A HEALTHY CONWAY

A STUDY COMMISSIONED BY THE MAYOR AND CITY COUNCIL OF CONWAY, ARKANSAS

JULY 2017

THE HEALTHY CONWAY COMMITTEE

On May 24, 2016 the Conway City Council directed the formation of a temporary steering committee charged with identifying key performance indicators necessary for "A Healthy Conway."

This volunteer committee includes the following individuals who have longstanding experience in community service, public policy making, and work with organizations that directly contribute to city operations.

Woody Cummins
Former member of the Conway City Council, Deputy Director of the Arkansas Department of Education, financial consultant, and community banker.

Frank Moix
Former member of the Conway City Council, and local businessman for 40 years.

Ray Simon
Former Superintendent of Conway Public Schools, Director of the Arkansas Department of Education, Deputy Secretary of the United States Department of Education, member of the Conway Planning Commission, and local bank board member.

Linda Tyler
Former member of the Arkansas House of Representatives, retired from Acxiom Corporation, and current Director of Human Resources for TargetSmart Communications, business owner; holds a Master's Degree in Community and Economic Development.

Artee Williams
Former Director of Workforce Arkansas, and current minister of Pleasant Branch Baptist Church.

No public funds were expended for the research, writing, or publishing of this document.
The committee would like to thank Centennial Bank, First Security Bank and Simmons Bank for their support covering the cost for the design of the online and printed copies of the report, which can be found on the city's website www.cityofconway.org

EXECUTIVE SUMMARY

Conway is healthy and thriving. It has remained so for over a century, still a well-balanced community boasting of excellent schools, a low crime rate, extensive parks and recreational facilities, top-notch medical care and emergency services, and a community-owned utility provider – all with a cost of living below many of our peer cities. Certain trends identified in this study suggest, however, that we may be in danger of losing that balance.

Conway Public Schools has seen the poverty level of its student body, as measured by the number of students eligible for free and reduced price meals, increase from 35 to 50 percent from school years 2005-06 through 2014-15. This has caused a re-evaluation of its management of resources to adequately meet the unique academic challenges exhibited by children of poverty.

If poverty levels continue to increase, a decade from now the district could well find itself on the precipice of high-poverty status and requiring significantly more resources just to avoid slipping into unacceptable levels of academic achievement.

The Conway housing industry has experienced a significant decline in the construction of single-family residences, with those being built trending larger and more expensive. At the same time, the percentage of investor-owned properties classified as duplex and multi-family has increased to over 60 percent of housing activity. The demand for single-family homes available for purchase by a typical middle class family seeking to live here far exceeds the supply. The choices for these families are to rent or move elsewhere.

The consensus of several individuals knowledgeable in this arena is that the cost of development and regulations necessary for home construction are the primary reasons why affordable houses for middle class families are not being built. While there are many reasonable ideas and opinions for reducing such costs, no consensus solutions have been reached.

The area has seen an approximate 6 percent increase in the number of jobs locating here from 2010 to 2016, with the largest growth attributed to the restaurant and retail sales sectors, generally classified as low-wage occupations. Middle- and high-skilled technical jobs, which typically offer family-sustaining wages and a foothold into the middle class, are projected to be the fastest growing skill groups in Arkansas through 2022.

The underemployed in Conway – those persons with talents that could be directed to higher-paying skilled jobs – likely are not aware of what or where those jobs are and what training requirements for such positions exist. The challenge is to create opportunities for low-wage earners to become trained in skilled professions that pay middle- and high-wage salaries, helping to ensure family-sustaining wages which can be directed toward a higher quality of life.

For the past few years Conway has invested in several projects that focus on quality of life, expansion of shopping opportunities, and new street construction. Acquiring them was achieved through additional bond issues and with the use of shorter-term financing, creating additional debt obligations. A significant challenge now lies in finding sufficient funding for ongoing operations. Primary among them is street overlay and maintenance, which alone is expected to need an estimated $5 million annually. Other areas of concern include funding for employee pensions and competitive salaries for qualified and skilled personnel to staff city departments.

One particular sentiment that was echoed by a number of individuals interviewed for this project was, "We must manage the growth, or the growth will manage us."

INTRODUCTION

The Conway community is healthy and thriving. Recent media reports reflect favorably on our growth and expansion, citing the increase in retail businesses as well as a new traffic corridor nearing completion to the north of the city. We have a new airport, new hospital, new car dealerships, and a number of nationally-franchised retail stores locating within the developing Lewis Crossing shopping center at Interstate 40 and Dave Ward Drive. Toad Suck Daze, the second largest community festival in Arkansas, arrives each May.

If visitors find themselves on a driving tour of the community or visiting our annual festival, chances are they will think Conway is a healthy community too. With welcome signs at the city limits announcing Conway as "The City of Colleges," one quickly gets the hint education is important here and that jobs and commerce are valued as well. An approach from the south reveals industrial buildings, the construction of a new overpass, and new retail centers. A route down Oak, Caldwell, and Prince Streets leads through an energetic downtown and the Asa P. Robinson Historic District, past a new high school complex, and a several mile stretch of attractive businesses and homes. A turn to the north on Hogan Lane finds numerous apartments and one of the city's four golf courses.

Conway's educational institutions, both public and private, have often been cited as the main engines for the healthy growth Conway has enjoyed for the past 50 years. Conway Public Schools, historically recognized for the quality of its academic programs and high achievement level of its students, are complemented by two parochial schools with excellent reputations – St. Joseph Catholic and Conway Christian.

The city boasts of three institutions of higher education – the University of Central Arkansas, Hendrix College, and Central Baptist College – each an integral member of the Conway community and major contributor to the overall local economy.

Over the years, we have enjoyed a diverse and varied commercial business base. While manufacturers such as Polyvend and Universal Nolin are no longer present, others like Acxiom, Kimberly Clark, Virco, Tokusen USA, and many others continue to provide good employment opportunities for the region. Not only do the types of employment providers continue to change, recently led by those in medical services and retail sales, but skill levels required for many other occupations are constantly evolving.

For more than a year, the Healthy Conway Committee (HCC) has been gathering, discussing, and analyzing data which it believes gives pertinent insight into the past, present, and future status of key performance indicators that together help define and support a vibrant, healthy community.

Several decades of good education and job opportunities created another robust growth industry for Conway – housing. From 1980 thru 2000 several thousand single-family homes were constructed and purchased, many sold to first-time homebuyers. While the overall number of housing units continues to increase, the production of single-family residences has greatly decreased.

Examining the demographics of the city's population reveals that millennials, who in 2017 range in age from 17 to 37, represent the largest single segment of our residents, accounting for just over 40 percent of those who live here. They will be the majority of the labor force, housing occupiers, users of city services, school patrons, and taxpayers over the next decade and beyond.

Securing an environment that includes improving their economic and social well-being would go a long way to ensuring a healthy Conway.

For more than a year, the Healthy Conway Committee (HCC) has been gathering, discussing, and analyzing data which it believes gives pertinent insight into the past, present, and future status of key performance indicators that together help define and support a vibrant, healthy community.

This report ascertains trends within each of those indicators, identifies the data sources used, and describes the process of turning that data into accurate information for use by our community's elected or appointed leadership. Selected comparisons are made with national, state, and peer cities.

Individual interviews were held with city council members, several city department directors, Conway Corporation officials, Conway Public School administrators, executives with the Conway Area Chamber of Commerce, land developers, homebuilders, bankers, and other private citizens. The original intent was to review a ten-year span of data from 2005 through 2015. During the longer-than-planned study period, more recent data became available and in those instances readers will have the benefit of the original ten-year analysis as well as more current updated information.

One of the most often asked questions since the mayor and city council authorized the HCC in May of 2016 has been, "What is a healthy Conway?" After countless discussions, a few sincere debates, and interviews with the numerous individuals and organizations noted above, that question has been answered for purposes of this study to include a community that:

- Has and can maintain a robust economy.
- Is diverse and vibrant.
- Provides a strong educational environment.
- Contains public institutions that deliver the essential community services needed to provide and maintain the general health, welfare, and safety of the citizenry.
- Has planning groups that are forward-thinking and willing to work collegially with peer institutions to avoid unintended consequences.
- Has long-term, sustainable policies that promote community health.

EDUCATION

A Community and its Schools

A community and the schools within it are inextricably bound – a fact amply illustrated and historically documented by our own city of Conway and Conway Public Schools (CPS). As one has grown and diversified, so has the other; as one has expanded and improved its infrastructure to accommodate this growth, so has the other; now as one finds itself in a phase of demographic transition, so has the other.

Selected school trends in Conway are compared throughout this report with others within Faulkner County as well as with the school district located in Fayetteville, a community generally regarded by the Conway Area Chamber of Commerce as Conway's chief "sister city."

The first notable school transition can be seen in an analysis of student growth trends over the decade from school years 2005-06 through 2014-15. As noted in Table E-1, (page 11) CPS – at one time among the fastest growing school districts in the state and certainly within Faulkner County – found that trend leveling off, and in fourth place among all county districts in terms of percentage student increase. Greenbrier schools lead the county in that statistic, outpacing the CPS rate by 2 to 1.

Fayetteville Public Schools (FPS) also grew at a faster rate than CPS, especially during the most recent three to six years. These trends are illustrated in Table E-1A (page 12).

Knowledge Works Foundation, writing in a 2004 study, "Public Schools and Economic Development: What the Research Shows," states,

> "With respect to local officials, the U.S. Conference of Mayors (1999) asserts, '. . . the economic vitality of a city is linked to the performance of its schools . . .' According to the National League of Cities' survey of its members in 2000, 'it is clear . . . that city officials view the quality of public education and local schools as the cornerstone of their cities' success.'"
>
> "As for the general public, in a recent public opinion survey the assertion that public schools 'improve the local economy and attract business' was identified as the second most important benefit which schools bring to communities (Education Week and Public Education Network 2002). The only benefit of public schools ranked above local economic improvement was the 'benefit [to] families.'"

Past and present school boards and administrations have emphasized strategic planning for personnel and facilities that have resulted in a system that constantly adapts, changes, and grows to maximize the public trust and resource investment.

It goes on to emphasize how a high quality public school system is one component of the rubric that defines a community's general high quality of life, which in turn entices businesses to locate future workers there. Furthermore, the report reminds the reader of the direct link between school quality and residential property values, citing a National Association of Realtors survey showing that **"the quality of public schools, along with the safety of the neighborhoods, were ranked as the two most important factors considered in where people choose to live [emphasis added]."**

Just to be clear, the quality of Conway's schools and achievement of its students continue to rank among the best in the state. Past and present school boards and administrations have emphasized strategic planning for personnel and facilities that have resulted in a system that constantly adapts, changes, and grows to maximize the public trust and resource investment. That effort has not been done in isolation, but in close partnership with city and county government leadership.

Now, due to a second aspect of demographic transition, planning has taken on a new dimension of urgency – one that the majority of American schools, particularly those in the South, also find themselves facing – poverty.

The Effects of Poverty on Learning

The single biggest challenge facing any public school as it engages in the teaching and learning process is the poverty level of its student body, the measure of which is the percent of students eligible for free and reduced price meals (FRM), based on income guidelines released annually by the United States Department of Agriculture Food and Nutrition Service. With this metric as a guide, high-poverty schools are defined as those where more than 75 percent of the students are eligible for FRM, while low-poverty schools are those where 25 percent or less fall in that category.

The Southern Education Foundation (SEF), in its January 2015 research bulletin, "A New Majority – Low Income Students Now a Majority in the Nation's Public Schools," reports that:

> "For the first time in recent history, a majority of the schoolchildren attending the nation's public schools come from low income families. The latest data collected from the states by the National Center for Education Statistics (NCES), evidence that 51 percent of the students across the nation's public schools were low income in 2013."
> "While found in large proportions throughout the United States, the numbers of low income students attending public schools in the South and in the West are extraordinarily high. Thirteen of the 21 states with a majority of low income students in 2013 were located in the South, and six of the other 21 states were in the West."

Only Mississippi, New Mexico, and Louisiana had a higher percentage of low income students than Arkansas.

The report warns,

> "…the people and policymakers of Southern states… must understand more fully that today their future and their grandchildren's future are inextricably bound to the success or failure of low income students…"

Table E-2 (page 12) takes a look at these trends within Faulkner County and Arkansas during selected years over the decade from school years 2005-06 through 2014-15. **Specifically for CPS, the data shows the FRM rate increasing from 35 to 50 percent**, compared to the state-wide growth from 54 to 62 percent. Among the FRM students in Conway, almost 9 out of 10 qualify for free meals (as opposed to reduced price) – meaning, for a family of four, an income of no more than $31,005 for school year 2014-15.

Table E-2A (page 12) shows the FRM rate for FPS increasing from 33 to 40 percent, with about the same relative proportion of that total qualifying for free meals.

As a nation, FRM students went from 42 percent in 2005-06 to 52 percent in 2013-14, the latest year available from the National Center for Education Statistics.

A 2008 report, "Local Governments and Schools: A Community-Oriented Approach," from the International City/County Management Association (ICMA) has this to say,

> "The socioeconomic makeup of neighborhoods is reflected in a community's schools, and has important implications for academic equity."
> **"Studies show that the socioeconomic composition of a school has a substantial impact on education, particularly for poor children [emphasis added].** As one expert states, outward migration 'leave[s] urban schools with fewer resources, material or intellectual, to serve communities of increasing levels of concentrated poverty.'"

An important fact, supported by numerous studies both in the United States and around the world, should be kept in mind as this discussion continues – **no relationship exists between poverty and ability; however there is a confirmed relationship between poverty and academic achievement.**

Research surrounding United States student participation in both domestic and international examinations in mathematics, science, and reading has found poverty to be the greatest barrier to higher scores, with those from schools with less than 50 percent poverty ranked among the best performers in the world, whereas those with 50 percent or greater poverty counted among the worst.

David Berliner, Gene Glass and Associates, writing in their 2014 text *50 Myths and Lies That Threaten America's Public Schools: The Real Crisis in Education*, further analyze such student performance on three international tests,

- Generally speaking, **working and middle class families tend to live in communities and go to schools where 25 to 50 percent of families live in poverty.** Their students score about average on national and international assessments.
- Students from schools with poverty levels below 25 percent perform the best.
- Those with rates above 50 percent do not do well, and those in the 75 to 100 percent bracket perform even worse.

The authors concluded that academic achievement could best be improved by communities creating programs to reduce poverty and the housing segregation that accompanies low earnings.

Arkansas' system of holding schools accountable for student performance singles out for more intensive support and resource allocation two categories of low-performing schools,

- Focus schools – 10 percent of schools with the largest

achievement gap in literacy and mathematics scores on state exams.
- Priority schools – lowest performing 5 percent of schools in literacy and mathematics on state exams over a 3-year period.

Analyzing the poverty levels of schools within each of these designations for the 2014-15 academic year reveals an average FRM rate of 77 percent for focus schools and 90 percent for priority schools – **Poverty Matters in Arkansas!**

Research is clear as to why poverty affects the struggle to attain higher academic achievement in students, chief among them being:
- A higher prevalence of factors that impede optimal brain development in very young children – such as teen motherhood and inadequate health care.
- Poor levels of physical and mental health continuing into later childhood and teen years.
- A greater chance of living in a social environment that is not safe, predictable, and stable.
- Lower levels of literacy in the home.
    - Poor children on average are read to less, watch television more, and have less access to books and online reading materials than other children.
    - The more words parents use when speaking to young children, the larger will be that child's vocabulary.
    - Betty Hart and Todd Risley, in their 1995 book *Meaningful Differences in the Everyday Experiences of Young American Children*, found that children from impoverished families are exposed to as many as 40 million fewer words by the age of 4.
- Lack of parental engagement to reinforce what is learned at school – a significant cause being the necessity for parents to work multiple jobs, thus providing for less free time and resources to devote to children while at home.
- High mobility of impoverished families, causing children to change schools frequently.

A 2012 study by the Pew Charitable Trust confirmed that more than 40 percent of Americans raised at the bottom of the family income ladder are still there a generation later. Seventy percent never reach middle class.

Poor and disadvantaged citizens are less likely to succeed in college or in the workplace and are less-engaged in the civic life of their communities.

Poverty and Conway Public Schools

From the evidence presented above, CPS has reached a threshold where, with half of its student body coming from families of poverty, its management of human and financial resources must be re-evaluated with an eye toward a realignment of instructional priorities in order to maintain its history of academic excellence.

At the present time, the district is well-positioned, both financially and in human capital, to serve all its students at a level that has come to be expected by its patrons. There remains a diverse tax base and generous school millage support.

Table E-3 (page 13) compares ten-year financial trends between CPS and FPS. These trends show both districts enjoying property assessment increases, with Conway's growth generally exceeding that of Fayetteville's. Fayetteville has a higher millage rate and has acquired more school-related debt.

All districts in the state of Arkansas depend heavily on the combination of property assessment values and millage rates to fund local programs. Reductions in either of these components can negatively impact a district's efforts to maintain quality instructional and support services.

A further analysis of assessment trends within CPS, as illustrated in the bottom-most section of Table E-3, shows a precipitous drop in the overall annual increase in property values going back twenty, ten, and five years. These smaller increases mirror somewhat the pattern shown for student enrollment.

CPS's facilities have been well-maintained and are of sufficient capacity to maximize teaching and learning opportunities. Most importantly, highly qualified, highly effective teachers, administrators, and other instructional support personnel continue to want to work here.

However, if the same trends exhibited over the past decade do not change, the district could well find itself ten years from now reaching the extremely challenging plateau of 70 percent or more FRM students – right on the precipice of high-poverty status and requiring significantly more resources just to avoid slipping into unacceptable levels of academic achievement.

This decade-long increase from 35 to 50 percent FRM warrants our community's attention to the often overlooked phenomenon of "socioeconomic integration." Consider this,
- Students of poverty require more services to address such areas as higher levels of homelessness, physical and mental health treatment, parental engagement

- opportunities, tutors, teacher aides, improvement specialists, and expanded learning and out-of-school-time programs.
- Poor students attending mixed-income schools outperform poor students in high-poverty schools, a fact largely explained by higher teacher expectations, better study habits by students, and safer schools.
- Impoverished students acquire knowledge and habits from high-achieving, highly motivated peers, thus improving their overall academic achievement.
- Increasing evidence supports the fact that the performance of middle class students appears to be unaffected by the presence of more poor classmates – up to a point. Estimates of this threshold vary, but a 2012 Century Foundation report found that what mattered more than a precise tipping point was **maintaining a critical mass of middle class families.** Doing so continues the promotion of high expectations, safety, and community support.

The Knowledge Works Foundation report referenced earlier has this further to say,

"Economic growth is hampered when cultural groups are segregated within a school district…more cross cultural socialization, in the form of more integrated schooling, would reduce the 'social distance' among classes, thus allowing for more efficient economic transactions among these classes and ultimately a more productive economy."

Referring again to the above ICMA document,

"It is difficult for school districts to ensure the academic success of students in impoverished and blighted communities. It is also challenging for these same cities and towns to attract and retain new residents and businesses – most people don't want to move to communities with poorly performing schools. The long-term solution to these interconnected problems is to advance economically integrated communities in coordination with community-oriented schools. To that end, local governments and school districts should align their efforts in these two areas and address these problems together."

Heeding the advice of Dr. Gramme Edwards that "It's not the plan that's important, it's the planning," this particular discussion will close the way it began – the city of Conway and Conway Public Schools are inextricably bound. Comprehensive planning will help ensure that bond is never broken.

Updated Statistics Since 2014-15

For consistency of comparison with other parts of the overall report, the section on education covered the decade from school years 2005-06 through 2014-15. As this report is being released, additional years of data have become available as illustrated in the various tables within.

Key highlights of these updates include

- Conway Public Schools has grown an additional 149 students, ranking it second within Faulkner County behind only Greenbrier Public Schools in terms of percentage increase. Its FRM rate remains unchanged at 50 percent.
- Fayetteville Public Schools has grown an additional 361 students and its FRM rate remains unchanged at 40 percent.
- Both Conway and Fayetteville continue to experience property assessment growth, with no change in millage rates. Conway's total debt has increased in the last year, while Fayetteville's has declined. Fayetteville's overall debt still exceeds that of Conway.
- The average annual increases in CPS's total property assessments have been on the decline.
- Arkansas' system of categorizing low-performing schools is in transition, pending approval by the United States Department of Education. Although the labels "focus" and "priority" will no longer be used, the new classifications will closely mirror the poverty levels described earlier.

Table E-1, CPS - Faulkner County School Districts' Ten-Year Student Population Trends*

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Updated 2015-16	Updated 2016-17
Conway	8,618	8,774	9,002	9,144	9,083	9,256	9,432	9,630	9,733	9,771	9,734	9,920
Greenbrier	2,606	2,786	2,865	2,967	3,064	3,087	3,166	3,296	3,329	3,375	3,393	3,500
Guy-Perkins	438	466	459	456	466	449	398	429	407	408	368	364
Mayflower	944	971	1,005	1,024	1,021	1,054	1,127	1,141	1,129	1,123	1,090	1,081
Mt. Vernon-Enola	475	485	489	512	506	475	477	481	512	497	512	483
Vilonia	2,784	2,865	2,946	2,972	2,976	3,056	3,144	3,180	3,188	3,228	3,230	3,166
Growth Over Previous Year												
Conway		1.81%	2.60%	1.58%	-0.67%	1.90%	1.90%	2.10%	1.07%	0.39%	-0.38%	1.91%
Greenbrier		6.91%	2.84%	3.56%	3.27%	0.75%	2.56%	4.11%	1.00%	1.38%	0.53%	3.15%
Guy-Perkins		6.39%	-1.50%	-0.65%	2.19%	-3.65%	-11.36%	7.79%	-5.13%	0.25%	-9.80%	-1.09%
Mayflower		2.86%	3.50%	1.89%	-0.29%	3.23%	6.93%	1.24%	-1.05%	-0.53%	-2.94%	-0.83%
Mt. Vernon-Enola		2.11%	0.82%	4.70%	-1.17%	-6.13%	0.42%	0.84%	6.44%	-2.93%	3.02%	-5.66%
Vilonia		2.91%	2.83%	0.88%	0.13%	2.69%	2.88%	1.15%	0.25%	1.25%	0.06%	-1.98%

2014-15 Growth Since:	2005-06	2009-10	2012-13
Conway	13.38%	7.57%	1.46%
Greenbrier	29.51%	10.15%	2.40%
Guy-Perkins	-6.85%	-12.45%	-4.90%
Mayflower	18.96%	9.99%	-1.58%
Mt. Vernon-Enola	4.63%	-1.78%	3.33%
Vilonia	15.95%	8.47%	1.51%

Updated 2016-17 Growth Since:	2005-06	2009-10	2012-13
Conway	15.11%	9.22%	3.01%
Greenbrier	34.31%	14.23%	6.19%
Guy-Perkins	-16.89%	-21.89%	-15.15%
Mayflower	14.51%	5.88%	-5.26%
Mt. Vernon-Enola	1.68%	-4.55%	0.42%
Vilonia	13.72%	6.38%	-0.44%

Exceeds Conway

** Based on October 1 student count*
Source - Arkansas Department of Education

Table E-1A - Conway/Fayetteville School Districts' Ten-Year Student Population Trends*

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Updated 2015-16	Updated 2016-17
Conway	8,618	8,774	9,002	9,144	9,083	9,256	9,432	9,630	9,733	9,771	9,734	9,920
Fayetteville	8,343	8,496	8,406	8,512	8,566	8,838	9,017	9,142	9,421	9,503	9,652	9,864
Growth over Previous Year												
Conway		1.81%	2.60%	1.58%	-0.67%	1.90%	1.90%	2.10%	1.07%	0.39%	-0.38%	1.91%
Fayetteville		1.83%	-1.06%	1.26%	0.63%	3.18%	2.03%	1.39%	3.05%	0.87%	1.57%	2.20%

2014-15 Growth Since:	2005-06	2009-10	2012-13
Conway	13.38%	7.57%	1.46%
Fayetteville	13.90%	10.94%	3.95%

Updated 2016-17 Growth Since:	2005-06	2009-10	2012-13
Conway	15.11%	9.22%	3.01%
Fayetteville	18.23%	15.15%	7.90%

Exceeds Conway

** Based on October 1 student count*

Source - Arkansas Department of Education

Table E-2 - Faulkner County School Districts' Free/Reduced-Price Meal (FRM) Eligibility Rates*

Income Eligibility Guidelines (Family of 4)	Free	Reduced
2005-06	$25,155	$35,798
2009-10	$28,665	$40,793
2014-15	$31,005	$44,123

Updates	Free	Reduced
2015-16	$31,525	$44,863
2016-17	$31,590	$44,955

	Conway			Greenbrier			Guy-Perkins			Mayflower			Mt.Vernon-Enola			Vilonia			Arkansas		
School Year	Free	Red	FRM	Free	Red	FRM	Free	Red	FRM	Free	Red	FRM	Free	Red	FRM	Free	Red	FRM	Free	Red	FRM
2005-06	29%	6%	35%	29%	11%	39%	44%	12%	56%	37%	7%	44%	59%	4%	63%	23%	10%	32%	45%	9%	54%
2009-10	35%	7%	42%	30%	9%	38%	53%	11%	64%	40%	14%	53%	52%	7%	59%	27%	12%	39%	50%	9%	59%
2014-15	43%	7%	50%	31%	7%	38%	50%	8%	58%	49%	12%	62%	49%	7%	56%	34%	12%	46%	53%	9%	62%
10-Year % Pt Change	14%	1%	15%	2%	-4%	-1%	6%	-4%	2%	12%	5%	18%	-10%	3%	-7%	11%	2%	14%	8%	0%	8%
Updates																					
2015-16	42%	8%	50%	31%	7%	38%	53%	20%	73%	52%	11%	63%	47%	9%	56%	34%	8%	42%	55%	8%	63%
2016-17	43%	7%	50%	33%	8%	41%	55%	17%	71%	49%	12%	60%	53%	6%	59%	36%	10%	46%	55%	8%	63%

Table E-2A - Conway/Fayettevile School Districts' Free/Reduced Price Meal (FRM) Eligibility Rates*

	Conway			Fayetteville			Arkansas		
School Year	Free	Red	FRM	Free	Red	FRM	Free	Red	FRM
2005-06	29%	6%	35%	28%	6%	33%	44%	9%	54%
2009-10	35%	7%	42%	32%	6%	38%	48%	10%	58%
2014-15	43%	7%	50%	34%	6%	40%	53%	9%	62%
10-Year % Pt Change	14%	1%	15%	6%	0%	7%	9%	0%	8%
Updates									
2015-16	42%	8%	50%	33%	6%	39%	55%	8%	63%
2016-17	43%	7%	50%	33%	7%	40%	55%	8%	63%

**Based on October 1 student count. Percentages may not total exactly due to rounding of individual elements for display*
Source - Arkansas Department of Education; USDA Food and Nutrition Service

Exceeds Conway

Table E-3 - Conway/Fayetteville School Districts' Ten-Year Selected Financial Trends

		Conway	Fayetteville
Certified in 2005 Payable in 2006	Total Assessments	$725,236,110	$964,499,954
	Total Debt (as of 06/30/2006)	$93,613,674	$59,554,024
	Millage-Maint/Operation	26.03	25.00
	Millage-Debt Service	10.17	18.80
	Millage-Total	36.20	43.80
Certified in 2009 Payable in 2010	Total Assessments	$960,041,419	$1,326,784,396
	Total Debt (as of 06/30/2010)	$89,414,217	$129,129,237
	Millage-Maint/Operation	26.03	25.00
	Millage-Debt Service	10.17	17.90
	Millage-Total	36.20	42.90
Certified in 2012 Payable in 2013	Total Assessments	$1,113,255,585	$1,350,116,149
	Total Debt (as of 06/30/2013)	$142,435,000	$165,853,495
	Millage-Maint/Operation	25.00	25.00
	Millage-Debt Service	13.10	20.65
	Millage-Total	38.10	45.65
Certified in 2014 Payable in 2015	Total Assessments	$1,161,749,730	$1,418,581,165
	Total Debt (as of 06/30/2015)	$140,600,000	$177,454,386
	Millage-Maint/Operation	25.00	25.00
	Millage-Debt Service	13.10	20.65
	Millage-Total	38.10	45.65
Updated Certified in 2015 Payable in 2016	Total Assessments	$1,169,735,809	$1,492,624,396
	Total Debt (as of 06/30/2016)	$148,985,000	$173,661,223
	Millage-Maint/Operation	25.00	25.00
	Millage-Debt Service	13.10	20.65
	Millage-Total	38.10	45.65

2014 Growth Since	2005		2009		2012	
	Conway	Fayetteville	Conway	Fayetteville	Conway	Fayetteville
Total Assessments	60.19%	47.08%	21.01%	6.92%	4.36%	5.07%
Total Debt	50.19%	197.97%	57.25%	37.42%	-1.29%	6.99%
Millage-Maint/ Operation	-3.96%	0.00%	-3.96%	0.00%	0.00%	0.00%
Millage-Debt Service	28.81%	9.84%	28.81%	15.36%	0.00%	0.00%
Millage-Total	5.25%	4.22%	5.25%	6.41%	0.00%	0.00%

Exceeds Conway

*Further Analysis of Average Annual Increases in Total Assessments Within CPS	
10 Years 1995 to 2005	8.84%
10 Years 2005 to 2015	4.94%
5 years 2010 to 2015	3.30%

Source - Conway Public Schools; Arkansas Department of Education

HOUSING

The Conway housing industry, consistent with regional and national trends, has experienced a significant decline in the construction of single-family residences, with the biggest impact falling on middle class potential homebuyers.

In the Sunday Review of the *New York Times* dated November 29, 2014, an editorial titled "Home Ownership and Wealth Creation" tracked the behavior change from homeownership to that of rented living spaces. It gave credit to the "housing bust" which occurred in 2007 as the event that ultimately created the recession in 2008. This period saw a decrease of first-time homebuyers and owner–occupied residences, simultaneous with an increase in investor-owned rental properties. While the recession had an impact on the housing market in Conway and throughout Arkansas, the decline actually began before the recession.

On December 19, 2014, Conway Corporation released a study titled "Conway Trends for Single-Family Building Permits and Population." This information, used by the utility to project population growth and to assist in anticipating future utility needs, noted a 77 percent decline in the issuance of single-family building permits from 2003 to 2013. There are more renters in Conway than other cities in central Arkansas, with its 2013 median gross rent being $706, compared to Benton's $744 and Bryant's $816. The estimated median house or condo values for the three cities were $154,087, $134,235, and $143,302 respectively. In summary, we have lower rents and higher home values.

In addition, the study quoted Michael Pakko, chief economist and state economic forecaster at the Institute for Economic Advancement at the University of Arkansas at Little Rock. Mr. Pakko stated in the March 27, 2014 *Arkansas Democrat-Gazette*, **"People are moving to where the jobs are," noting a link between jobs and housing.**

The report concluded, "While the trend for single-family construction in Conway is disturbing it is consistent with trends in cities throughout the Little Rock [Metropolitan Statistical Area]." Metroplan findings showed single-family permits declining by 63 percent in Little Rock and Benton, 75 percent in Cabot, and 78 percent in North Little Rock. Further, the trend in Little Rock's MSA is similar to that of Fayetteville's.

Using information obtained from the Conway Planning and Development office, Table H-1 (page 16) verifies Conway was following the national and regional trends as they were projected in the newspaper articles and the Conway Corporation study. While all areas of housing experienced a decline, the cumulative result of all construction showed investor-owned properties classified as duplex and multi-family providing over 60 percent of the activity. Anecdotal records also suggest some of the remaining 40 percent of construction categorized as single-family residences were also investor-owned (rentals).

Table H-1 also provides a historical look at the estimated size and cost of single-family residences, suggesting a trend of larger, more expensive homes. As noted, the size of the structure is total square feet "under roof" and the cost does not include that of the lot.

To develop a matrix more familiar to the general public, three developers and three bankers working in Conway were asked independently to identify a typical range for the cost and size of most single-family homes currently being constructed in Conway. The average size, based on area "heated/cooled," varies from 1,800 to 2,400 sq. ft. and the price, including house and lot, falls between $120 and $130 per sq. ft. The chart on page 15 depicts a few selected examples.

Three area bankers also shared that one practical rule of thumb for determining the cost of housing for which a potential buyer would qualify is 2.5 multiplied by household income adjusted for that person's "debt to income ratio."

Data provided by the Federal Financial Institutions Examination Council shows Conway's 2016 estimated median family income at $62,400 – enough to qualify for a home in the range of $156,000 to $220,000 using the qualification formula just described. Almost no new home construction, and relatively few existing homes, are procurable within this range of affordability.

It is evident that the demand for single-family homes available for purchase by a typical middle

class family seeking to live here far exceeds the supply. The choices for these families are to rent or move elsewhere.

A July 12, 2015, opinion piece in *Forbes* stated,

"…Millennials... [are] increasingly renting instead of buying homes…Their love for apartment dwellings includes such aspects as amenities, like gyms and concierge services…the community spirit within apartment buildings as well as the entertainment and culture that is only minutes away. Apartment living also means that they can pick up and move easily…" "In March 2015, Bloomberg reported that the rising rental prices might be causing Millennials to experience a 'nudge toward homeownership…' **Where job growth is strong, the Millennials who were once renting now want to buy [emphasis added].**"

On July 22, 2015, *Apartment List* reported,

"While millennial homeownership rates are low today… nearly 3 out of 4 millennial renters (74%) plan to buy a home in the future…Only 9%...expect to always rent and 17% are unsure." Note: In Arkansas, those numbers are 59, 19, and 22 percent respectively.

"…millennials making between $30,000 and $60,000 plan to buy at a 15% higher rate than those making less than $30,000, and those making over $60,000 have a 25% higher rate…"

"…more than 77% of millennial renters who have a college degree (2 year degrees, 4 year degrees, and technical degrees) plan to buy homes, versus 67% for those with high school/GED degrees, and 63% for those who did not complete high school."

"Data from our Renter Confidence Survey suggests that cities that foster positive local economic growth, provide safe environments, and create access to recreational opportunities have a better chance of attracting millennial renters and encouraging homeownership [emphasis added]."

The HCC posed a question to several individuals in the community intimately involved in the lending/land development/home construction business, **"Why are affordable homes for middle class families not being constructed in Conway?" The consensus answer was "Cost of development and regulations."** Further study to formally document the specific elements that constitute each of these concerns is suggested.

Today, there exists several thousand acres within the Conway city limits that can theoretically support future home construction. Many of those involved in the various preparation and support stages of this process – including building codes and other city ordinance requirements, policies governing utility expansion, lending, and standards for land development and building – have reasonable ideas and opinions for reducing costs based on their individual roles. At this point, no consensus solutions have been reached.

The HCC learned that Fayetteville, faced with a similar issue, found a solution through the creation of a non-profit housing developer that provides opportunities for the construction of homes made available to buyers making less than 101 percent of the Washington County Area Median Income, adjusted by household size.

To be clear, the HCC is not opposed to rental, multi-family, or upscale housing; we are concerned about the imbalance created by the exclusion of single-family homeownership for middle-level wage earners.

If circumstances do not change and the recent trend of housing patterns just discussed continues into the next decade, Conway can reasonably be expected to be a community in which the majority of living spaces will be rental units and a significant number of large expensive houses but few affordable homes for middle income families.

Builders, bankers, planners, and utility providers will adapt their business model to whatever the market provides. Thought should be given to any action that might be taken to minimize the possibility of unintended consequences if these trends continue.

SIZE/COST	1800 ft^2	1900 ft^2	2000 ft^2	2100 ft^2	2200 ft^2	2300 ft^2	2400 ft^2
$120/$ft^2$	$216K	$228K	$240K	$252K	$264K	$276K	$288K
$125/$ft^2$	$225K	$237.5K	$250K	$262.5K	$275K	$287.5K	$300K
$130/$ft^2$	$234K	$247K	$260K	$273K	$286K	$299K	$312K

Table H-1 - City of Conway Housing Permits Issued 2005 - 2016

HOUSING CATEGORY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Single-Family													
Permits Issued	488	407	314	189	261	247	153	187	148	119	149	202	2864
Living Units Created	488	407	314	189	261	247	153	187	148	119	149	202	2864
Duplex													
Permits Issued	12	27	45	30	14	29	1	16	6	8	4	9	201
Living Units Created	24	54	90	60	28	58	2	32	12	16	8	18	402
Multi-Family													
Permits Issued	86	5	4	53	60	58	1	9	10	2	0	2	290
Living Units Created	1,010	168	44	611	770	688	12	112	140	78	0	43	3,676
Total													
Permits Issued	586	439	363	272	335	334	155	212	164	129	153	213	3,355
Living Units Created	1,522	629	448	860	1,059	993	167	331	300	213	157	263	6,942
% Living Units Created													
Single-Family	32.1%	64.7%	70.1%	22.0%	24.6%	24.9%	91.6%	56.5%	49.3%	55.9%	94.9%	76.8%	41.3%
Duplex	1.6%	8.6%	20.1%	7.0%	2.6%	5.8%	1.2%	9.7%	4.0%	7.5%	5.1%	6.8%	5.8%
Mult-Family	66.4%	26.7%	9.8%	71.0%	72.7%	69.3%	7.2%	33.8%	46.7%	36.6%	0.0%	16.3%	53.0%
Single-Family Estimates													
Average Sq Ft*	n/a	2,707	2,627	2,316	2,584	2,467	2,833	2,945	3,215	2,920	3,425	2,938	
Average Cost/Sq Ft*	n/a	$65.46	$68.25	$69.50	$68.30	$67.29	$72.62	$70.67	$82.58	$75.44	$82.34	$78.17	
Average Home Cost	n/a	$177,200	$179,293	$160,962	$176,487	$166,004	$205,732	$208,123	$265,495	$220,285	$282,015	$229,663	

* Average Sq Ft is amount "under roof", the area required for permits; this differs from sq ft "heated/cooled" commonly used for sales
* Average Cost/Sq Ft does not include the lot
Source - City of Conway Planning and Development Office

JOBS

Requoting from the earlier section on housing – **"People are moving to where the jobs are."** In Conway's case, the HCC attempted to define the nature of those jobs by analyzing a number of publicly-available workforce studies. A composite of all such studies shows a steady net increase of approximately 6 percent in the number of jobs locating here from 2010 to 2016, covering a wide array of occupations and skill-level requirements, and ranging from high- to low-wage positions.

The two largest growth areas, in terms of a raw number increase, were *Food Preparation and Serving-Related Occupations* (primarily restaurants) and *Sales and Related Occupations* (primarily retail sales). These two, generally classified as low-wage, accounted for approximately 40 percent of total net growth.

Outlook Conway 2017, a publication of the Conway Area Chamber of Commerce, describes a community that is now home to over 50,000 jobs, with an influx of 20,000 workers each day. Our city is experiencing a robust technology sector and recently announced the creation of the Arnold Innovation Center to promote and support startup initiatives.

The city's service, business, and industrial entities, some of which were mentioned in the introductory chapter, continue to support our community through their financial and human capital resources. Many of these institutions are beginning to experience what is now a national phenomenon – replacement and re-training of much of its core workforce due to the on-going retirement of the baby boom generation.

In a March 11, 2016 news release announcing the launch of the "Be Pro Be Proud" workforce initiative, the Arkansas State Chamber of Commerce and the Associated Industries of Arkansas noted,

> "Today's skilled professional workforce is aging out and the next generation of new talent is not sufficient to fill the demand. Nationwide, there are an estimated 5.6 million job openings, with approximately 60,000 of these openings here in Arkansas. The majority of these are in high-skilled technical fields. This gap in our state's employment can be directly attributed to a lack of knowledge, interest and preparation. These jobs make up a vast majority of the manufacturing sector, which represents more than 90 percent of Arkansas's exports, and are a cornerstone to the state's economy. In addition, industries such as construction and trucking are also struggling to find qualified technical professionals."
>
> "Research…indicates that 82 percent of companies regularly have positions they are unable to fill with qualified workers. Furthermore, 44 percent of average, entry-level salaries for these open positions start at or above $31,000."

Table J-1 (page 18) illustrates wage rates and training requirements for jobs highlighted by "Be Pro Be Proud."

Economic Modeling (Emsi), in its 2014 Middle-Skills Job Report, observed,

> "On an individual level, middle-skills jobs typically offer family-sustaining wages and opportunities for advancement. They represent a foothold into the middle class."
>
> "The recession accelerated the loss of many low-skills jobs in the U.S. labor force and is driving the economy toward middle- and high-skills jobs."
>
> "While the majority of jobs in the Arkansas economy are low-skilled jobs (those that require a high school diploma or less), it is the middle-skill jobs that are projected to be the fastest growing skill group with a growth of 13.35 percent between 2012 and 2022."

According to a series of 2014 and 2015 broadcasts by NPR, millennials as a group are the most educated generation ever, yet face significant employment challenges and have accumulated significant student loan debt. **Economists suggest that millennials should consider careers in high-skilled trades where millions of good-paying jobs are opening up.**

In addition, the underemployed of any age – those persons with talents that could be directed to higher-paying skilled jobs – likely are not aware of what or where those jobs are, and what training requirements for such positions exist. The HCC itself could not find, even with significant on-line and personal interview research, a detailed comprehensive inventory of available skilled professional jobs specifically in Conway. What data was available almost exclusively was at the county or MSA level; even those purporting to represent Conway varied in raw numbers, time period covered, and zip code inclusion areas.

Community leadership might consider the benefits of mobilizing local human resources professionals to meet periodically and share information and concerns about job openings at their respective sites. This would provide an excellent forum for industry to meet its personnel needs and identify joint opportunities for education and training. Such findings should be shared widely in a format conveniently available to potential job seekers.

The challenge is to create opportunities for low-wage earners to become trained in skilled professions that pay middle- and high-wage salaries, helping to ensure family-sustaining wages which can be directed toward a higher quality of life.

Table J-1 - Be Pro Be Proud Average Arkansas Wages (2014-2015)

Occupation	Annual	Hourly	Job Outlook 2012-2022	*Minimum Education/Training	*Preferred Education/Training
Commercial Truck Driver	$38,870	$18.69	5%	HSE	
HVACR Technician	$35,930	$17.27	14%	HSE	AD
Plumber	$38,170	$18.35	12%	HSE	4-5 Year AP
Electrician	$42,290	$20.33	14%	HSE	AD
Carpenter	$33,910	$16.02	6%	HS	3-4 Year AP
Diesel Technician	$37,430	$17.99	9%	HSE	P
CNC Opeator	$38,040	$18.29	15%	HSE	APH
Tool & Die Maker	$43,670	$20.99	7%	HSE	APH
Machinist	$38,120	$18.33	7%	HSE	APH
CAD/CAM Drafter	$51,160	$24.60	Stable	AD	
Computer Programmer	$71,620	$34.43	8%	AD	BA
Welder	$35,790	$17.21	6%	HSE	APH

Source - Be Pro Be Proud
beprobeproud.org

***Education/Training Codes**

AD - Associate's Degree
AP - Apprenticeship
APH - Apprenticeship During or After High School
BA - Bachelor's Degree
HS - High School Diploma
HSE - High School Diploma or Equivalent
P - Postsecondary (College) Education/Training

CITY SERVICES

The city of Conway maintains and operates 19 separate departments, each authorized by federal, state, or local laws. These offices exist solely to provide the community with the usual and customary services needed or required to address the health, safety, and public welfare of the citizenry.

For several decades, Conway's growth has challenged its efforts to provide these services. Each new mile of city streets requires maintenance and police patrols; new residences need trash pickup; emergency crews must maintain and update plans to assure timely access. Residents are best served if they have access to parks and recreational facilities. The last two years of little or no population growth have given the city an opportunity to consider and implement policy and operational adjustments necessary to allow for better and expanded service delivery.

The HCC obtained most of its data for this section of the report from publicly-available documents published by the city and through individual interviews with department directors, including Fire Chief Michael Winter, Police Chief Jody Spradlin, Sanitation Director Joseph Hopper, Street and Engineering Department Director Finley Vinson, Parks and Recreation Director Steve Ibbotson, and Director of Finance Tyler Winningham. These departments employ the majority of city employees and represent the largest expenditures contained within the annual budget. Where appropriate, some general comparisons have been made with other cities in Arkansas using secondary studies sponsored by recognized organizations.

Particular attention has been given to the identification of trends that have resulted from departmental operations, responsibilities, accomplishments, and perceived needs. Readers interested in obtaining additional information are encouraged to visit the cityofconway.org website.

Fire Department

The Fire Department responds to all 911 calls except those dealing with criminal activity – and even that exception is waived when the call involves an explosive device. During 2016, there were responses to 5,198 incidences, averaging 14.25 during each 24-hour period, with 38 percent of those answering two simultaneous requests.

Response units consist of five 3-member and five 2-member companies, where personnel work 24 hours on duty and 48 hours off; all off-duty firemen are subject to recall during emergency situations.

Education, training, and fire prevention are central to the department's mission, and include work with schools and community members. Businesses are visited twice annually to validate fire plans, and in selected situations support is given to the city's permits staff through inspections for water flow requirements. All staff are constantly trained in the latest fire-fighting and emergency response procedures.

One hundred percent of the firemen are certified Emergency Medical Technicians who respond to all emergency calls for an ambulance; in fact, 91 percent of all response requests are for medical emergencies. With each fire station strategically located within three miles of another, its equipment and personnel arrive before those of the ambulance provider a vast majority of the time.

Several other communities similar to Conway (Springdale-Rogers for example) have adopted a comprehensive emergency response model placing its ambulance service within the fire department, along with appropriately trained and licensed medical personnel. A study investigating the cost and benefits of such an arrangement for Conway might be considered.

Police Department

The Conway Police Department consists of 127 sworn officers and a support staff of 45 non-sworn personnel, including those in Animal Control. All sworn officers meet minimum qualifications and a significant number are additionally certified as investigators, swat team members, narcotics officers, intelligence officers, K-9 handlers, and crisis negotiators. Individuals are routinely sent for special training, including some to the FBI Academy. During the study, the HCC learned that the department has a very active intelligence gathering system that utilizes the latest technology-assisted procedures to facilitate effective force management.

A review of its annual crime reports for the ten-plus years of this study suggests that, while some anomalies and temporary variances have occurred, overall acts of crime fall within the range for other cities of similar size and do not reflect any unanticipated trends. As the city has grown in area and population, a concomitant increase in patrol capacity has been provided.

Maintaining a competently trained presence of officers, particularly in a growing community, is a national challenge. The Conway Police Department is facing that challenge as well.

Department of Sanitation

The Sanitation Department employs 93 personnel to operate the landfill and recycling center located west of the city and to conduct waste pick-up for residential and commercial customers. Residents of Faulkner County outside of the city have limited access to these facilities on a fee basis.

The overall operation consists of five divisions – administration, collections (residential, commercial, industrial), sanitary landfill, a material recovery facility, and fleet and grounds maintenance.

The department processes 1,510 tons of waste each week, consisting of approximately 1,270 tons of trash, 100 tons of recyclables, and 140 tons of yard waste. This annual volume of 78,500 tons requires processing in a highly regulated environment.

One new program anticipated for 2017 will focus on assisting residents in a citywide clean up involving four solid-waste drop-off sites, one for each city ward. Such an endeavor is meant to reduce the need for individual trips to the landfill for smaller projects.

Operational since 1990, the landfill was initially constructed with an expected life of approximately 24 years. Due to the innovations and processing changes that have been implemented since its inception, the useful life of the facility has been significantly extended. The Annual Engineering and Inspection Report (AEIR), conducted by Terracon Consulting Inc. in 2017, projected the life of the facility to be 48 more years until 2065. The landfill is truly a very valuable asset for the city.

Street and Engineering

The Street and Engineering Department's primary challenge is to construct and maintain the roadways for which the city is responsible – currently 365 miles of paved two- and four-lane streets, not including state-owned thoroughfares.

During the past 30 years of consistent population and area growth, along with several years which witnessed the construction of over 500 single-family residences, it became financially beneficial for the city to constantly design and re-design a comprehensive network of new and improved streets. Funding for these projects has been varied.

The life expectancy for a standard paved road is 20 years. Current city ordinances provide approximately $1.3 million per year for major road improvements, with an additional $600,000 generated from impact fees charged to builders. Neither of these revenue sources can be used for overlay maintenance of existing roads, ditches, or signalization – the upkeep of which appears to have lessened during the long period of time devoted to new construction.

A recent study estimated the need for pavement maintenance to be $5 million dollars annually. The 2017 budget has allocated only $1.4 million for such work, signaling the need for future adjustments in policy and/or a new source of funding if existing streets are to be properly maintained.

The city's annual budget reserved for major street projects is already committed through 2018 for a loan repayment, the proceeds of which were used for the construction of the south interchange and the sixth-street completion. New road construction recently completed or near completion will significantly alter and improve traffic patterns in the city. Once the overpass to Conway Commons Shopping Center is finished, a new high volume east-west access will be open. The completion of the Lewis Crossing construction will also serve to move high volumes of traffic in commercial areas.

Once these projects are completed, the city director anticipates a major refocus on road maintenance and repair. The engineering office is developing plans to address the drainage needs across the city, the commitment for which was reinforced by the extraordinary rains occurring in March through May of 2017.

Accessing qualified and skilled equipment operators was another challenge identified. Current employees number 33, with 11 unfilled vacancies, leaving the department 25 percent short of its authorized personnel strength.

Recruitment and retention of a skilled workforce has become increasingly difficult due in part to the competition with private road construction firms and the Arkansas Highway and Transportation Department.

Parks and Recreation

It is the mission of the Parks and Recreation Department to provide Conway's citizens and visitors with leisure and recreational opportunities that not only benefit their own personal health, happiness, and general well-being, but also enhance the health of the city through increased tourism and support for local businesses.

Notable improvements made during 2016 include

- Completion of Tucker Creek-Trail.
- Installation of artificial turf on the infields at Don Owens Ballpark.
- Installation of slide gates in the fallout tower at Beaverfork Lake.
- Assumption of control for the U.S. Corps of Engineers Ferry Park on the east side of the Arkansas River.
- Annexation of approximately 100 acres located on South German Lane into the system.
- Start of construction for the expansion of the Events Center.

The McGee Center and the Sports Center saw the number of daily visits increase to over 220,000 for the year. In addition, the facilities hosted 31 events, the home school basketball program, and league basketball and volleyball for all ages. Over 2,000 children and 2,600 adults participated in these programs.

The department played host to 73 sporting events and 54 functions at the Conway Exposition Center, bringing thousands of people into our community and adding significantly to our local economy. This increased activity, which is anticipated to continue, is reflected through the 2 percent increase in revenue produced by the city's Advertising and Promotion (A&P) tax.

Maintaining a qualified full- and part-time staff to support the department's growth and to maintain its level of service to those participating in its programs appears to be its greatest challenge.

Due to the increase in activities falling under the responsibilities of this department, an in-depth review that focuses on revenue and pricing for facility access might be considered.

Finance Department

Although this department maintains few staff and is allocated only a small portion of the city budget for its operations, it was included here because of its integral role in advising the mayor and city council on numerous budgeting and other financial matters.

The following brief overview of the city's 2017 budget, which covers the fiscal year January 1 through December 31, is meant to provide the reader with a layman's view of what is a very complex process, and to help in understanding where the city receives and spends its money. A more detailed budget is available on request from the Finance Department.

Most of this year's anticipated $61 million revenue will come from the city's 1.75 percent general and 2 percent A&P sales taxes, supplemented with property taxes, state turn-back funds, franchise fees, permits, and fines. Officials, aware that the level of projected revenue may not actually be collected, estimate spending on their best judgment based on past performance and future economic forecasts.

Overall receipts and disbursements are further categorized into one of 11 fund categories. The General Fund is the largest and is designated as "unrestricted," meaning the money can be spent as the law allows and the mayor and city council approve. The 10 remaining funds are categorized as "restricted," and consist of monies funded by a specific revenue source made available by law, city ordinances, voter-approved initiatives, or bondholder requirements to pay off debt. It is permissible to supplement restricted funds with unrestricted revenues.

A 2015 comparison of Conway to its sister city Fayetteville reveals that Fayetteville, population 82,830, received $91.38 million in revenue or $1,103 per resident. Conway, population 64,980, had revenue of $58 million or $893 per resident. If Conway adopted Fayetteville's sales and property tax rates, it would realize an additional $13.7 million to be used for city operations.

In November 2014, the Finance Department presented to the city council a report titled "The Cost of Living in Conway" to help inform the discussion surrounding a possible increase in the city's general millage rate. At that time, Conway and Rogers tied for third lowest among 11 comparable Arkansas cities when considering its combination of property tax, franchise fees, and sales tax rates. Even with the property tax increase of 1.1 mills in 2014, Conway remained in third place with only Jonesboro and Hot Springs being less expensive.

Using data for the tax rates noted above combined with the cost of utilities discussed in a later chapter on the Conway Corporation, Conway can clearly claim its place as having the lowest cost of living among similar cities in our state.

For the past few years Conway has invested in several projects that focus on quality of life, expansion of shopping opportunities, and new street construction. Each of these projects already has addressed, or will address in the near future, defined community needs. Acquiring them, however, was achieved through additional bond issues and with the use of shorter-term financing. Each of these fund sources has created additional debt service requirements, with this year's obligations increasing by $1.8 million.

Monies needed to help pay for the debt incurred in building the new airport were transferred from the Department of Sanitation, requiring some of its replacement equipment to be financed using short-term loans.

The employee pension program anticipates a significant increase in funding later this year, in an amount estimated between $500,000 and $900,000.

The street overlay and maintenance program, which has lacked attention for several years due primarily to the significant amount of new street construction, is expected to need an estimated $5 million annually for its needs.

Meeting the expenses just enumerated, along with other priorities and personnel-related obligations, add to the complexity ahead for city leaders moving forward. Mayor Bart Castleberry, who assumed office on January 1, 2017, has directed all department heads to reduce budgets by 10 percent. Such adjustments appear to be prudent, given an early local retail sales report presented by the Conway Area Chamber of Commerce on May 16, 2017. That study indicated local sales trending with national statistics – stable and holding steady with only a slight increase in sales tax revenue.

Many of the performance measures identified in the HCC review of city operations were very favorable.

- The police and fire departments have excellent performance records, and have been aggressive with incorporating the use of technology and providing the latest training techniques for their employees.
- Extending the life of the landfill will save the city millions of dollars.
- Traffic patterns throughout the city have been greatly enhanced by the miles of new street construction and the introduction of additional roundabouts in strategic locations.
- Parks and Recreation continues to grow and expand its programs, keeping citizens of all ages active while its facilities attract an increasing number of individuals to our retail markets, providing the city with increased sales tax revenue.

In summary, the trend in city services for the last few years has resulted in an overall better quality of life for Conway residents. The projects reviewed above, along with many others conducted in the daily operation of the various departments, have been undertaken with modest resources and minimal negative impact on local taxpayers.

Table CS-1 (page 23) shows a 12-year history of the city's revenue and expenses, along with millage, sales tax, and debt information for the period 2005 through 2016. Table CS-2 (page 24) lists Conway's assets over the same time.

Table CS-1 City of Conway Twelve-Year Selected Financial Trends

Revenue	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales Tax	$17,287,716	$20,586,546	$21,607,113	$22,643,532	$24,974,654	$26,200,400	$24,406,479	$25,034,762	$25,996,368	$25,980,114	$26,667,279	$26,660,396
Property Tax	$1,982,239	$2,104,411	$2,294,031	$2,463,732	$2,623,325	$3,402,450	$3,924,186	$3,955,535	$3,995,226	$4,034,459	$5,336,404	$5,909,445
State Turn-back	$4,543,776	$4,894,052	$4,641,791	$4,891,158	$4,651,541	$4,704,388	$3,992,272	$4,723,869	$4,823,488	$6,379,138	$8,336,000	$6,110,049
Building Permits	$665,002	$712,581	$699,595	$1,100,224	$1,120,112	$1,392,071	$541,701	$498,179	$462,184	$400,996	$393,821	$552,698
Franchise Fees	$1,676,881	$3,117,204	$3,004,647	$3,604,366	$3,090,542	$3,244,187	$3,343,788	$2,982,941	$3,163,738	$3,194,870	$3,932,448	$3,909,743
Fines and Fees	$1,123,128	$905,885	$1,059,420	$1,100,632	$844,678	$915,691	$1,283,588	$1,421,201	$1,387,385	$1,615,249	$1,727,202	$1,813,237
Sanitation Surcharges	$1,314,808	$2,023,279	$1,881,529	$1,073,034	$1,524,537	$1,799,601	$17,281	$0	$0	$0	$0	$0
Charges for Services	$5,587,526	$6,479,842	$7,168,415	$7,702,842	$7,613,594	$7,913,367	$10,426,825	$10,157,935	$10,258,697	$11,513,471	$12,290,468	$11,511,490
Investment Income	$210,915	$705,594	$1,177,301	$798,443	$558,765	$111,187	$87,891	$31,390	$103,598	$78,390	$145,976	$132,745
Miscellaneous	$838,275	$632,719	$650,681	$718,418	$1,941,635	$1,129,956	$565,611	$594,328	$713,271	$1,154,114	$987,248	$1,734,189
Totals	$35,230,266	$42,162,113	$44,184,523	$46,096,381	$48,943,383	$50,813,298	$48,589,622	$49,400,140	$50,903,955	$54,350,801	$59,816,846	$58,333,992
Expenses												
Administra-tion	$3,051,311	$2,627,660	$3,125,974	$4,436,506	$6,436,377	$3,759,943	$4,546,769	$6,296,034	$7,458,258	$6,597,929	$8,031,333	$9,318,076
Airport	$537,339	$85,882	$48,873	$316,725	$1,209,826	$1,635,729	$2,688,418	$3,171,976	$8,389,919	$15,106,911	$1,809,126	$2,739,218
Police	$9,264,742	$9,725,003	$11,308,958	$15,890,996	$14,061,242	$11,555,088	$10,355,021	$10,521,619	$11,803,486	$11,502,979	$12,033,717	$13,178,162
Fire	$5,592,781	$6,392,093	$7,865,660	$8,145,292	$8,941,224	$8,027,063	$9,027,937	$11,155,618	$10,753,787	$9,156,025	$11,505,073	$9,751,215
Parks	$859,826	$2,195,104	$6,663,129	$7,500,268	$9,734,039	$11,361,507	$4,710,932	$2,616,438	$4,364,405	$4,619,403	$3,517,677	$5,549,886
Streets	$3,810,916	$6,795,011	$8,267,044	$9,628,019	$9,148,036	$6,910,646	$10,256,643	$13,285,114	$8,639,880	$8,686,283	$12,129,977	$20,931,970
Sanitation	$4,837,641	$5,898,167	$6,003,414	$6,495,100	$6,446,123	$6,372,428	$7,870,648	$6,191,643	$7,936,349	$8,448,180	$8,975,776	$10,800,000
Debt Service	$0	$0	$3,988,697	$4,575,442	$5,626,588	$5,010,602	$5,455,571	$5,128,649	$4,105,840	$4,500,612	$4,380,174	$2,800,943
Totals	$27,954,556	$33,718,920	$47,271,749	$56,988,348	$61,603,455	$54,633,006	$54,911,939	$58,367,091	$63,451,924	$68,618,322	$62,382,853	$75,069,470
Other												
Property Assessments	$632,298,392	$685,038,291	$741,819,197	$815,332,299	$844,216,005	$875,510,643	$936,338,309	$980,986,943	$998,251,407	$1,021,383,238	$1,026,282,492	$1,048,636,189
Millage - City General	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	3.0	3.0	3.0
Millage - City Street	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Millage - City Pension (3)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Millage - Voluntary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Sales Tax - General	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
City Sales Tax - A&P	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Debt	$12,030,367	$22,400,367	$35,640,000	$35,663,372	$34,876,614	$33,343,606	$27,944,714	$31,810,844	$29,894,268	$33,199,879	$54,250,996	$56,042,592

Revenue - Charges for Services includes amounts such as sanitation fees, impact fees, parks and rec fees.
Expenses - Administration includes Mayor's office, City Council, City Clerk, City Attorney, HR, Finance, Planning, Permits, Physical Plant, Information Technology, and Court.

- Airport expenses begin to significantly increase in 2008 with the construction of the new airport on Lollie Road.
- Parks expenses start to significantly increase in 2006 due to the passage of the hamburger tax in 2005.
- Debt service expenses start to show in 2007 due to three bond issues passed in 2006, all totaling just over $22 million.
- Debt service expense dropped off in 2015 due to refinancing two bond issues, one of which led to no principal payment being paid that year.

Other - Taxes based on any given year's property assessments and millage rates are collected in the following year.

- Millage-City Pension (3) includes 0.4 mills for each of Police, Fire, and Non-Uniform employees.
- Millage-Voluntary includes 0.4 for cemeteries, 0.4 for public recreation, and 0.2 for animal welfare.
- City Sales Tax-A&P became effective on Novemberf 1, 2005

All figures are audited except for years 2011 and 2016. Year 2011 was audited by the State Division of Legislative Audit, which uses an accounting basis not consistent with the other years presented. The audit for year 2016 has not yet been completed. Source - City of Conway Finance Department .

Table CS-2 - City of Conway Twelve-Year Asset History

Assets	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash	$7,547,923	$11,608,052	$38,310,431	$34,033,604	$21,410,108	$19,064,454	$16,765,680	$22,951,668	$17,896,139	$17,363,803	$43,570,237	$34,142,916
Time Deposits	$1,300,000	$16,132,273	$3,327,017	$1,960,887	$1,820,448	$365,048	$300,000	$0	$0	$0	$0	$0
Accounts Receiv-able	$4,813,514	$5,033,802	$4,935,231	$4,502,266	$5,889,733	$5,093,489	$5,325,290	$9,952,645	$9,891,136	$13,670,669	$13,182,895	$13,009,180
Taxes Re-ceivable	$1,036,833	$1,519,204	$1,352,084	$1,780,421	$3,780,144	$3,807,721	$4,486,795	$0	$0	$0	$0	$0
Due from Compo-nent Unit	$1,052,808	$536,864	$700,198	$1,163,062	$1,798,764	$1,101,281	$849,228	$1,186,374	$632,018	$652,374	$2,352,828	$1,012,303
Due from Other Funds	$456,678	$1,280,006	$1,772,530	$4,585,925	$2,028,737	$1,913,821	$1,321,725	$1,328,154	$748,729	$503,893	$1,015,184	$108,208
Interest Receiv-able	$13,736	$13,736	$130,476	$18,711	$9,272	$32	$0	$0	$0	$0	$0	$0
Prepaid Items	$97,868	$79,456	$155,129	$181,944	$50,048	$53,302	$0	$59,726	$49,436	$1,019,278	$46,249	$169,130
Capital Assets	$6,914,278	$6,859,545	$8,010,799	$7,937,280	$8,657,041	$10,803,096	$11,249,150	$10,432,276	$9,788,275	$8,648,407	$41,282,914	$40,123,837
Totals	$23,233,638	$43,062,938	$58,693,895	$56,164,100	$45,444,295	$42,202,244	$40,297,868	$45,910,843	$39,005,733	$41,858,424	$101,450,307	$88,565,574

Data for 2011 and 2016 is unaudited. Year 2011 was audited by the State and not a private accounting firm, and 2016 has not yet been audited.
Source - City of Conway Finance Department

CONWAY CORPORATION

Challenges are not uncommon for small developing communities. In 1929, Conway encountered a formidable and unexpected challenge – how to retain the higher education assets established here. The way in which city leaders addressed that issue was, and is today, very uncommon – the creation of the Conway Corporation, a community-owned, not for profit utility provider.

This institution continues to perform as an integral foundational component of the 21st century successor to our once small developing city. Interested readers are encouraged to access the Conway Corporation website to learn more; just go to "enter search term(s)" and type in "history."

The HCC conducted interviews with key staff and board members of the utility and reviewed studies, graphs, and charts to assist in tracking information on the utility provider's performance. Detailed data on these and other aspects of its operations can be obtained by calling (501) 450-6000 or through email at comments@conwaycorp.net.

Today the Conway Corporation provides water, water and waste-water treatment, electric, telephone, cable television, broadband internet, and security monitoring services – supported by universally-acclaimed customer service, high caliber planning and engineering, and construction that meets "well accredited and defined standards." All of this is done at the lowest cost for any community in the state of Arkansas.

The entity also assists with on-going addition, maintenance, and relocation of new and existing systems associated with the city's expansion and upgrades to its transportation network. To accommodate present and projected future growth, the city's water source at Lake Brewer and its related treatment facilities have been expanded, along with improved broadband internet capacity.

For the past 88 years Conway Corporation has met many unique challenges to change and adapt the scope of organizational operations as technology, regulatory standards, and economic realities have demanded. This transformation was not done in a vacuum, requiring a collegial working relationship among several community institutions, city government, and individual community leaders.

As has been noted, the absence of affordable housing for potential middle class homeowners was generally ascribed to the cost of development and regulations. Conway Corporation, as the utility provider for all land existing inside the city limits, oversees one such aspect of these expenses. Any attempt at reducing the cost of infrastructure for land developers must include their active participation and partnership with city officials who create and enforce city ordinances.

CONCLUSION

Conway must retain a necessary and important asset – our middle class families who help give permanence to the generational continuity necessary for a vibrant community.

The HCC has attempted to present factual information surrounding five areas it believes most define, and impact upon, a healthy Conway. The city's planners, leadership team, and other community residents may not interpret the data as it has been presented in this study, as such information can, and often is, viewed through a lens of personal experience, interest, and knowledge of specific areas of study.

We live in a community with a cost of living below what many of our peer cities experience – sales and property tax rates, utility expenses, and costs of rental housing the most notable. We have excellent schools, a low crime rate, extensive parks and recreational facilities, and top-notch medical care and emergency services.

Conway has thrived for over a century. During that period no one sector can be identified as the champion; there was never a concentration of extraordinary wealth controlled by a few individuals. Education, housing, and jobs have been both mutually supportive of, and dependent upon, one another. In short, Conway has been a well-balanced community. Some of the trends identified in this study, however, suggest that our city may be in danger of losing that balance. Conway must retain a necessary and important asset – our middle class families who help give permanence to the generational continuity necessary for a vibrant community.

City and school officials charged with planning for and administering the day-to-day operations of any community universally agree on one fundamental premise – the challenges created by a vibrant and growing population are far more welcome and acceptable than those which result from population loss and/or decline of business and industry activity.

It appears that Conway's current and future leaders are in for additional welcome and acceptable challenges. If the various sectors of the community come together in much the same away the city and Conway Corporation came together in its original 1929 endeavor, we are confident that our city will not only grow but grow and prosper.