

*“If you do not think about the future,
you cannot have one.”
John Galsworthy*

I. INTRODUCTION

Regional collaboration is becoming more critical than ever before. Nowhere is this more evident than in Northern Arizona. The current economic downturn has hit Arizona hard and Northern Arizona, though not as dependent as the Phoenix and Tucson Metropolitan Areas on new housing growth, is also struggling. Arizona’s economy is highly dependent upon the success of the Phoenix Metropolitan Area. For example, Northern Arizona’s second home market has suffered due to the downturn because most of those second homeowners are from the major metropolitan areas.

Northern Arizona Council of Governments (NACOG) is a nonprofit membership corporation representing local governments to provide a wide variety of services within the four Arizona counties of Apache, Coconino, Navajo, and Yavapai. NACOG has been a catalyst for regional planning for Northern Arizona. NACOG and its partners in Northern Arizona, through the Comprehensive Economic Development Strategy (CEDS), have taken the leadership role to address critical issues facing the region, drive policy changes, and champion projects that will ensure long-term sustainability. Through this regional collaborative approach, Northern Arizona has experienced great successes.

A. CEDS Update Process

The Northern Arizona Council of Governments, Economic Development District (EDD) was designated in 1998 by the U.S. Department of Commerce – Economic Development Administration (EDA). The EDD serves the entire NACOG region. The EDA developed the CEDS program as a means of evaluating and quantifying Districts across the country. The purpose of a CEDS is to assist EDA and the EDD in establishing regional priorities for projects and investments. A CEDS is intended to promote economic development and opportunity, foster effective transportation systems, enhance and protect the environment, and balance resources through sound management of development.

The EDD partnered with Arizona Public Service Company (APS) to develop the CEDS that was adopted in June 2000 and has worked with the region again to complete this update. APS has been committed to working with NACOG and Northern Arizona on their community and economic development issues for decades. NACOG utilized the Focused Future process that was developed by APS to complete the update. Focused Future is a comprehensive, cooperative strategic planning process that evaluates the region’s competitive advantage and identifies specific strategies to create jobs and foster more stable and diversified economies while improving the region’s quality of life.

The EDA has been very supportive of the EDD. Since the CEDS was created it underwent a comprehensive update in 2004 and provided annual work program updates since that time. Due to the changes within the

region, the economic downturn experienced across the country, and the success of the fire and beetle recovery that the 2004 CEDS Update addressed, the NACOG-EDD Economic Development Committee (EDC) embarked on an update to the CEDS in summer 2009.

The NACOG-CEDS Update 2010-2015 basically answers the questions “Where are we today?” and “Where do we want to be in the future?” Specifically, the CEDS Update includes:

- Description of the EDD’s problems, needs, opportunities and resources;
- Identification of the region’s vision and goals;
- Outline of the strategic direction embodied in the action plan;
- Identification of priority projects for implementation; and
- Update of community indicators that provide a baseline against which the region measures future progress.

B. NACOG Regional Council

The NACOG is a nonprofit membership corporation representing local governments to provide a wide variety of services within the four Arizona counties of Apache, Coconino, Navajo and Yavapai. A Council of Governments (COG) or Regional Council is the public organization encompassing the multi-jurisdictional regional community. The NACOG Regional Council includes:

Mr. Robert Adams, Private Sector, Navajo County	Mayor Robert Adams, City of Sedona
Supervisor Liz Archuleta, Coconino County	Vice Mayor Kerry Ballard, Town of Snowflake
Mayor Robin Boyd, City of Winslow	Councilwoman Karla Brewster, City of Flagstaff
Senator Jack Brown, State of Arizona	Mr. Stephen Calvin, Navajo Nation
Councilman Wade Carlisle, City of Holbrook	Mayor John Cole, Town of Taylor
Vice Mayor Rennie Crittenden, City of Show Low	Councilman Lew Currier, Town of Jerome
Supervisor Chip Davis, Yavapai County	Supervisor J.R. DeSpain, Navajo County, Chairman
Mayor Lyle Dimbatt, City of Page	Councilman Gary Finch, Town of Eagar
Councilwoman Norma Garrison, Town of Camp Verde	Mr. Tom Hansen, Private Sector, Apache County
Mr. Todd Honyaoma, Hopi Tribe	Mr. Jack Husted, Private Sector, Apache County
Mayor Dixie Lee Judd, Town of Fedonia	Councilman Duane Kirby, City of Cottonwood
Councilman Bob Luzius, City of Prescott	Mr. Mike Makowski, Private Sector, Coconino

	County
Ms. Cindy May, APS Northeast Region, Private Sector, Coconino County	Councilwoman Gloria Moore, Town of Chino Valley
Mayor John Moore, City of Williams	Mayor Mary Nedrow, Town of Springerville
Supervisor Jonathan Nez, Navajo County	Mayor Fred Nielsen, City of St. Johns
Vice Mayor Lora Lee Nye, Town of Prescott Valley	Ms. Iris Parades, NACDAB
Mr. Norman Perry, Private Sector, Yavapai County	Supervisor Matt Ryan, Coconino County
Mayor Luke Smith, Town of Pinetop-Lakeside	Supervisor Thomas Thurman, Yavapai County, Vice Chairman
Mr. Phil Tovrea, Private Sector, Yavapai County	Mr. Larry Vicario, Private Sector, Navajo County
Supervisor Tom White, Apache County	Vice Mayor Jerry Wiley, Town of Clarkdale
Councilwoman Nancy Wright, Town of Dewey-Humboldt	

C. NACOG Economic Development Committee

The activities of the EDD and CEDS 2010-2015 have been overseen by the Economic Development Committee (EDC) representing communities within the EDD and state stakeholders such as the Department of Commerce, Government Information Technology Agency (GITA) and Regional Workforce, and transportation partners. The EDD's collective regional and economic expertise and knowledge was invaluable in defining resources and needs. The members include:

Chair - Bill Greenwood, Town of Eagar, City Manager	Vice-Chair - Casey Rooney, City of Cottonwood
Chair at-Large - Kelly Udall, Town of Pinetop-Lakeside Town Manager	J.R. DeSpain, Navajo County, Supervisor
Carol Curtis, Coconino County, LWIA	Sherry Bailey, Town of Clarkdale
Judy Bratcher, Apache-Navajo Counties LWIA	Jane Bristol, City of Prescott
Kevin Burke, Coconino County, City Manager	Karson Crosby, Apache County, Private
Eric Duthie, Town of Taylor, Town Manager	Jim Ferguson, City of Winslow, City Manager
Jodie Filardo, City of Sedona	Norma Garrison, Town of Camp Verde, Town Council

Tom Hansen, Utility Solar Engineering, Private	Nina Heflin, Hampton Inn, Private
Tammie Herrick, Apache County	Jeff Hill, City of Holbrook Mayor
Richard Jentzsch, City of Page, Assistant Manager	Karalea Kowren, Northland Pioneer College
Doug Lavarney, APS Joseph City, Private	Lita Loesch-Cox, Interior Focus – Sedona
Gregory Martin, City of St. Johns, City Manager	Cindy May, APS Northeast Region, Private
Steve North, City of Show Low	Norman Perry, Humboldt, Private
Cynthia Stuart, Holbrook, Private	Supervisor Carl Taylor, Coconino County
Paul Watson, Town of Snowflake, City Manager	Ed Whitewater, Kayenta Township
Partners:	
Rosalyn Boxer, Arizona Dept. of Commerce	Chris Fetzer, NACOG
Galen Updike, GITA	
Staff:	
Teri Drew, Regional Director, NACOG	

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*“Good communities happen by choice, not by chance.”
Margaret Thatcher*

II. EDD ECONOMIC ANALYSIS

The EDD is a four-county region covering over 47,786 square miles. The area is approximately the size of Pennsylvania and comprises over 40% of Arizona’s land area. The EDD includes the counties of Apache, Coconino, Navajo and Yavapai. The EDD is bounded by New Mexico to the east, Utah to the north, Mohave

County to the west, and Maricopa, Gila, Graham and Greenlee Counties to the south.

The political jurisdictions within the region include 22 incorporated communities, nine Indian Tribes (i.e., Navajo Nation, Hopi Nation, White Mountain Apache, Zuni, Havasupai, Hualapai, Camp Verde Yavapai-Apache Nation and Prescott Yavapai Nation, and a small portion of a Kaibab-Paiute reservation), as well as the four counties.

The EDD includes all or most of the five National Forests (i.e., Prescott, Kaibab, Coconino, Apache and Sitgreaves) and a small part of the Tonto. The Bureau of Land Management (BLM) lands fall under two districts, the Phoenix District for lands south of the Grand Canyon and Arizona Strip District, centered in St. George, Utah for land to the north. The eleven National Parks, Monuments and Recreation Areas (e.g., Grand Canyon) are under the National Park Service; while the Bureau of Reclamation has responsibility for Glen Canyon Dam, which forms Lake Powell, which is under the Department of the Interior.

In some areas, Special Districts have been formed to provide specific improvements or services, including fire protection, publicly owned wastewater treatment facilities, roads and sewers, and lighting.

Growing and Declining Industries The EDD's industrial structure, though improved, is still limited. The dynamic industries are limited to small manufacturing industries such as medical instruments, which can be traced to one firm in the region (W.L. Gore) or to small miscellaneous manufacturing related to items for the tourism trade. A third industry that has been hard hit by the recession is the development or real estate industry, particularly in historically fast-growing areas of Yavapai and Coconino Counties.

Stable industries are dominated by federal and state government payrolls, though this industry has also been hit by the recent recession. All levels of government have seen layoffs and cutbacks of services due to shrinking revenues. The federal government includes the National Park Service, the U.S. Forest Service, the Bureau of Land Management, the Bureau of Indian Affairs, and others that manage activities and services among the broad federal land holdings and Indian reservations in the EDD. State government employment is concentrated at Northern Arizona University and the educational industry. These agencies provide much stability to employment and income in the EDD, although by their very nature they do not create much dynamism for the regional economy.

Tourist-based industries that include restaurants and lodging have been hard hit by the recession but still play a major role in the regional economy. The EDD is still highly dependent upon maintaining and growing the tourism industry.

Regional Housing The EDD includes diverse climates, terrains, history, cultures, populations, interests and community needs. The 2009 population of the NACOG region is estimated to be 571,966. According to the Housing Arizona: Arizona Department of Housing FY 2008 Annual Report (November 13, 2009; www.azhousing.gov), the Northern Arizona region has well over 200,000 housing units. The majority of housing units in this region are single family homes. The region has a significant number of mobile homes – which make up nearly 21% of the area housing stock. Approximately 11% are multi-family rental units. Thirty-three percent of the housing units in this four-county region were built since 1990. In Yavapai County that figure is even higher at over 44%.

Within this region, the cities of Flagstaff and Prescott are both considered entitlement communities by the federal government, for purposes of accessing the Community Development Block Grant (CDBG) program with direct allocations. The Arizona Department of Housing provides CDBG to other area municipalities and

counties and NACOG administers this program.

In FY2008, the Arizona Department of Housing committed over \$45.8 million in resources to this region. Over 38,000 residents are expected to benefit from these investments in some manner, mostly through the CDBG program.

Within the region a significant number of first-time homebuyers were assisted into new or existing units during FY2008 by accessing the homeownership assistance programs of either the Arizona Department of Housing or the Arizona Housing Finance Authority. Between the Mortgage Credit Certificate Program, Mortgage Revenue Bond Program and the Homes for Arizonans Program, over \$10.6 million in financial resources provided 197 homebuyers with assistance.

Homeless funding through the Supportive Housing Program assisted nearly 300 homeless people with over \$1.1 million in assistance, utilized primarily for rental assistance and supportive services.

Measures of Comparative Analysis Continuing to monitor the EDD's competitiveness and preparedness in terms of business location factors is critical. Though these measures will vary from county to county or even areas within counties, it is important for the EDD to monitor the region as a whole. When companies choose a location to place or expand their business operation, they select the place that provides the company the biggest chance for long-term success. This decision-making process is different for each business but there are some key factors, such as labor force availability and quality, cost of doing business, and location that are common factors.

Diverse population and amount of growth	Educational attainment issues in some parts of the region
International reputation due to regional assets	Infrastructure issues that need to be addressed such as a lack of broadband; differs from region to region
Excellent major transportation corridors (I-40, I-17)	Lack of spec buildings available
Excellent higher public and private educational opportunities (NAU, Prescott College, Northland Pioneer College, Embry-Riddle, Coconino and Yavapai Community Colleges)	Linkages between educational systems and access in remote areas
EDD proven track record of bringing funding to the region for important economic development projects	Housing crisis related to the economy (foreclosures, lack of project funding)
Workforce development programs	High poverty level
Strong public/private partnerships	Diversity of the economy; still disproportionately

	dependent upon tourism and construction
EDA funding support to the EDD for projects such as the incubators, biosciences and technology development	Rising unemployment rates
Strategically positioned for renewable energy industries and the EDD is home to many businesses within this industry cluster	Lack of understanding or promotion of the EDD's successes
Natural environment and world-wide attractions	Availability and lack of control over water
Strategic location to major domestic and international markets	Lack of privately held land
Railroad growth	State and federal government funding crisis
Growth and interest in renewable energy industry nationally and internationally (e.g., solar, wind, and alternative energy sources)	Environmental laws and litigation

A. Apache County

Apache County was carved from Yavapai County, one of Arizona's original four counties, on February 24, 1879, by the 10th Territorial Legislative Assembly. Leaders of St. Johns and Globe had petitioned for their towns to be the county seat, but the honor went temporarily to Snowflake, with the provision that an election would determine the permanent county seat. In November 1879, on the strength of votes from the mining town of Clifton (now in Greenlee County), St. Johns was designated the county seat.

Originally, Apache County encompassed all of the present-day Navajo County, part of Gila County and part of Graham County, but by 1895 its size had been reduced to the 11,216 square miles it occupies today. The Apache and Navajo Indian reservations cover more than 65.4% of the County, and 25% of the state's Native Americans live here. Approximately 21% is public land, and 13.2% is privately owned. All of Apache County is an Enterprise Zone.

The forested White Mountains and green pastures in the south of the County contrast sharply with the high, dry, colorful plateau region of the north. Excellent fishing, hunting and skiing make the White Mountains a year-round recreation area. Numerous archaeological sites are open to the public.

Fort Defiance, Arizona's first military post, the Town of Ganado, and Hubbell's famous trading post (now a National Historic Site) are located in Northern Apache County on the Navajo Reservation. Chinle, another Indian trade center, is the gateway to the spectacular Canyon de Chelly National Monument. Also in Apache County are the spectacular Petrified Forest National Park and the Painted Desert, Window Rock, the Navajo tribal Capitol, and the Casa Malpais Archaeological site. The Apache Indian Reservation, located in the White Mountains around the settlement of Fort Apache, includes 25 excellent fishing lakes and the Sunrise Park Ski Resort for outdoor recreation, as well as a highly successful lumber mill and a casino.

County population increased by about 0.8%, from 69,423 in April 2000 to 69,980 in July 2007. According to NACOG, the 2009 population estimate is 77,361. The County's residents account for 1.2% of the state's total population.

Per Capita Personal Income In 2006 Apache County had a per capita personal income (PCPI) of \$19,826. This PCPI ranked 14th in the state and was 65% of the state average of \$31,936, and 54% of the national average, \$36,714. The 2006 PCPI reflected an increase of 3.8% from 2005. The 2005-2006 state change was 5.1% and the national change was 5.6%. Apache County's PCPI in 1996 was \$11,113 and ranked 15th in the state. The 1996-2006 average annual growth rate was 6.0%. The average annual growth rate for the state was 4.4% and for the nation was 4.3%.

Total Personal Income In 2006 Apache County had a total person income (TPI) of \$1,377,644*. This TPI ranked 10th in the state and accounted for 0.7% of the state total. In 1996 the TPI of Apache County was \$722,415* and ranked 11th in the state. The 2006 TPI reflected an increase of 5.6% from 2005. The 2005-2006 state change was 8.9% and the national change was 6.7%. The 1996-2006 average annual growth rate of TPI was 6.0%. The average annual growth rate for the state was 7.5% and for the nation was 5.4%.

**NOTE: All income estimates with the exception of PCPI are in thousands of dollars, not adjusted for inflation. Source: Bureau of Economic Analysis, an agency of the U.S. Department of Commerce: July 23, 2008.*

Components of Total Personal Income Total personal income includes net earnings by place of residence; dividends, interest and rent; and personal current transfer receipts received by the residents of Apache County. In 2006 net earnings accounted for 52.8% percent of TPI (compared with 54.2% in 1996); dividends, interest and rent were 7.9% (compared with 10.4 in 1996); and personal current transfer receipts were 39.4% (compared with 35.4 in 1996). From 2005 to 2006 net earnings increased 5.9%; dividends, interest and rent increased 2.9%; and personal current transfer receipts increased 5.9%. From 1996 to 2006 net earnings increased on average 5.7% each year; dividends, interest and rent increased on average 3.1%; and personal current transfer receipts increased on average 7.1%.

Housing In Apache County, the State Housing Fund (HOME and Housing Trust Fund) Program assisted 756 homeowners or renters with securing safe, decent, affordable housing.

Economic Drivers Apache County is home to two electric generation stations employing over 500 people who provide energy to other parts of Arizona, thus representing a significant export industry for the County. Arizona's largest solar electric plant is located in Apache County and a sustainable forest harvest industry employs over 250 people in partnership with Navajo County. Apache County has vast wind, solar and biomass resources to develop and transmission infrastructure to move future renewable energy production to market maintaining its position as a major energy exporter. Tourism related to outdoor experiences such as camping, fishing, hiking, ATV use and hunting remains important and is experiencing an increase.

Apache County's average labor force was 22,367 and its unemployment rate is estimated at 13.8% (September 30, 2009).

Figures 1 through 3 provide information about Apache County's employment, occupations, and average wages by occupation as of 2008.

Figure 1

2008 Employment by Sector

Goods Producing	825
Other Private Service – Providing	4,350
Government	12,825
Trade, Transportation & Utilities	1,675

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. Figures are organized under the North American Industrial Classification System (NAICS).

Figure 2

2008 Total All Occupations

Employment	19,070
Hourly Compensation	
Average Wage	\$16.34
Entry Wage *	\$8.28
Experienced **	\$20.37

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research.

Figure 3

2008 Employment by Occupation – Average Wages

Office & Administrative Support	3,60	\$14.09
Construction & Extraction	440	\$17.79
Food Preparation & Serving Related	2,130	\$9.65
Education, Training & Library	2,000	\$16.49
Sales & Related	970	\$10.70
Transportation & Material Moving	620	\$13.03
Healthcare Practitioners & Technical	1,180	\$28.17
Installation, Maintenance & Repair	860	\$20.90
Protective Service Occupations	980	\$15.24
Management	940	\$30.25
Building & Maintenance	880	\$12.33
Architecture & Engineering		\$26.06
Computer & Mathematical	200	\$24.52

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. July 2009

B. Coconino County

Coconino County, carved out of Yavapai County, was created by the 16th Territorial Assembly in 1891. That same year, an election was held to determine the permanent county seat. Flagstaff, which had been designated the temporary county seat, won out over Williams by a vote of 419 to 97. Flagstaff, home of Northern Arizona University, remains the county seat. The original county courthouse, with additions, is still in use today.

Coconino County lies in the central region of Northern Arizona, which was crossed by Spanish expeditions during the 16th, 17th and 18th centuries, and by fur trappers and traders in the 1820s and 1830s. Cattle and sheep ranching started in the 1870s and, when the railroad began serving the area a decade later, the lumber business boomed. The county is a year-round mecca for outdoor activities.

Coconino County is the second largest county in the U.S. and the largest in Arizona with 18,661 square miles. It is one of the most sparsely populated counties in Arizona. It is characterized by rugged mountains, deep canyons and thick forests of pine, spruce, piñon, aspen and oak. Within its borders are many scenic sites – the most popular and impressive is Grand Canyon National Park. Other attractions are Oak Creek Canyon, Sunset Crater National Monument, the San Francisco Peaks, Arizona's highest point at 12,633 feet, and Lake Powell, with 1,960 miles of shoreline.

Indian reservations comprise 45% of the land and are home to the Navajo, Hopi, Paiute, Havasupai and Hualapai tribes. The U.S. Forest Service and Bureau of Land Management control 32% of the land; the state of Arizona owns 9.5%; other public lands comprise 6.8%; and the remaining 13.3% is owned by individuals or corporations. The central corridor of Coconino County has been designated as an Enterprise Zone, as well as the central corridor of the City of Flagstaff.

Coconino County's population grew 19.8% from a population of 116,320 in 2000 to an estimated 2009 population of 139,388, according to NACOG. The rate of population growth varies throughout Coconino County. The City of Flagstaff, the largest city and county seat, grew from 52,894 to 64,693 (22.3%), while Fredonia's population grew by only 106 people between the same period.

Per Capita Personal Income In 2006 Coconino County had a per capita personal income (PCPI) of \$29,879. This PCPI ranked 3rd in the state and was 94% of the state average of \$31,936, and 81% of the national average, \$36,714. The 2006 PCPI reflected an increase of 6.7% from 2005. The 2005-2006 state change was 5.1% and the national change was 5.6%. Coconino County's PCPI in 1996 was \$17,975 and ranked 5th in the state. The 1996-2006 average annual growth rate was 5.2%. The average annual growth rate for the state was 4.4% and for the nation was 4.3%.

Total Personal Income In 2006 Coconino County has a total person income (TPI) of \$3,767,194*. This TPI ranked 7th in the state and accounted for 1.9% of the state total. In 1996 the TPI of Coconino County was \$2,025,509* and ranked 7th in the state. The 2006 TPI reflected an increase of 7.8% from 2005. The 2005-2006 state change was 8.9% and the national change was 6.7%. The 1996-2006 average annual growth rate of TPI was 6.0%. The average annual growth rate for the state was 7.5% and for the nation was 5.4%.

*NOTE: All income estimates with the exception of PCPI are in thousands of dollars, not adjusted for inflation. Source: Bureau of Economic Analysis, an agency of the U.S. Department of Commerce: July 23, 2008.

Components of Total Personal Income Total personal income includes net earnings by place of residence; dividends, interest and rent; and personal current transfer receipts received by the residents of Coconino. In 2006 net earnings accounted for 66.2% percent of TPI (compared with 63.6% in 1996); dividends, interest and rent were 17.3% (compared with 22.4 in 1996); and personal current transfer receipts were 16.5% (compared with 14.0 in 1996). From 2005 to 2006 net earnings increased 7.7%; dividends, interest and rent increased 9.1%; and personal current transfer receipts increased 7.2%. From 1996 to 2006 net earnings increased on average 6.8% each year; dividends, interest and rent increased on average 3.7%; and personal current transfer receipts increased on average 8.2%.

Housing In Coconino County, \$6.3 million in Low-Income Housing Tax Credits will result in 57 new rental units being made available to area residents. The State Housing Fund Program assisted another 4,084 homeowners or renters with securing safe, decent, affordable housing.

Economic Drivers Government, Leisure and Hospitality are the major industries driving the County's economy. Coconino County's average labor force was 74,030 and its unemployment rate is estimated at 7% (September 30, 2009). A Regional Incubator based in Flagstaff is developing products and new prototypes for emerging industries in bioscience, renewable energy and technology. Coconino County is a growing regional center for allied health services, including a new medical school.

High-value advanced manufacturing companies such as W.L. Gore and Southwest Wind Power are selling products to international markets. The region has a growing constituency, intellectual capital and resource base for "green" industries and products including the Navajo Nation, which has formed a Green Jobs Initiative.

Figures 4 through 6 provide information about Coconino County's employment, occupations and average wages by occupation as of 2008.

Figure 4
2008 Employment by Sector, in thousands

Mining and Construction	3.2
Education & Health Services	7.2
Financial Activities	1.6
Government	19.9
Information	.4
Leisure & Hospitality	13.2
Manufacturing	3.9
Professional & Business Services	3.1
Trade, Transportation & Utilities	10.3

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. Figures are organized under the North American Industrial Classification System (NAICS).

Figure 5
2008 Total All Occupations

Employment	58,100
Hourly Compensation	

Median Wage	\$13.01
Average Wage	\$16.56
Entry Wage *	\$8.07
Experienced **	\$20.80

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. * 10th Percentile; ** 75th Percentile

Figure 6
2008 Employment by Occupation – Average Wages

Office & Administrative Support	10,610	\$13.43
Food Preparation & Serving Related	8,500	\$8.99
Sales & Related	6,210	\$12.58
Protective Service Occupations	1,380	\$20.63
Transportation & Material Moving	2,820	\$15.18
Construction & Extraction	2,860	\$16.76
Management	2,900	\$36.37
Healthcare Practitioners & Technical	2,860	\$32.37

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research.

C. Navajo County

Navajo County was formed on March 21, 1895, as the final act of the Territorial Assembly before it adjourned at midnight. What is now Navajo County was first included in Yavapai County, but in 1879, the area was added to the newly formed Apache County.

By the time it became Navajo County, the area was developed – the railroad had crossed the County for more than a decade, and North America’s third largest ranch, the Aztec Land and Cattle Company near Holbrook, had been established. Backed by Easterners, Aztec bought 1 million acres of land from the railroad at 50 cents an acre. The company – known as the Hashknife Outfit because of its brand-rounded up 33,000 longhorn cattle and 2,200 horses into Northern Arizona from Texas. Holbrook, the county seat, was founded in 1871.

The county is divided into two distinct parts by the Mogollon Rim. The high country in the northern part of the county is arid and desert-like with empty mesas and smaller plateaus. The southern part is a rugged mountain area, heavily wooded with pinon juniper and ponderosa pine.

In the north is Kayenta, founded in 1909 as a trading post, and now the gateway to the Navajo Tribal Park at Monument Valley and a thriving Navajo community. Farther south is the Hopi Indian Reservation, which is

completely surrounded by the Navajo Reservation. The Hopi Pueblo of Oraibi is one of the oldest continuously inhabited settlements in the United States.

Almost 55% of Navajo County's 9,959 square miles is Indian reservation land. Individual and corporate land ownership accounts for 30%; the U.S. Forest Service and U.S. Bureau of Land Management control 9% of the land area; and the state of Arizona represents 6%. All of Navajo County has been designated as an Enterprise Zone.

Navajo County's population grew 23.7% from a population of 97,470 in 2000 to an estimated 2009 population of 120,591, according to NACOG. The City of Show Low, the largest city, grew from 7,695 to 12,315 (60%) while Taylor, the County's smallest community, grew by 40.2%, from 3,176 to 4,453 people between 2000 and 2008.

Per Capita Personal Income In 2005 Navajo County had a per capita personal income (PCPI) of \$18,380. This PCPI ranked 15th in the state and was 61% of the state average of \$30,019, and 53% of the national average, \$34,471. The 2005 PCPI reflected an increase of 5.6% from 2004. The 2004-2005 state change was 5.1% and the national change was 4.2%. Navajo County's PCPI in 1995 was \$11,955 and ranked 14th in the state. The 1995-2005 average annual growth rate was 4.4%. The average annual growth rate for the state was 4.2% and for the nation was 4.1%.

Total Personal Income In 2005 Navajo County had a total personal income (TPI) of \$1,994,113*. This TPI ranked 9th in the state and accounted for 1.1% of the state total. In 1995 the TPI of Navajo County was \$1,057,198* and ranked 9th in the state. The 2005 TPI reflected an increase of 7.7% from 2004. The 2004-2005 state change was 8.9% and the national change was 5.2%. The 1995-2005 average annual growth rate of TPI was 6.6%. The average annual growth rate for the state was 7.3% and for the nation was 5.2%.

*NOTE: All income estimates with the exception of PCPI are in thousands of dollars, not adjusted for inflation. Source: Bureau of Economic Analysis, an agency of the U.S. Department of Commerce: April 26, 2008.

Components of Total Personal Income Total personal income includes net earnings by place of residence; dividends, interest and rent; and personal current transfer receipts received by the residents of Navajo County. In 2005 net earnings accounted for 54.2% percent of TPI (compared with 58.0% in 1995); dividends, interest and rent were 11.5% (compared with 14.3 in 1995); and personal current transfer receipts were 34.3% (compared with 27.7 in 1995). From 2004 to 2005 net earnings increased 7.5%; dividends, interest and rent increased 0.9%; and personal current transfer receipts increased 11.3%. From 1995 to 2005 net earnings increased on average 5.8% each year; dividends, interest and rent increased on average 4.3%; and personal current transfer receipts increased on average 8.8%.

Housing In Navajo County, \$4.4 million in Low-Income Housing Tax Credits will result in 32 new rental units being made available to area residents. The State Housing Fund Program assisted another 683 homeowners or renters with securing safe, decent, affordable housing.

Economic Drivers Today, Navajo County's principal industries are tourism, coal mining, manufacturing, timber production and ranching. The White Mountains provide year round recreational opportunities, ranging from hunting, fishing and hiking to snow skiing and winter sports. The Petrified Forest, Painted Desert and "Old Route 66" are centerpieces of the region's National Parks System and local tourist treasures, and are woven into the collective national memory. Monument Valley fits prominently into the American Western film industry,

and continues today, highlighting the rich Native American culture. Every community offers unique events, festivals and gatherings to honor and remember the distinct, but collaborative, heritage and area history.

The County's second largest employer, Catalyst Paper is the only 100% recycling paper mill in western United States. The Catalyst Mill is an example of renewable business opportunities being attracted to the County. Green technologies such as algae production, potash mining and solar energy development have development potential in Navajo County. The County is home to the first wind farm in Arizona – the Dry Lake Wind Farm.

Navajo County's average labor force was 40,050 and its unemployment rate is estimated at 13.4% (September 30, 2009). All of Navajo County is designated as an Enterprise Zone.

Figures 7 through 9 provide information about Navajo County's employment, occupations and average wages by occupation as of 2008.

Figure 7

2008 Employment by Sector

Mining and Construction	2,525
Education & Health Services	3,425
Financial Activities	600
Government	10,800
Leisure & Hospitality	2,975
Manufacturing	725
Information	800
Professional & Business Services	1,225
Trade, Transportation & Utilities	5,725
Other Services	625

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. Figures are organized under the North American Industrial Classification System (NAICS).

Figure 8

2008 Total All Occupations

Employment	29,250
Hourly Compensation	
Median Wage	\$14.23
Average Wage	\$16.41
Entry Wage *	\$8.64
Experienced **	\$20.30

*Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. * 10th Percentile; ** 75th Percentile*

Figure 9

2008 Employment by Occupation – Average Wages



Office & Administrative Support	4,740	\$13.89
Education, Training & Library	2,860	\$16.18
Food Preparation & Serving Related	3,130	\$9.09
Sales & Related	2,180	\$12.48
Transportation & Material Moving	1,910	\$14.22
Construction & Extraction	2,640	\$17.92
Installation, Maintenance & Repair	1,370	\$17.22
Management	1,820	\$28.61
Healthcare Practitioners & Technical	1,420	\$33.51
Building & Maintenance	1,240	\$10.52
Personal Care & Service	480	\$10.43
Production	660	\$17.07

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. July 2009

D. Yavapai County

Yavapai County, one of the state's oldest counties, was among the original four created when Arizona was still a territory. Although Yavapai County originally encompassed more than 65,000 square miles, it now covers only 8,125 square miles, but is still as large as the state of New Jersey. It was called the "Mother of Counties," from which Apache, Coconino, Gila, Maricopa and Navajo Counties were all formed.

The provisional seat of the territorial government was established at Fort Whipple in Chino Valley on January 22, 1864. Nine months later it was moved 20 miles away to a little mining community named Prescott. In 1867, the Capitol was moved to Tucson, where it remained for 10 years. Then the Capitol was shifted back to Prescott, where it remained until 1889, when it was permanently relocated to Phoenix.

Yavapai County offers many local attractions ranging from natural to cultural to educational. Scenic pine forests and rivers provide year-round recreational opportunities and museums, monuments and rodeos reflect Arizona's tribal and territorial past. Institutions of higher learning include three colleges and an aeronautical university. The County has experienced tremendous growth in recent years, with the population up by more than 30 percent since 1990. Some unincorporated areas in Yavapai County and the central area in the City of Prescott have been designated as an Enterprise Zone. In addition, parts of Chino Valley, Camp Verde and Prescott Valley have been designated as an Enterprise Zone.

The U.S. Forest Service owns 38% of the land in Yavapai County, including portions of the Prescott, Tonto and Coconino national forests. The state of Arizona owns an additional 24.6% of land area within the County. Privately held land represents 25% of the land area and 11.6% is the property of the U.S. Bureau of Land

Management. The Yavapai Indian Reservation and public lands each occupy less than 0.5% of the County.

Yavapai County's population grew 40.1% from a population of 167,517 in 2000 to an estimated 2009 population of 234,626 according to NACOG. The City of Prescott, the largest city, grew from 33,938 to 43,230 (27.4%) while Jerome, the smallest community had a population that remained at 329 people between 2000 and 2008.

Per Capita Personal Income In 2006 Yavapai County had a per capita personal income (PCPI) of \$26,786. This PCPI ranked 6th in the state and was 84% of the state average of \$31,936, and 73% of the national average, \$36,714. The 2006 PCPI reflected an increase of 5.2% from 2005. The 2005-2006 state change was 5.1% and the national change was 5.6%. Yavapai County's PCPI in 1996 was \$18,040 and ranked 4th in the state. The 1996-2006 average annual growth rate was 4.0%. The average annual growth rate for the state was 4.4% and for the nation was 4.3%.

Total Personal Income In 2006 Yavapai County had a total personal income (TPI) of \$5,537,703*. This TPI ranked 4th in the state and accounted for 2.8% of the state total. In 1996 the TPI of Yavapai County was \$2,641,352* and ranked 3rd in the state. The 2006 TPI reflected an increase of 10.0% from 2005. The 2005-2006 state change was 8.9% and the national change was 6.7%. The 1996-2006 average annual growth rate of TPI was 7.7%. The average annual growth rate for the state was 7.5% and for the nation was 5.4%.

*NOTE: All income estimates with the exception of PCPI are in thousands of dollars, not adjusted for inflation. Source: Bureau of Economic Analysis, an agency of the U.S. Department of Commerce: July 23, 2008.

Components of Total Personal Income Total personal income includes net earnings by place of residence; dividends, interest and rent; and personal current transfer receipts received by the residents of Yavapai County. In 2006 net earnings accounted for 49.4% percent of TPI (compared with 47.4% in 1996); dividends, interest and rent were 28.8% (compared with 31.7 in 1996); and personal current transfer receipts were 21.8% (compared with 20.9 in 1996). From 2005 to 2006 net earnings increased 10.3%; dividends, interest and rent increased 9.3%; and personal current transfer receipts increased 10.3%. From 1996 to 2006 net earnings increased on average 8.1% each year; dividends, interest and rent increased on average 6.6%; and personal current transfer receipts increased on average 8.1%.

Housing In Yavapai County, almost \$9.8 million in Low-Income Housing Tax Credits will result in 54 new rental units being made available to area residents. The State Housing Fund Program assisted another 381 homeowners or renters with securing safe, decent, affordable housing.

Economic Drivers Retail trade, services, public administration and medical are major industries driving Yavapai County's economy. Seasonal residents and in-migrating retirees also contribute. Yavapai County's average labor force was 99,026 and its unemployment rate is estimated at 9% (September 30, 2009).

Figures 10 through 12 provide information about Yavapai County's employment, occupations and average wages by occupation as of 2008.

Figure 10
2008 Employment by Sector, in thousands

Mining and Construction

8.3

Education & Health Services	10.1
Financial Activities	2.5
Government	12.8
Leisure & Hospitality	8.4
Manufacturing	3.1
Professional & Business Services	4.2
Trade, Transportation & Utilities	12.6
Information	.6

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. Figures are organized under the North American Industrial Classification System (NAICS).

Figure 11
2008 Total All Occupations

Employment	62,170
Hourly Compensation	
Median Wage	\$13.76
Average Wage	\$17.03
Entry Wage *	\$8.88
Experienced **	\$21.10

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research. * 10th Percentile; ** 75th Percentile

Figure 12
2008 Employment by Occupation – Average Wages

Occupation	Employment	Average Wage
Office & Administrative Support	10,460	\$13.91
Food Preparation & Serving Related	7,090	\$9.61
Construction & Extraction	5,940	\$17.34
Sales & Related	6,750	\$15.05
Education, Training & Library	3,750	\$18.09
Transportation & Material Moving	3,520	\$14.44
Healthcare Practitioners & Technical	3,910	\$32.15
Production	2,740	\$15.12
Management	2,820	\$35.06

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, Arizona Department of Commerce, Strategic Investment and Research.

“There are two ways of meeting difficulties.

*You alter the difficulties or you alter
yourself to meet them.”
Phyllis Bottome*

III. CHALLENGES AND OPPORTUNITIES

In Metro Nation: How U.S. Metropolitan Areas Fuel American Prosperity, produced by the Metropolitan Policy Program at Brookings Institute (2007) five trends were identified both global and domestic, that underline emerging challenges to American prosperity. These are not listed in any priority order and all are intertwined.

- **The U.S. economic powerhouse faces expanded global competition**, thanks to economic liberalization throughout the world, skill upgrades in developing countries, and rapid technological advancement.
- **Our domestic economy continues to restructure**, with manufacturing representing a diminishing proportion of U.S. jobs, and a growing number of service-related sectors coming under new threat of off-shoring.
- **Labor market changes have fueled economic polarization**, as more highly educated workers and those who possess certain non-routine skills have reaped wage gains, while others have experienced stagnating incomes.
- **Major U.S. demographic shifts portend future economic challenges**, due to impending baby boom generation retirements and growth in the working age population concentrated among groups with lower levels of educational attainment.
- **Global growth and domestic consumption have exacerbated natural resource pressures**, raising the price of energy and increasing the threat to low-lying coastal areas and agricultural belts from global climate change. Continued U.S. population growth will further intensify these pressures.

These trends specifically impact Arizona and Northern Arizona but also imply significant opportunities. The key is how the region positions itself to recognize and take advantage of these evolving trends.

A. Expanded Global Competition

New economies are expanding and emerging into the global marketplace. The ability to move goods quickly and cheaply due to an increase in shipping costs over the last several decades and rapidity of information exchange have enabled foreign economies to compete for manufacturing and service industries that were once U.S. dominated. However, the U.S. still remains the world's largest and most prosperous economy. The challenge is to ensure that industries are connected globally.

EDD Opportunity The opportunity for regions such as the EDD is that the world economy is now within

reach of every business on Main Street. Continued economic growth in the developing world could create vast new markets for high-value products and services, if firms and workers continue to innovate, become more productive and target growing global marketplaces.

B. Economy Restructure

Nowhere is this trend more evident than in the shifting balance of the U.S. manufacturing versus service employment. According to the Brookings Institute analysis, in July 1950, about 14 million American jobs were in the manufacturing sector. Fifty-seven years later, in July 2007, that sector employed roughly the same number of workers. Yet in 1950, those 14 million jobs represented fully 31% of the U.S. nonfarm employment. By 2007, the much larger size of the U.S. economy overall meant that the share of nonfarm jobs in manufacturing had fallen to just over 10%. While off-shoring of manufacturing jobs has occurred for quite some time, service-sector off-shoring has occurred at a considerable pace in the last several years.

EDD Opportunity As the economy continues to restructure, the challenge for Arizona and the EDD is finding a sustainable niche for new industry development that brings a higher quality of jobs to the region. Historically, the EDD economy has not been dependent on the type of jobs within the manufacturing or service-sector that are experiencing off-shoring. The opportunity for the region is to build upon the EDD assets to build a sustainable economy.

C. Labor Market Changes

As the globalization, off-shoring of manufacturing jobs and technological advancements continue, workers with less formal education and skills development have very few middle-income jobs available to them. Prior to the economic downturn taking its foothold in 2008, U.S. workers at the low end of the education spectrum have experienced very little wage growth over the past few decades. Since the late 1990's, only the most highly educated workers have experienced any real wage growth.

EDD Opportunity Technological improvements and expanded trade serve as an opportunity for highly skilled labor. Though this trend has reduced the relative demand for less-skilled workers, job training, retraining and quality education has become more important. The EDD is well positioned to take on this opportunity of building the overall skill level of the labor force.

D. Demographic Shifts

As the baby boomer generation – the 78 million Americans born between 1946 and 1964 – retires, the workforce will grow much more slowly in future decades and at the same time the number of people age 65 and over will increase. This trend, coupled with globalization and concerns about national output leveraging human capital more effectively, will be critical to ensure that Americans' standard of living continues to rise.

The aging of the population coincides with the workforce becoming more racially and ethnically diverse, according to the U.S. Census Bureau. According to the Census, between now and 2050, African Americans and Hispanics will grow from about 25% to nearly 40% of the working-age population and will account for more than 90% of total growth in that age range. These are among the fastest growing groups but their rates of educational attainment are the lowest. According to analysis by the Brookings Institute of American Community Survey data, in 2005, only 25% of African Americans and 17% of Hispanics held at least an associate's degree, compared with 38% of non-Hispanic whites and 56% of Asians.

EDD Opportunity Over time these demographic shifts will continue to challenge the region's ability to

ensure an effective workforce, continue to raise the standard of living within the EDD, and provide for the growing needs of the aging population. An increasingly diverse workforce, if equipped with the necessary education and skills that complement new technologies, could take advantage of future gains from diversification that will narrow historical racial and ethnic economic disparities. The incubators developed and training programs available within the EDD provide tremendous opportunities for the region to address demographic shifts.

E. Natural Resource Pressures

Research on global climate change has shown that continued industrialization of developing economies worldwide poses stark new threats to the global environment. Rising emission levels in the earth's climate coupled with an increase in global and domestic consumption is having an impact on natural resources. Over the past decade, the U.S. has experienced rising energy costs that have impacted commodity prices substantially. These issues will be exacerbated with future projected growth. Additionally, how communities grow impacts the number of vehicle miles traveled by residents and the energy consumed by buildings that directly impact greenhouse gases. How we grow and develop in the future carries far-reaching implications for environmental health, energy independence and economic security.

EDD Opportunity The opportunity for the region is one of decision-making. Communities within the EDD can make decisions regarding urban growth patterns that can directly influence how much environmental impact the region will have. The region is seeing the creation of new industry opportunities and innovations that will protect environmental assets and pursue energy independence and smart growth strategies that will efficiently accommodate future population growth.

*"I believe you rarely achieve
more than you expect."
Carol Grosse*

IV. CEDS PLAN OF ACTION

The fundamental purpose of a CEDS is to bring together the public and private sectors in the creation and implementation of an economic roadmap to diversify and strengthen regional economies. It is the result of a continuing economic development planning process. The EDA provides assistance to Planning Organizations to develop, revise and replace a CEDS. The CEDS Plan of Action is intended to address the following:

- Promote economic development and opportunity;
- Foster effective transportation access;
- Enhance and protect the environment;
- Maximize effective development and use of the workforce consistent with any applicable state or local

workforce investment strategy;

- Promote the use of technology in economic development; including access to high-speed telecommunications;
- Balance resources through sound management of physical development; and
- Obtain and utilize adequate funds and other resources.

The CEDS was developed in compliance with federal requirements and the Plan of Action goals outlined above.

A. CEDS Vision

A vision statement is defined as a broad statement of how the EDD views itself as it moves through the 21st century. A vision for the EDD is an ideal and unique image of the future that is better than today. The EDD vision statement represents a shared future ideal that will motivate individuals and leaders to proactively take control and move forward.

The NACOG EDD is an economically diverse, self-sustaining region that has built upon its assets – culture, natural resources, land, people and heritage. A growing employment base, innovative new business growth, quality education and the attraction of emerging green business opportunities have resulted in an overall improved quality of life that is compatible with the region’s environmental ethic.

B. CEDS Mission

A mission statement defines the approach taken to achieve the vision.

The NACOG-EDC is a collaborative regional approach that provides leadership in the creation of foundations necessary to foster business opportunities, assist entrepreneurs and encourage innovation throughout the region to ensure long-term success. The EDC monitors the region’s economic diversification through effective communication with all partners, evaluating regional performance indicators, maintaining relationships, providing the tools to assist in proactive strategy implementation and serving as a catalyst for positive change.

C. Economic Development Definition

Economic development today goes well beyond just industry recruitment or business retention and expansion. To be successful, an understanding of the interconnectedness between the various aspects of what makes businesses competitive is critical. Factors such as the cost of doing business are directly related to government policies, cost of labor, available infrastructure, and buildings. One example of this connectedness is that regions must be able to provide a quality labor force, and as technology increases the skills required will continually evolve. In order to attract and maintain a skilled labor force, a high quality of life and good educational system must be maintained.

The NACOG-EDC defines economic development broadly. To succeed, it requires a collaborative approach with all member communities and stakeholders to ensure a sustainable regional economy.

Regional economic development is the process of creating and sustaining regional wealth and improving the standard of living for all residents by maintaining an environment that is supportive of the development and/or expansion of new and existing businesses and industries that are appropriate to the NACOG-EDD.

D. Focus Areas

Based on the regional analysis, the EDC focuses its limited resources in those areas that will move the EDD toward its vision of diversification and sustainability. Focus areas provide the framework for the CEDS Action Plan and define where the region should target its efforts over the long term. The Focus Areas are intended to collectively move the region forward toward its vision. Six Focus Areas have been identified that offer potential for the EDD to address over the next five years.

1. Economic Vitality
2. Renewable Energy Industries
3. Quality Education
4. Labor Force Development
5. Natural Resources
6. Economic Foundations

Within each of the Focus Areas is a description, goals, and objectives, as defined below. The goals and objectives are designed to be action-oriented, thereby yielding desired outcomes.

Focus Area Description defines the intent and regional position in relationship to the Focus Area.

Goals are desired ends of conditions, if pursued over time that will ultimately result in the attainment of the regional vision. Goals describe a fundamental direction or broad course of action.

Objectives are specific tasks that will be accomplished and assist in implementing the related goal. Objectives are intended to be accomplished over the five-year timeframe of the CEDS.

Focus Area: Economic Vitality

Description The EDD is pursuing an interesting network of business incubators. The EDC and NACOG Regional Council continue their active support and participation in the Northern Arizona Economic Development Council and the implementation of the EDA-funded project Applied Research and Development Incubator. The collaborative effort resulted in the development of a Technology Incubator project that includes a 10,000- square-foot building in Flagstaff. To date the business incubator is 100% leased.

In 2007/2008 the EDD identified a Technology/Business Park in Prescott as their primary project. The park will provide a venue for the transfer of technology from the University to the marketplace, create new high-quality jobs for qualified applicants in the District, provide an opportunity for existing companies in the Northern Arizona area to expand and grow in a technological environment, attract new quality businesses to the area and provide assistance to new, start-up businesses. Prescott MSA hopes to attract technological, aerospace-

related and light industrial businesses to their planned 10,000-square-foot technology park.

The Prescott MSA and NATBI provided technical assistance to form a collaborative partnership between Embry-Riddle Aeronautical University and the Northern Arizona Technology and Business Incubator.

The NACOG economy continues to expand at a steady pace. Like all of Arizona and the U.S., the EDD has been impacted by the recession. Historically, the stability of the region's dependence on government employment has been impacted but not to the extent of the state as a whole. Following are the labor force average statistics for January through July 2009. The seasonally adjusted unemployment rate ranged from a low of 7.0% in Coconino County to a high of 13.8% in Apache County.

Apache County

Total Labor Force – 22,367
Total Employment – 19,288
Total Unemployment – 3,079
Unemployment Rate – 13.8%

Coconino County

Total Labor Force – 74,030
Total Employment – 68,880
Total Unemployment – 5,150
Unemployment Rate – 7.0%

Navajo County

Total Labor Force – 40,050
Total Employment – 34,703
Total Unemployment – 5,347
Unemployment Rate – 13.4%

Yavapai County

Total Labor Force – 99,026
Total Employment – 90,323
Total Unemployment – 8,703
Unemployment Rate – 8.8%

NOTE: Arizona Unemployment Statistical Program;
Special Unemployment Report; 2009.

Economic activities vary throughout the NACOG region. Economic activity is particularly concentrated around the major cities such as Flagstaff and the communities in the Prescott area, as well as around the Show Low/Pinetop-Lakeside areas. However, the City of Page, Navajo Nation, and communities along Interstate 40 continue to attract tourism. The national and state recession has impacted tourism and manufacturing within the region.

The NACOG region has taken aggressive steps to support the development of incubators that are providing support to start-up businesses within emerging industries such as biosciences and renewable energy. The

and output. Intermodal opportunities are being considered throughout the state, including Northern Arizona.

Goal: Partner with local agencies and organizations to facilitate and support the development and retention of businesses that diversify the economic base and meet the EDD's needs.

Objectives:

1. Become the Northern Arizona voice for economic development initiatives in the state by participating in legislation and economic activities statewide.
2. Maintain APS-sponsored B3 program that uncovers community, workforce and business needs.
3. Support the attraction of tourism-related airport development.
4. Support the efforts to attract aviation-related businesses within the EDD.
5. Support sub-regional groups in the EDD to focus on local economic development activities.
6. Support the efforts of the Prescott MSA development of the Technology/Business Park.
7. Support the expansion of the Applied Research and Development Incubator EDA project in the City of Flagstaff.
8. Continue to partner with scientific researchers and entrepreneurs to assist them in developing their ideas into marketable products.
9. Support the development of a regional network of business incubators.
10. Support EDA funding for sub-regional incubator projects.

Target Opportunity: Tourism and Experience

Tourism and Experience is an economic activity that imports money into a community. Tourism consists of a portion of many industries that make sales to residents as well as to tourists. The tourism industry plays a major role in Northern Arizona and the tourism workforce receives low hourly wages relative to most other economic activities. Further, a disproportionate number of tourism employees work seasonally and/or part-time, further depressing the average wage.

The EDD is home to many tourism destinations. The diversity of natural and cultural amenities ranges from Native American culture and history in the northeast, to the Grand Canyon to the north and west, the Verde Valley and scenic Sedona areas, and recreational opportunities in the White Mountain areas, to the mountains surrounding Flagstaff. The tourism opportunities are seemingly endless. The Verde Valley area is home to a growing wine industry that provides another opportunity to attract visitors to the region annually. Coconino County typically has the greatest share of its workforce in tourism of any county in the state, in large part due to the Grand Canyon, but with contributions from Page and Lake Powell, Sedona, Flagstaff, summer residents, and traffic on Interstate 40.

Goal: Improve the quality of life and unique natural/cultural amenities as well as outdoor recreational opportunities that make Northern Arizona a great place to live and visit.

Objectives:

1. Support the development of recreational and tourism amenities that will continue to expand tourism opportunities throughout the EDD, which is home to the Grand Canyon and most of Arizona's snow activities.
2. Continue to partner with communities and other agencies to produce the annual Tourism Forum.
3. Partner with the Arizona Office of Tourism to promote their training programs/events throughout the

EDD.

4. Provide technical assistance to EDD communities regarding marketing/promotions and encourage regional joint marketing opportunities.
5. Continue to strengthen sub-regional tourism development efforts through the sharing of best practices, promotion, and product design.
6. Continue to monitor and develop plans to determine appropriate strategies to address visitor needs and explore new tourism opportunities.
7. Support sub-regional economic strategies such as sustainable agriculture activities within the Verde Valley that bring visitors to the region.

Focus Area: Renewable Energy Industries

The federal government has set aside \$81 billion for renewable energy projects throughout the U.S. The EDD is well positioned to take advantage of these funds to develop emerging renewable energy businesses. Apache, Coconino, Navajo and Yavapai Counties have vast reserves of untapped potential resources of solar, wind and biomass energy that could be developed and sold within Arizona and to other states as a new growth industry in the EDD. Currently, about 5 megawatts of solar generation, 64 megawatts of wind generation and 24 megawatts of biomass generation are in operation in the EDD. Their total annual energy production represents about 0.4% of Arizona's annual electricity consumption.

Wind Generation: Studies released in April 2007 by Dr. Susan Williams of Northern Arizona University (NAU) estimate that development of all economically competitive wind resources in the four NACOG counties could produce long term jobs:

Apache County – 3,100 megawatts of generation capacity, \$9.3M annual economic output for the County

Coconino County – 7,200 megawatts of generation capacity, \$144M annual economic output for the County

Navajo County – 7,200 megawatts of generation capacity, \$138M annual economic output for the County

Yavapai County – 55 megawatt of generation capacity, 8 new local long term jobs, \$0.180M annual economic output for the county

Wind generation uses virtually zero water once the systems are in operation and the land with wind turbines can continue to be used for normal agricultural purposes. In total, the fully developed wind resources of the four counties could produce about 50% of Arizona's annual electricity consumption, if expansion of the existing electricity transmission infrastructure in Northern Arizona was made to support that new wind generation capacity.

Solar Generation: Just 550 square miles of photovoltaic (PV) type solar generation could produce 100% of Arizona's annual electrical energy consumption with zero water consumption; that is an area representing less than 2% of the land area of the four counties. This would entail development of about 60,000 megawatts of solar generation capacity and create over 1,200 direct new local long-term jobs. Similar amounts of area would be required to produce all of Arizona's annual electric energy from the thermal solar generating technologies, with nearly twice the new jobs created by using PV technologies. However, most thermal solar technologies

consume water when operating – typically about twice the amount of water used per kilowatt-hour of energy produced in coal-fired electric generation. Dry cooling technologies can be employed to reduce thermal solar generation water consumption to less than 20% of wet cooling, but the cost of energy is increased by 25% to 35% making it less competitive as compared to PV technologies. PV-based solar generation is well suited to the high elevations and cool, windy, partly cloudy climates of Northern Arizona, whereas thermal solar generation technologies are best suited to the hot, dry, cloudless climates of Southern Arizona. Development in solar generation of more than 2% of the land area of the EDD would allow export of electricity to other states with a significant economic benefit to Arizona and the EDD, although that benefit has not yet been quantified. Again, expansion of the existing electricity transmission infrastructure in Northern Arizona is needed to support a major development of solar generation capacity.

Forest Biomass Generation: Using currently available biomass technologies to process forest biomass and other related forest industry waste, it is estimated that about 100 megawatts of new biomass electrical generation could be supported by 1) a sustainable forest and wood products industry, 2) access to a reliable and predictable supply of feedstock, and 3) continued financial enhancements such as tax incentives and subsidies, which would make it feasible in the four NACOG counties. Typical plant size would be 20 megawatts. Assessments conducted on the sustainable yield of our federally managed lands suggest that each acre treated mechanically could yield approximately 25 tons of material. Seventy percent of this material is marketable material, available for sale to existing forest and wood product enterprises, such as post/pole operations, saw mills, mulch producers and pellet plants. The remaining 30 percent is regarded as of little or no value and is considered adequate for feedstock material for biomass conversion facilities. This material, coupled with waste from other forest and wood product enterprises, could serve a robust network of biomass facilities across Northern Arizona. This assumes that USFS policy will continue to support landscape scale, long-term forest restoration and fuel reduction efforts.

There is an emerging technology that will shortly be available that can out-perform current technology; specifically, technology embracing gasification and pyrolysis processes. This technology has some distinct advantages, including: 1) ability to produce electricity, ethanol, transportation fuels and other highly valuable bio oils and bio fuels (bio diesel), 2) environmentally friendly process with low emissions and very low water requirements, and 3) ability to embrace variations of feedstock, including municipal solid waste, tires, and other carbon-rich biomass. This technology enables our smaller communities to host a biomass conversion facility that, at once, can make electricity, produce bio diesel to fuel government vehicles and school buses, and make DME, a product suitable for supplementing propane in residual use.

Energy Storage/Transmission: Development of solar and wind generation capacity that produces annual electrical energy in amounts exceeding 5% to 20% of annual electrical energy consumption for Arizona will necessitate development of safe, economic, reliable and efficient energy storage to balance in short timeframes energy production and energy consumption given the generally unpredictable nature of solar and wind energy production. A technology for the storage of utility scale amounts of electricity, Compressed Air Energy Storage (CAES) has been commercially demonstrated at production CAES plants in Alabama and Germany in the past 15-plus years. In effect, excess energy produced by solar or wind generation is used to compress air that is stored in an underground cavern similar to those used for natural gas storage. When the solar and wind resources are not sufficient to meet customer electricity demands, compressed air is withdrawn from the underground storage and heated, then released to spin a turbine and generator, producing electricity to meet the customer's demands.

The EDD has at least one known area with the proper geology for CAES development, the Holbrook Salt

Dome in Apache and Navajo Counties. Estimates are that a fully developed CAES system in the Holbrook Salt Dome could store well over one year of the electrical consumption of the entire continental U.S., including the electricity consumed by a fully electrified transportation system. Development of energy storage in sufficient amounts to support Arizona's annual electricity consumption under a 100% wind, solar, and forest biomass generation target should be the initial goal and would again require expansion of the existing electricity transmission infrastructure in Northern Arizona. Development of this energy storage resource to support the needs of the full continental U.S. would require nothing less than development of a national grid as presented to the Science and Technology Subcommittee on Energy and Environment on March 17th, 2008, that was patterned after the Interstate Highway System model. The importance of developing a national grid in support of developing renewable generation resources was underscored by this comment made by a ranking National Electric Reliability Council (NERC) official:

"If there is a limiting factor in renewable power growth, it will be the inability to add enough transmission lines to accommodate new wind, solar and other renewable generation resources."

Full development of Northern Arizona's solar and energy storage potential is dependent upon the federal government's support of a national electrical grid. Yet, we must now actively support the development of the wind and solar generation potential in the EDD for consumption in Arizona if we are to have the necessary transmission and workforce infrastructure in place to compete for the national energy market of the future.

Goal: Actively support the expansion of the renewable, sustainable and efficient energy industry within Northern Arizona.

Objectives:

1. Build a collaborative partnership between the Arizona Governor's Council for Workforce Policy, Arizona Department of Commerce, community colleges, Workforce Investment Areas, private enterprise and the EDD to pursue federal energy grants to address increasing state energy efficiency, reducing the amount of energy imported into Arizona, enhancing the reliability of energy delivery systems, and reducing the environmental impacts of energy production.
2. Explore the potential for the EDD to take advantage of recently adopted economic incentives – forest biomass tax credits including BCAP, Solar Energy Tax Credit, Renewable High-Wage Industries Incentives, and Renewable Energy Incentive Districts.
3. Attract manufacturing that supports the development of renewable energy.
4. Encourage local communities to remove barriers and encourage the implementation of renewable energy.
5. Stay engaged with federal and state managers of our forests to encourage landscape scale, long-term commitments to restoring forest health, thus ensuring our forest and wood products industry a reliable and predictable supply of material for their businesses.
6. Create an environment within the EDD that supports the development of the region's first biomass conversion facility embracing emerging technology, utilizing forest residue as the principal feedstock from forest restoration and fuel reduction efforts in our federally managed forests.
7. Assist Northern Arizona University in recruiting skilled individuals to work with and/or at the university and solicit funding to improve the efficiency of photovoltaic panel technology.
8. Create an environment within the EDD that supports new businesses to manufacture photovoltaic panels.
9. Prepare a well-trained workforce for the installation and maintenance of photovoltaic panels using

institutions such as JTED and community colleges.

Focus Area: Quality Education

Education indicators vary greatly across the vast region, with better educational performance in the more urbanized areas, and worse performance in the more rural and less accessible locations. This contrast is most starkly illustrated by educational attainment among adult populations. In Coconino County, the 2000 Census reports that nearly 30% have earned a bachelor's degree, compared to the 23.5% statewide average. Clearly, the concentration of faculty and graduates associated with NAU influences this figure. Yavapai County's college-educated population amounts to over 21% of its adults, nearly equal to the statewide average. The figures, however, drop to just over 12% and 11%, respectively, in Navajo and Apache Counties, bringing the EDD's overall rate slightly below average for the state. Thus, as with so many economic indicators, the opportunities and challenges represented by educational achievement cannot be easily represented by summary figures for the EDD.

Goal: Ensure quality educational opportunities are available throughout the EDD.

Objectives:

1. Monitor and communicate the EDD's educational attainment and its impact on economic development.
2. Influence curriculum planning and development to meet the EDD's economic development needs.
3. Recommend that education providers introduce or expand service industry skills training to assist frontline workers' area attractions.
4. Create an awareness of the serious nature of the drop-out rates in relationship to economic development and encourage alternative completion methods throughout the EDD.
5. Promote an awareness of the economic benefit of quality educational opportunities at all levels (including primary and secondary education) for families of businesses that are relocating or expanding within the EDD.
6. Promote non-traditional delivery methods for education (on-line distance learning).
7. Communicate with and encourage the post-secondary system to expand open entry and self-paced learning.
8. Encourage opportunities for and access to life-long learning throughout the EDD.
9. Encourage collaborative efforts to promote quality education regionally.
10. Encourage the expansion of degree programs available within the EDD.
11. Support the development of new higher educational institutions and the expansion of existing institutions' facilities.

Focus Area: Labor Force Development

People in the EDD generally have a lower level of educational attainment than in the U.S. or Arizona as a whole. The Coconino County area has the highest percentage of people with at least some college, followed by the Verde Valley and Prescott areas in Yavapai County. The Coconino County area also has the highest percentage of college graduates, which could be attributed to the impact of NAU.

NAU in Flagstaff, one of three state universities in Arizona, set a fall 2009 record for total enrollment at its Flagstaff campus. According to NAU website (September 20, 2009), NAU's enrollment reached a total student population of 23,600, a 4.9 percent increase over last year's record of 22,507. NAU's residential environment,

smaller class sizes, quality instruction, community college partnerships, online learning, Tuition Pledge, and its Finish in Four-graduation plan is credited for "attracting students to a quality education at a predictable cost." According to NAU, more students are taking more classes that will lead to producing more degrees to fuel a skilled Arizona workforce.

The university welcomed more than 3,600 new freshmen, making this the largest freshman class in NAU's history, and it broke its Flagstaff campus enrollment record. Graduate students on the Flagstaff campus increased by 8.3% to 1,660. Student population on the Flagstaff campus has reached 16,032 students. The previous record was 15,413, set in 1995.

Out-of-state enrollment increased from 4,711 to 5,129, an 8.9% jump. In-state enrollment grew from 17,796 to 18,471, a 3.8% increase. Students seeking undergraduate degrees increased from 16,787 to 18,301, a 9% jump. Online student enrollment is up 2.7% while the university's distance-learning population dropped slightly from last year's record-breaking numbers.

Embry-Riddle Aeronautical University is a private institution located in Prescott. The Prescott campus offers a selection of majors and minors focused on aviation, aerospace, engineering, business administration, applied meteorology, global security and intelligence, and safety, to name a few. Prescott also offers the only Master's of Science in Safety Science degree in the U.S., which delivers a nearly 100% job placement rate after graduation.

Four-year programs are also available at Prescott College. Prescott College is a small, private liberal arts school specializing in outdoor and environmental education and adult degree programs.

Community colleges within the EDD include Northland Pioneer College headquartered in Holbrook with satellite campuses within the service area; Coconino Community College centered in Flagstaff with classes available in Page, Williams, and Grand Canyon; Yavapai Community College's main campus in Prescott with five satellite locations within the County; Navajo Community College in Tsaile on the Navajo reservation within Apache County; and partnerships with Mohave Community College that facilitate other EDD educational needs.

In cooperation with the EDA and Yavapai College, a vocational skills center has been developed in Yavapai County. It provides satellite facilities to extend services throughout the District. NAVIT serves the vocational training needs of the residents of Navajo and Apache Counties with employer-specific training programs. The goal is to meet existing training needs and needs of targeted future growth industries. Program delivery is implemented in partnership with secondary schools and community college programs.

Training opportunities are available within each County or Workforce Investment Area (WIA). WIA is designated by the Governor to perform workforce investment activities through local workforce investment systems to increase participants' employment, retention, earnings, and skills attainment. As a result, these activities improve the quality of the workforce, reduce welfare dependency, and enhance the EDD's productivity and competitiveness.

The region is seeking resources to enhance green sustainable training opportunities for the labor force to promote the attraction, retention and expansion of sustainable industries.

NACOG will pursue development of a pilot "Home-Based Workforce Resource Center" in Prescott. It will be

designed to assist qualifying home-based workers to gain access to new technology tools, training and resources providing support for growing their businesses within the Northern Arizona region. The purpose is to develop resources and spur development of a more balanced and sustainable workforce within the EDD.

Goals: Workforce Readiness Integrate workforce development efforts with economic development within the EDD.

Business Training Focus is to train individuals to ensure that they are prepared to be successful as they go into the workplace.

Incumbent Worker Training Support employee training opportunities focused on skill enhancement that will enhance the region's economic competitiveness and strengthen business retention.

Objectives:

1. Encourage the WIAs to incorporate economic development goals and strategies into WIA Five-Year Plans.
2. Identify industry needs and resources for training and provide workforce development support.
3. Facilitate workforce development efforts within the EDD by developing/identifying resources, providing outreach, fostering and promoting collaboration, public official education, and addressing workforce development barriers.
4. Continue to influence state leaders to bring regional training opportunities to the EDD to improve accessibility to important resources.
5. Work in partnership with other entities to address the education and training needs of the nontraditional (i.e., gender, age, ethnicity) labor force.
6. Continue efforts to gain political support for business incentives to provide incumbent workers training to provide financial benefit to both employers and employees who participate in worker improvement training.
7. Support the efforts of workforce centers that meet EDD demand.
8. Locate a job training center(s) in Northern Arizona with an emphasis on green sustainable industries.
9. Work for the development of comprehensive workforce data for the EDD as a whole and sub-regions to be shared electronically.
10. Maximize tax benefits from enterprise zones and other economic development tools for specialized job training (e.g., green businesses).
11. Collaborate with institutions of higher learning to develop training programs geared toward targeted industries.

Focus Area: Natural Resources

One of the many reasons people choose to live and companies locate within the EDD is its natural resources. The environment is the region's most important asset and a major component of the region's quality of life. Protecting the natural resources is important to the residents and visitors to the region but it also make good business sense.

Water Availability of good-quality water is imperative for economic development. Some areas within the region are faced with uncertainty about long-term water supply that could impact future development potential. Some areas of concern in the EDD include the Verde River Basin and portions of the Prescott Active Management

Areas (AMA). However, great strides are being made to ensure a sustainable water supply. There are communities such as Cameron, Tusayan, and Fredonia that have serious water supply and allocation issues. Periodic drought cycles have negatively impacted the region's water supply. Water storage is also a major concern.

Additional water supply sources may have to be developed for continued growth and development in many parts of the EDD. Two-thirds of the incorporated communities in the EDD have public water supply systems, which serve approximately one-third of the EDD population. Other areas are served by one or more private water companies.

Perennial waters attract visitors for recreation, including fishing, swimming, and streamside activities such as camping and hiking. Boating is also popular on Lake Powell as well as several of the smaller lakes in the EDD. Special designations may make some water bodies more attractive for recreation but may also limit other activities, such as grazing or mining on public lands adjacent to protected areas.

Forests Part of the largest contiguous Ponderosa pine forest in the world is located in this EDD. Although environmental constraints have restricted traditional logging operations, several studies have identified a natural resource in the form of small-diameter Ponderosa pine timber. New markets and technologies could be developed to utilize this resource. However, environmental regulations continue to be an obstacle to moving forward on this opportunity. The EDD continues its support of sustainable forest partnerships; for example, resolutions from the EDC and the NACOG Regional Council in support of the Forest Restoration Products project. The project includes implementation of a thinning program and the development of an Oriented Strand Board (OSB) plant in the Winslow, Arizona area. In addition, appropriately sized forest and wood product enterprises can be developed in a host of locations across the EDD, drawing on not only Ponderosa Pine but other under-utilized forest and woodland materials. The thinning program would restore the forest to a "fire-adapted" or low-density status. This would allow for wildlife and tourism to continue in the forests. The implementation of the OSB plant would create a partnership with the Forest Service and private investors to create much-needed jobs for sustainable forest partnerships. Other supported partnerships include the Southwest Sustainable Forests Partnership, the Arizona Sustainable Forests Partnership, and the Greater Flagstaff Forests Partnership.

The development of clusters of forest and wood product enterprises across the EDD would enable diversity of manufacturing while providing a service to federal land managers – consumers for the large volume of material treated and removed from these forests – thus reducing the economic burden of financing landscape scale, long-term treatment efforts in the EDD.

Minerals Mineral resources are available for mining in the EDD, and in some areas represent a major component of the economy. However, some of these, such as copper and uranium, are also sensitive to market prices and therefore may not provide a steady base for development. There are opportunities within the EDD for mining development compatible with protecting the environment.

Agriculture Livestock grazing is the most widespread component of agriculture in Northern Arizona. Due to the relatively low productivity of land in the EDD, ranchers rely on the use of large tracts of public lands. Northern Arizona also has some concentrated animal feeding operations such as pig farms in Snowflake and Taylor, which is the largest pork producer in the Southwest.

Irrigated agriculture has been locally important in some areas, including Snowflake and Taylor, the Verde

Valley, and Chino Valley areas. In recent years, the Verde Valley has seen growth in the wine industry. The area is home to a growing number of wineries, vineyards and tasting rooms sprouting about the Valley. The Verde Valley Wine Consortium, a group formed specifically to support and grow the Verde Valley's wine industry, is working to promote it.

Fish hatcheries are also found in the region operated by the Arizona Game and Fish Department on Oak Creek and by the U.S. Fish and Wildlife Service on the White Mountain Apache Indian reservation. The Arizona Game and Fish Department is responsible for stocking the lakes and streams in the EDD for sport fishing.

Gas Natural gas is available in some areas and service continues to be introduced in new areas. In remote areas, the cost for delivering natural gas is an issue.

Energy Electricity is available in communities throughout the EDD. Power providers include Navapache Electric Cooperative, Arizona Public Service, and Western Area Power Association. There are four power generating facilities in the EDD. APS operates the Cholla Plant in Joseph City; Salt River Project operates the Navajo Generating Station in Page and the Coronado Generating Station in St. Johns; and Tucson Electric Power operates the Springerville Generating Station in Springerville. The generating stations have a significant impact on the tax base in the counties where they are located. There is a major hydro-electric facility at Glen Canyon Dam.

Goals: Forest/Forage Work with state, regional, and national partners to ensure that the region's forests are healthy and sustainable.

Water and Air Quality Work with regional, state, and national partners to maintain water and air quality within the region.

Resource-Based Industries Develop and expand the resource-based economy and product development that is compatible with regional and local values/goals.

Renewable Energy See Focus Area: Renewable Industries (page 30)

Wildlife/Domestic Animals Support wildlife and animal policies that address safety issues and habitat fragmentation.

Soils Support efforts and policies to manage and conserve the soil within the EDD.

Agriculture Encourage the inventory of existing and potential sustainable agriculture products and services that are compatible within the region.

Objectives:

NOTE: The EDD's role within this Focus Area is to act as a catalyst for communities and present best practices related to natural resources development and preservation.

1. Support value-added, sustainable energy and agricultural industries.
2. Support NAU as a Regional Center for Water Studies to assist with and enable economic development opportunities and assist in sustaining water resources.

3. NAU will continue to provide periodic presentations to the EDC on work related to EDD water resources.
4. NACOG should continue to support EDD water and drought summits.
5. NACOG should work with the Resource Conservation Districts and National Resource Conservation Services to support activities within the EDD.
6. Encourage the Arizona Sustainable Forests Partnership to report annually to the EDC and NACOG Regional Council, to stimulate local ideas related to small-diameter timber resource use, highlight trends in the EDD's forest and wood product industry, share success stories of optimized industry efforts, and to gain political support for projects when necessary.
7. Invite the U.S. Forest Service to report annually at NACOG meetings on the progress of acres treated, contracts proposed, and problems faced.
8. Support the exploration of the use of new technologies to convert existing natural resources into energy products.
9. Support local and regional entities to address water adequacy issues.

Focus Area: Economic Foundations

Physical infrastructure planning and development will continue to be an important effort for the EDD. The EDC provided technical assistance and support to several EDA grant projects in the region, such as the City of Page sewer development. In addition, the EDC supported Arizona Public Service in their plant expansion and upgrades of equipment to "environmentally friendly" status. The EDC supported Arizona Public Service in conjunction with Salt River Project, Tucson Electric Power, and the Department of Energy on a "Carbon Sequestration" project, which will remove carbon dioxide "greenhouse gas" from the air. Sequestration is capturing carbon dioxide and reintroducing it into the earth where water and saline formations can store hundreds of years' worth of the region's manmade carbon dioxide emissions.

Broadband Infrastructure According to a recent study completed by the U.S. Department of Agriculture (USDA), rural counties in the U.S. that embraced broadband adoption at the start of this decade enjoy access to more jobs than those that did not. Their residents also make more money than their less connected counterparts. Only 41% of rural households had broadband access in 2008, the USDA says, as opposed to 55% nationally. And adoption rates still lag behind cities, with a "marked difference" between urban and rural use. Arizona is geographically a large state and Northern Arizona is vastly rural. The recognized biggest problem getting broadband services to sparsely populated regions is the difficult terrain, making the fixed costs high.

The EDD supports the State of Arizona's efforts to pursue Broadband Stimulus Funding to expand Arizona's access to broadband. The purpose of the stimulus money is to offset the costs of bringing broadband to communities. A large portion of the stimulus funds is targeted to rural areas.

Transportation Arizona is faced with significant funding declines that have resulted in the diversion of transportation revenues for other purposes in a reduction in transportation system investments and lower levels of system maintenance. Continued structural budget deficits in the state may result in further transportation revenue diversions, further exacerbating these issues for several more years. Additionally, state transportation revenue collections have declined for the past two years, which has impacted municipal, county and state transportation budgets and programs.

Goals: Regional Planning and Strategic Development Strengthen partnerships within the EDD for strategic

planning.

Physical Infrastructure Partner in the development of the physical infrastructure needed to support economic development.

Broadband Improve Northern Arizona's access to Internet broadband.

Objectives:

1. Support the community organizations in their efforts to complete economic and infrastructure improvements.
2. Pursue funding opportunities to enhance broadband capabilities and other leading-edge telecommunication technology.
3. Provide assistance to local communities in the development of local broadband strategic plans that include addressing barriers, strategies for implementation and the plan's update.
4. Provide support to retain and expand commuter air service within the EDD, including the improvement of local airport facilities.
5. Pursue funding to support infrastructure and transportation projects.
6. Collaborate with ADOT on the update of the Arizona Long-Range Transportation Plan to enhance regional economic development opportunities through transportation system improvements and investments.
7. Support the expansion of existing and the establishment of new public transit programs throughout the region to improve connections between communities and activity centers, and access to jobs, educational facilities, and training opportunities.

*"You've removed most of the roadblocks to success when you've learned the difference between motion and direction."
Bill Copeland*

V. ROLES AND RESPONSIBILITIES

Implementation of the CEDS required a coordinated, focused effort. The plan recognizes that in order for the region to be successful in economic development, community coordination, and a strong public/private partnership must be established. A clear understanding of roles and responsibilities is important. Additionally, relationships are strengthened by good communication.

The CEDS is based on creating and maintaining a sustainable standard of living and high quality of life for the region. Following is a list of success objectives that will assist in implementation. Many of these objectives are similar to The Ahwahnee Principles for Smart Economic Development created by the Center for Livable Communities in Sacramento, California.

Coordinated Approach

All entities involved in economic development must work together to achieve mutually agreed-upon goals to ensure a sustainable effort.

Regional Collaboration

A comprehensive understanding of the region and collaborating with entities throughout the region (e.g., federal agencies, incorporated communities) is critical.

Smart Growth

The regional environment is a tremendous asset that should be protected for community and economic development reasons. The region must take great strides in addressing resource issues, such as water, to ensure long-term sustainability.

Long-Term Efforts

Economic development is not a one-shot activity. Success requires long-term investments (e.g., infrastructure and telecommunications) as well as continued focused effort and evaluation.

Wired Communities

The EDD facilitates the investment in telecommunication infrastructure that supports the ability of local business enterprises and other entities to succeed by providing open access to information and resources that is critical for regional success.

Local Focus

The EDD supports existing enterprises while looking at diversifying the regional economic base. Existing businesses are the region's most valuable assets because they are already contributing to the regional economy and quality of life. They are also the best source of business expansion and local job growth.

Corporate Responsibility

The EDD encourages enterprises to work as civic partners, contributing to the region where they operate, protecting the natural environment, and providing workers with good pay, benefits, and opportunities for upward mobility, within a healthful working environment.

Human Investment

The human resources within the EDD are so valuable in the information age and the area will strive to provide life-long skills and learning opportunities by investing in excellent schools, post-secondary institutions, and opportunities for continuous education and training that are available to all.

A. NACOG's Roles and Responsibilities

The following are key roles and responsibilities for NACOG in economic development.

- Serve as the regional coordinating entity through the Regional Council.
- Address regional economic development issues through the EDC.
- Plan for regional transportation through the Technical Committee for Transportation and the Transportation Policy Advisory Committee.

- Address social service needs through four Social Service Planning Committees (i.e. by county). They also serve as the Community Action Committee.
- Support the Area Agency on Aging.
- Address workforce issues through the Workforce Investment Boards.
- Oversee an effective revolving loan fund through the Revolving Loan Program Committee.

B. Economic Development Committee Roles and Responsibilities

The following are EDC's key roles and responsibilities:

- Promote workforce development and training partnerships that provide business retention and expansion in the EDD.
- Support the expansion of improved infrastructure including broadband access in the region that leads to increased jobs, technology and long-term economic benefit.
- Serve as Northern Arizona's voice for economic development initiatives in the state.
- Continue to support efforts to sustain and grow tourism within the EDD.
- Strengthen collaborative partnerships with agencies such as the Bureau of Land Management and the Arizona Motion Picture Office in their efforts to promote and serve Northern Arizona.
- Support sub-regional groups throughout the EDD in their local economic development efforts.
- Support regional and sub-regional public works projects that align with the EDD's goals and priorities.
- Annually review the CEDS, adopt a work program and work collaboratively on work program implementation.
- Periodically update the NACOG CEDS.

C. Partnering Agencies

Economic development cannot be done alone. Following is a listing of the entities that play a role in economic and community development.

Local and Regional Economic Development Organizations There are a number of local and regional economic development organizations in Northern Arizona that actively pursue economic development. The EDC coordinates and communicates with these entities and facilitates mutual economic development opportunities.

Focused Future Communities Within the EDD, many of the communities have completed the APS-sponsored process called A Focused Future process that resulted in a strategic plan for economic development. The EDC will work closely with these communities in the implementation of their local strategic plans for economic development and encourage cooperative partnerships within the EDD on mutual strategies.

National Forest Service Action Teams Many of the communities in Northern Arizona have successfully completed the community development planning process through their National Forest. The EDC plays a collaborative role in ensuring that regional and local strategies are implemented.

Arizona Certification Programs The State of Arizona has several programs that provide technical assistance and grants to certified communities. The Rural Economic Development Initiative (REDI) provides assistance to rural communities in economic development. The Arizona Main Street Program provides technical assistance and grants to support downtown redevelopment efforts in rural downtowns. The State Historic Preservation Office's Certified Local Government (CLG) program is focused on communities' efforts for historic preservation. Due to the recent economic downturn that has hit Arizona state government hard, many of these programs have been downsized.

Transportation Planning Organizations Ensuring a strong multimodal transportation system throughout the region is critical to successful community and economic development. The EDD works closely with regional Transportation Planning Organizations, Metropolitan Planning Organizations, and Regional Transportation Committees to ensure that mutual issues are addressed.

Workforce Investment Areas Workforce development is a key focus area for the region. The EDC collaborates on mutual activities with the Workforce Investment Areas in each of the four counties and the Navajo Nation and Tribal Consortium.

Enterprise Zones There are five enterprise zones designated within the region. The primary goal of the Enterprise Zone program is to improve the economies of areas in poverty and/or high unemployment. The program does this by enhancing opportunity investment in certain areas that are called enterprise zones.

Other Collaborative Partners There are many different organizations that the EDD will partner with to ensure CEDS implementation. Some of these include:

- Cities, Towns and Counties
- Indian Nations
- Federal Agencies
- Four Corners Enterprise Community
- Small Business Development Centers
- Chambers of Commerce
- Resource Conservation Districts
- State Agencies
- Northern Arizona University
- Community Colleges
- Western Navajo Empowerment Zone
- Arizona Strip Regional Planning Task Force
- Embry-Riddle Aeronautical University
- State and National Economic Development partners – Arizona Association of Economic Development, National Association of Development Organizations, National Association of County Organizations

*“Success has always been each to measure.
It is the distance between one’s origins
and one’s final achievement.”
Michael Korda*

VI. ANNUAL EVALUATION

The success of any plan or planning effort is measured by how it is implemented. The NACOG CEDS 2010 – 2015 serves as the blueprint for the regional economic development efforts. However, it is critical to monitor how the CEDS is put into action. It is the primary responsibility of the NACOG Economic Development Council (EDC) and Regional Council to monitor the CEDS implementation.

Following are the steps to ensure accountability for CEDS implementation.

1. NACOG EDC adopts the CEDS 2010 - 2015.
2. Present the CEDS Update to other NACOG Boards and Committees as appropriate.
3. NACOG Regional Council adopts the CEDS 2010 - 2015.
4. Share the document as a resource document with other entities within the region.
5. Conduct presentations annually to subregional groups about the status of the plan and solicit input into the update.
6. The EDC annually reviews all goals and strategies and producing a Work Program that is submitted to EDA.

The NACOG CEDS Update process resulted in a heightened level of regional collaboration. The resultant plan provides clear direction for the EDD to focus its efforts. The collaborative process that was established during the plan development phase will continue through plan implementation.

A. Performance Measures

The inclusion of performance measures in the updated plan provides an important tool for specific review and monitoring procedures that will provide the EDC a mechanism to monitor the regional economy and update the CEDS. The EDC will continue to monitor the following performance measures:

- Number of jobs created as a result of the CEDS implementation
- Number and types economic investments made throughout the EDD economy

- Number of jobs retained within the EDD
- Changes in the EDD Region

B. State of Arizona Economic Plan Coordination

The State of Arizona currently does not have a statewide economic development plan that it is implementing. However, NACOG and the EDC work very closely with the Arizona Department of Commerce (the state's economic development agency) as well as the Governor's Office in economic development activities in Northern Arizona. The Governor has a Northern Arizona Office and the Governor's Policy Advisor works collaboratively on economic development issues within the EDD. As the State of Arizona begins any effort to establish a statewide economic development plan, the EDC will play an active role.