

# CITY OF COTTONWOOD, AZ



**MAXIMIZING ASSETS.  
ELEVATING COMPETITIVENESS.**

## **A FIVE-YEAR ECONOMIC DEVELOPMENT STRATEGIC PLAN FOR THE CITY OF COTTONWOOD, AZ**

Prepared by:  
IO.INC and Elliott D. Pollack & Co.  
March 2024



STRATEGY • SOLUTIONS • SUCCESS

## Table of Contents

---

|  |    |
|--|----|
| ➤ Section 1 – Introduction                           | 1  |
| ➤ Section 2 – Demographic Characteristics            | 4  |
| ➤ Section 3 – Workforce/Talent                       | 10 |
| ➤ Section 4 – Local Economy                          | 19 |
| ➤ Section 5 – Geography & Commercial Real Estate     | 22 |
| ➤ Section 6 – Livability                             | 24 |
| ➤ Section 7 – Summary & Conclusions                  | 31 |
| ➤ Section 8 – Stakeholder Engagement & SWOT Analysis | 34 |
| ➤ Section 9 – Agenda For Action                      | 51 |
| ➤ Appendix   | 61 |

---

## Section 1: Introduction

---

### 1.1 Genesis of Study

Located in Arizona's Verde Valley, the City of Cottonwood offers unique assets and attributes to people and business alike. Living and doing business in Cottonwood benefit from the community's rich mosaic of history, geography and the advantages of being located in the state of Arizona.

Cottonwood's natural attributes are abundant. With the Verde River an abundance of This comprehensive report serves as a window into the multifaceted tapestry of life in Cottonwood, exploring the town's thriving economy, dynamic business landscape, abundant leisure opportunities, diverse amenities, housing options, and the vibrant cultural scene that collectively define the unique character of this community.

Life in Cottonwood unfolds in a landscape that seamlessly marries natural beauty with a welcoming community spirit. With the Verde River meandering through the heart of the town and the Mingus Mountain range providing a picturesque backdrop, Cottonwood's residents and visitors are beckoned to explore and experience the great outdoors. With its proximity to the Phoenix and Flagstaff metro markets, business and industry can access modern transportation access and a regional talent pool of 615,000 qualified workers within a 90-minute commute.

Cottonwood is the economic heart of the Verde Valley, providing the city and surrounding communities with the retail and services that are needed to support daily life and business operations. From its renowned wine industry to the locally-owned shops of Old Town, Cottonwood's business scene is a testament to sound policies that support business investment.

Recognizing the vital importance of building an even stronger and more diverse economy, the City of Cottonwood commissioned this economic development strategy to understand where the community stands vis-à-vis its economic development competitiveness, the dynamics that will directly impact its economic and population growth and which of the many growth sectors in the U.S. and world economies are best suited for the community.

This economic development strategy is based on a comprehensive, data-driven analysis of Cottonwood's:

- Current economic status
- Current and projected labor force
- Current competitive standing
- Targeted sector analysis

Just as important was the high level of stakeholder engagement and input in the strategy, which fully integrates the direct and candid feedback we received from the 65 stakeholders who participated in one-on-one interviews as well as two roundtables held in Cottonwood. In addition, 102 community members responded to the online survey that was developed to elicit perspectives about living, working, learning and doing business in the community.

The comprehensive research and analysis as well as the stakeholder input are the underpinnings of Cottonwood's economic development strategy. A roadmap to guide Cottonwood's economic development investments and initiatives over the next five years was the culmination of this work, and a timeline for implementation is the capstone to this body of work.

We would like to acknowledge and thank the City of Cottonwood and its partners and stakeholders for their participation and engagement in the economic development strategic planning process. We commend Cottonwood for its commitment to ensuring the community remains a desirable place in which to live and do business for generations to come.

## **1.2 Organization of Report**

This Economic Development Strategy is designed to inform the City of Cottonwood on a broad range of economic indicators that can affect business expansion and location decisions. The comparisons provided in this report will help to identify comparative strengths and weaknesses that the region possesses.

The data that has been gathered helps to illustrate Cottonwood's competitiveness with respect to business expansions and new locations. Data is provided for the City of Cottonwood and the unincorporated Verde Village (known by the U.S. Census as a Community Designated Place or CDP) independently and also combined and referred to as "Greater Cottonwood Region", Yavapai County, and the state of Arizona.

This data will also help to inform the targeted economic sector analysis. This information is fundamentally important to understanding the region's competitive position in order to identify targeted economic sectors that will provide a significant opportunity to grow and diversify Cottonwood's economy. The data outlines competitive advantages and disadvantages in the market. Our approach in selecting and analyzing targeted economic sectors to grow Cottonwood's economy will focus on the opportunities that can best capitalize on its competitive advantages.

The following sections analyze and summarize several broad factors considered important to economic health and site selection criteria. More specifically, the following factors have been

analyzed, all of which have significant weight in business expansions and new facility location decision-making.

**1. Demographic Characteristics**

Data from the U.S. Census American Community Survey as well as various state agencies reporting total population, age ranges, the distribution of race/ethnicity, household size, renters and owners, and income.

**2. Workforce / Talent**

Attributes of the local workforce have been outlined including several aspects of educational attainment, labor force growth and participation, unemployment, occupations, occupational wages, and industries that residents work in.

**3. Local Economy**

Characteristics of employment located within each area are detailed including total number of jobs, the types and amount of employment among various industry categories, and worker characteristics. The comparison of this data to the potential of the local workforce is included for potential targeted industry considerations.

**4. Geography & Commercial Real Estate**

Descriptions of the municipalities are provided in terms of access to transportation infrastructure, proximity to larger markets, current conditions of the office and industrial markets (at the MSA level) and construction costs relative to the U.S. average.

**5. Livability**

Various indicators related to local quality of life are presented which consider housing affordability, crime, commuting patterns, geographic mobility, and the quality of local secondary education.

With this fact-based approach to economic conditions, Cottonwood and regional policymakers can make informed decisions and highlight areas of competitive advantage to existing businesses and prospective new employers. In addition, this data will help identify comparative weaknesses that the region could formulate strategies for and deploy resources to either mitigate or make improvements in both the short term and long term.

This report can also serve as a template for further research by Cottonwood. Competitor cities, towns, or metro regions can be identified and be made the subject of future study utilizing the indicators in this report. Wherever possible, data was gathered from publicly available sources and referenced under each table.

## Section 2: Demographic Characteristics

In terms of the overall population, the Greater Cottonwood Region is a representative area of the broader Yavapai County. The City of Cottonwood has an estimated population of 12,314 people and, combined with Verde Village's population of 12,005, the total Greater Cottonwood Region population is estimated at 24,319 people or about 10% of the Yavapai County population of 237,830.

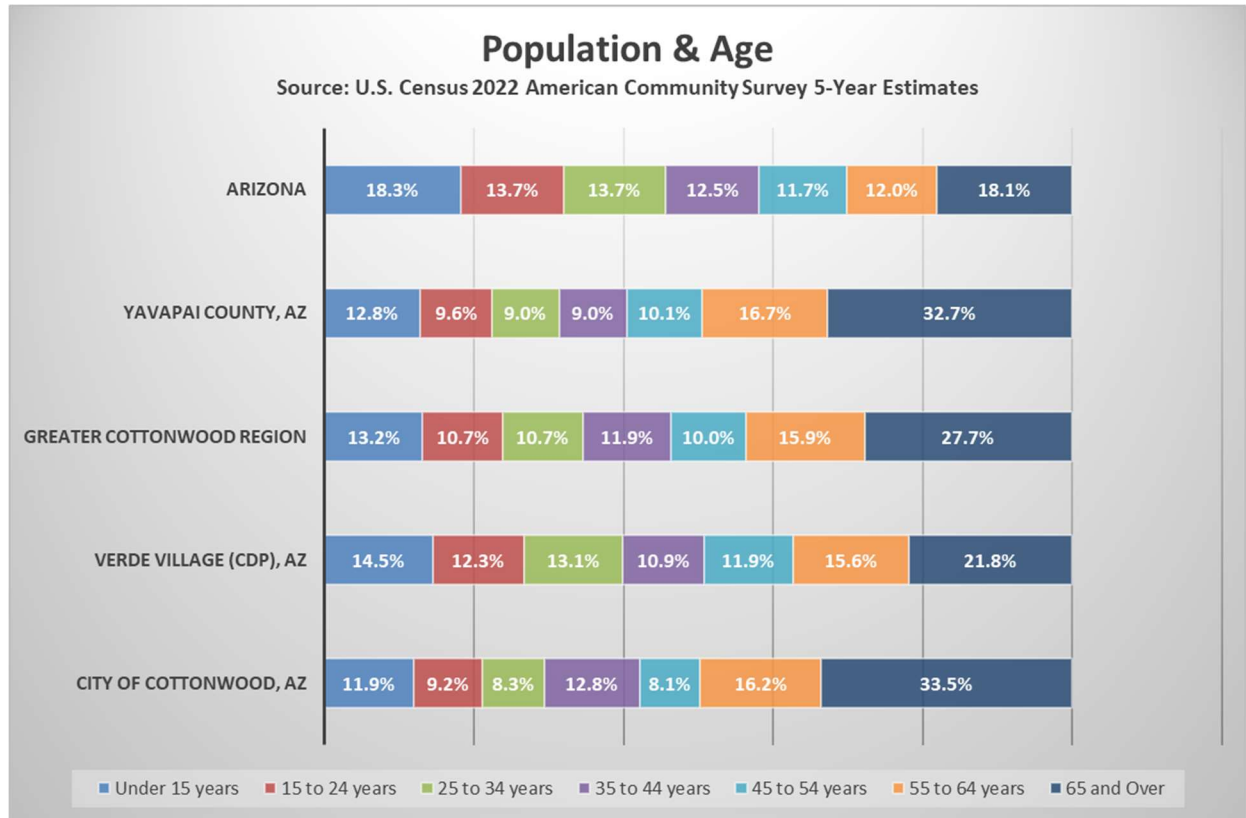
### 2.1 Age

The median age of the population of the Greater Cottonwood Region is older than both the county and the state. Cottonwood has the oldest median age in the dataset at 54.9 years. However, the Greater Cottonwood Region also has a higher percentage of residents under 15 at 13.2% compared to the County at 12.8% but lower than the state at 18.3%.

In terms of working age (20-54) population, the Cottonwood Region has a higher percentage of the population than the county but lower than Arizona. This is a positive characteristic to attract new employers to the region.

| Population & Age Characteristics |                           |                            |                                 |                       |                  |
|----------------------------------|---------------------------|----------------------------|---------------------------------|-----------------------|------------------|
|                                  | City of<br>Cottonwood, AZ | Verde Village<br>(CDP), AZ | Greater<br>Cottonwood<br>Region | Yavapai<br>County, AZ | Arizona          |
| <b>Total population</b>          | <b>12,314</b>             | <b>12,005</b>              | <b>24,319</b>                   | <b>237,830</b>        | <b>7,172,282</b> |
| <b>Under 5 years</b>             | 4.8%                      | 4.4%                       | 4.6%                            | 3.8%                  | 5.6%             |
| <b>5 to 9 years</b>              | 2.7%                      | 3.8%                       | 3.2%                            | 4.0%                  | 6.1%             |
| <b>10 to 14 years</b>            | 4.4%                      | 6.3%                       | 5.3%                            | 5.0%                  | 6.6%             |
| <b>15 to 19 years</b>            | 4.4%                      | 5.9%                       | 5.1%                            | 5.0%                  | 6.7%             |
| <b>20 to 24 years</b>            | 4.8%                      | 6.4%                       | 5.6%                            | 4.6%                  | 7.0%             |
| <b>25 to 34 years</b>            | 8.3%                      | 13.1%                      | 10.7%                           | 9.0%                  | 13.7%            |
| <b>35 to 44 years</b>            | 12.8%                     | 10.9%                      | 11.9%                           | 9.0%                  | 12.5%            |
| <b>45 to 54 years</b>            | 8.1%                      | 11.9%                      | 10.0%                           | 10.1%                 | 11.7%            |
| <b>55 to 59 years</b>            | 7.8%                      | 7.9%                       | 7.9%                            | 7.4%                  | 6.0%             |
| <b>60 to 64 years</b>            | 8.4%                      | 7.6%                       | 8.0%                            | 9.3%                  | 6.1%             |
| <b>65 to 74 years</b>            | 18.2%                     | 10.6%                      | 14.4%                           | 19.6%                 | 10.4%            |
| <b>75 to 84 years</b>            | 10.4%                     | 9.6%                       | 10.0%                           | 10.0%                 | 5.7%             |
| <b>85 years +</b>                | 5.0%                      | 1.5%                       | 3.3%                            | 3.1%                  | 1.9%             |
| <b>Median age</b>                | <b>54.9</b>               | <b>43.7</b>                | <b>49.4</b>                     | <b>54.5</b>           | <b>38.4</b>      |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates



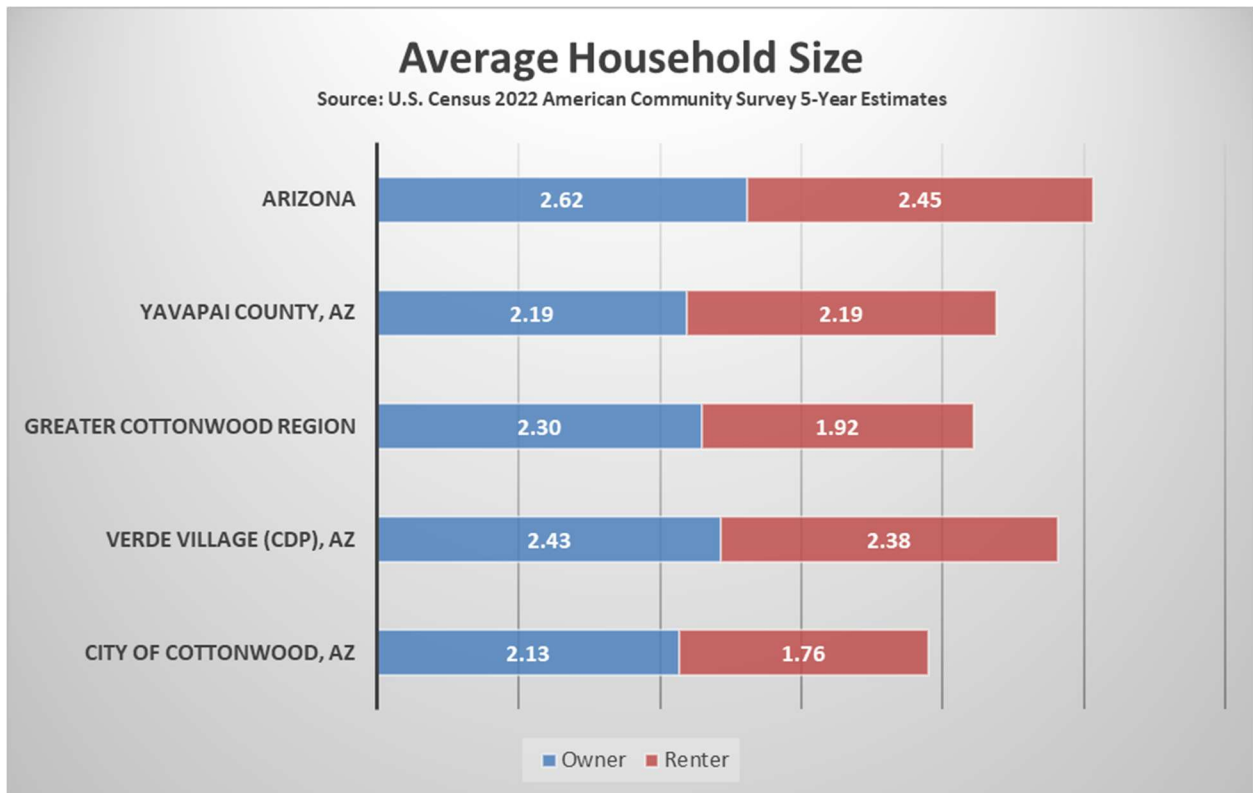
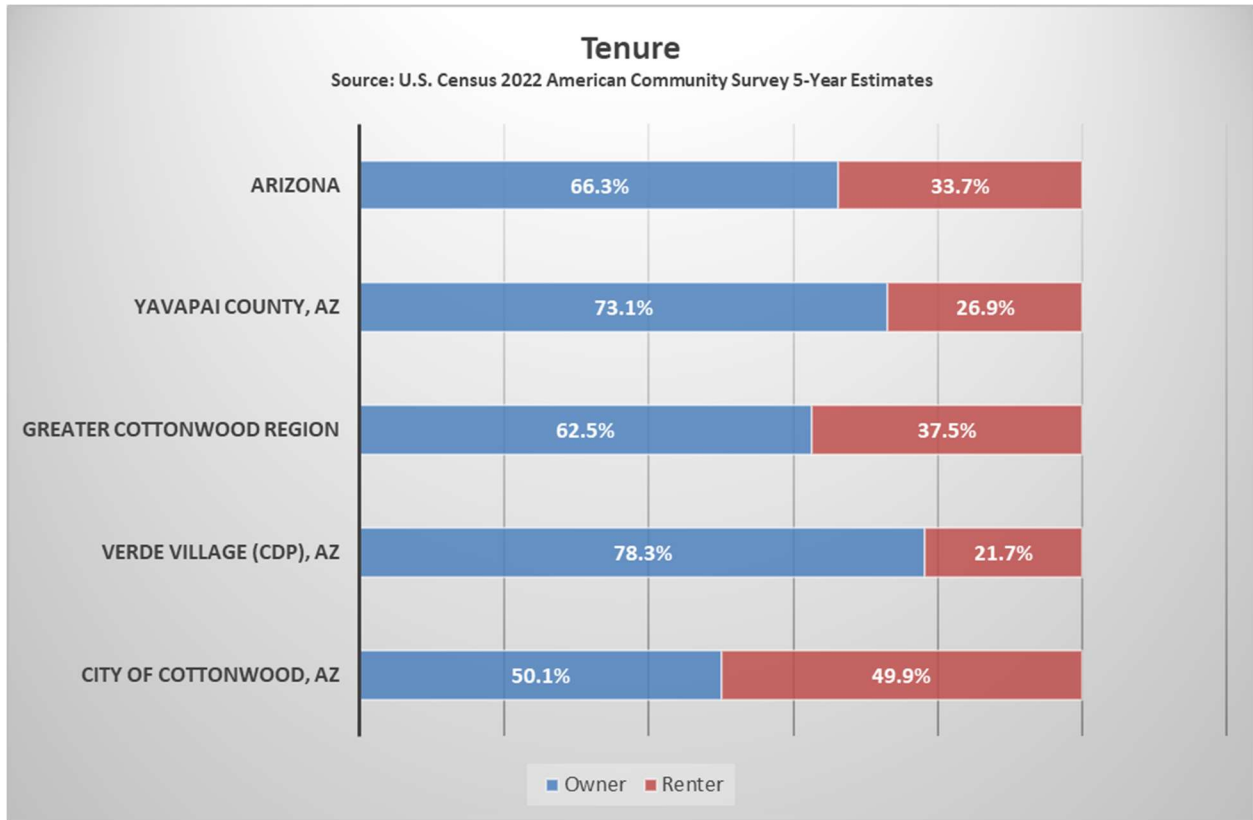
## 2.2 Household Characteristics

The City of Cottonwood has the lowest average household size (1.95) among the comparative set, and the State of Arizona has the largest household size (2.56). The Greater Cottonwood Region has a lower average household size than Yavapai County (2.19) and Arizona.

The Greater Cottonwood Region has a comparable mix of owner versus renter (62.5% to 37.5%) to Arizona (66.3% to 33.7%). Cottonwood has the lowest level of owner-occupied housing at 50.1% while Verde Village with the highest percentage at 78.3%.

| Household Size & Tenure    |                           |                            |                                 |                       |           |
|----------------------------|---------------------------|----------------------------|---------------------------------|-----------------------|-----------|
|                            | City of<br>Cottonwood, AZ | Verde Village<br>(CDP), AZ | Greater<br>Cottonwood<br>Region | Yavapai County,<br>AZ | Arizona   |
| <b>Total Households</b>    | 6,217                     | 4,924                      | 11,141                          | 106,542               | 2,739,136 |
| <b>Avg. Household Size</b> | 1.95                      | 2.42                       | 2.16                            | 2.19                  | 2.56      |
| <b>Owner-occupied</b>      | 50.1%                     | 78.3%                      | 62.5%                           | 73.1%                 | 66.3%     |
| <b>Renter-occupied</b>     | 49.9%                     | 21.7%                      | 37.5%                           | 26.9%                 | 33.7%     |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates





## 2.3 Race

Race in the Greater Cottonwood Region has a comparable diverse mix compared to the overall County. However, both jurisdictions have a less diverse population than the state. The region is primarily white but has a higher percentage of Hispanic or Latino population than the county.

| Population & Race Characteristics Comparison |                    |                     |                           |                |           |
|--|--------------------|---------------------|---------------------------|----------------|-----------|
|  | City of Cottonwood | Verde Village (CDP) | Greater Cottonwood Region | Yavapai County | Arizona   |
| <b>Total population</b>                      | 12,314             | 12,005              | 24,319                    | 237,830        | 7,172,282 |
| <b>White</b>                                 | 84.5%              | 77.4%               | 81.0%                     | 84.5%          | 66.7%     |
| <b>Black or African American</b>             | 0.0%               | 1.5%                | 0.8%                      | 0.6%           | 4.6%      |
| <b>American Indian/Alaska Native</b>         | 1.0%               | 1.9%                | 1.4%                      | 1.4%           | 4.1%      |
| <b>Asian</b>                                 | 0.3%               | 0.5%                | 0.4%                      | 1.0%           | 3.4%      |
| <b>Pacific Islander</b>                      | 0.0%               | 0.1%                | 0.1%                      | 0.1%           | 0.2%      |
| <b>Some other race</b>                       | 4.8%               | 7.3%                | 6.0%                      | 4.4%           | 7.7%      |
| <b>Two or more races</b>                     | 9.4%               | 11.3%               | 10.4%                     | 8.0%           | 13.4%     |
| <b>Hispanic or Latino</b>                    | 18.5%              | 18.1%               | 18.3%                     | 15.2%          | 32.0%     |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

## 2.4 Income

Both Arizona and Yavapai County have a higher median income compared to the combined Greater Cottonwood region. Verde Village has a comparable income to the county, but the City of Cottonwood has the lowest median income. The combined region has a median income 16% lower than that of the County and nearly 28% lower than the state.

| Median & Per Capita Income       |               |                   |
|----------------------------------|---------------|-------------------|
|                                  | Median Income | Per Capita Income |
| <b>City of Cottonwood, AZ</b>    | \$43,273      | \$29,166          |
| <b>Verde Village (CDP), AZ</b>   | \$63,835      | \$31,399          |
| <b>Greater Cottonwood Region</b> | \$52,361      | \$30,268          |
| <b>Yavapai County, AZ</b>        | \$62,430      | \$37,666          |
| <b>Arizona</b>                   | \$72,581      | \$38,334          |

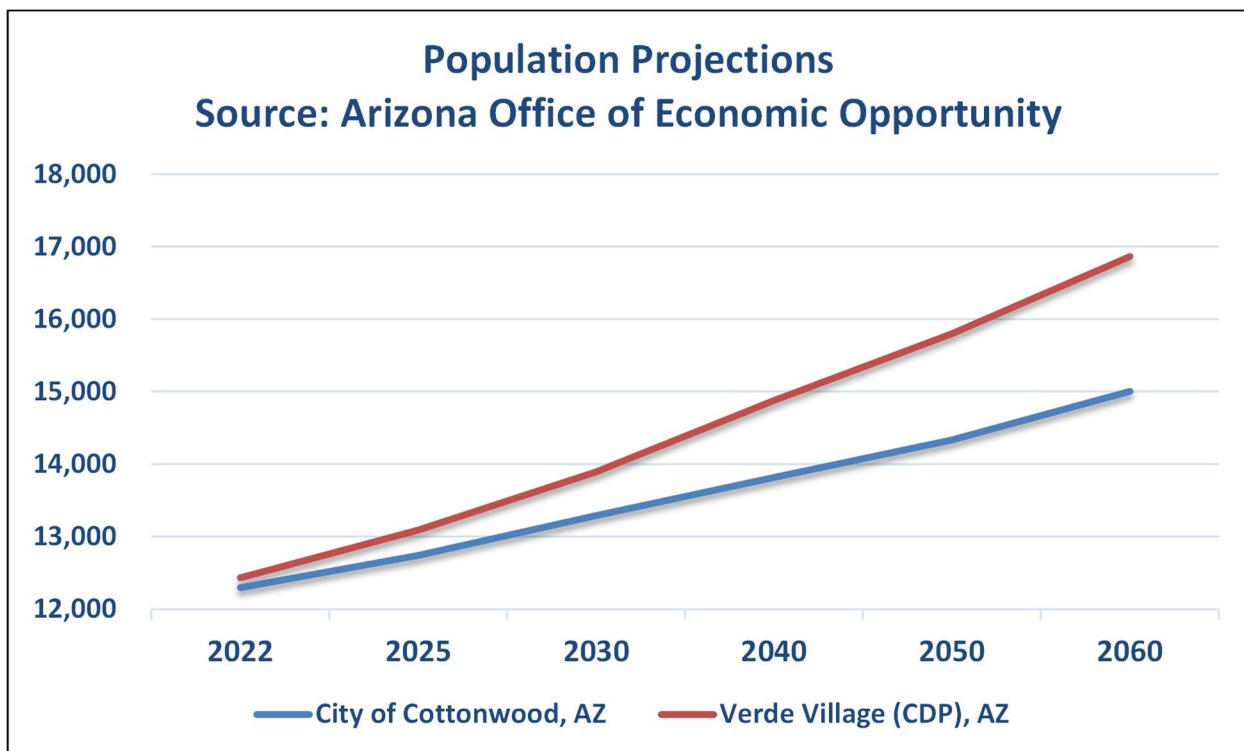
Source: U.S. Census 2022 American Community Survey 5-Year Estimates

## 2.5 Population Projections

Historical and projected growth appear to be somewhat of a competitive disadvantage for the region. Greater Cottonwood is expected to grow at a slower rate than both the County and State. In total, the population in the state is expected to grow to nearly 10.7 million residents by 2060 and add an estimated 2.5 million people while Yavapai County is expected to add 97,911 people. Greater Cottonwood is expected to add 6,804 residents by 2060 which equates to a 7% capture rate of the county's projected growth.

| Population Projections    |           |           |           |           |            |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| Area                      | 2023      | 2030      | 2040      | 2050      | 2060       |
| City of Cottonwood, AZ    | 12,411    | 13,289    | 13,818    | 14,333    | 15,006     |
|                           |           | 1.0%      | 0.4%      | 0.4%      | 0.5%       |
| Verde Village (CDP), AZ   | 12,653    | 13,893    | 14,876    | 15,798    | 16,862     |
|                           |           | 1.3%      | 0.7%      | 0.6%      | 0.7%       |
| Greater Cottonwood Region | 25,064    | 27,182    | 28,694    | 30,132    | 31,868     |
|                           |           | 1.2%      | 0.5%      | 0.5%      | 0.6%       |
| Yavapai County, AZ        | 250,074   | 277,268   | 301,937   | 324,077   | 347,985    |
|                           |           | 1.5%      | 0.9%      | 0.7%      | 0.7%       |
| Arizona                   | 7,534,922 | 8,313,814 | 9,206,879 | 9,961,322 | 10,662,273 |
|                           |           | 1.4%      | 1.0%      | 0.8%      | 0.7%       |

Source: Arizona Office of Economic Opportunity - 2023



## **2.6 Summary**

Overall, the demographic characteristics of the population of the Greater Cottonwood Region are consistent with those of the county, but less favorable when compared to the state. A key metric, median income, is lower than the Yavapai County median income and significantly lower than the state. The region's growth prospects are somewhat limited and may be a hindrance to attracting new industries with any substantial labor requirement.

## Section 3: Workforce / Talent

Perhaps the most critical factor for site location decisions is the availability of a qualified workforce. The region's labor pool is not necessarily confined to the residents within its boundaries and can include many other regions within a reasonable driving distance. However, the characteristics of the workforce living within the area will be of high importance to potential employers.

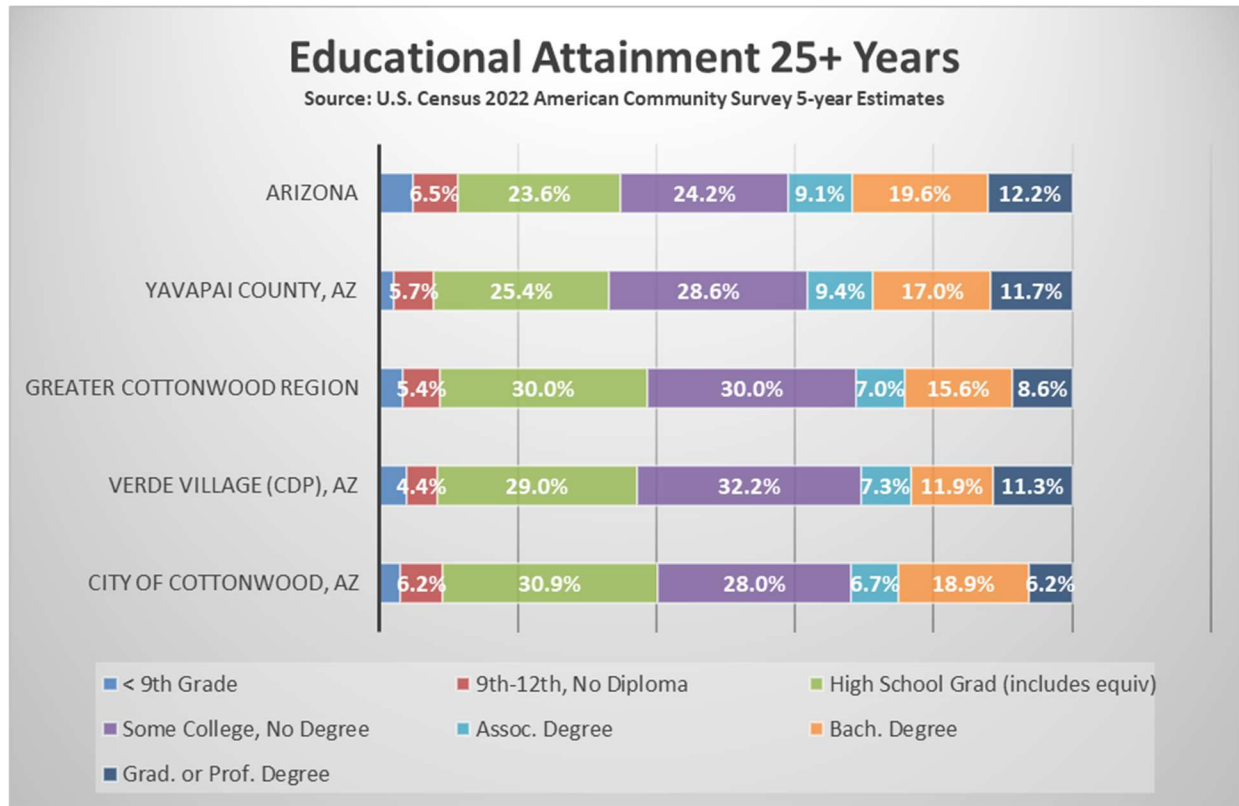
### 3.1 Educational Attainment

The level of education attained by the local workforce helps to determine the suitability of the workforce to employer prospects. Several components of educational attainment have been gathered for comparison. While the level of detail in the following tables for educational attainment might not fully inform an employer, an opinion can be formulated regarding the general educational requirements needed and the probability that the workforce can meet those needs. For industries currently in demand, such as healthcare (nursing, occupational therapy, physician's assistants) and professional services (research analysts, web developers, mathematicians, statisticians) the majority require some level of post-secondary education. This will be the focus of the comparisons.

Among the comparable areas within the set, Greater Cottonwood has a higher percentage of residents that have some college education, but both the state and Yavapai County have a higher percentage of graduate and professional degreed individuals. However, the percentage of City of Cottonwood residents with a bachelor's degree is consistent with both the county and the state. Verde Village has a high percentage of residents with graduate or professional degrees.

| Educational Attainment    |             |                      |                                   |                         |               |              |                       |
|---------------------------|-------------|----------------------|-----------------------------------|-------------------------|---------------|--------------|-----------------------|
|                           | < 9th Grade | 9th-12th, No Diploma | High School Grad (includes equiv) | Some College, No Degree | Assoc. Degree | Bach. Degree | Grad. or Prof. Degree |
| City of Cottonwood, AZ    | 3.0%        | 6.2%                 | 30.9%                             | 28.0%                   | 6.7%          | 18.9%        | 6.2%                  |
| Verde Village (CDP), AZ   | 3.9%        | 4.4%                 | 29.0%                             | 32.2%                   | 7.3%          | 11.9%        | 11.3%                 |
| Greater Cottonwood Region | 3.4%        | 5.4%                 | 30.0%                             | 30.0%                   | 7.0%          | 15.6%        | 8.6%                  |
| Yavapai County, AZ        | 2.1%        | 5.7%                 | 25.4%                             | 28.6%                   | 9.4%          | 17.0%        | 11.7%                 |
| Arizona                   | 4.8%        | 6.5%                 | 23.6%                             | 24.2%                   | 9.1%          | 19.6%        | 12.2%                 |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates



### Educational Attainment by Age

The general trend in educational attainment is that it is highest among residents aged 35 to 44 years old. This holds true across all areas. Similar to the previous educational attainment tables, the number of residents with bachelor's degrees or higher is lower in the Greater Cottonwood Region. The level of a bachelor's degree is lower than county and state across all age brackets. However, the data shows residents of Verde Village are highly educated in the 45-64 year old age bracket.

| Educational Attainment by Age Group |                            |                        |                            |                        |                            |                        |
|-------------------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|------------------------|
|                                     | Population 25 to 34        |                        | Population 35 to 44        |                        | Population 45 to 64        |                        |
|                                     | High school grad or higher | Bach. degree or higher | High school grad or higher | Bach. degree or higher | High school grad or higher | Bach. degree or higher |
| City of Cottonwood, AZ              | 80.1%                      | 17.7%                  | 97.0%                      | 20.3%                  | 89.8%                      | 24.2%                  |
| Verde Village (CDP), AZ             | 91.9%                      | 14.3%                  | 97.0%                      | 16.1%                  | 90.0%                      | 31.1%                  |
| Greater Cottonwood Region           | 87.2%                      | 15.6%                  | 97.0%                      | 18.4%                  | 89.9%                      | 27.8%                  |
| Yavapai County, AZ                  | 89.6%                      | 16.5%                  | 92.3%                      | 22.0%                  | 90.4%                      | 28.6%                  |
| Arizona                             | 90.6%                      | 31.1%                  | 89.1%                      | 34.5%                  | 92.2%                      | 28.6%                  |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

### **College Enrollment**

College and graduate school enrollment among the population aged 18 to 24 in Greater Cottonwood is lower than the Yavapai County and the State of Arizona averages. The percentage enrolled in Verde Village is 27.6% versus only 9.6% within the City of Cottonwood.

| <b>College &amp; Graduate School Enrollment Comparison</b> |                                 |   |                                   |   |
|--|---------------------------------|---|-----------------------------------|---|
|  | <b>Population<br/>18+ years</b> | <b>Percent enrolled<br/>in college or<br/>graduate school</b> | <b>Population<br/>18-24 years</b> | <b>Percent enrolled in<br/>college or<br/>graduate school</b> |
| <b>City of Cottonwood, AZ</b>                              | 10,460                          | 4.0%  | 741                               | 9.6%  |
| <b>Verde Village (CDP), AZ</b>                             | 9,784                           | 5.1%  | 988                               | 27.6%   |
| <b>Greater Cottonwood Region</b>                           | 20,244                          | 4.5%  | 1,729                             | 19.9%   |
| <b>Yavapai County, AZ</b>                                  | 200,350                         | 5.8%  | 15,875                            | 38.7%   |
| <b>Arizona</b>   | 5,578,819                       | 8.1%  | 699,860                           | 36.3%   |

Source: U.S. Census 2021 American Community Survey 5-Year Estimates

### **College Access**

Educational attainment is strongly correlated with access to higher education institutions. A college or university presence also bolsters entrepreneurship and innovation in communities through research and support to start-ups.

The Town of Clarkdale is home to the Verde Valley campus of Yavapai College, located in close proximity to Cottonwood with an enrollment of approximately 600 students (approximately 10,000 students are enrolled within the Yavapai County Community College District). The Yavapai College Verde Valley campus offers more than a dozen degree programs, 20 certificate programs, and a selection of courses ranging from accounting to viticulture. Online classes from Yavapai College are also available.

Beyond Yavapai College, residents in the area have access to Northern Arizona University in the City of Flagstaff, which offers four-year degrees in numerous disciplines. Flagstaff is approximately a one-hour drive from Cottonwood and Verde Village.

## **3.2 Employment by Industry**

Residents within Greater Cottonwood are employed in a wide variety of economic sectors which may be of interest to potential companies in these industries. Among the region, the City of Cottonwood has a higher percentage of residents working in manufacturing than Verde Village.

Compared to the state, the region has a higher percentage of residents working in Construction, Education and Health Care, Professional Services, Arts, Entertainment, Accommodation and Food Services, and Public Administration. In particular, Accommodations and Food Services are exceptionally high as a percentage of overall employment. Employment diversity is well represented, however, the total labor force size may be a barrier to new employer entrants.

| <b>Resident Employment by Industry</b>            |                               |                                    |  |                           |                  |
|---|-------------------------------|------------------------------------|--|---------------------------|------------------|
|   | <b>City of<br/>Cottonwood</b> | <b>Verde<br/>Village<br/>(CDP)</b> | <b>Greater<br/>Cottonwood<br/>Region</b> | <b>Yavapai<br/>County</b> | <b>Arizona</b>   |
| <b>Civilian employed population 16 years +</b>    | <b>5,074</b>                  | <b>5,979</b>                       | <b>11,053</b>                            | <b>94,954</b>             | <b>3,281,189</b> |
| Agriculture, forestry, fishing, hunting, & mining | 0.0%                          | 1.1%                               | 0.6%                                     | 2.2%                      | 1.3%             |
| Construction                                      | 6.7%                          | 9.7%                               | 8.3%                                     | 10.2%                     | 7.5%             |
| Manufacturing                                     | 5.0%                          | 4.1%                               | 4.5%                                     | 5.6%                      | 7.4%             |
| Wholesale trade                                   | 2.5%                          | 2.1%                               | 2.3%                                     | 1.8%                      | 2.2%             |
| Retail trade                                      | 14.8%                         | 8.8%                               | 11.5%                                    | 12.8%                     | 11.9%            |
| Transportation and warehousing, and utilities     | 2.8%                          | 2.9%                               | 2.8%                                     | 4.0%                      | 5.7%             |
| Information                                       | 0.7%                          | 0.6%                               | 0.6%                                     | 1.5%                      | 1.7%             |
| Finance, insurance, real estate, rental/leasing   | 3.9%                          | 3.1%                               | 3.5%                                     | 5.2%                      | 8.8%             |
| Prof., sci, mgt., admin. & waste mgt.             | 10.5%                         | 14.6%                              | 12.7%                                    | 11.6%                     | 12.5%            |
| Education, health care & social assistance        | 19.9%                         | 25.7%                              | 23.1%                                    | 22.9%                     | 21.9%            |
| Arts, entertain., rec., accommodation & food      | 19.8%                         | 17.2%                              | 18.4%                                    | 11.2%                     | 9.9%             |
| Other services, except public administration      | 8.4%                          | 4.8%                               | 6.4%                                     | 6.1%                      | 4.5%             |
| Public administration                             | 5.0%                          | 5.5%                               | 5.3%                                     | 4.9%                      | 4.8%             |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

### 3.3 Employment by Occupation

Within the various industries, the region's workforce is also employed in a wide array of occupations. These occupations are an indicator of the skill sets that the workforce possesses and could have applications in any number of potential sectors.

The region contains workers comparable to or outperforming Yavapai County and the State in many occupations such as Healthcare Support, Protective Service, Food Preparation, Building Cleaning, Personal Care and Transportation. The region generally lags behind the county or state in terms of its share of computer and mathematical, architecture and engineering, and other sciences (life, physical, and social sciences) occupations.

| Resident Occupations                           |                       |                           |                                 |                   |                  |
|--|-----------------------|---------------------------|---------------------------------|-------------------|------------------|
|  | City of<br>Cottonwood | Verde<br>Village<br>(CDP) | Greater<br>Cottonwood<br>Region | Yavapai<br>County | Arizona          |
| <b>Civilian employed population 16 years +</b> | <b>5,074</b>          | <b>5,979</b>              | <b>11,053</b>                   | <b>94,954</b>     | <b>3,281,189</b> |
| Management, business, and financial            | 14.5%                 | 12.3%                     | 13.3%                           | 13.2%             | 16.7%            |
| Computer and mathematical                      | 0.7%                  | 1.7%                      | 1.2%                            | 1.9%              | 3.6%             |
| Architecture and engineering                   | 0.7%                  | 1.7%                      | 1.2%                            | 1.5%              | 2.4%             |
| Life, physical, and social science             | 0.2%                  | 0.5%                      | 0.4%                            | 1.2%              | 0.8%             |
| Community and social services                  | 1.2%                  | 1.9%                      | 1.6%                            | 2.0%              | 1.7%             |
| Legal  | 0.0%                  | 0.9%                      | 0.5%                            | 1.0%              | 1.0%             |
| Education, training, and library               | 4.9%                  | 5.2%                      | 5.0%                            | 5.3%              | 5.5%             |
| Arts, design, entertainment, sports, & media   | 1.0%                  | 2.6%                      | 1.9%                            | 1.6%              | 1.8%             |
| Healthcare practitioner and technical          | 5.2%                  | 7.0%                      | 6.2%                            | 6.2%              | 5.9%             |
| Healthcare support                             | 5.4%                  | 5.0%                      | 5.2%                            | 4.7%              | 3.1%             |
| Protective service                             | 1.8%                  | 4.2%                      | 3.1%                            | 2.0%              | 2.5%             |
| Food preparation and serving related           | 11.0%                 | 6.3%                      | 8.5%                            | 6.1%              | 5.7%             |
| Building & grounds cleaning & maintenance      | 6.0%                  | 5.9%                      | 5.9%                            | 5.2%              | 3.9%             |
| Personal care and service                      | 6.1%                  | 3.2%                      | 4.5%                            | 2.9%              | 2.5%             |
| Sales and related                              | 10.7%                 | 11.5%                     | 11.1%                           | 11.5%             | 10.3%            |
| Office and administrative support              | 11.1%                 | 9.5%                      | 10.2%                           | 12.0%             | 12.6%            |
| Farming, fishing, and forestry                 | 0.0%                  | 0.2%                      | 0.1%                            | 0.4%              | 0.5%             |
| Construction and extraction                    | 3.8%                  | 7.8%                      | 6.0%                            | 7.5%              | 5.2%             |
| Installation, maintenance, and repair          | 7.2%                  | 3.3%                      | 5.1%                            | 3.9%              | 3.3%             |
| Production                                     | 1.8%                  | 3.4%                      | 2.6%                            | 3.9%              | 3.9%             |
| Transportation                                 | 3.3%                  | 4.1%                      | 3.7%                            | 3.3%              | 3.5%             |
| Material moving                                | 3.5%                  | 2.2%                      | 2.8%                            | 2.9%              | 3.6%             |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

### **Occupational Wages**

Labor costs can reflect both the skill levels of employees as well as cost of living differences. They are also an important component in site selection decisions. The following table illustrates occupational wages across the comparable set. Within the region, the wages received by residents are primarily lower than the county and state medians. The region has a higher wage than both the state and county in Legal, Education, Service Occupation, Personal Care, and Production. Wages for law enforcement and firefighting are low compared to the state.



| Median Wages by Occupation                                 |                    |                     |                           |                |          |
|--|--------------------|---------------------|---------------------------|----------------|----------|
| Occupation   | City of Cottonwood | Verde Village (CDP) | Greater Cottonwood Region | Yavapai County | Arizona  |
| Management, business, science, and arts occupations:       | \$44,926           | \$51,598            | \$48,804                  | \$55,415       | \$65,724 |
| Management, business, and financial occupations:           | \$62,917           | \$51,250            | \$57,068                  | \$62,908       | \$73,598 |
| Management   | \$59,073           | \$47,730            | \$52,981                  | \$59,314       | \$78,972 |
| Business and financial operations                          | \$72,939           | \$53,594            | \$64,828                  | \$64,642       | \$66,921 |
| Computer, engineering, and science occupations:            | \$84,167           | \$14,030            | \$32,764                  | \$79,052       | \$86,328 |
| Computer and mathematical                                  | -                  | -                   | -                         | \$67,021       | \$86,832 |
| Architecture and engineering                               | -                  | \$14,634            | \$10,653                  | \$73,625       | \$94,540 |
| Life, physical, and social science                         | -                  | -                   | -                         | \$90,926       | \$65,174 |
| Education, legal, community service, arts, and media       | \$31,429           | \$51,107            | \$43,882                  | \$40,859       | \$46,501 |
| Community and social service                               | -                  | \$70,369            | \$44,891                  | \$41,022       | \$46,647 |
| Legal  | -                  | \$140,223           | \$140,223                 | \$73,542       | \$76,636 |
| Education, training, and library                           | \$37,768           | \$51,300            | \$45,288                  | \$40,323       | \$45,139 |
| Arts, design, entertain., sports, & media                  | -                  | \$23,533            | \$17,564                  | \$27,835       | \$41,719 |
| Healthcare practitioners and technical                     | \$35,694           | \$93,380            | \$70,914                  | \$66,712       | \$68,954 |
| Health diagnosing/treating practitioners & other technical | \$36,764           | \$99,043            | \$78,917                  | \$91,153       | \$82,233 |
| Health technologists and technicians                       | \$29,452           | \$21,477            | \$25,300                  | \$46,490       | \$45,224 |
| Service occupations:                                       | \$26,664           | \$26,635            | \$26,650                  | \$24,696       | \$26,208 |
| Healthcare support occupations                             | \$26,139           | \$29,505            | \$27,890                  | \$29,422       | \$28,445 |
| Protective service   | \$40,977           | \$43,750            | \$43,008                  | \$46,695       | \$54,423 |
| Fire fighting & other protective service workers           | \$27,014           | \$43,125            | \$37,599                  | \$40,375       | \$40,912 |
| Law enforcement workers including supervisors              | -                  | \$44,444            | \$35,978                  | \$49,667       | \$68,106 |
| Food preparation and serving related                       | \$26,110           | \$21,853            | \$24,392                  | \$19,934       | \$20,141 |
| Building & grounds cleaning & maint.                       | \$23,500           | \$20,678            | \$21,990                  | \$24,529       | \$26,815 |
| Personal care and service                                  | \$34,592           | \$25,341            | \$31,051                  | \$23,305       | \$22,683 |
| Sales and office occupations:                              | \$25,389           | \$30,058            | \$27,872                  | \$33,588       | \$37,886 |
| Sales and related  | \$21,719           | \$28,125            | \$25,298                  | \$34,902       | \$38,993 |
| Office and administrative support                          | \$26,403           | \$35,424            | \$30,937                  | \$32,602       | \$37,456 |
| Natural resources, construction, and maintenance           | \$41,588           | \$41,122            | \$41,332                  | \$44,663       | \$43,983 |
| Construction and extraction                                | \$29,940           | \$39,107            | \$36,454                  | \$42,994       | \$42,411 |
| Installation, maintenance, and repair                      | \$49,103           | \$47,250            | \$48,457                  | \$48,327       | \$49,024 |
| Production, transportation, and material moving            | \$33,468           | \$41,815            | \$38,232                  | \$34,373       | \$35,192 |
| Production   | -                  | \$47,385            | \$32,730                  | \$44,950       | \$39,710 |
| Transportation   | \$25,050           | \$40,121            | \$34,042                  | \$36,868       | \$41,822 |
| Material moving  | \$33,470           | \$13,897            | \$25,219                  | \$24,298       | \$26,989 |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

### 3.4 Labor Force & Unemployment

The labor force includes residents who are employed, as well as those who are unemployed and are actively looking for work. Over the past five years (2018-2023), The City of Cottonwood's labor force has grown by an average of 1.7%, equating to a total increase of 455 workers. The most substantial decline in the labor force happened two years prior to the COVID-19 induced recession. However, Cottonwood has increased its labor force by 2.6% and 2.3% in 2022 and 2023,

respectively. On a percentage basis, Arizona had a rate of 2.2% annual growth from 2018 through 2023 followed by Yavapai County at 1.6% annual growth.

| <b>Labor Force Growth 2018-2023<br/>Comparison</b> |                        |                 |                        |                 |                        |                 |
|--|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
|  | <b>Cottonwood</b>      |                 | <b>Yavapai County</b>  |                 | <b>Arizona</b>         |                 |
|  | <b>Labor<br/>Force</b> | <b>% Change</b> | <b>Labor<br/>Force</b> | <b>% Change</b> | <b>Labor<br/>Force</b> | <b>% Change</b> |
| 2018   | 5,261                  |                 | 101,624                |                 | 3,325,721              |                 |
| 2019   | 5,344                  | 1.6%            | 103,261                | 1.6%            | 3,430,766              | 3.2%            |
| 2020   | 5,319                  | -0.5%           | 103,874                | 0.6%            | 3,471,038              | 1.2%            |
| 2021   | 5,450                  | 2.5%            | 105,227                | 1.3%            | 3,530,579              | 1.7%            |
| 2022   | 5,589                  | 2.6%            | 107,575                | 2.2%            | 3,615,161              | 2.4%            |
| 2023   | 5,716                  | 2.3%            | 110,056                | 2.3%            | 3,703,784              | 2.5%            |

Source: Arizona Office of Economic Opportunity; BLS

The unemployment rate locally has improved substantially over the past decade following the Great Recession and has recovered from the COVID-19 induced recession in 2020. The city's unemployment rate was 2.3% for 2023 compared to 3.6% in Yavapai County and 3.9% across the state.

| <b>Unemployment Rate</b> |        |        |        |        |         |         |         |         |         |         |
|--------------------------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
|                          | 2014   | 2015   | 2016   | 2017   | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
| <b>Cottonwood</b>        |        |        |        |        |         |         |         |         |         |         |
| Labor force              | 5,487  | 5,399  | 5,955  | 5,722  | 5,261   | 5,344   | 5,319   | 5,450   | 5,589   | 5,716   |
| Employment               | 5,099  | 5,129  | 5,775  | 5,563  | 5,110   | 5,187   | 5,062   | 5,297   | 5,464   | 5,583   |
| Unemployment Rate        | 7.1%   | 5.0%   | 3.0%   | 2.8%   | 2.9%    | 2.9%    | 4.8%    | 2.8%    | 2.2%    | 2.3%    |
| <b>Yavapai County</b>    |        |        |        |        |         |         |         |         |         |         |
| Labor force              | 94,877 | 96,735 | 99,916 | 99,348 | 101,624 | 103,261 | 103,874 | 105,227 | 107,575 | 110,056 |
| Employment               | 88,836 | 91,286 | 94,913 | 94,790 | 97,126  | 98,594  | 96,213  | 100,681 | 103,849 | 106,119 |
| Unemployment Rate        | 6.4%   | 5.6%   | 5.0%   | 4.6%   | 4.4%    | 4.5%    | 7.4%    | 4.3%    | 3.5%    | 3.6%    |
| <b>Arizona</b>           |        |        |        |        |         |         |         |         |         |         |
| Labor force (1,000s)     | 3,118  | 3,184  | 3,253  | 3,240  | 3,326   | 3,431   | 3,471   | 3,531   | 3,615   | 3,704   |
| Employment (1,000s)      | 2,906  | 2,991  | 3,076  | 3,080  | 3,166   | 3,266   | 3,200   | 3,352   | 3,477   | 3,559   |
| Unemployment Rate        | 6.8%   | 6.1%   | 5.5%   | 5.0%   | 4.8%    | 4.8%    | 7.8%    | 5.1%    | 3.8%    | 3.9%    |

Source: Arizona Office of Economic Opportunity; BLS

### **Labor Force Participation Rate**

The labor force participation rate is a measure of the share of the population that is working or seeking work. Because the participation rate includes both employed and unemployed people, it is a good metric to estimate the potential pool of workers. Lower participation rates can indicate the presence of discouraged workers who are no longer counted in the workforce or a larger share of workers who have become self-employed. However, it may also indicate a shortage of workers that may be needed to provide services to the population. Communities that have a high median age often have a low labor force participation rate since many residents are retired.

Verde Village (61.2%) reports the highest participation rate within the dataset, above Arizona (60.1%). The City of Cottonwood has the lowest participation rate at just 48.6%. This is roughly equivalent to the Yavapai County average of 48.7%. The Greater Cottonwood Region has a combined 54.7% labor force participation.

| <b>Labor Force Participation Rate</b> |                                    |  |                               |                |
|---------------------------------------|------------------------------------|--|-------------------------------|----------------|
| <b>City of<br/>Cottonwood, AZ</b>     | <b>Verde Village<br/>(CDP), AZ</b> | <b>Greater<br/>Cottonwood<br/>Region</b> | <b>Yavapai County,<br/>AZ</b> | <b>Arizona</b> |
| 48.6%                                 | 61.2%                              | 54.7%                                    | 48.7%                         | 60.1%          |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

### **3.5 Summary**

The Greater Cottonwood Region's resident workforce is well represented across economic sectors and has a good proportion of skilled labor. Wages are also considered competitive both locally and compared to other regions. Labor force and unemployment statistics suggest that the area has recovered but needs more employment opportunities to improve the labor force participation rate. Labor force participation is generally consistent with the countywide average but lags the statewide average by a considerable margin.

The COVID recession affected the entire nation and caused unemployment to spike at the start of the decade. Since then, employment has recovered, and a significant percentage of the labor force has found employment.

Educational attainment data showed mixed results. The region contains a healthy percentage of residents with some post-secondary education but lags the county and state in terms of bachelor's degrees or higher. Access to a post-secondary institution in Clarkdale is a significant asset. However, the region posted a low percentage of adults enrolled in college or graduate school, especially those aged 18-24 years old.

## Section 4: Local Economy

The following section addresses the employment components of the local economy. Data that appears similar to workforce characteristics will be presented. The key distinction is that this information reflects employees working within each area as opposed to the qualities of the resident population.

### 4.1 Jobs by Industry

The following table reports local jobs and provides a location quotient. Any industry above 1.0 has a relatively higher concentration of industry presence than Arizona and could be a candidate for attracting additional business entrants. For example, Greater Cottonwood shows a relatively larger presence of jobs in Healthcare, Retail, Government, Education, Media & Publishing, and Resource-Dependent Activities (mining) as reflected in the LQ rating.

| Jobs By Industry & Location Quotient     |                    |      |                     |      |                           |      |                |      |           |       |
|--|--------------------|------|---------------------|------|---------------------------|------|----------------|------|-----------|-------|
| Industry                                 | City of Cottonwood |      | Verde Village (CDP) |      | Greater Cottonwood Region |      | Yavapai County |      | Arizona   |       |
|  | Jobs               | L.Q. | Jobs                | L.Q. | Jobs                      | L.Q. | Jobs           | L.Q. | Jobs      | %     |
| Business Services                        | 190                | 0.23 | 20                  | 0.52 | 210                       | 0.24 | 3,720          | 0.46 | 296,100   | 11.0% |
| Construction                             | 290                | 0.55 | 30                  | 1.23 | 320                       | 0.58 | 6,770          | 1.32 | 187,800   | 7.0%  |
| Consumer Goods Manufacturing             | 90                 | 0.92 |                     |      | 90                        | 0.88 | 1,700          | 1.78 | 34,910    | 1.3%  |
| Consumer Services                        | 850                | 1.05 |                     |      | 850                       | 1.00 | 8,040          | 1.01 | 289,470   | 10.7% |
| Education                                | 560                | 0.89 | 140                 | 4.79 | 700                       | 1.06 | 6,620          | 1.07 | 225,290   | 8.3%  |
| Finance, Insurance, & Real Estate (FIRE) | 290                | 0.53 | 20                  | 0.79 | 310                       | 0.54 | 3,330          | 0.62 | 195,100   | 7.2%  |
| Government, Social, & Advocacy Services  | 970                | 1.24 | 90                  | 2.49 | 1,060                     | 1.30 | 10,250         | 1.34 | 279,200   | 10.3% |
| Health Care                              | 2,010              | 2.15 | 20                  | 0.46 | 2,030                     | 2.08 | 10,730         | 1.17 | 334,610   | 12.4% |
| High Tech Manufacturing & Development    | 20                 | 0.07 |                     |      | 20                        | 0.06 | 660            | 0.22 | 109,020   | 4.0%  |
| Hospitality, Tourism, & Recreation       | 270                | 0.86 | 5                   | 0.34 | 275                       | 0.84 | 4,840          | 1.58 | 111,900   | 4.1%  |
| Media, Publishing, & Entertainment       | 70                 | 1.13 |                     |      | 70                        | 1.08 | 1,090          | 1.80 | 22,160    | 0.8%  |
| Metal & Transp-Related Manufacturing     |                    |      |                     |      |                           | 0.00 | 590            | 0.67 | 32,070    | 1.2%  |
| Non-Metallic Manufacturing               | 10                 | 0.13 |                     |      | 10                        | 0.12 | 560            | 0.73 | 27,820    | 1.0%  |
| Resource-Dependent Activities            | 180                | 1.43 |                     |      | 180                       | 1.36 | 1,100          | 0.89 | 45,180    | 1.7%  |
| Retail                                   | 1,530              | 1.77 | 20                  | 0.50 | 1,550                     | 1.71 | 10,010         | 1.18 | 309,730   | 11.5% |
| Telecommunications                       | 50                 | 0.69 |                     |      | 50                        | 0.66 | 470            | 0.66 | 26,040    | 1.0%  |
| Transportation & Distribution            | 170                | 0.35 | 7                   | 0.31 | 177                       | 0.35 | 3,470          | 0.73 | 172,770   | 6.4%  |
|  | 7,540              |      | 350                 |      | 7,890                     |      | 73,950         |      | 2,699,150 |       |

Source: 2019-2022 MAG Employer Database, employers with 5 or more employees.

## 4.2 Distribution of Jobs by Earnings Level, Education and Worker Age

The U.S. Census also tracks key characteristics of workers by location. The following tables illustrate Greater Cottonwood's workers compared to its competition in terms of worker age, earnings, and educational attainment.

### Worker Age

The distribution of workers by age varies greatly across the region. Younger workers (29 or younger) are highest in Arizona (23.2%) followed by Cottonwood (22.1%). Most workers are between 30-54 years. Arizona has a share of 53.3%, with Yavapai County and Greater Cottonwood having similar shares at 48.4% and 47.8%, respectively.

| <b>Workers by Age Range</b>      |                          |                     |                        |
|----------------------------------|--------------------------|---------------------|------------------------|
|                                  | <b>Age 29 or younger</b> | <b>Age 30 to 54</b> | <b>Age 55 or older</b> |
| <b>City of Cottonwood, AZ</b>    | 22.1%                    | 47.7%               | 30.2%                  |
| <b>Verde Village (CDP), AZ</b>   | 19.0%                    | 48.5%               | 32.5%                  |
| <b>Greater Cottonwood Region</b> | 21.7%                    | 47.8%               | 30.5%                  |
| <b>Yavapai County, AZ</b>        | 20.2%                    | 48.4%               | 31.4%                  |
| <b>Arizona</b>                   | 23.2%                    | 53.3%               | 23.5%                  |

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2021)

### Worker Earnings

The distribution of workers by earnings level reflects the skills, experience, and industry makeup of each community. Greater Cottonwood ranks below Yavapai County and Arizona in terms of workers earning more than \$3,333 per month (more than \$40,000 per year). Greater Cottonwood has the highest share of workers earning \$1,250 or less (\$15,000 per year) as well as workers earning between \$15,000 and \$40,000 per year.

| <b>Workers by Earnings Range</b> |                                  |                                     |                                    |
|----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
|                                  | <b>\$1,250 per month or less</b> | <b>\$1,251 to \$3,333 per month</b> | <b>More than \$3,333 per month</b> |
| <b>City of Cottonwood, AZ</b>    | 16.9%                            | 45.0%                               | 38.1%                              |
| <b>Verde Village (CDP), AZ</b>   | 16.5%                            | 43.2%                               | 40.3%                              |
| <b>Greater Cottonwood Region</b> | 16.8%                            | 44.8%                               | 38.4%                              |
| <b>Yavapai County, AZ</b>        | 15.7%                            | 38.5%                               | 45.9%                              |
| <b>Arizona</b>                   | 13.3%                            | 33.2%                               | 53.5%                              |

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2021)

### **Worker Education**

Within the comparable set, Greater Cottonwood has comparable levels of worker educational attainment to Arizona except for bachelor's degrees or advanced degrees. Workers with less than high school education in the region is 12.7% compared to 12.9% in the state. High school or equivalent in the region is 23.9% compared to 19.6% across the state. Some college or associate degree accounts for 27.0% of workers compared to 24.9% across Arizona. Finally, workers with a bachelor's degree or advanced degree is 14.7% in the region compared to 18.1% in the county and 19.5% in the state.

| <b>Workers by Educational Attainment Comparison</b> |                              |  |   |   |  |
|---|------------------------------|--|---|---|--|
|   | <b>Less than High School</b> | <b>High School or Equivalent, No College</b> | <b>Some College or Associate Degree</b> | <b>Bachelor's degree or advanced degree</b> | <b>Educational Attainment Not Available (Workers Aged 29 or Younger)</b> |
| <b>City of Cottonwood, AZ</b>                       | 12.8%                        | 23.3%  | 27.2%                                   | 14.6%                                       | 22.1%  |
| <b>Verde Village (CDP), AZ</b>                      | 12.0%                        | 28.3%  | 25.3%                                   | 15.4%                                       | 19.0%  |
| <b>Greater Cottonwood Region</b>                    | 12.7%                        | 23.9%  | 27.0%                                   | 14.7%                                       | 21.7%  |
| <b>Yavapai County, AZ</b>                           | 11.3%                        | 22.9%  | 27.6%                                   | 18.1%                                       | 20.2%  |
| <b>Arizona</b>                                      | 12.9%                        | 19.6%  | 24.9%                                   | 19.5%                                       | 23.2%  |

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2021)

### 4.3 Historical Employment Growth

Historical job growth is displayed below. The number of jobs in Greater Cottonwood has remained somewhat consistent to moderately declining. In 2021, the region reported 5,444 jobs equating to a loss of 173 jobs since 2009. By contrast, Yavapai County has added 6,033 jobs and the state has added over half a million jobs over that same time period.

| <b>Employment Growth<br/>2009-2020<br/>Comparison</b> |                           |          |                            |          |                                 |          |                       |          |           |          |
|---|---------------------------|----------|----------------------------|----------|---------------------------------|----------|-----------------------|----------|-----------|----------|
|   | City of<br>Cottonwood, AZ |          | Verde Village<br>(CDP), AZ |          | Greater<br>Cottonwood<br>Region |          | Yavapai<br>County, AZ |          | Arizona   |          |
|   | Job<br>Count              | %<br>Chg | Job<br>Count               | %<br>Chg | Job<br>Count                    | %<br>Chg | Job<br>Count          | %<br>Chg | Job Count | %<br>Chg |
| <b>2009</b>   | 4,996                     |          | 621                        |          | 5,617                           |          | 51,527                |          | 2,199,692 |          |
| <b>2010</b>   | 4,816                     | -3.6%    | 562                        | -9.5%    | 5,378                           | -4.3%    | 49,992                | -3.0%    | 2,200,261 | 0.0%     |
| <b>2011</b>   | 4,632                     | -3.8%    | 626                        | 11.4%    | 5,258                           | -2.2%    | 50,766                | 1.5%     | 2,234,201 | 1.5%     |
| <b>2012</b>   | 4,484                     | -3.2%    | 626                        | 0.0%     | 5,110                           | -2.8%    | 49,382                | -2.7%    | 2,249,448 | 0.7%     |
| <b>2013</b>   | 4,634                     | 3.3%     | 595                        | -5.0%    | 5,229                           | 2.3%     | 50,965                | 3.2%     | 2,313,528 | 2.8%     |
| <b>2014</b>   | 4,758                     | 2.7%     | 607                        | 2.0%     | 5,365                           | 2.6%     | 52,521                | 3.1%     | 2,370,934 | 2.5%     |
| <b>2015</b>   | 4,449                     | -6.5%    | 575                        | -5.3%    | 5,024                           | -6.4%    | 53,039                | 1.0%     | 2,424,738 | 2.3%     |
| <b>2016</b>   | 4,456                     | 0.2%     | 621                        | 8.0%     | 5,077                           | 1.1%     | 54,742                | 3.2%     | 2,488,881 | 2.6%     |
| <b>2017</b>   | 4,625                     | 3.8%     | 615                        | -1.0%    | 5,240                           | 3.2%     | 56,731                | 3.6%     | 2,537,610 | 2.0%     |
| <b>2018</b>   | 4,822                     | 4.3%     | 694                        | 12.8%    | 5,516                           | 5.3%     | 57,828                | 1.9%     | 2,607,677 | 2.8%     |
| <b>2019</b>   | 4,858                     | 0.7%     | 637                        | -8.2%    | 5,495                           | -0.4%    | 57,599                | -0.4%    | 2,678,745 | 2.7%     |
| <b>2020</b>   | 4,833                     | -0.5%    | 623                        | -2.2%    | 5,456                           | -2.2%    | 56,810                | -1.4%    | 2,655,904 | -0.9%    |
| <b>2021</b>   | 4,801                     | -1.2%    | 643                        | 0.9%     | 5,444                           | -0.9%    | 57,560                | -0.1%    | 2,699,917 | 0.8%     |

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2021).

### 4.4 Summary

Limited economic diversity in Greater Cottonwood and the muted historical growth of jobs is viewed as a challenge to the region's economic development. Solutions to expand the population base of the area and provide attainable housing will be critical to the success of future economic development efforts. Secondly, a greater focus on attracting different types of industries that can take advantage of the area's resident workforce (both college and non-college educated), will need to be a key focus of the economic development strategy moving forward.

## **Section 5: Geography & Commercial Real Estate**

---

The location of an area in proximity to transportation networks and larger economic regions are important factors in site location decisions. Additionally, the availability and cost of commercial real estate assets are important considerations. These topics will be addressed in this section.

### **5.1 Geographic Location/ Access to Markets**

The Cottonwood region has both strengths and weaknesses in terms of its location, proximity to transportation networks, and distance from major markets. The presence of highways – both SR 260 and SR 89A, as well as access to I-17 and I-40, provide excellent interstate roadway networks connecting several Cottonwood municipalities to major markets such as Phoenix, Las Vegas, Los Angeles, and Albuquerque. The BNSF rail line connected by the Verde Canyon Railroad, is also a major asset by creating shipping connections to a significant portion of the United States.

The region is also somewhat constrained in its geographic location. With the natural barriers of the of national forests as well as Native American community lands, the region is not contiguous with any large metropolitan population. Cottonwood is approximately a 90-minute drive from Phoenix and just under five hours from Las Vegas. However, Cottonwood is also less than an hour drive to other significant regional municipalities with additional population and workforce such as Prescott, Prescott Valley, Flagstaff, Sedona, and Camp Verde. This allows Cottonwood to draw on a larger pool of workers.

### **5.2 Commercial Real Estate**

Cottonwood currently contains no excess vacancies in retail, office or industrial space according to Costar, a national vendor of commercial real estate data. The region has experienced limited or negative absorption in the past year across all three asset classes. Occupancy ranges from 94.4% for industrial up to 97.7% for retail. These levels are considered more than fully occupied and indicate there is likely pent-up demand for additional space (lack of move-in ready building space can hinder economic development opportunities).

Currently, Cottonwood contains 448,850 square feet of total office space and 18,000 square feet of vacant space among three properties, equating to a 4% vacancy rate. All of the vacant space is for medical office use. Vacant spaces range from 3,000 to 10,000 square feet. Asking lease rates for office average \$22.52 per square foot, an increase of 2.4% year-over-year.

There are 375,250 square feet of industrial space and 21,100 square feet of vacant space equating to a 5.6% vacancy rate. All of the vacant space is located within one building, a vacant warehouse property near the airport. Asking lease rates for industrial average \$10.99 per square foot, an increase of 1.8% year-over-year.



There are 1.5 million square feet of retail space in Cottonwood and 35,500 square feet of vacant space among seven properties, equating to a 2.3% vacancy rate. There are two restaurant spaces and five storefront spaces available. Vacant spaces range from 1,500 square feet up to 13,300 square feet. Asking lease rates for office average \$16.45 per square foot, an increase of 2.6% year-over-year.

In addition, there is currently no reported commercial space under construction.

| Commercial Real Estate Factors |            |           |                   |            |          |                    |            |        |
|--------------------------------|------------|-----------|-------------------|------------|----------|--------------------|------------|--------|
| Asking Lease Rates             |            |           | Rent Growth       |            |          | Vacancy            |            |        |
| Office                         | Industrial | Retail    | Office            | Industrial | Retail   | Office             | Industrial | Retail |
| \$22.52                        | \$10.99    | \$16.45   | 2.4%              | 1.8%       | 2.6%     | 18,000             | 21,100     | 35,500 |
| Inventory                      |            |           | 12- Mo Absorption |            |          | Under Construction |            |        |
| Office                         | Industrial | Retail    | Office            | Industrial | Retail   | Office             | Industrial | Retail |
| 448,850                        | 375,250    | 1,541,500 | 1,800             | (1,700)    | (13,400) | 0                  | 0          | 0      |

Source: CoStar

### 5.3 Construction Costs

National construction cost surveyor, RS Means, provides a construction cost index for numerous markets across the country. A reading below 100 indicates construction costs below the national average, whereas a reading above 100 indicates markets that are relatively more expensive to construct compared to the national average.

Compared to the national average, RS Means reports that the Cottonwood/Yavapai County region is considered a relatively more affordable market to develop commercial property. The latest construction cost index placed the region at 88.9% of the national average for total construction costs. Among other Arizona markets, the Cottonwood region ranks less costly in terms of construction prices compared to the Phoenix metro and Flagstaff area. Construction costs are comparable to both the Tucson metro and Show Low region.

| Construction Cost Index - Arizona Regions |           |              |             |
|---|-----------|--------------|-------------|
|   | Materials | Installation | Total       |
| Prescott/Cottonwood MSA                   | 98.5      | 72.3         | <b>88.9</b> |
| Flagstaff MSA                             | 100.7     | 72.6         | <b>90.3</b> |
| Northeast AZ                              | 96.3      | 71.3         | <b>87.1</b> |
| Kingman MSA                               | 96.3      | 70.8         | <b>86.9</b> |
| Phoenix MSA                               | 101.1     | 74.3         | <b>91.2</b> |
| Show Low Region                           | 97.9      | 71.4         | <b>88.1</b> |
| Tucson MSA                                | 96.8      | 74.9         | <b>88.7</b> |

Source: RS Means

## Section 6: Livability

Quality of life was one of the top three site selection factors in the latest survey of corporate executives. In the past, individual components of the desirability of an area were ranked separately and would not rank as prominently. However, considered together as a package, it was realized that a community's quality of life factors heavily in the business location decision process.

### 6.1 Commuting Patterns

Among the comparable set, the percentage of workers who also live within the county of their residence is comparable to the averages for Yavapai County and Arizona. Residents living in Cottonwood report the lowest average commute time at 18.8 minutes. Greater Cottonwood as a combined region has a lower average commute time to work (20.6 minutes) than the county (23.7 minutes) and the state (25.5 minutes). This also correlates to the percentage of residents who travel 30 minutes or more to work. Arizona is highest at 36.6% and both Yavapai County and Greater Cottonwood were similar at 30.3% and 28.8%, respectively.

| Commuting Characteristics |  |  |   |
|---------------------------|--|--|---|
|                           | Percent who<br>Work in<br>County of<br>Residence | Travel Time to<br>Work 30 or More<br>Minutes | Average Travel<br>Time to Work<br>(minutes) |
| City of Cottonwood, AZ    | 95.6%  | 30.8%  | 18.8  |
| Verde Village (CDP), AZ   | 91.1%  | 27.1%  | 22.1  |
| Greater Cottonwood Region | 93.2%  | 28.8%  | 20.6  |
| Yavapai County, AZ        | 92.1%  | 30.3%  | 23.7  |
| Arizona                   | 94.4%  | 36.6%  | 25.5  |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

The ease of a worker's daily commute impacts their quality of life and any option within a short distance to potential new employment sites is attractive to residents. Closer proximity to the workforce being hired also leads to more reliable employees.

## 6.2 Crime

The City of Cottonwood has a higher violent crime rate than most other cities in Yavapai County and has the highest property crime rate within Yavapai County by a substantial margin. Violent crimes occur at a rate of 3.39 per 1,000 residents versus the statewide average of 1.51 per 1,000 residents. Property crime is reported at 20.41 per 1,000 residents versus the statewide average of 10.65 per 1,000 residents.

| <b>Crime Rate per 1,000 Residents<br/>Regional Comparison</b> |                            |                               |                                |
|---|----------------------------|-------------------------------|--------------------------------|
|   | <b>2022<br/>Population</b> | <b>Violent<br/>Crime Rate</b> | <b>Property<br/>Crime Rate</b> |
| Camp Verde  | 12,495                     | 1.84                          | 13.61                          |
| Chino Valley  | 13,833                     | 1.01                          | 4.99                           |
| City of Cottonwood, AZ  | 12,688                     | 3.39                          | 20.41                          |
| Prescott  | 47,697                     | 4.03                          | 13.33                          |
| Prescott Valley   | 50,122                     | 2.79                          | 7.42                           |
| Yavapai County (Sheriff)                                      | 245,389                    | 1.24                          | 2.45                           |
| Arizona   | 7,525,113                  | 1.51                          | 10.65                          |

Source: AOEO; FBI 2022 UCR

## 6.3 Housing Affordability

For families earning the median income, home purchase affordability is low within the Greater Cottonwood. Based on home values estimated by the U.S. Census Bureau and the Yavapai County Assessor's office for City of Cottonwood and the Verde Village CDP, the median home value of owner-occupied homes (of any housing type) in Cottonwood is 2.1 times the maximum affordable home value based on median household income. The same factor is 1.3 times for the Verde Village which is about equal to the statewide average. For comparison, Yavapai County reports a higher ratio of 1.8.

| <b>Home Purchase Affordability</b> |                          |  |                              |   |
|------------------------------------|--------------------------|--|------------------------------|---|
|                                    | <b>Median<br/>Income</b> | <b>Maximum<br/>Affordable<br/>Home Value</b> | <b>Median<br/>Home Value</b> | <b>Home Value to<br/>Affordable<br/>Value Ratio</b> |
| City of Cottonwood, AZ             | \$43,273                 | \$185,327                                    | \$396,914                    | 2.14  |
| Verde Village (CDP), AZ            | \$63,835                 | \$273,389                                    | \$349,711                    | 1.28  |
| Greater Cottonwood Region          | \$52,361                 | \$224,248                                    | \$373,657                    | 1.67  |
| Yavapai County, AZ                 | \$62,430                 | \$267,372                                    | \$489,981                    | 1.83  |
| Arizona                            | \$72,581                 | \$310,846                                    | \$422,243                    | 1.36  |

Note: 6.75% 30-year mortgage; LTV of 90%; 30% of Income

Source: U.S. Census 2022 American Community Survey 5-Year Estimates; Yavapai County Assessor

Housing prices naturally vary by type. The average price of a single family home in Cottonwood was close to \$450,000 in 2023. Within Verde Village, average single family home prices were close to \$400,000 in 2023. From 2013 to 2023, the average price of a single family home has increased by approximately 175% across the Greater Cottonwood region. In just the past five years, the price of single family housing rose by 56% compared to 22.1% inflation over that same time period.

| Sales & Average Sales Price<br>Single Family Homes<br>Cottonwood & Verde Village |                    |           |       |               |           |       |                    |           |       |
|--|--------------------|-----------|-------|---------------|-----------|-------|--------------------|-----------|-------|
| Year   | City of Cottonwood |           |       | Verde Village |           |       | Greater Cottonwood |           |       |
|  | Sales              | Avg Price | % Chg | Sales         | Avg Price | % Chg | Sales              | Avg Price | % Chg |
| 2013   | 137                | \$161,943 |       | 155           | \$144,755 |       | 292                | \$152,819 |       |
| 2014   | 139                | \$178,340 | 10.1% | 147           | \$166,739 | 15.2% | 286                | \$172,377 | 12.8% |
| 2015   | 175                | \$192,586 | 8.0%  | 171           | \$180,270 | 8.1%  | 346                | \$186,499 | 8.2%  |
| 2016   | 176                | \$202,237 | 5.0%  | 167           | \$193,812 | 7.5%  | 343                | \$198,135 | 6.2%  |
| 2017   | 189                | \$239,595 | 18.5% | 185           | \$218,794 | 12.9% | 374                | \$229,306 | 15.7% |
| 2018   | 201                | \$267,186 | 11.5% | 174           | \$231,982 | 6.0%  | 375                | \$250,852 | 9.4%  |
| 2019   | 174                | \$296,066 | 10.8% | 177           | \$246,389 | 6.2%  | 351                | \$271,015 | 8.0%  |
| 2020   | 221                | \$307,112 | 3.7%  | 175           | \$283,109 | 14.9% | 396                | \$296,504 | 9.4%  |
| 2021   | 223                | \$399,825 | 30.2% | 215           | \$354,869 | 25.3% | 438                | \$377,758 | 27.4% |
| 2022   | 175                | \$431,288 | 7.9%  | 166           | \$389,395 | 9.7%  | 341                | \$410,894 | 8.8%  |
| 2023   | 68                 | \$449,107 | 4.1%  | 75            | \$397,353 | 2.0%  | 143                | \$421,963 | 2.7%  |
| 5-Year Chg in Avg Price  |                    |           | 56.7% |               |           |       | 58.2%              |           |       |
|  |                    |           |       |               |           |       | 56.3%              |           |       |

Source: Yavapai County Assessor

Condominium and townhome sales were collected for the City of Cottonwood. Similar to single family homes, prices for condominiums and townhomes have increased substantially, especially in the last three years. A cumulative price increase of 51.8% has occurred over the last five years, from \$177,100 in 2018 to \$285,400 in 2023.

| Sales & Average Sales Price<br>Condominiums & Townhomes<br>City of Cottonwood |       |           |       |
|---|-------|-----------|-------|
| Year  | Sales | Avg Price | % Chg |
| 2013  | 19    | \$94,605  |       |
| 2014  | 14    | \$108,411 | 14.6% |
| 2015  | 31    | \$128,948 | 18.9% |
| 2016  | 35    | \$134,193 | 4.1%  |
| 2017  | 56    | \$148,560 | 10.7% |
| 2018  | 33    | \$177,100 | 19.2% |
| 2019  | 36    | \$186,160 | 5.1%  |
| 2020  | 34    | \$184,326 | -1.0% |
| 2021  | 36    | \$229,559 | 24.5% |
| 2022  | 28    | \$263,685 | 14.9% |
| 2023  | 19    | \$285,417 | 8.2%  |
| 5-Year Change in Average Price  |       |           | 51.8% |

Source: Yavapai County Assessor

Manufactured homes have long been considered an affordable substitute for single family homes. As recently as 2017, a manufactured home could be purchased in the area for less than \$100,000. However, manufactured home prices have followed a similar pattern to other for-sale housing types over the last several years. Manufactured homes are now selling at an average price of \$175,100 in the Verde Village and \$251,750 in the City of Cottonwood. The cumulative increase in prices for the combined region is 62.1% over the last five years.

| Sales & Average Sales Price<br>Manufactured/Mobile Homes<br>Cottonwood & Verde Village |                    |           |       |               |           |        |                    |           |       |
|--|--------------------|-----------|-------|---------------|-----------|--------|--------------------|-----------|-------|
| Year   | City of Cottonwood |           |       | Verde Village |           |        | Greater Cottonwood |           |       |
|  | Sales              | Avg Price | % Chg | Sales         | Avg Price | % Chg  | Sales              | Avg Price | % Chg |
| 2013   | 5                  | \$56,000  |       | 29            | \$64,814  |        | 34                 | \$63,518  |       |
| 2014   | 10                 | \$56,600  | 1.1%  | 36            | \$64,414  | -0.6%  | 46                 | \$62,715  | -1.3% |
| 2015   | 18                 | \$71,599  | 26.5% | 38            | \$68,776  | 6.8%   | 56                 | \$69,683  | 11.1% |
| 2016   | 11                 | \$99,700  | 39.2% | 34            | \$78,169  | 13.7%  | 45                 | \$83,432  | 19.7% |
| 2017   | 6                  | \$98,233  | -1.5% | 37            | \$99,227  | 26.9%  | 43                 | \$99,088  | 18.8% |
| 2018   | 14                 | \$113,979 | 16.0% | 38            | \$107,095 | 7.9%   | 52                 | \$108,949 | 10.0% |
| 2019   | 17                 | \$123,235 | 8.1%  | 43            | \$119,471 | 11.6%  | 60                 | \$120,538 | 10.6% |
| 2020   | 14                 | \$181,643 | 47.4% | 37            | \$142,327 | 19.1%  | 51                 | \$153,120 | 27.0% |
| 2021   | 18                 | \$193,561 | 6.6%  | 43            | \$154,454 | 8.5%   | 61                 | \$165,994 | 8.4%  |
| 2022   | 18                 | \$230,806 | 19.2% | 41            | \$195,564 | 26.6%  | 59                 | \$206,316 | 24.3% |
| 2023   | 5                  | \$251,750 | 9.1%  | 22            | \$175,136 | -10.4% | 27                 | \$189,324 | -8.2% |
| 5-Year Change in Avg Price   |                    |           | 90.4% |               |           |        | 55.4%              |           |       |
|  |                    |           |       |               |           |        | 62.1%              |           |       |

Source: Yavapai County Assessor

#### 6.4 K-12 Education

The quality of local schools is essential to attracting and producing a quality workforce. The following table displays the latest school grades, graduation rates and a college readiness index that equates a school's Advanced Placement (AP) or International Baccalaureate (IB) participation rate to college readiness.

The data is reported in different geographic units depending on the source. Pupil to Teacher ratios are reported at the MSA level, county level and school district level. College readiness is reported at the individual school level. The enrollment and index scores of schools within the representative district were gathered.

### **School Grades**

School grades were collected for each school within Yavapai county. Grade results vary widely across the region, but the vast majority of schools scored an A or B for the most recent school year. For reference, a score of “A” places the school in the top 30% of schools statewide. A grade of “C” or lower places the school in the bottom 30% of schools statewide. Schools within Cottonwood scored at a B or Higher.

| <b>2023 School Grade</b>           |                                   |                |               |              |  |
|------------------------------------|-----------------------------------|----------------|---------------|--------------|--|
| <b>School Name</b>                 | <b>District Name</b>              | <b>Charter</b> | <b>Letter</b> |              |  |
|                                    |                                   |                | <b>Grade</b>  | <b>Model</b> |  |
| Cottonwood Community School        | Cottonwood-Oak Creek District     | N              | B             | K-8          |  |
| Dr Daniel Bright Elementary School | Cottonwood-Oak Creek District     | N              | A             | K-8          |  |
| Mountain View Preparatory School   | Cottonwood-Oak Creek District     | N              | B             | K-8          |  |
| Oak Creek Elementary School        | Cottonwood-Oak Creek District     | N              | B             | K-8          |  |
| Mingus Union High School           | Mingus Union High School District | N              | B             | 9-12         |  |
| American Heritage Academy          | American Heritage Academy         | Y              | B             | Hybrid       |  |

Source: Arizona Department of Education

### **Graduation Rates**

Cottonwood reports a current high school graduation rate of 82.9%. High school graduation rates in Yavapai County ranged from 35.3% to 86.5% with an average of 81.4% across the county. Arizona had was lower at 77.5%.

| <b>4-year Cohort Graduation Rate 2023</b> |                                   |             |
|---|-----------------------------------|-------------|
| <b>School</b>                             | <b>District</b>                   | <b>Rate</b> |
| Prescott High School                      | Prescott Unified District         | 86.3%       |
| Genesis Academy                           | Prescott Unified District         | 38.6%       |
| Bradshaw Mountain High School             | Humboldt Unified District         | 83.2%       |
| Bradshaw Mountain Online Academy          | Humboldt Unified District         | 42.2%       |
| Chino Valley High School                  | Chino Valley Unified District     | 86.5%       |
| Mingus Union High School                  | Mingus Union High School District | 82.9%       |
| PACE Preparatory Academy                  | PACE Preparatory Academy, Inc.    | 35.3%       |
| Yavapai County                            |                                   | 81.4%       |
| Arizona                                   |                                   | 77.5%       |

Source: Arizona Department of Education

### **College Readiness**

As described previously, this index does not comprehensively assess the college readiness of graduating high school seniors. Rather, it uses advanced placement and international baccalaureate testing as a proxy for readiness. The index represents a mixed percentage of high

school seniors that took or passed one of these tests. A reading of 100 means every high school senior participated. The national median is 20.

The City of Cottonwood scores low on the college readiness index (10.6), as do certain high schools within Prescott. These two areas are well below the national median. Prescott Valley scored higher than the national average at 24.9.

| <b>Secondary Education Characteristics Comparison</b> |                                 |                                  |                                |
|---|---------------------------------|----------------------------------|--------------------------------|
|   | <b>Graduation Rate (AZ DOE)</b> | <b>Graduation Rate (US News)</b> | <b>College Readiness Index</b> |
| Chino Valley  | 86.5%                           | 88.0%                            | N/A                            |
| City of Cottonwood, AZ                                | 82.9%                           | 78.0%                            | 10.6                           |
| Prescott  | 86.3%                           | 81.0%                            | 17.7                           |
| Prescott Valley                                       | 74.6%                           | 79.9%                            | 24.9                           |
| Arizona   | 77.5%                           | 76.6%                            |                                |

Source: AZ DOE; US News

## 6.5 Population Turnover

Population turnover is an interesting measure of the stability and character of a community. Healthy economies tend to be ones that grow their population and receive a comparatively larger inflow of population through migration (possibly from employment prospects) as opposed to natural increase (births over deaths).

Among the comparable set, Greater Cottonwood had a higher percentage (16.3%) of residents that lived in a different house than they did last year. An estimated 10.1% of residents moved within the county, with the remainder of movers coming from outside the county or state.

| <b>Geographical Mobility Comparison</b>       |                           |                            |                                  |                       |                |
|---|---------------------------|----------------------------|----------------------------------|-----------------------|----------------|
|   | <b>City of Cottonwood</b> | <b>Verde Village (CDP)</b> | <b>Greater Cottonwood Region</b> | <b>Yavapai County</b> | <b>Arizona</b> |
| <b>Total living in area 1 year ago</b>        | 11,963                    | 12,562                     | 24,525                           | 232,522               | 7,006,531      |
| <b>Same house 1 year ago</b>                  | 82.8%                     | 84.5%                      | 83.7%                            | 86.2%                 | 84.6%          |
| <b>Different house 1 year ago</b>             | 17.2%                     | 15.5%                      | 16.3%                            | 13.8%                 | 15.4%          |
| <b>Moved within same county</b>               | 9.5%                      | 10.7%                      | 10.1%                            | 6.1%                  | 9.4%           |
| <b>Moved from different county/same state</b> | 3.1%                      | 2.2%                       | 2.7%                             | 3.2%                  | 1.7%           |
| <b>Moved from different state</b>             | 4.1%                      | 2.5%                       | 3.3%                             | 4.3%                  | 3.7%           |
| <b>Moved from abroad</b>                      | 0.4%                      | 0.0%                       | 0.2%                             | 0.2%                  | 0.6%           |

Source: U.S. Census 2022 American Community Survey 5-Year Estimates

## **6.6 Summary**

The Cottonwood region has mixed results in terms of livability. Highlights include relatively low commute times, positive school grading, and above average high school graduation rates. The region's housing affordability is an issue, but is generally competitive compared to higher cost areas such as Prescott, Flagstaff, and Sedona. Cottonwood also reports very high crime per capita, which is a deterrent to potential employers.



## **Section 7: Summary & Conclusions**

---

Cottonwood, as a city and as a region, has favorable characteristics in terms of its youth and worker age population, diversity, healthy but competitive incomes, and a good representation of industries and skilled occupations among its resident workforce. The region also has desirable quality of life aspects including good public education, access to higher education, a beautiful environment, and ample recreational opportunities.

Historical and projected growth appear to be a potential competitive disadvantage for the Cottonwood region and represent a hindrance to attracting new industry with any substantial labor requirement. In 2010, Greater Cottonwood reported a total population of 22,870. By 2020, the area grew by 1,180 people to 24,048 residents. This equates to average annual growth of just 0.5% per year. Future growth prospects are similar. The Cottonwood region is expected to create only modest growth in the near and long term, with a projected population count of approximately 31,870 residents by 2060, equating to just over 6,800 new residents.

The area's resident workforce is well represented across economic sectors and has a good proportion of skilled labor. Wages are also considered competitive. Unemployment statistics suggest that the area has recovered but needs more employment opportunities to improve the labor force participation rate. Labor force participation is generally consistent with the countywide average but lags the statewide average by a considerable margin.

Educational attainment data showed mixed results. The region contains a healthy percentage of residents with some post-secondary education but lagged the county and state in terms of bachelor's degrees or higher. Close access to a post-secondary institution is a significant asset. However, the region posted a low percentage of adults enrolled in college or graduate school, especially those aged 18-24 years old.

The Cottonwood region has both strengths and weaknesses in terms of its location, proximity to transportation networks, and distance from major markets. The presence of highways – both SR 260 and SR 89A, as well as access to I-17 and I-40, provide excellent interstate roadway networks connecting several Cottonwood municipalities to major markets such as Phoenix, Las Vegas, Los Angeles, and Albuquerque. The BNSF rail line connected by the Verde Canyon Railroad, is also a major asset by creating shipping connections to a significant portion of the United States.

The region, however, is somewhat constrained in its geographic location. With the natural barriers of the of national forests as well as Native American community lands, the region is not contiguous with any large metropolitan populations. Cottonwood is approximately a 90-minute drive from Phoenix and just under five hours from Las Vegas. However, Cottonwood is also less

than an hour drive to other significant regional municipalities with additional population and workforce such as Prescott, Prescott Valley, Flagstaff, Sedona, and Camp Verde. This allows Cottonwood to draw on a larger pool of workers.

As of the date of this report, Cottonwood contains no excess vacancies in retail, office or industrial space according to Costar, a national vendor of commercial real estate data. While the real estate market is cyclical and occupancy rates may change in the future, the region has experienced limited or negative absorption in the past year across all three asset classes. Occupancy ranges from 94.4% for industrial up to 97.7% for retail. These levels are considered more than fully occupied and indicate there is likely pent-up demand for additional space (lack of move-in ready building space can hinder economic development opportunities). In addition, no commercial space is currently under construction according to Costar which could result in rising rents in the near term.

Compared to the national average, RS Means reports that the Cottonwood/Yavapai County region is considered a relatively affordable market to develop commercial property. The latest construction cost index placed the region at 88.9% of the national average for total construction costs. Among other Arizona markets, the Cottonwood region ranks less costly in terms of construction prices compared to the Phoenix metro and Flagstaff area.

The Cottonwood region has mixed results in terms of livability. Highlights include relatively low commute times, positive school grading, and above average high school graduation rates. The region's housing affordability is an issue but is generally competitive compared to higher cost areas such as Prescott, Flagstaff, and Sedona. Cottonwood also reports very high crime per capita, which is a deterrent to potential employers.

Lack of economic diversity in the Cottonwood and muted historical growth of jobs are viewed as a challenge for the Cottonwood region's economic development. Solutions to expand the population base of the area and provide attainable housing will be critical to the success of future economic development efforts. Secondly, a greater focus on attracting different types of industries that can take advantage of the area's resident workforce (both college and non-college educated), will need to be a key focus of the economic development strategy moving forward.

The following table summarizes the comparative advantages and disadvantages for the Cottonwood region. Most of the region's strengths are found in its demographics, workforce talent, and quality of life. While these factors are important, there are other regions that also possess these qualities. Factoring in a more diversified economy, higher educational attainment, higher quality K-12 education and, most especially, historical and projected growth allow

competitor regions an advantage in economic development. With this data driven approach to economic conditions, stakeholders can make informed decisions and deploy resources to make improvements in the region's economic development potential.

| Summary of Economic Conditions                    |                             |   |
|---|-----------------------------|---|
|   | Greater Cottonwood Region   | Competitive Advantage (+)<br>Disadvantage (-) |
| <b>Demographics</b>                               |                             |   |
| Median Age (years)                                | 49.4                        | -   |
| Percent of Worker Age Population                  | 32.5%                       | +   |
| Home Ownership (%)                                | 62.5%                       | neutral                                       |
| Diversity (Non-White %)                           | 19.0%                       | +   |
| Median Income                                     | \$52,361                    | -   |
| Growth Prospects (Avg. Ann. % through 2030)       | 1.2%                        | -   |
| <b>Workforce/Talent</b>                           |                             |   |
| Educational Attainment (Assoc. or higher)         | 31.2%                       | -   |
| College/Grad School Enrollment (age 18-24)        | 19.9%                       | -   |
| Access to Higher Education                        | Yavapai College/NAU         | +   |
| Industry Mix                                      | Diverse                     | +   |
| Occupational Mix                                  | Diverse                     | +   |
| Occupational Wages                                | Competitive                 | +   |
| Labor Force Growth                                | -0.4%                       | -   |
| Labor Force Participation                         | 54.7%                       | -   |
| Unemployment                                      | 2.2%                        | +   |
| <b>Local Economy</b>                              |                             |   |
| Industry Mix of Jobs                              | Limited Mix                 | -   |
| Worker Earnings (% \$40,000 or More)              | 38.4%                       | -   |
| Worker Education (% Bach. or Higher)              | 14.7%                       | -   |
| Historical Job Growth (2009-2021)                 | -0.3%                       | -   |
| <b>Geography &amp; Real Estate</b>                |                             |   |
| Location/Access to Markets                        | Hwys/Rail                   | +   |
| Availability of Sites/Space                       | Limited                     | -   |
| Vacant Office Space                               | 18,000 SF                   | -   |
| Office Space Under Construction (SF)              | 0 SF                        | -   |
| Vacant Industrial Space (SF)                      | 21,100 SF                   | -   |
| Industrial Space Under Construction (SF)          | 0 SF                        | -   |
| Vacant Retail Space (SF)                          | 35,500 SF                   | +   |
| Retail Space Under Construction (SF)              | 0 SF                        | -   |
| Vacancy Rate (Office/Industrial/Retail)           | 4% / 5.6% / 2.3%            | +   |
| Lease Rates (Office/Industrial/Retail)            | \$22.52 / \$10.99 / \$16.45 | +   |
| Construction Cost Index (U.S. = 100)              | 88.9                        | +   |
| <b>Livability</b>                                 |                             |   |
| Commuting (% 30 or More Minutes)                  | 28.8%                       | +   |
| Crime Rate per 1,000 Residents (Violent/Property) | 3.39 / 20.41                | -   |
| Natural Environment                               | Scenic                      | +   |
| Recreation Opportunities                          | High                        | +   |
| 5-Year Single Family Home Price Increase          | 56.3%                       | -   |
| Graduation Rate                                   | 82.9%                       | +   |
| College Readiness Index (U.S. Median = 20.17)     | 10.6                        | -   |
| Population Turnover (% Moved in Last Year)        | 16.3%                       | +   |

## **Section 8: Stakeholder Engagement & SWOT Analysis**

---

A critical building block for Cottonwood’s economic development strategy is stakeholder engagement – the success of any community and economic development strategy, plan or project is directly dependent on the active engagement of a broad range of a community’s stakeholders – public and private sectors; community members; regional and state partners and civic institutions. One-on-one interviews were conducted with stakeholders and an online survey was also prepared for distribution to the general public.

With the strong participation and contribution of Cottonwood’s stakeholders to envision their community’s future, the economic development strategy will be far better positioned for achieving desired results over the long term. Paramount to the overall effectiveness of this strategy is a sustained commitment for implementation, the resources to execute the initiatives that the Cottonwood City Government invests as well as the commitment to measure and evaluate progress over the medium-to-long term.

Understanding where the city presently stands as a community in which to live and do business in the minds of Cottonwood’s private, public, civic and educational leaders provides the basis for identifying assets that need to be treasured and strengthened; weaknesses that need to be minimized or ameliorated; opportunities that will enhance the city’s livability and economic health and competitiveness, and internal and external threats that need to be factored into the City Government’s planning, forecasting and budgeting.

### **8.1 SWOT Interviews**

Beginning November 1 through December 18, 2023, our team conducted a SWOT analysis as a fundamental building block for Cottonwood’s economic development strategic plan. One-on-one interviews were conducted directly engaging 65 representatives of the city’s public, private and civic communities; educational officials; state and regional leaders, and external business/industry experts. In addition to the one-on-one interviews, we also conducted two stakeholder roundtables comprised of business, arts/culture, education, public officials, major employers and other key leaders whose work directly impacts the economic development, quality of life and quality of place in Cottonwood and by extension, the Verde Valley. Combined, stakeholders who participated in the SWOT process included:

- ◆ Business executives
- ◆ Community and civic leaders
- ◆ Public sector officials from local, county and state government
- ◆ Educational leaders – K-12 through postsecondary institutions

- ◆ Small business owners
- ◆ Artists and arts advocates
- ◆ Nonprofit organization leaders
- ◆ Commercial-Industrial brokers and developers
- ◆ C-suite executives and national experts in economic development, business locations, hospitality and tourism and advanced technologies and other targeted economic sectors

To facilitate the participation of even more Cottonwood’s citizens in this process, an online survey was prepared and launched to query residents, local students, businesses and others about their perceptions and experiences in terms of living, working, recreating and learning in the Cottonwood community. A total of 102 individuals responded to the survey and the results are provided in Section 6 of this report.

The SWOT assessment provides invaluable insights into where the City of Cottonwood may choose to focus its time, investments and policymaking for the sustained economic development and vitality of the community. Just as importantly, the SWOT assessment establishes a sound framework for Cottonwood’s economic development strategy and a “move ahead” action plan.

### **Top 12 Strengths**

- ◆ The people of Cottonwood:
  - » People choose to live in Cottonwood.
  - » Very caring, neighborly community.
  - » Small town values with a big heart.
  - » People who live here feel that they belong and are part of something bigger than themselves.
  - » People work together to find solutions to community challenges.
  - » There are strong voices and a willingness to give back to the community.
- ◆ Cottonwood is the economic/commercial hub of the Verde Valley:
  - » Major stores are in Cottonwood – people come from throughout the area to shop, and there are many stores to choose from.
- ◆ Unique and historic character to the city’s Old Town:
  - » Old Town is thriving and vibrant – a major nexus for people, shops, restaurants and activity.
  - » Historic buildings.
  - » Eclectic mix of local businesses of all types.
- ◆ Close proximity to both the Phoenix and Flagstaff metro markets – just one hour away

from both markets:

- » Much cooler than Phoenix and much warmer than Flagstaff.
- » Can enjoy all of the amenities of the major metro in Phoenix.
- » Can enjoy the skiing of Flagstaff.
- ◆ Surrounded by hundreds of thousands of acres of forest:
  - » Clean air and clean water.
  - » Outdoor recreation opportunities abound:
    - Mountain hiking.
    - Adventure vans.
    - Ranches and equestrian activity.
    - Great trails for hiking and biking.
- ◆ Strong tourism and hospitality economy and ecosystem.
  - » Cottonwood is a very desirable destination for Arizonans and people from throughout the U.S. and the world.
  - » New hotels are either under construction or soon to be built.
  - » Close proximity to a diverse range of tourism destinations, e.g., Sedona and Jerome.
- ◆ Cottonwood is the heart of Arizona Wine Country:
  - » Federally designated as an American Viticultural Area;
  - » The climate for producing wine is outstanding;
  - » An entire entrepreneurial and educational ecosystem has developed to support viticulture, and
  - » Yavapai College's Southwest Wine Center offers to the wine industry as well as to students training, education and resources to support their enterprises and careers in viticulture.
- ◆ Outstanding City Government Management and Staff who are committed to building a great community, are dedicated to their work and consistently demonstrate their "will do, can do" ethos and "yes" approach, finding solutions and innovating new and better ways to deliver services and resources more effectively and efficiently.
- ◆ Very good stewardship of water; a significant water supply has been assured for many generations ahead.
- ◆ Knowledgeable, committed and outstanding public safety and first responder personnel:
  - » Cottonwood is an ISO2 community.
  - » Cottonwood's Fire Department is an all-hazard response agency.
  - » Police Department and police officers very much present and participate in the community, as do members of the Fire Department.

- ◆ Cottonwood Municipal Airport, which has significant potential to become an economic engine for the local economy as well as a regional and state asset.
- ◆ Yavapai College's Verde Valley Campus is a great asset and state of the art:
  - » #1 in community college enrollment in Arizona and among the highest in the U.S.
  - » Offerings include bachelor's degrees online.
  - » Skilled Trade Center is an outstanding resource for training and workforce development, offering certificate programs for skilled trades.

## **Top 12 Weaknesses**

- ◆ Lack of sufficient housing stock and what is available is unaffordable to young families and professionals:
  - » The median housing price is \$450,000.
  - » Cottonwood will become Sedona if this trend is not reversed (Cottonwood used to be the workforce housing community for Sedona).
  - » New housing starts are priced at \$470,000+ and are being built just for the affluent and retirees.
  - » Developers are claiming they are building workforce housing when in fact they are making home ownership more difficult because:
    - They are building single family homes (89 and Vine) whose starting prices are at approximately \$470,000.
    - They are building rent to own but maintaining control of the land presumably to drive down the cost of housing; however, those who are buying will not truly attain homeownership.
  - » The high cost of housing severely constrains the ability to provide a workforce for existing and prospective new businesses.
  - » Low rate of homeownership.
  - » Overabundance of short-term rental housing.
- ◆ Difficult to retain and recruit technically qualified workers for both existing and prospective new public and private sector jobs due to the:
  - » High cost of living and prohibitive cost of housing (even for those earning \$100,000+).
  - » Lack of jobs for "trailing spouses" commensurate with their skills and educational attainment.
- ◆ Young people are leaving Cottonwood to either attend college or to find better paying jobs elsewhere, and they do not return due to the lack of quality jobs with good salaries as well as the lack of housing that they can afford.
- ◆ Very few young people are moving to Cottonwood to start families and careers.

- ◆ Limited economic base and economic drivers for the local economy:
  - » Absence of high value-added industry and lack of good paying jobs.
  - » Lack of good paying, family sustainable jobs.
  - » Overdependence on tourism as a major economic driver, which includes the wine industry.
  - » Over-abundance of lower-paying service industry jobs.
  - » Limited economic base means that it takes longer for Cottonwood to recover from an economic downturn than other communities because of this.
  - » A former Hanes manufacturing plant used to be located in Cottonwood; need to identify what is needed to be able to induce industry to locate in Cottonwood.
- ◆ Insufficient and low-quality healthcare:
  - » Relatively limited and poor quality of healthcare options.
  - » Limited accessibility to acute care.
  - » Limited accessibility to medical specialists.
  - » Medical professionals are either leaving or are aging out and the pipeline of new doctors has waned (they can't afford to live here).
  - » Many residents do not have a family or primary care doctor.
- ◆ Lack of direct access to I-17; other municipalities in the Verde Valley are better positioned for economic development because of their direct access to I-17.
- ◆ Relative lack of available land planned for and site ready for employment, even smaller sites that can accommodate small and medium-sized employers.
  - » State land potential often is mired in multi-jurisdictional issues between the county and state governments.
  - » Lack of infrastructure to serve potential employment sites, especially south of Highway 260.
  - » Insufficient water and sewer infrastructure to support future growth.
- ◆ Limited availability of postsecondary education and technical education options locally.
- ◆ Lack of alignment between Yavapai College and what employers need in terms of a skilled and qualified workforce.
- ◆ The traditional public school district is an underachiever and underperformer:
  - » Our children and youth are not getting the kind of education that they need to prepare them for college and/or careers.
  - » There is a disconnect between school administrators and teachers in terms of priorities for what students need in terms of learning and knowledge.
  - » The quality of K-12 schools leaves much to be desired; students are not being adequately prepared for college or careers and lack knowledge and know-how about how to get and hold a job.



- » Enrollment is declining.
- » The student population is flat – it is not growing, and this is problematic for Cottonwood (and for any community).
- ◆ Political and community environment:
  - » Old timers vs. newcomers – the old timers want things to revert to the way things were 15 years ago while the newcomers want the city to become more developed and adopt new ways of doing things.
  - » Many newcomers who move to Cottonwood do not want additional growth and change, e.g., NIMBYism.

### **Top 12 Opportunities**

- ◆ Address the acute housing shortage and affordability issues by advocating for and expanding the housing stock and its affordability for service sector workers, technical/trades workers and professionals:
  - » Through intelligent planning and collaboration with landowners, developers and homebuilders, plan for and build housing for a broad range of workers, e.g., service workers, technicians, professionals, executives.
  - » Examine the potential of the City Government to purchase housing units to rent these dwelling units to City employees.
  - » Promote the construction of 3-D housing to make it more accessible/affordable for the current and future workforce, e.g., young professionals, public safety personnel, teachers and service workers.
- ◆ Cottonwood Municipal Airport has significant potential for airport operations and surrounding business and employment development:
  - » Elevate the operations and development of the Cottonwood Municipal Airport.
  - » Commit to improving the direct City Management of the airport operations.
  - » Conduct a feasibility study for the commercial/employment development opportunities adjacent to the airport.
  - » Acquire a professional and accountable FBO operator.
  - » Add related amenities that will support more airport activity as well as tourism and economic development:
    - Rental car facility.
    - Fueling station.
    - Nicer café/dining option(s).
- ◆ Continue to work to attain water assurance for future generations.
- ◆ Focus on in-fill development and also increasing height restrictions for commercial and residential development.

- ◆ Continue to invest in and promote the city's tourism and viticulture sectors.
- ◆ Attract more amenities and things to do for children, youth and families:
  - » Water parks.
  - » Playgrounds.
  - » Splash pads.
  - » Youth centers.
  - » Movie theaters.
  - » Putt-putt golf.
  - » Soccer fields.
  - » Entertainment venues.
- ◆ Attract more and better health care offerings:
  - » Medical professionals across a broader spectrum of areas of specialty.
  - » A micro-hospital.
  - » Behavioral health and wellness facilities and services.
- ◆ Work energetically to preserve the rural character of Cottonwood while also seeking quality population and economic growth.
- ◆ Work very, very intentionally to increase the balance between youth and seniors.
- ◆ Work just as hard and intentionally to become more accessible to young families with children.
- ◆ Expand arts and cultural offerings available in the city.
- ◆ Create a better balance between the old timers and newcomers in the community.

### **Top 12 Threats**

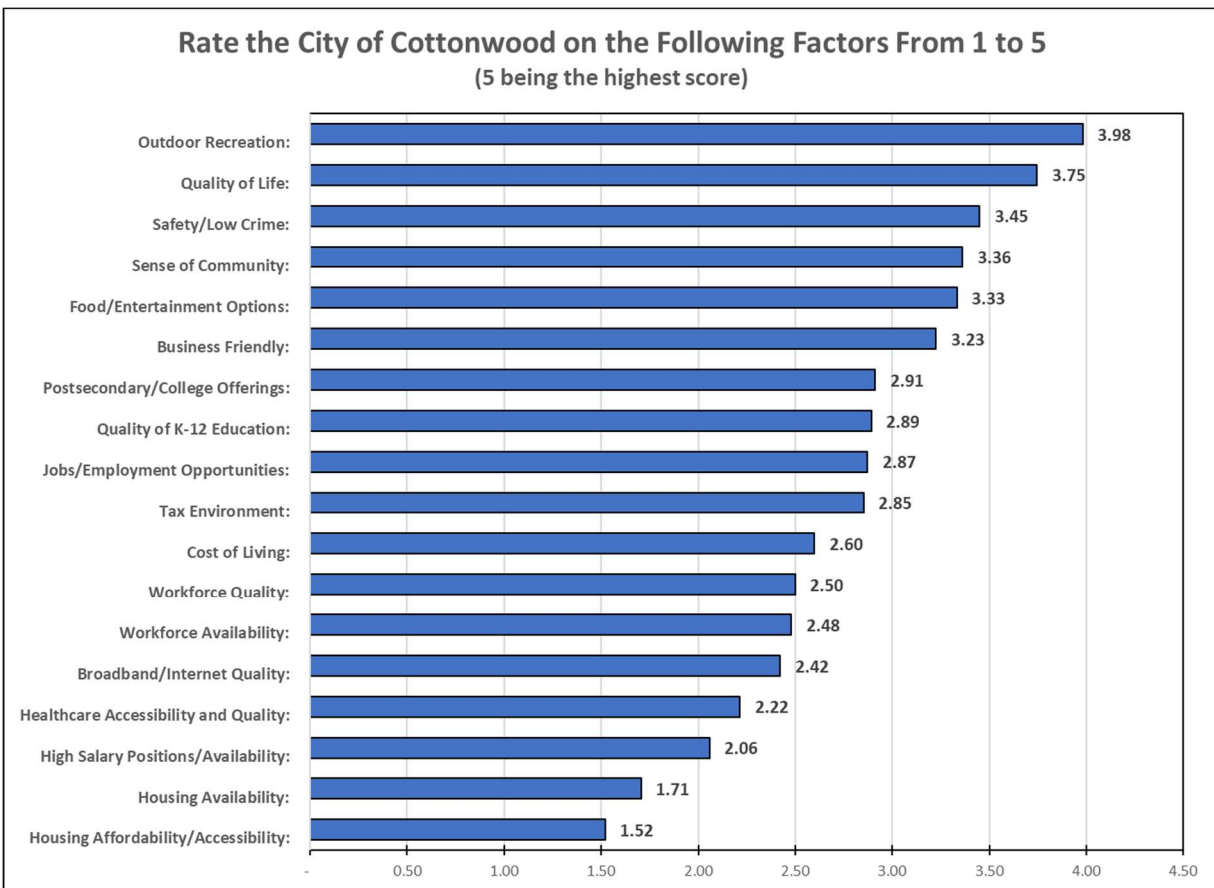
- ◆ Lack of action to address acute shortage of housing as well as affordability for service workers, professionals and families with children as well.
- ◆ State legislation that undermines cities and towns' ability to self-govern or restricts revenue potential.
- ◆ State politics and the image of polarization.
- ◆ Water assurance needs to be addressed; this has been a challenge for two generations:
  - » Outstanding water adjudication issues that have persisted in the courts for decades.
  - » Multiple competing interests are laying claim to the water.
  - » Need to confirm – do we have sufficient water supply for the future or not?
  - » Decades-long court case has yet to result in the adjudication of access issues related to the surface and ground water that impact the Gila River.
- ◆ Lack of direct access to an interstate or major state highway.

- ◆ Potential erosion of Cottonwood's dominant position for retail and services in the Verde Valley.
- ◆ Extreme over dependence on the TPT for city revenues.
- ◆ Competition from neighboring communities that have better direct access to I-17 and more land availability for business and industry.
- ◆ Continuing exodus of youth bound for college who do not return due to lack of the kinds of jobs they seek and accessible housing for themselves. Major construction projects (I-17 and others) create inordinate delays; there are only three points of egress into Cottonwood, making it difficult and inconvenient to navigate to an out of town destination for business or pleasure.
- ◆ Growing preponderance of second home homeowners and retirees, which increases the median age of the community and also contributes to the potential of eroding the community spirit that has been the heart and soul of Cottonwood.
- ◆ Persistent push-pull between long-time residents and newcomers.

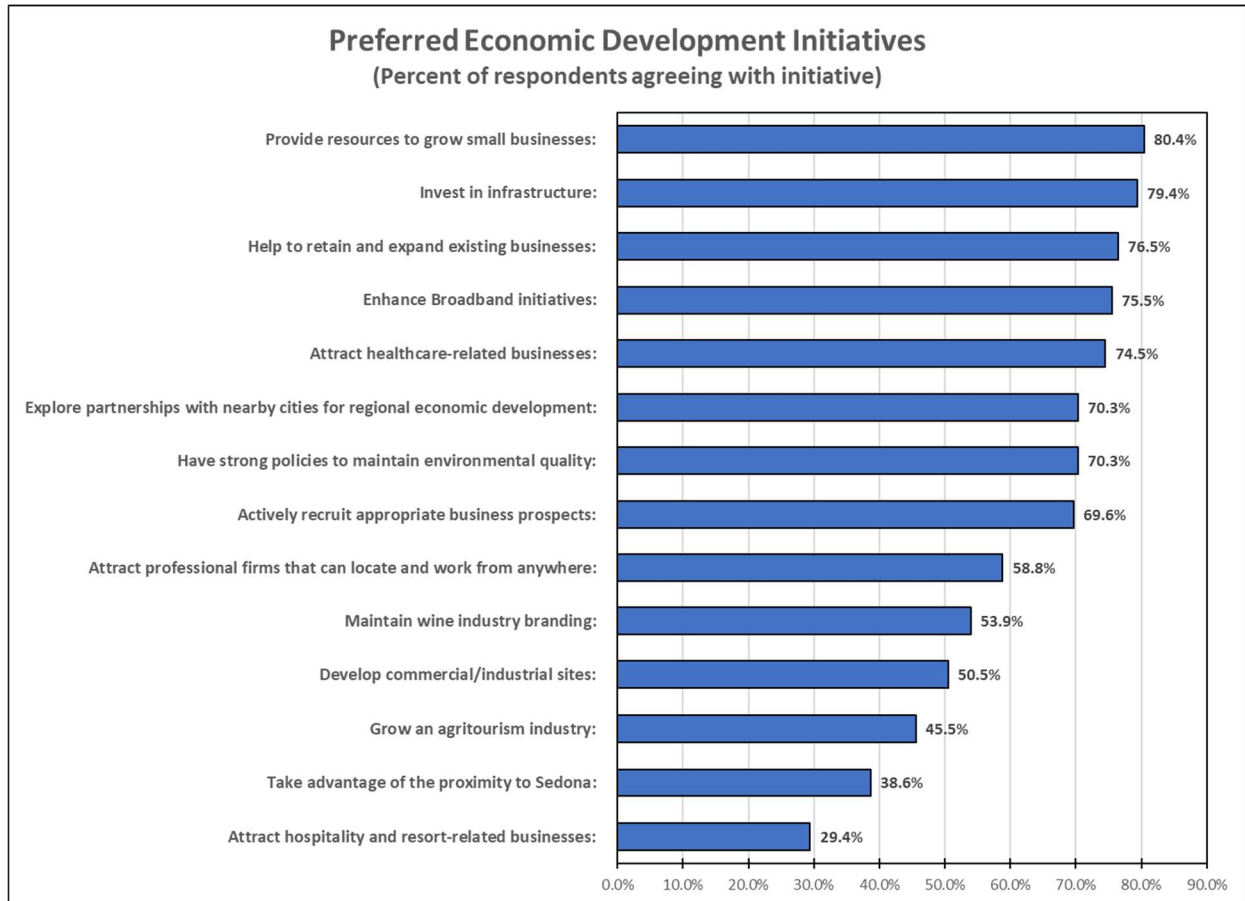
## 8.2 Online Survey Results

An online survey was distributed through the City of Cottonwood and various media to residents and business owners to better understand the economy of the city and its opportunities for future growth. All responses were kept strictly confidential and individual responses were not revealed as part of the Economic Development Strategic Plan. The survey includes 13 questions focused on residents' views on economic development priorities and the overall quality of life in Cottonwood and the Verde Valley. A total of 102 responses were received; demographic information was also collected as part of the survey. Following are the summarized results.

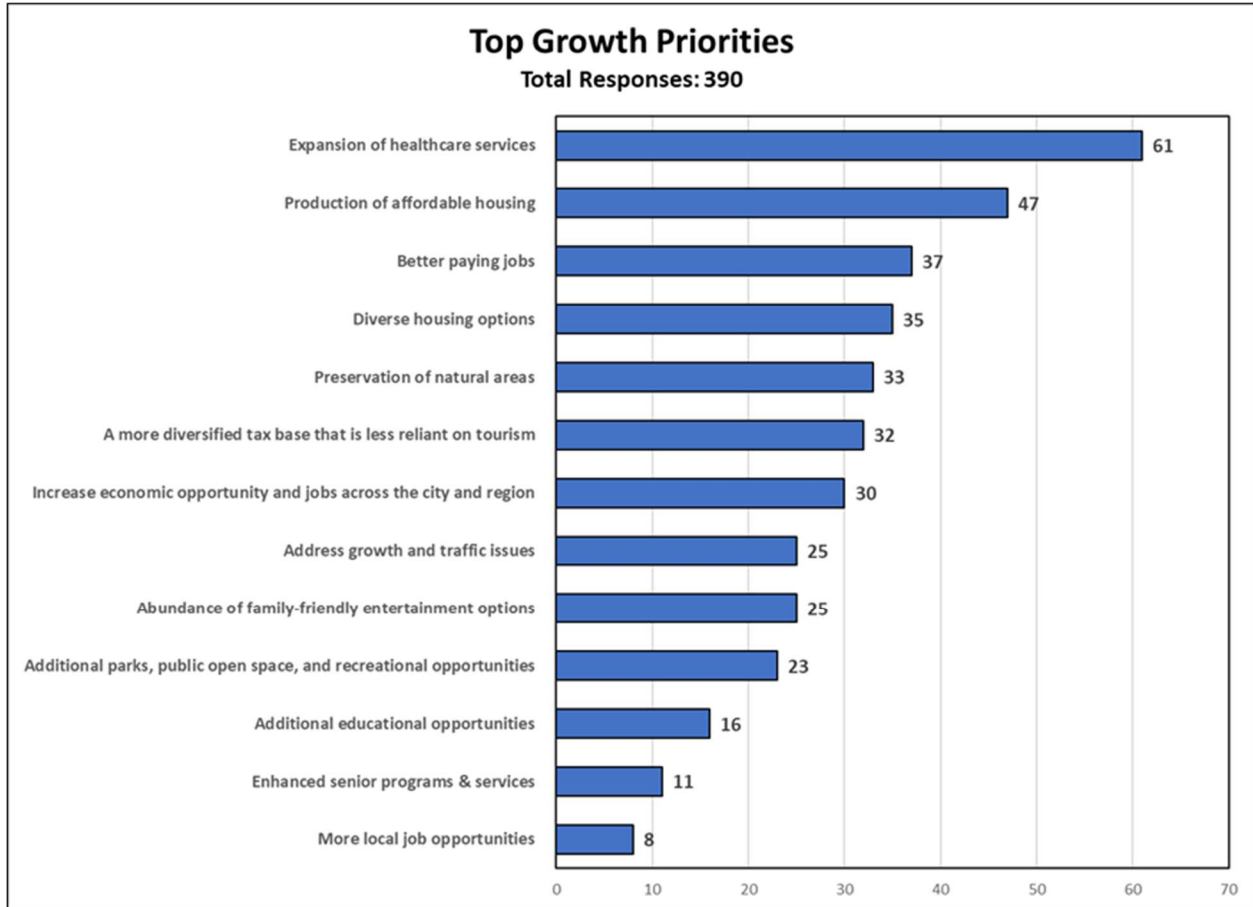
**Question 1:** Residents were asked to rate various qualities of the city of Cottonwood. The highest ratings were related to quality of life, outdoor recreation, low crime rate, and sense of community. The lowest ratings were for housing affordability, health care, and high salaries.



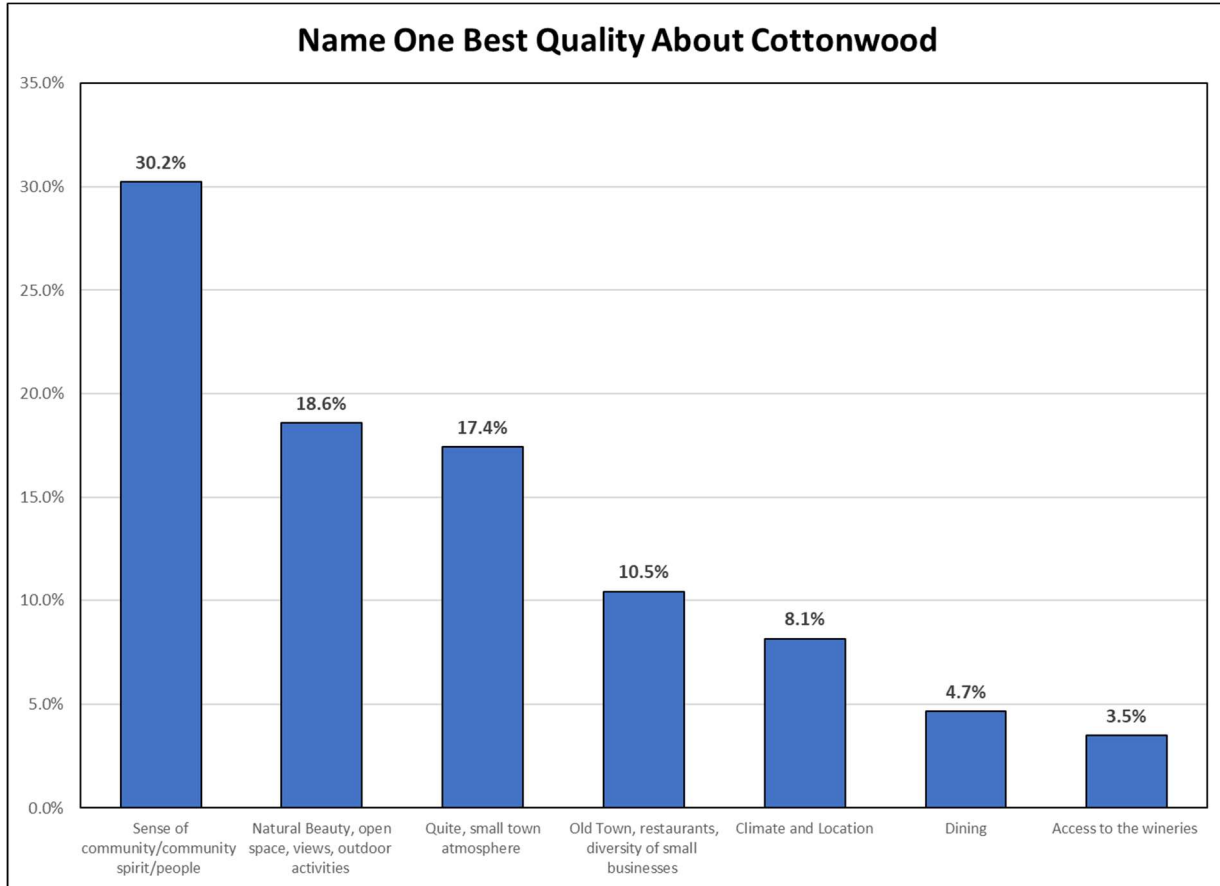
**Question 2:** Residents were asked about the most important economic development initiatives. The top initiatives suggested were for small business support, investing in infrastructure, retention and expansion of existing businesses, and improved broadband and attracting healthcare services.



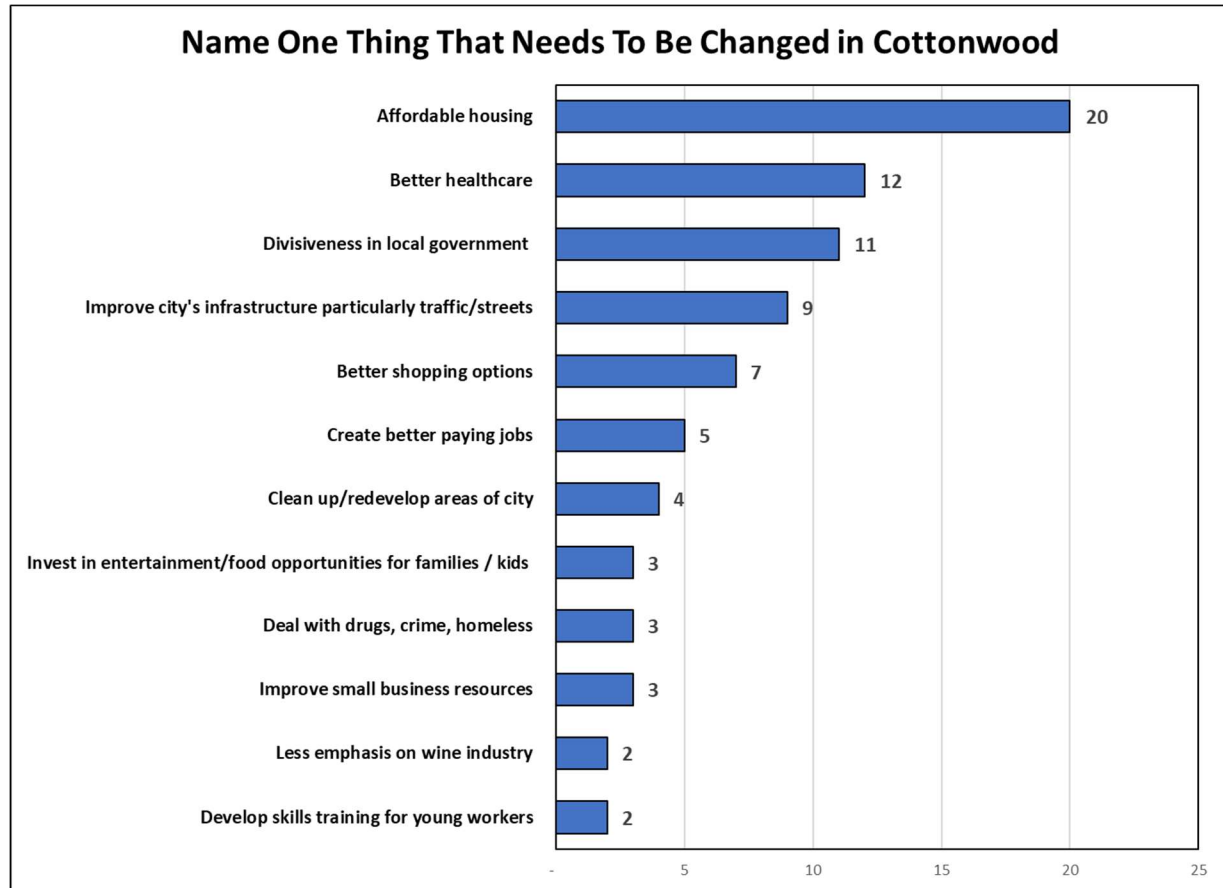
**Question 3:** Respondents were asked to vote on their top four community growth priorities. Out of 390 responses, the highest priorities were expansion of healthcare services, affordable and diverse housing options, better paying jobs, and preservation of natural areas.



**Question 4:** Survey respondents were asked to describe the one thing they loved about Cottonwood. The qualities with the highest votes include sense of community, natural beauty, small town atmosphere, and Old Town and restaurant options.



**Question 5:** This question asked the respondent to name one thing that needed to be improved in the city. The major responses include affordable housing, better healthcare, divisiveness in local government, and improving the city's infrastructure.

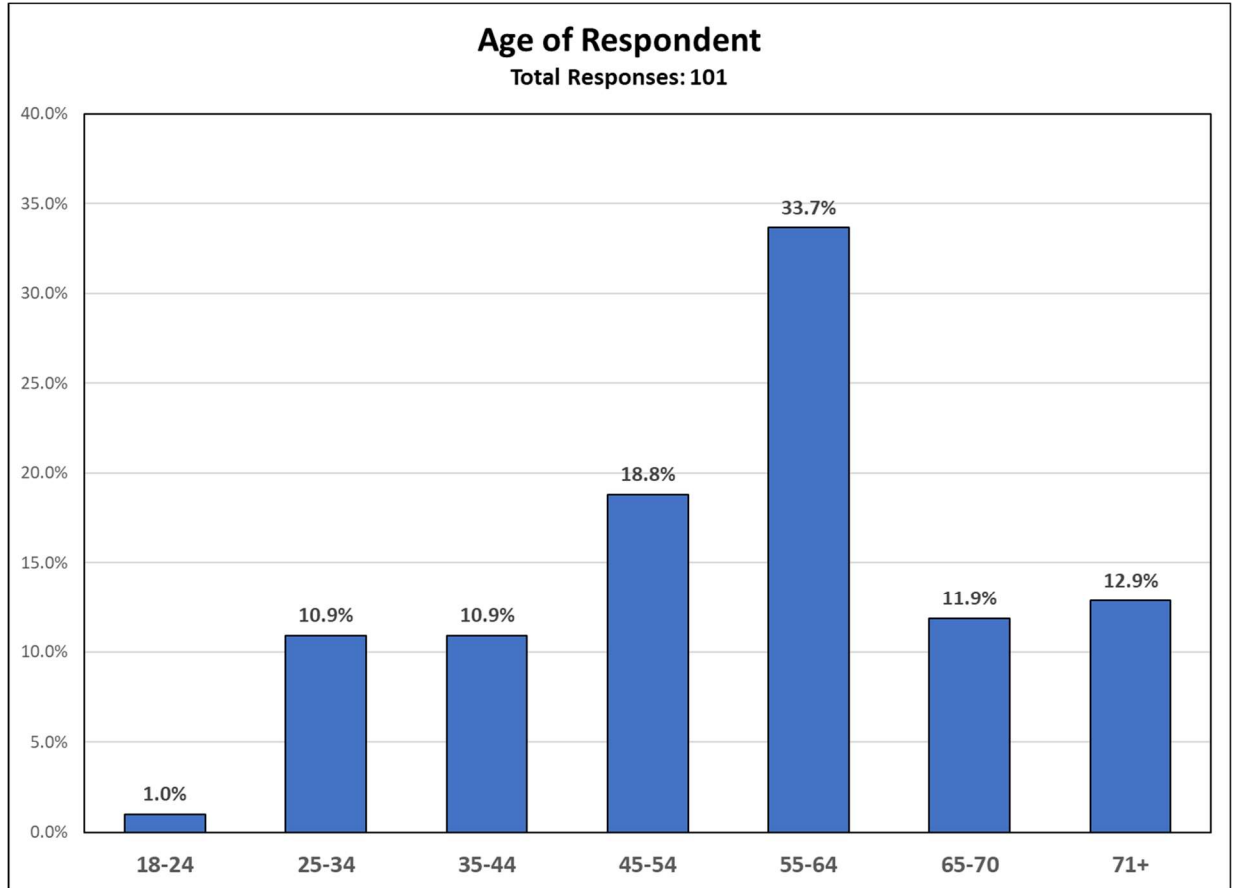


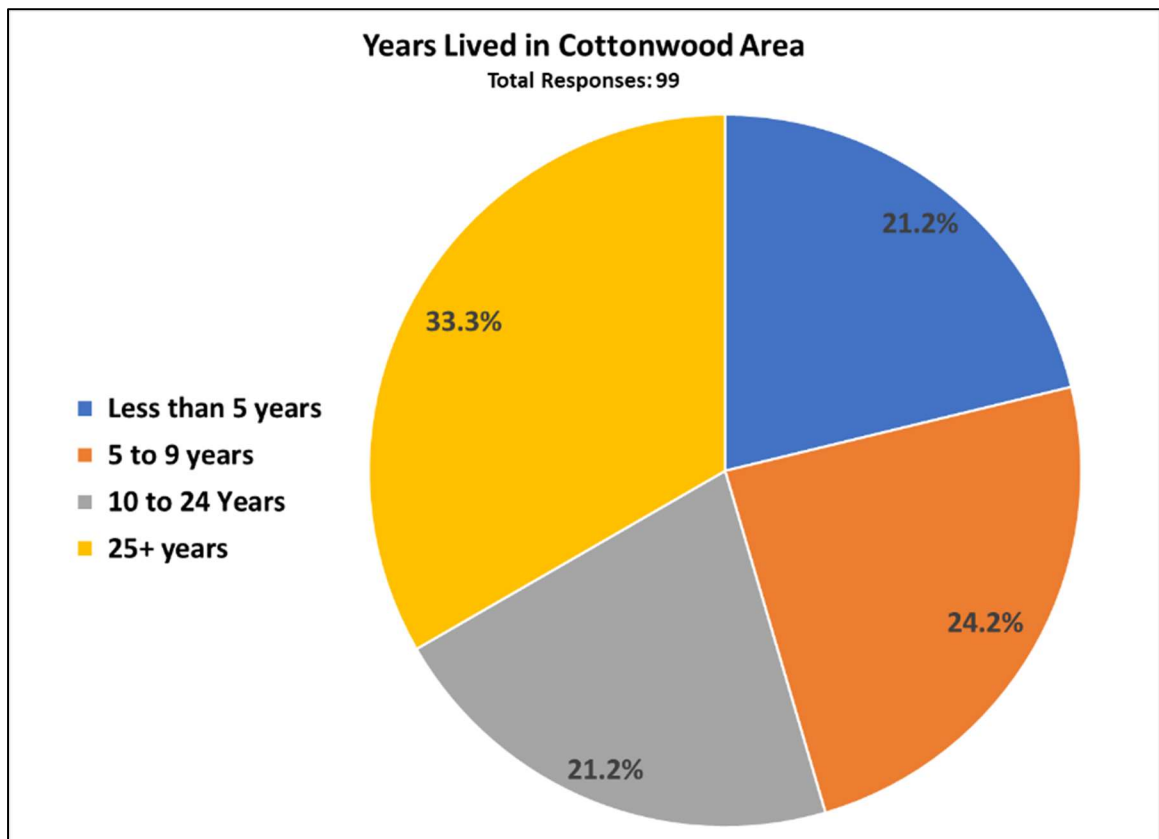
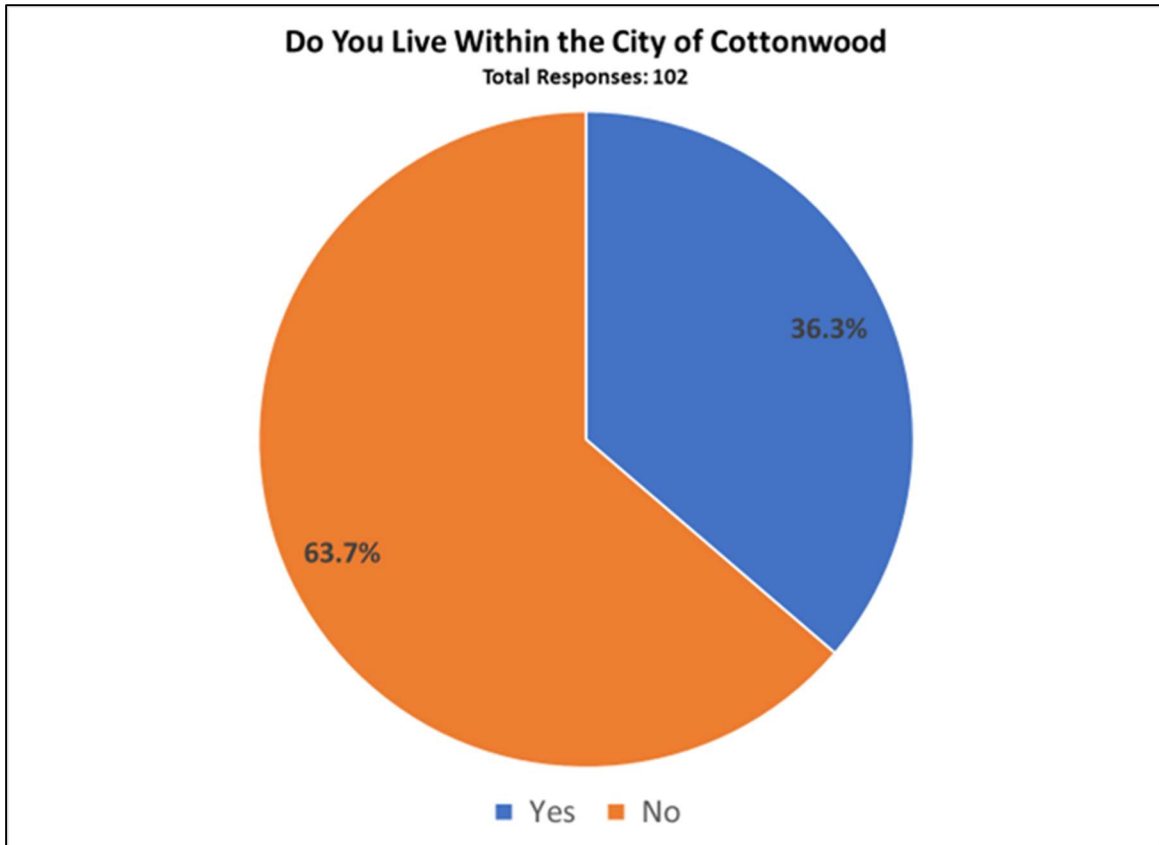
**Demographic Characteristics:** The next few charts show the characteristics of the respondents to the survey. In summary,

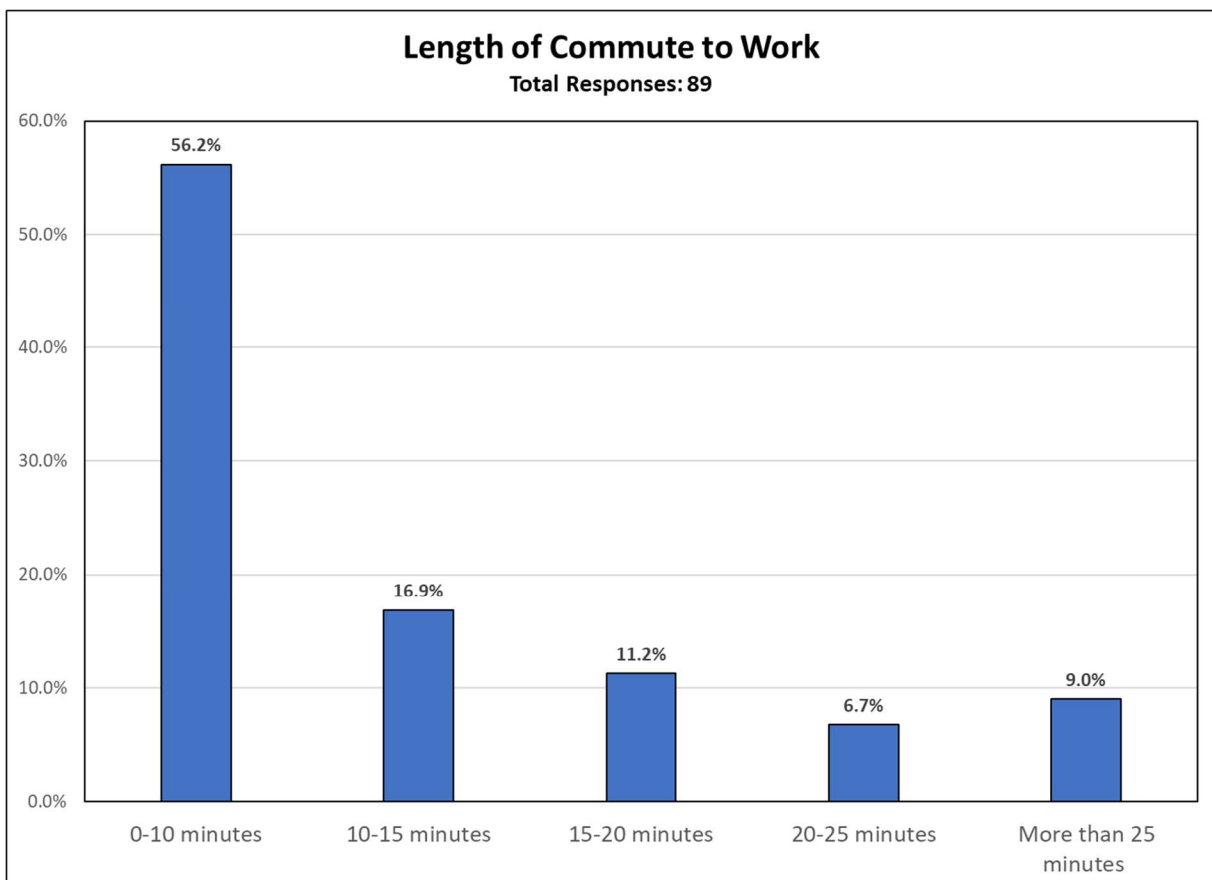
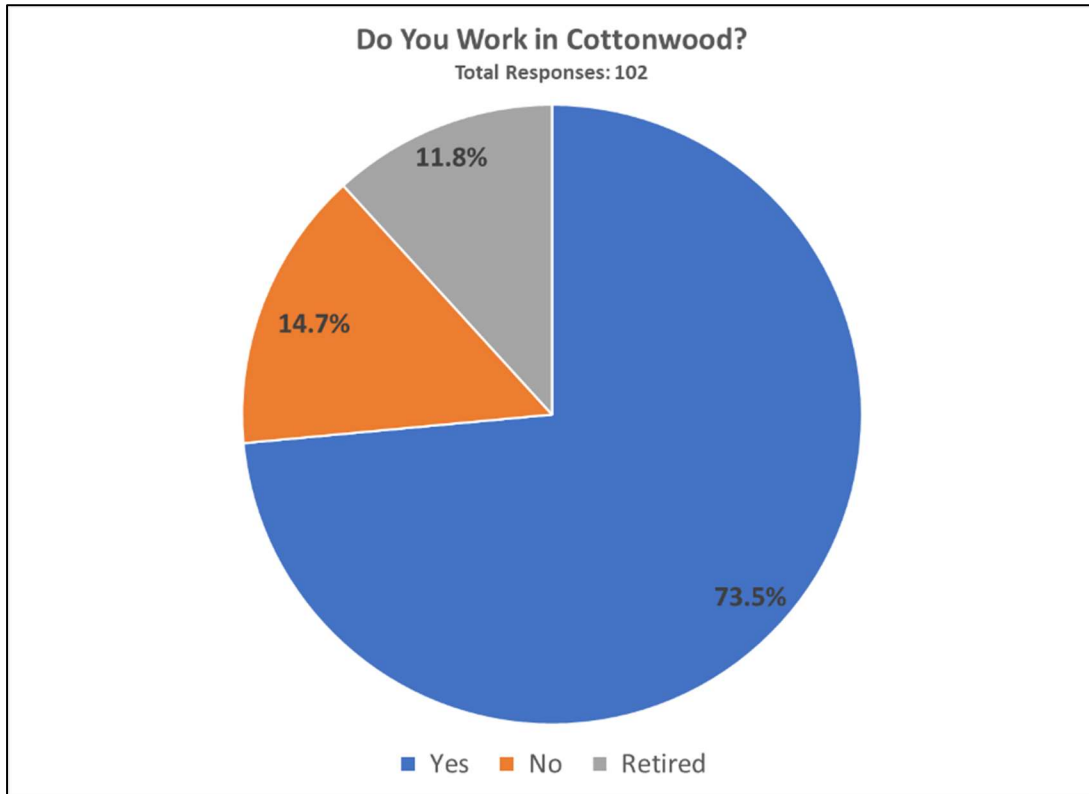
- Most of the respondents are between the ages of 55 and 64. The estimated median age is 60 years.
- 54% of respondents have lived in the Cottonwood area for more than 10 years and one-third have live in the area for more than 25 years.
- Two-thirds of respondents do not live within the city limits of Cottonwood and 61% of respondents are full time residents.
- 73% of respondents work in the area while 12% are retired and 15% are not employed.
- 56% of respondents who work travel less than ten minutes to their place of work and a total of 84% commute less than 20 minutes.
- 44% of respondents have a bachelor's degree or higher and 21% have a master's degree.

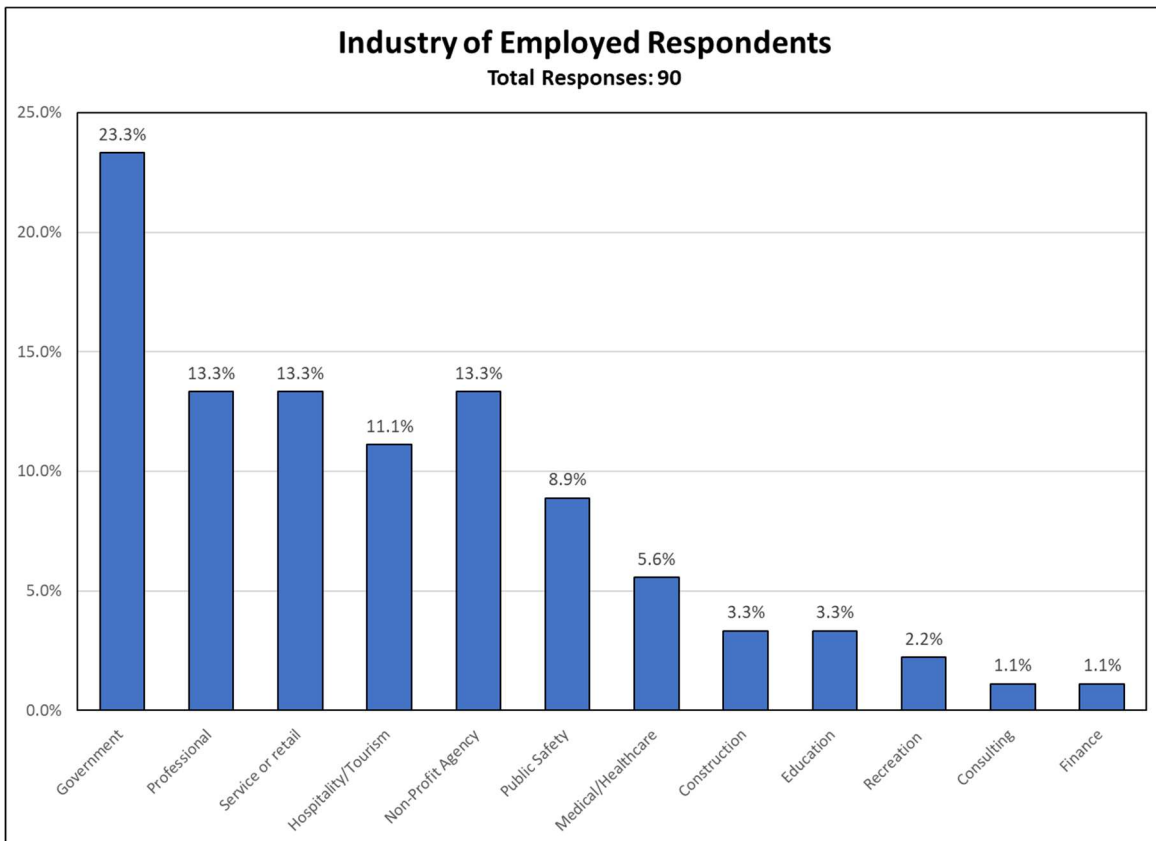
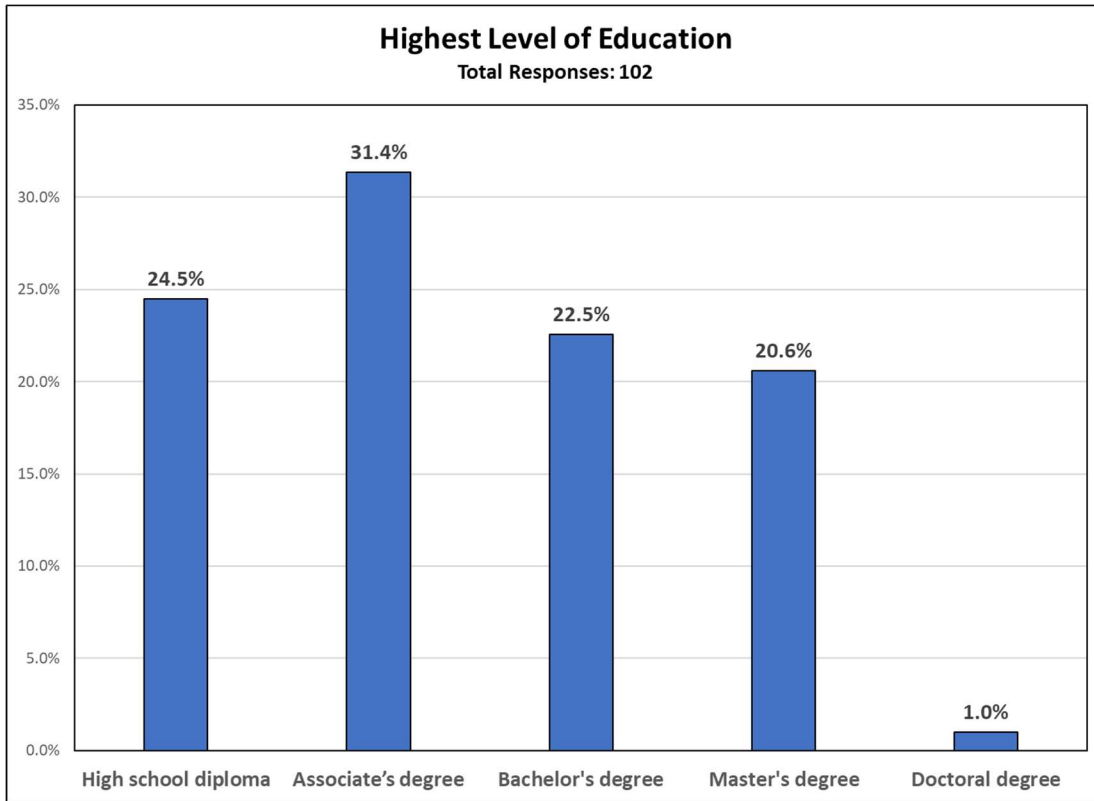


- Responses were heavily weighted toward person who work in government positions. The survey did not determine whether these are city, state, or federal jobs. Retail, hospitality, and non-profit organizations employees also comprised a large number of respondents.









## **Section 9: Agenda For Action & Timeline for Implementation**

---

Based on the comprehensive economic analyses conducted as the foundation for this economic development strategy, as well as synthesizing the perspectives and ideas of 65 Cottonwood stakeholders, there is a compelling need for a more deliberate and defined focus on the city's economic development. Cottonwood does indeed have many assets upon which to foster a more diverse and sustainable economy. But to achieve this, all sectors of the community need to be aligned and committed to this endeavor to ensure that Cottonwood remains a desirable place in which to live and do business for the long term.

While the City of Cottonwood is the catalyst for this economic development strategy, in today's interconnected and interdependent world, no governmental or organizational entity, or group of such entities, can attain success in economic development without the full and active engagement, teamwork and alignment of all sectors and institutions – public, private and nonprofit – encompassing government, business, community members, educational institutions, healthcare organizations, nonprofits and other civic institutions.

Based on the comprehensive economic analyses conducted as the foundation for this economic development strategy, as well as synthesizing the perspectives and ideas of 65 Cottonwood stakeholders, there is a compelling need for an intensified focus on the city's economic development. To achieve this, a keen focus on the fundamentals of economic and community development and vitality is needed.

Our research and analyses point to the need to address significant gaps in some of the most basic but mission critical foundational building blocks for Cottonwood: housing availability and attainability, population and employment growth, and places where desirable business and jobs can be accommodated.

Equally important, there are other measures which if addressed over time, can contribute immeasurably to Cottonwood's desirability as a premier community of choice – one where people and business will seek to establish their lives and livelihoods for generations to come.

For its economic development strategy, five **Priority Areas of Interest** merit and mandate Cottonwood’s commitment and investment over the next five years. They are:

- ◆ **Housing, Housing and Housing**
- ◆ **Quality of Life and Quality of Place**
- ◆ **Education, Training and Talent**
- ◆ **Business Investment and Job Creation**
- ◆ **Leadership and Collaboration**

For each primary sphere of interest, there are several objectives, all derived from the comprehensive research and data-driven analysis our team conducted as the foundational underlayment for Cottonwood’s economic development strategy. In addition, best practices in each of these areas as well as “gold standard” key performance indicators (metrics) were also research for each of these priority areas and are provided within.

## Timeline for Implementation

| ACTION  |  | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|---|--|------|------|------|------|------|
| <b>Cottonwood's Economic Development Framework Action Agenda</b>  |  |      |      |      |      |      |
| <b>1. PRIORITY AREA: HOUSING, HOUSING AND HOUSING</b>   |  |      |      |      |      |      |
| <p>◆ Collaborate locally and regionally to attain consensus on a housing development strategy for Cottonwood and encourage the development of a full range of quality housing for young professionals and families. The City has already taken steps to address affordable housing by collaborating with the City of Sedona and jointly funding and sharing a professional staff member dedicated to housing. Local strategies need to:</p> |  |      |      |      |      |      |
| a.  | Focus on the development of attainable housing, especially at lower-income and workforce level wages, targeting households with incomes ranging from 60%-120% of the area's median income.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.  | Identify and properly zone suitable sites to promote specific housing developments, including city-owned land.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| c.  | Collaborate with development stakeholders, including landowners, employers and developers to identify needs and remove barriers for housing development.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| d.  | Create a welcome and streamlined entitlement process, including expedited review of plans.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| e.  | Create a Community Land Trust.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| f.  | Develop housing development incentives that may include density bonuses, flexible development standards, fee waivers, impact fee reimbursements, reduced parking requirements, etc.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| <b>2. PRIORITY AREA: QUALITY OF LIFE AND QUALITY OF PLACE</b>   |  |      |      |      |      |      |
| <p>◆ Continue to invest in the maintenance and enhancement of Old Town.</p>   |  |      |      |      |      |      |
| a.  | Explore the potential of adopting a city Business Diversity Ordinance which is designed to ensure that independent locally owned small businesses are not superseded by national chain stores. This would be applicable to the small locally owned firms in Old Town. This ordinance essentially would require criteria to be met allowing only locally-owned businesses to apply for a special use permit to locate in certain neighborhood commercial districts. | ◆    | ◆    | ◆    | ◆    | ◆    |



| ACTION   |   | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|--|---|------|------|------|------|------|
| b.   | Analyze the highest and best use of city-owned properties and buildings in Old Town. Give consideration for redevelopment to commercial uses.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Increase investment and expand the types and number of amenities and necessities to enhance the livability and quality of life for all residents, especially for children, youth and families. |   |      |      |      |      |      |
| a.   | Institute a twice annual survey of Cottonwood's residents to identify and affirm what they love about the community and what needs to be improved in terms of the quality of life and quality of place in Cottonwood.   | ◆    | ◆    | ◆    | ◆    | ◆    |
|  | Plan for and invest in more family-oriented amenities that provide both outdoor and indoor recreational activities and offerings, including:  |      |      |      |      |      |
| b.   | <ul style="list-style-type: none"> <li>• Water parks.</li> <li>• Playgrounds.</li> <li>• Splash pads.</li> <li>• Youth centers.</li> <li>• Movie theaters.</li> <li>• Putt-putt golf.</li> <li>• Soccer fields.</li> </ul>  | ◆    | ◆    | ◆    | ◆    | ◆    |
| c.   | Enhance, improve, and increase utilization and programs of the Senior Center.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| d.   | Continue to maintain the high standards of public facilities including the Cottonwood Recreation Center and Cottonwood Library.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Continue to maintain public safety (police and fire/EMT) as top priorities for city government investment.   |   |      |      |      |      |      |
| a.   | Provide the resources necessary to ensure that the Cottonwood PD and FD remain fully staffed and have access to state of the art technology and tools.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.   | Adopt best practices throughout the city government and civic community to reduce the high property and violent crime rates in Cottonwood.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| c.   | Work with county, state and federal governments to ensure that publicly funded programs at the county, state and federal levels for behavioral health, substance abuse and homelessness are available to the City of Cottonwood to address these societal challenges. | ◆    | ◆    | ◆    | ◆    | ◆    |



| ACTION   |  | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|--|--|------|------|------|------|------|
| d.   | Create a city-wide goal to engage residents and businesses in situational awareness and taking measures to protect themselves and their property.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| e.   | Set clear goals to reduce crime with a particular focus on property and violent crimes.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| <b>3. PRIORITY AREA: EDUCATION, TRAINING AND TALENT</b>  |  |      |      |      |      |      |
| ◆ Expand and prepare the community's workforce / talent base through greater collaboration with Yavapai College's Verde Valley Campus and other postsecondary education and training institutions. |  |      |      |      |      |      |
| a.   | Expand postsecondary education offerings in Cottonwood for both technical schools, four-year degrees and graduate degrees.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.   | Support the expansion of the Verde Valley Campus of Yavapai College:   |      |      |      |      |      |
|  | <ul style="list-style-type: none"> <li>• Work to assist the Verde Valley Campus in securing the resources and support needed to continue to provide outstanding education and training programs.</li> <li>• Improve the alignment and better unite educational offerings with workforce development/training needs, specific to both existing business as well as for targeted growth opportunities such as health care, IT and others.</li> </ul> | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Elevate and improve collaboration between the community's and region's public, private and education sectors to:   |  |      |      |      |      |      |
| a.   | Develop more effective job training pathways and placement processes between employers and post-secondary education institutions.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.   | Improve communications and connectivity with high school students to keep them informed and knowledgeable about career and college opportunities in Cottonwood.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| c.   | Significantly expand the availability of paid internships for high school and college students in both the private and public sectors.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| <b>4. PRIORITY AREA: BUSINESS INVESTMENT AND JOB CREATION</b>  |  |      |      |      |      |      |
| ◆ Invest in essential infrastructure and site planning that are essential to business investment and job creation.   |  |      |      |      |      |      |

| ACTION  |   | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|---|---|------|------|------|------|------|
| a.  | Work energetically to remain the economic/commercial hub of the Verde Valley so people will continue to want to shop, dine and recreate in Cottonwood.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.  | Continue to review, update and “modernize” local ordinances that govern housing, community.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| Inventory and develop a portfolio of well-planned, shovel ready sites suitable for employers and their operations:  |   |      |      |      |      |      |
| <ul style="list-style-type: none"> <li>• Develop an interactive inventory of all vacant, developable and available land in the city, whether it is planned for commercial or residential uses.</li> <li>• Encourage both public and private landowners to responsibly plan for the sale of lands they own/control so that it can be utilized for well-planned housing developments.</li> <li>• Revisit and evaluate the potential for an annexation policy; work with adjacent unincorporated areas that benefit from Cottonwood services and resources and create a mutually beneficial “win-win” strategy for both Cottonwood and neighboring communities.</li> </ul> |   | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Plan for and invest in strategic economic development opportunities for Cottonwood:   |   |      |      |      |      |      |
| a.  | Old Town Cottonwood   | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.  | Cottonwood Municipal Airport, which has significant potential for airport operations and surrounding business and employment development  | ◆    | ◆    | ◆    | ◆    | ◆    |
| c.  | Frontage Land on 260 South of the City  | ◆    | ◆    | ◆    | ◆    | ◆    |
| d.  | 89A   | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Intensify efforts to capitalize on county, state and federal funding available for infrastructure:  |   |      |      |      |      |      |
| a.  | Secure sufficient funding and build out broadband throughout the city, including service to future potential employment sites, to ensure that Cottonwood is one of the most connected “rural” communities in the state. | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.  | Expand the frequency and number of routes and stops for the Cottonwood Area Transit (CAT) system.   | ◆    | ◆    | ◆    | ◆    | ◆    |

| ACTION  |  | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|---|--|------|------|------|------|------|
| c.  | Increase participation in multi-jurisdictional transportation infrastructure planning efforts that will strengthen Cottonwood's competitiveness as a location for business and industry.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Continue the city's outstanding water management practices.   |  |      |      |      |      |      |
| a.  | In cooperation with regional partners, determine the long-term demand for water in Cottonwood and the Verde Valley.  | ◆    | ◆    | ◆    | ◆    | ◆    |
| b.  | Establish a regional water management consortium to secure commitments for a long-term sustainable supply of water for the Verde Valley.   | ◆    | ◆    | ◆    | ◆    | ◆    |
| ◆ Invest in and foster business retention, business recruitment and business startups in economic sectors that also strengthen the quality of life and quality of place for Cottonwood, including:  |  |      |      |      |      |      |
| Tourism and Hospitality   |  |      |      |      |      |      |
| <ul style="list-style-type: none"> <li>• Recommit and continue to invest in the city's tourism promotion.</li> <li>• initiatives.</li> <li>• Commission an economic/fiscal impact analysis for Cottonwood's tourism and hospitality sector to provide a data-driven basis upon which to make policy and budgeting decisions.</li> </ul> |  |      |      |      |      |      |
| a.  | <ul style="list-style-type: none"> <li>• Conduct a comparative analysis of Cottonwood's tourism programs and offerings vis-à-vis other comparable tourism-dependent communities to identify and adopt /emulate best practices.</li> <li>• Commission a hotel market study to strengthen Cottonwood's ability to continue to attract more upscale hotel facilities, including the potential for a resort.</li> <li>• Develop a data tracking system that measures visitor activity and event attendance.</li> </ul> | ◆    | ◆    | ◆    | ◆    | ◆    |



| ACTION |  | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|--------|--|------|------|------|------|------|
| b.     | Viticulture:   |      |      |      |      |      |
|        | • Join in regional and state initiatives and organizations that are advocating revisions in Arizona statutes that govern the production and sale of wine locally, regionally and nationally.   |      |      |      |      |      |
|        | • Work with existing vineyard owners to establish or recruit a bottling company and a wine barrel production company.  | ◆    | ◆    | ◆    | ◆    | ◆    |
|        | • Identify and align with a high performing business incubator establish a Cottonwood-based incubator for wine makers / vintners; this facility should be global in nature to attract aspiring viticulturalists and vintners to Cottonwood.                                      |      |      |      |      |      |
|        | • Identify additional supply chain industry opportunities from production to retail.   |      |      |      |      |      |
| c.     | Healthcare:  |      |      |      |      |      |
|        | • Survey Cottonwood residents and medical practitioners to identify the most urgent and significant gaps in health care services.  |      |      |      |      |      |
|        | • Conduct research to identify potential health care providers who could benefit from a Cottonwood presence.   |      |      |      |      |      |
|        | • Develop a data-driven business case to present to these potential health care providers.   | ◆    | ◆    | ◆    | ◆    | ◆    |
|        | • Schedule personal high level City official visits to these medical providers and/or invite them and their significant others to spend a weekend in Cottonwood to experience the community and to be briefed on opportunities for expanding their practices into the community. |      |      |      |      |      |
|        | • Identify and recruit a micro-hospital to Cottonwood, focusing on such facilities that are established and growing in Arizona.  |      |      |      |      |      |

| ACTION                           |   | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|----------------------------------|---|------|------|------|------|------|
| Small Business/Entrepreneurship: |   |      |      |      |      |      |
| d.                               | <ul style="list-style-type: none"> <li>• Create a Small Business Advocate within Cottonwood City Hall; small business and entrepreneurship is the most immediate source of new jobs and economic activity for the community at this stage of its development.</li> <li>• Strengthen Cottonwood's relationship with Yavapai College's Small Business Development Center (SBDC) and promote its resources and services to Cottonwood's small business community.</li> <li>• Work with the Verde Valley Campus and Yavapai college to identify training resources for small businesses and aspiring entrepreneurs that may be available at the main campus but could be provided digitally in Cottonwood.</li> <li>• Create a comprehensive small business / startup plan connected to regional and city economic assets.</li> <li>• Consider adopting a preference for locally owned business in city government procurement, ensuring that there are clear definitions, goal setting and metrics reporting.</li> <li>• Expand contracting opportunities for small businesses so that they can compete on procurement contracts with larger firms and other governmental entities.</li> </ul> | ◆    | ◆    | ◆    | ◆    | ◆    |
|                                  | ◆ Establish a well-funded, professionally staffed office devoted exclusively to economic development that reports to the City Manager.  |      |      |      |      |      |
|                                  | a. Bifurcate economic development and tourism; economic development is a highly specialized function and requires a keen focus and dedicated resources to be effective and successful. Further, economic development programs and tools can be easily diluted with other initiatives designed to promote tourism. While they can be mutually reinforcing, the messages need to be separate.   | ◆    | ◆    | ◆    | ◆    | ◆    |
|                                  | b. On-board an experienced, credentialed and accomplished economic development practitioner who has a demonstrated track record of working successfully in a public sector environment as well as a proven reputation for collaboration.  | ◆    | ◆    | ◆    | ◆    | ◆    |
|                                  | c. Plan for a \$365,000 annual budget in Year 1 to accommodate an economic development manager as well as the studies that have been recommended and the first phase of Cottonwood's economic development toolkit.  | ◆    | ◆    | ◆    | ◆    | ◆    |
|                                  |   |      |      |      |      |      |
|                                  |   |      |      |      |      |      |

| ACTION  |  | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|---|--|------|------|------|------|------|
| d.  | Develop a business case for each of Cottonwood's targeted sectors; research and obtain databases of leading and growing firms in each of those targeted sectors and develop and execute a focused, consistent outreach program to decision-makers of these firms to introduce them to the advantages of locating / growing their business in Cottonwood. | ◆    | ◆    | ◆    | ◆    | ◆    |
| <b>5. PRIORITY AREA: LEADERSHIP AND COLLABORATION</b>   |  |      |      |      |      |      |
| <ul style="list-style-type: none"> <li>◆ Work earnestly to address and resolve policy and other areas of contention with in the elected body of the Cottonwood City Government. Political strife serves to undermine community and economic development and vitality.</li> <li>◆ Develop a more collaborative posture and participate in regional planning for economic development, water management, and other initiatives that can strengthen and enhance Cottonwood's competitive position as a business location.</li> <li>◆ Continue to address both perceived as well as real business climate issues that have become manifest in the city. This can be attained only with the full commitment of the Mayor, City Council and City Manager to provide a stable regulatory and political environment.</li> </ul> |  |      |      |      |      |      |

## Appendix: Online Survey Questionnaire

### City of Cottonwood Economic Development Strategy Survey

Elliott D. Pollack & Company and IO.INC are working with the City of Cottonwood and its many stakeholders and partners to develop an economic development strategy for this vibrant community.

A fundamental building block for the economic development strategy is substantial stakeholder engagement and participation. In fact, stakeholder engagement is the cornerstone in assessing the City of Cottonwood's economic development ecosystem. As part this effort, an online survey will be available to Cottonwood residents to better understand the economy of the city and its opportunities for future growth. We appreciate your participation in taking the survey. All responses will be kept strictly confidential and individual responses will not be revealed as part of the study.

Please take ten minutes to answer the following questions. **Please limit responses to one per household.** Your responses will be immensely important to addressing the economic future of Cottonwood. Thank you for your participation.

**1. Please rate the city of Cottonwood on the following factors from 1 to 5 (1 being the lowest score and 5 being the highest score):**

|                                      |                     |
|--------------------------------------|---------------------|
| Quality of Life                      | 1__ 2__ 3__ 4__ 5__ |
| Healthcare Accessibility and Quality | 1__ 2__ 3__ 4__ 5__ |
| Outdoor Recreation                   | 1__ 2__ 3__ 4__ 5__ |
| Sense of Community                   | 1__ 2__ 3__ 4__ 5__ |
| Cost of Living                       | 1__ 2__ 3__ 4__ 5__ |
| Housing Availability                 | 1__ 2__ 3__ 4__ 5__ |
| Housing Affordability/Accessibility  | 1__ 2__ 3__ 4__ 5__ |
| Workforce Quality                    | 1__ 2__ 3__ 4__ 5__ |
| Workforce Availability               | 1__ 2__ 3__ 4__ 5__ |
| Quality of K-12 Education            | 1__ 2__ 3__ 4__ 5__ |
| Postsecondary/College Offerings      | 1__ 2__ 3__ 4__ 5__ |

|                                    |                     |
|------------------------------------|---------------------|
| Jobs/Employment Opportunities      | 1__ 2__ 3__ 4__ 5__ |
| High Salary Positions/Availability | 1__ 2__ 3__ 4__ 5__ |
| Business Friendly                  | 1__ 2__ 3__ 4__ 5__ |
| Safety/Low Crime                   | 1__ 2__ 3__ 4__ 5__ |
| Food/Entertainment Options         | 1__ 2__ 3__ 4__ 5__ |
| Tax Environment                    | 1__ 2__ 3__ 4__ 5__ |
| Broadband/Internet Quality         | 1__ 2__ 3__ 4__ 5__ |

**2. What types of economic development priorities should the city focus on?**

|  | Agree                 | Neutral               | Disagree              |
|--|-----------------------|-----------------------|-----------------------|
| Actively recruit appropriate business prospects.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Have strong policies to maintain environmental quality.  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Help to retain and expand existing businesses.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Attract healthcare-related businesses.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Explore partnerships with nearby cities for regional economic development purposes & priorities. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Provide resources to grow small businesses.  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Invest in infrastructure.  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Take advantage of the proximity to Sedona.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Enhance Broadband initiatives.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Attract hospitality and resort-related businesses.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Maintain wine industry branding.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Develop commercial/industrial sites.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Grow an agritourism industry.  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Attract professional firms that can locate and work from anywhere.                               | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |



**3. Indicate your top 4 growth priorities for Cottonwood (choose no more than 4).**

- ☐ Expansion of healthcare services.
- ☐ More local job opportunities.
- ☐ Better paying jobs.
- ☐ Increase economic opportunity and jobs across the city and region.
- ☐ Diverse housing options.
- ☐ Production of affordable housing.
- ☐ Abundance of family-friendly entertainment options.
- ☐ Enhanced senior programs & services.
- ☐ Additional parks, public open space, and recreational opportunities.
- ☐ Additional educational opportunities.
- ☐ A more diversified tax base that is less reliant on tourism.
- ☐ Preservation of natural areas.
- ☐ Address growth and traffic issues.
- ☐ OTHER: \_\_\_\_\_

**4. What is the ONE thing about Cottonwood that you love the most? (open ended – fill in)**

**5. What is the ONE thing you would like to see change in the community? (open ended – fill in)**

**6. Do you live within the city of Cottonwood boundaries?**

- ☐ Yes
- ☐ No

**7. Are you a full-time resident of Cottonwood?**

- ☐ Yes
- ☐ No

**8. Do you work in the city of Cottonwood? Are you retired?**

- ☐ Yes
- ☐ No
- ☐ Retired

**9. If you work, in what type of business are you currently employed?**

- ☐ Hotel/Hospitality/Tourism
- ☐ Service or retail
- ☐ Recreation
- ☐ Professional (engineer, accountant, real estate agent/investor, lawyer, etc.)
- ☐ Medical/Healthcare/Wellness
- ☐ Non-Profit Agency
- ☐ Education
- ☐ Construction
- ☐ Manufacturing
- ☐ Public Safety
- ☐ Government
- ☐ Fine Arts
- ☐ OTHER (specify) \_\_\_\_\_

**10. If you work, how long does it take you to commute to your place of employment?**

- ☐ 0-10 minutes
- ☐ 10-15 minutes
- ☐ 15-20 minutes
- ☐ 20-25 minutes
- ☐ More than 25 minutes

**11. What is your level of education?**

- ☐ High school diploma
- ☐ Associate's degree
- ☐ Bachelor's degree
- ☐ Master's degree
- ☐ Doctoral degree

**12. What is your age?**

- ☐ 18-24
- ☐ 25-34
- ☐ 35-44
- ☐ 45-54
- ☐ 55-64
- ☐ 65-70
- ☐ 71+

**13. How many years have you lived in the Cottonwood area?**

- ☐ Less than 5
- ☐ 5 to 9 years
- ☐ 10 – 24 years
- ☐ 25+ years



ELLIOTT D. POLLACK & CO.  
5111 N. SCOTTSDALE ROAD  
SUITE 202  
SCOTTSDALE, AZ 85250  
480.423.9200  
[WWW.EDPCO.COM](http://WWW.EDPCO.COM)



STRATEGY • SOLUTIONS • SUCCESS

IO.INC  
3104 E. CAMELBACK ROAD  
SUITE 1000  
PHOENIX, AZ 85016  
602.626.8560  
[WWW.IOWORLDWIDE.COM](http://WWW.IOWORLDWIDE.COM)