

BISBEE ECONOMIC
Outlook
2017



COCHISE COLLEGE
CENTER FOR ECONOMIC RESEARCH
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Review of the National, State, and Local Economy

United States

In 2016, the U.S. economy added 2.2 million jobs for job growth of 1.6 percent (down from 2.7 million jobs/1.9 percent in 2015). In the first eight months of 2017, the national economy grew by 1.4 million jobs (down from 1.5 million in the first eight months of 2016). The national unemployment rate in 2016 was 4.9 percent (down from 5.3 percent in 2015). The seasonally adjusted monthly unemployment rate in August 2017 was 4.4 percent (down from 4.9 percent in August 2016).

The nation's real Gross Domestic Product (the broadest measure of economic activity representing the inflation-adjusted value of all goods and services produced in the economy) was up 1.5 percent in 2016—the lowest level of annual growth since the end of The Great Recession in 2009. In the second quarter 2017, U.S. GDP grew at a seasonally adjusted annual rate of 3.1 percent (up from 1.2 percent in the first quarter).

Building permits for new single-family homes nationwide were up 10.8 percent in 2016—the fifth consecutive year of growth (following declines in five of six years). In the first seven months of 2017, new home permits were up 9.5 percent (from the same period of 2016).

According to data from National Association of Realtors, existing single-family home sales were up 4.1 percent in 2016 (following a 7-percent increase in 2015). In the first eight months of 2017, existing home sales were up 2 percent from the same period the year prior. The median home price nationwide in 2016 was \$235,500 (up 5.2 percent from 2015). In August 2017, the median home price was \$255,500 (up 5.6 percent from August 2016).



Dr. Robert Carreira
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Arizona

Arizona gained 69,700 jobs in 2016 for job growth of 2.6 percent (compared to 66,800 jobs/2.6 percent in 2015). From January through August 2017, Arizona added 15,700 jobs (down from 50,700 new jobs in the first eight months of 2016).

In 2016, the statewide unemployment rate was 5.5 percent (down from 6.1 percent in 2015). The seasonally adjusted monthly rate in August 2017 was 5.0 percent (down from 5.1 percent in August 2016).

Arizona's real GDP grew 2.1 percent in 2016 (up from 1.4 percent in 2015 and the highest rate of growth since 2012). In the first quarter 2017, Arizona's GDP was up at a seasonally adjusted annual rate of 0.9 percent.

Inflation-adjusted retail sales statewide were up 1.7 percent in 2016 and 1.4 percent in the first seven months of 2017. Arizona's restaurant and bar sales were up 6.3 percent in 2016 and 2.8 percent for the first seven months of 2017, while hotel/motel receipts were up 3.8 percent in 2016 and 7.2 percent for the first seven months of 2017.

Building permits for new single-family homes statewide were up 7.9 percent in 2016 (on the heels of a 30.9 percent increase in 2015). New home construction was up in four of five years from 2012 through 2016 (following six consecutive years of decline). In the first seven months of 2017, new home permits in Arizona were up 12.1 percent from the same period of 2016.

According to data from Arizona Regional Multiple Listing Service, home sales by realtors statewide were up 5.3 percent in 2016 (following a 10.3-percent jump in 2015). The year 2016 was the second year of growth in home sales following three consecutive years of decline. In the first eight months of 2017, home sales in Arizona were up 7.6 percent (from the same period the year prior). The statewide median home price in August 2017 was \$245,000 (up 6.5 percent from August 2016).

Cochise County

Cochise County lost 300 jobs in 2016 for annual job growth of -0.9 percent (the eighth consecutive year of job losses). In July 2017, the number of nonfarm jobs countywide was down by 800 (-2.4 percent) from July 2016. In the 13 months from July 2016 through July 2017, Cochise County saw year-over-year job declines in five months, gains in four months, and stabilization in four months. That followed persistent job losses from the beginning of 2009 through the middle of 2016.

Cochise County's annual unemployment rate in 2016 was 6.1 percent (down from 7.4 percent in 2015). The seasonally adjusted monthly rate in July 2017 was 5.5 percent (down from 6.0 percent in July 2016).

Cochise County's GDP increased 0.3 percent in 2016—the first year of growth following a 5-year economic recession. Cochise County's economy slipped into recession in 2011 with a drop in GDP of 1.1 percent that year, followed by declines of 6.2, 7.0, 4.9, and 0.8 percent in 2012, 2013, 2014, and 2015, respectively.

Retail sales countywide were down 4.7 percent in 2016 and 1.8 percent for the first six months of 2017. Cochise County's restaurant and bar sales were up 2.3 percent in 2016 but were down 2.9 percent in the first half of 2017, while hotel/motel receipts were down 0.1 percent in 2016 but were up 14.9 percent from January through June 2017.

New residential construction in Cochise

County was up 2.2 percent in 2016 (on the heels of a 24-percent decrease in 2015). New home permits were down in 9 of 11 years from 2006 through 2016, hitting a record low in 2015 (with records back to 1990). There were 139 new home permits issued countywide in 2016 (the second-lowest level on record, just off the record low of 136 the year prior). In the first seven months of 2017, new home permits in Cochise County were up 10.5 percent (compared to the first seven months of 2016).

Home sales by realtors in Cochise County were up 10.2 percent in 2016. Home sales were up in six of eight years from 2009 through 2016 (following three consecutive years of steep declines). In the first half of 2017, home sales countywide were up 16.3 percent. The median home price in Cochise County in 2016 was \$125,000 (up 1.2 percent from 2015). The year 2016 was the second consecutive year of home price increases following seven straight years of decline. In the second quarter 2017, the median home price countywide was \$138,500 (up 10.8 percent from the second quarter 2016).



Bisbee

Bisbee's annual unemployment rate in 2016 was 4.3 percent (down from 5.4 percent in 2015). In July 2017, the city's unadjusted monthly rate was 4.1 percent (down from 4.4 percent in July 2016).

Retail sales in Bisbee were down 8.2 percent in 2016, the fifth consecutive year of decline. In the first half of 2017, Bisbee's retail sales were down 2.6 percent. Bisbee's restaurant and bar sales were down 8.9 percent in 2016, but up 17.7 percent in the first half of 2017

(resuming a path of robust growth that began in 2012). The city's hotel/motel receipts were up 8.9 percent in the first half of 2017 (following a 28.6-percent jump in 2016).

There were 138 homes sold by realtors in Bisbee in 2016—up 31.4 percent (on the heels of 23.5 percent growth in 2015). The median home price in 2016 was \$98,000 (unchanged from the year prior).

Bisbee's restaurant and bar sales...up 17.7 percent in the first half of 2017 (resuming a path of robust growth that began in 2012).



City of Bisbee

Bisbee is the county seat of Cochise County, Arizona, and is the third largest of the county’s seven municipalities. The city is at an elevation of 5,350 feet located in the Mule Mountains along State Route 80, approximately 50 miles southeast of Interstate 10, 95 miles southeast of Tucson, and 205 miles southeast of Phoenix. Bisbee was founded in the 1880s as a mining camp and was once one of the world’s richest mineral sites producing copper, silver, gold, zinc, lead, and manganese. Mining operations ceased in the 1970s; since then, the city has been known for its mining history and as an artist and retirement community.

Bisbee includes the communities of Old Bisbee, Warren, and San Jose. Old Bisbee is the main tourism district and includes Queen Mine Tour, Bisbee Mining and Historical Museum, and numerous other attractions including shops, art galleries, and restaurants. The Warren district (recently submitted for historic designation) includes a 10-block miniature park layout patterned after New York City’s Central Park, along with several arts and craft houses, numerous Sears ‘kit’ houses, and Warren Ballpark—widely considered the oldest continuously operating professional baseball park in the United States. Also in Warren is the recently revitalized and renovated Arizona Street—a classic American Main Street with a mixture of homes, commercial buildings, churches, a

BISBEE TRANSACTION PRIVILEGE (SALES) TAX RATES

| CATEGORY | COUNTY AND STATE | CITY OF BISBEE | TOTAL |
|--------------------------|------------------|----------------|--------|
| Retail | 6.10% | 3.50% | 9.60% |
| Restaurant and Bar | 6.10% | 3.50% | 9.60% |
| Hotel/Motel | 6.05% | 7.00% | 13.05% |
| Construction Contracting | 6.10% | 3.50% | 9.60% |

Note: Rates as of September 1, 2017. Includes selected categories only.
 Source: Arizona Department of Revenue and Cochise College Center for Economic Research

medical clinic, and Bisbee City Hall. San Jose is the primary residential shopping district with Safeway, Ace Hardware, and other retail and restaurant establishments. San Jose is also a residential community and

has considerable land available for development. Smaller communities in Bisbee include Bakerville, Briggs, Don Luis, Galena, Lowell, Saginaw, South Bisbee, and Tintown.

For more information, visit www.DiscoverBisbee.com and www.BisbeeAz.gov.

SIERRA VISTA/DOUGLAS MSA COST OF LIVING

| | COMPOSITE INDEX | GROCERY ITEMS | HOUSING | UTILITIES | TRANSPORTATION | HEALTH CARE | MISC. GOODS & SERVICES |
|------|-----------------|---------------|---------|-----------|----------------|-------------|------------------------|
| 2012 | 102.5 | 97.8 | 102.8 | 103.4 | 106.6 | 99.5 | 102.7 |
| 2013 | 98.0 | 91.3 | 95.4 | 99.2 | 101.1 | 97.4 | 101.4 |
| 2014 | 97.3 | 94.7 | 93.6 | 102.8 | 102.6 | 96.5 | 98.1 |
| 2015 | 95.3 | 94.3 | 93.7 | 103.8 | 99.3 | 94.7 | 93.2 |
| 2016 | 95.0 | 101.7 | 91.4 | 102.0 | 100.0 | 95.0 | 91.9 |

Note: Sierra Vista-Douglas MSA is a statistical area designation for all of Cochise County.
Source: Council for Community and Economic Research (C2ER), Cost of Living Index.

COST OF LIVING

| | SIERRA VISTA-DOUGLAS MSA* | TUCSON | PHOENIX | FLAGSTAFF | BULLHEAD CITY | PRESCOTT-PRESCOTT VALLEY | YUMA |
|------|---------------------------|--------|---------|-----------|---------------|--------------------------|-------|
| 2012 | 102.5 | 95.5 | 96.8 | 111.6 | 91.9 | 98.6 | 105.2 |
| 2013 | 98.0 | 95.6 | 96.0 | 113.3 | 93.4 | 98.1 | 104.2 |
| 2014 | 97.3 | 97.0 | 96.2 | 117.9 | 93.8 | 97.9 | 101.3 |
| 2015 | 95.3 | 92.8 | 95.9 | 116.4 | 92.4 | 96.3 | 99.8 |
| 2016 | 95.0 | 93.1 | 97.0 | 113.6 | 94.1 | 96.0 | 97.8 |

*The Sierra Vista-Douglas MSA is a statistical area designation for all of Cochise County.
Source: Council for Community and Economic Research (C2ER), Cost of Living Index.

COST OF LIVING INDEX

The Cost of Living Index, published by Council for Community and Economic Research, compares costs of more than 250 participating areas in all 50 states. The average for all participating places nationwide equals 100 and each participant's index is read as a percentage of the average for all places.

BISBEE PROPERTY TAX RATES PER \$100 ASSESSED VALUE (2017)

| DISTRICT | PRIMARY | SECONDARY | TOTAL |
|------------------------------------|---------|-----------|---------|
| City of Bisbee | 2.7656 | • | 2.7656 |
| Bisbee Unified School District | 4.3031 | 0.6928 | 4.9959 |
| Cochise Joint Technical District | • | 0.0500 | 0.0500 |
| Cochise County General Government* | 2.6747 | • | 2.6747 |
| Library* | • | 0.1451 | 0.1451 |
| Flood Control* | • | 0.2597 | 0.2597 |
| Cochise College* | 2.3735 | • | 2.3735 |
| Fire District Assistance Tax* | • | 0.1000 | 0.1000 |
| School District Assistance Tax** | 0.4875 | • | 0.4875 |
| TOTAL | 12.6044 | 1.2476 | 13.8520 |

Note: Rates are established the third Monday in August.

*Rate applies to all property in Cochise County.

**Rate applies to all property in Arizona.

Source: Cochise County Treasurer and Cochise College Center for Economic Research.

PROPERTY TAX ASSESSMENT RATIOS

- CLASS 1: Mines, mining claim property, and standing timber; local telecommunications, utilities, pipelines, and oil and gas producing; and commercial and industrial real property not included in other classes (18 percent of cash value)
- CLASS 2: Agricultural real property, golf courses, and vacant land (15 percent of cash value)
- CLASS 3: Owner-occupied residential property (10 percent of cash value)
- CLASS 4: Leased or rented residential property (10 percent of cash value)
- CLASS 5: Railroads, private car companies, and airline flight property (21 percent of cash value)
- CLASS 6: Noncommercial historic property, foreign trade zones, military reuse, environmental technology, and environmental remediation property (5 percent of cash value)
- CLASS 7: Improvements to commercial historic property (1 percent of cash value for up to 10 years)
- CLASS 8: Improvements to historic residential rental property (1 percent of cash value for up to 10 years)
- CLASS 9: Possessor interests (1 percent of cash value for up to 10 years)



Economic Development

Local Organizations

BISBEE COMMUNITY DEVELOPMENT

City of Bisbee Community Development Department provides services to enhance quality of life and improve economic opportunities. The department is responsible for planning and zoning, building inspection, code enforcement, Bisbee Visitor Center, Queen Mine Tour, and Bisbee Bus Transit, and provides staff liaisons to the city's iBisbee Committee, planning and zoning commission, board of adjustment, design review board, arts commission, commission on disability issues, and transportation advisory council. In 2016, the department opened a new Visitor Information Office next to the Bisbee Mining and Historical Museum (as an annex to its main Visitor Center at the Copper Queen Mine Tour). The Bisbee Visitor Center, in addition to providing visitors with information, performs traditional tourism-department functions including marketing, advertising, and trade shows, along with operating the city's film office.

For more information, visit www.BisbeeAz.gov and www.DiscoverBisbee.com.

iBISBEE COMMITTEE

In 2013, Bisbee City Council established the iBisbee (invest in Bisbee) Committee to advise the city on economic development issues. Since its establishment, the committee has hosted several economic developers in the hotel, residential-construction, and assisted-living industries; promoted collaboration between the city and Copper Queen Community Hospital to study the feasibility of developing an assisted living facility in the city (the study was positive and a search is ongoing for a developer); partnered with University of Arizona Tech Park to conduct an asset mapping project; recommended rezoning 80 acres adjacent Bisbee Airport to facilitate light industrial use; and led the effort to rebrand the city's tourism efforts. In 2017, the committee helped establish the Bisbee Arts and Cultural District in the city. As of late 2017, iBisbee was engaged in a partnership with Foundation for Senior Living to develop 40 to 60 affordable housing units for seniors on city-owned property (*for more information, see the Real Estate section of this publication*) and was involved in a collaborative effort with University of Arizona Tech Park and Freeport-McMoRan to establish a mining research facility in the city.

For more information, visit www.BisbeeAz.gov.

BISBEE CHAMBER OF COMMERCE

Bisbee Chamber of Commerce is a 501(c)(6) nonprofit organization whose mission is to promote the interests of the Greater Bisbee Area business community by providing educational and networking opportunities, promoting economic development, and expanding local commerce to promote greater business opportunities and success.

For more information, visit www.BisbeeArizona.com.

COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

CER provides economic information, analysis, and forecasting to help leaders in the public, private, and nonprofit sectors make better-informed decisions.

For more information, see the 'About the Center for Economic Research' section of this publication or visit www.CochiseEconomy.com.

COCHISE COLLEGE SMALL BUSINESS DEVELOPMENT CENTER

SBDC is staffed with business counselors, analysts, and technology specialists who provide one-on-one confidential assistance for small businesses at every stage of development. SBDC provides counseling and assistance in planning, marketing, accounting, start-up, licensing, strategic planning, government procurement, technology, and sources of capital, with special initiatives in veterans' assistance, clean technology, and international trade. SBDC partners with U.S. Small Business Administration and Association of Small Business Development Centers to provide local access to nationwide resources.

For more information, visit www.Cochise.edu/SBDC.

SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION

SEAGO is a council of governments serving local and tribal governments in the four-county region (Cochise, Graham, Greenlee, and Santa Cruz counties) and is a designated Economic Development District (EDD) by U.S. Economic Development Administration (EDA). SEAGO's EDD program assists distressed areas, planning regions, cities, and counties in economic development planning, policymaking, and implementation. As an EDD, SEAGO has responsibility for developing the Regional Comprehensive Economic Development Strategy (CEDS)—a guide to economic development initiatives throughout the region. The CEDS process, which includes input from member entities, enables SEAGO members to apply for federal grant funding. In 2016, SEAGO completed and submitted its 5-year CEDS to EDA; EDA accepted the document making it the 'roadmap' for SEAGO's economic development support to communities in the region.

For more information, visit www.SEAGO.org.

ARIZONA@WORK—SOUTHEASTERN ARIZONA

Arizona@Work—Southeastern Arizona serves the Cochise, Graham, and Greenlee County region as part of the statewide workforce development network. Arizona@Work assists employers with worker recruitment (to include posting job announcements), development, and retention, as well as business closure. Assistance is also provided to job seekers, including pre-employment preparation, training programs, and job-search resources. All business and job-seeker services are provided at no cost through public and private partnerships. Veteran representatives are on staff and veterans receive priority service. Program partners with Vocational Rehabilitation. Arizona@Work is a partner of the American Job Center network.

For more information, visit www.ArizonaAtWork.com/SoutheasternAZ.

Recent Activities

REGIONAL PUBLIC TRANSPORTATION

In 2017, the communities of Bisbee, Douglas, and Sierra Vista became linked as part of the intercity Cochise Connection bus service route. The initiative was funded by the Legacy Foundation of Southeast Arizona, SouthEastern Arizona Governments Organization, Freeport-McMoran, Cochise County, and Arizona Department of Transportation.

For more information, visit www.CochiseConnection.com.

URBAN LAND INSTITUTE ARIZONA TECHNICAL ASSISTANCE PANEL

In 2015, City of Bisbee partnered with Urban Land Institute to participate in ULI's Arizona Technical Assistance Panel program, which assists in the study of land use planning, development, and redevelopment. The panel made several recommendations in the areas of tourism, housing, health care, agriculture, and industrial and business development, including: creation of a brand and advertising message; a regional approach to tourism marketing; development of a regional path/trail system to link Old Bisbee with other communities in the city; a focus on high-margin, low-production manufacturing; development of small and micro-businesses; rehabilitation of existing housing stock to attract new residents; improvement of essential services and lifestyle amenities; exploration of finance options for a senior assisted living facility; and promotion of small plot and integrated farming.

For more information, visit www.BisbeeAz.gov.

TINTOWN WASTEWATER PROJECT

In 2015, construction was completed on a wastewater collection and conveyance system to connect 112 residents of the community of Tintown to the city's wastewater treatment plant to eliminate exposure to untreated wastewater discharges and reduce pollution and risk of waterborne disease. The expanded system supports collection and conveyance for 32 residential service connections and eliminates approximately 12,300 gallons per day of untreated discharge. The project was sponsored by City of Bisbee with funding from North American Development Bank and U.S. Department of Agriculture Rural Development.

Major Assets

BISBEE MUNICIPAL AIRPORT

Bisbee Municipal Airport is a general aviation airport owned and operated by the city. The airport has a 5,900-by-75-foot paved runway surface (17/35) with pilot-controlled lighting and ramp area with 31 tie downs, 10 shade hangars, and 3 hangars (with commercial hangars for rent/lease). Bisbee Municipal Airport offers automated fueling and other customer service functions. The airport has approximately 19 acres available for commercial development (with an approved master development plan from the city and Arizona Department of Transportation) and maquiladora opportunities exist in conjunction with industrial property located in Naco, Sonora, Mexico. In 2017, the city announced a renewed focus on the airport, with the goals of beautifying facilities and reinvigorating usage as part of its overall economic development efforts.

For more information, visit www.BisbeeAz.gov.

FOREIGN TRADE ZONE

Cochise County has industrial property designated as a foreign-trade zone (FTZ-139). Companies located in the FTZ can use special procedures that allow delayed or reduced duty payments on foreign merchandise. Other benefits include:

- no duties or quota charges on re-exports;
- deferred customs duties and federal excise tax on imports;
- in cases where manufacturing results in a finished product with a lower duty rate than the rates on foreign inputs (inverted tariff), finished products may be entered at the duty rate that applies to its condition as it leaves the zone (subject to public interest considerations);
- access to streamlined customs procedures such as weekly entry or direct delivery; and
- exemption from state and local inventory taxes for foreign and domestic goods held for export.

Merchandise in the zone may be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed, and destroyed. Retail trade is prohibited in the zone. Before a firm may use the FTZ, it must obtain approval from U.S. Customs and Border Protection for activation of the space to be used, must meet CBP requirements for security and inventory control, and is responsible for all fees associated with activating and running the site.

For more information, visit www.AREDF.org.

Arizona Economic Development Incentives

For more information on these and other Arizona economic development incentives, visit www.AzCommerce.com.

ADDITIONAL DEPRECIATION

Accelerates depreciation schedules for prospective acquisitions of commercial personal property

ANGEL INVESTMENT

State income tax credit for capital investment in small businesses certified by Arizona Commerce Authority

COMMERCIAL/INDUSTRIAL SOLAR

State income tax credit for installation of solar energy devices in business facilities

COMPUTER DATA CENTER PROGRAM

Transaction privilege tax and use tax exemptions at state, county, and local levels on qualifying purchases of computer data center equipment

HEALTHY FOREST

Incentives for certified businesses primarily engaged in harvesting, processing, or transporting qualifying forest products

JOB TRAINING

Reimbursable grants up to 75 percent of eligible training expenses for employers creating new jobs

LEASE EXCISE

Reduces project operating costs by replacing real property tax with an excise tax

PRIVATE ACTIVITY BONDS

Securities issued by or on behalf of a local government to provide debt financing for projects used for a trade or business

QUALIFIED ENERGY CONSERVATION BONDS

Tax credit bonds originally authorized by Tax Extenders and Alternative Minimum Tax Relief Act of 2008

QUALIFIED FACILITY

Refundable state income tax credit for eligible companies making capital investment to establish or expand qualified facilities

QUALITY JOBS

Up to \$9,000 state income or premium tax credits spread over a 3-year period for each net new quality job

RENEWABLE ENERGY TAX INCENTIVE

Up to 10 percent refundable state income tax credit and 75 percent reduction on real and personal property taxes for companies engaged in solar, wind, geothermal, and other renewable energy industries

RESEARCH & DEVELOPMENT

State income tax credit for increased research and development activities

SALES TAX EXEMPTIONS FOR MANUFACTURING

Sales tax exemption for various machinery and equipment

WORK OPPORTUNITY

Federal tax credit for hiring individuals from groups consistently faced with significant barriers to employment



Education

Bisbee Unified School District

BUSD operates an elementary, junior high, and high school. Career and Technical Education programs offered at Bisbee High School include business and technology, construction, medical professions, nursing, pharmacy technician, network technology, law and public safety, graphic design, mental and social health services, music and media production, music performance, and culinary arts.

For more information, visit www.BUSD.k12.AZ.US.

PER PUPIL SPENDING (2016)

| | BISBEE UNIFIED SCHOOL DISTRICT | PEER AVERAGE | ARIZONA AVERAGE |
|---------------------------------|-----------------------------------|-----------------|--------------------|
| Instruction (classroom dollars) | \$4,664 | \$4,576 | \$4,145 |
| Administration | 1,294 | 1,145 | 806 |
| Plant Operations | 1,564 | 1,342 | 939 |
| Food Service | 423 | 450 | 415 |
| Transportation | 438 | 522 | 364 |
| Student Support | 620 | 695 | 633 |
| Instruction Support | 396 | 396 | 444 |
| Total (operational) | \$9,399 | \$9,126 | \$7,746 |

Source: Arizona Office of the Auditor General.

PUBLIC SCHOOL ENROLLMENT

| | 2014 | 2015 | 2016 |
|---------------------------------------|------------|------------|------------|
| Bisbee Unified School District | 662 | 615 | 589 |
| Bisbee High School (9-12) | 187 | 189 | 182 |
| Greenway Primary School (Pre-K-4) | 280 | 246 | 242 |
| Lowell School (5-8) | 195 | 180 | 165 |

Note: Figures reflect enrollment as of October 1. Includes district enrollment only.
Source: Arizona Department of Education.

STUDENT AND TEACHER MEASURES (2016)

| | BISBEE UNIFIED SCHOOL DISTRICT | PEER AVERAGE | ARIZONA |
|---|--------------------------------|--------------|----------|
| Attendance Rate (2015) | 93% | 93% | 94% |
| Graduation Rate (2015) | 74% | 82% | 78% |
| Poverty Rate (2015) | 31% | 32% | 23% |
| Students per Teacher | 14.9 | 17.0 | 18.6 |
| Average Teacher Salary | \$40,030 | \$43,329 | \$46,384 |
| Average Years Teacher Experience | 13.4 | 13.0 | 11.0 |
| Percentage of Teachers in First 3 Years | 20% | 19% | 20% |

Source: Arizona Office of the Auditor General.

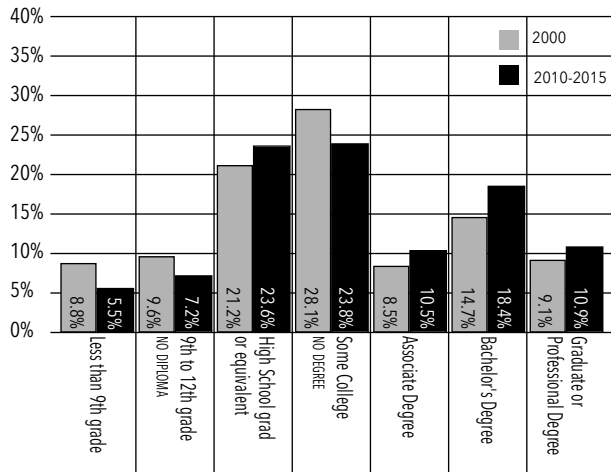
Private Schools

- Community Montessori School of Bisbee (www.CMSBisbee.org).
- Cochise SDA Christian School (www.CochiseSDA.org)

Cochise College

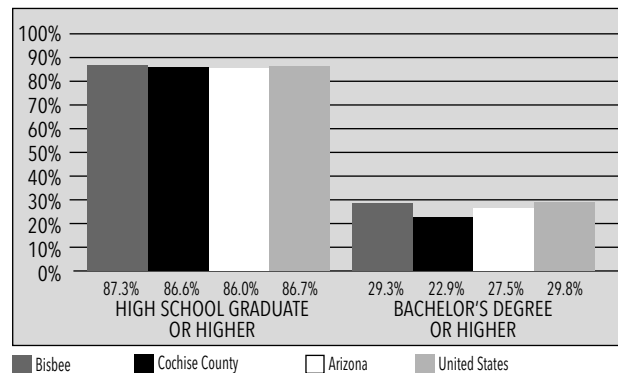
Cochise College is a two-year community college with campuses in Douglas and Sierra Vista and learning centers in Benson, Willcox, and Fort Huachuca (the college's Douglas Campus is located outside city limits between Bisbee and Douglas). The college also operates an online campus. Cochise College offers two-year degree and certificate programs in a variety of fields, noncredit personal enrichment classes,

BISBEE EDUCATIONAL ATTAINMENT



Note: Population 25 years and older.
Source: Source: U.S. Census Bureau (Census 2000 and 2010-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research.

EDUCATIONAL ATTAINMENT



Note: Population 25 years and older.
Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research.

GED, English Language Acquisition, workforce training, and numerous other learning opportunities through its Center for Lifelong Learning, Adult Education Center, and Small Business Development Center. The college's Center for Economic Research tracks trends in the local economy and conducts local economic research.

For more information, visit www.Cochise.edu.

COCHISE COLLEGE TWO-YEAR DEGREE PROGRAMS

| | |
|---|---|
| Administration of Justice | Fine Arts |
| Agriculture | Fire Science Technology |
| Agronomy | General Requirements |
| Automotive Technology | General Studies |
| Aviation Dispatch | Humanities |
| Biology | Intelligence Operations Studies |
| Building Construction Technology | Journalism and Media Arts |
| Business Administration | Logistics Supply Chain Management |
| Business Management | LPN to Professional Nurse |
| Chemistry | Mathematics |
| Cisco and Linux Networking | Media Production Arts |
| Communications | Music |
| Computer Information Systems | Network Technology |
| Computer Programming | Nursing |
| Computer Science | Paramedicine |
| Culinary Arts | Philosophy |
| Cybersecurity | Physics |
| Early Childhood Care and Education | Professional Administrative Assistant |
| Economics | Professional Pilot Technology |
| Education | Residential Construction Technology |
| Electronics Technology | Respiratory Therapy |
| Elementary Education | Social and Behavioral Sciences |
| Engineering | Theatre Arts |
| Engineering Technology | Unmanned Aerial Vehicle Flight Operator |
| English | Unmanned Aircraft Systems Technician |
| Equine Science and Management | Welding Technology |
| Exercise Science, Health and Physical Education, Recreation and Wellness | |

University of Arizona South

UA South is a branch campus of University of Arizona with an office on Cochise College's Douglas Campus (located between Bisbee and Douglas). UA South offers upper-division courses for students to complete undergraduate degree programs in cooperation with Cochise College and other Arizona community colleges. Undergraduate degree programs offered at UA South (Douglas) include administration of justice, commerce, early childhood education, elementary education, psychology, and regional commerce. Additionally, undergraduate degree programs in cyber operations, family studies/human development, government/public service, human services, informatics, intelligence studies, meteorology, and organizational leadership, along with a graduate degree program in educational technology, are offered online. UA South is a commuter campus with schedules designed to accommodate working adults and returning students.

For more information, visit www.UAS.Arizona.edu.





Health Care

In addition to Copper Queen Community Hospital, health care providers in Bisbee include Chiricahua Community Health Centers, Inc. (www.CCHCI.org), Arizona Counseling and Treatment Services (www.ACTSAZ.com), Community Intervention Associates (www.CIAYuma.com), Renaissance House for women, and Verhelst Recovery House for men (www.VerhelstRecoveryHouse.org). The Cochise County Health Department (www.Cochise.AZ.gov), located in Bisbee, offers preventative services and resources.

Copper Queen Community Hospital

Copper Queen Community Hospital, located in Bisbee, provides a range of inpatient and outpatient services including 24-hour emergency services, acute hospital care, telemedicine, cardiopulmonary services, diagnostic imaging, laboratory, outpatient surgery, physical therapy, home health, and occupational medicine. CQCH's telemedicine programs provide real-time video links with hospitals and specialists in Phoenix and Tucson, allowing local physicians to work with specialized physicians and staff at other hospitals to assess and treat patients locally or stabilize them for transfer. Programs include TeleCardiology (Pima Heart in Tucson), TeleEndocrinology (Tucson Medical Center), Telepediatrics (Banner University Medical Center in Tucson), Telestroke (Mayo Clinic in Scottsdale), TeleBehavioral Health (Sonora Behavioral Health in Tucson), and TeleRadiology, along with CQCH's Home Health Telemedicine program, which connects the hospital with patients in their homes.

In 2013 and 2014, CQCH doubled the size of its emergency department, underwent extensive renovations to its main entrance and covered drop-off, and relocated and enlarged its helistop. Other improvements included new space for a CT scanner, a redesigned nursing station located at the center of patient rooms, and increased space for pharmacy and laboratory facilities. In 2015, the hospital opened its new Physical Therapy Center. Also in 2015, CQCH joined with hospitals from Benson, Safford, Tucson, and Willcox to form the nonprofit Southern Arizona Hospital Alliance to foster stronger ties between the hospitals and allow greater efficiencies in purchasing, insurance, and electronic medical records. In recent years, CQCH has expanded outreach through its rural health clinics in Bisbee, Douglas, and Palominas. In 2014 and 2015, the hospital undertook a series of expansions of its Douglas clinic, transforming it into the Douglas Medical Complex. In 2017, CQCH opened a free-standing emergency room in Douglas.

For more information, visit www.CQCH.org.

HOSPITAL MILEAGE CHART

| | Benson Hospital | Canyon Vista Medical Center | Copper Queen Community Hospital | Holy Cross Hospital | Northern Cochise Community Hospital | Northwest Medical Center | St. Joseph's Hospital | St. Mary's Hospital | Tucson Medical Center | Tucson Heart Hospital | University Medical Center | University Physician Hospitals |
|-------------------------------------|-----------------|-----------------------------|---------------------------------|---------------------|-------------------------------------|--------------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------------|--------------------------------|
| Benson Hospital | 0 | 35 | 52 | 75 | 37 | 67 | 45 | 49 | 49 | 58 | 48 | 43 |
| Canyon Vista Medical Center | 35 | 0 | 27 | 64 | 71 | 94 | 72 | 77 | 77 | 86 | 76 | 71 |
| Copper Queen Community Hospital | 52 | 27 | 0 | 91 | 86 | 118 | 95 | 100 | 99 | 108 | 99 | 94 |
| Holy Cross Hospital | 75 | 64 | 91 | 0 | 110 | 84 | 72 | 67 | 73 | 75 | 70 | 65 |
| Northern Cochise Community Hospital | 37 | 71 | 86 | 110 | 0 | 103 | 80 | 85 | 84 | 93 | 84 | 79 |
| Northwest Medical Center | 67 | 94 | 118 | 84 | 103 | 0 | 21 | 16 | 18 | 11 | 15 | 25 |
| St. Joseph's Hospital | 45 | 72 | 95 | 72 | 80 | 21 | 0 | 10 | 3 | 11 | 6 | 8 |
| St. Mary's Hospital | 49 | 77 | 100 | 67 | 85 | 16 | 10 | 0 | 9 | 8 | 5 | 10 |
| Tucson Medical Center | 49 | 77 | 99 | 73 | 84 | 18 | 3 | 9 | 0 | 8 | 4 | 8 |
| Tucson Heart Hospital | 58 | 86 | 108 | 75 | 93 | 11 | 11 | 8 | 8 | 0 | 5 | 10 |
| University Medical Center | 48 | 76 | 99 | 70 | 84 | 15 | 6 | 5 | 4 | 5 | 0 | 5 |
| University Physician Hospitals | 43 | 71 | 94 | 65 | 79 | 25 | 8 | 10 | 8 | 10 | 5 | 0 |

Source: Cochise College Center for Economic Research.



Population & Demographics

Although Bisbee’s population is 5,312 (as of 2016) the Bisbee area includes nearby populated areas that create a much larger community of more than 35,000 (including Bisbee, Naco, Palominas, surrounding unincorporated areas on the U.S. side of the border, and residents of Naco, Sonora, Mexico). While the population of Bisbee declined 8.5 percent from 2000 to 2010, the wider Bisbee Census County Division (U.S. side of the border) grew by 20 percent (from 24,035 to 28,838, reflecting a greater number of residents in nearby areas outside city limits) and the population of Naco, Sonora, Mexico grew by 30 percent (from 4,900 to 6,400).

POPULATION

| | BISBEE | | COCHISE COUNTY | | ARIZONA | |
|------|------------|----------|----------------|----------|------------|----------|
| | POPULATION | GROWTH % | POPULATION | GROWTH % | POPULATION | GROWTH % |
| 1990 | 6,288 | -12.1 | 97,624 | 12.9 | 3,680,800 | 34.7 |
| 2000 | 6,090 | -3.1 | 117,755 | 20.6 | 5,130,632 | 39.4 |
| 2010 | 5,575 | -8.5 | 131,346 | 11.5 | 6,392,017 | 24.6 |
| 2011 | 5,474 | -1.8 | 130,537 | -0.6 | 6,438,178 | 0.7 |
| 2012 | 5,466 | -0.1 | 130,752 | 0.2 | 6,498,569 | 0.9 |
| 2013 | 5,424 | -0.8 | 130,906 | 0.1 | 6,581,054 | 1.3 |
| 2014 | 5,394 | -0.6 | 129,628 | -1.0 | 6,667,241 | 1.3 |
| 2015 | 5,297 | -1.8 | 129,112 | -0.4 | 6,758,251 | 1.4 |
| 2016 | 5,312 | 0.3 | 128,343 | -0.6 | 6,835,518 | 1.1 |

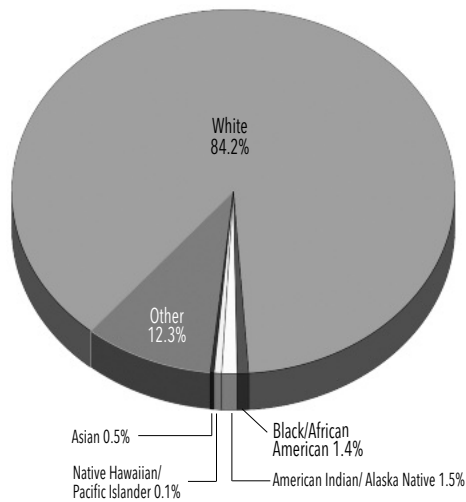
Note: Growth rates shown for 1990, 2000, and 2010 reflect preceding 10-year period; rates for 2011 forward are annual.
Source: U.S. Census Bureau, Arizona Office of Economic Opportunity, and Cochise College Center for Economic Research.

POPULATION PROJECTIONS

| YEAR | BISBEE | COCHISE COUNTY |
|------|--------|----------------|
| 2020 | 5,280 | 132,547 |
| 2030 | 5,310 | 141,122 |
| 2040 | 5,213 | 148,998 |
| 2050 | 5,104 | 157,897 |

Source: Arizona Office of Economic Opportunity.

BISBEE RACIAL COMPOSITION



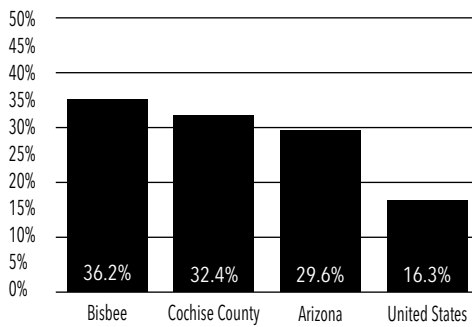
Source: U.S. Census Bureau (Census 2010) and Cochise College Center for Economic Research.

BISBEE AGE GROUP DISTRIBUTION

| | 2000 | 2010 |
|-------------|-------|-------|
| Under 5 | 5.9% | 5.1% |
| 5 to 9 | 5.9% | 4.3% |
| 10 to 14 | 5.8% | 4.9% |
| 15 to 19 | 6.0% | 5.7% |
| 20 to 24 | 4.8% | 5.0% |
| 25 to 34 | 10.3% | 9.6% |
| 35 to 44 | 13.8% | 10.1% |
| 45 to 54 | 15.6% | 15.2% |
| 55 to 59 | 6.5% | 9.1% |
| 60 to 64 | 5.7% | 10.3% |
| 65 to 74 | 10.0% | 12.1% |
| 75 to 84 | 7.1% | 6.1% |
| 85 and over | 2.5% | 2.4% |

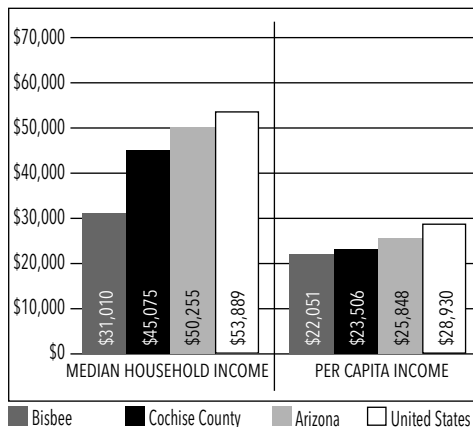
Source: U.S. Census Bureau (Census 2000 and Census 2010) and Cochise College Center for Economic Research.

HISPANIC/LATINO POPULATION



Source: U.S. Census Bureau (Census 2010) and Cochise College Center for Economic Research.

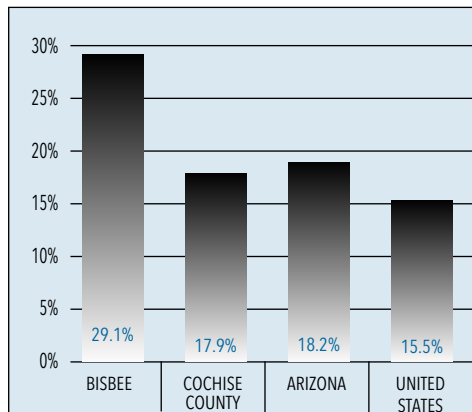
INCOME



Note: All figures expressed in 2015 dollars.

Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research

POVERTY LEVEL



Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research.



Employment

Outlook

In Cochise County, the largest threat to labor market improvement in recent years has come from defense budget cuts impacting Fort Huachuca (approximately 35 miles northwest of Bisbee) as the result of winding down wars in Iraq and Afghanistan. While the rest of the state and nation suffered through severe effects of The Great Recession in 2008 and 2009, Cochise County was buffered from the worst of it due primarily to increased defense spending on the fort and its missions, which peaked in 2011 and has declined each year since. While defense cuts have had a dampening effect on the regional labor market, the current administration's stated interest in increasing defense spending suggests an easing of constraints from recent years. An increased emphasis on defense spending is likely to impact military intelligence, unmanned aerial systems, and cybersecurity missions at Fort Huachuca, which have long been three of the fastest-growing missions in the Army and Department of Defense.

UNEMPLOYMENT RATE (%)

| | BISBEE | COCHISE COUNTY | ARIZONA | UNITED STATES |
|-------|--------|----------------|---------|---------------|
| 2012 | 6.6 | 9.0 | 8.3 | 8.1 |
| 2013 | 6.7 | 9.0 | 7.5 | 7.4 |
| 2014 | 6.1 | 8.5 | 6.8 | 6.2 |
| 2015 | 5.4 | 7.4 | 6.1 | 5.3 |
| 2016 | 4.3 | 6.1 | 5.2 | 4.9 |
| 2017* | 3.9 | 5.6 | 5.1 | 4.5 |

*January through July; monthly average; national, state, and county figures are seasonally adjusted; city figure is not seasonally adjusted.
Source: U.S. Bureau of Labor Statistics and Arizona Office of Economic Opportunity.

BISBEE LABOR MARKET DATA

| | CIVILIAN LABOR FORCE | EMPLOYMENT | UNEMPLOYMENT |
|------|----------------------|------------|--------------|
| 2012 | 2,478 | 2,315 | 163 |
| 2013 | 2,364 | 2,206 | 158 |
| 2014 | 2,342 | 2,200 | 142 |
| 2015 | 2,310 | 2,186 | 125 |
| 2016 | 2,274 | 2,177 | 97 |

Source: Arizona Office of Economic Opportunity.

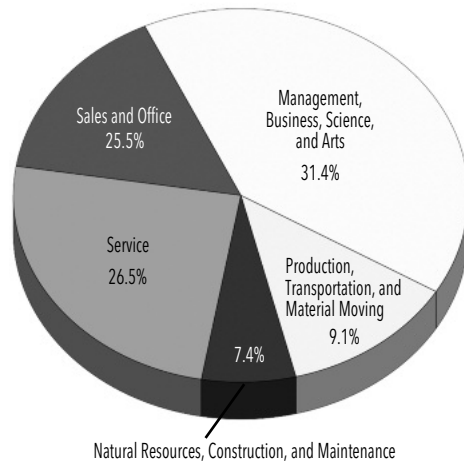
Cochise County and the Bisbee area are also impacted considerably by border security spending and cross-border commerce. While the future trend of border security spending remains uncertain, efforts in Washington toward increasing numbers of border patrol agents along the U.S./Mexico border could give a boost to the regional labor market in the long run. The recently expanded Brian A. Terry Border Patrol Station, just outside Bisbee city limits, was built to accommodate 450 agents patrolling 1,200 square miles, including more than 30 miles of the U.S./Mexico border. On the border commerce side, a weakening of the peso in recent years has constrained visitor spending, though this has eased somewhat in 2017 (*for more on this, see the Mexico section of this publication*).

Spending by Freeport-McMoRan on its remediation and reclamation activities softened the impact of a struggling job market in the Bisbee area in recent years through direct employment, hiring of consultants and contractors, and indirect and induced economic

effects. Freeport-McMoRan conducted soil excavation and replacements at residential and nonresidential sites throughout the city. Recent completion of those projects has removed what had been a vital component of Bisbee's employment situation in past years.

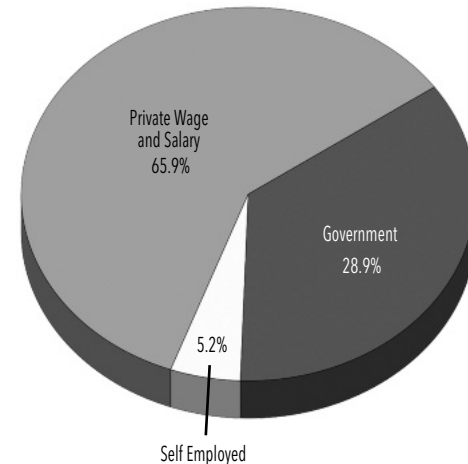
A bright spot for Bisbee in recent years has been a rebound in the tourism industry. As the state and national economies continue to improve, Bisbee should see continued revitalization of its tourism economy and associated service-industry jobs (along with indirect and induced impacts to other regional industries). This is helped along by the city's recent rebranding efforts (#beBisbee) and increased focus on marketing the city to visitors and hosting new events (including an annual mineral show). The city has also placed increased emphasis on promoting conferences and has built partnerships with other communities on both sides of the U.S.-Mexico border to promote cultural-heritage and cross-border events.

BISBEE OCCUPATIONS



Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research.

BISBEE CLASSES OF WORKERS



Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research.

INDUSTRIES IN BISBEE (% OF WORKFORCE)

| | |
|--|------|
| Agriculture, forestry, fishing and hunting, and mining | 1.9 |
| Construction | 5.1 |
| Manufacturing | 5.6 |
| Wholesale trade | 0.7 |
| Retail trade | 14.0 |
| Transportation and warehousing, and utilities | 4.1 |
| Information | 0.7 |
| Finance and insurance, and real estate and rental and leasing | 1.4 |
| Professional, scientific, and management, and administrative and waste management services | 7.8 |
| Educational services, and health care and social assistance | 27.1 |
| Arts, entertainment, and recreation, and accommodation and food services | 15.3 |
| Other services, except public administration | 2.6 |
| Public administration | 13.5 |

Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates).

Employment data from late 2016 and the first half of 2017 suggest Cochise County's labor market hit bottom during 2016. In the 13 months from July 2016 through July 2017, Cochise County saw year-over-year job declines in five months, gains in four months, and stabilization in four months. That followed persistent job losses over

the previous seven and a half years (from the beginning of 2009 through the middle of 2016). Looking forward, continued modest improvement in the regional labor market seems likely through the end of 2017 and into 2018. The recovery could accelerate if the current administration delivers quickly on campaign promises to increase

BISBEE AREA EMPLOYER BUSINESS ESTABLISHMENTS BY EMPLOYMENT-SIZE CLASS (2015)

| INDUSTRY | NUMBER OF ESTABLISHMENTS BY EMPLOYMENT-SIZE CLASS | | | | | | |
|--|---|-----------|-----------|-----------|----------|----------|----------|
| | TOTAL | 1-4 | 5-9 | 10-19 | 20-49 | 50-99 | 100-249 |
| Accommodation and food services | 37 | 17 | 7 | 8 | 5 | 0 | 0 |
| Admin, Support, Waste Mgmt, Remediation Services | 4 | 3 | 0 | 1 | 0 | 0 | 0 |
| Arts, entertainment, and recreation | 6 | 6 | 0 | 0 | 0 | 0 | 0 |
| Construction | 6 | 6 | 0 | 0 | 0 | 0 | 0 |
| Finance and insurance | 10 | 5 | 3 | 2 | 0 | 0 | 0 |
| Health care and social assistance | 20 | 7 | 4 | 6 | 2 | 0 | 1 |
| Information | 4 | 4 | 0 | 0 | 0 | 0 | 0 |
| Manufacturing | 3 | 2 | 1 | 0 | 0 | 0 | 0 |
| Other services (except public administration) | 13 | 9 | 3 | 1 | 0 | 0 | 0 |
| Professional, scientific, and technical services | 10 | 7 | 3 | 0 | 0 | 0 | 0 |
| Real estate and rental and leasing | 6 | 6 | 0 | 0 | 0 | 0 | 0 |
| Retail trade | 35 | 18 | 12 | 4 | 0 | 1 | 0 |
| Transportation and warehousing | 2 | 1 | 0 | 1 | 0 | 0 | 0 |
| Utilities | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| Wholesale trade | 2 | 1 | 0 | 0 | 1 | 0 | 0 |
| TOTAL | 159 | 92 | 33 | 24 | 8 | 1 | 1 |

Note: Includes employer businesses located in zip code 85603; does not include government sector.
Source: U.S. Census Bureau.

BISBEE AREA EMPLOYERS, EMPLOYEES, AND PAYROLL

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------------|--------|--------|--------|--------|--------|
| Employer Business Establishments | 158 | 158 | 161 | 163 | 159 |
| Number of Employees* | 1,326 | 1,386 | 1,391 | 1,279 | 1,226 |
| Annual Payroll (\$1,000) | 33,411 | 35,198 | 36,088 | 34,477 | 33,353 |

*Paid employees for pay period including March 12.
Note: Includes employer businesses located in zip code 85603; does not include government sector.
Source: U.S. Census Bureau.

BISBEE AREA TOP EMPLOYERS

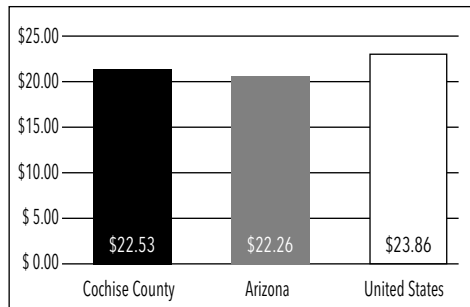
| |
|------------------------------------|
| Cochise County |
| U.S. Customs and Border Protection |
| Copper Queen Community Hospital |
| Bisbee Unified School District |
| City of Bisbee |
| Freeport-McMoRan |
| Bisbee Hospitality Group |
| Safeway |

military spending and end sequestration for defense. Increased border security spending through barrier construction and/or more agents assigned would also have positive direct and ripple effects on the regional labor market.

The most significant opportunity for long-term labor market improvement in Cochise County is the 28,000-home, master-planned ‘The Villages at Vigneto’ development in Benson—approximately 50 miles northwest of Bisbee. Developers anticipate achieving and maintaining an ambitious 2,000-residential-unit annual absorption

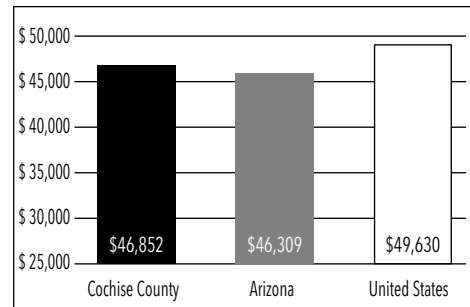
rate until fully built out (approximately two decades). The development is projected to support 16,355 jobs at peak construction (including construction activity and spending by new residents). Once all construction is complete, spending by new residents is projected to support 8,780 jobs countywide, sustained indefinitely into the future. Bisbee can expect to benefit from potential day visitors from the new development, along with a generally stronger regional economy, particularly during the construction period. *For more information, see the Real Estate section of this publication.*

AVERAGE HOURLY WAGE (2016)



Source: U.S. Bureau of Labor Statistics and Arizona Office of Economic Opportunity

AVERAGE ANNUAL WAGE (2016)



Source: U.S. Bureau of Labor Statistics and Arizona Office of Economic Opportunity

NONFARM PAYROLL EMPLOYMENT (COCHISE COUNTY)

| | 2016 | 2015 | CHANGE | CHANGE % |
|--------------------------------------|--------|--------|--------|----------|
| Total Nonfarm | 34,200 | 34,500 | -300 | -0.9 |
| Total Private | 22,700 | 22,900 | -200 | -0.9 |
| Goods Producing | 1,900 | 1,800 | 100 | 5.6 |
| Construction and Mining | 1,300 | 1,300 | 0 | 0.0 |
| Manufacturing | 600 | 600 | 0 | 0.0 |
| Service-Providing | 32,300 | 32,700 | -400 | -1.2 |
| Private Service-Providing | 20,800 | 21,000 | -200 | -1.0 |
| Trade, Transportation, and Utilities | 6,000 | 6,000 | 0 | 0.0 |
| Information | 400 | 500 | -100 | -20.0 |
| Financial Activities | 1,000 | 1,000 | 0 | 0.0 |
| Professional and Business Services | 3,800 | 4,000 | -200 | -5.0 |
| Educational and Health Services | 5,000 | 4,800 | 200 | 4.2 |
| Leisure and Hospitality | 3,600 | 3,800 | -200 | -5.3 |
| Other Services | 900 | 900 | 0 | 0.0 |
| Government | 11,500 | 11,600 | -100 | -0.9 |
| Federal Government | 5,000 | 5,100 | -100 | -2.0 |
| State and Local Government | 6,500 | 6,500 | 0 | 0.0 |

Note: Numbers are rounded to the nearest 100; discrepancies are due to rounding.

Source: Arizona Office of Economic Opportunity and Cochise College Center for Economic Research.



Commerce

The Bisbee trade area includes nearby populated areas that create a community of more than 35,000 residents, including Bisbee, Naco, Palominas, and surrounding unincorporated areas on the U.S. side of the border, as well as residents of Naco, Sonora, Mexico. In addition to the residential population, local businesses also cater to tourists, sightseers, shoppers, and other visitors from across Cochise County and those traveling from other areas of the state and nation, as well as international tourists and day-shoppers from Mexico. Focus group discussions in Bisbee indicate a large presence of Mexican shoppers evidenced by numbers of vehicles with Sonora, Mexico license plates parked daily at the city’s retail centers. According to data from U.S. Department of Homeland Security, more than 750 vehicles per day cross from Mexico into the United States through the Naco Port of Entry (the vast majority of those travel to or through Bisbee). Businesses in Bisbee also cater to military and civilian personnel stationed at nearby Fort Huachuca, and those visiting the fort on temporary duty for training, conferences, and other activities.

AVERAGE ANNUAL DAILY TRAFFIC COUNT (BISBEE AREA)

| LOCATION | 2013 | 2014 | 2015 | 2016 | 2030* |
|---|-------|-------|-------|-------|-------|
| State Route 80 (State Route 90 to West Blvd - Bisbee) | 4,772 | 5,199 | 5,229 | 5,068 | 6,200 |
| State Route 80 (West Blvd - Naco Rd) | 2,351 | 2,655 | 2,927 | 2,991 | 5,000 |
| State Route 80 (Naco Rd to State Route 92/Bisbee Rd) | 7,509 | 6,385 | 6,959 | 7,112 | 9,100 |
| State Route 80 (State Route 92/Bisbee Rd to Warren Cutoff/Arizona St) | 4,966 | 5,231 | 5,701 | 4,750 | 4,200 |
| State Route 80 (Warren Cutoff/Arizona St to Double Adobe Rd) | 5,458 | 5,644 | 5,666 | 5,441 | 7,900 |

Note: Figures represent the average number of vehicles traveling each day in both directions.
Source: Arizona Department of Transportation.

*PROJECTED

Sales Outlook

Trends as of mid-2017 suggest continued weak performance for Bisbee's retail sales, which were down 2.6 percent in the first six months of 2017 (compared to the same period the year prior, after adjusting for inflation). Retail sales were down in year-over-year comparisons in 11 of 18 months ended June 2017. Annually, retail sales in Bisbee declined each year from 2012 through 2016 (with that trend continuing into 2017). Factors have included a weakening of the peso against the dollar, which has constrained Mexican visitor spending, along with population declines in Bisbee and Cochise County resulting in fewer shoppers and fewer dollars in the regional economy. Other broader factors include the impact of internet sales, which have threatened traditional brick-and-mortar retail sales everywhere, and a general shift in consumer preferences from 'things' to 'experiences.'

Things look much better for Bisbee's hospitality industries with the city's hotel/motel receipts seeing strong growth in 2016 and into the first half of 2017. Hotel/motel receipts in Bisbee were up in year-over-year comparisons in 13 of 17 months ended June 2017. Restaurant and bar sales in Bisbee, while down in 2016 for the first time since 2011, saw a strong rebound in the first half of 2017 returning to a robust growth trend that began in 2012. The decline in 2016 was likely attributable to the wrapping up of Freeport-McMoRan activities (resulting in fewer out-of-town workers present in the city during the day) and the declining value of the peso against the dollar. Bisbee's hospitality industries have likely been helped by the city's 'Be Bisbee'

rebranding campaign, along with a focus on new events and conference hosting and a rebound of the tourism industry in general. An increase in temporary duty travel to nearby Fort Huachuca in 2017 (providing a source of day visitors to the city) has also likely helped.

While Bisbee's retail sales are likely to see continued instability, positive factors influencing the city's hospitality industries seem likely to continue through the remainder of 2017 and into 2018 on continued strength of the national and state economies and sustained improvement of the tourism industry, along with likely growth at nearby Fort Huachuca. In the longer term, the 28,000-home, master-planned 'The Villages at Vigneto' development in Benson (approximately 50 miles from Bisbee), if successful in achieving and maintaining an ambitious 2,000-residential-unit annual absorption rate (until fully built out) as anticipated by developers, is projected to have a \$23.8 billion impact on the regional economy over the planned 18-year construction period, impacting every industry in the region. Once all construction is complete, spending by new residents of the community is projected to generate \$1.2 billion in annual economic activity (sales) across industries throughout Cochise County. Bisbee is likely to benefit from potential day visitors from the new development, along with a generally stronger regional economy, particularly during the construction period. *For more information, see the Real Estate section of this publication.*

COCHISE COUNTY GROSS DOMESTIC PRODUCT (GDP)

| YEAR | REAL GDP* | GROWTH (%) |
|------|-----------|------------|
| 2012 | 3,998 | -6.2 |
| 2013 | 3,720 | -7.0 |
| 2014 | 3,536 | -4.9 |
| 2015 | 3,507 | -0.8 |
| 2016 | 3,517 | 0.3 |

*Millions of chained 2009 dollars.
Source: U.S. Bureau of Economic Analysis.

RETAIL SALES

| YEAR | COCHISE COUNTY (\$) | CHANGE (%) | INFLATION ADJUSTED GROWTH (%) | BISBEE (\$) | CHANGE (%) | INFLATION ADJUSTED GROWTH (%) |
|-------|---------------------|------------|-------------------------------|-------------|------------|-------------------------------|
| 2012 | 786,600,901 | 6.5 | 4.5 | 26,884,346 | -2.5 | -4.5 |
| 2013 | 810,061,630 | 3.0 | 1.5 | 26,642,387 | -0.9 | -2.3 |
| 2014 | 815,460,657 | 0.7 | -1.0 | 27,148,592 | -1.9 | -3.6 |
| 2015 | 836,291,935 | 2.6 | 2.4 | 26,904,255 | -0.9 | -1.1 |
| 2016 | 807,386,078 | -3.5 | -4.7 | 25,024,939 | -7.0 | -8.2 |
| 2017* | 405,201,336 | 0.4 | -1.8 | 12,887,750 | -0.3 | -2.6 |

*January-June only; comparisons to same period one year prior.
Note: Inflation-adjusted growth calculated using Consumer Price Index (CPI-U). Data shown are estimates.
Source: Arizona Department of Revenue, U.S. Bureau of Labor Statistics, City of Bisbee, and Cochise College Center for Economic Research.

RESTAURANT & BAR SALES

| YEAR | COCHISE COUNTY (\$) | CHANGE (%) | INFLATION ADJUSTED GROWTH (%) | BISBEE (\$) | CHANGE (%) | INFLATION ADJUSTED GROWTH (%) |
|-------|---------------------|------------|-------------------------------|-------------|------------|-------------------------------|
| 2012 | 131,290,836 | -2.3 | -4.4 | 8,238,360 | 15.6 | 13.6 |
| 2013 | 132,527,859 | 0.9 | -0.5 | 9,045,720 | 9.8 | 8.3 |
| 2014 | 136,479,639 | 3.0 | 1.4 | 9,561,326 | 5.7 | 4.1 |
| 2015 | 142,027,235 | 4.1 | 3.9 | 10,364,477 | 8.4 | 8.3 |
| 2016 | 147,076,559 | 3.6 | 2.3 | 9,575,188 | -7.6 | -8.9 |
| 2017* | 75,235,505 | -0.7 | -2.9 | 5,962,588 | 19.9 | 17.7 |

*January-June only; comparisons to same period one year prior.
Note: Inflation-adjusted growth calculated using Consumer Price Index (CPI-U). Data shown are estimates.
Source: Arizona Department of Revenue, U.S. Bureau of Labor Statistics, City of Bisbee, and Cochise College Center for Economic Research.

HOTEL/MOTEL RECEIPTS

| YEAR | COCHISE COUNTY (\$) | CHANGE (%) | INFLATION ADJUSTED GROWTH (%) | BISBEE (\$) | CHANGE (%) | INFLATION ADJUSTED GROWTH (%) |
|-------|---------------------|------------|-------------------------------|-------------|------------|-------------------------------|
| 2012 | 34,680,677 | -15.1 | -17.2 | 3,064,606 | 7.7 | 5.6 |
| 2013 | 30,956,346 | -10.7 | -12.2 | 2,776,533 | -9.4 | -10.8 |
| 2014 | 31,277,373 | 1.0 | -0.6 | 3,154,142 | 13.6 | 11.9 |
| 2015 | 33,885,154 | 8.3 | 8.2 | 3,138,371 | -0.5 | -0.7 |
| 2016 | 34,265,272 | 1.1 | -0.1 | 4,074,844 | 29.8 | 28.6 |
| 2017* | 21,288,837 | 17.2 | 14.9 | 2,289,203 | 11.1 | 8.9 |

*January-June only; comparisons to same period one year prior.
Note: Inflation-adjusted growth calculated using Consumer Price Index (CPI-U). Data shown are estimates.
Source: Arizona Department of Revenue, U.S. Bureau of Labor Statistics, City of Bisbee, and Cochise College Center for Economic Research.



Real Estate

Outlook

In Cochise County and Bisbee, foreclosed homes offered at lower prices will continue to dampen demand for new home construction through the remainder of 2017 and into 2018. Foreclosure sales will place continued upward pressure on home sales volume for existing homes, but sustained downward pressure on prices. Although foreclosures as a share of total home sales have declined steadily since 2013, they remain stubbornly high from an historic perspective. Regional home sales data from the first half of 2017 suggest the strong gains in existing home sales volume in 2015 and 2016 are on track to continue through 2017 and into 2018. Modest home-price increases seen in recent years also seem positioned to hold and perhaps accelerate into 2018.

As of late 2017, the city's iBisbee Committee was working in partnership with Foundation for Senior Living on plans for the construction of a 40-to-60-unit, affordable-housing development for seniors (55 years and up) on eight acres of city-owned property near the existing Bisbee Senior Center, with groundbreaking expected by

NEW HOME PERMITS (SINGLE FAMILY RESIDENTIAL)

| | COCHISE COUNTY | BISBEE |
|------|----------------|--------|
| 2012 | 278 | 2 |
| 2013 | 159 | 2 |
| 2014 | 179 | 0 |
| 2015 | 136 | 1 |
| 2016 | 139 | 2 |

Source: U.S. Census Bureau and City of Bisbee.

early 2019. According to the iBisbee Committee, plans are underway to seek state and federal grant funding to assist with the project. Also in the planning stages is the potential rezoning of the Bisbee Convention Center and adjacent land that could lead to construction of a new hotel and parking garage in Old Bisbee. Preliminary plans call for mixed-use infill development; contemporary hotel design with ground-floor lobby, café, restaurant, and retail space; approximately 65 hotel rooms; 2,500 square-feet of retail space; and off-site parking.

According to the city's iBisbee committee, the city saw \$3 million in remodeling building-permit activity in 2016 and \$1.8 million in the first 8 months of 2017, and three of four commercial buildings put on the market in 2017 had sold quickly, suggesting strength in the market. Also in 2017, the historic 52-room Copper Queen Hotel sold, with a complete remodeling of the kitchen by the new owners (and anticipated renovations to the saloon and guest rooms). The committee also pointed to several new businesses opening in Old Bisbee in 2017, along with the sale of several other buildings with new businesses expected to launch in late 2017 and early 2018.

At the county level, the most significant opportunity for long-term development is the 28,000-home, master-planned 'The Villages at Vigneto' on 12,167 acres in Benson (approximately 50 miles northwest of Bisbee). Developers anticipate achieving and maintaining an ambitious 2,000-residential-unit annual absorption rate (until fully built out) by marketing to what they estimate as nearly 4 million potential buyers turning 65 in each of the next 20 years. In addition, the developer anticipates in excess of 3 million square feet of nonresidential development including schools, emergency response buildings (fire, police, ambulance), medical facilities, a socially interactive Village Center, retail and commercial space, office space, recreational and community facilities, golf clubhouses, and a destination resort. The master plan was approved in 2016 and infrastructure improvements are expected to commence in 2018 with vertical construction beginning in late 2018 (subject to reinstatement of the Clean Water Act, Section 404 permit by U.S. Army Corp of Engineers and pending litigation against the ACOE by Earth Justice, which is challenging the permit).

HOME SALES (COCHISE COUNTY)

| YEAR | VOLUME | CHANGE IN VOLUME (%) | MEDIAN PRICE (\$) | MEDIAN PRICE CHANGE (%) | AVERAGE SALE/ASKING PRICE (%) | AVERAGE PRICE SQ FT (\$) | AVERAGE PRICE SQ FT CHANGE (%) | AVERAGE DAYS ON MARKET | FORECLOSURES (% OF SALES) |
|------|--------|----------------------|-------------------|-------------------------|-------------------------------|--------------------------|--------------------------------|------------------------|---------------------------|
| 2012 | 1,286 | 6.9 | 129,450 | -8.9 | 93.3 | 77.86 | -6.2 | 163 | 29.1 |
| 2013 | 1,428 | 11.0 | 120,800 | -6.7 | 94.2 | 75.01 | -3.7 | 156 | 29.3 |
| 2014 | 1,409 | -1.3 | 118,000 | -2.3 | 94.6 | 72.63 | -3.2 | 151 | 25.5 |
| 2015 | 1,566 | 11.1 | 123,500 | 4.7 | 94.7 | 75.44 | 3.9 | 152 | 19.2 |
| 2016 | 1,726 | 10.2 | 125,000 | 1.2 | 95.6 | 77.93 | 3.3 | 141 | 16.7 |

Note: Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service and/or the Tucson Area Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service, Tucson Area Multiple Listing Service, and Cochise College Center for Economic Research

HOME SALES (BISBEE)

| YEAR | VOLUME | CHANGE IN VOLUME (%) | MEDIAN PRICE (\$) | MEDIAN PRICE CHANGE (%) | AVERAGE SALE/ASKING PRICE (%) | AVERAGE PRICE SQ FT (\$) | AVERAGE PRICE SQ FT CHANGE (%) | AVERAGE DAYS ON MARKET | FORECLOSURES (% OF SALES) |
|------|--------|----------------------|-------------------|-------------------------|-------------------------------|--------------------------|--------------------------------|------------------------|---------------------------|
| 2012 | 76 | 1.3 | 114,375 | 21.7 | 93.5 | 86.03 | 12.2 | 242 | 18.4 |
| 2013 | 104 | 36.8 | 88,000 | -23.1 | 90.6 | 83.47 | -3.0 | 212 | 23.1 |
| 2014 | 85 | -18.3 | 90,000 | 2.3 | 90.3 | 80.67 | -3.4 | 198 | 21.2 |
| 2015 | 105 | 23.5 | 98,000 | 8.9 | 92.3 | 84.51 | 4.8 | 205 | 11.4 |
| 2016 | 138 | 31.4 | 98,000 | 0.0 | 94.6 | 86.42 | 2.3 | 200 | 10.9 |

Note: Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on Southeast Arizona Multiple Listing Service and/or Tucson Area Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service, Tucson Area Multiple Listing Service, and Cochise College Center for Economic Research.

BISBEE HOUSING STATISTICS

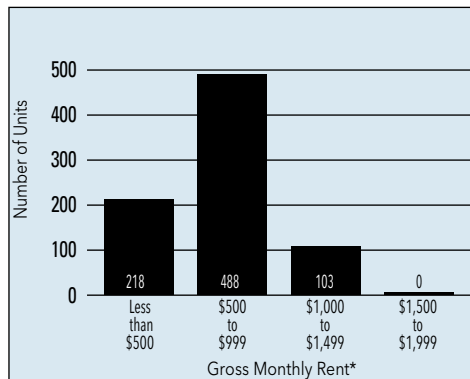
| | |
|---|---------|
| Total Housing Units | 3,680 |
| Occupied Housing Units (%)..... | 71.5 |
| Owner-occupied (%)..... | 64.0 |
| Renter-occupied (%)..... | 36.0 |
| Vacant Housing Units (%)..... | 28.5 |
| Homeowner Vacancy Rate (%)..... | 5.4 |
| Rental Vacancy Rate (%)..... | 22.2 |
| Median Home Value (2015 dollars) | 137,600 |
| Median Monthly Owner Cost (2015 dollars) * | 878 |
| Homeowners Paying 30% or More of Income for Housing (%) * | 37.0 |
| Median Monthly Gross Rent (2015 dollars)..... | 654 |
| Renters Paying 30% or More of Income for Housing (%)..... | 55.3 |

*Includes only homes with a mortgage.

Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates).



BISBEE RENTAL UNITS



*Gross rent includes contract rent plus utilities.

Note: Includes occupied rental units only; figures expressed in 2015 dollars.

Source: U.S. Census Bureau (2011-2015 American Community Survey 5-Year Estimates) and Cochise College Center for Economic Research



Banking & Financial Services

Bisbee is served by three banks: National Bank of Arizona (www.NBArizona.com), Western Bank (www.BootHeelBank.com), and Washington Federal (www.WashingtonFederal.com), which acquired Bank of America's former Bisbee branch in 2014. The area is also served by American Southwest Credit Union (www.ASCU.org) and several other financial services firms, including Edward Jones Investments (www.EdwardJones.com) and Justice Financial (www.JusticeFinancial.net).

CREDIT UNION DEPOSITS

| YEAR | BISBEE | | COCHISE COUNTY* | |
|------|----------------|------------|-----------------|------------|
| | AMOUNT (\$000) | CHANGE (%) | AMOUNT (\$000) | CHANGE (%) |
| 2013 | 9,580 | 17.0 | 193,193 | 4.9 |
| 2014 | 10,066 | 5.1 | 204,618 | 5.9 |
| 2015 | 10,418 | 3.5 | 213,285 | 4.2 |
| 2016 | 10,637 | 2.1 | 224,263 | 5.1 |
| 2017 | 10,400 | -2.2 | 238,804 | 6.5 |

Note: Data reflect total deposits as of June 30 each year.
 *Includes only credit unions whose main office is located in Cochise County; includes only deposits to Cochise County branches.
 Source: National Credit Union Administration, American Southwest Credit Union, and Cochise College Center for Economic Research.

BANK DEPOSITS

| YEAR | BISBEE | | COCHISE COUNTY | |
|------|----------------|------------|----------------|------------|
| | AMOUNT (\$000) | CHANGE (%) | AMOUNT (\$000) | CHANGE (%) |
| 2012 | 81,930 | 0.5 | 1,082,302 | 4.7 |
| 2013 | 86,455 | 5.5 | 1,118,042 | 3.3 |
| 2014 | 64,949 | -24.9 | 1,148,049 | 2.7 |
| 2015 | 69,887 | 7.6 | 1,133,687 | -1.3 |
| 2016 | 81,276 | 16.3 | 1,198,482 | 5.7 |

Note: Data reflect total deposits as of June 30 each year.
 Source: Federal Deposit Insurance Corporation and the Cochise College Center for Economic Research.

BANKRUPTCY FILINGS (PER 1,000 RESIDENTS)

| YEAR | COCHISE COUNTY | ARIZONA | UNITED STATES |
|------|----------------|---------|---------------|
| 2012 | 1.79 | 4.39 | 3.89 |
| 2013 | 1.81 | 3.55 | 3.39 |
| 2014 | 1.70 | 2.98 | 2.94 |
| 2015 | 1.56 | 2.54 | 2.63 |
| 2016 | 1.51 | 2.27 | 2.46 |

Note: Includes all chapters.
 Source: U.S. Bankruptcy Court, U.S. Census Bureau, Arizona Office of Economic Opportunity, and Cochise College Center for Economic Research.



Mexico

Naco, Sonora

The town of Naco, Sonora, Mexico shares an international border with Naco, Arizona—an unincorporated area of Cochise County bordering Bisbee. As of 2010, the population of Naco, Sonora was approximately 6,400 while the population of Naco, Arizona was 1,046. Naco is the fourth largest commercial port in Arizona measured by total volume of trade (imports and exports). Naco Port of Entry is open 24 hours a day, 7 days a week, to vehicle and pedestrian traffic.

REPRESENTATIVE EXCHANGE RATES: MEXICAN PESO TO U.S. DOLLAR

| | | | | | |
|-------------|-----------------------|-------------|-----------------------|-------------|----------------------|
| 2015 | January.....14.9885 | 2016 | January.....18.1935 | 2017 | January.....20.7908 |
| | February.....14.9553 | | February.....18.1020 | | February.....19.9957 |
| | March.....15.2647 | | March.....17.7691 | | March.....18.7955 |
| | April.....15.2225 | | April.....17.1767 | | April.....18.9594 |
| | May.....15.3815 | | May.....18.4118 | | May.....18.6909 |
| | June.....15.6854 | | June.....18.4646 | | June.....18.0626 |
| | July.....16.0772 | | July.....18.7837 | | July.....17.8646 |
| | August.....16.7829 | | August.....18.8611 | | August.....17.8145 |
| | September.....16.9053 | | September.....19.3776 | | |
| | October.....16.5244 | | October.....18.8887 | | |
| | November.....16.5856 | | November.....20.5155 | | |
| | December.....17.2487 | | December.....20.6640 | | |

Note: As of the last business day of each month; rates vary daily.
Source: International Monetary Fund.

INTERNATIONAL TRADE WITH MEXICO (NACO PORT)

| YEAR | TOTAL (\$) | EXPORTS (\$) | IMPORTS (\$) |
|------|-------------|--------------|--------------|
| 2012 | 137,458,811 | 116,186,861 | 21,271,950 |
| 2013 | 144,601,341 | 119,145,333 | 25,456,008 |
| 2014 | 119,392,843 | 101,067,643 | 18,325,200 |
| 2015 | 115,838,459 | 105,436,790 | 10,401,669 |
| 2016 | 106,845,123 | 98,694,550 | 8,150,573 |

Source: U.S. Department of Transportation and Cochise College Center for Economic Research.

US-MEXICO BORDER CROSSINGS (NACO PORT)

| | TRUCKS | LOADED TRUCK CONTAINERS | EMPTY TRUCK CONTAINERS | BUSES | BUS PASSENGERS | PERSONAL VEHICLES | PERSONAL VEHICLE PASSENGERS | PEDESTRIANS |
|------|--------|-------------------------|------------------------|-------|----------------|-------------------|-----------------------------|-------------|
| 2012 | 3,728 | 1,622 | 2,542 | 21 | 547 | 270,416 | 493,205 | 72,896 |
| 2013 | 3,947 | 1,882 | 2,397 | 17 | 554 | 284,677 | 509,178 | 81,146 |
| 2014 | 3,601 | 3,496 | 3,112 | 12 | 451 | 298,368 | 525,988 | 79,325 |
| 2015 | 2,988 | 3,041 | 1,952 | 3 | 140 | 297,174 | 514,875 | 75,267 |
| 2016 | 3,287 | 1,625 | 1,878 | 5 | 156 | 302,391 | 510,291 | 76,834 |

Note: Includes only those crossing from Mexico into the United States.
Source: U.S. Department of Transportation.

Agua Prieta, Sonora

The City of Douglas in Cochise County shares an international border with Agua Prieta, Sonora, Mexico (approximately 25 miles southeast of Bisbee). As of 2010, Agua Prieta's population was just under 80,000. Douglas is the second largest commercial port in Arizona measured by total value of imports and exports. Douglas Port of Entry is open 24 hours a day, 7 days a week to vehicle and pedestrian traffic. The port uses the Secure Electronic Network for Travelers Rapid Inspection (SENTRI) program to allow expedited entry into United States for preapproved, low-risk travelers. The SENTRI lane reduces wait times through streamlined customs and immigration processing.

There are more than 20 maquiladoras (twin factories with facilities on both sides of the border) in Agua Prieta and Douglas, with Agua Prieta serving as the manufacturing center and Douglas the warehouse distribution center. Major industrial employers in Agua Prieta include Levolor Kirsh, Commercial Vehicle Group, Takata, Velcro Companies, Standex International, and Alstyle Apparel & Activewear.

A traveler survey conducted in 2016 by Lee Engineering, funded by Sierra Vista Metropolitan Planning Organization, concluded that 70 percent of visitors in the summer and 50 percent during fall, entering the United States through Douglas Port of Entry, did so for the purpose of shopping. Researchers determined the seasonal variation was due to an increase in school and work trips during fall. The study also found more than 75 percent of cross-border visitors spent less than five hours in the United States and visitors expected to spend \$146 per trip during summer and \$95 during fall. Most drivers crossing through Douglas Port of Entry indicated their final destination was Douglas (nearly 75 percent during summer and more than 90 percent during fall).

...75 percent of cross-border visitors spent less than five hours in the United States and visitors expected to spend \$146 per trip during summer and \$95 during fall.

INTERNATIONAL TRADE WITH MEXICO (DOUGLAS PORT)

| YEAR | TOTAL (\$) | EXPORTS (\$) | IMPORTS (\$) |
|------|---------------|---------------|---------------|
| 2012 | 2,328,182,718 | 1,228,944,450 | 1,099,238,268 |
| 2013 | 2,377,359,817 | 1,379,382,857 | 997,976,960 |
| 2014 | 2,256,787,626 | 1,239,621,435 | 1,017,166,191 |
| 2015 | 2,116,734,216 | 1,013,887,548 | 1,102,846,668 |
| 2016 | 1,879,732,505 | 832,642,196 | 1,047,090,309 |

Source: U.S. Department of Transportation and Cochise College Center for Economic Research.

US-MEXICO BORDER CROSSINGS (DOUGLAS PORT)

| | TRUCKS | LOADED TRUCK CONTAINERS | EMPTY TRUCK CONTAINERS | BUSES | BUS PASSENGERS | PERSONAL VEHICLES | PERSONAL VEHICLE PASSENGERS | PEDESTRIANS |
|------|--------|-------------------------|------------------------|-------|----------------|-------------------|-----------------------------|-------------|
| 2012 | 31,636 | 17,419 | 11,836 | 2,065 | 19,670 | 1,405,122 | 2,610,492 | 1,198,838 |
| 2013 | 32,497 | 17,231 | 12,963 | 2,076 | 14,544 | 1,470,933 | 2,703,712 | 1,804,110 |
| 2014 | 33,104 | 17,701 | 13,032 | 2,267 | 13,442 | 1,571,929 | 2,821,853 | 1,011,664 |
| 2015 | 32,104 | 17,478 | 12,652 | 2,818 | 19,282 | 1,591,184 | 2,850,942 | 1,069,031 |
| 2016 | 30,815 | 17,366 | 12,904 | 2,787 | 30,029 | 1,614,882 | 2,908,282 | 851,997 |

Note: Includes only those crossing from Mexico into the United States.
Source: U.S. Department of Transportation.



Fort Huachuca

Fort Huachuca, Cochise County's largest employer, is an active U.S. Army installation located in Sierra Vista (approximately 35 miles northwest of Bisbee). The fort provides critical resources, infrastructure, and services to more than 50 unique tenant units and missions with national-level requirements, including three of the fastest-growing missions in the Army and Department of Defense: military intelligence, cybersecurity, and unmanned aircraft systems. The main and auxiliary installation properties cover more than 100,000 acres and the fort manages 964 square miles of restricted air space and 2,500 square miles of electronic ranges outside installation boundaries. The fort maintains, operates, or oversees more than 8.2 million square feet of operational facilities, 1,064 family housing units, three remote airstrips, and three accommodation schools. Libby Army Airfield with its 12,001-foot concrete runway is one of the Army's busiest continental U.S. airfields.

As of September 2016, approximately 2,300 active duty military personnel were assigned to Fort Huachuca. There are also approximately 2,600 trainees (students) temporarily assigned to the fort for training on any given day (with more than 8,000 trained on site each year). Fort Huachuca directly employs approximately 3,000 civilian workers with an additional 400 civilians employed by other agencies operating on the installation, including U.S. Department of Homeland Security, Fort Huachuca Accommodation Schools, Army & Air Force Exchange Service, and others. The fort also contracts with numerous area firms including General Dynamics, Northrup Grumman, ManTech International, Raytheon, TASC, Booz Allen Hamilton, and others employing more than 3,300 workers. The resident population of Fort Huachuca (those residing on post) was 5,679 as of January 2017, which includes 1,007 military personnel and 2,546 family members residing in on-post family housing, as well as 2,126 unmarried or unaccompanied military personnel residing in troop billets (including students assigned temporarily for training). Many military personnel and their families also reside off-post in surrounding communities.



For more information, visit www.Army.Mil/Huachuca.



Agriculture

Agriculture is a significant part of the Cochise County economy. Top crop items are forage land, corn for grain, pecans, dry edible beans, and cotton. Top livestock are cattle and calves, layers, sheep and lambs, bee colonies, and horses and ponies. Cochise County offers numerous agritourism opportunities including farmers markets throughout the county, U-PICK farms in the Sulphur Springs Valley area, and wineries and winetasting events.

For more information, visit www.ExploreCochise.com.

Bisbee Farmers Market

Bisbee Farmers Market provides an opportunity for farmers and ranchers to sell their products directly to consumers, while offering consumers the chance to buy locally raised food directly from producers. The market promotes increased consumption of organically raised fresh fruits and vegetables, grass-fed meats, and eggs from free-range chickens, and provides a venue for new small businesses to sell their wares and an opportunity for local artists, artisans, and musicians to perform and sell their work.

For more information, follow 'Bisbee Farmers Market' on Facebook.

Cochise County Wineries

Wine production, sales, and tasting rooms have been a growing industry in Cochise County in recent years. According to a 2014 Northern Arizona University study, Cochise County's \$1.7 million vineyard industry accounts for nearly 75 percent of statewide grape production. Vineyards are located in

Willcox, Benson, Pearce, Cochise, and surrounding areas. Aridus Wine Company operates a custom crush facility in Willcox, which processes, ferments, and barrel-stores grapes from various vineyards. The Willcox Wine Trail has several vineyards supporting wine tours in the foothills of the Chiricahua Mountains. Tasting rooms are located in Sierra Vista, Bisbee, Benson, Willcox, and Tombstone.

For more information, visit www.ExploreCochise.com.

Cochise County Fair

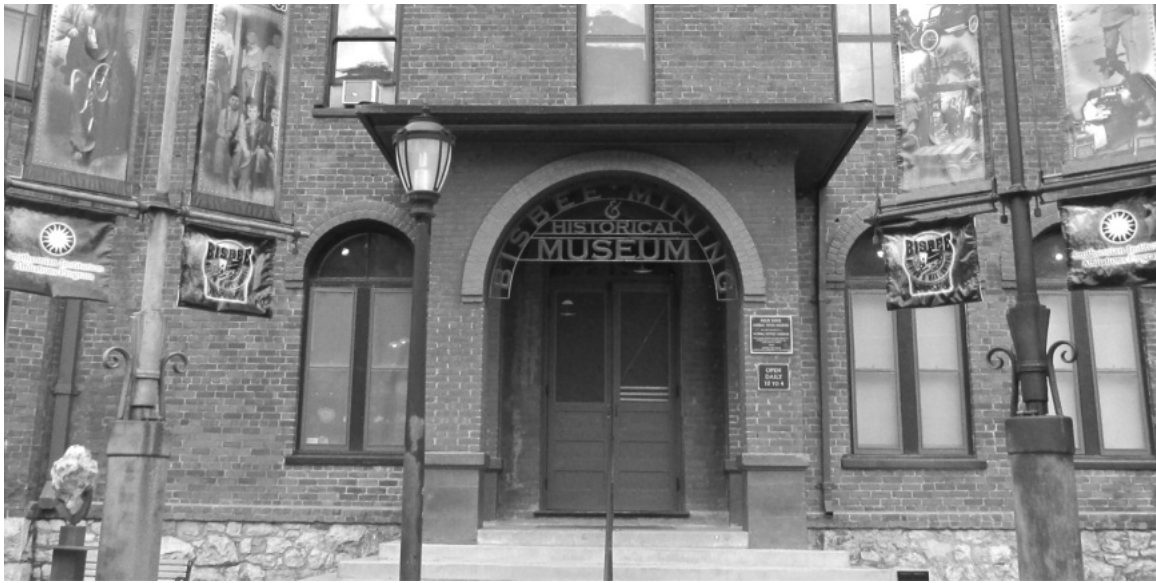
The Cochise County Fair is held each September at Cochise County Fairgrounds (just north of Douglas) offering agricultural, commercial, educational, and entertainment activities including a live rodeo. Exhibits include livestock, buildings, dogs, small stock, and horses. The carnival at the fair offers rides, attractions, games, and food booths.

For more information, visit www.CochiseCountyFair.org.

COCHISE COUNTY AGRICULTURE

| | | 2012 | 2007 | CHANGE | % CHANGE |
|---|----------------------------|-----------|-----------|----------|----------|
| Farms | Number | 1,093 | 1,065 | 28 | 2.6 |
| | Land (acres) | 916,672 | 824,226 | 92,446 | 11.2 |
| | Average farm size (acres) | 839 | 774 | 65 | 8.4 |
| Estimated market value of land and buildings | Average per farm (dollars) | 1,175,308 | 1,475,858 | -300,550 | -20.4 |
| | Average per acre (dollars) | 1,401 | 1,907 | -506 | -26.5 |
| Estimated market value: machinery and equipment | Average per farm (dollars) | 81,234 | 77,792 | 3,442 | 4.4 |
| Farms by size | 1 to 9 acres | 182 | 122 | 60 | 49.2 |
| | 10 to 49 acres | 297 | 252 | 45 | 17.9 |
| | 50 to 179 acres | 232 | 285 | -53 | -18.6 |
| | 180 to 499 acres | 137 | 149 | -12 | -8.1 |
| | 500 to 999 acres | 56 | 76 | -20 | -26.3 |
| | 1,000 acres or more | 189 | 181 | 8 | 4.4 |
| Total cropland | Farms | 496 | 496 | 0 | 0.0 |
| | Acres | 123,311 | 141,156 | -17,845 | -12.6 |
| Irrigated land | Farms | 374 | 368 | 6 | 1.6 |
| | Acres | 65,483 | 67,598 | -2,115 | -3.1 |
| Market value of agricultural products sold | Total (\$1,000) | 149,998 | 117,130 | 32,868 | 28.1 |
| | Average per farm (dollars) | 137,235 | 109,981 | 27,254 | 24.8 |
| Farms by value of sales | Less than \$2,500 | 420 | 490 | -70 | -14.3 |
| | \$2,500 to \$4,999 | 159 | 119 | 40 | 33.6 |
| | \$5,000 to \$9,999 | 103 | 91 | 12 | 13.2 |
| | \$10,000 to \$24,999 | 133 | 120 | 13 | 10.8 |
| | \$25,000 to \$49,999 | 85 | 87 | -2 | -2.3 |
| | \$50,000 to \$99,999 | 48 | 50 | -2 | -4.0 |
| | \$100,000 or more | 145 | 108 | 37 | 34.3 |
| Hired farm labor | Workers | 1,375 | 1,382 | -7 | -0.5 |
| | Payroll (\$1,000) | 16,195 | 10,359 | 5,836 | 56.3 |

Source: U.S. Department of Agriculture and the Cochise College Center for Economic Research.



Tourism

Bisbee is one of Southeast Arizona’s most popular destinations attracting visitors from across the country and around the world. The city, located in the Mule Mountains, is home to numerous art galleries, gourmet restaurants, coffee houses, specialty shops, and historic miners’ boarding houses refurbished into bed-and-breakfasts. Bisbee is home to many artists and musicians and has an active art scene and vibrant nightlife with live music, galleries, unique public art pieces, and the monthly Bisbee After 5 Artwalk (www.BisbeeAfter5.com).

The Bisbee area offers bicycling and hiking opportunities with paths and trails in the Mule Mountains, surrounding valleys, and in and around the city’s historic district. The historically designated Old Bisbee district offers a range of paths for urban hiking, linked by more than 125 staircases that provide access to numerous areas within the city. The high elevation (5,350 feet) gives Bisbee a distinct advantage for attracting visitors in summer months when temperatures are typically several degrees cooler than most other areas of Cochise County and Southern Arizona. Nearby Naco, located just outside city limits, is home to the 18-hole Turquoise Valley Golf Course—established in 1908 and considered the oldest continually operated golf course in Arizona. The course features the 747-yard ‘rattler’ hole—the longest hole in Arizona.

BISBEE ATTRACTIONS VISITATIONS

| YEAR | QUEEN MINE TOUR | | BISBEE MINING & HISTORICAL MUSEUM | |
|-------|-----------------|----------|-----------------------------------|----------|
| | VISITATIONS | CHANGE % | VISITATIONS | CHANGE % |
| 2012 | 43,295 | 4.0 | 16,188 | -10.9 |
| 2013 | 41,885 | -3.3 | 15,624 | -3.5 |
| 2014 | 38,498 | -8.1 | 16,753 | 7.2 |
| 2015 | 39,963 | 3.8 | 18,336 | 9.4 |
| 2016 | 47,399 | 18.6 | 18,640 | 1.7 |
| 2017* | 33,718 | -2.5 | 13,166 | -3.0 |

*January through August only; comparison to same period a year prior.
Source: City of Bisbee, Bisbee Mining & Historical Museum, and Cochise College Center for Economic Research.

COCHISE COUNTY STATE PARK VISITATIONS

| YEAR | KARTCHNER CAVERNS STATE PARK | | TOMBSTONE COURTHOUSE STATE HISTORIC PARK | |
|-------|------------------------------|----------|--|----------|
| | VISITATIONS | CHANGE % | VISITATIONS | CHANGE % |
| 2012 | 137,734 | 18.0 | 45,207 | -1.8 |
| 2013 | 137,268 | -0.3 | 45,790 | 1.3 |
| 2014 | 153,053 | 11.5 | 42,549 | -7.1 |
| 2015 | 157,007 | 2.6 | 48,224 | 13.3 |
| 2016 | 160,461 | 2.2 | 49,023 | 1.7 |
| 2017* | 99,668 | -0.6 | 29,393 | 2.8 |

*January through June only; comparison to same period a year prior.
Source: Arizona Office of Tourism and Cochise College Center for Economic Research.

In 2017, Bisbee was named ‘Prettiest City in Arizona’ by *The Daily Meal*. Also in 2017, Bisbee was named ‘Most Picturesque Small Town in Arizona’ by *USA Today*, and placed second in *USA Today*’s ‘Best Small Towns in the Southwest.’ In 2016, Bisbee was voted ‘America’s Best Historic Small Town’ by *USA Today* readers, and was named ‘Best Small Town in the West’ by *Sunset Magazine*. In past years, Bisbee has been named one of ‘America’s 20 Prettiest Towns’ by *ForbesTraveler.com* and was the first Arizona community to be recognized by National Trust for Historic Preservation as one of ‘America’s Dozen Distinctive Destinations.’ *Money* magazine has listed Bisbee as one of the ‘Top 10 Places to Vacation’ in the United States.

In 2016, the city opened its new Visitor Information Office (next to, and in partnership with, Bisbee Mining and Historical Museum) as an annex to its main visitor center collocated with Copper Queen Mine Tour. Also in 2016, the city launched a rebranding campaign (#beBisbee) to enhance tourism and promote the city. As part of the campaign and broader efforts, Bisbee Visitor Center incorporates themes that include: ‘Bisbee is more than just a geographical location—it’s a state of mind,’ ‘Bisbee is a free-thinking oasis that appreciates its past while constantly reinventing itself for the future,’ ‘In Bisbee, you can be a laid-back trendsetter as well as a community activist’ and ‘In Bisbee, you can follow your passions and ultimately have the freedom to be yourself.’ As part of the ‘be yourself’ theme, the visitor center markets Bisbee’s ‘welcoming attitude’ noting it was the first town in Arizona to pass a civil-union ordinance (prior to the U.S. Supreme Court ruling establishing equal rights for same-sex couples nationwide).

In 2017, an arts and cultural district was established in Old Bisbee and is now being marketed by the visitor center. As of late 2017, efforts were ongoing by community partners to develop an annual mineral show and promote conference hosting in the city. Also as of late 2017, the Bisbee Visitor Center was working closely with representatives from Mexico to enhance cross-border

relations and increase tourism, and was advancing efforts to bring filming back to Bisbee. The visitor center hired two part-time employees in 2017 and was granted an AmeriCorps VISTA for a volunteer program.

Area Attractions

QUEEN MINE TOUR

The most popular tourist activity in Bisbee is a trip down into the now inactive Queen Mine, which was one of the richest copper mines in history when it opened in 1877.

For more information, visit www.QueenMineTour.com.

BISBEE MINING AND HISTORICAL MUSEUM

Once the corporate headquarters of Copper Queen Consolidated Mining Company, the museum is at the center of town presenting a unique view of the area’s history. The museum holds claim to being the first rural affiliate of the Smithsonian Institution nationwide, forming a partnership between the nation’s largest museum and one of its smallest.

For more information, visit www.BisbeeMuseum.org.

WARREN BALLPARK

Home to the Bisbee Blue Base Ball club, this is widely considered the oldest continuously operated professional ballpark in the United States with the first game played in 1909. The Copper Classic Vintage Base Ball Tournament is held every spring.

For more information, visit www.FriendsOfWarrenBallpark.com.

BISBEE’S HERITAGE STAIRS & BISBEE 1000

Bisbee’s unique system of stairways, which follows mule paths from the city’s copper mining days, has given rise to the popular ‘Bisbee 1000’—an annual event that allows participants to traverse stairs and backroads through Old Bisbee.

For more information, visit www.Bisbee1000.org.

COCHISE COUNTY NATIONAL PARK VISITATIONS

| YEAR | CHIRICAHUA NATIONAL MONUMENT | | CORONADO NATIONAL MEMORIAL | | FORT BOWIE NATIONAL HISTORIC SITE | |
|-------|------------------------------|----------|----------------------------|----------|-----------------------------------|----------|
| | VISITATIONS | CHANGE % | VISITATIONS | CHANGE % | VISITATIONS | CHANGE % |
| 2012 | 41,159 | 11.2 | 97,579 | -36.2 | 7,966 | -5.5 |
| 2013 | 40,646 | -1.2 | 92,936 | -4.8 | 8,082 | 1.5 |
| 2014 | 45,125 | 11.0 | 118,838 | 27.9 | 6,964 | -13.8 |
| 2015 | 56,960 | 26.2 | 132,584 | 11.6 | 7,760 | 11.4 |
| 2016 | 51,227 | -10.0 | 136,075 | 2.6 | 8,013 | 3.3 |
| 2017* | 40,258 | 35.9 | 60,805 | -18.7 | 5,287 | 6.0 |

*January through June only; comparison to same period a year prior.
Source: Arizona Office of Tourism and Cochise College Center for Economic Research.

Other Area Attractions

- Bisbee Restoration Museum
- Copper Miner (Iron Man sculpture)
- Copper Queen Library
- Evergreen Cemetery
- Muheim Museum Heritage House
- Turquoise Valley Golf Course
- Kartchner Caverns State Park
- Amerind Foundation and Museum
- American Museum of Natural History's Southwestern Research Station
- Arizona Folklore Preserve
- Arizona's Sky Islands
- Arizona Trail
- Brown Canyon
- Butterfield Trail
- Chiricahua Mountains and Chiricahua National Monument
- City of Tombstone
- Cities of Naco, Agua Prieta, and historic Arizpe in Sonora, Mexico
- Cochise Stronghold
- Coronado National Forest and Coronado National Monument
- Dragoon Springs Butterfield Mail Station
- Fort Bowie National Historic Site
- Fort Huachuca (National Historic Landmark District)
- Fort Huachuca Historical Museum and Army Intelligence Museum
- Gammons Gulch Ghost Town Movie Set
- Geronimo Surrender Site
- Ghost towns of Charleston, Gleeson, Fairbank, and Dos Cabezas
- Holy Trinity Monastery
- John Slaughter Ranch
- Lehner Mammoth Kill Site and Murray Springs Clovis Site
- More than 20 Arizona wineries
- Numerous public and private observatories
- Our Lady of the Sierras Shrine
- Ramsey Canyon Preserve
- Rucker Canyon Archeological District
- San Bernardino Wildlife Refuge
- San Pedro House
- San Pedro Riparian National Conservation Area
- Spooner's Arboretum
- Texas Canyon
- Whitewater Draw Wildlife Area

Annual Events

FALL

- Farmer's Market
- Bisbee After 5 Artwalk and After Party
- Cars & Bikes Show
- Brewery Gulch Daze
- Garden Tour
- Bisbee Blues Festival
- Vintage Wine Tasting
- Bisbee 1000: The Great Stair Climb & Craft Beer Festival
- Halloween in Bisbee
- Bisbee Film Festival: One People One Planet
- Sidepony Express Music Festival
- Historic Home Tour & Chair Auction
- Festival of Lights & Small Town Holiday

WINTER

- Farmer's Market
- Bisbee After 5 Artwalk and After Party
- New Year's Eve Celebration
- Chocolate Tasting

SPRING

- Farmer's Market
- Bisbee After 5 Artwalk and After Party
- Fiber Arts Festival
- MAKE Youth Arts Festival
- Copper City Classic Vintage Base Ball Tournament

SUMMER

- Farmer's Market
- Bisbee After 5 Artwalk and After Party
- Bisbee Pride Festival
- 4th of July Coaster Races, Parade & Fireworks
- Pirates of the High Desert
- Altered Book Show

For more information on Bisbee area attractions and events, visit www.DiscoverBisbee.com, www.BisbeeHub.com, www.BisbeeArizona.com, and www.ExploreCochise.com



Community Resources

CITY OF BISBEE

www.BisbeeAz.gov

BISBEE VISITOR CENTER

www.DiscoverBisbee.com

BISBEE CHAMBER OF COMMERCE

www.BisbeeArizona.com

COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

www.CochiseEconomy.com

COCHISE COLLEGE SMALL BUSINESS DEVELOPMENT CENTER

www.Cochise.edu/SBDC

COCHISE COUNTY

www.Cochise.AZ.gov

COCHISE COUNTY ECONOMIC DEVELOPMENT

www.CochiseNow.com

SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION

www.SEAGO.org

ARIZONA@WORK—SOUTHEASTERN ARIZONA

www.ArizonaAtWork.com/SoutheasternAZ

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

www.AZDES.gov

ARIZONA COMMERCE AUTHORITY

www.AzCommerce.com

U.S. CUSTOMS AND BORDER PROTECTION

www.CBP.gov

NATIONAL BANK OF ARIZONA

www.NBArizona.com

WASHINGTON FEDERAL

www.WashingtonFederal.com

WESTERN BANK

www.BootHeelBank.com

AMERICAN SOUTHWEST CREDIT UNION

www.ASCU.org

EDWARD JONES INVESTMENTS

www.EdwardJones.com

JUSTICE FINANCIAL

www.JusticeFinancial.net

ARIZONA PUBLIC SERVICE (APS)

www.APS.com

ARIZONA WATER COMPANY

www.AzWater.com

CABLE ONE

www.CableOne.net

CENTURYLINK

www.CenturyLink.com

SOUTHWEST GAS

www.SWgas.com



About the Center for Economic Research

Cochise College Center for Economic Research (CER), founded in 1995, provides economic information, analysis, and forecasting to help leaders in the public, private, and nonprofit sectors make better-informed decisions. CER hosts economic outlook events each year in Sierra Vista, Douglas, Bisbee, and Benson, and publishes the annual *Sierra Vista Economic Outlook*, *Douglas Economic Outlook*, *Bisbee Economic Outlook*, and *Benson Economic Outlook* (released in conjunction with the events). CER is a member of Association for University Business and Economic Research (AUBER) and is a U.S. Census Bureau State Data Center affiliate receiving and disseminating Census Bureau data to local governments and nongovernmental data users at no charge or on a cost-recovery/reimbursable basis.

For more information, visit www.CochiseEconomy.com.

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