Bentonville, AR:
Planning for Economic and Fiscal Health
Report and Suggested Next Steps
Building Blocks for Sustainable Communities Program

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Introduction

Pursuant to our technical assistance award with Bentonville, this Memorandum constitutes Smart Growth America’s final report summarizing the workshop on Planning for Fiscal and Economic Health and suggesting possible next steps the city could take to craft a vision for Bentonville’s future development.

Representatives from Smart Growth America (SGA) met with municipal leaders and residents on April 1 and 2, 2015 to provide assistance under the Planning for Fiscal and Economic Health tool, supported by a grant from the U.S. EPA’s Building Blocks for Sustainable Communities program.

The first day of the workshop featured a presentation open to the public that provided an overview of the fiscal and economic impacts of different development patterns, focusing the fact that some development patterns do a better job of supporting community economic development goals and can be served more efficiently by local government.

The second day of the workshop brought together an invited group of over 40 stakeholders. The group included diverse representatives from the city, nonprofit and private sector. The mayor and several city council members attended. Leadership from the following city departments and agencies also attended:

- Planning Commission
- Board of Adjustment
- Community and Economic Development Department
- Engineering Department
- Public Works
- Water Department
Other key stakeholders with leadership in attendance included:

- Bentonville/Bella Vista Chamber of Commerce
- Visit Bentonville
- Downtown Bentonville, Inc.
- Northwest Arkansas Council
- Bentonville Public Schools
- Local business community
- Local real estate developers
- Walton Family Foundation
- Northwest Arkansas Entrepreneurial Ecosystem Task Force
- Walmart

The invited group viewed additional presentations and also participated in facilitated brainstorming sessions to more deeply identify challenges and opportunities associated with encouraging the development and redevelopment of key sites in the city.

Through the two-day program, city leadership was able to engage community stakeholders around the ways in which development patterns, design and strategic infrastructure investments can make Bentonville more competitive and reduce taxpayer burdens. The intent of the workshop was neither for Smart Growth America to create a plan nor bind the community to any particular course of action, but to assist community efforts to create a more vibrant, successful region, consistent with the goals of their adopted plans.

**Need for assistance**

Bentonville applied for assistance from SGA to explore how smart growth strategies could help them achieve synergies in planning for anticipated residential growth and encouraging economic development. Having just completed Bentonville Blueprint, the city’s first strategic economic development plan, and with its population of just over 40,000 growing by about 1,000 per year, City leaders see the community at a pivotal point in its growth and planning for its future. In particular, City leadership was interested in engaging stakeholders in a focused evaluation of three areas as expressed on the staff’s planning worksheet:

- **Southwest and Hwy 12 Corridor:** “This area lacks character and a sense of place as well as limited retail and restaurants to serve its residents. The roadway expansion currently in design only fosters these current sprawling patterns.”

- **Older Neighborhoods (Bland Valley/Crystal Heights):** “Subdivisions are shifting to a majority of rental property, which is resulting in a lack of property maintenance and upkeep. What can be done in these aging neighborhoods to maintain them as viable housing options in safe, affordable neighborhoods?”

- **N. Walton Blvd.:** “We adopted a corridor enhancement plan in 2013 and have just established a loan consortium for new and redevelopment projects. We need more property owners on-board with the re-invention of North Walton. Also, we want to learn from past mistakes to avoid this occurring along South Walton in 20 years.”
The built environment and fiscal and economic health

Communities around the nation are always concerned about their fiscal and economic health. By fiscal health, we mean a local government’s bottom line: Does the life-cycle cost of new development—upfront infrastructure, ongoing service provision and eventual repair and maintenance—cost more than it brings in tax revenue? By economic health, we mean the general economic well-being of the community: How does new growth and development add to or detract from the creation of delivery of services, economic competitiveness, fiscal efficiency and sustainability, jobs, jobs access, retail sales, and wealth?

In approaching these questions in Bentonville, as in any part of the country today, it is important to bear three trends in mind:

Our nation’s demographics are changing in a way that is profoundly affecting the housing market.

Demographic trends are moving the housing market strongly away from conventional suburban housing. The two biggest demographic groups in the nation – retiring Baby Boomers and so-called Millennials (18-30-year-olds) are both expressing a strong preference for a more walkable, urban/village lifestyle, as we found in Bentonville. Indeed, a growing percentage of Millennials prefer to live without cars altogether or to live a “car-lite” lifestyle. The vast majority of net new households being formed have no children at home, and most of them are one and two-person households – which are much more likely to prefer a walking lifestyle. Furthermore, the number of vehicle miles traveled (VMT) has fallen below population growth, while the demand for public transportation has been rising steadily. These trends are a complete departure from those experienced for decades in the 20th century.

The formula for economic growth is changing.

Business growth used to be driven by large corporations that operated in a fashion that was both private and linear. In the past, new research breakthroughs occurred in sealed research laboratories controlled by the companies. Manufacturing and other business processes occurred in assembly-line situations. These conditions led to communities that featured large, sealed-off campuses and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities – private companies, research institutions, universities, and others – that must interact frequently and work together creatively. This trend requires cities and communities that encourage interaction and collaboration – the opposite of the older model just described. How communities are designed directly impacts their ability to create interactive and collaborative environments.

Most significantly, the “Knowledge Economy” depends heavily on skilled workers. The companies that are driving innovation are pursuing highly educated talent, especially among the ‘Millennial’ generation. Increasingly, companies find it necessary to locate in places that the workforce wants to live in; and this means walkable communities.

Similarly, the market for retail is changing. The suburban shopping malls and “power centers” that thrived for decades are struggling as a result of oversupply, and a shift in preferences. With online
buying playing a bigger role for consumers (especially for bargain hunters), many are looking for a more “authentic” experience when they shop in person. This is bringing new value to traditional walkable Main Streets.

**Suburban development patterns are making it more difficult for local governments to balance their budgets.**

Suburban development patterns require extensive investments in capital infrastructure and ongoing service delivery. Low-density development requires more infrastructure to serve fewer people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both life-cycle infrastructure costs and operating costs.

A 2013 study by Smart Growth America, *Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development*, concluded that, compared to conventional suburban development, smart growth patterns can save up to one-third in upfront infrastructure cost and 10% annually in ongoing operating expenses. Smart growth development patterns can generate approximately 10 times more revenue on a per-acre basis.

Not all of these trends will be completely relevant in every situation. But it is important to bear all three in mind in considering the fiscal and economic health of any community.

**Participant viewpoints**

The concepts described above were elaborated upon in the presentation portion of the workshop, which was followed by a general discussion session among all participants. For this discussion, the point of departure was the following workshop objective (as expressed by city staff on the planning worksheet):

*To help local leaders and community members build excitement around a comprehensive plan of how Bentonville can manage residential growth and economic development growth in such a way that our strategies for these two growth issues complement one another.*

**Discussion of issues and possible action plans**

Participants engaged in a robust dialogue and offered their thoughts on opportunities and obstacles that may impede progress in the region. Discussion occurred first in plenary, followed by small-group brainstorming. For the small-group work there were 6 groups, with 2 focused on each of the 3 target areas:

- Highway 12/112
- Southeast Downtown
- North Walton

Each group was asked to address the challenges related to the particular area, identify opportunities presented by the area, and to propose ideas for potential solutions. The results as reported in the subsequent plenary discussion are summarized below.
Hwy 12 / 112

Challenges
- Lack of connectivity
- Traffic
- No sense of place

Opportunities
- A blank slate
- Community Center

Solutions
1. Provide family-friendly things to do
   - Theater / drive-in
   - Restaurants
   - Retail
   - Farmers market (already planned for Community Center)
2. Improve connectivity
   - Add greenspace / parks
   - Add trails – spokes from community center and a trunk line following Trib 2 of Osage Creek
     – spend more time on park and trail planning in this area
   - Offer a variety of transportation options to downtown
3. Create a sense of place
   - Adopt architectural guideline/design standards; overlay district; sustainable and timeless
   - Needs to have places to go – a destination
   - Create an identity instead of strictly residential
   - Improve aesthetics and landscaping
   - Community Center is a great opportunity to serve as a destination – create an activity node here – master plan the 80 acres around it and follow with other nodes
   - Needs visioning to creatively address community needs
   - Identify best uses for the Benton County Fairgrounds to serve as an activity node. Align it with the regional food assessment.
   - Reposition the industrial park, which could be another activity node - assess its current use, study the needs and develop a plan
   - Walmart Distribution Center could also be an activity node
4. Improve traffic congestion, especially 12 to Rainbow Curve and I49
   - Complete road improvements
   - Decrease speeds
   - Complete streets

SE Downtown

Challenges
- Flat geography
- Old infrastructure
• No one from the public shows up for discussions unless there is an issue
• Lack of visibility to some investor intentions, leads to speculation
• Circulation, connectivity (physically and visually)
• Availability of buildings in arts district
• Parking
• Infrastructure – utility and drainage costs – who pays?
• Limited night life...restaurants close early
• Increasing housing prices
• Availability of hospitality and service workforce is limited

**Opportunities**

• Market and art districts
• Mixed use formats
• Improve walking and access
• Large (benevolent) land owner
• Residential mixed use is existing
• Proximity to square
• Access from 8th street

**Solutions**

1. Establish anchors
   • Enables infrastructure to “build back” the right way
   • Create demand via supply (Crystal Bridges, Home Office, etc.) to strategically take pressure off other areas.

2. Zoning to create a context
   • Use it to set guardrails
   • Need to address red tape, age, geographic constraints
   • Leverage 8th street as a starting place
   • Flexibility in policies and ordinances
   • Special district policies and ordinances

3. Investment with a purpose
   • Need to gain visibility to that purpose
   • Public/private partnerships
   • Enable to be proactive
   • Update infrastructure
   • Parking district – bike rack vs parking space trade out

4. Trolley

5. Improvement district/bonds/incentives or public/private partnerships

**N Walton**

**Challenges**

• Traffic congestion
• High speeds
• Power lines
• Poor access management
• No connection to downtown
• Center turn lane
• Road is a state highway
• Parcel sizes and being able to assemble enough property to develop/redevelop
• Zoning issues
• Walton creates a barrier
• Just a place to drive through, not go to
• There’s no story
• Transportation driven
• No anchor
• Requires private investment
• Reinvestment has been haphazard
• Impact of new interchange

Opportunities
• Bike trails
• Dog park
• Large employee base
• Proximity to downtown
• Restaurant and retail properties that are currently vacant
• Housing redevelopment
• Decision Point

Solutions
• Mass transit to help traffic
• Commuter bike incentives
• N. Walton Improvement Fund
• Bike lanes on outside lanes of Walton Blvd with spurs to downtown
• Gateway feature at north end
• Make Walton Boulevard a true “boulevard”
• Add amenities on the north end that compliments the trails and dog park – coffee shops, bike shops, pet supplies, etc.
• Programming of events
• Improve the intersections at Tiger and at 5th Street (Design is currently underway)
• Create incentives – consider removing/reducing impact fees
• Reconfigure the lanes
• Install a sidewalk on the east side
• Market the bank loan consortium to property owners
• Extend 5th Street and create an activity node
• Improve 12th Street in response to limited visibility on the eastbound slope of the Walton intersection

Additional General Comments:
• For small infill projects, regulations require an engineer to design a large scale development, making some of the projects infeasible.
• Work towards becoming a better Bicycle Friendly Community
Recommendations

In planning for future growth and development, Bentonville benefits from many inherent strengths: A vibrant local economy with solid anchors; a supportive philanthropic community; strong municipal leadership with experienced staff; etc. Leadership understands the strategic need to attract and retain talented young professionals in the new knowledge-based economy of the 21st century, and the importance of placemaking efforts to that end.

The City has already had tangible success in urban placemaking, with the rejuvenated commercial district centered on the restored Bentonville City Square. Building upon, and leveraging, that success is key to long-term prosperity for the entire City.

This means continuing to leverage cultural and other amenities, promoting adaptive-reuse of legacy buildings, encouraging more new mix-use projects like Midtown Center, and linking up activity centers by reducing the number of empty lots and surface parking and progressing pedestrian- and bike-friendly infrastructure throughout the zone. In other words, keep doing the good things that are already working.

It also means not allowing the impact of new development to be diluted by sporadic, reactive public and private investment in disparate locations. This is the more difficult question: Will new growth be channeled into more developments that amplify the walkable downtown that has been germinating, creating linkages with neighborhoods in and around and adjacent to the revitalized center? Or, will much of it be siphoned off into new greenfield sites, or extensions of existing automobile-only locations?

Specific recommendations

Build on the strengths of downtown.

As already noted, building on the success already achieved, and leveraging what has been created, is the way to realize the highest return. Policies should be based on a recognition that downtown Bentonville is the linchpin of future economic success for surrounding sectors and neighborhoods.

Take further steps toward a revitalized downtown. The establishment of a vibrant, prosperous downtown is a long-term proposition, involving both public and private investment. Bentonville already has implemented some good examples of Best Practices in street design, notably in instituting sharrows. Continuing to deploy the “Complete Streets” concept throughout the focus areas (ensuring quality sidewalks, safe crossings, amenities like street trees and lighting, minimal curb cuts for traffic, provisions for bicycles, etc.) will be a key to realizing walkable real estate premiums. Funding should be sought for improvements consistent with Complete Streets principles through existing formula and competitive grant programs.

Promote active uses along the sidewalk. To the extent possible, policy should promote genuine retail uses in spaces with street frontage in walkable areas. Office uses are fine in downtown, but they support the effort best when they located on second stories and less-traveled side streets.
Having too many storefronts occupied by uses that project blank walls or shuttered windows to the street and have limited pedestrian entry and exit saps the vibrancy of downtown.

*Establish on-going place management.* Great placemaking isn’t just a matter of capital investment; keeping them great requires regular, hands-on management. Someone, or some entity, needs to care about them 365 days a year. Bentonville already has established a good partnership among government, business, landowners, and citizens. It may be worthwhile to consider whether new partnership institutions should be established (or enhancement of those that may exist) that would institutionalize that relationship, and provide place management services. Such designation could be for downtown, or for each of several identified focus areas. An existing organization might perform some or all of these functions, or a new could be created. There isn’t necessarily one perfect approach; the important thing is to agree on specific functions, and get them assigned, so that there will be "ownership."

A place management organization of some kind (in some cases a business association, in some a government agency, in others a non-profit corporation) can serve multiple functions that are critical to the on-going success of downtowns and other mixed-use centers. These include: vigilance over regular cleanliness, maintenance, and safety issues within the district; staging and promoting events and programming public spaces; providing advocacy within the larger community; and being a vehicle to maintain an on-going dialogue among stakeholders.

A range of organizational types are found in communities around the US, from small downtown revitalization organizations run as non-profits (typically with some kind of joint sponsorship by government and the business community), to business improvement districts (BIDs) that have access to dedicated revenue sources (which may be derived from local taxes, such as a property tax add-on, approved by property owners within the district). Such groups help to bring focus to a downtown or main street district, ensure that its needs receive consistent attention, and help to provide a sense of identity for the target area.

*Expand the use of events.* One of the benefits of a designated place manager is the capacity to leverage events as part of a larger strategy for branding and energizing a downtown. Of course, Bentonville has many events that attract people each year. Coordinated, promoted, and packaged, a continuous calendar of public events can contribute to an identity for the community, and help to support larger economic development goals. In partnership with local businesses, they can help to boost sales. This includes sponsoring a broad range of activities, like weekend festivals, lunchtime concerts, evening open-air movies, farmers’ markets, “first Fridays”, etc.)

*Focus your effort.*

A key to maximizing the long-term benefits (economic, fiscal, and quality-of-life) of development is ensuring that there is sufficient ‘critical mass’ to generate synergies among them. As is true for most communities, there are many possible opportunities for future development in Bentonville – perhaps, too many. It is often a challenge not to dilute the impact of new development by having them spread too far and wide. A common mistake made by many communities is to pursue economic development in too many places at once. Even in the best of circumstances, the pace of economic growth is limited. If growth is accommodated equally everywhere, the result is likely to be that no place is able to achieve the thresholds necessary for high-value walkable urbanism.
Work to make one-to-three small areas successful in the near-term. This generally means target areas of not more than 25-75 acres. These can be seen as extensions of downtown, or satellite areas that can be connected together. In general the more closely they are connected to existing walkable activity centers, the higher the return in terms of enhanced economic performance and concomitant municipal revenues.

Having identified the target areas, create a program that brings all tools to bear to make it a near-term success, and start working on its implementation. Policy should be aimed toward a significant, coordinated, and concerted effort to making at least one work. This should, for example, guide the utilization of any funds set aside for economic development incentives.

**Base your plans for implementation on the best information.**

Three types of analysis may be valuable in the near term:

- **Conduct an inventory of vacant or underutilized parcels for the downtown area (and any sector intended to develop in a walkable format).** This can mean plots that are literally vacant, but it should also include all surface parking, and any sites that are clearly functioning below ‘highest-and-best use’ levels for an urban setting (such as single-story drive-through buildings). An analysis of County Assessor’s data about land values and improvement values is one way to identify financially underperforming uses. Land that is worth more than the improvements upon it is often seen as a redevelopment opportunity.

- Many cities of comparable size have substantial stocks of unused and underused real estate. (For example, in the City of Macon, Georgia, vacant parcels just in the downtown were identified amounting to 207 acres, or more than 9 million ft². This obviously represents a tremendous amount of development potential.) These can be prime targets for synergy-generating development. On the other hand, while vacant they can be a drag on economic momentum (even a source of blight). Knowing what you have is an important first step.

- **Commission a fiscal analysis.** Consider commissioning a fiscal study to analyze the relative contribution to revenues of different areas of the city in order to better inform policy and investment decisions. An analysis of this type will often reveal tremendous disparities in “return on investment” of tax dollars. Specifically, it will be of interest (and possibly surprising) to examine the relative fiscal performance of real estate in the downtown area. At the same time, applying a properly specified fiscal model in a scenario-planning exercise can help to gauge the relative impact on municipal costs of different development patterns, providing insight into budget savings that may be realized by encouraging more compact development.

- **Undertake an assessment of market potential.** Given a realistic scenario for economic growth in the region over the next few decades, assess how much annual growth (in terms of gross square footage) the Bentonville market is likely to be able to absorb. Compare that to the gross development provided for in approved plans. This will provide insight into the plausibility of development plans.

**Make it easy.**

Look for ways to make it easier for businesses and developers to do what you want done. Simplify the process for desired outcomes. Consider changes to administrative processes, local
development codes, and related ordinances. Explore process re-engineering for things like permit-approval.

In many localities, the process for permitting can be difficult, time-consuming, and unnecessarily costly, raising the cost for development that the city desires. Opening a dialogue with affected stakeholders may reveal areas where improvement can be made that maintain the city’s obligation to protect health and safety (that is, the reasons for having permit requirements in the first place), while easing compliance for developers.

Existing zoning codes often force development into suburban, car-oriented patterns, rather than the walkable environment needed for an attractive town center. Inappropriate setback and parking requirements are typically major problems. They can sometimes be relaxed through site-specific granting of exceptions, conditional use processes, and so on, but this can be cumbersome and discourage applications from developers. One option increasingly used in communities around the country is the substitution, or overlay, of a form-based code. This lets citizens, landowners and developers know what is expected, and it simplifies the approval process for everyone.

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“Why urban demographers are right about the trend toward downtowns and walkable suburbs,” Kaid Benfield, bettercities.net, February 28, 2014.


“What to Do with Empty Big Box Stores,” Sarah Schindler, sustainablecitynetwork.com, February 12, 2014.


The full report can be downloaded at, http://www.smartgrowthamerica.org/building-better-budgets.