new strategic plan was made public in 2015. The 2015 peers included Austin, Des Moines, Madison, Raleigh, and Durham-Chapel Hill.

“This new plan is a plan to be better and for people to see you as better,” Abernathy said.



April Seggebruch of Movista, Ted Abernathy of Economic Leadership LLC and Matt Waller of the University of Arkansas were among those who shared their ideas about how the Northwest Arkansas Council’s work can provide the best benefit to the region.



# Biggest Companies Dig Deeper into Northwest Arkansas' Soil

Not much in economic development is more reassuring to regional leaders than a company deciding the place where it already does most of its business is the perfect place to expand.

That's happened multiple times in Northwest Arkansas in the past three years as Walmart, Tyson Foods and J.B. Hunt Transport Services each made new commitments to the region where they grew up and become Fortune 500 leaders.

"If a man is known by the company he keeps then a community is known by the companies it keeps," said Andy Levine, chairman of DCI International, an economic development and tourism marketing agency in New York that's worked with the Northwest Arkansas Council in the past. "With Walmart, Tyson Foods and J.B. Hunt all continuing their growth in Northwest Arkansas, it's certainly a positive reflection on how the home team views the region's business climate."

"From our vantage point over 58 years in economic development, the most powerful announcements are the expansions of existing companies rather than new arrivals."

David Swenson, a former Fluor Daniel Corporation site location consultant who is now director of York County Economic Development in South Carolina, said the decisions of companies to expand in their home region speaks to the strength of that region.



J.B. Hunt Transport Services completed the first of two major expansions on its campus in late 2017; Tyson Foods opened a technology hub in downtown Springdale in late 2017; Mark and Todd Simmons of Simmons Foods talked with friends after the June dedication of the company's new chicken processing plant between Gentry and Decatur.



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NORTHWEST  
ARKANSAS.

Mayor Bob McCaslin  
City of Bentonville

"It says your doing something right," Swensen said. "It might be the right type of quality of life elements, the continued growth and sustainability of your core industry, attraction of affordable workers, or the right balance of performance-based incentives.

"All those, and I am sure many more, can indicate the region is doing well against the other areas. I always keep this saying in mind: Incentives don't make a bad site location decision better."

Indeed, the decisions by the "Big Three" of Northwest Arkansas are not rare: Many companies decide it's best to expand or build new headquarters in the regions they know best, but it's a solid economic win any time a homegrown company stays put.

Walmart announced late last year that it'll build a new headquarters east and north of its current location, putting it just a few blocks to the east of the downtown Bentonville Square. That project, expected to take five to seven years to complete, will put thousands of jobs in a new part of the city.

Bentonville Mayor Bob McCaslin called Walmart's announcement "one of the most positive economic statements in Bentonville's and Northwest Arkansas' history."

"This announcement indicates Walmart is confident that it will be able to recruit and retain the highest caliber of national and international talent while remaining in its hometown," McCaslin said. "Three factors that tend to strongly influence relocation are jobs, superior educational opportunities and high quality of life. All three are present in Northwest Arkansas."

The Tyson Foods expansion in downtown Springdale created the company's 56,000-square-foot technology hub, and it opened last year.

J.B. Hunt is on course with its second major expansion in three years. It finished the first expansion — a 144,000-square-foot office building — on its main campus in 2017. The second project is a 133,000-square-foot, four-story training and technology center that's going up about a half-mile to the east of the J.B. Hunt campus.

There are other major commitments from stalwarts of the Northwest Arkansas economy. None were bigger than what came from Simmons Foods, a Siloam Springs company that announced last year that it will build a new \$300 million chicken processing plant between Decatur and Gentry. It's expected to create 1,500 jobs, bringing the total to 2,300 people by 2022. The new operation should be open in 2019.

"Northwest Arkansas is Simmons' home, and we take pride in being part of helping grow this region as we have for almost 70 years," said Todd Simmons, the company's CEO. "We were aggressively courted and offered incentives for us to build our new facility in other states. In the end, we didn't want to remove jobs from the region and made the decision to stay home because it is the right thing to do."

It doesn't always work out so well. Big companies can look for greener pastures.

Minnesota earlier this year lost fertilizer producer Mosaic to Florida. New York metal producer Arconic and California construction firm Bechtel Corporation indicated this year that they'll be moving their headquarters to Virginia, shifting hundreds of jobs.

Meanwhile, Seattle-based Amazon kicked off a search in late 2017, asking regions and cities across the U.S. to compete for the possibility of 50,000 jobs and a second company headquarters being located in their community. The company's request for proposals from cities made clear fee reductions, tax credits and exemptions, relocation grants other incentives would be critical decision drivers in determining where the company should expand.



Arkansas Gov. Asa Hutchinson spoke to community leaders on May 8 as the leaders started the development of the Northwest Arkansas Legislative Agenda.

# Northwest Arkansas Survey Informs Work on Legislative Agenda

The Northwest Arkansas Council and its partners led an effort to update state laws focused on schools' workforce development programs, finding remarkable success that's led to more industry relevant certifications being offered to students.

The state legislative changes, which included eight new or modified workforce-related laws in 2017, were identified as a priority during annual Employer Retention and Expansion (ERE) surveys of hundreds of Northwest Arkansas companies over six years.

The Northwest Arkansas Council and regional leaders this summer are developing a new legislative agenda that'll be shared with state lawmakers this fall. The state General Assembly meets again in January 2019, and one goal is to ensure that state lawmakers know about the priorities of the Northwest Arkansas business community.

"The development of a comprehensive regional legislative agenda is absolutely vital to the continued economic growth of Northwest Arkansas," said Jon Moran, who works for the Rogers/Lowell Area Chamber of Commerce and the Greater Bentonville Area Chamber of Commerce and leads the effort to develop a regional agenda. "As this region grows, so does its influence in the General Assembly. Influencing responsible public policy and developing responsive legislators is the No. 1 goal of the Northwest Arkansas Regional Legislative Agenda."

The successes of the 2017 Legislative Session were significant, said Mike Harvey, the Northwest Arkansas Council's chief operating officer.

"Northwest Arkansas added dozens of programs in our secondary and post-secondary schools," Harvey said. "Hundreds of students are enrolled and are starting to complete the programs, and that's encouraging."

"For years, our region has needed far more people learning certain skills than we have people with those skills. We need more certified nurse assistants, welders, diesel mechanics and just about any skilled trade you want to name. We still need far

## ERE Survey

**Interviews:** Five Northwest Arkansas chambers of commerce interviewed 473 employers in 2017.

**Jobs:** Employers expected to hire 2,498 people over three years.

**Spending:** Employers expected to spend \$747 million on expansions in three years. That's the highest number since \$808 million was reported in 2012.

**Expansion:** 19 percent of employers planned to expand within three years. Between 21 and 30 percent of employers in previous surveys indicated they'd expand.

**Business Climate:** Employers gave high marks to the region's business climate and economic stability.

**Talent:** Recruiting and retaining talent remained top challenges.

**Airfares:** High fares at the Northwest Arkansas Regional Airport and public transportation were top concerns.

more, too, but we're starting to close the gap between the number we need and the number our schools are producing."

The state legislative acts approved in 2017 allowed the state to begin providing scholarships to students in workforce-related training programs at technical and community colleges. Another new law removed seat-time requirements for public school, providing flexibility. It's also now possible to allow multiple school districts to work in partnership to create a regional career center, and that's of high interest to school districts in Northwest Arkansas.

The legislative changes are examples of many successes over the years after information about companies' needs and challenges was identified during the annual ERE visits by representatives of chambers of commerce in Bentonville, Fayetteville, Rogers-Lowell, Siloam Springs and Springdale. The face-to-face conversations with companies provide solid data about what's impacting businesses across the region, their growth plans and the challenges they face.

The 2017 survey showed the workforce-development programs at schools are starting to make an impact as PRIME employers said they've had less difficulty finding skilled labor. The survey two years earlier showed 69 percent of PRIME employers had difficulty filling jobs. That figure decreased to 54 percent in 2016, and was 46 percent last year. PRIME employers include the largest employers such as manufacturers, hospitals and corporate headquarters.

"When you look at the three-year trend, fewer companies are having difficulty recruiting the people they need to be successful, and that's encouraging," Harvey said.

It's probable that workforce development programs at Northwest Technical Institute and Northwest Arkansas Community College have started to create positive impact by providing employers with the workers needed to be successful. School districts in Benton and Washington counties, meanwhile, are building or expanding career education programs that provide students with certifications in such things as health care occupations, forklift operation, information technology, digital photography, machine tooling, childcare, logistics, construction, diesel technology and welding.

Charles Cudney, who is the director of the Northwest Arkansas Education Service Cooperative, said the high schools have done fantastic jobs expanding their career education programs.

"The partnerships formed with local business and industry has been a major factor in the success of many Career and Technical Education programs across our region," Cudney said. "Since financial support from the state for high school CTE programs has not increased in over a decade, the support received from business partners has been critical."

There remain challenges for CTE particularly in the most rural school districts. While businesses across the region have stepped up to provide internships, apprenticeships and employment to high school students, the rural school districts would benefit from more partnerships with businesses, Cudney said.

"Real world experience is a win for all involved," he said. "The growth in number and quality of CTE programs in Northwest Arkansas high schools is truly a great good news education story."

## Legislative Wins

Responses received from companies that participated in the hundreds of Employer Retention and Expansion (ERE) surveys completed since 2012 helped the Northwest Arkansas Council and its partners as they created an agenda prior to the 2017 Legislative Session. A few of the legislative wins from the 2017 session are listed below.

**Funding Formula:** Act 148 required the Arkansas Higher Education Coordinating Board to adopt a productivity-focused funding model for higher education institutions. Schools will receive funding based on students' progress toward degrees rather than the number of students in classrooms.

**Flexibility:** Act 554 gave secondary career education programs more flexibility. It allows schools to create end-of-program assessments to replace end-of-course assessments.

**Subject Matter Expertise:** Act 872 allowed schools to develop plans so students can earn course credit after they show competency in a subject area.

**Seat Time:** Schools are now able to accelerate learning through passage of Act 876. It's intended to focus on what students actually learn rather than keep track of how much time students spend learning a skill.

**Working Together:** Act 509 allows school districts to share facilities focused on career education. It would be possible for several school districts to jointly pay for a school focused on health professions, welding or another number of other subject areas.

**Lottery Scholarships:** Students in career education programs become eligible to access up to \$12 million in excess funds created by the Arkansas lottery thanks to Act 613.

**High-Demand Occupations:** Act 316 created Arkansas Future grants, a new grant program that provides funding to students who are pursuing associate's degrees or certifications in high-demand occupations.

## Online Resources

The Northwest Arkansas Council maintains websites that are intended to share information about the region.

**NWACOUNCIL.ORG:** The website includes a blog with economic and quality of life news as well as links to reports published by the Northwest Arkansas Council and key partners.

**FINDINGNWA.COM:** The website is an excellent gateway for people interested in relocating to Northwest Arkansas. There's information about cities, schools, businesses, entertainment, the outdoors and job opportunities.

**NORTHWESTARKANSAS.INFO:** Companies interested in expanding to Northwest Arkansas know what it's like to do business in the region through the website. There's rich demographic data as well as information about the Northwest Arkansas economy and cost of doing business in the area.

**ENGAGENWA.ORG:** EngageNWA takes a systematic, collaborative approach to harnessing the talent and energy of those who choose to make Northwest Arkansas home to ensure it remains one of the nation's best places to live and work. One goal is to broaden inclusion and engagement.



# Greater Northwest Arkansas Development Strategy

## Regional Progress, 2015 - 2018

### POPULATION

Metropolitan Area

2015 - 493,095

2018 - 537,463

**8.9% INCREASE vs.**

**2.9% US**

**1.5% AR**

(US Census Bureau)

### UNEMPLOYMENT

Civilian Workforce

JANUARY 2015 - 4.2%

APRIL 2018 - 2.7%

**55% DECREASE vs.**

**55% US**

**54% AR**

(US Bureau of Labor Statistics)

### EMPLOYMENT

Non-farm Payrolls

2015 - 231,690

2018 - 253,092

**9.2% INCREASE vs.**

**4.7% US**

**3.0% AR**

(US Bureau of Labor Statistics)

### WAGES

Average Annual Wage

2015 - \$45,971

2018 - \$49,818

**8.4% INCREASE vs.**

**5.1% US**

**5.6% AR**

(US Bureau of Labor Statistics)

### XNA ENPLANEMENTS

Boarding Data

2015 - 649,741

2017 - 725,284

**11.6% INCREASE**

(NW Arkansas Regional Airport)

### EDUCATION

Bachelor's Degree or Higher

2015 - 27.9%

2018 - 31.1%

**31.8% US**

**22.7% AR**

(US Census Bureau, ACS)

# Leadership



**Presiding Co-Chair (2017-2018)**  
**Joseph E. Steinmetz**

**Joseph E. Steinmetz**, who became the chancellor at the University of Arkansas in January 2016, served one year as the presiding co-chair of the Northwest Arkansas Council. The new presiding co-chair is **Nick Hobbs**, president of dedicated contract services for J.B. Hunt Transport Services. Hobbs has worked at J.B. Hunt for more than 30 years.



**Presiding Co-Chair (2018-2019)**  
**Nick Hobbs (Secretary/Treasurer)**

## **Executive Committee**

**Co-Chair: Todd Simmons**

**Co-Chair: Tom Hayes**

**Co-Chair: Karen Roberts**

**Co-Chair: Jim Walton**

**Chair Emeritus: Alice Walton**

**Nominating Committee Representative: Carl George**

**Nominating Committee Representative: Marshall Saviers**

**Nominating Committee Representative: Scott Spradley**

**Co-Chair Appointee: Stacy Leeds**

**Co-Chair Appointee: April Seggebruch**

**Chambers of Commerce Representative: Perry Webb**

## **Staff**

**President and CEO: Nelson Peacock**

**Chief Operating Officer: Mike Harvey**

**Communications and Policy Director: Rob Smith**

**Program Manager: Stacey Sturner**

**Office Manager: Kathryn Hunt**

# Current Members

**Jay Allen**, Jay Allen Communications  
**Ramsay Ball**, Colliers International  
**Dick Barclay**, Beall Barclay  
**Susan Barrett**, Mercy Northwest Arkansas, retired  
**Rick Barrows**, Multi-Craft Contractors, Inc.  
**Neff Basore**, Cooper Communities, Inc.  
**Fadil Bayyari**, Bayyari Properties and Construction  
**Steven Beam**, Burns & McDonnell  
**Rod Bigelow**, Crystal Bridges Museum of American Art  
**Clete Brewer**, NewRoad Capital Partners  
**Tim Broughton**, McKee Foods  
**John Brown, III**, Windgate Foundation  
**Raymond Burns**, Rogers/Lowell Area Chamber of Commerce  
**Wayne Callahan**, Delta Dental of Arkansas  
**Ed Choate**, Delta Dental of Arkansas  
**Aaron Clark**, The Stephens Group  
**Sarah Clark**, Mitchell  
**Steve Clark**, Fayetteville Chamber of Commerce  
**Ed Clifford**, The Jones Trust  
**Graham Cobb**, Greater Bentonville Area Chamber of Commerce  
**Justin Cole**, Rich Baseball Operations  
**Sarah Collins**, Roberts Law Firm  
**John Cooper, III**, Cooper Communities, Inc.  
**Matt Crafton**, Crafton Tull  
**Rich Davis**, Black Hills Energy  
**Tommy Deweese**, AEP/SWEPCO, retired  
**Marcy Doderer**, Arkansas Children's Hospital  
**Mike Dodge**, Carroll Electric Cooperative  
**Lee DuChanois**, C-Synergy, LLC  
**John Elrod**, Conner and Winters  
**David Erstine**, CBRE | Brokerage Services  
**Paul Esterer**, Moses Tucker Partners  
**Greg Fogle**, Nabholz Construction of NW Arkansas  
**Cathy Foraker**, AT&T  
**Alan Fortenberry**, Beaver Water District  
**Ed Fryar**, Ozark Mountain Poultry  
**Troy Galloway**, Arkansas National Guard  
**Carl George**, Georges, Inc.  
**Charles George**, Georges, Inc.  
**Darin Gray**, Cranford Johnson Robinson and Woods  
**Stan Green**, Clear Energy Services / Lindsey Green Properties  
**Mary Ann Greenwood**, Greenwood Gearhart  
**D. Scott Hancock**, Centennial Bank  
**Tom Hayes**, Tyson Foods  
**Gary Head**, Signature Bank of Arkansas  
**Dan Hendrix**, Arkansas World Trade Center  
**Jessica Hendrix**, Saatchi & Saatchi X  
**Nick Hobbs**, J.B. Hunt Transport Services  
**Tom Hopper**, individual member  
**Brock Hoskins**, Garver  
**Dennis Hunt**, Stephens, Inc.  
**Walter Hussman**, WEHCO Media, Inc.  
**Mitchell Johnson**, Ozarks Electric Cooperative  
**Robert Jones III**, Conner and Winters

**Evelyn Jorgenson**, Northwest Arkansas Community College  
**James Keenan**, The Raven Foundation  
**Bob King**, Bank of Fayetteville  
**Jeff Koenig**, individual member  
**Peter Lane**, Walton Arts Center  
**Randy Laney**, Empire District Electric Company  
**Randy Lawson**, Lawco Exploration  
**Brandon LeFevre**, APAC-Central, Inc.  
**Todd Lewis**, Conner & Winters  
**Jim Lindsey**, Lindsey Management  
**J.D. Lowery**, Electric Cooperatives of Arkansas  
**Bill Mathews**, McDonald's of Northwest Arkansas  
**David Matthews**, Matthews, Campbell, Rhodes, McClure & Thompson  
**Wayne Mays**, Siloam Springs Chamber of Commerce  
**Warren McDonald**, Arkansas BlueCross BlueShield  
**Pearl McElfish**, UAMS-Northwest  
**Tim McFarland**, Elevate Performance  
**Jeff Milford**, AEP/SWEPCO  
**Mike Moss**, Moss Insurance Group  
**Denten Park**, Northwest Health  
**Becky Paneitz**, Inseitz Group  
**Neal Pendergraft**, Donald W. Reynolds Foundation  
**Kyle Peterson**, Walton Family Foundation  
**Gene Pharr**, Arkansas Farm Bureau  
**Eric Pianalto**, Mercy Northwest Arkansas  
**Chip Pollard**, John Brown University  
**John Rausch**, Raush Coleman Homes  
**Karen Roberts**, Walmart  
**Adam Rutledge**, First Security Bank  
**Reynie Rutledge**, First Security Bank  
**Nick Santoleri**, Rockline Industries  
**Marshall Saviers**, Sage Partners  
**Archie Schaffer III**, Tyson Foods  
**Charles Scharlau**, Southwestern Energy  
**Anita Scism**, Endeavor Foundation  
**April Seggebruch**, Movista  
**Larry Shackelford**, Washington Regional Medical System  
**Mindy Sherwood**, Procter & Gamble  
**Mark Simmons**, Simmons Foods  
**Todd Simmons**, Simmons Foods  
**Cameron Smith**, Cameron Smith & Associates  
**Jim Smith**, Smith | Hurst  
**Scott Spradley**, Tyson Foods  
**Steve Stafford**, Anstaff Bank  
**Joseph E. Steinmetz**, University of Arkansas  
**Philip Taldo**, Weichert Realtors  
**Kirk Thompson**, J.B. Hunt Transport Services  
**Walter Turnbow**, Beaver Water District, retired  
**John Tyson**, Tyson Foods  
**Jerry Vest**, Regions Bank  
**Don Walker**, Arvest Bank Group  
**Matt Waller**, University of Arkansas  
**Jim Walton**, Arvest Bank Group  
**Alice Walton**, Crystal Bridges Museum of American Art  
**Rob Walton**, Walmart  
**Perry Webb**, Springdale Chamber of Commerce  
**Randy Zook**, Arkansas State Chamber of Commerce



# NORTHWEST ARKANSAS

**NO. 5 BEST PLACES TO LIVE**  
U.S. News & World Report

**NO. 5 FASTEST-GROWING ECONOMY THROUGH 2021**  
U.S. Conference of Mayors

**NO. 2 BEST MIDSIZE CITIES FOR JOBS**  
Forbes