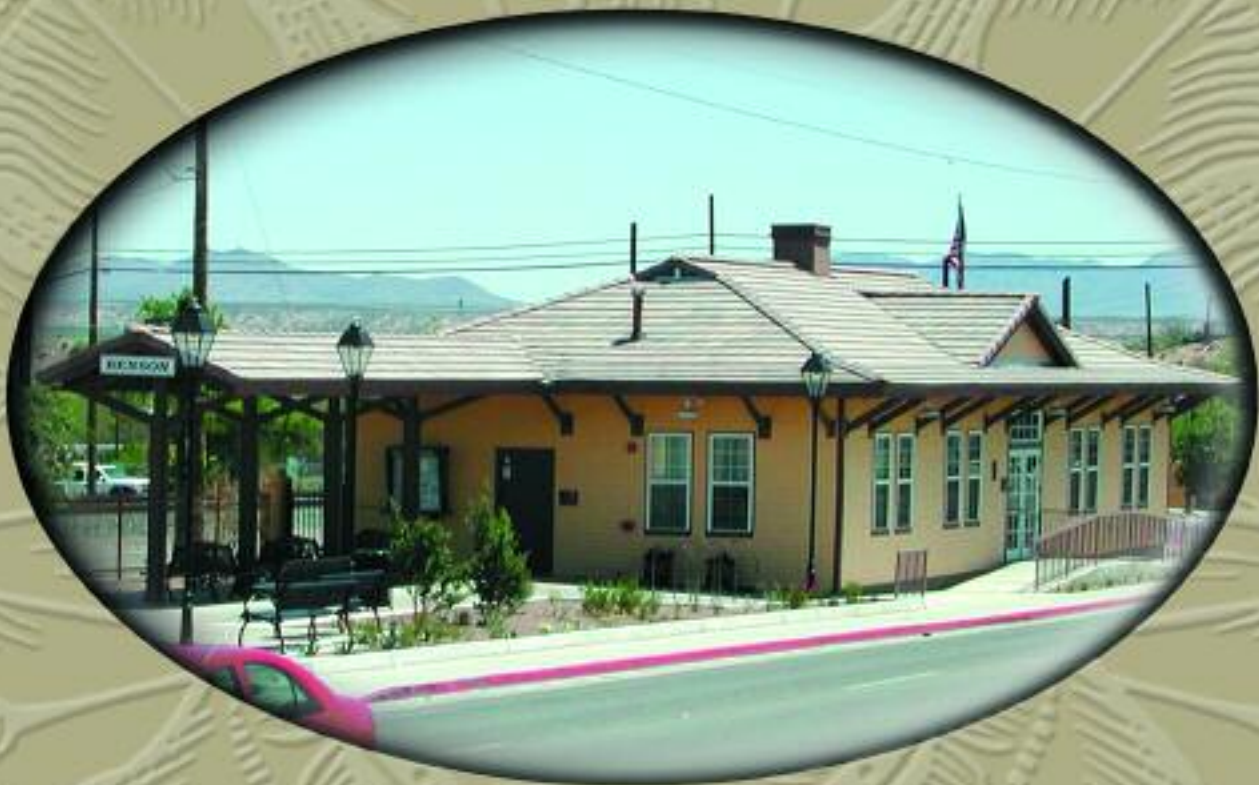


2003-2004
BENSON
PROSPECTUS



**AN ECONOMIC OVERVIEW OF BENSON, ARIZONA AND THE SAN PEDRO VALLEY
PRESENTED BY THE COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH**

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The Benson Visitor Center welcomes tourists to the city. Located just east of Tucson on I-10 and surrounded by local attractions, Benson offers a warm welcome to winter snowbirds and summer visitors.

COVER PHOTOS BY JOHN AND JEANIE MANGOLD

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Building Toward a Brighter Economy



Ken Jones, Director
Cochise College Center for
Economic Research

While the national economy continued to show signs of improvement over the past year, the City of Benson also saw some positive changes in its economy and economic development. This marks the seventh publication of the Benson Prospectus and, with it, the seventh economic focus luncheon. A lot has happened in the Benson economy over those seven years, including construction of the city's wastewater treatment plant, two golf courses, and the municipal airport; not to mention millions of dollars in both public and private construction connected to the opening of Kartchner Caverns State Park.

Nationally, indicators point to an economy well into recovery. During spring 2004, consumer confidence made dramatic increases and showed indications of a healthy gross domestic product (GDP). GDP is the measure of the nation's output and, during the first quarter of 2004, it stood at 4.4 percent following a fourth-quarter annual performance of 4.1 percent. While inflation remains a non-issue at the current time, the Federal Reserve is watching for signs of inflation concerns as the economy continues to heat up. Word is that consumers can expect an increase in interest rates by the Fed by late summer or in the fall.

The one area that continues to remain a concern at the national level is that of job growth. Over the past year, the out-

sourcing of jobs to other countries has become the center of controversy. With more than two million jobs lost during the current administration, concern has been the lackluster performance of job creation over the past several months. Job creation has been referred to as a lagging indicator, meaning that often, improvement in unemployment is typically one of the last measures of the economy to show improvement. Perhaps over the next several months, as the economy continues to improve, new jobs will be created.

Economic indicators point to a somewhat mixed economy in the Benson area as far as performance over the last year. While retail sales growth and total taxable sales growth were strong and came in as expected, disappointments occurred in hotel/motel receipts and restaurant and bar sales. In November, the city experienced the opening of Kartchner Caverns' Big Room. It was anticipated that the opening of the Big Room would bring increased tourism and, thus, improvements in sales activity.

The housing market in the area appeared a bit slower than anticipated for both new and existing home activity; however, new construction of site-built homes outside the city limits was up considerably. In addition, commercial construction showed strong gains in both new and remodeling activity. Included in commercial activity was the construction of the new county building and the Southeastern Arizona Behavioral Services building. In addition, Benson hired a new city manager. At the present time, work is progressing on plans for new residential developments on the city's west side. It looks as though economic development will continue to be strong in the Benson area for the near future.

THIS MARKS THE SEVENTH PUBLICATION
OF THE BENSON PROSPECTUS ...
A LOT HAS HAPPENED IN THE BENSON ECONOMY
OVER THOSE SEVEN YEARS ...

The City of Benson



Southeastern Arizona Behavioral Health Service (SEABHS) new administration building. Photo: John and Jeanie Mangold

Benson is located in the scenic and historic San Pedro Valley of southeastern Arizona. The city offers an attractive climate, excellent access to major transportation routes, and a variety of cultural and recreational opportunities.

The City of Benson was incorporated in 1924 and named for Judge William B. Benson, a friend of the president of the Southern Pacific Railroad. The railroad, completed in the 1880s, established Benson as a transportation hub.

In the early 1900s, the community of Benson grew along with the demand for copper and silver. Metals mined in the San Pedro Valley were shipped to Benson for smelting and distribution by way of the railroad. Even now, the nearness of Benson to railways, the interstate, and state highways remains an advantage.

Since its grand opening in December 1999, the Benson Municipal Airport has seen some major improvements. The airport is now home to 10 aircraft and averages 600 aircraft arrivals and departures. The air traffic is primarily due to flight training, tourists to Kartchner Caverns, and other local attractions, including golf. Southwestern Aviation acquired the first lease in early 2002 and currently provides fuel, flight training, aircraft rental, and rental car services. A Tucson entrepreneur acquired the second lease in March 2003 and

will construct three commercial hangars over the next couple of years. Another Tucsonan acquired the third land lease in April 2003 and has completed a 12-bay hangar. The bays were made available for long-term lease in early May 2004. In March 2004, the construction on the parallel taxiway and connecting taxi lanes was completed. The ribbon-cutting ceremony was held in April 2004 in the new 12-bay hanger. The three-mile access road was paved using funds from an Economic Strength grant from the Department of Commerce. With all these improvements, it is no surprise that several businesses have expressed interest in locating to Arizona's newest airport.

Benson offers close proximity to several scenic areas and historical sites. Kartchner Caverns State Park, which opened in November 1999, is located just south of the city. Chiricahua National Monument, Fort Bowie National Historic Site, and the historic towns of Bisbee and Tombstone are nearby.

The moderate climate of the Benson area has encouraged a growing popularity and recognition of Benson as a retirement community, as well as a destination for tourists and winter visitors. The close proximity to Tucson also makes the area ideal for people working in Tucson who value the small-town atmosphere.

CLIMATE

Benson enjoys a climate that is cooler than communities at lower elevations, such as Tucson and Phoenix. At an elevation of 3,580 feet, the climate is more temperate than that of higher mountain communities of Arizona. The average monthly temperature ranges from an overnight low of 29.5 degrees Fahrenheit to a daytime high of 95.9 degrees. Benson receives approximately 11.4 inches of precipitation a year. The moderate temperatures and precipitation testify to wonderful year-round weather.

POPULATION

The estimated population of the City of Benson as of July 2003 was 4,780. This is up 1.5 percent from 4,711 as reported in Census 2000. Based on its population size, Benson ranks as the 54th largest sub-county area of 87 areas statewide. Based on its growth rate since Census 2000, Benson ranks as the 77th fastest growing sub-county area of the 87 statewide areas. These figures are based on the latest estimates from the Arizona Department of Economic Security (DES).

BENSON WEATHER

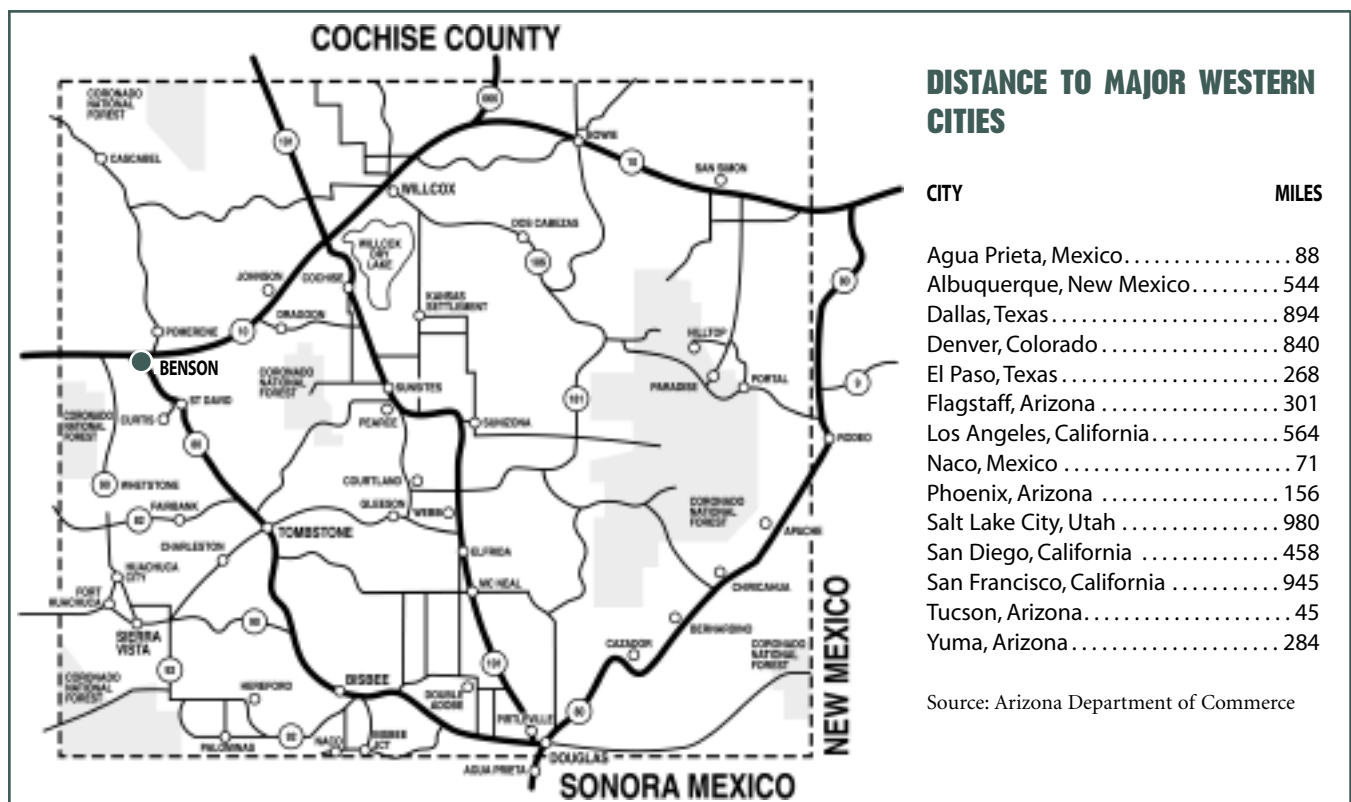
	AVERAGE TEMPERATURE (°F)			AVERAGE TOTAL (IN.) PRECIPITATION MONTH
	DAILY MAX.	DAILY MIN.		
January	61.8	29.5		0.7
February	65.5	32.0		0.5
March	70.5	36.0		0.5
April	78.7	42.6		0.3
May	87.5	49.7		0.1
June	95.9	59.1		0.3
July	96.4	66.5		2.9
August	93.2	65.3		3.2
September	91.2	58.0		1.2
October	82.5	45.9		0.6
November	71.0	34.5		0.4
December	63.0	30.0		0.8
Year	79.8	45.0		11.0

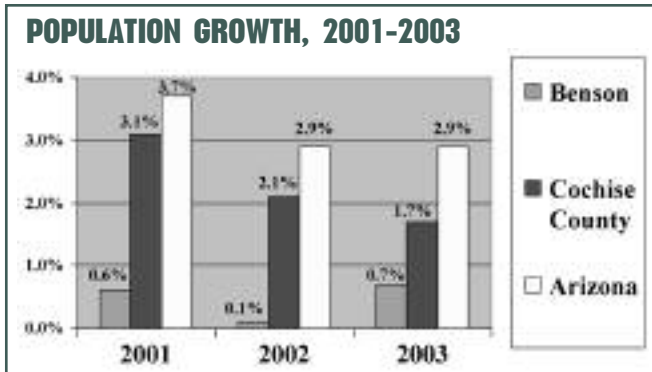
Source: Arizona Department of Commerce

The greater Benson area, as defined by the boundaries of the Benson Census County Division (CCD), had a population of 11,012 according to Census 2000. This includes the population within the City of Benson, as well as in the surrounding areas of St. David, Pomerene, and Mescal. The Benson CCD does not include the nearby J-Six subdivision, much of which is physically located in Pima County.

According to the U.S. Census Bureau, Benson's population grew 23.2 percent during the 1990s, outpacing the population growth of Cochise County as a whole, which grew at 20.6 percent, but lagging behind the State of Arizona's rapid population growth of 40.0 percent during the same period. Since 2000, according to DES, Benson has grown at less than 1 percent each year. Benson's overall population growth of 1.5 percent since 2000 has fallen behind that of Cochise County, which has grown by 7.1 percent, and even further behind that of the state, which has grown by 9.7 percent.

According to the latest census data, approximately 19.8 percent of Benson's population is Hispanic or Latino (of any race), compared to a 30.7-percent Hispanic/Latino population





for all of Cochise County, and a 25.3-percent Hispanic/Latino population statewide. Benson's population is 89.3 percent white, compared to 76.7 percent for the county and 75.5 percent statewide. Benson's population is 51.1 percent female and 48.9 percent male.

For the population aged 5 years and older, 83.1 percent resides in homes where English is the only language spoken, compared to 70.5 percent countywide and 74.1 percent statewide. Of those who reside in homes where a language other than English is spoken, the vast majority (91.3 percent) also speaks Spanish.

According to the most recent census data, the median age of the city's population is 49.6 years, up from 43.6 years in 1990 and considerably higher than the median age of 36.9 years for Cochise County and 34.2 years statewide. Benson's largest age group is 65 to 74 years, comprising 16.4 percent of the city's population. The next largest age group is 45 to 54 years, comprising 12.4 percent of the population. Overall, 34.4 percent of Benson's population is aged 62 years or older, compared to 17.9 percent of the county population and only 13.0 percent of the statewide population.

The average Benson household size is 2.2 persons, compared to 2.5 persons for the county, and 2.6 persons per household statewide. Of total Benson households, 64.6 percent are classified as family households. A total of 18.9 percent of households have children under the age of 18 living at home. A total of 4.5 percent of Benson households are headed by single mothers of children under the age of 18, compared to 7.1 per-

cent countywide and 6.8 percent statewide. Of Benson's population aged 15 and older, 58.6 percent is married, 13.6 percent is divorced, and 11.7 percent is widowed.

Of the population aged 25 years and older, 77.1 percent have at least a high school diploma or equivalent, compared to 79.5 percent countywide and 81.0 percent statewide. A total of 14.3 percent of Benson residents hold a bachelor's degree or higher, compared to 18.8 percent for the county and 23.5 percent statewide.

Veterans of the military comprise 23.2 percent of Benson's population, which is approximately the same rate as that of the county, but is significantly higher than the statewide rate of 15.0 percent.

As of Census 2000, approximately 47 percent of Benson's population had resided in the same house for at least five years. Approximately 26 percent of Benson's population aged 5 years and older had relocated to the city within the previous five years from outside Cochise County.

EDUCATION

The educational opportunities in the area are first rate. One primary school, two elementary schools, and one high school serve the children. Higher education, readily available in nearby communities, was enhanced greatly with the 2000 opening of Cochise College's \$2.3 million Benson Center.

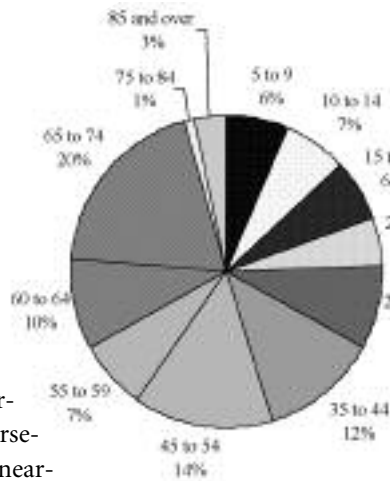
The Benson Unified School District, encompassing approximately 620 square miles, includes one primary school, one elementary school, and one high school. The Pomerene School District includes one elementary school. Benson Unified School District includes approximately 969 students according to the 2003-2004 enrollment figures. The high school has an enrollment of approximately 363 students, the middle school has 296 students, and the primary school has 310 students. Benson students routinely score above national averages on standardized tests.

Higher education opportunities are also available to the area. Cochise College, a public community college, has cam-

	BENSON		COCHISE COUNTY		ARIZONA	
	POPULATION	GROWTH	POPULATION	GROWTH	POPULATION	GROWTH
1990	3,824	—	97,674	—	3,665,229	—
2000	4,711	23.2%*	117,755	20.6%*	5,130,632	40.0%*
2001	4,740	0.6%	121,435	3.1%	5,319,895	3.7%
2002	4,745	0.1%	124,040	2.1%	5,472,750	2.9%
2003	4,780	0.7%	126,160	1.7%	5,629,870	2.9%

*Indicates total growth over the period 1990-2000.
 Source: Figures for 1990 and 2000 obtained from the U.S. Census Bureau. Figures for 2001-2003 are estimates provided by the Arizona Department of Economic Security.

pus sites in Sierra Vista and Douglas. The Cochise College Benson Center was completed in August 2000. For the spring 2004 semester, the campus had an enrollment of 177 full- and part-time students. The \$2.3 million facility is a 12,000-square-foot building on 13.3 acres along State Route 90. Students interested in higher degrees may complete coursework at Cochise College and continue at nearby University of Arizona campuses. The University of Arizona has a central campus in Tucson and a branch campus in Sierra Vista.



BENSON'S AGE GROUPS

square miles. Benson Hospital is leased from and managed for the district by the Benson Hospital Corporation.

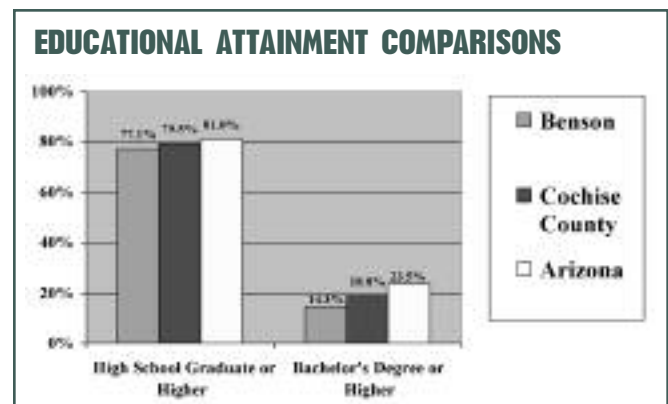
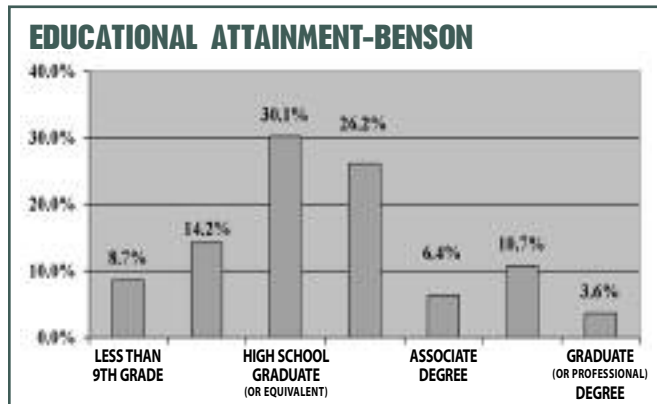
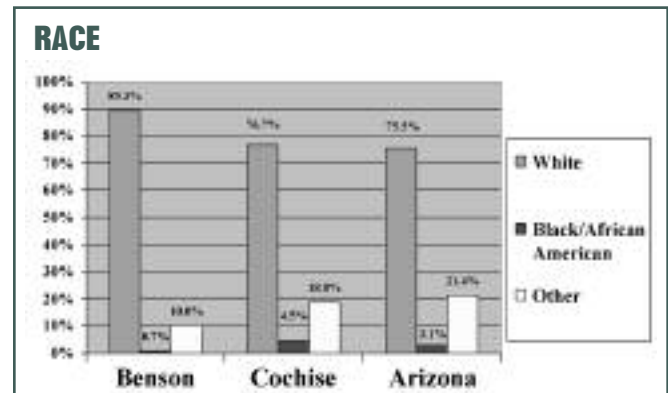
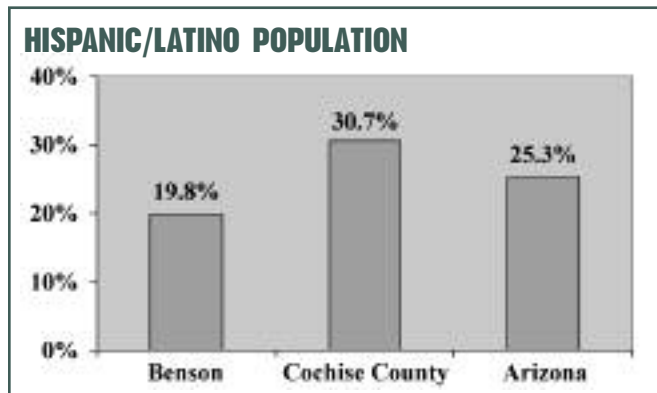
The hospital's goal is to provide high-quality healthcare to residents within the District and to passersby in need of medical assistance. Benson Hospital has 22 beds that can be used for either acute or long-term care. Many of the beds are equipped with cardiac monitors. All 22 beds are also certified as Medicare skilled nursing facility beds. The average length of stay for an acute-care patient is three days. The most commonly treated inpatient diagnoses are cardiac and respiratory in nature. The hospital also has an emergency room that is open and staffed by a physician 24 hours per day, seven days a week. The emergency room has about 5,000 visits per year. The Benson Hospital does not have an intensive care unit. Intensive care services and other services requiring specialized physicians and procedures take place in larger hospitals in Tucson and Sierra Vista, located 45 and 35 miles respectively, outside of Benson.

HEALTHCARE

Healthcare facilities and services are a major community asset. Adequate healthcare services make a positive statement on a community's quality of life. Local physicians and a local hospital service Benson.

The residents of the San Pedro Valley Hospital District own the Benson Hospital building, land, and much of the hospital equipment. The hospital district was formed in 1962 as a special taxing entity, created by the residents, to publicly provide healthcare services. The district encompasses the towns of Benson, St. David, Pomerene, and Dagoon, an area of 1,100

Benson Hospital offers full-service basic laboratory and radiology testing. Mammography and ultrasound services also are available. In addition, a full range of physical therapy, occupational therapy, and speech therapy services are offered.



Employment



Beaudry dealership refurbishes and offers services to Benson area residents. Photo: John and Jeanie Mangold

UNEMPLOYMENT

In 2003, Benson's unemployment rate averaged 6.1 percent, compared to 5.2 percent for Cochise County and 5.6 percent statewide. The national unemployment rate for 2003 averaged 6 percent. Benson's unemployment rate was down three-tenths of a percent from 6.4 percent the previous year, but remained higher than in 2000 and 2001, both of which saw the city's unemployment rate drop to 5.4 percent, the lowest rate the city had seen in more than a decade.

Benson's labor force for 2003 consisted of an average of 1,635 potential workers, of which 1,535 were actually employed. The labor force consists of those persons 16 years of age and older who are either employed or actively seeking employment.

In nearby St. David, the average unemployment rate for 2003 was 2.0 percent. St. David had a labor force of 596 potential workers, of which 584 were employed. The combined unemployment rate for Benson and St. David for 2003 averaged 5.0 percent, with a combined labor force of 2,231 potential workers, of which 2,119

were employed. Employment data are not available for Mescal, Pomerene, or J-Six.

As of March 2004, Benson's unemployment rate sat at 5.2 percent, compared to 6.8 percent in March 2003. It is important to note that Benson's month-to-month unemployment rate reflects seasonal patterns evident in employment data for most localities. Over the past decade, the trend in Benson has been for higher-than-average unemployment rates to prevail in January, February, March, June, July, and December, while lower-than-average rates prevail in April, May, August, September, October, and November. Adjusting for this seasonality, Benson's unemployment rate as of March 2004 was 5.0 percent.



BENSON OCCUPATIONS

A look at employment in Benson over the past five years (1999-2003) reveals that the city has seen an average annual unemployment rate of 5.9 percent, reflecting a vast improvement over the previous five-year period (1994-1998), which saw an average unemployment rate of 9.8 percent. Benson's labor force has increased from

an average of 1,493 in 1999 to 1,633 as of March 2004. Job growth in Benson for 2003 was 1.4 percent. Over the five-year period from 1999 to 2003, Benson's average annual job growth was 2.8 percent. Employment data is based on Arizona Department of Economic Security (DES) figures. Seasonally adjusted rates are calculated by the Center for Economic Research (CER).

Occupations in Benson vary over a broad spectrum of employment opportunities. According to data collected during Census 2000, of those workers aged 16 years and older, 24.9 percent are employed in sales and office occupations, followed by 24.3 percent in service occupations and 21.9 percent in management, professional, and related occupations. Construction, extraction, and maintenance operations employ approximately 15.3 percent of the city's workers, while production, transportation, and material moving occupations



Lifeline emergency helicopter takes off from the Dedication and Fly-In at the Benson Airport. Photo: John and Jeanie Mangold

employ approximately 13.5 percent.

The industry employing the largest number of Benson workers, according to Census 2000 data, is the educational, health and social services industry, which employs approximately 26.1 percent of workers, followed by arts, entertainment, recreation, accommodation and food services, which employs 15.1 percent; retail trade, which employs 13.7 percent; transportation and warehousing, and utilities, which employs 9.7 percent; and public administration, which employs 8.5 percent of Benson's workers.

Approximately 72.2 percent of Benson workers are private wage and salary workers, while 19.4 percent are government workers. Self-employed workers in unincorporated businesses comprise 8.4 percent of the Benson workforce.

BENSON MONTHLY UNADJUSTED AND SEASONALLY ADJUSTED UNEMPLOYMENT RATES, 2002-2004

	UNADJUSTED RATE	SEASONAL FACTOR	SEASONALLY ADJUSTED RATE		UNADJUSTED RATE	SEASONAL FACTOR	SEASONALLY ADJUSTED RATE
2002				2003			
January	6.8%	1.09765	6.2%	January	6.4%	1.09684	5.8%
February	7.0%	1.06874	6.5%	February	6.8%	1.08752	6.3%
March	6.6%	1.04667	6.3%	March	6.8%	1.04551	6.5%
April	6.3%	0.97395	6.5%	April	6.6%	0.97184	6.8%
May	6.3%	0.96924	6.5%	May	6.6%	0.96923	6.8%
June	6.8%	0.97642	7.0%	June	6.8%	1.00155	6.8%
July	7.0%	1.00678	7.0%	July	6.8%	1.00099	6.8%
August	6.3%	0.96896	6.5%	August	6.2%	0.95344	6.5%
September	6.0%	0.96863	6.2%	September	5.6%	0.96153	5.8%
October	5.9%	0.93077	6.3%	October	5.0%	0.93794	5.3%
November	5.9%	0.95837	6.2%	November	4.9%	0.94988	5.2%
December	6.0%	1.03383	5.8%	December	4.9%	1.02373	4.8%
Average	6.4%		6.4%	Average	6.1%		6.1%
2004				2004			
				January	5.6%	1.08003	5.2%
				February	5.7%	1.08601	5.2%
				March	5.2%	1.03341	5.0%
				Average	5.6%		5.1%

Source: Unadjusted rates obtained from the Arizona Department of Economic Security. Seasonally adjusted rates computed by the Cochise College Center for Economic Research

It is important to note that employment data is subject to sizeable revisions. DES, the major source for employment data throughout Arizona, benchmarks data every two years based on the most current population estimates. DES also revises 10-year time series employment data following each U.S. Census. The most recent revision of data from 1990 to 1999, and the benchmarking of 2002-2003 data, occurred in February 2004.



Nancy Martin and Kathy Dvorak, Southwestern Aviation, FBO, Benson Airport. Photo: John and Jeanie Mangold

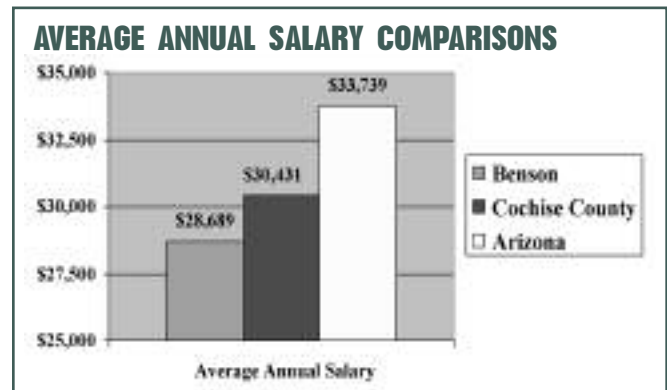
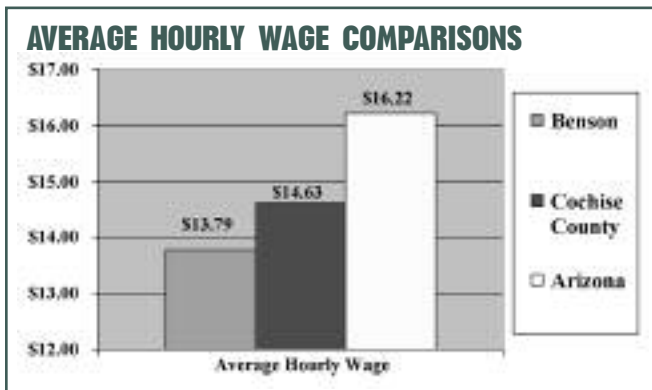
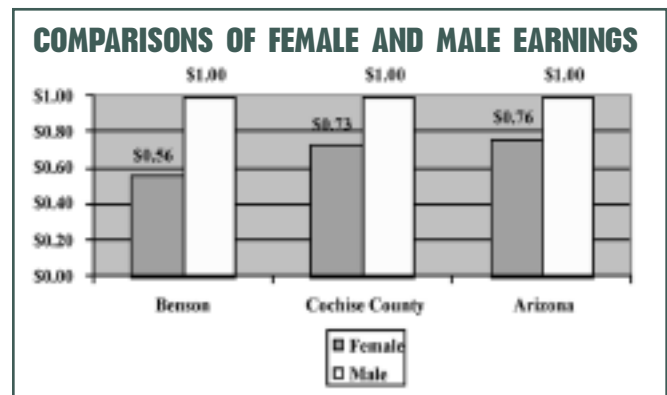
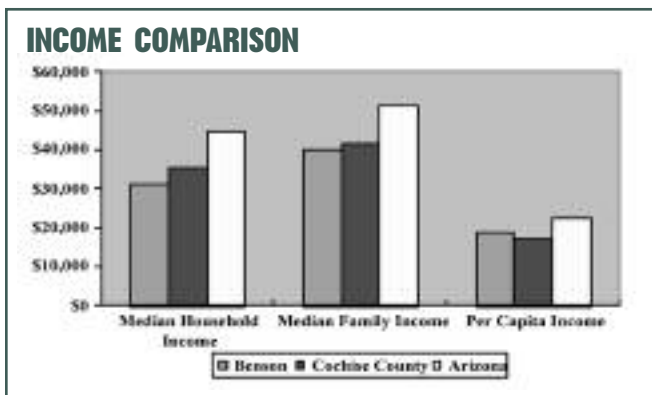
age annual non-farm employment expanded by 1.1 percent, growing from 33,400 to 33,775, a net gain of 375 jobs.

The fastest growing category was trade, transportation, and utilities, which grew by 200 jobs – a 3.4 percent increase over 2002. Other categories that experienced growth were financial activities, which grew by 25 jobs (2.9 percent); manufacturing, which grew by 25 jobs (2.8 percent); construction, which grew by 50 jobs (2.3 percent); other services, which grew by 25 jobs (2.3 percent); educational and health services, which grew by 50 jobs (1.4 percent); and government, which grew by 150 jobs (1.3 percent).

COCHISE COUNTY EMPLOYMENT BY CATEGORY

DES tracks employment on a monthly basis by category using the North American Industrial Classification System (NAICS) and makes this data available for the state and county levels. According to DES figures, in 2003 Cochise County's aver-

The category of leisure and hospitality lost 125 jobs, a decline of 3.3 percent. The categories of natural resources and mining, and information remained unchanged.



MAJOR EMPLOYERS

Most of the businesses in Benson are considered small as defined by the number of employees. According to the U.S. Census Bureau, 62.0 percent of the 187 business establishments surveyed in 1997 employ fewer than five employees and 83.0 percent employ fewer than 10 employees. These figures represent a diversified business climate and a community that is not reliant upon any one business for its livelihood.

The table listing the major employers in the area reflects the diversity of the employment categories. These figures include both full- and part-time employees. While all of the employers listed have offices in the area, not all of their employees report to work in



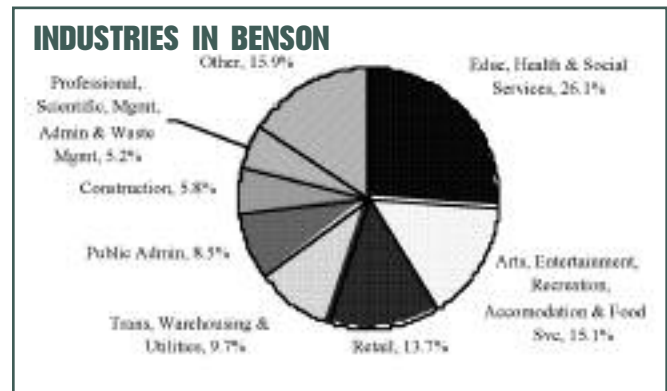
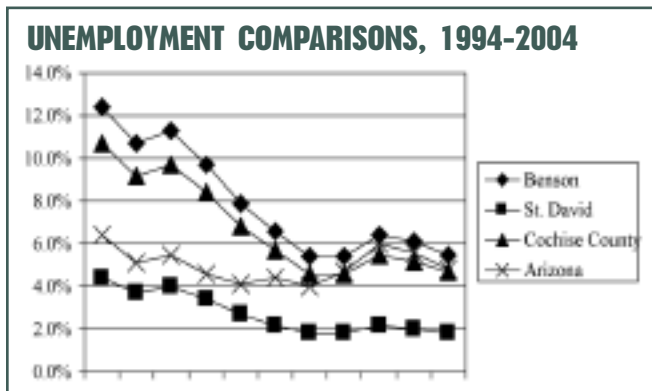
Lawley's Team Ford-Benson. Photo: CER

Benson. Area employers supply these employee counts as self-reported figures.

EARNINGS AND INCOME

The median household income in Benson for 2003 was approximately \$31,244, compared to \$35,458 for Cochise County and \$44,794 statewide. The median family income for Benson in 2003 was approximately \$40,052, compared to \$41,974 for the county and \$51,603 statewide. Benson's per capita income in 2003 was approximately \$19,123, compared to \$17,658 for the county and \$22,393 for the state. These figures are estimated by the Center for

Economic Research based on the most recent census data.

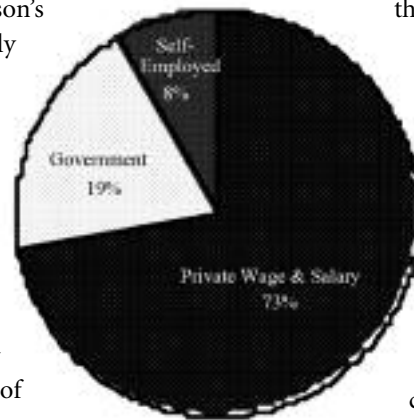


COCHISE COUNTY NON-FARM EMPLOYMENT BY CATEGORY

	2002	2003	CHANGE	% CHANGE
Natural Resources and Mining	50	50	-	0.0%
Construction	2,175	2,225	50	2.3%
Manufacturing	900	925	25	2.8%
Trade, Transportation, and Utilities	5,925	6,125	200	3.4%
Information	475	475	-	0.0%
Financial Activities	850	875	25	2.9%
Professional and Business Services	3,425	3,450	25	0.7%
Educational and Health Services	3,525	3,575	50	1.4%
Leisure and Hospitality	3,750	3,625	-125	-3.3%
Other Services	1,075	1,100	25	2.3%
Government	11,250	11,400	150	1.3%
Total Non-farm	33,400	33,775	375	1.1%

Source: Arizona Department of Economic Security.

It is interesting to note that while Benson's median household income and family income lagged significantly behind that of the county and state, the city's per capita income is actually higher than that of the county. The reason is that the median age of Benson's population is significantly higher than that of the county, resulting in smaller household and family sizes. According to the latest census data, only 18.9 percent of Benson's family households have children under the age of 18, compared to 32 percent of the county's households. Thus, while Benson's families and households receive less income than the county average, the income per capita is actually higher. Moreover, most Benson households and families do not bear



BENSON'S CLASSES OF WORKERS

the increased costs associated with having children under the age of 18 living at home.

In 2003, the median earnings for male, full-time, year-round workers in Benson were approximately \$37,565, compared to \$20,945 for females. Thus, female full-time, year-round workers earned approximately 56 cents to the dollar compared to males. Female full-time, year-round workers in the county earned approximately 73 cents to the dollar compared to males, while statewide females earned 76 cents to the dollar compared to males. These figures are based on the most recent census data, adjusted for inflation.

The average wage per job in Benson in 2003 was approx-

ANNUAL UNEMPLOYMENT RATE COMPARISONS, 1994-2004

	BENSON	ST. DAVID	COCHISE COUNTY	ARIZONA
1994	12.4%	4.4%	10.7%	6.4%
1995	10.7%	3.7%	9.2%	5.1%
1996	11.3%	4.0%	9.7%	5.5%
1997	9.7%	3.4%	8.4%	4.6%
1998	7.9%	2.7%	6.8%	4.1%
1999	6.6%	2.2%	5.7%	4.4%
2000	5.4%	1.8%	4.6%	4.0%
2001	5.4%	1.8%	4.6%	4.7%
2002	6.4%	2.2%	5.5%	6.2%
2003	6.1%	2.0%	5.2%	5.6%
2004*	5.5%	1.8%	4.7%	4.8%

* Data available through March 2004.
Source: Arizona Department of Economic Security

BENSON LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT RATE AND JOB GROWTH, 1994-2004

	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT RATE	JOB GROWTH
1994	1,561	1,368	12.4%	--
1995	1,617	1,444	10.7%	5.6%
1996	1,578	1,400	11.3%	-3.0%
1997	1,469	1,326	9.7%	-5.3%
1998	1,451	1,337	7.9%	0.8%
1999	1,493	1,394	6.6%	4.3%
2000	1,475	1,395	5.4%	0.0%
2001	1,545	1,462	5.4%	4.8%
2002	1,618	1,514	6.4%	3.6%
2003	1,635	1,535	6.1%	1.4%
2004*	1,633	1,544	5.5%	0.6%

* Data available through March 2004
Source: Arizona Department of Economic Security and Cochise College Center for Economic Research

imately \$13.79 per hour, compared to approximately \$14.63 per hour countywide and \$16.22 per hour statewide. The average annual salary in Benson in 2003 was \$28,689, compared to \$30,431 for the county and \$33,739 for the state. These figures are estimated by the CER based on 2002 DES estimates and the most recent census data and are expressed in 2003 dollars.

It is important to note that while Benson incomes and wages lagged behind those of the county and state, county incomes tended to be pushed upward by the high wages and incomes prevailing in Sierra Vista, while state wages and incomes were pushed upward by higher wages prevailing in the major metropolitan areas of Tucson and Phoenix. In Sierra Vista, higher wages are associated with the booming information technology sector supporting Fort Huachuca and government agencies nationwide and around the world. Moreover, Sierra Vista incomes were pushed upward by the large population of retirees, many of whom have retired from the military and moved into the information technology or defense contracting sector and draw higher-than-average wages in addition to receiving retirement income. Interestingly, according to the latest census data, 34.8 percent of households in Benson receive retirement income, which is only 6.3 percent higher than the rate in Sierra Vista (28.5 percent); however, 47.7 percent of Benson households draw Social Security benefits, almost double the rate of that in Sierra Vista (25 percent). Moreover, only 54 percent of Benson households receive earnings (wage or salary income and net income from self-employment), compared to 79.2 percent in

BENSON MAJOR EMPLOYERS

EMPLOYER	EMPLOYEES
Arizona's G&T Cooperatives	300
(Arizona Electric Power Cooperative, Inc.)	
(Sierra Southwest Cooperatives Services, Inc.)	
(Southwest Transmission Cooperatives Services, Inc.)	
Benson Unified School District	150
Benson Hospital	140
SEABHS	136
Apache Nitrogen Products, Inc.	82
City of Benson	80
Safeway Stores, Inc.	80
Quiburi Samaritan Center	80
Gas City	60
AACCO Cast Products	32
McDonalds	30
Denny's.	26

Source: Cochise College Center for Economic Research

Sierra Vista. This indicates a much younger retired population in Sierra Vista that receives retirement income and continues to work, pushing up the average income of that city, and, as a result, the county as a whole.

BENSON & ST. DAVID COMBINED: LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT RATE AND JOB GROWTH, 1994-2004

	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT RATE	JOB GROWTH
1994	2106	1889	10.3%	--
1995	2188	1994	8.9%	5.6%
1996	2133	1933	9.4%	-3.1%
1997	1992	1831	8.1%	-5.3%
1998	1974	1846	6.6%	0.8%
1999	2036	1925	5.5%	4.3%
2000	2016	1926	4.5%	0.1%
2001	2111	2018	4.4%	4.8%
2002	2207	2090	5.3%	3.6%
2003	2231	2119	5.0%	1.4%
2004*	2232	2132	4.5%	0.6%

* Data available through March 2004

Source: Arizona Department of Economic Security and Cochise College Center for Economic Research

Retail and Trade



ALCO Department store. Photo: John and Jeanie Mangold

AREA TRAFFIC

Even with a population of fewer than 5,000 people, it is estimated that the city of Benson serves a market more than twice that size. As seen in the population segment of this publication, more than 11,000 people live in the immediate area. In addition, the city's location makes it accessible to thousands of travelers along Interstate 10 and Highways 80 and 90.

According to the Arizona Department of Transportation (ADOT), average daily traffic counts in the Benson area reflect the large volume of vehicles passing through. In 2001, ADOT counted an average of 8,266 vehicles per day passing by the entrance to Kartchner Caverns State Park along State Route 90. An average of 10,000 vehicles per day passes milepost 293.5 on State Route 80, which runs through the east side of Benson. Interstate 10 traffic varies from 31,000 vehicles per day at milepost 305 to 29,000 vehicles per day at milepost 303.5.

TOTAL TAXABLE SALES

Total taxable sales include construction; manufacturing; transportation, communications and utilities; wholesale trade; retail; restaurant and bar sales; finance, insurance and real estate; hotels and motels; services; and all others. Total taxable sales within the City of Benson for 2003 were \$74,023,302, up 5.4 percent from \$70,246,724 in 2002. During the first half of 2003, total taxable sales grew 1.9 percent, speeding up during the second half of the year and growing at a rate of 9.0 percent.

Much of the growth during the second half of the year can be attributed to the category of construction, which increased 34.3 percent over the same period in 2002.

Overall, in 2003 construction grew 11.1 percent; wholesale trade grew 33.3 percent; retail sales grew by 5.7 percent (see the retail sales section, page 13); finance, insurance and real estate grew 18.9 percent; services grew 9.7 percent; and the category "all others"

TRAFFIC COUNT

LOCATION	2001 AVERAGE DAILY COUNT
I-10 MP 300	35,068
I-10 MP 303	30,000
I-10 MP 304	31,000
I-10 MP 305	25,117
I-10 MP 315	24,000
SR 90 MP 292	8,266
SR 80 MP 293.5	10,000
Ocotillo (N. of Tracks)	4,500
West 4th Street B-10	10,160
4th Street (Between Lights).....	15,802
East 4th (Beyond Underpass)	3,872

Source: Arizona Department of Transportation

grew 104.7 percent. Categories that saw a drop in sales included transportation, communications and utilities, which declined 22.7 percent; restaurant and bar sales, which declined 1.3 percent (see the restaurant and bar sales section, below); and hotels, motels and other lodging, which declined 1.9 percent (see the lodging section, below).

Due to a change in computer programs, the Arizona Department of Revenue was unable to provide sales data for the first quarter of 2004.

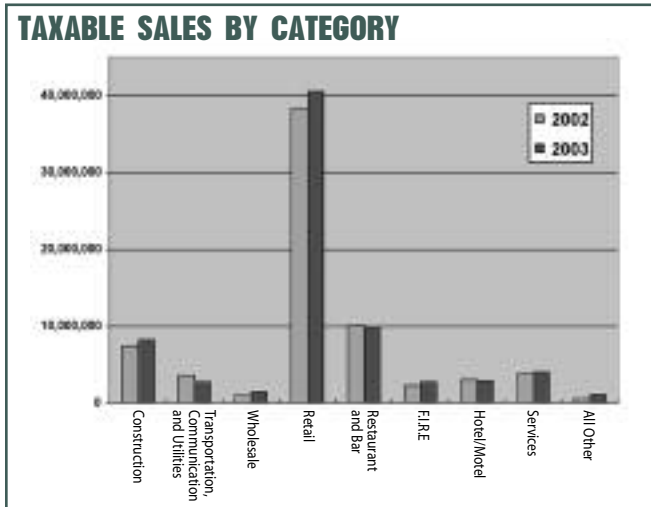
RETAIL SALES

In 2003, total revenue in retail sales was \$40,509,040, up 5.7 percent from \$38,318,360 in 2002. Retail sales rose 5.5 percent during the first half of the year and 5.9 percent during the second half of the year. The stronger growth in the second half can be attributed to the opening of the ALCO Discount Store in November, just in time for the holiday shopping season. According to the Arizona Department of Revenue, as of December, Benson had 118 retail establishments.

In 2003, retail sales grew at a much faster rate than in 2002, which saw receipts grow by only 2.8 percent. This was after a drop of 1.0 percent in 2001, which marked the first year that retail sales had declined since the Center began tracking sales activity in 1995. The decline in retail sales in 2001 was due to weaker than normal performance in the second half of the year, attributable to the terrorist attacks of September 11, 2001.

Due to a change in computer programs, the Arizona Department of Revenue was unable to provide retail sales data for the first quarter of 2004.

The Arizona Department of Revenue provides a retail sales analysis of Cochise County business. The table shows selected categories within retail sales at the county level, but a breakdown of retail sales by category is not available for individual cities and towns within Cochise County. As the table on page 14 reflects, retail sales were up 14.0 percent in 2003 across the county.



	2002	2003	% CHANGE
Construction.....	7,447,680	8,276,880	11.1%
Transportation, Communications & Utilities	3,629,920	2,807,280	-22.7%
Wholesale Trade	1,055,760	1,407,200	33.3%
Retail.....	38,318,360	40,509,040	5.7%
Restaurants & Bars	10,152,560	10,018,160	-1.3%
Finance, Insurance & Real Estate (F.I.R.E.)	2,338,640	2,780,640	18.9%
Hotels/Motels & Other Lodging.....	2,967,444	2,910,822	-1.9%
Services.....	3,749,200	4,111,200	9.7%
All Others.....	587,160	1,202,080	104.7%

Source: Arizona Department of Revenue and Cochise College Center for Economic Research

YEAR	TOTAL REVENUE	PERCENT CHANGE
1999.....	\$61,476,344	-
2000.....	\$68,164,771	10.9%
2001.....	\$65,638,760	-3.7%
2002.....	\$70,246,724	7.0%
2003.....	\$74,023,302	5.4%

Source: Arizona Department of Revenue and Cochise College Center for Economic Research

YEAR	TOTAL REVENUE	PERCENT CHANGE
1999.....	\$36,560,276	-
2000.....	\$37,657,070	3.0%
2001.....	\$37,283,056	-1.0%
2002.....	\$38,318,360	2.8%
2003.....	\$40,509,040	5.7%

Source: Arizona Department of Revenue and Cochise College Center for Economic Research

RESTAURANT AND BAR SALES

YEAR	TOTAL REVENUE	PERCENT CHANGE
1999	\$9,178,693	-
2000	\$10,165,991	10.8%
2001	\$9,825,380	-3.4%
2002	\$10,152,560	3.3%
2003	\$10,018,160	-1.3%

Source: Arizona Department of Revenue and Cochise College Center for Economic Research

HOTEL AND MOTEL SALES

YEAR	TOTAL REVENUE	PERCENT CHANGE
1999	\$2,925,975	—
2000	\$2,953,576	0.9%
2001	\$2,679,790	-9.3%
2002	\$2,967,444	10.7%
2003	\$2,910,822	-1.9%

Source: Arizona Department of Revenue and Cochise College Center for Economic Research

RESTAURANT AND BAR SALES

In 2003, restaurant and bar sales dropped slightly from \$10,152,560 to \$10,018,160, a decline of 1.3 percent. For the first half of 2003, sales were down 5.8 percent, and during the second half, sales rebounded to a positive 3.7 percent. As of December, Benson had 26 active restaurant and bar establishments.

The decline in restaurant and bar sales in 2003 follows moderate growth of 3.3 percent in 2002, which signaled a recovery from the loss that occurred in 2001. During 2001, restaurant and bar sales weakened, declining 3.4 percent. Much of that decline was attributable to the economic downturn experienced during the year and the fallout from the terrorist attacks of September 11, 2001. The year 2001 marked the first time restaurant and bar sales had shown a decline in year-over-year performance since the Center began tracking sales in 1995.

Since 1999, restaurant and bar sales have increased 9.1 percent. Due to a change in computer programs, the Arizona Department of Revenue was unable to provide restaurant and bar sales data for the first quarter of 2004.

LODGING SALES

In 2003, hotel, motel, and other lodging receipts totaled \$2,910,822. This is a decline of 1.9 percent from \$2,967,444 in 2002. During the first half of 2003, receipts were down 0.7 percent, followed by a decline of 3.6 percent during the second half of the year. As of December, there were 26 active lodging accounts, including hotels, motels, campgrounds, RV parks, and bed and breakfast establishments.

The decline in lodging receipts in 2003 follows strong performance by this category in 2002, which saw receipts grow by 10.7 percent. This followed significant losses in 2001, when total receipts fell by 9.3 percent. The poor performance in 2001 was attributable to both the recession and the fallout from the terrorist attacks of September 11, 2001. Since 1999, lodging receipts have declined overall by 0.5 percent.

BUSINESS LICENSES

As of April 2004, the City of Benson reported 276 active business licenses. This is down from 295 in February 2003, a decrease of 6.4 percent. Active business licenses are identified by the number of businesses with a physical address located within the City of Benson. This number tends to be significantly lower than the number of current business accounts as

reported in the next section. Current business accounts represent the number of establishments actually conducting business within the city and paying the city's privilege tax, although the physical location of the business may be outside the city limits.

CURRENT BUSINESS ACCOUNTS

In 2003, the number of current business accounts in the City of Benson moved from 440 to 452, an increase of 2.7 percent. Current

COCHISE COUNTY RETAIL SALES BY SELECTED CATEGORIES

	2002	2003	% CHANGE
Building Materials, Hardware, Garden Supply ...	\$33,621,144	\$52,438,212	56.0%
General Merchandise Stores	\$80,048,041	\$78,279,199	-2.2%
Food Stores (no food sales)	\$60,834,139	\$68,126,590	12.0%
Motor Vehicle Dealers	\$91,391,005	\$115,469,079	26.3%
Misc. Automotive, Motorcycle, Boat	\$32,321,695	\$33,943,960	5.0%
Apparel & Accessory Stores	\$16,837,049	\$18,613,732	10.6%
Furniture, Home Furnishings	\$23,699,479	\$25,398,872	7.2%
Misc. Retail Stores	\$30,905,297	\$29,040,072	-6.0%
Total	\$369,657,849	\$421,309,716	14.0%

Source: Cochise College Center for Economic Research

business accounts are identified by the number of current accounts under which the city's privilege tax is collected, as reported by the Arizona Department of Revenue in its monthly Standard Industry Summary for Benson. This figure represents the most accurate count of the number of establishments conducting business within the city. Many of these businesses are not physically located in Benson; this is especially true for the categories of construction and finance, insurance and real estate. For comparisons, data are collected from the December report of each year.

The category of construction experienced the largest increase in current accounts in 2003, climbing from 54 to 70, an increase of 29.6 percent. Other categories that experienced an increase in the number of current accounts were manufacturing, which increased from 7 to 8 (14.3 percent); wholesale trade, which increased from 31 to 34 (9.7 percent); restaurants and bars, which increased from 24 to 26 (8.3 percent); services, which increased from 71 to 74 (4.2 percent); and retail trade, which increased from 115 to 118 (2.6 percent). Categories that experienced a decline in the number of current accounts were the "all others" category, which dropped from 5 to 4 (20 percent); transportation, communications and utilities, which dropped from 65 to 56 (13.8 percent); hotels and other lodging, which dropped from 30 to 26 (13.3 per-

cent); and finance, insurance and real estate, which dropped from 38 to 36 (5.3 percent).

Since 2000, the number of current accounts has dropped from 464 to 452 (2.6 percent). This is largely attributable to a decline in service accounts, which decreased by 26.0 percent. Service accounts are typically the second largest number of accounts in Benson, following retail trade, which comprises the largest number of current accounts within the city.

BENSON RETAIL STUDY

During the spring of 2001, the Center for Economic Research (CER) conducted a special retail survey of shoppers in Benson. The study focused on two factors of retail sales: out-shopping by Benson residents and in-shopping by non-residents. The survey, conducted at the Safeway Center, was administered at various times throughout the day on both weekdays and weekends. The survey included nearly 200 shoppers, of which approximately 68.5 percent were Benson residents and 31.5 percent were non-residents (including those residing elsewhere in Cochise County, as well as some shoppers from outside the county). Benson residents comprised 72.9 percent of the total market share of all sales within the city, while non-residents comprised 27.1 percent.

Of those respondents who were Benson residents, the average household size was 2.5 persons. Sixty-five percent were female, while 35 percent were male.

Residents of the city reported conducting 38.9 percent of their shopping in Benson, with the majority of their shopping (61.1 percent) occurring elsewhere. Of those residents who reported shopping outside the city, the most popular reason provided was the greater variety and choice of retail goods available in larger cities.

Of those respondents who were Benson residents, 81.0 percent indicated they had resided in the city for five or more years. Of these, 22.0 percent indicated they conducted more of their shopping in Benson currently than they did five years prior; 25.0 percent indicated they shopped within the city less than they did five years prior; while 53.0 percent indicated they shopped within the city at about the same level as they did five years prior.

Of resident respondents, 82.0 percent reported also shopping in the City of Tucson,

BENSON RETAIL SALES STUDY		
<i>Local market share by category</i>		
CATEGORY	RESIDENTS	NON-RESIDENTS
Apparel & Accessories.....	75.50%	25.50%
Furniture & Furnishings	79.87%	20.13%
Building, Materials & Garden Supplies	75.28%	24.72%
Food	76.36%	23.64%
Motor Vehicles	70.09%	29.91%
Misc. Auto Supplies	75.10%	24.90%
General Merchandise	70.13%	29.87%

Source: Cochise College Center for Economic Research

BENSON RETAIL SALES STUDY		
<i>Percent of in-shopping by category</i>		
CATEGORY	RESIDENTS	NON-RESIDENTS
Apparel & Accessories.....	14.45%	14.75%
Furniture & Furnishings	10.53%	7.14%
Building, Materials & Garden Supplies	37.89%	30.60%
Food	72.03%	59.32%
Motor Vehicles	22.31%	22.50%
Misc. Auto Supplies	44.76%	36.80%
General Merchandise	39.30%	29.81%

Source: Cochise College Center for Economic Research

CURRENT BUSINESS ACCOUNTS

INDUSTRY GROUP	2000	2001	2002	2003	%CHANGE	%CHANGE
					2002-2003	2002-2003
Construction	57	53	54	70	29.6%	22.8%
Manufacturing	6	9	7	8	14.3%	33.3%
Transportation, Communications & Utilities	59	58	65	56	-13.8%	-5.1%
Wholesale Trade	29	29	31	34	9.7%	17.2%
Retail	122	120	115	118	2.6%	-3.3%
Restaurants & Bars	29	28	24	26	8.3%	-10.3%
Finance, Insurance & Real Estate	31	36	38	36	-5.3%	16.1%
Hotels/Motels & Other Lodging	26	28	30	26	-13.3%	0.0%
Services	100	85	71	74	4.2%	-26.0%
All Others	5	4	5	4	-20.0%	-20.0%
Total	464	450	440	452	2.7%	-2.6%

Source: Arizona Department of Revenue and Cochise College Center for Economic Research

making an average of 4.2 trips per month; 67 percent reported shopping in Sierra Vista, making an average of 3.2 trips per month; 5.2 percent reported shopping in Phoenix, making an average of 2.3 trips per month; while 4.4 percent reported shopping in Willcox, making an average of 2.2 trips per month.

The survey examined several retail-sales categories. Benson residents reported purchasing 14.5 percent of their apparel, 10.5 percent of furniture, 37.9 percent of building materials, 72.0 percent of food, 22.3 percent of motor vehicles, 44.8 percent of automotive accessories, and 39.3 percent of general merchandise within the city.

As these figures indicate, the amount of out-shopping by local residents is significant; that is, there exists a substantial unmet demand for retail goods within Benson, leading residents to meet this demand from outside the city. Expanding Benson's retail sector to match the variety and choice of goods available in the larger cities of Sierra Vista, Tucson, and Phoenix would reduce dollar leakage, creating jobs within the city and bolstering the city's tax base. A step in this direction was made with the recent opening in the Ocotillo Center of ALCO, a discount department store offering a variety of retail goods locally.

Of non-resident respondents, the average household size was 2.8 persons. Fifty-eight percent of non-resident respondents were female, while 42.0 percent were male. Non-residents reported conducting 32.2 percent of their shopping within the City of Benson.

Of non-resident respondents, 69.0 percent indicated they had resided in the area for five or more years. Of those, 31.0 percent reported conducting more of their shopping in Benson currently than they did five years prior; 23.0 percent reported shopping in Benson less than they did five years prior; while 46.0 percent reported shopping in Benson at

about the same level as they did five years prior. Of non-resident shoppers, 71.0 percent reported also shopping in Tucson, making an average of 4.4 trips per month to that city; 55.0 percent reported shopping in Sierra Vista, making an average of 3.9 trips per month; 14.5 percent reported shopping in Willcox, making an average of 3.1 trips per month; 11.0 percent reported shopping in Phoenix, making an average of 3.9 trips per month; and 11.0 percent reported shopping in Tombstone, making an average of 2.7 trips per month.

Just as expanding the city's retail sector would prevent out-shopping, it would also potentially increase the number of shoppers who travel to Benson from surrounding areas. This would benefit the city by creating jobs and increasing the city's tax revenue, in effect attracting residents of surrounding communities to contribute to the economic well-being of the city.

THE FOLLOWING TABLE SHOWS TOTAL BANK DEPOSITS AS OF JUNE 30 OF EACH YEAR FOR BENSON AND COCHISE COUNTY.

BANK DEPOSITS 1994-2003

	BENSON	COCHISE COUNTY
1994	\$51,292,000	\$548,999,000
1995	\$52,659,000	\$556,320,000
1996	\$54,868,000	\$555,979,000
1997	\$56,900,000	\$573,779,000
1998	\$51,955,000	\$599,598,000
1999	\$51,525,000	\$588,283,000
2000	\$54,395,000	\$652,405,000
2001	\$56,470,000	\$637,907,000
2002	\$57,492,000	\$728,857,000
2003	\$60,314,000	\$769,197,000

Source: FDIC: Summary of Deposits Market Share

Bankruptcy Filings

In 2003, there were a record-high 1.7 million bankruptcy filings nationwide – an increase of 6.3 percent over the 1.6 million filings in 2002. These figures include both personal (i.e., non-business) and business filings. In 2003, approximately 98.0 percent of total filings nationwide were personal filings. Since 1994, the annual number of personal filings nationwide has more than doubled.

Locally, in 2003 there were 533 bankruptcies filed with the Tucson Division of the U.S. Bankruptcy Court from within Cochise County. This figure is up from 489 the previous year, an increase of 9.0 percent. As with the national figures, county numbers likewise include both personal and business filings.

A look back over the 10 years from 1994 through 2003 reveals that 4,271 bankruptcies were filed from within the county. The number of bankruptcies grew each year from 1994, which saw 218 filings, through 1997, when filings reached a high of 537. From 1997 through 1999, the number of filings dropped dramatically, reaching a low of 317 in 1999. Since 1999, however, the annual number of bankruptcies in Cochise County has climbed by 68.1 percent, with most of this increase occurring in 2000. The year 2000 saw bankruptcies jump from the previous year's low of 317 to 469 – an increase of 47.9 percent. In 2001 and 2002, the annual number of bankruptcy filings increased moderately at 1.9 and 2.3 percent, respectively.

Overall, the total number of bankruptcy filings from within Cochise County more than doubled from 1994 through 2003, climbing from 218 to 533 – an increase of 144.5 percent. The vast majority of these filings were personal filings under Chapters 7 and 13 of the U.S. Bankruptcy Code. Most of these – more than 90 percent – were filed under Chapter 7, which requires liquidation of individual assets to pay debts, as opposed to Chapter 13, which establishes payment plans but allows debtors to keep the property of their estates.

The annual number of county filings under Chapter 13 doubled between 1994 and 1996, climbing from 20 to 40, but remained relatively stable between 1996 and 2002, with an average of 43.4 filings per year. Chapter 13 filings reached a high of 49 in 1998, followed immediately by a low of 34 in 1999.

Chapter 7 filings from within the county likewise surged between 1994 and 1996, climbing from 194 to 403 – an

increase of 107.7 percent. This surge continued into 1997, albeit somewhat less robustly, when the number climbed to 488 – an increase of 21.1 percent. Then, in 1998, the annual number of Chapter 7 filings began to drop, reaching a low of 283 in 1999, and then surging again by 41.8 percent to 419 in 2000. Between 2000 and 2002, the annual number of Chapter 7 filings grew steadily at an average of 2.3 percent each year.

Business filings in the county under Chapters 11 and 12 comprised a relatively small portion of total bankruptcy filings. Between 1994 and 1999, there was only one filing – in 1997 – under Chapter 12, which provides debt relief to family farmers with regular annual income. In 2000, there was one additional Chapter 12 filing, followed by two filings each year in 2001 and 2002. Chapter 11 filings ordinarily used by commercial enterprises that desire to continue operating a business and repay creditors concurrently through a court-approved plan of reorganization, were slightly higher, with an annual average of 2.8 per year between 1994 and 2002. The high during this period was in 1996, which saw five filings, while the low was in 1999, which did not see any filings.

In reviewing the bankruptcy data for Cochise County, it is clear that there is good and bad news. The bad news is that personal bankruptcies have soared over the past decade, following the national trend, with nearly four in every 1,000 Cochise County residents filing for bankruptcy in 2002, up from about two in 1,000 in 1994. The somewhat better news is that there appears to be a leveling off of this dramatic surge, with figures from the past three years indicating a relatively moderate increase. While personal bankruptcies have surged, business reorganizations under Chapter 11 have remained relatively stable with two to three businesses each year, countywide, filing for reorganization. Family farmers have also managed to avoid bankruptcy over the past decade; however, in 2000, Chapter 12 filings began to inch upward in a disturbing trend that bears watching.

BANKRUPTCIES BY QUARTER, 2003

	TOTAL REVENUE	PERCENT CHANGE
1st Quarter	117	128
2nd Quarter	122	177
3rd Quarter	145	135
4th Quarter	105	93
Total	489	533

COCHISE COUNTY BANKRUPTCY FILINGS, 1991-2001

YEAR	CHAPT.7	CHAPT.11	CHAPT.12	CHAPT.13	TOTAL
1991	306	11	0	45	362
1992	255	2	2	37	296
1993	196	3	0	17	216
1994	194	4	0	20	218
1995	243	3	0	19	265
1996	403	5	0	40	448
1997	488	2	1	46	537
1998	467	2	0	49	518
1999	283	0	0	34	317
2000	419	4	1	45	469
2001	428	2	2	46	478
2002	439	3	2	44	488

Source: U.S. Bankruptcy Court-Tucson Division

Housing and Real Estate



Aerial view of City of Benson. Photo:Thelma Grimes/San Pedro Valley News-Sun

THE BENSON AREA HOME MARKET

The Benson area home market includes much of the northwest corner of Cochise County and the extreme eastern edge of Pima County, including the City of Benson, St. David, Mescal, Pomerene, and J-Six.

NEW AND EXISTING HOME SALES

In 2003, there were 151 new and existing homes sold in the Benson area market, down 21.4 percent from 192 homes sold in 2002. In 2001, a total of 140 homes were sold in the Benson area. Home sales activity was slower in 2001 than in recent years due to a combination of the general economic slowdown and the terrorist attacks of September 11, 2001.

The average price of a home sold in the Benson area in 2003 was \$97,729, up 4.2 percent from \$93,828 in 2002. The median price in 2003 was \$78,749, up 5.6 percent from \$74,583 in 2002 (Note: The median price is defined as the price at which half of all units sold are priced above and half are priced below. The median price is listed in addition to the average price, since average prices in home sales tend to be pushed upward by a small number of higher priced homes).

Comparatively, housing prices in the Benson area are very affordable. The average price of \$97,729 in the Benson area

compares favorably to the average price of just more than \$144,000 for Sierra Vista.

(Note: Due to a change in data collection methods to ensure more comprehensive reporting, information on new and existing home sales beginning in 2001 should not be compared to data from 2000 and prior. Beginning in 2001, data include not only single-family residences, but also manufactured homes, mobile homes, modular homes and acreages.)

NEW HOME PERMITS – SITE-BUILT HOMES

According to records maintained by the City of Benson, no new home permits for the construction of site-built homes within the city limits were issued during calendar year 2003 or during the first quarter of 2004. Three new home permits for site-built homes were issued in 2002 at an average cost of \$111,667, compared to two permits issued in 2001 at an average cost of \$104,000. In 2000, no new site-built home permits were issued. (Note: New home permits do not include the price of land. Several factors can contribute to the differences in the valuation of a new home permit, including the amenities selected and the overall square footage of the home.)

New site-built home construction within the city limits

was much more active during the 1990s than it has been since the beginning of the new millennium. From 1993 through 1996, there was an average of 15 site-built homes per year built in Benson. Toward the end of the decade, construction began to slow, with nine new homes built in 1997, four built in 1998, and five built in 1999.

While new home construction has slowed within the city, more homes are being built in the unincorporated areas just outside the city limits. In 2003, there were 75 new homes built in the northwest quadrant of Cochise County and the J-Six subdivision, which is located partially in Cochise County and partially in Pima County. This is a 55.3-percent increase from the 47 new home permits issued in the area in 2002. The average price of a permit in 2003 in the area outside the city limits was \$124,795, up 20.8 percent from \$103,298 in 2002. During calendar year 2001, there were 28 new homes built in this area at an average valuation of \$98,462.

NEW HOME PERMITS – MANUFACTURED HOMES

The popularity of manufactured housing has been on the rise in the Benson area home market over the past several years. Many of these manufactured homes are built on permanent block foundations, and there are several manufactured home communities in the Benson area offering a variety of amenities.

Through the first quarter of 2004, there was one manufactured home permit issued within the city limits at a valuation of \$45,000. Fourteen manufactured home permits were issued within the city during 2003, compared to 11 manufactured home permits issued each year in both 2002 and 2001. The average valuation of a permit in 2003 was \$40,714. This is up from \$40,455 in 2002 and \$37,273 in 2001. (Note: As with new home permits for site-built homes, manufactured home permits do not include the price of land).

Similar to site-built home construction activity, manufactured home construction was much more active during the 1990s than it has been since the beginning of the new millennium. Throughout much of the 1990s, Benson averaged 30 manufactured home permits per year. This trend slowed in 1999 with only 11 permits being issued, followed by only nine permits in 2000.

As with site-built homes, manufactured homes continue to be added to the unincorporated areas just outside the city

NEW AND EXISTING HOME SALES—BENSON AREA

	NUMBER	AVERAGE PRICE	MEDIAN PRICE
2001	140	\$80,897	\$73,575
2002	192	\$93,828	\$74,583
2003	151	\$97,729	\$78,749

Source: Long Realty Benson Affiliate and Bright Future Consulting of Tucson

NEW HOME PERMITS (SITE BUILT) —BENSON CITY LIMITS

YEAR	NUMBER	AVERAGE PRICE*
1999	5	\$100,837
2000	0	N/A
2001	2	\$104,000
2002	3	\$111,667
2003	0	N/A
2004 (1st Quarter)	0	N/A

*Average price does not include land. Source: City of Benson

COMMERCIAL CONSTRUCTION PERMITS—NEW BUILDINGS BY QUARTER

	2000		2001		2002		2003		2004	
	NO.	VALUATION*	NO.	VALUATION*	NO.	VALUATION*	NO.	VALUATION*	NO.	VALUATION*
Jan-Mar	1	\$177,802	2	\$249,071	5	\$354,300	1	\$1,500,000	3	\$522,000
Apr-Jun	3	\$119,200	1	\$152,800	6	\$785,463	0	—		
Jul-Sep	5	\$601,073	0	—	0	—	3	\$2,401,953		
Oct-Dec	1	\$5,700,000	3	\$843,126	2	136,000	2	\$651,000		
Total	10	\$6,598,075	6	\$1,233,197	13	\$1,275,763	6	\$4,552,953		

*Does not include the price of land.

Source: City of Benson

limits. In 2003, there were 35 new manufactured homes added in the northwest quadrant of Cochise County and the J-Six subdivision, which is located partially in Cochise County and partially in Pima County. This is a 22.2-percent decrease from the 45 new manufactured home permits issued in the area in 2002. The average price of a new manufactured home permit in 2003 in the area outside the city limits was \$50,283. During the first quarter of calendar year 2004, there were nine new manufactured home permits issued for this area at an average valuation of \$52,278.

A NOTE ON TRACKING NEW HOME CONSTRUCTION

Due to a number of factors, tracking data on new home construction for both site-built and manufactured homes is often intricate. For example, many new home permits are issued in one calendar year, but construction is not begun or completed until the following calendar year. In some cases, construction does not begin until some time after the permit has been issued. Another factor is that Benson's home market is spread over two separate counties and includes permits issued at both the city and county level, leading to disparities in how data are tracked and recorded.

In an effort to gain a better understanding of new home construction in the Benson area, the CER periodically queries Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) concerning the number of new residential hookups it has installed. SSVEC reported adding 93 new electric hookups in the Benson area during 2003 and 17 new hookups during the first quarter of 2004. This provides an indication of the number of new residential units constructed; however, it is not representative of the exact number of homes built since not all building permits issued in a single year will receive utility hookups within that same year.

APARTMENTS

According to the most recent census data, the median rent for an apartment in the City of Benson is \$440 per month (in 2003 dollars). Approximately 72.3 percent of rental units within the city are priced at less than \$800 per month, with 39.8 percent priced between \$320 and \$535 per month. As of Census 2000, there were 515 renter-occupied units within the city.

Since Census 2000, two apartment complexes have been constructed in the city and are currently in operation. A 48-unit complex was built on Pearl Street for low-to-moderate-income families. The second, located on Union Street, is a 40-unit residential complex for seniors. According to city building reports, the complexes had a combined valuation of \$4,889,000. These two apartment complexes were the first major apartment constructions in the city since the mid-1980s.

COMMERCIAL CONSTRUCTION

For the first quarter of 2004, there were three new commercial construction permits issued within the city at a total dollar valuation of \$522,000, compared to the first quarter of 2003, when one permit was issued at a valuation of \$1.5 million. For the entire year of 2003, there were six new commercial construction permits issued at a total valuation of \$4.6 million. In terms of total dollar valuation, 2003 was the most active year in commercial construction since 2000.

Of the past five years (1999-2003), calendar year 2002 was the most active in new commercial construction in terms of the number of new commercial building permits, with 13 permits issued at a total valuation of \$1.3 million. The most active year during the same period in terms of the total dollar valuation of permits was the year 2000, with 10 permits issued at a total valuation of \$6.6 million. Most of the high-dollar

NEW HOME PERMITS (MANUFACTURED HOMES) —BENSON CITY LIMITS

YEAR	NUMBER	AVERAGE PRICE*
1999	11	**
2000	9	**
2001	11	\$37,273
2002	11	\$40,455
2003	14	\$40,714
2004 (1st Quarter)	1	\$45,000

*Average price does not include land. Source: City of Benson
 **Data not available.

COMMERCIAL CONSTRUCTION PERMITS —ADDITIONS AND REPAIRS*

YEAR	NUMBER	TOTAL VALUATION*
1999	5	\$78,400
2000	9	\$61,310
2001	10	\$308,600
2002	10	\$157,000
2003	10	\$1,876,000
2004 (1st Quarter)	2	\$1,900

*Does not include re-roofing. Source: City of Benson



New Cochise County Benson Governmental Service Center. Photo: John and Jeanie Mangold

valuation of permits in 2000 was attributable to the construction of the city's \$5.7-million wastewater treatment plant, which accounted for 86.4 percent of the total valuation of commercial permits that year.

Commercial additions and repairs is another major category of commercial construction. This category includes additions or repairs to existing commercial business structures but does not include re-roofing, which is treated as a

separate category of permits. While the number of permits for commercial additions and repairs issued in 2003 held constant at 10 for the third year in a row, dollar valuation was up considerably at \$1,876,000, compared to \$157,000 in 2002 and \$308,600 in 2001. For the first quarter of 2004, the city issued two permits in this category at a total valuation of \$1,900, compared to one permit in the first quarter of 2003 with a valuation of \$3,200.

**COMMERCIAL CONSTRUCTION PERMITS
—NEW BUILDINGS**

YEAR	NUMBER	TOTAL VALUATION*
1999	8	\$1,975,757
2000	10	\$6,598,075
2001	6	\$1,233,197
2002	13	\$1,275,763
2003	6	\$4,552,953
2004 (1st Quarter)	3	\$522,000

*Valuation does not include price of land. Source: City of Benson

**COMMERCIAL CONSTRUCTION PERMITS—NEW
BUILDINGS AND ADDITIONS/REPAIRS COMBINED***

YEAR	NUMBER	TOTAL VALUATION**
1999	13	\$2,054,157
2000	19	\$6,659,385
2001	16	\$1,541,797
2002	23	\$1,432,763
2003	16	\$6,428,953
2004 (1st Quarter)	5	\$523,900

*Additions and repairs do not include re-roofing.
**Does not include price of land for new buildings.
Source: City of Benson

Agriculture

BENSON AREA AGRICULTURE

The Benson area of Cochise County is located in the high desert at an elevation of 3,585 feet. Benson receives 10 to 11 inches of precipitation per year. Annual temperatures range from an average minimum of 44.7 degrees to an average maximum of 80.7 degrees. The area enjoys an average temperature of 64.2 degrees and a typical growing season of 226 days.

Benson's growing area runs along the Upper San Pedro Valley in northern Cochise County. Currently, about 800 acres of land are under crop production, but there is an estimated 6,000 acres of potentially cultivatable land. As of 1997, a single 322-cow dairy located in Pomerene served the area. In addition, Benson and Pomerene have ostrich farms. Other agriculture in the area includes raising emus, horses, and range livestock.

A special thanks to the University of Arizona Cooperative Extension for their 1997 publication, Agricultural Development Resource Manual and Marketing Strategy for Southeastern Arizona.

COCHISE COUNTY AGRICULTURE

According to the 1997 Census of Agriculture - County Data (USDA National Agricultural Statistics Service), Cochise County ranked fifth in Arizona in agricultural products sold in both 1992 and 1997. In 1992, Cochise County had a total of \$47,277,000 in agricultural products, and in 1997, that total was \$60,154,000, an increase of 27.2 percent. While the volume of agricultural sales rose during that period, the number of farms fell by seven to 824. In 2003, the Arizona Department of Economic Security reported 9,775 agriculture-related jobs in the county. The table for this section shows the market value of agricultural products sold in Cochise County in 1997 and 1992, along with the number of farms by agricultural product category.

The Agricultural Census is conducted every five years, in years ending with a two or a seven. The most recent census was conducted in 2002, and complete information by county related to that census should be available in June 2004.

COCHISE COUNTY AGRICULTURAL CENSUS				
ITEMS	1997 NO. FARMS	1997 DOLLAR TOTALS	1992 NO. FARMS	1992 DOLLAR TOTALS
Corn for grain	37	\$6,166,000	24	\$2,901,000
Wheat.....	2	-----	4	-----
Soybeans.....	1	-----	0	-----
Sorghum for grain	7	\$291,000	4	-----
Barley	31	\$1,587,000	7	\$118,000
Oats.....	6	\$81,000	17	\$199,000
Other grains.....	9	\$367,000	11	\$223,000
Cotton and cottonseed	48	\$4,158,000	56	\$4,364,00
Hay, silage, and field seeds	64	\$4,106,000	67	\$1,811,000
Vegetables, sweet corn, melons	65	\$16,546,000	66	\$11,536,000
Fruits, nuts, and berries	85	\$7,003,000	114	\$6,274,000
Nursery and greenhouse crops	14	-----	8	-----
Other crops.....	3	-----	2	-----
Poultry and poultry products	41	\$220,000	19	-----
Dairy products.....	3	-----	5	-----
Cattle and calves	488	\$16,573,000	498	\$16,661,000
Hogs and pigs.....	18	\$448,000	28	\$1,511,000
Sheep, lambs, wool	17	-----	25	\$324,000
Other livestock and products	112	\$679,000	102	\$318,000
Total sales	824	\$60,154,000	831	\$47,277,000

Source: USDA National Agricultural Statistics Service, 1997 Census of Agriculture

Tourism



Aerial view of San Pedro Golf Course. Photo: Thelma Grimes/San Pedro Valley News

GENERAL OVERVIEW

Tourism plays an important role in the Benson economy and that of the greater San Pedro Valley area. With the November 1999 opening of Kartchner Caverns State Park located just south of Benson on Highway 90, the Benson area has benefited from increased tourism. In anticipation of the park's opening, several new businesses opened in Benson, and further construction is planned in the surrounding area.

Dollars spent by tourists in the local area represent new money to businesses and to the overall economy. Jobs in the service and trade sectors, specifically restaurants and lodging, are directly tied to the volume of local tourism.

The increase in tourism-related revenues is a combination of more tourists visiting the area and the increased supply of tourism-related services. As of April 2004, a combination of nine hotels and motels provided 375 rooms within the City of Benson. There are 16 recreational vehicle and trailer parks in Benson with 1,750 spaces for long- and short-term rental. There are also several bed and breakfast facilities available in the surrounding area. Benson has numerous places to dine, with 19 sit-down restaurants and six fast-food establishments. However, during 2003, Benson lodging revenues decreased 1.9 percent since 2002 - from \$3.0 million to \$2.9

million. Restaurant and bar sales decreased 1.3 percent from \$10.2 million to \$10.0 million.

Based on information from calendar year 2003, the Benson Visitor Center received an average of 974 walk-in visits, 144 phone calls, 13 tourist information requests, and 392 Benson brochure requests per month. The first quarter, January through March of each year, is by far the busiest period for tourist inquiries. In some categories, more than 40 percent of visitor inquiries occur during this period. The table included in this section provides visitor inquiries by quarter.

Tourist events and attractions can have a dramatic impact on the local economy. Benson's Territorial Days in February and Butterfield Overland Stage Days in October attract a returning crowd of visitors. The Amerind Foundation, which maintains a nearby museum of Native American culture and North American history, receives more than 10,000 visitors a year. Holy Trinity Monastery gathers hundreds at its seasonal festivals in nearby St. David, and Kartchner Caverns averages almost 16,500 visitors per month.

During 2001, visits to Kartchner Caverns State Park were up 6.0 percent prior to September 11. For the period September to December 2001, visits to the caverns fell by 9.4

percent from the same period one year prior. The decrease in visitors continued through 2002, with the number of visitors down by an additional 0.3 percent. In 2003, the number of visitors rebounded to the highest number since the park opened. Kartchner Caverns accounted for 49.9 percent of all visits to parks in Cochise County in 2003. Park visits across Cochise County were down by 2.8 percent in 2001, followed by an additional 5.9 percent in 2002. In 2003, total visitations were down 4.7 percent. The decrease in visitor activity can be attributed in part to the general downturn in the economy, the effects of the September 11 terrorist attacks, and the fear of war.

KARTCHNER CAVERNS FUELS BENSON ECONOMY

Since its opening in November 1999, Kartchner Caverns State Park has continued to draw visitors from across Arizona, the nation, and the world. For years, the state park has been hailed as bringing economic opportunity to the city. Overall, it appears that it has. New construction, sales growth, and improvements to Benson's infrastructure can be traced to the opening of the park. Beginning with the 1995 building permit valuations, a review of all public and private construction was conducted to determine a total-dollar value of infrastructure and building construction directly related to the opening of the state park.

Construction in Benson related to the new tourist destination has been widespread. All one has to do is travel along State Route 90, just off of the Interstate-10 302 exit, en route

to the caverns to see a number of commercial establishments which have sprung up since 1995. An estimated \$18.6 million has been invested in the construction of new motels, restaurants, and other facilities, such as golf courses. In addition, public dollars also have improved infrastructure, including a new wastewater treatment plant and the continued development of a municipal airport. Total public expenditures are estimated to be almost \$16.7 million. In all, more than \$35.3 million has been spent in the local area. These figures include only new construction directly linked to the opening of Kartchner Caverns. Not included in this figure is \$49 million for the reconstruction of State Route 90. The widening and improvements to State Route 90 accelerated with the anticipated opening of the caverns in late 1999.

In conjunction with the opening of Kartchner Caverns State Park, 980 RV spaces and an additional 227 new mobile home spaces were developed, bringing the total to 1,750 spaces available within Benson. In addition, 230 new motel rooms were added, bringing the total of rooms available to 375 rooms.

Sales within Benson appear to have benefited from the opening of Kartchner Caverns State Park. Since 1995, retail sales have increased by 61.2 percent, with restaurant and bar sales climbing 67.3 percent. Since 1997, lodging receipts have increased by 48.7 percent. The population has grown an estimated 18.9 percent. As of 2003, the City of Benson population, as reported in the mid-year estimates released by the Arizona Department of Economic Security, is estimated at



Visitor Center, Benson. Photo: John and Jeanie Mangold

PARK VISITATIONS, 1990-2003

	CORONADO NATIONAL MEMORIAL	FT. BOWIE NATIONAL HISTORIC SITE	TOMBSTONE COURTHOUSE STATE HISTORIC PARK	CHIRICAHUA NATIONAL MONUMENT	KARTCHNER CAVERNS STATE PARK
1990.....	56,993	7,592	65,649	78,191	*
1991.....	61,893	7,859	69,828	88,710	*
1992.....	69,179	9,237	57,902	96,692	*
1993.....	81,685	9,192	68,761	125,641	*
1994.....	86,668	11,022	89,898	88,544	*
1995.....	92,100	10,574	99,321	100,916	*
1996.....	93,656	10,656	99,016	102,605	*
1997.....	88,624	9,623	71,050	82,856	*
1998.....	90,565	9,168	74,335	73,746	*
1999.....	87,183	9,390	72,129	102,541	23,507
2000.....	84,898	8,898	70,872	91,960	190,605
2001.....	89,107	8,858	74,519	76,022	192,289
2002.....	88,487	8,290	63,935	62,285	191,661
2003					
Jan.....	7,057	952	4,480	5,473	16,074
Feb.....	7,616	959	5,914	4,961	17,844
Mar.....	9,420	1,420	7,816	7,620	20,125
Apr.....	9,774	846	5,094	7,055	18,611
May.....	8,488	627	3,843	4,967	14,989
Jun.....	7,031	353	3,162	3,047	13,417
Jul.....	7,275	350	3,054	2,550	13,538
Aug.....	7,339	350	2,590	2,211	25,560
Sept.....	6,498	816	2,347	1,635	7,460
Oct.....	7,236	670	3,494	4,044	14,493
Nov.....	7,181	816	3,684	3,390	17,298
Dec.....	6,899	714	3,943	1,610	18,105
Annual.....	91,814	8,873	49,421	48,563	197,514
2004					
Jan.....	7,001	1,048	5,914	4,781	23,097
Feb.....	7,881	1,385	4,720	6,479	23,554
Mar.....	8,876	1,651	7,816	9,702	27,906

Source: National Park Service; Arizona State Parks Board; University of Arizona EBR

4,780. Nationally inflation for the period 1995 through 2003 totaled 20.7 percent.

In June 2003, Center staff conducted an extensive survey to measure the impact the caverns have had on local businesses. To measure the impact, the CER staff spoke to more than 100 owners, managers, and employees of local Benson businesses.

In a review of surveys conducted, 5.8 percent of all businesses stated they have hired additional employees since the opening of Kartchner Caverns. In a review of sectors of the economy, 5.2 percent of hospitality businesses, 13.3 percent of retailers, and 4.4 percent of service businesses have hired addi-

tional staff. Overall, these percentages should be higher since some of the businesses surveyed initially moved into the area in anticipation of the opening of Kartchner Caverns. Survey results revealed that businesses hired additional employees after their initial staff had been hired. In a survey of hospitality businesses in 2001, 296 jobs could be tied directly to the opening of Kartchner Caverns State Park.

When asked what impact the opening of the state park has had on sales volume, as measured in dollars, 22.3 percent indicated the caverns have had a positive impact. On average, businesses indicated that sales have increased just less than 16 percent. With regard to the hospitality industry, 36.8 percent

reported a positive impact on sales, with sales up an average of 19.5 percent. A total of 33.3 percent of retailers indicated a positive impact on sales, with sales benefiting by 19 percent. Responses were not quite as strong in the service industries, with 15.9 percent of businesses reporting positive impact on sales, benefiting an average of 12.1 percent. No businesses reported a negative impact on sales volume resulting from the opening of the park.

In November 2003, the park opened the Big Room, increasing the number of daily tours through the caverns from October to April of each year. Prior to this, businesses were asked to look toward the future and anticipate the expected impact the opening of the Big Room would have on their business. Overall, 25.2 percent of businesses expected a positive impact from the new opening. Businesses in hospitality were more optimistic, with 31.6 percent expecting positive results. For retailers, the percentage dropped to 26.7 and 23.2 for the service industry. Interestingly enough, half of the businesses expecting positive results from the Big Room opening did not report a positive impact from the initial opening of Kartchner Caverns.

Of those completing the survey, 30.1 percent were managers, 32.7 percent were owners, and 27.2 percent were employees. Hospitality businesses represented 18.6 percent of businesses surveyed, with retailers accounting for 14.6 percent and the service businesses representing 66.8 percent. Any business not classified as retail or hospitality was included in service.

In March 2004, the Center again surveyed businesses to determine the impact the opening of the Big Room had on their business. Many of the same businesses surveyed in the prior survey were again included in this study. A total of 83 businesses participated in the survey. When asked if they hired additional employees as a result of the Big Room opening, 7.2 percent of respondents indicated yes. When asked what the impact has been on sales volume, 13.3 percent indicated increased sales volume, 6.0 percent indicated decreased volume, and the rest indicated no impact. When asked what the impact of the Big Room has been on the city of Benson, on a scale of one to 10, with one being negative impact, five no impact, and 10 positive impact, the average score was 6.1.

The Big Room is open from October 15 to April 15 each year. The room remains closed during the rest of the year to protect more than 1,000 bats that use the cave as a nesting roost. During the first few months the Big Room has been open, the number of visitors has increased by 38.6 percent from December through March.

It is obvious Benson has not seen the final impact of Kartchner Caverns. Still to come are a number of commercial ventures, as well as a number of planned residential areas.

In a 1999 study, the Center for Economic Research estimated the annual impact of Kartchner Caverns in dollars on Cochise County to be approximately \$14.9 million. At that time, the Center also estimated the total potential to the county to be as high as \$24.7 million with the full development of the caverns.

COCHISE COUNTY VISITOR STUDY

The following was taken from a study commissioned by the Cochise County Tourism Council. The study was conducted and written by Thomas Combrink, senior research specialist, and Cheryl Cothrin, interim director of Arizona Hospitality Research and Resource Center at Northern Arizona University.

In 2001, Cochise County had an estimated 730,000 visitors. Typical leisure visitors to Cochise County are middle-aged couples, traveling by car from out-of-state. They are college graduates and have annual household incomes in excess of \$50,000. Visitors are attracted by the abundant natural resources and the unique local culture and history of south-east Arizona. The top five attractions they visit are Tombstone, Bisbee and the Copper Queen Mine, Kartchner Caverns State Park, Chiricahua National Monument, and Tombstone Courthouse State Park. Visitors describe Cochise County as historic, outdoorsy, scenic, friendly, culturally compelling, and with a good climate.

SPECIFIC FINDINGS OF THE 2001 COCHISE COUNTY VISITOR SURVEY ARE:

- Two-thirds of visitors arrive by automobile or rental car.
- Ninety-five percent of visitors are of domestic origin and 5 percent are foreigners.

The largest percentage of foreigners are from Canada.

- Among domestic visitors, slightly more than one-third (36 percent) are Arizona residents. The large majority of these reside in the Phoenix metropolitan area, although the most important single city of origin is Tucson.
- Among out-of-state visitors, Californians comprise the largest segment, followed by residents from Texas, New York, Washington, and Michigan. (These states rank among top 10 states for Arizona generally.)
- The vast majority of visitors (85 percent) are on leisure vacations; 15 percent are in the county for business-related reasons.
- Average length of stay for leisure visitors is 7.6 nights; business visitors' average length of stay is 19 nights (including long-stay military personnel).

- Visitors choose a particular community for overnight accommodations based largely on proximity to an attraction in the county; availability or price of accommodations, or driving distance from the night before are secondary reasons.
- The most important visitor attractions are the Old West, cultural and historic sites, national and state parks, ghost towns and mining history, and birding and wildlife preserves.
- Twelve percent of Cochise County visitors include a cross-border trip to Mexico; the purpose is general sightseeing or shopping. Two-thirds cross at Agua Prieta.
- Average visitor party size is two people; only 10 percent of travel parties include children.
- The average age of visitors is 52 years.
- Seventy percent of visitors have annual household incomes above \$50,000.
- Leisure visitors spend an average of \$109 per person per day; business visitors (including military who tend to have longer stays) spend an average of \$77 per person per day.

The Cochise County Visitor Survey produced direct expenditures at the community level. This direct spending produced direct, indirect, and induced income and jobs, which are figured at the county level. These expenditures produced the following economic impact for Cochise County:

- In 2001, \$76 million in direct visitor expenditures in Cochise County produced a further \$39 million in direct, indirect, and induced income for a total economic impact of \$115 million.
- In 2001, visitor spending resulted in 2,830 direct jobs in Cochise County and a further 1,100 indirect and induced jobs, for a total of 4,030 jobs in Cochise County.



Turquoise Hills Family Golf Center. Photo: Thelma Grimes/San Pedro Valley News-Sun

Benson Calendar of Events



April 24, 2004 Dedication of Parallel Taxiway at Benson Airport in front of new hangars. Photo: John and Jeanie Mangold

The Benson area offers a diverse selection of cultural and community activities. The following calendar lists a portion of these events. Interested individuals will also find a variety of special events and activities scheduled throughout Cochise County.

For more information on these events, call the Benson Visitor's Center at (520) 586-4293, e-mail at bensonvisitorctr@theriver.com, or visit them on the web at: <http://www.city-ofbenon.com/depot1.htm>

2004

JANUARY

**SINGING WIND BOOKSHOPS
COWBOY/COWGIRL ROUNDUP**

FEBRUARY

TERRITORIAL DAYS
Second Weekend

JULY

FOURTH OF JULY CELEBRATION

SEPTEMBER

MEXICAN FESTIVAL & INDEPENDENCE DAY
Dates to be announced

OCTOBER

**8TH - BUTTERFIELD STAGE DAYS &
3RD ANNUAL BLUES FESTIVAL**
9TH - ANNUAL CHAMBER GOLF TOURNAMENT

NOVEMBER

**21ST - SINGING WIND BOOKSHOP'S
THANKSGIVING FIESTA OF BOOKS**

DECEMBER

3RD - 5TH - CASCABEL CHRISTMAS FAIR
**10TH - 12TH - CHRISTMAS ON MAIN STREET
CHRISTMAS AUCTION**
To be announced

The City Manager's Perspective

Benson City Manager Boyd Kraemer provides the following view.



Boyd Kraemer, City Manager
City of Benson

"THE REAL VOYAGE OF DISCOVERY CONSISTS NOT IN SEEKING NEW LANDSCAPES, BUT IN HAVING NEW EYES."

So states a quotation by Marcel Proust, and so is true for the City of Benson. I, as city manager, started working for the City in January and have attempted to "see" the City from a different perspective. Being new to the community has

allowed me to examine the opportunities, strengths and weaknesses the community exhibits.

NEW HOUSING: Benson is on the verge of experiencing explosive growth. A number of projects that have been planned for a number of years will break ground this year. For example, the new Whetstone Corporate Center eventually will be the new home for 22 businesses. Also in the planning stages are new residential subdivisions, such as The Canyons at Whetstone Ranch, more than 280 homes that will conceptually meet an entire new marketing segment for the greater Benson area. Several other new residential projects will happen as well. Old Homestead subdivision will add 26 lots, and KB Home is considering 71 lots yet this year. Diamond Ventures has discussed a master-planned community, Smith Ranch, with City officials. This project would encompass more than 2,000 acres and would significantly impact the Benson community.

NEW GOLF COURSES AND BRAND MARKETING: The opening of two local golf courses was highlighted last year, and we are happy to report these two recreational businesses have significantly contributed to the local tourism economy. The Benson Visitor's Bureau is considering significant changes to the image and branding of the Benson community. With tourism remaining a major contributor to the local economy, it is important that emphasis be placed on value-added advertising and the fiscal impact the visitor's bureau has on the local tourist industry.

ECONOMIC EFFORTS: Economic efforts took a different direction this year with an agreement with the Greater Tucson Economic Council. GTEC will assist the City for the development of an economic plan, marketing, policies, and retention incentives. Identification of the major economic components, such as land, buildings, capital equipment, and labor supply/skill levels also will be addressed. The City understands the need and requirement for collaborative partnerships with regional organizations, the county, school district, and private organizations. The community will continue to be marketed as a major transportation hub and site for a major highway/rail

hub as well as telecommunications network center.

NEW WEB PAGE: The City's web page has been completely revamped and is always undergoing enhancements. The City's presence on the web cannot be overemphasized, especially in terms of potential visitors and economic opportunities. Constructive feedback is appreciated.

NEW VISITOR CENTER: Several months ago, a new \$250,000-plus visitor center opened on Fourth Street. This project was the culmination of many years of work, dedication, and perseverance from a collage of city councilpersons, city staff, state, railroad, federal, county, local businesses, and private citizens. The center will provide an important focus not only for our visitors, but for our community as a whole. An added attraction of the facility is a collection of historical photographs, which depicts our railroad heritage. Everyone is invited for a visit.

NEW AIRPORT IMPROVEMENTS: The Benson Municipal Airport has really blossomed this year with a million-dollar new taxiway and parking aprons funded by a major grant from the FAA. Along with the current construction of private hangars, the airport is getting noticed, and use is increasing on a daily basis. Planning for more improvements, the Airport Advisory Committee and City Council will discuss land acquisition, road improvements, additional hangars and possibly a business airport.

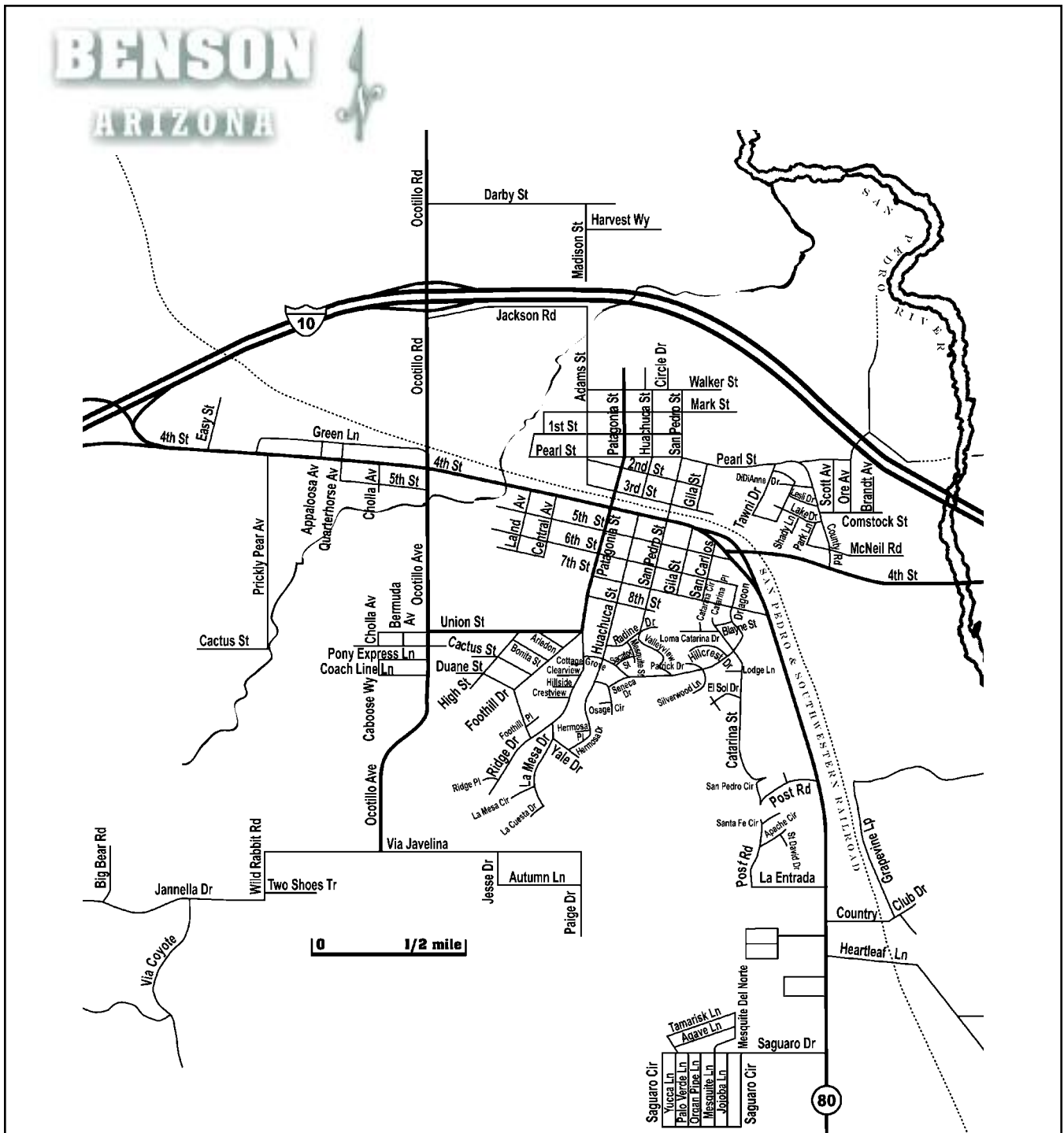
KARTCHNER CAVERNS STATE PARK: Kartchner Caverns State Park is growing in visitors and national recognition as one of Arizona's premier state parks. With the recent opening of the "Great Room," Kartchner is even more spectacular than before. The state park is an important part of Benson's overall economic status, and the city will continue to support this gem in our midst.



Airplanes that flew in for Fly-In, April 24, 2004.
Photo: John and Jeanie Mangold

NEW WASTEWATER TREATMENT FACILITY: The City's new wastewater treatment facility comes on line this year. In addition to adding to the city's infrastructure capability, it earned a top state honor for excellence, as well as top operator recognition of the year. The City is extremely proud of this award, for the plant construction and operation has consumed a significant portion of the city's financial and personnel staffing resources.

Overall, the City of Benson is on the verge of many exciting developments. The city council and administration are especially vested on being proactive and positive with the private sector, state and county government, special-interest groups and the public at large. Significant organizational shifts toward working together for successful growth in the area's economy are being accomplished. For more information, please contact the city manager's office.



About the Center for Economic Research

The Center for Economic Research (CER) is dedicated to providing, collecting, and interpreting economic data on Cochise County, as well as providing forecasts on the business climate. Since 1995, the Center has hosted a luncheon in Sierra Vista at which time the economic health of the year just ended is reviewed, along with a look at the economy for the coming year. The release of the annual Sierra Vista Economic Focus publication coincides with each focus luncheon. In 1996, the Center expanded its services into southeast Cochise County by hosting similar focus luncheons in Douglas, Arizona. The Center expanded its program into the Benson area in 1998. The Douglas Perspective and the Benson Prospectus brochures provide economic overviews of those communities. In December 2002, Bisbee became the fourth city in Cochise County to host an annual focus luncheon. The Bisbee Outlook covers the economy of the City of Bisbee. During the fall of 2003, the Center began monitoring economic indicators in Santa Cruz County.

Throughout the year, the Center for Economic Research provides information and interpretation of economic indicators to local public agencies, financial institutions, developers, and other research centers. Weekly press releases offer insight on the continuing economic health of Cochise County. Bi-monthly press releases on the Santa Cruz County economy are printed in the Nogales International. The quarterly newsletter, The Indicator, provides updates on the local economy and CER activities. Current information on the local economy is also available by request. The Center also maintains a website that can be accessed at <http://www.cochise.edu/cer>.

In late 2002, the Center became a member of the Association of University Business and Economic Researchers (AUBER). The Center is believed to be one of only two community colleges holding membership. In addition, the CER is a state data center affiliate. As an affiliate, the Center receives reference material on the U.S. Census, as well as state data reports.

CONTACT THE CENTER FOR ECONOMIC RESEARCH

Center for Economic Research
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Cochise College Resources



EAA members assist Young Eagles for free airplane ride.
Photo: John and Jeanie Mangold

CAREER SERVICES CENTER (CSC)

The Career Services Center (CSC) provides workforce development, including job development and placement activities and cooperative education placements for credit. The Career Services Center maintains employment postings with current openings on and off campus. If you are an employer, you can post your available employment positions on the Sierra Vista and/or Douglas Campuses. In Sierra Vista, call (520) 515-5457 or in Douglas call (520) 417-4750. Tech Prep is also located in the CSC building on the Sierra Vista Campus. For more information, contact Rhonda Douglas, coordinator, at (520) 515-5347.

CENTER FOR ECONOMIC RESEARCH (CER)

The CER collects and analyzes local economic data. The Center is available to provide data and forecasts to businesses interested in the local economy. Specific economic studies and surveys can be designed and conducted on a contractual basis for businesses and individuals requesting assistance. Phone (520) 515-5486, or email cer@cochise.edu.

COCHISE COUNTY ONE-STOP CENTER

Cochise College, in partnership with Cochise County Workforce Development, Inc. and the Employment Security Administration, has formed the Cochise County One-Stop Center to provide information throughout Cochise County for job seekers and employers. At sites throughout the county, job seekers can find general tips and advice on the availability of local training programs and educational services. Employers can obtain information and access to local and national resume banks, labor and economic data, and employer services. Visit the Cochise College site located in the Career Services Center on the Sierra Vista Campus, or the virtual site at www.cochise.edu/onestop. Phone (520) 515-5457 or (520) 515-5458.

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The SBDC provides free one-on-one counseling on any small-business topic, including marketing, financial planning, business planning, computer information systems, human resource management, government procurement, record keeping, and more. The SBDC sponsors workshops and seminars on a variety of topics designed specifically for business owners. The SBDC also makes available a library of business resources, which includes many of the latest books, video-tapes, audio tapes, newsletters, and magazines. Phone (520) 515-5478, or email sbdc@cochise.edu.

WORKFORCE TRAINING AND COMMUNITY EDUCATION (WTCE)

Workforce Training and Community Education provides short-term courses for adults interested in upgrading their work skills or exploring new areas of development. Classes encompass a variety of subject areas, including computers, arts and hobbies, business management, cultural field trips and more. Courses are delivered countywide and online. Classes are available on weekdays, weekends and in the evenings.

The department also collaborates with local organizations to provide customized, professional development training to improve workplace skills. A current schedule of classes is available at their website: www.cochise.edu/training. For a printed schedule, or more information, contact the department at (520) 515-5492 or email: training@cochise.edu.

Community Resources



Safeway Supermarket. Photo: John and Jeanie Mangold

BENSON ECONOMIC DEVELOPMENT COMMITTEE INC. (BEDC)

The Benson Economic Development Committee actively recruits new development, especially commercial and manufacturing development, to bring new jobs, services, products, and investments to the community. The BEDC provides tailored information packets with data from multiple sources to prospective businesses.

BENSON-SAN PEDRO VALLEY CHAMBER OF COMMERCE

The Benson-San Pedro Valley Chamber of Commerce promotes and maintains a favorable environment and quality of life for its business and professional members and the community by defining, developing, and implementing programs and services that will enhance economic development opportunities for the greater Benson-San Pedro Valley area. Phone (520) 586-2842 or email bensonspvchamber@theriver.com.

BENSON VISITOR CENTER

The Benson Visitor Center provides information to tourists on local attractions, tours, and things to do in the Benson area. It also mails relocation information to potential residents. Phone (520) 586-4293 or email bensonvisitorctr@theriver.com.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE (SSVEC)

Sulphur Springs Valley Electric Cooperative is a non-profit, member-owned distribution cooperative providing electricity to more than 46,000 services over some 3,800 miles of energized line. Located in southeastern Arizona, the cooperative's service territory covers parts of Cochise, Graham, Pima, and Santa Cruz counties and includes the communities of Sierra Vista, Huachuca City, Patagonia, Elfrida, Benson, St. David, Bowie, San Simon, Willcox, Sonoita, and Pearce-Sunsites. Phone (800) 422-3275 or (520) 586-2238 or visit www.ssvvec.org.

Benson Economic Focus Luncheon



April 24, 2004 Dedication of Parallel Taxiway, Benson Airport Hangar. Photo: John and Jeanie Mangold

Each year in June, the Center holds the annual Benson Economic Focus Luncheon. This event includes a lunch and program typically drawing an audience of nearly 200 attendees. For the past several years, the luncheon has sold out. Make plans to attend the Eighth Annual Economic Focus Luncheon set for June 9, 2005 at the Cochise College Benson Center. Call the Center for Economic Research for details or for registration information.

What follows is a review of the forecast presented at the economic luncheon in June 2003 and an examination of how well that forecast met reality. Following that is a summary of the forecast for 2004 presented at the June 10, 2004 luncheon.

A REVIEW OF THE FORECAST FOR 2003

For the Benson area, the unemployment rate was forecasted to average between 4.8 and 5.1 percent for the year. Unemployment showed as expected at an average of 5.0 percent. Local job growth was predicted to be between 2.8 to 3.3 percent; however, actual growth occurred at a lower rate of 1.4 percent. Overall, the unemployment picture for the Benson area reveals a combination of lower unemployment rates and slower job growth. This indicates that even though job growth has been slow, it has outpaced growth in the labor force.

For the year 2003, total taxable sales for the City of Benson were forecasted to grow between 5.0 and 7.0 percent. Sales came in as forecasted, with a growth rate of 5.4 percent. Total taxable sales were spurred on by healthy activity in construction during the months of July through December, showing growth of 34.3 percent over the second half of 2002.

Retail sales, which were forecasted to expand between 2.5 and 4.5 percent, outperformed predictions, showing a robust gain of 5.7 percent. During the first half of the year, retail posted a 5.5 percent gain, with even stronger growth of 5.9 percent in the second half. Stronger growth in the second half was likely attributable to the opening of the ALCO Discount Store, just in time for the holiday shopping season.

Restaurant and bar sales, forecasted to grow between 3.5 and 5.5 percent, actually posted a decline of 1.3 percent. This category showed a decline of 5.8 percent during the first half of the year, but rebounded during the second half with a promising 3.7 percent gain over the second half of 2002.

Hotel/Motel receipts were forecasted to grow between 4.5 and 7.0 percent for 2003; however, as with restaurant and bar sales, lodging receipts experienced a decline, ending the year down by 1.9 percent.

Sales of new and existing homes in the Benson area home

market were forecasted to grow between 15 and 25 percent; however, homes sales ended the year down by 21.4 percent. New site-built home activity within the city was forecasted to grow between 15 and 25 percent; however, no permits were issued in the city during the year, resulting in zero growth. The reason for the lower-than-expected new home activity within the city is that, increasingly, those purchasing new homes are opting to build in the unincorporated areas just outside the city limits. In 2003, permits for new site-built homes were up 55.3 percent in the county area outside the Benson city limits.

A FORECAST FOR 2004

During 2004, expect total taxable sales to increase between 4 and 6 percent. Retail sales can be expected to grow between 2.5 and 4.5 percent. Restaurant and bar sales, as well as lodging receipts, should perform better than last year, with an expected growth rate of 1 to 3 percent. The unemployment rate for the Benson area is forecasted to come in between 5.1 and 5.4 percent. Job growth should also benefit from the

strengthening economy, with job creation occurring at a rate of between 2.8 and 3.3 percent.

For 2004, expect new and existing homes sales to increase between 5 and 10 percent. Expect construction of new site-built homes within the city limits to remain slow with one or two homes being built. The construction of manufactured homes within the city limits can be expected to decrease between 10 and 15 percent. Construction should remain stronger in the area outside the city limits; however, site-built home construction in this area can be expected to drop between 25 and 35 percent from 2003 levels as interest rates begin to rise. Manufactured home construction in this area can be expected to increase between 10 and 15 percent.

The forecast, as presented at the Benson Economic Focus Luncheon in June is the most accurate forecast available based on current and projected economic conditions. Forecasts are based on an analysis of historical trends, and a single event can change the direction or pace of activity.

FORECASTING CREDENTIALS, ECONOMIST KEN JONES

Ken's work with economics spans four decades. In the mid-seventies, he co-chaired a pilot project in the state of Iowa: SCATE (Students Concerned About Tomorrow's Environment). He spearheaded a project which looked at the economic impact of a refundable deposit on aluminum cans within the state. Later the state of Iowa adopted the policy. In the early eighties, he placed first in the state of Iowa in a Collegiate Economics Competition. He went on to represent the state in national competition in Washington, D.C.

Ken earned a bachelor of arts degree in business administration in 1981 from The Franciscan University and an MBA from the University of Arizona in 1988. He has completed doctoral work in higher education finance. He was awarded fellowships through the University of California, University of North Texas, and the University of Arizona. Ken's work in conducting economic impact studies dates back to 1991. He founded the Cochise College Center for Economic Research in the spring of 1995. During the summer of 1997, he studied at the University of Arizona's Experimental Economics Lab, under 2002's Nobel Prize Winner for Economics, Dr. Vernon Smith,

on a fellowship. Since then he has received a National Institute of Staff and Organizational Development Award for his work with the Center and students. He has been recognized by Who's Who Among College and University Instructors. In November 2001, the Sierra Vista Economic Development Foundation presented him with an award for his contribution to area economic development. In late 2002, he was presented with an Alumni Achievement Award from the University of Arizona's Eller Graduate School of Management.

His articles dealing with the economy in Cochise County appear in newspapers and on radio county-wide. Most recently, he has begun covering the Santa Cruz County economy, with articles appearing in the Nogales International. He has been interviewed for articles on the economy by such sources as the Associated Press and the L.A. Times. He has gained recognition throughout the state with political and community leaders for his research. Today, although completely blind, he continues his work as director of the Center for Economic Research.

ADDITIONAL COPIES OF THE BENSON PROSPECTUS ARE AVAILABLE AT \$10 PER COPY, FOR UP TO 10 COPIES, AND \$7 PER COPY OVER THAT. ECONOMIC PUBLICATIONS ARE ALSO AVAILABLE FOR SIERRA VISTA, PUBLISHED ANNUALLY IN MARCH; DOUGLAS, PUBLISHED ANNUALLY IN SEPTEMBER; AND BISBEE, PUBLISHED ANNUALLY IN DECEMBER. THE CENTER'S QUARTERLY NEWSLETTER, THE INDICATOR, IS AVAILABLE FREE OF CHARGE. FOR MORE INFORMATION, PLEASE CONTACT THE CENTER FOR ECONOMIC RESEARCH.