



FROM THE DESK OF  
MAYOR, **FRANK SCOTT, JR.**

To: Mr. John Burgess, Chairman, Little Rock Regional Chamber of Commerce

From: Mayor Frank Scott, Jr.

Date: May 3, 2021

Subject: RE: Rebuild the Rock Questions

**Introduction:** Prepared in response to your questions sent via email on April 27, 2021, this memo seeks to provide you with requested detail about the Rebuild the Rock Sales Tax Proposal.

**Background:** In 2020, Mayor Frank Scott Jr. presented a sales tax proposal in his State of the City Address. Due to the pandemic, the tax was tabled. In March 2021, Mayor Scott announced the Rebuild the Rock Sales Tax to invest in quality of life, public safety, and public infrastructure throughout Little Rock. Since 2020, there have been a number of task forces, town halls, meetings with the Chamber, and community outreach. This proposal is the product of those meetings and that outreach. Many of these questions have been answered by the recommendations of the public outreach, but we will reiterate below.

**Context:** Compared to peer cities – not even aspirational cities – Little Rock invests significantly less in its residents than any other city below.

Table 1: Approximate City Budget Size by Population, Adjusted for Enterprise Funds

City	Year	Population (2019)	Budget Size (Overall)	Adjusted for Comparison (Less Applicable Enterprise Funds)
Augusta, GA	FY21	197,191	\$ 802,600,000	\$ 457,482,000
Huntsville, AL	FY 21	196,219	\$ 383,300,000	\$ 347,653,100
Birmingham, AL	FY21	212,297	\$ 412,000,000	\$ 412,000,000
Amarillo, TX	FY20-21	198,955	\$ 392,700,000	\$ 330,000,000
Chattanooga, TN	FY 21	179,690	\$ 317,000,000	\$ 317,000,000
Little Rock	FY21	197,958	\$ 271,900,000	\$ 271,900,000

#### On Sunsetting the Tax:

Our timeline for Little Rock's growth and greatness goes beyond 10 years. Long-term, equitable growth in Little Rock should be the primary focus of city government in service to all the residents. We have made strides toward this goal in the past, but those periods of investment tend to be followed by periods of stagnation.

We opened the River Market in 1996, President Clinton opened his Presidential Center in 2004 and The Big Dam Bridge opened in 2006. So, it's been 15 years since we added a major quality-of-life amenity in our city. And while we're making great progress with the new Arkansas Museum of Fine Arts, we need to do more, and we don't need to wait another 15 to get started.

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Data, both local and national, tells us that the Millennial and Gen Z cohorts base their decisions on where to live and work on quality-of-life factors. They value public spaces and outdoor recreation more than previous generations. They want vibrant and inclusive options for both work and play. If we want to stop the exodus of our best and brightest and give local employers a chance to recruit these valuable workers to Little Rock, we need to create a city that speaks to their needs and desires.

#### **On Accountability:**

There are two accountability mechanisms.

- Similar to the LR CENT Committee formed after the last sales tax, a citizen led committee will ensure accountability to the proposal's priorities. The committee will meet quarterly and make semiannual reports to the City Board on the progress of individual projects. The committee will also make recommendations to the Mayor and City Manager on future projects and reallocations. There will also be an annual public hearing to report on progress of current projects and future projects.
- Every 10 years, based on the committee's recommendations, the Mayor will introduce and the City Board will pass a reallocation that will set the next 10 years of priorities. Expected revenue will be allocated by Division/Department, and may have disbursements by projects.

#### **On Economic Development:**

The \$3M/year for capital investment is for expansion for the Port of Little Rock as well as other economic development opportunities. This money will allow us to be nimble and responsive to the needs of each respective economic development project. Per your question about the approximately 15 uses we outlined, there are only certain things that Little Rock can legally spend money for economic development.

The \$1.1M/year Small Business and Local Growth fund will be used to help businesses compete and scale. We know that most businesses fail or fail to scale because of undercapitalization. This fund will help entrepreneurs and established small business thrive in Little Rock by providing the supports or capital to survive and scale. This is in direct response to the needs we identified in our small business grant program to support business during COVID.

Business Retention and Expansion: No, the city does not have plans to run its own BR&E program.

#### **On Current Economic Development Spend:**

We are aware of the city's \$250,000 annual contribution to the Chamber of Commerce operations vs. the total spend, but it is misleading to consider that without the broader context of the city's investments in economic development. This includes \$22 million in the Little Rock Tech Park, \$10 million for the Little Rock Port Authority as well as \$12 million that the city is preparing to spend for 800 acres for an expansion tied to a new prospect. This is before we begin to spend the money required to develop the new supersite, which we hope to capture from the federal funding headed our way, if this is an allowable expense.

As far as our competitors go, I will refer you to the top of this document. All of our competitors have significantly larger general revenue budgets than we do. We are proud of the historic record of jobs creation – 4,000+ jobs since January 2019 – that we've amassed in a short time working in partnership with the Chamber.

**On Early Childhood Education:**

Early childhood education is one of the most important investments we can make in our future.

Research shows children who participate in early childhood education contribute to family stability, are more likely to attend and graduate from college, less likely to be arrested, and less likely to suffer from substance abuse or addiction.

First, we agree that trauma informed care training is essential, and that is a part of job training for any early childhood professional.

Second, we disagree about the administrative costs. The administrative costs will not increase because we are building our program on the scaffolding – in partnership – with the state.

1. The Arkansas Division of Child Care and Early Childhood Education currently provides for infant and toddler (0-2) for our poorest families (up to 200 percent of poverty) from a limited pot of federal money. Little Rock needs to invest in early childhood because only 17 percent of the approximately 1800 children in Little Rock who qualify actually receive this education. This city program would close that gap.
2. Arkansas Better Chance Program is free for 3- and 4-year olds up to 200 percent of the poverty line. However, it is offered on a sliding scale between 200% and 300% of poverty. This program would expand the number of such sliding-scale slots for a portion of the 300+ children of the working poor in LR.

Third, on PIT: The approximate annual PIT budget is \$4.75 million dollars. In 2018 PIT supported more than 80 providers serving more than 11,600 Little Rock children, youth, and families. The Community Programs (CP) staff tracks programs on a day-to-day basis and collects and stores crucial data related to the performance of individual providers' work. On an annual basis, the Community Programs staff and the Commission on Children, Youth, and Families (CYF) evaluate the prospective awardees for the programs. The City of Little Rock's Master Plan on Children, Youth, and Families, finalized in June 2016, contends that data must be used "to identify and prioritize services that fulfill the unmet needs of Little Rock children and youth" and in "increasing program quality and accountability." The City is working to implement this data-driven posture for program implantation and evaluation: an RFP is being prepared by a data task force and funding is being identified. Further, a data coordinator position has been authorized for the department. Implementation of these data-oriented organizational changes will make the overall program more coherent in meeting the needs of Little Rock's children, youth, and families.

Fourth, we believe it is important to consider the return on investment and reduction in crime that early childhood fosters. A conservative ROI for early childhood education is 10:1. We also know that investing in our youth will create the workforce and a safer city for the future. Taking a long-term view, this is an investment the city cannot afford not to make.

**On Parks:**

We have very specific needs and opportunities in the area of recreational sports facilities that require the construction of new facilities. Tournaments for youth sports are big business across this state and region. On any given weekend, North Little Rock, Conway, Cabot, Saline County and other communities in the region are hosting tournaments that draw hundreds of families who stay in hotels and eat in restaurants. Quite simply, we lack the facilities to compete for this revenue.

The indoor sports complex will be a multi-sport, multi-court venue with a small arena that can host volleyball, wrestling, martial arts, basketball and other tournament events under one roof. We anticipate that local schools may also want to play some regular season games in that environment, and this can be done on a first-come, first serve reservation basis. There is no existing facility in the City that can be renovated, economically, to fit this purpose.

Baseball fields and soccer fields provide the same challenges. In order to host tournaments, we need multiple fields in close proximity, not unlike the facilities in Burns Park. Existing soccer fields are inadequate, and there is no room for expansion at any baseball facility in the City.

Management of these facilities will be undertaken by the Parks Department, which serves this role now. That's why we're increasing the parks maintenance budget by \$3.8 million/year.

#### **On Affordable Housing and Homelessness:**

Our plan for affordable housing is focused on rehabbing and redeveloping our housing stock of single family homes. Through the land bank, contractors will be able to buy properties for rehabilitation. If the house cannot be rehabbed, it will be cleared and a new house will be built. Once renovations, rehabilitation, and construction is complete, these houses will be sold as affordable housing. In this sense, our plan is not the stereotypical high-density affordable housing program, but a neighborhood approach that aims at maximizing the potential of our existing single-family housing stock.

We will address homelessness in part through affordable housing. However, we will also build a homeless village. This village will include transitional housing such as tiny homes and areas to camp. The homeless village will have social service connections like social workers and employment officers in close proximity.

#### **On The Neighborhood Empowerment Fund:**

We believe that more often than not, neighborhoods know what they need. For some neighborhoods, this may be signage or a formal gateway entrance. Other neighborhoods might need money to support an event or install lighting, improve streetscape, or create a community garden. These funds are designed to give neighborhoods the flexibility to meet their needs.

#### **On Zoo Attendance Doubling in 10 Years:**

The Zoo's economic impact is unquestioned. Indeed, if this tax is passed, a recent study showed it would provide a \$659 million economic impact through an increase in tourism. To the attendance question specifically, a few facts:

- 200+ million visit Zoos and Aquariums annually, more than major sports leagues combined.
- 70 percent of people who visit the Little Rock Zoo are from outside the Little Rock area.
- We know we are losing tourists to Memphis, Tulsa, and other zoos in our region.
- Currently, we are pulling about 37 percent of our MSA size in attendance. Comparable accredited zoos are averaging 60 percent or more.

In sum, these data points show that there is a significant uncaptured customer base for the Little Rock Zoo. With the right investments as outlined in the Rebuild the Rock proposal, we can become more competitive and increase zoo attendance significantly in the next decade.

**On \$2M Markham Street Land Acquisition:**

This is a building that is for sale in the 600 block of W. Markham.

**On Strategic Infrastructure Improvements:**

The strategic infrastructure improvements will be determined and approved on an annual basis.

**On Street Resurfacing:**

The \$3M/year for street resurfacing is a net new amount. It is in addition to the Street Fund.