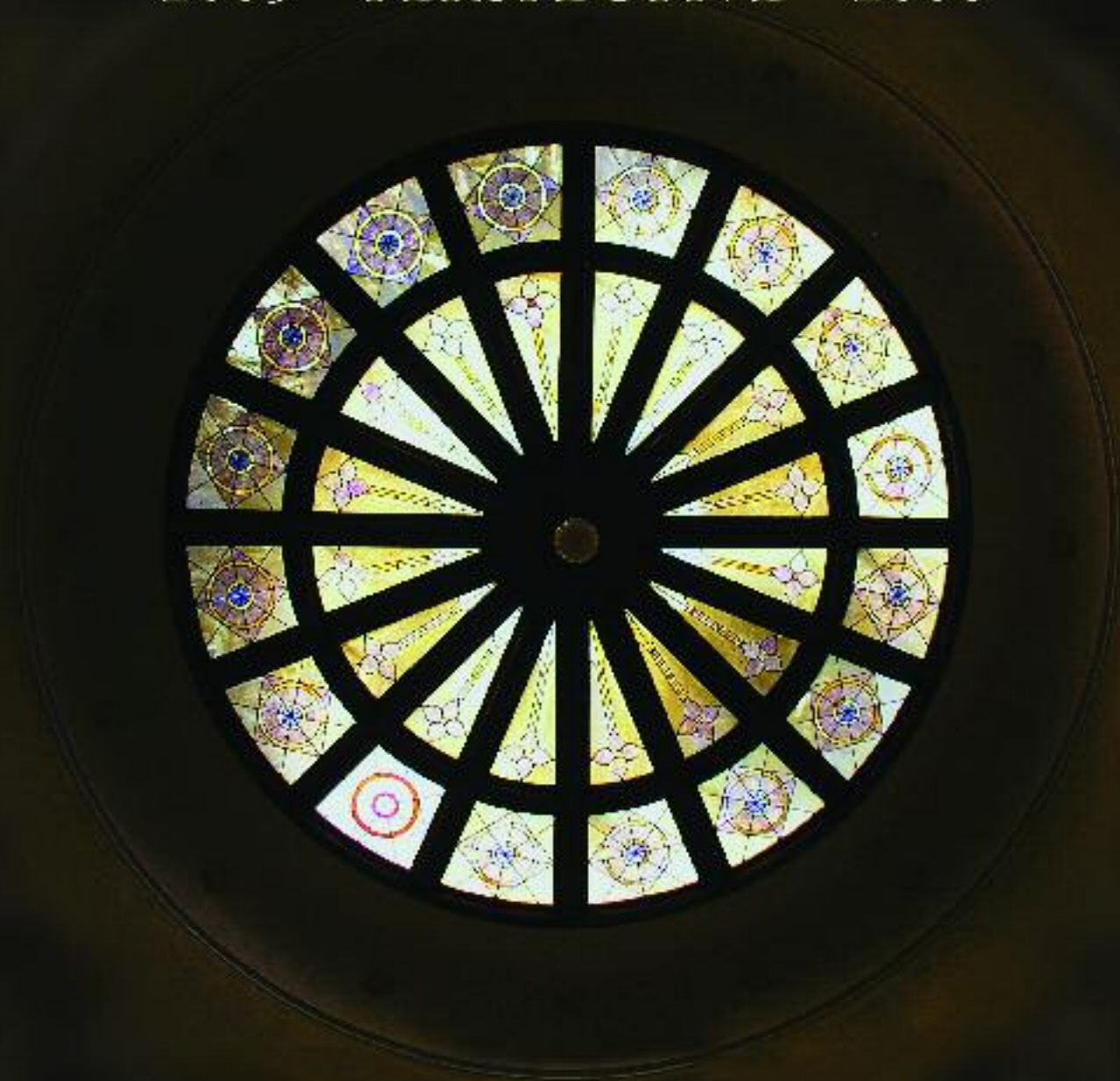


10TH
ANNIVERSARY EDITION

DOUGLAS

2005 • PERSPECTIVE • 2006



COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

Special Thanks to Our Sponsors

The following organizations and individuals sponsor the Cochise College Center for Economic Research (CER). Their generous contributions allow the CER to undertake various research projects and studies, as well as hold the annual Douglas Economic Focus Luncheon and produce this publication. We greatly appreciate their generous support. For information on how you can become a sponsor of the CER, please contact the Center at (520) 515-5486 or cer@cochise.edu

Major Sponsor



RANCHO PERILLA ESTATES
DOUGLAS, ARIZONA • (480) 363-2186

Cover design by David Gordon

Cover and inside photos by Kimberly Kelso, (520) 227-0042

Founders Club

Bank One

BANKING SERVICES • (520) 364-7981

City of Douglas

CITY GOVERNMENT • (520) 364-1586

Southeast Arizona Medical Center

MEDICAL SERVICES • (520) 364-7931

Forecasters Club

APS - Arizona Public Service

ELECTRIC UTILITY • (520) 364-4451

Economists Club

Arizona Associated Agencies

INSURANCE • (520) 364-8496

Cherry Creek Radio (KTAN/KWCD/K101)

RADIO STATION AND BROADCAST COMPANY • (520) 458-4313

Cochise County

COUNTY GOVERNMENT • (520) 432-9200

Cox Communications

TELECOM PROVIDER • (520) 364-2119

The Daily Dispatch

NEWSPAPER • (520) 364-4047

Douglas Industrial Authority

ECONOMIC DEVELOPMENT • (520) 364-3501

Horizon Moving Systems of Sierra Vista, Inc.

MOVERS • (520) 458-4625

Qwest

TELEPHONE COMMUNICATIONS • (800) 603-6000

Southwest Gas Corporation

GAS UTILITY • (520) 364-8426

Century Club

Beyond Technology

Robert Carreira

Digital Odyssey

Dr. Karen Nicodemus

Southeastern Arizona Contractors Association (SACA)

University of Phoenix – Sierra Vista/Fort Huachuca Campus

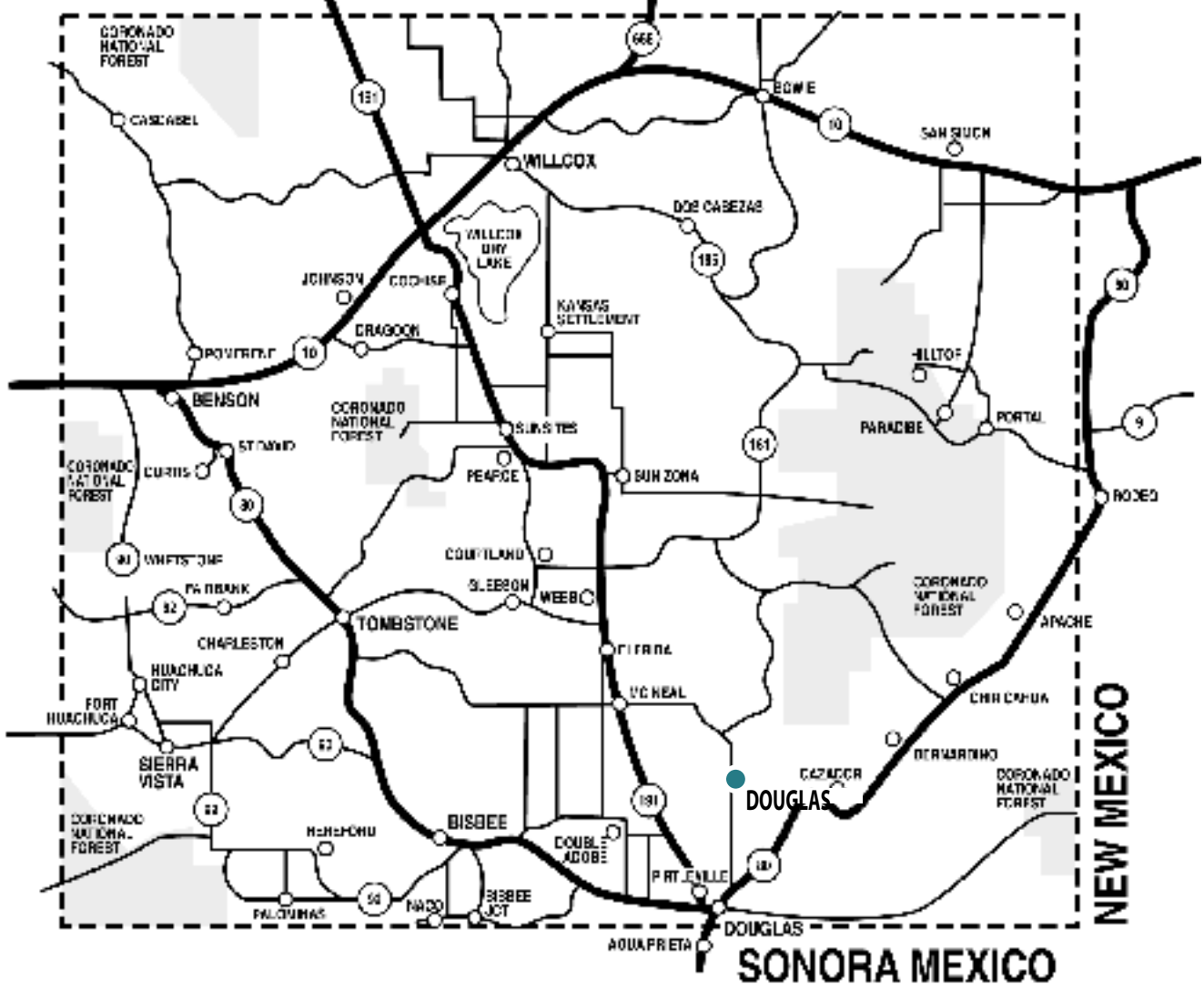
Super WalMart of Douglas

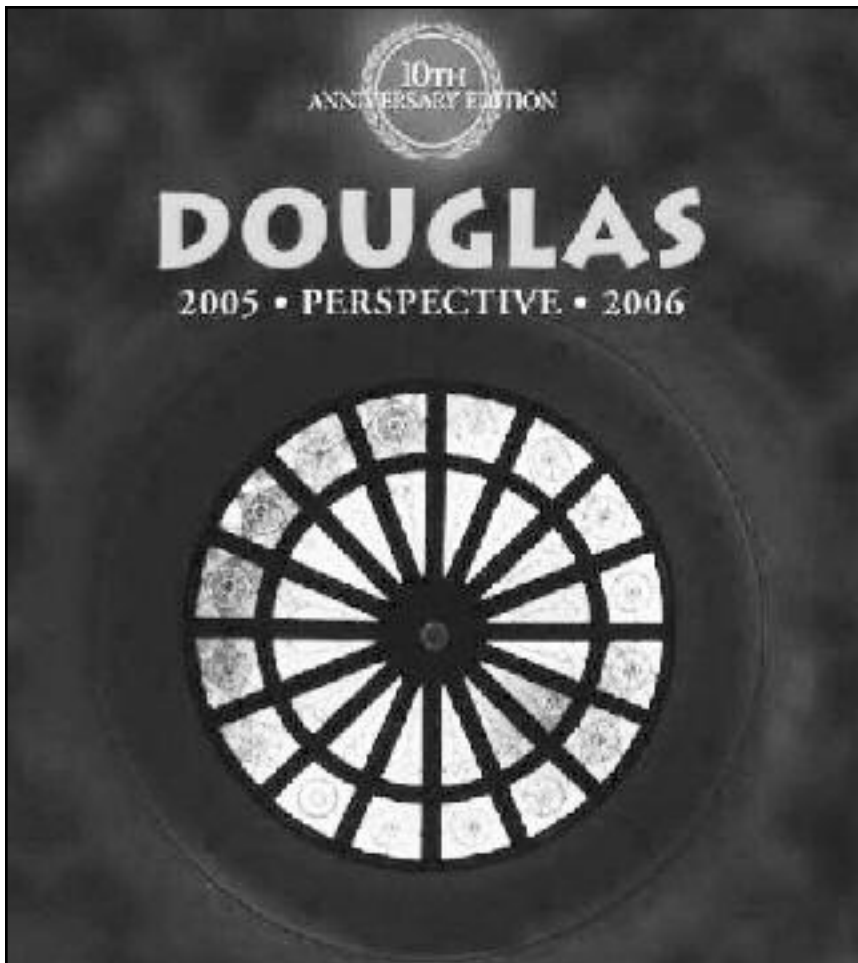


Table of Contents

A Message From the Director	1	Cochise County Employment.....	22
The City Manager's Perspective	3	Retail and Trade	25
<i>Douglas Connects with the Future</i>		Total Taxable Sales	25
Economic Forecast for Douglas.....	5	Retail Sales	25
A Review of Last Year's Forecast	5	Restaurant and Bar Sales	26
A Forecast for 2005 and Beyond	6	Accommodation Receipts.....	26
The City of Douglas.....	8	Business Establishments	27
Climate	9	Business Licenses	27
Commercial Market	9	Douglas Retail Shopping Survey.....	27
Industrial Properties.....	9	Housing and Real Estate	28
Arizona Enterprise Zone Program.....	9	New and Existing Home Sales	28
Tax Rates	10	New Home Permits – Site-Built Homes	29
Primary and Secondary Education.....	10	Housing Affordability	30
Post-Secondary Educational Opportunities	11	Apartments.....	30
Crime Rate.....	12	Commercial Construction	31
Healthcare.....	12	Cochise County Land Transactions.....	31
What People Like Most About Douglas	13	Bankruptcies and Bank Deposits	32
Demographics	14	Impact of Mexico.....	33
Population Estimates and Projections	14	Economic and Fiscal Impacts.....	33
Race and Ethnicity	14	Agua Prieta	35
Language Spoken at Home	15	Mexico's Economy Today	37
Gender and Age	16	Agriculture in Cochise County	39
Household Characteristics.....	16	Tourism	41
Poverty Status	16	Benefits of Tourism.....	42
Educational Attainment.....	17	Performance of the Local Tourism Industry	42
Military Veterans	18	Cochise County Tourism Study	43
Employment	19	Park Visitations	43
Employment, Unemployment, Labor Force, and ..	19	Douglas Winter Visitors Survey	44
Job Growth	19	Calendar of Events.....	44
Occupations and Classes of Workers.....	20	About the Center.....	45
Industries.....	20	Cochise College	46
Major Employers.....	21	Community Resources.....	48
Earnings and Income	21	Forecasting Credentials.....	50

COCHISE COUNTY





A Message from the Director

This year marks the 10th anniversary of the Douglas Economic Focus Luncheon and the Douglas Perspective publication, as well as the partnership between Douglas business and community leaders and the Cochise College Center for Economic Research. The continued goal of this partnership is to bring together relevant and timely economic data to aid decision makers in reaching the best decisions to move Douglas forward. On a personal note, this year's luncheon marks my first as director of the Center for Economic Research, a position in which I am deeply honored and privileged to serve.

As we look at the economy, there is reason for cautious optimism. At the national level, real gross domestic product (GDP) – the output of goods and services produced by labor and property located in the United States – increased at a rate of 4.2 percent in 2004, its highest rate of growth since 1999, according to data released by the Bureau of Economic Analysis (BEA). This growth was propelled by a 3.9 percent increase in personal consumption expenditures and an 11.9 percent increase in gross private domestic investment. For the second quarter of 2005, GDP increased at an annual rate of 3.4 percent, according to advance estimates, following annualized GDP growth of 3.8 percent in the first quarter, according to BEA revised estimates. The major contributors to the increase in real GDP in the first and second quarters were personal consumption expenditures, private inventory investment, exports, equipment and software, residential fixed investment, and government spending.

Employment at the national level also showed signs of improvement, with the unemployment rate dropping from 6 percent in 2003 to 5.5 percent in 2004, its lowest level since 2001. In June 2005, the nation's seasonally adjusted unemployment rate dropped to 5.0 percent. According to data released by the Bureau of Labor Statistics (BLS), the year 2004 saw a net increase of nearly 2.2 million non-farm jobs, following net losses in 2001 and 2002, and only a modest gain of 94,000 jobs in 2003. From January through June 2005, the nation saw a net increase of nearly 1.1 million jobs,



By Robert Carreira
Director
Cochise College
Center for Economic Research

with 146,000 jobs added in June, according to preliminary data released by BLS.

However, as is often the case, as unemployment declines, inflation tends to move upward. In 2004, the consumer price index (CPI) increased by 2.7 percent, its largest increase since 2001. The major contributor to this inflation was higher energy prices, which rose 16.6 percent in 2004, the largest increase since 1990. For the first six months of 2005, the CPI increased at a seasonally adjusted annual rate of 3.1 percent, due in large part to higher energy prices, which increased at an annual rate of 14.1 percent during this period.

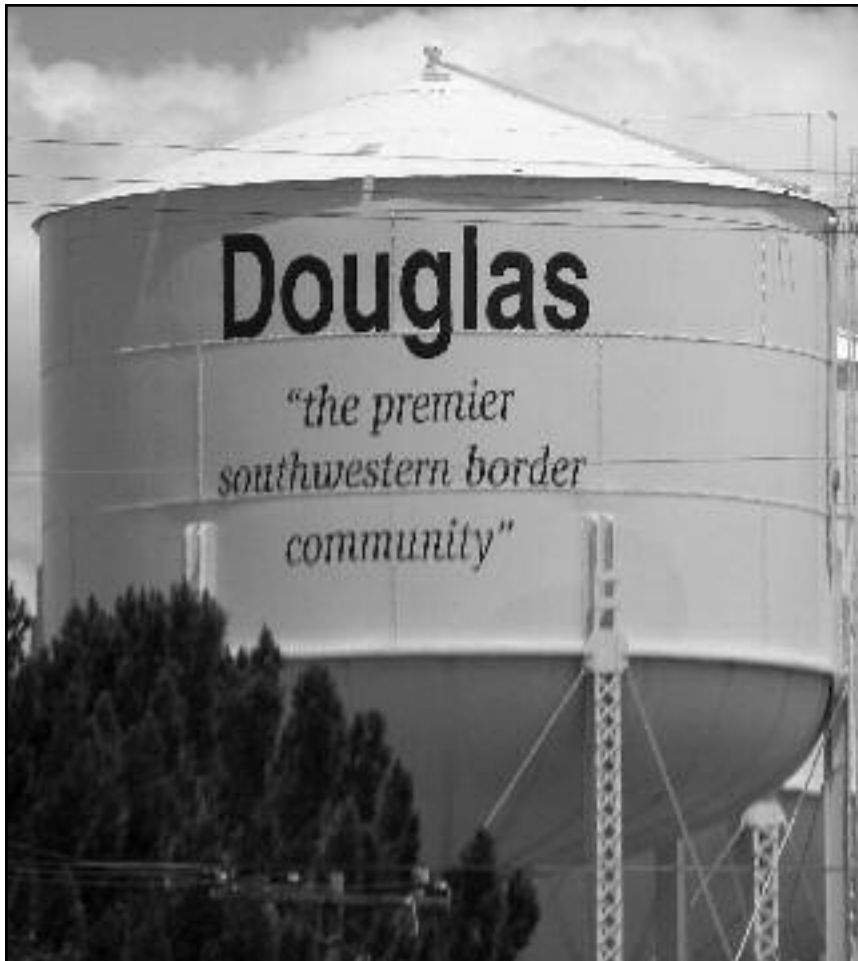
The stock market continued its recovery in 2004, with the Dow Jones Industrial posting gains of 3.1 percent; the NASDAQ composite posting gains of 8.6 percent; and the S&P 500 posting gains of 9 percent. While these gains may seem to pale in comparison to gains of 25.3 percent, 50 percent, and 26.4 percent respectively, in 2003; it is important to note the 2003 gains followed three consecutive years of significant losses and represented the initial recovery from those losses. Performance in 2005 has been less promising, with the Dow Jones Industrial down 1.3 percent, the NASDAQ composite up 0.4 percent, and the S&P 500 up 1.8 percent for the first seven months of the year. The poor performance from January through July is due to rising energy prices, higher inflation overall, and the continued threat of rising interest rates.

As noted last year at this time, the Federal Reserve has begun targeting the federal funds rate for upward movement to reflect the nation's recovering economy. Beginning with the June 2004 meeting of the Federal Open Market Committee (FOMC), the FOMC has increased the targeted federal funds rate by 25 basis points at each of 10 meetings between June 2004 and August 2005. The most recent increase in August of this year brought the targeted rate to 3.5 percent. From June 2003 to June 2004, the federal funds rate sat at 1 percent, its lowest level since 1958. The federal funds rate is the rate at which depository institutions lend balances at the Federal Reserve to each other overnight. The Fed has no power to directly raise or lower this rate but influences the rate primarily through its open-market operations, which consist of the purchases and sales of U.S. government securities.

One of the primary sectors of the economy typically affected by changes in the federal funds rate is the housing market, but over the past year, mortgage rates have been slow to respond. In fact, as the targeted rate increased steadily from 1 percent to 2.5 percent between June 2004 and February 2005, the average contract rate on fixed-rate, 30-year, non-jumbo loans, as reported by the Federal Housing Finance Board, actually decreased from 6.25 to 5.9 percent. Between February and April of this year, the average contract rate inched upward to 6.02 percent, but then dropped steadily between April and June to 5.82 percent.

At the state level, economic indicators offer good reason for optimism. Recently released figures from the BEA indicate that Arizona's gross state product (GSP) rose 6.7 percent in 2004, its largest increase since 2000. The GSP is the most comprehensive measure of the overall economic activity of each state and is the primary tool for measuring economic growth within states. In 2004, Arizona was the third-fastest growing state in the nation - as measured by increases in GSP - behind only Iowa and Nevada. The employment situation in Arizona reflected this economic growth, with the state's 2004 unemployment rate coming in at 5 percent, one-half of a percentage point below the national average. In June 2005, the state's seasonally adjusted unemployment rate was 4.4 percent, six-tenths of a percentage point below the national rate.

At the county and city levels, mixed economic signals also give reason for cautious optimism. At the county level, the unemployment rate for 2004 came in at 5 percent, below the national average of 5.5 percent, and equal to the state average. Douglas finished the year with an unemployment rate of 8.8 percent, its lowest level on record. Indications are that the rate may dip even lower in 2005. Job growth at both the county and city level in 2004 was strong. Total taxable sales in Douglas for 2004 were up 6 percent in real, inflation-adjusted terms, recovering from negative growth a year prior. From January through April 2005, although total taxable sales were down in inflation-adjusted terms, retail trade and restaurant and bar activity grew at a rate slightly ahead of inflation.



Douglas Connects with the Future

The Douglas water tower carries an important message to the community and visitors.

Photo by Kimberly Kelso

The Douglas community continues to show signs of growth and, through the leadership of the mayor and city council, is not only investing in infrastructure, but also developing interest from private investors, both from Douglas and elsewhere. For starters, we are experiencing a great deal of interest in new housing developments. Currently, there are three new housing developments that have completed the platting process and are under development. These developments, Rancho La Perilla Estates, Encanto Estates 4, and Coronado Hills, will add nearly 900 additional home sites to the Douglas area. This translates into an approximate increase of 20 percent in Douglas' housing stock.

The new WalMart Super Center has more than doubled the size of its retail store, providing more shopping options for Douglas and surrounding communities, including our neighbors to the south in Mexico. In an effort to stimulate even more large single-item purchases, the mayor and council passed an ordinance reducing the city's sales tax rate by 1 percent for a single-item purchase of tangible personal property exceeding \$10,000. The sales tax reduction has a sunset clause after a two-year period. Feedback from a local car dealership has been positive in that it has helped the business to compete and increase sales.

We have seen new restaurants, a new gas station, additional retail stores, as well as interest from other retail store owners that have been sparked not only because of the WalMart expansion but also the increase in traffic to the area.

Other economic impacts we will see this summer and fall include a men's slow-pitch national qualifying tournament, the Little League district playoffs, the Cochise County Cycling Classic perimeter bicycle race, the Cochise County Fair, and a myriad of other festivals. These types of events are important in that they allow people to experience Douglas and ultimately bring outside dollars to our community. Attracting



Mike Ortega

Douglas City Manager

tournaments for both adults and youth falls within our strategy of developing the tourism market. To that end, the City of Douglas has opened a new visitor and meeting center.

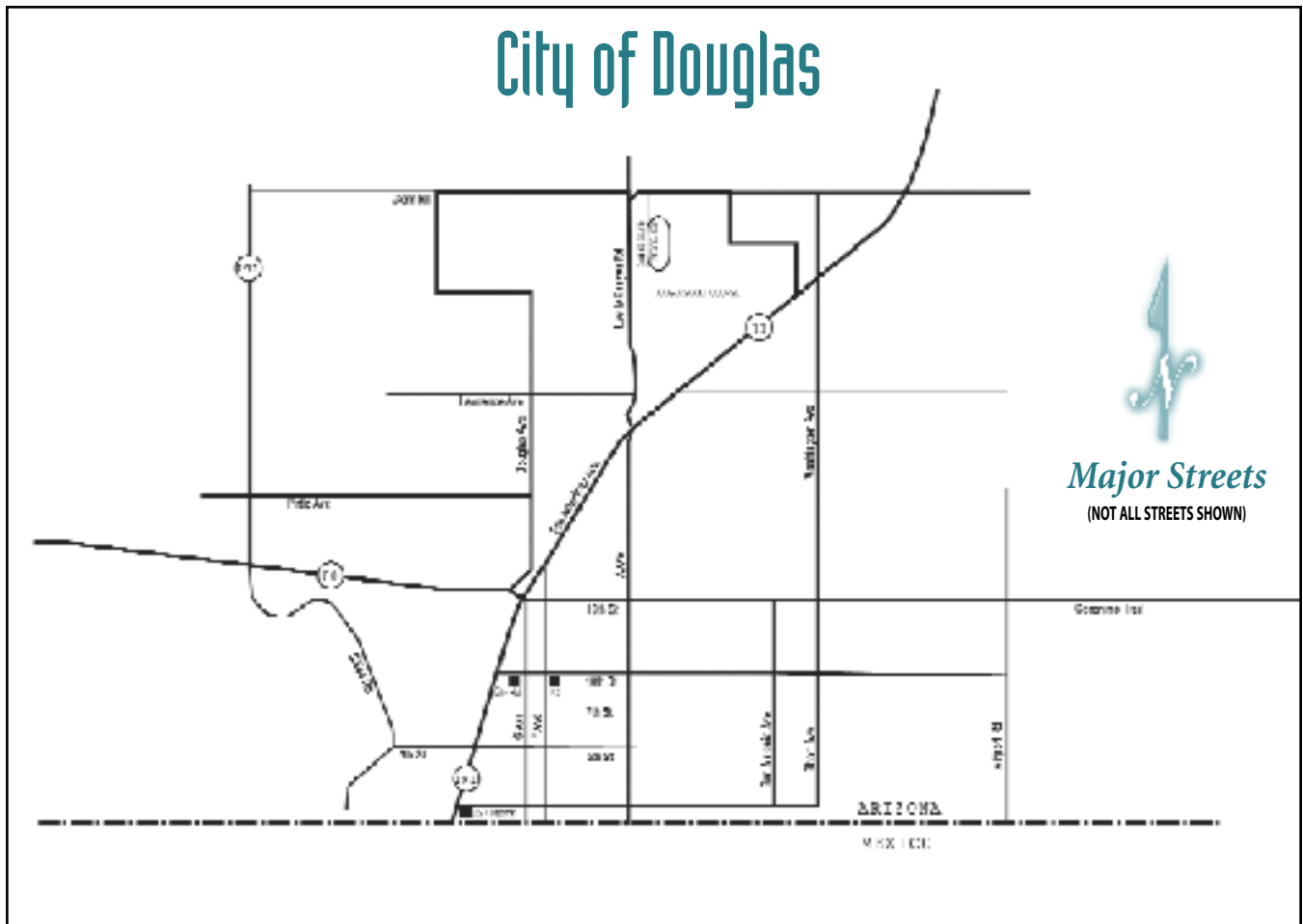
The \$345,000 visitor center is located at Pan American Highway and Highway 80. The new visitor center was constructed in the style of a 1900s government building. It is approximately 1,200 square feet with a stained-glass dome in the center of the room that is similar to the one in the old railroad depot. The center welcomes visitors with state-of-the-art Internet connections allowing the visitor to check emails from friends and relatives at no cost.

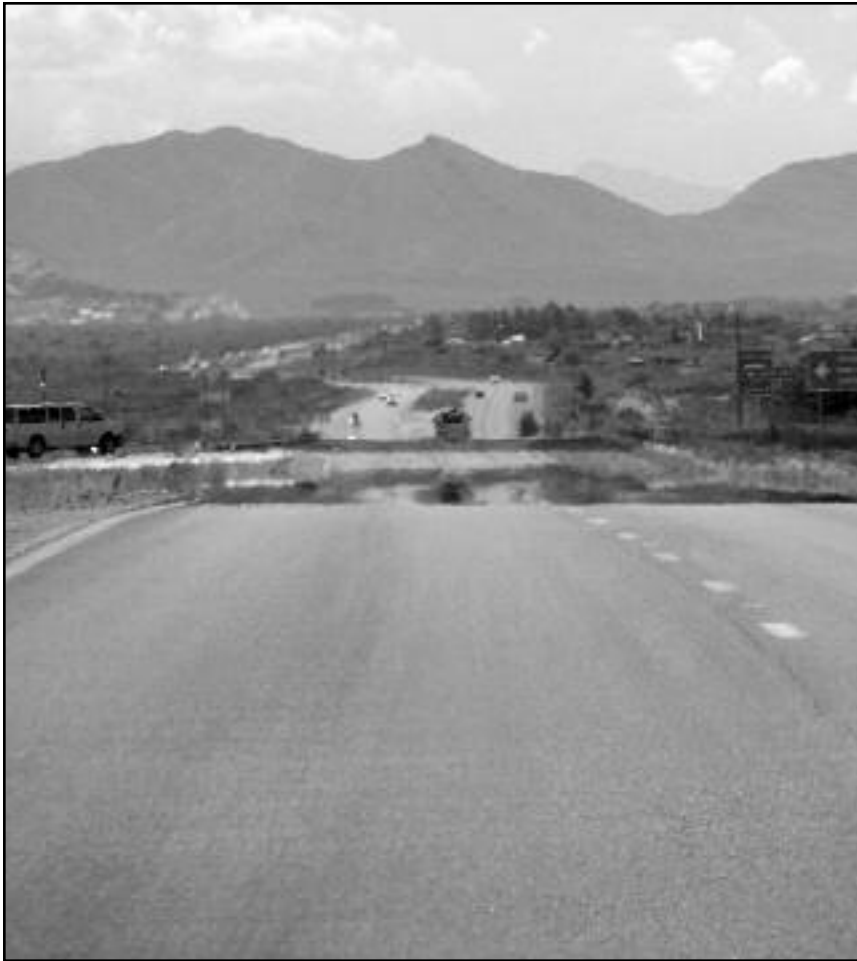
The new visitor center also includes a meeting/conference facility located on the west end of the building. The main conference room is 2,777 square feet with 12-foot ceilings. The main room is equipped with a sliding wall in order to subdivide into two 1,388-square-foot meeting rooms. This allows Douglas to host large meetings, again bringing people to the area.

Lastly, the mayor and council continue to push forward on many quality-of-life infrastructure improvements, such as a new 10-acre park on the east side of town. Airport Park is under development and is expected to be completed later this summer. The park is located on the east side of Douglas next to the Douglas Municipal Airport. The multi-use park will include baseball, soccer, and softball practice fields, picnic areas, playground equipment, restroom facilities, and a walking path.

Other public works development includes work on the Third Street and South Chino Road extension to alleviate traffic congestion at the port of entry, installation of 109 new street lights, and the fountain restoration at the police department.

As you can see, there are plenty of things happening in Douglas, and I would encourage residents and visitors alike to take advantage of these developments.





Economic Forecast for Douglas

Looking toward the future down an open road.
Photo by Kimberly Kelso

A Review of Last Year's Forecast

The Cochise College Center for Economic Research strives for forecasting excellence, which we define as an accuracy rate of 90 percent or higher. Last year's forecast called for an unemployment rate in Douglas of 7.9 percent. The actual unemployment rate came in at 8.8 percent for an accuracy level of 89.8 percent. Job growth was forecasted to occur at 2.9 percent. Actual job growth came in at 3.2 percent for an accuracy level of 90.6 percent.

New and existing home sales for 2004 were forecasted to be 139. Actual sales were 146, for an accuracy rate of 95.3 percent. New home permits in the Douglas city limits were forecasted to be 20; the actual number of permits was 26, for an accuracy rate of 76.9 percent. The better-than-expected performance of the housing market was attributable largely to mortgage rates not responding as expected to increases in the federal funds rate in the second half of the year.

Total taxable sales for 2004 were forecasted to grow at a rate of 5.3 percent. Actual growth was 8.7 percent, for an accuracy level of 60.9 percent. In dollars, taxable sales were forecasted to be \$177.3 million; actual total taxable sales were \$183.1 million, for a forecasting accuracy rate of 96.8 percent. Retail sales, the largest subcategory of total taxable sales, were forecasted to grow by 3.5 percent. Growth in retail sales came in at 4.3 percent, for an accuracy rate of 81.4 percent. In dollars, retail sales were forecasted to be \$122.7 million; actual retail sales were \$123.6 million, for a forecasting accuracy rate of 99.3 percent. Restaurant and bar sales were forecasted to grow at 2 percent. Actual growth in this category was 16.1 percent, for an accuracy level of 12.4 percent. The extraordinary performance of this sector was largely due to the opening of new establishments, which encourage increased local patronage; as well as a declining dollar relative to many foreign currencies, which helped boost tourism to the United

Many new restaurants have been built in Douglas and just outside the Douglas Port of Entry
 Photo by Kimberly Kelso



States, including Cochise County and Douglas. Restaurant and bar sales in Douglas remain difficult to forecast due to the instability of sales from year to year caused by such factors as fluctuating foreign exchange rates, which affect tourism; security and crossing times at the international border; and the opening and closing of local establishments, which alter local patronage patterns.

Total taxable sales finished better than expected due largely to the failure of long-term interest rates to respond to increases in the federal funds rate, which continued to boost construction, a key component of total sales, at a much greater rate than anticipated. Another factor was restaurant and bar sales, another component of total sales, which, as mentioned, performed much better than expected in 2004.

A Forecast for 2005 and Beyond

Expect Douglas' 2005 population to reach 17,035, for growth of 1.8 percent over 2004 levels. Population growth should stabilize at 1.5 percent per year based on historical growth patterns. The population of Douglas should reach 18,341 by 2010.

Expect job growth to continue through 2005, albeit at a slower rate than 2004. Job growth for 2005 is expected to be 2.6 percent. This rate should hold relatively stable, declining only slightly to 2.5 percent in 2006 and stabilizing at 2.4 percent for 2007 through 2010 as tighter monetary policy at the federal level works to curb consumer spending, and long-term interest rates align themselves with increases in the federal funds rate. Tighter monetary policy at the federal level has the effect of slowing GDP growth, which tends to slow job growth at all levels of the economy. The unemployment rate for 2005 is forecasted to be 8.8 percent. This rate should drop steadily over the next few years, since the recent trend in Douglas has been for growth of the labor force to lag behind the job growth rate, lowering unemployment levels.

The housing market continues to be difficult to forecast. As mentioned, home mortgage rates actually moved in the opposite direction of the federal funds rate in the second half of 2004. Most analysts predict this trend is not likely to continue as the federal funds rate approaches 4 percent by the end of 2005. The impact, however, is likely to be seen more in home prices and less in the volume of sales or the number of new home permits. Those buying new homes are more likely to settle for smaller, less expensive homes, while the prices of existing homes can be expected to stabilize to compensate for the higher principal and interest payments as interest rates rise. Most home buyers primarily consider the monthly mortgage payment in determining the affordability of a home. As interest rates rise, the tendency should be toward lower loan amounts. With this in mind, expect new and existing home sales in 2005 to move upward to 152 and increase steadily each year for the foreseeable future. Population increases should continue to fuel demand for new and existing homes in the Douglas area market.

New home permits in the Douglas area market are forecasted to stabilize at approximately 70 per year, with much of the new home construction occurring in the Douglas city limits, particularly in Rancho Perilla Estates. New home permits in the

DOUGLAS 2004 FORECAST REVIEW (CER REPORT CARD)

	2004 FORECAST	2004 ACTUAL	FORECASTING ACCURACY
Unemployment Rate	7.9%	8.8%	89.8%
Job Growth Rate	2.9%	3.2%	90.6%
New & Existing Home Sales (Douglas Area Home Market)	139	146	95.3%
New Home Permits (Douglas City Limits)	20	26	76.9%
Total Taxable Sales (Dollars)	\$177,297,529	\$183,093,360	96.8%
Total Taxable Sales (Growth)	5.3%	8.7%	60.9%
Retail Sales (Dollars)	\$122,682,317	\$123,575,680	99.3%
Retail Sales (Growth)	3.5%	4.3%	81.4%
Restaurant & Bar Sales (Dollars)	\$10,911,389	\$12,419,720	87.9%
Restaurant & Bar Sales (Growth)	2.0%	16.1%	12.4%

SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

city limits should stabilize at approximately 55 per year for the next few years. Higher energy costs, which translate into higher production costs for new homes, are likely to shift demand toward existing homes.

Total taxable sales can be expected to grow at 3.1 percent in 2005, at or slightly above the rate of inflation. Growth should slow somewhat in subsequent years as a result of tighter monetary policy at the federal level that will curb personal consumption expenditures. Expect retail sales to show growth of 2.4 percent over the next year, slightly below the rate of inflation; the slower growth will likewise result from tighter monetary policy at the national level. Restaurant and bar sales can be expected to grow at 2.8 percent in 2005, at or slightly below the rate of inflation. The extraordinary growth of this sector in 2004 is not likely to continue into 2005 since the increased local patronage spurred by the opening of new establishments tends to be relatively short-lived. Moreover, higher interest rates raise the cost of previously incurred, variable-rate consumer debt, leaving families with less disposable income. As income declines, non-necessities such as dining out are often the first things cut from the family budget. The decline of the dollar against foreign currencies, especially the euro, has also subsided since much of this decline was the likely result of speculation as the European Union (EU) moved toward ratification of an EU Constitution in 2004 and early 2005. The decision by the French and Dutch not to ratify sent the euro on a downward decline relative to the dollar. This serves to lessen the affordability of travel to the United States, leading to an overall decline in tourism, which impacts local restaurant and bar sales. Figures from the first few months of 2005 indicate a slowing of the pace of growth in this sector.

There may also be some movement toward a contractionary fiscal policy at the national level, meaning a decrease in federal spending. Decreased federal spending produces a similar effect to a tight monetary policy; that is, it lowers overall demand resulting in slower job growth, higher unemployment, and a decline in sales. This is likely to play less of a role in the Douglas economy as federal spending on homeland security and border protection continues to increase.

Note: The long-term forecast is based on historical trend analysis with consideration given to local, state, national, and world events that can be expected to impact the local economy. These forecasts will be updated annually as new information becomes available.

DOUGLAS FORECAST, 2005 AND BEYOND						
	2005	2006	2007	2008	2009	2010
Population	17,035	17,297	17,558	17,819	18,080	18,341
Population Growth Rate	1.8%	1.5%	1.5%	1.5%	1.5%	1.4%
Unemployment Rate	8.8%	8.1%	7.5%	6.8%	6.1%	5.7%
Job Growth Rate	2.6%	2.5%	2.4%	2.4%	2.4%	2.4%
New and Existing Home Sales	152	157	162	166	171	176
New Home Permits (Douglas Area Home Market)	70	70	70	70	70	70
New Home Permits (Douglas City Limits)	55	55	55	55	55	55
Total Taxable Sales (Dollars)	\$188,688,809	\$194,284,259	\$199,879,708	\$205,475,158	\$211,070,607	\$216,666,056
Total Taxable Sales (Growth)	3.1%	3.0%	2.9%	2.8%	2.7%	2.7%
Retail Sales (Dollars)	\$126,496,413	\$129,417,146	\$132,337,879	\$135,258,612	\$138,179,346	\$141,100,079
Retail Sales (Growth)	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%
Restaurant and Bar Sales (Dollars)	\$12,767,901	\$13,116,081	\$13,464,262	\$13,812,443	\$14,160,624	\$14,514,639
Restaurant and Bar Sales (Growth)	2.8%	2.7%	2.7%	2.6%	2.5%	2.5%

SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

The City of Douglas

In May and June 2005 a survey revealed that parks and activities are two of the many things residents like most about the City of Douglas.
Photo by Kimberly Kelso



Douglas is located 118 miles southeast of Tucson and 229 miles southeast of Phoenix on the U.S./Mexico border. Douglas was founded in 1901 and incorporated in 1905, developing as a smelter site for the copper mines in the area due to its abundant water supply and railroad service. The present site of Douglas originally served as a staging area for cattle ranchers during annual round-ups in the late 1800s. Agriculture and mining remain important to the economy of the Douglas area.

The City of Douglas offers numerous community facilities, including an art gallery, library, indoor theater, two recreation centers, an Olympic-size swimming pool, indoor aquatic center, seven parks, a golf course, and several handball, racquetball, and tennis courts. Douglas is served by 325 hotel and other lodging rooms, along with 12 meeting rooms. The capacity of the largest facility is 160. Douglas also is served by an international municipal airport with two lighted runways (6,400-ft. paved/unpaved).

Douglas is home to several nationally registered historic landmarks, including the Southern Pacific Depot, Gadsden Hotel, Grand Theatre, Church Square, Douglas Municipal Airport, Downtown Historical District, and Sonoran District. Nearby locations of interest include the historic John Slaughter Ranch, Agua Prieta, the cities of Tombstone and Bisbee, ghost towns of Charleston and Dos Cabezas, historic Fort Bowie, Fort Huachuca, Coronado National Memorial, Cochise Stronghold, Texas Canyon, San Bernardino Wildlife Refuge, Chiricahua National Monument, Coronado National Forest, the Chiricahua Mountains, and historic Arizpe in Sonora, Mexico. Scenic drives include Bisbee and Cave Creek Canyon. There are nearby hunting and fishing areas on both sides of the international border. To learn more about the City of Douglas, visit the city's website at <http://www.douglasaz.gov>.

Climate

The elevation of Douglas is 3,990 feet. In 2004, the average monthly temperature ranged from an average low of 29°F in both January and December to an average high of 95°F in June. Douglas' all-time record low temperature of -0.4°F was recorded in December 1978. The record high temperature was 110°F, recorded in June 1994. In 2004, Douglas received 14.21 inches of precipitation. The maximum precipitation in 2004 occurred in July, which saw 3.14 inches. The lowest level of precipitation in 2004 occurred in May, which saw 0.2 inches.

Commercial Market

Douglas has an estimated population of 16,740 as of 2004. Its sister city is Agua Prieta, Sonora, Mexico, located just across the international border, with a population of 110,000, according to the Municipal Government of Agua Prieta. The cities share an interdependent economy and culture.

The commercial market in the Douglas area serves an estimated population of more than 150,000, including Douglas, Pirtleville, Agua Prieta, and surrounding areas. The Janos Highway, which is the shortest paved route to Mexico City and Guadalajara in the western United States, originates in Douglas and attracts many travelers through the city. Douglas also attracts many tourists, sightseers, shoppers, and other visitors from across Cochise County and surrounding areas due to its rich cultural heritage and easy accessibility to Mexico. Brief visits to Agua Prieta do not require visas or special documents.

Industrial Properties

As of early 2005, Douglas had three manufacturing plants and Agua Prieta had 33, many of which operate under the twin-plant (maquiladoras) concept. There are three industrial parks in Douglas: the 75-acre Cochise Industrial Park, the 33-acre Douglas Industrial Development Authority (IDA) Park, and the 30-acre Phelps Dodge Industrial Park. All utilities are accessible upon request. Air and truck transportation also are available. For more information, contact the City of Douglas Economic Development Office at (520) 364-7501.

Arizona Enterprise Zone Program

The City of Douglas is located in the Cochise County Enterprise Zone, currently in effect from January 1, 2004, through December 31, 2008. This zone also includes the communities of Benson, Bisbee, Huachuca City, Sierra Vista, Tombstone, and Willcox. Companies that locate to enterprise zones may be eligible to benefit from two tax incentive programs.

The Arizona Enterprise Zone program was enacted in 1989 and revised by subsequent legislation. The goal of the enterprise zone program is to improve the economies of areas in the state with high poverty or unemployment rates by enhancing opportunities for private investment. The program provides income tax credits for non-retail businesses creating new jobs in zones and property reclassification for small manufacturers investing in a zone.

In 1993, property tax benefits were added to the program. In 1996, the program was revised to encourage the creation of quality jobs that paid a state-designated wage and for which employers paid 50 percent of health insurance costs. In 1998, the program was extended for three years. In 1999, legislation was passed to allow insurers to

DOUGLAS WEATHER, 2004

MONTH	AVG. HIGH	AVG. LOW	AVG. TEMP.	AVG. PRECIP.	RECORD HIGH	RECORD LOW
January	62°F	29°F	46°F	0.75 in	81°F (1999)	6°F (1949)
February	66°F	32°F	49°F	0.64 in	86°F (1957)	10°F (1972)
March	71°F	36°F	54°F	0.46 in	92°F (1989)	13°F (1951)
April	79°F	42°F	60°F	0.20 in	99°F (1989)	21°F (1999)
May	86°F	50°F	68°F	0.33 in	103°F (2000)	29°F (1967)
June	95°F	59°F	77°F	0.63 in	110°F (1994)	40°F (1971)
July	93°F	64°F	79°F	3.14 in	109°F (1989)	55°F (1992)
August	91°F	63°F	77°F	2.88 in	103°F (1995)	52°F (1985)
September	88°F	59°F	74°F	1.63 in	102°F (1948)	36°F (1965)
October	80°F	47°F	64°F	1.30 in	95°F (1998)	19°F (1993)
November	70°F	35°F	53°F	0.74 in	87°F (1999)	14°F (1957)
December	62°F	29°F	46°F	1.06 in	84°F (2000)	-0.4°F (1978)

SOURCE: THE WEATHER CHANNEL ©

DOUGLAS WEATHER FACTS

- June is the average warmest month.
- The highest recorded temperature was 110°F in 1994.
- December is the average coolest month.
- The lowest recorded temperature was -4°F in 1978.
- The maximum average precipitation occurs in July.

SOURCE: THE WEATHER CHANNEL ©

use credits to offset premium taxes. In 2001, the program was again extended, the investment threshold for small manufacturers in rural Arizona was lowered, and qualified companies were allowed to conduct up to 10 percent retail activity at the zone location. In 2002, the program was revised to strengthen the program's administrative procedures and help target the program more closely toward its purpose as an economic development tax incentive. The key provisions of the 2002 revisions are: establishment of a time limit during which tax credits must be reported; limitation of credits to 200 first-year credits per taxpayer in any given tax year; clarification of the types of allowable retail; prohibition of property tax benefits for producers of electricity; and the strengthening of application and reporting requirements.

The Enterprise Zone program provides for an income and premium tax credit for net increases in qualified employment positions at a site located in the enterprise zone, except for those at a business location where more than 10 percent of the activity is the sale of tangible personal property at retail. Three types of retail are unlimited and may constitute any percentage of the business activity without causing ineligibility: (1) food and beverage for consumption on the premises solely by employees and occasional guests of employees at the location; (2) promotional products displaying the company logo or trademark; and (3) products sold to company employees. Tax credits may total up to \$3,000 per qualified employment position over three years for a maximum of 200 employees in any given tax year. A qualified employment position is a full-time permanent job (1,750 hours per year), pays an hourly wage above the "Wage Offer by County" (\$8.21 in 2005 for the Cochise County Enterprise Zone), and provides health insurance to employees for which the employer pays at least 50 percent.

The enterprise zone credits for qualified employment positions are equal to the first year, one-fourth of wages paid to an employee up to \$500; second year, one-third of wages paid to each previously qualified employee up to \$1,000; and third year, one-half of wages paid to each previously qualified employee up to \$1,500. Thirty-five percent of the net new eligible employees on whom a credit is taken must live within an enterprise zone in the same county as the business when hired. If the allowable enterprise zone credit exceeds the income or premium tax liability, any unused amount may be carried forward for up to five taxable years, providing the business remains in the enterprise zone.

The program also provides for property tax benefits in conjunction with property reclassification for qualified manufacturing businesses locating or expanding facilities in the enterprise zone. A manufacturer in an enterprise zone is eligible for an assessment ratio of 5 percent on all personal and real property (for primary tax purposes only) in the zone for five years if it is: (1) minority-owned, woman-owned or small (as defined by enterprise zone rules); and (2) makes an investment in fixed assets in the zone of \$500,000, \$1 million or \$2 million, depending upon the location of the facility. For more information on the Enterprise Zone program, contact the Cochise County grants administrator at (520) 432-9655.

Tax Rates

Sales (or privilege) tax rates in Douglas total 8.6 percent, which includes a 2.5 percent tax levied by the City of Douglas, a 0.5 percent tax levied by Cochise County, and a 5.6 percent tax levied by the State of Arizona. Property taxes, as of 2004, totaled \$13.61 per \$100 of assessed value, which includes \$6.83 in school district taxes, \$1.09 in city and fire district taxes, and \$5.69 in countywide taxes.

Primary and Secondary Education

The Douglas Unified School District (DUSD) encompasses 552 square miles, extending from the border with Mexico on the south to 15 miles to the north, and from the Arizona/New Mexico border on the east to a line one mile west of King's Highway. The Early Learning Center/Challenge Center consists of pre-kindergarten classes for 4-year-olds and the preschool for disabled children. There are six elemen-

tary schools serving students from kindergarten through fifth grade. Two middle schools serve sixth-, seventh-, and eighth-grade students, while Douglas High School educates students in the ninth through 12th grades. The Douglas High School East Campus serves high-school-age students who dropped out of school, are more than one year behind in high school, or are in situations that prohibit their attendance or success in the traditional high school setting.

As of May 2005, there were approximately 4,239 students enrolled in the district. The district employs 260 certified staff, comprising 230 teachers, 17 administrators, seven counselors, four nurses, and a communications coordinator. The district also employs more than 300 support staff, including 118 teaching assistants who support the classroom teachers and students.

Approximately 66 percent of students in the district are considered English Language Learning (ELL) or Limited English Proficient (LEP); therefore, the district has developed exceptionally strong English as a Second Language (ESL) programs. The district encourages its teachers to earn and maintain either an ESL or bilingual endorsement to their certification; those who maintain these endorsements receive a stipend to their regular contract amounts. To learn more about DUSD, visit their website at www.dusd.k12.az.us.

Post-Secondary Educational Opportunities

Cochise College. Cochise College, a comprehensive “learning community” college, provides high-quality learning opportunities by offering a diverse curriculum in general education and liberal arts, direct employment programs, and various community courses and events that provide educational, cultural, and recreational services beyond formalized classroom instruction.

Cochise College opened in 1964 as the third community college in Arizona. The original 540-acre Douglas Campus is unique in its architecture and provides panoramic views of the Mule and Chiricahua Mountains as well as neighboring Sonora, Mexico. The Douglas Campus is located nine miles northwest of Douglas, comprising 17 buildings and serving approximately 1,000 students. The campus includes a student union, residence halls for male and female students and apartments for married students and students with families. Along with a diverse curriculum of general education and liberal arts, the Douglas Campus is home to airport/aviation programs, athletics, nursing, summer language immersion programs, residence halls, and a full-service cafeteria.

The Cochise College Douglas Campus is also home to the Center for Southwest Studies, established to further the studies of historical and natural attractions. The Center is dedicated to exploring, protecting, and disseminating information about cultural and natural resources, and contributes to the local economic development of the region. Cochise College and the Center for Southwest Studies partner with many organizations to identify and implement entrepreneurial activities related to the rich historical, cultural, and geographical characteristics of Southeast Arizona and the border region. Cochise College prides itself as a leader in border-related studies, training, and research.

Cochise College also maintains an Adult Education program in Douglas offering programs in general education development (GED) in both English and Spanish; English language acquisition (ELA); reading; math; citizenship; and family literacy. As of July 2005, there were 416 students enrolled in these programs. In early 2005, the program began offering English GED classes online. The Adult Education program is located at the old Joe Carlson School on 12th street in Douglas.

Cochise College is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. To learn more about Cochise College, visit their website at <http://www.cochise.edu>.

University of Arizona South. The Tucson Campus of the University of Arizona

DOUGLAS CRIME RATE PER 1,000 POPULATION, 1994-2003

1994	101.5
1995	90.4
1996	90.9
1997	65.2
1998	59.4
1999	53.9
2000	59.5
2001	40.0
2002*	55.7
2003	47.3

*DOUGLAS WAS NOT LISTED IN THE FEDERAL BUREAU OF INVESTIGATION UNIFORM CRIME REPORTS IN 2002. DATA FOR 2002 WAS PROVIDED BY THE DOUGLAS POLICE DEPARTMENT.
SOURCE: FEDERAL BUREAU OF INVESTIGATION, UNIFORM CRIME REPORTS.

established UA South in Sierra Vista, an official branch campus of the university, as part of its land grant mission to serve the citizens of the State of Arizona. The mission of UA South is to provide quality liberal arts and professional instruction as a branch campus of the University of Arizona that allows the citizens of the state, and primarily Cochise County, to obtain degrees and develop fully their intellectual and professional capabilities, as well as gain an appreciation of diversity; to enrich instruction through the integration of technology in resident and distance learning programs; and to foster regional economic development and provide expertise for generating solutions to community problems through the education and public service activities of faculty, staff, and students.

UA South offers upper-division courses for students to complete undergraduate degree programs in cooperation with Cochise College and other Arizona community colleges, often referred to as "2 + 2." Graduate degrees also are offered in select disciplines. UA South is a commuter campus, with schedules designed to accommodate working adults and returning students. Throughout Arizona, students also may take advantage of UA South courses available online.

In 1999, UA South established an office in Douglas through a partnership with the mayor and the City of Douglas. At the Douglas office, students can take courses toward a bachelor of applied science in agency administration or supervision, bachelor of arts in elementary and secondary education, and bachelor of arts in political science, anthropology, Latin American studies and Spanish. For more information, visit the Douglas Office at 558 10th Street or call (520) 364-4146. Information is also available online at www.uas.arizona.edu

Crime Rate

The crime rate in Douglas in 2003 – the most recent data available – was 47.3 crimes per 1,000 population, significantly below the statewide crime rate of 61.6 crimes per 1,000 population. Douglas has the fourth lowest crime rate of the seven incorporated cities in Cochise County. Through increased enforcement and deterrence, Douglas' crime rate has been reduced significantly from a decade ago, when the rate sat at 101.5 crimes per 1,000 population. Since 1998, the city's crime rate has remained below 60 crimes per 1,000 population, and was below 50 crimes per 1,000 population for two of the three years between 2001 and 2003.

The crime rate reflects data reported in the Federal Bureau of Investigation's (FBI) Uniform Crime Report and includes violent crimes (murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault), property crimes (burglary, larceny-theft, and motor vehicle theft) and arson, which is reported separately. The crime index measures only crimes that are known to local law enforcement agencies. In

2002, Douglas was not listed on the FBI Uniform Crime Report. Data for that year was provided by the Douglas Police Department.

CRIME RATE PER 1,000 POPULATION, 2003

LOCATION	POPULATION	VIOLENT CRIME	PROPERTY CRIME	ARSON	TOTAL CRIME	CRIME RATE (PER 1,000 POPULATION)
United States	290,809,777	1,381,259	10,435,523	*	11,816,782	40.6
Arizona	5,580,811	28,638	314,335	*	342,973	61.5
Benson	4,823	4	207	0	211	43.7
Bisbee	6,121	17	286	1	304	49.7
Douglas	16,816	44	741	10	795	47.3
Huachuca City	1,827	1	14	0	15	8.2
Sierra Vista	39,888	117	1,782	11	1,910	47.9
Tombstone	1,572	9	32	0	41	26.1
Willcox	3,826	21	333	0	354	92.5

*DATA NOT AVAILABLE
SOURCE: FEDERAL BUREAU OF INVESTIGATION, UNIFORM CRIME REPORTS.

Healthcare

The Southeast Arizona Medical Center (SAMC) continues to make a positive impact on the Douglas community, offering compassionate healthcare using state-of-the-art equipment. SAMC is one of the few healthcare providers in this medically underserved, largely Hispanic, border community. To help accommodate the transportation issues of many SAMC patients, SAMC offers a free shuttle to pick up patients at their homes and bring them to the hospital for their appointments.

SAMC provides a medical/surgical acute-care wing and has accomplished remarkable high-tech achievements with its ancillary services and highly skilled staff. The emergency room is open 24 hours a day, seven days a week, with a board-certified emergency medicine physician on site at all times.

SAMC offers diagnostic services including X-rays, spiral CAT scans, ultrasounds, nuclear medicine and dexascan (for bone density). A full range of physical and respiratory therapy services, mammograms and MRIs also are offered. There is a full-service laboratory at the hospital with a blood-draw station located in Douglas as well.

A Tucson ophthalmologist visits SAMC biweekly and performs laser retina surgeries on Douglas patients. SAMC is currently in the process of expanding services in Douglas to include cataract surgeries. Also planned for 2005 are weekly visits of a nephrologist to help meet the needs of the Douglas community.

The newest addition to SAMC is the Community Healthcare of Douglas (CHD) Clinic located on the south wing of the hospital campus. There are currently two physicians, an internist, a gerontologist, and a pediatric nurse practitioner staffing the clinic. The CHD Clinic is involved in several educational activities targeted toward both children and the elderly. The clinic also hosts a state diabetic educator once a week.

SAMC is linked with the University Medical Center in Tucson via a T-1 line that allows the community and staff in Douglas to participate in programs presented by field specialists in Tucson without leaving town. The telemedicine and teletrauma programs also allow patients to consult a specialist, be examined, and ask questions without the two-hour drive time to Tucson. Should a patient require specialized emergency care that SAMC does not provide, there is an on-site med-flight helicopter which stands ready to respond with a quick flight to Tucson.

In addition to its direct services to patients, many of SAMC's employees are involved in community organizations and serve on various committees and action groups. In 2004 and 2005, SAMC employees were involved in STEPS program meetings, the Douglas Special Action Group for Diabetes, Bi-National Border Health week celebrations, the CARE Fair, Bioterrorism Awareness, Healthy Lifestyles Expo, and many other community events and groups. SAMC and its employees are committed to continuing this high level of community involvement. For more information on SAMC, call (520) 364-7931.

What People Like Most About Douglas

In May and June 2005, a survey led by the City of Douglas and the Douglas Chamber of Commerce asked nearly 600 residents, former residents and visitors what they liked most about the City of Douglas. The top response was the small community, followed by parks and activities at the parks; WalMart and food stores; friendliness; family and people; weather and natural environment; peaceful, nice and calm place; schools; the aquatic center and public pool; McDonald's, Burger King, and restaurants; and proximity to Mexico.

Respondents also were asked what they would change about Douglas. The top response was more activities for children, teens, and adults, followed by more job opportunities and economic development, a mall, removal of trash from streets and parks, addition of a Golden Corral buffet and more restaurants and coffee houses, and less vandalism, violence and drugs.



SAMC offers a full range of physical and respiratory therapy services.

Photo by SAMC

Douglas Demographics

Douglas, where two countries meet, two flags fly, and cultures combine.

Photo by Kimberly Kelso



Population Estimates and Projections

The estimated population of the City of Douglas as of July 2004 was 16,740. This represents a 0.4 percent decrease from 16,805 in 2003 and a 17 percent increase from 14,312 as reported in Census 2000. Based on its population size, Douglas ranks as the 30th largest, incorporated sub-county area of 89 areas statewide. Based on its growth rate since Census 2000, Douglas also ranks as the 30th fastest-growing, incorporated sub-county area. These figures are based on the latest estimates from the Arizona Department of Economic Security (DES).

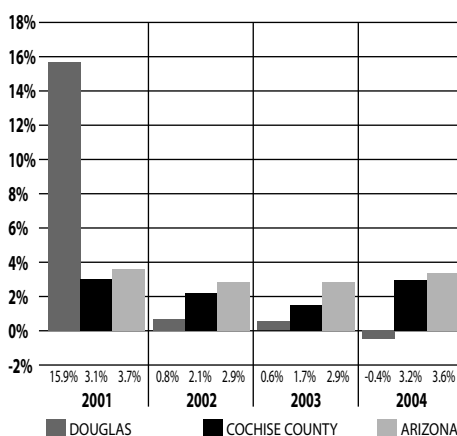
According to the U.S. Census Bureau, Douglas' population grew by 11.6 percent during the 1990s, below the population growth of Cochise County as a whole, which grew at 20.6 percent, and the State of Arizona's rapid population growth of 40 percent during the same period. Douglas' overall population growth of 17 percent since 2000 has exceeded that of Cochise County, which has grown by 10.6 percent, and that of the state, which has grown by 13.7 percent.

If recent population growth trends continue, the population of Douglas can be expected to reach 18,341 in 2010 and 19,647 in 2015. Cochise County's population can be expected to reach 149,220 by 2010 and 165,457 by 2015.

Race and Ethnicity

According to Census 2000, approximately 86 percent of Douglas' population was 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. The Cochise College Center for Economic Research (CER) estimates that, in 2005, Hispanics comprise 87.3 percent of Douglas' population. The Hispanic/Latino population in Douglas is expected to increase to 88.5 percent by

POPULATION GROWTH, 2001-2004



SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

2010. These estimates and projections are based on growth patterns between 1990 and 2000.

According to Census 2000, Douglas' population was 63.2 percent white, 0.5 percent black or African-American, 1.1 percent American Indian or Alaska native, 0.5 percent Asian or Pacific islander, and 34.7 percent other (including mixed race) in that year. Based on growth patterns between 1990 and 2000, the CER estimates that, in 2005, the racial composition of Douglas is 54.5 percent white, 0.5 percent black or African-American, 1.5 percent American Indian or Alaska native, 0.5 percent Asian or Pacific islander, and 43 percent other (including mixed race). Thus, the largest changes in Douglas' racial composition have occurred in the white population, which has decreased significantly, and the segment of the population classifying itself as "other," which has increased significantly. Although comprising a small portion of Douglas' population, the number of those classifying themselves as American Indian or Alaska native has also grown significantly.

The CER estimates that by 2010, Douglas' racial composition will be 44.3 percent white, 0.1 percent black or African American, 1.9 percent American Indian or Alaska native, 0.5 percent Asian or Pacific islander, and 53.2 percent other (including mixed race). The fastest-growing racial group in Douglas is the American Indian/Alaskan native group, projected to grow by 35.9 percent between 2005 and 2010. The second fastest-growing racial group is "other," projected to grow by 33.2 percent between 2005 and 2010. It is important to note that shifts in the racial composition of Douglas do not necessarily represent changing demographics alone, but may include differences in how residents classify themselves.

Language Spoken at Home

In 2000, a total of 20.2 percent of the population aged 5 years and older resided in homes where English was the only language spoken, compared to 70.5 percent countywide and 74.1 percent statewide. Of those who speak a language other than English, 41.2 percent reported they spoke English less than "very well." Of those who resided in homes where a language other than English was spoken, the vast majority (98.6 percent) also spoke Spanish. Of Spanish speakers, 41.4 percent reported they spoke English less than "very well."

Based on trends between 1990 and 2000, the CER estimates that in 2005, a total of 20.5 percent of the population aged 5 years and older reside in homes where English is the only language spoken, up slightly from the 2000 figures. Of those who speak a language other than English, the CER estimates that in 2005, a total of 37.8 percent speak English less than "very well," down significantly from the 2000 figures. Of those who reside in homes where a language other than English is spoken, it is estimated that, in 2005, a total of 98.2 percent also speak Spanish, down slightly from the 2000 figures. Of those who speak Spanish at home, the CER estimates that 38.1 percent speak English less than "very well," down significantly from the 2000 figures.

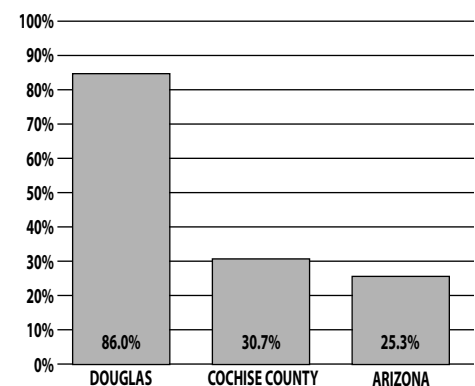
If recent trends continue, the CER estimates that in 2010, a total of 20.7 percent of the population aged 5 years and older will reside in homes where English is the only language spoken, up slightly from current estimates. Of those who speak a language other than English, the CER estimates that in 2010, a total of 34.6 percent will speak English less than "very well," down significantly from current estimates. Of those who reside in homes where a language other than English is spoken, it is estimated that, in 2010, a total of 97.9 percent also will speak Spanish, down slightly from current estimates. Of those who speak Spanish at home, the CER estimates that 35 percent will speak English less than "very well," down significantly from the current estimates. Thus, the current trends indicate that, while the number of Douglas residents aged 5 years and older who speak a language other than English at home will increase

POPULATION PROJECTIONS, 2005-2015

YEAR	DOUGLAS	COCHISE COUNTY
2005	17,035	132,984
2006	17,297	136,231
2007	17,558	139,479
2008	17,819	142,726
2009	18,080	145,973
2010	18,341	149,220
2011	18,603	152,468
2012	18,864	155,715
2013	19,125	158,962
2014	19,386	162,210
2015	19,647	165,457

Note: Population projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

HISPANIC/LATINO POPULATION



SOURCE: U.S. CENSUS BUREAU - CENSUS 2000 AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

POPULATION COMPARISONS, 1990-2004

	DOUGLAS		COUNTY		ARIZONA	
	POPULATION	GROWTH	POPULATION	GROWTH	POPULATION	GROWTH
1990	12,822	--	97,624	--	3,665,228	--
2000	14,312	11.6%*	117,755	20.6%*	5,130,632	40.0%*
2001	16,585	15.9%	121,435	3.1%	5,319,895	3.7%
2002	16,710	0.8%	124,040	2.1%	5,472,750	2.9%
2003	16,805	0.6%	126,160	1.7%	5,629,870	2.9%
2004	16,740	-0.4%	130,220	3.2%	5,833,685	3.6%

*INDICATES TOTAL GROWTH OVER THE PERIOD 1990-2000. SOURCE: FIGURES FOR 1990 AND 2000 OBTAINED FROM THE U.S. CENSUS BUREAU. FIGURES FOR 2001-2004 ARE ESTIMATES PROVIDED BY THE ARIZONA DEPARTMENT OF ECONOMIC SECURITY.

DOUGLAS HISPANIC/LATINO POPULATION, ESTIMATES AND PROJECTIONS, 2005-2010

YEAR	HISPANIC OR LATINO (OF ANY RACE) PERCENT OF TOTAL POPULATION	HISPANIC OR LATINO NUMBER
2005	87.3%	14,863
2006	87.5%	15,135
2007	87.8%	15,407
2008	88.0%	15,681
2009	88.3%	15,956
2010	88.5%	16,232

Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

slightly, the trend will be for the English proficiency of those residents to improve.

Gender and Age

Douglas' population, as of Census 2000, was 51.9 percent female and 48.1 percent male. This was a shift from the 1990 population, which was 53.2 percent female and 46.8 percent male. Based on trends between 1990 and 2000, the CER estimates the 2005 population of Douglas to be 51.25 percent female and 48.75 percent male. If recent trends continue, by 2010 the Douglas population is estimated to be 50.6 percent female and 49.4 percent male.

According to Census 2000, the median age of the city's population that year was 30.5 years, considerably lower than the median age of 36.9 years for Cochise County and 34.2 years statewide. In 2000, 66.5 percent of Douglas' population was aged 18 years and older, and 15.4 percent was aged 62 years or older.

Based on age group growth trends from 1990 to 2000, the CER estimates that in 2005, Douglas' largest age group remains the 25 to 44 years group, comprising 25.5 percent of the city's population. The next largest age group, according to CER estimates, is 5 to 17 years of age, comprising 24.2 percent of the population.

If recent growth trends continue, the CER estimates that in 2010, the three largest age groups will be 25 to 44 years (26 percent of the population), 5 to 17 years (23.8 percent of the population), and 45 to 54 years (12.3 percent of the population). The three fastest-growing age groups are projected to be 45 to 54 years (projected to grow by 14.2 percent), 85 years and older (projected to grow by 11.8 percent), and 25 to 44 years (projected to grow by 9.5 percent). The under-5-years age group is projected to grow by 9.3 percent between the years 2005 to 2010.

Household Characteristics

According to Census 2000, the average Douglas household size that year was 3.07 persons, down from 3.17 in 1990. Based on trends between 1990 and 2000, the CER estimates the average household size in 2005 to be 3.02. If recent trends continue, Douglas' average household size is projected to drop to 2.97 persons per household by 2010.

Of total Douglas households, 76.3 percent were classified as family households as of Census 2000. A total of 50.1 percent of households had individuals under the age of 18, and 30.3 percent had individuals aged 65 years and older. A total of 13.6 percent of Douglas households were headed by single mothers of children under the age of 18, compared to 7.1 percent countywide and 6.8 percent statewide. Of Douglas' population aged 15 years and older, 47.5 percent were married (excluding those who were

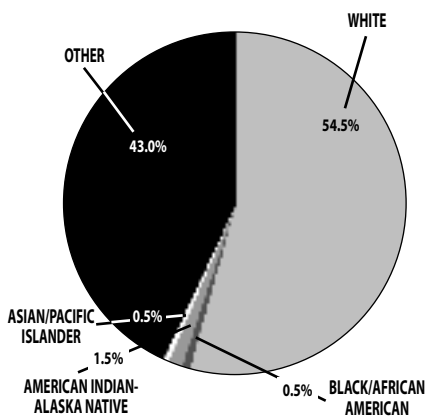
separated), 4.1 percent were separated, 10 percent were divorced, 8.2 percent were widowed, and 30.3 percent had never been married as of Census 2000.

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

Poverty Status

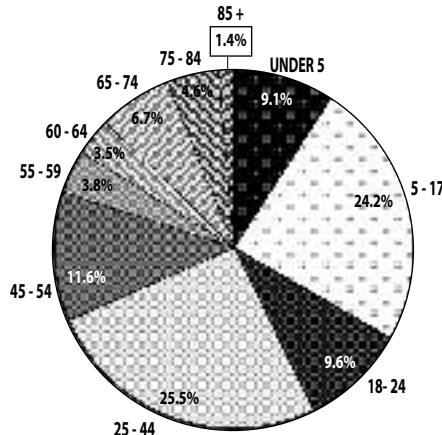
According to the U.S. Census Bureau, in 1999 there were 3,452 fam-

DOUGLAS RACIAL GROUPS ESTIMATES, 2005



Note: Estimates by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004.

DOUGLAS AGE GROUPS ESTIMATES, 2005



Note: Estimates by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004.

ilies in Douglas. Of these, 1,108 or 32.1 percent lived below the poverty level. Based on growth trends between 1989 and 1999, the CER estimates that in 2005 there are 3,629 families in Douglas, of which 1,094 or 30.1 percent live below the poverty level. If recent trends continue, by 2010 there will be 3,780 families in Douglas, of which 1,083 or 28.6 percent will live below the poverty level.

Also according to the U.S. Census Bureau, in 1999 there were 2,209 families in Douglas with related children under 18 years old. Of these, 939 or 42.5 percent lived below the poverty level. Based on growth trends between 1989 and 1999, the CER estimates that in 2005 there are 2,357 families with related children under 18 years old in Douglas, of which 937 or 39.8 percent live below the poverty level. If recent trends continue, by 2010 there will be 2,480 families with related children under 18 years old in Douglas, of which 936 or 37.7 percent will live below the poverty level.

U.S. Census Bureau data for 1999 also indicate there were 893 families in Douglas with related children under 5 years old. Of these, 425 or 47.6 percent lived below the poverty level. Based on growth trends between 1989 and 1999, the CER estimates that in 2005 there are 1,007 families with related children under 5 years old in Douglas, of which 446 or 44.3 percent live below the poverty level. If recent trends continue, by 2010 there will be 1,102 families with related children under 5 years old in Douglas, of which 464 or 42.1 percent will live below the poverty level.

If recent trends continue, the number of families, including families with children both under the age of 18 and under the age of 5, will continue to grow. The number of families in all categories living below the poverty level will stabilize and the number of families living below the poverty level, as a percent of total families in all categories, will decline.

Educational Attainment

Of the population aged 25 years and older, 54.8 percent had at least a high school diploma or equivalent as of Census 2000, compared to 79.5 percent countywide and 81 percent statewide. A total of 9.2 percent of Douglas residents held a bachelor's degree or higher, compared to 18.8 percent for the county and 23.5 percent statewide.

Between 1990 and 2000, according to U.S. Census Bureau data, the number of Douglas residents with less than a ninth-grade education dropped from 36.4 to 27.3 percent of the city's population aged 25 years and older. At the same time, the number of city residents with a ninth- to 12th-grade education, but without a high school diploma, increased from 15.5 to 18 percent; the number of high school graduates (or equivalent) increased from 17.9 to 23.6 percent; and the number of residents with some college, but no degree, increased from 13.6 to 17 percent. The number of residents with an associate's degree decreased from 7.1 to 5.0 percent of the city's population aged 25 years and older; the number of residents with a bachelor's degree increased slightly from 5.2 to 5.6 percent; and the number of residents with a graduate or professional degree dropped from 4.2 to 3.5 percent.

Of the total Douglas population aged 25 years and older, the number

DOUGLAS LANGUAGE SPOKEN AT HOME (PERSONS 5 YEARS AND OLDER), ESTIMATES AND PROJECTIONS, 2005-2010

	2005	2006	2007	2008	2009	2010
English Only	3,172	3,228	3,283	3,338	3,394	3,449
Language other than English	12,311	12,489	12,666	12,843	13,018	13,195
Do not speak English very well	4,654	4,640	4,624	4,607	4,589	4,571
Speak Spanish	12,090	12,256	12,420	12,585	12,748	12,912
Do not speak English very well	4,608	4,594	4,578	4,562	4,544	4,525

Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

DOUGLAS RACIAL GROUPS, ESTIMATES AND PROJECTIONS, 2005-2010

	2005	2006	2007	2008	2009	2010	Estimated Growth 2005-2010
White	9,280	9,071	8,849	8,625	8,383	8,122	-12.5%
Black or African American	85	69	53	36	18	18	-78.8%
American Indian and Alaska Native	256	273	291	310	329	348	35.9%
Asian or Pacific Islander	92	93	95	96	98	99	7.6%
Other	7,322	7,791	8,270	8,752	9,252	9,753	33.2%
Total	17,035	17,297	17,558	17,819	18,080	18,341	7.7%

Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

DOUGLAS AGE GROUPS, ESTIMATES AND PROJECTIONS, 2005-2010

	2005	2006	2007	2008	2009	2010	Estimated Growth 2005-2010
Under 5	1,552	1,580	1,609	1,638	1,668	1,697	9.3%
5 to 17	4,120	4,172	4,223	4,273	4,323	4,373	6.1%
18 to 24	1,637	1,660	1,682	1,705	1,727	1,749	6.8%
25 to 44	4,352	4,433	4,516	4,599	4,682	4,766	9.5%
45 to 54	1,969	2,022	2,078	2,135	2,191	2,248	14.2%
55 to 59	648	652	657	661	665	669	3.2%
60 to 64	603	602	599	596	593	590	-2.2%
65 to 74	1,135	1,138	1,139	1,140	1,141	1,142	0.6%
75 to 84	781	793	805	817	829	841	7.7%
85 and over	238	244	249	255	260	266	11.8%
Total	17,035	17,297	17,558	17,819	18,080	18,341	7.7%

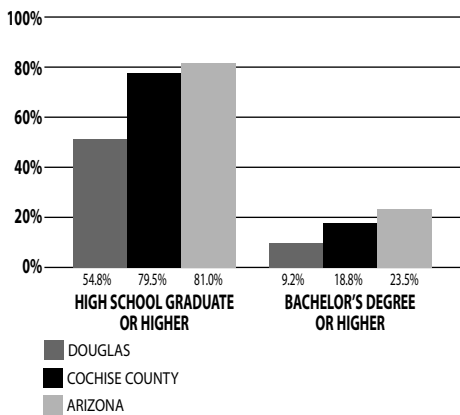
Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

DOUGLAS EDUCATIONAL ATTAINMENT, ESTIMATES AND PROJECTIONS, 2005-2010

YEAR	PERCENT HIGH SCHOOL GRADUATE OR HIGHER	PERCENT BACHELOR'S DEGREE OR HIGHER
2005	58.2%	9.0%
2006	58.8%	9.0%
2007	59.5%	9.0%
2008	60.2%	9.0%
2009	60.8%	8.9%
2010	61.5%	8.9%

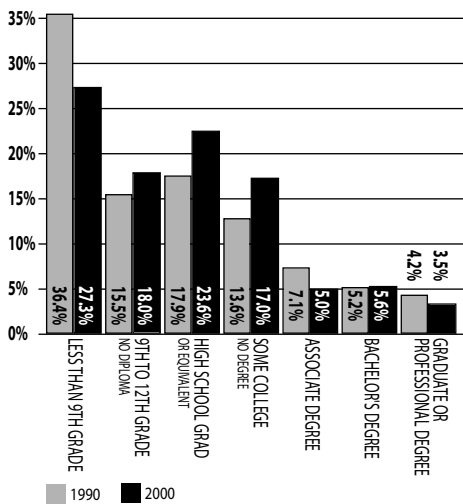
Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

EDUCATIONAL ATTAINMENT COMPARISONS



SOURCE: U.S. CENSUS BUREAU - CENSUS 2000 AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

DOUGLAS EDUCATIONAL ATTAINMENT, 1990-2000



of residents with a high school diploma or higher increased from 48 to 54.8 percent, while those with a bachelor's degree or higher dropped from 9.5 percent to 9.2 percent. Thus, the trend from 1990 to 2000 was toward expanded educational attainment above the ninth-grade level and continuing through the first few years of college, but educational attainment at the post-baccalaureate level has dropped off. This indicates

DOUGLAS CIVILIAN VETERANS OF THE MILITARY, ESTIMATES AND PROJECTIONS, 2005-2010

YEAR	NUMBER OF CIVILIAN VETERANS OF THE MILITARY	CIVILIAN VETERANS OF THE MILITARY AS A PERCENT OF THE POPULATION 18 YEARS AND OLDER
2005	1,176	10.4%
2006	1,191	10.3%
2007	1,207	10.3%
2008	1,222	10.3%
2009	1,237	10.2%
2010	1,252	10.2%

Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

DOUGLAS POVERTY STATUS, ESTIMATES AND PROJECTIONS, 2005-2010

	2005	2006	2007	2008	2009	2010
Total Families	3,629	3,659	3,689	3,720	3,750	3,780
Families below poverty level	1,094	1,092	1,090	1,087	1,085	1,083
Families below poverty level (%)	30.1%	29.8%	29.5%	29.2%	28.9%	28.6%
Total Families with children under 18 years	2,357	2,381	2,406	2,430	2,455	2,480
Families with children under 18 years below poverty level	937	937	937	936	936	936
Families with children under 18 years below poverty level (%)	39.8%	39.3%	38.9%	38.5%	38.1%	37.7%
Total Families with children under 5 years	1,007	1,026	1,045	1,064	1,083	1,102
Families with children under 5 years below poverty level	446	450	453	457	460	464
Families with children under 5 years below poverty level (%)	44.3%	43.8%	43.3%	42.9%	42.5%	42.1%

Note: Estimates and projections by the Cochise College Center for Economic Research using U.S. Census data for 1990 and 2000, and Arizona Department of Economic Security mid-year population estimates for 2001 through 2004. Projections are made using Holt's method of exponential smoothing, which takes weighted averages of previous observations, with more weight put on recent observations. Holt's method uses two smoothing constants, one for estimating the level and one for estimating the trend. The smoothing constants are used along with two equations for updating the level and trend to produce the projections.

a potential out-migration of a segment of the population educated at higher levels in search of greater job opportunities outside the city, but it also may reflect merely a movement of highly educated residents from within the city limits to the unincorporated areas of the county.

Based on trends between 1990 and 2000, the CER estimates that, in 2005, a total of 58.2 percent of the Douglas population has attained a high school diploma or higher and 9 percent have attained a bachelor's degree or higher. If recent trends continue, in 2010 the number of residents having earned a high school diploma or higher will reach 61.5 percent of the city's population, and the number of residents having earned a bachelor's degree or higher will have declined to 8.9 percent. For the latter group, the decline will be attributable to those at the graduate or professional degree level as the number of residents having earned a bachelor's degree continues to move upward slightly.

Military Veterans

Between Censuses 1990 and 2000, the number of Douglas residents who were civilian veterans of the military increased from 915 to 999. As a percent of the city's population aged 18 years and older, civilian veterans of the military declined between 1990 and 2000 from 10.8 to 10.5 percent. Based on trends between 1990 and 2000, the CER estimates that there are 1,176 civilian veterans of the military, or 10.4 percent of the city's population aged 18 years and older, residing in Douglas in 2005. If recent trends continue, this number will reach 1,252 by the year 2010, while declining to 10.2 percent as a share of the population aged 18 years and older.



Employment

Wal-Mart Superstore is the fourth largest employer in the City of Douglas.

Photo by Kimberly Kelso

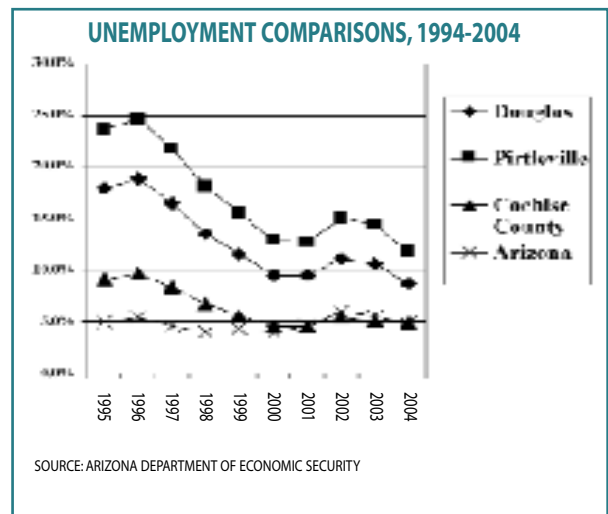
Employment, Unemployment, Labor Force and Job Growth

In 2004, Douglas' unemployment rate averaged 8.8 percent, compared to a 5 percent unemployment rate at both the county and state level, according to the Arizona Department of Economic Security (DES). Nationwide, the unemployment rate for 2004 averaged 5.5 percent. Douglas' unemployment rate in 2004 was down from 10.7 percent a year prior and represents the lowest rate on record for the city. In nearby Pirtleville, the average unemployment rate for 2004 was 11.9 percent – its lowest level on record. This was down from 14.4 percent in 2003.

At the time of this publication, 2005 DES employment figures for sub-county areas were unavailable. However, based on analysis of past employment data for Cochise County, Douglas, and Pirtleville, the Cochise College Center for Economic Research (CER) estimates the 2005 average unadjusted unemployment rate, for January through June, to be 9.7 percent in Douglas and 13.2 percent in Pirtleville.

It is important to note that Douglas' month-to-month unemployment rate reflects seasonal patterns evident in employment data for most localities. Over the past decade, the trend in Douglas 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.

Douglas' labor force in 2004 consisted of 5,317 potential workers, of which 4,851 were actually employed. Pirtleville had a labor force of 664 potential workers in 2004, of which 585 were employed. The labor force consists of those persons aged 16 years and older who are either employed or are actively seeking work.



DOUGLAS LABOR FORCE, EMPLOYMENT, JOB GAINS, AND JOB GROWTH RATE 1995-2004

	LABOR FORCE	EMPLOYMENT	JOBS GAIN/LOSS	JOB GROWTH RATE
1995	5,392	4,420	233	5.6%
1996	5,285	4,285	-135	-3.1%
1997	4,862	4,060	-225	-5.3%
1998	4,734	4,092	32	0.8%
1999	4,827	4,267	175	4.3%
2000	4,719	4,271	4	0.1%
2001	4,943	4,475	204	4.8%
2002	5,218	4,635	160	3.6%
2003	5,262	4,699	64	1.4%
2004	5,317	4,851	152	3.2%

SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

ANNUAL UNEMPLOYMENT RATE COMPARISONS, 1995-2005

	DOUGLAS	PIRTLEVILLE	COCHISE COUNTY	ARIZONA
1995	18.0%	23.6%	9.2%	5.1%
1996	18.9%	24.7%	9.7%	5.5%
1997	16.5%	21.8%	8.4%	4.6%
1998	13.6%	18.1%	6.8%	4.1%
1999	11.6%	15.6%	5.7%	4.4%
2000	9.5%	12.9%	4.6%	4.0%
2001	9.5%	12.8%	4.6%	4.7%
2002	11.2%	15.0%	5.5%	6.2%
2003	10.7%	14.4%	5.2%	5.6%
2004	8.8%	11.9%	5.0%	5.0%
2005*	9.7**	13.3**	4.6%	4.6%

*JANUARY THROUGH JUNE, SEASONALLY ADJUSTED RATES.
 **ESTIMATED BY THE COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. AT THE TIME OF THIS PUBLICATION, THE ARIZONA DEPARTMENT OF ECONOMIC SECURITY (DES) UNEMPLOYMENT FIGURES FOR 2005 WERE UNAVAILABLE. ALSO AT THE TIME OF THIS PUBLICATION, DES WAS IN THE PROCESS OF REVISING ITS 1990 TO 2004 UNEMPLOYMENT FIGURES FOR SUB-COUNTY AREAS. INITIAL INDICATIONS ARE THAT DES WILL REVISE THE 2004 DOUGLAS AND PIRTLEVILLE UNEMPLOYMENT RATES TO 10.3 AND 13.9 PERCENT, RESPECTIVELY; THUS, THE 2005 CER ESTIMATES REPRESENT A LIKELY DECLINE FROM 2004 LEVELS. SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Job growth in Douglas for 2004 was 3.2 percent, reflecting a net increase of 152 jobs over the year. Over the five-year period from 2000 through 2004, Douglas' average annual job growth rate was 2.6 percent.

A look at employment in Douglas over the past five years (2000 through 2004) reveals the city has seen an average annual unemployment rate of 9.9 percent, reflecting a vast improvement over the previous five-year period (1995 through 1999), which saw an average unemployment rate of 15.7 percent. Douglas' labor force has increased from an average of 4,719 in 2000 to 5,317 in 2004.

It is important to note that employment data is subject to sizeable revisions. At the time of this publication, DES – the major source for employment data throughout Arizona – was in the process of revising employment figures for 2004 and earlier. Initial indications are that the 2004 labor force, number of jobs, and unemployment rate for Douglas and Pirtleville will be revised upward. Based on revisions to the county-level data, the CER estimates the 2004 unemployment rates for Douglas and Pirtleville will be revised to 10.3 and 13.9 percent, respectively. In this regard, the January through June CER estimates of the unemployment rates in both Douglas and Pirtleville likely represent a slight decline from 2004 levels.

Occupations and Classes of Workers

Occupations in Douglas vary over a broad spectrum of employment opportunities. According to data collected during Census 2000, of those workers aged 16 years and older, 28.6 percent are employed in service occupations; 28.4 percent are employed in sales and office occupations; and 21.3 percent are employed in management, professional, and related occupations. Construction, extraction, and maintenance operations employ approximately 10.3 percent of the city's workers, while production, transportation, and material moving occupations employ approximately 9.7 percent. Farming, fishing, and forestry occupations employ 1.8 percent of Douglas workers.

DOUGLAS UNADJUSTED AND SEASONALLY ADJUSTED UNEMPLOYMENT RATES, 2003-2004

	UNADJUSTED RATE	SEASONALLY ADJUSTED RATE
2003		
January	11.2%	10.3%
February	11.9%	11.0%
March	11.9%	11.4%
April	11.5%	11.8%
May	11.5%	11.9%
June	11.8%	11.8%
July	11.8%	11.7%
August	10.7%	11.2%
September	9.8%	10.1%
October	8.8%	9.4%
November	8.7%	9.1%
December	8.6%	8.4%
2004		
January	9.8%	9.1%
February	10.0%	9.2%
March	9.2%	8.9%
April	9.7%	9.9%
May	9.3%	9.5%
June	8.5%	8.2%
July	8.9%	8.7%
August	8.3%	8.6%
September	8.6%	9.0%
October	8.2%	8.8%
November	7.7%	8.1%
December	7.1%	7.1%

SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

Approximately 61.1 percent of Douglas workers are private wage and salary workers, while 30.7 percent are government workers. Self-employed workers in unincorporated businesses comprise 7.8 percent and unpaid family workers account for 0.4 percent of Douglas workers.

Industries

The industry employing the largest number of Douglas workers, according to Census 2000 data, is the educational, health and social services industry, which employs approximately 23.4 percent of all workers, followed by retail trade, which employs 20.1 percent; and public administration, which employs 14.4 percent. A total of 8.3 percent of Douglas workers are employed in the arts, entertainment, recreation, accommodation, and food services industry; 6.3 percent are employed in the "other services (except public administration)" industry; 5.5 percent are employed in the manufacturing industry; and 5 per-

cent are employed in the construction industry. The U.S. Census Bureau industry groupings of finance, insurance, real estate, and rental and leasing; professional, scientific, management, administrative, and waste management services; transportation and warehousing, and utilities; agriculture, forestry, fishing and hunting, and mining; information; and wholesale trade each employ less than 5 percent of Douglas workers.

Major Employers

According to the U.S. Census Bureau's 2002 ZIP Code Business Patterns, all business establishments in Douglas employed less than 250 employees that year. (Note: The subsequent opening of the Super WalMart store, with 408 employees, led to this business becoming the only private-sector employer in Douglas to employ more than 250 employees). Of the 275 business establishments in Douglas in 2002, a total of 146 or 53.1 percent employed less than five workers; 212 or 77.1 percent employed less than 10 workers; and 243 or 88.4 percent employed less than 20 workers.

In 2005, the Department of Homeland Security (DHS) became the top employer in the Douglas area, based on the number of full-time equivalent (FTE) employees. DHS increased its employment level in 2005 from 674 to 1,046 FTE employees. The Arizona State Prison Complex – Douglas, which was the top-ranked employer in the Douglas area in 2004, moved to the second-ranked position, maintaining its 2004 employment level of 674 FTE employees. The Douglas Unified School District maintained its third-ranked position with 513 employees. With the opening of the new superstore, WalMart moved from the sixth-ranked top employer to the fourth-ranked position, increasing from 230 to 408 FTE employees. Cochise College moved from the fourth to fifth ranking, with the number of college FTE employees dropping from 361 to 327. The City of Douglas moved from the fifth to the sixth ranking, while maintaining its 2004 employment level of 235 FTE employees. Basha's/Food City moved from the eighth to the seventh-ranked position, maintaining its 2004 employment level of 110 FTE employees. The Southeast Arizona Medical Center moved from the ninth to the eighth-ranked position, also maintaining the 2004 FTE employment level. Safeway moved from the seventh to the ninth-ranked position, with the number of FTE employees declining from 110 to 84. The Gadsden Hotel maintained its 10th-ranked position, increasing its number of FTE employees from 48 to 70. (Note: An FTE employee equals one full-time or two part-time employees.)

Earnings and Income

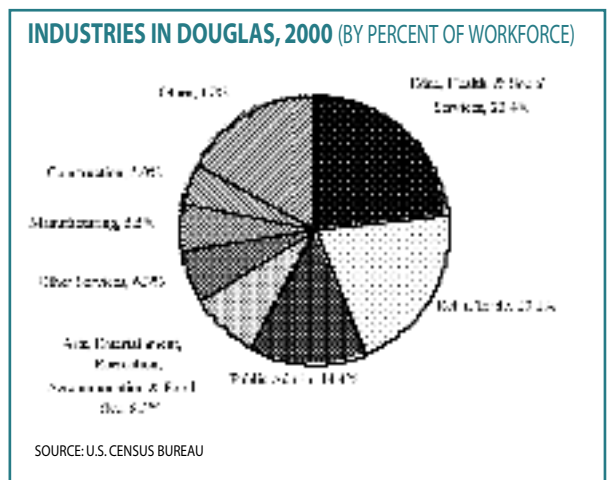
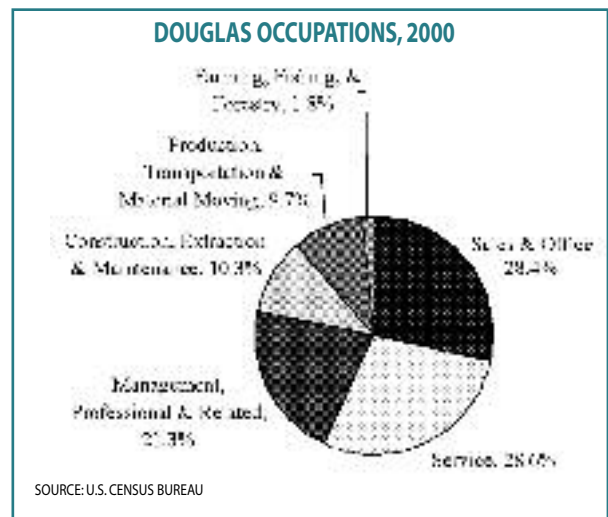
The median household income in Douglas for 2004 was approximately \$20,995, compared to \$32,773 for Cochise County and \$41,402 statewide. The median family income for Douglas in 2004 was approximately \$23,056, compared to \$39,074 for the county and \$48,038 statewide. Douglas' per capita income in 2004 was approximately \$10,811, compared to \$16,897 for the county and \$21,426 for the state. These figures are estimated by the CER based on the most recent Census data. (Note: In 2005, the CER established a new formula for estimating income; thus, these figures should not be compared to figures from earlier editions of this publication.)

The average wage per job in Douglas in 2004 was approximately \$12.14 per hour, compared to approximately \$15.08 per hour county-wide and \$16.56 per hour statewide. The average annual salary in Douglas in 2004 was \$25,247, compared to \$31,359 for the county and \$34,436 for the state. County and state wages and salaries are provided by DES; sub-county figures are estimated by the CER based on the most recent DES and U.S. Census Bureau data.

DOUGLAS TOP 10 MAJOR EMPLOYERS

EMPLOYER	EMPLOYEES
Homeland Security	1,046
Arizona State Prison	674
Douglas Unified Schools.....	513
Wal-Mart.....	408
Cochise College.....	327
City of Douglas.....	235
Basha's/Food City.....	110
Southeast Arizona Medical Center	104
Safeway.....	84
Gadsden Hotel	70

*A FULLTIME EQUIVALENT EMPLOYEE EQUALS ONE FULLTIME EMPLOYEE OR TWO PART-TIME EMPLOYEES. FOR EMPLOYERS WITH MULTIPLE SITE LOCATIONS, THE NUMBER OF FULLTIME EQUIVALENT EMPLOYEES REFLECTS ONLY THOSE EMPLOYEES REPORTING TO WORK IN THE DOUGLAS AREA. SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.



Cochise County Employment

DES tracks employment on a monthly basis by category using the North

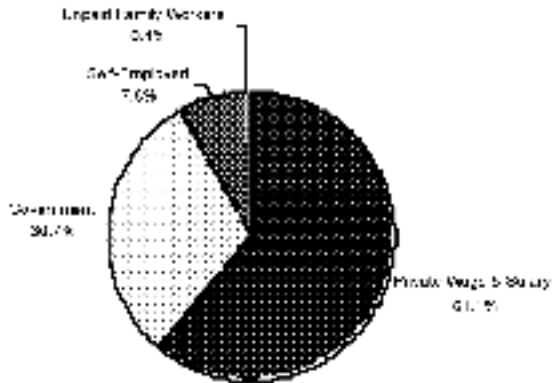
American Industrial Classification System (NAICS) and makes this data available for the state and county levels. These figures are not available for sub-county areas. According to DES figures, in 2004 Cochise County's average annual, non-farm employment expanded by 3.1 percent, growing from 34,100 to 35,150, a net gain of 1,050 jobs.

The fastest growing category in 2004, as measured by percent change, was information, which grew by 50 jobs – a 10.5 percent increase from 2003. Other categories that experienced job growth were mining and construction, which grew by 175 jobs (7.4 percent); educational and health services, which grew by 200 jobs (5.6 percent); leisure and hospitality, which grew by 200 jobs (5.3 percent); federal government, which grew by 175 jobs (3.8 percent); manufacturing, which grew by 25 jobs (2.9 percent); trade, transportation, and utilities, which grew by 125 jobs (2.0 percent); and state and local government, which grew by 125 jobs (1.9 percent). The categories of other services and financial activities remained unchanged. The only category to lose jobs was professional and business services, which lost 25 jobs, a decline of 0.7 percent.

The CER projects the total number of jobs in Cochise County to grow by 10.1 percent between 2004 and 2008, increasing from 52,325 to 57,625 jobs. The average annual job growth rate for the county is forecasted to be 2.4 percent.

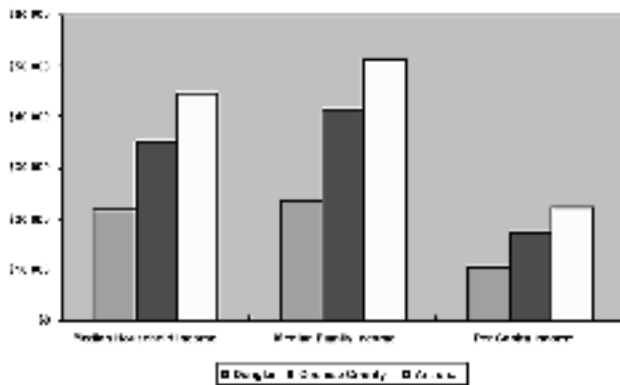
The total number of non-farm jobs in the county is projected to grow by 7.8 percent, increasing from 35,150 to 37,875 jobs between 2004 and 2008. Average annual non-farm job growth is projected to be 1.9 percent. Total private-sector jobs in the county are forecasted to grow by 8.5 percent between 2004 and 2008, increasing from 23,600 to 25,600 jobs, for an average annual job

DOUGLAS CLASSES OF WORKERS, 2000



SOURCE: U.S. CENSUS BUREAU

INCOME COMPARISON, 2004



SOURCE: U.S. CENSUS BUREAU AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

DOUGLAS BUSINESS ESTABLISHMENTS BY EMPLOYMENT-SIZE CLASS, 2002

	NUMBER OF ESTABLISHMENTS BY EMPLOYMENT-SIZE CLASS					
	1-4	5-9	10-19	20-49	50-99	100-249
Retail Trade	34	21	7	7	0	3
Other Services (Except Public Administration)	28	8	1	0	0	0
Accommodation & Food Services	14	7	5	6	3	0
Health Care and Social Assistance	9	7	3	4	0	1
Finance & Insurance	9	4	3	0	0	0
Transportation & Warehousing	10	3	3	0	0	0
Real Estate & Rental & Leasing	12	2	1	0	0	0
Construction	10	3	1	0	0	0
Professional, Scientific, and Technical Services	7	2	0	0	0	0
Wholesale Trade	5	1	2	1	0	0
Educational Services	1	1	2	1	1	0
Information	2	3	0	1	0	0
Manufacturing	2	0	0	2	0	0
Arts, Entertainment, & Recreation	1	1	1	0	0	0
Administrative, Support, Waste Management, & Remediation Services	1	0	1	0	0	0
Auxiliaries (Except Corporate, Subsidiary, & Regional Managing Offices)	1	1	0	0	0	0
Management of Companies & Enterprises	0	1	0	1	0	0
Utilities	0	0	1	1	0	0
Forestry, Fishing, Hunting, & Agriculture	0	1	0	0	0	0
Total	146	66	31	24	4	4

SOURCE: U.S. CENSUS BUREAU 2002 ZIP CODE BUSINESS PATTERNS AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

growth rate of 2.1 percent.

The goods-producing sector of the local economy, which includes mining and construction, as well as manufacturing, is projected to increase from 3,425 jobs in 2004 to 4,075 jobs in 2008, for total job growth of 19 percent. Average annual job growth in the goods-producing sector is forecasted to be 4.4 percent.

The service-providing sector is projected to grow from 31,725 jobs in 2004 to 33,800 jobs in 2008, for overall growth of 6.5 percent, and average annual growth of 1.6 percent. The service-providing sector includes trade, transportation, and utilities; information; financial activities; professional and business services; educational and health services; leisure and hospitality; other services; and government. Private-sector service-providing jobs are expected to grow from 20,175 jobs in 2004 to 21,525 jobs in 2008, for overall growth of 6.7 percent and average annual growth of 1.6 percent.

Overall, it is projected that 5,300 jobs will be created in the county between 2004 and 2008. Of these, 2,725 are projected to be non-farm jobs, while the remaining 2,575 are projected to occur in the agriculture sector. Of the 2,725 non-farm jobs, 2,000 are projected to be in the private sector and 725 in government.

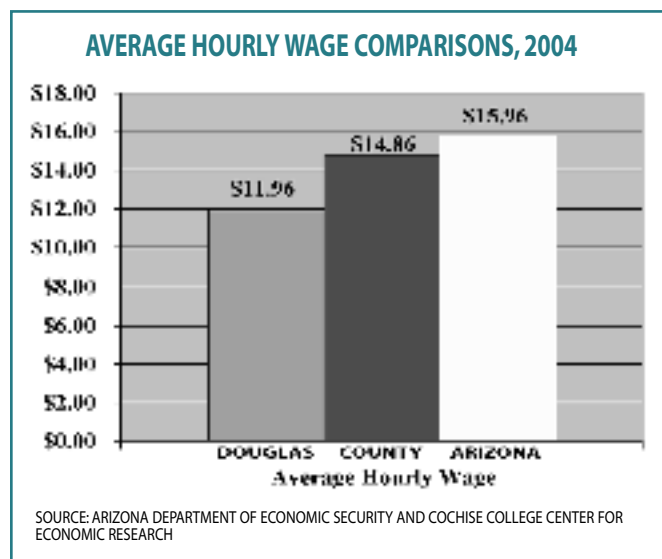
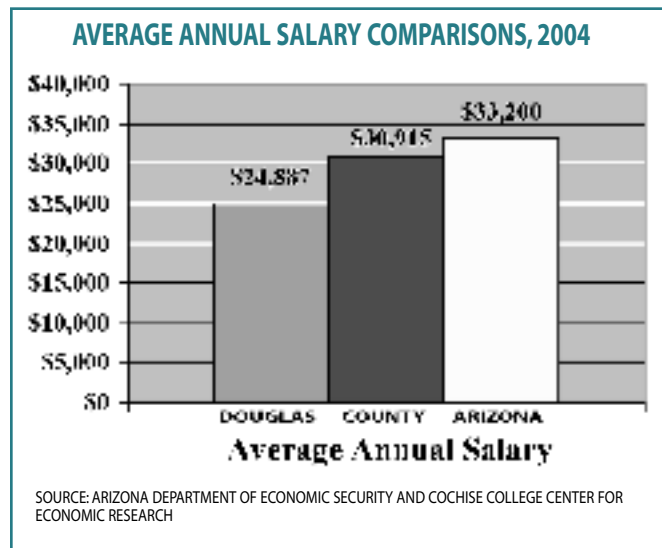
Of total non-farm job creation in Cochise County, the categories projected to experience the highest number of new jobs are federal government, and mining and construction. Federal government jobs are expected to grow by 700 jobs between 2004 and 2008, increasing from 4,775 to 5,475 jobs, for total job growth of 14.7 percent. The average annual job growth of federal government jobs is projected to be 3.5 percent per year over the next four years. The high level of growth is attributable to increased federal spending on homeland security and border protection.

The category of mining and construction is also projected to grow by 700 jobs between 2004 and 2008, increasing from 2,550 to 3,250 jobs, for total job growth of 27.5 percent. The average annual job growth in this category is projected to be 6.3 percent per year over the next four years. Most of the new jobs will occur in construction as residential and business development continues throughout the county.

The category of educational and health services is projected to grow by 575 jobs between 2004 and 2008, increasing from 3,800 to 4,375 jobs, for total job growth of 15.1 percent. The average annual job growth in this category is projected to be 3.6 percent per year over the next four years. An increase in the population of school-age children is expected to increase demand for workers in educational services. An aging population resulting from longer life spans and increased influxes of retirees will increase demand for health services workers.

The category of trade, transportation and utilities is projected to grow by 250 jobs between 2004 and 2008, increasing from 6,300 to 6,550 jobs, for total job growth of 4 percent. The average annual job growth in this category is projected to be 1 percent per year over the next four years. Rising energy costs and higher interest rates are likely to contribute to the slower growth of this category.

The category of leisure and hospitality is projected to grow by 225 jobs between 2004 and 2008, increasing from 4,000 to 4,225 jobs, for total job growth of 5.6 percent. The average annual job growth in this category is projected to be 1.4 percent per year over the next four years. The growth is attributable to increased tourism, helped along by a declining dollar relative to foreign currencies, which makes vacationing in the United States, including Arizona and Cochise County, a more affordable option to potential foreign travelers.



The category of financial activities is projected to grow by 150 jobs between 2004 and 2008, increasing from 900 to 1,050 jobs, for total job growth of 16.7 percent. The average annual job growth in this category is projected to be 3.9 percent per year over the next four years.

The category of professional and business services is projected to grow by 75 jobs between 2004 and 2008, increasing from 3,550 to 3,625 jobs, for total job growth of 2.1 percent. The average annual job growth in this category is projected to be 0.5 percent per year over the next four years.

COCHISE COUNTY EMPLOYMENT BY CATEGORY, 2003-2004

	2003	2004	CHANGE	% CHANGE
Total Employment	51,000	52,325	1,325	2.6%
Total Nonfarm	34,100	35,150	1,050	3.1%
Total Private	22,850	23,600	750	3.3%
Goods Producing	3,225	3,425	200	6.2%
Mining and Construction	2,375	2,550	175	7.4%
Manufacturing	850	875	25	2.9%
Service-Providing	30,875	31,725	850	2.8%
Private Service-Providing	19,600	20,175	575	2.9%
Trade, Transportation, and Utilities	6,175	6,300	125	2.0%
Information	475	525	50	10.5%
Financial Activities	900	900	0	0.0%
Professional and Business Services	3,575	3,550	-25	-0.7%
Educational and Health Services	3,600	3,800	200	5.6%
Leisure and Hospitality	3,800	4,000	200	5.3%
Other Services	1,100	1,100	0	0.0%
Government	11,275	11,550	275	2.4%
Federal Government	4,600	4,775	175	3.8%
State and Local Government	6,675	6,800	125	1.9%

NOTE: NUMBERS ROUNDED TO NEAREST 25.
SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

The category of other services is projected to grow by 50 jobs between 2004 and 2008, increasing from 1,100 to 1,150 jobs, for total job growth of 4.5 percent. The average annual job growth in this category is projected to be 1.1 percent per year over the next four years.

The category of information is projected to grow by 25 jobs between 2004 and 2008, increasing from 525 to 550 jobs, for total job growth of 4.8 percent. The average annual job growth in this category is projected to be 1.2 percent per year over the next four years.

The category of manufacturing is projected to decline by 50 jobs between 2004 and 2008, decreasing from 875 to 825 jobs. The overall growth level is projected at -5.7 percent, with an annual growth rate of -1.4 percent. Slower growth is attributable to increased foreign competition and excess capacity in these markets.

The above projections are prepared by the CER using trend analysis of data from 2001 to 2004.

COCHISE COUNTY JOB GROWTH PROJECTIONS, 2005-2008

	2005		2006		2007		2008	
	NUMBER	GROWTH	NUMBER	GROWTH	NUMBER	GROWTH	NUMBER	GROWTH
Total Number of Jobs	53,650	2.5%	54,975	2.5%	56,300	2.4%	57,625	2.4%
Total Non-farm Jobs	35,700	1.6%	36,400	2.0%	37,175	2.1%	37,875	1.9%
Total Private Sector Jobs	23,950	1.5%	24,475	2.2%	25,075	2.5%	25,600	2.1%
Goods Producing	3,575	4.4%	3,750	4.9%	3,900	4.0%	4,075	4.5%
Mining & Construction	2,725	6.9%	2,900	6.4%	3,075	6.0%	3,250	5.7%
Manufacturing	850	-2.9%	850	0.0%	825	-2.9%	825	0.0%
Service-Providing	32,125	1.3%	32,650	1.6%	33,275	1.9%	33,800	1.6%
Private Service Providing	20,375	1.0%	20,725	1.7%	21,175	2.2%	21,525	1.7%
Trade, Transportation, and Utilities	6,300	0.0%	6,375	1.2%	6,475	1.6%	6,550	1.2%
Information	525	0.0%	525	0.0%	550	4.8%	550	0.0%
Financial Activities	950	5.6%	975	2.6%	1,025	5.1%	1,050	2.4%
Professional and Business Services	3,550	0.0%	3,575	0.7%	3,600	0.7%	3,625	0.7%
Educational and Health Services	3,925	3.3%	4,075	3.8%	4,225	3.7%	4,375	3.6%
Leisure and Hospitality	4,000	0.0%	4,075	1.9%	4,150	1.8%	4,225	1.8%
Other Services	1,125	2.3%	1,125	0.0%	1,150	2.2%	1,150	0.0%
Government	11,750	1.7%	11,925	1.5%	12,100	1.5%	12,275	1.4%
Federal Government	4,950	3.7%	5,125	3.5%	5,300	3.4%	5,475	3.3%
State and Local Government	6,800	0.0%	6,800	0.0%	6,800	0.0%	6,800	0.0%

FORECASTS BY COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH APPLYING HOLT'S METHOD OF EXPONENTIAL SMOOTHING, WHICH TAKES WEIGHTED AVERAGES OF PREVIOUS OBSERVATIONS, WITH MORE WEIGHT PUT ON RECENT OBSERVATIONS. HOLT'S METHOD USES TWO SMOOTHING CONSTANTS, ONE FOR ESTIMATING THE LEVEL AND ONE FOR ESTIMATING THE TREND. THE SMOOTHING CONSTANTS ARE USED ALONG WITH TWO EQUATIONS FOR UPDATING THE LEVEL AND TREND TO PRODUCE THE PROJECTIONS. FORECASTS BASED ON ARIZONA DEPARTMENT OF ECONOMIC SECURITY DATA FROM 2001 TO 2004.



Retail and Trade

Restaurant and Bar sales were up in Douglas during 2004.
Photo by Kimberly Kelso

Total Taxable Sales

Taxable sales in Douglas for 2004 totaled \$183.1 million, up 8.7 percent from \$168.4 million in 2003. Adjusting for inflation, which was 2.7 percent in 2004, this represents real growth of 6 percent. Total taxable sales for January through April 2005 were \$56 million, up 0.5 percent from January through April 2004. This reflects real, inflation-adjusted growth of -3 percent. Total taxable sales include the categories of mining; communications and utilities; transportation and warehousing; construction; manufacturing; wholesale trade; retail trade; finance and insurance; real estate, rental and leasing; restaurant and bar; accommodation; public administration; services; arts and entertainment; and the category of "other."

In 2004, construction sales totaled \$16.2 million; manufacturing sales totaled \$2.8 million; wholesale trade sales totaled \$3.7 million; retail sales totaled \$123.6 million; real estate, rental and leasing sales totaled \$5.1 million; restaurant and bar sales totaled \$12.4 million; and services sales totaled \$3.4 million. In 2004, the Arizona Department of Revenue transitioned from the Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS). This transition precludes comparisons of 2004 sales data to that of previous years for most categories of sales.

Retail Sales

According to the U.S. Census Bureau ZIP Code Business Patterns, there were 72 retail establishments in Douglas as of 2002.

In 2004, retail sales in Douglas totaled \$123.6 million, up 4.3 percent from \$118.5 million in 2003. This represents real, inflation-adjusted growth of 1.6 percent. Retail sales for January through April 2005 were \$39.8 million, up 4.6 percent from the same period in 2004. This reflects real, inflation-adjusted growth of 1.1 percent.

TOTAL TAXABLE SALES

YEAR	SALES	PERCENT CHANGE	REAL, INFLATION ADJUSTED GROWTH
1995	\$127,138,866	-5.7%	-8.5%
1996	\$122,654,103	-3.5%	-6.5%
1997	\$130,370,005	6.3%	4.0%
1998	\$140,822,040	8.0%	6.4%
1999	\$155,438,732	10.4%	8.2%
2000	\$166,127,009	6.9%	3.5%
2001	\$165,237,519	-0.5%	-3.3%
2002	\$166,798,432	0.9%	-0.7%
2003	\$168,373,722	0.9%	-1.4%
2004	\$183,093,360	8.7%	6.0%
2005*	\$55,968,520	0.5%	-3.0%

*DATA FOR JANUARY THROUGH APRIL ONLY. PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR. REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), APRIL 2004-APRIL 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. EXCEPT AS NOTED ABOVE, REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE ANNUAL INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), 2003-2004 CHANGE IN AVERAGE ANNUAL INDEX VALUE.

TOTAL TAXABLE SALES BY CATEGORY, 2004

Construction.....	\$16,223,080
Manufacturing.....	\$2,846,920
Wholesale Trade.....	\$3,668,240
Retail Trade.....	\$123,575,680
Real Estate, Rental & Leasing.....	\$5,108,560
Restaurant & Bar.....	\$12,419,720
Services.....	\$3,397,480

Note: In 2004, the Arizona Department of Revenue switched reporting format from the Standard Industrial Classification (SIC) System to the North American Industrial Classification System (NAICS). This change precludes comparisons of 2004 data to that of previous years.
SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

RETAIL SALES

YEAR	TOTAL SALES	PERCENT CHANGE	REAL, INFLATION-ADJUSTED GROWTH
1995.....	\$94,368,349.....	-8.6%.....	-11.4%
1996.....	\$84,667,284.....	-10.3%.....	-13.3%
1997.....	\$95,536,727.....	12.8%.....	10.5%
1998.....	\$104,215,080.....	9.1%.....	7.5%
1999.....	\$116,362,202.....	11.7%.....	9.5%
2000.....	\$123,040,236.....	5.7%.....	2.3%
2001.....	\$123,682,604.....	0.5%.....	-2.3%
2002.....	\$125,116,400.....	1.2%.....	-0.4%
2003.....	\$118,533,640.....	-5.3%.....	-7.6%
2004.....	\$123,575,680.....	4.3%.....	1.6%
2005*.....	\$39,830,280.....	4.6%.....	1.1%

*DATA FOR JANUARY THROUGH APRIL ONLY. PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR. REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), APRIL 2004-APRIL 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. EXCEPT AS NOTED ABOVE, REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE ANNUAL INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), 2003-2004 CHANGE IN AVERAGE ANNUAL INDEX VALUE.

RESTAURANT & BAR SALES

YEAR	TOTAL REVENUE	PERCENT CHANGE	REAL, INFLATION-ADJUSTED GROWTH
1995.....	\$8,937,913.....	8.6%.....	5.8%
1996.....	\$8,876,220.....	-0.7%.....	-3.7%
1997.....	\$8,993,973.....	1.3%.....	-1.0%
1998.....	\$9,215,044.....	2.5%.....	0.9%
1999.....	\$10,328,258.....	12.1%.....	9.9%
2000.....	\$10,907,062.....	5.6%.....	2.6%
2001.....	\$11,192,256.....	2.6%.....	-0.2%
2002.....	\$12,012,009.....	7.3%.....	5.7%
2003.....	\$10,697,440.....	-10.9%.....	-13.2%
2004.....	\$12,419,720.....	16.1%.....	13.4%
2005*.....	\$3,899,280.....	5.4%.....	1.9%

*DATA FOR JANUARY THROUGH APRIL ONLY. PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR. REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), APRIL 2004-APRIL 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. EXCEPT AS NOTED ABOVE, REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE ANNUAL INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), 2003-2004 CHANGE IN AVERAGE ANNUAL INDEX VALUE.

From 2001 to 2003, retail sales in Douglas reflected the national recession, showing negative growth each year in real, inflation-adjusted terms. In 2004, the recovering economy was reflected in Douglas' retail sales, which posted real growth of 1.6 percent. This was the first year of real growth for Douglas' retail sector since 2000. However, 2003 retail sales still lagged behind the volume of sales in 2000 after adjusting for inflation.



Figures from the first four months of 2005 look promising, with retail sales coming in 4.6 percent higher than the same period in 2004, for real, inflation-adjusted growth of 1.1 percent. This reflects the nationwide economic recovery; however, tighter monetary policy at the national level threatens to slow this growth for the remainder of the year, stabilizing retail sales growth at or near the rate of inflation.

Restaurant and Bar Sales

In 2004, restaurant and bar receipts in Douglas totaled \$12.4 million, up 16.1 percent from \$10.7 million in 2003. This represents real, inflation-adjusted growth of 13.4 percent. In January through April 2005, restaurant and bar sales totaled \$3.9 million, a 5.4 percent increase over the same period in 2004. This reflects real, inflation-adjusted growth of 1.9 percent.

Since 2000, restaurant and bar sales in Douglas have shown mixed performance. In 2000, sales in this category posted moderate real growth of 2.6 percent, despite the national recession which began that year. In 2001 sales dropped off slightly, reflecting the national recession and the fallout of the September 11, 2001, attacks, which decreased tourism and overall economic activity. Restaurant and bar sales recovered strongly in 2002, posting real gains of 5.7 percent. In 2003, performance in this category again declined, with real growth of -13.2 percent. This was likely attributable to decreased tourism as a result of the invasion of Iraq. A slowdown in pedestrian border crossings from Agua Prieta also was a likely contributor to the decline in restaurant and bar activity that year. In 2004, restaurant and bar sales rebounded strongly, showing 13.4 percent growth in real, inflation-adjusted terms. The first four months of 2005 have seen slower growth in restaurant and bar sales, showing real, inflation-adjusted gains of 1.9 percent. The slower growth likely represents a drop in local patronage of restaurants and bars, which may reflect rising interest rates, which raise the cost of previously incurred, variable-rate consumer debt, leaving individuals and families with less disposable income. Often, dining out and other non-necessities are the first to suffer from declining disposable income.

Accommodation Receipts

Accommodation (hotel, motel, and other lodging) receipts increased 6.3 percent in 2004, following a 28.9 percent decline in 2003 and growth of 10.9 percent in 2002. Due to the small number of accommodation establishments in Douglas and confidentiality concerns, dollar figures for accommodation receipts are not released. The poor performance of this sector in 2003 was likely the result of decreased tourist activity overall due to the U.S.-led invasion of Iraq and ongoing security concerns. The 2004 recovery was likely helped along by the declining value of the U.S. dollar relative to many foreign currencies, which makes travel to the United States, including Cochise

County and Douglas, a more affordable option for foreign travelers. For more information on the tourism industry in Douglas, and the lodging industry in Cochise County overall, see the tourism section of this publication.

Business Establishments

According to the U.S. Census Bureau's Zip Code Business Patterns, as of 2002 there were 275 business establishments located in the Douglas area (zip codes 85607 and 85608). The industry with the largest number of business establishments was retail trade, with 72 establishments, followed by other services (except public administration), with 37 establishments; accommodation and food services, with 35 establishments; health care and social assistance, with 24 establishments; finance and insurance, with 16 establishments; transportation and warehousing, with 16 establishments; real estate and rental and leasing, with 15 establishments; construction, with 14 establishments; professional, scientific, and technical services, with nine establishments; wholesale trade, with nine establishments; educational services, with six establishments; and information, with six establishments. The industries of manufacturing; arts, entertainment, and recreation; administrative, support, waste management, and remediation services; auxiliaries (except corporate, subsidiary, and regional managing offices); management of companies and enterprises; utilities; and forestry, fishing, hunting, and agriculture each had less than five establishments.

Business Licenses

At the end of 2004 there were 556 active business licenses in the City of Douglas, down only slightly from 558 in 2003, but down significantly from 710 in 2002. There were 88 new business licenses issued in Douglas in 2004, down from 105 in 2003. Business licenses in Douglas must be renewed annually to remain active.

Douglas Retail Shopping Survey

In 2003, the Cochise College Center for Economic Research (CER) conducted a retail shopping survey of Douglas shoppers to determine their level of out-shopping. Out-shopping refers to shopping done by Douglas residents at businesses located outside the City of Douglas.

Overall, Douglas residents reported doing 32.5 percent of their shopping outside the City of Douglas in 2003, down from 35.1 percent in 2000. In the 2003 survey, Douglas residents reported out-shopping 38.5 percent of their apparel and accessory purchases, down from 42.9 percent in 2000; 38.1 percent of their furniture purchases, down from 48.6 percent; 35.5 percent of building materials and garden supply purchases, down from 43.7 percent; 16.5 percent of food purchases, up from 11.2 percent; 42.7 percent of vehicle purchases, down from 53.4 percent; 36.3 percent of automotive supply purchases, up from 33.7 percent; and 31.8 percent of general merchandise purchases, up from 30.2 percent.

The primary reason for out-shopping, as reported by survey respondents, was greater variety and choice offered elsewhere. The opening of Super WalMart in Douglas has likely altered out-shopping patterns, particularly in the food purchases category. It is likely that automotive supply purchases, which experienced growth in out-shopping between 2000 and 2003, have also been impacted by the opening of the Super WalMart store. The next CER retail shopping survey for Douglas is scheduled for 2006.

DOUGLAS BUSINESS LICENSES

	NEW LICENSES	RENEWED LICENSES	INACTIVE LICENSES	TOTAL ACTIVE LICENSES
2002	492	218	77	710
2003	105	453	63	558
2004	88	468	44	556

Note: Business licenses in the City of Douglas must be renewed each year. *JANUARY THROUGH JULY ONLY. SOURCE: CITY OF DOUGLAS.

ACCOMMODATION RECEIPTS

YEAR	PERCENT CHANGE FROM PREVIOUS YEAR	REAL, INFLATION-ADJUSTED GROWTH
2002	10.9%	9.3%
2003	-28.9%	-31.2%
2004	6.3%	3.6%

Note: Due to the small number of accommodation establishments in Douglas and confidentiality reasons, total sales figures are not released. Growth rates are released to allow year-to-year comparisons of the performance of this sector of the economy.

SOURCE: CITY OF DOUGLAS.

DOUGLAS BUSINESS PATTERNS, 2002

INDUSTRY	NUMBER OF ESTABLISHMENTS
Retail Trade	72
Other Services (Except Public Administration)	37
Accommodation & Food Services	35
Health Care and Social Assistance	24
Finance & Insurance	16
Transportation & Warehousing	16
Real Estate & Rental & Leasing	15
Construction	14
Professional, Scientific, and Technical Services	9
Wholesale Trade	9
Educational Services	6
Information	6
Manufacturing	4
Arts, Entertainment, & Recreation	3
Administrative, Support, Waste Mgmt., Remediation Services	2
Auxiliaries (Except Corporate, Subsidiary, Regional Managing Offices)	2
Management of Companies & Enterprises	2
Utilities	2
Forestry, Fishing, Hunting, & Agriculture	1
Total	275

SOURCE: U.S. CENSUS BUREAU 2002 ZIP CODE BUSINESS PATTERNS AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

OUT-SHOPPING BY DOUGLAS RESIDENTS

	2000	2003
Apparel and Accessories	42.9%	38.5%
Furniture & Furnishings	48.6%	38.1%
Building Materials & Garden Supplies	43.7%	35.5%
Food	11.2%	16.5%
Vehicles	53.4%	42.7%
Automotive Supplies	33.7%	36.2%
General Merchandise	30.2%	31.8%

SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

Housing and Real Estate



Rancho La Perilla Estates offers homes located around the Douglas Golf Course.
Photo by Kimberly Kelso

New and Existing Home Sales

Data in this section reflect new and existing home sales within the City of Douglas. In 2004, there were approximately 146 new and existing homes sold, up 10.6 percent from 132 in 2003. From January through June 2005, there were 72 new and existing homes sold, up 10.8 percent from 65 in the same period of 2004. This reflects a period of record low interest rates that helped along the housing market not only locally, but nationwide.

From June 2003 to June 2004, the federal funds rate, a major determinant of mortgage rates, sat at 1 percent, its lowest level since 1958. Although the federal funds rate has increased steadily since June 2004, mortgage rates have been unusually slow to respond. As the targeted federal funds rate increased steadily from 1 percent to 2.5 percent between June 2004 and February 2005, the average contract rate on fixed, 30-year, non-jumbo loans, as reported by the Federal Housing Finance Board, actually decreased from 6.25 to 5.9 percent, continuing the housing boom that began in mid-2003. Between February and April of this year, the average contract rate inched upward to 6.02 percent, but then dropped steadily between April and June to 5.82 percent.

It is important to note, however, that the impact of this easy money policy has been less in the Douglas area than in other areas of the county due to lower income levels and traditionally lower rates of home ownership (discussed in more detail below). While the volume of new and existing homes sold increased 10.6 percent in Douglas in 2004, homes sales increased 23.4 percent in Sierra Vista and 35.1 percent in Benson over the same period.

The average price of new and existing homes sold in Douglas in 2004 was \$70,573, up 7.3 percent from \$65,792 in 2003. The median price in 2004 was \$68,500,

up 11.8 percent from \$61,250 in 2003.

For the first half of 2005, the average price of new and existing homes sold in Douglas was \$76,033, up 11 percent from \$68,476 in the first half of 2004. However, the median price of new and existing homes for the first half of 2005 was \$69,000, up only 1 percent from \$68,333 in the same period of 2004. (Note: The median price is the price at which half of all homes sold are priced above and half are priced below. The median price typically presents a more accurate picture of the housing market since a small number of higher-priced homes tend to push the average price upward significantly).

Douglas has largely escaped the sharp increases in new and existing home prices seen throughout the county that have reflected the increased demand for homes stimulated by lower interest rates. There are several reasons for this. The first is that the lower income levels of Douglas residents have traditionally led to a lower rate of home ownership. In 2000, the home ownership rate in Douglas was 60.3 percent, significantly below the rate of 67.3 percent at the county level, 68 percent at the state level, and 66.2 percent nationwide. Thus, the incentives toward home purchases stimulated by lower interest rates have had less of an impact in the Douglas area, therefore avoiding sharp increases in demand seen elsewhere in the county, which tend to pull prices upward. On the supply side, there has been an abundance and wide price range of homes being built in the area, particularly within the city limits. Rancho Perilla Estates, which has been the site of most of the recent home construction in the Douglas area, has built a wide variety of homes ranging from 1,140-square-foot, two-bedroom floor plans priced at \$129,500 to 2,070-square-foot, four-bedroom units priced at \$203,430. The number and wide range of homes built in Rancho Perilla Estates has served to increase the supply of homes, counteracting price increases that would otherwise have occurred due to increases in demand. This interaction between supply and demand has served to keep prices relatively stable.

New Home Permits – Site-Built Homes

Data in this section reflect new home permits issued within the entire Douglas area home market, which includes the southeast quadrant of Cochise County, including the City of Douglas, Apache, Bisbee, Double Adobe, Elfrida, McNeal, Naco, Pirtleville, and the surrounding areas. Analysis of the subset of permits issued within the Douglas city limits also is included.

In 2004, there were 63 new, single-family residential, site-built home permits issued in the Douglas area home market. According to records maintained by the City of Douglas, 26 of these permits were issued for the construction of homes within the city limits. The average permit value of a new site-built home in the Douglas area home market in 2004 was \$110,778, up 16.7 percent from \$94,897 in 2003. The median price in 2004 was \$85,000, up 28.8 percent from \$66,000 in 2003.

Within the city limits, the average price for a new home in 2004 was lower than the market area, at \$84,663, down 14.1 percent from \$98,584 in 2003. (Note: The median home price for permits within the city limits is unavailable).

From January through March 2005, there were 15 new single-family residential, site-built home permits issued in the Douglas area home market. According to records maintained by the City of Douglas, nine of these permits were issued for the construction of homes within the Douglas city limits. The average permit value of a new site-built home in the Douglas area home market in the first three months of 2005 was \$97,857, down 11.7 percent from \$110,778 in the same period of 2004. The median

NEW AND EXISTING HOME SALES – DOUGLAS CITY LIMITS

YEAR	NO.	AVERAGE PRICE*	MEDIAN PRICE*
1998	113	\$59,347	\$58,947
1999	151	\$49,337	\$45,833
2000	135	\$53,310	\$52,174
2001	139	\$59,210	\$55,555
2002	143	\$63,292	\$55,833
2003	132	\$65,792	\$61,250
2004**	146	\$70,573	\$68,500
2005***	72	\$76,033	\$69,000

* PRICE INCLUDES LAND.
 ** YEARLY TOTAL FOR 2004 ESTIMATED BY THE COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH BASED ON 11 MONTHS OF DATA (JAN-JUN AND AUG-DEC 2004) AND ANALYSIS OF MONTHLY SALES FOR 2003-2004; FIGURES FOR JULY 2004 WERE UNAVAILABLE. AVERAGE AND MEDIAN PRICE COMPUTED FROM 11 MONTHS OF DATA (JAN-JUN AND AUG-DEC 2004).
 *** JANUARY THROUGH JUNE ONLY

SOURCE: FIDELITY NATIONAL TITLE AGENCY.

NEW AND EXISTING HOME SALES – DOUGLAS CITY LIMITS, BY PRICE*

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004**	2005***
Under \$30,000	10	12	25	16	34	29	30	31	29	21	7
\$30-39,999	14	12	17	17	28	23	12	10	14	16	7
\$40-49,999	7	12	13	7	24	11	16	24	10	14	9
\$50-59,999	3	14	15	19	22	23	18	12	11	13	6
\$60-69,999	2	14	18	14	15	17	13	12	16	9	8
\$70-79,999	2	14	14	15	5	12	15	15	11	19	13
\$80-89,999	2	3	3	10	9	6	14	19	11	13	10
\$90-99,999	0	4	6	1	6	6	10	6	6	14	2
\$100-119,999	0	6	3	7	3	6	2	3	6	10	3
\$120-139,000	0	2	3	2	4	1	5	6	8	9	1
\$140,000 and up	0	1	1	5	1	1	4	5	10	8	6

* PRICE INCLUDES LAND.
 ** 2004 DISPERSAL ESTIMATED BY THE COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH BASED ON 11 MONTHS OF DATA (JAN-JUN AND AUG-DEC 2004); FIGURES FOR JULY 2004 WERE UNAVAILABLE.
 *** JANUARY THROUGH JUNE ONLY

SOURCE: FIDELITY NATIONAL TITLE AGENCY

price in the market area for the first three months of 2005 was \$50,000, down 41.2 percent from \$85,000 in the first three months of 2004.

Within the city limits, the average price for a new home in the first six months of 2005 was \$114,031, up 41.2 percent from \$80,733 during the same period a year prior. (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 overall square footage of the home, quality of materials, home builder, and other factors.)

As with new and existing home sales, home construction in the Douglas area home market, particularly within the Douglas city limits, over the past several years has largely escaped the sharp increase in new home prices seen throughout the county. Although the average price of a new home in the first half of 2005 was significantly higher than the average for 2004, it remains below the average prices seen in 2002. The reasons for the absence of sharp increases in new home prices are the same as for the new and existing home market (discussed above), and include lower income levels of Douglas residents that have traditionally led to lower rates of home ownership, and the increased supply of homes being built in the area, particularly in Rancho Perilla Estates.

NEW HOME PERMITS (SITE BUILT) – DOUGLAS AREA

YEAR	NO.	AVERAGE PRICE*	MEDIAN PRICE*
2001	37	\$79,189	\$68,000
2002	34	\$88,324	\$81,500
2003	39	\$94,897	\$66,000
2004	63	\$110,778	\$85,000
2005**	15	\$97,857	\$50,000

* PRICE DOES NOT INCLUDE LAND.
** JANUARY THROUGH MARCH ONLY

SOURCE: BRIGHT FUTURE CONSULTING OF TUCSON.

NEW HOME PERMITS (SITE BUILT) – DOUGLAS CITY LIMITS

YEAR	NO.	AVERAGE PRICE*
1995	25	\$53,162
1996	19	\$53,389
1997	26	\$56,827
1998	21	\$58,485
1999	12	\$54,485
2000	13	\$71,970
2001	21	\$64,800
2002	11	\$118,133
2003	19	\$98,584
2004	26	\$84,663
2005**	26	\$114,031

* DOES NOT INCLUDE VALUE OF LAND.
** JANUARY THROUGH JUNE ONLY.

SOURCE: CITY OF DOUGLAS.

COMMERCIAL CONSTRUCTION PERMITS – NEW BUILDINGS

YEAR	NO.	TOTAL VALUATION*
1995	6	\$400,835
1996	3	\$184,000
1997	8	\$2,486,000
1998	2	\$475,000
1999	3	\$802,000
2000	5	\$5,353,000
2001	7	\$2,522,000
2002	2	\$42,000
2003	4	\$9,830,000
2004	5	\$9,118,000
2005**	0	\$0

* DOES NOT INCLUDE VALUE OF LAND.
** JANUARY THROUGH JUNE ONLY.

SOURCE: CITY OF DOUGLAS.

Housing Affordability

Beginning in 2005, the Cochise College Center for Economic Research (CER) began tracking housing affordability in Douglas. The CER utilizes the same methodology as the National Association of Realtors in its Housing Affordability Index (HAI). The HAI gauges whether a typical family could qualify for a mortgage on a typical home.

CER defines a typical home as a median-priced, single-family home. In 2004, the median price of a single-family home in Douglas was \$68,500. A typical family is defined as one earning the median family income, as estimated by the CER using the most recent U.S. Census data. In 2004, the estimated median family income for Douglas was \$23,056. In calculating the HAI, the CER uses the average annual mortgage effective interest rate, which is the national average effective rate on fixed, 30-year, non-jumbo loans closed within the previous 12 months as reported by the Federal Housing Finance Board. As of November 2004, this rate was 6.03 percent.

The HAI for Douglas for 2004 was 145.7. In interpreting the HAI, a value of 100 indicates that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home, assuming a 20 percent down payment and a qualifying income ratio of 25 percent, meaning the monthly principal and interest payment cannot exceed 25 percent of the family monthly income. An HAI above 100 signifies that a family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home. Thus, Douglas' HAI of 145.7 indicates that a family earning the median income of \$23,056 has 145.7 percent of the income necessary to qualify for a conventional loan covering 80 percent of a median-priced, single-family home in Douglas.

To qualify for a conventional loan covering 80 percent of the cost of a median-priced, single-family home in Douglas, a family would need to have an annual income of only \$16,000. Using this same methodology indicates that in 2004, a family in Douglas earning the median income qualified for a conventional loan covering 80 percent of the value of a home costing \$99,500.

In tracking the HAI for Douglas, the CER also computed the HAI for previous years dating back to 2002. Between 2002 and 2004, new and existing homes became increasingly less affordable. From 2002 to 2003, the HAI moved from 178.1 to 162.8, and then dropped to its current level of 145.7 in 2004.

Apartments

According to the most recent census data, the median rent for an apartment in

the City of Douglas in 1999 was \$348 per month, or \$395 in 2004 dollars. In 1999, approximately 71.9 percent of rental units within the city were priced under \$500 per month, or \$567 per month in 2004 dollars. As of 1999, there were 1,770 renter-occupied units within the city.

Since the most recent Census data, Ranch La Perilla has added 80 rental units to the city. Ranch La Perilla, located adjacent to the Douglas Municipal Golf Course, offers one- and two-bedroom furnished and unfurnished apartments, including executive fully equipped TDY units. As of 2005, one-bedroom units rented for \$520 per month unfurnished and \$770 per month furnished, while two-bedroom units rented for \$630 per month unfurnished and \$940 per month furnished. One-bedroom executive TDY units rented for \$1,299 per month (\$44 per diem), while two-bedroom executive units rented for \$1,599 per month (\$54 per diem).

Commercial Construction

In 2004, there were five commercial construction permits for new buildings issued within the city at a total dollar valuation of \$9.1 million. In 2003, there were four permits issued, at a slightly higher valuation of \$9.8 million.

Of the past five years (2000-2004), calendar year 2001 was the most active in new commercial construction in terms of the number of new commercial building permits issued, with seven permits issued at a total valuation of \$2.5 million. The most active year during the same period in terms of the total dollar valuation of permits was the year 2003, with four permits issued at a total valuation of \$9.8 million.

Commercial additions and repairs is another major category of commercial construction. In 2004, there were 12 permits for commercial additions and repairs issued within the City of Douglas, down from 18 in 2003. The dollar valuation also was down considerably at \$340,106, compared to \$5.6 million in 2003. For the first six months of 2005, the city issued 11 permits in this category at a total valuation of \$1.1 million.

Looking at commercial construction in a single year can present an incomplete picture since commercial development is often a long process that may stretch over multiple calendar years. This is one of the reasons commercial construction in a single year is difficult to forecast. It is useful to look at several years of commercial construction to gain a more complete picture.

Comparing commercial development in different areas can also be complex, since the size of the local population weighs in heavily on the amount of commercial construction undertaken, as well as the economic impact generated by the construction. For example, in the five-year period from 2000 to 2004, Douglas experienced commercial construction of new buildings totaling \$26.9 million, while commercial construction for new buildings in neighboring Sierra Vista totaled \$56 million. However, adjusting for population size, Douglas' commercial construction over the five-year period averaged \$332 per capita annually, while Sierra Vista's totaled only \$284 per capita annually over the five-year period. This indicates greater commercial construction relative to the population in Douglas, and also suggests that this construction has had a greater impact on the local economy than commercial construction in Sierra Vista.

Cochise County Land Transactions

In 2005, the CER began tracking land transactions at the county level. In 2004, there were 2,467 land transactions countywide, up 14.1 percent from 2,162 in 2003. The median price of land that changed ownership in 2004 was \$26,500, up 32.5 percent from \$20,000 in 2003. The large increase in price was the result of an increase in the demand for land countywide, stimulated by lower interest rates and population increases. (Note: Median prices were determined through random sample analysis and represent a 95 percent confidence interval and margin of error of plus or minus five percent).

DOUGLAS HOUSING AFFORDABILITY INDEX

YEAR	HAI	MEDIAN HOME PRICE	MEDIAN FAMILY INCOME	EFFECTIVE INTEREST RATE	MONTHLY PRINCIPAL & INTEREST PAYMENT
2002	178.1	\$55,833	\$22,602	6.69	\$264
2003	162.8	\$61,250	\$22,662	5.88	\$290
2004	145.7	\$68,500	\$23,056	6.03	\$330

SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

COMMERCIAL CONSTRUCTION PERMITS – ADDITIONS AND REPAIRS

YEAR	NO.	TOTAL VALUATION
2000	3	\$482,000
2001	4	\$1,656,500
2002	3	\$152,000
2003	18	\$5,579,484
2004	12	\$340,106
2005*	11	\$1,126,292

* JANUARY THROUGH JUNE ONLY.
SOURCE: CITY OF DOUGLAS.

COMMERCIAL CONSTRUCTION PERMITS – NEW BUILDINGS AND ADDITIONS/REPAIRS COMBINED

YEAR	NO.	TOTAL VALUATION*
2000	8	\$5,835,000
2001	11	\$4,178,500
2002	5	\$194,000
2003	22	\$15,409,484
2004	17	\$9,458,106
2005**	11	\$1,126,292

* PRICE DOES NOT INCLUDE LAND FOR NEW BUILDINGS.
** JANUARY THROUGH JUNE ONLY.
SOURCE: CITY OF DOUGLAS.

COCHISE COUNTY LAND TRANSACTIONS, 2001-2004

YEAR	NUMBER	CHANGE IN VOLUME	MEDIAN PRICE	PRICE CHANGE
2001	931	--	\$16,000	--
2002	1,893	103.3%	\$20,500	28.1%
2003	2,162	14.2%	\$20,000	-2.4%
2004	2,467	14.1%	\$26,500	32.5%

SOURCE: BRIGHT FUTURES CONSULTING AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

Bankruptcy Filings

Cochise County Courthouse located in historic Bisbee.
Photo: Ted White



COCHISE COUNTY BANKRUPTCIES

	TOTAL FILINGS	PERCENT CHANGE
1995	265	21.6%
1996	448	69.1%
1997	537	19.9%
1998	518	-3.5%
1999	317	-38.8%
2000	469	47.9%
2001	478	1.9%
2002	489	2.3%
2003	533	9.0%
2004	504	-5.4%
2005*	230	-2.7%

*DATA FOR JANUARY THROUGH MAY ONLY; PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR.
SOURCE: U.S. BANKRUPTCY COURT, TUCSON DIVISION.

BANK DEPOSITS 1994 - 2004

	BENSON	COCHISE COUNTY
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
2004	\$62,286,000	\$824,453,000

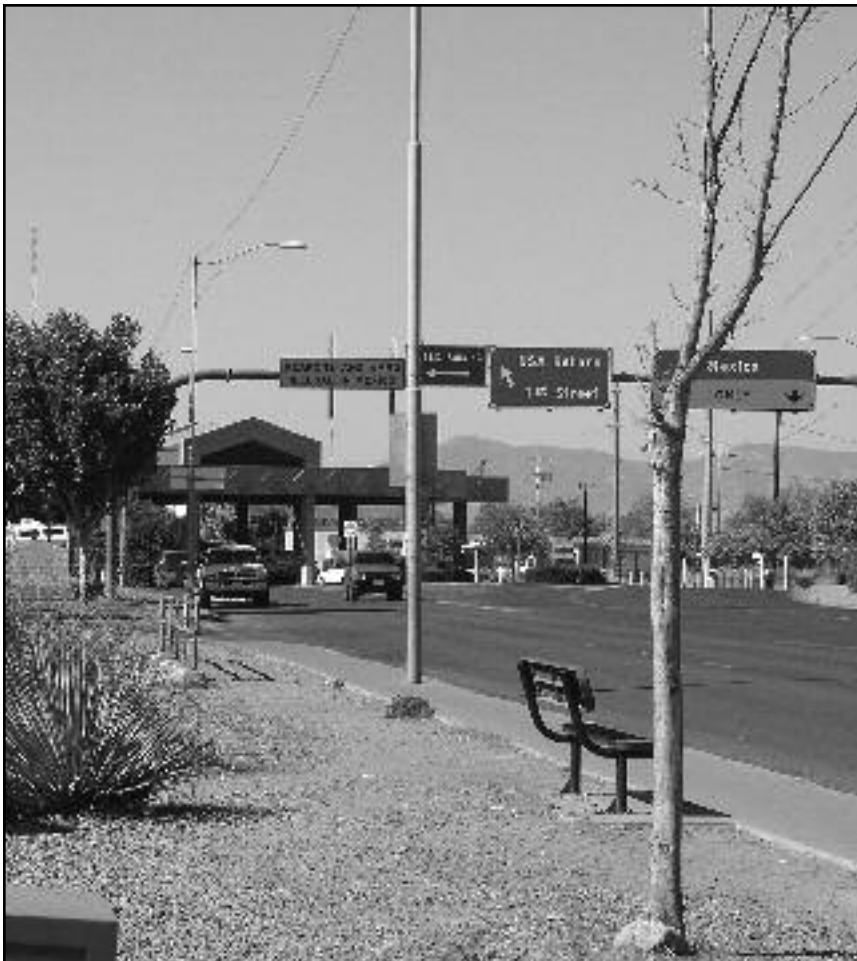
SOURCE: FDIC: SUMMARY OF DEPOSITS MARKET SHARE

According to the 2004 Year End Report on the Federal Judiciary by Chief Justice William Rehnquist, bankruptcy filings nationwide decreased in 2004 for the first time since 2000, declining by 3 percent to 1.6 million from 1.7 million a year prior. Non-business filings decreased by 3 percent. Filings decreased under all chapters except Chapter 11, which increased by 2 percent. Chapter 12 filings declined 66 percent during 2004, due to expiration of the legislation on Chapter 12. Chapter 13 filings decreased 4 percent, while Chapter 7 filings dropped 2 percent. Although filings declined in fiscal year 2004, over the past 10 years the number of filings has increased by 83 percent and is still near peak levels.

In 2004, there were 504 bankruptcy filings in Cochise County, down 5.4 percent from 533 in 2003. From January through May 2005, bankruptcy filings in Cochise County totaled 230, up 2.7 percent from 224 in the same period a year prior. County numbers include both personal and business filings.

In the 10 years from 1995 through 2004, a total of 4,558 bankruptcies were filed from within Cochise County. The number of bankruptcies grew each year from 1995, which saw 265 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. From 1999 through 2003, however, the annual number of bankruptcies in Cochise County climbed 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 increased 90.2 percent from 1995 through 2004, climbing from 265 to 504.



The Impact of Mexico

The Douglas Port of Entry.
Photo by Kimberly Kelso

The economy of Cochise County is significantly impacted by that of Mexico. The 82-mile shared border between Cochise County and Mexico serves as a crossover point for visitors from Mexico, ranging from day shoppers who cross legally through the designated ports of entry at Douglas and Naco, to drug and illegal alien smugglers who cross illegally through the Sonoran Desert. While the precise impact is extremely difficult to measure, particularly as it concerns undocumented border crossings, the economic impact appears to be positive for areas such as Douglas, which has a large discount retail sector and easy pedestrian access from Agua Prieta, Sonora, Mexico. With thousands of border crossings each day at the Douglas port of entry, Douglas' businesses host many foreign consumers.

Economic and Fiscal Impacts

In 2001, the University of Arizona conducted a study to measure the economic impact of Mexican visitor spending statewide. The published results were based on a year-long survey of Mexican visitors returning from Arizona at the Phoenix and Tucson airports, as well as six border ports of entry, including the Naco and Douglas ports in Cochise County and the Nogales port in neighboring Santa Cruz County.

The study indicated that, statewide, the primary reason for visits was shopping, which accounted for 72 percent of total visits. Other reasons included work (14 percent); visiting family (8 percent); and vacation, medical, business, and personal (less than 3 percent each). At the two ports of entry in Cochise County, 70.6 percent of visitors at the Douglas port and 85 percent at the Naco port listed shopping as the purpose of their visit. At the Douglas port, 23.9 percent of visitors, the highest in the state, reported work as the purpose of their visit.

The study indicated that, in 2001, Mexican visitors to Cochise County spent an

estimated \$96.8 million (\$104.4 million in 2004 dollars) in the county. Of this amount, approximately \$49.4 million (\$53.3 million in 2004 dollars) was spent in grocery stores; \$17 million (\$18.3 million in 2004 dollars) was spent in department stores; \$16.3 million (\$17.6 million in 2004 dollars) was spent at restaurants; and \$12.8 million (\$13.8 million in 2004 dollars) was spent on gasoline and other automotive expenses.

The study estimated that spending from Mexican visitors to Cochise County generated approximately 3,551 jobs countywide, accounting for \$57.5 million (\$62 million in 2004 dollars) in local wages. This includes direct jobs and associated wages in retail establishments, eating and drinking places and other sectors that directly serve Mexican visitors, as well as induced jobs and wages that are generated as a portion of the income earned by local residents is spent on other locally produced goods and services in a continuous recycling of income back into the local economy. This is often referred to as the “multiplier” or “ripple” effect. Moreover, the study indicated that in 2001, a total of 5.9 percent of all taxable sales in the county were attributable to Mexican visitors.

But the benefit of Mexican shoppers is only one side of the equation measuring the impact of Mexico on the local economy. To determine whether the net effect is positive or negative, the costs associated with Mexican visitors also must be considered.

In Cochise County in federal fiscal year 2004 (October 1, 2003, through September 30, 2004), the U.S. Border Patrol apprehended 235,549 illegal immigrants, up from 175,854 in 2003. Also in 2004, Border Patrol agents seized 76,943 pounds of marijuana in the county, up from 75,172 pounds in 2003. A spokesman for the Tucson Sector of the Border Patrol attributed the rise to increased enforcement and not necessarily increased border-crossing activity.

In 2000, the University of Arizona conducted a fiscal impact study examining the law enforcement, criminal justice, and emergency medical service costs of illegal immigration to Arizona border counties, including Cochise County. The study utilized site visits, interviews with county and federal officials, review of public documents, including budgets and court records, and federal border crossing and apprehension statistics. All fiscal data used in the study were from state fiscal year 1999 (July 1, 1998 through June 30, 1999). The study estimated the cost to Cochise County of apprehending and adjudicating criminal illegal immigrants to be \$4.6 million (\$5.3 million in 2004 dollars). This includes the costs for general government services, emergency medical care, autopsies, and burials. Separate cost studies were conducted for the sheriff’s department, county attorney, indigent defense, justice court, clerk of superior court, superior court, and the juvenile court center.

Of the estimated total costs to the county, \$3.3 million (\$3.8 million in 2004 dollars), or 72 percent, was attributable to the sheriff’s department. The remainder of the costs was \$260,000 (\$299,000 in 2004 dollars) for indigent defense; \$238,000 (\$273,000 in 2004 dollars) for the superior court; \$211,000 (\$242,000 in 2004 dollars) for the juvenile center; \$171,000 (\$196,000 in 2004 dollars) for the county attorney; \$104,000 (\$119,000 in 2004 dollars) for the justice courts; \$97,000 (\$111,000 in 2004 dollars) for the clerk of the superior court; \$82,000 (\$94,000 in 2004 dollars) for emergency medical services; and \$45,000 (\$51,000 in 2004 dollars) for adult probation.

It is important to note that the figures in the study did not measure the total cost of law enforcement efforts associated with the problem of illegal immigration, but only that portion of the total cost directly levied on county resources and funded by the county general fund. Likewise, as the study notes, it did not measure other costs, including private property damage, private property loss, and environmental degra-

ECONOMIC INDICATORS – MEXICO

	1997	1998	1999	2000	2001	2002	2003	2004
Unemployment Rate*	2.8%	2.6%	2.0%	1.9%	2.5%	2.1%	3.0%	3.2%**
GDP Growth	6.8%	5.0%	3.6%	6.6%	0.0%	0.6%	1.6%	4.4%
Consumer Price Inflation	20.6%	15.9%	16.6%	9.5%	6.4%	5.0%	4.5%	4.7%
Current Account Balance (as % of GDP)	-1.9%	-3.8%	-2.9%	-3.1%	-2.9%	-2.1%	-1.3%	-1.3%

* SOURCE: LATIN FOCUS.

** SOURCE: CIA WORLD FACTBOOK.

SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, APRIL 2005.

dation, nor did it measure the opportunity costs associated with the redirection of county income toward enforcement efforts.

The costs measured in the University of Arizona fiscal impact study also did not consider costs to local law enforcement agencies below the county level. The police departments of the incorporated cities of Douglas and Bisbee also incur significant costs responding to incidents of trespassing and other property crimes committed by illegal



Las Capillitas built throughout the local area reflect promises and respect for those who were here.
Photo by Kimberly Kelso

aliens, as well as more serious violent crimes against city residents. Although the U.S. Border Patrol has jurisdiction over instances of illegal border crossings, the city police departments are often the first responders to incidents involving illegal immigrants. This raises the cost to local residents for law enforcement while simultaneously diminishing the level of service provided to residents.

Another cost conspicuously absent from the study was that of private medical services provided to illegal immigrants. For example, in recent years, hospitals in Douglas, Bisbee, and Sierra Vista have reported uncompensated costs of between \$350,000 and \$750,000 per year treating illegal immigrants. Moreover, many Mexican nationals cross the border legally through what is termed “compassionate entry,” whereby ambulances transport uninsured Mexican nationals to the U.S. border where they are met by ambulances in the United States and transported to area hospitals. The uncompensated services provided to illegal aliens and compassionate entries have been on the rise in recent years. These uncompensated services lead to higher costs for medical services provided to local residents. In 2005, changes to Centers for Medicare and Medicaid Services regulations resulted in increased federal aid to Arizona hospitals to help offset uncompensated costs resulting from illegal immigration; it will likely take several years to gauge the effectiveness of this funding.

In considering the costs and benefits to Cochise County of sharing a border with Mexico, the net effect appears to be positive, even considering the conservative estimate of costs outlined in the University of Arizona fiscal impact study. The estimated economic benefit of \$104.4 million (in 2004 dollars), generating 3,551 jobs and \$62 million in local wages far exceeds the estimated \$5.3 million in costs to the county associated with illegal immigration. The costs not accounted for in the fiscal impact study, although significant, are unlikely to be of a sufficient degree to reverse the net positive economic benefit.

Agua Prieta

Douglas shares a border with Agua Prieta, Sonora, Mexico. With thousands of border crossings each day at the Douglas Port of Entry, the city’s businesses host many foreign consumers.

Agua Prieta has traditionally been a ranching, farming, and copper smelting community, but since the passage of the North American Free Trade Agreement (NAFTA) in 1993, the town has seen a significant increase in and expansion of maquiladoras (twin factories), which are foreign-owned factories that manufacture and assemble products for export.

Since the passage of NAFTA, the population of Agua Prieta has grown signifi-

Many come to Douglas through the Port of Entry to work, purchase goods and food, and visit friends and family.
Photo by Flavio Beltran



cantly, drawing residents from further south in search of employment opportunities. The town's current population is approximately 110,000, up from about 37,000 in 1990, according to the Municipal Government of Agua Prieta (MGAP). MGAP reports that 37.7 percent of the town's population is economically active, and the town's unemployment rate is 30 percent. The average monthly base salary with benefits is approximately \$515 in U.S. dollars. Average monthly base salaries with benefits are highest for machine shop oper-

ators, who earn between \$916 and \$1,147 per month, followed by general mechanics, who earn between \$542 and \$790; group leaders, who earn between \$528 and \$763; computer clerks, who earn between \$465 and \$582; nurses, who earn between \$435 and \$565; warehousemen, who earn between \$394 and \$568; quality auditors and supervisors, who earn between \$352 and \$509; material deliverymen, who earn between \$329 and \$456; security guards, who earn between \$320 and \$453; janitors, who earn between \$307 and \$371; and production line operators, who earn between \$222 and \$283 per month.

As of 2005, there were 23 maquiladoras in Agua Prieta employing 7,425 workers, according to MGAP. The largest is Levolor Kirsch, a retail factory, which employs 1,800 workers, followed by Takata, an automotive factory, which employs 1,250 workers, and MWC de Mexico, an automotive factory, which employs 1,100 workers. Other large maquiladoras in Agua Prieta include Velcromex, an automotive, retail, and textile factory that employs 918 workers; S. I. de Mexico, an electronics and automotive factory, which employs 548 workers; Industrias APSON, a textile factory, which employs 220 workers; Shure de Sonora, an electronics factory, which employs 200 workers; VEMEX, an automotive factory, which employs 114 workers; DIX-MEX, an electronics factory, which employs 100 workers; and Reliance Mexicana, a textile factory, which employs 100 workers. Other maquiladoras in Agua Prieta employ less than 100 workers each. Between 2000 and 2002, seven maquiladoras in Agua Prieta closed, including Sew-Big (textiles), Hamlin (electronics), and Foster Wheeler (metals), which closed in 2000; Breed Technologies (seat belts) and Adflex Solutions (flexible circuits), which closed in 2001; and Oxford (textiles) and Natel Power Cube (electronics), which closed in 2002.

Agua Prieta has 50 hotels and motels, a museum, two theaters, two book stores, five private clubs, a bowling club, two gymnasiums, two shopping centers, seven gas stations, six local AM and FM radio stations, three supermarkets, three local newspapers, a post office, six main banks, six private hospitals, three public hospitals, 30 restaurants, two sports arenas, and two industrial parks. Major projects currently planned in Agua Prieta include an additional 400-megawatt power plant planned for 2005; a railroad to Chihuahua planned for 2006; and a new border crossing planned for 2008.

While by U.S. standards Agua Prieta may seem poor, by Mexican standards it has become quite prosperous. However, with the increase in population and industrial activity, Agua Prieta has experienced a significant increase in air contamination, the spillover effects of which have become a concern to Douglas due to the prevailing

south-to-north wind flow. In early 2003, the North American Development Bank granted Agua Prieta a \$4 million loan to finance an air quality project. Part of the money is being used to fund the paving of streets to speed up the flow of traffic, thereby reducing suspended air particles.

According to the MGAP, Agua Prieta offers several incentives for business development, including no-fee construction permits; administrative and legal assistance for startup operations; exemption from the 2 percent payroll tax for new corporations on newly created jobs for one to two years; free training programs for new employees (state government pays for employee training and first eight weeks of trainee salaries; the corporation designs the training program and hires instructors); assistance in site selection in Agua Prieta; build-to-suit coordination; public transport subsidiary; labor market analysis; coordination with federal, state, and local authorities to obtain permits and other paperwork; employee recruitment assistance; and other incentives from the state government upon request. To learn more about Agua Prieta's economy and business opportunities, visit <http://www.aguaprieta.gob.mx/promocion-economica>. To learn more about investing in the State of Sonora, visit <http://www.sonora.org.mx>.

Mexico's Economy Today

Mexico's economy has continued to recover from the 2001 recession, which saw real gross domestic product (GDP) stagnate, followed by slow growth of 0.6 percent in 2002 and 1.6 percent in 2003, according to data published by the International Monetary Fund (IMF). In 2004, according to the IMF, Mexico's GDP rebounded strongly, expanding by 4.4 percent. The IMF forecasts Mexico's 2005 and 2006 GDP to grow by 3.7 and 3.3 percent, respectively.

Mexico's inflation rate in 2004 was 4.7 percent, up slightly from 4.5 percent in 2003, according to the IMF. This is a significant improvement over the 1980s and 1990s, which were characterized by consistent, double-digit levels of inflation. The IMF forecasts Mexico's inflation rate for 2005 and 2006 to be 4.6 and 3.7 percent, respectively. Mexico's ministry of finance attributes recent containment of inflation to improved fiscal discipline.

According to IMF data, Mexico's current account balance in 2004 reflected a trade deficit equal to 1.3 percent of the GDP, the same level as 2003. This represents a declining trade deficit as a percent of GDP, from 2.1 percent in 2002 and 2.9 percent in 2001. The IMF forecasts Mexico's trade deficit to climb to 1.4 percent of GDP in 2005 and 1.6 percent in 2006. A major contributor to Mexico's declining trade deficit has been the increase in world oil prices, which has propelled the value of Mexico's oil exports.

The official unemployment rate in Mexico moved from 2.1 percent in 2002 to 3.0 percent in 2003, despite higher levels of domestic production. Mexico's unemployment rate for 2004, as estimated in the Central Intelligence Agency's (CIA) World Factbook, was 3.2 percent. While Mexico's unemployment rate is below what most economists would consider the natural rate of unemployment, the nation's employment situation has been characterized by high levels of underemployment. According to the CIA's World Factbook, in 2004 Mexico's underemployment rate was approximately 25 percent.

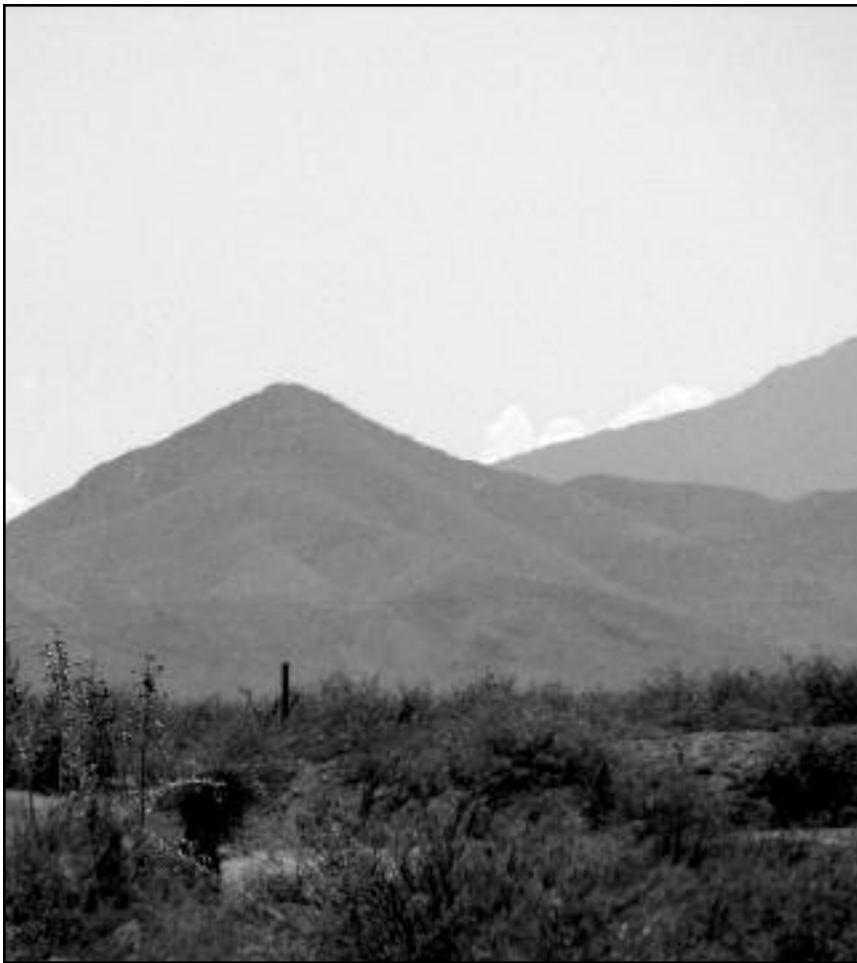
According to Mexico's ministry of finance, the reason for the slowdown in economic growth in the late 1990s and early years of the new millennium was the absence of fiscal reform. In the Economic Program for 2004, the Mexican Congress emphasized fiscal discipline as the principal guideline, while at the same time increasing spending on education, agriculture, health, infrastructure, and poverty alleviation. The congress retained its budget deficit target of 0.3 percent of GDP and inflation target of 3.0 percent. The Economic Program for 2004 also contained a commitment to monetary stability and provisions for expansionary monetary policy to help spur economic growth in the private sector.

Border Crossings

		DOUGLAS			NACO		
		U.S. CITIZENS	ALIENS	VEHICLES	U.S. CITIZENS	ALIENS	VEHICLES
1986		1,999,100	2,998,630	1,624,551	315,390	597,040	355,148
1987		1,891,340	2,842,020	1,512,654	319,930	600,630	282,370
1988		2,039,120	3,058,750	1,567,566	304,490	571,010	277,154
1989		2,101,928	3,152,879	1,624,615	304,408	567,447	292,485
1990		2,219,850	3,328,840	1,738,953	301,010	625,430	307,968
1991		2,061,260	3,091,910	1,773,325	329,020	645,210	304,331
1992		1,953,740	2,917,470	1,762,119	290,710	501,840	287,981
1993		2,006,680	2,993,130	1,930,957	269,130	546,447	265,708
1994		2,264,320	3,352,640	2,213,629	276,250	624,750	280,383
1995		1,952,503	2,919,741	1,866,798	275,182	596,614	266,413
1996		2,011,274	2,989,579	1,952,673	367,300	783,084	295,741
1997		2,106,251	3,103,164	3,031,280	350,407	776,439	306,343
1998		2,157,727	3,190,589	2,067,338	373,016	769,886	312,246
1999		2,505,433	3,715,351	2,186,310	357,916	726,815	334,406
2000		2,747,077	4,112,377	2,290,878	286,879	678,929	349,180
2001		2,390,011	3,604,625	2,126,088	215,988	825,875	345,611
2003		3,428,267	4,816,703	2,447,037	221,987	760,623	339,994
2003	January	186,077	278,564	179,088	18,912	65,122	27,725
	February	181,010	268,005	161,552	15,737	55,423	24,997
	March	226,968	337,777	178,865	17,062	60,102	27,094
	April	212,505	318,124	178,858	17,280	60,873	27,561
	May	236,286	354,441	193,978	18,435	65,044	29,710
	June	208,742	312,489	182,555	18,150	64,302	27,438
	July	184,127	275,640	160,932	17,819	62,799	28,447
	August	199,234	293,669	174,217	18,408	64,859	29,797
	September	183,736	272,407	173,853	17,015	59,931	26,684
	October	163,603	245,272	173,188	17,730	62,460	28,091
	November	160,728	241,093	168,918	18,391	64,788	29,331
	December	167,294	250,440	165,247	20,010	71,079	32,788
	Annual	2,310,310	3,447,921	2,091,251	214,949	756,782	339,663
2004	January	154,249	231,189	164,978	22,110	71,921	28,445
	February	144,844	216,826	162,237	20,121	67,614	26,554
	March	150,243	224,912	174,439	18,264	72,421	28,858
	April	154,439	231,194	169,165	18,312	70,833	28,821
	May	177,799	266,166	180,206	20,015	73,760	29,951
	June	160,164	239,764	170,038	21,014	72,330	27,605
	July	179,948	269,396	174,857	*	*	28,054
	August	*	*	180,813	*	*	29,552
	September	*	*	173,057	*	*	26,435
	October	*	*	175,907	*	*	28,338
	November	*	*	179,822	*	*	27,035
	December	*	*	181,931	*	*	30,674
	Annual	*	*	2,087,450	*	*	340,322

SOURCE: U.S. CITIZENSHIP AND IMMIGRATION SERVICE, U.S. CUSTOMS SERVICE, AND UNIVERSITY OF ARIZONA ECONOMIC AND BUSINESS RESEARCH

*FIGURES UNAVAILABLE AT TIME OF PUBLICATION



Cochise County Agriculture

Cochise County offers many mountain views.
Photo by Kimberly Kelso

Agriculture is the single largest industry in Cochise County. In 2004, agriculture accounted for 17,175 jobs, or 32.8 percent of all jobs in the county. A census of agriculture is conducted every five years, in years ending in either a two or a seven. Select data from the 2002 agriculture census were released in mid-2004.

Across the nation, the number of family farms declined between 1997 and 2002. This decline also was seen in Cochise County. The 2002 census data indicated there were 950 farms in Cochise County, down from 1,105 in 1997, for a decline of 14 percent. The size of farms also declined during the five-year period. In 2002, an average farm in Cochise County consisted of 1,020 acres, down from 1,205 acres in 1997.

But while the size of farms declined, the average value of farm land and buildings increased during the five-year period. In 2002, the average value of land and buildings on farms in Cochise County was \$704,895, up from \$478,232 in 1997. Adjusting for inflation, this represents a 35.3 percent real increase in value.

The value of machinery and equipment per farm also increased between 1997 and 2002. In 2002, a typical farm had an average value of \$53,260 in equipment and machinery, up from \$38,726 in 1997. This reflects an inflation-adjusted increase of 25.4 percent.

The market value of products sold also grew between 1997 and 2002. A total of \$78.3 million in products, including both crops and livestock, was sold in 2002. This was up from \$60.2 million in 1997, representing a real, inflation-adjusted increase of 18 percent.

In terms of sales in 2002, Cochise County's agriculture industry ranked sixth of Arizona's 15 counties, behind Yuma County, with \$802.4 million in sales; Maricopa County, with \$704.2 million; Pinal County, with \$424.8 million; La Paz County, with \$86.6 million; and Graham County, with \$81.9 million in sales. Statewide, agriculture

sales in 2002 totaled \$2.4 billion; thus, Cochise County's agriculture represented 3.3 percent of the statewide total.

In 2002, the average market value of production per farm in Cochise County totaled \$82,429, up from \$57,648 in 1997. This represents inflation-adjusted growth of 30.9 percent. In 2002, the total valuation of crops produced in Cochise County was \$55.7 million. The largest valuation of crops was in vegetables, melons, potatoes, and sweet potatoes, with a total value of \$13.9 million. Livestock accounted for \$22.6 million. Within the livestock classification, cattle and calves accounted for the largest portion of sales, totaling \$20.5 million. The table in this section shows a breakdown by category of all crop and livestock sales for 1997 and 2002.

In looking at Cochise County's agriculture industry, a clear pattern emerges: Between 1997 and 2002, farms became more efficient, producing significantly more output using less land resources. This is likely attributable to the development and procurement of more farm equipment and more technologically advanced equipment, making farming less labor intensive, as well as the more efficient use of land resources to increase output per acre.

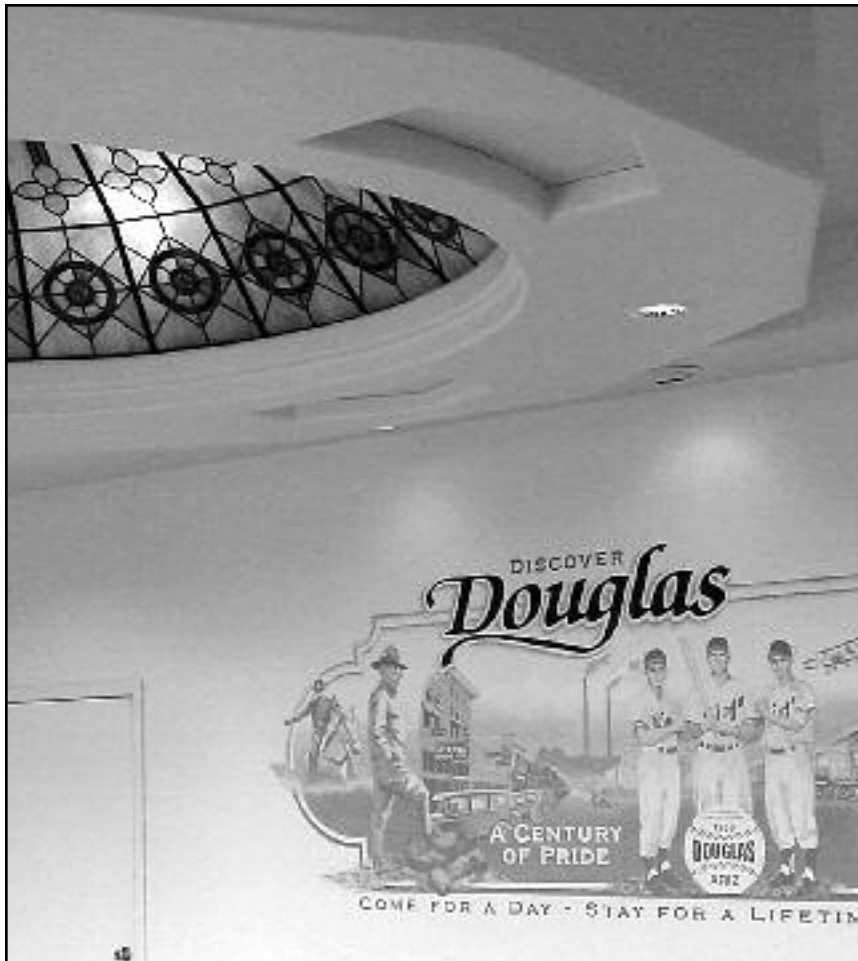
Cochise County Agricultural Census

ITEMS	2002 NO. FARMS	2002 MARKET VALUE	1997 NO. FARMS	1997 MARKET VALUE
Grains, oilseeds, dry beans, dry peas	48	\$10,892,000	N/A	N/A
Cotton and cottonseed	15	(D)	50	\$4,102,000
Vegetables, melons, potatoes, sweet potatoes	47	\$13,947,000	N/A	N/A
Fruits, tree nuts, berries	182	\$13,432,000	97	\$7,259,000
Nursery, greenhouse, floriculture, sod	20	\$6,691,000	N/A	N/A
Cut Christmas trees, short rotation woody crops	2	(D)	N/A	N/A
Other crops and hay	67	\$8,619,000	N/A	N/A
Poultry and eggs	45	\$32,000	61	\$256,000
Cattle and calves	404	\$20,481,000	602	\$17,947,000
Milk, dairy products from cows	4	(D)	3	(D)
Hogs and pigs	29	\$28,000	30	\$493,000
Horses, ponies, mules, burros, donkeys	104	\$615,000	N/A	N/A
Other animals, other animal products	21	(D)	N/A	N/A

SOURCE: USDA NATIONAL AGRICULTURAL STATISTICS SERVICE, 1997 CENSUS OF AGRICULTURE

ABBREVIATIONS AND SYMBOLS:

N/A - NOT AVAILABLE OR NOT PUBLISHED. SOME HISTORIC DATA ARE NOT PUBLISHED BECAUSE THEY ARE NOT COMPARABLE ELECTRONIC FILES ARE UNAVAILABLE, OR RE-SUMMARIZING COULD COMPROMISE RESPONDENT CONFIDENTIALITY.
(D) - WITHHELD TO AVOID DISCLOSING DATA FOR INDIVIDUAL FARMS.



Tourism

A new visitor center greets guests to Douglas.
Photo by Kimberly Kelso

Because of its location along the international border and its status as a gateway to “Old Mexico,” Douglas enjoys a vibrant tourism industry. The Janos Highway, which is the shortest paved route to Mexico City and Guadalajara in the western United States, originates in Douglas and attracts many travelers through the city. In a recent survey, visitors reported Douglas’ proximity to Mexico as the No. 1 reason for their visits. Douglas also attracts many tourists, sightseers, shoppers, and other visitors from across Cochise County and surrounding areas due to its rich cultural heritage.

The Douglas area holds many attractions for birders, hikers, and cavers. The city also is home to several nationally registered historic landmarks, including the Southern Pacific Depot, the Gadsden Hotel (one of the last of the turn-of-the-century’s grand hotels), the Grand Theatre, Church Square, Douglas Municipal Airport, Downtown Historic District, and Sonoran District. Nearby locations of interest include the historic John Slaughter Ranch; Agua Prieta, Sonora, Mexico; the cities of Tombstone and Bisbee; the ghost towns of Charleston and Dos Cabezas; historic Fort Bowie; Fort Huachuca; Coronado National Memorial; Cochise Stronghold; Texas Canyon; San Bernardino Wildlife Refuge; Chiricahua National Monument; Coronado National Forest; the Chiricahua Mountains; and historic Arizpe in Sonora, Mexico. Scenic drives include Bisbee and Cave Creek Canyon.

In July 2004, the City of Douglas opened its new visitor’s center located on Highway 80 on the city’s north side. The busiest months for inquiries at the visitor’s center are January through April, while the most visits occur in March. July has the fewest visitors as the monsoon season rolls in. For more information, contact the visitor’s center at (520) 364-2478 or (888) 315-9999.

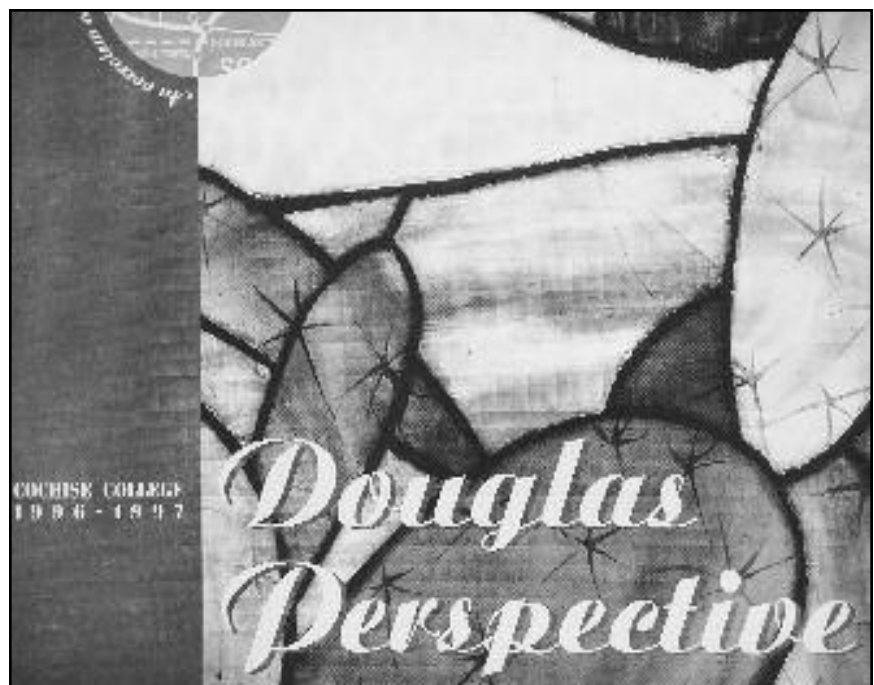
Benefits of Tourism

According to the Arizona Office of Tourism (AOT), tourism saves each Arizona household \$683.73 in taxes each year. This includes \$515.96 in state taxes and \$167.77 in local taxes. The AOT has dedicated funding and resources specifically designed to assist rural communities in marketing their tourism-related products and services. AOT also has developed a series of customer service and grant workshops to assist Arizona's rural communities in their tourism-related efforts. Additionally, AOT has collaborated with the Arizona Council for Enhancing Recreation and Tourism (ACERT) to assist rural communities with tourism and recreation enhancement throughout the State of Arizona. For more information, visit the AOT website at <http://www.azot.com>.

Performance of the Local Tourism Industry

Cochise County. In 2004, according to the AOT, Cochise County's tourism industry performed strongly compared to that of the state and nation as a whole. All five lodging indicators (occupancy, average daily room rate [ADR], revenue generated per available room [RevPAR], demand, and supply) increased at the county level. According to AOT, Cochise County's occupancy rate increased 5.7 percent in 2004, from 61.1 to 64.6 percent, outpacing statewide growth of 5.5 percent and nationwide growth of 3.7 percent. The ADR in Cochise County grew 3.3 percent from \$50.46 to \$52.12, slightly behind growth of 3.6 percent at the state level and 4 percent at the national level. RevPAR in the county in 2004 was up 9.3 percent from \$30.83 to \$33.69, the same level of growth as the state level, and outpacing nationwide growth of 7.8 percent. Lodging demand at the county level was up 8.5 percent in 2004, compared to a 5.6 percent increase at the state level and 4.6 percent nationally. Lodging supply in Cochise County was up 2.6 percent, compared to 0.1 percent and 1.0 percent at the state and national levels, respectively.

For the first quarter of 2005, according to AOT figures, Cochise County's occupancy rate was 73.3 percent, down 0.4 percent from the first quarter of 2004. The ADR in Cochise County for first-quarter 2005 was \$55.60, up 5.7 percent from a year prior. RevPAR in the county was \$41.01, up 5.3 percent from the same period in 2004. Demand at the county level, however, was down 3.1 percent, and supply was down 2.8 percent in the first-quarter comparisons.





Douglas is very proud of its 2005 Junior League Champions.
Photo by City of Douglas

Douglas. In 2004, the Douglas Visitor's Center reported 2,946 visits. For the first quarter of 2005, the visitor's center logged 1,008 visits, down 31.5 percent from 1,472 in the first quarter of 2004, according to AOT.

In 2004, Douglas' accommodation (hotel, motel, and other lodging) receipts increased 6.3 percent, following a 28.9 percent decline in 2003 and growth of 10.9 percent in 2002. Due to the small number of accommodation establishments in Douglas and confidentiality concerns, dollar figures for accommodation receipts are not released. The poor performance of this sector in 2003 was likely the result of decreased tourism activity overall due to the U.S.-led invasion of Iraq and ongoing security concerns. The recovery in 2004 was likely the result of stabilization of the security environment, as well as the declining value of the U.S. dollar relative to other countries, making travel to the United States, including Cochise County and Douglas, a more affordable option for foreign travelers.

Douglas' transient occupancy tax, or bed tax, is 2 percent. Combined with the city, county, and state tax, Douglas' total lodging tax rate of 10.55 percent is equal to or lower than 54 of the other 70 Arizona communities tracked by AOT (as of May 2005). For more information on the accommodation industry in Douglas, see the retail and trade section of this publication.

Cochise County Tourism Study

In 2001, the Arizona Hospitality Research and Resource Center at Northern Arizona University conducted a study of tourism in Cochise County. The study estimated that in 2001, Cochise County had an estimated 730,000 visitors. Typical leisure visitors to Cochise County were middle-aged couples, traveling by car from out-of-state. They were college graduates with an annual household income of \$50,000 or more. Visitors were attracted to the area by the abundant natural resources and the unique local culture and history of southeastern Arizona. The top five attractions visited were Tombstone, Bisbee and the Copper Queen Mine, Kartchner Caverns State Park, Chiricahua National Monument, and the Tombstone Courthouse State Park. Visitors described Cochise County as historic, outdoorsy, scenic, friendly, culturally compelling, and with a good climate.

PARK VISITATIONS, 1990-2005

	CORONADO NATIONAL MEMORIAL SITE	FT. BOWIE NATIONAL HISTORIC PARK	TOMBSTONE COURTHOUSE STATE HISTORIC	CHIRICAHUA NATIONAL MONUMENT	KARTCHNER CAVERNS STATE PARK*
1990	56,993	7,592	65,649	76,954	-
1991	61,893	7,859	69,828	85,119	-
1992	69,179	9,237	57,902	105,681	-
1993	81,685	9,192	68,761	128,973	-
1994	86,668	11,022	89,898	91,215	-
1995	92,100	10,574	99,321	96,575	-
1996	93,656	10,656	99,016	96,086	-
1997	88,624	9,623	71,050	85,058	-
1998	90,565	9,168	74,335	78,502	-
1999	87,183	9,390	72,129	107,109	23,507
2000	84,898	8,898	70,872	88,893	190,605
2001	89,107	8,858	74,519	78,315	192,289
2002	88,487	8,290	63,935	74,874	191,661
2003	91,814	8,873	49,421	48,563	197,514
2004					
Jan	7,001	1,048	5,914	4,799	23,097
Feb	7,881	1,385	4,720	6,506	23,554
Mar	8,876	1,651	7,816	9,727	27,906
Apr	8,500	1,263	6,247	6,323	21,470
May	8,938	628	3,968	4,558	13,873
Jun	7,378	333	2,800	2,909	10,562
Jul	6,646	435	3,074	3,499	13,766
Aug	7,185	309	2,699	3,202	10,297
Sep	7,591	383	2,688	3,369	8,070
Oct	7,755	696	3,613	5,469	17,182
Nov	6,934	646	3,570	3,854	18,589
Dec	7,411	706	2,778	3,540	15,098
Annual	92,096	9,483	49,887	57,755	203,464
2005					
Jan	7,591	866	4,231	5,698	20,163
Feb	7,846	851	5,548	7,200	23,184
Mar	9,184	1,769	7,999	11,248	27,863
Apr	8,534	1,266	4,384	7,285	21,728
May	8,454	689	4,295	5,295	12,098
Jun	6,041	459	3,368	3,430	10,336
1st half	47,650	5,900	29,825	40,156	115,372

SOURCE: NATIONAL PARK SERVICE; ARIZONA STATE PARKS BOARD; UNIVERSITY OF ARIZONA EBR
*THE "BIG ROOM" IS ONLY OPEN HALF OF THE YEAR.

Calendar of Events

The Douglas 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 Douglas Visitors Center at (520) 364-2478 or (888) 315-9999.

September 2005

MEXICAN INDEPENDENCE CELEBRATION

Date - TBA. Features mariachi music, folklorico dancers, Mexican food and a bi-national parade, Veterans Memorial Park. Sponsored by Douglas Fiestas. Contact Howard Henderson, (520) 364-3484

COCHISE COUNTY FAIR

Sept. 22-25 - Cochise County Fairgrounds. Features two days of Cochise College rodeo competition, 4-H exhibits, quilts, baking, expo hall, carnival attractions and more. Call (520) 364-3819.

October

COCHISE COUNTY CYCLING CLASSIC

Date - TBA. Race starts and finishes at Castro Park. For more information contact Curtis Foster at (520) 364-9734 or Andy Guerrero at (520) 745-2033.

ARTS IN THE PARK

Date - TBA. All-day affair with art and crafts vendors, demonstrations and music. Castro Park. (520) 364-3851.

HALLOWEEN CARNIVAL

Oct. 31 - Halloween Carnival with free candy and games for children age 5 and older. Sponsored by the City of Douglas Recreation Department. (520) 364-2496

GRAND THEATRE HAUNTED HOUSE

Oct. 28, 29, 31 - The Douglas Arts & Humanities Association gathers community groups from all over Douglas to sponsor haunted rooms at this popular annual event. Proceeds benefit restoration of the Grand Theatre. For more information, call (520)364-6144.

November

VETERAN'S DAY CEREMONY AND PARADE

Nov. 11 - For more information, contact Luis Melendez or Ernie Verdugo at (520)364-5171.

ANNUAL CHRISTMAS LIGHT PARADE

Date - TBA. Witness a beautiful winter night parade in downtown Douglas. Contact the Douglas Recreation Center or City Hall for entry forms. (520) 364-2496.

February 2006

MARIACHI & PIÑATA FESTIVAL

Date - TBA. Joint event hosted by Douglas and Agua Prieta, Sonora, Mexico, features music, dancing, cuisine and piñata making. Douglas Recreation Center. (520) 364-2496

ANNUAL GUN SHOW

Feb. 26, 27 - Cochise County Fairgrounds, Douglas, (520) 364-3075.

March

MARIACHI & SPRING FESTIVAL

Date - TBA. Veteran's Memorial Park. (520) 364-2496

INTERNATIONAL SOCCER TOURNAMENT

Date - TBA. Veteran's Memorial Park. Contact David Cota, recreation director, (520) 364-2496.

SPRING BREAK CAMP

Date - TBA. Contact Recreation Center at (520) 364-2496.

April

HORSE RACING

Date - TBA. Two weekends of live horse racing, para-mutual betting and concessions. Cochise County Fairgrounds. (520) 364-3819

May

ANNUAL INTERNATIONAL BORDER HORSE RACES

Date - TBA. Call (520) 805-4077.

MOTHERS DAY CAKE AUCTION

May 14 - Located in the Gadsden Hotel Lobby (D.A.R.C.) - Call Gary Clark at (520) 364-7473.

June

ARIZONA JUNIOR RODEO JUNE

Date - TBA. Cochise County Fairgrounds, (520) 364-3819.

July

4TH OF JULY FESTIVAL

Parade & Fireworks - Veterans Memorial Park. For more information, call the Douglas Recreation Center, (520) 364-2496.

Specific findings of the 2001 Cochise County Visitor Survey were:

- 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%) 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%) 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 visitor survey estimated tourist expenditures and the economic impact of this spending in terms of direct, indirect, and induced income and jobs. The following were the estimated economic impacts of tourism within Cochise County:

- In 2001, \$76 million (\$81.1 million in 2004 dollars) in direct visitor expenditures in Cochise County combined with \$39 million (\$41.6 million in 2004 dollars) in indirect and induced income generated a total economic impact of \$115 million (\$122.7 million in 2004 dollars).
- In 2001, according to the study, visitor spending resulted in 2,830 direct jobs and 1,100 indirect and induced jobs, for 3,930 total jobs attributable to tourism in Cochise County.

Douglas Winter Visitors Survey

In 2003, a survey of winter visitors or "snowbirds" to the Douglas area revealed that a majority were retired, between the ages of 56 and 75, and traveling in recreational vehicles. Most winter travelers had travel companions or groups, and most normally remained in the area for two months. The most common home states of these winter "snowbirds" were Texas, Missouri, Colorado, and Washington, while many also traveled from Canada.

Fifty-four percent of the winter visitors surveyed reported having traveled to the Douglas area six or more times in the past. Forty-one percent of winter visitors reported spending an average of \$230 or more per week while visiting. Winter visitors cited climate, affordability, and the golf course as the main reasons for return visits. Ninety-eight percent reported they planned to return to the Douglas area the following year.



About the Center for Economic Research

Cochise College Sierra Vista Campus.
Photo by Gil Kenny

The Cochise College Center for Economic Research (CER), founded in 1995, is dedicated to analyzing and interpreting economic data for Cochise County and providing economic information and forecasts to assist leaders in making informed decisions on business and public policy issues.

In 1995, the CER began hosting an annual economic focus luncheon in Sierra Vista, providing a review of the local economy over the previous year and an economic forecast for the coming year. Between 1996 and 2002, this program expanded to include the cities of Douglas, Benson, and Bisbee. The CER produces four economic review and forecast publications annually: *Sierra Vista Economic Focus*, *Douglas Perspective*, *Benson Prospectus*, and *Bisbee Outlook*, which are released in conjunction with the economic focus luncheons held in those respective cities.

Throughout the year, the CER responds to a wide range of data requests from citizens and business and community leaders throughout Cochise County and across the state and region. The CER provides economic information, analysis, and forecasts to local citizens, businesses, public agencies, financial institutions, private developers, and other research centers. The CER prepares weekly press releases providing insight into economic issues affecting Cochise County. The CER's quarterly newsletter, *The Indicator*, provides updates on the local economy and CER activities. The CER's website (<http://www.cochise.edu/cer>) provides updated economic news, information, analysis, and forecasts.

The CER is a member of the Association for University Business and Economic Research (AUBER), one of only two community colleges in the nation holding membership. In addition, the CER is a state data center affiliate, receiving and disseminating U.S. Census Bureau data to interested individuals, agencies, and organizations in the local area.

CONTACT THE CENTER

CENTER FOR ECONOMIC RESEARCH

Cochise College
901 North Colombo Avenue
Sierra Vista, AZ 85635
Phone (520) 515-5486
Fax (520) 515-5343
E-mail: cer@cochise.edu

CENTER STAFF

Robert Carreira – Director
V. Tina Gilbertson – Administrative Assistant, Sr.
Iris Serna – Data Analyst

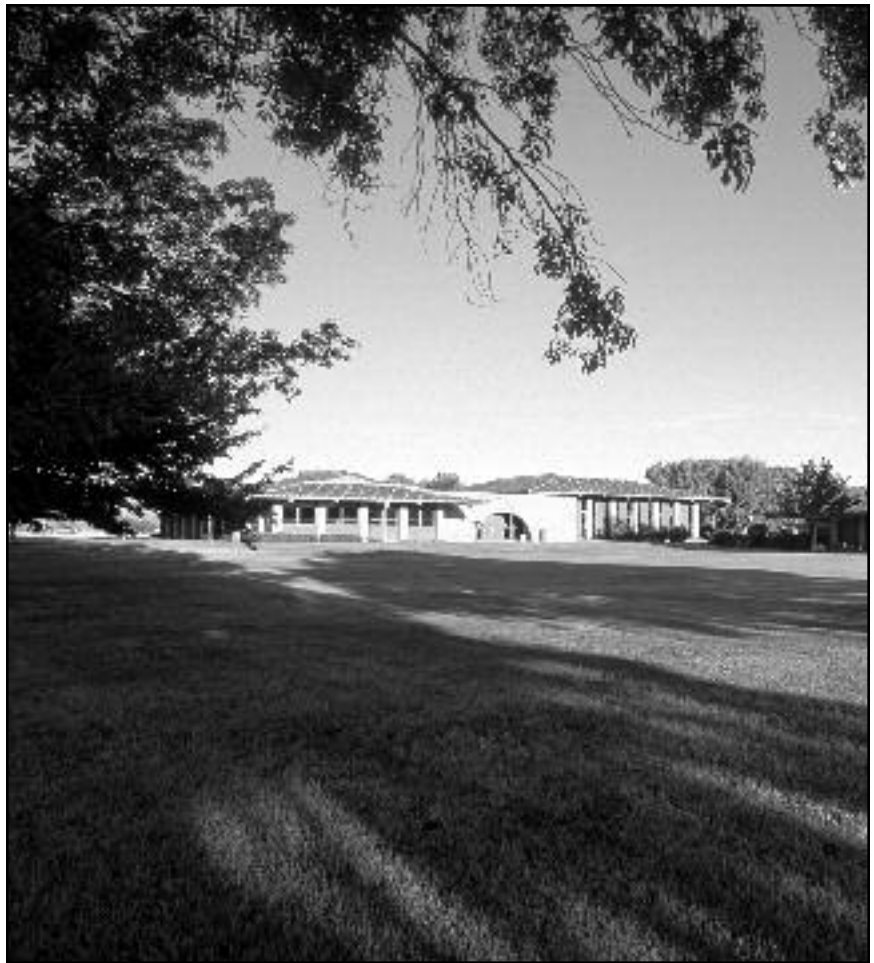
ECONOMIC FOCUS LUNCHEON PLANNING COMMITTEE MEMBERS

Cynthia Acuna-Robles – City of Douglas
Ana Bernal – Bank One
Irene Garcia – Fidelity National Title Agency
Don Hudgins – A.P.S.
Mike Ortega – City of Douglas
Monica Romero – A.P.S.

PUBLICATION STAFF

Jerry Eades - Coordinator, Print Services
David Gordon - Graphic Designer
Denise Merkel - Public Information Officer

Cochise College Resources



The Douglas Campus library, east entrance.
Photo: Gil Kenny.

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 Campus. In Sierra Vista, call (520) 515-5457, or in Douglas call (520) 417-4750. Tech Prep is also located on the Sierra Vista Campus. For more information, contact Rhonda Douglas 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 on the Douglas Campus. Phone (520) 417-4038.

Small Business Development Center (SBDC)

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 small-business owners. The SBDC also makes available a library of business resources, which includes many of the latest small-business books, videotapes, audio tapes, newsletters, and magazines. Phone (520) 515-5478, or email sbdc@cochise.edu.

Center for Southwest Studies

The Cochise College Center for Southwest Studies partners with external organizations to explore, disseminate and protect cultural and natural resources and contribute to the economic development of the border region. The Center for Southwest Studies was created to establish Cochise College as a leader in border-related studies, training and research and to partner with existing organizations to become a repository for resource availability and a keystone in resource procurement. The Center works with its partners to identify and implement entrepreneurial activities related to the rich historical, cultural and geographical characteristics of Southeast Arizona and the regional/border area. Public input is valued and may be directed to Rebecca Orozco, director, Center for Southwest Studies, Cochise College, 4190 W. Hwy. 80, Douglas, Arizona, 85607 or orozcor@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 and 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.

COCHISE COLLEGE

GOVERNING BOARD

Mrs. Jan Guy, Chair
Dr. Michael J. Carter, Secretary
Mrs. Jane C. Strain, Member
Mr. David DiPeso, Member
Dr. John M. Eaton, Member

ADMINISTRATION

Dr. Karen A. Nicodemus
President

Dr. Joanna K. Michelich
Vice President for Instruction/Provost

Mr. Terry Bowmaster
Interim Vice President for Administration

Mr. Carlos Cartagena
Vice President for Information Technology

Mr. Robert Howell
Associate Vice President for Human Resources



Warm smiles welcome students to the Cochise College Adult Education Program in Douglas.
Photo by Kimberly Kelso

Community Resources

An historic train depot now houses the Douglas Police Department.

Photo by Kimberly Kelso



CITY OF DOUGLAS

The City of Douglas mayor, city council, and city manager provide the community with progressive leadership.

425 10TH STREET, DOUGLAS, AZ 85607

TELEPHONE (520) 364-1586

WEBSITE: WWW.DOUGLASAZ.GOV

Economic Development Department

The City of Douglas Economic Development Department works to plan, organize, and direct the activities for economic development for the community, including active efforts to attract new retail, manufacturing, and industrial businesses. The department prepares, implements, monitors, and administers long-range development and redevelopment plans and agreements for the community and serves as a liaison to the City of Douglas in support of local and regional economic development activities designed to attract and retain new and expanding business.

The Economic Development Department also collaborates with Cochise College and the greater Douglas community in support of the College's contract training, educational programs, Small Business Development Center, and other workforce development efforts. The department serves as an 'ambassador' between the College and the local area in support of ongoing programs and initiatives that enhance the quality of life for area residents. Additionally, the department coordinates with the chamber of commerce for economic development activities and assists in the coordination of conferences, workshops, and presentations. Phone: (520) 805-4047. Web: www.douglasaz.gov

Community Development Department

The Community Development Department operates a business-friendly permitting process for utility services, new construction, remodeling, and business licensing. Phone: (520) 805-4077

Planning and Zoning Division

The Planning and Zoning Division coordinates plan reviews and issues zoning

clearances, building permits and certificates of occupancy. Phone: (520) 805-4077.

Public Works

The Public Works Department provides businesses with water, wastewater, and sanitation services. The department also assists businesses with infrastructure needs such as right-of-way work and flood control information. Phone: (520) 805-4077.

Finance Department

The Finance Department issues business licenses and assists new businesses with state and federal tax reporting requirements. Phone: (520) 805-4046.

Arizona Department of Economic Security

The Job Service, funded by the Arizona Department of Economic Security, provides a variety of services to help employers fill jobs by finding qualified, interested people. Job service has provided employees of all types, including professional and technical, skilled and unskilled, full- and part-time, as well as permanent and temporary. Services include the screening of applicants and interviewing of prospective employees. Phone (520) 364-4446.

Cochise County Workforce Development

Membership consists of representatives from education, public employment, vocational rehabilitation, community-based organizations, organized labor, social assistance, economic development, and the private sector. Their purpose is to provide policy direction and oversight for job training partnerships and programs. The objective is to provide a quality-trained work force for the employers in Cochise County. Phone (520) 364-8906.

Douglas Chamber of Commerce

The Chamber of Commerce is a non-profit, pro-business, voluntary membership organization. Its mission is to develop goals and programs, which will support the growth of members while improving the overall quality of life in Douglas. The members are active in the community in areas of economic development, business retention and expansion, civic affairs, business assistance, and business/education partnerships and tourism. Phone (520) 364-2477 or fax (520) 364-6304.

Douglas Industrial Development Authority

The IDA works as an integral partner for economic development and provides financing opportunities to prospective businesses with qualified projects that create employment in the area. Phone: (520) 364-3501.

PPEP Microbusiness and Housing Development Corporation (PMHDC)

PMHDC is a certified Community Development Financial Institution that provides financing to small-business owners. In addition to lending, PMHDC provides development services including technical assistance, training and market support for microenterprises and small business, and the creation of the infrastructure that supports the formation of social capital. Phone: (520) 364-4405 Website: www.azsmall-businessloans.com.

Douglas Entrepreneurial Development Center

The center assists start-up and existing businesses with the development of business plans, strategies to obtain financing, and customer service training. Phone: (520) 364-7123.

FINANCIAL ASSISTANCE

BANK OF AMERICA
(520) 364-2451, (800) 284-8481

BANK ONE
(520) 364-7981, (800) 366-2265

HUACHUCA FEDERAL CREDIT UNION
(520) 364-2881

NATIONAL BANK OF ARIZONA
(520) 364-8481, (800) 288-2288

SOUTHEASTERN ARIZONA FEDERAL CREDIT UNION
(520) 364-8401

WELLS FARGO BANK
(520) 364-3405, (800) 326-6000

UTILITY ASSISTANCE

ARIZONA PUBLIC SERVICE
(520) 364-4451

SOUTHWEST GAS
(520) 364-8426

CITY OF DOUGLAS WATER AND WASTEWATER DIVISIONS
(520) 805-4076



Robert Carreira
Director
Cochise College
Center for Economic Research

Forecasting Credentials

Robert began working for Cochise College in August 2003 as an associate faculty member at the Fort Huachuca Center, teaching courses in political science. In November 2003, he was appointed as the Center for Economic Research's first Economic Analyst, and in August 2005 he was appointed Director of the CER.

Robert holds a Master of Science degree in international relations with a concentration in international political economics; a Master of Science degree in foundations of education with a concentration in educational leadership; and a Master of Public Administration degree with a concentration in public management. All three of his master's degrees are from Troy State University, Alabama. He also holds a Bachelor of Arts degree in Sociology from Saint Leo University, Florida and an Associate of Applied Science Degree in Police Science and Administration from Austin Peay State University, Tennessee. He is currently working toward a Ph.D. in public policy and administration through Walden University.

Robert's work with economics and econometrics dates back to 1990. In all of his graduate and post-graduate studies, economics served as the foundation for his research. In recent years, he has specialized in the application of econometric models to the examination of public policy issues. Prior to joining the Cochise College staff, Robert served with the U.S. Army analyzing sociopolitical and economic events worldwide for their impact on the security of U.S. armed forces deploying overseas.

Robert's articles dealing with the economy of Cochise County appear in newspapers countywide. His articles on politics and economics have appeared in major metropolitan newspapers across the nation and world, including the Philadelphia Inquirer, Denver Post, Atlanta Journal Constitution, Tampa Tribune, San Francisco Examiner, Detroit News, Tucson Citizen, Arizona Daily Star, Stars & Stripes, and numerous others. His articles on economics are routinely published by the Foundation for Economic Education in Irvington-on-Hudson, New York in their monthly journal and on their website. His articles have been cited by the Cato Institute in Washington, D.C., and the Center for the Law and the Public's Health at Georgetown and the Johns Hopkins Universities. In addition to his work at the Center, Robert also teaches classes in economics, business, and political science at the college.

Copies of the Douglas Perspective

Additional copies of the *Douglas Perspective* are available. Cochise County residents may obtain one free copy of this and other CER publications by visiting or contacting the center on the Cochise College Sierra Vista Campus. There is a \$5 charge for each additional copy beyond the initial free copy offered to all residents. Ten or more copies are \$3 each. Economic publications are also available for Sierra Vista – published annually in March; Benson – published annually in June; and Bisbee – published annually in December. The Center's quarterly newsletter, *The Indicator*, is also available free of charge. For more information, please contact the center at (520) 515-5846 or email at cer@cochise.edu.