

2004-2005  
**BENSON**  
PROSPECTUS



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

**Major Sponsor**

# Whetstone Development Company Whetstone Partners LLP

## **Cover and Photography**

On the cover:

Photos by Kimberly Kelso, a Cochise College photography student, depict a glimpse of Benson. Designed by David Gordon, Cochise College, Graphic Artist.

Inside photos courtesy of:

**J<sup>2</sup>**

(John & Jeanie Mangold)

5464 S. Civano Blvd. • Tucson, AZ 85747 • (520) 393-3422

**Benson/San Pedro Valley Chamber of Commerce**

info@bensochamberaz.com • (520) 586-2842

**Kimberly Kelso**

Cochise College Photography Student

**Gill Kenny**

**Denise Merkel**

# Benson Economic Focus Luncheon

## 2005 Sponsors

The following companies 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 Benson Economic Focus Luncheon and produce this publication. We greatly appreciate their generous support. For additional information on how you can become a sponsor of the Center for Economic Research, please contact the Center at (520) 515-5486 or e-mail [cer@cochise.edu](mailto:cer@cochise.edu)

### **Founders Club**

## **DIAMOND VENTURES, LLC**

(520) 577-0200

### **Forecasters Club**

## **SAN PEDRO VALLEY NEWS-SUN**

Newspaper • (520) 586-3382

## **Economists Club**

### **APACHE NITROGEN PRODUCTS, INC.**

MANUFACTURING – NITRATE PRODUCTS • (520) 720-2217

### **ARIZONA ASSOCIATED AGENCIES**

INSURANCE • (520) 458-4950

### **ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

UTILITY COMPANY • (520) 586-3631

### **BENSON ACE**

HARDWARE/NURSERY • (520) 586-7345

### **BEAUDRY CHEVROLET, CHRYSLER, JEEP, DODGE**

AUTO DEALER, REPAIR & SERVICE • (520) 586-4651

### **CHERRY CREEK RADIO**

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

### **CITY OF BENSON**

CITY GOVERNMENT • (520) 586-2245

### **COCHISE COUNTY**

COUNTY GOVERNMENT • (520) 432-9200

### **COX COMMUNICATIONS**

TELECOM PROVIDER • (520) 586-9679

### **HORIZON MOVING SYSTEMS OF SIERRA VISTA, INC.**

MOVERS • (520) 458-4625

### **KEY GROUP LTD.**

COMMERCIAL REAL ESTATE BROKERAGE AND INVESTMENT SERVICES • (520) 290-5656

### **LAWLEY AUTOMOTIVE GROUP**

AUTO DEALERS, REPAIR & SERVICE • (520) 586-3661

### **THE REAL ESTATE MARKETING GROUP OF COCHISE COUNTY**

(FORMERLY THE BENSON MLS)

DAVID DI PESO, PRESIDENT • (520) 586-2122

### **RIVERSIDE INN, INC.**

TAVERN • (520) 586-7335

### **SIERRA SOUTHWEST COOPERATIVE SERVICES, INC.**

UTILITY COMPANY • (520) 586-5000

### **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

UTILITY COMPANY • (520) 586-5279

### **SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE**

ELECTRIC COMPANY - UTILITY • (520) 586-2238

### **VANGUARD DEVELOPMENT, LLC**

REAL ESTATE DEVELOPER • (520) 615-9300

## **Century Club**

**BENSON/SAN PEDRO VALLEY CHAMBER OF COMMERCE**

**BRIGHT FUTURE CONSULTANTS**

**GAS CITY LTD. - BENSON**

**HOLIDAY INN EXPRESS - BENSON**

**THE MEDICINE SHOPPE**

**SAFEWAY OF BENSON**

**SOUTHEASTERN ARIZONA CONTRACTORS ASSOCIATION (SACA)**

**UNIVERSITY OF PHOENIX - SIERRA VISTA/FT. HUACHUCA CAMPUSES**



# Table of Contents

<b>ON THE ROAD TO CONTINUED ECONOMIC RECOVERY</b> .....	6	New Home Permits – Manufactured Homes .....	24
<b>THE CITY OF BENSON</b> .....	8	A Note on Tracking New Home Construction .....	25
Climate .....	9	Apartments .....	25
Population .....	9	Commercial Construction .....	26
Education .....	11	<b>AGRICULTURE</b> .....	27
Healthcare .....	12	<b>TOURISM</b> .....	29
<b>EMPLOYMENT</b> .....	12	Cochise County Visitor Study .....	30
Cochise County Employment by Category .....	14	<b>CALENDAR OF EVENTS</b> .....	32
Major Employers .....	14	<b>THE CITY MANAGER’S PERSPECTIVE</b> .....	33
Earnings and Income .....	15	<b>CITY MAP</b> .....	35
<b>RETAIL AND TRADE</b> .....	17	<b>ABOUT THE CENTER FOR ECONOMIC RESEARCH</b> .....	36
Area Traffic .....	17	<b>COCHISE COLLEGE RESOURCES</b> .....	37
Total Taxable Sales .....	18	<b>COMMUNITY RESOURCES</b> .....	39
Retail Sales .....	18	<b>REVIEW AND FORECAST</b> .....	40
Restaurant and Bar Sales .....	19	Benson Economic Focus Luncheon .....	40
Accommodation .....	19	A Review of the Forecast for 2004 .....	40
Business Licenses .....	20	A Forecast for 2005 .....	41
Current Business Accounts .....	20	<b>FORECASTING CREDENTIALS</b> .....	43
<b>BANKRUPTCY FILINGS</b> .....	21		
<b>HOUSING AND REAL ESTATE</b> .....	22		
The Benson Area Home Market .....	22		
New and Existing Home Sales .....	22		
Housing Affordability .....	23		
New Home Permits – Site Built Homes .....	23		

# On the Road to Continued Economic Recovery



This memorial in Benson recognizes those who gave their lives to protect American freedom. Photo: J



By Robert Carreira  
Economic Analyst  
Cochise College  
Center for Economic Research

This year marks the 8th anniversary of the Benson Economic Focus Luncheon and the Benson Prospectus publication, as well as the partnership between 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 Benson forward.

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 4.4 percent in 2004, its highest rate of growth since 1999, according to revised fourth-quarter estimates released by the Bureau of Economic Analysis (BEA). The BEA attributed this economic growth in large part to increases in personal consumption expenditures. For the first quarter of 2005, GDP increased at an annual rate of 3.5 percent. The major contributors to the increase in real GDP in the first quarter were personal consumption expenditures, private inventory investment, exports, equipment and software, and residential fixed investment.

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 March 2005, the nation's seasonally adjusted unemployment rate dropped to 5.2 percent. According to data released by the Bureau of Labor Statistics (BLS), 2004 saw a net increase of nearly 2.2 million jobs, following net losses in 2001 and 2002 and only a modest gain of 94,000 jobs in 2003. From January through April 2005, the nation saw a net increase of 844,000 jobs, with 274,000 jobs added in April, 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 quarter of 2005, the CPI increased at a seasonally adjusted annual rate of 4.3 percent, due in large part to higher energy prices, which increased at an annual rate of 21.1 percent during the first three months of the year.

The stock market continued its recovery in 2004, with the S&P 500 posting gains of 9 percent, the NASDAQ composite posting gains of 8.6 percent, and the Dow Jones Industrial posting gains of 3.1 percent. While these gains may seem to pale in comparison to gains of 26.4 percent, 50 percent, and 25.3 percent, respectively, in 2003; it is important to note that the 2003 gains followed three consecutive years of significant losses and represented the initial recovery from those losses. Performance in early 2005 was much less promising, with the S&P 500 down 4.8 percent, the Dow Jones Industrial down 5.5 percent, and the NASDAQ down 12 percent for the first quarter. The poor performance in the first quarter of 2005 is due to rising energy prices, higher inflation overall, and the continued threat of rising interest rates.

As predicted 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 its June 2004 meeting, the Federal Open Market Committee (FOMC) increased the targeted federal funds rate by 25 basis points at meetings in June, August, September, November, December, February, March and May. The most recent increase in May 2005 brought the targeted rate to 3 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 it primarily through its open-market operations, which consist of the purchase and sale 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 2.25 percent between June and December 2004, 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. However, indications are that mortgage rates are beginning to respond, albeit slowly, to the increases in the federal funds rate; in March 2005, the average contract rate inched upward from 5.9 percent to 5.98 percent.

At the state level, economic indicators offer good reason for optimism. Recently revised figures from the BEA indicate that Arizona's gross state product (GSP) rose 6.1 percent between 2002 and 2003, its largest increase since 2000. The GSP, according to the BEA, is the most comprehensive measure of the overall economic activity of each state. In 2003, the most recent data available, Arizona was in the top 20 percent of states, ranked according to fastest growth. The employment situation in Arizona reflected this growth, with the state's 2004 unemployment rate coming in at 5.0 percent, one-half of a percentage point below the national average. In March 2005, the state's seasonally adjusted unemployment rate was 4.7 percent.

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 4.9 percent, below the national average of 5.5 percent, and the state average of 5.0 percent. Benson finished the year with an unemployment rate of 5 percent, its lowest level on record. Job growth at both the county and city level was strong in 2004. Although total taxable sales in Benson were down in 2004, accommodation receipts, which include hotel, motel, and other lodging, rebounded strongly, indicating a solid recovery of the local tourism industry. In January and February 2005, retail trade, accommodation, and restaurant and bar activity all showed strong signs of recovery. The recent approval of rezoning of Smith Ranch, from RU-4 (one house per four acres) to a master planned development of 4,500 homes over the next 15 to 20 years, promises to boost economic activity in the Benson area.

Although total taxable sales in Benson were down in 2004, accommodation receipts, which include hotel, motel, and other lodging, rebounded strongly, indicating a solid recovery of the local tourism industry.

# The City of Benson

Benson's parks offer a welcoming respite for visitors.  
Photo: Kimberly Kelso



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

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

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

Since its grand opening in December 1999, the Benson Municipal Airport has seen some major improvements. The airport is now home to 10 aircraft and averages 600 aircraft arrivals and departures per year. The air traffic is primarily due to flight training, tourists to Kartchner Caverns, and other local attractions, including golfing. Southwestern Aviation acquired the first lease in early 2002 and currently provides fuel, flight training, aircraft rental, and rental car services. A Tucson entrepreneur acquired the second lease in March 2003 and has constructed a 12-bay commercial hangar. The bays were made available for long-term lease in early May 2004. In March 2004, the construction on the parallel taxiway and connecting taxi lanes was completed. The ribbon-cutting ceremony was held in April 2004 in the new hangar. The three-mile access road was paved using funds from an Economic Strength grant from the Department of Commerce.

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

historic towns of Bisbee, Tombstone and Willcox are close by.

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

### Climate

At an elevation of 3,580 feet, Benson's climate is more temperate than that of the higher mountain communities of Arizona. In 2004 the average monthly temperature was 62 degree Fahrenheit, ranging from an average low of 28 degrees in December to an average high of 96 degrees in June. Benson's record high temperature is 111 degrees recorded in June 1973. The record low is seven degrees below zero, recorded in December 1978. In 2004, Benson received 14.21 inches of precipitation. The maximum precipitation occurred in July, which saw 3.49 inches. The lowest level of precipitation occurred in May, which saw 0.24 inches.

### Population

The estimated population of the City of Benson as of July 2004 was 4,785. This is a 0.0 percent change from 2003 and a 1.6 percent increase from 4,711 as reported in Census 2000. Based on its population size, Benson ranks as the 56th largest, incorporated sub-county area of 88 areas statewide. Based on its growth rate since Census 2000, Benson ranks as the 74th fastest-growing, incorporated sub-county area of the 88 statewide areas. These figures are based on the latest estimates from the Arizona Department of Economic Security (DES).

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

### BENSON WEATHER

	AVERAGE TEMP HIGH	LOW	MEAN AVERAGE	AVERAGE PRECIP (IN.)	RECORD HIGH	RECORD LOW
Jan	63°F	29°F	46°F	1.05 in	84°F (1971)	6°F (1964)
Feb	67°F	32°F	49°F	0.58 in	90°F (1957)	10°F (1972)
Mar	71°F	36°F	54°F	0.53 in	93°F (1989)	12°F (1965)
Apr	79°F	41°F	60°F	0.26 in	98°F (1989)	18°F (1945)
May	87°F	49°F	68°F	0.24 in	105°F (1958)	26°F (1950)
Jun	96°F	58°F	77°F	0.51 in	111°F (1973)	33°F (1972)
Jul	95°F	65°F	80°F	3.49 in	110°F (1958)	37°F (1952)
Aug	93°F	64°F	78°F	3.16 in	107°F (1944)	48°F (1983)
Sep	90°F	57°F	74°F	1.73 in	105°F (1948)	35°F (1945)
Oct	81°F	46°F	64°F	1.34 in	99°F (1980)	20°F (1971)
Nov	71°F	33°F	52°F	0.50 in	90°F (1947)	12°F (1957)
Dec	63°F	28°F	46°F	0.82 in	84°F (1954)	-7°F (1978)

SOURCE: 2005, THE WEATHER CHANNEL®.

### BENSON WEATHER FACTS

- On average, the warmest month is June.
- The highest recorded temperature was 111°F in 1973.
- The average coolest month is December.
- The lowest recorded temperature was -7°F in 1978.
- The maximum average precipitation occurs in July.

SOURCE: 2005, THE WEATHER CHANNEL®.

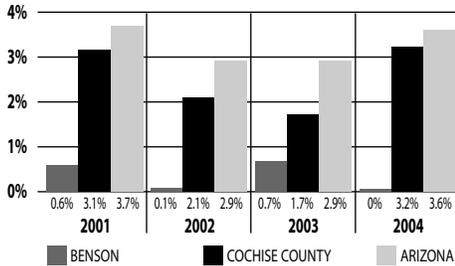


### DISTANCE TO MAJOR WESTERN CITIES

CITY	MILES
Agua Prieta, Mexico	88
Albuquerque, NM	544
Dallas, TX	894
Denver, CO	840
El Paso, TX	268
Flagstaff, AZ	301
Los Angeles, CA	564
Naco, Mexico	71
Phoenix, AZ	156
Salt Lake City, UT	980
San Diego, CA	458
San Francisco, CA	945
Tucson, AZ	45
Yuma, AZ	284

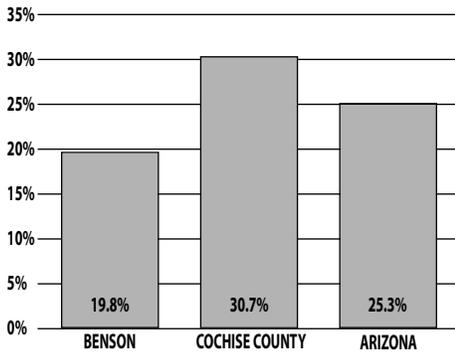
SOURCE: ARIZONA DEPARTMENT OF COMMERCE

## POPULATION GROWTH, 2001-2004



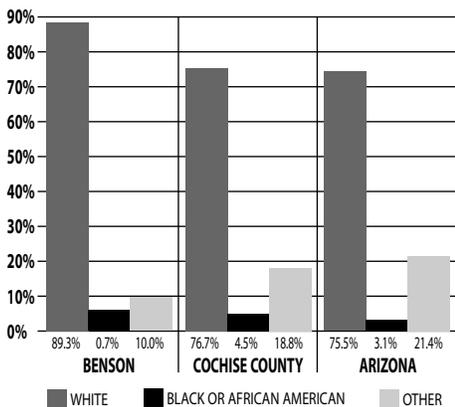
SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

## HISPANIC/LATINO POPULATION



SOURCE: U.S. CENSUS BUREAU, CENSUS 2000.

## RACE



SOURCE: U.S. CENSUS BUREAU, CENSUS 2000.

CCD by the average growth rate of Cochise County since 2000 indicates the 2004 population is approximately 12,179.

According to the U.S. Census Bureau, Benson's population grew by 23.2 percent during the 1990s, outpacing the population growth of Cochise County as a whole, which grew at 20.6 percent, but lagging behind the State of Arizona's rapid population growth of 40 percent during the same period. Since 2000, according to DES, Benson has grown at less than 1 percent each year. Benson's overall population growth of 1.6 percent since 2000 has fallen behind that of Cochise County, which has grown by 10.6 percent, and even further behind that of the state, which has grown by 13.7 percent.

According to the latest census data, approximately 19.8 percent of Benson's population is Hispanic or Latino (of any race) compared to a 30.7-percent Hispanic/Latino population for all of Cochise County, and a 25.3-percent Hispanic/Latino population statewide. Benson's population is 89.3 percent white, compared to 76.7 percent for the county and 75.5 percent statewide. Benson's population is 51.1 percent female and 48.9 percent male.

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

According to the most recent census data, the median age of the city's population is 49.6 years, up from 43.6 years in 1990 and considerably higher than the median age of 36.9 years for Cochise County and 34.2 years statewide. Benson's largest age group is 65 to 74 years, comprising 16.4 percent of the city's population. The next largest age group is 45 to 54 years, comprising 12.4 percent of the population. Overall, 34.4 percent of Benson's population is aged 62 years or older, compared to 17.9 percent of the county population and only 15.3 percent of the statewide population.

The average Benson household size is 2.22 persons, compared to 2.55 persons for the county, and 2.64 persons per household statewide. Of total Benson households, 64.6 percent are classified as family households. A total of 22.9 percent of households have individuals under the age of 18, and 45.3 percent have individuals aged 65 years and older. A total of 4.5 percent of Benson households are headed by single mothers of children under the age of 18, compared to 7.1 percent countywide and 6.8 percent statewide. Of Benson's population aged 15 years and older, 58.6 percent are married, 13.6 percent are divorced, and 11.7 percent are widowed. Of the population aged 25 years and older, 77.1 percent has at least a high school diploma or equivalent, compared to 79.5 percent countywide and 81 percent statewide. A total of 14.3 percent of Benson residents hold a bachelor's degree or higher, compared to 18.8 percent for the county and 23.5 percent statewide.

Civilian veterans of the military comprise 23.2 percent of Benson's population, which is approximately the same rate as that of the county, but is significantly higher than the statewide rate of 15 percent.

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

## Education

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

The Benson Union High School District, encompassing approximately 630 square miles, includes the Benson Elementary School District and the Pomerene Elementary School District. The high school, middle school, and two elementary

schools have approximately 924 students according to 2004-2005 enrollment figures. The high school has an enrollment of approximately 347 students; the middle school has 280 students, and the primary school has 297 students. Benson students routinely score above national averages on standardized tests.

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

## Healthcare

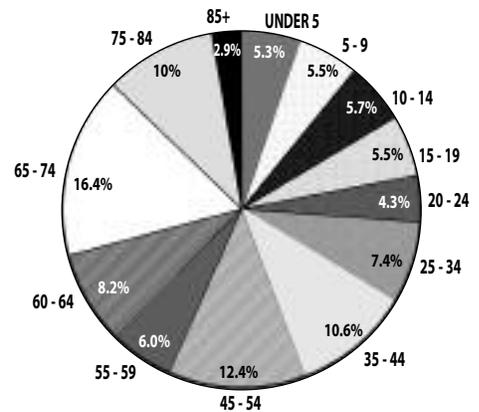
Healthcare facilities and services are a major community asset. Adequate healthcare services make a positive statement on a community's quality of life. Local physicians and a local hospital service Benson.

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

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

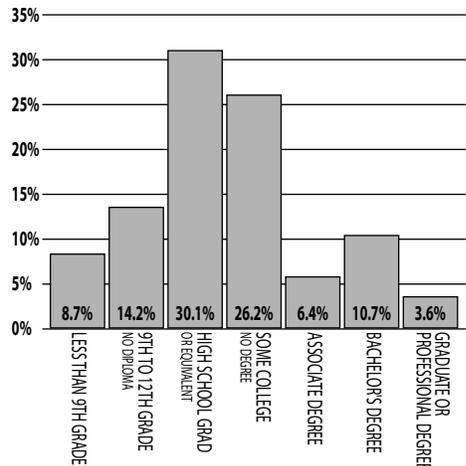
Benson Hospital offers full-service basic laboratory and radiology testing. Mammography and ultrasound services are also available. In addition, a full range of physical therapy, occupational therapy, and speech therapy services are offered.

## BENSON'S AGE GROUPS



SOURCE: U.S. CENSUS BUREAU, CENSUS 2000.

## EDUCATIONAL ATTAINMENT - BENSON



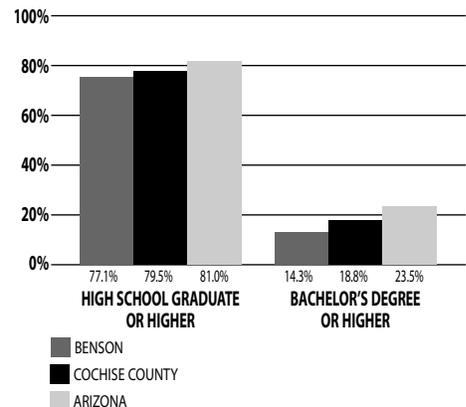
SOURCE: U.S. CENSUS BUREAU, CENSUS 2000.

## POPULATION COMPARISONS, 1990-2004

	BENSON	GROWTH	COUNTY	GROWTH	ARIZONA	GROWTH
1990	3,824	--	97,624	--	3,665,228	--
2000	4,711	23.2%*	117,755	20.6%*	5,130,632	40.0%*
2001	4,740	0.6%	121,435	3.1%	5,319,895	3.7%
2002	4,745	0.1%	124,040	2.1%	5,472,750	2.9%
2003	4,780	0.7%	126,160	1.7%	5,629,870	2.9%
2004	4,785	0.0%	130,220	3.2%	5,832,150	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. GROWTH RATES CALCULATED BY THE COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

## EDUCATIONAL ATTAINMENT COMPARISONS



SOURCE: U.S. CENSUS BUREAU, CENSUS 2000.

# Employment



A gracious welcome and friendly smiles greet you at the Benson Holiday Inn Express. Photo: Kimberly Kelso

## ANNUAL UNEMPLOYMENT RATE COMPARISONS, 1995-2004

	BENSON	ST. DAVID	COCHISE COUNTY	ARIZONA
1995	10.7%	3.7%	9.2%	5.1%
1996	11.3%	4.0%	9.7%	5.5%
1997	9.7%	3.4%	8.4%	4.6%
1998	7.9%	2.7%	6.8%	4.1%
1999	6.6%	2.2%	5.7%	4.4%
2000	5.4%	1.8%	4.6%	4.0%
2001	5.4%	1.8%	4.6%	4.7%
2002	6.4%	2.2%	5.5%	6.2%
2003	6.1%	2.0%	5.2%	5.6%
2004	5.0%	1.6%	4.9%	5.0%

SOURCE: ARIZONA DEPARTMENT OF ECONOMIC SECURITY.

In 2004, Benson's unemployment rate averaged 5.0 percent, compared to 4.9 percent for Cochise County and 5.0 percent statewide. Nationwide, the unemployment rate for 2004 averaged 5.5 percent. Benson's unemployment rate was down from 6.1 percent in 2003, and represents the lowest rate the city has seen in at least a decade. Benson's 2004 labor force consisted of 1,668 potential workers, of which 1,585 were actually employed. The labor force consists of those persons aged 16 years and older who are either employed or actively seeking employment.

In nearby St. David, the average unemployment rate for 2004 was 1.6 percent. St. David had a labor force of 613 potential workers, of which 603 were employed. The 2004 unemployment rate for Benson and St. David combined averaged 4.1 percent, with a combined labor force of 2,281 potential workers, of which 2,188 were employed. Employment figures are not available for Mescal, Pomerene, J-Six, or surrounding unincorporated areas. At the time of this publication, employment figures for 2005 were unavailable.

Benson's month-to-month unemployment rate reflects seasonal patterns evident in employment data for most localities. Over the past decade, the trend in Benson has been for higher-than-average unemployment rates to prevail in January, February, March, June, July, and December, while lower-than-average rates prevail in April, May, August, September, October, and November.

A look at employment in Benson over the past five years (2000 through 2004) reveals the city has seen an average annual unemployment rate of 5.7 percent, reflecting a vast improvement over the previous five-year period (1995 through 1999), which saw an average unemployment rate of 9.2 percent. Benson's labor force has increased from an average of 1,475 in 2000 to 1,668 in 2004.

Job growth in Benson for 2004 was 3.3 percent, reflecting a net increase of 50

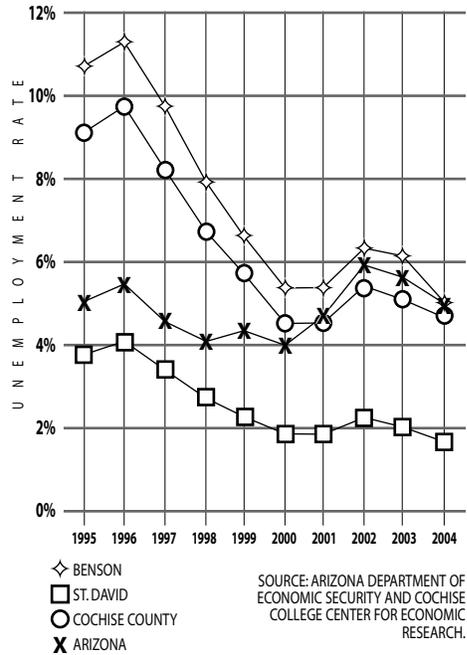
jobs. Over the five-year period from 2000 through 2004, Benson's average annual job growth rate was 2.6 percent. Employment data is based on Arizona Department of Economic Security (DES) figures. Seasonally adjusted rates are calculated by the Cochise College Center for Economic Research (CER).

Occupations in Benson vary over a broad spectrum of employment opportunities. According to data collected during Census 2000, of those workers aged 16 years and older, 24.9 percent are employed in sales and office occupations, followed by 24.3 percent in service occupations and 21.9 percent in management, professional, and related occupations. Construction, extraction, and maintenance operations employ approximately 15.3 percent of the city's workers, while production, transportation, and material moving occupations employ approximately 13.5 percent.

The industry employing the largest number of Benson workers, according to Census 2000 data, is the educational, health and social services industry, which employs approximately 26.1 percent of workers; followed by arts, entertainment, recreation, accommodation and food services, which employs 15.1 percent; retail trade, which employs 13.7 percent; transportation and warehousing, and utilities, which employs 9.7 percent; and public administration, which employs 8.5 percent of Benson's workers. A total of 5.8 percent of Benson's workers are employed in the construction industry, while 5.2 percent are employed in professional, scientific, management, administration, and waste management.

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

### UNEMPLOYMENT COMPARISONS 1995-2004



#### BENSON EMPLOYMENT AND JOB GROWTH, 1995-2004

	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT RATE	JOB GROWTH
1995	1,617	1,444	10.7%	5.6%
1996	1,578	1,400	11.3%	-3.0%
1997	1,469	1,326	9.7%	-5.3%
1998	1,451	1,337	7.9%	0.8%
1999	1,493	1,394	6.6%	4.3%
2000	1,475	1,395	5.4%	0.0%
2001	1,545	1,462	5.4%	4.8%
2002	1,618	1,514	6.4%	3.6%
2003	1,635	1,535	6.1%	1.4%
2004	1,668	1,585	5.0%	3.3%

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

#### BENSON AND ST. DAVID COMBINED EMPLOYMENT AND UNEMPLOYMENT, 1995-2004

	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT RATE
1995	2,188	1,994	8.9%
1996	2,133	1,933	9.4%
1997	1,992	1,831	8.1%
1998	1,974	1,846	6.6%
1999	2,036	1,925	5.5%
2000	2,016	1,926	4.5%
2001	2,111	2,018	4.4%
2002	2,207	2,090	5.3%
2003	2,231	2,119	5.0%
2004	2,281	2,188	4.1%

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

#### BENSON MONTHLY UNADJUSTED AND SEASONALLY ADJUSTED UNEMPLOYMENT RATES, 2003-2004

	UNADJUSTED RATE	SEASONALLY ADJUSTED RATE
<b>2003</b>		
January	6.4%	5.8%
February	6.8%	6.3%
March	6.8%	6.5%
April	6.6%	6.8%
May	6.6%	6.8%
June	6.8%	6.8%
July	6.8%	6.8%
August	6.2%	6.5%
September	5.6%	5.8%
October	5.0%	5.3%
November	4.9%	5.2%
December	4.9%	4.8%
<b>Average</b>	<b>6.1%</b>	<b>6.1%</b>
<b>2004</b>		
January	5.6%	5.2%
February	5.7%	5.2%
March	5.2%	5.0%
April	5.5%	5.6%
May	5.4%	5.4%
June	4.9%	4.7%
July	5.0%	4.9%
August	4.7%	4.9%
September	4.9%	5.1%
October	4.6%	4.9%
November	4.3%	4.6%
December	4.0%	4.0%
<b>Average</b>	<b>5.0%</b>	<b>5.0%</b>

SOURCE: UNADJUSTED RATES OBTAINED FROM THE ARIZONA DEPARTMENT OF ECONOMIC SECURITY. SEASONALLY ADJUSTED RATES COMPUTED BY THE COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

## COCHISE COUNTY EMPLOYMENT BY CATEGORY

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

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

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 labor force and the number of jobs will be increased. The 2004 unemployment rate is likely to be adjusted upward slightly as well.

### Cochise County Employment by Category

DES tracks employment by category on a monthly basis 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.

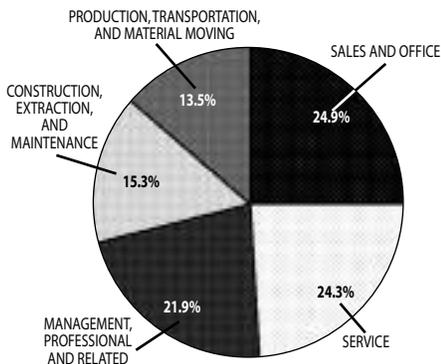
The fastest growing category in 2004, measured by percent change, was information, which grew by 50 jobs – a 10.5 percent increase over 2003. Other categories that experienced growth were mining and construction, which grew by 175 jobs (7.4 percent); educational and health services, which grew by 200 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.

### Major Employers

Most of the businesses in Benson are considered small as defined by the number of employees. According to the 2002 Zip Code Business Patterns from the U.S. Census Bureau, of the 188 business establishments surveyed, 72.9 percent employed fewer than 10 employees, 13.3 percent employed 10-19 employees, and 13.8 percent employed more than 20 employees. These figures represent a diversified business climate and a community that is not reliant upon any one business for its livelihood.

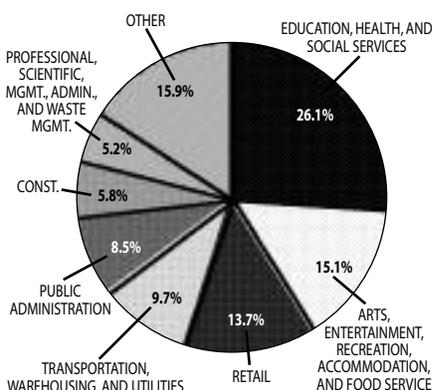
The table listing the major employers in the area reflects the diversity of the employment categories. These figures include both full- and part-time employees. While all of the employers listed have offices in the area, not all of their employees report to work in Benson. Area employers supply these employee counts as self-reported figures.

### BENSON OCCUPATIONS



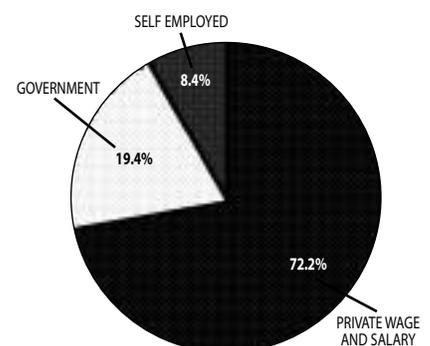
SOURCE: U.S. CENSUS BUREAU AND COCHISE COLLEGE CER.

### INDUSTRIES IN BENSON



SOURCE: U.S. CENSUS BUREAU AND COCHISE COLLEGE CER.

### BENSON CLASSES OF WORKERS



SOURCE: U.S. CENSUS BUREAU AND COCHISE COLLEGE CER.



A Benson Ace employee tends to plants in the garden center. Photo: Kimberly Kelso

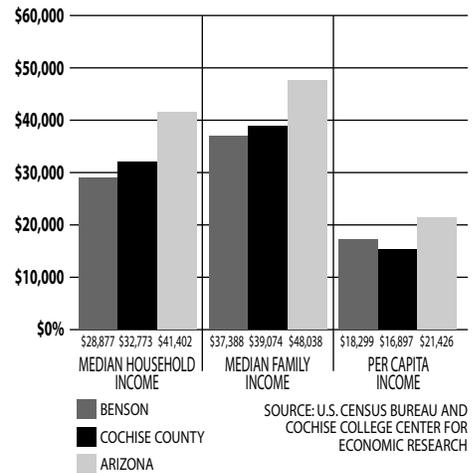
## Earnings and Income

The median household income in Benson for 2004 was approximately \$28,877, compared to \$32,773 for Cochise County and \$41,402 statewide. The median family income for Benson in 2004 was approximately \$37,388, compared to \$39,074 for the county and \$48,038 statewide. Benson's per capita income in 2004 was approximately \$18,299, 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.

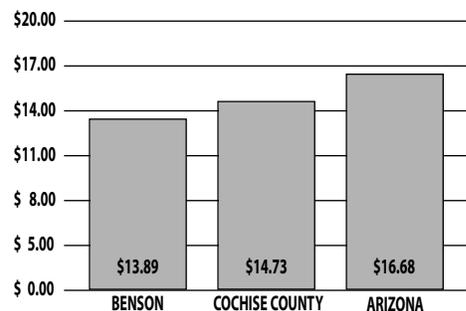
Note that while Benson's median household income and family income lagged significantly behind that of the county and state, the city's per capita income is higher than that of the county. The reason is that the median age of Benson's population is significantly higher than that of the county, resulting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

The average wage per job in Benson in 2004 was approximately \$13.89 per hour, compared to approximately \$14.73 per hour countywide and \$16.68 per hour

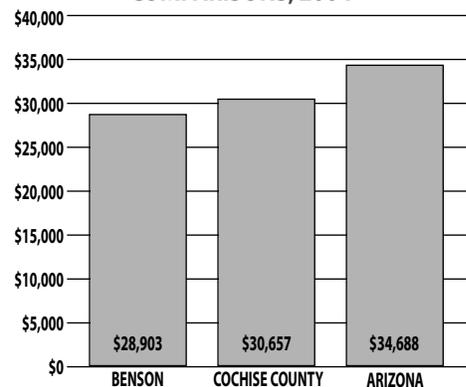
### INCOME COMPARISONS, 2004



### AVERAGE HOURLY WAGE COMPARISONS 2004



### AVERAGE ANNUAL SALARY COMPARISONS, 2004



## BENSON MAJOR EMPLOYERS

EMPLOYER	EMPLOYEES
Arizona's G&T Cooperatives.....	305
Arizona Electric Power Cooperative, Inc.,	
Sierra Southwest Cooperative Services, Inc.,	
Southwest Transmission Cooperative Services, Inc.	
Benson Unified School District.....	189
Benson Hospital.....	143
SEABHS .....	136
Gas City.....	115
City of Benson.....	90
Safeway Stores, Inc.....	90
Quiburi Samaritan Center.....	80
Apache Nitrogen Products, Inc.....	70
McDonald's.....	38
AACCO Cast Products.....	33
Denny's .....	23

SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

statewide. The average annual salary in Benson in 2004 was \$28,903, compared to \$30,657 for the county and \$34,688 for the state. These figures are estimated by the CER based on DES estimates and the most recent census data, and are expressed in 2004 dollars.

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



SEABHS offers mental health services in Cochise, Graham, Greenlee, and Santa Cruz counties. Photo: J²



## Retail and Trade

Dollar General opened on Fourth Street within the last year. Photo: J<sup>2</sup>

### Area Traffic

Although the population of Benson is less than 5,000, it is estimated that the city serves a market more than twice that size. As mentioned in the population segment of this publication, more than 12,000 people live in the Benson Census District, which includes Benson, Mescal, Pomerene, and St. David. In addition, the city's location makes it accessible to thousands of travelers along Interstate 10 and Highways 80 and 90. In 2003, the most recent data available, an average of 28,500 vehicles per day traveled along I-10 between exits 297 and 299, according to Arizona Department of Transportation (ADOT) average daily traffic counts. This was up 5.2 percent from 2002. An average of 33,900 vehicles per day traveled along I-10 between exits 299 and 302, up 2.7 percent from 2002. An average of 26,100 vehicles per day traveled along I-10 between exits 302 and 303, up 30.5 percent from 2002. An average of 21,300 vehicles per day traveled along I-10 between exits 303 and 304, up 55.5 percent from 2002. An average of 22,100 vehicles per day traveled along I-10 between exits 304 and 307, up 74 percent from 2002.

Traffic along Highway 80 also increased in 2003. An average of 9,800 vehicles per day traveled along Highway 80 between SB-10(3) and Country Club Drive, up 12.6 percent from 2002. An average of 6,500 vehicles per day traveled along Highway 80 between Country Club Drive and Apache Powder Road, up 85.7 percent from 2002. An average of 5,900 vehicles per day traveled along Highway 80 between Apache Powder Road (South) and the ADOT maintenance yard entrance, up 1.7 percent from 2002.

In 2003, an average of 8,500 vehicles per day traveled along Highway 90, from I-10 exit 302 to Kartchner Caverns, up 2.4 percent from 2002.

### AVERAGE DAILY TRAFFIC COUNT\*

LOCATION	2001	2002	2003
I-10, Exit 297 to Exit 299	27,300	27,100	28,500
I-10, Exit 299 to Exit 302	31,600	33,000	33,900
I-10, Exit 302 to Exit 303	25,200	20,000	26,100
I-10, Exit 303 to Exit 304	25,400	13,700	21,300
I-10, Exit 304 to Exit 307	24,500	12,700	22,100
SR 80, SB-10(3) to Country Club Dr	9,900	8,700	9,800
SR 80, Country Club Dr to Apache Powder Rd (South)	6,500	3,500	6,500
SR 80, Apache Powder Rd (South) to ADOT Maintenance Yard Entrance	5,700	5,800	5,900
SR 80, ADOT Maintenance Yard Entrance to Judd St	4,700	4,800	4,900
SR 90, I-10 Exit 302 to Kartchner Caverns Main Entrance	8,200	8,300	8,500

\*ROUNDED TO NEAREST HUNDRED.  
SOURCE: ARIZONA DEPARTMENT OF TRANSPORTATION

### TOTAL TAXABLE SALES

YEAR	TOTAL SALES	% CHANGE	REAL INFLATION ADJUSTED GROWTH
1999.....	\$61,476,344.....	—.....	—.....
2000.....	\$68,164,771.....	10.9%.....	7.5%.....
2001.....	\$65,638,760.....	-3.7%.....	-6.5%.....
2002.....	\$70,246,724.....	7.0%.....	5.4%.....
2003.....	\$74,023,302.....	5.4%.....	3.1%.....
2004.....	\$74,611,724.....	0.8%.....	-1.9%.....
2005*.....	\$12,891,880.....	-3.3%.....	-6.4%.....

\*DATA FOR JANUARY-FEBRUARY ONLY; PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR, AND REAL INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), MARCH 2004-MARCH 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. 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

Communications & Utilities .....	\$1,526,040
Construction.....	\$4,842,600
Manufacturing.....	\$2,425,880
Wholesale Trade.....	\$568,320
Retail Trade.....	\$41,223,920
Real Estate, Rental & Leasing .....	\$4,081,840
Restaurant & Bar.....	\$9,691,800
Accommodation.....	\$3,082,244
Services .....	\$3,083,440

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. THE CHANGE ALSO RESULTED IN THE UNAVAILABILITY OF COMPLETE DATA FOR 2004 IN THE CATEGORIES OF TRANSPORTING AND WAREHOUSING; FINANCE AND INSURANCE; AND THE CATEGORY OF "OTHER." SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

Beaudry Chevrolet, Chrysler, Jeep, Dodge offers a wide selection of new and used vehicles. Photo: Kimberly Kelso

### Total Taxable Sales

Total taxable sales include the categories of mining; communication 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 other. Taxable sales in Benson for 2004 totaled \$74.6 million, up 0.8 percent from \$74 million in 2003. Adjusting for inflation, which was 2.7 percent in 2004, this represents real growth of -1.9 percent. Total taxable sales for January and February 2005 were \$12.9 million, down 3.3 percent from January and February 2004. This reflects real, inflation-adjusted growth of -6.4 percent.

In 2004, communication and utilities sales totaled \$1.5 million; construction sales totaled \$4.8 million; manufacturing sales totaled \$2.4 million; wholesale trade sales totaled \$568,000; retail sales totaled \$41.2 million; real estate, rental and leasing sales totaled \$4.1 million; restaurant and bar sales totaled \$9.7 million; accommodation sales totaled \$3.1 million; and services sales totaled \$3.1 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

In 2004, retail sales in Benson totaled \$41.2 million, up 1.8 percent from \$40.5 million in 2003. This represents real, inflation-adjusted growth of -0.9 percent. According to the Arizona Department of Revenue, as of December 2004 there were 118 retail accounts in the City of Benson. This number includes all businesses that engage in taxable retail sales, including major retail establishments, convenience stores, and other establishments that may include only a small portion of retail sales in their overall business operations. In January and February 2005, retail sales totaled \$7 million. This was up 6.5 percent from \$6.6 million during the same period in 2004, reflecting real, inflation-adjusted growth of 3.4 percent.

Since 2000, retail sales in Benson have showed mixed results. In 2000 and 2001, retail sales experienced negative real growth, down 0.4 and 3.8 percent, respectively, from the years prior. This real decline in sales reflected the national recession that began in 2000 and was exacerbated by the terrorist attacks of September 11, 2001. This

was followed by a period of declining interest rates, which stimulated consumer spending. This was reflected in modest real growth in Benson's retail sales of 1.2 and 3.4 percent in 2002 and 2003, respectively. The stronger performance of Benson's retail sector in 2003 was also attributable to the opening of the Alco retail store just prior to the holiday shopping season. The opening of Alco likely reduced the level of out-shopping by residents of the Benson area who had previously shopped for re-



tail items in the Sierra Vista and Tucson markets.

In 2004 sales were somewhat slower, declining by 0.9 percent in real terms, which likely reflected rising interest rates and the increased cost of consumer debt. However, figures from early 2005 indicate stronger performance of the retail sector and point to a moderate recovery.

### Restaurant and Bar Sales

In 2004, restaurant and bar sales totaled \$9.7 million, down 3.3 percent from \$10 million in 2003.

This represents real, inflation-adjusted growth of -6 percent. As of December 2004, Benson had 26 active restaurant and bar establishments. In January and February 2005, restaurant and bar sales totaled \$1.9 million, a 31.1 percent increase from \$1.4 million during the same period in 2004. This reflects real, inflation-adjusted growth of 28 percent.

Since 2000, restaurant and bar sales have shown mixed performance. In 2000, sales in this category were strong, posting real, inflation-adjusted growth of 7.4 percent. In 2001 sales dropped off significantly, 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 slightly in 2002, posting real growth of 1.7 percent. In 2003, performance in this category again declined, posting real growth of -3.6 percent. This was likely attributable to decreased tourism as a result of the invasion of Iraq. The 2003 drop in restaurant and bar sales accompanied a similar drop in accommodation receipts, indicating a decrease in overnight visitors to the city. In 2004, restaurant and bar sales again declined, dipping 6.0 percent in real, inflation-adjusted terms. Interestingly, the 2004 decline in restaurant and bar activity occurred during a time when accommodation receipts posted positive real growth of 3.2 percent. Thus, the 2004 decline in sales likely represents a drop in local patronage of restaurants and bars, which may reflect rising interest rates, which raise the cost of previously incurred 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. Early indications in 2005, however, show Benson's restaurant and bar activity is on the road to strong recovery.

### Accommodation

In 2004, the category of accommodation, which includes hotel, motel, and other lodging, posted receipts totaling \$3.1 million, up 5.9 percent from \$2.9 million in 2003 for real, inflation-adjusted growth of 3.2 percent. As of December 2004, there were 26 active accounts including hotels, motels, campgrounds, RV parks, and bed and breakfast establishments.

In January and February 2005, accommodation receipts in Benson totaled \$838,800, up 8.3 percent from \$774,200 in the same period of 2004. This reflects real, inflation-adjusted growth of 5.2 percent.

Like other categories of taxable sales in Benson, accommodation receipts have reflected the same business cycle ups and downs apparent in the overall economy. The



Benson restaurants serve everything from fast food to family dining. Photo: J²

### TAXABLE RETAIL SALES

YEAR	TOTAL SALES	% CHANGE	REAL, INFLATION ADJUSTED GROWTH
1999.....	\$36,560,276	.....	.....
2000.....	\$37,657,070	3.0%	-0.4%
2001.....	\$37,283,056	-1.0%	-3.8%
2002.....	\$38,318,360	2.8%	1.2%
2003.....	\$40,509,040	5.7%	3.4%
2004.....	\$41,223,920	1.8%	-0.9%
2005* .....	\$7,003,400	6.5%	3.4%

\*DATA FOR JANUARY-FEBRUARY ONLY; PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR, AND REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), MARCH 2004-MARCH 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. 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.

### TAXABLE RESTAURANT AND BAR

YEAR	TOTAL REVENUE	% CHANGE	REAL, INFLATION ADJUSTED GROWTH
1999 .....	\$9,178,693	.....	.....
2000.....	\$10,165,991	10.8%	7.4%
2001.....	\$9,825,380	-3.4%	-6.2%
2002.....	\$10,152,560	3.3%	1.7%
2003.....	\$10,018,160	-1.3%	-3.6%
2004 .....	\$9,691,800	-3.3%	-6.0%
2005* .....	\$1,885,320	31.1%	28.0%

\*DATA FOR JANUARY-FEBRUARY ONLY; PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR, AND REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), MARCH 2004-MARCH 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. 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.

## ACCOMMODATION RECEIPTS

YEAR	TOTAL REVENUE	% CHANGE	REAL, INFLATION ADJUSTED GROWTH
2000	\$2,953,576	0.9%	-2.5%
2001	\$2,679,790	-9.3%	-12.1%
2002	\$2,967,444	10.7%	9.1%
2003	\$2,910,822	-1.9%	-4.2%
2004	\$3,082,244	5.9%	3.2%
2005*	\$838,800	8.3%	5.2%

\*DATA FOR JANUARY-FEBRUARY ONLY; PERCENT CHANGE IS CALCULATED BY COMPARING CURRENT FIGURES TO THOSE OF THE SAME PERIOD A YEAR PRIOR, AND REAL, INFLATION-ADJUSTED GROWTH IS CALCULATED USING THE INFLATION RATES AS DETERMINED BY THE CONSUMER PRICE INDEX (CPI), MARCH 2004-MARCH 2005 CHANGE. SOURCE: ARIZONA DEPARTMENT OF REVENUE AND COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH. 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.

## CURRENT BUSINESS ACCOUNTS, 2004

Mining	1
Communications & Utilities	92
Transportation & Warehousing	10
Construction	150
Manufacturing	68
Wholesale Trade	45
Retail Trade	309
Finance & Insurance	14
Real Estate, Rental & Leasing	113
Restaurants & Bar	35
Accommodation	24
Public Administration	2
Services	84
Arts & Entertainment	4
Other	40
Total	991

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

recession that began in 2000 had an immediate impact on Benson's accommodation receipts, which dropped by 2.5 percent in real, inflation-adjusted terms that year. During periods of recession, highly elastic expenditures such as family vacations, dining out, and other luxuries are the first to experience declining activity. The terrorist attacks of September 11, 2001, further eroded the tourism industry, as reflected in the real decline of 12.1 percent in Benson's accommodation receipts. This category recovered strongly in 2002, posting real, inflation-adjusted growth of 9.1 percent. In 2003, accommodation receipts again moved downward, the likely result of decreased tourism as a result of the U.S.-led invasion of Iraq. The strong recovery evident in the real growth of accommodation receipts in early 2005 likely reflects a stronger tourism industry overall, helped along by a declining U.S. dollar, which makes travel to the U.S. more affordable to foreign travelers, as well as increased stabilization in Iraq following the recent elections and movement toward establishing a stable government.

## Business Licenses

As of April 2005, the City of Benson reported 209 active business licenses. This is down from 276 in April 2004. Active business licenses are identified by the number of businesses with a physical address located within the City of Benson. This number is significantly lower than the number of current business accounts reported in the next section, since a single business will have only one business license but may have multiple active business accounts reflecting the different categories of goods and services it sells.

## Current Business Accounts

In 2004, the number of current business accounts in the City of Benson totaled 991. The largest number of current business accounts was in the category of retail, with 309 accounts; construction, with 150 accounts; real estate, rental and leasing, with 113 accounts; communications and utilities, with 92 accounts; services, with 84 accounts; and manufacturing, with 68 accounts. Current business accounts are determined by the number of current accounts under which the city's privilege tax is collected, as reported monthly by the Arizona Department of Revenue. It is important to note that, unlike business licenses, a single business may have multiple accounts. This occurs when a single business engages in transactions that fall into more than one category; for example, a dining and lodging establishment will have one account for restaurant and bar sales and another for accommodation transactions.

In 2004, the Arizona Department of Revenue transitioned from the Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS). Due to this transition, comparisons to previous year current business accounts are not possible at this time.



Ground is expected to be broken late in 2005 on Gracie's Station, a new restaurant. Photo: Kimberly Kelso



# Bankruptcy Filings

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

According to the 2004 Year-End Report on the Federal Judiciary by Chief Justice William Rehnquist, bankruptcy filings nationwide in 2004 decreased 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 reflected a decline of 66 percent during 2004, due to the legislation on Chapter 12 expiring on January 1, 2004. Chapter 13 filings showed a 4 percent decrease, while Chapter 7 filings dropped 2 percent. Even though 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. In the first quarter of 2005, bankruptcy filings in Cochise County totaled 128, reflecting a 6.7 percent increase over the first quarter of 2004, which saw 120 filings. County numbers include both personal and business filings.

Looking back over the 10 years from 1995 through 2004, a total of 4,558 bankruptcies were filed from within the 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 by 68.1 percent, with most of this increase occurring in 2000. The year 2000 saw bankruptcies jump from the previous year's low of 317 to 469 – an increase of 47.9 percent. In 2001 and 2002, the annual number of bankruptcy filings increased moderately at 1.9 and 2.3 percent, respectively.

Overall, the total number of bankruptcy filings from within Cochise County increased 90.2 percent from 1995 through 2004, climbing from 265 to 504.

## COCHISE COUNTY BANKRUPTCIES

YEAR	TOTAL FILINGS	% 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*	128	6.7%

\*DATA FOR FIRST QUARTER 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

	BENSON	COCHISE COUNTY
1994	\$51,292,000	\$548,999,000
1995	\$52,659,000	\$556,320,000
1996	\$54,868,000	\$555,979,000
1997	\$56,900,000	\$573,779,000
1998	\$51,955,000	\$599,598,000
1999	\$51,525,000	\$588,283,000
2000	\$54,395,000	\$652,405,000
2001	\$56,470,000	\$637,907,000
2002	\$57,492,000	\$728,857,000
2003	\$60,314,000	\$769,197,000
2004	\$62,286,000	\$824,453,000

SOURCE: FDIC: SUMMARY OF DEPOSITS MARKET SHARE

# Housing and Real Estate

Located near the Pomerene exit off of Interstate 10, Old Homestead is a planned-area community overseen by local developer Mark Fenn. Photo: J<sup>2</sup>



## The Benson Area Home Market

The Benson area home market includes the northwest quadrant of Cochise County, including the City of Benson, St. David, Mescal, Pomerene and J-Six.

## New and Existing Home Sales

In 2004, there were 204 new and existing homes sold in the Benson area market, up 35.1 percent from 151 in 2003. This reflects a period of record-low interest rates that helped along the housing market locally and nationwide. From June 2003 to June 2004, the federal funds rate, a major determinant of mortgage rates, sat at 1 percent, its lowest rate since 1958. But although the federal funds rate has increased steadily since June 2004, mortgage rates have been slow to respond. As the rate increased steadily from 1 to 2.25 percent between June and December 2004, 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.

The average price of a home sold in the Benson area in 2004 was \$116,586, up 19.3 percent from \$97,729 in 2002. The median price in 2004 was \$89,700, up 13.9 percent from \$78,749 in 2003. (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 high-priced homes can push the average price upward significantly).

The sharp increase in home prices reflects the increased demand for homes stimulated by lower interest rates. The Federal Reserve lowered rates to stimulate economic activity, but a danger typically associated with lower interest rates is higher inflation. In this case, the increased demand for housing relative to the housing

supply pulled prices upward significantly in what is commonly referred to as demand-pull inflation.

## Housing Affordability

Beginning in early 2005, the Cochise College Center for Economic Research (CER) began tracking housing affordability in the Benson area. 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 Benson was \$89,700. 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 Benson was \$37,388. 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 Benson for 2004 was 180.5. 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 that 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, Benson's HAI of 180.5 indicates that a family earning the median income of \$37,388 has 180.5 percent of the income necessary to qualify for a conventional loan covering 80 percent of a median-priced, single-family home in the Benson area.

To qualify for a conventional loan covering 80 percent of the cost of a median-priced, single-family home in the Benson area, a family would need to have an annual income of only \$20,718. Using this same methodology indicates that in 2004, a family in Benson earning the median income qualified for a conventional loan covering 80 percent of the value of a home costing \$161,000.

In tracking the HAI for Benson, the CER also computed the HAI for previous years dating back to 2002. From 2002 to 2003, housing became more affordable as the HAI moved from 198.5 to 205.3. The HAI then dropped to 180.5 in 2004; as mentioned previously, this is the result of the sharp increase in demand relative to the supply of homes available for sale in the Benson area home market.

## New Home Permits – Site-Built Homes

According to records maintained by the City of Benson, two new home permits for the construction of site-built homes within the city limits were issued in 2004, with an average home value of \$153,000. There were no new home permits for site-built homes issued in the first two months of 2005. (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.)

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

While new home construction has slowed within the city, numerous homes are being built in the unincorporated areas just outside the city limits. This is likely the result of the greater supply of land, which translates into lower prices per acre.

## NEW AND EXISTING HOME SALES – BENSON AREA

YEAR	NO.	AVERAGE PRICE*	MEDIAN PRICE*
2001	140	\$80,897	\$73,575
2002	192	\$93,828	\$74,583
2003	151	\$97,729	\$78,749
2004	204	\$116,586	\$89,700

\*INCLUDES VALUE OF LAND. SOURCE: LONG REALTY BENSON AFFILIATE.

## BENSON HOUSING AFFORDABILITY INDEX

YEAR	HAI	MEDIAN HOME PRICE	MEDIAN FAMILY INCOME	EFFECTIVE INTEREST RATE	MONTHLY PRINCIPAL & INTEREST PAYMENT
2002	198.5	\$74,583	\$36,652	6.69	\$385
2003	205.3	\$78,749	\$36,748	5.88	\$373
2004	180.5	\$89,700	\$37,388	6.03	\$432

SOURCE: COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH.

## NEW HOME PERMITS (SITE BUILT) – BENSON CITY LIMITS

YEAR	NO.	AVERAGE PRICE*
1999	5	\$100,837
2000	0	-N/A-
2001	2	\$104,000
2002	3	\$111,667
2003	0	-N/A-
2004	2	\$153,000
2005**	0	-N/A-

\*DOES NOT INCLUDE VALUE OF LAND.

\*\*JANUARY AND FEBRUARY ONLY. SOURCE: CITY OF BENSON.

## NEW HOME PERMITS (SITE BUILT) – OUTSIDE CITY LIMITS

YEAR	NO.	AVERAGE PRICE*
2001	28	\$98,462
2002	47	\$103,298
2003	75	\$124,795
2004	70	\$134,286

\*DOES NOT INCLUDE VALUE OF LAND.

SOURCE: BRIGHT FUTURE CONSULTING OF TUCSON.

## NEW HOME PERMITS (MANUFACTURED HOMES) – BENSON CITY LIMITS

YEAR	NO.	AVERAGE PRICE*
1999	11	**
2000	9	**
2001	11	\$37,273
2002	11	\$40,455
2003	14	\$40,714
2004	19	\$48,178
2005***	8	\$42,625

\*DOES NOT INCLUDE VALUE OF LAND. \*\*DATA NOT AVAILABLE.  
 \*\*\*JANUARY AND FEBRUARY ONLY. SOURCE: CITY OF BENSON.

## NEW HOME PERMITS (MANUFACTURED HOMES) – OUTSIDE CITY LIMITS

YEAR	NO.	AVERAGE PRICE*
2002	45	**
2003	35	\$50,283
2004	52	\$39,872

\*DOES NOT INCLUDE VALUE OF LAND. \*\*DATA NOT AVAILABLE.  
 SOURCE: COCHISE COUNTY PLANNING DEPARTMENT.

Another factor is lower property tax rates, since homes outside the city limits escape the city's property tax.

In 2004, there were 70 new homes built in the northwest quadrant of Cochise County, down from 75 in 2003, but up significantly from previous years. The average price of a new site-built home outside the city limits in 2004 was \$134,286, up 7.6 percent from \$124,795 in 2003.

New home construction prices are not as susceptible to demand-pull inflation as existing home prices, due to the ability of home builders to respond to increased demand by expanding their output in the short run, helping to keep prices down. This is particularly so in the unincorporated areas outside the city limits, due to the abundance of land. However, the prices of new homes are driven up somewhat by the increase in the price of existing homes, since an increase in the price of existing homes would make new homes comparably more affordable. This, in turn, puts upward pressure on the price of new homes, but not to the same extent as the increase in prices of existing homes. Rising energy prices are also a factor in rising prices, since this increases the cost of producing and transporting home building materials.

## New Home Permits – Manufactured Homes

The popularity of manufactured housing has been on the rise in the Benson area and throughout Cochise County in recent years. Many of these manufactured homes are built on permanent block foundations, and the overall quality has improved vastly over the mobile homes produced years ago.

In 2004, there were 19 manufactured home permits issued within the city limits. This is up from 14 permits issued in 2003. The average valuation of a manufactured home in 2004 was \$48,178, up 18.3 percent from \$40,714 in 2003. As with the new and existing home markets, the sharp increase in the price of manufactured homes in the city likely reflects the increased demand for homes, stimulated by lower interest rates, causing demand-pull inflation. An additional factor associated with manufactured homes is that lower interest rates serve to lower monthly payments, thus allowing manufactured home buyers to afford larger units with more amenities. Rising energy prices likewise have contributed to the increase in the price of manufactured homes due to the high transportation costs associated with delivering the homes from the factory to the home sites.

In the first two months of 2005, there were eight manufactured home permits issued within the Benson city limits, at an average value of \$42,625. The declining price likely represents higher interest rates in the first two months of the year, which raise monthly payments making homes less affordable, as well as creating an incentive to purchase smaller, less expensive models. Another factor is the long-run adjustments of manufactured home builders to the increased demand. Generally, an increase in demand will raise prices but only until suppliers increase their output to match the increased demand; at that point, prices tend to stabilize or even drop.

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

As with site-built homes, manufactured homes continue to be added to the unincorporated areas outside the city limits. In 2004, there were 52 new manufactured homes added in the northwest quadrant of Cochise County, up from 35 in 2003. The average price of a permit in the area outside the city limits in 2004 was \$39,872, down 20.7 percent from \$50,283 in 2003. The decrease in price of manufactured homes outside the city limits, compared to an increase in prices within the city limits presents an interesting situation. The difference is likely explained by the types of units being placed in each area. Units within the city limits likely are newer models, compared to a wider

variety of models in the county area, including pre-1976 mobile homes. In anticipation of the early-2005 adoption of the international building code, which restricts the placement of pre-1976 mobile homes that were not built to current standards, some owners of these older models may have moved them, resulting in an increase of permits issued but a significant lowering of the average value of the units. A review of the listing of 52 manufactured homes permits issued in 2004 revealed that 11 of these units were valued under \$10,000, indicating perhaps a relocation of older models.

### **A Note on Tracking New Home Construction**

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

In an effort to gain a better understanding of new home construction in the Benson area, the CER periodically queries Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC), concerning the number of new residential hookups it has installed. SSVEC reported adding 174 new electric hookups in the Benson area during 2004 and 37 new hookups during the first quarter of 2005. This provides an indication of the number of new residential units constructed.

### **Apartments**

According to the most recent census data, the median rent for an apartment in the City of Benson is \$452 per month (in 2004 dollars). Approximately 70 percent of rental units within the city are priced under \$800 per month. As of Census 2000, there were 515 renter-occupied units within the city.

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



A new water sewage treatment plant is located on Post and Perk roads. Photo: J<sup>2</sup>

**COMMERCIAL CONSTRUCTION PERMITS –  
NEW BUILDINGS**

YEAR	NO.	TOTAL VAUATION*
1999	8	\$1,975,757
2000	10	\$6,598,075
2001	6	\$1,233,197
2002	13	\$1,275,763
2003	6	\$4,552,953
2004	6	\$1,204,000
2005**	1	\$166,374

\*DOES NOT INCLUDE VALUE OF LAND.  
\*\*JANUARY AND FEBRUARY ONLY. SOURCE: CITY OF BENSON.

**COMMERCIAL CONSTRUCTION PERMITS –  
ADDITIONS AND REPAIRS\***

YEAR	NO.	TOTAL VAUATION
1999	5	\$78,400
2000	9	\$61,310
2001	10	\$308,600
2002	10	\$157,000
2003	10	\$1,876,000
2004	7	\$53,200
2005**	1	\$45,000

\*DOES NOT INCLUDE RE-ROOFING.  
\*\*JANUARY AND FEBRUARY ONLY. SOURCE: CITY OF BENSON.

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

YEAR	NO.	TOTAL VAUATION*
1999	13	\$2,054,157
2000	19	\$6,659,385
2001	16	\$1,541,797
2002	23	\$1,432,763
2003	16	\$6,428,953
2004	13	\$1,257,200
2005**	2	\$211,374

\*ADDITIONS AND REPAIRS DO NOT INCLUDE RE-ROOFING. DOES NOT INCLUDE PRICE OF LAND FOR NEW BUILDINGS. \*\*JANUARY AND FEBRUARY ONLY. SOURCE: CITY OF BENSON.

**Commercial Construction**

In 2004, there were six new commercial construction permits issued within the city at a total dollar valuation of \$1.2 million. In 2003, there were also six permits issued, but at a much higher valuation of \$4.6 million.

Of the past five years (2000-2004), calendar year 2002 was the most active in new commercial construction in terms of the number of new commercial building permits, with 13 permits being issued at a total valuation of \$1.3 million. The most active year during the same period in terms of the total dollar valuation of permits was the year 2000, when 10 permits were issued at a total valuation of \$6.6 million. Most of the high dollar valuation of permits in 2000 was attributable to the construction of the city's \$5.7-million wastewater treatment plant, which accounted for 86.4 percent of the total valuation of commercial permits for that year.

Commercial additions and repairs is another major category of commercial construction. This category includes additions or repairs to existing commercial business structures but does not include re-roofing, which is treated as a separate category of permits. The number of permits for commercial additions and repairs issued in 2004 dropped to seven, down from 10 each year for the previous three years. The dollar valuation was also down considerably at \$53,200, compared to \$1.9 million in 2003. For the first two months of 2005, the city issued one permit in this category at a total valuation of \$45,000.

Looking at commercial construction in a single year can often paint 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. Thus, it often is useful to look at several years to gain a more complete picture.

Comparing commercial development in different areas can also be complex, since the size of the local population weighs heavily on the amount of commercial construction undertaken, as well as the economic impact generated by the construction. For example, in the three-year period from 2002 to 2004, Benson experienced commercial construction of new buildings totaling more than \$7 million, while commercial construction for new buildings in neighboring Sierra Vista totaled \$26.8 million. However, adjusting for population size, Benson's commercial construction totaled \$1,470 per capita, while Sierra Vista's totaled only \$627 per capita over the three-year period. This indicates greater commercial construction relative to population in the Benson area, and also suggests that this construction would have a greater impact on the local economy than commercial construction in Sierra Vista.



Commercial construction thrives in Benson. Photo: J²



## Benson Area Agriculture

Beautiful mountain views and natural vegetation surround Benson. Photo: J2

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

Benson's growing area runs along the upper San Pedro Valley in northern Cochise County. Currently, about 800 acres of land are under crop production, but there is an estimated 6,000 acres of potentially cultivatable land. As of 1997, one 322-cow dairy located in Pomerene served the area. In addition, Benson and Pomerene have ostrich farms. Other agriculture in the area includes raising emus, horses, and range livestock. The CER extends a special thanks to the University of Arizona Cooperative Extension for their 1997 publication Agricultural Development Resource Manual and Marketing Strategy for Southeastern Arizona.

### **Cochise County Agriculture**

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 two or seven. Select data from the 2002 agriculture census were released in mid-2004. Other data sets should be available in late 2005.

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

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 increase in value.

The value of machinery and equipment per farm also increased during that time. In 2002, a typical farm had an average value of equipment and machinery of \$53,260, 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 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 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 in sales; Pinal County, with \$424.8 million in sales; La Paz County, with \$86.6 million in sales; and Graham County, with \$81.9 million in sales. Statewide, agriculture sales in 2002 totaled \$2.4 billion.

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, 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 DOLLAR TOTALS	1997 NO. FARMS	1997 DOLLAR TOTALS
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

Businesses, busy streets, and scenic views make Benson a popular location for commerce and tourism.

Photo: Kimberly Kelso

Tourism plays an important role in the economies of Benson and the greater San Pedro Valley area. Dollars spent by tourists in the local area represent new money to businesses and to the overall economy. Jobs in the service and trade sectors, specifically accommodation and restaurant and bar, are directly tied to the volume of tourism. With the November 1999 opening of Kartchner Caverns State Park, located 12 miles south of Benson on Highway 90, the Benson area economy has benefited from increased tourism.

The increase in tourism-related revenue is a combination of more tourists visiting the area and the increased supply of tourism-related services. Nine hotels and motels in Benson provide 398 rooms. There are 16 recreational vehicle and trailer parks available in Benson, with 1,750 spaces for long- and short-term rental. Several bed and breakfast facilities are located in the surrounding area. Benson offers diverse places to dine, with 19 sit-down restaurants, six fast-food establishments, and a new establishment scheduled to open in 2006. Privilege tax receipts for 2004 and early 2005 indicate an upturn in the accommodation industry, which includes hotel, motel, and other lodging. Refer to the retail sales section of this publication for detailed information on performance of the accommodation industry.

In 2004, the Benson Visitor Center received an average of 938 walk-in visits per month. Between January and April 2005, walk-in visits averaged 1,634 visits per month, up 3.6 percent from 1,577 visits during the same period in 2004. January through April of each year tends to be the busiest period for tourist inquiries. Nearly 60 percent of inquires in 2004 occurred during this four-month period.

Tourist events and attractions can have a dramatic impact on the local economy. Benson's Territorial Days in February and Butterfield Overland Stage Days in October attract a returning crowd of visitors. The Amerind Foundation, which maintains a

Motorists passing through Benson on Interstate 10 or Highway 92 can fill their tanks and look for souvenirs at Gas City. Photo: Kimberly Kelso



nearby museum of Native American culture and North American history, receives more than 10,000 visitors a year. Holy Trinity Monastery gathers hundreds at its seasonal festivals in nearby St. David, and Kartchner Caverns averages more than 16,000 visitors per month. In 2004, Kartchner Caverns had 203,464 visitors, up 3 percent from 2003. This was the highest number of visitors since the park opened in late 1999. Kartchner Caverns accounted for 51.4 percent of all visits to state and national parks in Cochise County in 2004.

### **Cochise County Visitor 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 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.

Specific findings of the 2001 Cochise County Visitor Survey were:

- Two-thirds of visitors arrived by automobile or rental car.
- Ninety-five percent of visitors were of domestic origin and 5 percent were foreigners. The largest percentage of foreigners was from Canada.
- Among domestic visitors, slightly more than one-third (36%) were Arizona residents. The large majority of these resided in the Phoenix metropolitan area, although the most important single city of origin is Tucson.
- Among out-of-state visitors, Californians comprised the largest segment, followed by residents from Texas, New York, Washington, and Michigan. (These states ranked among the top 10 states for Arizona tourism generally.)

- The vast majority of visitors (85%) were on leisure vacations; 15 percent were in the county for business-related reasons.
- The average length of stay for leisure visitors was 7.6 nights; business visitors' average length of stay was 19 nights (including long-stay military personnel).
- Visitors chose a particular community for overnight accommodations based largely on proximity to an attraction in the county. Availability and price of accommodations, and driving distance from the previous night were secondary considerations.
- The most important visitor attractions were 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 included a cross-border trip to Mexico; the purpose was general sightseeing or shopping. Two-thirds crossed at Agua Prieta.
- The average visitor party size was two people; only 10 percent of travel parties included children.
- The average age of visitors was 52 years.
- Seventy percent of visitors had annual household incomes above \$50,000.
- Leisure visitors spent an average of \$109 per person per day; business visitors (including military personnel who tended to have longer stays) spent an average of \$77 per person per day.

The visitor survey estimated tourist expenditures at the community level, as well as 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 the county.

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



## PARK VISITATIONS, 1990-2004

	CORONADO NATIONAL MEMORIAL	FT. BOWIE NATIONAL HISTORIC	TOMBSTONE COURTHOUSE STATE HISTORIC	CHIRICAHUA NATIONAL MONUMENT	KARTCHNER CAVERNS STATE PARK*
1990	56,993	7,592	65,649	78,191	—
1991	61,893	7,859	69,828	88,710	—
1992	69,179	9,237	57,902	96,692	—
1993	81,685	9,192	68,761	125,641	—
1994	86,668	11,022	89,898	88,544	—
1995	92,100	10,574	99,321	100,916	—
1996	93,656	10,656	99,016	102,605	—
1997	88,624	9,623	71,050	82,856	—
1998	90,565	9,168	74,335	73,746	—
1999	87,183	9,390	72,129	102,541	23,507
2000	84,898	8,898	70,872	91,960	190,605
2001	89,107	8,858	74,519	76,022	192,289
2002	88,487	8,290	63,935	62,285	191,661
<b>2003</b>					
Jan	7,057	952	4,480	5,473	16,074
Feb	7,616	959	5,914	4,961	17,844
Mar	9,420	1,420	7,816	7,620	20,125
Apr	9,774	846	5,094	7,055	18,611
May	8,488	627	3,843	4,967	14,989
Jun	7,031	353	3,162	3,047	13,417
Jul	7,275	350	3,054	2,550	13,538
Aug	7,339	350	2,590	2,211	25,560
Sept	6,498	816	2,347	1,635	7,460
Oct	7,236	670	3,494	4,044	14,493
Nov	7,181	816	3,684	3,390	17,298
Dec	6,899	714	3,943	1,610	18,105
Annual	91,814	8,873	49,421	48,563	197,514
<b>2004</b>					
Jan	7,001	1,048	5,914	4,781	23,097
Feb	7,881	1,385	4,720	6,479	23,554
Mar	8,876	1,651	7,816	9,702	27,906
Apr	8,500	1,263	6,247	3,541	21,470
May	8,938	628	3,968	2,620	13,873
Jun	7,378	333	2,800	1,563	10,562
Jul	6,646	435	3,074	1,841	13,766
Aug	7,185	309	2,699	1,631	10,297
Sep	7,591	383	2,688	1,697	8,070
Oct	7,755	696	3,613	3,282	17,182
Nov	6,934	646	3,570	2,226	18,589
Dec	7,411	706	2,778	1,813	15,098
Annual	92,096	9,483	49,887	41,176	203,464

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

Kartchner Caverns State Park draws numerous visitors to Benson and Cochise County. Call (520) 586-4100 for tour information. Photo: Kimberly Kelso

# Calendar of Events

A bull rider competes at the Benson Stronghold Pro Rodeo Finals put on by the Western Skies Rodeo. Photo: Jim Davidson, Courtesy of Benson/SPV Chamber of Commerce



The Benson area offers a diverse selection of cultural and community activities. The following calendar lists a portion of these events. Interested individuals also will find a variety of special events and activities scheduled throughout Cochise County. For more information on upcoming events, call the Benson Visitor Center at (520) 586-4293, e-mail at [bensonvisitorctr@theriver.com](mailto:bensonvisitorctr@theriver.com), or visit [www.cityofbenson.com](http://www.cityofbenson.com).

## 2005

### JULY

4 ..... July Fourth Celebration

### OCTOBER

8-9 ..... Butterfield Stage Days Butterfield Rodeo  
 9 ..... Annual Chamber Golf Tournament  
 14-16 ..... Southern Arizona Harley Riders Biker Rodeo

### NOVEMBER

12-13 ..... Benson Stronghold Rodeo Finals  
 20 ..... Thanksgiving Fiesta  
 21 ..... Singing Wind Bookshop's Thanksgiving Fiesta of Books

### DECEMBER

3-5 ..... Cascabel Christmas Fair  
 10-12 ..... Christmas on Main Street  
 Christmas Auction - to be announced

## 2006

### FEBRUARY

11-12 ..... Territorial Days  
 18-19 ..... 3rd Annual Antique Tractor Pull & Engine Show

### MARCH

4 ..... Business Expo  
 18 ..... 7th Annual Swing into Spring Golf Tournament

### MAY

20 ..... 3rd Annual Benson Fly-In & Open House



## The City Manager's Perspective

*Boyd Kraemer, Benson City Manager, provides the following view.*

A new park is in the future for Fourth Street in Benson. Photo: J²

### **New Housing and Retail Development**

Benson has started to experience growth. There are a number of projects that have been planned for many years that have broken ground this year. The new Whetstone Corporate Center's infrastructure is almost complete. Also, plats have been approved for new residential subdivisions, such as The Canyons at Whetstone Ranch. Several other new residential projects are underway at this time. Old Homestead subdivision has added 26 lots, and KB Homes is considering 71 lots. Diamond Ventures, proposing the Smith Ranch development, has received approval at this time with Cochise County and, when constructed, will impact the City of Benson. Pulte Homes/Del Webb has also been investigating the development of the southern portion of Whetstone Ranch. What is contemplated by Pulte Homes at this time is an "Anthem" master-planned-community concept, which, if approved, would result in Benson being among the most beautiful and unique communities in Cochise County. Benson has caught the eye of retail developers as well. Wal-Mart Corporation has received zoning approval for a super store on Fourth Street in the vicinity of Prickly Pear Street. Site plans have been approved for a retail shopping center on Fourth Street south of Easy Street. Both projects are in the final planning stages. A major restaurant proposed by the developers of the Holiday Inn Express should be breaking ground in the very near future.



**BOYD KRAEMER, BENSON CITY MANAGER**

### **Golf Courses and Community Brand Marketing**

The openings of two local golf courses highlighted the past several years, and it is reported these two recreational businesses have significantly contributed to the local tourism economy. The Benson Visitor's Bureau, which is in the process of re-branding the community's image, has made significant strides in advertising, print media and

special event promotions during the past year. Closer coordination with the Cochise County Tourism Council, in addition to TEAM cooperative advertising, adds additional resources to this important function. A volunteer program was also embraced this year with great results thus far providing more hours of operation and greater penetration of information throughout the community.

### **Economic Efforts**

With the changes in the greater Tucson area with the GTEC organization being incorporated within a different city/county group, the City of Benson will be experiencing a transition period in the next year. The city understands the need and requirement for collaborative partnerships with regional organizations, the county, school districts, and private organizations. Cochise County will be assisting the city with data collection, web mails, and information sharing, yet each individual city and town will have the primary responsibility for economic efforts.

### **New Airport Improvements**

The Benson Municipal Airport continues major improvements this year and into the first part of 2006. Additional capital improvements will consist of more than \$1 million for the east apron capital improvements. This project will provide additional transient and long-term aircraft parking space. These improvements are funded with Federal Aviation Administration grants. An updated five-year plan also will be undertaken this year, along with a required environmental assessment plan. Both of these important documents will serve as the foundation for future grants, private investment and city development. The master plan and the environmental report were funded by state and federal grants.

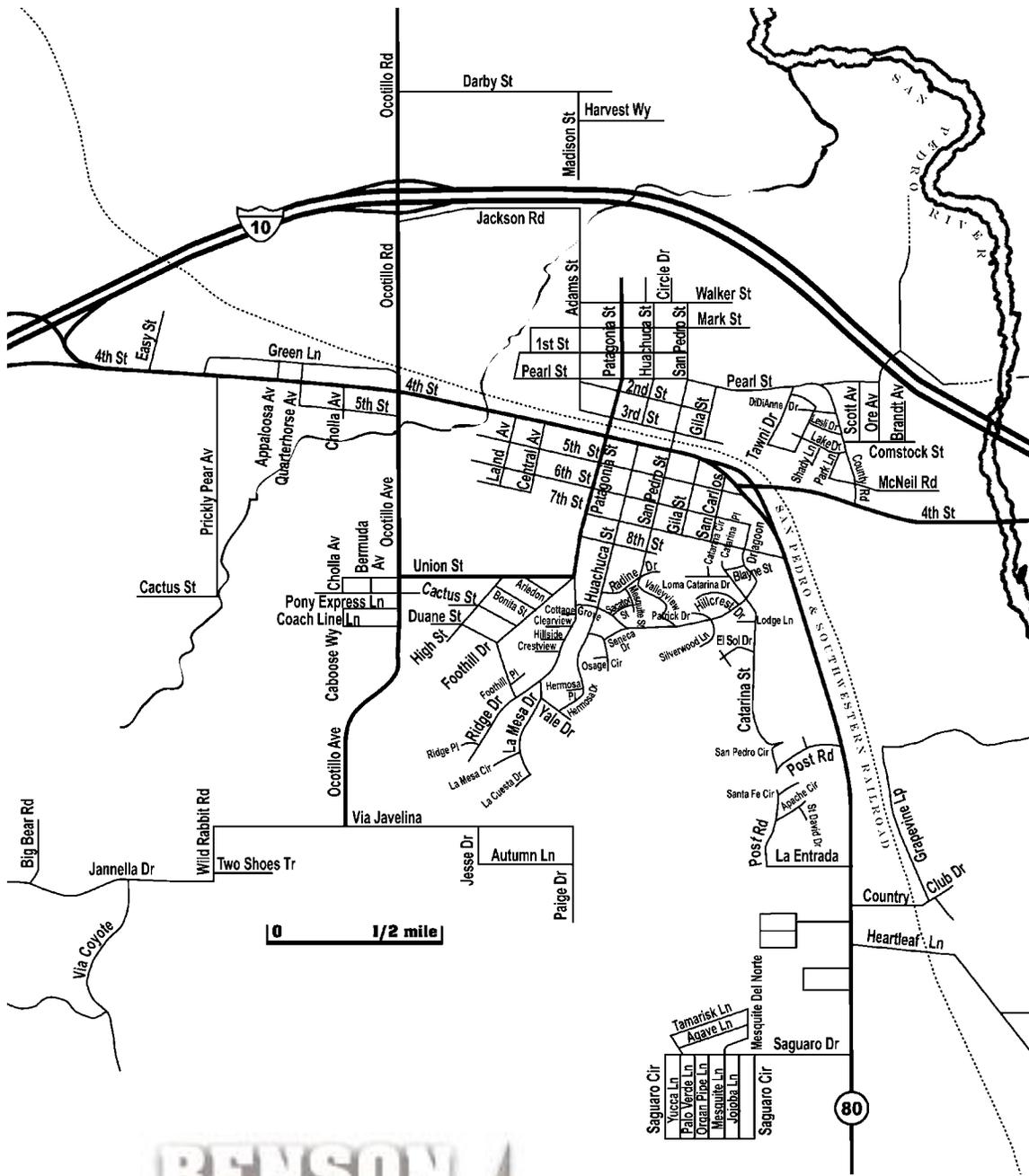
### **Kartchner Caverns State Park**

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

### **Wastewater Treatment Facility**

The city's new wastewater treatment facility came online this past year and is functioning according to expectations. An additional wastewater facility is under construction off of Post Road at an estimated cost of more than \$11 million. This new plant, which has been designed and built to serve the Whetstone Ranch development, will deliver water that exceeds both federal and state wastewater discharge standards. Estimated construction time is 12 to 18 months.

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



**BENSON**  
ARIZONA

## About the Center

The Center for Economic Research is located at the Sierra Vista Campus of Cochise College. Photo: Gill Kenny



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

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

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



## Cochise College Resources

Jeanie Mangold, director of the Cochise College Benson Center, is ready to meet the educational needs of Benson and Upper San Pedro Valley residents. Photo: Gill 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 Campuses. In Sierra Vista, call (520) 515-5457, or call (520) 417-4750 in Douglas. Tech Prep is located in the CSC building on the Sierra Vista Campus. For more information contact Rhonda Douglas, coordinator, at (520) 515-5347.

### **Center for Economic Research (CER)**

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

### **Cochise County One-Stop Center**

Cochise College, in partnership with Cochise County Workforce Development 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 Sierra Vista Campus located in the CSC centers, or the virtual site at [www.cochise.edu/onestop](http://www.cochise.edu/onestop). Phone (520) 515-5457 or (520) 515-5458.

## CONTACT THE CENTER FOR ECONOMIC RESEARCH

### 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

### GOVERNING BOARD

Mrs. Jan Guy, Chair  
Dr. Michael Carter, Secretary  
Mrs. Jane C. Strain, Member  
Dr. John 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

### CENTER STAFF

Robert Carreira – Economic Analyst  
V. Tina Gilbertson – Administrative Assistant, Sr.  
Matt Jarboe – Sr. Data Analyst  
Iris Dugan – Office Assistant

### ECONOMIC FOCUS LUNCHEON PLANNING COMMITTEE MEMBERS

Jack Crask – Sulphur Springs Valley Electric Cooperative, Inc.  
Dennis Criswell – Sierra Southwest Cooperative Services, Inc.  
Marcus Harston – Sulphur Springs Valley Electric Cooperative, Inc.  
Boyd Kraemer – City of Benson  
Jeanie Mangold – Cochise College Benson Center  
Mahlon McKenzie – Long Realty – Benson Affiliate  
Kathy Moreno – Sierra Southwest Cooperative Services, Inc.  
Beverly Stepp – Benson Chamber of Commerce

### PUBLICATION STAFF

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

The Cochise College Benson Center provides undergraduate courses in a beautiful setting that overlooks the city and surrounding valley. Photo: Gill Kenny

## Small Business Development Center (SBDC)

The SBDC provides free one-on-one counseling on any small-business topic, including marketing, financial planning, business planning, computer information systems, human resource management, government procurement, record keeping, and more. The SBDC sponsors workshops and seminars on a variety of topics designed specifically for 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.

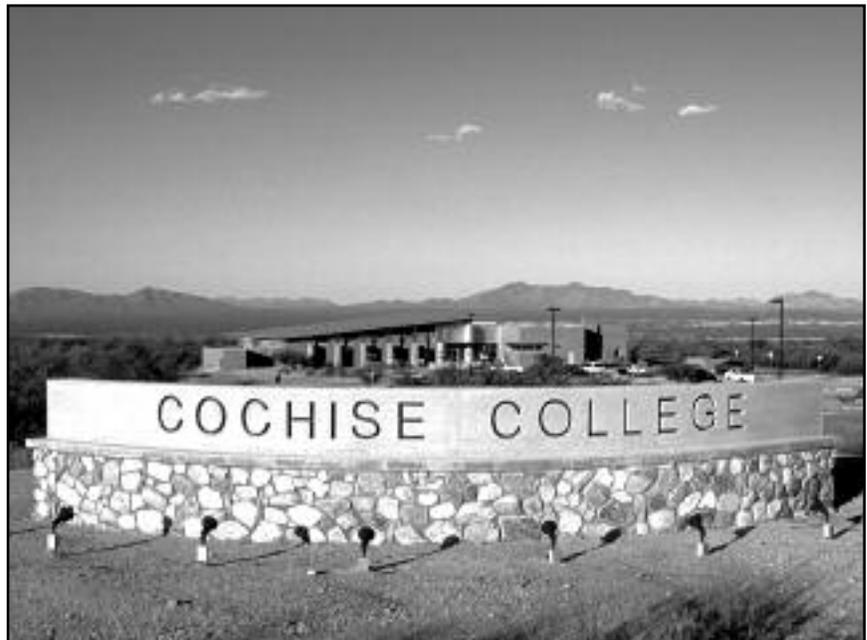
## Center for Southwest Studies

Cochise County is unique in its combination of historical and natural attractions. These factors and its border location makes Cochise College the logical setting for a center dedicated to exploring, disseminating and protecting cultural and natural resources and contributing to the economic development of the region. The Center for Southwest Studies has been 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 for Southwest Studies 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, Cochise College 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. Classes are available on week days, weekends and in the evenings.

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





## Community Resources

Benson businesses have quick access to the railroad and Interstate 10. Photo: Kimberly Kelso

### Benson-San Pedro Valley Chamber of Commerce

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

### Benson Visitor Center

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

### Sulphur Springs Valley Electric Cooperative (SSVEC)

Sulphur Springs Valley Electric Cooperative is a non-profit, member-owned distribution cooperative providing electricity to more than 46,000 services over some 3,800 miles of energized line. Located in southeastern Arizona, the cooperative's service territory covers parts of Cochise, Graham, Pima, and Santa Cruz counties and includes the communities of Sierra Vista, Huachuca City, Patagonia, Elfrida, Benson, St. David, Bowie, San Simon, Willcox, Sonoita, and Pearce-Sunsites. Phone (800) 422-9288 or (520) 586-2238 or visit [www.ssvvec.org](http://www.ssvvec.org).

### IMPORTANT NUMBERS

EMERGENCIES	911
BENSON POLICE DEPARTMENT	(520) 586-2211
COCHISE COUNTY SHERIFF	(520) 586-2221
BENSON FIRE DEPARTMENT	(520) 586-2245
AMBULANCE	(520) 586-9454
BENSON HOSPITAL	(520) 586-2261
BENSON CITY HALL	(520) 586-2245
BENSON COMMUNITY DEVELOPMENT	(520) 586-2245
BENSON BUILDING AND ZONING	(520) 586-2003
BENSON BUILDING INSPECTOR	(520) 586-2003
BENSON WASTEWATER TREATMENT PLANT	(520) 586-3222
BENSON ANIMAL CONTROL	(520) 586-3600
COCHISE COLLEGE BENSON CENTER	(520) 586-1981

# Benson Economic Focus Luncheon

Many local, county, and regional officials and business leaders enjoy the Benson Economic Focus luncheon.

Photo: Denise Merkel



Each year in June, the Center for Economic Research holds the annual Benson Economic Focus Luncheon. This event includes a luncheon and program typically drawing an audience of nearly 200 attendees. For the past several years, the luncheon has sold out. Make plans to attend the Ninth Annual Benson Economic Focus Luncheon set for June 8, 2006, at the Cochise College Benson Center. Call the Center for Economic Research for details or for registration information.

What follows is a review of the forecast presented at the economic luncheon in June 2004 and an examination of how well that forecast met reality. Following that is a summary of the forecast for 2005 presented at the June 9, 2005, luncheon.

## **A Review of the Forecast for 2004**

Last year's forecast called for an unemployment rate in Benson between 5.1 and 5.4 percent. The actual unemployment rate came in slightly better than expected at 5 percent. Job growth was forecasted to occur at a rate between 2.8 and 3.3 percent. Actual job growth came in as expected at 3.3 percent.

Total taxable sales for 2004 were forecasted to grow at a rate of 4 to 6 percent. Actual growth in total taxable sales came in much lower than expected at 0.8 percent. Retail sales, the largest subcategory of total taxable sales, were forecasted to grow between 2.5 and 4.5 percent. Growth in retail sales came in lower than expected at 1.8 percent. Restaurant and bar sales were forecasted to grow between 5 and 7 percent. Performance in this category was considerably weaker than expected, with growth of -3.3 percent. Accommodation receipts were forecasted to grow by 1 to 3 percent. Actual receipts performed better than expected, with growth coming in at 5.9 percent.

The slower growth in most categories of sales was likely the result of rising interest rates in the second half of the year, which raised the cost of consumer credit, thus

discouraging this type of borrowing. Accommodation performed better than expected, likely due to the declining value of the U.S. dollar relative to foreign currencies, which made traveling in the U.S., including in Arizona, Cochise County, and Benson, a more affordable option for foreign travelers.

Home sales for 2004 were forecasted to increase by 5 to 10 percent. Actual sales were much higher than expected, showing an increase of 35.1 percent. This was likely the result of mortgage rates not responding as expected to increases in the federal funds rate in the second half of the year, as well as increases in the population, particularly in the unincorporated areas outside the city limits.

## A Forecast for 2005

Expect job growth to continue through 2005, albeit at a slower rate than in 2004. Job growth for 2005 is expected to be 2.4 percent. This trend should continue into 2006. The unemployment rate for 2005 is expected to climb slightly to 5.4 percent. The higher unemployment rate and slower job growth are expected to result from the national government's current movement toward a tighter monetary policy as a measure to restrain inflation. There typically exists a tradeoff between unemployment and inflation in the short run. As interest rates rise to curb consumer spending, this translates into an increase in unemployment and slowed job growth.

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 and higher unemployment. Another factor contributing to the anticipated higher unemployment rate is the revision of Arizona Department of Economic Security employment data for 2004, which was underway at the time this publication went to press. Initial indications are that unemployment rates countywide for 2004 will be adjusted upward slightly.

### COCHISE COUNTY JOBS AND JOB GROWTH PROJECTIONS, 2005-2008

	2005		2006		2007		2008	
	NUMBER	GROWTH	NUMBER	GROWTH	NUMBER	GROWTH	NUMBER	GROWTH
<b>Total Number of Jobs</b>	53,650	2.5%	54,975	2.5%	56,300	2.4%	57,625	2.4%
Nonfarm Jobs	35,700	1.6%	36,400	2.0%	37,175	2.1%	37,875	1.9%
Private Sector Jobs	23,950	1.5%	24,475	2.2%	25,075	2.5%	25,600	2.1%
<b>Goods Producing</b>	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%
<b>Service-Providing</b>	32,125	1.3%	32,650	1.6%	33,275	1.9%	33,800	1.6%
<b>Private Service</b>								
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%
<b>Government</b>	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.



Benson's downtown business district includes the Candy Station, left, which is preparing to open, and the Arizona Saddle Blanket Company, right, which has been in operation for more than a year. Photo: J<sup>2</sup>

Overall, total taxable sales can be expected to grow at 3 percent, roughly at the rate of inflation.

At the county level, job growth is expected to average 2.5 percent over the next four years. The categories experiencing the fastest job growth are likely to be mining and construction; financial activities; educational and health services; and the federal government (see table on previous page).

Expect retail sales to show growth of 3.2 percent over the next year, at or slightly above the rate of inflation. Restaurant and bar sales can be expected to grow at 2.7 percent, at or slightly below the rate of inflation. Accommodation receipts can be expected to grow by 4 percent, slightly ahead of inflation. Overall, total taxable sales can be expected to grow at 3 percent, roughly at the rate of inflation. The projected slower growth in sales is attributable to a tighter monetary policy at the federal level that will curb personal consumption expenditures. The accommodation sector should outperform the other sectors as the declining dollar relative to foreign currencies makes vacationing in the United States, including Arizona, Cochise County, and Benson, a more attractive option to foreign travelers.

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 that 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 homes prices, and less so 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, and as interest rates increase the tendency should be toward lower loan amounts. With this in mind, expect existing home sales activity to drop to 178 new and existing homes, down considerably from 2004 but still higher than the 2003 level. The market for manufactured homes may drop if energy prices remain high, pushing up the cost of new units.

Commercial development remains difficult to forecast at the sub-county level; and, as mentioned, this data is more valuable when viewed over a period of several years rather than any one single year.

## **Forecasting Credentials, Robert Carreira, Economic Analyst**

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.

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, Ala. He also holds a bachelor of arts degree in sociology from Saint Leo University, Fla., and an associate of applied science degree in police science and administration from Austin Pay State University, Tenn. He is currently working toward a doctorate 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.

Additional copies of the Benson Prospectus are available. Economic publications are also available for Sierra Vista, published annually in March; Douglas, published annually in September; and Bisbee, published annually in December. The Center's quarterly newsletter, The Indicator, is available free of charge. For more information, please contact the Center for Economic Research at (520) 515-5486.