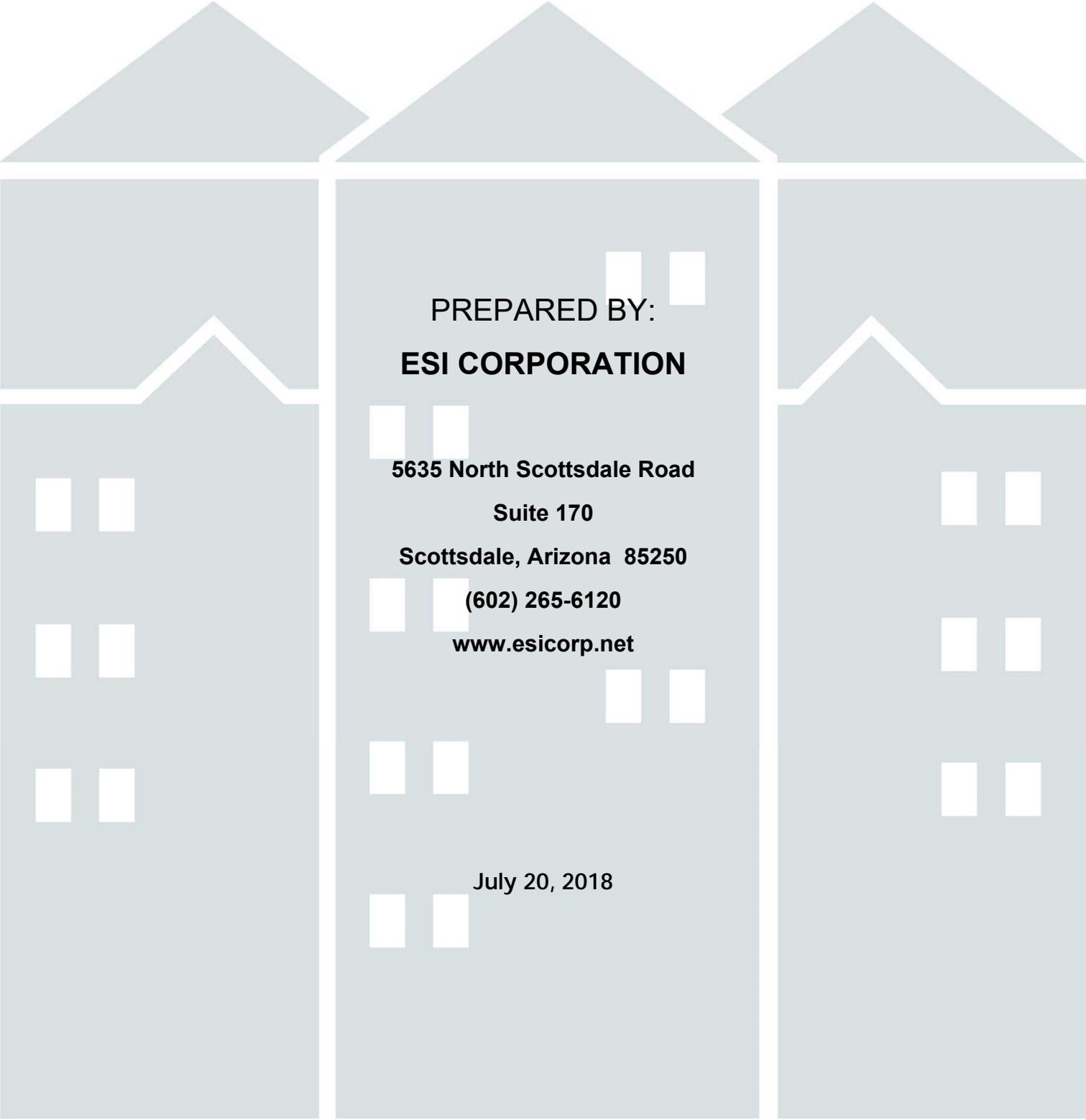


2018

Verde Valley
Economic Development
Strategic Plan

Verde Valley

Economic Development Strategic Plan



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Acronyms and Abbreviations

AAED	Arizona Association for Economic Development
ACA	Arizona Commerce Authority
ACS	American Community Survey
ADOT	Arizona Department of Transportation
ASU	Arizona State University
AVA	American Viticultural Area
BAC	Business Assistance Center
BEA	Bureau of Economic Analysis
BRE	Business Retention and Expansion
CAGR	Compound Annual Growth Rate
CTE	Career Technical Education
EDAT	Economic Development Action Team
EDP	Economic Development Plan
EMSI	Economic Modality System International
FVR	Friends of the Verde River
IEDC	International Economic Development Council
LQ	Location Quotient
LRSPC	Long Range Strategic Planning Committee
MRSAM	Multi-Regional Social Account Matrix
MWBE	Minority and Woman Business Enterprise
NACOG	Northern Arizona Council of Government
NAH	Northern Arizona Healthcare
NACET	Northern Arizona Center for Entrepreneurship and Technology
NAICS	North America Industrial Classification System
NIDEM	Non-Industry Developmental Employment Matrix
QCEW	Quarterly Census of Employment and Wages
REDC	Regional Economic Development Center
SBDC	Small Business Development Center
SCORE	Service Corp of Retired Executives
SEDI	Sustainable Economic Development Initiative
SVVTC	Sedona Verde Valley Tourism Council
SWOT	Strengths, Weaknesses, Opportunities and Threats
UA	University of Arizona
USDA	United States Department of Agriculture
VACTE	Valley Academy for Career and Technical Education
VVREO	Verde Valley Regional Economic Organization
VVTPO	Verde Valley Transportation Planning Organization
VVWC	Verde Valley Wine Consortium
YAN	Yavapai-Apache Nation
YC	Yavapai College
YCWDB	Yavapai County Workforce Development Board

EXECUTIVE SUMMARY

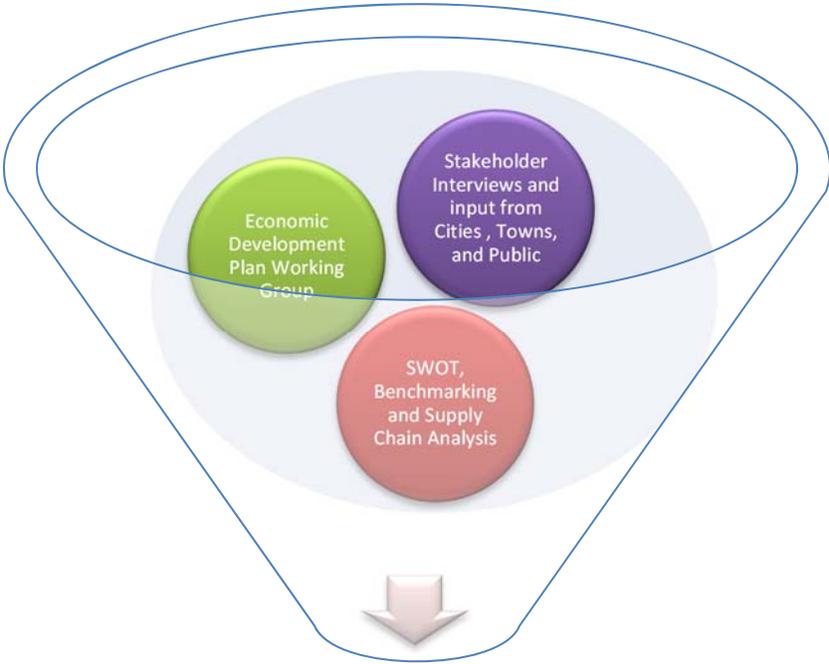
The Verde Valley has come together to shape a comprehensive economic development strategy that will define its future success. This blueprint is ambitious and addresses the regional challenges that the Verde Valley faces. The outcome of this plan is intended to diversify the economy, increase prosperity, attract a younger workforce, preserve the natural environment, and enhance the Verde Valley’s quality of life.

Planning Process Overview

The Economic Development Plan process included extensive input from regional partners, stakeholders and the Economic Development Plan Working Group. Independent research was also undertaken to assess the Verde Valley’s strengths to support and sustain economic development, and identify any challenges that may need to be overcome. The draft plan was presented at public meetings including city and town council meetings, and a public comment period was provided to solicit broad based input from residents.

The culmination of this inclusive process was the creation of this Strategic Plan.

Figure 1 – Planning Process



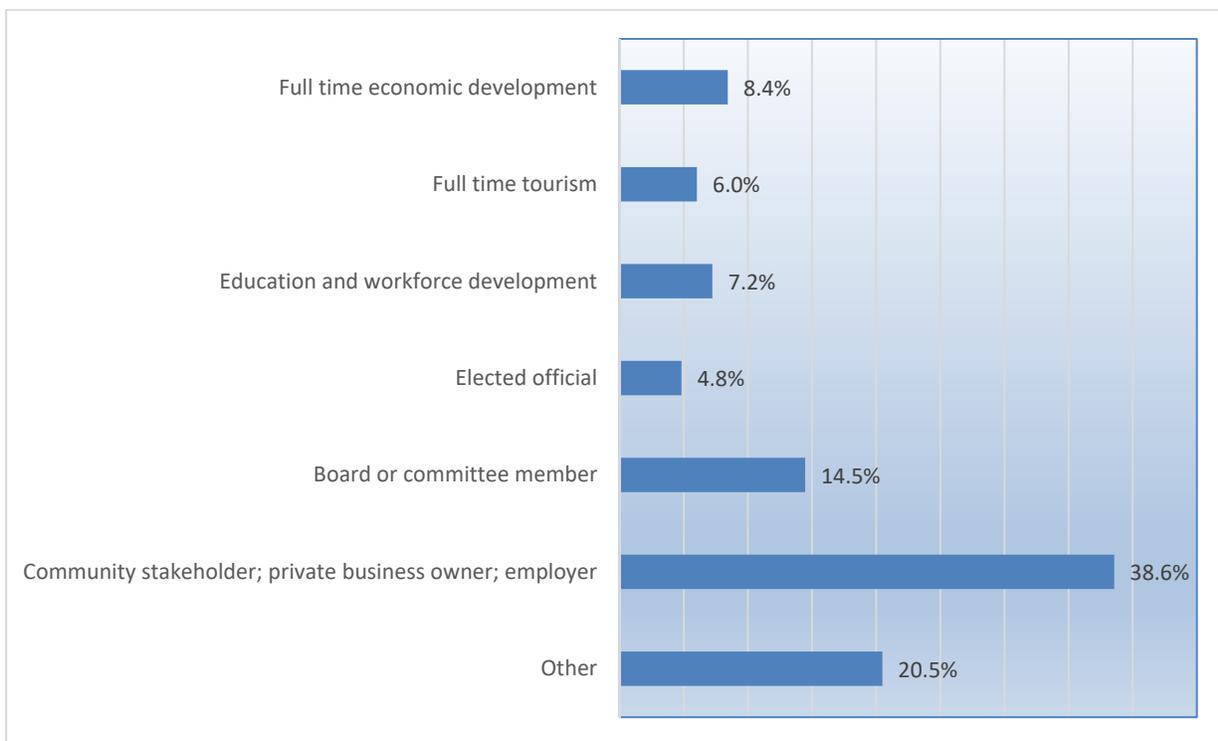
Economic Development Strategic Plan

Regional Partners Input

Kicking off the economic development planning process was a survey of community representatives and key stakeholders including elected officials, employers and regional partners. This survey was designed to solicit input on existing strengths, opportunities, and challenges the region faces, along with their economic development vision. Respondents were also asked to identify the role/responsibility of the various economic development partners.

The survey was internet based and input was solicited from June 26 to July 10, 2017. A link to the survey was sent by VVREO to their list of 300 and to the VVREO Board asking them to forward the survey link to their colleagues. A total of 88 responses were received with nearly 39 percent of the respondents identifying themselves as community stakeholders, private business owner or employer.

Figure 2 – Survey Respondent Profile



When queried about the role of various partners, survey respondents indicated that cities should take the lead on business and retail attraction, while the chambers of commerce should lead business retention and expansion. Based on the survey response, Figure 3 shows a comparison of roles among the various economic development partners. The responses are not indicative of how each community handles business recruitment, retention and expansion today, but rather represents the opinions of survey respondents.

Figure 3 – Economic Development Role of Partners, Survey Response

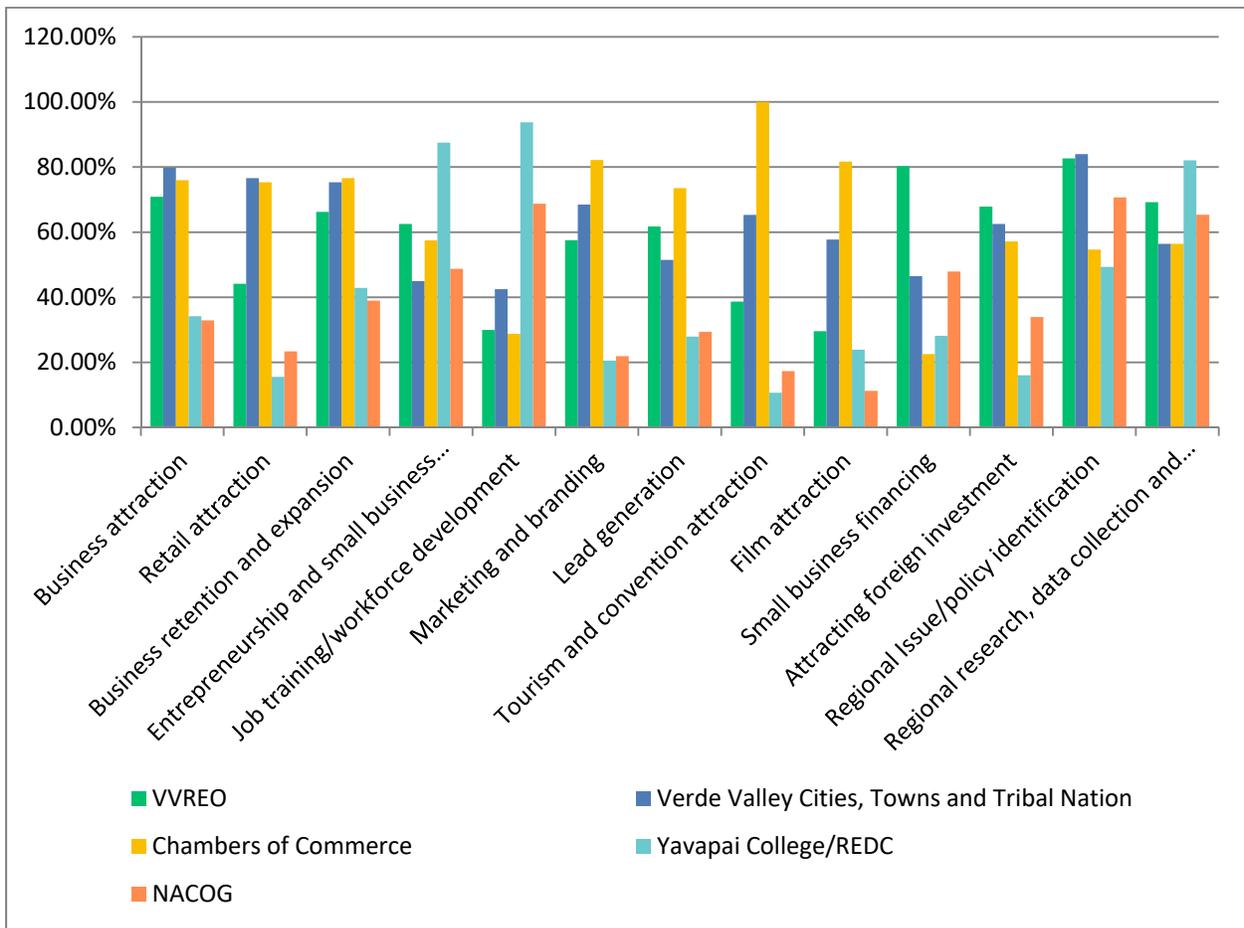


Table 1 represents the findings from the survey. Based on this survey, respondents indicated that the primary role for VVREO includes small business financing and attraction of foreign investment, with a secondary role of entrepreneurship, lead generation, policy identification and research and data collection. Workforce development, job training, entrepreneurship and small business training, and research and data collection was identified as the role of Yavapai College/REDC. In terms of NACOG, respondents felt their role is job training and workforce development, and research and data collection.

It is important to point out again that Table 1 identifies the role of economic development partners based on responses from a survey. Not all communities within the Verde Valley divide business attraction and business retention between the city and the chamber. Implementation of the various strategies within this plan may be handled differently by the economic development partners than what is noted in the survey findings.

Table 1 – Primary and Secondary Roles of Economic Development Partners per Survey Response

Role	Primary	Secondary
Business attraction	Cities/Towns/Tribe	Chambers
Retail attraction	Cities/Towns/Tribe	Chambers
Business retention and expansion	Chambers	Cities/Towns/Tribe
Entrepreneurship and small business training and support	Yavapai College/REDC	VVREO
Job training/workforce development	Yavapai College/REDC	NACOG
Marketing and branding	Chambers	Cities/Towns/Tribe
Lead generation	Chambers	VVREO
Tourism and convention attraction	Chambers	Cities/Towns/Tribe
Film attraction	Chambers	Cities/Towns/Tribe
Small business financing	VVREO	NACOG
Attracting foreign investment	VVREO	Cities/Towns/Tribe
Regional Issue/policy identification	Cities/Towns/Tribe	VVREO
Regional research, data collection and analysis	Yavapai College/REDC	VVREO, NACOG

The Opportunity

The Verde Valley’s economy is largely driven by hospitality and tourism. There is an opportunity to expand the focus of economic development efforts in areas that have the greatest potential for diversification, job growth and prosperity generation. The focus of the plan includes infrastructure improvements, talent attraction and development, entrepreneurship and small business development, business attraction and existing business retention and expansion.

Key opportunities that the Verde Valley can leverage include:

- Expand the economy into additional sectors beyond tourism and focus on higher wage opportunities
- Develop a regional entrepreneurship program
- Expand and promote Agritourism and Ecotourism programs
- Facilitate the development of affordable housing
- Initiate an industry cluster approach to economic development throughout the Verde Valley

The Challenge

All regions are confronted with challenges that impede job creation and economic progress. The Verde Valley has an aging workforce and lacks diversity in housing type and pricing. Transportation infrastructure has not kept up with population and visitor growth, which is causing congestion in key areas. High speed broadband service, which impacts every sector of society, is not available in some communities in the Verde Valley.

Effectively managing growth and the natural resources of the Verde Valley is universally identified by community representatives and stakeholders as critical to long term sustainability and economic prosperity. To overcome existing and future challenges, the Verde Valley should continue to work regionally on issues of mutual significance.

Vision 2025

Input from the working group and community feedback helped to craft the economic development vision that is the anchor of the plan.

The Verde Valley has a flourishing and inclusive economy enhanced by its natural beauty. Regional collaboration and planning ensure a focus on job creation and sustainable economic development.

The economic vision for the Verde Valley is based on the values and fundamental principles held by the region. These values and guiding principles are forward thinking and articulate how the Verde Valley defines economic development. The plan's guiding principles are proposed as integrated themes to be carried out to advance the Verde Valley's goals and strategies.

Values and Guiding Principles

- 1. Business and entrepreneurs prosper within the Verde Valley.** A business friendly environment sets the stage for job creation and investment. Networking and collaboration form the entrepreneurial foundation that bolsters creativity and supports business assistance and training. Policies and regulations are clear. Broadband infrastructure is readily available to enable the expansion of technology access and use. Transportation infrastructure and regional transit enable commerce and connect the Verde Valley with major markets.
- 2. The region strategically plans for sustainable development while fostering a diverse tax base and improving quality employment opportunities.** The Verde Valley plans for and invests in the infrastructure to support a thriving economy, and helps diversify the economic base through the creation and attraction of quality job opportunities with strong incomes. As custodians of the environment, Verde Valley leaders are committed to enhancing economic opportunities while protecting the scenic beauty, the watershed and natural resources for future generations.
- 3. The Verde Valley embraces a shared economic agenda.** Government, business, land owners, developers, educators and civic leaders are united and mobilized to achieve measurable results. There is a team spirit to achieve the vision of economic prosperity. Collaboration between communities and regional organizations is second nature to ensure the integration of actions and investments to accomplish specific objectives.
- 4. The Verde Valley has a healthy and beautiful environment with an exceptional quality of life.** High quality of life, a healthy natural environment, and community inclusiveness make the Verde Valley a great place to live, work and raise a family. Affordable housing options, access to health care, effective transportation systems, quality education, as well as access to arts, public parks and outdoor recreation amenities are ample for the enjoyment of residents and visitors.
- 5. The Verde Valley embraces and is guided in its economic development plans by the principles of sustainability.** As a region, we place a high value on open space, outdoor recreational opportunities, our rich, collective past, and the long-term health of the Verde River system and the watershed. These assets provide the region with a high degree of livability while supporting a vibrant tourism industry and a growing agricultural sector. It is imperative that any economic pursuit takes into account the

economic activity’s impact on the way of life we all enjoy and the unique environment from which enjoyment is derived

The Strategy

The economic development strategy is designed around five key pillars which are anchored with overarching goals, as noted in Table 2. These goals are designed to build on the Verde Valley’s strengths to ensure long-term economic vitality and the enhancement of the quality of life.

Achieving the goals of the strategic plan requires an equal focus on job growth, product improvement and marketing and promotion. Implementation of the economic development strategy will:

- Generate robust job growth within industry clusters by maximizing Verde Valley’s assets
- Promote high paying job creation and revenue generation of small business and local entrepreneurs
- Guide investment in infrastructure and other capital projects to stimulate private sector development and job growth
- Develop the marketing tools to effectively reach its target audience

Table 2 – The Verde Valley Economic Development Plan Key Pillars and Goals

Pillar 1 Regionalism	Goal: Continue working as a team on regional issues to promote economic prosperity and quality of life of the Verde Valley through integration of resources for businesses and entrepreneurs.
Pillar 2 Talent Attraction and Development	Goal: Foster the development of a talent pipeline to boost productivity and competitiveness of current and future employers.
Pillar 3 Prosperous Business	Goal: Provide resources to make existing businesses more productive and profitable, as well as attract new business to the Verde Valley.
Pillar 4 Promotion	Goal: Promote the Verde Valley as a place to live, work, visit and do business in a coordinated and cohesive manner.
Pillar 5 Sustainability	Goal: Ensure the principles of sustainability are at the forefront of economic development processes, initiatives, and projects throughout the region.
Pillar 6 VVREO Organizational Viability	Goal: Ensure VVREO’s long-term viability to accomplish the elements of the strategic plan

Fostering a diverse tax base and creating higher wage jobs within the Verde Valley is a focus of this strategic plan. There are six industry clusters that have been identified by Yavapai College Regional Economic Development Center (REDC) as suitable for the Verde Valley based on a combination of existing industry concentration, supply chain opportunities and growth potential. These clusters include:

1. Agriculture and food processing
2. Advanced manufacturing
3. Business and professional services
4. Healthcare services
5. Hospitality and tourism (includes arts, entertainment, recreation and culinary)
6. Information technology and telecommunications

The success of this ambitious plan requires alignment of goals and funding priorities between VVREO, municipalities, chambers of commerce and various organizations identified as key players in order to support the actions recommended by the plan. Financial support from business will be important going forward. Without the deployment of adequate financial and staff resources this economic development plan will not be successful. Failure to achieve results in one goal will threaten the success of the others.

This strategy requires reliable multi-year operating support for the key initiatives, including work that supports job growth, infrastructure improvements that foster economic development, and marketing and promotion that propels the Verde Valley forward.

VVREO must ensure the coordination and collaboration with public and private sector partners throughout the Verde Valley to implement this plan by carrying out the strategies. Oversight of implementation of the strategy will be managed by VVREO in consultation with Long Range Strategic Planning Committee (LRSPC) as described below:

The Verde Valley Long Range Strategic Planning Committee

VVREO will establish a Long Range Strategic Planning Committee (LRSPC) comprised of key leaders representing the Verde Valley to include: elected officials economic development professionals, community leaders, business leaders, academic leaders and key sector leadership. The LRSPC will meet quarterly to review the plan, discuss progress that has been made towards implementation, establish priorities, and provide accountability for meeting the objectives of the strategy. As necessary, the plan should be modified to reflect new partners, changes in market conditions, new opportunities, and the like.

In addition to business attraction of industry clusters and their supply chain, VVREO and its economic development partners will also facilitate the growth of existing business.

The Verde Valley has witnessed the growth and development of the wine industry as a new economic driver, which complements and bolsters the tourism and hospitality industry. Nationally this industry is projected to grow, with the Wine Market Council indicating that the largest wine consuming generations are the Millennials and Baby Boomers. Wine tourism has contributed to Arizona's economy and a continued focus on the wine industry and wine tourism is a key component of the plan.

To support job creation efforts, VVREO and its education and workforce development partners will direct efforts on enhancing the talent pipeline and facilitating the alignment of business workforce needs with target industry clusters.

ECONOMIC LANDSCAPE

An analysis of the existing economy of the Verde Valley was prepared to gain an understanding of population and employment gains and socio-economic characteristics. Data provided within this chapter comes from a variety of sources including Esri, the American Community Survey (ACS), and local sources. The geography used to define the Verde Valley for this analysis include non PO Box zip codes that encompass the following communities and the Yavapai-Apache Nation.

Zip	Description
86322	Camp Verde
86324	Clarkdale
86325	Cornville
86326	Cottonwood
86331	Jerome
86335	Rimrock
86336	Sedona
86351	Sedona

A quick snapshot of the Verde Valley, as compared to Yavapai County, shows that the Verde Valley represents nearly 32 percent of the total Yavapai County population, and has over one-third of the employment and business establishments. The median home value is greater than the county by nearly 4 percent and those who have earned a Bachelor's Degree or higher exceed the county by nearly 7 percent.

Table 3 – The Verde Valley Compared to Yavapai County, 2017

	Verde Valley	Yavapai County	Verde Valley % of Yavapai County
Total Population	72,431	229,102	31.6%
Business Establishments	3,564	9,070	39.3%
Number of Employees	31,468	86,643	36.3%
Median Household Income	\$45,756	\$45,705	100.1%
Median Age	52.1	51.8	--
Owner Occupied Housing Units	54.0%	55.5%	--
Renter Occupied Housing Units	28.2%	26.2%	--
Vacant	17.8%	18.3%	--
Average Household Size	2.24	2.28	--
Median Home Value	\$242,565	\$233,960	103.7%
Bachelor's Degree	17.2%	16.2%	106.2%
Graduate/Professional Degree	10.4%	9.7%	107.2%
Bachelor's Degree and Higher	27.6%	25.9%	106.6%

Source: Esri, 2017

Population and Household Growth

The Verde Valley experienced moderate population growth between the years 2000 and 2010 with a 1.6 percent compounded annualized growth rate. By 2017 the population growth slowed to 1.1 percent and continues to lag the growth rate of Yavapai County and the State. By 2022, the Verde Valley population is projected to grow to 76,258 for an annualized rate of 1.1 percent.

Table 4 – Population Growth (2000-2017)

	Verde Valley		Yavapai County		Arizona	
	Count	CAGR	Count	CAGR	Count	CAGR
2000 Population	57,967	--	167,517	--	5,130,632	--
2010 Population	67,093	1.6%	211,033	2.6%	6,392,017	2.5%
2017 Population	72,431	1.1%	229,102	1.2%	7,031,568	1.4%
2022 Population	76,258	1.1%	244,070	1.3%	7,569,867	1.5%

Source: Esri, 2017

CAGR: Compound Annual Growth Rate

Another economic indicator of market strength is household formation. The Verde Valley currently has 31,748 households, which is a 28 percent increase since 2000. The compounded annualized growth rate from 2010 to 2017 is 0.8% contrasted to the county and the state at 0.9%. Projections for 2022 indicate a 0.5 percent increase.

Table 5 – Household Growth (2000-2022)

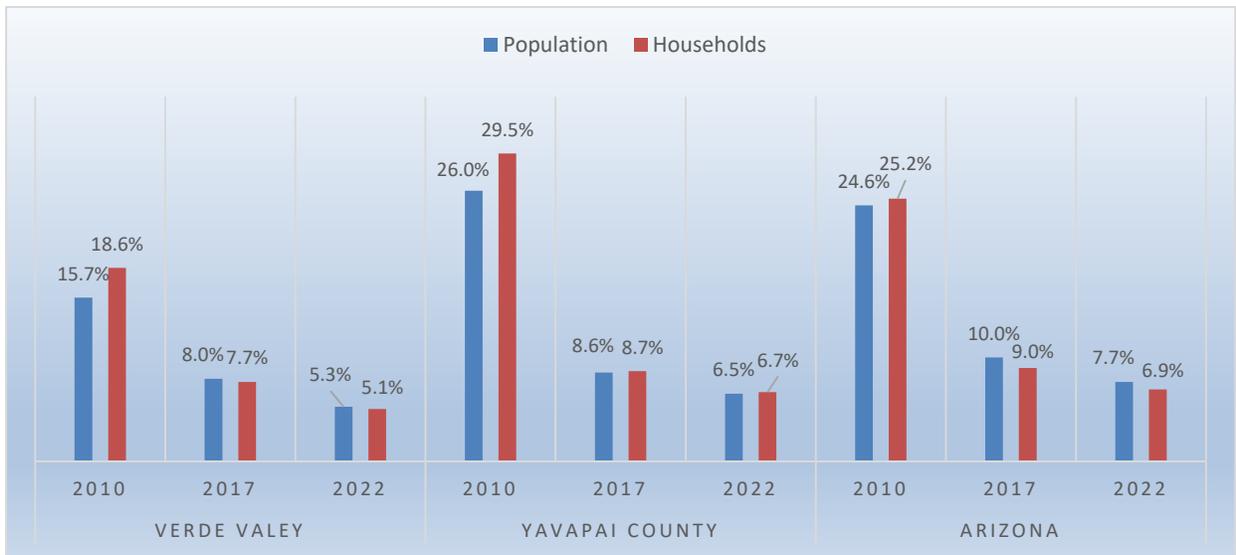
	Verde Valley		Yavapai County		Arizona	
	Count	CAGR	Count	CAGR	Count	CAGR
2000 Households	24,868	--	70,171	--	1,901,327	--
2010 Households	29,491	1.9%	90,903	3.0%	2,380,990	2.5%
2017 Households	31,748	0.8%	98,803	0.9%	2,595,283	0.9%
2022 Households	33,358	0.5%	105,412	0.7%	2,775,239	0.7%

Source: Esri, 2017

CAGR: Compound Annual Growth Rate

A comparison of population and household growth for the Verde Valley, Yavapai County and Arizona between the time periods of 2000-2010, 2010-2017 and 2017-2022 is depicted in Figure 4. Overall, Yavapai County and Arizona have outpaced the Verde Valley in both population and household growth. The 2022 growth projections slowdown from prior years for all three areas.

Figure 4 – Population and Household Growth (2000-2022)

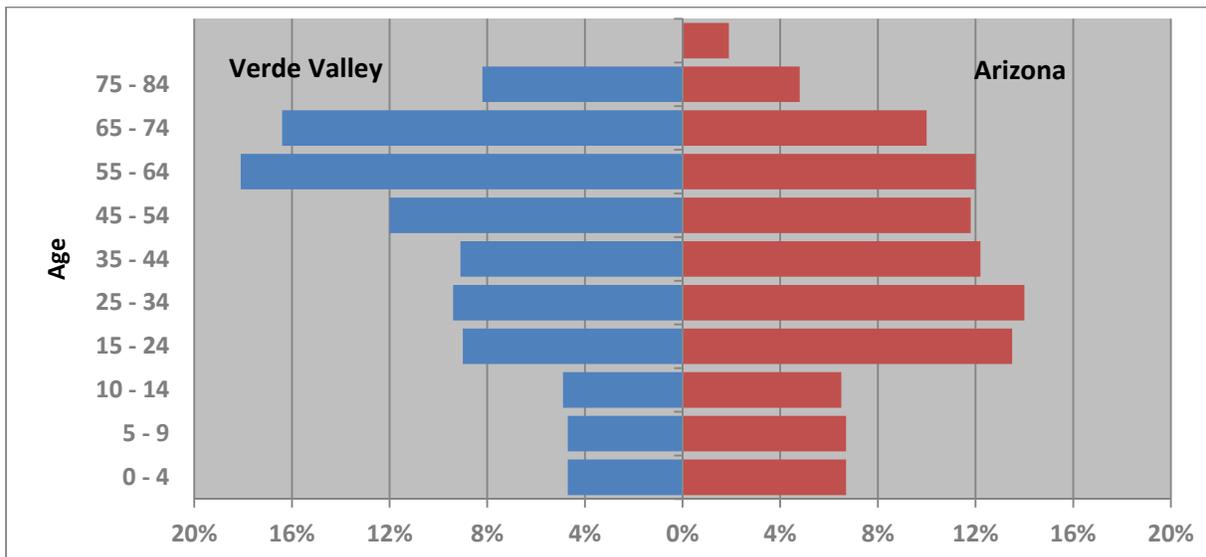


Source: Esri, 2017

Age and Ethnicity

The median age of the Verde Valley resident is 52.1 years, which is considerably higher than the median age for the State at 37 years. When examining age cohorts, the male and female populations of Verde Valley are nearly equivalent.

Figure 5 – The Verde Valley Age Breakdown, 2017



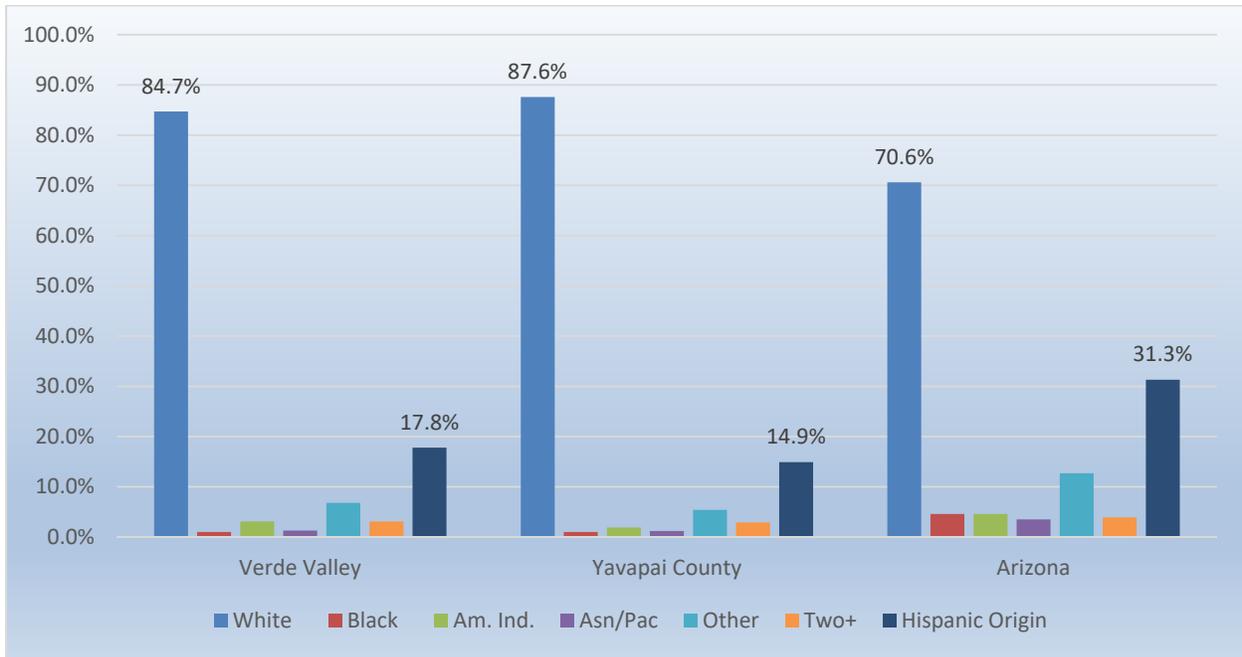
Source: Esri, 2017

The prime working years are between the ages of 25 to 54, of which nearly 31 percent of the Verde Valley’s population is within this age group, as compared to the state at 38 percent. Significant to business is the

ability to find a job ready workforce. With lagging growth rates and an aging population, the availability of a workforce could become an issue if new household formation does not occur.

The race and ethnic composition of the Verde Valley is primarily white. Figure 6 provides a breakdown of population by race, including an estimate of Hispanic or Latino ethnicity. Nearly 18 percent of the Verde Valley residents identify themselves of Hispanic origin, which is higher than the county but much lower than the state.

Figure 6 – Race and Ethnicity, 2017



Source: Esri, 2017

Income

The median household income for residents living in the Verde Valley is \$45,756, which closely compares to Yavapai County at \$45,705. However, both geographies lag the State of Arizona whose median household income is \$52,461.

Table 6 – Household Income, 2017

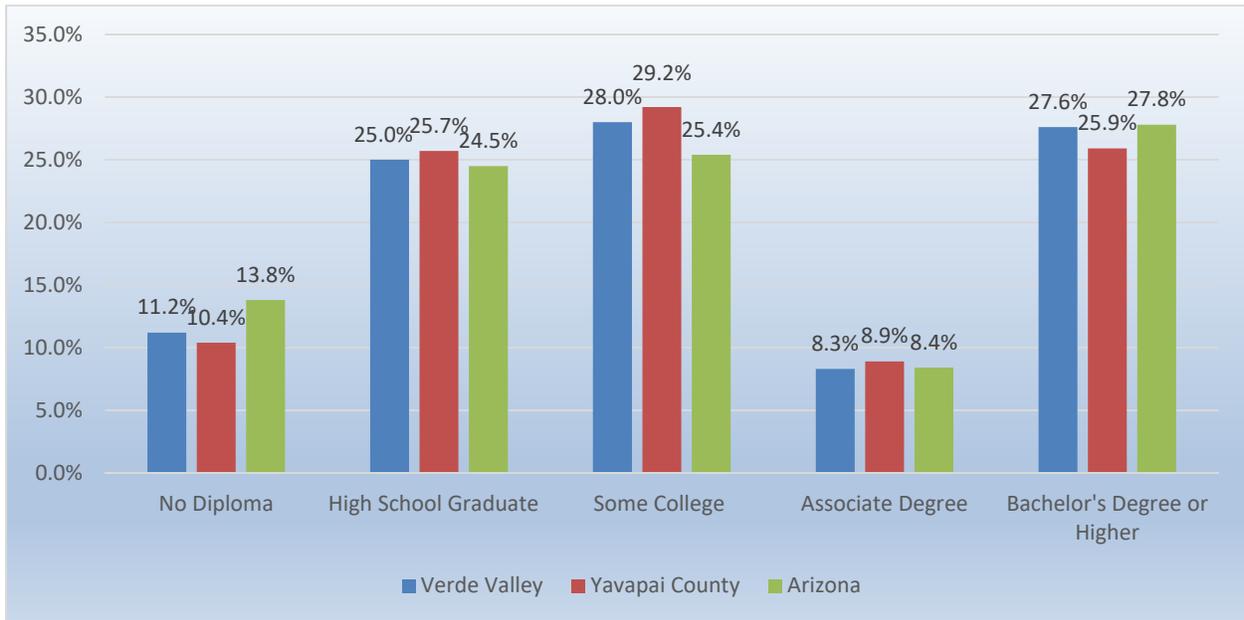
	Verde Valley		Yavapai County		Arizona	
	Households	Percent	Households	Percent	Households	Percent
Total Households	31,748	100.0%	98,803	100.0%	2,595,240	100.0%
<\$15,000	4,081	12.9%	12,943	13.1%	311,429	12.0%
\$15,000 - \$24,999	3,839	12.1%	12,350	12.5%	272,500	10.5%
\$25,000 - \$34,999	3,794	12.0%	11,165	11.3%	272,500	10.5%
\$35,000 - \$49,999	5,337	16.8%	16,698	16.9%	371,119	14.3%
\$50,000 - \$74,999	6,034	19.0%	19,859	20.1%	495,691	19.1%
\$75,000 - \$99,999	3,368	10.6%	10,868	11.0%	319,215	12.3%
\$100,000 - \$149,999	2,953	9.3%	8,793	8.9%	319,215	12.3%
\$150,000 - \$199,999	1,256	4.0%	3,359	3.4%	119,381	4.6%
\$200,000+	1,086	3.4%	2,766	2.8%	114,191	4.4%
Median Household Income	\$45,756		\$45,705		\$52,461	
Average Household Income	\$65,412		\$62,292		\$72,346	
Per Capita Income	\$29,105		\$27,353		\$27,128	

Source: Esri, 2017

Educational Attainment

The percentage of the Verde Valley residents with a Bachelor’s Degree or higher matches Arizona and outpaces Yavapai County. The level of educational attainment has a direct correlation to earning potential. Yet in spite of the fact that the Verde Valley’s educational attainment rate matches Arizona, the median income is lower than the state’s. This is due to a preponderance of lower wage jobs in the hospitality and service sectors in the Verde Valley.

Figure 7 – Educational Attainment, Population 25 Years and Older, 2017



Source: Esri, 2017

Labor Force and Employment

The Verde Valley labor force increased between the years 2000 and 2011, but experienced a decrease in 2016 going from 29,614 to 28,293. Likewise over the same timeframe, the total civilian labor force in Yavapai County also decreased. This compares to the state which saw a 1.02 percent increase in the labor force.

Table 7 – Civilian Labor Force, 16 Years and Older

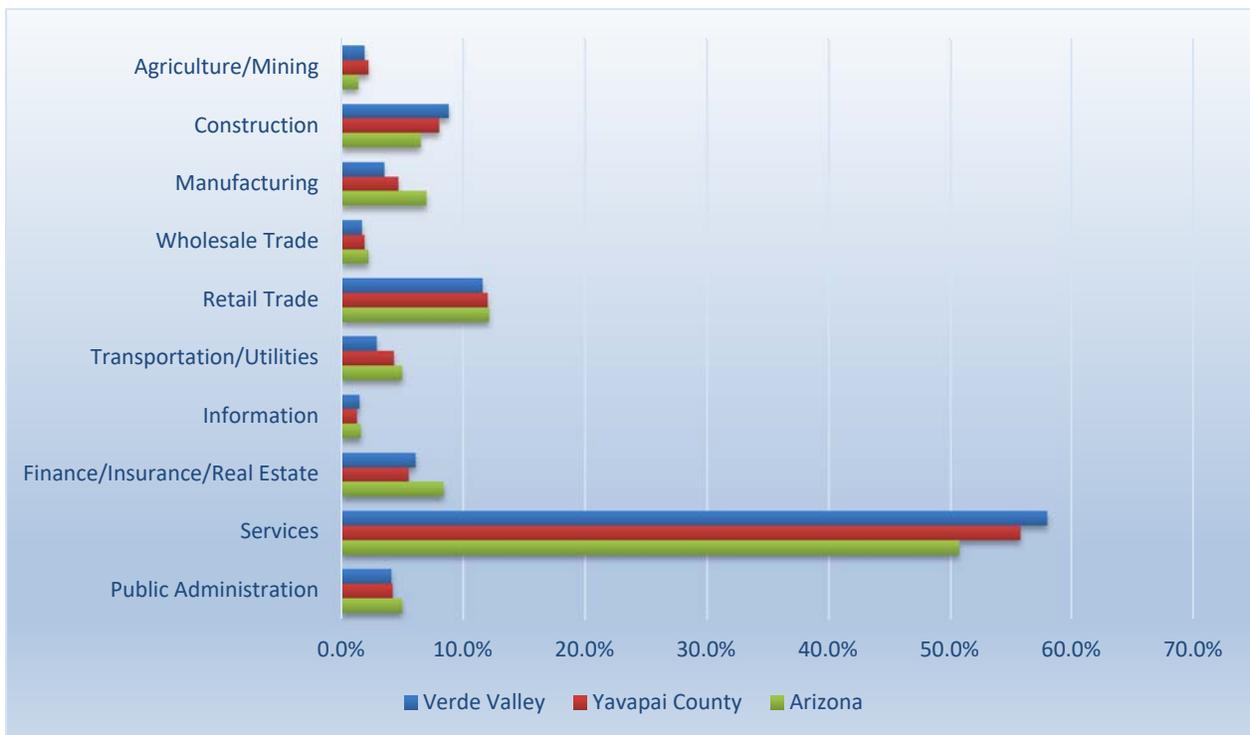
	2000	2011	2000-2011 CAGR	2016	2011-2016 CAGR
The Verde Valley	22,646	29,614	2.8%	28,293	-0.89%
Yavapai County	68,098	86,200	2.4%	82,934	-0.76%
Arizona	2,233,004	2,739,077	2.1%	2,879,372	1.02%

Source: U.S. Census Bureau, Census 2000, ACS 2011, ACS 2016
CAGR: Compounded Annual Growth Rate

Employment by Industry and Occupation

Employment in the Verde Valley is highly concentrated in services, which includes: educational, health and social services; arts, entertainment, recreation, accommodation and food services; administrative; food and accommodation; and other services. When comparing the mix of employment to the county and state, the Verde Valley has a greater percentage of jobs in construction, but lags in manufacturing.

Figure 8 – Employment by Industry, 2017



Source: Esri, 2017

The occupations of the Verde Valley residents are concentrated in service occupations, at a higher rate than the County or the State (Table 8) with a nearly 55 percent in white collar jobs. The Verde Valley also has a greater concentration of occupations within farming, but lags behind the county and state in production occupations.

Table 8 – Occupation of Employed Population 16 Years and Older, 2017

	Verde Valley	Yavapai County	Arizona
Total	31,037	93,094	3,095,320
White Collar	54.5%	54.7%	60.7%
Management/Business/Financial	11.4%	11.5%	14.0%
Professional	19.2%	19.5%	20.9%
Sales	10.8%	10.4%	11.4%
Administrative Support	13.0%	13.3%	14.5%
Services	26.6%	24.3%	20.3%
Blue Collar	19.0%	21.0%	18.9%
Farming/Forestry/Fishing	1.1%	0.6%	0.7%
Construction/Extraction	7.2%	7.4%	5.2%
Installation/Maintenance/Repair	2.7%	3.5%	3.4%
Production	3.2%	3.8%	4.0%
Transportation/Material Moving	4.8%	5.6%	5.7%

Source: Esri, 2017

COMPETITIVE ASSESSMENT

SWOT Analysis

In assessing the Verde Valley’s competitiveness, ESI Corp conducted a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis utilizing several sources of information, including input from economic development representatives, interviews with elected officials and key community stakeholders, meetings with the Working Group and examination of other documents and reports that are relevant to this planning effort. Mapping regional assets goes beyond compiling lists of economic development assets. The conversations must focus on how the Verde Valley’s assets can be linked to creating new opportunities.

The following table is a high level summary of the findings, with the comprehensive SWOT included within Appendix A.

Table 9 – Key SWOT Findings

Strengths	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> •History of collaboration •Desirable location •Growth in the wine industry •Strong tourism and hospitality market •Available land •Yavapai College programs •Strong chambers of commerce and economic development professionals •Manufacturing presence 	<ul style="list-style-type: none"> •Slowing population and household growth rates •Housing affordability •Preponderance of low wage jobs •Aging workforce •Difficulty in attracting workers to fill key occupations •Transportation infrastructure and congestion •Lack of comprehensive broadband 	<ul style="list-style-type: none"> •Diversify the economy through the attraction of industry targets •Foster agritourism and destination entertainment •Job creation through entrepreneurship •Attraction of manufacturing jobs • Education and business partnerships •American Viticultural Area (AVA) designation for the Verde Valley •Expand advocacy role at the state level 	<ul style="list-style-type: none"> •Political divisiveness •Jeopardizing the Verde River eco-system •Wildfires •Mismanaging natural resources •Aging population and increased demand for services •Drug use and addiction •Diminishing state and federal resources •Erosion of local control

INDUSTRY TARGET AND SUPPLY CHAIN ANALYSIS

The Regional Economic Development Center (REDC) of Yavapai College prepared the following industry target and supply chain analysis. REDC believes in evidence-based research. For the quantitative industry data, REDC collaborates with Economic Modeling Systems International (EMSI) to provide regional, state, and national industry information. A description of the data sources and qualitative methods employed to identify the target and import substitution industries for the Greater Verde Valley follow.

Methodology

The Greater Verde Valley was defined as the collection of the following zip codes. All of the analysis is based on this geography.

Code	Description
86322	Camp Verde, AZ (in Yavapai county)
86324	Clarkdale, AZ (in Yavapai county)
86325	Cornville, AZ (in Yavapai county)
86326	Cottonwood, AZ (in Yavapai county)
86331	Jerome, AZ (in Yavapai county)
86335	Rimrock, AZ (in Yavapai county)
86336	Sedona, AZ (in Yavapai county and Coconino county)
86340	Sedona, AZ (in Yavapai county)
86341	Sedona, AZ (in Yavapai county)
86342	Lake Montezuma, AZ (in Yavapai county)
86351	Sedona, AZ (in Yavapai county)

The first step was to identify industries with a location quotient (LQ) greater than 1.0 and a forecasted growth and average wages higher than the region average (\$32,993). Industry LQ's are calculated by comparing the industry's share of regional employment with its share of Arizona's employment.

1. Identify Industry by North American Industry Classification System (NAICS) Code (2-digit)
2. High Demand (large regional employers)
3. Calculate Location Quotient
4. Industry Cluster Growth 2012 to 2017
5. Industry Cluster Average Wage Higher than Region Average

Using the target industries, a supply chain analysis was conducted to identify related industries and the extent that industry purchases can be satisfied inside the Greater Verde Valley versus outside the region. Purchases outside the region indicate "leakage" or dollars that are leaving the regional economy. Below are the steps and parameters used to identify new potential industries for the area.

1. Begin with Greater Verde Valley Target Industries
2. Supply Chain Analysis--Calculate In-Region and Imported Purchases (6-digit NAICS)
3. Identify High Percent of Imported Purchases
4. Limit Potential Industries to Those with Out-of-Region Purchases Greater than \$500,000
5. Identify High Wage Industries (wage typically higher than region average)
6. Calculate Location Quotient
7. Consider Significance to Regional Economy
8. Consider Presence of Industry Advocate

Several data sources were utilized in this analysis and are listed below.

Industry Data. Emsi industry data have various sources depending on the class of worker. (1) For QCEW Employees, Emsi primarily uses the QCEW (Quarterly Census of Employment and Wages), with supplemental estimates from County Business Patterns. (2) Non-QCEW employees data are based on a number of sources including QCEW, Current Employment Statistics, County Business Patterns, BEA State and Local Personal Income reports, the National Industry-Occupation Employment Matrix (NIOEM), the American Community Survey, and Railroad Retirement Board statistics. (3) Self-Employed and Extended Proprietor classes of worker data are primarily based on the American Community Survey, Non-employer Statistics, and BEA State and Local Personal Income Reports. Projections for QCEW and Non-QCEW Employees are informed by NIOEM and long-term industry projections published by individual states.

Supply Chain Sources. The input-output model in this report is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several Emsi in-house data sets are used, as well as data from Oak Ridge National Labs on the cost of transportation between counties.

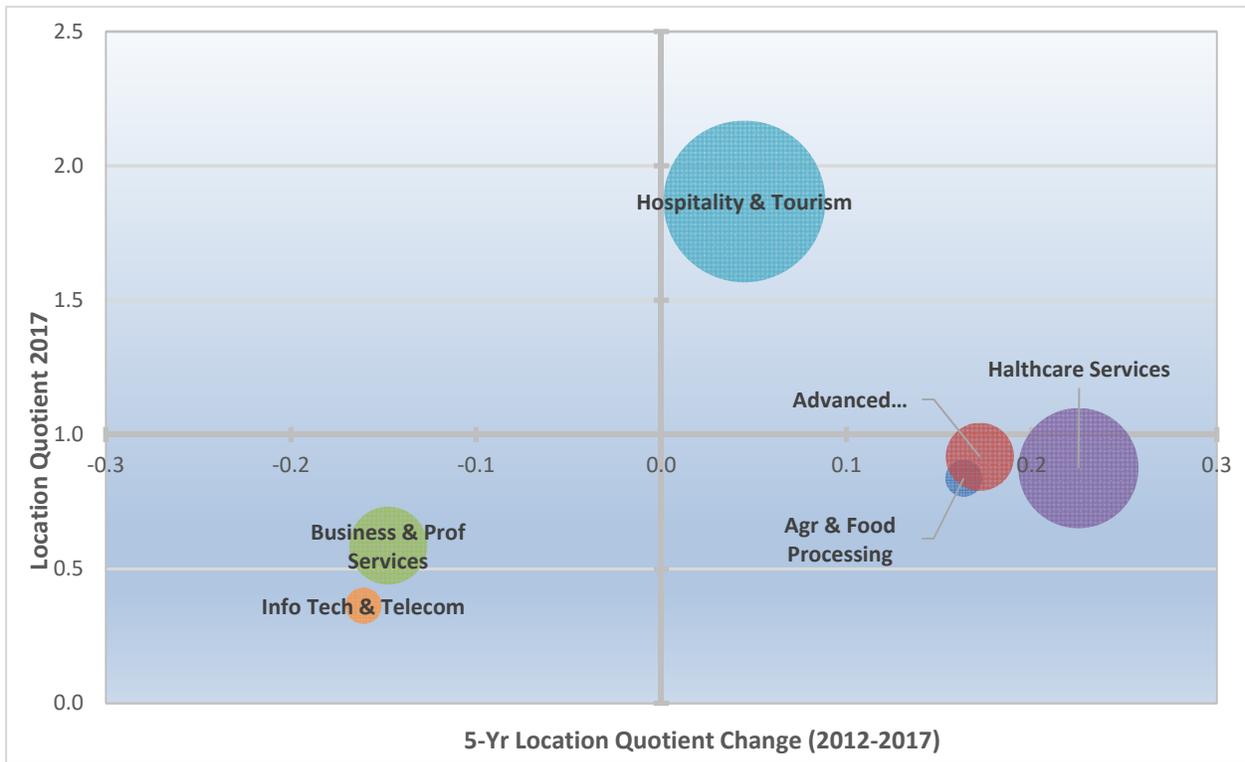
State Data Sources. This report uses state data from the following agencies: Arizona Department of Administration, Office of Employment and Population Statistics.

Findings

Target industries clusters are based on location quotient greater than 1.0, significance to regional economy, presence of industry champion, or new high wage opportunities to diversify the economy. The four quadrants of the following chart illustrates the industry's economic position within the region. Industry clusters with a LQ greater than 1.0 are a major source of employment growth and have a high local concentration. Each quadrant of the chart tells a story.

Established and growing industries that are driving the region's growth include Healthcare Services, Agriculture and Food Processing, Hospitality and Tourism, and Advanced Manufacturing. The Information Technology and Telecommunications cluster is mature but has lost jobs and some concentration in the region. Similarly, Business and Professional Services has declined in concentration and stagnated in job growth.

Figure 9 – Industry Sectors in the Greater Verde Valley



Based on the outcome of this methodology, REDC has identified six industry clusters for the Verde Valley to pursue. With the exception of information technology, all of the industries experienced job growth from 2012 to 2017, with the greatest gains in Healthcare Services followed by Agriculture and Food Processing.

Table 10 – Industry Sector Growth, 2012-2017

Description	Verde Valley 2012 Jobs	Verde Valley 2017 Jobs	2012-2017 % Change	Verde Valley Avg. Earnings Per Job	AZ Avg. Earnings Per Job	2012 LQ	2017 LQ	LQ Change
Agriculture and Food Processing	204	265	30%	\$36,351	\$37,136	0.8	1.0	0.16
Advanced Manufacturing	772	904	17%	\$59,810	\$98,752	0.9	1.1	0.17
Business and Professional Svcs.	1127	1178	5%	\$44,864	\$78,830	0.6	0.5	-0.15
Healthcare Services	1927	2807	46%	\$51,814	\$65,303	0.9	1.1	0.23
Hospitality and Tourism	3964	5085	28%	\$24,080	\$27,045	1.9	2.0	0.04
Info Technology & Telecom	267	256	-4%	\$58,361	\$102,781	0.4	0.3	-0.16

A supply chain analysis was also performed on the six industry targets to identify the potential for import substitution. This analysis screened out industries that spend less than \$500,000. The following table shows the supply chain industries in common amongst the six industry clusters along with the total value of out of region expenditures. Appendix B contains the comprehensive data for the industry clusters.

Table 11 – Import Substitution Targets

Industry	Agriculture & Food Processing	Advanced Manufacturing	Business & Professional Services	Healthcare Services	Hospitality & Tourism	Info Tech & Telecomm	Total by Industry
Temporary Help Services			\$6,257,819	\$2,811,952	\$1,399,187	\$517,330	\$10,986,287
Offices of Real Estate Agents and Brokers			\$2,577,729	\$3,233,506	\$2,998,824		\$8,810,059
Commercial Banking	\$534,116	\$671,193	\$4,428,448	\$1,700,385	\$1,015,515		\$8,349,657
Other Activities Related to Real Estate			\$2,314,259	\$2,975,444	\$2,645,852		\$7,935,554
Offices of Lawyers		\$585,181	\$1,608,594	\$2,074,578	\$2,207,237	\$524,290	\$6,999,881
Residential Property Managers			\$1,868,348	\$2,401,205	\$2,136,793		\$6,406,346
Animal Production and Aquaculture	\$5,588,468						\$5,588,468
Direct Property and Casualty Insurance Carriers			\$1,047,684	\$2,953,744	\$1,324,473		\$5,325,902
Janitorial Services			\$3,132,799	\$642,970	\$1,377,359		\$5,153,128
Wholesale Trade Agents and Brokers	\$820,057	\$1,620,671		\$1,059,718	\$1,345,409		\$4,845,854
Landscaping Services			\$2,514,092	\$510,022	\$1,107,203		\$4,131,316
Investment Advice			\$2,535,607	\$623,082			\$3,158,688
Data Processing, Hosting, and Related Services		\$847,497	\$1,251,082		\$586,314		\$2,684,893
Offices of Certified Public Accountants			\$577,140	\$679,332	\$1,284,869		\$2,541,341
Machine Shops		\$2,217,311					\$2,217,311
Adhesive Manufacturing		\$1,994,120					\$1,994,120
Limited-Service Restaurants			\$799,227	\$500,926	\$684,808		\$1,984,962
Computer Systems Design Services			\$703,687	\$590,279	\$554,841		\$1,848,808
Pharmaceutical Preparation Manufacturing				\$964,084			\$964,084
Breweries					\$959,945		\$959,945
Surgical Appliance and Supplies Manufacturing				\$956,961			\$956,961
Distilleries					\$941,070		\$941,070
Total by Cluster	\$6,942,641	\$7,935,973	\$31,616,516	\$24,678,187	\$22,569,698	\$1,041,619	\$94,784,633

STRATEGIC PLAN

The economic development strategic plan provides the framework for aligning decisions and directing investment necessary to grow employment in the Verde Valley. It is a living document which should change over time to take advantage of a transforming environment. While the aims of the plan will most likely remain the same, the world and market in which the Verde Valley operates is forever changing, requiring some flexibility in approach in order to adapt.

Vision and Guiding Principles

The economic vision for the Verde Valley is based on the values and fundamental principles held by the region. These values and guiding principles are forward thinking and articulate how the Verde Valley defines economic development. The plan's guiding principles are proposed as integrated themes to be carried out to advance the Verde Valley's goals and strategies.

Verde Valley Economic Development Vision 2025

The Verde Valley has a flourishing and inclusive economy enhanced by its natural beauty. Regional collaboration and planning ensure a focus on job creation and sustainable economic development.

This vision is based on the values and the fundamental principles that the region holds, which are further articulated below.

- 1. Business and entrepreneurs prosper within the Verde Valley.** A business friendly environment sets the stage for job creation and investment. Networking and collaboration form the entrepreneurial foundation that bolsters creativity and supports business assistance and training. Policies and regulations are clear. Broadband infrastructure is readily available to enable the expansion of technology access and use. Transportation infrastructure and regional transit enable commerce and connect the Verde Valley with major markets.
- 2. The region strategically plans for sustainable development while fostering a diverse tax base and improving quality employment opportunities.** The Verde Valley plans for and invests in the infrastructure to support a thriving economy, and helps diversify the economic base through the creation and attraction of quality job opportunities with strong incomes. As custodians of the environment, Verde Valley leaders are committed to enhancing economic opportunities while protecting the scenic beauty, the watershed and natural resources for future generations.
- 3. The Verde Valley embraces a shared economic agenda.** Government, business, land owners, developers, educators and civic leaders are united and mobilized to achieve measurable results. There is a team spirit to achieve the vision of economic prosperity. Collaboration between communities and regional organizations is second nature to ensure the integration of actions and investments to accomplish specific objectives.

4. **The Verde Valley has a healthy and beautiful environment with an exceptional quality of life.** High quality of life, a healthy natural environment, and community inclusiveness make the Verde Valley a great place to live, work and raise a family. Affordable housing options, access to health care, effective transportation systems, quality education, as well as access to arts, public parks and outdoor recreation amenities are ample for the enjoyment of residents and visitors.
5. **The Verde Valley embraces and is guided in its economic development plans by the principles of sustainability.** As a region, we place a high value on open space, outdoor recreational opportunities, our rich, collective past, and the long-term health of the Verde River system and the watershed. These assets provide the region with a high degree of livability while supporting a vibrant tourism industry and a growing agricultural sector. It is imperative that any economic pursuit takes into account the economic activity’s impact on the way of life we all enjoy and the unique environment from which enjoyment is derived

Economic Development Strategy

To achieve Vision 2025 the economic development plan is anchored with five pillars followed by an overarching goal and a series of strategies and priority actions for implementation. The five pillars and associated goals are as follows:

Pillar 1 Regionalism	Goal: Continue working as a team on regional issues to promote economic prosperity and quality of life of the Verde Valley through integration of resources for businesses and entrepreneurs.
Pillar 2 Talent Attraction and Development	Goal: Foster the development of a talent pipeline to boost productivity and competitiveness of current and future employers.
Pillar 3 Prosperous Business	Goal: Provide resources to make existing businesses more productive and profitable, as well as attract new business to the Verde Valley.
Pillar 4 Promotion	Goal: Promote the Verde Valley as a place to live, work, visit and do business in a coordinated and cohesive manner.
Pillar 5 Sustainability	Goal: Ensure the principles of sustainability are at the forefront of economic development processes, initiatives, and projects throughout the region.
Pillar 6 VVREO Organizational Viability	Goal: Ensure VVREO’s long-term viability to accomplish the elements of the strategic plan

Each strategy has a series of implementation steps. Identification of short term (1-2 years), mid-term (3-5 years) versus long term strategies (5+ years) will determine the timing for strategy implementation. Strategic action that is “ongoing” is also denoted. Key players have been identified for each strategy as either taking the lead or serving in a supportive partner role. Due to space limitations within the plan,

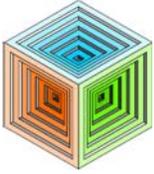
many of the key player names are shortened to acronyms, which are denoted in the list of acronyms on page iv.

The success of this ambitious strategy requires alignment of goals and funding priorities between VVREO, municipalities, chambers of commerce and various organizations identified as key players in order to support the actions recommended by the strategy. Without adequate financial and staff resources this economic development plan will not be successful. This strategy requires reliable multi-year operating support for the key initiatives, including work that supports job growth, infrastructure improvements that foster economic development, and marketing and promotion that propels the Verde Valley forward.

VVREO must ensure the coordination and collaboration with public and private sector partners throughout the Verde Valley to implement this plan by carrying out the strategies. Oversight of implementation of the strategy will be managed by VVREO in consultation with the Long Range Strategic Planning Committee (LRSPC) as described below:

The Verde Valley Long Range Strategic Planning Committee

VVREO will establish a Long Range Strategic Planning Committee (LRSPC) comprised of key leaders representing the Verde Valley to include: elected officials economic development professionals, community leaders, business leaders, academic leaders and key sector leadership. The LRSPC will meet quarterly to review the plan, discuss progress that has been made towards implementation, establish priorities, and provide accountability for meeting the objectives of the strategy. As necessary, the plan should be modified to reflect new partners, changes in market conditions, new opportunities, and the like.



PILLAR 1: REGIONALISM

GOAL: Continue working as a team on regional issues to promote economic prosperity and quality of life of the Verde Valley through integration of resources for businesses and entrepreneurs.

STRENGTHS

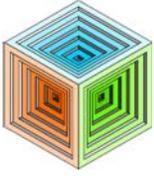
- Regional organizational structure is in place
- Strong history of collaboration and partnerships
- Strong chambers of commerce and economic development professionals
- Progressive government
- Strong spirit of volunteerism

Community leaders in the Verde Valley have a long history of working together to solve regional problems. Everyone understands the value of regionalism and collaboration, which is the foundation that underpins this economic development plan.

The core functions of a regional partnership include bringing people together, developing a common plan and overseeing implementation. The frequent turnover of elected officials makes it difficult to provide the sustained leadership necessary to see a regional effort through to its conclusion. Local elected officials are often focused on their community's priorities and short-term results making it difficult for them to provide the long-term region-wide perspective. This turnover led VVREO to establish a public-private board with a mechanism for the long term participation of the staff economic developers from the municipalities and the Nation.

This goal addresses VVREO'S need to foster regionalism in the Verde Valley to promote economic prosperity.

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
1. Invest in physical and social infrastructure, and quality of life amenities that support the region's competitiveness.						
Priority Action:						
a. Promote and support cooperation on regional transportation strategies and projects.	VVTPO	Chambers, Business Alliances			x	x
b. Champion broadband throughout the Verde Valley.	VVREO	Local govt., Chambers, Business Alliances, Schools		x		
c. Review the region's competitiveness at the local level to ascertain a business friendly environment relative to permitting and costs.	REDC	VVREO		x		
d. Support regional recreation planning and coordination, and promote best practices.	Verde Front	Local govt., VVREO, Yavapai/ Coconino Counties		x		
2. Promote a regional dialog that leads to a greater understanding of challenges and opportunities.						
Priority Action:						
a. Present annually to Verde Valley elected officials to address economic development issues that cut across local jurisdictions.	VVREO	Local govt.	x			
b. Continue to conduct public meetings to report issues, challenges, and accomplishments.	VVREO		x			
c. Raise awareness of issues having economic importance in the Verde Valley. <ul style="list-style-type: none"> Prepare op-ed pieces, social media, blogs, and editorials to educate a wider audience. 	VVREO		x			



PILLAR 2: TALENT ATTRACTION AND DEVELOPMENT

GOAL: Foster the development of a talent pipeline to boost productivity and competitiveness of current and future employers.

STRENGTHS

- Desirable location with a high quality of life
- Yavapai College programs aligned with local business needs
- Northern Arizona Council of Governments (NACOG)
- Northern Arizona University and University of Arizona
- Expansion of career technical education programs
- Growth in the civilian labor force
- The Verde Valley Leadership program

Having a trained and job ready workforce is the number one need for new and growing businesses. Meeting today's workforce needs and tomorrow's talent demand is a challenge for any region. This goal will focus on the most promising near and long-term opportunities to be implemented in conjunction with local and state partners in the workforce system. VVREO will provide the leadership and act as a convener to facilitate the alignment of business workforce needs with target industry clusters. They will work collaboratively with Yavapai College, local school districts, NACOG, Yavapai County, Arizona Workforce Connection and others who play a role in workforce development.

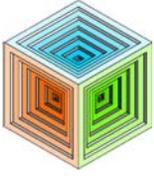
The aging population in the Verde Valley will lead to a decline in the working-age population. Employers will have an increasingly hard time finding skilled workers. One of the most urgent needs for the Verde Valley is to develop a pipeline of talent to support business retention and expansion. A key competitive advantage in economic development is having an educated and skilled population, including millennials. The millennial workforce is swiftly becoming the most prevalent demographic in the U.S. workforce and will reach 50 million between now and 2025.

A desirable quality of life amenity that is needed to attract talent is affordable and diverse housing stock, including single and multi-family products. The median home price in the Verde Valley is \$242,565, which equates to a needed salary of \$56,480 a year. The median household hourly wage in the Verde Valley is \$22.00 or \$45,756 year. State and local regulations have a powerful role in shaping the housing market. Ensuring there is affordable housing to retain and attract talent will require a review of local regulations and implementation of some creative strategies.

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
1. Align workforce development efforts to match the skills needed by targeted industries.						
Priority Action:						
a. Support employers and educational institutions to improve communication and coordination, and align institutions with the needs of students and the regional labor market.	YC, NACOG	YCWDB, Education & training institutions		x		
b. Be a liaison between education and business communities on workforce development needs.	VVREO	Education & training institutions, Chambers, NACOG, YCWDB		x		
2. Advocate and support for programs to adequately prepare the region's students and workers for 21st century skills and careers.						
Priority Action:						
a. Establish key economic development partnerships to influence outcomes.	VVREO			x		
b. Identify all of the groups that are working on workforce development issues.	YC			x		
c. Serve as a liaison between business and education providers	VVREO			x		
d. Support ongoing efforts of workforce development entities.	VVREO	VACTE, YCWDB	x			
e. Develop training, mentoring and apprenticeship programs.	VACTE, YC	VVREO, NACOG, YCWDB			x	
f. Work with education and business leaders to foster partnerships.	VVREO	Education & training institutions, Chambers, NACOG, YCWDB			x	
g. Advocate for centralized CTE programs.	VACTE, YC	YCWDB			x	

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
h. Establish summer academies in partnership with the school districts, Yavapai College, NAU, UA, ASU, and regional employers to provide students with hands-on learning opportunities related to in-demand and emerging careers.	NACOG	VVREO, School Districts, YCWDB, Education & training institutions			x	
i. Conduct annual focus groups with targeted businesses to identify workforce needs and deficiencies. <ul style="list-style-type: none"> Maintain an analysis of workforce needs and encourage more advanced classes in grades K-12. 	REDC	VVREO, Education & training institutions			x	x
j. Integrate best practices and innovative new programs into K-12 classrooms throughout the region.	School Districts	VVREO			x	x
k. Provide additional training in workforce readiness for recent high school graduates.	NACOG	VVREO YCWDB			x	x
l. Support a strong educational system as the foundation to facilitate economic and workforce development.	VVREO	Education & training institutions			x	x
3. Support diverse housing options to accommodate the needs of the region.						
Priority Action:						
a. Support the development of a housing taskforce who will: <ul style="list-style-type: none"> Review best practices that facilitate the development of workforce housing such as zoning modifications, utilization of city owned property, preparing public sites, etc. Identify non-profit, government, and other organizations that provide homebuyer education, counseling and down payment assistance programs. 	VVREO	Local govt., Developers		x		

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
4. Attract and retain a workforce.						
Priority Action:						
a. Support the growth of campus recruiting programs aimed at millennials.	YC			x		
b. Invest in technology, strong social media team, and state- of-the-art user friendly career website for employers' use that highlights candidates.	NACOG	YCWDB			x	
c. Support efforts for helping identify employment options for the trailing spouse or partner.	VVREO				x	
d. Arrange opportunities for spouses and partners to tour the area, look at housing and meet community members.	Economic Development Partners and Chambers	VVREO		x		



PILLAR 3: PROSPEROUS BUSINESS

GOAL: Provide resources to make existing businesses more productive and profitable while also attracting new business to the Verde Valley.

STRENGTHS

- Growth in the wine industry (This sector is broadly defined and includes both production and tourism)
- Manufacturing presence
- Desirable place to live
- Access to health care and higher education
- Available land

The Verde Valley has high concentrations of jobs in largely low paying employment sectors that are susceptible to economic shifts, and often include seasonal jobs or jobs without benefits. Greater diversification is needed and can be attained through the development of high wage sectors that will boost regional prosperity and increase economic sustainability. An industry cluster approach to job creation is a focus of this plan. Streamlining marketing and workforce development efforts and facilitating the network and alliance of business and industry will result in a greater return on regional investments. The Verde Valley industry clusters include:

1. Hospitality and tourism (includes arts, entertainment, recreation and culinary)
2. Healthcare services
3. Agriculture and food processing
4. Advanced manufacturing
5. Business and professional services
6. Information technology and telecommunications

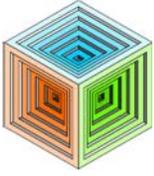
Tourism is the largest industry in the world and Verde Valley's economic strength. Agritourism is especially popular and one of the fastest growing segments of the travel industry. By definition, agritourism is a form of commercial enterprise that links agricultural production and or processing with tourism to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and or educating the visitors and generating income for the farm, ranch or business owner. According to the latest USDA information, agritourism was pegged at \$704 million in 2012, which was a 25 percent increase in five years. This growth is driven by a variety of trends such as the locavore movement, concerns about health and obesity and demographic shifts. While the number of acres of grapes planted and tons of wine grapes harvested in the Verde Valley is relatively small, wine grapes and wines are an emerging industry segment with a great potential for agritourism.

The prosperous business pillar on the following page focuses on programs and policies to grow new and existing business, and attract new business.

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
1. Facilitate the growth of existing business in the Verde Valley.						
Priority Action:						
a. Research best practices for BRE to incorporate strategies that are geared toward the Verde Valley market.	REDC	Local cities and partners			x	
b. Promote opportunities, such as grants and loans to local entrepreneurs.	VVREO			x		
c. Promote existing resources that help local business.	VVREO	ACA, SBDC, NACOG, SCORE, BAC, USDA, SEDI		x		
d. VVREO will become a repository for business resources and information.	VVREO			x		
e. VVREO to acquire more capital or investment funding for lending.	VVREO					x
f. Explore the feasibility of creating a regional incubator or co-working space for technologists, entrepreneurs, designers, researchers and programmers.	VVREO	NACET, YC, Local govt., Chambers				x
2. Create high-paying jobs in the region by advancing the six Verde Valley industry clusters and their supply chain.						
Priority Action:						
a. Research and catalog existing companies within each industry cluster.	REDC	VVREO		x		
b. Conduct interviews with targeted companies to receive input on how best to implement the strategy.	REDC	VVREO, ACA		x		
c. Hold annual meetings with industry cluster representatives to foster and facilitate communications and pinpoint their needs.	YC	VVREO			x	
d. Based on outcome of cluster meetings, develop strategies for each cluster and implement the recommended actions.	VVREO	YC, NACOG, YCWDB, ACA			x	

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
3. Foster the growth of the healthcare and wellness industry.						
a. Develop a dialog with healthcare/wellness industry leaders.	VVREO	NAH		x		
b. Assist the healthcare/wellness industry with talent recruitment.	VVREO	NAH		x		
c. Create a long term strategy with NAH and other healthcare/wellness entitites.	VVREO	NAH			x	
4. Foster the growth of the Verde Valley craft beverage industries.						
Priority Action:						
a. Become an active partner with the wine, craft beer, and malt distilled spirit industries to monitor local and state regulations that hinder industry growth. <ul style="list-style-type: none"> As needed, form an economic development alliance to lobby regulatory change of local and state policies. Promote the Verde Valley American Viticultural Area designation. 	VVWC	VVREO	x			
b. Gather and maintain accurate data on the wine, craft beer, and malt distilled spirit industries in the Verde Valley. Continue to research water efficiency methods and use of reclaimed water.	YC	Southwest Wine Center	x			
c. Work with Yavapai County to preserve agricultural land uses, and ensure that tax assessment policies recognize agricultural zoning, which requires a minimum public expenditure for protection and servicing.	VVWC	VVREO		x		
d. Assemble best practices and/or local mentors to help new businesses navigate red tape.	VVWC	VVREO		x		
e. Encourage participation in local and regional water conservation programs.	VVREO	FVR, VVWC, Local govt.	x			

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
5. Attract and nurture startup companies, entrepreneurs and homebased businesses.						
Priority Action:						
a. Build the awareness and availability of existing business and technical assistance programs. <ul style="list-style-type: none"> • Access to capital • Business plan development • Marketing plan development • Research services • Business connection and ombudsman services • Business development discussion series 	VVREO	BACs, SBDC, REDC, Chambers, Business Alliances		x		
b. Raise the profile of the regional business assistance center (BAC) and programs.	Regional BAC's	VVREO		x		
c. Meet the needs of minority, veteran and woman owned business.	REDC	VVREO, Chambers				x
6. Provide broadband accessibility and affordability.						
a. Work with local, regional and state partners to build inroads into existing fiber networks. b. Seek funding to support small business access to broadband services. c. Act as the regional voice advocating on behalf of expanded broadband availability in the Verde Valley.	VVREO	ACA, Yavapai College, Chambers, Business Alliances, Local govt., YAN, Yavapai County		x		



PILLAR 4: PROMOTION

GOAL: Promote the Verde Valley as the place to live, work, visit and do business in a coordinated and cohesive manner.

STRENGTHS

- Growing recognition and awareness of the region
- Strong tourism and hospitality market with brand recognition and programs at the municipal level
- Regional and community economic development organizations
- Chambers of commerce and business alliances

Economic development professionals have long recognized marketing individual communities for business recruitment is not the most effective means to long-term prosperity. A regional approach has significant advantages for basic employer recruitment or workforce development. It is easier to get a site selectors' attention by promoting a region. They rarely limit themselves to city boundaries when siting a new business operation and commuters ignore city boundaries when traveling to and from their home to work.

A cluster based business recruitment program leverages existing assets and builds the capacity of local supply chains. Inducing companies to locate to the Verde Valley will require a marketing strategy aimed at target industries who support and complement the existing economic base.

When it comes to tourism promotion, the Verde Valley cities have a long history of collaboration. In 2015 the Verde Valley communities and Yavapai-Apache Nation joined together with National Geographic to highlight natural and cultural attractions of the Verde Valley. The five brand pillars of the Verde Valley include:

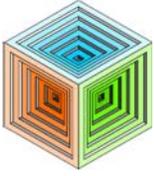
1. Unique culture and western heritage
2. Red rocks and the scenic river
3. Outdoor adventure
4. Family getaways
5. Beer, wine and cuisine

According to the *2014-15 Verde Valley Visitor Study*, the average age of the visitor to the Verde Valley is 54.6 years of age. As the visitor population continues to age, it is important for Verde Valley to begin targeting a younger demographic who meet the overall objectives of the region's tourism promotion program.

This goal will focus on business and tourism promotion activities, programs and policies.

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
1. Actively showcase the Verde Valley as a place to do business.						
Priority Action:						
a. Convene a regional working group to develop objectives and strategies for attracting, developing, and retaining businesses in current and targeted industries.	VVREO	REDC, Local govt.			x	
b. Create a marketing plan and materials that supports attracting, developing, and retaining business in current and targeted industries.	VVREO Marketing Committee	REDC, Local govt.			x	
c. Market the Verde Valley's quality of life in relocation programs.	VVREO	REDC, Local govt.	x			
2. Continue to market Sedona Verde Valley as a tourism destination.						
Priority Action:						
a. Promote the 5 brand pillars that unify the communities in the Verde Valley.	SVVTC	Chambers, YAN		x		
b. Annually update the Sedona Verde Valley Tourism Council Marketing Communications Plan and editorial calendar.	SVVTC			x		
c. Continually update the Sedona Verde Valley National Geographic tourism website that connects residents and visitors to businesses, and make it easy for users to find lodging, spas, dining, shopping, sightseeing, etc.	SVVTC			x		
d. Build the regional brand and focus on out-of-market audiences.	SVVTC			x		
e. Annually present to the VVREO Board.	SVVTC			x		

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
3. Direct some promotional efforts to emerging tourism opportunities.						
Priority Action:						
a. Position the Verde Valley as a culinary destination.	SVVTC	YC		x		
b. Support a wine event that attracts in-state and out-of-state visitors.	VVWC	SVVTC, Chambers, Sponsor of other wine events			x	
c. Attract the geotourism traveler.	SVVTC			x		
d. Explore the opportunity/feasibility of promoting medical tourism.	NAH	SVVTC				x
e. Explore the opportunity/feasibility of promoting adventure tourism	SVVTC	Chambers			x	



PILLAR 5: SUSTANABILITY

GOAL: Ensure principles of sustainability are at the forefront of economic development processes, initiatives and projects throughout the region.

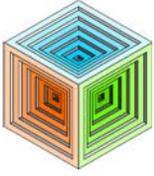
For VVREO, sustainable economic development satisfies the needs of humans in a manner that sustains natural resources and the environment for future generations. In an economic landscape that places an increasing emphasis on a region’s “livability,” the commitment to protecting those assets that provide for the health, happiness and aesthetic enjoyment of our surroundings is essential to our success.

VVREO leaders are therefore committed to protecting open space, expanding outdoor recreational opportunities, protecting and respecting our historic and cultural resources and ensuring the long-term health of the Verde Valley’s unique natural resources. We believe such a commitment is essential to attracting and developing a talented, diverse and sustainable workforce, plus businesses that can grow the overall wealth of the region while encouraging innovative entrepreneurship.

VVREO leaders also believe that the commitment to environmental stewardship and protecting the valley’s natural beauty is essential to creating a robust yet sustainable tourism industry. That commitment extends to the long-term health of the Verde River and its tributaries. The river system, its surface water and the groundwater that sustains its year-around flow, not only defines the valley’s landscape and provides for the vibrant agricultural sector of our current economy, it is the very reason the Verde Valley has been livable for thousands of years and will continue to be so.

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
1. Encourage an ethic of “sustainability” throughout Verde Valley communities.						
Priority Action:						
a. Support efforts to encourage, certify and recognize businesses for adopting sustainable practices.	Sustainability Alliance	VVREO SEDI, Chambers	x			
b. Support the Geo-tourism programs of the Sedona Verde Valley Tourism Council as a way of promoting sustainable tourism.	SVVTC	VVREO	x			

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
c. Support the work of the Verde Front in developing sustainable recreation opportunities	Verde Front	VVREO		x		
2. Promote and support regional stewardship of the natural environment.						
Priority Action:						
a. Attract and develop businesses that are compatible with good stewardship of the environment.	VVREO	Local municipalities	x			
b. Support regional efforts to protect flows in the Verde River and its tributaries and promote healthy aquifers.	Friends of the Verde River	The Nature Conservancy, SRP, YAN	x			
c. Support the regional as well as statewide efforts to restore the health of National Forest Lands.	USFS	SRP, The Nature Conservancy	x			



PILLAR 6: VVREO ORGANIZATIONAL VIABILITY

GOAL: Ensure VVREO’s long term sustainability as the recognized regional economic development organization in the Verde Valley.

STRENGTHS

- Recognized as the leader in advocating on regional issues
- Strong history of collaboration and partnerships

Implementation of the economic development strategic plan will be led by VVREO and the Long Range Strategic Planning Committee (LRSPC). The goals and strategies of the plan are comprehensive and cover community improvements, economic development marketing, and industry targeting as well as job creation. To date, VVREO’s role has been limited to small business financing and advocacy on issues of regional importance to the Verde Valley. Accomplishing the goals and objectives of the plan over the next five years will require VVREO to broaden its mission and commit resources to these objectives.

Strategies	Key Players		On-going	Short Term	Mid Term	Long Term
	Lead	Partners		(1-2 Years)	(3-5 Years)	(5+ Years)
1. Build the capacity to advocate for issues of importance to the Verde Valley constituencies.						
Priority Action:						
a. Utilize the leadership structure of VVREO to act as a catalyst to facilitate the conversation and advocacy on regional issues.	VVREO		x			
b. Develop and implement a five-year resource business plan that focuses on organizational sustainability. <ul style="list-style-type: none"> • Identify VVREO services to provide that ensure plan implementation. • Identify financial and staff resources that will be needed. 	VVREO		x			
c. Create a Verde Valley Long Range Strategic Planning Committee.	VVREO	LRSPC		x		
d. Utilize existing resources for staff and board capacity building.	VVREO	AAED, IEDC, NACOG, YCWDB	x			

Appendix A – The Verde Valley SWOT Assessment

STRENGTHS

Quality of life

- Outdoor recreation and activities
- Health care
- Climate/weather
- Geographic location
- Rural setting, small town feel and relaxed lifestyle
- K-12 school options

Leadership

- Strong chambers of commerce and economic development organizations
- Cooperative spirit and willingness to work together on common goals
- Progressive government
- Partnerships
- Volunteerism

Economic

- Strong tourism and hospitality market
- Sedona's strong tourism brand
- Growing wine industry
- Community diversity
- Manufacturing presence

Assets

- Scenic beauty of the region
- National monuments/State Parks and Forest Service
- Verde River and Oak Creek
- Proximity to I-17
- Restaurants and hotels
- Cottonwood and Sedona airports
- Out of Africa Wildlife
- Verde Valley Medical Center
- Yavapai College
 - New culinary arts program
 - Digital Media Arts Program
 - Southwest Wine Center
- Available land to grow
- Verde Canyon Railroad
- Arizona Copper Museum
- Yavapai Nation Casino
- Highly educated and engaged population
- Rich history and culture

WEAKNESSES/CHALLENGES

Workforce and Education

- Workforce shortages in key sectors
- Skills in the hospitality sectors
- Difficult to attract key occupations
- Out-migration of labor to secure jobs in Phoenix and lower cost of living
- Higher educational attainment levels lag in the younger population
- Lack of knowledge or awareness of the workforce resources available
- Labor force participation as a percent of overall population

Planning and Community Development

- Retaining the Verde Valley's unique identity while accommodating growth
- Effectively managing growth
- Traffic congestion
- Environmental sustainability
- Lack of broadband infrastructure and high speed internet throughout the Verde Valley
- Infrastructure is not keeping up with growth
- Availability of water to support economic growth
- No regional public transit system connecting the cities in the Verde Valley
- Lack of funding for backbone infrastructure, including water supply, sewer, flood control, storm drains, and road improvements

Economic

- Reliance on tourism and low paying jobs
- Housing affordability
- Lack of livable wage jobs to attract families
- Lack of industrial space
- Lack of flights from the airports to key destinations
- Some communities in the Verde Valley struggle economically
- State regulations on production hold back the wine industry
- AirBnB is impact on the inventory of long term rentals

Leadership and Collaboration

- Lack of political will to make the tough decisions
- Leadership, cooperation and collaboration are lacking between business, educational and governmental agencies

Social/Environmental

- Not enough activities and entertainment for youth
- Drug use and addiction
- Aging population
- Water supply
- Lack of knowledge of the social service resources that are available

OPPORTUNITIES

Workforce and Education

- Continue to expand educational offerings including culinary, environmental, arts/cultural and entrepreneurship
- Expand Career and Technical Education (CTE) with programs that support existing economic sectors
- Collaboration between Yavapai College and NAU, ASU or UA on curriculum
- Collaborate to strengthen K-12 and college systems
- Education and business partnership to create internships and mentoring programs

Marketing & Promotion

- Develop and promote Agri–Tourism and Eco-Tourism programs
- Implement a cohesive brand and marketing strategy for the region
- Promote the wine industry and creating a signature wine event
- Begin targeting millennials
- Multimedia marketing to Phoenix and Southern California
- Position Verde Valley as a culinary destination
- Medical Tourism attraction program
- Promoting a night life

Economic Development

- Diversify the economy and create/attract higher paying jobs
- Long-term care facilities for an aging population
- Advanced and expanded healthcare/wellness services
- Media post production facilities tied to Hollywood
- Attract light manufacturing, technology industry
- Develop a full-fledged regional Entrepreneurship Program
- Focus on entrepreneurs and facilitate business start ups
- Leverage and promote the regional wine industry
- Develop an art museum and cultural center
- Local farm to table - foster local table crop production
- Coordination of regional priorities
- Supply chain to businesses in Flagstaff, Phoenix, Las Vegas, and California
- Highway 260 corridor development
- Attract a branch campus of NAU, ASU or UA
- Development of a resort/conference center
- Creating a more diverse economy that does not rely on tourism and low wage jobs
- Appellation designation for the Verde Valley wine industry

Community and Infrastructure Development

- More affordable housing, both rentals and owner occupied
- Deployment of broadband throughout the region
- Prepare a regional transportation plan
- Alleviate traffic congestion and improve transportation connectivity throughout the region
- Region wide transit system
- Regional planning to ensure sustainable quality of life and natural environment
- Outdoor recreation including biking, hiking, off road vehicles, canoeing
- Connect the trails and park systems within the region

THREATS

Physical

- I-17 Closures
- Loss of open space between communities
- State park overcrowding

Social/Policies

- Underfunding education
- Drug abuse
- Growth without a plan
- Aging population and the increased services that will be needed
- Resistance to change
- Disengaged voters
- Erosion of local control

Economic

- Competition from other rural areas with strong hospitality/culinary/entertainment options
- Sustaining an economic downturn
- Declining availability of private land
- Unable to accommodate rapid growth
- Diminishing state and federal resources

Environmental

- Climate change
- Maintaining a healthy Verde River eco-system
- Wildfires
- Water supply and drought
- Gila River Adjudication
- Natural resource mismanagement

Appendix B – Industry Cluster Supply Chain Analysis

Supply Chain Industries by Selected Industry Clusters for the Greater Verde Valley

NAICS - Description	Agriculture and Food Processing	Advanced Manufacturing	Business and Professional Services	Healthcare Services	Hospitality and Tourism	Information Technology and Telecommunications	Grand Total
111000 Crop Production	\$2,458,943						\$2,458,943
112000 Animal Production and Aquaculture	\$5,588,468						\$5,588,468
114112 Shellfish Fishing					\$558,517		\$558,517
115115 Farm Labor Contractors and Crew Leaders	\$533,949						\$533,949
221112 Fossil Fuel Electric Power Generation			\$1,403,653				\$1,403,653
221113 Nuclear Electric Power Generation			\$794,351				\$794,351
221122 Electric Power Distribution			\$2,833,291		\$994,833		\$3,828,125
236220 Commercial and Institutional Building Construction			\$560,474				\$560,474
238210 Electrical Contractors and Other Wiring Installation Contractors			\$627,043				\$627,043
238220 Plumbing, Heating, and Air-Conditioning Contractors			\$883,588				\$883,588
311119 Other Animal Food Manufacturing	\$2,860,977						\$2,860,977
311221 Wet Corn Milling					\$502,068		\$502,068
311513 Cheese Manufacturing					\$3,136,663		\$3,136,663
311520 Ice Cream and Frozen Dessert Manufacturing					\$684,893		\$684,893
311611 Animal (except Poultry) Slaughtering					\$1,150,398		\$1,150,398
311612 Meat Processed from Carcasses					\$1,383,225		\$1,383,225
311615 Poultry Processing					\$2,106,111		\$2,106,111
311710 Seafood Product Preparation and Packaging					\$987,049		\$987,049
311812 Commercial Bakeries					\$635,362		\$635,362
311930 Flavoring Syrup and Concentrate Manufacturing					\$571,380		\$571,380
312111 Soft Drink Manufacturing					\$909,566		\$909,566
312120 Breweries					\$959,945		\$959,945
312140 Distilleries					\$941,070		\$941,070
313310 Textile and Fabric Finishing Mills		\$513,504					\$513,504
322121 Paper (except Newsprint) Mills		\$3,966,857					\$3,966,857
322130 Paperboard Mills		\$2,551,904					\$2,551,904
322211 Corrugated and Solid Fiber Box Manufacturing		\$1,150,866					\$1,150,866
323111 Commercial Printing (except Screen and Books)				\$504,133	\$928,836		\$1,432,970
324110 Petroleum Refineries	\$863,387	\$803,998		\$531,534	\$916,860		\$3,115,780
325180 Other Basic Inorganic Chemical Manufacturing		\$568,418					\$568,418
325199 All Other Basic Organic Chemical Manufacturing		\$1,208,910					\$1,208,910
325211 Plastics Material and Resin Manufacturing		\$2,401,358					\$2,401,358
325411 Medicinal and Botanical Manufacturing				\$533,507			\$533,507
325412 Pharmaceutical Preparation Manufacturing				\$964,084			\$964,084
325413 In-Vitro Diagnostic Substance Manufacturing				\$814,457			\$814,457
325414 Biological Product (except Diagnostic) Manufacturing				\$1,993,215			\$1,993,215
325510 Paint and Coating Manufacturing		\$615,096					\$615,096
325520 Adhesive Manufacturing		\$1,994,120					\$1,994,120
325910 Printing Ink Manufacturing		\$725,654					\$725,654
326111 Plastics Bag and Pouch Manufacturing		\$578,213					\$578,213
326113 Unlaminated Plastics Film and Sheet (except Packaging) Manufacturing		\$837,818					\$837,818
326199 All Other Plastics Product Manufacturing		\$810,207		\$653,154			\$1,463,361
327310 Cement Manufacturing		\$2,445,611					\$2,445,611
331110 Iron and Steel Mills and Ferroalloy Manufacturing		\$2,089,547					\$2,089,547
331313 Alumina Refining and Primary Aluminum Production		\$1,494,247					\$1,494,247
331314 Secondary Smelting and Alloying of Aluminum		\$2,293,554					\$2,293,554
331315 Aluminum Sheet, Plate, and Foil Manufacturing		\$917,654					\$917,654
331318 Other Aluminum Rolling, Drawing, and Extruding		\$1,046,523					\$1,046,523
331420 Copper Rolling, Drawing, Extruding, and Alloying		\$773,474					\$773,474
331491 Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing, and Extruding		\$635,021					\$635,021
332312 Fabricated Structural Metal Manufacturing		\$669,293					\$669,293
332710 Machine Shops		\$2,217,311					\$2,217,311
332812 Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers		\$604,655					\$604,655
332813 Electroplating, Plating, Polishing, Anodizing, and Coloring		\$562,887					\$562,887
333514 Special Die and Tool, Die Set, Jig, and Fixture Manufacturing		\$783,292					\$783,292
333993 Packaging Machinery Manufacturing	\$1,408,147						\$1,408,147
334413 Semiconductor and Related Device Manufacturing		\$782,855				\$723,929	\$1,506,784
334418 Printed Circuit Assembly (Electronic Assembly) Manufacturing		\$536,282					\$536,282
336413 Other Aircraft Parts and Auxiliary Equipment Manufacturing		\$1,518,727					\$1,518,727
339112 Surgical and Medical Instrument Manufacturing				\$1,204,031			\$1,204,031
339113 Surgical Appliance and Supplies Manufacturing				\$956,961			\$956,961
339116 Dental Laboratories				\$841,833			\$841,833
423430 Computer and Computer Peripheral Equipment and Software Merchant Wholesalers		\$539,163					\$539,163
425120 Wholesale Trade Agents and Brokers	\$820,057	\$1,620,671		\$1,059,718	\$1,345,409		\$4,845,854
481111 Scheduled Passenger Air Transportation		\$507,032	\$794,382		\$775,317		\$2,076,731
484121 General Freight Trucking, Long-Distance, Truckload		\$504,943					\$504,943

Supply Chain Industries by Selected Industry Clusters for the Greater Verde Valley

NAICS - Description	Agriculture and Food Processing	Advanced Manufacturing	Business and Professional Services	Healthcare Services	Hospitality and Tourism	Information Technology and Telecommunications	Grand Total
484122 General Freight Trucking, Long-Distance, Less Than Truckload		\$523,465					\$523,465
492110 Couriers and Express Delivery Services					\$923,138		\$923,138
493110 General Warehousing and Storage		\$508,566			\$750,397		\$1,258,963
511210 Software Publishers						\$768,061	\$768,061
512110 Motion Picture and Video Production						\$2,908,571	\$2,908,571
515120 Television Broadcasting					\$1,391,279		\$1,391,279
515210 Cable and Other Subscription Programming					\$539,055	\$1,760,553	\$2,299,608
517110 Wired Telecommunications Carriers		\$500,661	\$2,228,600	\$1,439,032	\$1,681,534	\$6,469,250	\$12,319,077
517210 Wireless Telecommunications Carriers (except Satellite)			\$876,182	\$566,403	\$554,880	\$535,032	\$2,532,497
518210 Data Processing, Hosting, and Related Services		\$847,497	\$1,251,082		\$586,314		\$2,684,893
519130 Internet Publishing and Broadcasting and Web Search Portals			\$931,365	\$642,394	\$1,667,565		\$3,241,324
522110 Commercial Banking	\$534,116	\$671,193	\$4,428,448	\$1,700,385	\$1,015,515		\$8,349,657
522130 Credit Unions			\$533,934				\$533,934
522292 Real Estate Credit			\$518,594		\$560,853		\$1,079,447
523110 Investment Banking and Securities Dealing			\$1,076,891				\$1,076,891
523120 Securities Brokerage			\$1,672,133				\$1,672,133
523920 Portfolio Management			\$1,546,763				\$1,546,763
523930 Investment Advice			\$2,535,607	\$623,082			\$3,158,688
524113 Direct Life Insurance Carriers			\$607,105	\$1,711,638	\$767,471		\$3,086,214
524114 Direct Health and Medical Insurance Carriers			\$734,746	\$2,071,501	\$928,827		\$3,735,074
524126 Direct Property and Casualty Insurance Carriers			\$1,047,684	\$2,953,744	\$1,324,473		\$5,325,902
524210 Insurance Agencies and Brokerages			\$4,031,783				\$4,031,783
531110 Lessors of Residential Buildings and Dwellings			\$4,551,710	\$5,852,509	\$5,203,594		\$15,607,813
531120 Lessors of Nonresidential Buildings (except Miniwarehouses)			\$2,706,504	\$3,479,452	\$3,094,540		\$9,280,496
531130 Lessors of Miniwarehouses and Self-Storage Units			\$1,134,975	\$1,458,809	\$1,297,938		\$3,891,722
531190 Lessors of Other Real Estate Property				\$556,345	\$512,802		\$1,069,147
531210 Offices of Real Estate Agents and Brokers			\$2,577,729	\$3,233,506	\$2,998,824		\$8,810,059
531311 Residential Property Managers			\$1,868,348	\$2,401,205	\$2,136,793		\$6,406,346
531312 Nonresidential Property Managers			\$929,826	\$1,182,544	\$1,072,687		\$3,185,057
531390 Other Activities Related to Real Estate			\$2,314,259	\$2,975,444	\$2,645,852		\$7,935,554
533110 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)		\$693,631			\$2,052,398		\$2,746,029
541110 Offices of Lawyers		\$585,181	\$1,608,594	\$2,074,578	\$2,207,237	\$524,290	\$6,999,881
541211 Offices of Certified Public Accountants			\$577,140	\$679,332	\$1,284,869		\$2,541,341
541219 Other Accounting Services					\$661,707		\$661,707
541330 Engineering Services			\$1,044,272				\$1,044,272
541512 Computer Systems Design Services			\$703,687	\$590,279	\$554,841		\$1,848,808
541611 Administrative Management and General Management Consulting Services			\$1,017,897	\$1,701,890	\$1,410,959		\$4,130,746
541613 Marketing Consulting Services				\$672,429	\$552,068		\$1,224,497
541810 Advertising Agencies					\$2,012,641		\$2,012,641
541820 Public Relations Agencies					\$703,976		\$703,976
551112 Offices of Other Holding Companies					\$970,043		\$970,043
551114 Corporate, Subsidiary, and Regional Managing Offices	\$2,898,553	\$8,924,749	\$2,582,369	\$6,763,750	\$21,526,677		\$42,696,098
561110 Office Administrative Services			\$999,727	\$1,083,999			\$2,083,726
561311 Employment Placement Agencies			\$647,524				\$647,524
561320 Temporary Help Services			\$6,257,819	\$2,811,952	\$1,399,187	\$517,330	\$10,986,287
561330 Professional Employer Organizations			\$999,643				\$999,643
561612 Security Guards and Patrol Services			\$1,263,072				\$1,263,072
561720 Janitorial Services			\$3,132,799	\$642,970	\$1,377,359		\$5,153,128
561730 Landscaping Services			\$2,514,092	\$510,022	\$1,107,203		\$4,131,316
711211 Sports Teams and Clubs					\$731,291		\$731,291
711510 Independent Artists, Writers, and Performers					\$856,165	\$613,241	\$1,469,406
721110 Hotels (except Casino Hotels) and Motels			\$678,011		\$721,015		\$1,399,026
722511 Full-Service Restaurants			\$1,582,970	\$1,221,255	\$1,016,405		\$3,820,629
722513 Limited-Service Restaurants			\$799,227	\$500,926	\$684,808		\$1,984,962
901149 US Postal Service					\$928,242		\$928,242
Grand Total	\$17,966,597	\$54,524,608	\$74,409,895	\$62,158,000	\$93,900,920	\$14,820,257	\$317,780,277

Appendix C – Wine Region Benchmarking

Wine Region Benchmarking

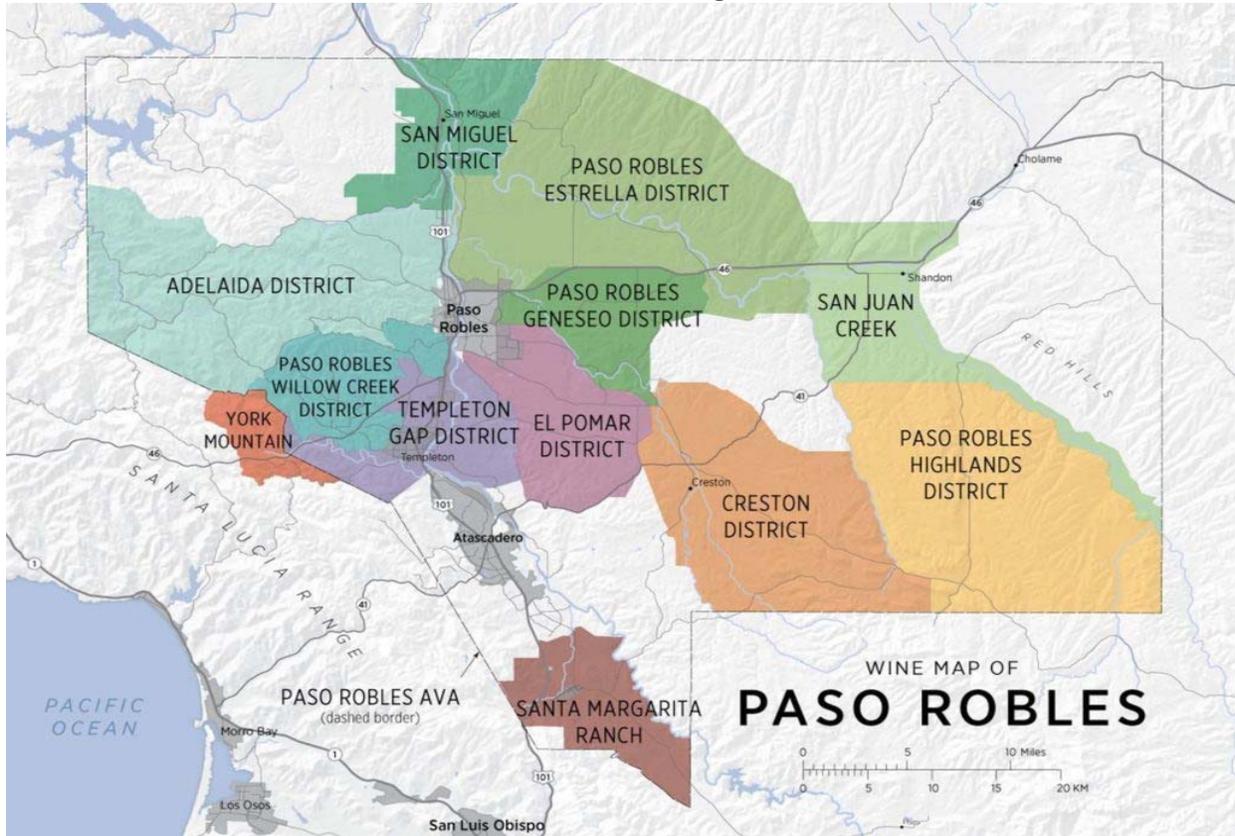
The Verde Valley is unique and distinct from other regions in Arizona with an emerging, growing wine industry combined with a strong tourism and hospitality sector. A comparison of the Verde Valley was conducted against two other strong wine and tourism destinations in the U.S.: Paso Robles, California and Willamette Valley, Oregon. Both of these regions evolved driven by a strong entrepreneurial spirit. In the early days, wineries in the Paso Roble region purchased grapes to make their wines, similar to the Verde Valley.

The Verde Valley wine industry began in the early 2000's with the Page Springs Cellars. By 2008 the Verde Valley Wine Consortium was formed and the following year the first viticulture classes were offered at Yavapai College. In 2015 the Southwest Wine Center opened in Clarkdale at Yavapai College. This Center offers comprehensive hands-on teaching with an estate vineyard, and programs in enology, viticulture and business/entrepreneurship. According to the latest information, the Verde Valley has 24 wineries and 8 tasting rooms. The main variety of grapes grown in the Verde Valley include Syrah, Cabernet Sauvignon, Petite Sirah, Sangiovese, Zinfandel and Merlot, which represent the majority of planted acres. There are no American Viticultural Areas (AVA) within the Verde Valley, but there is an application pending.

Paso Robles

Winemaking within Paso Robles was introduced by the Franciscan Friars in 1790. Paso Robles is located along California's central coast. Its viticulture area encompasses 614,000 acres. The region has 40,000 acres of vineyards with more than 40 wine grape varieties grown. Established in 1983, Paso Robles has 11 viticultural areas, which is the largest unsubdivided AVA in the State of California. The most widely planted include Cabernet Sauvignon, Merlot, Zinfandel, Syrah, Petite Sirah, Cabernet Franc, Grenache, Mourvedre, Petit Verdot and Chardonnay. The wine industry is dominated by small production, family owned businesses at 95 percent.

Paso Robles Wine Region



The Paso Robles Wine Country Alliance is a cooperative marketing alliance made up of Paso Robles Wine Country wineries, vineyards, and related businesses. The Paso Robles Wine Country Alliance is a 501c6 nonprofit organization whose mission is dedicated to the promotion and protection of Paso Robles Wine Country. In addition, at the state level is the California Association of Winegrape Growers, which began more than 40 years ago.

Willamette Valley

Willamette Valley is located south of Portland, and bordered by hills to the south and west and mountains to the east. The Willamette River is the central feature of this 100-mile long, 60-mile wide valley. Wine grapes have been grown in the Willamette Valley systematically since 1966. The majority of Oregon's wineries can be found here, making Willamette Valley a beacon for wine tourism in Oregon. The Willamette Valley has 21,793 acres of vineyards planted with 554 wineries. There are 7 AVA's within the Willamette Valley with 4 leading variety of grapes that include Pinot Noir, Pinot Gris, Chardonnay, and Riesling. The most famous and prolific is the Pinot Noir grape. The industry is primarily small to medium size producers and dominated by small-scale production and ownership.

Willamette Valley Wine Region



Organizations that promote the wine industry include the Willamette Valley Wine Association, Oregon Wine Board Association, and the Oregon Winegrowers Association. The Oregon Wine Board is charged with supporting enological, viticultural, economic research, and the promotion of grape growing and winemaking in Oregon. Funds to support this work come from mandatory taxes on the production of Oregon wine grapes (\$25/ton) and on certain wines sold in Oregon (\$.02/gallon), as well as revenue from symposia, workshops and various events.

The Oregon wine industry has grown substantially since 1970 with 35 recorded acres and 5 wineries to 30,435 acres and 725 wineries in 2016. The state's land use laws prevent rural hillsides from being turned into housing tracts, preserving a significant amount of land suitable for vineyards.

The following table provides a comparison of the Verde Valley to Paso Robles and Willamette Valley wine regions. The data gathered for this comparison comes from a variety of sources within each state and region, and represents the most current data available at the time of preparing this report.

Wine Region Benchmark Comparison

	Paso Robles	Willamette Valley	Verde Valley
Vineyard Acres	44,700	21,793	130
Number of Wineries	200	719	24
Number of Key Varieties	10	7	6
Number of AVA's	11	7	1 pending
Tons of wine grapes harvested	127,367	54,483	325
Cases produced	8.58 million	3,443,294	20,475
Wine related tourism expenditures	\$194 million	\$156 million	\$58.1 million
Self-Distribute Production Cap	none	none	20,000 gallons

Table Notes:

Willamette Valley represents 75% of total State of Oregon impact

The Verde Valley 6 varieties represents 51.3% of all grapes

The Verde Valley grapes harvested was estimated at 2.5 tons per acre

The Verde Valley cases produced was estimated at 63 cases per ton

Economic impact figure for the Verde Valley is for the year 2017. Paso Robles and Willamette Valley is 2015.

Findings

The Verde Valley's wine industry is still in its infancy. Consumer demand for wine in the U.S. continues to be strong, and in 2017 wine sales were projected to increase 10 to 14 percent.¹ Like other wine regions, the Verde Valley has to safeguard against regulations that stymy growth of the industry, such as elimination of grape acres or regulations around tourism that damage opportunities for small wineries to sell direct.

The region also needs to do a consistent job of documenting the industry. Collection of data on acres of wine grapes, tons of wine grapes harvested and cases produced overall and by varietal should be done annually. Finally, preparing economic impact studies on tourism and the wine industry should be conducted periodically.

Although the moderate climate in the Verde Valley is excellent for vineyards, VVREO supports the implementation of best available management practices for water conservation to ensure limited impacts to the Verde River. Use of reclaimed water to provide supplemental water to the vines should be encouraged, or other mechanisms to offset the use of finite groundwater supply.

From a marketing perspective the Verde Valley needs to distinguish itself from other wine making regions. Telling the story of the wine industry origin, the wine varietals, and associated culinary explosion will help brand the region. Implementation of a refined and robust marketing campaign that provides historical perspective of the Verde Valley industry, including an update of VVWC's website with an up-to-date list of wineries, vineyards and wine tasting rooms and a printable wine trail map that includes addresses.

¹ State of the Wine Industry 2017, Silicon Valley Bank Wine Division

Last, as the industry continues to mature, there is the opportunity to build upon the success of existing wine festivals by staging an epic multi-day wine festival that showcases the wine regions within the Verde Valley. This could be coupled with other annual events such as music or film festivals.