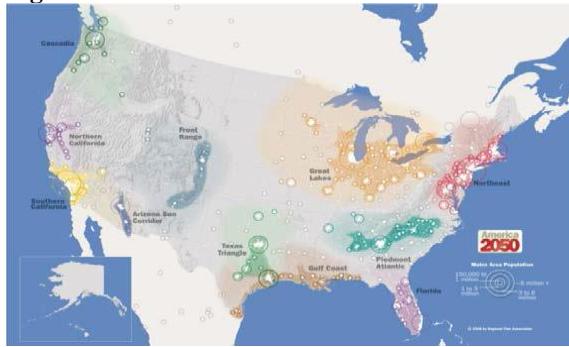


Figure 4

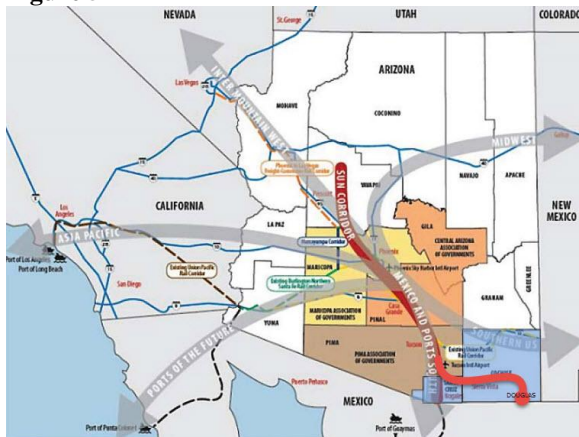


The SEAGO Region’s location at the eastern edge of the Tucson metro area, and with its two major ports of entry in Nogales and Douglas, the Region’s southern counties of Cochise and Santa Cruz will benefit as primary U.S./Mexico import and export points in the Sun Corridor (Figure 5).

The Sun Corridor through Arizona is positioned to trade with the Pacific Coast, Intermountain West, Midwest and Southern regions of the United States, as well as the international regions of Mexico/Latin America, the Asia Pacific, and Canada.

While not formally a member of the Joint Planning Advisory Council (JPAC) formed by the Council of Government entities of MAG, PAG, and CAG, SEAGO is closely involved with JPAC planning initiatives related to the Sun Corridor economic development opportunities. The current planning initiatives are primarily focused on transportation needs, but it is anticipated that future JPAC planning activities will include mega-region economic development planning.

Figure 5



Regional Socioeconomic and Demographic Analysis

Following is a detailed data driven analysis of the socioeconomic and demographic condition of the counties and communities in the SEAGO Region. The data clearly indicates the economic diversity of the large region, and underscores the need to address the broad range of economic development issues and needs that were identified by the CEDS Committee and addressed in the CEDS Strategic Goals.

Employment, Wages, and Income

Employment by Industry. The SEAGO Region is heavily reliant on government employment. Region wide, 30.9% of total nonfarm employment is in the government sector (nearly double the statewide rate of 15.6%). Government employment is especially prevalent in Graham County with overall government employment accounting for 34.3% of all jobs (led by various state and local government entities including a state prison complex); and Cochise County where 33.8% of total employment is in the government sector (led by the area’s largest employer—Fort Huachuca). Greenlee County is least dependent on government jobs, which account for just 12% of all employment. The SEAGO Region, like Arizona overall, is predominantly a service economy with 88.7% of all jobs in service industries (including government)—the same level as statewide. Cochise County is the most heavily service-oriented in the region with 95.3% of all jobs in services (including government). The high government level of employment in Cochise County is largely a result of military and civil service employment at Fort Huachuca, and the concentration of U.S Customs and Border Protection employees in the county. Santa Cruz County is also heavy on service-sector jobs, which account for 95% of all employment. Due to its location along the international border with Mexico, international trade is a major driver of both public and private service-sector employment in Santa Cruz County. The high government level of employment is largely a result of the concentration of Customs and Border Protection employees in the area. Greenlee County is the least reliant on service jobs in the region with 72.1% of all jobs in the goods-producing sector—led by the area’s top employer, Freeport-McMoRan, with its ownership of a large mining operation in the County. Graham County also has a larger share of goods-producing jobs than region wide and statewide at 15.3% (also largely attributable to a Freeport-McMoRan presence). Graham County’s higher government level of employment is

largely due to the State and Federal prisons in the County.

Arizona Employment by Industry (2015)

	Jobs (000s)	Share of Total Nonfarm Jobs
Total Nonfarm	2,630.5	100.0%
Total Private	2,220.3	84.4%
Goods Producing	298.2	11.3%
Natural Resources and Mining	12.6	0.5%
Construction	129.5	4.9%
Manufacturing	156.1	5.9%
Service-Providing	2,332.3	88.7%
Private Service-Providing	1,922.1	73.1%
Trade, Transportation, and Utilities	501.1	19.0%
Information	43.6	1.7%
Financial Activities	194.6	7.4%
Professional and Business Services	397.0	15.1%
Educational and Health Services	395.1	15.0%
Leisure and Hospitality	296.6	11.3%
Other Services	94.1	3.6%
Government	410.2	15.6%
Federal Government	54.9	2.1%
State Government	85.9	3.3%
Local Government	269.5	10.2%

Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

SEAGO Region Employment by Industry (2015)

	Jobs	Share of Total Nonfarm Jobs
Total Nonfarm	61,075	100.0%
Total Private	42,175	69.1%
Goods Producing	6,925	11.3%
Service-Providing	54,150	88.7%
Private Service-Providing	35,250	57.7%
Trade, Transportation, and Utilities	14,100	23.1%
Other Private Service-Providing	21,150	34.6%
Government	18,900	30.9%
Federal Government	7,175	11.7%
State and Local Government	11,725	19.2%

Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Cochise County Employment by Industry (2015)

	Jobs	Share of Total Nonfarm Jobs
Total Nonfarm	34,300	100.0%
Total Private	22,700	66.2%
Goods Producing	1,600	4.7%
Mining and Construction	1,100	3.2%
Manufacturing	500	1.5%
Service-Providing	32,700	95.3%
Private Service-Providing	21,100	61.5%
Trade, Transportation, and Utilities	6,200	18.1%
Information	300	0.9%
Financial Activities	900	2.6%
Professional and Business Services	4,300	12.5%

Educational and Health Services	4,600	13.4%
Leisure and Hospitality	3,900	11.4%
Other Services	900	2.6%
Government	11,600	33.8%
Federal Government	5,100	14.9%
State and Local Government	6,500	19.0%

Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Graham County Employment by Industry (2015)

	Jobs	Share of Total Nonfarm Jobs
Total Nonfarm	8,825	100.0%
Total Private	5,800	65.7%
Goods Producing	1,350	15.3%
Service-Providing	7,475	84.7%
Private Service Providing	4,450	50.4%
Trade, Transportation, and Utilities	1,675	19.0%
Other Private Service-Providing	2,775	31.4%
Government	3,025	34.3%
Federal Government	400	4.5%
State and Local Government	2,625	29.7%

Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Greenlee County Employment by Industry (2015)

	Jobs	Share of Total
Total Nonfarm	4,575	100.0%
Total Private	4,025	88.0%
Goods Producing	3,300	72.1%
Service-Providing	1,275	27.9%
Private Service Providing	725	15.8%
Trade, Transportation, and Utilities	325	7.1%
Other Private Service-Providing	400	8.7%
Government	550	12.0%
Federal Government	25	0.5%
State and Local Government	525	11.5%

Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Santa Cruz County Employment by Industry (2015)

	Jobs	Share of Total Nonfarm Jobs
Total Nonfarm	13,375	100.0%
Total Private	9,650	72.1%
Goods Producing	675	5.0%
Service-Providing	12,700	95.0%
Private Service Providing	8,975	67.1%
Trade, Transportation, and Utilities	5,900	44.1%
Other Private Service-Providing	3,075	23.0%
Government	3,725	27.9%
Federal Government	1,650	12.3%
State and Local Government	2,075	15.5%

Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Comparisons: Employment by Industry (2015)

	Arizona	SEAGO Region	Cochise	Graham	Greenlee	Santa Cruz
Total Nonfarm	2,630,500	61,075	34,300	8,825	4,575	13,375
Total Private	84.4%	69.1%	66.2%	65.7%	88.0%	72.1%
Goods Producing	11.3%	11.3%	4.7%	15.3%	72.1%	5.0%
Service-Providing	88.7%	88.7%	95.3%	84.7%	27.9%	95.0%
Private Service-Providing	73.1%	57.7%	61.5%	50.4%	15.8%	67.1%
Trade, Transportation, and Utilities	19.0%	23.1%	18.1%	19.0%	7.1%	44.1%
Other Private Service-Providing	54.1%	34.6%	43.4%	31.4%	8.7%	23.0%
Government	15.6%	30.9%	33.8%	34.3%	12.0%	27.9%
Federal Government	2.1%	11.7%	14.9%	4.5%	0.5%	12.3%
State and Local Government	13.5%	19.2%	19.0%	29.7%	11.5%	15.5%

Note. Percentages show share of total nonfarm employment accounted for by the sectors/industries shown. Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Largest Employers in SEAGO Region - by Count.

Cochise County Large Employers (2015)

Employer	Fulltime Equivalent Employees
Fort Huachuca	7,956
U.S. Department of Homeland Security	1,720
Cochise County	816
Sierra Vista Unified School District	707
Wal-Mart Stores, Inc.	643
Canyon Vista Medical Center	623
General Dynamics Information Technology	623
Arizona State Prison Complex	615
Cochise College	521
Douglas Unified School District # 27	492
Northrop Grumman Corporation	450

Source: Cochise College Center for Economic Research. *Note.* A fulltime equivalent employee equals one fulltime or two part-time employees. Includes only those employers that participated in the annual top employer survey. *Large employer U.S. Department of Homeland Security, which includes Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and U.S. Border Patrol, did not participate.

Graham County Large Employers (2015)

Employer	Fulltime Equivalent Employees
Arizona State Prison Systems	492
City of Safford	194
Eastern Arizona College	
Federal Correctional Institution—Safford	227
Freeport-McMoRan	700
Graham County	145
Mt. Graham Hospital	500
NatureSweet	
Safford Unified School District	
Wal-Mart	600

Source: Graham County Department of Community Development

Greenlee County Large Employers

Clifton Unified School District
Copperroom Restaurant & Lounge
Duncan Unified School District
Freeport-McMoRan
Greenlee County
Kempton Chevrolet & Buick
Morenci Health Care Center
Morenci Water and Electric Co.
Town of Clifton

Santa Cruz County Large Employers (2015)

Employer	Fulltime Equivalent Employees
U.S. Department of Homeland Security	1,127
Nogales Unified School District	563
Wal-Mart Stores, Inc.	430
Santa Cruz Unified School District	386
Santa Cruz County	309
City of Nogales	269
Mariposa Community Health Center	248
Tubac Golf Resort	190
Carondelet Health Network (Holy Cross Hospital)	178
K-Mart	68
Esplendor Resort and Country Club	49

Source: Santa Cruz County Department of Community Development

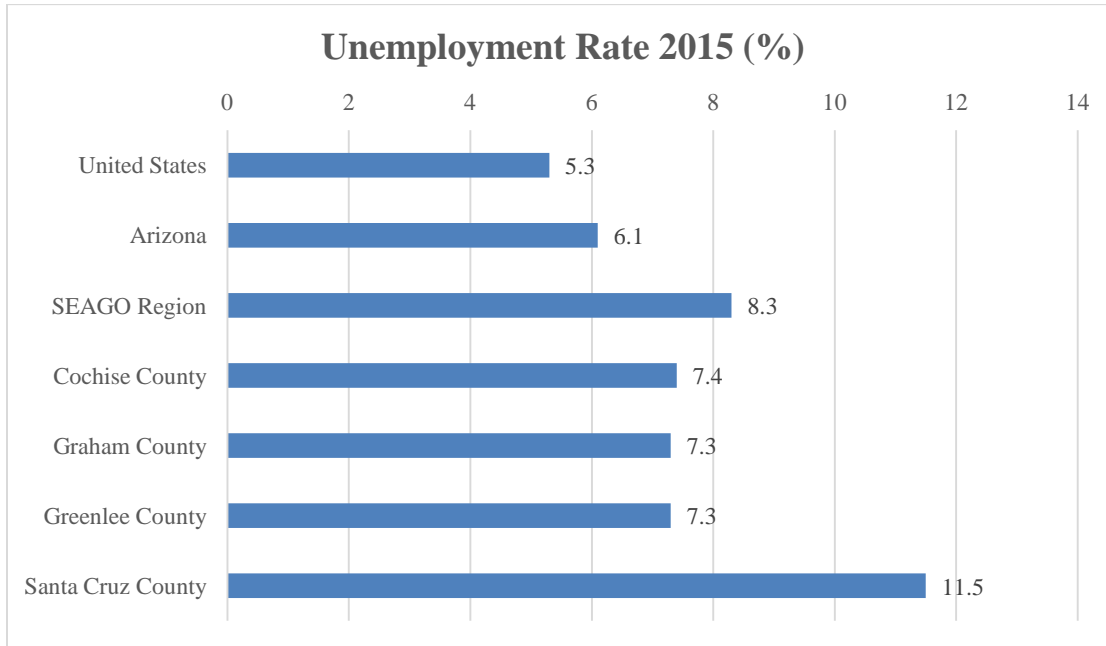
Labor Force, Employment, and Unemployment. Unemployment in the SEAGO Region in 2015 was higher than statewide and national levels. The Region wide unemployment rate in 2015 was 8.3% (compared to 6.1% statewide and 5.3% nationally).

The highest unemployment rate in the Region in 2015 was Santa Cruz County at 11.5%, which pulled up the region wide rate by a full percentage point. Unemployment rates in all counties in the region were higher than state and national levels in 2015.

Most economic indicators following the 2008 recession indicated that the effects of the recession, particularly job losses, in the SEAGO lagged behind

the national trends. Economic data also shows that the economic conditions in the Region, while improving, continue to lag behind national and state wide trends. Since many areas of the SEAGO Region are heavily reliant on military and federal civil service jobs, the federal government 2015 sequestration, and mission changes at Fort Huachuca, also had a significant effect on job availability and wages in the Region. In the past eight months, unemployment data indicates that the unemployment rate in Santa Cruz County has dropped from 11.5% to 8.7%. While much of the job growth can be attributed to seasonal warehouse and distribution jobs related to produce from Mexico, there is optimism that some of the jobs will remain as permanent positions.

Unemployment Rate



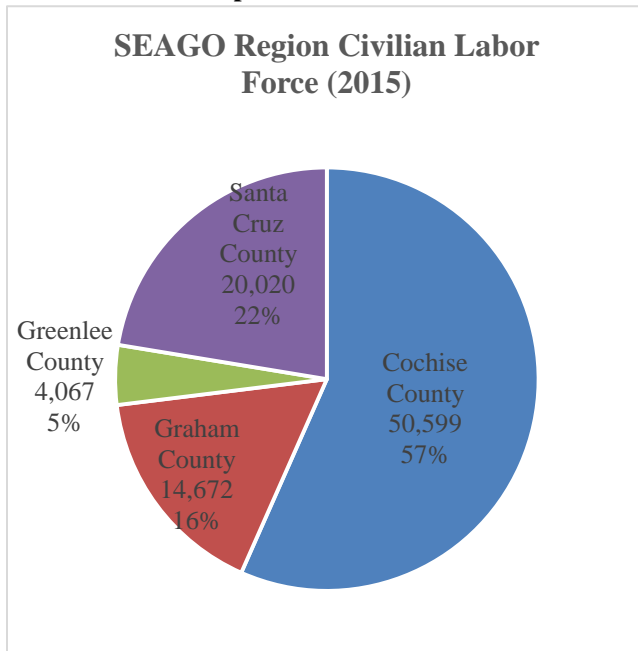
Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Region and County Labor Force, Employment, and Unemployment (2015)

SEAGO REGION	
Civilian Labor Force	89,358
Employment	81,915
Unemployment	7,443
Unemployment Rate	8.3%
COCHISE COUNTY	
Civilian Labor Force	50,599
Employment	46,856
Unemployment	3,743
Unemployment Rate	7.4%
GRAHAM COUNTY	
Civilian Labor Force	14,672
Employment	13,599
Unemployment	1,073
Unemployment Rate	7.3%
GREENLEE COUNTY	
Civilian Labor Force	4,067
Employment	3,750
Unemployment	317
Unemployment Rate	7.3%
SANTA CRUZ COUNTY	
Civilian Labor Force	20,020
Employment	17,710
Unemployment	2,310
Unemployment Rate	11.5%

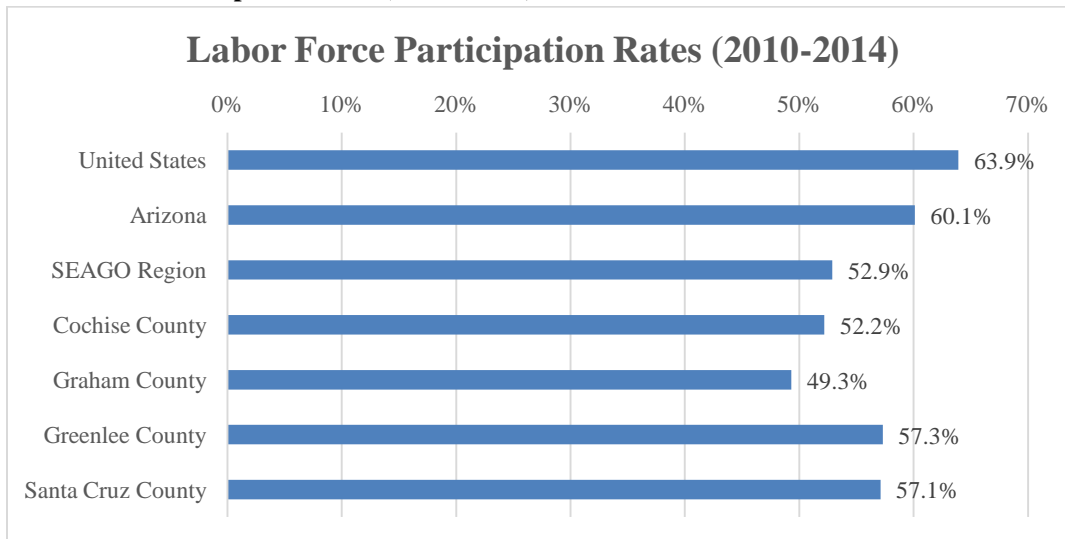
Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Labor Force Participation



Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Labor Force Participation Rates (2010 – 2014)



Source: U.S. Census Bureau (2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

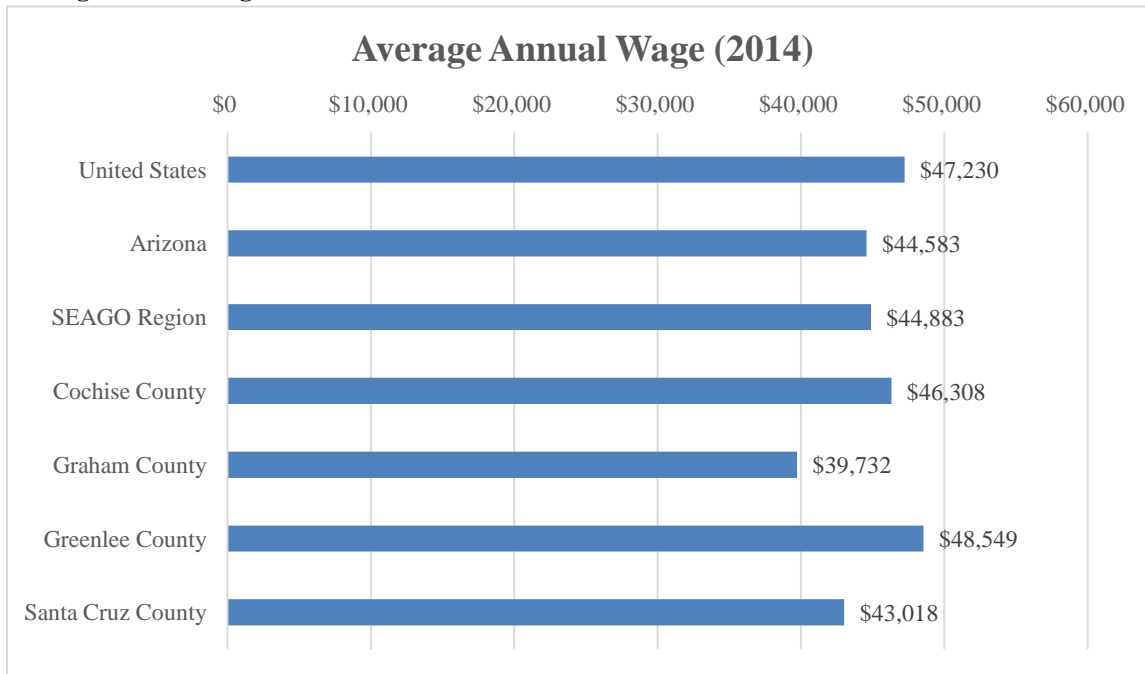
Wages and Wage Growth. The average annual wage in the SEAGO Region was \$44,883 in 2014 (0.7% higher than statewide, but 5% lower than the national average wage). Wages in the SEAGO Region were pulled up by higher wages in Greenlee County with an average wage (\$48,549) that was higher than both state and national levels (largely a result of higher

paying jobs in the mining industry); and Cochise County with an average wage (\$46,308) higher than statewide but lower than nationally. The higher wage level in Cochise County is largely attributable to federal civil service employment at Fort Huachuca, Army Base, and the large number of U.S. Customs and Border Protection jobs. Wages in Graham and

Santa Cruz counties were lower than state and national levels in 2014. Graham County's average annual wage in 2014 was just \$39,732 (16% lower than the national average and 11% below the statewide average). Graham County, as a largely rural agricultural community, does not benefit from the border related federal government jobs that the border counties enjoy. Although wages in Santa Cruz County were below the regional average in 2014, Santa Cruz saw the fastest wage growth from 2010 to 2014, increasing by 16.1% (more than three times the statewide rate of growth and two-and-a-half times the national rate). The average annual wage in Cochise County grew by 10.8% during that time (more than twice the statewide rate of wage growth). Cochise and Santa Cruz counties drove the SEAGO Region's strong rate of wage growth of 10.6% from 2010 to 2014. This rapid wage increase is largely

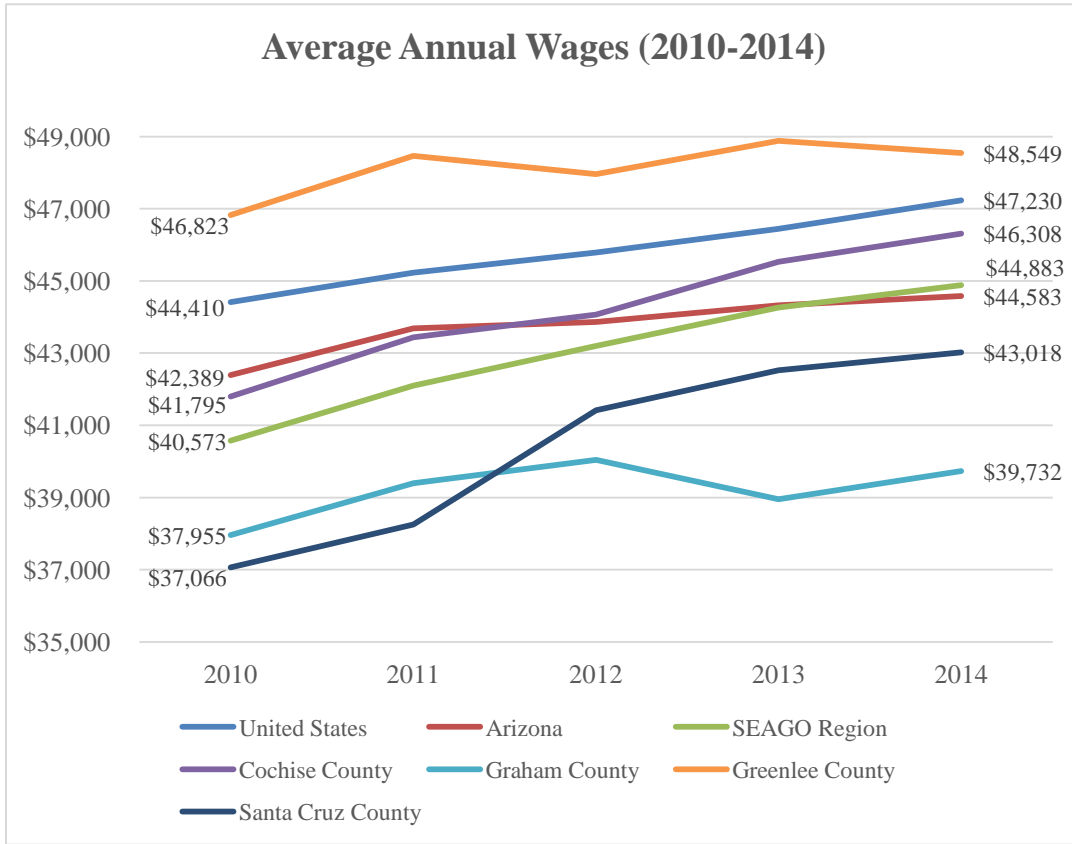
attributable to the much lower wages in 2010, the growth of border trade since that time, the construction jobs from the building of the new commercial port of entry in Nogales, and the increase in Customs and Border Patrol employment resulting from the new port of entry. The growth rates in Graham and Greenlee County lagged (4.7% and 3.7%, respectively; both below state and national levels of wage growth). While the SEAGO Region has been slower than the rest of the State to recover from the 2008 recession, Cochise County's closer proximity to the Tucson, Arizona urban center, have helped its wages grow at a faster rate than other areas of the Region.

Average Annual Wage



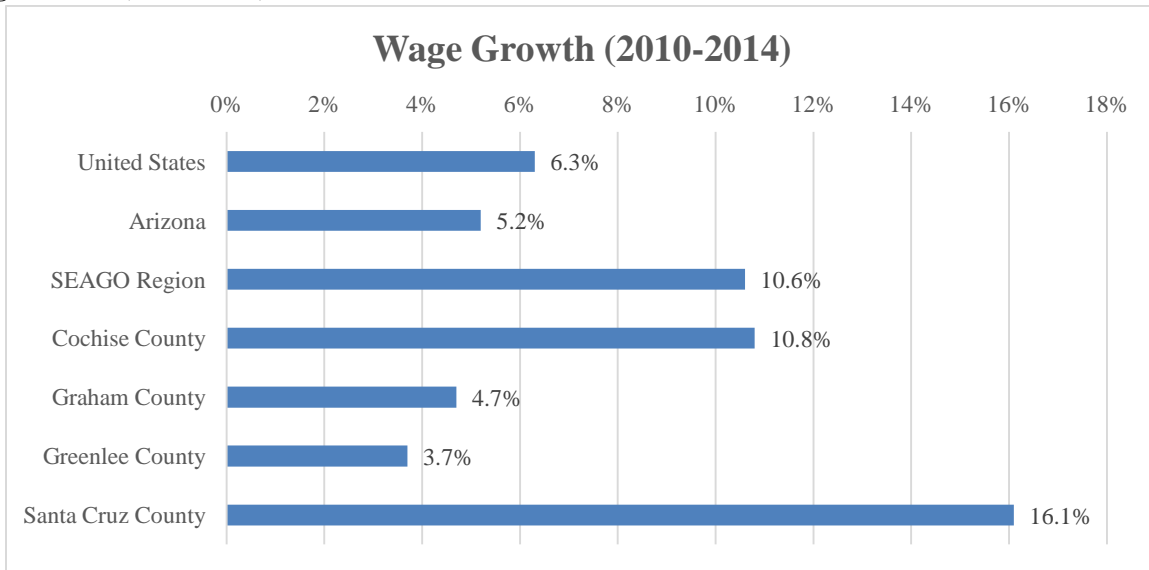
Source: U.S. Bureau of Labor Statistics, Arizona Office of Employment and Population Statistics, and UsEconomicResearch.com

Average Annual Wages (2010- 2014)



Source: U.S. Bureau of Labor Statistics, Arizona Office of Employment and Population Statistics, and UsEconomicResearch.com

Wage Growth (2010 - 2014)



Source: U.S. Bureau of Labor Statistics, Arizona Office of Employment and Population Statistics, and UsEconomicResearch.com

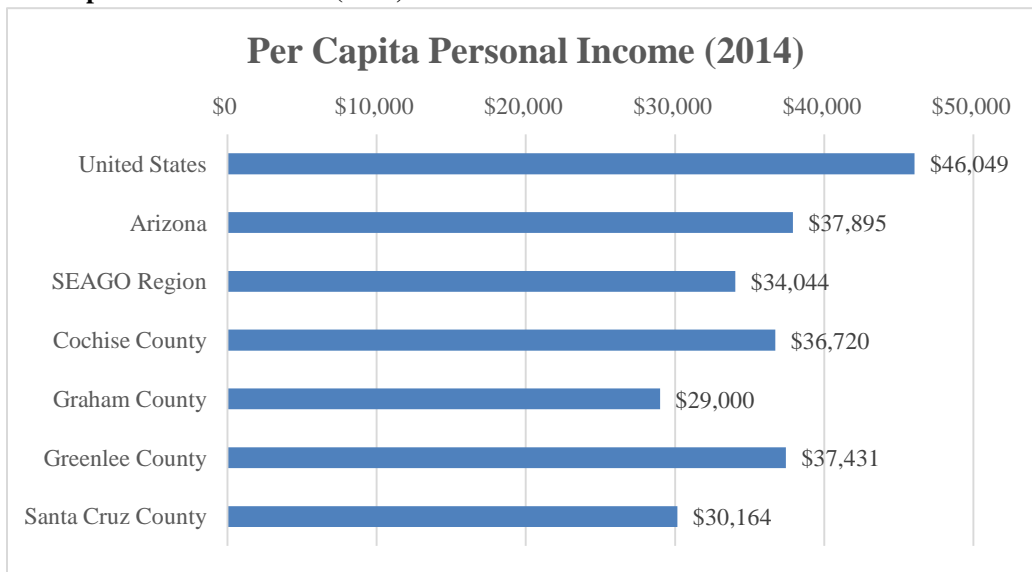
Per Capita Personal Income and Income Growth.

Per capita personal income in the SEAGO Region was \$34,044 in 2014 (more than 10% lower than the statewide level and 26% lower than nationally). Per capita personal income in the SEAGO region was pulled up by higher income levels in Greenlee County (\$37,431) and Cochise County (\$36,720).

Per capita income in Graham and Santa Cruz counties was considerably lower than state and national levels in 2014. Graham County's per capita income was just \$29,000 (37% lower than the national level and 23.5% below the statewide level). Although per capita

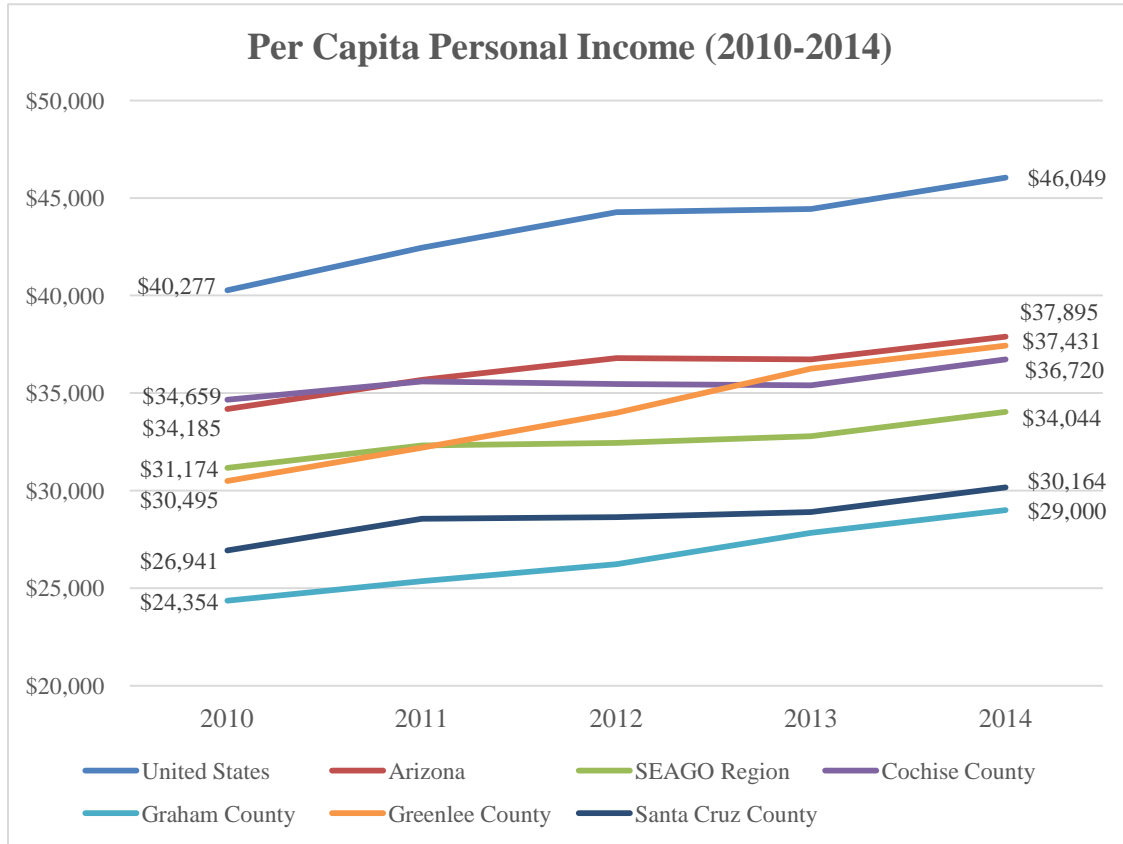
personal income in Graham County was the lowest in the SEAGO Region in 2014, Graham saw the second highest level of income growth in the region from 2010 to 2014, increasing 19.1% (nearly twice the statewide rate of growth). The highest level of income growth in the Region was Greenlee County, which saw an increase of 22.7% from 2010 to 2014 (more than twice the statewide rate). In both counties, the rising wages were a result of construction jobs attributed to the Freeport-McMoRan mine expansion in the area, and increases in mining related wages.

Per Capita Personal Income (2014)



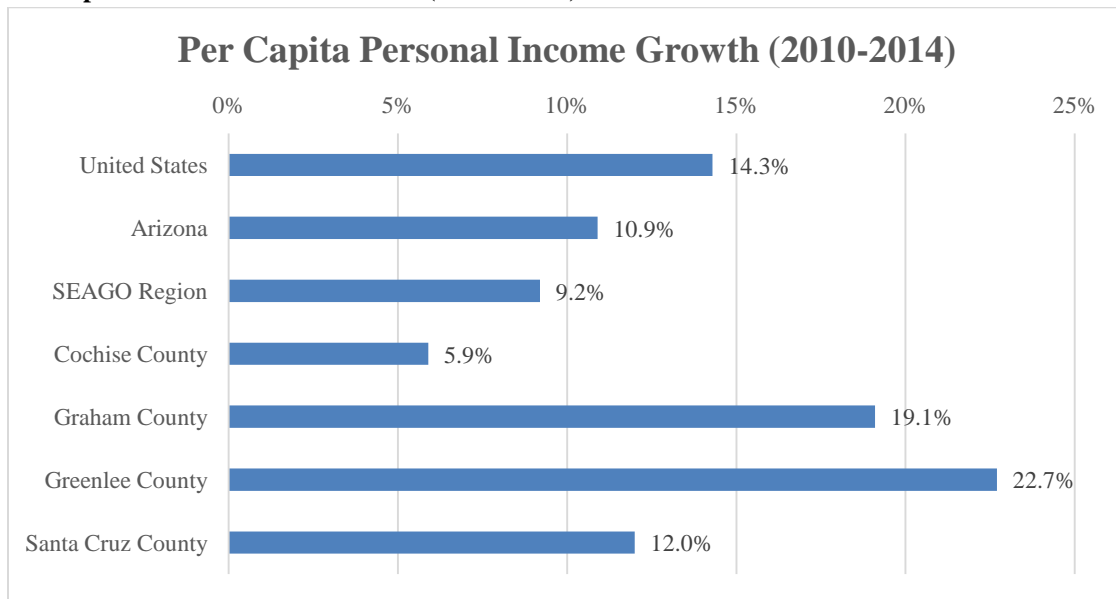
Source: U.S. Bureau of Economic Analysis and UsEconomicResearch.com

Per Capita Personal Income (2010 – 2014)



Source: U.S. Bureau of Economic Analysis and UsEconomicResearch.com

Per Capita Personal Income Growth (2010 – 2014)

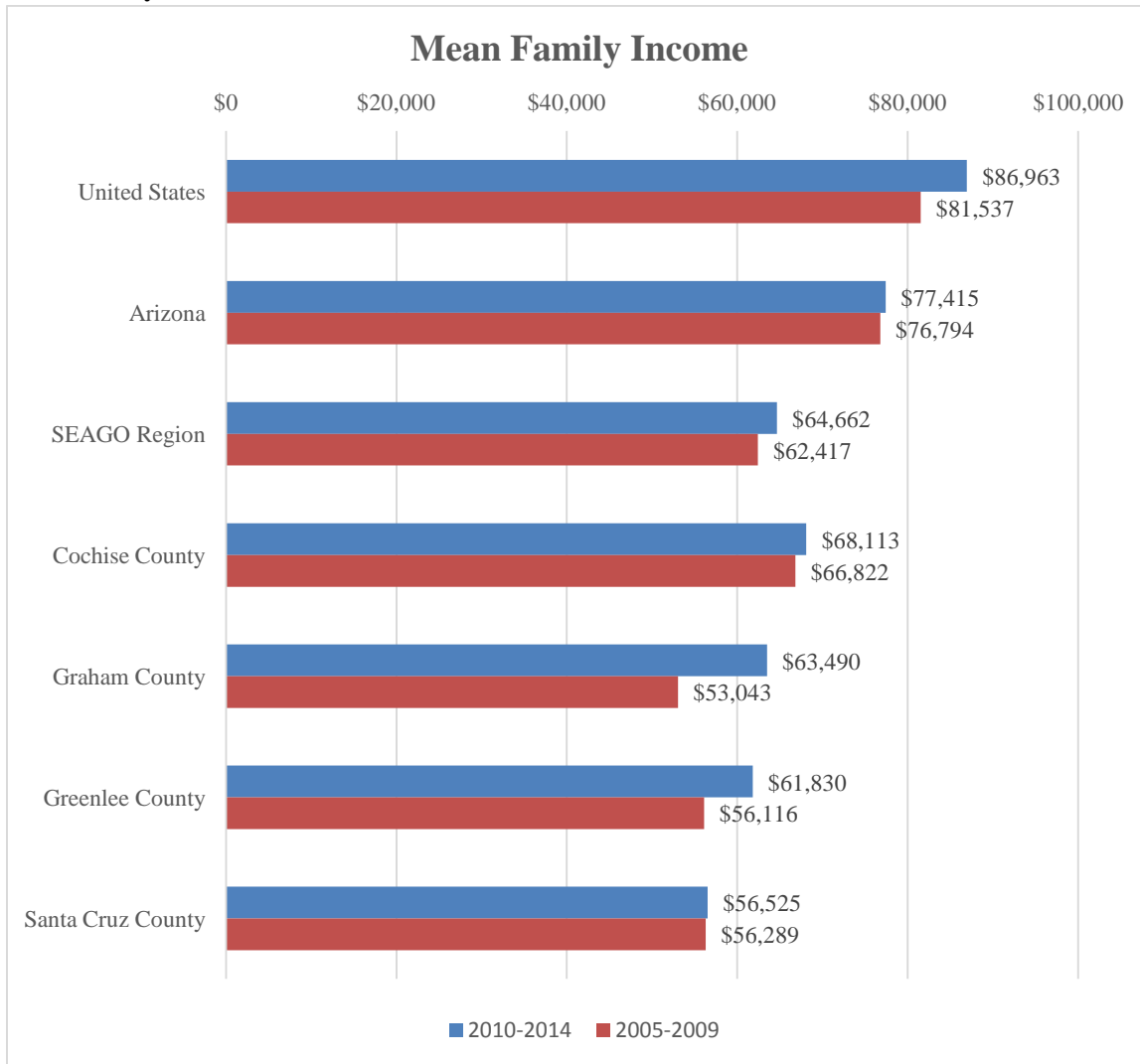


Source: U.S. Bureau of Economic Analysis and UsEconomicResearch.com

Family Income and Income Growth. Mean (average) family income in the SEAGO Region was \$64,662 from 2010 to 2014 (in 2014 dollars)—16.5% lower than statewide and 25.6% lower than nationally. Mean family income in the Region was pulled up by higher levels in Cochise County (\$68,113). Family income levels in Graham, Greenlee, and Santa Cruz counties were lower than the regional level from 2010 to 2014. Santa Cruz County’s mean family income in 2014 was just \$56,525 (35% lower than the national level and 27% below the statewide level).

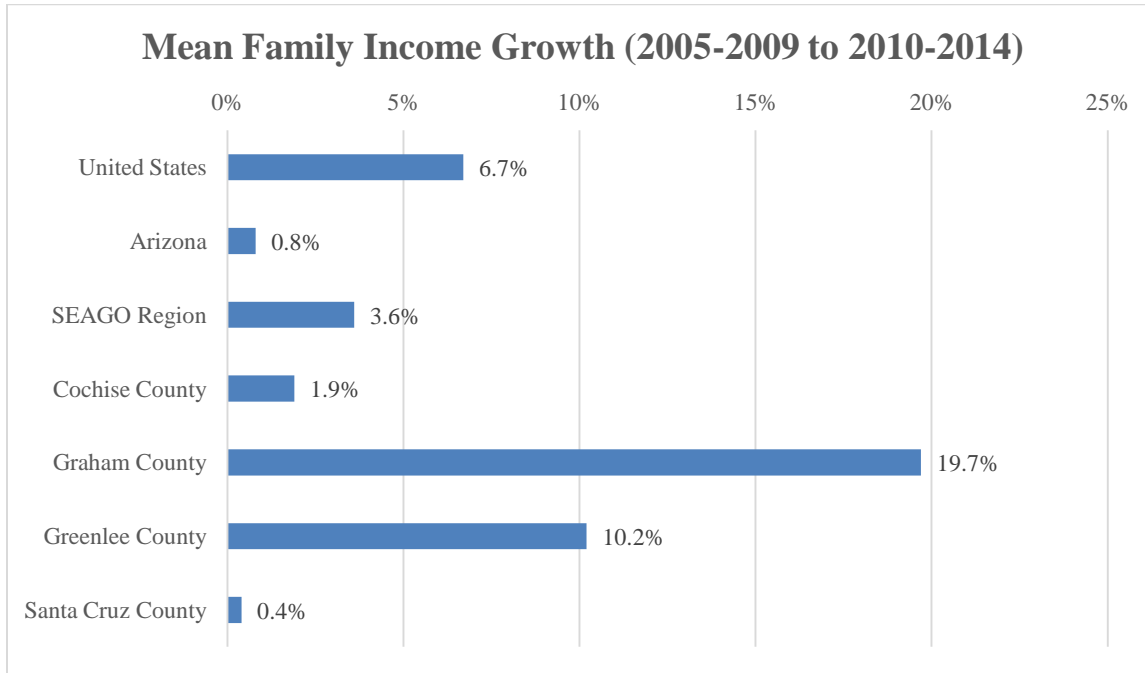
In addition to mean family income in Santa Cruz County being lowest in the SEAGO Region during the 2010-2014 timeframe, Santa Cruz also saw the lowest level of family income growth in the Region from 2005-2009 to 2010-2014, increasing just 0.4% (half the statewide level of family income growth). The highest level of growth in family income in the SEAGO Region from 2005-2009 to 2010-2014 was Graham County, which saw an increase of 19.7%, followed by Greenlee County at 10.2%.

Mean Family Income



Note. Data for 2010-2014 expressed in 2014 dollars; data for 2005-2009 expressed in 2009 dollars Source: U.S. Census Bureau (2005-2009 American Community Survey 5-year Estimates and 2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Mean Family Income Growth (2005-2009 to 2010-2014)



Source: U.S. Census Bureau (2005-2009 American Community Survey 5-year Estimates and 2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com.

Tourism

Attractions. The SEAGO Region’s major visitor attractions include Apache-Sitgreaves National Forest; Arizona National Scenic Trail; Black Hills Back Country Byway; cities of Bisbee and Tombstone; Coronado National Forest and Coronado National Memorial; Chiricahua Mountains and Chiricahua National Monument; Fort Bowie National Historic Site; Fort Huachuca; Kartchner Caverns State Park; international border cities of Nogales, Arizona—Nogales, Sonora, Mexico and Douglas, Arizona—Agua Prieta, Sonora, Mexico, along with the smaller border towns of Naco, Arizona—Naco, Sonora, Mexico; Mt. Graham and Mt. Graham International Observatory; Patagonia Lake State Park; Roper Lake State Park; San Pedro Riparian National Conservation Area; Southern Arizona Wine Country; Tubac Presidio State Historic Park and Village of Tubac; and Tumacácori National Historical Park.

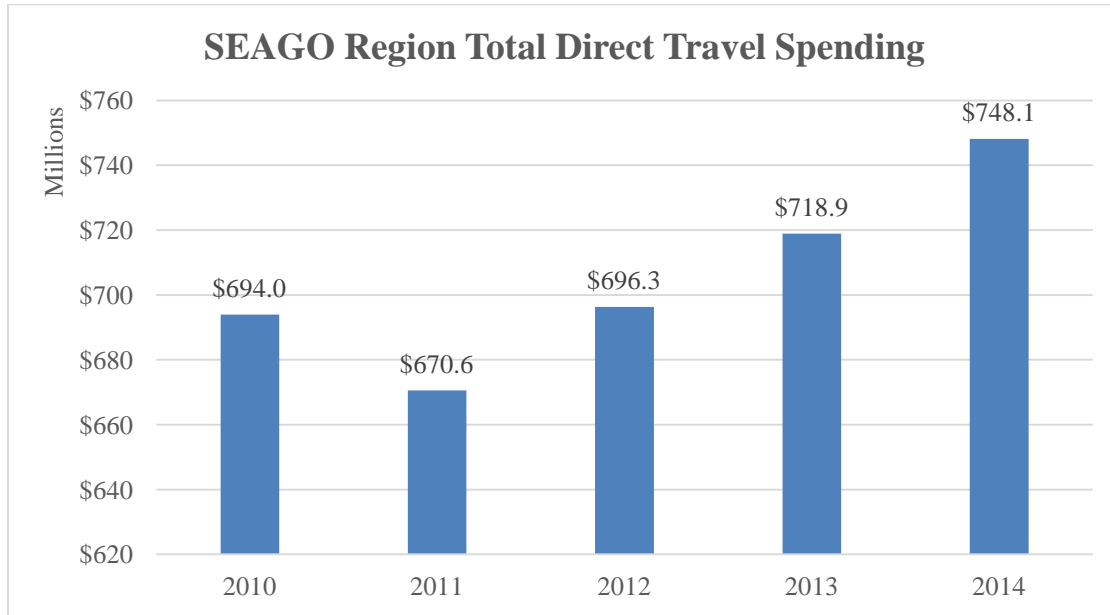
Activities. Popular activities in the SEAGO Region include adventure sports; archaeology; birding and wildlife viewing; boating and water sports; camping; driving and scenic tours; farmers markets and U-Picks farms; fishing and hunting; ghost town tours;

ghost and haunted place tours; golf; hiking and cave exploring; history and historic tours; horseback riding; military museums and historic sites; motorcycling, bicycling, and mountain biking; Native American culture, museums, and monuments; rock climbing; skiing and snow sports; stargazing and astronomy; and wine tasting and wine tours.

Travel Spending. According to a study by Dean Runyon Associates, commissioned by Arizona Office of Tourism, direct travel spending in the Region increased steadily from 2012 through 2014, after declining in 2011. In 2014, direct travel spending in the Region totaled \$748.1 million, up 4.1% from 2013 and 11.6% since the 2011 trough. In 2014, spending in food stores accounted for the largest share of visitor destination spending at 26%, followed closely by retail at 25%. Food service was the third largest share of visitor destination spending at 22%.

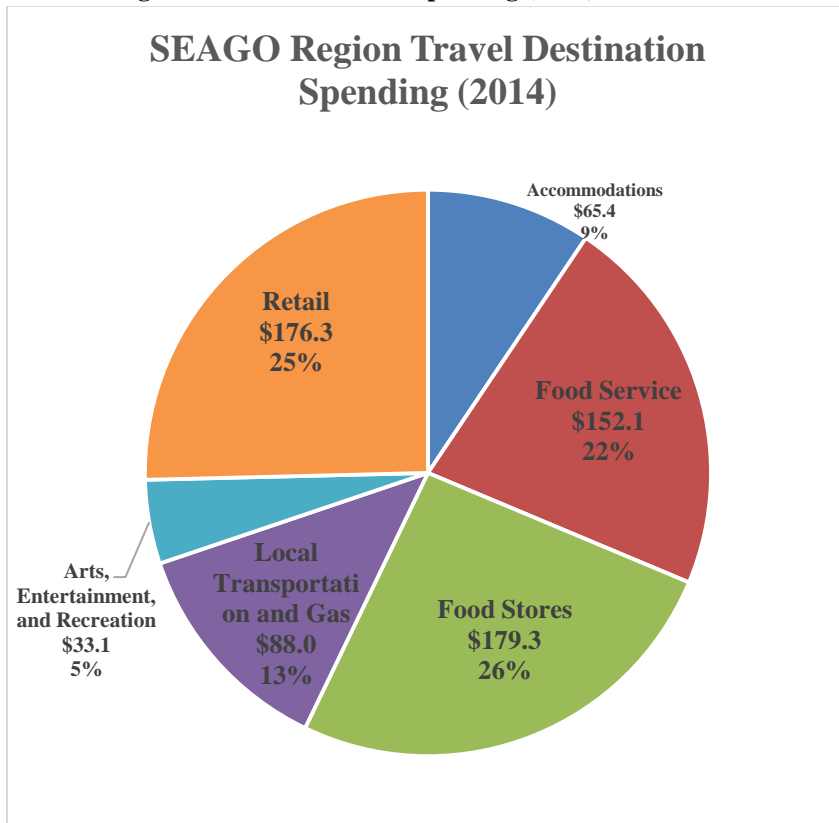
It is anticipated that as the Region emerges from the recession, tourism and tourism spending will continue to increase. Anecdotally, the recreational vehicle parks throughout the SEAGO Region are experiencing significant increases of winter visitors between the months of November and May.

SEAGO Region Total Direct Travel Spending



Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com

SEAGO Region Travel Destination Spending (2014)



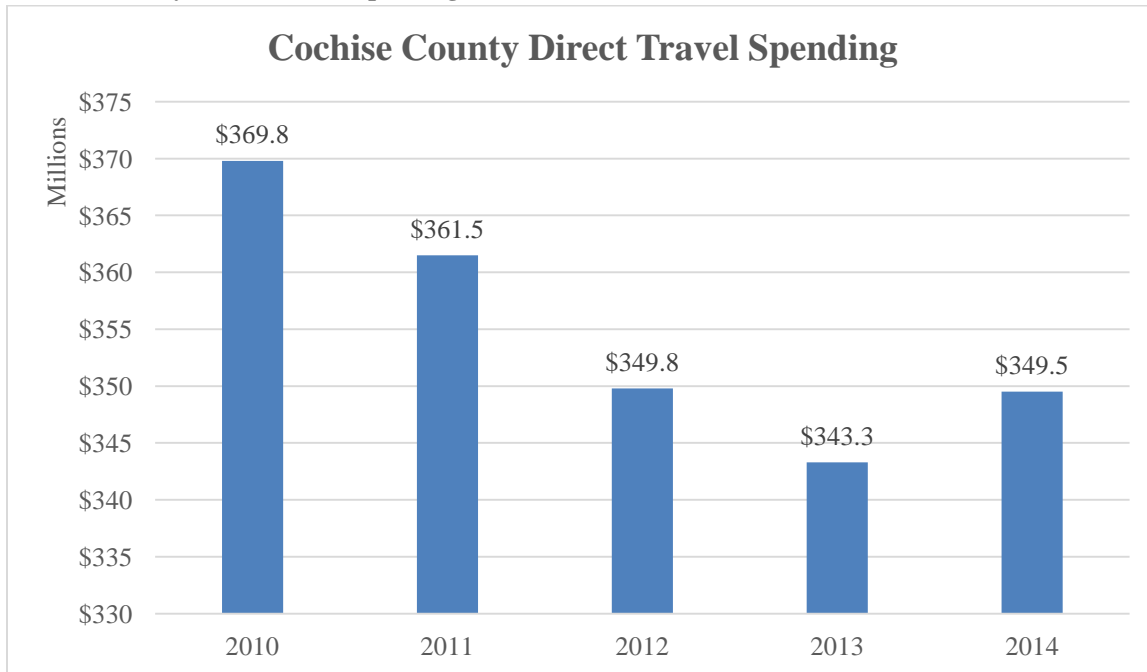
Note. Spending figures in millions of dollars. Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com.

Cochise County. Major attractions in Cochise County include the historic Old West town of Tombstone, site of the Gunfight at the O.K. Corral; the historic mining town of Bisbee (selected by *Sunset* magazine in 2016 as Best Small Town, and by *USA Today* as Best Historic Small Town) and its Queen Mine Tour; Chiricahua Mountains and Chiricahua National Monument; Coronado National Forest and Coronado National Memorial; Fort Bowie National Historic Site; Kartchner Caverns State Park; Fort Huachuca National Historic Landmark District and the Fort Huachuca Historical Museum and Army Intelligence Museum; San Pedro Riparian National Conservation Area; Ramsey Canyon Preserve; San Bernardino Wildlife Refuge; Brown Canyon; Texas Canyon; ghost towns of Charleston, Gleeson, Fairbank, and Dos Cabezas; Amerind Foundation and Museum; Cochise Stronghold; Geronimo Surrender Site; John Slaughter Ranch; Lehner Mammoth Kill Site and

Murray Springs Clovis Site; local vineyards, wine tasting, and U-Picks farms; the historic Gadsden Hotel; Rex Allen Museum; and the international border cities of Douglas, Arizona and Agua Prieta, Sonora, Mexico, along with the smaller border towns of Naco, Arizona and Naco, Sonora, Mexico.

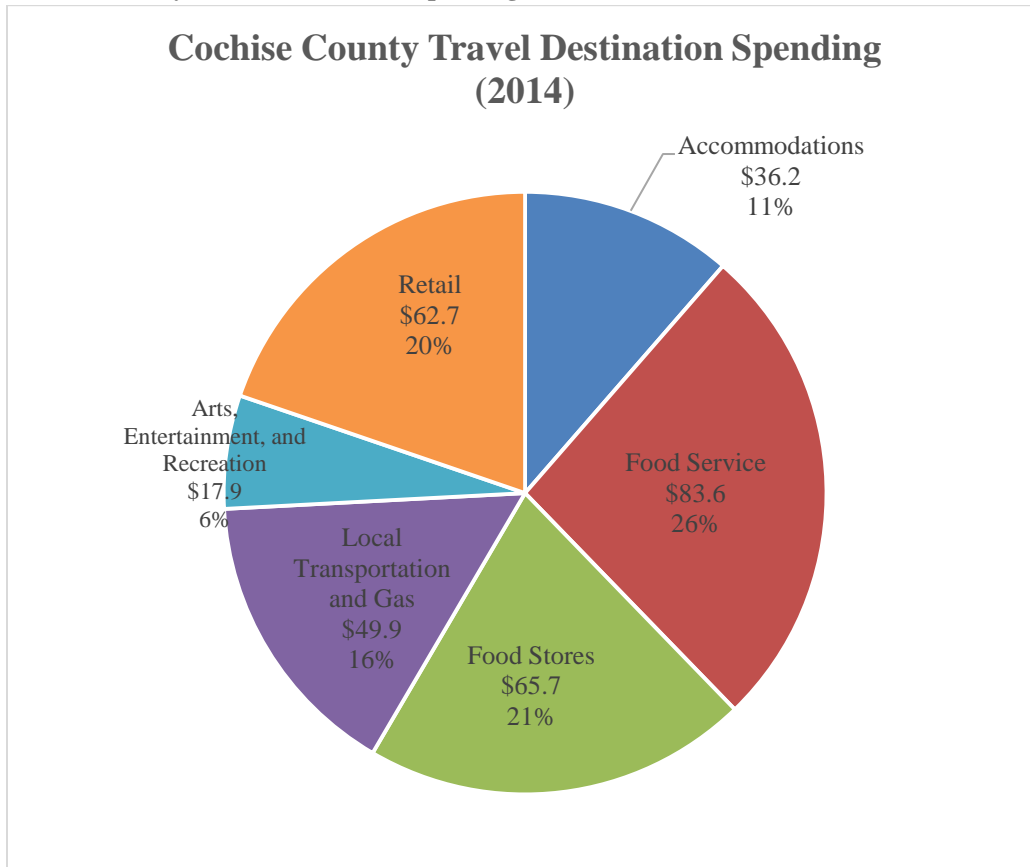
According to Dean Runyon Associates, direct travel spending in Cochise County increased 1.8% in 2014 after declining for four consecutive years. In 2014, direct travel spending in Cochise County totaled \$349.5 million (up from \$343.3 million in 2013). Despite the increase, spending was down 5.5% from 2010. In 2014, spending for food service accounted for the largest share of visitor destination spending at 26%, followed by spending at food stores at 21% and retail at 20%.

Cochise County Direct Travel Spending



Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com

Cochise County Travel Destination Spending (2014)

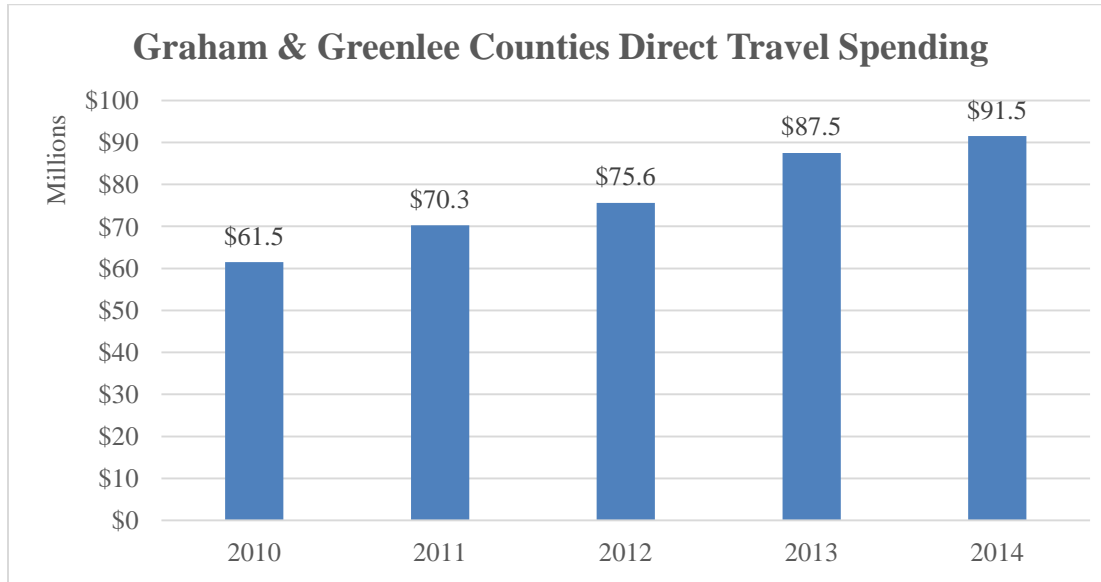


Note. Spending figures in millions of dollars. Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com

Graham and Greenlee Counties. Major attractions in Graham and Greenlee counties include the Apache-Sitgreaves National Forest, Roper Lake State Park, Mt. Graham and Mt. Graham International Observatory, Black Hills Back Country Byway, Black River, Blue Vista Rim Overlook, Blue River/Eagle Creek, Dankworth Ponds, Chase Creek, Discovery Park, Eastern Arizona History Museum, Klondyke and Aravaipa Canyon Preserve, Coronado Trail Scenic Byway, The Old West Highway, Salt River Canyon, Gila River, Arizona’s Salsa Trail, Arizona and New Mexico Railway Passenger Station, and Morenci and the Morenci open pit mine.

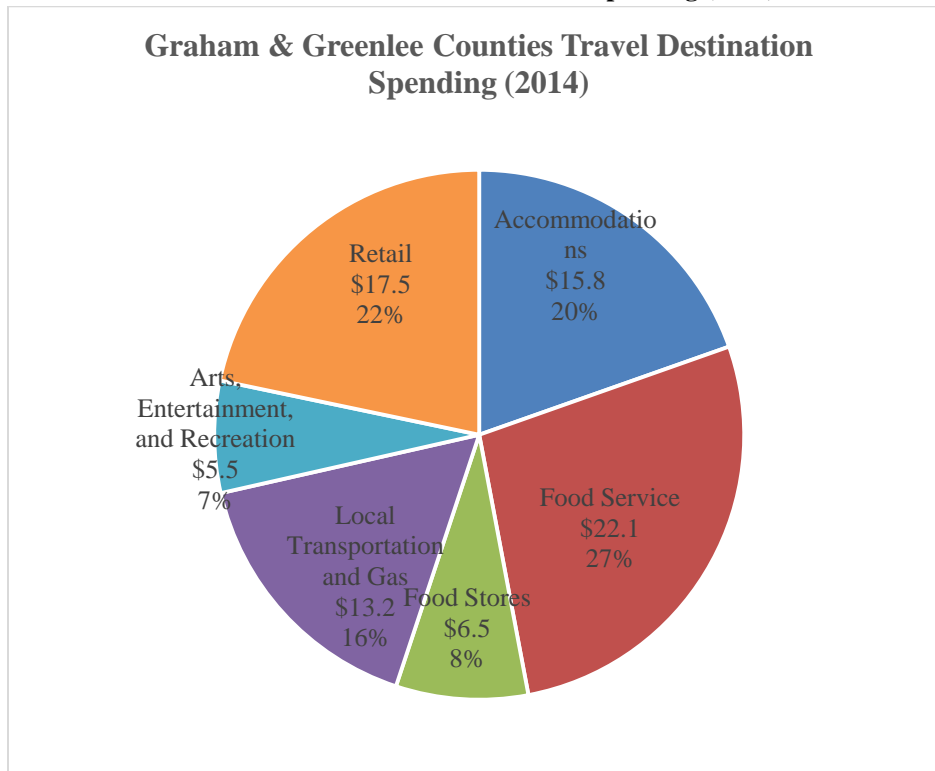
According to Dean Runyon Associates, direct travel spending in Graham and Greenlee counties increased steadily from 2010 through 2014. In 2014, travel spending in Graham and Greenlee counties (combined) totaled \$91.5 million (up 4.6% from 2013). Spending in 2014 was up nearly 50% from 2010. In 2014, spending for food service accounted for the largest share of visitor destination spending in Graham and Greenlee counties at 27%, followed by retail at 22% and accommodations at 20%.

Graham and Greenlee Counties Direct Travel Spending



Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com

Graham and Greenlee Counties Travel Destination Spending (2014)

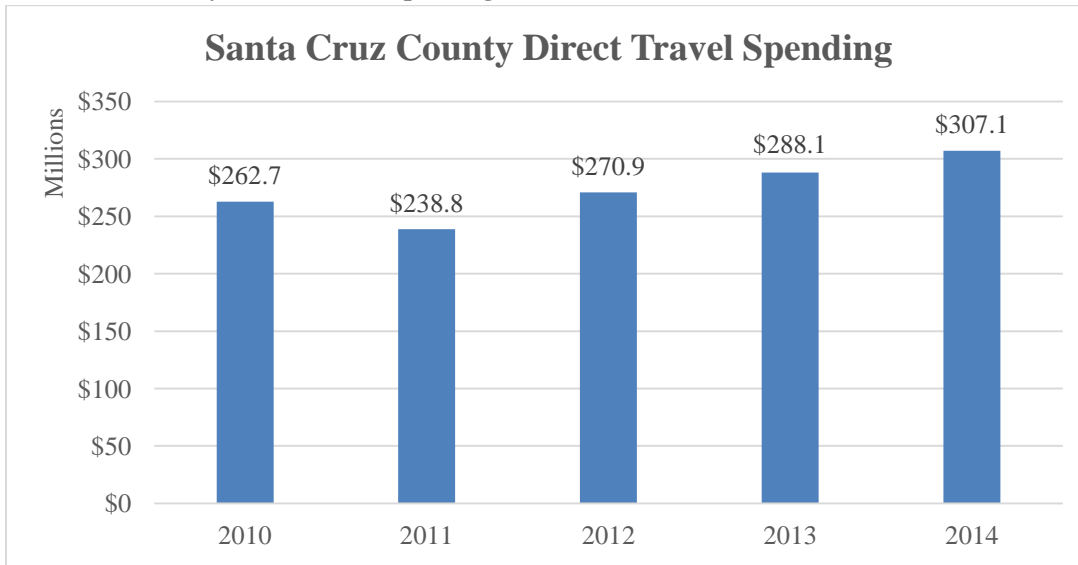


Note. Spending figures in millions of dollars. Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com.

Santa Cruz County. Major attractions in Santa Cruz County include Patagonia Lake State Park, Tubac Presidio State Historic Park and Village of Tubac, Madera Canyon, Coronado National Forest, Arizona National Scenic Trail, Southern Arizona Wine Country (Sonoita and Elgin wineries), La Cienegas National Conservation Area, Empire Ranch, Tumacácori Mission, Village of Arivaca, the ghost town of Ruby, and the international border cities of Nogales, Arizona and Nogales, Sonora, Mexico.

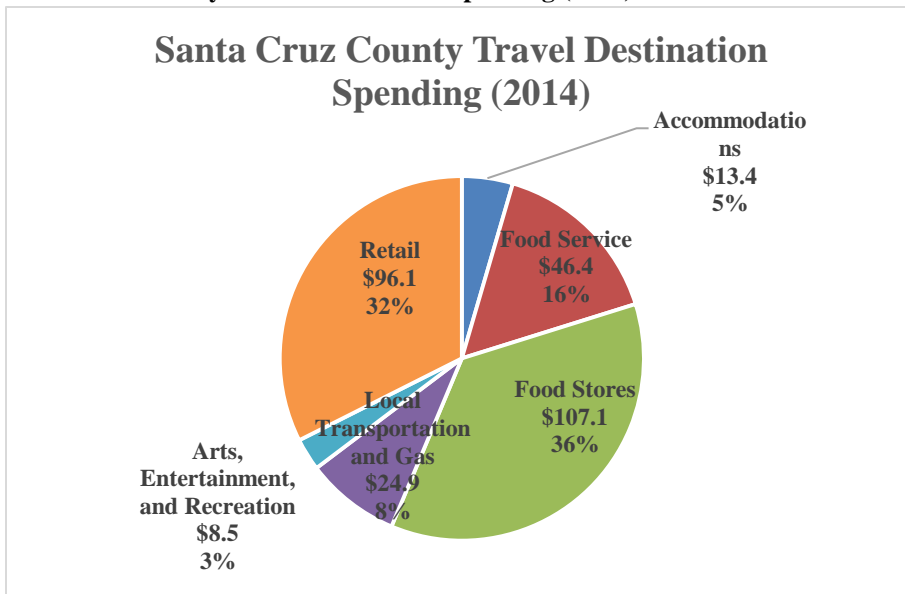
According to Dean Runyon Associates, direct travel spending in Santa Cruz County increased steadily from 2011 through 2014 (after declining from 2010 to 2011). In 2014, direct travel spending in Santa Cruz County totaled \$307.1 million (up 6.6% from 2013). Spending in 2014 was up 28.6% from 2011. In 2014, spending at food stores accounted for the largest share of visitor destination spending at 36%, followed by retail at 32% and food service at 16%.

Santa Cruz County Direct Travel Spending



Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com

Santa Cruz County Travel Destination Spending (2014)



Note. Spending figures in millions of dollars. Source: Dean Runyon Associates, Arizona Office of Tourism, and UsEconomicResearch.com

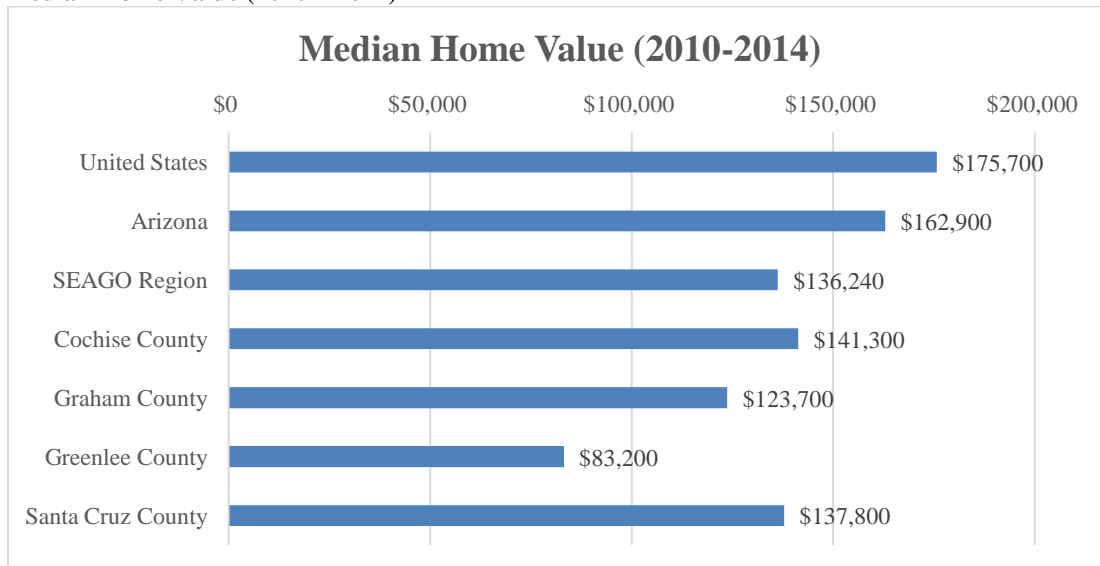
Housing

Home Values. The median home value in the SEAGO Region is \$136,240 (16.4% below the statewide value and 22.5% below the national median home value) as of the 2010-2014 American Community Survey. The Region's median home value is pulled up by higher values in Cochise and Santa Cruz counties. Cochise County has the highest median home value in the Region at \$141,300. The lowest median home value in the Region is Greenlee County at just \$83,200—barely half the statewide median value and less than half the nationwide value. It is not unusual that nationally home values in rural areas are lower than more urban or suburban areas. That is certainly the case in the SEAGO Region due to its rural location, more than 225 miles from Phoenix and more than 125 miles from Tucson. Sierra Vista is the most urban community in the SEAGO Region and Greenlee County is the most rural, which is reflected in the housing values in the Region.

Home Affordability. With lower home values, home ownership is more affordable in the SEAGO Region than statewide and nationwide. As of 2010-2014, 32.2% of homeowners with a mortgage pay 30% or more of their income toward housing (compared to 35.1% of homeowners statewide and 34.2% of homeowners nationwide); housing that costs more than 30% of income is generally regarded as

unaffordable. Within the SEAGO Region, housing is most affordable in Greenlee County where only 24.2% of homeowners pay 30% of their income or more for housing. More than half of all homeowners (53%) in Greenlee County pay less than 20% of their income toward housing. This is primarily a result of low rent housing offered by Freeport-McMoRan for its Morenci Mine employees. Housing is least affordable in Santa Cruz County where 36.1% of homeowners pay 30% of income or more for housing—the only county in the Region where housing is less affordable than statewide and nationwide.

Median Home Value (2010 – 2014)



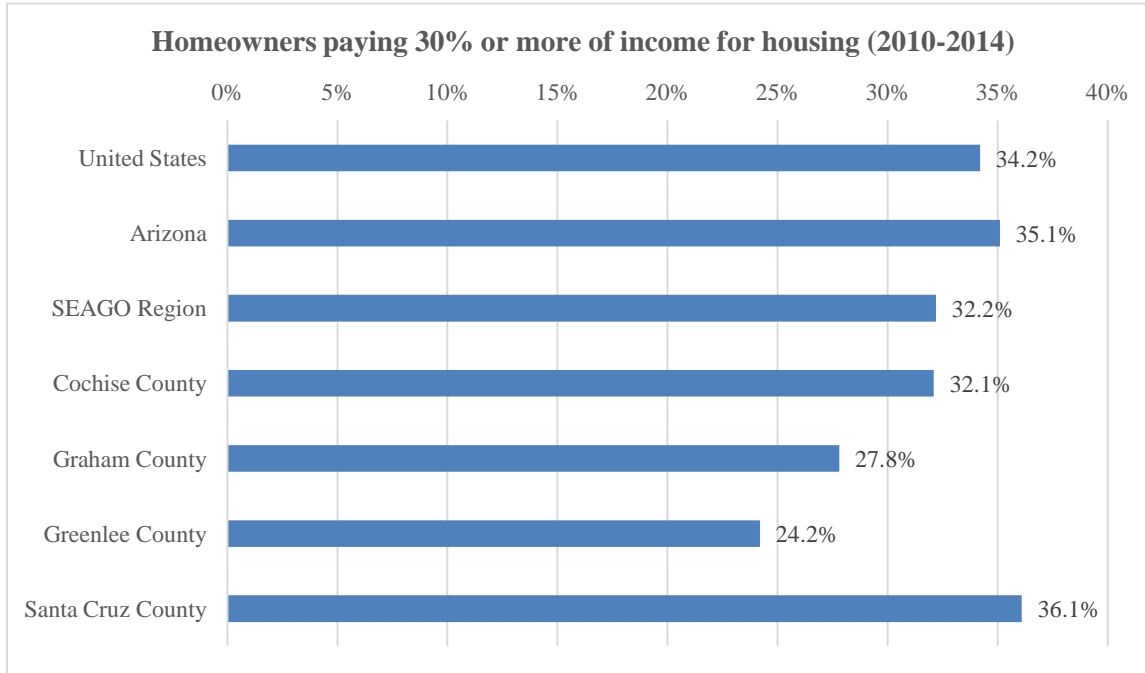
Note. Figures expressed in 2014 dollars. SEAGO Region estimate is a weighted-average of county median prices. Source: U.S. Census Bureau (2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Monthly Homeowner Housing Costs as a Percentage of Household Income (2010-2014)

% of Income	United States	Arizona	SEAGO Region	Cochise	Graham	Greenlee	Santa Cruz
Less than 20%	38.0%	37.5%	42.2%	44.8%	41.6%	53.0%	34.3%
20% to 24.9%	16.1%	16.0%	15.7%	13.3%	18.4%	12.7%	20.8%
25% to 29.9%	11.7%	11.5%	9.9%	9.8%	12.1%	10.1%	8.8%
30% to 34.9%	8.2%	8.1%	8.1%	8.2%	8.7%	5.7%	7.7%
35% or more	26.0%	27.0%	24.1%	23.9%	19.1%	18.5%	28.4%

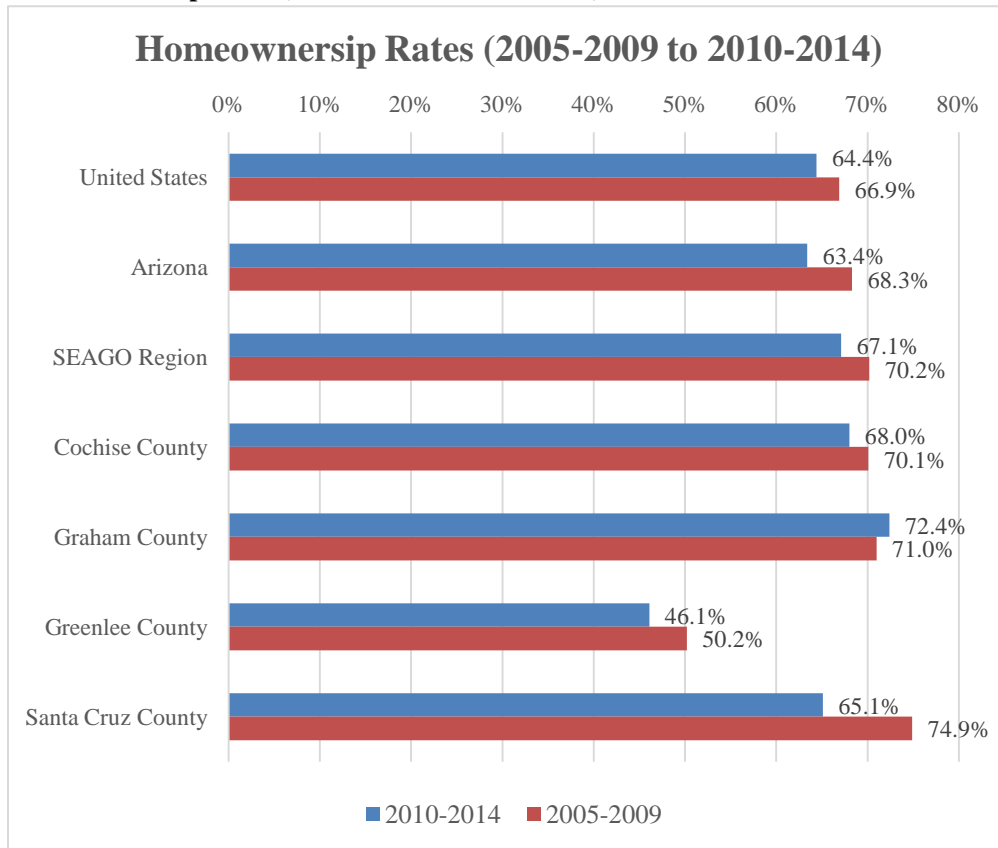
Source: U.S. Census Bureau (2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Homeowners Paying 30% or More Income for Housing (2010 – 2014)



Note. Includes only owner-occupied homes with a mortgage. Source: U.S. Census Bureau (2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Home Ownership Rates (2005 – 2009 to 2010 – 2014)



Source: U.S. Census Bureau (2005-2009 American Community Survey 5-year Estimates and 2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Population

Estimates. The population of the SEAGO Region is 228,412 as of 2015, according to estimates by Arizona’s Office of Employment and Population Statistics. The largest share of the population (56%) resides in Cochise County and the smallest share (5%) resides in Greenlee County. From 2010 to 2015, the Region’s population grew by 1.6%—less than a third of the statewide rate of growth of 5.6%. Greenlee County saw the fastest population growth in the Region from 2010 to 2015 at 25.1%. The town of Clifton in Greenlee County saw the fastest growth of any municipality in the Region at nearly 40%. The population growth in Greenlee County and the town of Clifton is a result of extensive expansion of the open pit copper mine operated by Freeport-McMoRan. Between 2010 and 2015 the mine experienced an expansion investment of more than \$1B by Freeport-McMoRan. The combination of contractors engaged in the mine expansion and increased number of operational employees at the

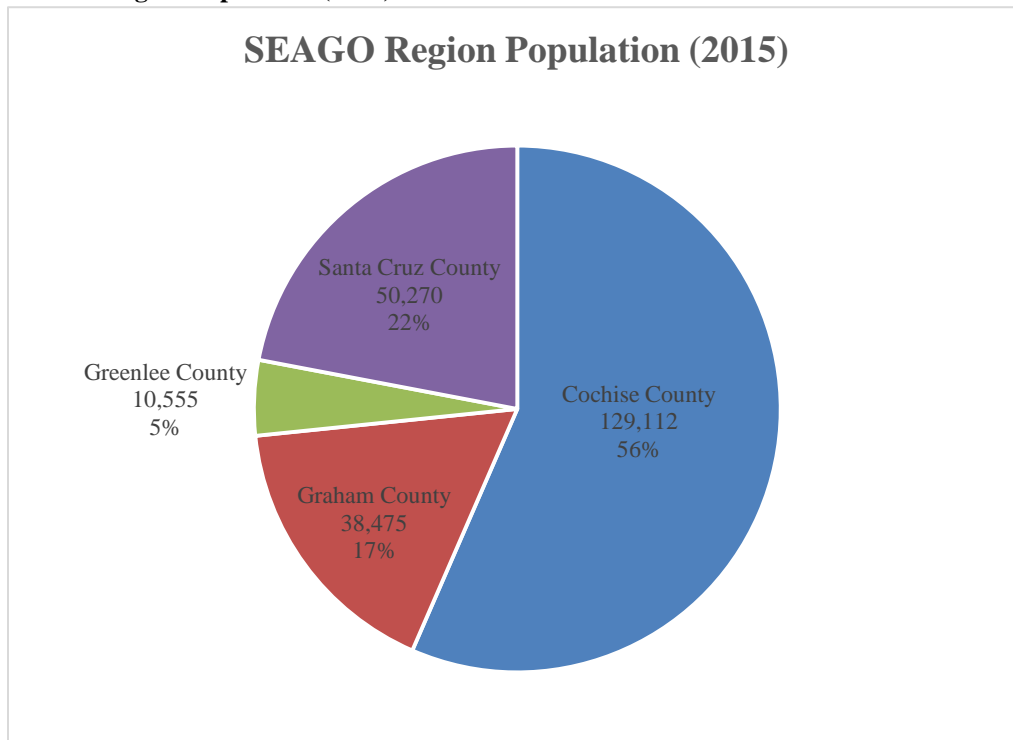
mine was the primary cause of the significant population growth. Cochise County was the only county in the Region to see its population decline from 2010 to 2015 (-1.8%) with all municipalities in the county losing population except Sierra Vista (2.3%) due to annexation growth. The population decline in Cochise County is largely attributable to employment changes at Fort Huachuca Army installation. The changes in Fort Huachuca’s mission and the federal sequestration resulted in a loss of civilian jobs at the base and a reduction of defense contractors servicing the base. Many employees employed in those capacities left the area in pursuit of other employment.

Projections. The Region’s population is projected to grow at a slower rate than statewide in both the short term (2015-2020) and long term (2015-2050). From 2015 to 2020, the Region’s population is projected to grow by 4.1% (less than half the pace of the 8.7% growth projected for all of Arizona). From 2015 to 2020, Santa Cruz County is projected to see the fastest population growth in the Region (7.2%) while

Greenlee County is projected to grow the slowest (1.4%). Over the longer term, from 2015 to 2050, Graham County is projected to see the most rapid population growth (40.9%) and Greenlee County is projected to grow slowest (0.4%). Population growth in rural areas is difficult to forecast over a long term, and is largely contingent on job growth in the area. Population growth in urban areas, with a consistent

record of job growth, is typically easier to forecast. However, an indicator of population growth in the SEAGO Region is the growing influx of retirees attracted to the environment and climate of the Region. Indicative of that growing retirement population is a current “active adult community” development in process in Cochise County. The proposed project includes the development of 27,000 homes with associated commercial and service oriented development. The build-out period for the project is 20 years.

SEAGO Region Population (2015)



Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Population Estimates and Projections

	Arizona	SEAGO Region	Cochise	Graham	Greenlee	Santa Cruz
2015	6,758,251	228,412	129,112	38,475	10,555	50,270
2020	7,346,800	237,700	132,500	40,600	10,700	53,900
2030	8,535,900	258,100	141,100	45,400	10,900	60,700
2040	9,706,800	275,900	149,000	49,900	10,800	66,200
2050	10,820,900	292,900	157,900	54,200	10,600	70,200

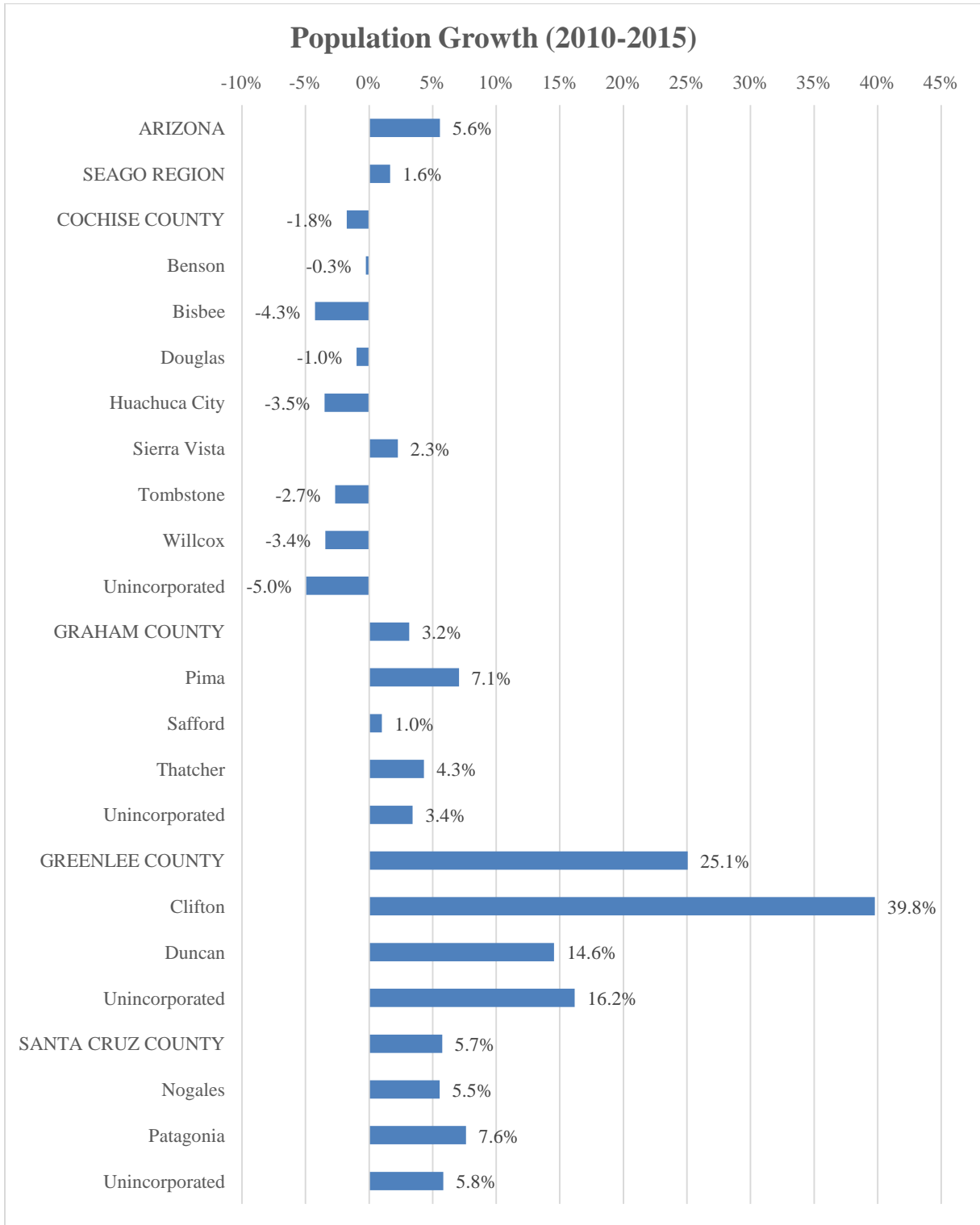
Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Population Growth (2010-2015)

	2015	2010	Growth	Growth %
ARIZONA	6,758,251	6,401,569	356,682	5.6%
SEAGO REGION	228,412	224,714	3,698	1.6%
COCHISE COUNTY	129,112	131,436	-2,324	-1.8%
Benson	4,999	5,012	-13	-0.3%
Bisbee	5,297	5,533	-236	-4.3%
Douglas	16,956	17,124	-168	-1.0%
Huachuca City	1,794	1,859	-65	-3.5%
Sierra Vista	44,183	43,207	976	2.3%
Tombstone	1,333	1,370	-37	-2.7%
Willcox	3,636	3,766	-130	-3.4%
Unincorporated	50,914	53,566	-2,652	-5.0%
GRAHAM COUNTY	38,475	37,299	1,176	3.2%
Pima	2,553	2,385	168	7.1%
Safford	9,659	9,563	96	1.0%
Thatcher	5,125	4,913	212	4.3%
Unincorporated	21,138	20,438	700	3.4%
GREENLEE COUNTY	10,555	8,440	2,115	25.1%
Clifton	4,510	3,227	1,283	39.8%
Duncan	802	700	102	14.6%
Unincorporated	5,243	4,513	730	16.2%
SANTA CRUZ COUNTY	50,270	47,539	2,731	5.7%
Nogales	21,910	20,759	1,151	5.5%
Patagonia	963	895	68	7.6%
Unincorporated	27,397	25,886	1,511	5.8%

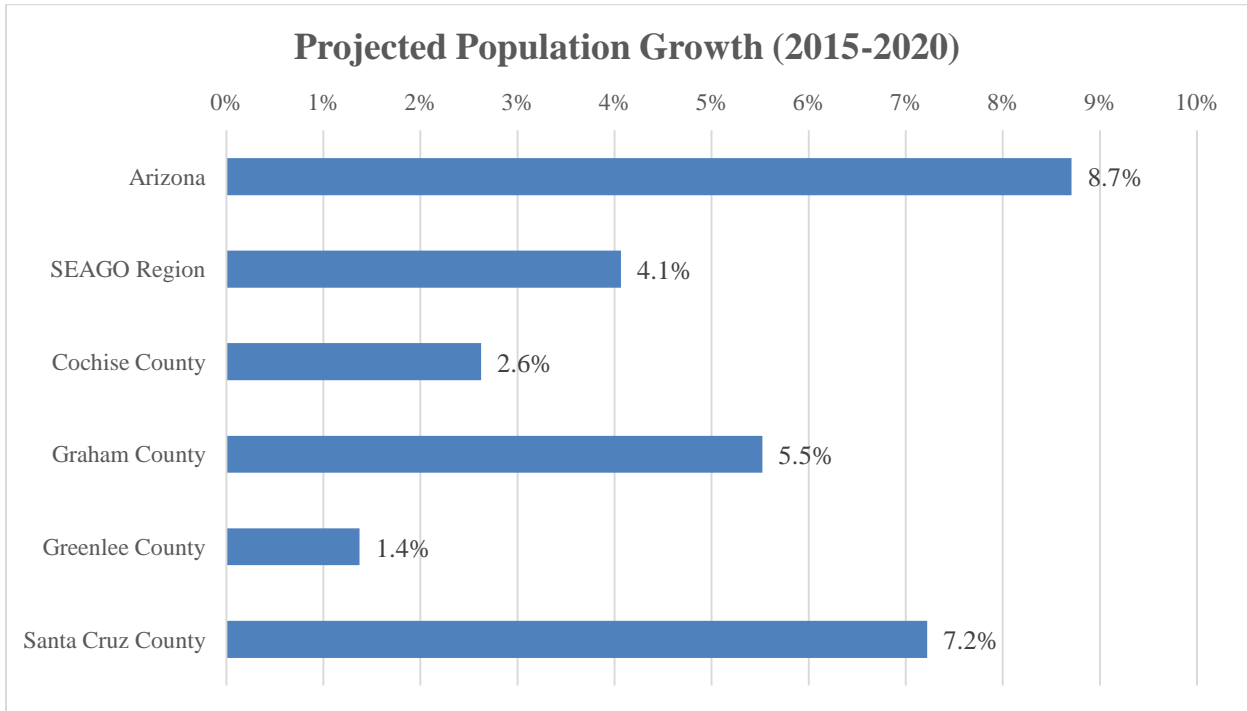
Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Population Growth Graph (2010 – 2015)



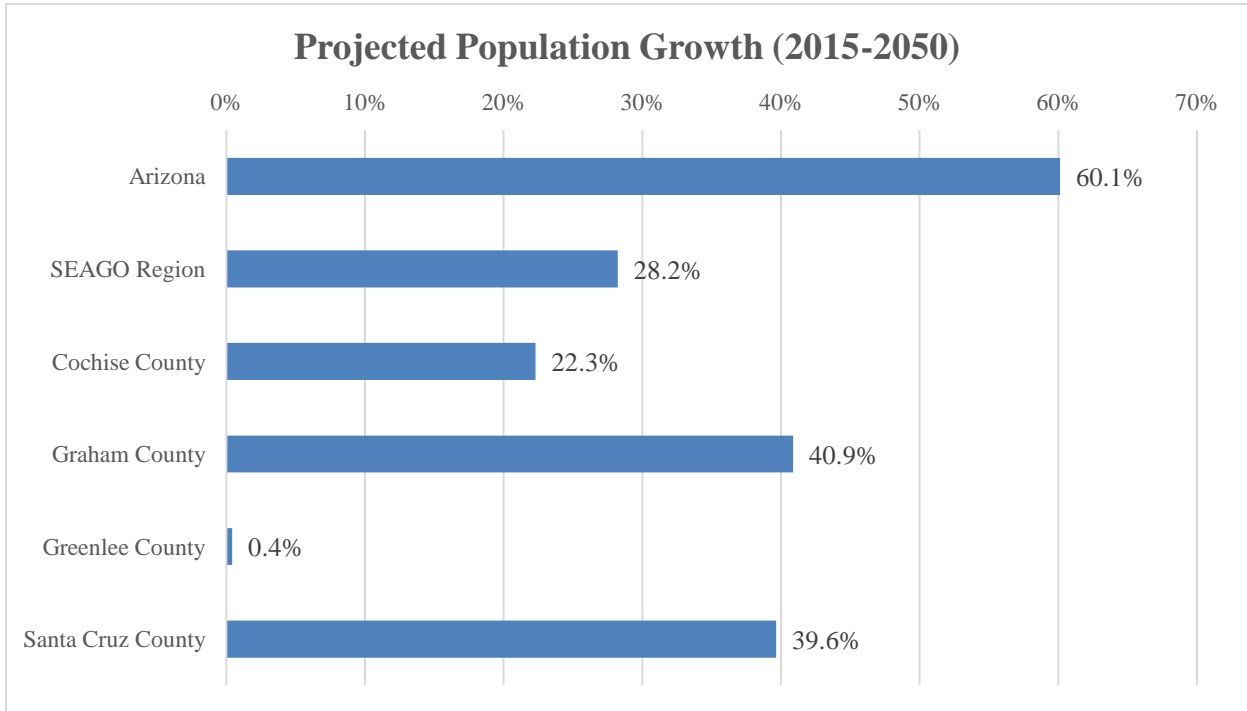
Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Projected Population Growth (2015 – 2020)



Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Projected Population Growth (2015 – 2050)



Source: Arizona Office of Employment and Population Statistics and UsEconomicResearch.com

Educational Attainment

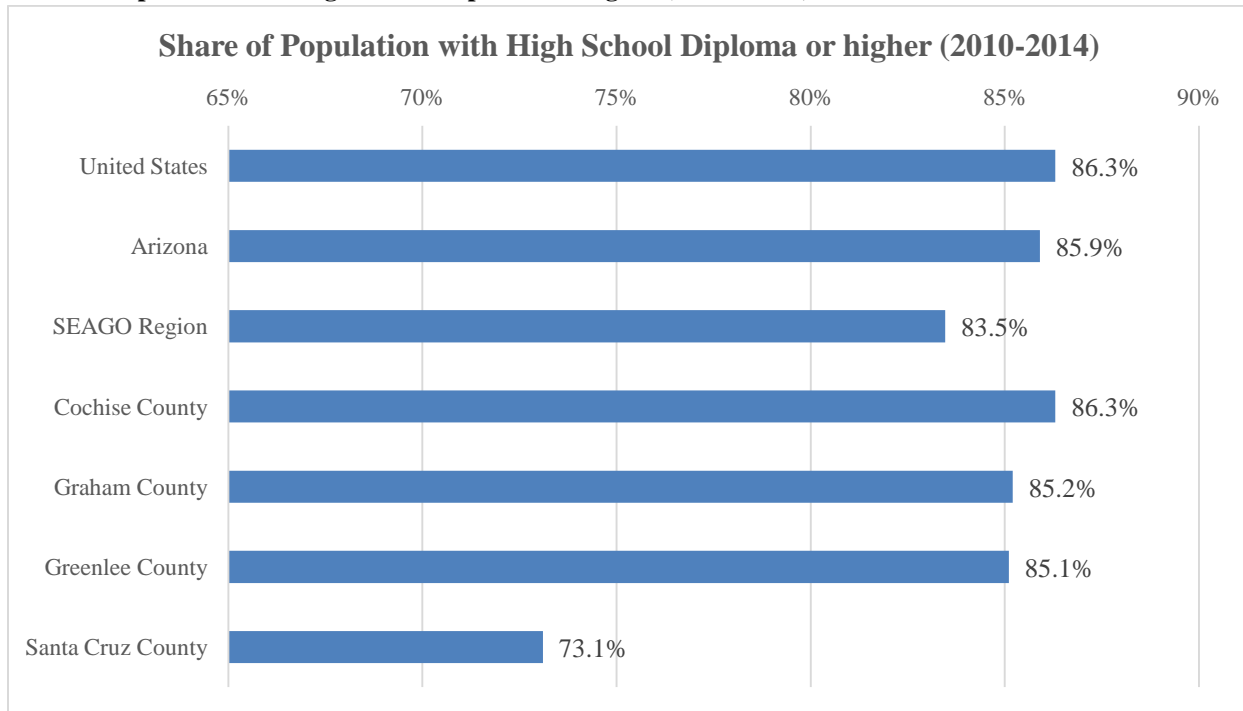
Educational attainment levels in the SEAGO Region are lower than statewide and nationwide at both the high-school-diploma-and-above and the bachelor’s-degree-and-above levels. Region wide, 83.5% of the population ages 25 and older have earned a high school diploma (or equivalent) or higher (compared to 85.9% statewide and 86.3% nationwide) as of the 2010-2014 American Community Survey. At the post-secondary level, 21% of the population ages 25 and up have earned a bachelor’s degree or higher (compared to 27.1% statewide and 29.3% nationwide).

All counties in the SEAGO Region have lower levels of educational attainment than statewide and national levels at the high-school-diploma-and-above level except Cochise County (86.3%), which is higher than statewide and the same as the nationwide rate. The lowest level of educational attainment in the SEAGO region at the high-school-diploma-and-above level is Santa Cruz County where just 73.1% of the population ages 25 and older have earned a diploma (or equivalent) or higher.

All counties in the SEAGO Region have lower levels of educational attainment than statewide and national levels at the bachelor’s-degree-and-above level. The highest level of educational attainment in the SEAGO Region at the post-secondary level is Cochise County where 23.1% of the population ages 25 and up have earned a bachelor’s degree or higher. The lowest level is Greenlee County where just 11.8% of the adult population has earned a degree—less than half the statewide and nationwide levels. Similarly, in Graham County the percentage of adults with a bachelor’s degree or higher (13.6%) is barely half the statewide level and less than half the nationwide level.

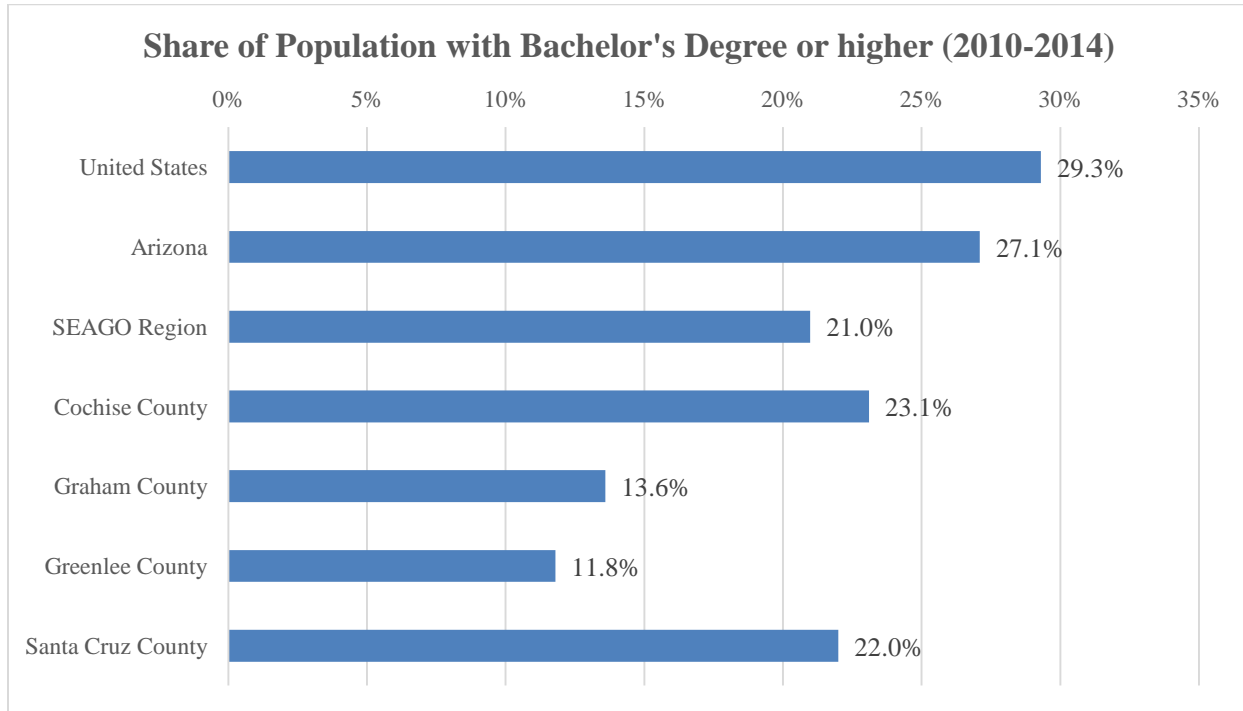
The importance of education and workforce training is an important SEAGO Region consideration in order for the Region to be positioned for progressive job attraction and expansion. Working closely with Cochise College, Eastern Arizona college, the University of Arizona Sierra Vista Campus, and Arizona Workforce Development Services (Arizona @Work) is an important emphasis for the SEAGO Region.

Share of Population with High School Diploma or Higher (2010 - 2014)



Note. Population ages 25 and older. Source: U.S. Census Bureau (2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Share of Population with Bachelor's Degree or higher (2010 – 2014)



Note. Population ages 25 and older. Source: U.S. Census Bureau (2010-2014 American Community Survey 5-year Estimates) and UsEconomicResearch.com

Trade and Commerce

Retail. Retail sales in the SEAGO Region totaled \$1.6 billion in 2015 with the largest share (54%) occurring in Cochise County. Greenlee County accounted for the smallest share of regional retail sales at 10%. From 2011 to 2015, regional retail sales grew by 12% (less than half the statewide rate of growth of 28.2% during the same period). Greenlee was the only county in the Region to see a decline (-7%) from 2011 to 2015. Cochise County saw the strongest gain in the Region in retail sales over the five-year period at 15.1%—barely half the statewide rate. The slow retail growth rate throughout the SEAGO Region is largely a result of the rural area’s slow economic recovery from the 2008 recession. As has been mentioned, the recession affected much of the SEAGO Region later than the U.S. and the State of Arizona. The recovery period in the Region was also late in developing and slow in its progress.

Restaurant and Bar. Restaurant and bar taxable sales in the SEAGO Region totaled \$235.7 million in 2015 with the largest share (60%) occurring in Cochise County. Greenlee County accounted for the smallest share at 2%. From 2011 to 2015, regional restaurant and bar sales grew by 14.1% (barely half the

statewide rate of growth of 27.7%). Poor regional performance was due almost exclusively to slow growth (5.4%) in Cochise County; all other counties in the Region saw restaurant and bar sales perform at or above the statewide rate. Restaurant and bar sales in both Graham and Greenlee counties grew by more than 34% over the five-year period, considerably outperforming statewide sales.

Hotel and Motel. Hotel and motel taxable sales (stays of less than 30 days) in the SEAGO Region totaled \$57 million in 2015 with the largest share (59%) occurring in Cochise County. Graham and Greenlee counties (combined) accounted for the smallest share at 16%. From 2011 to 2015, regional hotel and motel taxable sales declined by 5% (while statewide sales grew by 32.1%). Cochise was the only county in the Region to see a decline (-18.9%) from 2011 to 2015, but the effect was sufficient to drag regional-level sales into negative territory for the five-year period. Santa Cruz County saw the strongest gain in the Region in hotel and motel taxable sales during the five-year period at 34.4%—outperforming statewide sales. The increase in Santa Cruz County hotel and motel sales is largely attributable to the construction of the new Nogales commercial port of entry during that period. Hotel

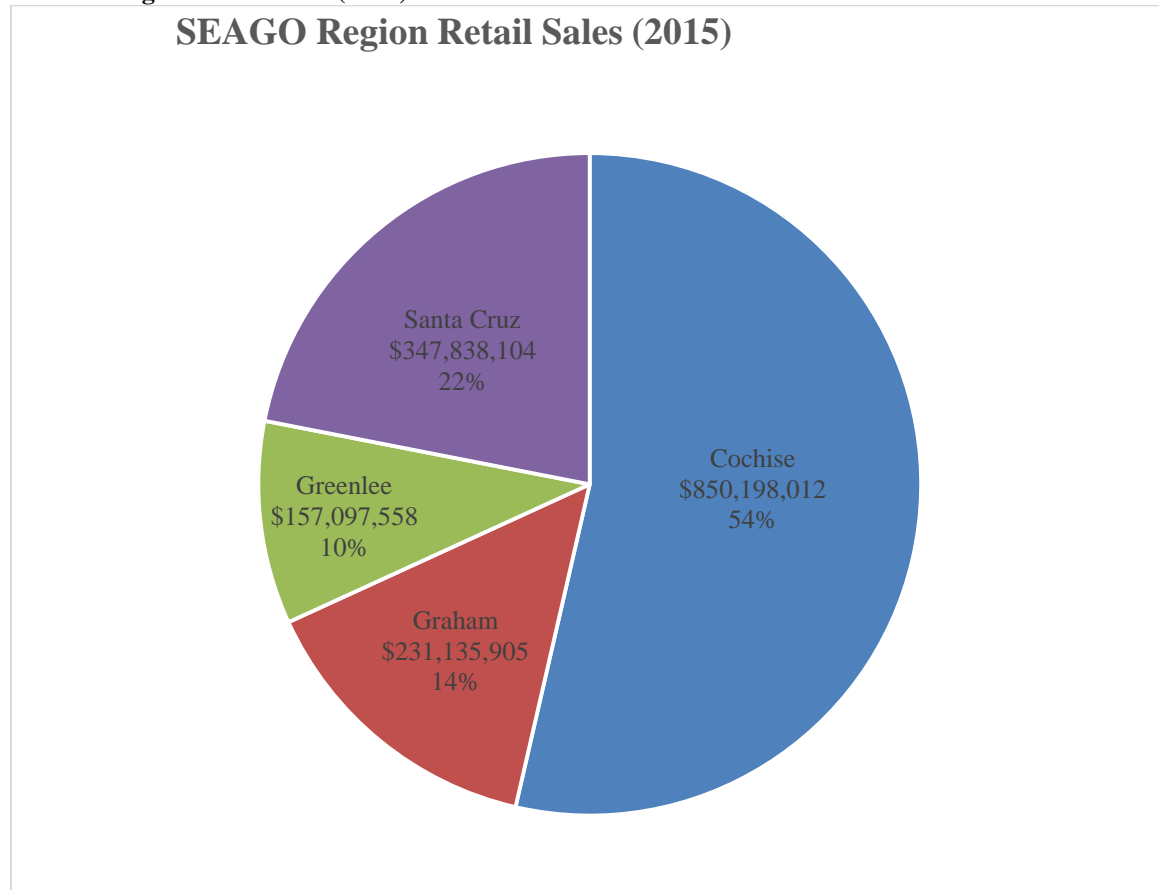
and motel taxable sales in Graham and Greenlee counties combined grew by 14.5% (less than half the statewide rate of growth).

The decline in Cochise County's hotel and motel taxable sales can be attributed to a decline in tourism as a result of the recession, a decline in employment at Fort Huachuca, and a change in the Department of

Defense TDY policy requiring Fort Huachuca visitors to first seek accommodations at the Fort before staying in hotels/motels off the base.

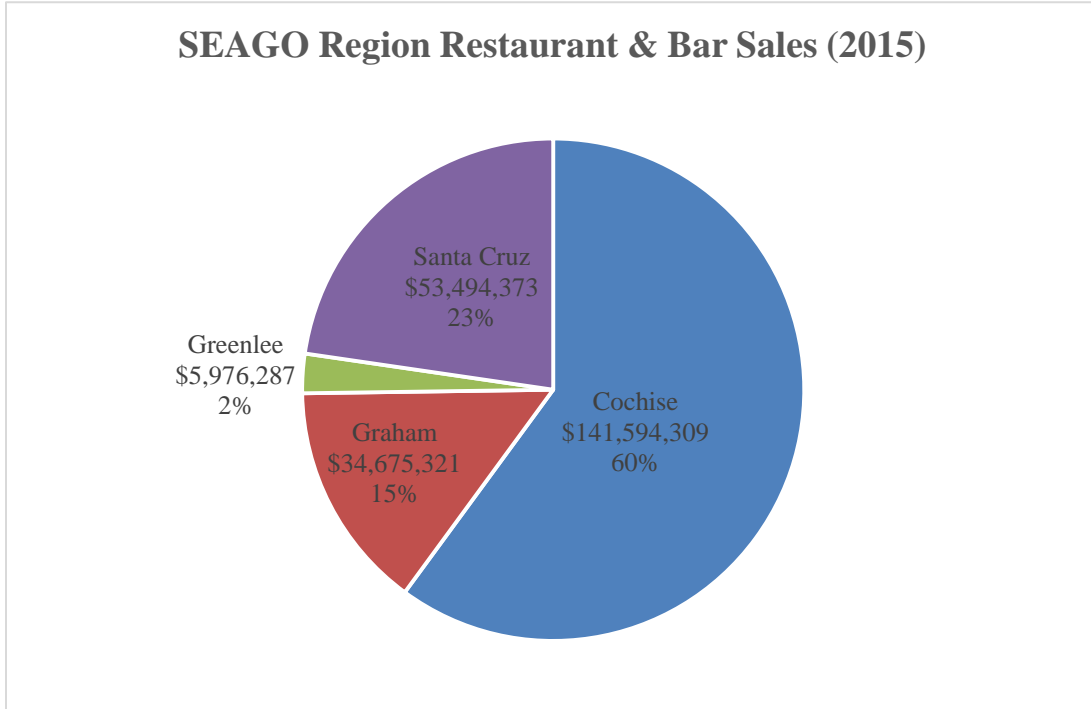
Attention to tourism in the SEAGO Region is an important consideration for the Region to experience desired growth in the trade and commerce sector of the local economy.

SEAGO Region Retail Sales (2015)



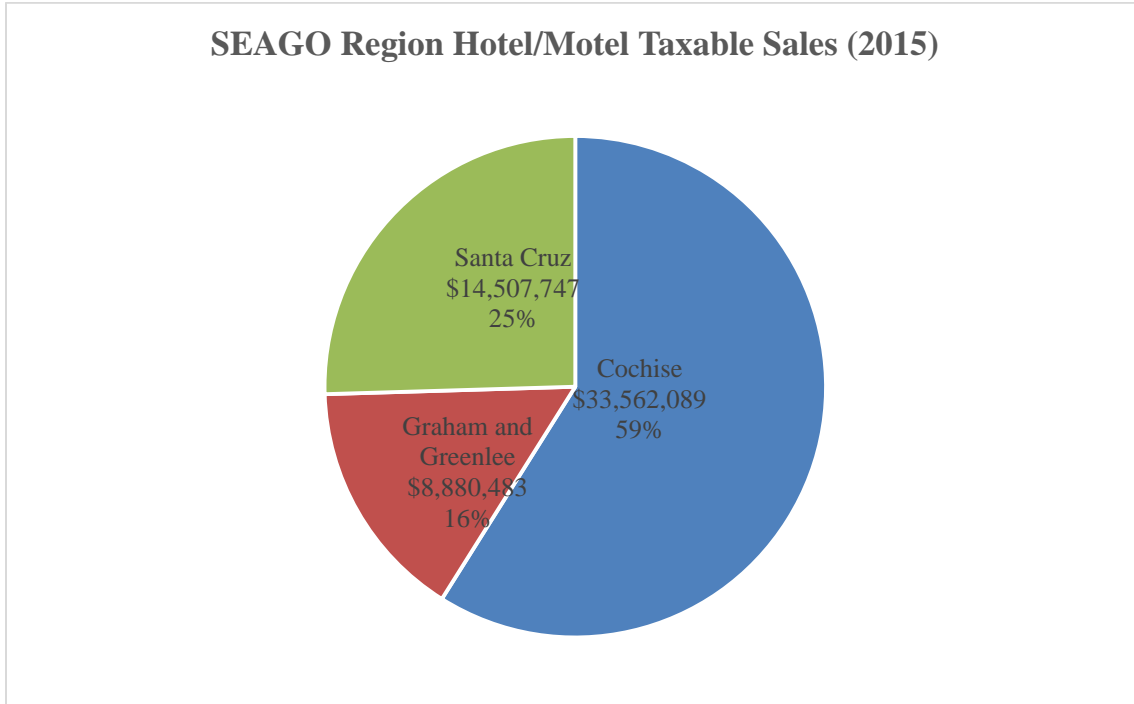
Source: Arizona Department of Revenue and UsEconomicResearch.com

SEAGO Region Restaurant & Bar Sales (2015)



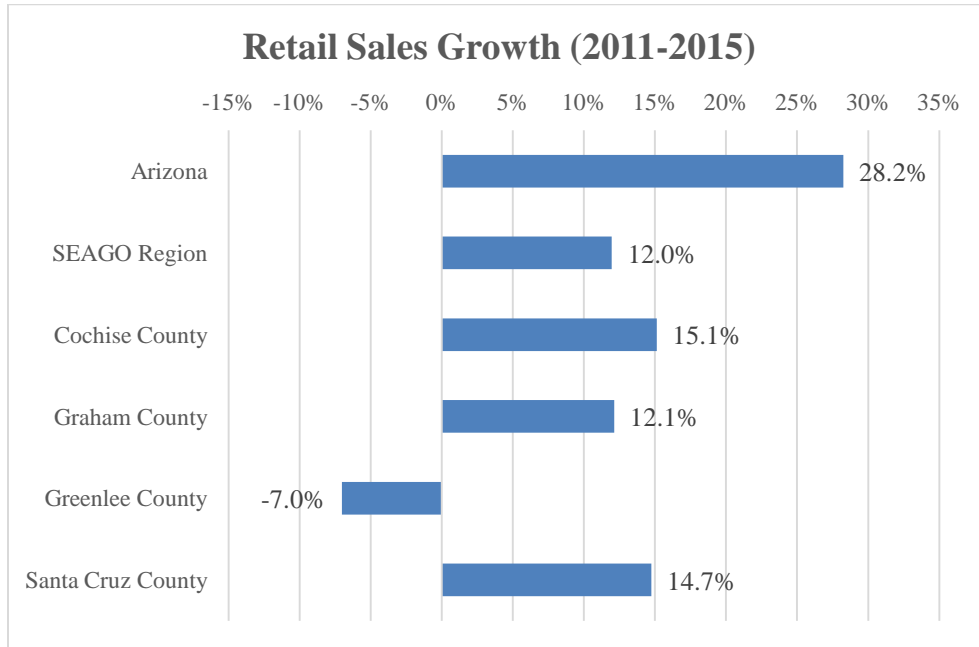
Source: Arizona Department of Revenue and UsEconomicResearch.com

SEAGO Region Hotel/Motel Taxable Sales (2015)



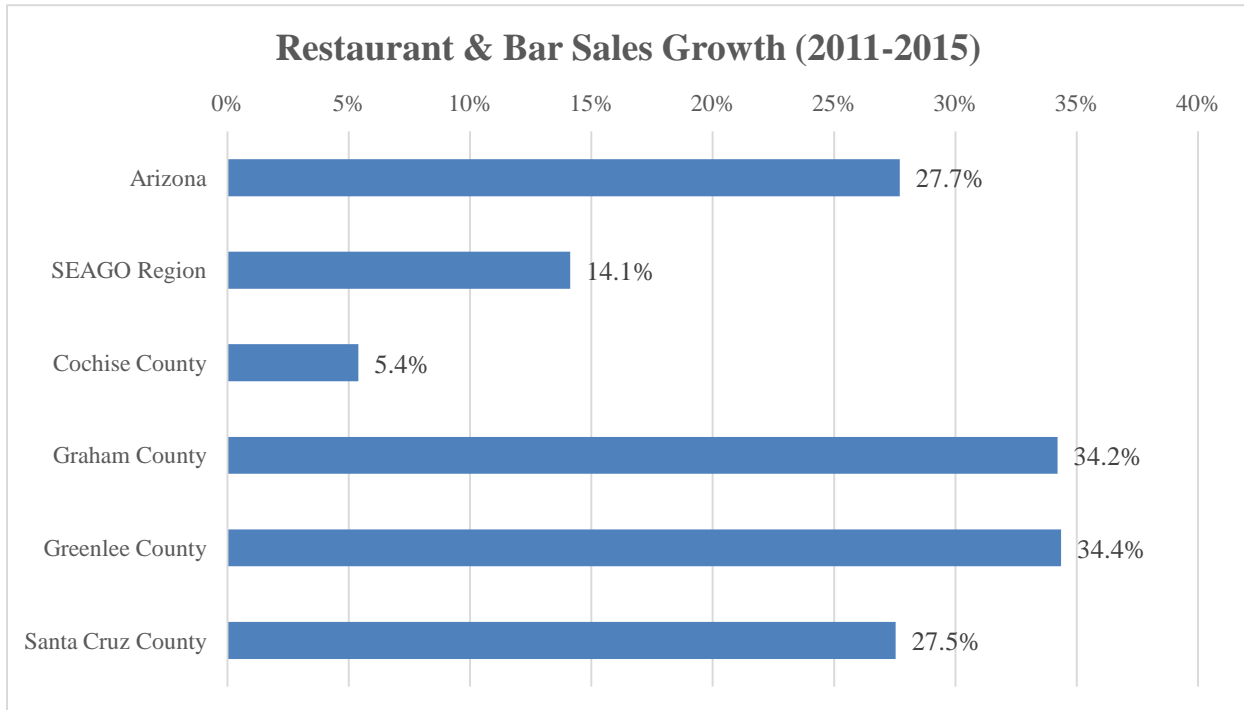
Source: Arizona Department of Revenue and UsEconomicResearch.com

Retail Sales Growth (2011 – 2015)



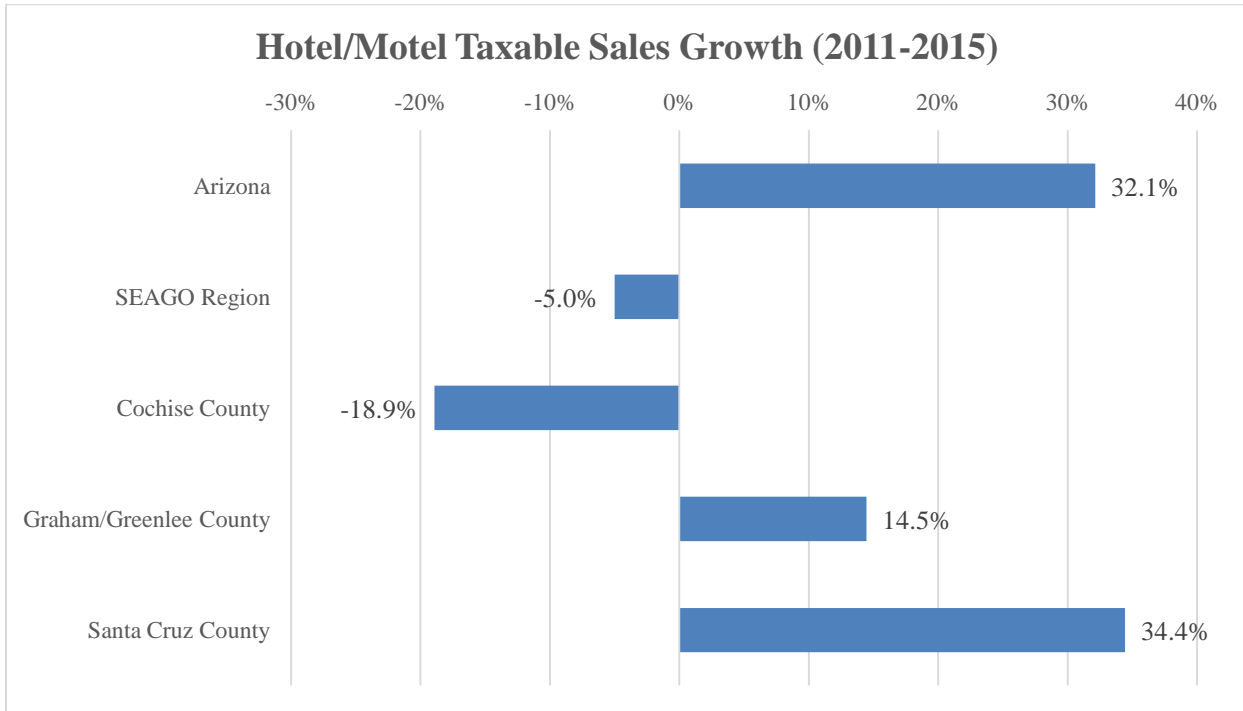
Source: Arizona Department of Revenue and UsEconomicResearch.com

Restaurant & Bar Sales Growth (2011 – 2015)



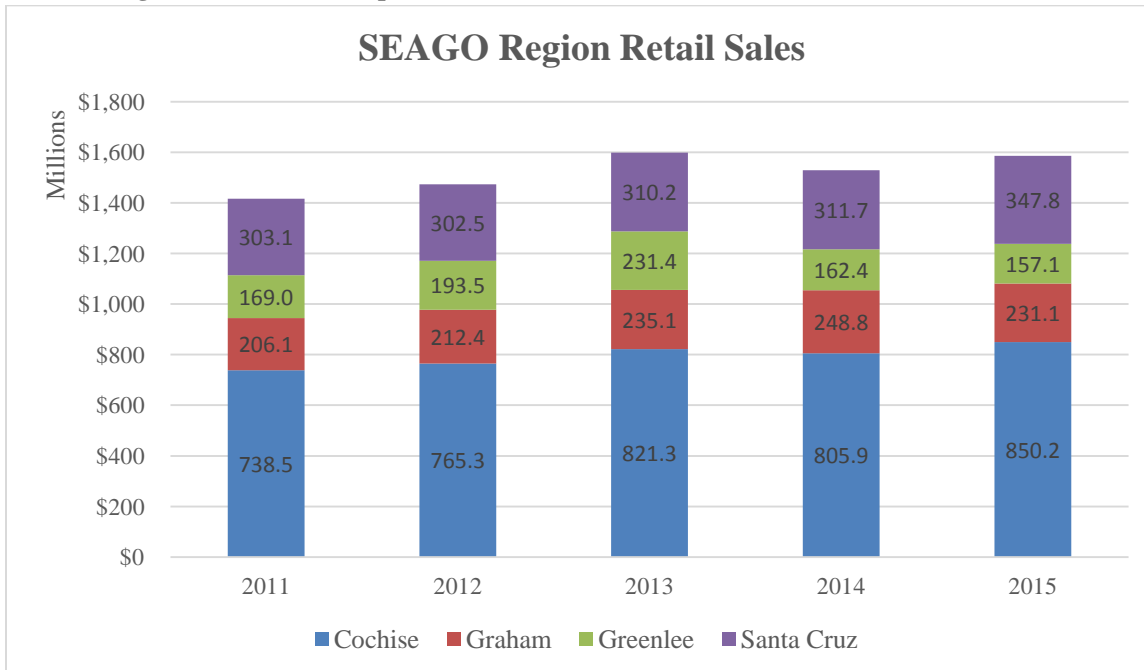
Source: Arizona Department of Revenue and UsEconomicResearch.com

Hotel/Motel Taxable Sales Growth (2011 – 2015)



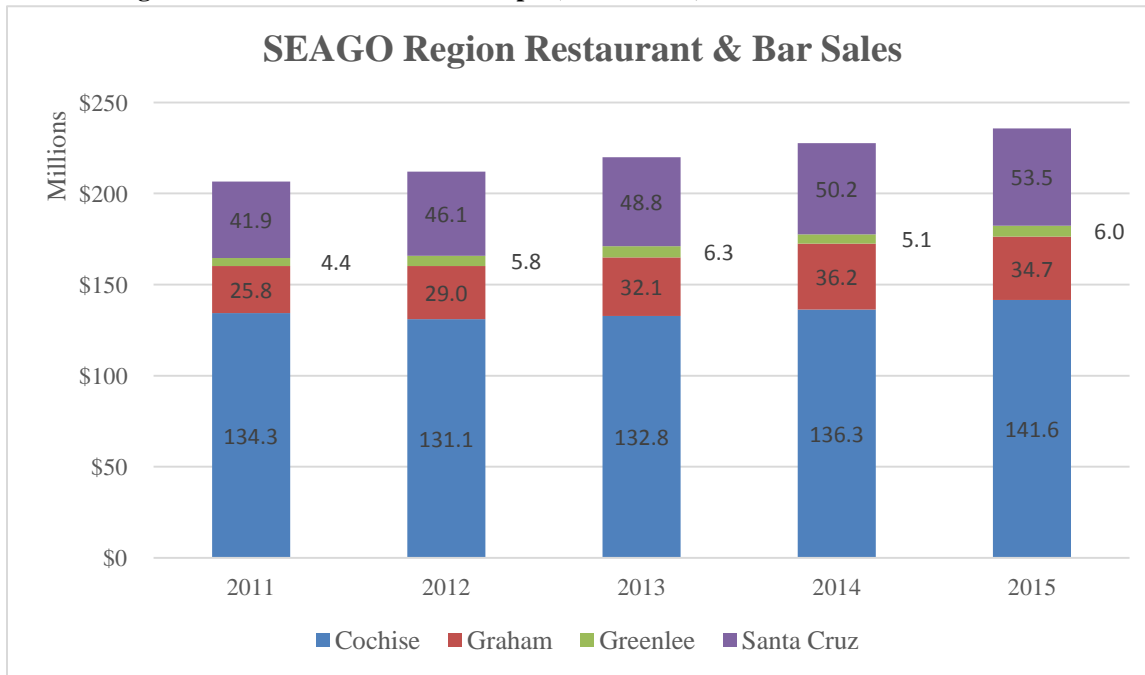
Source: Arizona Department of Revenue and UsEconomicResearch.com

SEAGO Region Retail Sales Graph (2011 – 2015)



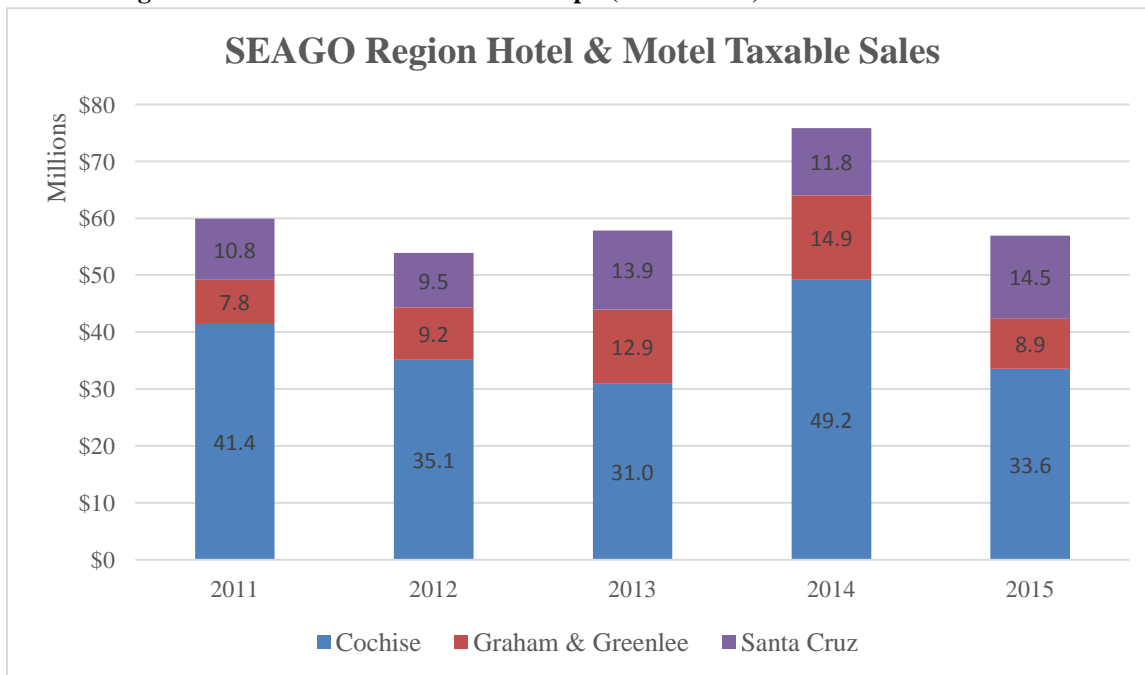
Source: Arizona Department of Revenue and UsEconomicResearch.com

SEAGO Region Restaurant & Bar Sales Graph (2011 – 2015)



Source: Arizona Department of Revenue and UsEconomicResearch.com

SEAGO Region Hotel & Motel Taxable Sales Graph (2011 – 2015)



Source: Arizona Department of Revenue and UsEconomicResearch.com

Arizona, SEAGO Region, and County Retail Sales (2011 – 2015)

	2011	2012	2013	2014	2015
Arizona	\$47,457,623,636	\$49,471,692,132	\$53,269,500,627	\$56,435,926,783	\$60,861,931,664
SEAGO Region	\$1,416,792,619	\$1,473,725,729	\$1,598,042,441	\$1,528,780,642	\$1,586,269,579
Cochise	\$738,530,377	\$765,346,714	\$821,278,542	\$805,853,698	\$850,198,012
Graham	\$206,143,373	\$212,439,125	\$235,135,925	\$248,821,809	\$231,135,905
Greenlee	\$168,980,155	\$193,478,966	\$231,412,565	\$162,372,004	\$157,097,558
Santa Cruz	\$303,138,714	\$302,460,924	\$310,215,409	\$311,733,131	\$347,838,104

Source: Arizona Department of Revenue and UsEconomicResearch.com

Arizona, SEAGO Region, and County Restaurant and Bar Sales (2011 – 2015)

	2011	2012	2013	2014	2015
Arizona	\$9,649,965,315	\$10,305,248,192	\$10,735,879,894	\$11,537,287,649	\$12,324,144,356
SEAGO Region	\$206,566,501	\$211,999,846	\$220,004,649	\$227,726,419	\$235,740,290
Cochise	\$134,339,642	\$131,097,330	\$132,836,134	\$136,344,023	\$141,594,309
Graham	\$25,836,637	\$29,025,760	\$32,067,978	\$36,160,017	\$34,675,321
Greenlee	\$4,447,940	\$5,768,065	\$6,261,788	\$5,053,912	\$5,976,287
Santa Cruz	\$41,942,282	\$46,108,691	\$48,838,749	\$50,168,467	\$53,494,373

Source: Arizona Department of Revenue and UsEconomicResearch.com

Arizona, SEAGO Region, and County Hotel/Motel Taxable Sales (2011 – 2015)

	2011	2012	2013	2014	2015
Arizona	\$2,101,530,133	\$2,169,576,129	\$2,226,022,758	\$2,455,706,187	\$2,776,669,934
SEAGO Region	\$59,942,997	\$53,879,982	\$57,822,008	\$75,856,045	\$56,950,319
Cochise	\$41,394,020	\$35,122,242	\$31,009,237	\$49,176,455	\$33,562,089
Graham and Greenlee	\$7,758,166	\$9,231,096	\$12,946,076	\$14,871,841	\$8,880,483
Santa Cruz	\$10,790,811	\$9,526,644	\$13,866,695	\$11,807,749	\$14,507,747

Source: Arizona Department of Revenue and UsEconomicResearch.com