

**AN ECONOMIC ANALYSIS OF
SEBASTIAN COUNTY IN
NORTHWEST ARKANSAS**



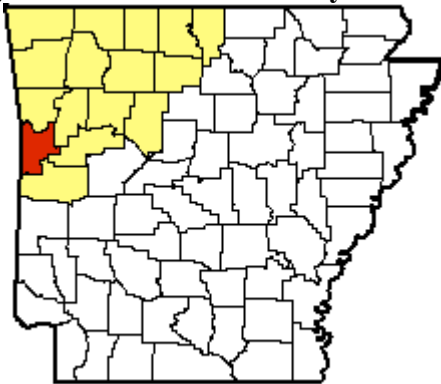
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An Economic Analysis of Sebastian County in Northwest Arkansas

I. Geographic Description

Sebastian County is comprised of 536 square miles and is located centrally along the Oklahoma-Arkansas border in the physiographic regions of the Arkansas Valley and the Fourche Mountains, found in the extreme southern portion of Sebastian County along with the Ouachita National Forest. Figure 1 highlights the counties that comprise the Northwest Arkansas region, as defined by the Arkansas Department of Economic Development. Sebastian County is shown in red; all other counties in the region are shown in yellow.

Figure 1 – Sebastian County’s Location



The Arkansas River provides the northern border for Sebastian County with Crawford County. The County is home to the Fort Smith National Historic Site and Fort Chaffee.

Sources:

United States Census Bureau. State and County QuickFacts.

<http://quickfacts.census.gov/qfd/states/05/05131.html>

Chart 2-5: Physiographic Regions. Arkansas Statistical Abstract – 2000. April 2000.

Census State Data Center, University of Arkansas at Little Rock. Page 72.

The Rand McNally Road Atlas, 2002 Edition. Page 10.

II. Demographic Characteristics

Population

In 1980, the population of Sebastian County was 95,172 persons. The county ranked third in terms of population among Arkansas’ 75 counties behind Pulaski and Washington County and second among the 16 counties in Northwest Arkansas behind Washington County. By 1990, the population of the county had increased 4.6 percent to 99,590 to rank third among Arkansas’ counties behind Pulaski and Washington County and second among the counties in Northwest Arkansas behind Washington County. From 1980 to 1990, the population of the state of Arkansas increased 2.8 percent from 2,286,435 to 2,350,725; from 1990 to 2000, the state’s population increased 13.7 percent

to 2,673,400 persons. In 2000, the population of Sebastian County stood at 115,071, an increase of 15.5 percent from 1990. The county was the fourth most populous county in Arkansas and the third most populous county in Northwest Arkansas in 2000 behind Washington and Benton County. The five most populous cities in Sebastian County in 2000 were Fort Smith (80,268), Greenwood (7,112), Barling (4,176), Lavaca (1,825), and Hartford (772). Fort Smith is the county seat for Sebastian County.

DRI-WEFA, an economic analysis consulting firm, projects the population of Sebastian County will increase by 2.2 percent to 117,630 people in the year 2010. If the projections are realized, Sebastian County will be the fourth most populous county in Arkansas and the third most populous county in Northwest Arkansas behind Washington and Benton County.

The gender makeup of Sebastian County is equivalent to that of the state as a whole. In the year 2000, the proportions of males and females in the county and the state were 48.8 percent and 51.2 percent.

In the year 2000, Sebastian County had the 22nd youngest median age, the 23rd highest proportion of residents under age 18, and the 16th lowest proportion of residents age 65 and older among all Arkansas counties. In the year 2000, the median age of residents in Sebastian County was 35.5 years, compared to 36.0 years for the state. From 1990 to 2000, the proportion of the county's population that was under 18 years of age decreased from 26.1 percent to 26.0 percent; for the same period, the proportion of Arkansans under 18 years of age decreased from 26.4 percent to 25.4 percent. From 1990 to 2000, the proportion of the county's population that was 65 years of age or older decreased from 14.0 percent to 13.0 percent; for the same period, the proportion of Arkansans age 65 or older decreased from 14.9 percent in 1990 to 14.0 percent in 2000.

The racial composition of Sebastian County is more mixed in terms of minorities than for the state as a whole. In 2000, the proportions of Sebastian County's population comprised of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 82.3 percent, 6.2 percent, 1.6 percent, and 3.5 percent, respectively. For the state, in 2000, the proportions of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 80.0 percent, 15.7 percent, 0.7 percent, and 0.8 percent, respectively. In 2000, the proportion of residents in Sebastian County who were Hispanic was 6.7 percent, compared to the state's proportion of 3.2 percent.

Sources:

United States Census Bureau, Population of Counties by Decennial Census: 1900 to 1990. <http://www.census.gov/population/cencounts/ar190090.txt>

United States Census Bureau, Census 2000, Redistricting Data (Public Law 94-171) Summary File.

http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_2000_PL_U_GCTPL_ST7&_geo_id=04000US05

The Rand McNally Road Atlas, 2002 Edition. Page 10.

DRI-WEFA, U.S. Regional Analysis. Data supplied by the Institute for Economic Advancement, University of Arkansas-Little Rock.

United States Census Bureau, Census 2000, Table DP-1. Profile of General Demographic Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>

United States Census Bureau, 1990 Census, Table DP-1. Profile of General Demographic Characteristics: 1990. http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_1990_STF1_DP1&_geo_id=04000US05

United States Census Bureau, Census 2000, Table DP-1. Profile of General Demographic Characteristics: 2000. <http://censtats.census.gov/data/AR/05005131.pdf>

United States Census Bureau, 1990 Census, Table DP-1. General Population and Housing Characteristics: 1990. http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_1990_STF1_DP1&_geo_id=05000US05131

Income

Table 1 presents median household income and median family income for the year 1999 and per capita personal income for the year 2000 for Sebastian County. The table also ranks Sebastian County in terms of these income statistics among the 75 counties in Arkansas and the 16 counties in Northwest Arkansas.

Table 1 – Sebastian County Income Statistics

Income Statistic	Sebastian County	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
1999 Median Household Income	\$33,889	105.3%	8	\$20,510	\$42,569	3	\$21,397	\$40,281
1999 Median Family Income	\$41,303	106.8%	8	\$25,846	\$48,717	3	\$27,580	\$45,235
2000 Per Capita Personal Income	\$25,358	115.3%	3	\$14,303	\$30,447	1	\$14,303	\$25,358

Table 2 presents poverty statistics for different resident groups in Sebastian County and for the State of Arkansas in 1999. The table ranks the county among the 75 counties in Arkansas and among the 16 counties in Northwest Arkansas in terms of the three poverty rates presented. For example, the county ranked 65th among the counties in Arkansas and 14th among the counties in Northwest Arkansas in terms of the poverty rate for individuals in 1999.¹

¹ Note: Rankings are from highest poverty rate to lowest. Hence, a ranking of one indicates relatively high levels of poverty, and a ranking of 75 indicates relatively low levels of poverty.

Table 2 – Sebastian County Poverty Rates, 1999

Poverty Statistic	County Rate	Arkansas Rate	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Individuals	13.6%	15.8%	65	7.2%	32.7%	14	10.1%	23.8%
Families with Related Children	16.5%	18.1%	56	7.8%	40.8%	9	11.2%	26.4%
Individuals 65 and Older	10.0%	13.8%	70	7.3%	27.6%	14	8.6%	26.6%

Table 3 presents average weekly earnings for covered employment in Sebastian County in the year 2001. The table also displays average weekly earnings as a proportion of the state's figure and ranks Sebastian County in terms of average weekly earnings relative to the counties in Arkansas and Northwest Arkansas for which data were available. For example, in terms of average weekly earnings in the manufacturing sector, Sebastian County ranked 18th among the 71 counties in Arkansas for which data were available and 1st among the 15 counties in Northwest Arkansas for which data were available.

Table 3 – Sebastian County Average Weekly Earnings, by Sector, Calendar Year 2001

Sector	Average Weekly Earnings	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Manufacturing	\$587.60	102.3%	18 / 71	\$260.75	\$894.22	1 / 15	\$312.98	\$587.60
Wholesale Trade	\$642.52	89.6%	10 / 68	\$214.77	\$995.14	4 / 14	\$214.77	\$995.14
Retail Trade	\$347.90	102.4%	5 / 73	\$215.61	\$439.32	2 / 15	\$244.32	\$358.05
Information	\$684.99	101.5%	7 / 56	\$306.77	\$869.54	3 / 12	\$348.10	\$832.62
Financial Activities	\$622.20	98.3%	2 / 73	\$282.76	\$829.55	1 / 14	\$282.76	\$622.20
Professional and Business Services	\$482.11	77.1%	23 / 68	\$218.14	\$955.05	5 / 15	\$256.91	\$955.05
Education and Health Services	\$649.85	119.9%	2 / 74	\$231.49	\$668.35	1 / 16	\$231.49	\$649.85
All Sectors	\$532.49	102.8%	6 / 75	\$316.63	\$681.93	2 / 16	\$316.63	\$631.34

Table 4 presents the share of personal income in Sebastian County in 2000 attributable to different sectors of the economy. The table displays how this share compares to the proportion for the state in aggregate and ranks Sebastian County in terms of the share of personal income attributed to the sectors relative to the counties in Arkansas and Northwest Arkansas for which data were available. For example, in terms of the share of personal income attributed to the manufacturing sector, Sebastian County ranked seventh among the 73 counties in Arkansas for which data were available and first among the 15 counties in Northwest Arkansas for which data were available.

Table 4 – Disposition of Personal Income in Sebastian County, by Sector, Year 2000

Sector	Share of Personal Income	Greater or Less than State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Farm Earnings	0.4%	-2.2%	71 / 75	0.1%	15.9%	16 / 16	0.4%	15.9%
Manufacturing	27.1%	12.8%	7 / 73	1.3%	77.9%	1 / 15	3.4%	27.1%
Transportation and Utilities	5.1%	-0.6%	18 / 71	1.3%	14.5%	6 / 15	1.8%	14.5%
Wholesale Trade	3.8%	0.3%	8 / 67	0.2%	11.4%	3 / 15	0.4%	5.9%
Retail Trade	8.5%	0.7%	4 / 75	1.4%	24.4%	3 / 16	2.4%	24.4%
Finance, Insurance, and Real Estate	3.5%	0.1%	2 / 71	0.8%	8.0%	1 / 15	1.1%	3.5%
Services	29.0%	14.1%	1 / 75	3.3%	29.0%	1 / 16	4.8%	29.0%
Business Services	5.5%	2.9%	2 / 65	0.1%	10.5%	1 / 14	0.2%	5.5%
Health Services	14.4%	8.2%	1 / 72	0.5%	14.4%	1 / 16	0.5%	14.4%
Hotel and Lodging	0.3%	0.0%	18 / 55	0.04%	1.9%	6 / 14	0.05%	1.9%
Amusement and Recreation Services	0.2%	-0.1%	12 / 48	0.03%	1.0%	6 / 10	0.03%	1.0%

The sale of livestock accounted for 96.8 percent of Sebastian County’s cash receipts from farm marketings in the year 2000. Livestock cash receipts and total cash receipts for Sebastian County in the year 2000 were \$38.6 million and \$39.8 million, respectively; the county ranked 29th in terms of the former and 51st in terms of the latter among Arkansas’ counties. Cash receipts for crops and government payments for Sebastian County in the year 2000 totaled \$1.3 million and \$467,000, respectively; the county ranked 47th in terms of the former and 56th in terms of the latter among Arkansas’ counties. Sebastian County produced 53,000 bushels of soybeans in 2001; the county ranked 41st in terms of soybean production among Arkansas’ counties. The county ranked 52nd among Arkansas’ counties in terms of total production expenses in the year 2000, \$32.2 million. As of January 1, 2002, Sebastian County had a total of 30,000 cattle and calves and 16,000 beef cows; the county ranked 29th in terms of the former and 26th in terms of the latter among the counties in Arkansas.

Sources:

- United States Census Bureau, Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>
- United States Census Bureau, Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000. <http://censtats.census.gov/data/AR/05005131.pdf>
- U.S. Commerce Department, Bureau of Economic Analysis, Regional Accounts Data, Local Area Personal Income, Table CA1-3: Personal Income Summary Estimates. <http://www.bea.gov/bea/regional/reis/>
- Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 6: County Summary Employment and Earnings, by Industry, Calendar Year 2001. <http://www.accessarkansas.org/esd/01antb6.htm>
- Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 1: Average Covered Employment and Average Weekly Earnings, by Industry, 2001. <http://www.accessarkansas.org/esd/01antb1.htm>

U.S. Commerce Department, Bureau of Economic Analysis. Regional Accounts Data, Local Area Personal Income. Table CA05 – Personal Income by Major Source and Earnings by Industry. <http://www.bea.gov/bea/regional/reis/>
 Arkansas Agricultural Statistics Service, National Agricultural Statistics Service, United States Department of Agriculture, 2001 County Profiles. <http://www.nass.usda.gov/ar/sebastn.PDF>

Education

Sebastian County contains the following six school districts, with October 1, 2000 enrollment found in parentheses: Fort Smith (12,637), Greenwood (3,166), Hackett (572), Hartford (491), Lavaca (838), and Mansfield (1,043). Table 5 displays the average ACT composite score for high school seniors (which ranges from 1 to 36, with 36 being the best), the attendance rate, the dropout rate (percentage of students dropping out of school in Grades 7-12 from October of one school year to October of the next school year), the graduation rate (percentage of students enrolled in Grade 9 and completing Grade 12), and the college remediation rate (percentage of freshmen entering an *Arkansas* college or university who are required to take at least one remedial class) for the above school districts and for the state in aggregate.

Table 5 – Educational Statistics for Sebastian County Schools, 2000-2001 School Year

School District	ACT Composite Score	Attendance Rate	Dropout Rate	Graduation Rate	College Remediation Rate
Fort Smith	21.2	91.6%	3.3%	84.6%	45.0%
Greenwood	20.6	94.7%	1.7%	92.8%	47.0%
Hackett	19.8	93.0%	12.5%	69.5%	46.0%
Hartford	22.3	92.1%	5.8%	63.2%	0.0%
Lavaca	19.7	92.4%	1.7%	89.4%	65.0%
Mansfield	19.1	93.2%	1.0%	89.6%	48.0%
State Average	20.1	93.2%	3.0%	84.3%	41.0%

Among the 301 school districts in Arkansas for which data were available, the ACT composite scores for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 39th), Greenwood (tied for 79th), Hackett (tied for 131st), Hartford (tied for 7th), Lavaca (tied for 143rd), and Mansfield (tied for 186th); because of ties, the rankings ranged from 1 through 299. Among the 72 school districts in Northwest Arkansas, the ACT composite scores for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 20th), Greenwood (tied for 30th), Hackett (tied for 49th), Hartford (tied for 6th), Lavaca (51st), and Mansfield (tied for 58th). District-wide average ACT composite scores for the 301 school districts in Arkansas for which data were available ranged from 24.0 to 14.0; for the school districts in Northwest Arkansas, the district-wide average ACT composite scores ranged from 24.0 to 15.8.

Among the 307 school districts in Arkansas for which data were available, the dropout rates for the school districts in Sebastian County ranked as follows: Fort Smith (tied for

81st), Greenwood (tied for 181st), Hackett (4th), Hartford (tied for 28th), Lavaca (tied for 181st), and Mansfield (tied for 235th); because of 27 districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 285.² Among the 72 school districts in Northwest Arkansas, the dropout rates for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 17th), Greenwood (tied for 38th), Hackett (1st), Hartford (tied for 4th), Lavaca (tied for 38th), and Mansfield (tied for 58th); because of four districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 69. For the state, dropout rates ranged from 15.4 percent to 0.0 percent; for the districts in Northwest Arkansas, dropout rates ranged from 12.5 percent to 0.0 percent.

Among the 307 school districts in Arkansas for which data were available, the graduation rates for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 173rd), Greenwood (tied for 69th), Hackett (tied for 288th), Hartford (298th), Lavaca (tied for 113th), and Mansfield (tied for 107th). Among the 72 school districts in Northwest Arkansas, the graduation rates for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 48th), Greenwood (16th), Hackett (69th), Hartford (72nd), Lavaca (tied for 34th), and Mansfield (tied for 29th). For the state, graduation rates ranged from 100.0 percent to 23.6 percent; for the districts in Northwest Arkansas, graduation rates ranged from 100.0 percent to 63.2 percent.

Among the 307 school districts in Arkansas for which there were data available, the college remediation rates for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 162nd), Greenwood (tied for 147th), Hackett (tied for 151st), Hartford (tied for 281st), Lavaca (tied for 55th), and Mansfield (tied for 145th); because of 31 districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from 1 through 281.³ Among the 72 school districts in Northwest Arkansas, the college remediation rate for the school districts in Sebastian County ranked as follows: Fort Smith (tied for 31st), Greenwood (tied for 26th), Hackett (tied for 28th), Hartford (tied for 70th), Lavaca (8th), and Mansfield (25th); because of three districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from 1 through 70. For the state, college remediation rates ranged from 100.0 percent to 0.0 percent; for the districts in Northwest Arkansas, college remediation rates ranged from 80.0 percent to 0.0 percent.

In the Fort Smith School District, all 27 of the district's schools are accredited by the North Central Association of Secondary Schools and Colleges (NCASSC). In the Greenwood School District, all five of the district's schools are accredited by the NCASSC. In the Hackett School District, both of the district's schools are accredited by the NCASSC. In the Hartford School District, neither of the district's schools is accredited by the NCASSC. In the Lavaca School District, both of the district's schools

² Note: Rankings are from highest dropout rate to lowest. Hence, a ranking of one indicates a relatively high dropout rate, and a ranking of 285 indicates a relatively low dropout rate.

³ Note: Rankings are from highest remediation rate to lowest. Hence, a ranking of one indicates a relatively high dropout rate, and a ranking of 281 indicates a relatively low remediation rate.

are accredited by the NCASSC. In the Mansfield School District, both of the district's schools are accredited by the NCASSC.

Table 6 displays the proportion of persons 25 years of age or older in Sebastian County with various levels of education in the year 2000. The table also presents the proportions for the state in aggregate and ranks the county among the 75 counties in Arkansas and among the 16 counties in Northwest Arkansas in terms of the four levels of education presented. For example, Sebastian County ranked 12th among Arkansas' counties and fourth among the counties in Northwest Arkansas in terms of the proportion of the persons 25 years of age or older with a bachelor's degree in 2000.

Table 6 – Educational Attainment in Sebastian County, 2000

Level of Education	County	Arkansas	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Bachelor's Degree	10.8%	11.0%	12	4.2%	18.0%	4	5.4%	14.8%
Graduate or Professional Degree	5.8%	5.7%	8	1.8%	10.1%	3	2.8%	9.8%
Bachelor's Degree or Higher	16.6%	16.7%	11	6.3%	28.1%	4	8.4%	24.5%
High School Diploma or Higher	76.6%	75.3%	13	56.2%	84.4%	6	65.4%	80.4%

There are seven Arkansas colleges and universities within 100 miles of Fort Smith, Arkansas. The institutions, the number and type of degree programs offered at the institutions, and their enrollment statistics are presented below.

Arkansas Tech University (ATU), located in Russellville, Arkansas in Pope County, is a four-year public university. The Arkansas Higher Education Coordinating Board (AHECB) of the Arkansas Department of Higher Education has approved the dissemination of the following academic degrees and certificate programs at ATU: technical certificates in 3 program areas, associate degrees in 10 program areas, baccalaureate degrees in 54 program areas, master's degrees in 20 program areas, and a specialist degree in educational leadership. Opening fall enrollment for ATU was 5,576 in 2001, 7.8 percent greater than fall 2000. Opening fall enrollment for the four-year public universities in Arkansas stood at 65,704 in 2001, 2.4 percent greater than fall 2000. The school ranked fifth among the ten four-year public universities in terms of fall enrollment in 2001. Since 1997, fall enrollment at ATU has increased 31.6 percent, compared to a 4.8 percent increase for four-year public universities in Arkansas.

John Brown University (JBU), located in Siloam Springs, Arkansas in Benton County, is a private, four-year Christian college (interdenominational) that offers associate degrees in 6 program areas, baccalaureate degrees in 50 program areas, and master's degrees in 6 program areas. Opening fall enrollment for JBU was 1,684 persons in 2001, 9.0 percent greater than fall 2000. Since 1997, fall enrollment has increased 27.1 percent.

Northwest Arkansas Community College (NWACC), located in Bentonville, Arkansas in Benton County, is a two-year public college. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the NWACC: certificates of proficiency in 4 program areas, technical certificates in 3 program areas, associate degrees in 26 program areas, and an advanced certificate in medical dosimetry. Opening fall enrollment for NWACC was 4,292 persons in 2001, 5.8 percent greater than fall 2000. Opening fall enrollment for the two-year public institutions in Arkansas stood at 43,387 in 2001, 6.3 percent greater than fall 2000. The school ranked third among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at NWACC has increased 32.5 percent, compared to a 16.6 percent increase for two-year public institutions in Arkansas.

Rich Mountain Community College (RMCC), located in Mena, Arkansas in Polk County, is a two-year public college. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the RMCC: certificates of proficiency in 5 program areas, technical certificates in 10 program areas, and associate degrees in 17 program areas. Opening fall enrollment for RMCC was 1,003 in 2001, 4.0 percent greater than fall 2000. The school ranked 17th among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at RMCC has increased 29.8 percent.

The University of Arkansas (UA), located in Fayetteville, Arkansas in Washington County, is the flagship institution of the University of Arkansas system. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the UA: associate degrees in 2 program areas, baccalaureate degrees in 123 program areas, post-baccalaureate certificates in 2 program areas, master's degrees in 101 program areas, specialist degrees in 8 program areas, doctoral degrees in 42 program areas, and a professional degree in law. Opening fall enrollment for the UA was 15,752 in 2001, 2.6 percent greater than fall 2000. The school ranked first among the ten four-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at the UA has increased 7.5 percent.

In January 2002, Westark College, located in Fort Smith, Arkansas in Sebastian County, joined the University of Arkansas system, changed its name to the University of Arkansas at Fort Smith (UAFS), and became a four-year institution. The AHECB has approved the dissemination of the following academic degrees and certificate programs at UAFS: certificates of proficiency in 28 program areas, technical certificates in 17 program areas, associate degrees in 34 program areas, an advanced certificate in industrial automation, and baccalaureate degrees in 8 program areas. Opening fall enrollment at UAFS was 5,673 in 2001, 8.3 percent greater than fall 2000. Since 1997, fall enrollment at UAFS has increased 0.7 percent.

The University of the Ozarks, located in Clarksville, Arkansas in Johnson County, is a four-year private liberal arts university and offers baccalaureate degrees in 25 program areas. Opening fall enrollment for the University of the Ozarks was 654 persons in 2001,

5.1 percent greater than fall 2000. Since 1997, fall enrollment at the University of the Ozarks has increased 22.5 percent.

Sources:

Arkansas Department of Education, Arkansas School Information Site, Performance Report, 2001. <http://www.as-is.org/reportcard/rc2001/>

North Central Association Commission on Accreditation and School Improvement. <http://www.ncacasi.org/>

United States Census Bureau, Census 2000, Table DP-2. Profile of Selected Social Characteristics: 2000. <http://censtats.census.gov/data/AR/05005131.pdf>

United States Census Bureau, Census 2000, Table DP-2. Profile of Selected Social Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>

Arkansas Department of Higher Education, Arkansas State Colleges and Universities. <http://www.arkansashighered.com/colleges.html>

Arkansas Department of Higher Education, Approved Academic Degree and Certificate Programs. http://www.arkansashighered.com/pdfs/RP/degrees_2003.pdf

Arkansas Department of Higher Education, Opening Fall Enrollment at Public Colleges and Universities. October 29, 2001.

<http://www.arkansashighered.com/Research/Enrollment/Actual%20Enroll%20Fall%202001.xls>

John Brown University, "Catalog for 2001-2003."

<http://www.jbu.edu/academics/catalog/03catalog.pdf>

University of the Ozarks. <http://www.ozarks.edu/academics/programs.html>

III. Infrastructure

Ports

The Port of Fort Smith is on the Arkansas River, which offers a 9-foot ice-free channel, open year round with low cost transportation by barge between Fort Smith and points on the navigable waterways. The port is available by numerous carriers that serve Fort Smith. The public port in Fort Smith is in operation with two on-site and several off-site warehouses and has 2 docks and 2 cranes. The Port of Fort Smith is part of the 450-mile McClellan-Kerr Arkansas River Navigation System that runs through the heart of the nation. The waterway not only connects Fort Smith to the ports of the world, but also with America's entire inland waterway system, from Houston to New Orleans, to Pittsburgh and Minneapolis.

The Arkansas River provides navigation through Arkansas to Catoosa, Oklahoma, near Tulsa. Some 313 miles of channel are located in Arkansas. Public ports are located at Pine Bluff, Little Rock, and Fort Smith. An estimated \$3 billion in private investments have been made on the navigation system since it was opened in 1971.

Sources:

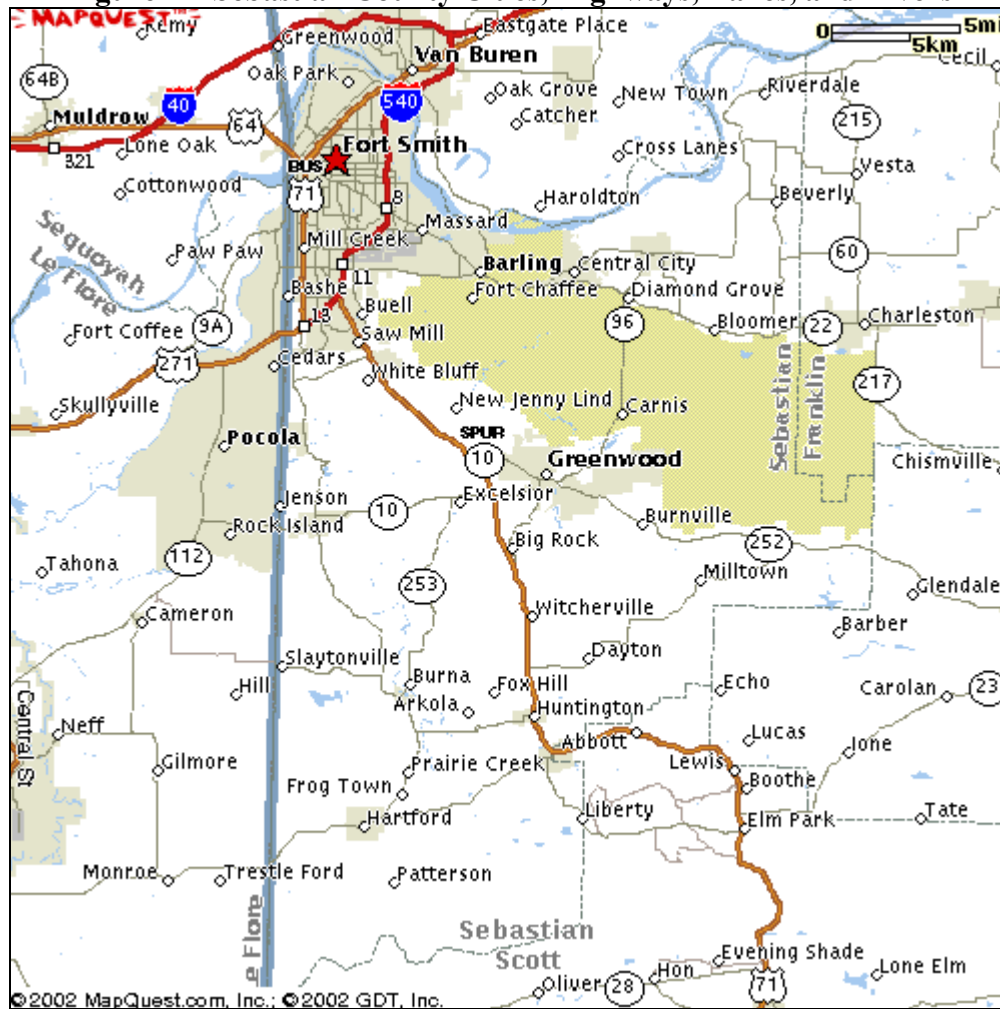
Fort Smith Chamber of Commerce. <http://www.fschamber.com/transportation.asp>

Arkansas Waterways Commission. <http://www.waterways.dina.org>

Highways

Figure 2 displays the major cities, highways, lakes, and rivers found in Sebastian County. In 2003, 4.3 miles of passing lanes is to be added to Arkansas State Highway 10 at the border of Sebastian County and Logan County. In 2005, 0.5 miles of Arkansas State Highway 45 is to be relocated in Backbone Mountain.

Figure 2 – Sebastian County Cities, Highways, Lakes, and Rivers



Sources:

Arkansas State Highway and Transportation Department. Statewide Transportation Improvement Program 2003-2005 Preliminary.

<http://www.ahtd.state.ar.us/contract/progcon/stip/stip%20by%20ffy%202003%2D2005%20prelim.xls>

MapQuest.com, Inc. <http://www.mapquest.com>

Utilities

Table 7 displays the surplus water capacity, the surplus wastewater capacity, the electricity provider, and the natural gas provider for the three most populous cities in Sebastian County.⁴

Table 7 – Utilities for the Three Most Populous Cities in Sebastian County

City	Water Surplus Capacity	Waste Water Surplus Capacity	Electricity Provider	Natural Gas Provider
Fort Smith	N/A	N/A	Oklahoma Gas & Electric Company (OG&E). and Arkansas Valley Electric Cooperative (AVEC)	Arkansas Oklahoma Gas Company (AOG)
Greenwood	0.4 million GPD	0.9 million GPD	Arkansas Electric Power / Southwestern Power Company / AVEC	AOG
Barling	N/A	N/A	OG&E	AOG

The City of Fort Smith has a water pumping capacity of 31.7 million gallons per day and a wastewater treatment capacity of 18 million gallons per day.

Sources:

Fort Smith Chamber of Commerce. <http://www.fschamber.com/water.asp>

Greg Cross, Greenwood City Water Department.

Mack Cochran, Greenwood City Water Department.

City of Barling, Arkansas.

Railroads

The Arkansas & Missouri Railroad junctions with the Kansas City Southern Railroad in Fort Smith, with the Union Pacific Railroad in Van Buren, Arkansas, and with the Burlington Northern Santa Fe Railroad in Monette, Missouri.

The Fort Smith Railroad Company runs 22 miles from Fort Smith to Fort Chaffee, is the handling line carrier for the Union Pacific Railroad, and junctions with the Union Pacific Railroad and Kansas City Southern Railroad in Fort Smith.

The Kansas City Southern Railroad has a line beginning just east of Fort Smith that runs west and joins with the mainline of the railroad in Sallisaw, Oklahoma.

⁴ GPD = Gallons Per Day

The Union Pacific Railroad has a line running from its hub in Little Rock along the Arkansas River through Russellville, Clarksville, Ozark, Van Buren, and Fort Smith to a mainline junction in Muskogee, Oklahoma.

Sources:

Arkansas & Missouri Railroad. <http://www.arkansasmissouri-rr.com/map.html>

Pioneer Railcorp. Fort Smith Railroad Company. <http://www.pioneer-railcorp.com/Subsidiaries/fsr/fsr.html>

Kansas City Southern Railroad Company. http://www.kcsi.com/system_map.pdf

Union Pacific Railroad. <http://www.uprr.com/aboutup/usguide/usa-ar.shtml>

Airports

The Fort Smith Regional Airport is the only airport serving Sebastian County. The airport, located three miles southeast of Fort Smith, has four grooved asphalt runways. The first two runways are each 5,002 feet in length, which can accommodate a 55,000-pound single-wheel aircraft, a 70,000-pound double-wheel aircraft, and a 120,000-pound tandem-wheel aircraft. The other two runways are each 8,000 feet in length, which can accommodate a 75,000-pound single-wheel aircraft, a 175,000-pound double-wheel aircraft, and a 295,000-pound tandem-wheel aircraft. There is a control tower at this airport. Services offered at Fort Smith Regional Airport include: aviation fuel, aircraft parking (hangars and tiedowns), air freight, avionics service, charter flights, flight instruction, aircraft rental, and aircraft sales. Commercial airline service is provided by American Eagle and Northwest Airlink. Rental car services are provided by Avis, Budget, Hertz, and National.

The four major airports closest to Sebastian County are the Northwest Arkansas Regional Airport in Bentonville, Arkansas (roughly 80 miles north of Fort Smith), Tulsa International Airport in Tulsa, Oklahoma (roughly 120 miles northwest of Fort Smith), Adams Field Airport in Little Rock, Arkansas (roughly 160 miles southeast of Fort Smith), and Will Rogers World Airport in Oklahoma City, Oklahoma (roughly 180 miles west of Fort Smith).

Sources:

AirNav, LLC. Fort Smith Regional Airport: Fort Smith, Arkansas.
<http://www.airnav.com/airport/KFSM>

Fort Smith Regional Airport, Tenant Information.
http://www.fortsmithairport.com/general_info_tenant.html

IV. Labor Force

A breakdown of covered employment for Sebastian County in 2001 is provided in Table 8 below.

Table 8 – Covered Employment for Sebastian County, 2001 Annual Averages

North American Industry Classification System Industry Group	Average Employing Units	Average Covered Employment
Natural Resources & Mining	65	942
Construction	267	2,981
Manufacturing	251	22,260
Trade, Transportation & Utilities	962	12,200
Wholesale Trade	241	2,270
Retail Trade	595	7,942
Transportation, Warehousing & Utilities	126	1,988
Information	61	1,398
Financial Activities	371	2,651
Professional & Business Services	466	9,656
Education & Health Services	376	9,369
Leisure & Hospitality	280	4,851
Other Services	304	1,534
Local Government	43	3,831
State Government	21	1,082
Sebastian County - Total	3,466	72,755

The manufacturing sector accounted for 30.6 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 20.5 percent. In terms of the proportion of covered employment attributed to the manufacturing sector, the county ranked 17th among the 71 counties in Arkansas for which data were available and 6th among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 62.4 percent (Calhoun County) to 5.1 percent (Perry County); for Northwest Arkansas, the proportions ranged from Marion County's 48.2 percent to Newton County's 8.3 percent.

The wholesale trade sector accounted for 3.1 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 4.1 percent. In terms of the proportion of covered employment attributed to the wholesale trade sector, the county ranked 32nd among the 68 counties in Arkansas for which data were available and 4th among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 23.0 percent (Woodruff County) to 0.3 percent

(Marion County); for Northwest Arkansas, the proportions ranged from Boone County's 7.5 percent to Marion County's 0.3 percent.

The retail trade sector accounted for 10.9 percent of total covered employment in Sebastian County in 2001, compared to the state's figures of 11.9 percent. In terms of the proportion of covered employment attributed to the retail trade sector, the county ranked 54th among the 74 counties in Arkansas for which data were available and 13th ahead of Benton County and Marion County among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 18.9 percent (Saline County) to 2.7 percent (Calhoun County); for Northwest Arkansas, the proportions ranged from Baxter County's 14.5 percent to Benton County's 8.6 percent.

The transportation, warehousing, and utilities sectors accounted for 2.7 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 5.5 percent. In terms of the proportion of covered employment attributed to the transportation, warehousing, and utilities sectors, the county ranked 45th among the 69 counties in Arkansas for which data were available and 10th among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 18.4 percent (Little River County) to 0.8 percent (Marion County); for Northwest Arkansas, the proportions ranged from Crawford County's 17.7 percent to Marion County's 0.8 percent.

The information sector accounted for 1.9 percent of total covered employment in Sebastian County in 2001, equivalent to the state's figure. In terms of the proportion of covered employment attributed to the information sector, the county ranked 7th among the 56 counties in Arkansas for which data were available and 3rd behind Boone County and Baxter County among the 12 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 3.6 percent (Pulaski County) to 0.3 percent (Little River County); for Northwest Arkansas, the proportions ranged from Boone County's 3.2 percent to Johnson County's 0.4 percent.

The financial activities sector accounted for 3.6 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 4.3 percent. In terms of the proportion of covered employment attributed to the financial activities sector, the county ranked 34th among the 73 counties in Arkansas for which data were available and 8th among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 7.5 percent (Pike County) to 1.9 percent (Nevada County); for Northwest Arkansas, the proportions ranged from Marion County's 5.0 percent to Scott County's 2.3 percent.

The professional and business services sector accounted for 13.3 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 9.2 percent. In terms of the proportion of covered employment attributed to the professional and business services sector, the county ranked 4th among the 68 counties in Arkansas for which data were available and 2nd behind Benton County among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged

from 23.3 percent (Benton County) to 0.5 percent (Woodruff County); for Northwest Arkansas, the proportions ranged from Benton County's 23.3 percent to Scott County's 0.6 percent.

The education and health services sector accounted for 12.9 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 11.3 percent. In terms of the proportion of covered employment attributed to the education and health services sector, the county ranked 18th among the 74 counties in Arkansas for which data were available and 4th among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 19.9 percent (Baxter County) to 2.2 percent (Little River County); for Northwest Arkansas, the proportions ranged from Baxter County's 19.9 percent to Crawford County's 6.6 percent.

The leisure and hospitality sector accounted for 6.7 percent of total covered employment in Sebastian County in 2001, compared to the state's figure of 7.8 percent. In terms of the proportion of covered employment attributed to the leisure and hospitality sector, the county ranked 38th among the 73 counties in Arkansas for which data were available and 10th among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 16.7 percent (Carroll County) to 1.9 percent (Woodruff County); for Northwest Arkansas, the proportions ranged from Carroll County's 16.7 percent to Madison County's 4.3 percent.

A summary of Sebastian County's largest employers is presented in Table 9 below.

Table 9 – Sebastian County's Largest Employers

Company Name	City	Product	Employees
Whirlpool Corporation	Fort Smith	Refrigerators	G
Wal-Mart	Fort Smith	Retail	F
Rheem Air Conditioning	Fort Smith	Air Conditioning Equipment	F
Baldor Electric Company	Fort Smith	Electric Motors	F
Sparks Regional Medical Center	Fort Smith	Hospital	F
OK Foods, Inc.	Fort Smith	Poultry	F
St. Edward Mercy Medical Center	Fort Smith	Hospital	F
Beverly Indemnity	Fort Smith	Skilled Care	D
Gerber Products Company	Fort Smith	Baby Food	D
Twin Rivers Foods	Fort Smith	Poultry	D
Trane Company	Fort Smith	Air Conditioning and Heating Equipment	D
University of Arkansas at Fort Smith	Fort Smith	University	D
Riverside Furniture Corporation	Fort Smith	Furniture and Headquarters	D

Employee Codes – D: 501-1,000; F: 1,501-2,500; G: 2,501-5,000

Figure 3 displays the annual unemployment rates for Sebastian County, the State of Arkansas, and the United States for the period 1995 through 2001. For the period, Sebastian County experienced unemployment rates below the state average and national average; the annual unemployment rate in Sebastian County was between 0.3 percent below and 1.1 percent below the annual unemployment rate for the state and between 0.1 percent below and 1.0 percent below the annual unemployment rate for the U.S. for the

period. In 2001, the unemployment rate in Sebastian County was 4.0 percent, compared to the state and national figures of 5.1 percent and 4.8 percent, respectively. Sebastian County had the 10th lowest unemployment rate among Arkansas' 75 counties in 2001 and the 6th lowest unemployment rate among the 16 counties in Northwest Arkansas. Unemployment rates in Arkansas ranged from 2.2 percent in Benton County to 13.9 percent in Mississippi County; unemployment rates in Northwest Arkansas ranged from Benton County's 2.2 percent to Newton County's 6.7 percent.

Figure 3 – Historical Unemployment Rate Comparisons: 1995-2001

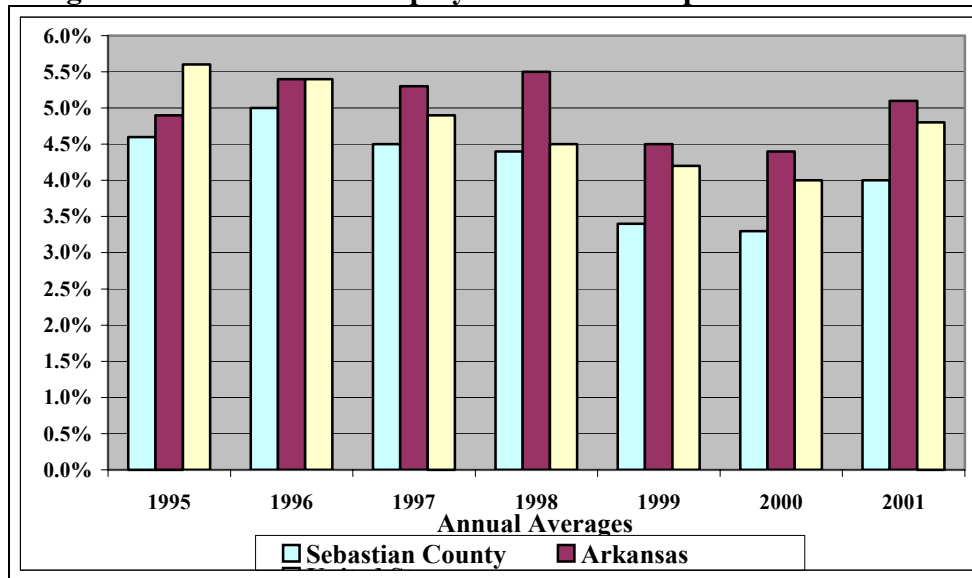
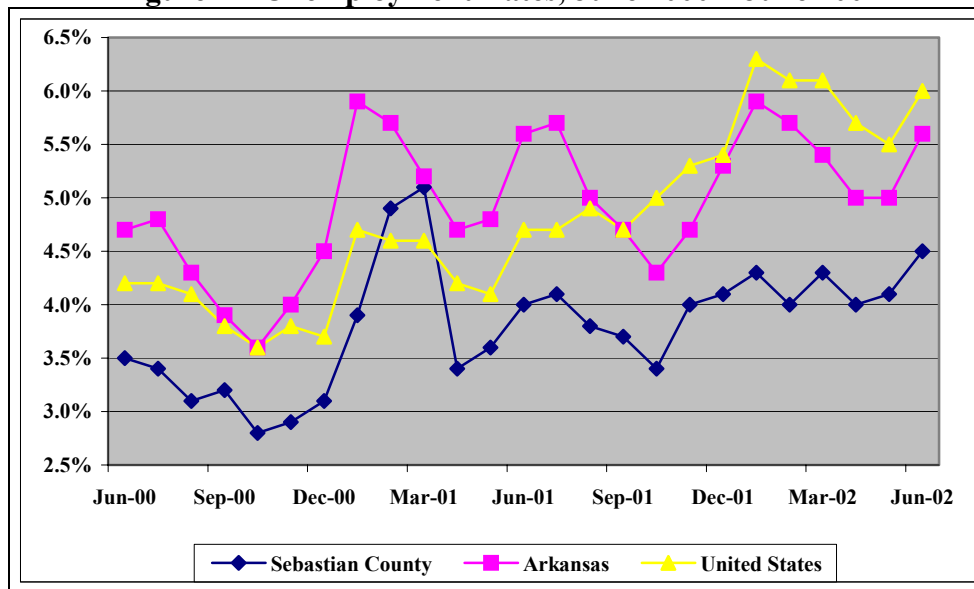


Figure 4 displays the monthly unemployment rates for Sebastian County, the State of Arkansas, and the United States from June 2000 to June 2002.⁵

Figure 4 – Unemployment Rates, June 2000 – June 2002



Sources:

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 6: County Summary Employment and Earnings, by Industry, Calendar Year 2001. <http://www.accessarkansas.org/esd/01antb6.htm>

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 1: Average Covered Employment and Weekly Earnings, by Industry, 2001. <http://www.accessarkansas.org/esd/01antb1.htm>

Largest Employers by County data from Arkansas Department of Economic Development.

Arkansas Economic Security Department, Arkansas Revised Labor Force Statistics, Annual Average, 2001. <http://www.accessarkansas.org/esd/lmiaa01.htm>

Arkansas Employment Security Department, Arkansas Labor Force Statistics. <http://www.accessarkansas.org/esd/lmilaborforcestats.htm>

V. Available Industrial Sites and Buildings

There are currently three available industrial sites in Sebastian County. The first property is located outside the city limits of Fort Smith and is privately owned. There are 400 acres of land available within the property priced between \$30,000 and \$45,000 per acre. The site is cleared with a slope of less than two percent. Three firms have a presence on the site: Whirlpool Corporation, Rheem Air Conditioning, and Trane Company. U.S. highway 71 and Arkansas Highway 45 are adjacent the property, and Interstate 540 is 0.5 miles north of the site. The Union Pacific Railroad has a line adjacent the site. Commercial air service is available at Fort Smith Municipal Airport three miles north of

⁵ Note: Data are not seasonally adjusted.

the site. There are also port facilities with truck service at the Port of Fort Smith. The Fort Smith Municipal System provides water service to the site through a 20-inch main with a normal line pressure of 65 pounds per square inch (psi). The Fort Smith Municipal System also provides sewer service to the site through an 18-inch and a 24-inch main. The Arkansas Oklahoma Gas Corporation (AOG) provides natural gas service to the site through a six-inch main. The Oklahoma Gas & Electric Company (OG&E) serves the north portion of the site, and the Arkansas Valley Electric Cooperative (AVEC) serves the southern portion of the site with a voltage of 161.0 kilovolts.

The second property, located at Fort Smith Regional Airport, is owned by the Fort Smith Airport Commission. There are 300 acres of land available for land lease only with a price of \$7,950 per acre, price negotiable. The site is cleared with a slope of 1.5 to 2.0 percent. Four firms have a presence on the site: Baldor Electric, Crain Industries, Sugarhill Farms, and Arkansas Best Corporation. Interstate 540 is adjacent the site. The Fort Smith Railroad has a line on the site. The Port of Fort Smith is six miles northwest of the site. The City of Fort Smith provides water service to the site through an 8-inch main with a normal line pressure of 82 psi. The City of Fort Smith also provides a 12-inch sewer main to the site. AOG has a 2-inch main with a normal line pressure of 50 psi 500 feet north of the site; an extension will be required. OG&E provides electricity to the site with a voltage of 25.0 kilovolts.

The third property is located outside the city limits of Fort Smith and is privately owned. There are 120 acres of (cleared) land available with a price of \$16,250. The site is directly serviced by Arkansas Highway 45, and Interstate 540 is 2 miles west of the site. The Union Pacific Railroad has a line on the western boundary of the site. Commercial air service is available at the Fort Smith Regional Airport one mile northeast of the site. The Port of Fort Smith is five miles west of the site. The City of Fort Smith provides water service to the site through a 20-inch main with a normal line pressure of 54 psi. The City of Fort Smith also provides sewer service to the site through a ten-inch sewer main. AOG provides natural gas service to the site through a 6-inch main with a normal line pressure of 50 psi. The OG&E provides electricity to the site with a voltage of 161.0 kilovolts.

There are six available industrial buildings in Sebastian County. The first building, constructed in 1964, is located at 611 South 4th in Fort Smith and was previously occupied by Riverside Furniture. The metal facility has 167,231 square-feet of space (160,000 square-feet of manufacturing space and 3,500 square-feet of office space) on 6-inch concrete floors and is accompanied by 5 acres of land, with an additional 1.9 acres available for purchase. Clearance under the beams ranges from 16 feet, 10 inches to 36 feet, 0 inches; the span between the beams ranges from 19 feet, 0 inches to 37 feet, 0 inches. The Kansas City Southern Railroad has a spur at the facility. The facility has 2 floor-level doors, 11 dock-high doors, and 90 paved parking spaces. The City of Fort Smith provides water service to the facility through a 12-inch main with normal line pressure of 75 psi. The City of Fort Smith also provides sewer services through an eight-inch sewer main. AOG provides the facility with natural gas service through a 4-inch

main with a normal line pressure of 10 psi. OG&E provides the facility with electricity. The facility is for sale at a price of \$3 million or for lease, price negotiable.

The second building, constructed in 1978, is located at 2100 Wheeler in Fort Smith and was previously occupied by Braden, manufacturer of silencing systems. The metal facility has 90,000 square-feet of space (87,960 square-feet of manufacturing space and 2,040 square-feet of office space) on five-inch concrete floors and is accompanied by 7.9 acres of land, with an additional two acres available for purchase. Clearance under the beams is 30 feet, 0 inches; the span between the beams ranges from 38 feet to 40 feet. The Union Pacific Railroad has a spur at the facility. The facility has 10 floor-level doors, 0 dock-high door, 10 paved parking spaces, and 50 gravel parking spaces. The City of Fort Smith provides water service to the facility through a 12-inch main. The City of Fort Smith also provides sewer services through an eight-inch sewer main. AOG provides the facility with natural gas service through a one-inch main. OG&E provides the facility with electricity. The facility is for sale at a price of \$1.5 million.

The third building, constructed in 1952, is located at 800 South 4th in Fort Smith and was previously occupied by Riverside Furniture. The wood and metal facility has 68,000 square-feet of space (67,000 square feet of manufacturing space and 900 square-feet of office space) on 6-inch concrete floors and is accompanied by 3.9 acres, with an additional 1.9 acres available for purchase. Clearance under the beams ranges from 10 feet, 2 inches to 23 feet, 6 inches; the span between the beams ranges from 11 feet, 4 inches to 26 feet, 2 inches. The Kansas City Southern Railroad has a spur at the facility. The facility has 1 floor-level door, 6 dock-high doors, and 75 gravel parking spaces. A The City of Fort Smith provides water service to the facility through a 12-inch main with a normal line pressure of 85 psi. The City of Fort Smith also provides sewer services through an 18-inch sewer main. AOG provides the facility with natural gas service through a four-inch main with a normal line pressure of one psi. OG&E provides the facility with electricity. The facility is for sale at a price of \$450,000 or for lease, price negotiable.

The fourth building, constructed in 1975, is located at 200 South I in Fort Smith and was previously occupied by Riverside Furniture. The block and metal facility has 36,430 square-feet of space (22,930 square feet of manufacturing space and 1,000 square-feet of office space) on 6-inch concrete floors and is accompanied by 1.6 acres. Clearance under the beams ranges from 10 feet, 10 inches to 11 feet, 0 inches; the span between the beams ranges from 10 feet, 10 inches to 11 feet, 0 inches. The Kansas City Southern Railroad has a spur at the facility. The facility has 2 floor-level doors, 5 dock-high doors, 1 truck well, and 60 gravel parking spaces. The City of Fort Smith provides water service to the facility through a 6-inch main with a normal line pressure of 85 psi. The City of Fort Smith also provides sewer services through a six-inch sewer main. AOG provides the facility with natural gas service through a four-inch main with a normal line pressure of five psi. OG&E provides the facility with electricity. The facility is for sale at a price of \$525,000 or for lease, price negotiable.

The fifth building, constructed in 1989, is located at 2917 Highway 10 West in Greenwood and was previously occupied by Gonzales Communications. The metal facility has 13,000 square-feet of space (offices can be built to suite the tenant) on 4-inch concrete floors and is accompanied by 2.12 acres. Clearance under the beams ranges from 10 feet to 20 feet; the span between the beams ranges from 11 feet, 5 inches to 21 feet, 3 inches. The facility has 1 floor-level door, 3 dock-high doors, and 30 gravel parking spaces. A The City of Greenwood provides water service to the facility through a 6-inch main with a normal line pressure of 100 psi. AOG provides the facility with natural gas service through a four-inch main. AVEC provides the facility with electricity. The facility is for sale at a price of \$300,000 or for lease with a price of \$2,500 per month.

The sixth building, constructed in 1980, is located at 3011 Stateline Road in Fort Smith and was previously occupied by TCA Cable. The metal facility has 12,250 square-feet of space (8,750 square-feet of manufacturing space and 3,500 square-feet of office space) on 4-inch concrete floors and is accompanied by 2.75 acres. Clearance under the beams ranges from 16 feet, 6 inches to 18 feet, 0 inches; the span between the beams ranges from 18 feet to 20 feet. The facility has 1 floor-level door, 1 dock-high door, and 25 gravel parking spaces. The Kansas City Southern Railroad has a line 0.5 miles from the facility. The City of Fort Smith provides water service to the facility through an eight-inch main with a normal line pressure of 88 psi. The City of Fort Smith provides sewer service to the facility. AOG provides the facility with natural gas service through an eight-inch main. OG&E provides the facility with electricity. The facility is for sale at a price of \$350,000 or for lease with a price of \$2,450 per month.

Sources:

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=FORS001

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=FORS002

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=FORS003

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=863

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=369

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=864

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=865

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=873

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=723

VI. Economic Goals

Sebastian County has enjoyed economic success relative to much of the rest of the state. This success is based on a solid record as a base of manufacturing and a location at the junction of Interstates 40 and 540. Companies like Whirlpool, Rheem Air Conditioning, Baldor Electric, and Beverly Enterprises provide the employment base for the county. Additionally, the existence of the University of Arkansas at Fort Smith provides the opportunity for specific education and training of the local population.

Manufacturing is both the greatest strength and potential weakness of Sebastian County. High quality companies have invested a great deal in local communities, but national trends show losses in manufacturing employment, as plants move elsewhere to find less expensive labor. Sebastian County is susceptible to these larger trends and should be looking for ways to diversify the mix of industries that support the local economy. However, the success that Sebastian County has had should not be overlooked. Taking steps to acquire new product lines for existing manufacturers is a valid strategy for continued economic growth.

Sebastian County is limited in its ability to offer substantial local incentives due to the high level of private investment that has taken place in the past. Therefore, Sebastian County economic developers should work with the state to find incentive packages that meet the needs of potential new companies.

VII. Opportunities for Future Business Development

Refrigerators

Two reasons for optimism in the appliances industry are the current U.S demographics and housing trends. The main population group targeted by the industry is 35-to-64-year-olds, which accounts for the fastest-growing segment in the United States. This group comprises individuals who have reached their peak spending years and who are likely to trade up in the housing market and to replace earlier purchases of major durables, such as furniture and appliances. Not only are houses getting larger, but homeownership is also increasing. As larger homes need more furnishings, and as homeowners are more likely to spend more dollars per item on household durables, such housing trends translate into more appliances sales.

Distribution strategies and channels for appliance sales are changing. While traditional outlets such as full-service department stores and multibrand appliance stores will continue to dominate, value-oriented appliance retailers will see growth.

Another trend in the appliance industry is global expansion. Europe offers an attractive opportunity for U.S. appliance manufacturers for two reasons. One is the saturation levels for many major appliances are half of what they are in the United States, especially in Central and Eastern Europe and the former Soviet Union. The second reason is market fragmentation. Whirlpool estimates that in 2000, about 35 European companies made major home appliances - the majority of them, a limited range of products for a specific geographic region. By contrast, the United States has approximately 5 to 10 manufacturers of home appliances, depending on the type of appliance. Thus, significant opportunities exist in Europe for larger manufacturers to take market share away from smaller companies or to acquire those companies outright. Asia is the world's largest market. At some point in the twenty-first century, it could consume as many appliances as North America and Western Europe combined. The quickest way to enter the Asian markets is through joint ventures. Despite recent economic difficulties, over time, Latin America should become a major growth market as well.

The appliance industry has seen a long-term trend of price competition and price deflation for undifferentiated products, such as top-mount refrigerators, in which there are few variations between different brands. On average, industry-wide prices in the past decade are estimated to have declined about one percent per year. The entry of The Home Depot and Wal-Mart into the appliance business, with their focus on lower-priced goods, will reinforce this trend toward lower average pricing for the industry as a whole.

The Internet is a growing force in the buying and selling of appliances. Compared with books, software, and compact discs, major appliances are not significant Web sales categories. However, consumer use of the Internet as a tool for product research and online purchasing is growing. Manufacturers such as Maytag and Whirlpool use the Internet to provide product, price, style, and other information to consumers, although they do not sell directly to the public. However, consumers can purchase items from Web sites run by retailers such as Sears.

Retail

Retailing is a mature business, and growth opportunities are limited, given the large number of retail outlets spread across the country. Demographic trends primarily affect retail sales. As demographic trends influence consumers' preferences and shopping patterns, they are important to retailers' understanding of target markets. For example, the Baby Boom Generation, comprising individuals born between 1946 and 1964, constitutes some 78 million Americans - about 30 percent of the U.S. population. As the Baby Boomers entered adulthood and formed households, they fueled much of the boom in retail sales in the 1970s and 1980s. Today, having swollen the ranks of Americans in

their 40s and 50s, their priorities have shifted from youthful spending to tuition payments for children and to saving for retirement.

Shopping trends also affect all aspects of retailing, from store layout to merchandise assortment. Current shopping trends in the U.S retail market can be summarized as Price + Quality = Value, “cross shopping,” “precision shopping,” and “going casual.”

Although the American retail landscape is saturated with stores, sales can be increased by developing new markets overseas. Discount stores, like Wal-Mart, are expanding overseas more rapidly than other types of retailers, such as department stores. This is because discount stores offer low prices to attract customers; merchandising and cultural differences have made it unattractive for department stores, whose mainstay is apparel, to allocate the capital for overseas expansion.

Capital Goods

The capital goods industry has a number of trends and themes: consolidation; customers' ever-growing demands for improved value and service; e-commerce initiatives; and the cyclical nature of the overall capital goods industry.

Consolidation remains a long-term trend in many capital goods sectors. Service companies, such as those in engineering and construction, can expand their geographic range or acquire specialty firms that extend their capabilities. Acquisitions are considered by these companies as a mean to add to a business' portfolio. Through acquisition, the operating subsidiaries may optimize the use of the parent company's capital and to provide the most favorable returns to investors.

To meet customers' demand, capital goods makers have applied sophisticated electronics to mechanical systems in order to enhance productivity, increase precision, facilitate maintenance, and provide operators with more complete information on the equipment's operating status. Reducing the complexity of the capital equipment is another tactic used by manufactures to improve the equipment's quality and reliability, while cutting the cost to buy and operate it.

The Internet is revolutionizing the way many capital goods manufacturers conduct business. The Internet will affect capital goods manufacturers positively or negatively, and to different degrees, based largely on whether a manufacturer produces price-sensitive, commodity-like products, or proprietary, hard-to-duplicate products. Makers of commodity products, such as nuts and bolts for the auto- and aircraft-manufacturing industries, are probably most vulnerable to the profit-squeezing potential of the Internet. While companies that make sophisticated, hard-to-duplicate industrial goods probably will not be affected much by the Internet.

The cyclical pattern for industrial machinery and equipment demand generally follows the strength of the economy. Growth in industrial equipment sales cooled dramatically over the past few years. Based on U.S. Census statistics, non-military, nonaircraft industrial equipment sales grew at only a 0.25 percent annual rate from 1999 through

2001. The slowing global economy, as well as global industrial overcapacity, forced many manufacturing businesses to reduce production rates dramatically.

Hospitals

One of the persistent trends in the hospital industry is the steady decline in the number of hospitals in the United States. According to data published by the American Hospital Association (AHA), the number of U.S. hospitals declined 1.4 percent to 5,810, and the number of licensed beds declined 1.0 percent to 984,000 in 2000. Although the number of hospitals fell, admissions are rising. According to the same AHA survey, admissions rose 2.1 percent to 34.9 million in 2000. These statistics indicate that as the total number of hospitals has declined, capacity utilization — the percentage of occupied beds to total beds — has risen.

While inpatient admissions moderated, the number of patients treated in outpatient settings, whether hospital-based or freestanding outpatient clinics, surgery centers, or physicians' offices, has grown dramatically due to the cost advantages of outpatient treatment. According to the most recent data available from the AHA, industry-wide outpatient visits reached 593 million in 2000, up more than 3.0 percent from 1999.

The growing role of information technology has become part of the marketing strategy utilized by hospitals. In general, hospitals are viewed as being in the early stages of general Internet use, with most of the sites currently providing basic information about a hospital and its services. It is less common for hospitals to utilize the Internet to provide information about disease management or doctor referrals, communicate with patients, or publish an online newsletter. Hospitals have also been increasing their use of information technology for administration and the storage of patient records, including images, such as those from x-rays, ultrasound, computed tomography (CAT), and positron emission tomography (PET). An area of increasing importance is the use of computer systems to make hospitals safer, particularly regarding medication errors.

With the restrictive pricing environment imposed by the realities of managed care organizations, hospitals' cost-cutting measures are expected to focus on reducing staffing levels and re-engineering to improve worker efficiency. The equipment categories that are likely to suffer the most include automated laboratory testing, cardiac catheterization, computed tomography, critical care, magnetic resonance imaging, nuclear medicine, radiation therapy, ultrasound, and x-rays. There are, however, some areas in which hospitals are expected to invest growing amounts in coming years. These include data processing equipment, telecommunications, energy-saving equipment (such as ventilation systems), and construction of new medical office buildings.

Poultry

The domestic market for the U.S. agribusiness industry is relatively mature, with consistent but modest growth likely in the future. Demand for protein-rich foods is growing more rapidly in developing countries than in the United States, because of their

higher population growth, rapid industrialization, and rising disposable income. Furthermore, agricultural output in such countries is growing less rapidly than consumption. Consequently, the U.S. agribusiness industry is strongly positioned to take advantage of future increases in worldwide food demand.

With the world's gross domestic product expected to rise to nearly \$10.1 trillion in 2009 (a 34 percent increase over the preceding 10 years), there is ample reason to expect ever-growing demands on the world's agriculture. Whenever incomes begin to rise, one of the first things people do is to upgrade their diets. With increasing prosperity, people consume more food grains, meat, sweeteners, and vegetable oils. Since 1990, worldwide consumption of beef, pork, and poultry has surged approximately 29 percent.

Another trend in the U.S agribusiness industry is the number of market participants, ranging from farmers to processors, has steadily declined, as agriculture has moved toward vertical integration and consolidation. According to the Center for Rural Affairs, a private nonprofit group focused on rural development and agricultural policy, as of 2000, an estimated 80 percent of the U.S. beef market was controlled by 4 firms: Tyson Foods, ConAgra, Excel Corp., and Farmland National Beef Inc. These same firms, plus Smithfield Foods, controlled approximately 58 percent of the U.S. pork market. In 1999-2000, 24 percent of pork producers went out of business. Today, 35 producers account for 95 percent of the pork slaughter capacity, although they operate only about 5 percent of the estimated 800 pork slaughterhouses in the United States. According to the National Chicken Council, during 2000, the top 8 chicken producers raised 64 percent of the broilers sold in the United States. Further consolidation in the poultry industry is expected to cut the number of broiler suppliers almost in half by 2010.

For the past three decades, much of the consolidation among meat processors occurred at the slaughter capacity level. Today, however, more and more companies are focusing on acquisitions that will expand their final offerings to include higher-margin processed and prepackaged meat that is ready for the consumer to heat and eat. These can include freshly cooked and frozen meats that have been marinated or seasoned. Advocates of consolidation believe that the process will lead agricultural producers toward more efficiency, less dependence on government assistance, and greater global competitiveness. Furthermore, as larger and more specialized producers realize lower production costs through economies of scale, these savings can be passed through to consumers in the form of lower commodity and processed food prices.

In the mean time, agribusiness is being transformed by modern technology. Technological developments have changed the way things are done on the farm, in assembly, in processing, and in distribution. An increasing number of farmers and ranchers are doing business over the Internet. According to the U.S. Department of Agriculture, 55 percent of all farms were using computers in 2001, up from 38 percent in 1997. In 2000, 24 percent of farms used the Internet as a management tool in their farming operations, including \$665 million in online buying and selling. Use of this technology allows farmers to receive and manage timely information in rural locations. In addition, nearly all farms that used the Internet in 2000 to purchase inputs indicated that

they are likely to maintain or increase purchases in the future. Thus, with decreasing costs of computers and Internet access, growth in Internet use is likely to continue.

In April 2000, the world's leading meat and poultry processors took the next step toward realizing "seamless" trade — the transacting of wholesale business without intermediaries, and the streamlining of the purchase and sales process to facilitate higher volumes. Tyson Foods Inc., Cargill, Smithfield Foods, Gold Kist Inc., and Farmland Industries Inc. launched an online marketplace, or portal, for meat and poultry products called Provision X; the venture is headquartered in Chicago. Provision X agreed to be acquired by iTradeNetwork (ITN) in February 2002. ITN provides online e-business solutions for 38 percent of the U.S. retail grocery and food service industries, including seven of the top fifteen food retailers in the nation.

Skilled Care

As cost pressures throughout the healthcare industry have grown, nursing homes have converted segments of their facilities to provide sub-acute care, rehabilitation, or other higher-margin business lines. Many nursing home chains have developed expertise in skilled rehabilitation therapies, e.g., occupational, physical, speech, and respiratory. In addition, many now offer complex and intensive medical services to patients whose health problems are more serious than those of the typical nursing home resident. This sub-acute care market niche provides a cost-efficient alternative to general acute-care hospitals.

The growth of assisted-living facilities will be driven by change in U.S. demographics. Individuals aged 85 and older — a group representing the largest number of users of long-term healthcare services — is currently the fastest-growing segment of the U.S. population. At present, 3.6 million people are over the age of 85, and that number is expected to reach 5.7 million by 2010. Industry sources project that expenditures for senior living approximated \$18 billion in 2000 and could reach \$30 billion by 2005. Assisted-living services are provided largely to private-pay, long-term clients, but many states are developing regulatory structures to provide some reimbursement under Medicaid.

Beginning in the 1980s, the assisted-living industry emerged as an attractive housing alternative for frail and elderly persons who do not require intensive medical care. However, financial struggles have reduced the projected growth rate of this housing model over the past few years. Standard & Poor's believes that assisted living remains desirable for individuals able to pay for the bulk of their housing needs. However, the industry will continue to struggle unless additional state and/or federal payment reimbursements are instituted.

Food Production

Demographic changes in the U.S. are reshaping the American food industry. To achieve success in the highly competitive U.S. food industry, companies need a keen understanding of these trends.

The Baby Boom generation - now between the ages of 37 and 55 and accounts for 30 percent of the current U.S. population - creates significant new consumer needs. This generation is at a stage of life in which people usually focus more on nutrition and weight maintenance. Yet in many instances, Baby Boomers' increased work and family responsibilities reduce their time available for exercise. New products seeking to satisfy these needs are "better-for-you" foods that are low-fat, low-sodium, and convenient to prepare. Studies show that average caloric needs for people aged 50 and older decline by about 10 percent every 10 years. At the same time, older adults tend to have a reduced ability to digest food and absorb nutrients. This factor has led to an expanded market for nutrient-enriched drinks in recent years.

In the over-65 group, nutrition and digestibility remain key dietary concerns. Packaging is also important for this group. Studies show that older consumers prefer packaged food products that are easy to open and have legible labels. Older consumers' demands for nutritionally enriched items may create a new era in processed food industry. Today's food makers say their next step may be to compete with the pharmaceutical industry by offering "nutraceuticals" — processed food products that would replace vitamin supplements and other dietary aids, and eventually release products that will help prevent or even reverse some diseases. Currently under investigation is the role that soy proteins play in inhibiting cancer and heart disease. Also of interest is the potential link between antioxidant compounds — vitamin C, vitamin E, and beta-carotene — and the prevention of cancer, cardiovascular disease, and cataracts.

The population of American children aged five to 17 is projected to total approximately 52.4 million by 2005, according to Census Bureau estimates. This group has significant clout in influencing their parents' purchases. Food manufacturers view these youngsters as important, and they hope to gain lifelong brand-loyal customers.

The increasing diversity of the minority segments of the U.S. population has and will continue to allow U.S. food companies to introduce ethnic cuisines more aggressively. Companies are now trying to make these products "more ethnic" by stressing traditional or "old country" recipes. Beside the established "big three" ethnic cuisines including Mexican, Italian, and Chinese, increasingly popular ethnic food groups will include Indian cuisine and various East Asian cuisines, such as Japanese, Thai, and Vietnamese.

Consumer lifestyles also impact the food industry. Modern consumers face considerable time constraints, raising the demand for foods that are easy to prepare and serve. Food marketers estimate that the average American is willing to spend no more than 15 minutes preparing an ordinary meal. In addition, today's shoppers increasingly want to purchase whole meals. Traditional categories such as frozen dinners have been expanded

to include frozen breakfasts and lunches. Products specifically designed for microwave cooking have also proliferated.

As consumers' expenditures on eating out have increased year to year (45.2 percent of total consumer spending on food products in 2001, compared with 44.9 percent in 2000, 42.2 percent in 1990 and 36.5 percent in 1980), food companies have taken advantage of this trend by establishing food service divisions that cater to what were once nontraditional markets — restaurants, schools, airports, corporate cafeterias, and so on. As food companies more frequently distribute their packaged food products through the service outlets, the business lines between food companies and food service outlets are becoming less distinct.

Furniture

Two reasons for optimism in the appliances and furniture industries are the current U.S. demographics and housing trends. The main population group targeted by the industry is 35-to-64 year-olds, which is the fastest-growing segment in the United States. This group comprises individuals who have reached their peak spending years and who are likely to trade up in the housing market and to replace earlier purchases of major durables, such as furniture and appliances. As consumers enter their prime income-earning years (between 35 and 55 years of age), they are more likely to replace old, inexpensive furniture with new, higher-quality brands and to renovate their kitchens with state-of-the-art appliances. The most popular remodeling projects are those with the biggest payoffs in terms of home values. Topping the list are minor kitchen improvements, followed by major kitchen improvements (both of which foster demand for new appliances) and the addition of a master suite (which spurs demand for bedding and other furnishings).

In the meantime, houses in U.S. are getting larger. More total floor space and a greater number of rooms per house translate into more furniture and appliance sales. In 2000, new homes averaged 2,273 square feet, versus 1,645 square feet in 1975, according to the Census Bureau. Home ownership is also growing. According to the U.S. Census Bureau, the percentage of householders owning houses rose to 68 percent during the fourth quarter of 2001, up from 67.4 percent for all of 2000 and 63.8 percent in 1988. This bodes well for furniture manufacturers, as homeowners generally buy more furniture and spend more dollars per item than do renters.

Demographics also suggest that the housing market for consumers who can afford new homes is fairly saturated. Standard & Poor's forecasts that housing starts will rise only about one percent from 1.61 million (revised) in 2000 to 1.63 million units in 2005. This suggests that during the next five years, furniture and appliance manufacturers will depend more on replacement demand, including remodeling purchases, than in the prior decade. In that environment, companies will need innovative, stylish, and attractively priced products to stimulate sales.

On the distribution side, strategies and channels for both furniture and appliance sales are changing. The number of single-vendor furniture stores - retail outlets that sell just one

brand of furniture - has been rising in recent years. The single-vendor retail stores benefit both manufacturers and retailers. For manufacturers, the benefits include attracting a dedicated customer and enjoying more floor space and a higher brand profile than in a multivendor format. By building a network of retail locations, manufacturers create a customer base for their products and enhance their brands. For retailers, the benefits include exclusive distribution territories, the efficiency of working closely with just one vendor, and brand-name recognition. While single-vendor stores may be smaller than multivendor units, their sites are usually highly trafficked by consumers. The single-vendor stores are usually highly trafficked by consumers, typically resulting in higher sales and profits per square foot than in traditional stores.

A continuing challenge for U.S. manufacturers is to compete for domestic market share with the ever-growing number of foreign producers. Although it is beneficial to U.S. consumers in the form of lower furniture prices, the outsourcing trend means a continued reduction in domestic manufacturing and manufacturing jobs.

Source: Standard and Poor's NetAdvantage.

<http://0-www.netadvantage.standardpoor.com.library.uark.edu/>