



Grant County, New Mexico

Market Assessment

February 6, 2012



 **AngelouEconomics**
GLOBAL ECONOMIC DEVELOPMENT

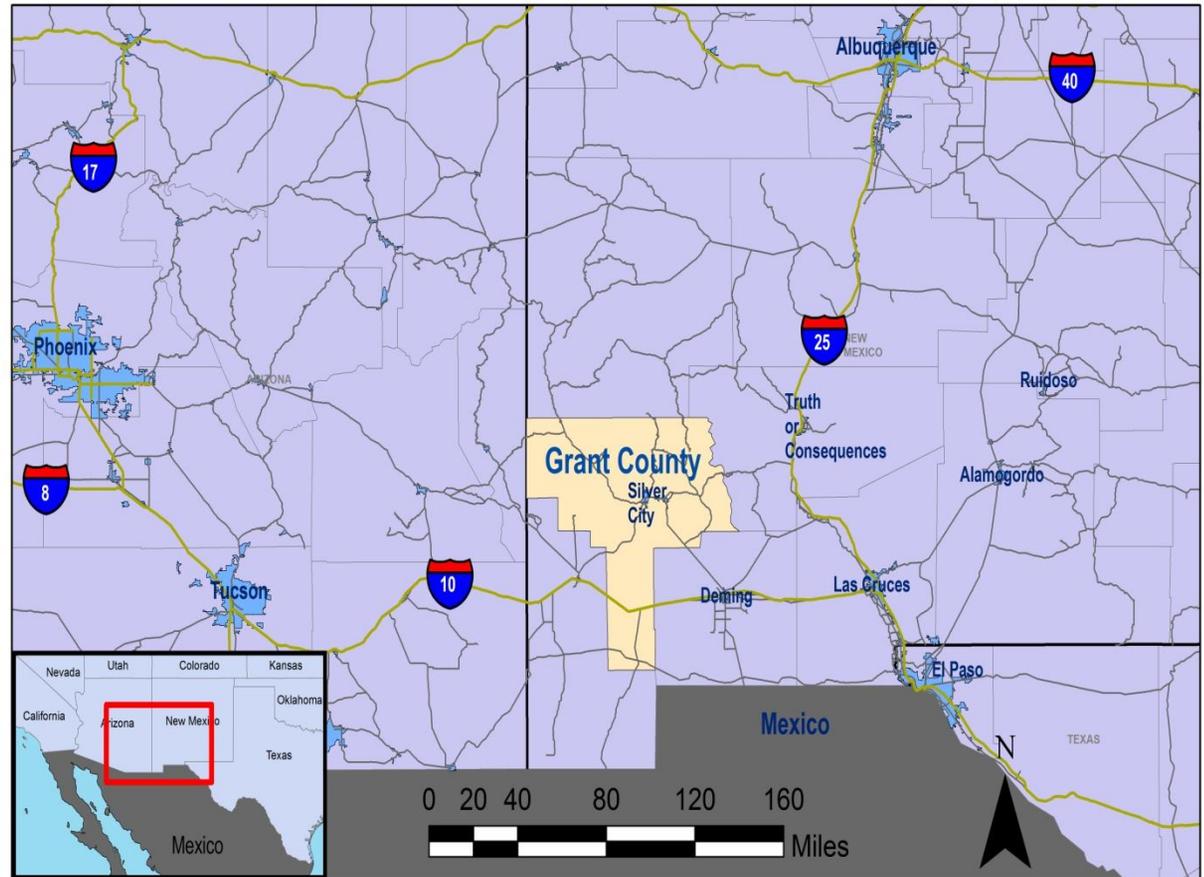


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Photo: Mary Alice Murphy

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Executive Summary

INTRODUCTION

Creating an economic development strategic plan begins with a critical analysis of assets and challenges. With strong information as a foundation, a community can pinpoint its competitive strengths, recognize and correct weaknesses, and more narrowly define its target audiences for marketing.

This report is the first of three that will be delivered to the County of Grant, NM. It provides background information to both the consulting team and the county that will be used as the research base for the economic development strategic plan.

It is comprised of both qualitative and quantitative information. The qualitative information – gathered through surveys, focus groups and interviews – tells the story of what residents and businesses think about Grant County and the community in which they live or work. The quantitative information – what the statistics show – is often the perspective seen by external businesses and site selection consultants.

Phase 1

•Project Setup & Stakeholder Engagement

Phase 2

•Market Assessment & SWOT Analysis

Phase 3

•Target Industry Analysis

Phase 4

•Action Plan and Implementation Matrix

Strategic Considerations

The research in this report will support the product improvement and strategic recommendations in future reports. The analysis is primarily focused on addressing the following questions important to economic development:

1. *Who is Grant County?*
2. *What Drives the Grant County Economy?*
3. *How Competitive is Grant County's Business Climate?*
4. *How Well Does Grant County Support Small Business Development?*
5. *What makes Grant County Unique?*



Benchmark County Criteria

1. County must be located within the southwestern part of the U.S.
2. County must include a college town or be within 60 miles of a major university
3. University in college town must be the main campus of a public university with a total enrollment not to exceed 7,000 students
4. County population should be between 20,000 and 55,000
5. County should possess an adequate supply of natural resources for economic gain

BENCHMARKS

An in-depth search was conducted for benchmarks to compare Grant County’s economy with peer counties sharing key similarities. Three counties were chosen: Luna County, NM; Graham County, AZ; and La Plata County, CO. Each benchmark is a small, predominantly rural county with a college town or within 60 miles of a major university. Additionally, this study benchmarks Grant County against the State of New Mexico and the U.S.

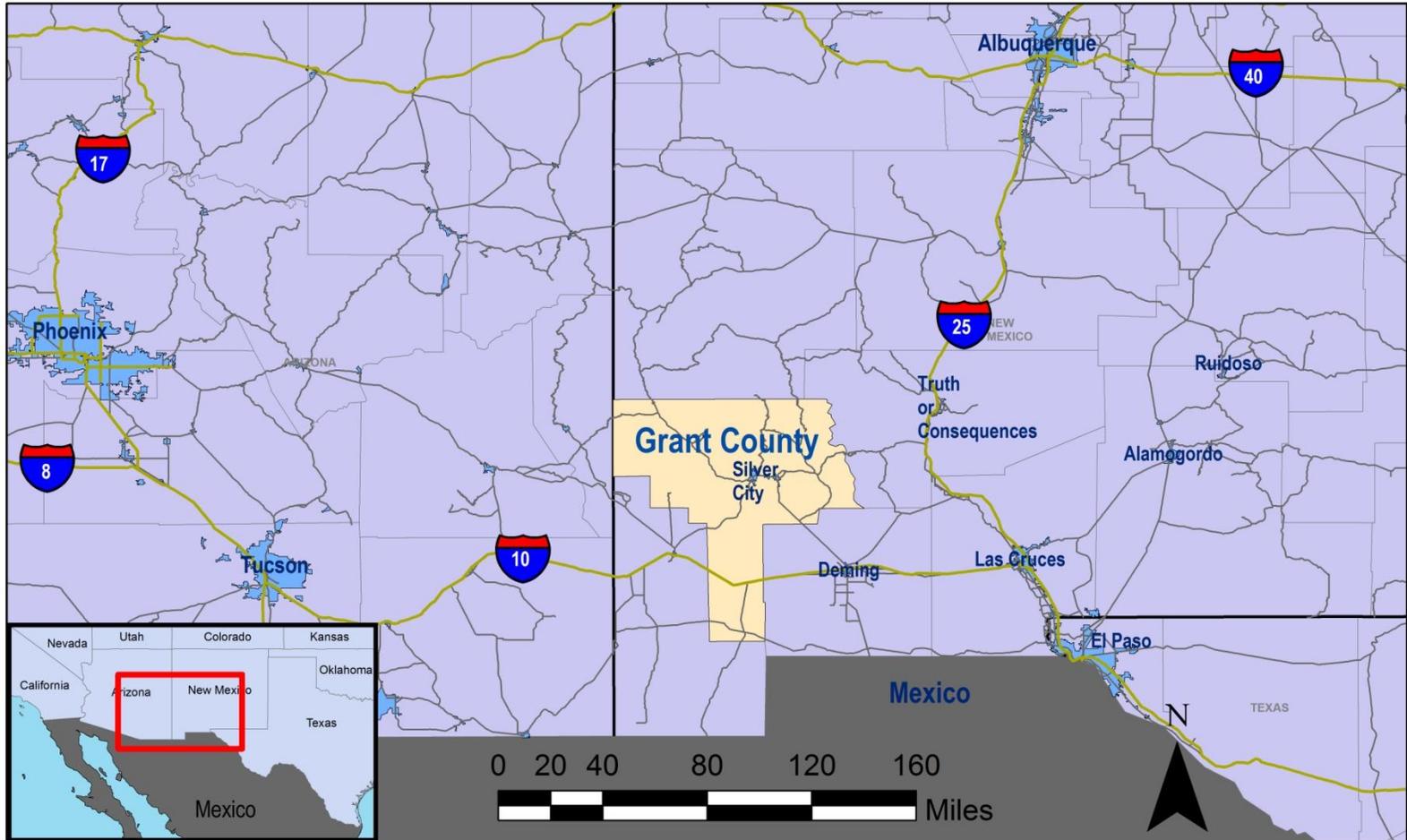
AT A GLANCE

| | Grant County, NM | Luna County, NM | Graham County, AZ | La Plata County, CO | New Mexico | USA |
|---------------------------------------|------------------|-----------------|-------------------|---------------------|------------|-------------|
| Population (2011) | 29,426 | 24,378 | 38,330 | 52,086 | 2,102,004 | 311,873,842 |
| Population Growth ('90-'11) | 6.3% | 34.6% | 44.3% | 61.3% | 38.7% | 25.4% |
| Unemployment Rate, (Oct. 2011) | 11.8% | 18.4% | 12.9% | 5.9% | 6.7% | 9.0% |
| Labor Force Growth ('90-'11) | 17.1% | 52.5% | 76.2% | 81.5% | 45.4% | 27.1% |
| Median Household Income (2011) | \$37,675 | \$27,842 | \$43,804 | \$57,420 | \$45,180 | \$53,620 |
| % Bachelor’s Degree + (2011) | 23.2% | 11.4% | 14.1% | 43.4% | 25.6% | 28.5% |
| % in 25-44 Age Group (2011) | 19.5% | 21.4% | 26.9% | 25.6% | 26.1% | 27.1% |

**Not Seasonally Adjusted Note: 2011 numbers are estimates*

Source: U.S. Census Bureau, Bureau of Labor Statistics, Decision Data Resources

GRANT COUNTY, NM

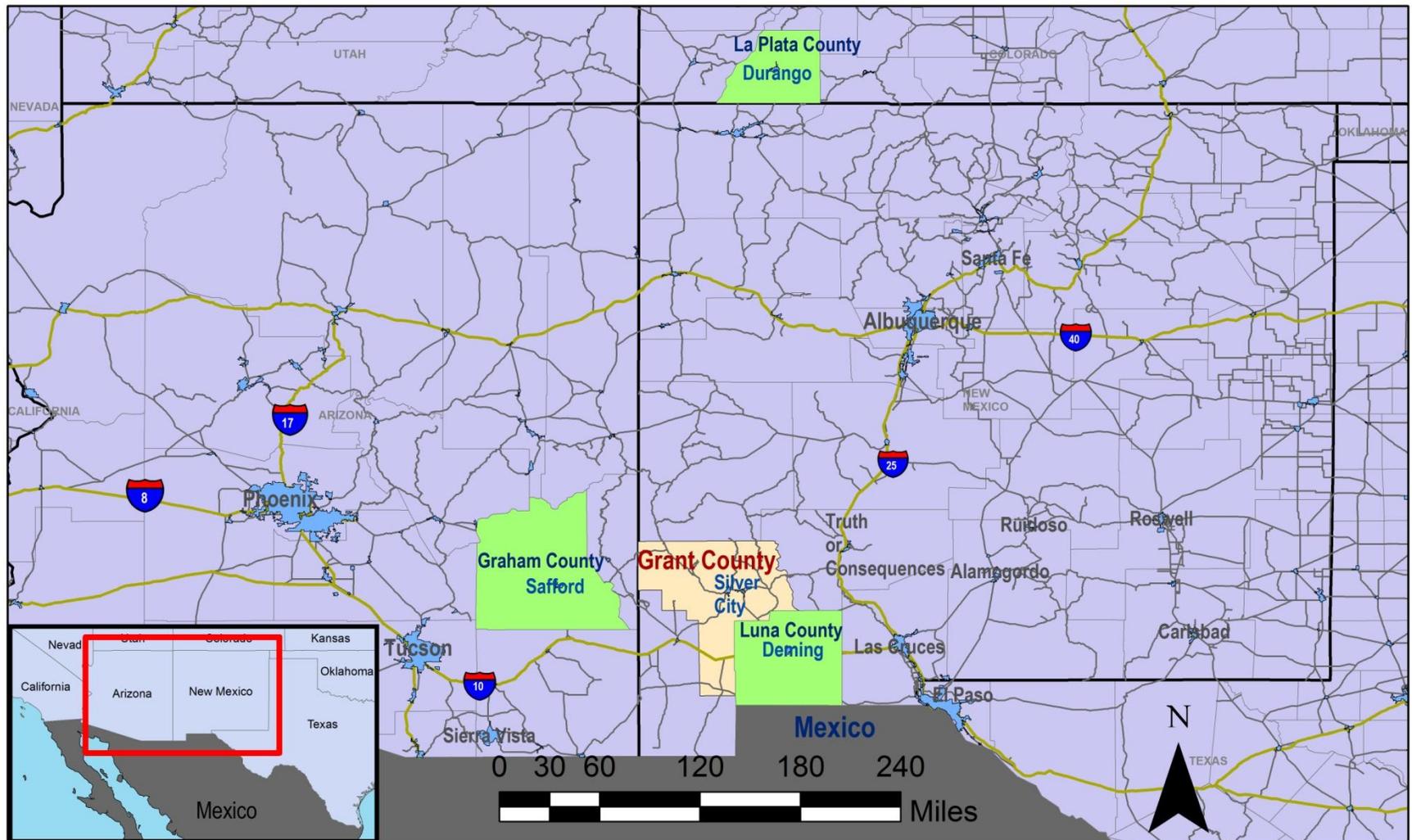


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Grant County is the 15th most populous county in the state of New Mexico.

- Western New Mexico University had a Fall 2010 enrollment of 3,337.
- Grant County is a two-hour drive northwest of the Las Cruces, NM MSA (2010 population of 209,223).
- Silver City is the largest city in Grant County (2010 population of 10,315).
- IH-10 passes through the southern portion of Grant County.
- Silver City has access to IH-10 via two routes: the Lordsburg connection 45 miles southwest of Grant County via Hwy 90; and, the Deming connection 52 miles southeast of Grant County via Hwy 180.

BENCHMARKS



Each benchmark county provides several elements used as a comparative analysis to Grant County. The most evident include: Luna County as a direct competitor, Graham County as a comparable mining district, and La Plata County as a best practice.

- Eastern Arizona College in Graham County had a Fall 2010 enrollment of 6,799, while Ft. Lewis College had a Fall 2010 enrollment of 3,685.
- Grant County is bordered by Luna County to the southeast with Graham County to the west and on the Arizona side of the state line. La Plata County is approximately an eight-hour drive to the north on the Colorado side of the state line.
- Graham County and La Plata County do not have direct access to an interstate highway.



SUMMARY OF KEY FINDINGS

The following is a look at just some of the findings of the market assessment:

Grant County's population grew moderately for much of the 20th Century, experiencing a 140 percent population increase from 1900 to 2000. Beginning in 1970, Grant County's population increased for five consecutive decades before experiencing a decline in 2010. The broader national trend of rural agricultural communities and regions experiencing steady population declines are due to large numbers of people leaving rural areas for urban areas in pursuit of job opportunities and quality of life amenities. Grant County leadership must continue to develop quality job opportunities via retention, expansion, and attraction efforts, leverage its unique natural assets and recreational amenities.

The number of young adults between the ages of 25 and 44 declined by 22 percent from 1990 to 2011. This is an important demographic for economic development, often recognized as a community's creative age group and generally responsible for innovation. In addition to the need for additional quality of life amenities such as nightlife, cultural, and recreational attractions, more employment opportunities are fundamental in retaining and attracting this key demographic. Overall, Grant County has a larger aging population than all of the benchmark counties, the state of New Mexico, and the U.S.

Grant County has both geographic advantages and disadvantages. The limited access to IH-10 is a hindrance to business expansion and attraction. However, Grant County is still within a two-hour drive of the Las Cruces, NM MSA and a three-hour drive of the El Paso, TX and Tucson, AZ MSAs. Grant County is also located approximately two hours from the US/Mexican border. Furthermore, Grant County has the luxury of the Gila National Forest as a backdrop. The County maintains a good roadway infrastructure (HWYs 70 and 180) and contains rail spurs serviced by Southwestern Railroad Company. However, the stretch of HWY 180 between Silver City and Deming, NM would benefit from widening the two lanes to four lanes. And access to the rail spurs must also be improved for rail transport to become a viable goods movement alternative for local businesses.

"A job brought me here, great weather, affordable cost of living, friendly people, and beautiful surroundings keep me here."

- Resident Survey Response

"The three primary reasons for living in Grant County is the sunset, the sunrise, and the Gila Forest to put it simply."

- Resident Survey Response

"There is a group of forward thinking, active people in the area. There is a focus on art, music and culture."

- Resident Survey Response

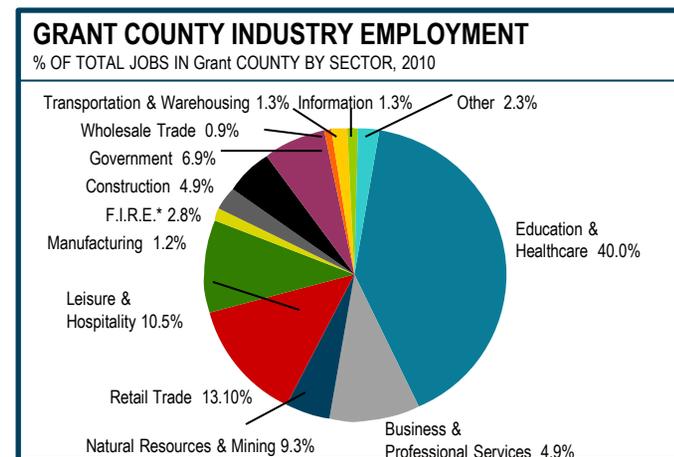


The Education & Healthcare and Natural Resources & Mining industries have been the most important drivers of economic growth in Grant County, accounting for 62% of all new jobs and 40% of all new businesses created between 2001 and 2009. Western New Mexico University (WNMU) and Gila Regional Medical Center are the Education & Healthcare industry's largest employers with 722 and 700 employees, respectively. Other major Education & Healthcare employers are Silver Consolidated Schools (418 employees) and the Cobre School District (219 employees). Freeport-McMoran is the Natural Resources and Mining industry's largest employer with 1,400 employees.

Grant County offers many unique quality-of-life amenities for residents and visitors including museums, historic sites, and natural resources. Grant County has a rich history that connects it to the Old West via Pinos Altos, Ft. Bayard, and other historic sites. Western New Mexico University provides easy access to athletic events while the Arts & Culture District provides musical events and festivals. Grant County also offers a wide variety of outdoor recreational activities ranging from scenic hiking and biking trails to some of the best hunting and fishing opportunities in New Mexico.

Grant County is in need of a significant and effective workforce-development resource.

Stakeholders identified that an untrained and/or unmotivated workforce is one of the main challenges for retaining and attracting businesses. However, the County lacks a formal and established workforce-development resource. Given its educational role and stature within the community, WNMU is positioned to maximize workforce training and development opportunities. The secondary school districts could capitalize on this effort by bringing entrepreneurial education to high schools and offering complementary internships to reinforce work ethic and skills training.



*Finance, Insurance, and Real Estate

Source: Bureau of Labor Statistics



Grant County is located in a prime location for solar and geothermal energy production. Located in the sunbelt, New Mexico is one of the top solar emitting states in the U.S., and southern New Mexico is particularly strong in solar-energy potential. Not only do solar farms present opportunities for Grant County, but solar panel manufacturing also afford tremendous potential. From a cost perspective, producing solar panels in southwest New Mexico is a reasonable approach given the proximity to large areas of undeveloped land with some of the highest solar photovoltaic energy potential in the U.S. Grant County also presents as a potential resource for geothermal energy as referenced in the chart to the right.

There is a need to further enhance small business development and entrepreneurship support and resources. Grant County's entrepreneurial support system ranked among the lowest of 19 business location factors rated by respondents of a business survey conducted for this study. Additionally, focus group participants noted multiple times the lack of an entrepreneurial support system locally as well as the lack of awareness by residents of the entrepreneurial opportunities that exist. Entrepreneurship and small business development are key components of successful economic development.

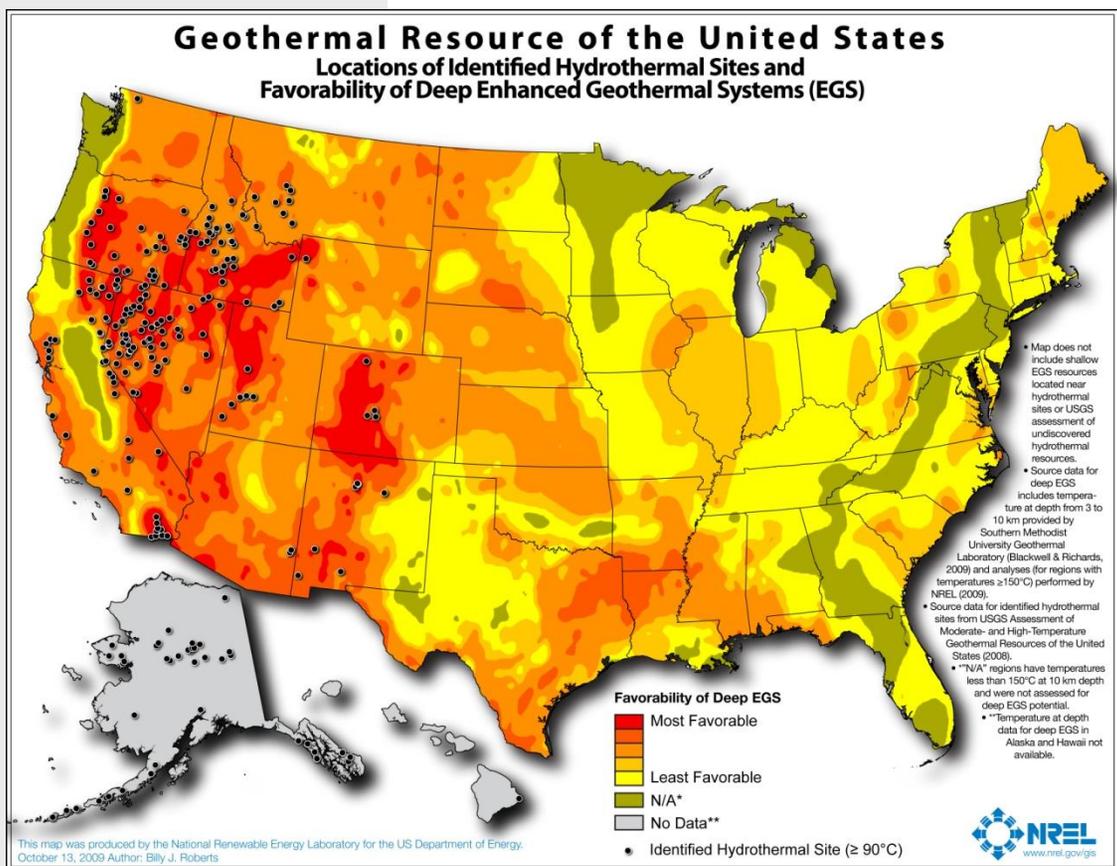




Photo: Mary Alice Murphy

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS

This section of the report highlights the strengths, weaknesses, opportunities, and threats for Grant County, as collected through stakeholder discussions, survey information, and quantitative databases. We do not intend for this analysis of issues to be all-inclusive. Rather, we focus on those areas that will have the most direct impact on specific components of future economic development efforts in Grant County.

We define the four aspects of “SWOT” in these terms:

- Strengths**: Issues or characteristics that can be built upon to advance current and future economic growth opportunities in Grant County.
- Weaknesses**: Issues or characteristics that, if not addressed effectively, could limit current or future growth opportunities.
- Opportunities**: Assets, events, or trends that offer Grant County the potential for economic growth and attraction of new industry.
- Threats**: Obstacles, events or trends that, if not addressed effectively, could threaten the County’s economic potential and its ability to attract, expand and start up new employers.

SWOT Analysis

Education and Workforce Recruitment, Retention and Development

| Strengths | Weaknesses | Opportunities | Threats |
|--|--|---|--|
| <ul style="list-style-type: none"> Western New Mexico University is a four-year university with a community-college capacity WNMU has a strong nursing program Large population of retirees 2010 educational attainment levels are much higher than 1990 levels Generally high educational attainment levels Distance/online learning at WNMU Proximity to New Mexico State University (NMSU) in Las Cruces, which is a major research university | <ul style="list-style-type: none"> Growth in educational attainment levels slowed significantly after 2000 Lack of high-paying jobs and amenities to attract/retain young adults Limited availability of technical education within local schools Difficulty finding specific skill sets including welders, machinists, mechanics, and electricians Weak soft-skills Limited quality of life options Low wages for teachers | <ul style="list-style-type: none"> Growing relationships (formal and informal) with WNMU and the community WNMU training facility near mining district Partnership between Freeport-McMoran and local high schools to increase pipeline of entry level trades i.e. welders and machinists Workforce recruitment opportunities through WNMU Expand WNMU's technical training Establish a charter vocational school Retirees to teach technical programs Alumni website for WNMU that local employers can utilize Further partnerships between Grant County and NMSU and between WNMU and NMSU | <ul style="list-style-type: none"> Loss of young people Lack of technical schools in area Workforce shortages in key occupations could limit growth of existing companies Lack of certified teachers for vocational training Workforce work ethic is rated low by employers Limited outreach to community from educators Difficult to get young people involved in leadership roles |

SWOT Analysis

| | Strengths | Weaknesses | Opportunities | Threats |
|--|---|--|---|---|
| <h2>Entrepreneurship and Small Business Development</h2> | <ul style="list-style-type: none"> • Strong local banks • Local businesspeople are highly entrepreneurial and resourceful • International Business Accelerator, affiliated with WNMU • Local SBDC office • WNMU to open Center for the Environment • Vibrant arts & culture community | <ul style="list-style-type: none"> • Gaps in the an entrepreneurial support system • Lack of an angel fund • Limited local access to risk capital for start-ups • Multiple Chambers of Commerce for small region | <ul style="list-style-type: none"> • Provide more access to small business resources • Adopt formal policies and procedures for economic development support and incentives • Establish an incubator for the arts • Establish a small business incubator in Grant County building • Community Venture Networks • Expand entrepreneurial education to high schools • Develop local SCORE chapter | <ul style="list-style-type: none"> • Limited local access to capital could deter start-up companies and existing company expansions • Lack of awareness or knowledge about the entrepreneurial opportunities that exist |
| | Strengths | Weaknesses | Opportunities | Threats |
| <h2>Marketing and Economic Development</h2> | <ul style="list-style-type: none"> • Location in southwestern New Mexico • Quality of Life • WNMU, Silver City government have a collaborative relationship • Multiple organizations with an interest in promoting economic development • Diverse range of green energy assets | <ul style="list-style-type: none"> • Limited resources dedicated to promotion of tourism • Lack of industry specific marketing • Lack of public education regarding the benefits of economic development • Limited incentives • Weak branding of Grant County • Roles of economic development partners not well-understood by all stakeholders | <ul style="list-style-type: none"> • Historical, eco, and agricultural tourism • Establish an angel capital fund for start-ups • Establish formal county and municipal economic development incentives policies and funding sources to support targeted industries • Enhance availability of SBDC support for start-ups and early-stage companies • Enhance availability of capital for start-ups and early-stage expansions • Establish funding mechanism for continued development and marketing of tourism assets • Market the benefits of buying local • Potential Arts & Culture Sister City Program with Taos • Improve Availability of sites and buildings for expanding businesses | <ul style="list-style-type: none"> • Policies and resources not in place to help retain and grow existing industries and businesses, recruit targeted industries, or sustain critical rural business and community assets • Mechanisms not in place to integrate county and local land use plans with strategic economic development goals and objectives |

SWOT Analysis

| Business Climate and Retention/ Expansion/ Recruitment | Strengths | Weaknesses | Opportunities | Threats |
|---|---|--|---|---|
| | <ul style="list-style-type: none"> • Rich mineral deposits with growing employment • Workers willing to drive long distances to work • Self-sufficient local economy • Strong community health care system • Ace Hardware and Sysygy Tileworks stand as best practices\ • Competitive operating and labor costs • Strong growth in business establishments | <ul style="list-style-type: none"> • Perceived general reluctance toward change in Grant County • Governing bodies are perceived by some to be overly conservative and unwilling to take risks • Real and/or perceived barriers to doing business within the County • Lack of R&D funding • Lack of business incentives • Job growth has not kept up with business establishment growth • Remoteness from major markets | <ul style="list-style-type: none"> • Industry opportunities include: <ul style="list-style-type: none"> • Renewable energy including solar and geothermal energy • Value-added agriculture (farmer’s markets, organic farming, wineries) • Tourism (agricultural, historic, eco) • Advanced manufacturing, including solar/wind energy component manufacturing • Business succession planning • Opportunity to enhance assistance to companies via infrastructure improvements • Build on budding manufacturing presence • Expand agricultural tourism businesses and attractions: organic/local foods, farmstays/participative agriculture, dude ranch, vineyards and wineries • Build on existing health/education presence and strengths • Expand outdoor recreation and cultural opportunities, especially targeted to young professionals: trails, participative cultural events, entertainment venues, hunting enthusiasts • Water/wastewater management in demand | <ul style="list-style-type: none"> • Potential overdependence on mining • Real and/or perceived barriers to development • Declining population leads to smaller available workforce and smaller regional market • Limited financial resources and incentives for economic development • High school graduates do not know how to enter workforce • Aging workforce • Significant training gap in workforce |

SWOT Analysis

| | Strengths | Weaknesses | Opportunities | Threats |
|--|---|--|---|---|
| <p>Sites and Infrastructure</p> | <ul style="list-style-type: none"> • Generally high-quality, well-maintained state and county highway and road systems • Land is an asset • Future expansion of Holiday Inn Express • Three-county system for public transit in place • Theatre District plan • Future \$37 million renovation slated for regional hospital • Strong residential rental market | <ul style="list-style-type: none"> • Lack of general infrastructure • Lack of available developed land and building options • Telecommunications infrastructure in some areas is weak • Highway 180 is too narrow for truck traffic • Limited access to rail • Gila National forest is physical barrier • Lack of water resources and water infrastructure • Lack of adequate lodging options • Most of the county does not have direct access to IH-10 | <ul style="list-style-type: none"> • Expand rail access beyond Freeport's use • Expand connections and service at Grant County airport • Proactive and progressive infrastructure planning to ensure systematic high-quality development • Immediate need for new business park (s) • Adopt county and municipal policy and resources for quick infrastructure improvements/"build to suit" options for new businesses and expansions of existing businesses • Visible need for a convention hotel • Development of Ft. Bayard • Creating TIF district • Expand upon the Las Cruces Shuttle Service taking passengers to the El Paso International airport | <ul style="list-style-type: none"> • Limited revenues to fund infrastructure improvements • Funding mechanisms not in place for quick infrastructure, site development, and "build to suit" opportunities • Lack of developed sites • Aging buildings • Loss of population also reduces federal funding for transportation improvements (funding is tied to population rather than road use) |

SWOT Analysis

| Quality of Life | Strengths | Weaknesses | Opportunities | Threats |
|-----------------|--|---|--|--|
| | <ul style="list-style-type: none"> • Rich historical and cultural environment • Strong community health care system • Hunting and fishing • Scenic beauty • Low crime rate • Outdoor recreation opportunities valued by young professionals (especially walking, biking, and hiking trails) • Arts & Culture District • Moderate cost of living • Moderate year-round climate • Gila National Forest | <ul style="list-style-type: none"> • Lack of nightlife, cultural, and recreational attractions for young adults and others • Limited public transportation options • Convenient air travel options unavailable | <ul style="list-style-type: none"> • Partner with Silver City or WNMU to expand existing public transportation service in Grant County • Better marketing and promotion of County's recreational opportunities and quality-of-life assets • Need for more dining options • Growing tourism assets and industries (particularly ag-and eco-tourism) • Need local programs to help with drug/alcohol addictions • Theatre District plan • Current redevelopment of Murray Hotel | <ul style="list-style-type: none"> • Scarcity of retail could limit economic growth • Widespread abuse of drugs and alcohol among the workforce • Youth is underutilized • Battle over city versus county branding for arts marketing. |



Photo: Mary Alice Murphy

Regional Connections

Although this study examines the Grant County economy, the broader regional economy should not be ignored. Many workers travel across county and state lines to their places of employment. Evidence of intertwined regional economies is revealed by an analysis of Grant County's labor shed – the counties where Grant County workers live – and the commute shed – the counties where Grant County residents work. Grant County is not an isolated economy, but rather acts as a player in a broader regional economy with important linkages, including a shared labor pool, a multi-county university system, and strong partnerships between regional employers and educators.

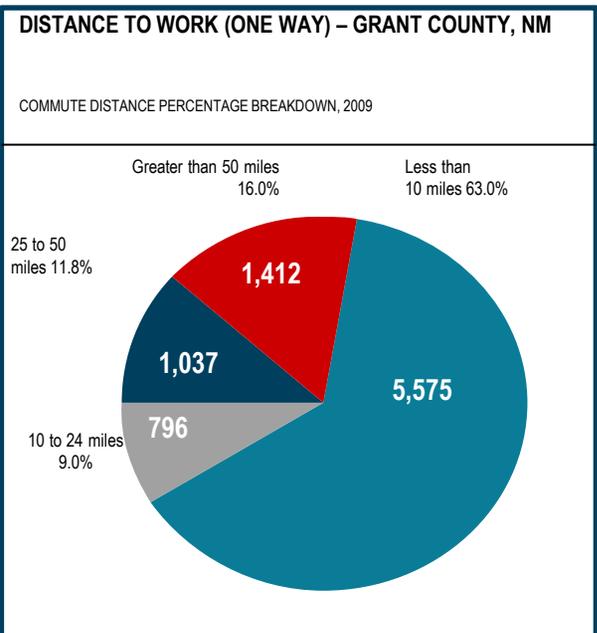
Data provided by the U.S. Census Bureau shows that many people in Grant County and surrounding counties travel long distances to work. Sixteen percent of Grant County's workers drive more than 50 miles to their places of employment. As a result, Grant County should not just see itself as a lone county but as a part of a larger regional economy. Regional cooperation in any area is a major component to success in economic development. Regions, not individual cities or counties, are the locus of competitive advantage in the new economy – an economy where human capital plays a much more important role in company and community prosperity.

Grant County must also consider its place in the broader global economy. Advancements in technology have made it more likely for local companies to hire workers from around the world, and local residents are more likely than ever to work for companies located in other countries.

The maps on the following pages illustrate Grant County's labor shed and commute shed, respectively. Further explanation of the many interrelationships between Grant County and surrounding counties is provided throughout this report.

Evidence of a Regional Economy

- 66.3% (3,270 residents) of employed Grant County residents work inside of Grant County
- 16% (1,550 residents) of employed Grant County residents commute greater than 50 miles to their place of employment.
- 63% (6,100 workers) of Grant County's residents commute less than 10 miles to their place of employment..
- 22.7% (2,200 workers) of Grant County's workforce live outside of Grant County

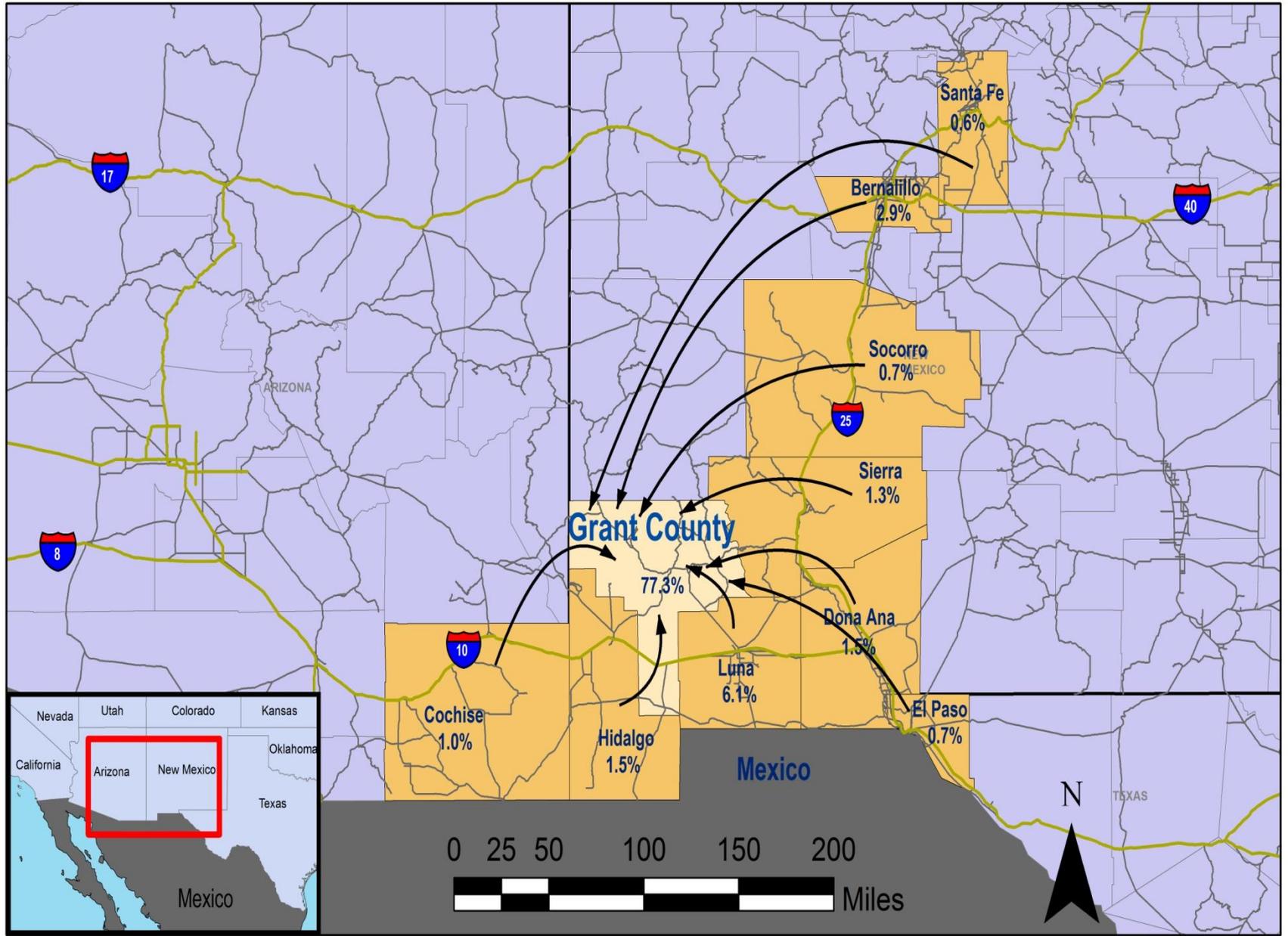


Source: U.S. Census LEHD

Labor Shed

GRANT COUNTY, NM LABOR SHED

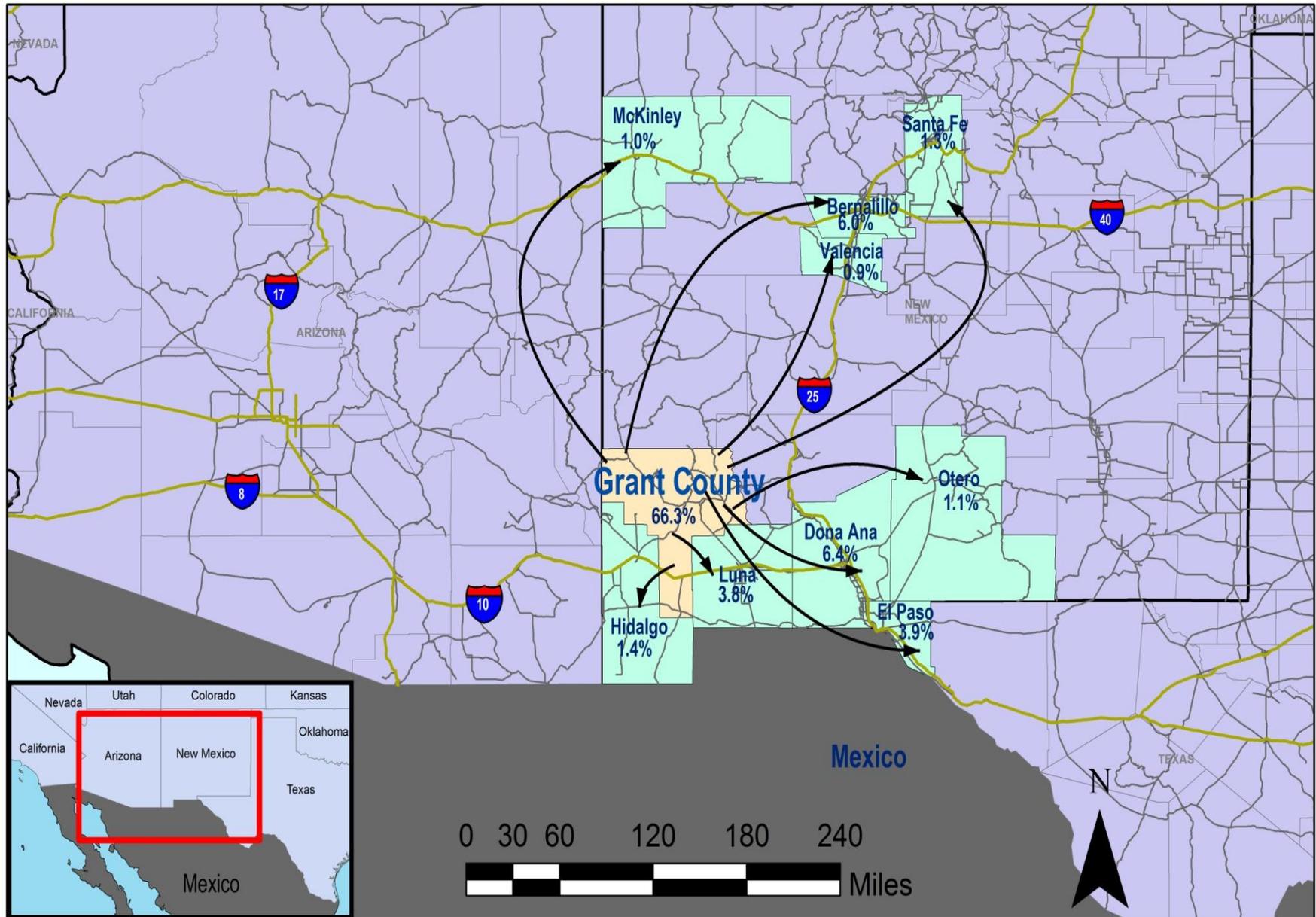
WHERE GRANT COUNTY WORKERS LIVE, 2009



Commute Shed

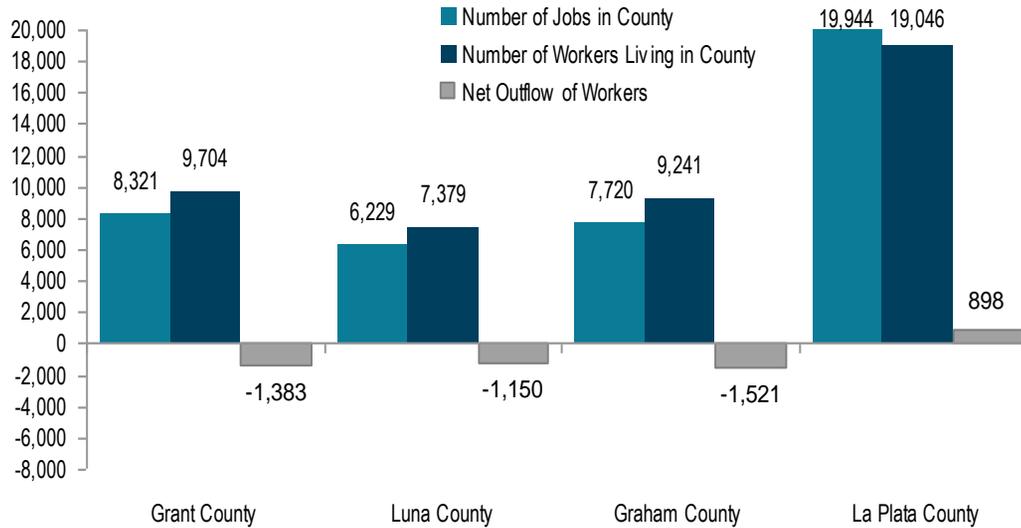
GRANT COUNTY, NM COMMUTE SHED

WHERE GRANT COUNTY RESIDENTS WORK, 2009



WORKER INFLOW AND OUTFLOW

NUMBER OF JOBS, NUMBER OF WORKERS AND NET OUTFLOW OF WORKERS (2009)



Source: U.S. Census Bureau LEHD

Grant County exhibits a self-sufficient local economy in comparison to the benchmark counties, as measured by the net outflow of workers.

- Grant County has the second highest net outflow of workers (number of jobs in the county minus number of workers living in the county) in total numbers, but the second lowest in percentage of total population.
- There are almost as many jobs in Grant County (8,321) as there are workers living there (9,704), resulting in a net worker outflow of 17%. In comparison, Luna County has a 18% net worker outflow, Graham County is at 20%, and La Plata County is at 5%.

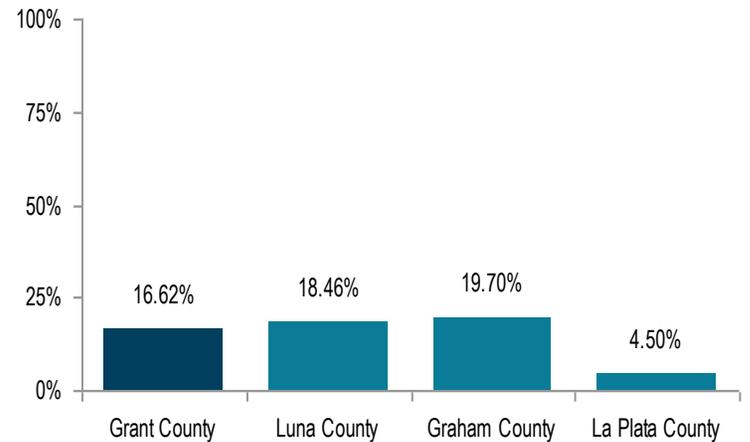
INFLOW/OUTFLOW OF GRANT COUNTY WORKERS, 2009



Source: US Census LEHD

NET OUTFLOW OF WORKERS

WORKER OUTFLOW AS A PERCENTAGE OF COUNTY EMPLOYMENT, 2009



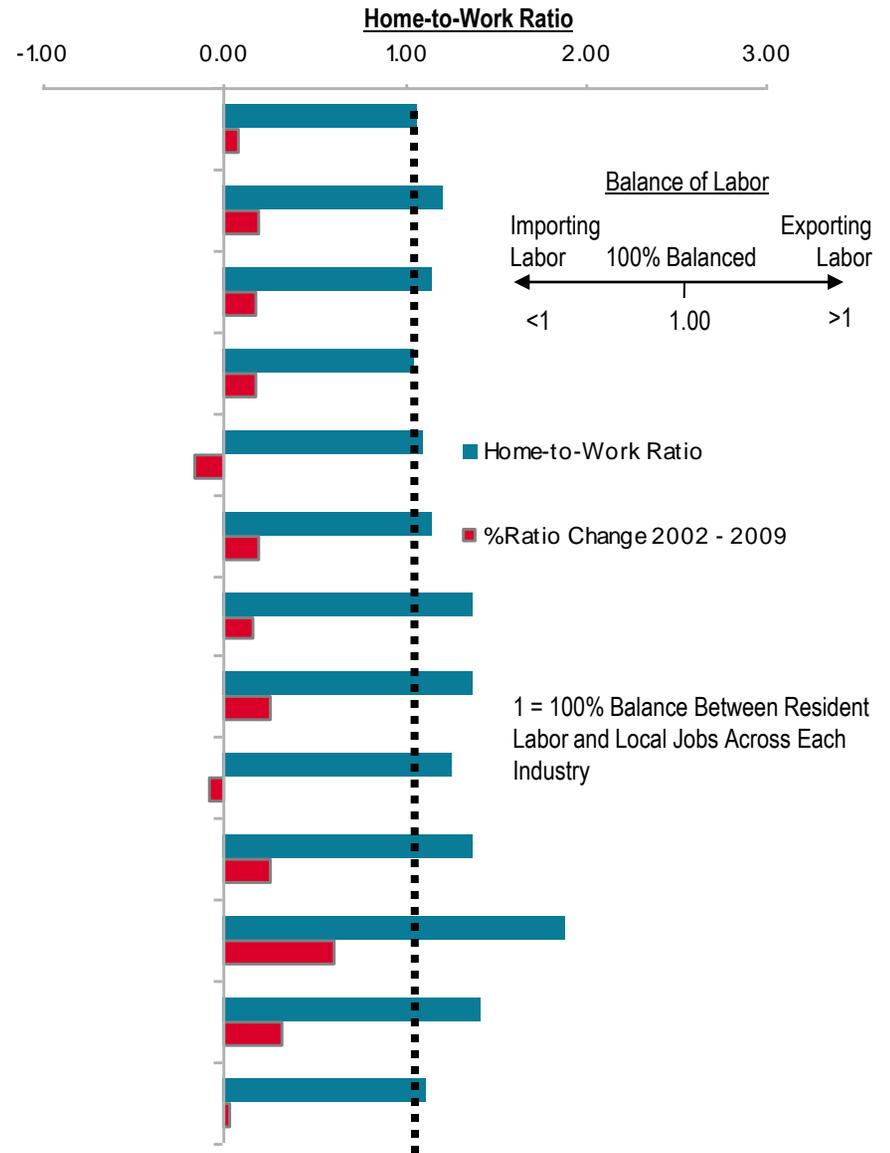
Source: US Census LEHD

Balance of Labor Exports

BALANCE OF LABOR EXPORTS, 2009

GRANT COUNTY HOME-TO-WORK RATIO (2009)

| Industry Group | Workers | Residents | Ratio | Ratio Change (2002-2009) |
|-------------------------------------|---------|-----------|-------|--------------------------|
| Education & Healthcare | 2,873 | 3,079 | 1.07 | 0.8% |
| Retail Trade | 1,108 | 1,340 | 1.21 | 0.19% |
| Arts, Accommodation & Food Services | 996 | 1,147 | 1.15 | 0.17% |
| Natural Resources & Mining | 654 | 692 | 1.06 | 0.17% |
| Public Administration | 578 | 635 | 1.10 | -0.17% |
| Construction | 485 | 586 | 1.16 | 0.19% |
| Management & Professional Services | 276 | 378 | 1.37 | 0.15% |
| Finance & Insurance | 249 | 340 | 1.37 | 0.25% |
| Manufacturing | 208 | 263 | 1.26 | -0.09% |
| Wholesale Trade | 152 | 208 | 1.37 | 0.25% |
| Transportation & Warehousing | 119 | 225 | 1.89 | 0.60% |
| Information | 112 | 159 | 1.42 | 0.31% |
| Utilities | 100 | 112 | 1.12 | 0.3% |



Source: Census LEHD

Grant County is a net exporter of labor for all major industry groups. Industries with the highest Home-to-Work Ratios include Transportation & Warehousing, Information, Management & Professional Services, Finance & Insurance, and Wholesale trade.

- The chart above indicates the balance-of-labor exports for select industries within Grant County as well as the rate at which this has changed between 2002-2009, the most recent period for which data is available.
- Being a net-exporter of labor in these industries may indicate an opportunity for the attraction of businesses that operate within them.



Photo: Grant County

Who is Grant County?

Grant County Demographic Snapshot

| | |
|---|-----------------|
| 2011 population | 29,426 |
| Population Growth 1990-2011 | 6.3% |
| 2011 Median Age | 44.9 |
| 2011 Median Household Income | \$37,675 |
| Median Household Income Growth 2000-2011 | 29% |
| Percentage of 2011 Population Ages 25-44 | 19.5% |
| 2011 High School Graduation Rate | 75% |

Note: All sources cited in the following section

KEY FINDINGS: DEMOGRAPHIC TRENDS

Grant County’s population grew moderately for most of the 20th Century, experiencing a 140 percent population increase from 1900 to 2000. However, the past decade witnessed a five percent decrease in Grant County’s overall population. Despite this, Grant County is projected to continue in population growth in the coming decades and is expected to reach nearly 40,000 residents by 2050.

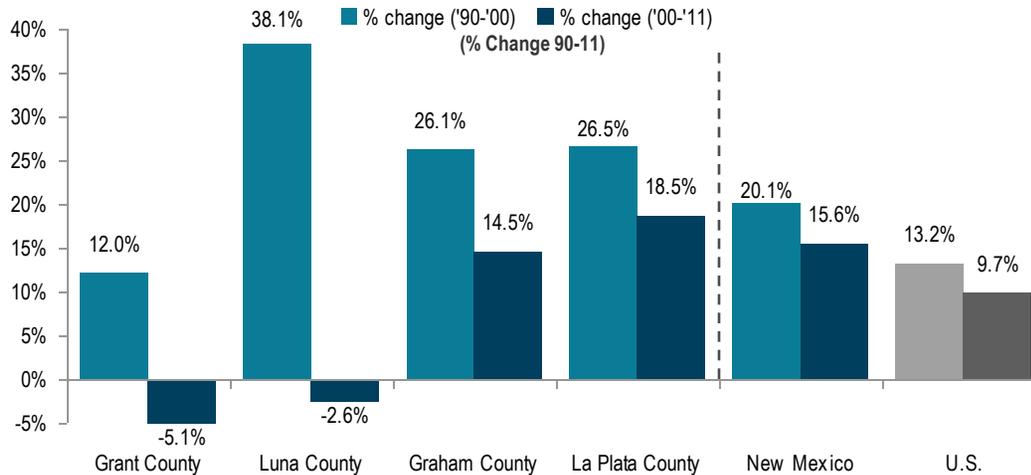
Other notable themes become apparent when analyzing the demographic make-up and trends within Grant County. Multiple stakeholders identified the challenges that Grant County has in retaining and attracting residents, especially young adults. While the national percentage of population in the 25-44 year old range is 27%, this important demographic makes up just slightly less than 20% of Grant County’s population..

Grant County has a relatively low median household income (\$37,675) compared to all of the benchmarks. However, its rate of growth (29%) is higher than the national average. The population is also much less racially diverse than the U.S, which is typical for a rural county. And the geographic distribution of Grant County’s population growth is another important trend. Grant County is losing residents to nearby states and counties, most notably, Dona Ana County, NM. Additional demographic highlights in Grant County include its aging population and the limited, but growing, post-secondary educational attainment.

Population Growth

POPULATION GROWTH

POPULATION GROWTH, 1990-2011



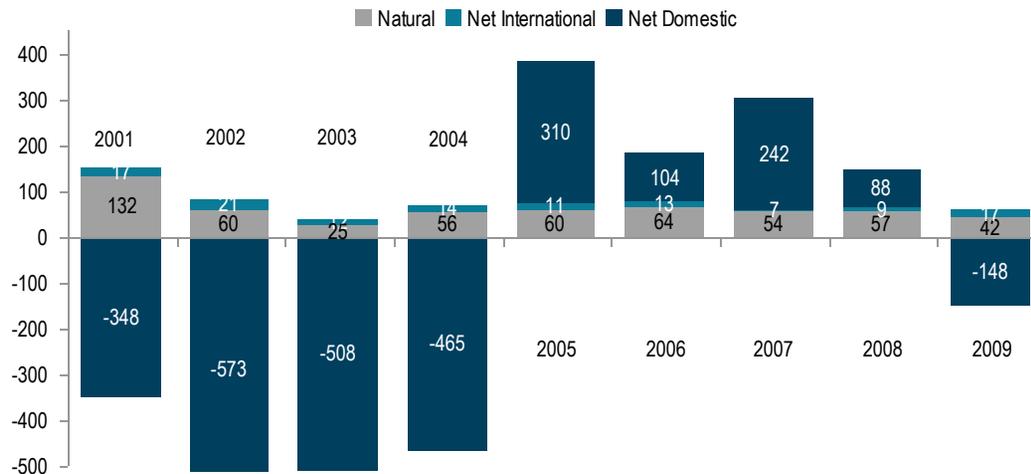
Source: U.S. Census Bureau
2011 data is estimated

Grant County's population is growing more slowly than all of the benchmarks and has declined since 2000.

- Grant County has grown at a much slower rate than all of the benchmarks since 1990; however, Grant County grew by 12% from 1990 to 2000, almost as fast as the U.S. average (13.2%).
- Since 2000, Grant County's population declined by about 5.1% while New Mexico grew by 15.6%. Luna County was the only other benchmark that had a decrease in population after 2000 (2.6%).
- Net domestic migration witnessed a drastic decline from 2001 to 2004. However, it made positive gains from 2005 to 2008 before slipping into negative territory again in 2009.

POPULATION CHANGE IN Grant COUNTY, NM

COMPONENTS OF POPULATION CHANGE, 2000-2009



Source: U.S. Census Bureau

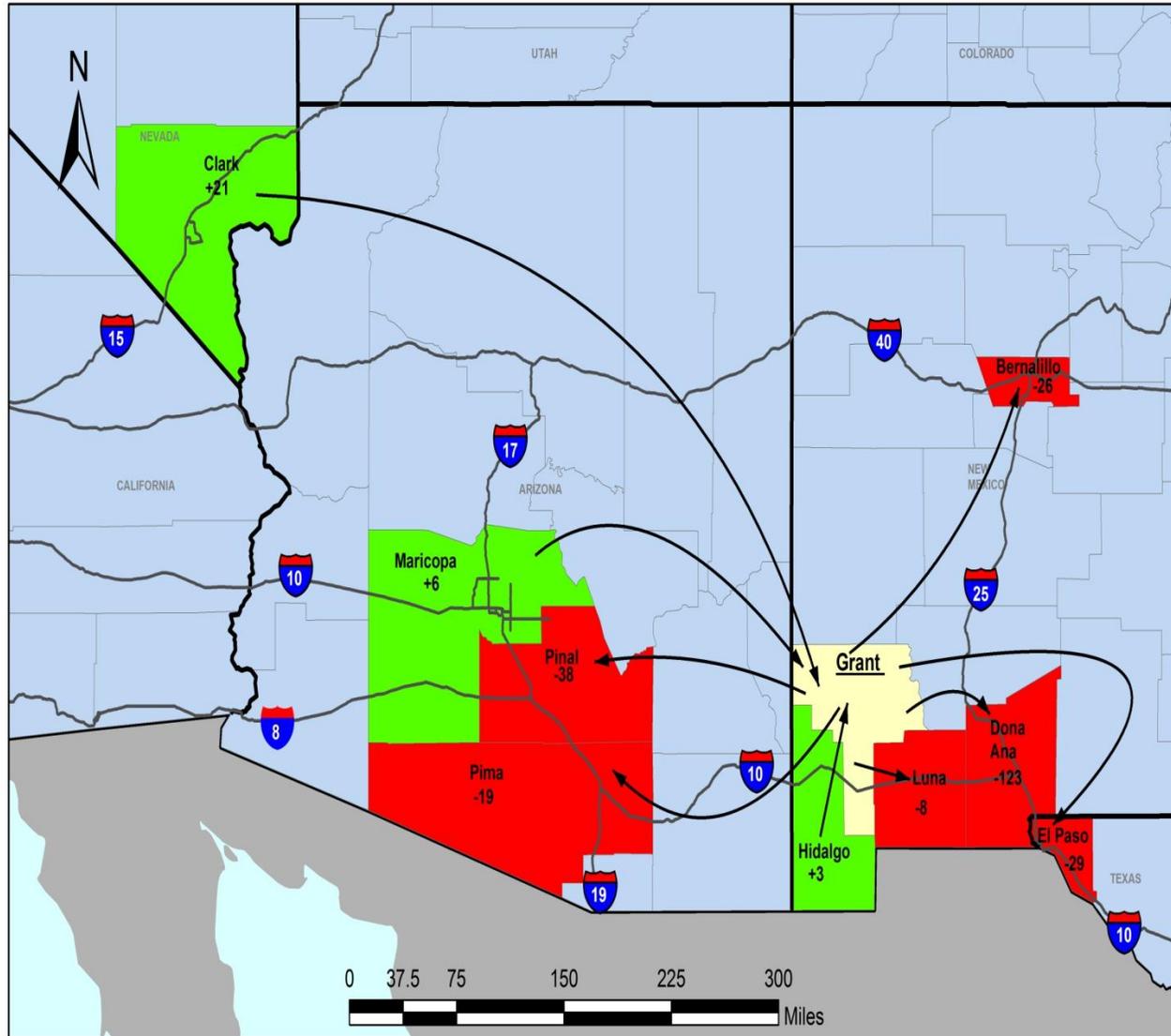
Migration

2009-10 MIGRATION: LARGEST GAINS/LOSSES GRANT COUNTY, NM

| Area | Net Migration |
|-----------------------------|---------------|
| Clark County, NV | +21 |
| Maricopa County, AZ | +6 |
| Hidalgo County, NM | +3 |
| Dona Ana County, NM | -123 |
| Pinal County, AZ | -38 |
| El Paso County, TX | -29 |
| Bernalillo County, NM | -26 |
| Pima County, AZ | -19 |
| Luna County, NM | -8 |
| Other New Mexico counties | -50 |
| Other out-of-state counties | -91 |

Source: Internal Revenue Service

MIGRATION: WHERE GRANT COUNTY RESIDENTS ARE MOVING TO AND FROM MIGRATION INTO AND OUT OF GRANT COUNTY 2009-10



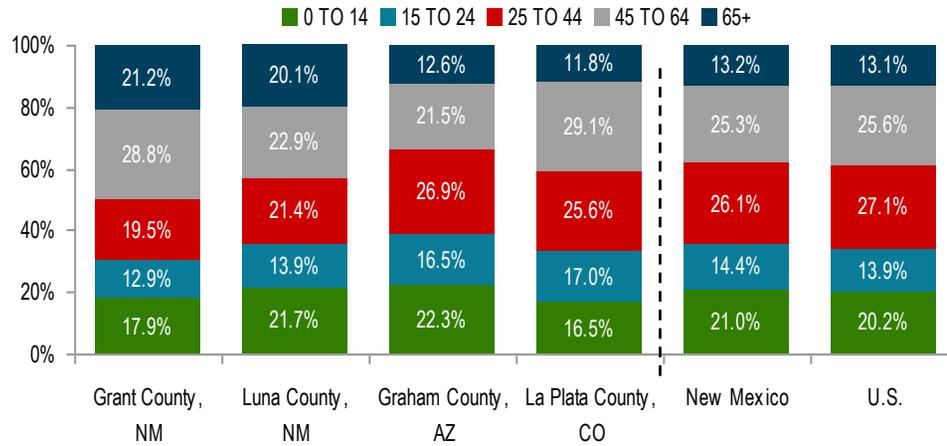
AngelouEconomics

Source: Internal Revenue Service

Grant County is losing residents to nearby states and counties, most notably, Dona Ana County, NM (123). On a net basis, Grant County has gained a miniscule number of residents from neighboring Hidalgo County (3).

- IRS data indicates where Grant County residents are moving to and where new Grant County residents are moving from. The map above illustrates the 2009-10 IRS data presented in the figure to the left.
- Overall, Grant County had a loss of 354 residents from 2009-10.

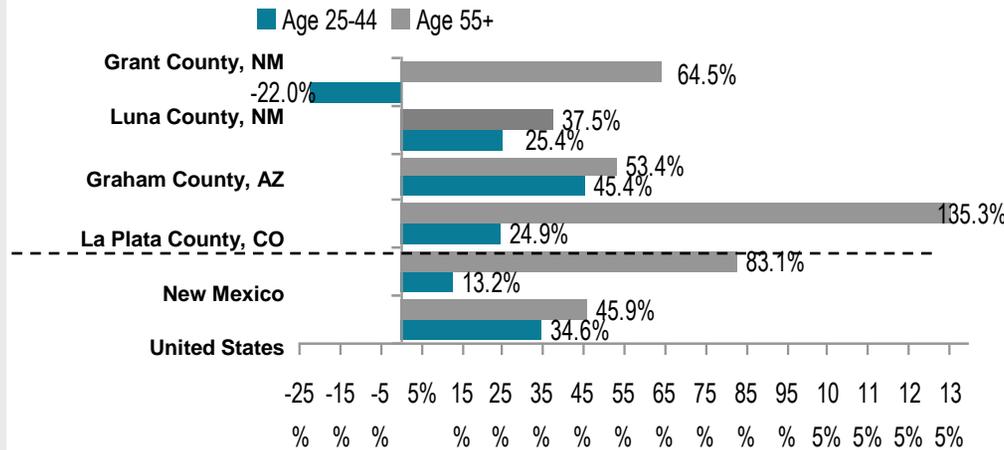
AGE DISTRIBUTION 2010



Source: U.S. Census Bureau, Decision Data Resources

AGING POPULATION (% OF POPULATION)

GROWTH IN PERSONS AGE 25-44 AND AGE 55+ AS A % OF POPULATION, 1990-2011



Source: U.S. Census Bureau, Decision Data Resources

Overall, Grant County has a larger aging population than all of the benchmark counties, the state of New Mexico, and the U.S.

- The young adult population, ages 25-44, is an important group for business creation. Grant County has 19.5% of its population in this age group, a smaller percentage than all of its benchmarks, the state of New Mexico, and the U.S.
- Grant County's percentage of 55+ population has significantly increased since 1990, while its percentage in the 25-44 population has declined.
- The median age has risen rapidly and is significantly higher than New Mexico and the U.S.

CHANGE IN MEDIAN AGE GRANT COUNTY, NM



Source: U.S. Census Bureau, Decision Data Resources

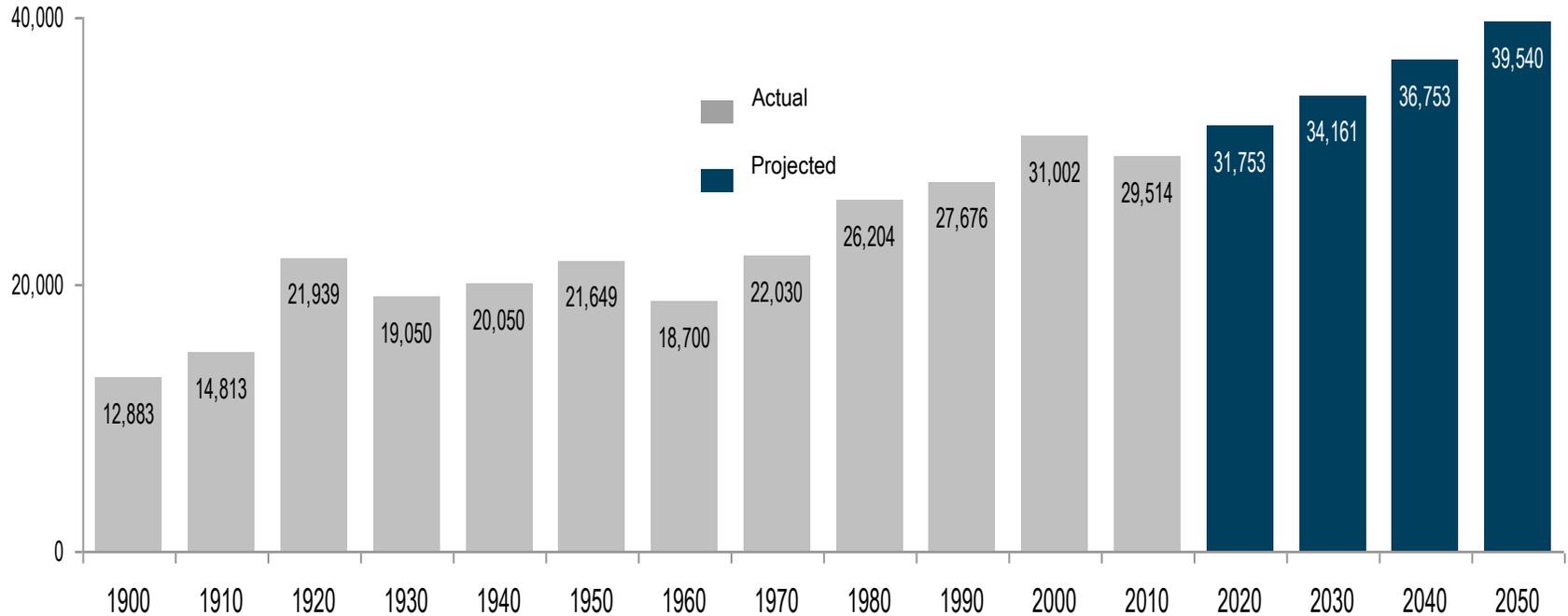
MEDIAN AGE 2011

| | |
|---------------------|------|
| Grant County | 44.9 |
| Luna County, NM | 38.5 |
| Graham County, AZ | 32.3 |
| La Plata County, CO | 37.7 |
| New Mexico | 35.8 |
| U.S. | 36.9 |

Source: Decision Data Resources

GRANT COUNTY, NEW MEXICO POPULATION 1900-2050

POPULATION BY DECADE, 1900-2050



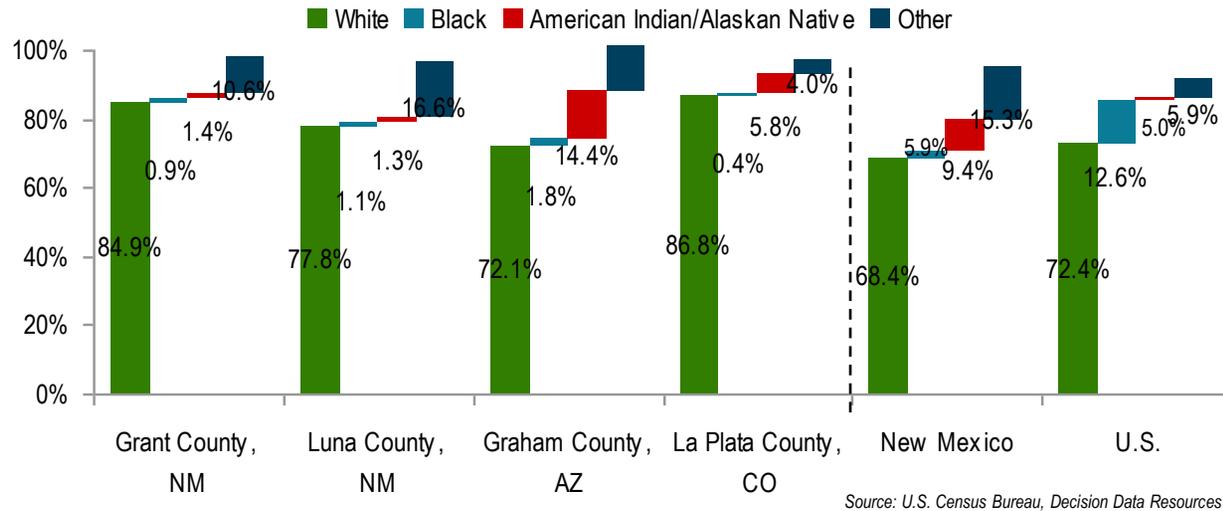
Source: U.S. Census Bureau, AngelouEconomics

Grant County’s population grew moderately for most of the 20th Century, experiencing a 140 percent population increase from 1900 to 2000. Moderate growth is expected to continue through 2050.

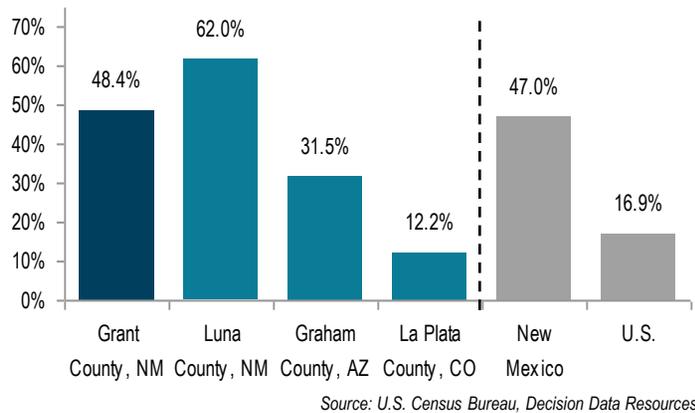
- Beginning in 1970, Grant County’s population increased for five consecutive decades before experiencing a decline in 2010.
- AngelouEconomics has projected Grant County’s population through 2050 using the geometric extrapolation method, based on change in population between 1970 and 2010. It is important to note this projection does not take into account any of the potential impacts which could result in a substantially faster population growth rate for Grant County.
- Grant County’s population is expected to grow close to 40,000 by 2050, 34 percent higher than the 2010 population.

Race and Ethnicity

POPULATION BREAKDOWN 2011



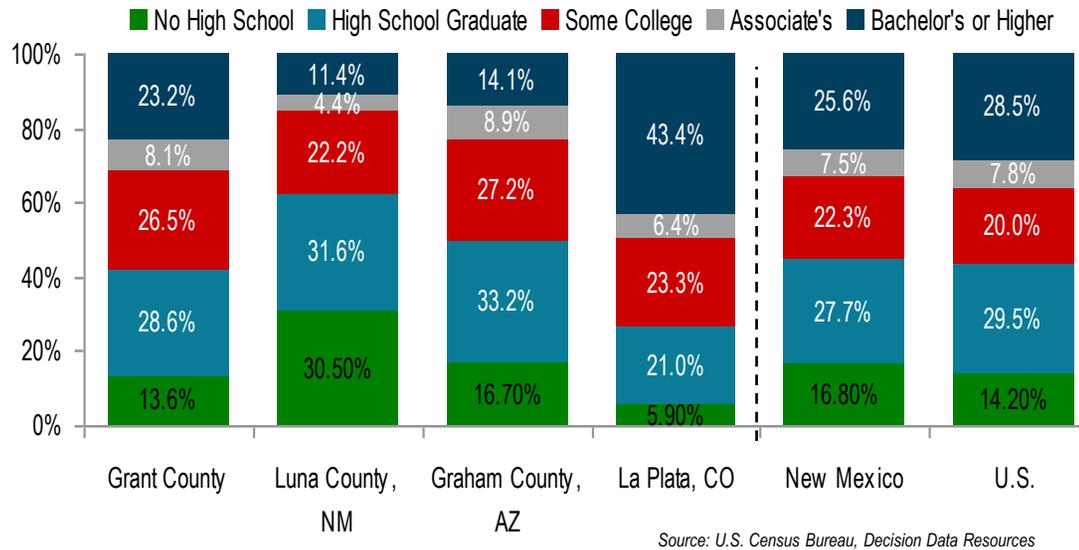
% POPULATION HISPANIC 201



Grant County is less racially diverse than the benchmark counties with the exception of La Plata County. Grant County is also less diverse than both New Mexico and the U.S. as a whole.

- Grant County is comprised of 84.9% white individuals, a substantially higher percentage than New Mexico (68.4%) and the U.S. (72.4%)
- The US Census considers Hispanic descent to be an ethnicity rather than a race. This allows survey respondents to claim both race and ethnicity, such as a person reporting to be a white Hispanic. For this reason, Hispanic ethnicity must be examined independently of racial population distribution.
- Grant County's percentage of Hispanic population, the fastest growing population in the U.S., is higher than Graham and La Plata counties, slightly higher than New Mexico, and nearly 32 percentage points higher than the U.S.

EDUCATIONAL ATTAINMENT 2011

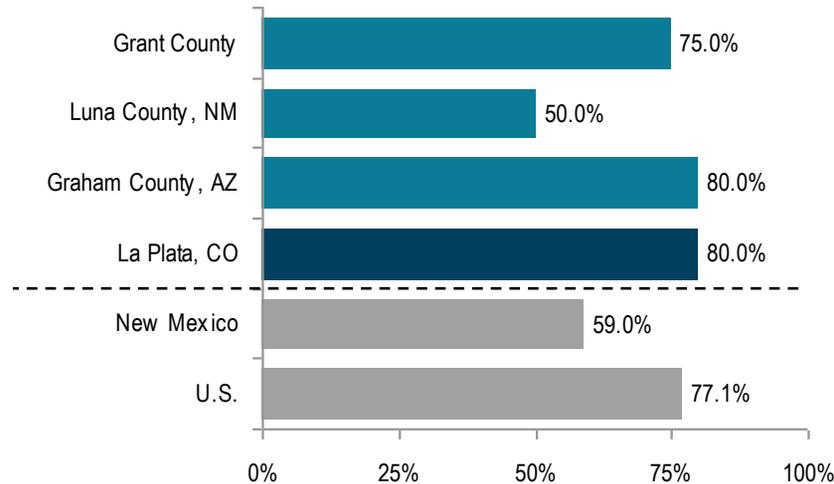


Grant County has a higher educational attainment than two of the benchmark counties, but trails La Plata County, CO, New Mexico, and the U.S.

- Grant County's percentage of population with a Bachelor's degree or higher (23.2%) is the second highest among the benchmark counties, but significantly lower than La Plata County (43.4%).
- Graham County, AZ has a slightly higher percentage of population with an Associate's degree or higher (8.9%) than Grant County (8.1%) and a higher percentage of population (33.2%) of high school graduates compared to Grant County's 28.6%.
- Grant County has a high school graduation rate below two of the benchmarks and the U.S. However, it has a significantly higher graduation rate than Luna County and New Mexico.

HIGH SCHOOL GRADUATION RATES

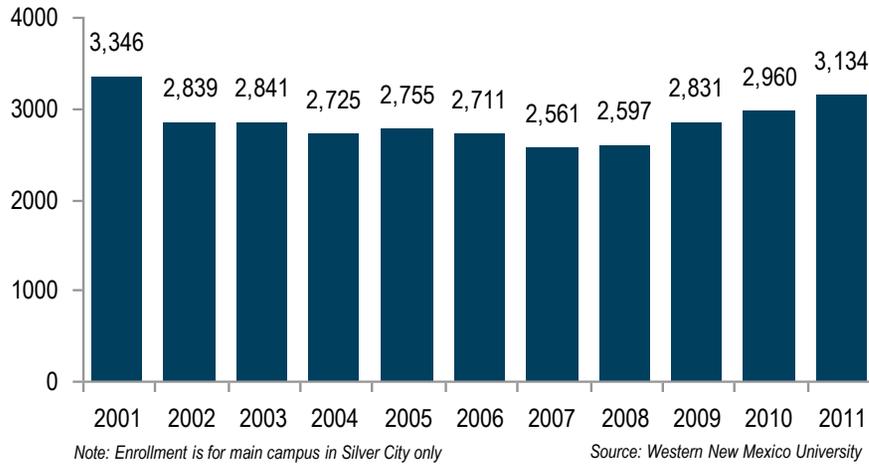
2011 GRADUATION RATE BY SCHOOL DISTRICT



Sources: National Center for Education Statistics, New Mexico Department of Education, Arizona Department of Education, Colorado Department of Education

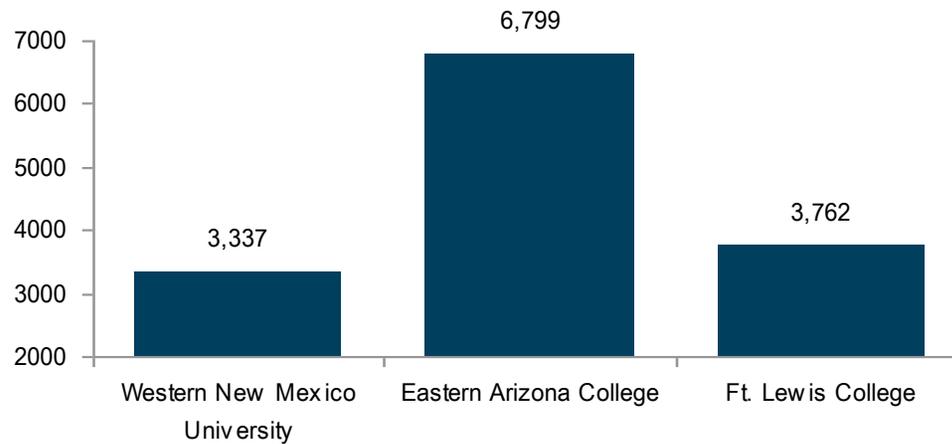
WESTERN NEW MEXICO UNIVERSITY ENROLLMENT, 2001-2011

FALL ENROLLMENT FOR WESTERN NEW MEXICO UNIVERSITY, SILVER CITY CAMPUS ONLY, 2001-2011



UNIVERSITY ENROLLMENT FALL 2010 – BENCHMARK COUNTIES

FALL ENROLLMENT FOR PUBLIC UNIVERSITIES/COLLEGES, ALL CAMPUSES, 2010



Sources: Western New Mexico University, Eastern Arizona College, Ft. Lewis College

Western New Mexico University is an important element in the regional economy.

- Western New Mexico University (WNMU) is one of two public universities in southwestern New Mexico (in addition to New Mexico State University), and is an important asset to the region.
- Grant County residents have an advantage compared to most rural-county residents in New Mexico as they can pursue a post-secondary education without having to relocate to another community. A number of other rural counties in New Mexico lack nearby four-year universities.
- WNMU's 2010 enrollment is slightly lower than Ft. Lewis College in La Plata County, and drastically lower than Eastern Arizona College in Graham County, AZ. Luna County does not hold a post-secondary institution of its own.

| GRANT COUNTY AREA HIGHER EDUCATION INSTITUTIONS | | | | |
|---|-----------------|----------------|---|--------------------|
| Institution | Location | Type | Awards offered | Student population |
| Western New Mexico University | Silver City, NM | 4-year, Public | Less-than one year, One but less than two years, Post baccalaureate, Associate's degree; Bachelor's degree; Master's degree | 3,506 |
| New Mexico Institute of Mining and Technology | Socorro, NM | 4-year, Public | Post baccalaureate; Associate's degree, Bachelor's degree, Master's degree, Doctor's-research/scholarship | 1,775 |
| New Mexico State University | Las Cruces, NM | 4-year, Public | Post baccalaureate, Post-master's; Associate's degree, Bachelor's degree, Master's degree, Doctor's-other | 18,600 |
| University of New Mexico | Albuquerque, NM | 4-year, Public | One but less than two years certificate, Post-master's; Associate's degree, Bachelor's degree, Master's degree, Doctor's-research/scholarship, Doctor's professional practice | 28,688 |

Source: National Center for Education Statistics

Grant County has a strong competitive advantage compared to most rural counties in New Mexico, in part due to the presence of Western New Mexico University in Silver City.

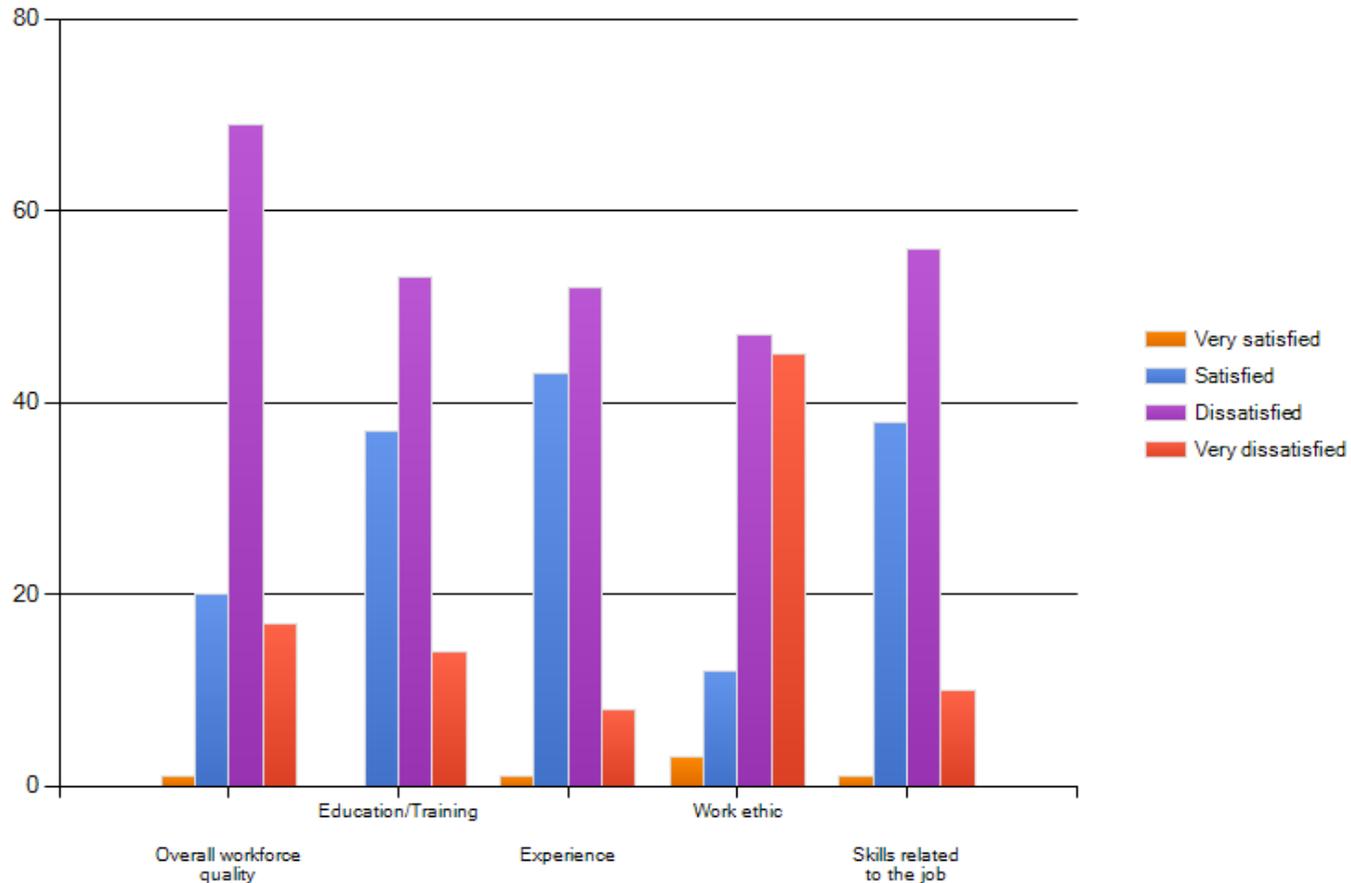
- WNMU serves rural southwestern New Mexico and has a satellite campus in Lordsburg, Deming, Truth or Consequences, and Gallup, NM. WNMU also serves in a community college capacity.
- The broader region, including Las Cruces and Socorro, has several postsecondary education institutions, providing Grant County residents with a full range of options for technical training, undergraduate studies, and graduate studies.
- The University of New Mexico is the largest and most comprehensive university in the state, with multiple nationally-ranked programs and a strong academic R&D foundation.

Most Grant County businesses are dissatisfied with the local workforce as there are some gaps related to job skills and work ethic.

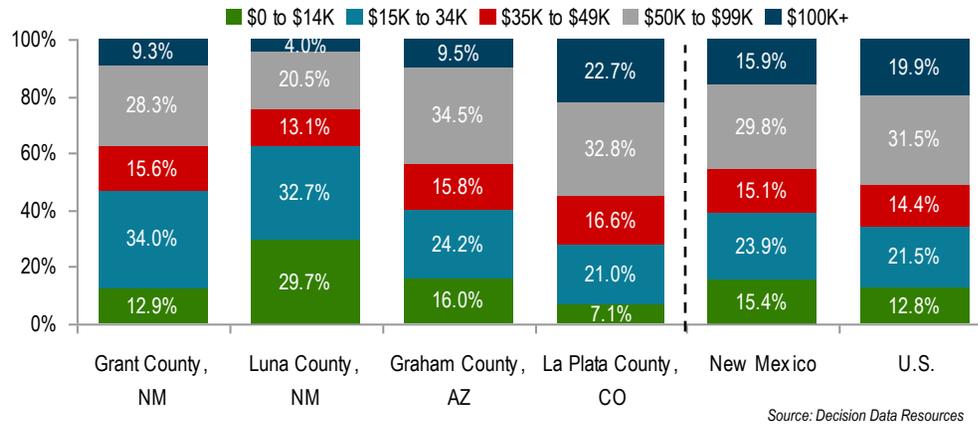
- Approximately 80% of Grant County businesses are dissatisfied or very dissatisfied with the overall quality of the workforce.
- Experience of the Grant County workforce is the strongest workforce factor. Nearly 42% of businesses are satisfied or very satisfied with the experience of the local workforce, however, 58% are dissatisfied or very dissatisfied.
- The lowest ranking workforce factor is work ethic, as 86% of businesses are either dissatisfied or very dissatisfied with the work ethic of the local workforce.

BUSINESS SURVEY QUESTION #16

How would you evaluate the following workforce factors within Grant County?



INCOME DISTRIBUTION 2011

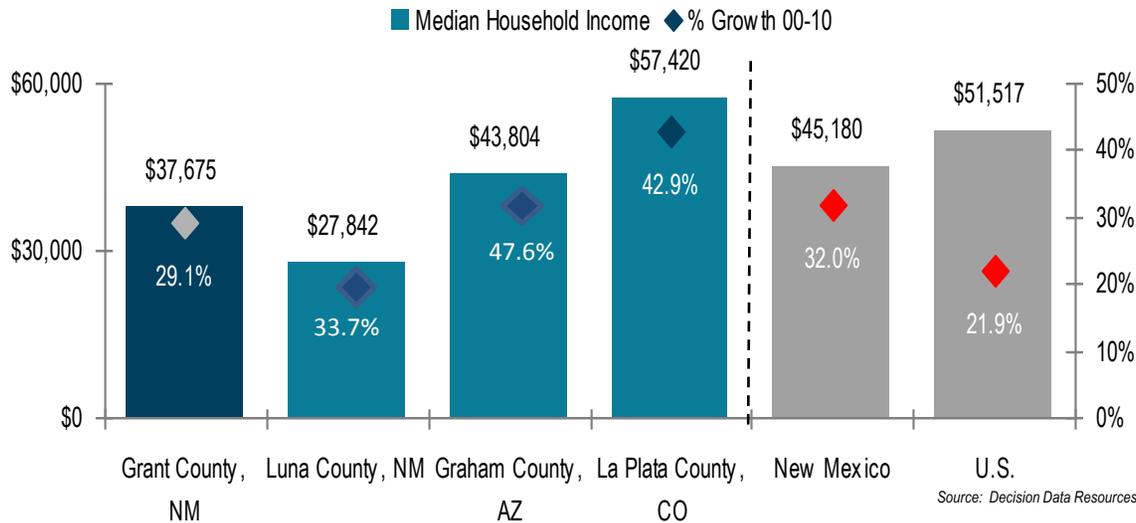


Income levels in Grant County are higher than Luna County, but slightly lower than Graham County, and significantly less than La Plata County, New Mexico, and the U.S.

- Grant County has a relatively low median household income (\$37,675) compared to all of the benchmarks, with the exception of Luna County. However, its rate of growth is higher than the national average.
- Grant County has the second lowest percentage of households earning greater than \$100,000/year among the benchmark counties (9.3%), though it more than doubles that of Luna County (4.0%).
- Grant County has one of the lowest percentages of households earning less than \$15,000 (12.9%) among all of the benchmarks, although in line with the U.S. average.

MEDIAN HOUSEHOLD INCOME

MEDIAN HOUSEHOLD INCOME (% GROWTH SINCE 2000), 2011





What Drives Grant County's Economy?

Photo: Grant County

KEY FINDINGS: ECONOMIC TRENDS

Grant County is located within the southwestern U.S. hub for copper deposits. To that end, mining has played a major role in Grant County's economy. However, other sectors also play an important role in the county's economy including Education & Healthcare and Retail Trade. Together, Education & Healthcare and Retail Trade make up over 50% of Grant County's total employment. However, the Education & Healthcare and Natural Resources & Mining sectors have been the most important drivers of economic growth, accounting for 62% of all new jobs and 40% of all new businesses created between 2001 and 2009.

Nonetheless, Grant County is faced with a stagnant local economy, with negative job growth over the past decade. The Construction, Leisure & Hospitality, and Business & Professional Service sectors all lost large numbers of jobs between 2001 and 2009. Grant County also has a weak manufacturing industry which makes up a smaller percentage of total employment as compared to the benchmark counties. However, Grant County is located in a region with strong solar and geothermal energy production potential. Growing the renewable energy sector by utilizing the County's existing strength in these areas could offer future employment potential.

Grant County's largest employer is Freeport-McMoran, with approximately 1,400 employees. Other major employers include Western New Mexico University, Gila Regional Medical Center, Silver Consolidated Schools, and Cobre School District.

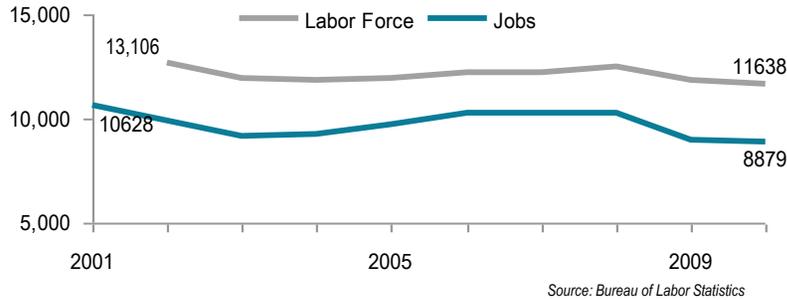
Grant County Economic Snapshot

| | |
|--------------------------------|------------------------|
| 2011 Labor Force | 11,638 |
| October 2011 Unemployment Rate | 7.1% |
| 2001-2011 Job Growth | -0.6% |
| 2001-2011 Business Growth | 18.9% |
| 2011 Average Annual Wage | \$32,918 |
| Largest Non-Farm Industry | Education & Healthcare |
| Largest Employer | Freeport - McMoran |

Note: All sources cited in the following section.

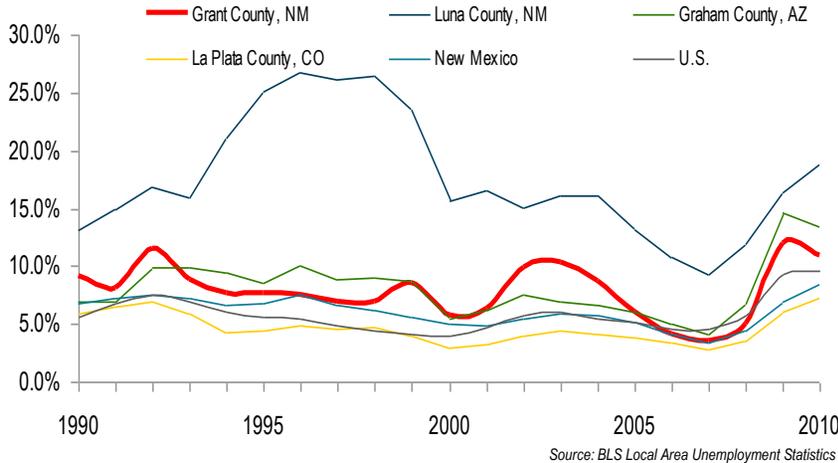
LABOR FORCE AND JOBS

GRANT COUNTY, NM 2001-2010



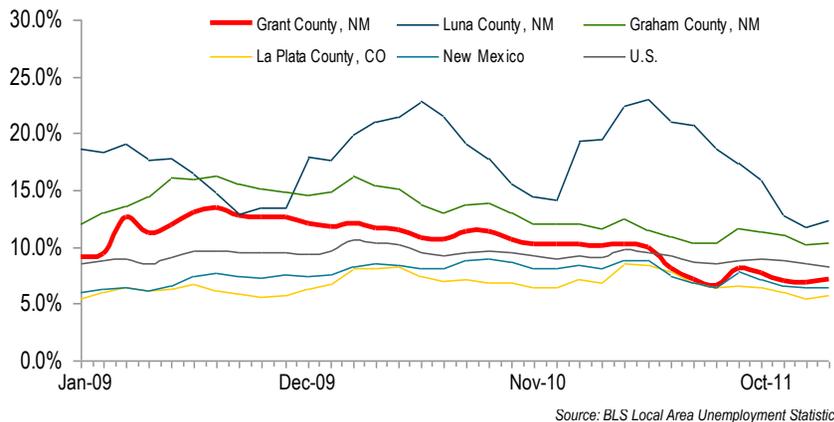
UNEMPLOYMENT RATE

UNEMPLOYMENT RATE, 1990-2010



UNEMPLOYMENT RATE

MONTHLY UNEMPLOYMENT RATE, JAN 2009-OCT 2011

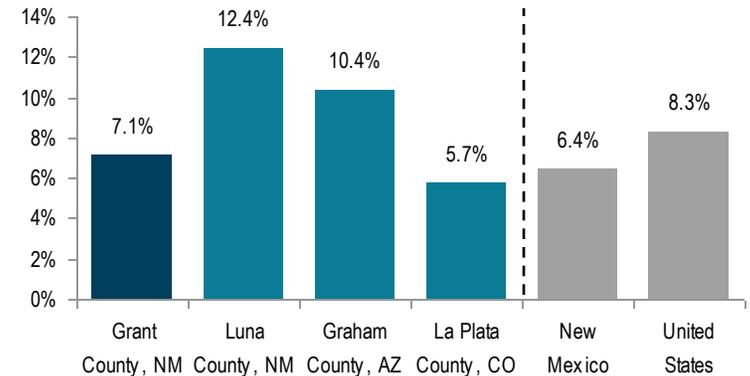


Grant County's labor force declined by 11.2% between 2001-2010 while total employment has decreased by 16.5% during the same time. Grant County's unemployment rate has remained higher than the New Mexico and U.S. rates for most of the past decade.

- Grant County's labor force declined by 1,468 while total employment decreased by 1,749 between 2001 and 2010.
- Grant County's historical 20-year unemployment rate has averaged at 7.9%. Luna County is the only benchmark that has fared worse.
- Recent data shows a positive trend, with Grant County's unemployment rate at 7.1% in October 2011, significantly lower than Luna and Graham counties.

UNEMPLOYMENT RATE

UNEMPLOYMENT RATE, OCTOBER 2011



Source: Bureau of Labor Statistics

| 2010 INDUSTRY EMPLOYMENT | | | | | | |
|---|------------------|-----------------|-------------------|---------------------|------------|-------|
| PERCENTAGE OF TOTAL NON-AGRICULTURAL JOBS BY SECTOR | | | | | | |
| Industry ** | Grant County, NM | Luna County, NM | Graham County, AZ | La Plata County, CO | New Mexico | U.S. |
| Business & Professional Services | 4.9% | 3.0% | 11.9% | 9.2% | 13.2% | 13.2% |
| Construction | 4.9% | 2.4% | 4.4% | 7.9% | 5.8% | 4.4% |
| Education & Health Care | 40.0% | 21.0% | 17.2% | 18.5% | 26.1% | 23.7% |
| F.I.R.E. * | 2.8% | 2.5% | 1.0% | 5.8% | 4% | 5.7% |
| Government | 6.9% | 13.8% | 16.4% | 12.6% | 9.2% | 5.9% |
| Information | 1.3% | 0.3% | 1.3% | 2.0% | 2.0% | 2.2% |
| Leisure & Hospitality | 10.5% | 11.0% | 0.2% | 16.1% | 12.5% | 10.6% |
| Manufacturing | 1.2% | 14.6% | 3.4% | 2.3% | 3.7% | 9.0% |
| Natural Resources & Mining | 9.3% | 10.4% | 17.8% | 3.2% | 3.7% | 1.4% |
| Other Services | 2.3% | 1.6% | 4.2% | 2.8% | 2.7% | 3.5% |
| Retail Trade | 13.1% | 16.9% | 18.6% | 13.7% | 11.6% | 11.4% |
| Transportation & Warehousing | 1.3% | 2.6% | 0.7% | 3.2% | 2.7% | 3.9% |
| Wholesale Trade | 0.9% | NA | 1.6% | 2.2% | 2.8% | 4.3% |

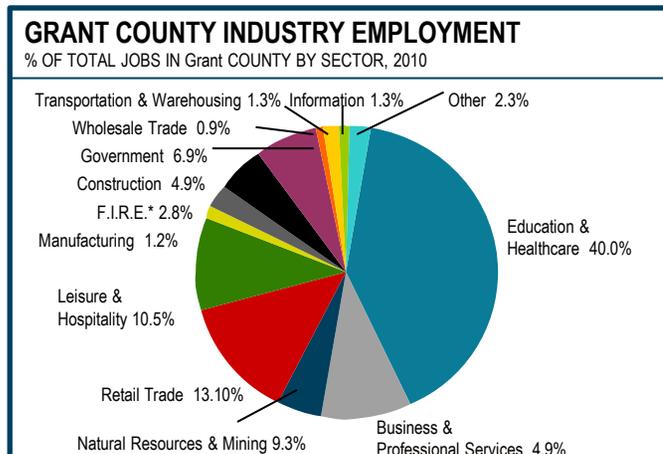
*Finance, Insurance, and Real Estate

**No data available on Utilities employment from Bureau of Labor Statistics at the county level

Source: Bureau of Labor Statistics

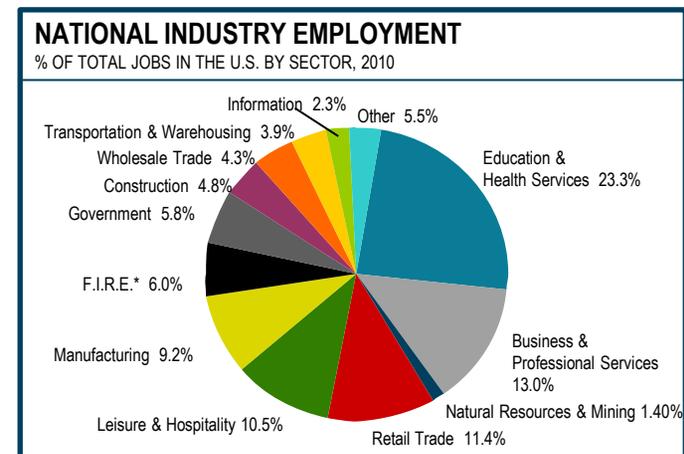
Grant County's economic base is heavily reliant on Education & Healthcare and Natural Resources & Mining.

- Grant County's percentage of employment in the Education & Healthcare sector (40%) is nearly twice as high as the benchmarks.
- Grant County's percentage of employment in the Natural Resources & Mining sector (9.3%) is nearly seven times the U.S. percentage (1.4%) and more than twice the New Mexico percentage (3.7%), but lower than Luna County (10.4%) and Graham County (17.8%).
- Grant County has a lower percentage of employment in the Retail Trade sector (13.1%) than all the benchmark counties, but a slightly higher percentage than New Mexico (11.6%) and the U.S. (11.4%).
- The Government and Manufacturing sectors are underrepresented in Grant County as compared to the benchmarks.



*Finance, Insurance, and Real Estate

Source: Bureau of Labor Statistics

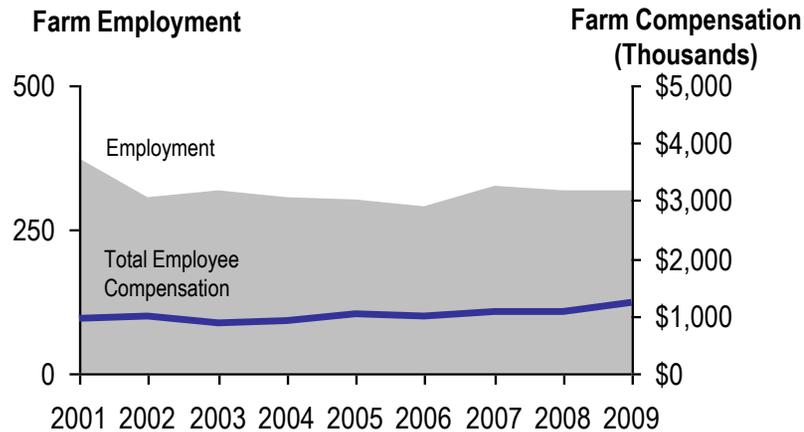


*Finance, Insurance, and Real Estate

Source: Bureau of Labor Statistics

GRANT COUNTY FARM EMPLOYMENT AND COMPENSATION, 2001-2009

TOTAL FARM EMPLOYMENT AND FARM COMPENSATION (IN THOUSANDS), 2001-2009



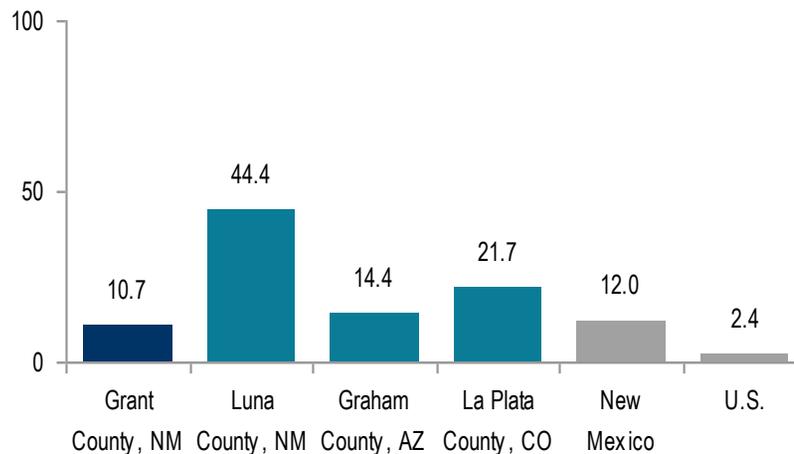
Source: Bureau of Economic Analysis

Grant County has a lower proportion of farm employment than the benchmarks and New Mexico, but significantly higher than the US.

- Farm employment per 1,000 residents in Grant County is about four times lower than in Luna County.
- Both farm employment and compensation in Grant County have remained mostly consistent since 2001.
- These local trends will likely lead to future stagnation in farm employment and compensation in Grant County.

2009 FARM EMPLOYMENT

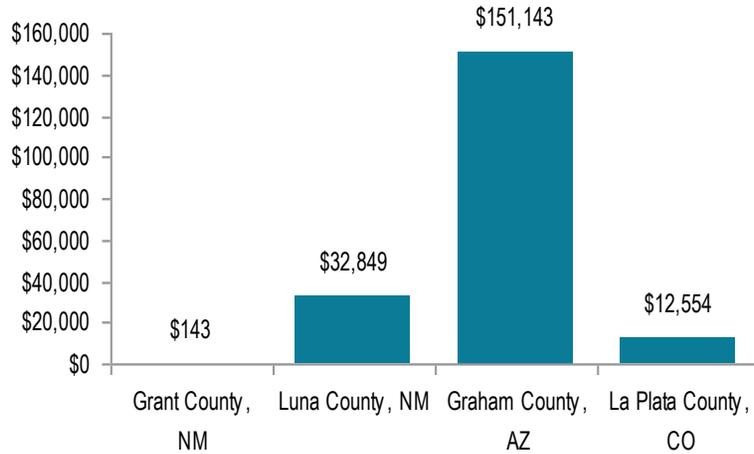
FARM EMPLOYMENT PER 1,000 RESIDENTS



Source: Bureau of Economic Analysis

CASH RECEIPTS FROM CROPS

GROSS REVENUES FROM CROPS (IN THOUSANDS), 2009



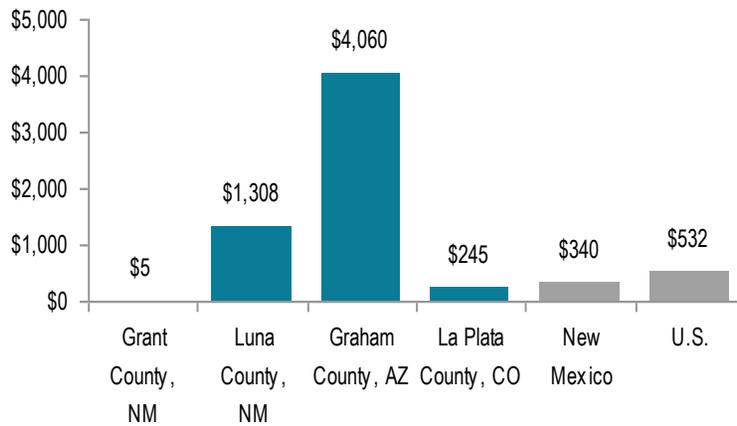
Source: Bureau of Economic Analysis

Crop production in Grant County is at the bottom of the benchmarks, and 2009 gross revenues from crops is minimal.

- Growth in revenues from crops has declined 53% in Grant County since 2000.
- Grant County's per capita revenues from crop production are also at the bottom of benchmarks.
- Crop production is not likely to be a major contributor to economic growth in Grant County.

CASH RECEIPTS FROM CROPS PER CAPITA

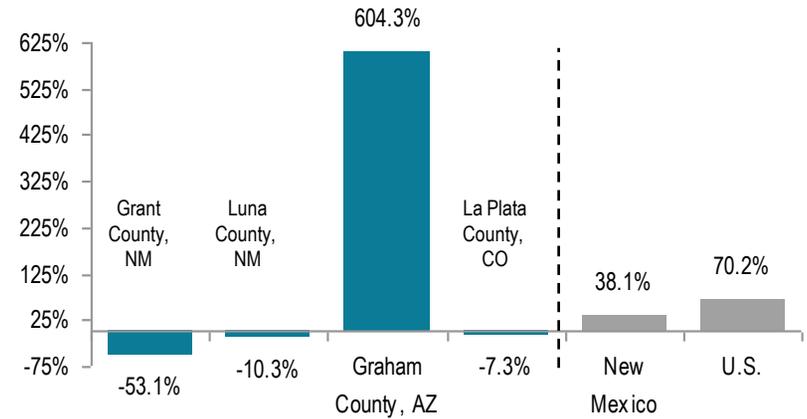
GROSS REVENUES FROM CROPS PER CAPITA, 2009



Source: Bureau of Economic Analysis

GROWTH IN REVENUES FROM CROPS

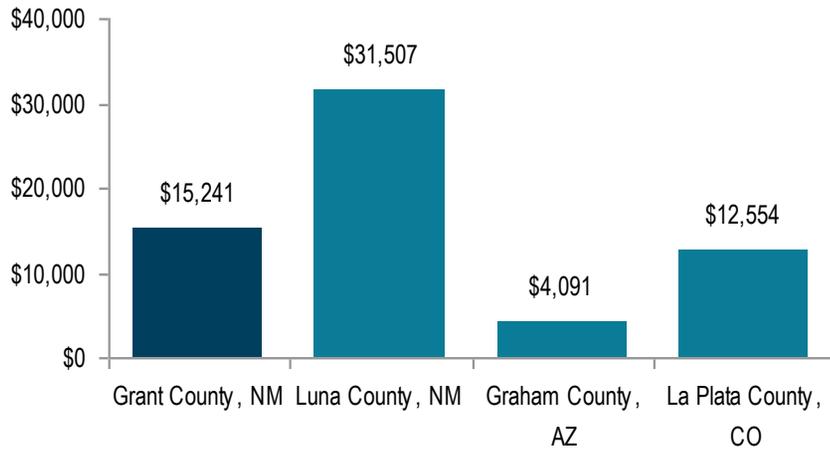
PERCENTAGE GROWTH 2000-2009



Source: Bureau of Economic Analysis

CASH RECEIPTS FROM LIVESTOCK

GROSS REVENUES FROM LIVESTOCK (IN THOUSANDS), 2009



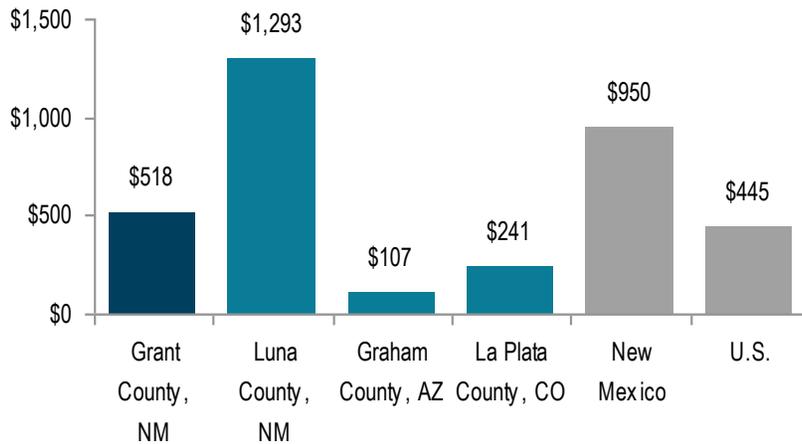
Source: Bureau of Economic Analysis

Grant County has a larger livestock-production sector than Graham and La Plata counties, but less than half of Luna County's sector.

- Per capita cash receipts from livestock production in Grant County are slightly higher than the U.S. but drastically lower than New Mexico.
- Grant County experienced a moderate growth (6%) in revenues from livestock between 2000 and 2009 but was still significantly less than both the New Mexico and U.S. growth rates.
- Livestock production is not expected to be a major growth industry in Grant County, but will remain an important segment of the local economy for the foreseeable future.
- Opportunities exist for increasing agriculture-related R&D partnerships between local producers and researchers arising from research at NMSU.

CASH RECEIPTS FROM LIVESTOCK PER CAPITA

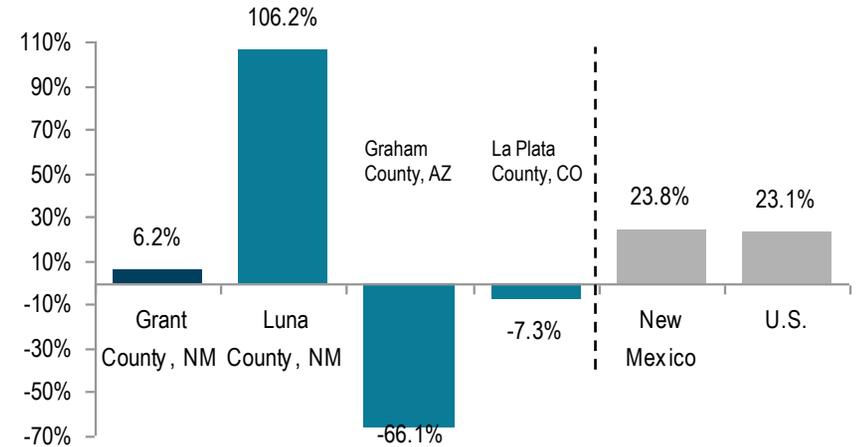
GROSS REVENUES FROM LIVESTOCK PER CAPITA, 2009



Source: Bureau of Economic Analysis

GROWTH IN REVENUES FROM LIVESTOCK

PERCENTAGE GROWTH 2000-2009



Source: Bureau of Economic Analysis

BUSINESS ESTABLISHMENT AND JOB GROWTH

CHANGE IN NUMBER OF GRANTCOUNTY BUSINESSES AND JOBS, 2001-2010

| | 2001 | 2005 | 2010 | Local % Change ('01-'10) | U.S. % Change ('01-'10) |
|-----------------------------|-------|-------|-------|--------------------------|-------------------------|
| Number of Businesses | 634 | 690 | 754 | 18.9% | 18.5% |
| Number of Jobs | 8,746 | 9,494 | 8,695 | -0.6% | -0.79% |

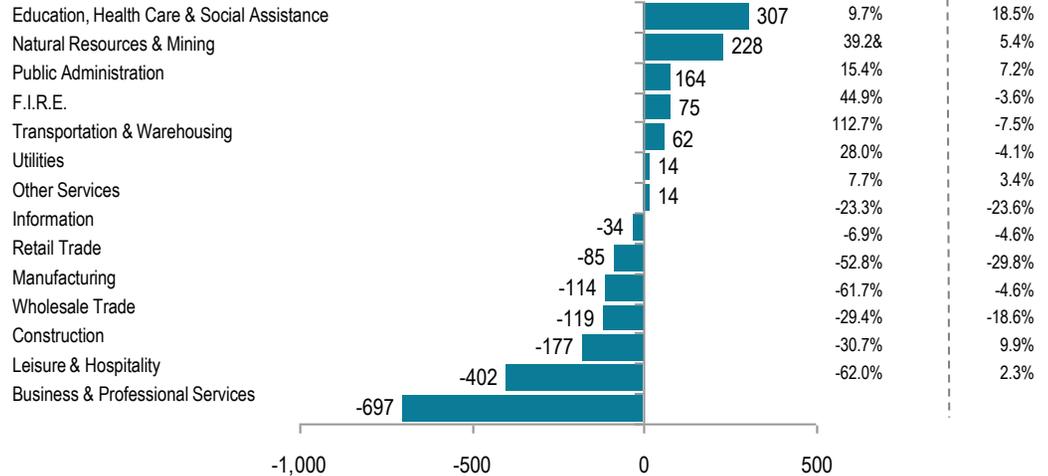
Source: Bureau of Labor Statistics

Job growth and business growth have both been very strong in Grant County.

- The number of jobs in Grant County experienced a negative growth rate of -0.6% between 2001 and 2010, comparable to the U.S. rate.
- Grant County had a positive business establishment growth rate (18.9%) between 2001 and 2010, comparable with the US rate (18.5%).
- Seven of the 14 super sectors gained jobs in Grant County, while eight super sectors increased the number of business establishments.
- The Education & Healthcare and Natural Resources & Mining sectors have been the most important drivers of economic growth, accounting for 62% of all new jobs and 40% of all new businesses created between 2001 and 2009.
- Public Administration, which represents a smaller respective portions of the total economy, also experienced rapid job growth from 2001 to 2010.
- The Wholesale Trade, Construction, Leisure & Hospitality, and Business & Professional Service sectors all lost large numbers of jobs between 2001 and 2010.

NEW JOBS IN GRANT COUNTY, NM 2001-2010

NEW JOBS BY INDUSTRY SUPERSECTOR

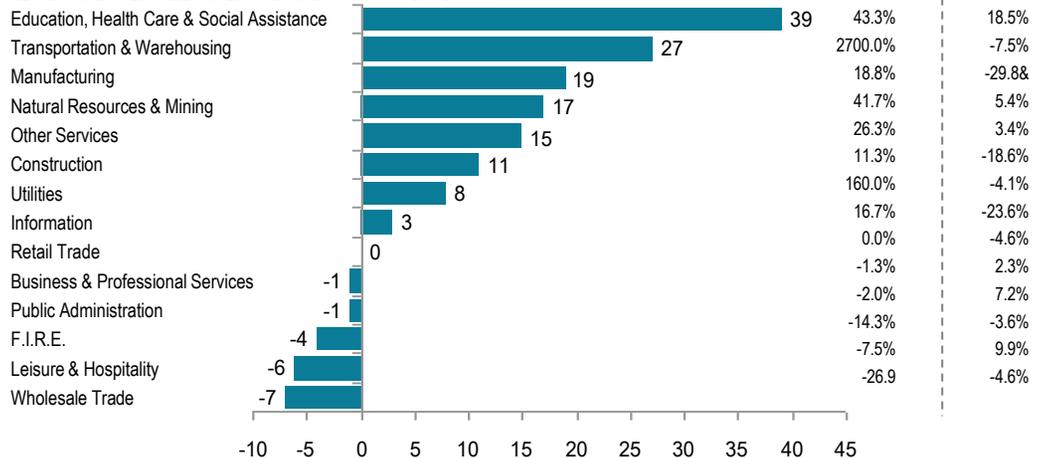


* F.I.R.E = Finance, Insurance, and Real Estate

Source: BLS Quarterly Census of Employment and Wages

NEW BUSINESSES GRANTCOUNTY, NM 2001-2010

NEW BUSINESS ESTABLISHMENTS BY INDUSTRY SUPERSECTOR



* F.I.R.E = Finance, Insurance, and Real Estate

Source: BLS Quarterly Census of Employment and Wages

| LARGEST EMPLOYERS IN GRANT COUNTY, 2011 | | |
|---|-----------------|------------------|
| Name | Total Employees | Type of Business |
| Freeport-McMoran | 1,400 | Mining |
| Western New Mexico University | 722* | Public Education |
| Gila Regional Medical Center | 700 | Health Care |
| Silver Consolidated Schools | 418 | Public Education |
| Cobre School District | 219 | Public Education |

Source: SWORD and respective employers

*2009 Data

Grant County enjoys the presence of several major institutional, government and manufacturing employers.

- With 1,400 employees, Freeport-McMoran is Grant County’s top employer followed by WNMU (722), Gila Regional Medical Center (700), Silver Consolidated Schools (418) and Cobre School District (219).
- Grant County’s top five employers account for 3,459 jobs – 40% of the county’s total employment base – and are each a major driver in the economy within Grant County.
- Grant County’s top employers only span three industries: mining, public education, and healthcare.

How Competitive is Grant County's Business Climate?

Photo: Mary Alice Murphy



KEY FINDINGS: BUSINESS CLIMATE AND INFRASTRUCTURE

Grant County has a number of assets which help to create a competitive business climate including competitive labor costs, access to customers, and its location in southwestern New Mexico. Challenges include a lack of R&D funding, lack of infrastructure and/or business parks, and a lack of succession planning for the future.

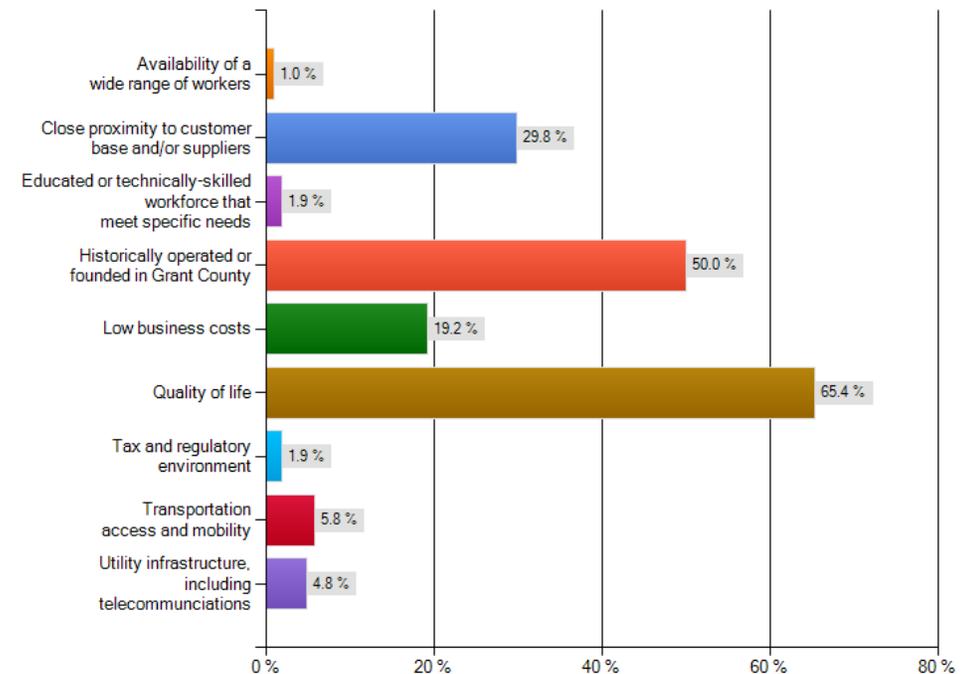
As revealed through survey responses, residents and business leaders believe that a lack of quality jobs, the lack of a skilled workforce, and the struggle of retaining young skilled workers are the top challenges facing Grant County as it works to improve economic growth. Arts & culture and the overall affordability were identified by residents and business leaders as Grant County's greatest assets that can contribute to economic growth.

Residents identified renewable energy most often as the type of employer they would like to see locate or expand in Grant County. Additionally, many residents identified tourism & hospitality, healthcare, and agriculture as the type of employers they would like to see locally.

A survey of the Grant County business community was conducted in conjunction with this study. When members of the business community were asked the primary reasons for their location in Grant County, the top three responses were "Historically operated or founded in Grant County", "Close proximity to customer base and/or suppliers", and "Quality of life". A full listing of survey results can be found in Appendix C.

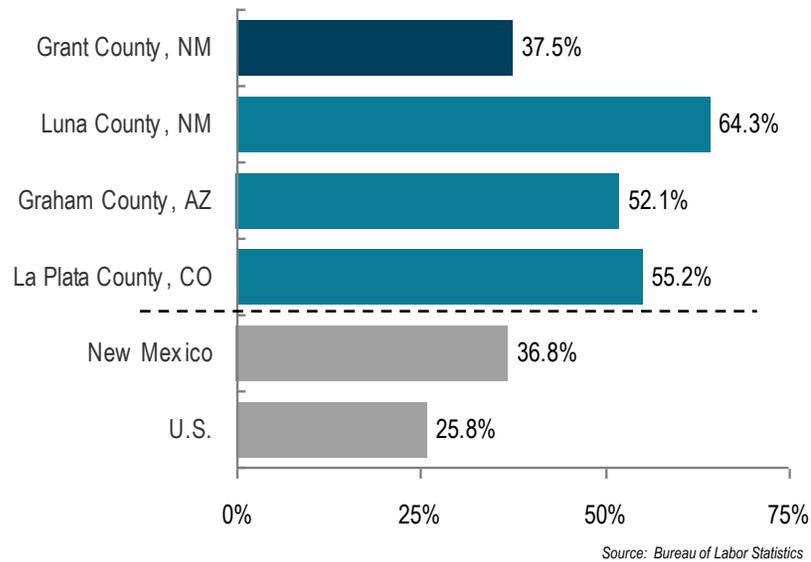
BUSINESS SURVEY QUESTION #10

What are the three primary reasons your business is located in Grant County?



WAGE GROWTH

GROWTH IN AVERAGE ANNUAL WAGE, 2001-2010

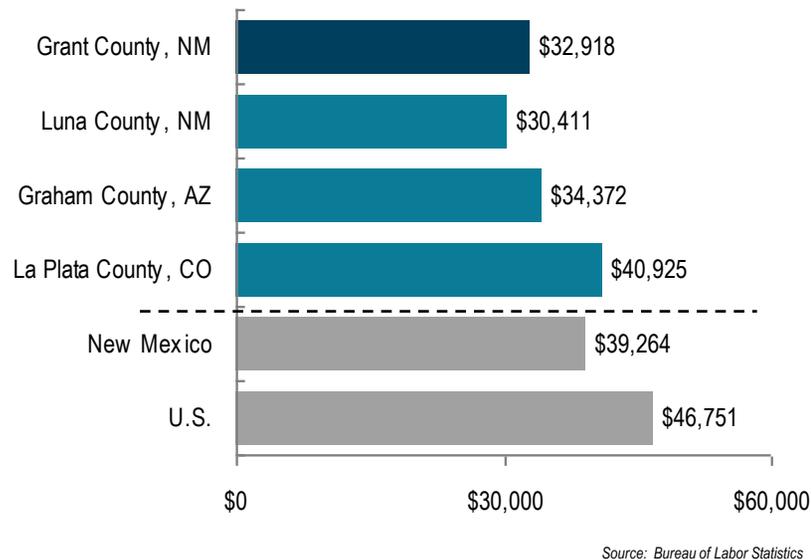


Grant County has moderate average annual wages and a higher wage growth rate than New Mexico and the U.S., but a slower wage growth rate than all of the benchmark counties.

- Grant County wages are currently higher than wages in Luna County, but are growing at a much slower pace.
- Grant County's average annual wages are significantly lower than wages in New Mexico and the U.S.

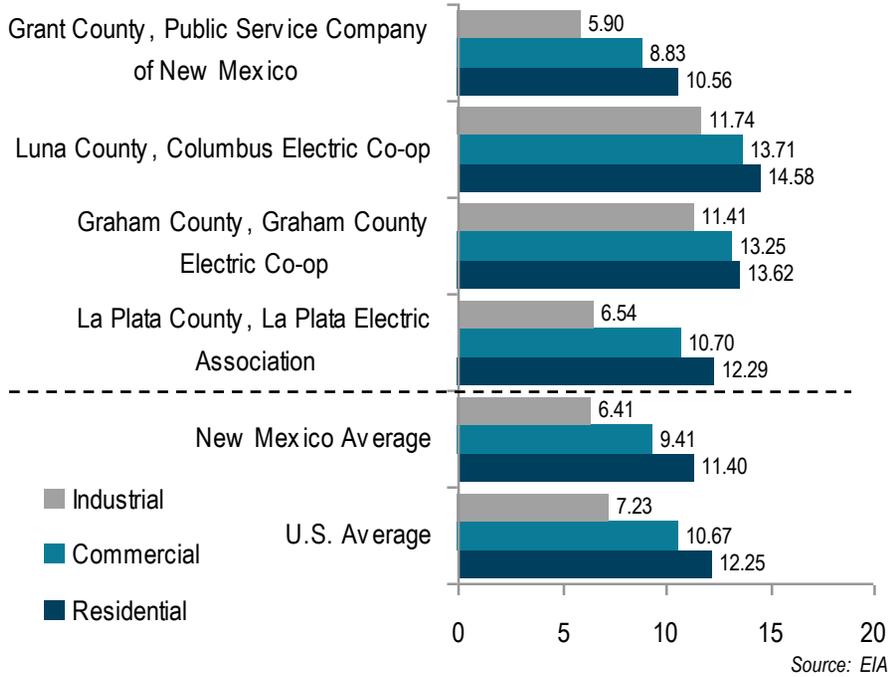
AVERAGE ANNUAL WAGES

AVERAGE ANNUAL WAGE, 2010



ELECTRICITY RATES

AVERAGE ELECTRICITY RATE (PER KILOWATT HOUR), 2010

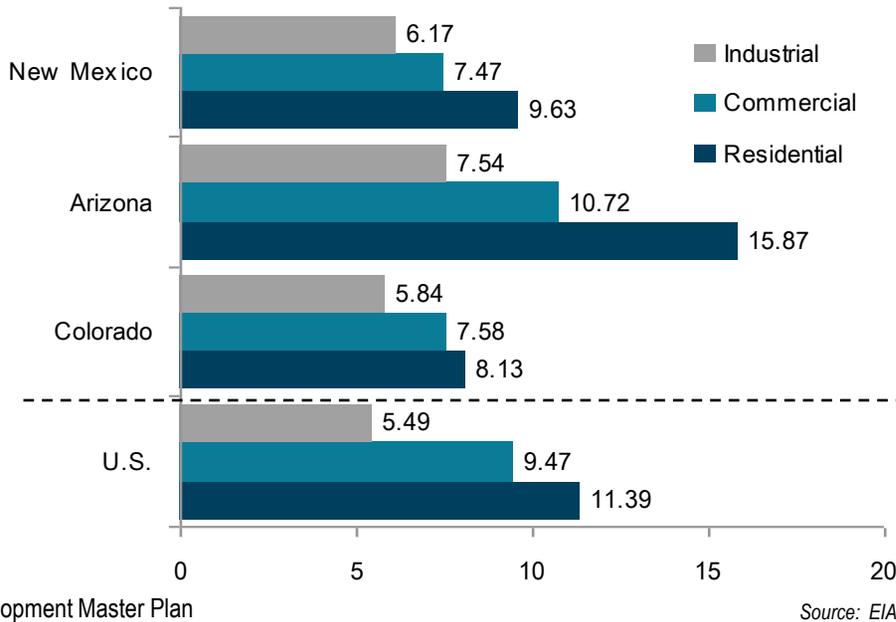


Electricity costs for Grant County are low compared to the other benchmark counties, New Mexico, and U.S. averages. Natural gas prices in New Mexico are competitively priced.

- Grant County has lower electricity rates than the benchmark counties for industrial, commercial, and residential service.
- The Luna County Co-op has the highest electricity rates compared to Grant County, all of the other benchmark counties, New Mexico, and the US.
- Natural gas prices in New Mexico are lower than in Arizona and Colorado, except for Colorado's residential rates. New Mexico natural gas prices are lower than the U.S. average for commercial and residential users, but higher for industrial users.

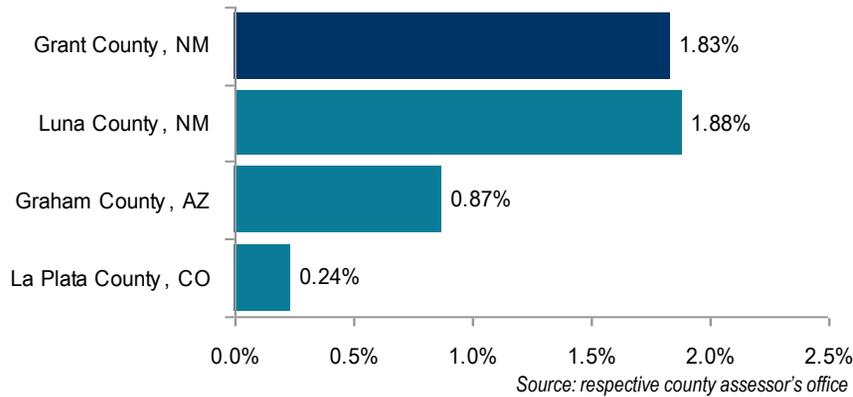
NATURAL GAS PRICES

STATEWIDE AVERAGE NATURAL GAS PRICES, 2010 (\$ per thousand cubic feet)



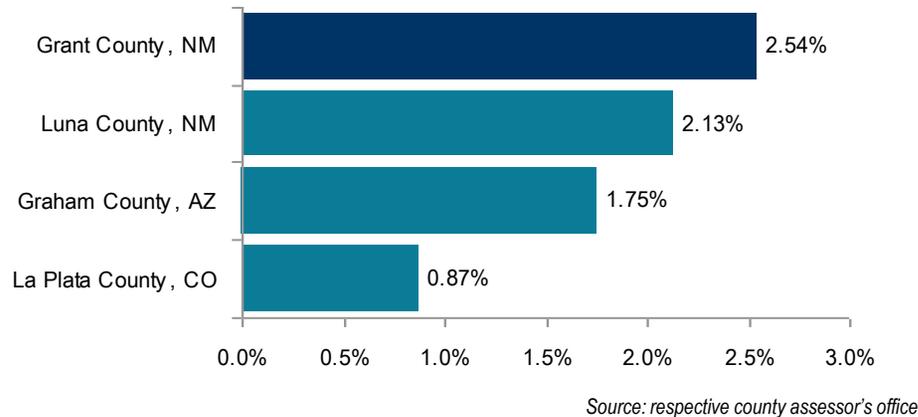
RESIDENTIAL PROPERTY TAXES

PROPERTY TAXES LEVIED AS A PERCENTAGE OF VALUED PROPERTY 2010-2011 FISCAL YEAR



COMMERCIAL/INDUSTRIAL PROPERTY TAXES

PROPERTY TAXES LEVIED AS A PERCENTAGE OF VALUED PROPERTY 2010-2011 FISCAL YEAR



Overall, taxes in New Mexico are somewhat high compared to the rest of the nation.

- The “State Business Tax Climate” ranked New Mexico as having a less favorable tax climate than the U.S. average, ranking No. 33 (with No. 1 being the most favorable ranking and No. 50 being the least favorable). New Mexico has a slightly more favorable business tax climate than Arizona (No. 34), but a much less favorable climate than Colorado (No. 15).
- Compared to the benchmark counties, both Grant County’s residential and commercial/industrial property tax rates are among the highest.
- According to The Tax Foundation, the 2009 combined state and local tax burden in New Mexico was at 8.4%, Arizona at 8.7%, and Colorado at 8.6%.
- The sales tax rate in Grant County is 7.25%, which is made up of the following
 - New Mexico state sales tax is 5.13%
 - Grant County sales tax of 2.1%

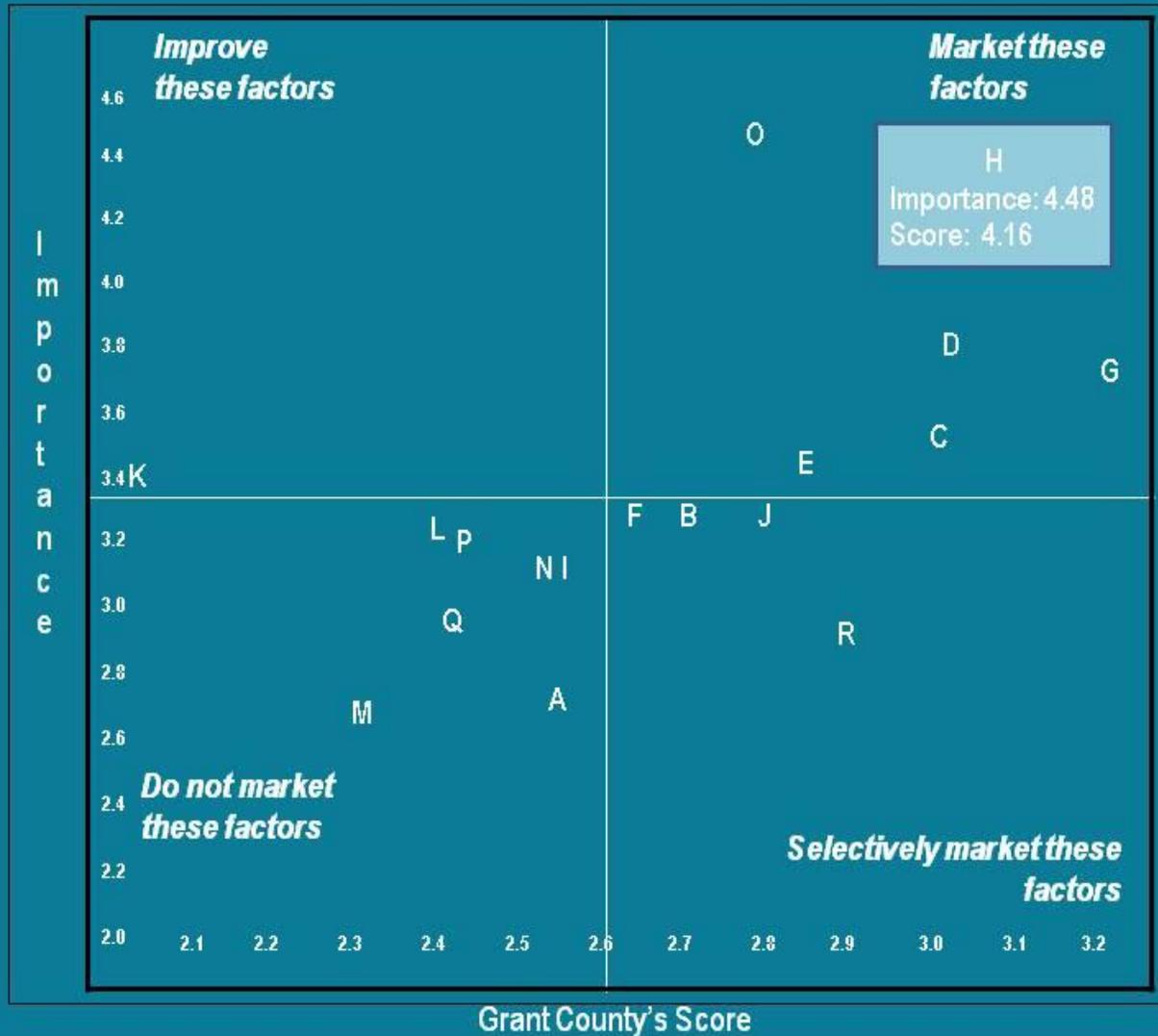
| STATE BUSINESS TAX CLIMATE INDEX, 2011 | | | | | | |
|--|--------------------|----------------------------------|-----------------|-----------|----------|--------------|
| | Overall Index Rank | Ranking on Five Major Components | | | | |
| | | Corporate Tax | Ind. Income Tax | Sales Tax | U.I. Tax | Property Tax |
| Arizona | 34 | 22 | 23 | 48 | 2 | 6 |
| Colorado | 15 | 12 | 16 | 29 | 17 | 15 |
| New Mexico | 33 | 31 | 20 | 45 | 16 | 1 |

The index is a measure of how each state's tax laws affect economic performance. No. 1 being the most favorable a state's tax system is for business, No. 50 the least favorable.

Source: The Tax Foundation

Business Survey Location Importance

Grant County Business Survey Location Importance Factors vs. Grant County's Score



Two specific business survey questions addressed business location factors. One question specifically addressed the importance of each factor for locating their businesses, the second question asked respondents to rank Grant County on each of these factors

- Quality of life, operating costs, and cost of living were each identified as important factors for which Grant County ranks highly, and should therefore be part of the county's marketing efforts for business expansion, retention, and attraction.
- The ability to attract and retain employers was identified as an important location factor that is a major weakness within Grant County.

How Well Does Grant County Support Small Business Development?

Photo: Mary Alice Murphy

KEY FINDINGS: SMALL BUSINESS DEVELOPMENT & ENTREPRENEURSHIP

Entrepreneurial and small business support are important components of effective economic development and key drivers of innovation. While Grant County has many strong assets in place, a funding and entrepreneurial support system could help spur innovation. The lack of an entrepreneurial support system was identified a weakness by focus group participants and surveys of businesses and residents. Improving entrepreneurial support should be a key focus of economic development efforts in Grant County moving forward.

No academic research and development spending is occurring within Grant County, however, NMSU conducts a large amount of research (\$150 million), most notably in agricultural sciences. NMSU is the broader region's most important source of research and innovation, but there are opportunities for local organizations to be involved in research and development including Freeport-McMoran and WNMU.

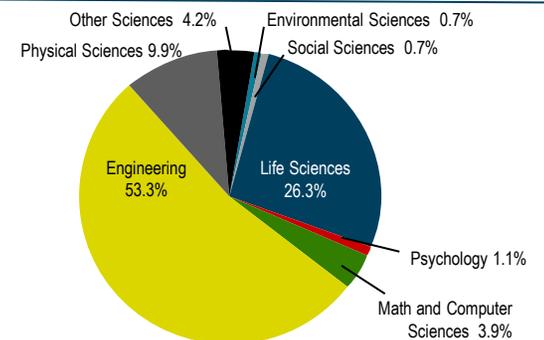
There are many opportunities to improve Grant County's entrepreneurial and small business support system. Stakeholders identified opportunities such as duplicating the entrepreneurial support model used in Luna County, incorporating an incubator for the arts, community venture networks, and utilizing the empty Grant County building as a small business incubator.

"There needs to be more support to draw entrepreneurial talent to our communities."

- Resident Survey Response

R&D INVESTMENTS AT NEW MEXICO STATE UNIVERSITY

% OF TOTAL INVESTMENTS BY SCIENCE & ENGINEERING FIELD, FY 2009



Western New Mexico University Programs

At Western New Mexico University (WNMU), students may pursue more than 70 different fields of study. Founded in 1893, the university offers 41 undergraduate and 10 graduate degrees, in addition to 27 associate and certificate programs. The university consists of a main campus in Silver City and satellite campuses in Deming, Gallup, Truth or Consequences, and Lordsburg.

Popular Academic Programs

- **Business** – The business department at WNMU features B.B.A. and M.B.A. options. A unique feature of the department is the Small Business Development Center (SBDC), which provides consulting and business training to local entrepreneurs. Students can earn community college credit by taking SBDC courses. The business department at WNMU also allows students to gain real-world investment experience by managing the Hatfield Fund, a portfolio controlled entirely by finance students at WNMU.
- **Education** – WNMU offers associate, undergraduate, and graduate degrees in education. Students may prepare to teach at the preschool, K-12, and special education levels. The department also offers a licensure program in school psychology. Extensive field experience constitutes an important component of all education degrees and provides students with the tools necessary to become effective teachers. WNMU also offers an alternative certification option for those individuals who wish to become teachers and that have already completed bachelors degrees in fields other than education.
- **Criminal Justice and Chemical Dependency** – Students interested in criminal justice may pursue both bachelors and associates degrees at WNMU. The university also offers a five-month police academy certification, which fulfills New Mexico requirements for police training and prepares students to begin careers in law enforcement upon graduation. The department also offers an undergraduate program in chemical dependency – the only program of its kind in the New Mexico. There is a growing need for addiction counselors in the US, and chemical dependency program at WNMU responds to this need by preparing students for careers in counseling and clinical directorship.
- **Applied Technology** – The applied technology programs at the WNMU offer certificate as associate programs in computer technology, construction technology, digital media communications, electrical technology, financial services, and welding technology. These programs focus on technical skills in a variety of desirable industries, allowing students to begin careers in new fields or to gain specialization and experience in fields with which they are already familiar. Some applied technology programs may be counted toward various four-year degree plans.
- **Nursing** – The nursing department provides an array of degree and certification options. The bachelors degree in nursing (BSN), associates degree in nursing (AND), and certified nursing assistant (CAN) degree all prepare students to begin careers in the field, while the RN to BSN program, administered entirely online, allows working nurses to acquire further specialization.
- **Allied Health** – Careers in allied health include kinesiology, occupational therapy, and rehabilitation services. The occupational therapy program offers an associates degree as well as an online masters degree. Students may also pursue a bachelor degree in rehabilitation services. The program combines online coursework with periodic, weekend lab work and is the only degree of its kind in New Mexico.

Source: Western New Mexico University

AVAILABLE SMALL BUSINESS, ENTREPRENEUR, AND TRAINING RESOURCES

Small Business Support**New Mexico Small Business Development Network (NMSBDC)**

The NMSBDC serves entrepreneurs throughout New Mexico and operates 20 offices statewide. The organization assists businesses at each phase of the entrepreneurial process and offers a wide range of services, including business plan development, marketing consultation, and access to funding. The Silver City office cooperates with Western New Mexico State University, offering community college credit to students attending public classes.

International Business Accelerator (IBA)

The IBA helps small businesses in New Mexico conduct and transition into international trade. Owned by WNMU with funding from the SBDC, the IBA hosts seminars and workshops and counsels businesses interested in imports and exports as well as international finance. The IBA is located in Santa Teresa, NM, just across the Texas-Mexico border from Ciudad Juarez, and special attention is paid to doing business in Mexico.

Women's Economic and Self-Sufficiency Team (WESST)

Since 1988, WESST has provided entrepreneurs with small business counseling, training, and loans. Though women were the original beneficiaries of WESST programs, the organization now serves all New Mexico residents, with a particular focus and serving low-income and minority clients. A variety of entrepreneurial tools are available through WESST, including one-on-one business counseling, SEO and SMO services, and workshops and webinars. There are six WESST enterprise centers in New Mexico, including one in Las Cruces.

South West Office of Regional Data (SWORD)

Dedicated fostering economic growth in the southwestern corner of New Mexico, SWORD assists local businesses as well as those wishing to relocate to the region. Because there are no metropolitan statistical areas (MSAs) in Catron, Hidalgo, Grant, and Luna counties, SWORD provides data that is not readily available from other sources. Data topics include tax incentives, demographics, labor pool, and tax receipts by industry.

Arrowhead Center

Operating out of New Mexico State University, the Arrowhead Center connects entrepreneurs with researchers in order to encourage innovation and sustainable economic growth. The Arrowhead Center works with startups to develop business plans, feasibility studies, and market research. The center also operates a technology incubator, in which entrepreneurs partner with experienced professionals, researchers, and students. Though the Arrowhead Center is located in Las Cruces, its services are available to all New Mexico residents.

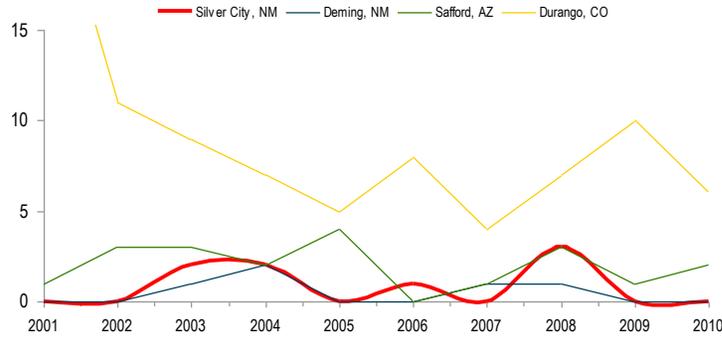
Career Training**The Wellness Coalition (TWC)**

Both Grant County youth and local nonprofits can benefit from TWC's varied training programs and resources. The organization provides technical training, a resource library, and equipment rentals for nonprofits. Students ages 11-18 can also participate in the Grant County Youth Volunteer Corps, which encourages young adults to develop leadership skills and engage in community service.

Patents

PATENTS

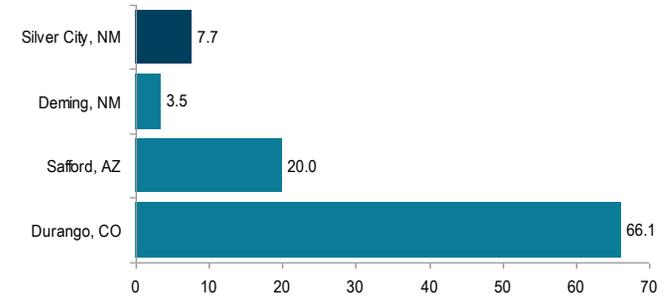
NUMBER OF PATENTS ISSUED, 2001-2010



NOTE: Patent data is only available at the city level. Source: US Patent and Trademark Office

PATENTS

NUMBER OF PATENTS ISSUED PER 10,000 POPULATION, 2001- 2010



NOTE: Patent data is only available at the city level. Source: US Patent and Trademark Office

PATENTS ISSUED TO SILVER CITY RESIDENTS BY CATEGORY (2001-2010)

| Category | Total Number of Patents Issued |
|------------------------|--------------------------------|
| Mining | 2 |
| Home convenience | 2 |
| Audio/video | 2 |
| High tech other | 1 |
| Network communications | 1 |

Source: U.S. Patent and Trademark Office

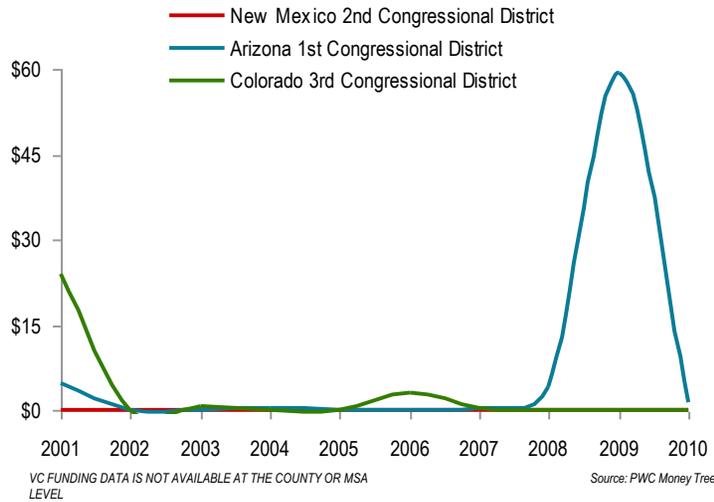
Patents and venture capital investment are important pieces in the advancements of science and technology and key for transforming ideas into finished products in the marketplace.

- Patent activity* is particularly low in Silver City.
- Eight patents were issued to Silver City-based inventors between 2001 and 2010.
- Silver City and Deming had the lowest amount of patents per capita (number of patents per 10,000 population) among the benchmarks from 2001-10 with a total of 7.7 and 3.5 patents issued, respectively.
- Patents issued in Silver City between 2001 and 2010 were in three main categories: Mining, Home convenience, and Audio/video.

* All patent data shown in this section shows the location of the "inventor" not the "assignee" in order to better understand the level of creativity and entrepreneurship in the local population.

VENTURE CAPITAL FUNDING

VC FUNDING (\$MILLIONS) BY CONGRESSIONAL DISTRICT, 2001-2010



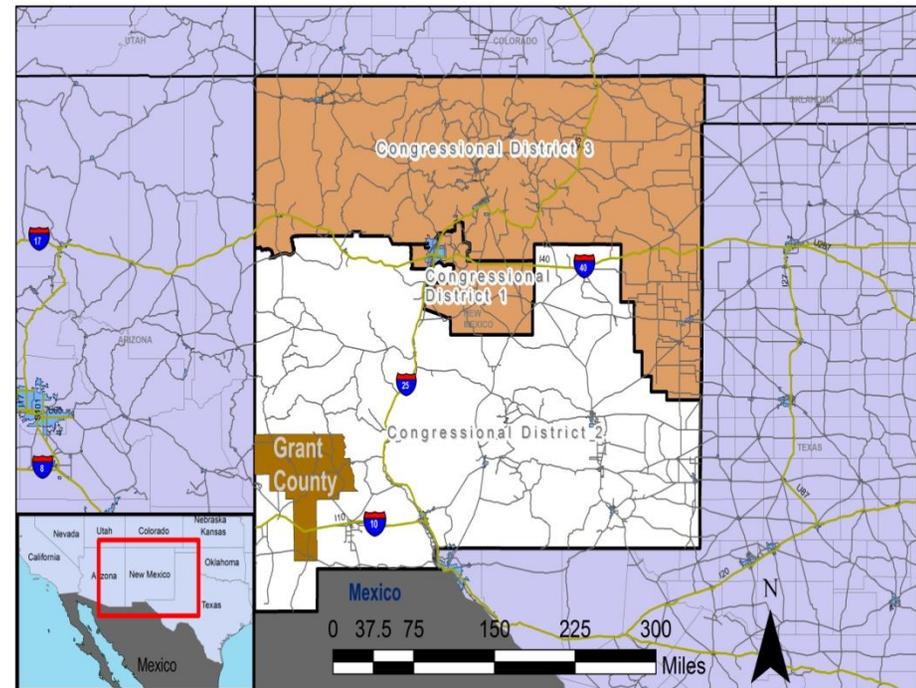
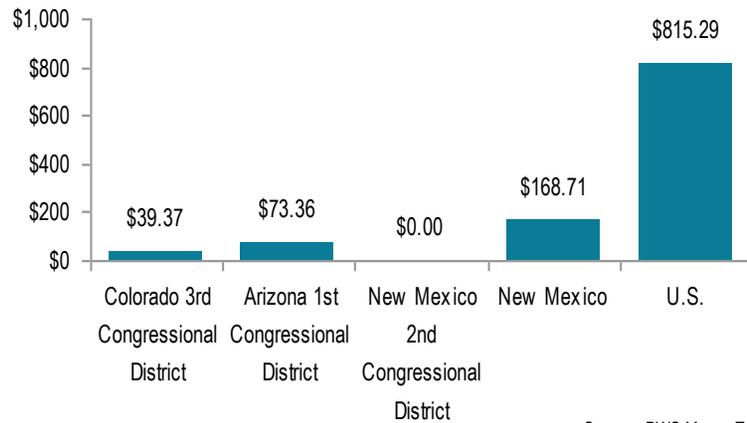
Southwestern New Mexico has inadequate access to venture-capital funding.

- New Mexico's 2nd Congressional District, which covers the lower half of the state, including Grant County, has an unusually low amount of venture-capital investment.
- Arizona's 1st Congressional District had the highest amount of total venture-capital investment funding per capita compared to the benchmark counties' respective congressional districts between 2001 and 2010.

Note: Venture-capital investment data is available at the congressional district level

VENTURE CAPITAL FUNDING PER CAPITA 2001-2010

TOTAL VC FUNDING PER CAPITA BY CONGRESSIONAL DISTRICT, 2001-2010



AVAILABLE VENTURE CAPITAL RESOURCES

New Mexico Venture Capital Firms

Cottonwood Technology Fund (CTF)

CTF is a seed and pre-seed stage venture capital fund focused primarily on the Rio Grande Technology Corridor running from Los Alamos to El Paso, and Austin to Phoenix. CTF provides capital and active support to its portfolio companies, generally targeting start-up up capital between \$1M and \$2M, of which it will commit half. CTF has offices in El Paso, Los Alamos, and Santa Fe.

Epic Ventures

Epic Ventures is a regional fund which backs early stage technology companies in a variety of sectors. It is licensed as a Small Business Investment Company (SBIC) by the U.S. Small Business Administration. The company maintains offices in Utah, New Mexico and Idaho.

Flywheel Ventures

Flywheel Ventures is a seed and early-stage venture capital firm focused on information technology and physical sciences ventures in the Southwest/Rockies region. The firm matches entrepreneurs with market opportunities where its capital, experience, and industry relationships help to accelerate innovations into profitable companies. Flywheel has offices in Santa Fe, Albuquerque, and Silicon Valley.

International Venture Fund (IVF)

IVF serves the needs of capital efficient, high growth companies. It provides equity capital for seed and early stage high technology companies located in emerging technology areas of the United States. The firm is positioned to serve the investment gap between the angel community and larger venture funds with a primary focus on Arizona, Hawaii, New Mexico, Utah, and Silicon Valley.

New Mexico Community Capital

New Mexico Community Capital provides equity capital and management resources to qualifying businesses throughout New Mexico, particularly in rural and underserved communities. Typical investment is \$500,000 to \$1,000,000 in exchange for preferred stock. Preference is given to companies that exhibit certain business and social characteristics and are in particular industries.

Sun Mountain Capital

Sun Mountain Capital is an investment partnership based in Santa Fe. The firm acts as an advisor to, and direct investment fund manager for, regional and state based investment programs. Sun Mountain's direct investment programs do not focus on specific industry sectors or in a particular stage in the investment cycle.

The Verge Fund

The Verge Fund is a venture capital fund that invests in seed-stage, high-growth ventures in New Mexico. The Fund focuses on opportunities at the earliest stages of their development and primarily on investments in technology businesses including cleantech, electronics and materials, human factors, and software-as-a-service. Startup firms are offered workspace in the Verge Building in downtown Albuquerque.

Sources: New Mexico Venture Capital Association



What makes Grant County unique?

Photo: Mary Alice Murphy

KEY FINDINGS: QUALITY OF LIFE

Grant County’s quality of life is one of its most valuable assets that can be leverage for economic development purposes. Residents of Grant County cited its low crime, moderate weather, quality health care facilities, multiple outdoor recreational opportunities, the arts district, and Western New Mexico University as some of the county’s strongest assets.

A number of opportunities were identified in meetings and focus groups for maintaining and improving the quality of life in Grant County. A few of these opportunities include the establishment of a young professionals group, a need for better marketing of recreational opportunities and the arts district, and the improvement of workforce training/educational opportunities.

Despite the many quality of life assets in Grant County, there are also a number of challenges. Stakeholders identified a general lack of infrastructure, loss of young professionals, untrained and/or unmotivated workforce, lack of lodging options, and the need for the expansion of the county airport as some of the main challenges for retaining and attracting businesses. Efforts are underway to address the need for expansion of the county airport via the recent GILA EDA survey.

“The quality of life here is vital to our economy and to attracting people to this area.”

- Business Survey Response

“We have a beautiful area to continue to expand our outdoor areas for recreation.”

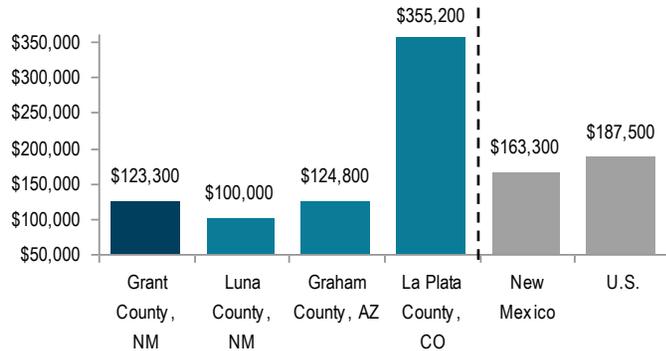
- Business Survey Response

“There is tremendous potential in Grant County if everyone could collaborate and coordinate.”

- Business Survey Response

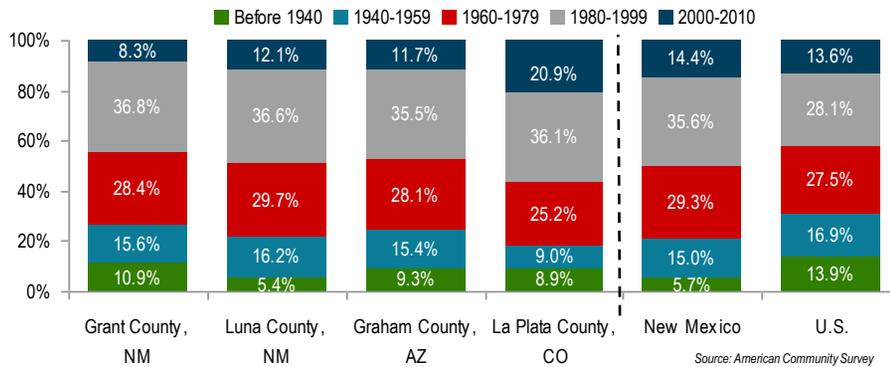
HOME VALUE

MEDIAN EXISTING SALES PRICE



Source: American Community Survey, 2008-2010 3-year estimates

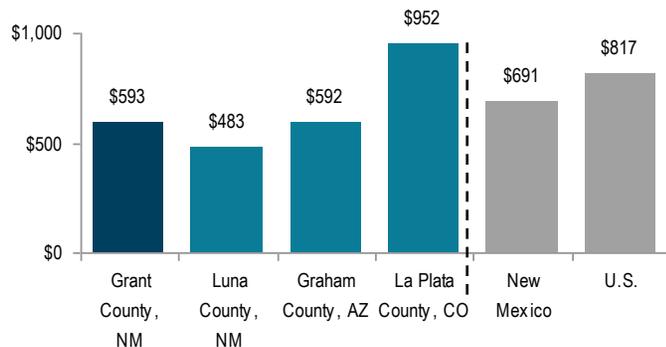
HOUSING AGE DISTRIBUTION



Source: American Community Survey

RENTAL RATES

MEDIAN GROSS RENT

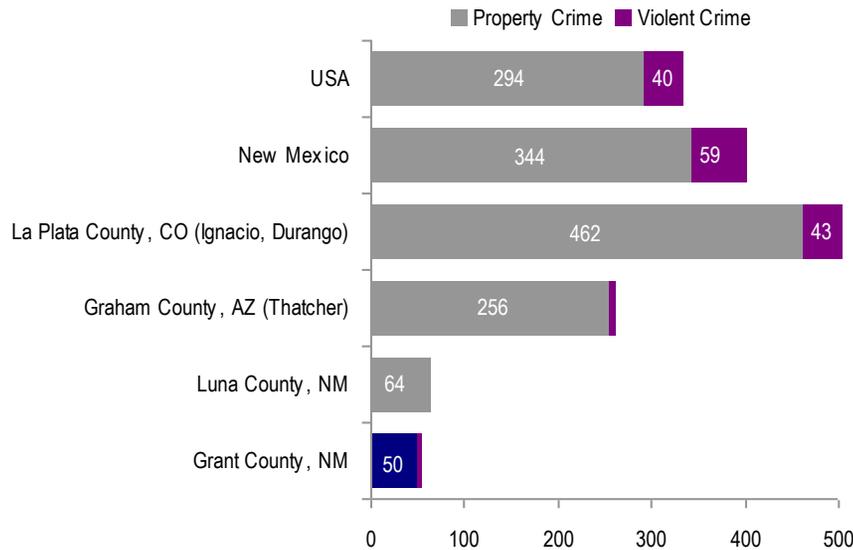


Source: American Community Survey, 2008-2010 3-year estimates

Grant County's housing prices for both owner-occupied housing and rental housing are comparable to the benchmark counties, but more affordable than New Mexico and U.S. averages.

- The median value for a home in Grant County in 2010 was \$123,300, higher than Luna County, but significantly lower than the median value home in both New Mexico (\$163,300) and the U.S. (\$187,500).
- Grant County has the second-highest median gross rent among the benchmark counties (\$593/month), but lower than New Mexico (\$691/month) and the U.S. (\$817).
- Grant County has a lower percentage of new housing (housing built since 2000) than any of the benchmarks.
- The relatively low median home values and rental rates in Grant County are good for lower-income households and for young adults entering the workforce, however, they are also signs of a weak local economy.

CRIME RATE PER 10,000 PEOPLE, 2010



Source: FBI Uniform Crime Report Note: Violent crime data unavailable for Luna County

Grant County has a relatively low crime rate.

- In 2010, Grant County recorded 13 violent crimes (murder and non-negligible manslaughter, forcible rape, robbery, and aggravated assault) and 149 property crimes (burglary, larceny-theft, and motor vehicle theft) .
- Grant County has the lowest rate for both violent crimes and property crimes per 10,000 residents among all of the benchmarks.

| COST OF LIVING (2011) | |
|-----------------------|-------------------------|
| County | Combined Cost of Living |
| Grant County, NM | 85.2 |
| Luna County, NM | 82.8 |
| Graham County, AZ | 83.2 |
| La Plata County, CO | 89.3 |
| New Mexico | 84.9 |
| USA | 100.0 |

Source: ACCRA

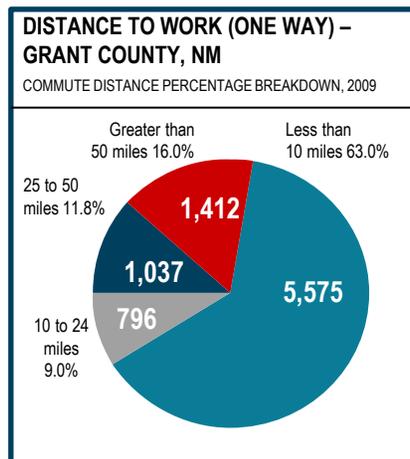
Grant County has an overall cost of living index of 85.2, which is nearly 15% lower than the U.S. average of 100.0.

- Grant County is more affordable than La Plata County, and less affordable than Luna County, Graham County, and New Mexico.

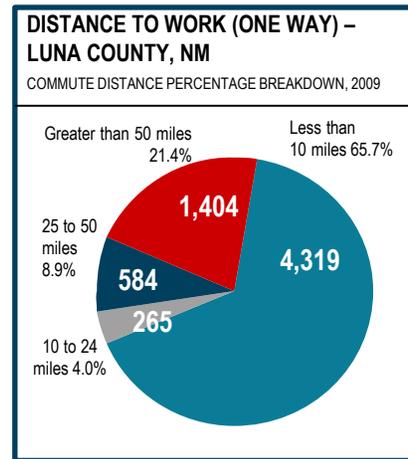
Commute Times and Distances

As mentioned in the Regional Connections discussion earlier in the report, a substantial percentage of Grant County residents commute long distances to work (28% travel 25 miles or more). However, average commute times in Grant County are the lowest among the benchmarks.

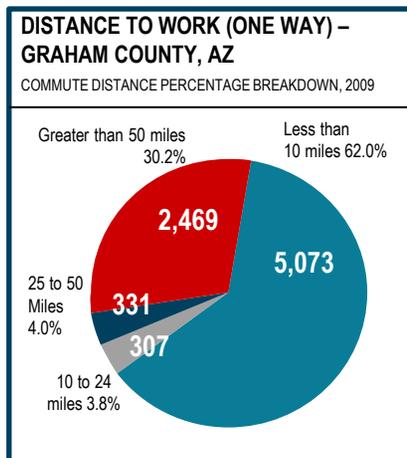
- The average commute time in Grant County is 18.3 minutes which is rather low considering the county is expansive and mostly rural.
- Grant County has the second-highest percentage of commuters that travel less than 50 miles (84%) compared to La Plata County (85%), Luna County (79%), and Graham County (70%).



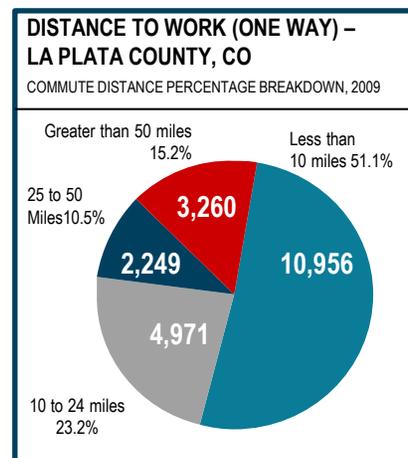
Source: U.S. Census LEHD



Source: U.S. Census LEHD



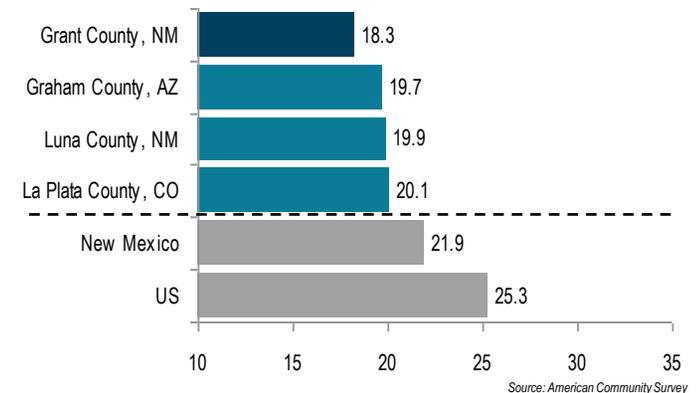
Source: U.S. Census LEHD



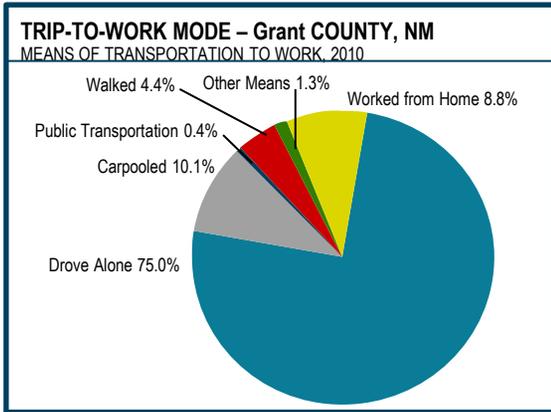
Source: U.S. Census LEHD

AVERAGE TRAVEL TIME TO WORK

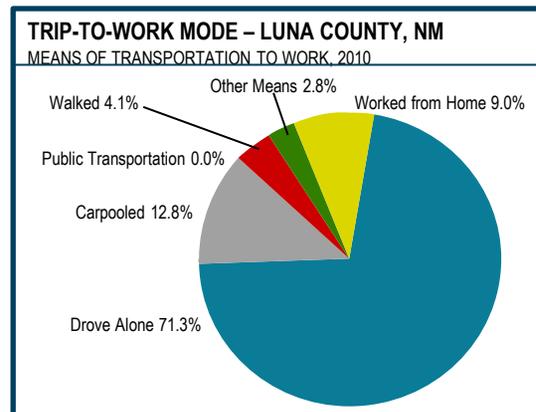
AVERAGE TRAVEL TIMES (IN MINUTES), 2009



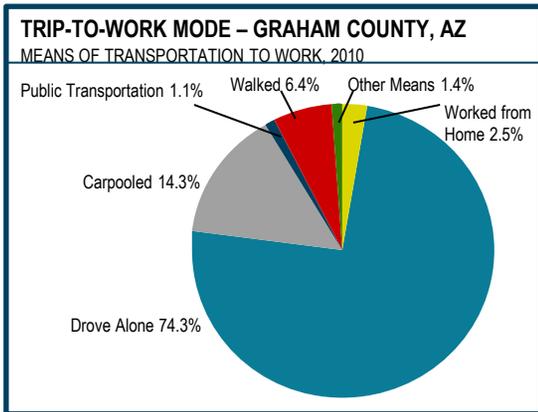
Commute Modes



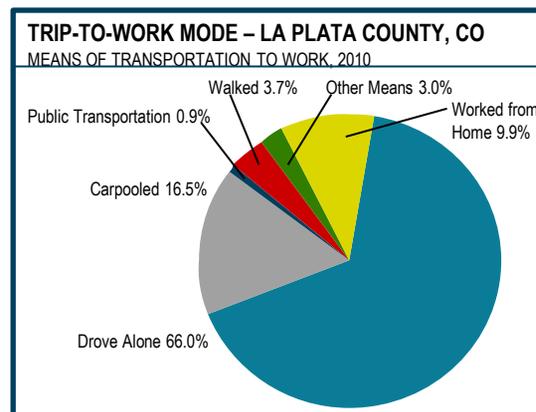
Source: American Community Survey



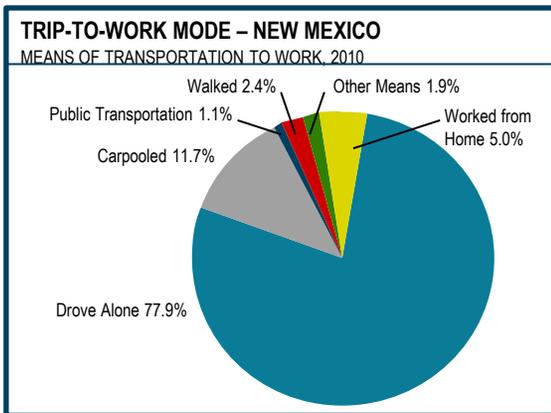
Source: American Community Survey



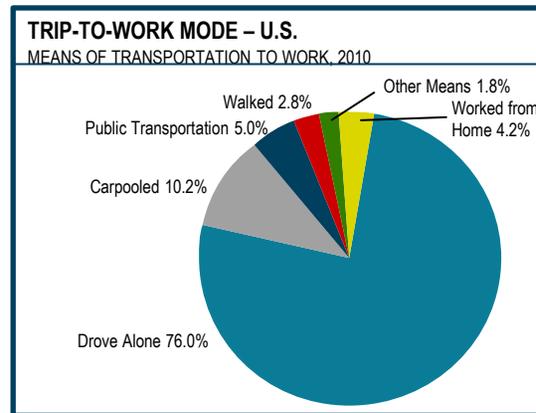
Source: American Community Survey



Source: American Community Survey



Source: American Community Survey



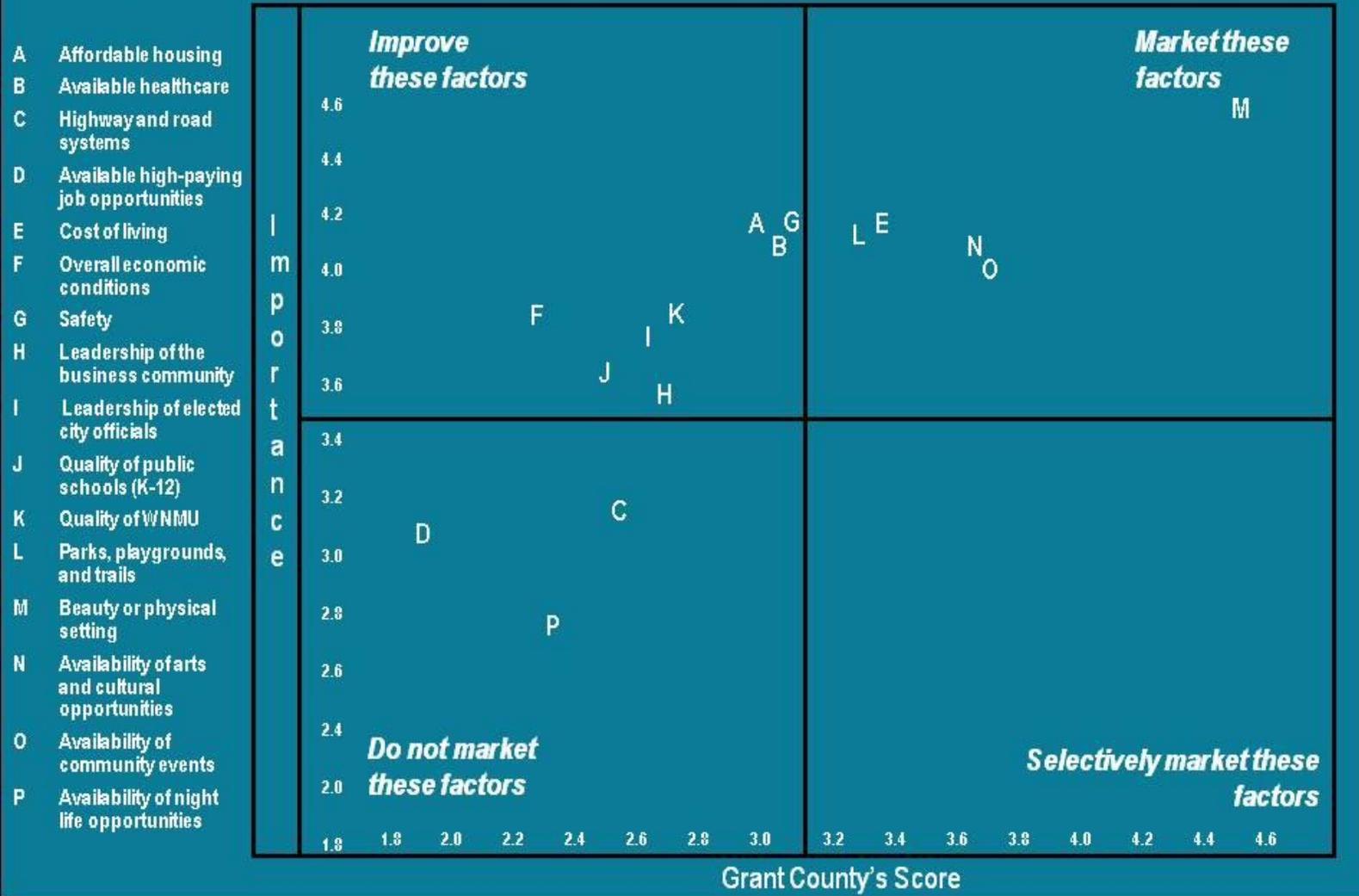
Source: American Community Survey

Grant County has the highest percentage of commuters that drive alone among the benchmark counties, but also has a relatively high percentage of population that works from home.

- 75% of commuters in Grant County drive alone. This indicates a potential lack of alternative modes such as carpooling and public transportation
- 10.1% percent of Grant County commuters carpool, which is lower than all of the benchmark counties, New Mexico, and the US.
- Grant County's percentage of workers that work from home is higher than New Mexico and the U.S., but slightly lower than all of the benchmark counties.

Resident Survey Quality of Life Importance

Grant County Resident Survey Quality of Life Importance Factors vs. Grant County's Score



Two specific resident survey questions addressed quality of life factors. One question specifically addressed the importance of each factor in deciding where to live, the second question asked respondents to rank Grant County on each of these factors.

- Scenic beauty, arts & cultural opportunities, community events, cost of living, and parks/playgrounds/trails were identified as important factors that Grant County ranks highly in, and thus offer marketing opportunities for retaining and attracting talent.
- Overall economic conditions and the quality of public schools (K-12) were two of the items identified as important location factors, but weak within Grant County, thus offering opportunities for improvement.

Lifestyle & Cultural Amenities



GRANT COUNTY QUALITY OF LIFE AMENITIES

| |
|---|
| Historic Pinos Altos |
| Gila Cliff Dwellings |
| Gila National Forest |
| Arts & Culture District, Silver City |
| Moderate Year-Round Climate |
| Outdoor Recreation |
| Historic Downtown, Silver City |
| Low Housing Costs Compared to U.S. Averages |
| Athletic and Cultural Events |
| Grant County Regional Airport |
| Western New Mexico University |
| Multiple Festivals |
| Historic Ft. Bayard |
| Numerous RV Parks |

Photos: Mary Alice Murphy, Grant County Government

Grant County offers many unique amenities for residents and visitors including museums, historic sites, and natural resources.

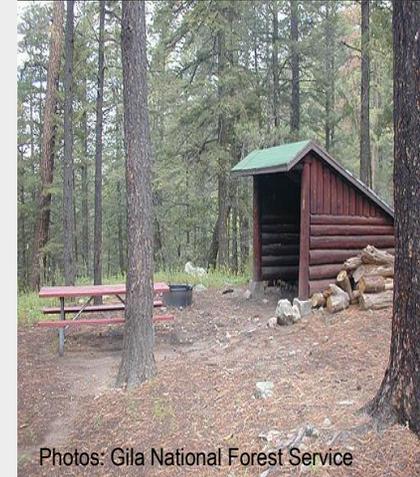
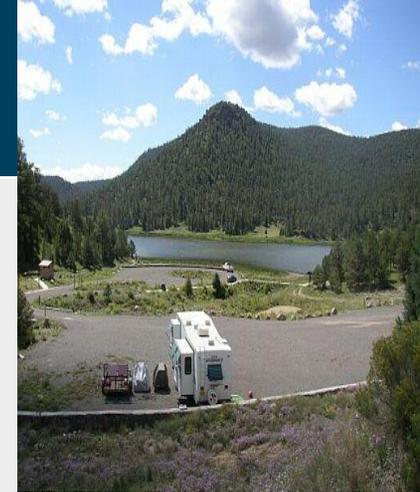
- Grant County has a rich history that connects it to the Old West via Pinos Altos, Ft. Bayard., and other historic sites.
- Western New Mexico University provides easy access to athletic events while the Arts & Culture District provides musical events and festivals.
- Grant County provides a wide variety of outdoor recreational activities ranging from scenic hiking and biking trails to some of the best hunting and fishing opportunities in New Mexico.

Wildlife-Associated Recreation in New Mexico by Residents & Nonresidents 2006

| | |
|--|----------------|
| Fishing | |
| Anglers | 248,000 |
| Days of fishing | 2,596,000 |
| Average days per angler | 10 |
| Total expenditures | \$301,101,000 |
| Trip-related | \$128,413,000 |
| Equipment and other | \$172,688,000 |
| Average per angler | \$998 |
| Average trip expenditure per day | \$49 |
| Hunting | |
| Hunters | 99,000 |
| Days of hunting | 852,000 |
| Average days per hunter | 9 |
| Total expenditures | \$164,308,000 |
| Trip-related | \$93,052,000 |
| Equipment and other | \$71,256,000 |
| Average per hunter | \$1,654 |
| Average trip expenditure per day | \$109 |
| Wildlife Watching | |
| Total wildlife-watching participants | 787,000 |
| Away-from-home participants | 507,000 |
| Around-the-home participants | 437,000 |
| Days of participation away from home | 5,429,000 |
| Average days of participation away from home | 11 |
| Total expenditures | \$297,174,000 |
| Trip-related | \$208,278,000 |
| Equipment and other | \$88,896,000 |
| Average per participant | \$373 |
| Average trip expenditure per day | \$38 |

Wildlife-Associated Recreation in New Mexico by Nonresidents 2006

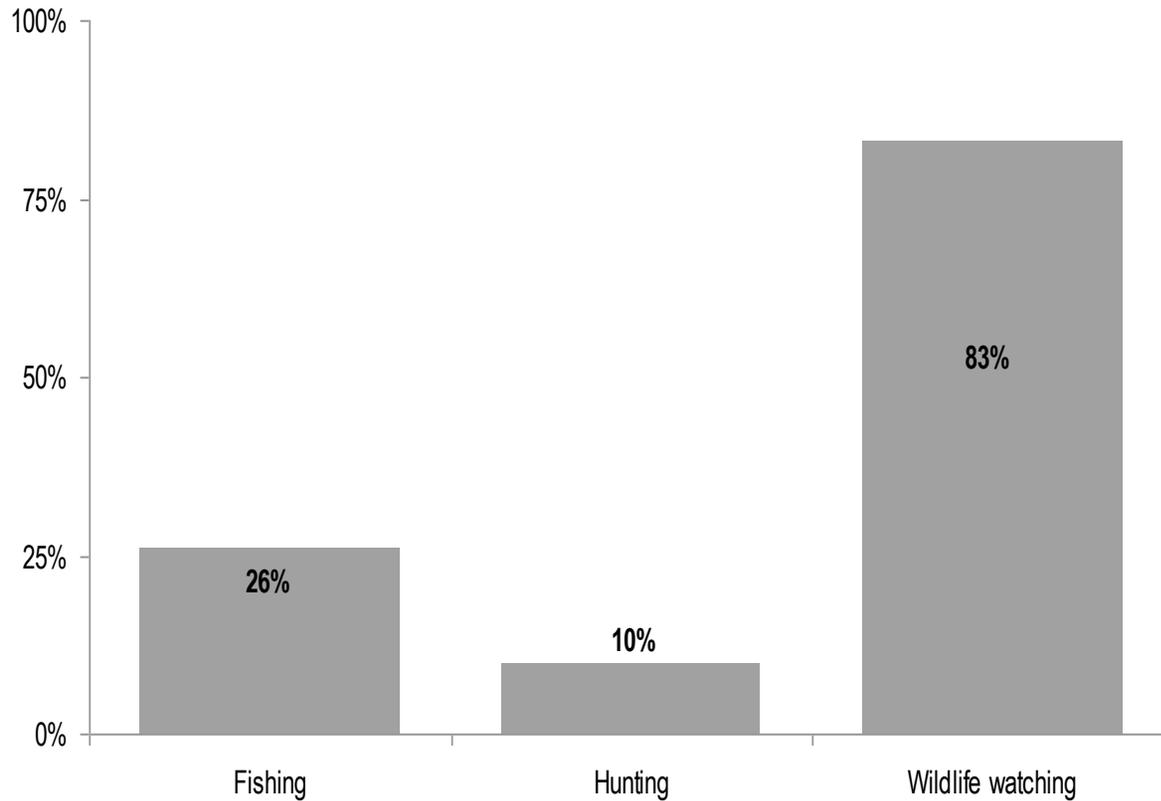
| | |
|--|----------------|
| Fishing | |
| Anglers | 84,000 |
| Days of fishing | 467,000 |
| Average days per angler | 6 |
| Total expenditures | \$99,070,000 |
| Trip-related | \$39,332,000 |
| Equipment and other | \$59,738,000 |
| Average per angler | \$1,177 |
| Average trip expenditure per day | \$84 |
| Hunting | |
| Hunters | 32,000 |
| Days of hunting | 167,000 |
| Average days per hunter | 5 |
| Total expenditures | \$63,151,000 |
| Trip-related | \$58,433,000 |
| Equipment and other | \$4,718,000 |
| Average per hunter | \$1,946 |
| Average trip expenditure per day | \$350 |
| Wildlife Watching | |
| Total wildlife-watching participants | 308,000 |
| Away-from-home participants | 308,000 |
| Around-the-home participants | N/A |
| Days of participation away from home | 1,759,000 |
| Average days of participation away from home | 6 |
| Total expenditures | \$152,532,000 |
| Trip-related | \$150,914,000 |
| Equipment and other | \$1,618,000 |
| Average per participant | \$490 |
| Average trip expenditure per day | \$86 |



Photos: Gila National Forest Service

Source: 2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation (FHWAR)

Percent of Total Participants by Activity, New Mexico, 2006
(Total: 947,000 participants)



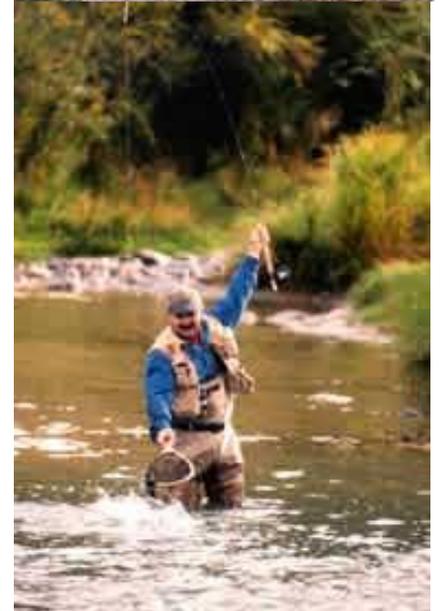
Source: 2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation (FHWAR)

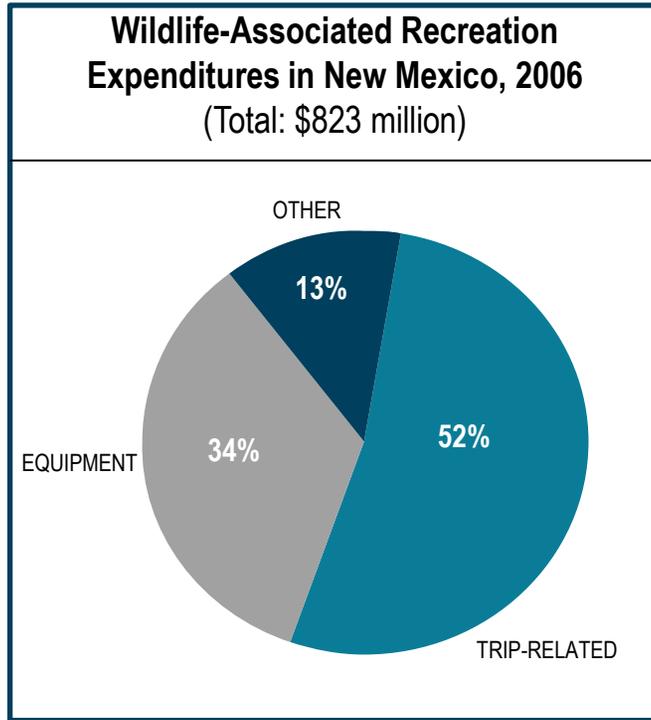
Grant County offers all three of the above outdoor amenities in abundance.

- Fishing locations can be found in the small lakes and streams across the county
- Prized elk hunting draws multitudes of hunting enthusiasts annually
- The Gila National Forest offers ample wildlife-watching opportunities year round



Photos: Gila National Forest Service



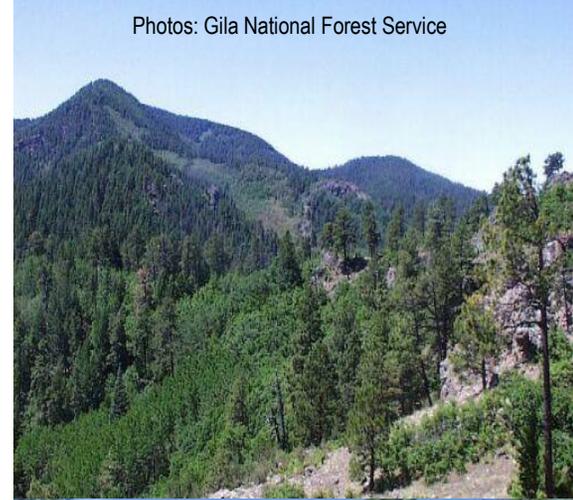


Source: 2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation (FHWAR)

“The Gila National Forest includes more wilderness than any other national forest in the Southwest.”

-National Forest Service

Photos: Gila National Forest Service



Photos: Gila National Forest Service

Snapshot of U.S. Bicycling Trends, 2011

During the past two decades, cycling has increased in the United States. The number of bike commuters rose by 64% from 1990 to 2009, where western states have the highest bicycling rates,

Bicycling for transportation is a growing trend, increasing from 43% of all bike trips in 2001 to 54% in 2009. While bicycling for recreation is a declining trend, it still has a higher share than other trip purposes.

Nearly all of the growth in bicycling in the U.S. since 1990 has been among men between 25-64 years old.

Bicycling rates do not vary much by income level, however, bicycling purposes do vary. Low-income people bike primarily for practical purposes, whereas high-income people bike more for recreation and exercise.

Bicycling is becoming more diverse. Between 2001 and 2009, cycling rates rose fastest among African Americans, Hispanics, and Asian Americans. Those three groups also account for a growing share of all bike trips, rising from 16% in 2001 to 21% in 2009.

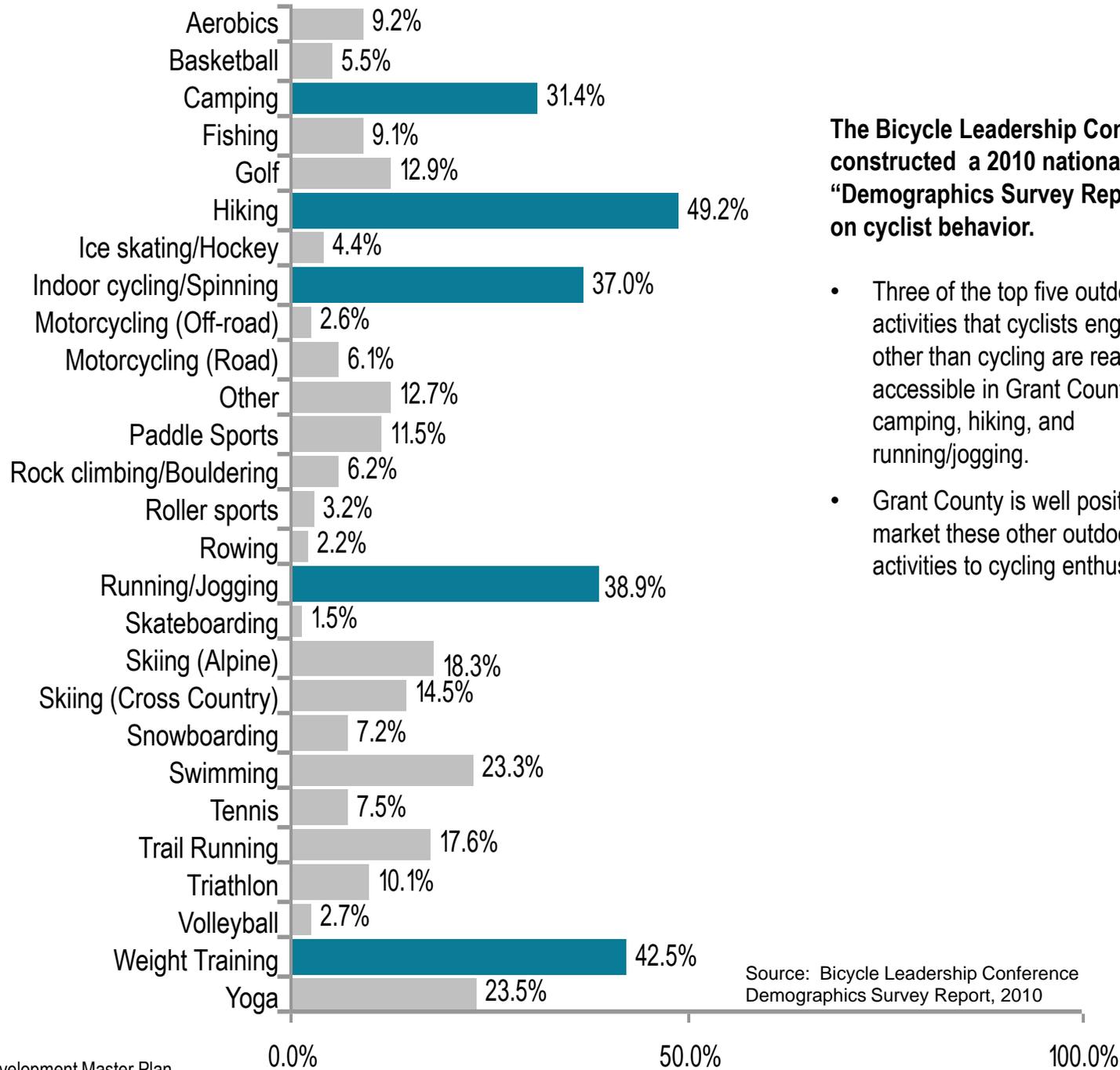
Source: Rutgers University

The annual Tour of the Gila is a premier event in Silver City, bringing the world's finest cyclists to the streets of Grant county, New Mexico. Racing takes place May 2 – 6.



Photo: Mary Alice Murphy

“In addition to cycling, what other outdoor/fitness activities do you enjoy regularly (6 or more times/year)?”

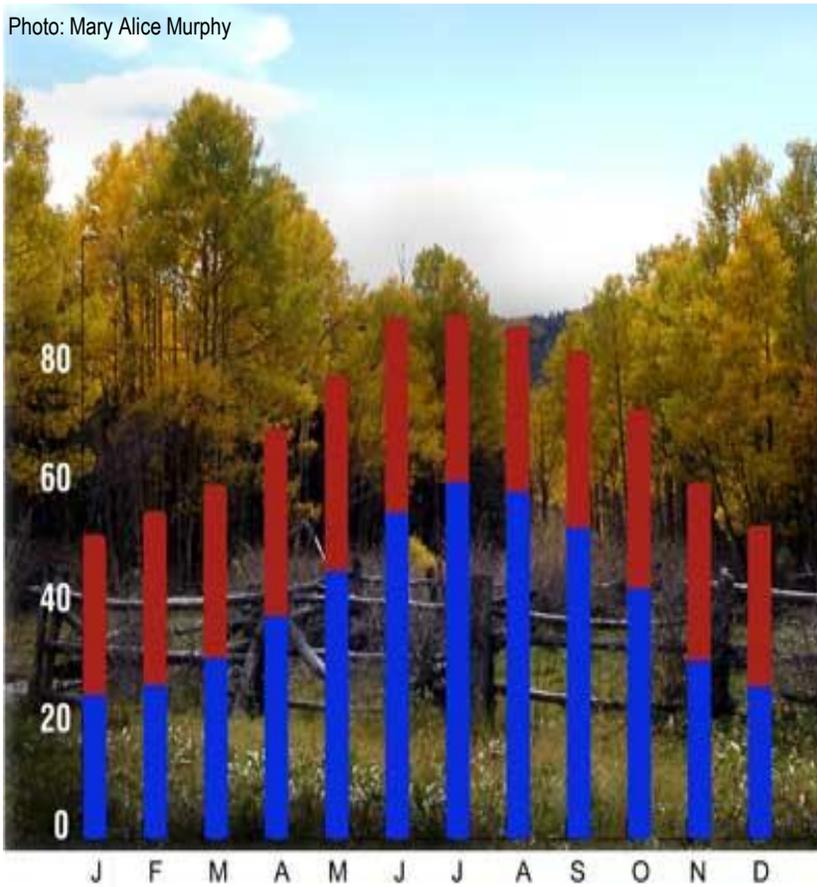


The Bicycle Leadership Conference constructed a 2010 national “Demographics Survey Report” based on cyclist behavior.

- Three of the top five outdoor/fitness activities that cyclists engage in other than cycling are readily accessible in Grant County: camping, hiking, and running/jogging.
- Grant County is well positioned to market these other outdoor/fitness activities to cycling enthusiasts.

Source: Bicycle Leadership Conference Demographics Survey Report, 2010

Photo: Mary Alice Murphy



| Month | Average Temperatures | | Record Extremes | |
|-----------|----------------------|------|-----------------|-----|
| | Max. | Min. | High | Low |
| January | 50.7 | 24.0 | 71 | -13 |
| February | 54.6 | 25.8 | 77 | 0 |
| March | 59.0 | 30.3 | 78 | 10 |
| April | 68.3 | 37.3 | 88 | 19 |
| May | 77.0 | 44.8 | 95 | 26 |
| June | 86.7 | 54.5 | 100 | 36 |
| July | 87.3 | 59.6 | 103 | 48 |
| August | 85.3 | 57.7 | 97 | 46 |
| September | 81.3 | 51.9 | 98 | 38 |
| October | 71.6 | 41.8 | 89 | 21 |
| November | 59.4 | 29.9 | 75 | 8 |
| December | 52.2 | 25.4 | 75 | -1 |

Source: Grant County Chamber of Commerce

Grant County is an overlay of multiple life zones, creating mild year-round temperatures.

- Grant County's annual average low in January is 24 degrees Fahrenheit, whereas the annual average high in July is 87 degrees Fahrenheit.
- Grant County is also well positioned to increase the marketing of its moderate year-round climate to outdoor enthusiasts.

Renewable Energy Potential

The steadily rising costs of oil and other fossil fuels have caused concern beyond local, state, and even national borders. To that end, the past decade has witnessed an unprecedented effort to explore alternative energy sources.

Furthermore, the rapid advancements in technology in recent years has allowed for growth in renewable energy resources, making their development and use more economically feasible. Renewable energy sources such as solar, geothermal, wind, and biomass will continue to play a role in the future of the U.S. energy sector. Therefore, these sources and their relative potential in Grant County were briefly explored in the following pages.

Source: RETA



Photos: Wikipedia

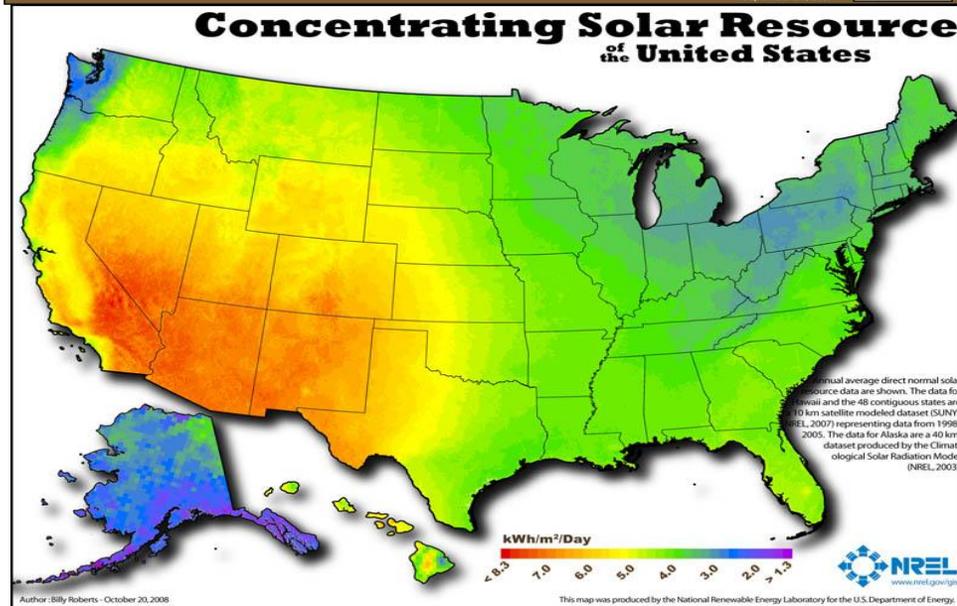
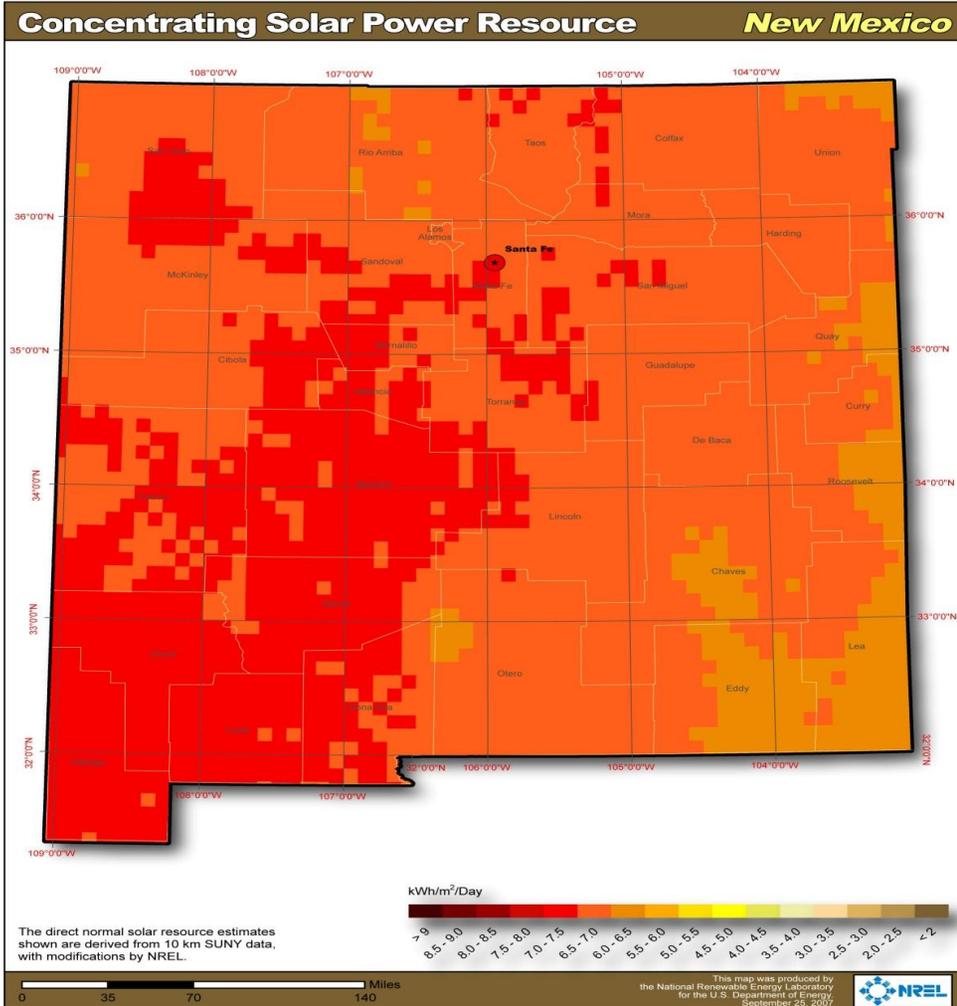


Renewable Energy Resources - Solar

Grant County is located in a prime location for solar-energy production and manufacturing.

- New Mexico is the second-strongest solar resource in the U.S. after Arizona, and southern New Mexico is particularly strong in solar-energy potential.
- Solar farms and solar-panel manufacturing offer tremendous potential to the Grant County area given the proximity to large areas of undeveloped land with some of the highest solar photovoltaic energy potential in the U.S.

Source: NREL

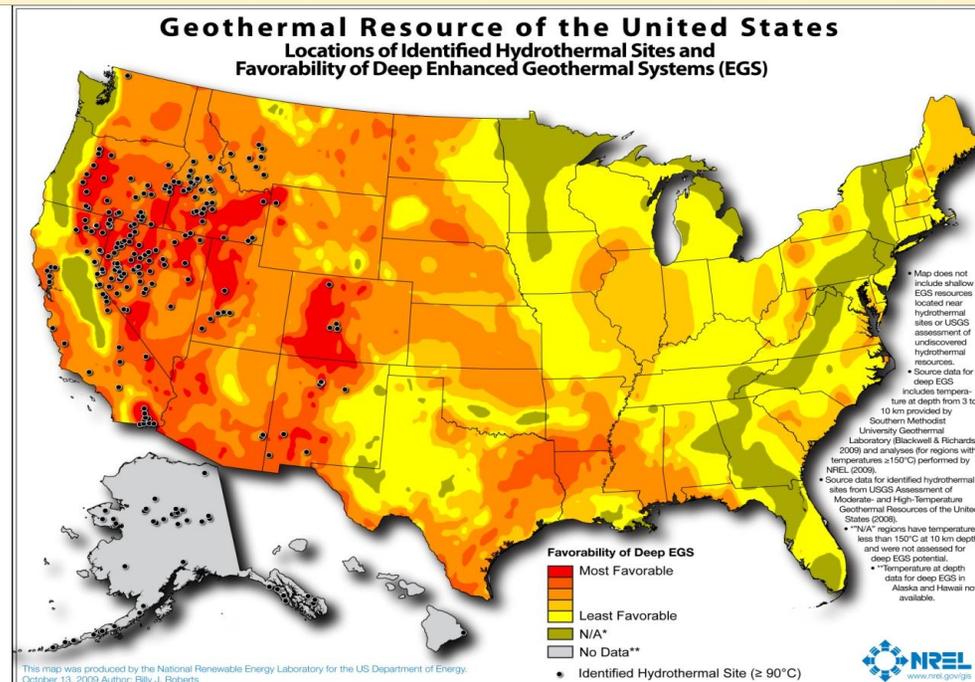
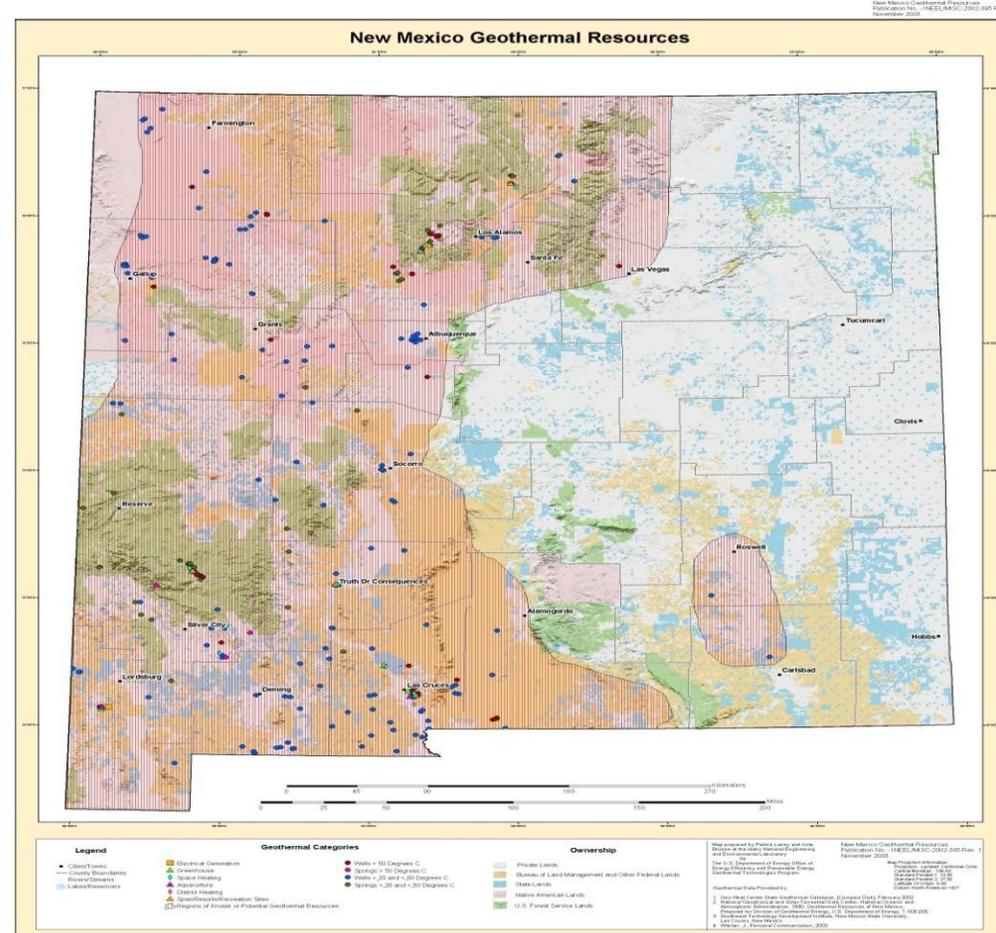


Renewable Energy Resources - Geothermal

The western half of New Mexico, including Grant County, offers a high favorability of geothermal energy production.

- New Mexico is among the top 10 states in the U.S. in terms of geothermal energy production potential.
- Grant County alone accounts for 12 geothermal wells and nine geothermal springs that are located within New Mexico.

Source: NREL

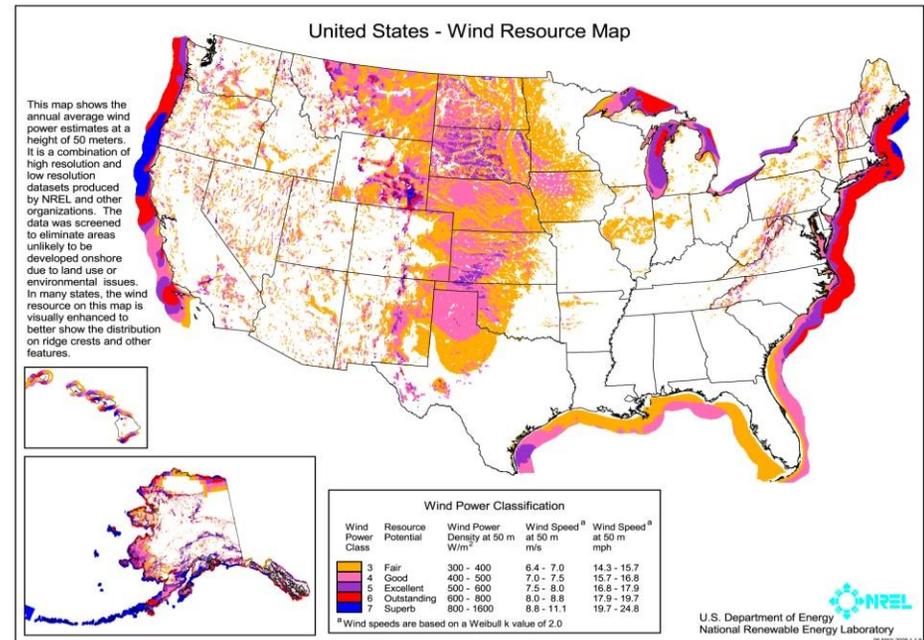
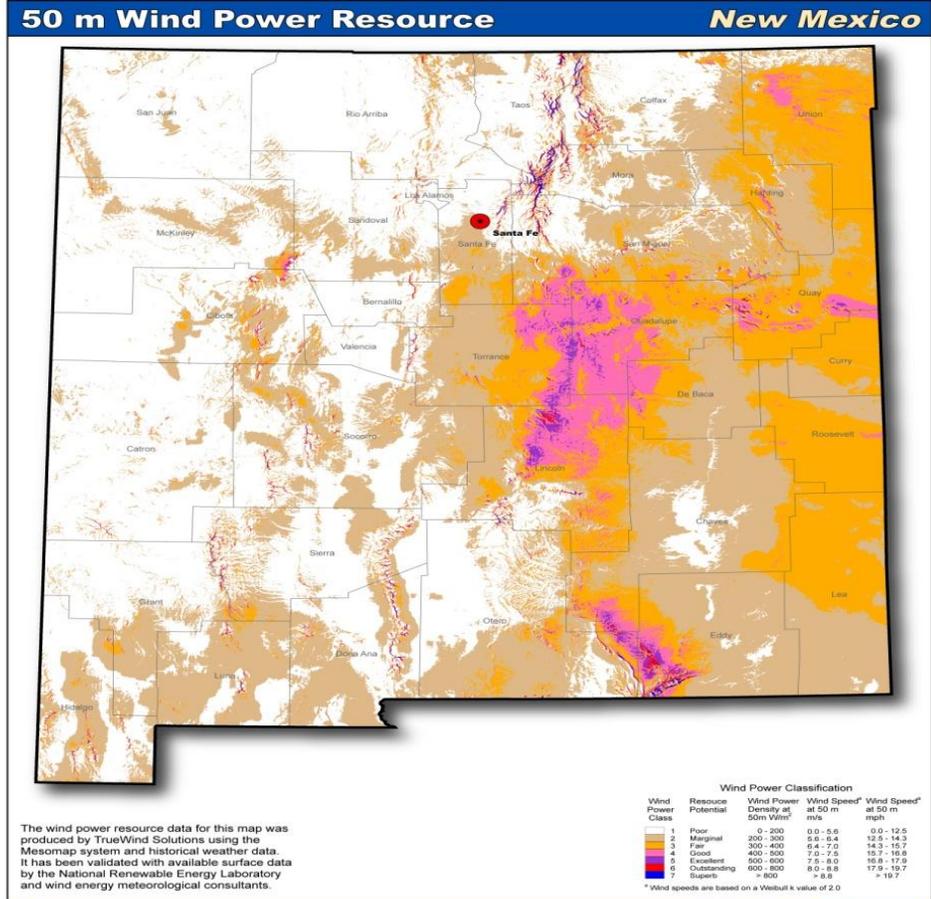


Renewable Energy Resources - Wind

Grant County's potential as a wind-power resource is inadequate due to its geography, however, it could be a potential site for wind-component manufacturing.

- New Mexico has several high-quality wind-generation sites, most of which are located on the eastern side of the state.
- The topography in northern Grant County prohibits sufficient wind generation, however, the less populous southern half affords more opportunity.

Source: NREL



Renewable Energy Resources - Biomass

Grant County's potential as a biomass resource is relatively low when compared to the potential of the larger geographic region.

- Biomass has the potential to play an important role in the future of U.S. energy, however, the majority of this potential lies outside of New Mexico.
- Rio Arriba County and Otero County offer the most potential for biomass resources in New Mexico.

Source: NREL

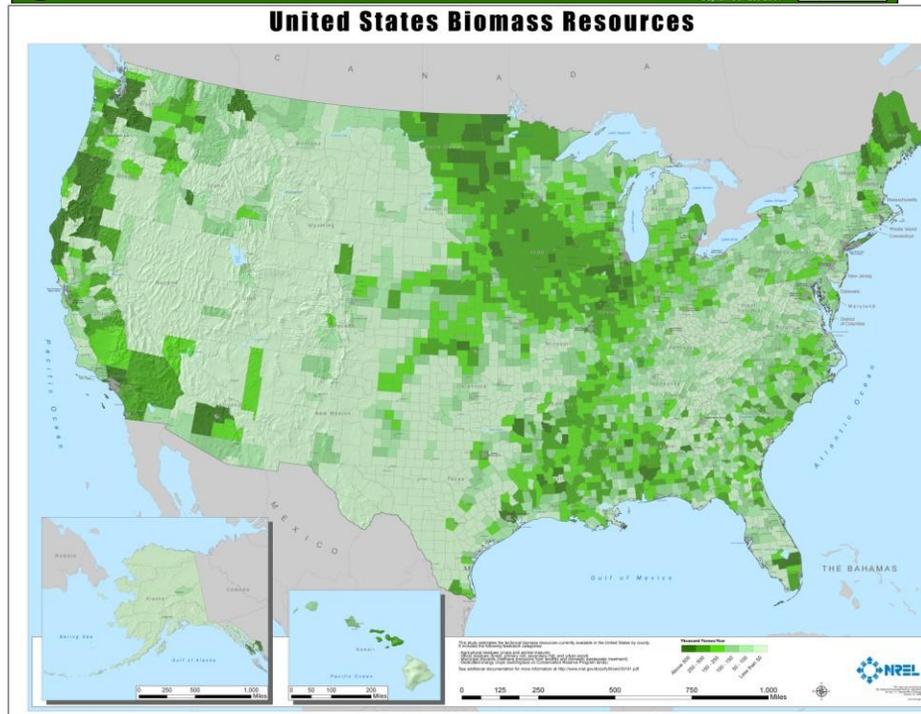
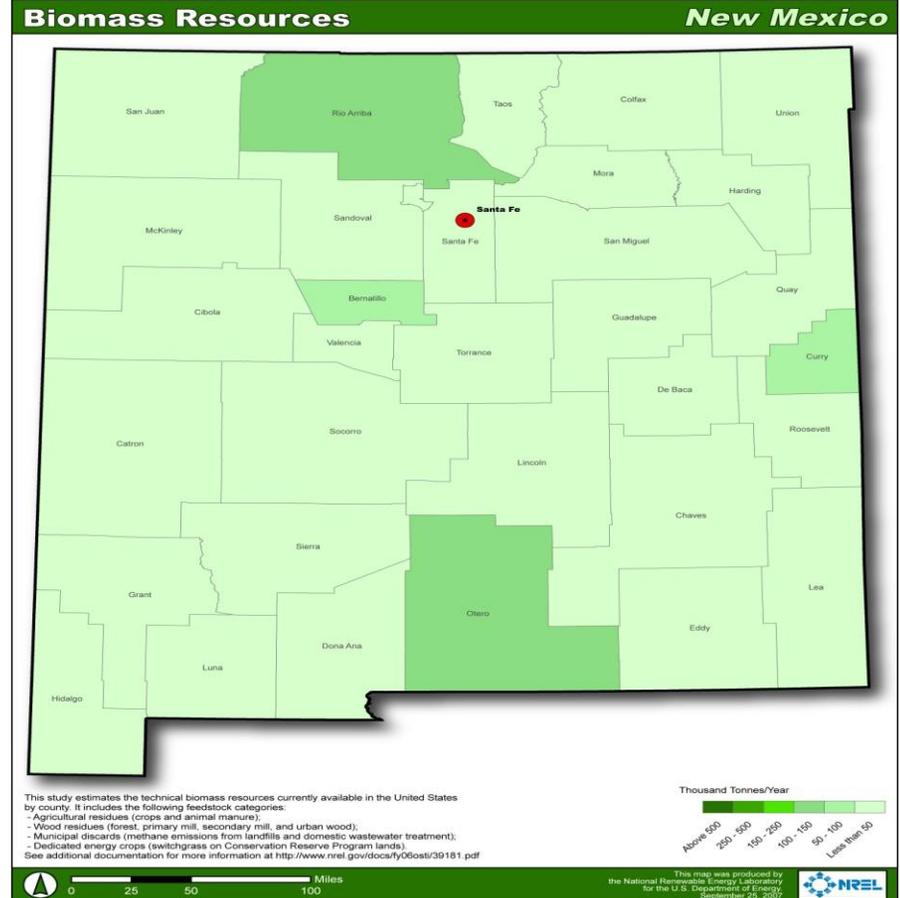




Photo : Mary Alice Murphy

TRANSITION TO TARGET INDUSTRY OPPORTUNITIES

Industry clusters are highly integrated groups of businesses with strong vertical and horizontal linkages. Vertical linkages include the suppliers and customers in a region that combine to create a competitive business model, whereas “horizontal” linkages include the relationships between competing companies-which often recruit from the same labor pool of talent-and supporting public institutions. Clusters often mature when businesses expand their relationships with existing supplier firms in a region. As the clusters grow, additional supplier firms are attracted to the region, eventually creating a well-diversified “critical mass” of production, labor, and information.

AngelouEconomics has defined 35 standard industry clusters to categorize businesses according to their final product and how these products are related to each other and integrated along the vertical supply chain. To assess the strength of a cluster in a regional economy, AngelouEconomics has calculated location factors (or quotients) to each cluster. These factors are calculated by comparing the cluster’s share of total local employment to the cluster’s national share. This location quotient will yield a value generally between 0 and 2, where a result of “1” demonstrates that the cluster commands an average (expected) share of the local economy. Cluster location factors greater than 2 indicate a strong cluster agglomeration, while those less than 0.5 indicate extremely weak clusters.

What industries are currently strong in Grant County?

The chart to the right shows the top 10 clusters in Grant County while the chart on the following page lists the top 15 industries compared with cluster strength for the entire state of New Mexico. Importantly, the following analysis is intended only to provide an industry *baseline* for which competitiveness can be measured in the regional and global economies. In the next report – the Target Industry Report – the project team will compare these clusters to regional and national cluster trends to identify potential economic development targets. Grant County has strong clusters in Natural Resources (largely due to Freeport-McMoran), Industrial Supplies, and Government. Grant County has moderate cluster strength in Higher Education & Research, Elementary & Secondary Schools, and Eat/Drink establishments.

2011 GRANT COUNTY INDUSTRY CONCENTRATION: TEN STRONGEST INDUSTRIES (BY LOCATION QUOTIENT) *

| Industry | Employees | LQ |
|--------------------------------|-----------|-------|
| Natural Resources | 413 | 13.06 |
| Industrial Supplies | 736 | 7.53 |
| Government | 1,295 | 2.33 |
| Higher Education & Research | 390 | 1.82 |
| Elementary & Secondary Schools | 524 | 1.32 |
| Eat/Drink | 561 | 1.31 |
| Agriculture | 136 | 1.16 |
| Civic Enterprises | 311 | 1.16 |
| Material Supplies | 75 | 1.11 |
| Retail | 1,094 | 1.05 |

Sources: Dun & Bradstreet,

Location Quotient (LQ)

A calculated ratio between the local economy and the national economy that indicates industry concentration.

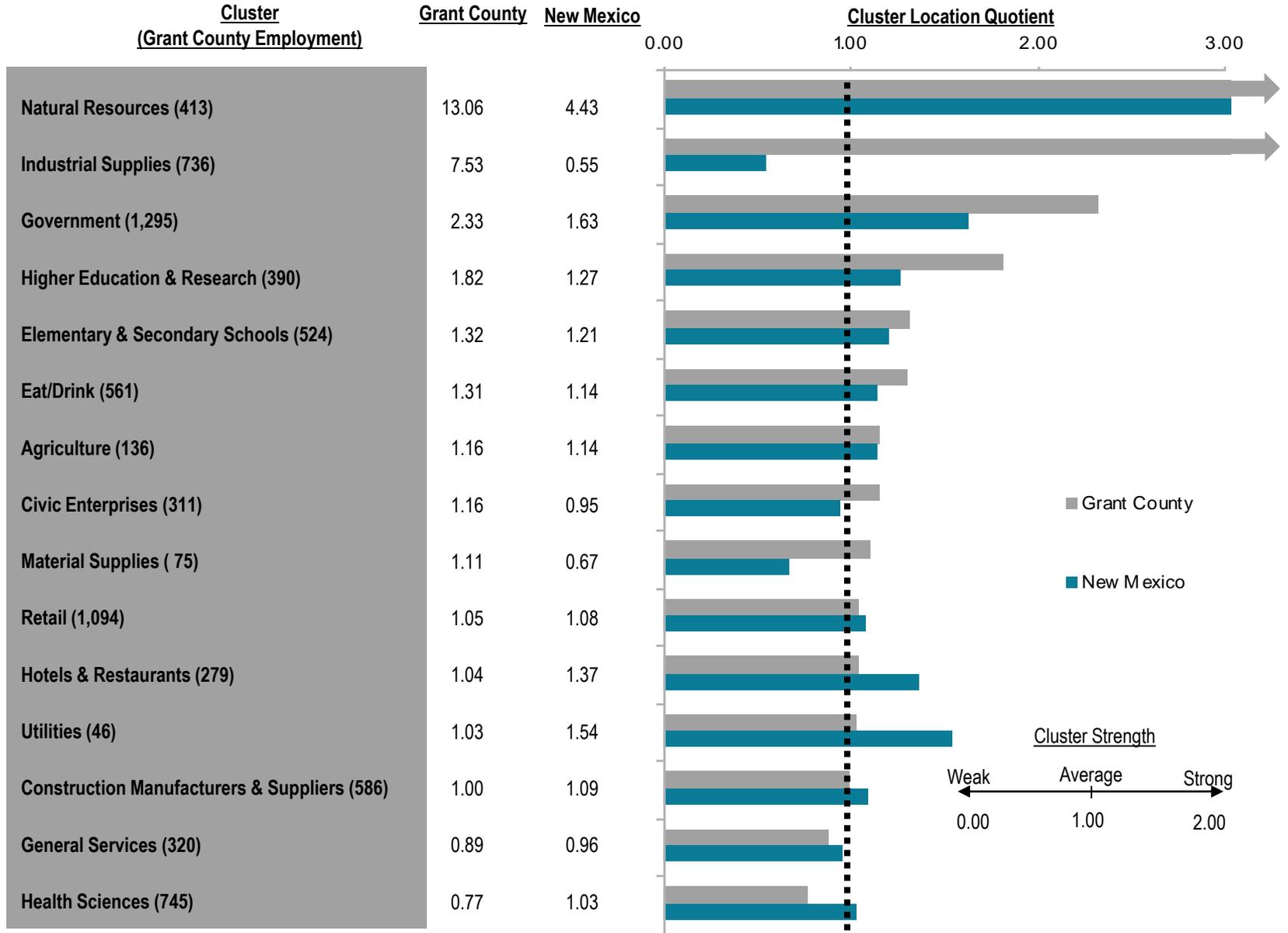
LQ =1.0 indicates average concentration

LQ > 2.0 indicates a strong cluster

LQ < 0.5 indicates a weak cluster

Industry Cluster Strengths

TOP 15 GRANTCOUNTY, NM INDUSTRY CLUSTERS, 2011



Sources: Dun & Bradstreet



Appendix A

APPROACH AND METHODOLOGY

This report examines the current state of affairs in Grant County, New Mexico in areas that are most critical to business and industry growth and job creation. The market assessment is the first of a series of reports in the economic development strategic planning process, and is a tool for not only identifying the current health of the Grant County economy, but also the trends and factors that have shaped it. Utilizing a mix of data that was provided by Grant County or collected independently by AngelouEconomics, as well as qualitative information from local stakeholders, this report represents an evaluation of trends, data, and businesses' and residents' perceptions of the Grant County. This report evaluates Grant County's readiness to attract and direct future economic development by analyzing Grant County and its communities in a range of economic and demographic variables by comparing it against a group of benchmark counties. A set of criteria was developed to identify three benchmark counties (Luna County, NM, Graham County, AZ, and La Plata County, CO) that share several key similarities with Grant County.

AngelouEconomics used a variety of sources to collect the quantitative and qualitative information used in its analysis. To begin, the consulting team collected previous studies and plans developed for Grant County and the surrounding region. Quantitative data was collected from state and national sources, including the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, U.S. Patent and Trademark Office, the Bureau of Economic Analysis, the National Science Foundation, the Internal Revenue Service, the National Center for Education Statistics, the Energy Information Administration and numerous private sector sources including Decision Data Resources, PricewaterhouseCoopers, and Dun & Bradstreet. AngelouEconomics also gathered qualitative data through numerous focus groups, one-on-one interviews, and community tours. Two surveys were conducted to provide further insight into the Grant County economy. One survey was intended for county employers; the other was intended for county residents.



Appendix B

COMMUNITY ANALYSIS AND NARRATIVE CONTENT

As described in Appendix A of this report, “Approach and Methodology,” the project team completed an in-depth analysis specific to Grant County which was further shaped by on-site research conducted while visiting the community that included site visits, interviews and focus groups, and was strengthened by input from key community stakeholders as well as a business and resident survey. The results of this analysis formed the basis for all conclusions presented in this report. The research completed within this phase of the project has been directed specifically to meet the economic development needs and objectives of Grant County and will guide future research and recommendations to be prepared by the project team in future stages of this project.

Certain portions of this report draw upon previously completed research conducted by AngelouEconomics for internal use or for separate projects, and were selected for inclusion in this report for their specific relevance to the challenges and opportunities currently affecting Grant County. In certain cases, specifically those relating to research processes, definitions, national and global trends, industry-wide conditions and dynamics, and national economic data, narrative remarks may be included in other documents prepared by AngelouEconomics. Reasonable efforts have been made to ensure that all data and information that was completed by other organizations and government agencies have been properly sourced throughout this report. Further information relating to the methods, research or recommendations featured in this report can be made available upon request by the client.



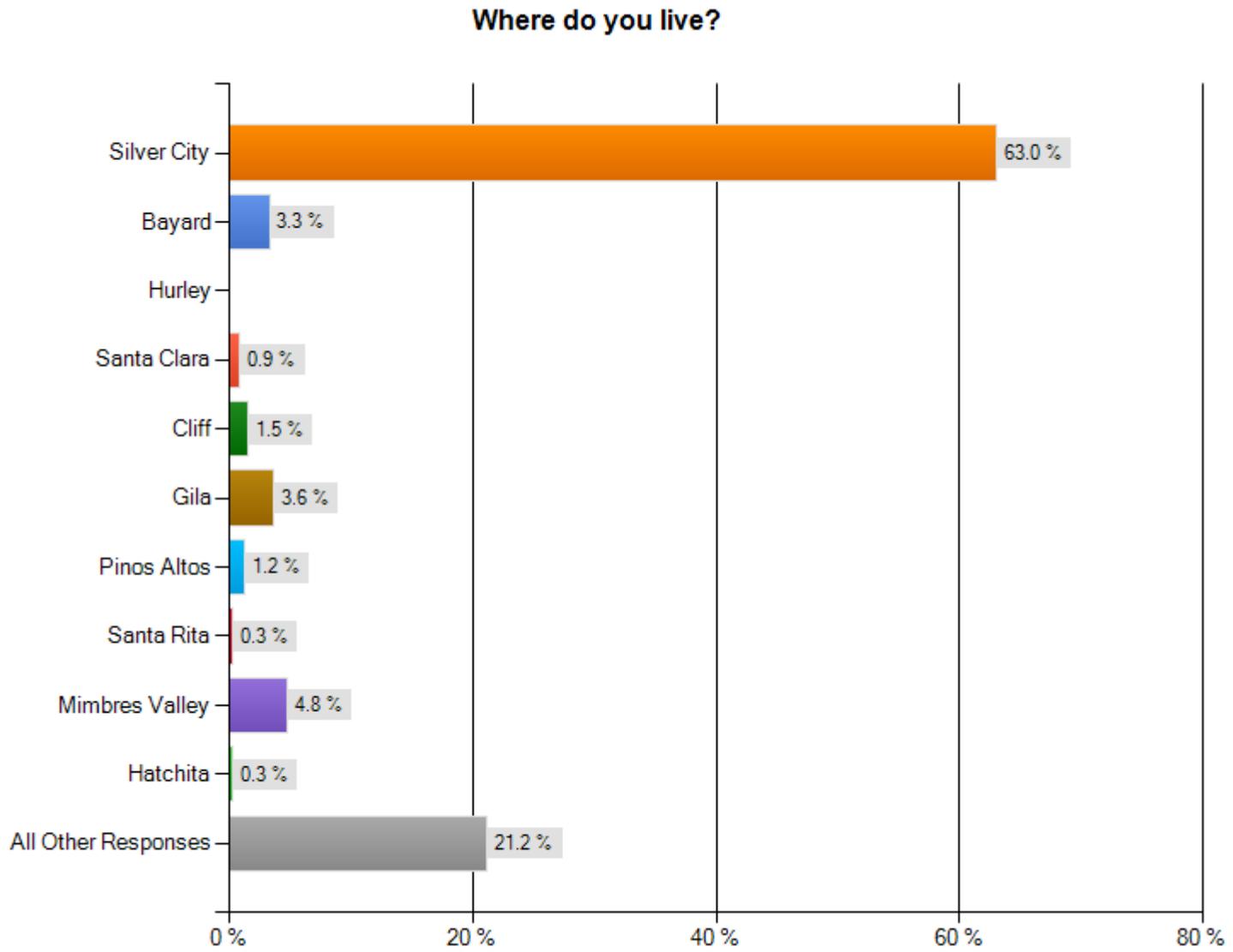
Appendix C

SURVEY RESULTS

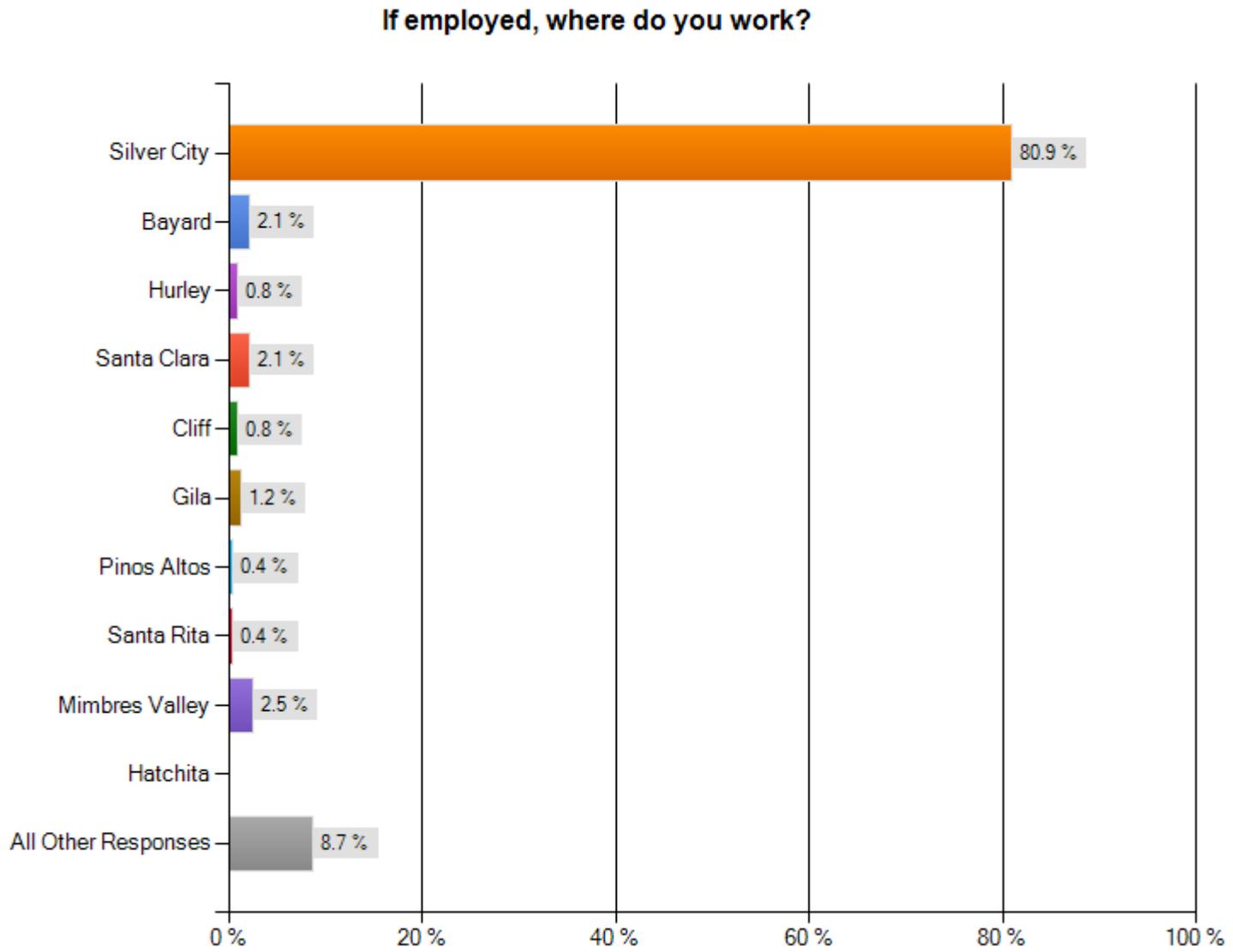
As part of the data collection process, two online surveys were developed to glean insight from Grant County community members on topics related to economic development. One survey was directed to Grant County residents, the other was for employers. The resident survey has been completed by 388 residents and the business survey has been completed by 113 employers at the time of this report's publishing. Although not a statistically representative sample, response levels were high and the responses provide a valuable perspective to the strategic planning process. The large number of responses to both surveys is a very positive sign that reflects a high level of participation in this project from local stakeholders.

The surveys were open from approximately January 10, 2012 to February 1, 2012.

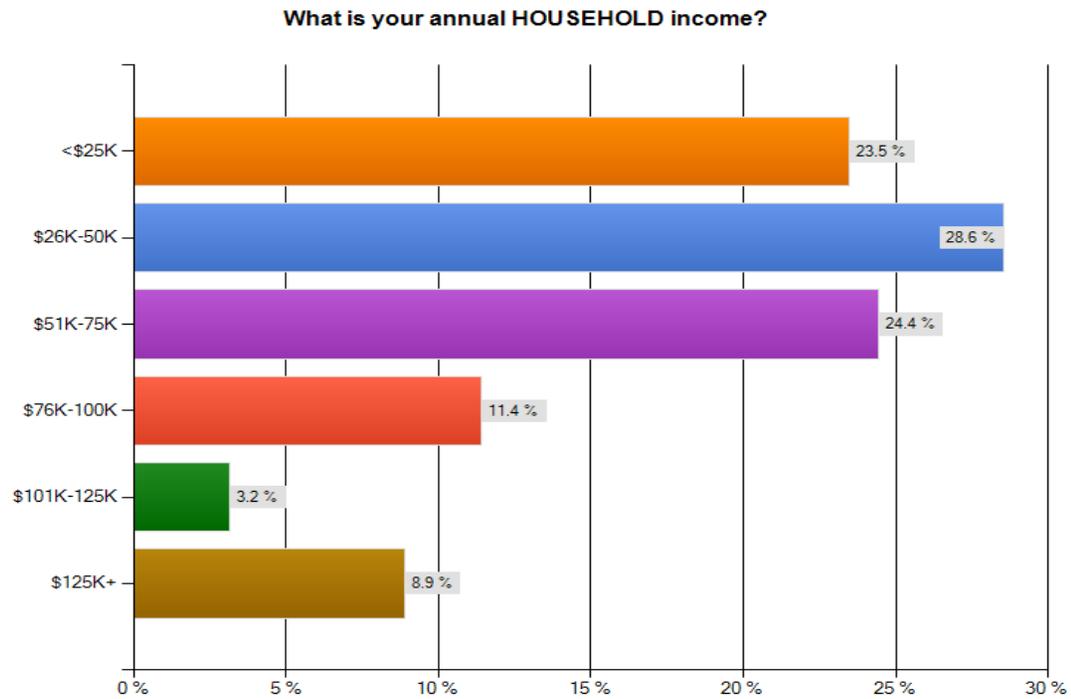
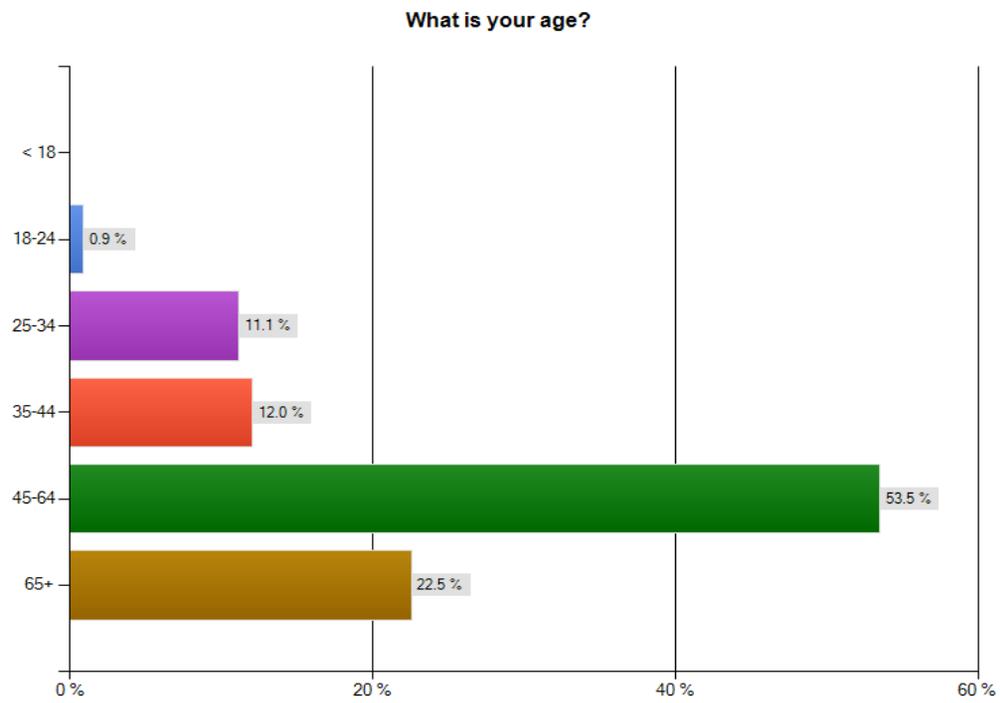
Appendix C Survey Results: Resident Survey



Appendix C Survey Results: Resident Survey

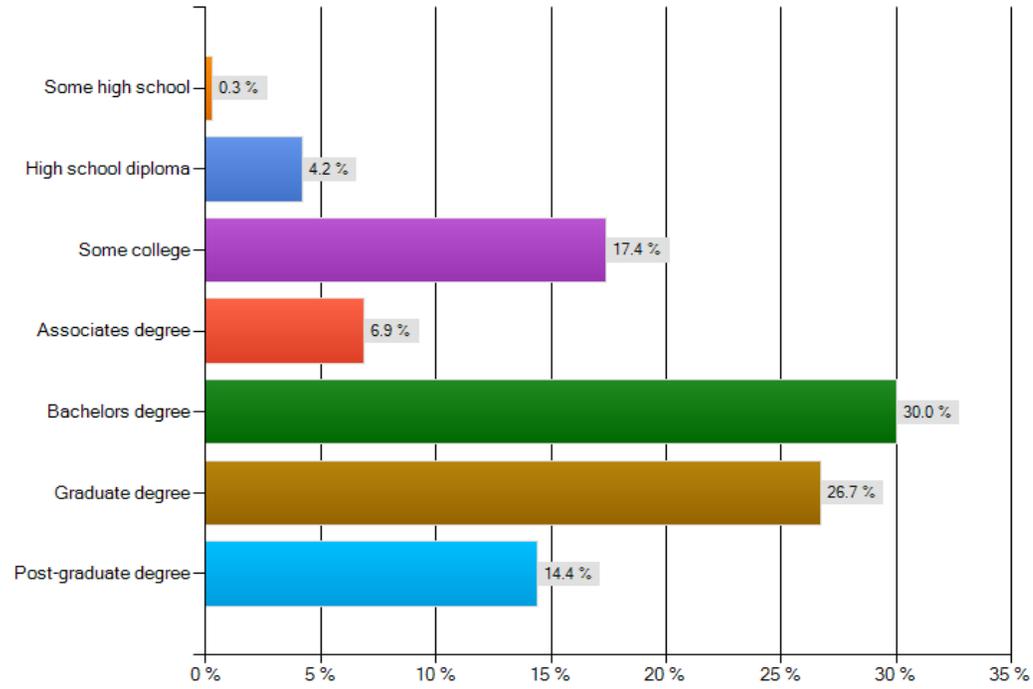


Appendix C Survey Results: Resident Survey

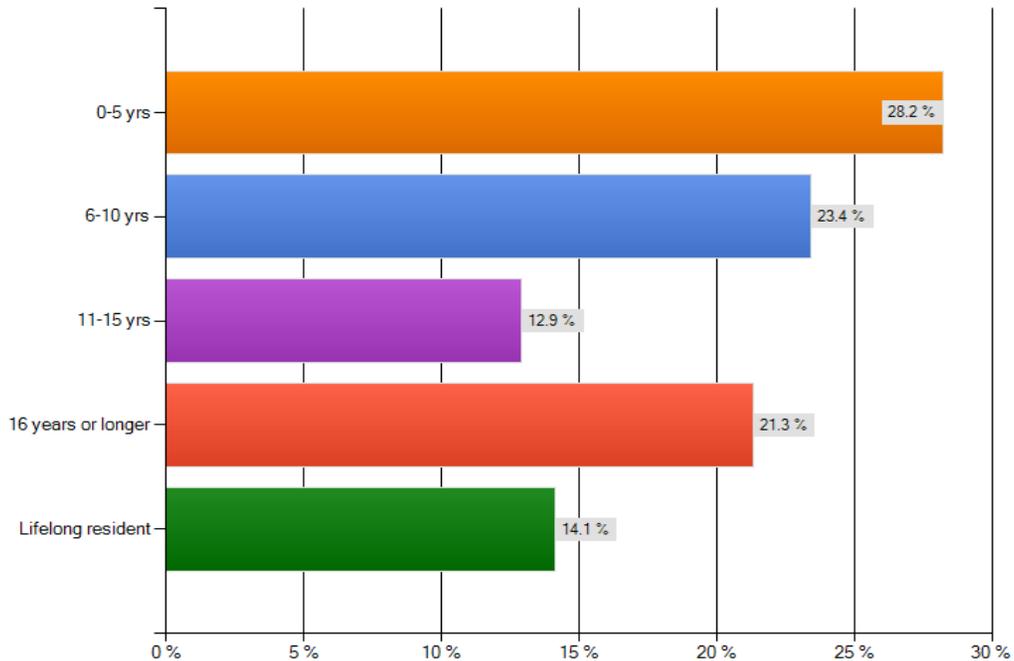


Appendix C Survey Results: Resident Survey

What is the highest level of education you have reached?

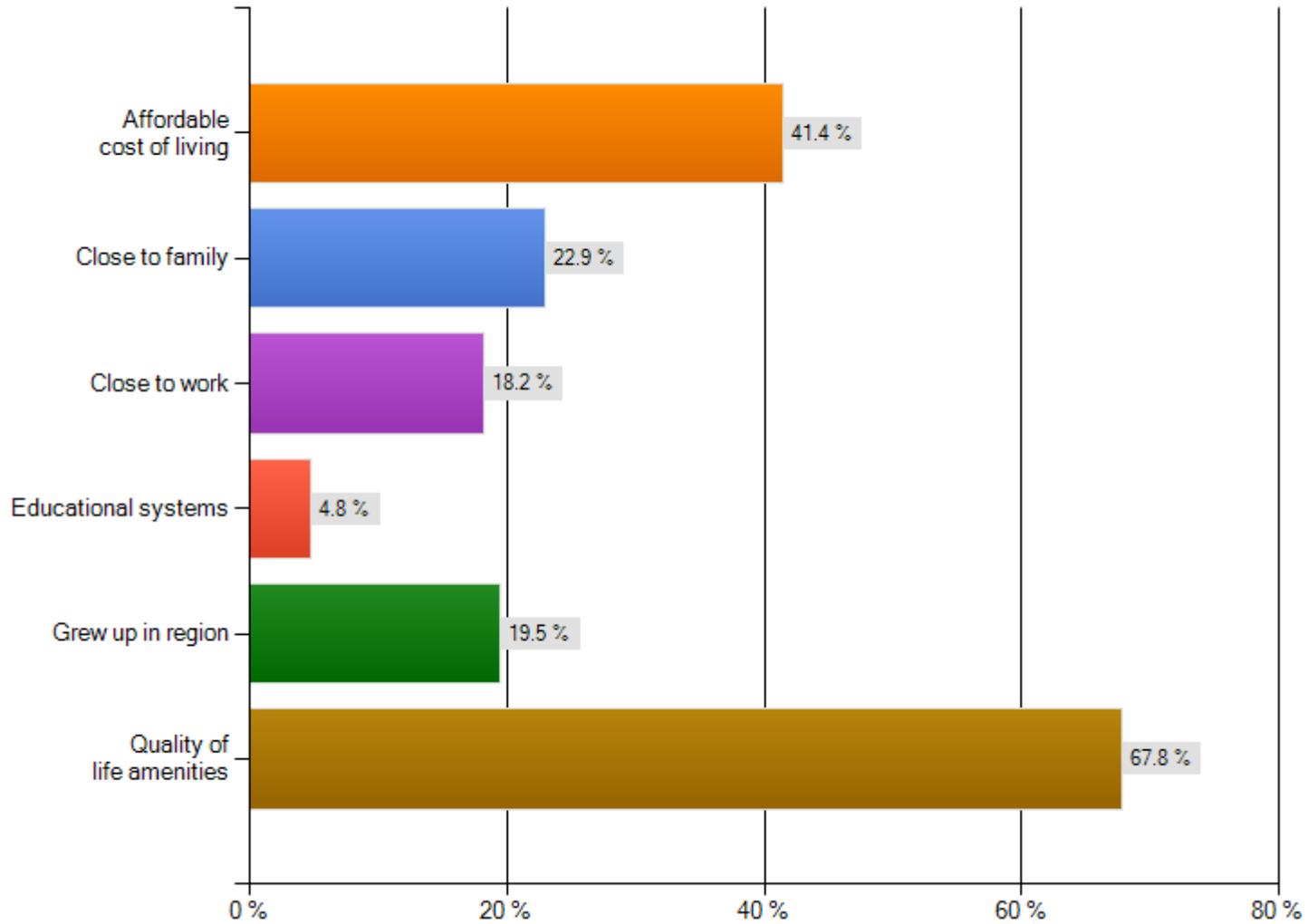


How long have you lived in Grant County?

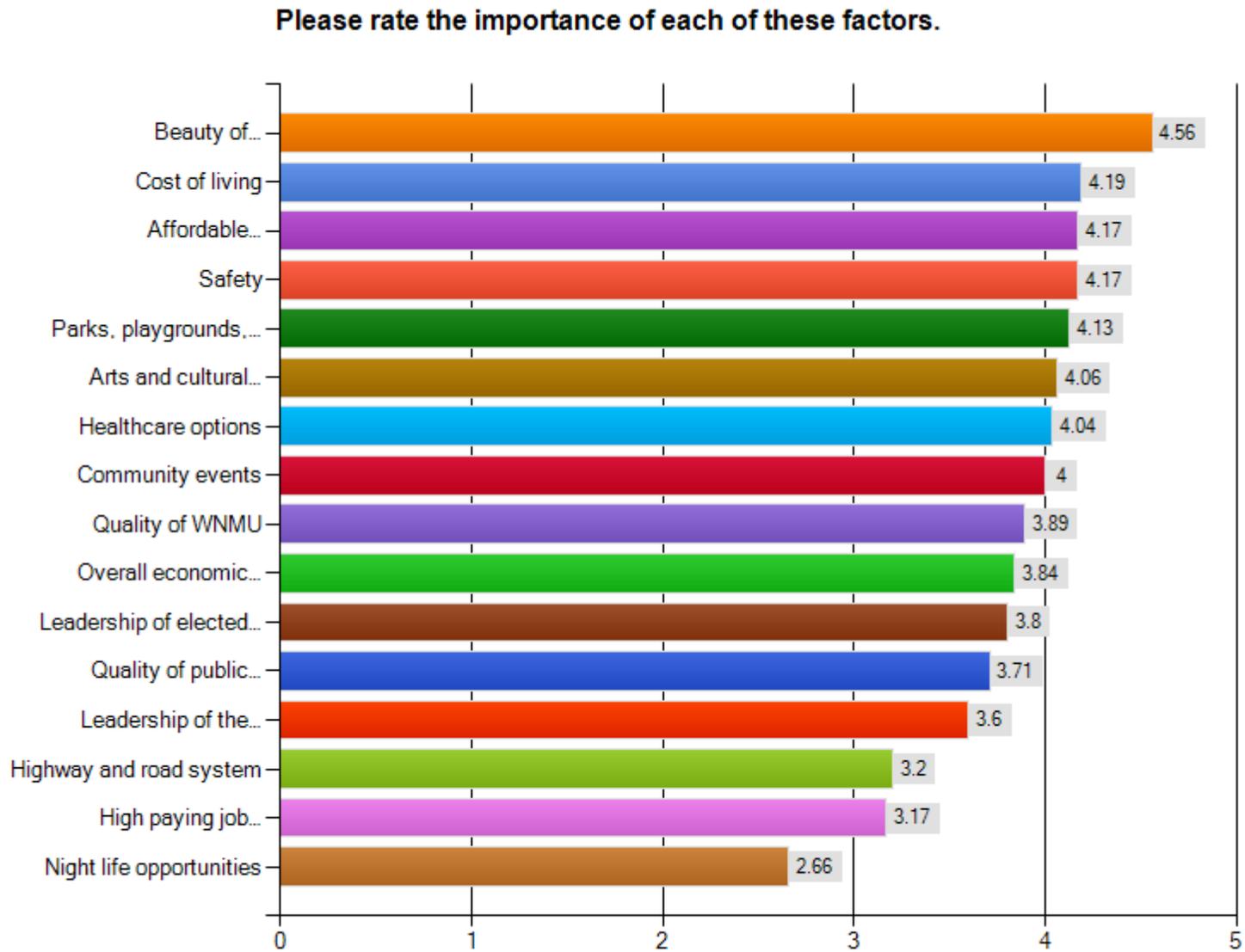


Appendix C Survey Results: Resident Survey

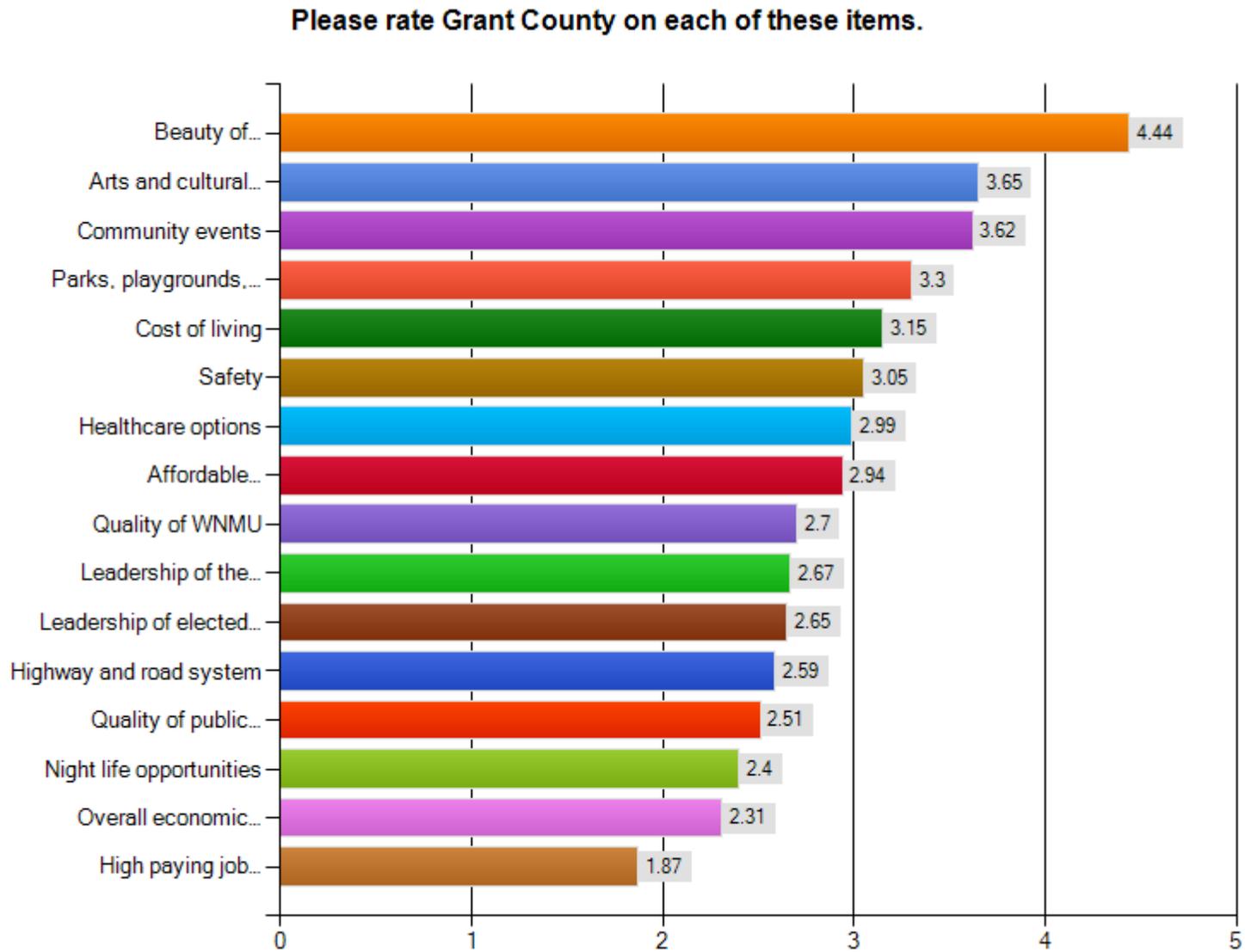
What are the three primary reasons you have chosen to live in Grant County?



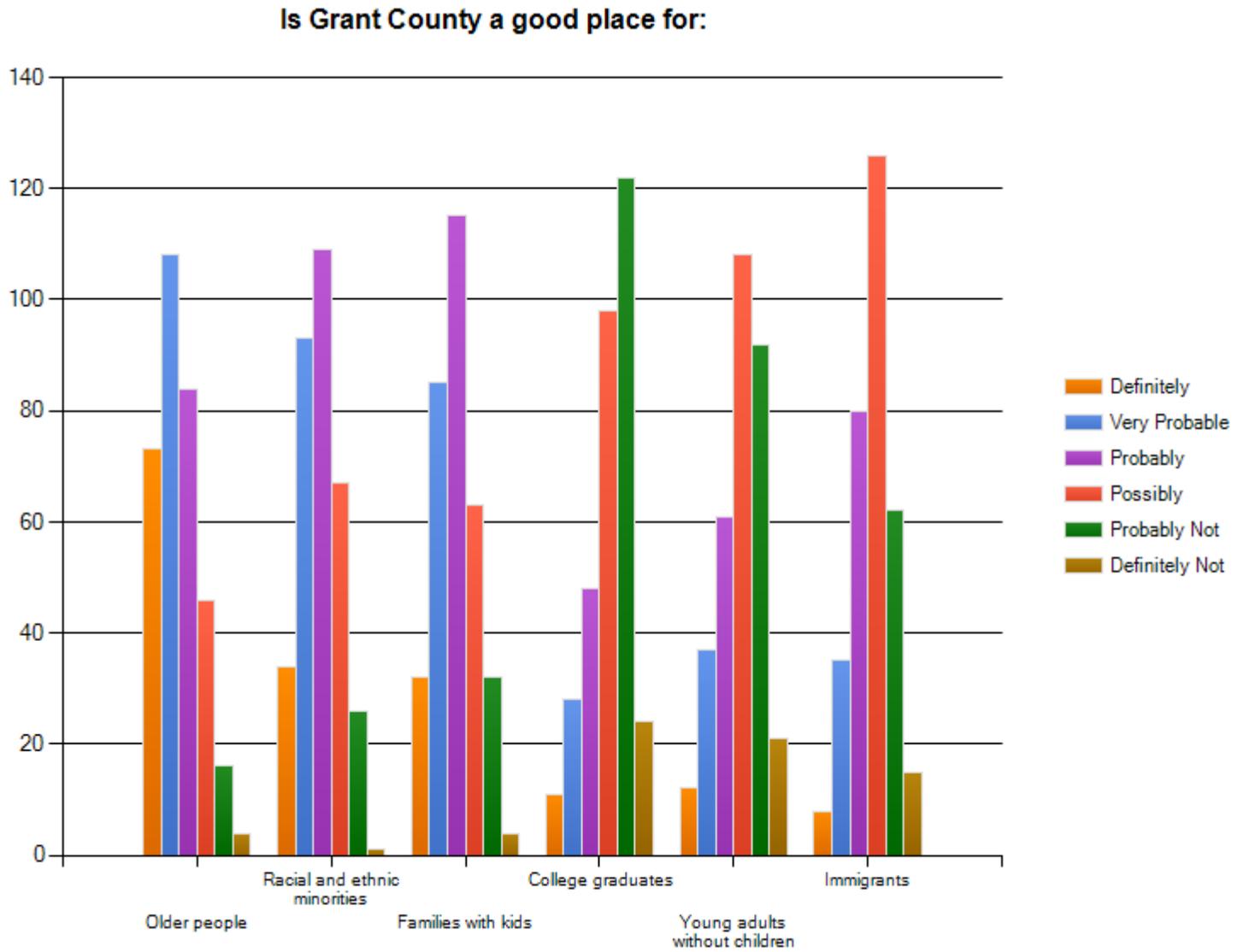
Appendix C Survey Results: Resident Survey



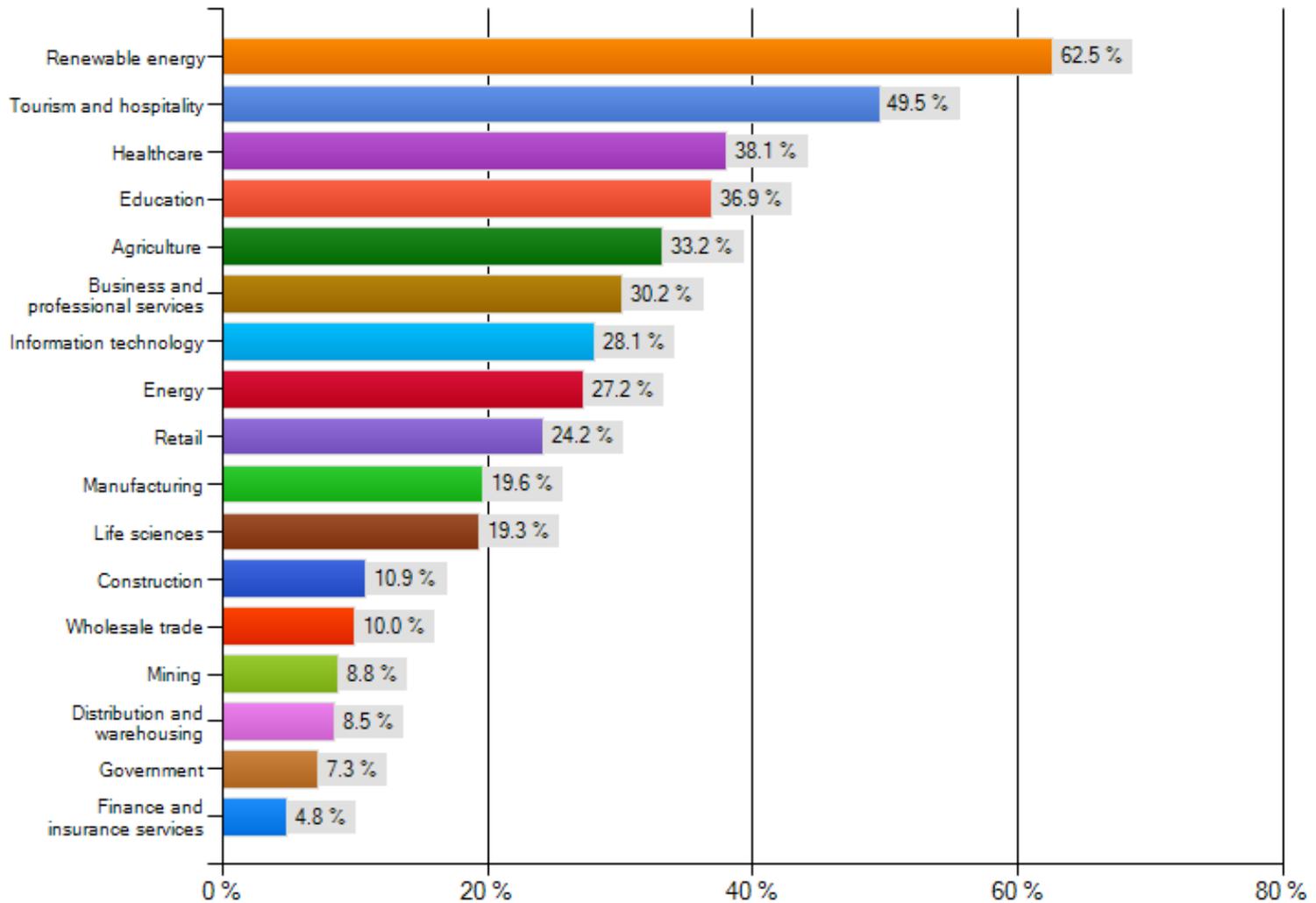
Appendix C Survey Results: Resident Survey



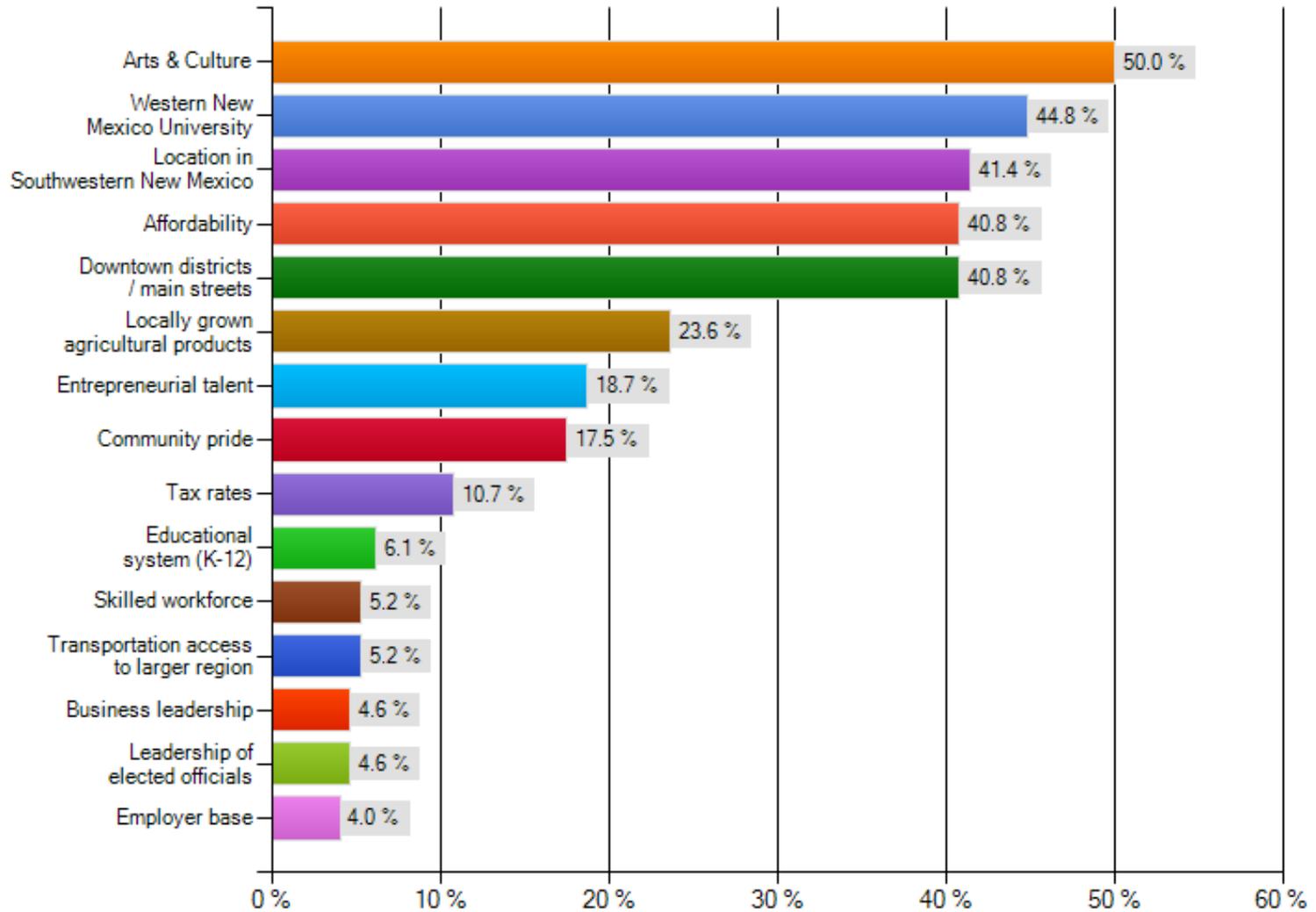
Appendix C Survey Results: Resident Survey



**What type of employers would you like to see expand or locate in Grant County?
(Choose up to three.)**

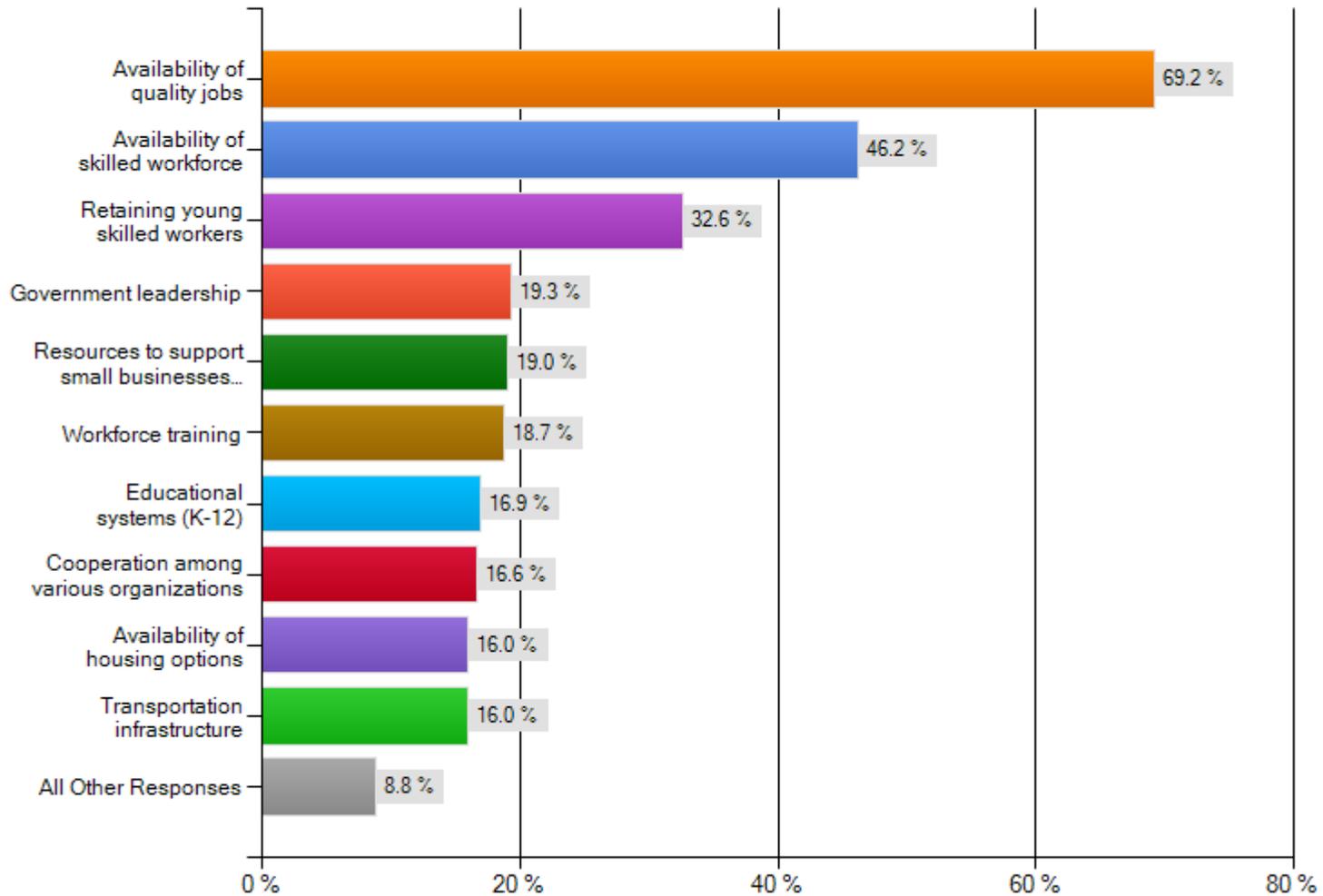


What are Grant County's greatest assets that can contribute to economic growth?
(Choose up to three.)

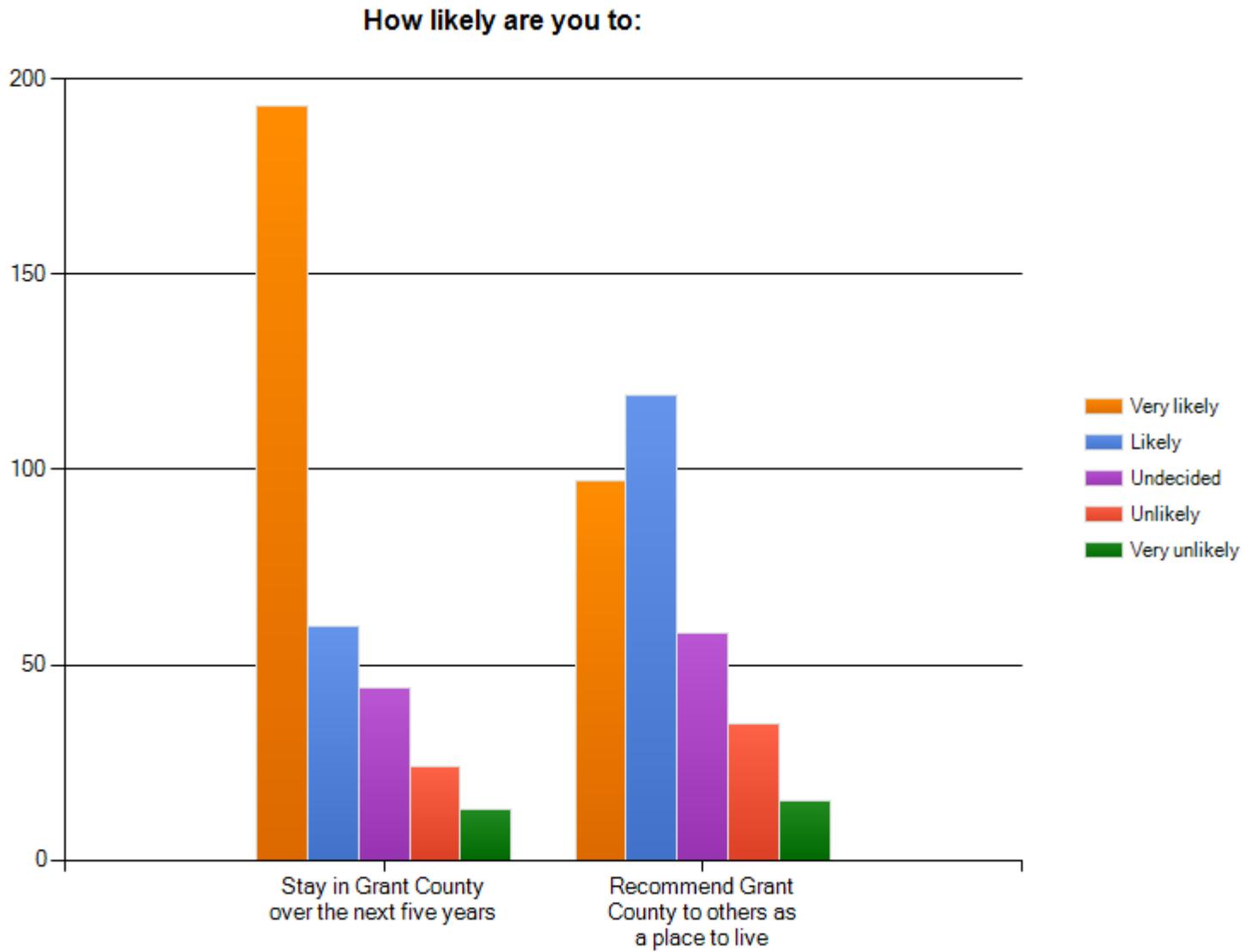


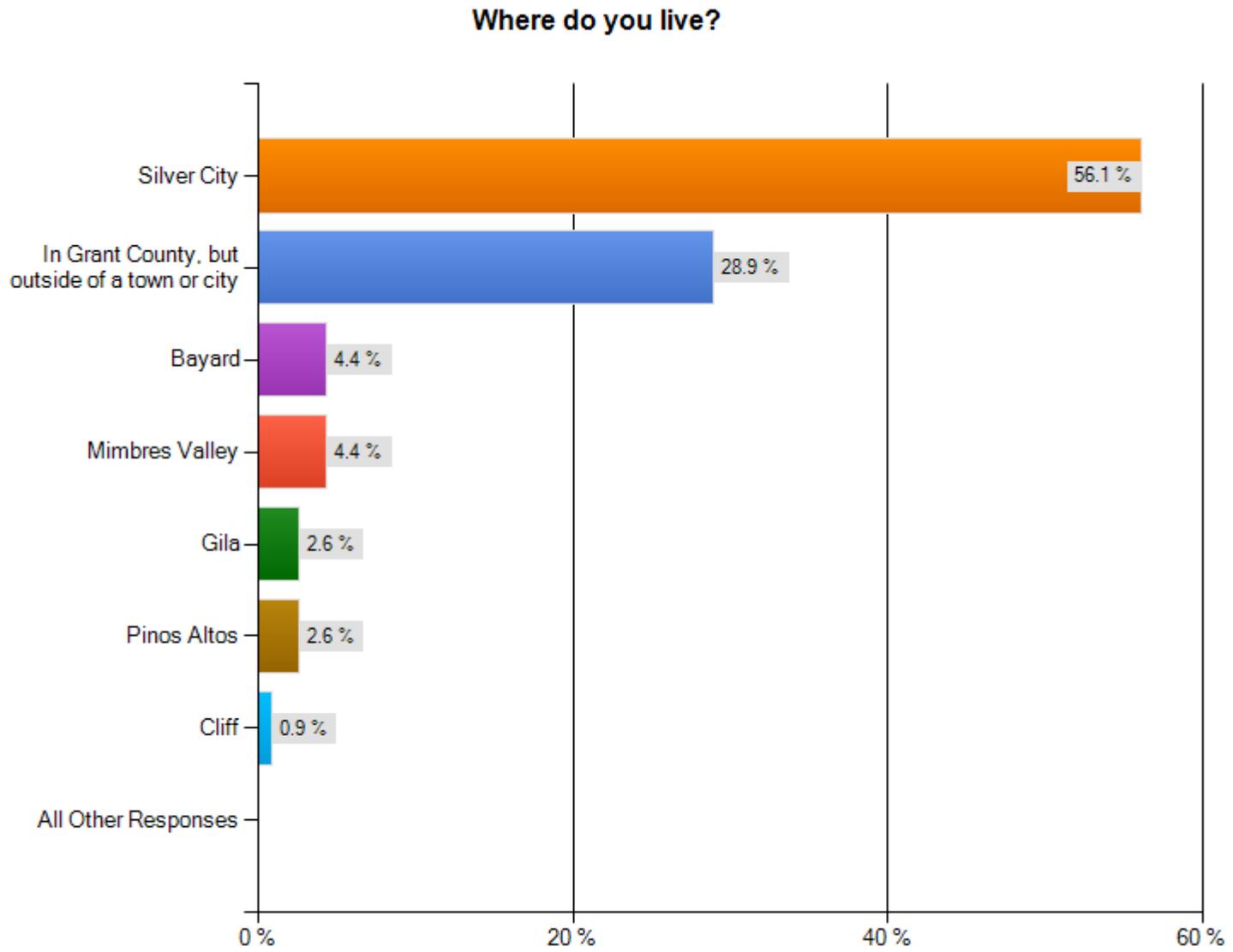
Appendix C Survey Results: Resident Survey

What are the most significant challenges facing Grant County as it works to improve job and economic growth? (Choose up to three.)

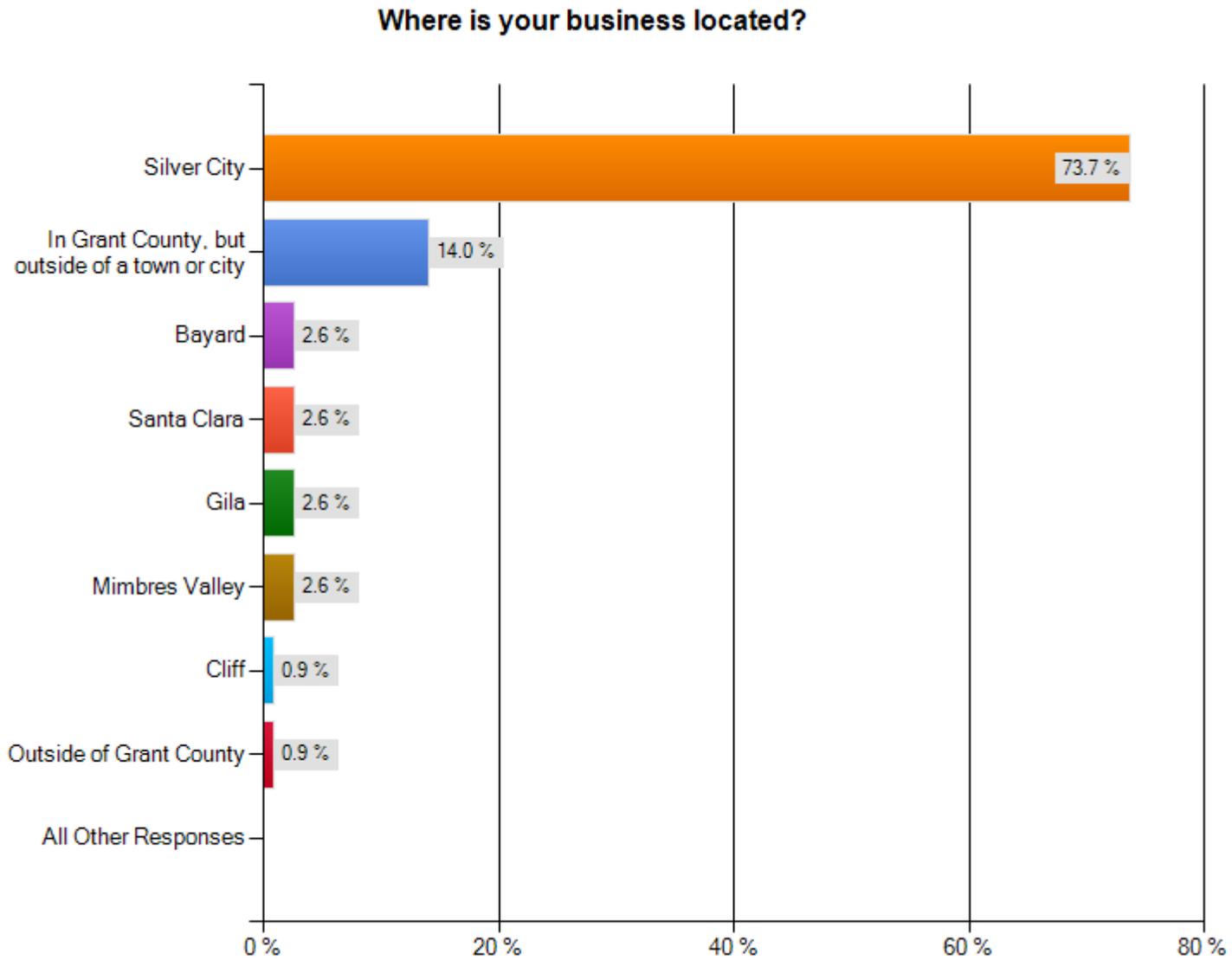


Appendix C Survey Results: Resident Survey

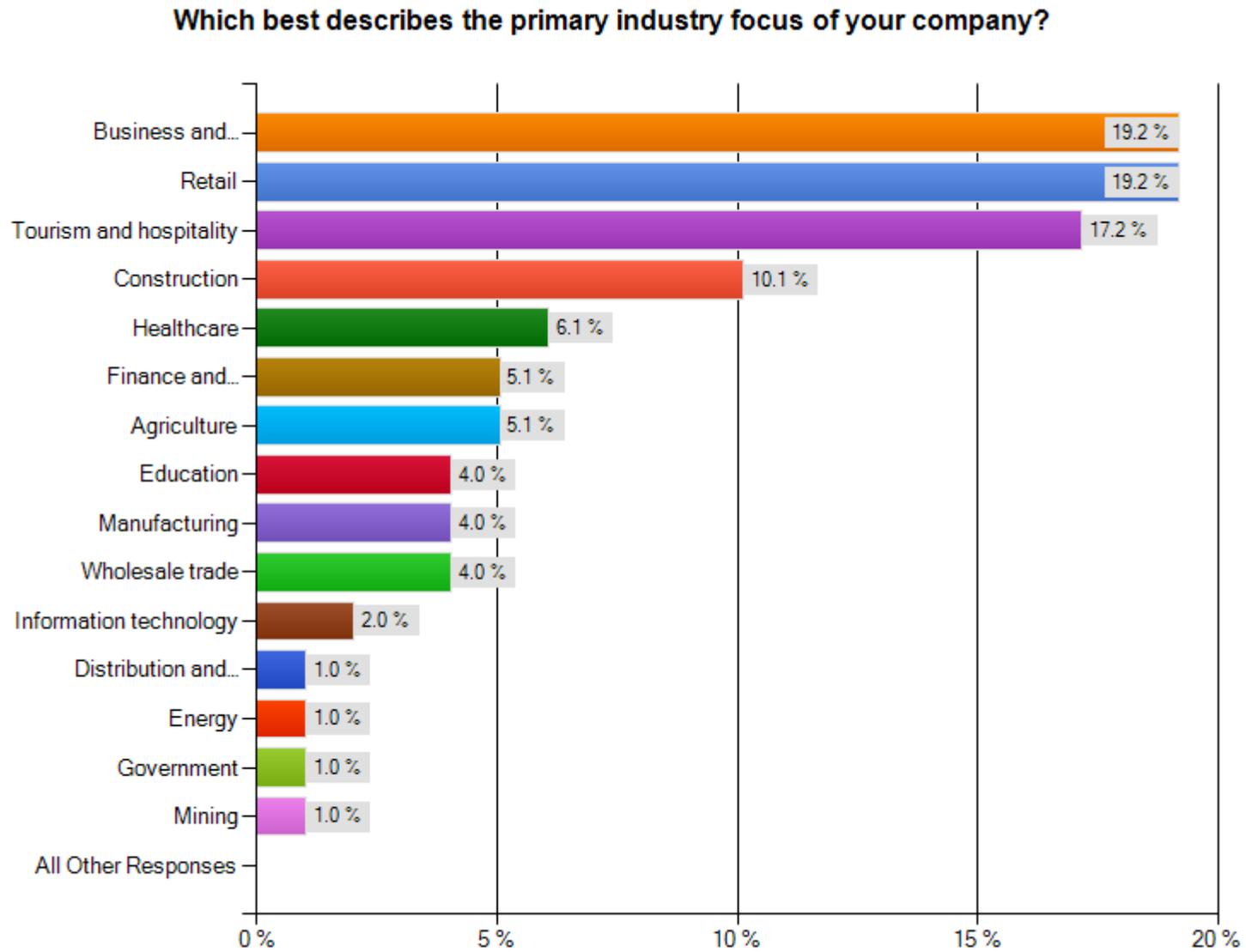




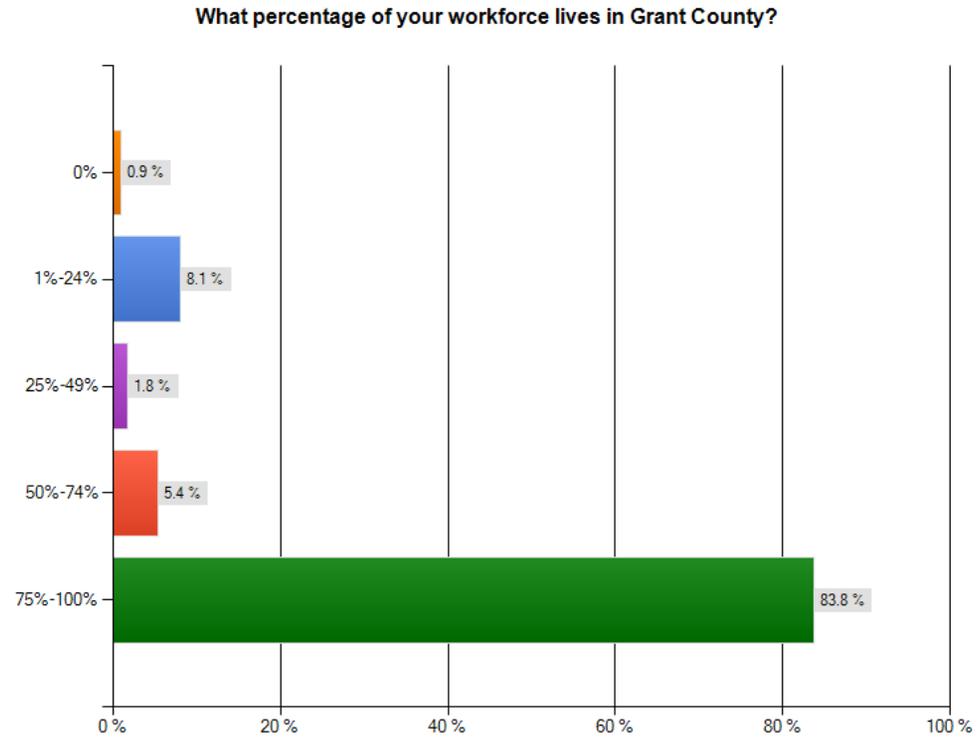
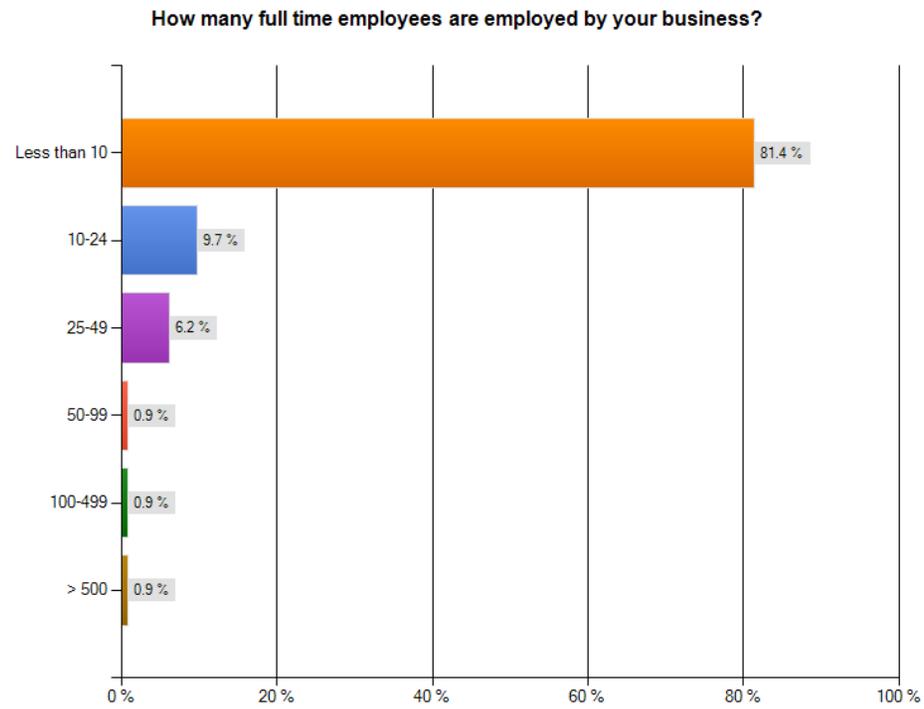
Appendix C Survey Results: Business Survey



Appendix C Survey Results: Business Survey

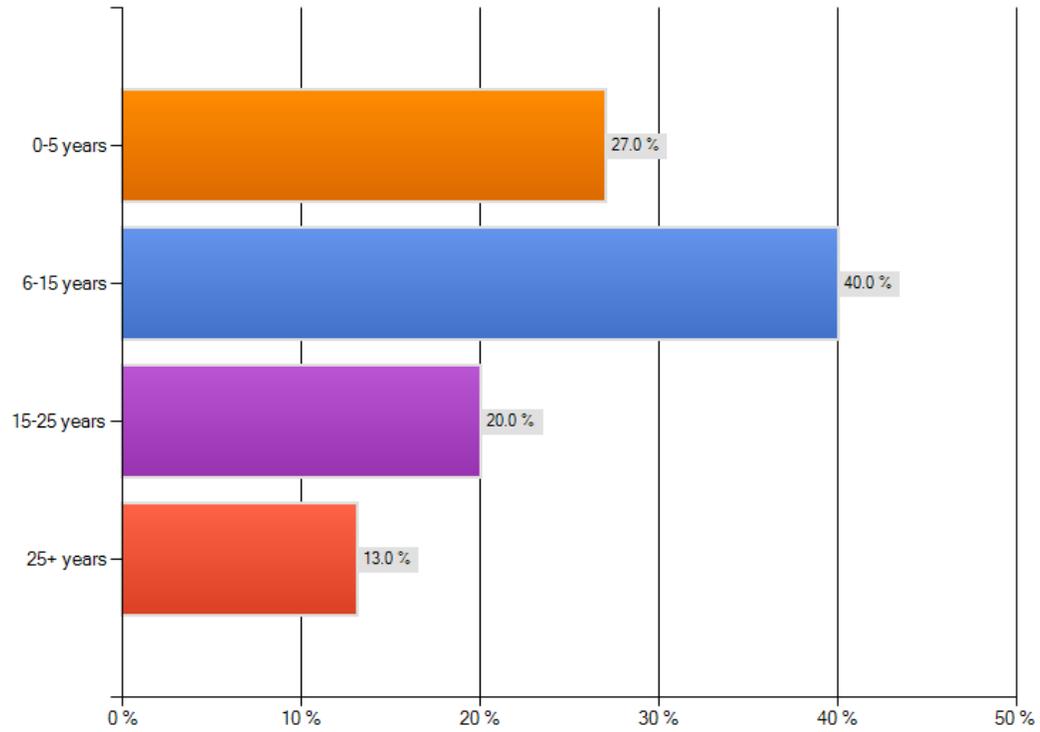


Appendix C Survey Results: Business Survey

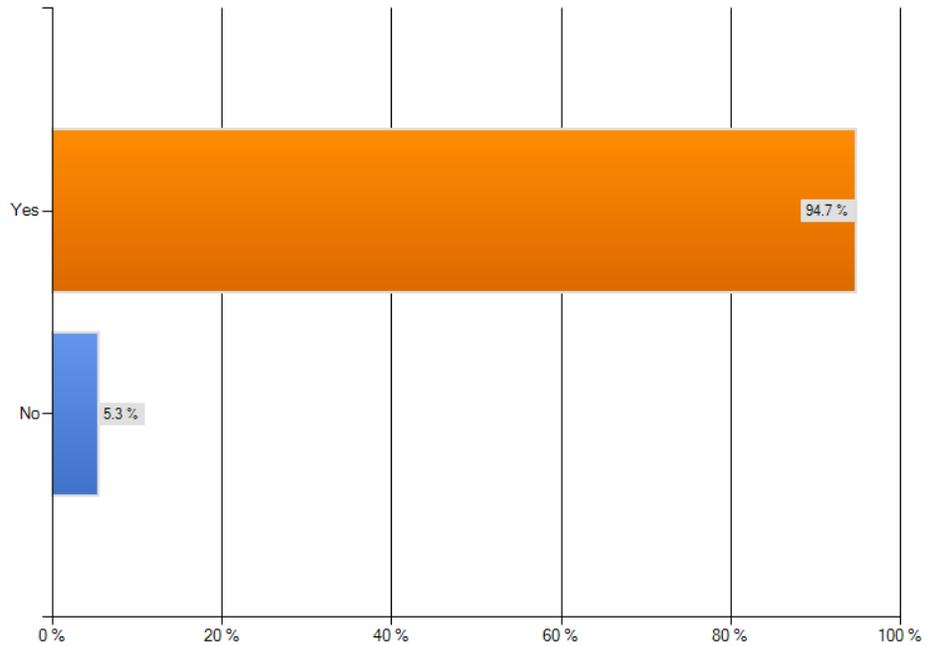


Appendix C Survey Results: Business Survey

How long has your business been located in Grant County?

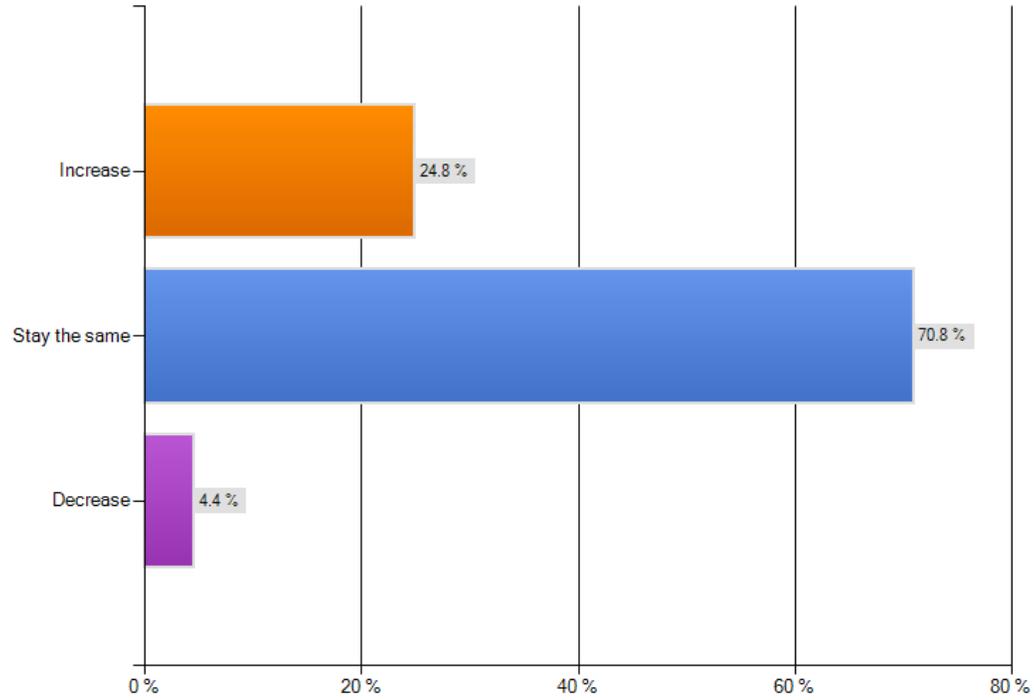


Is your business headquartered in Grant County?

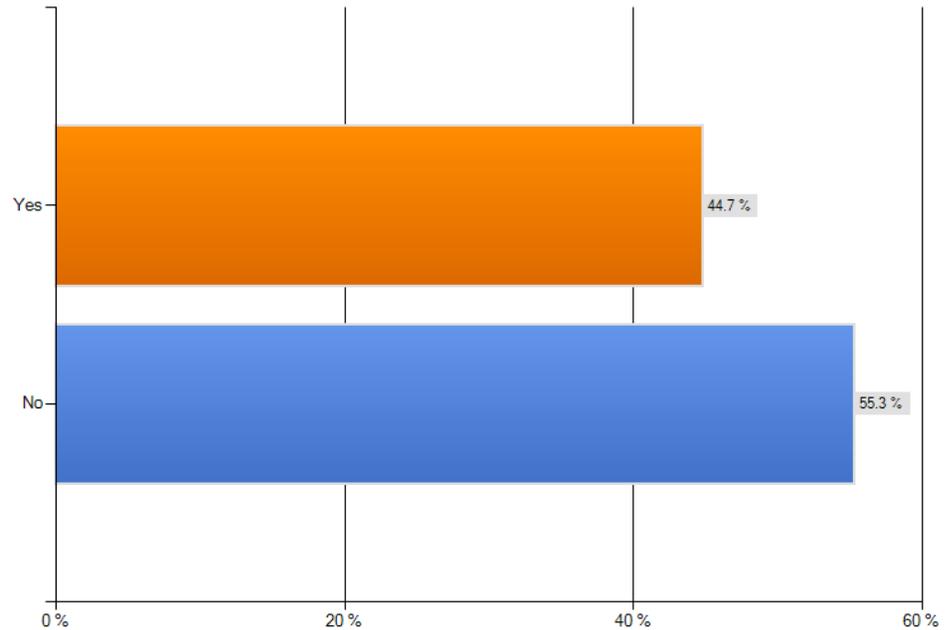


Appendix C Survey Results: Business Survey

Over the next TWO years, do you expect the number of full time equivalent (FTE) employees in your business to:

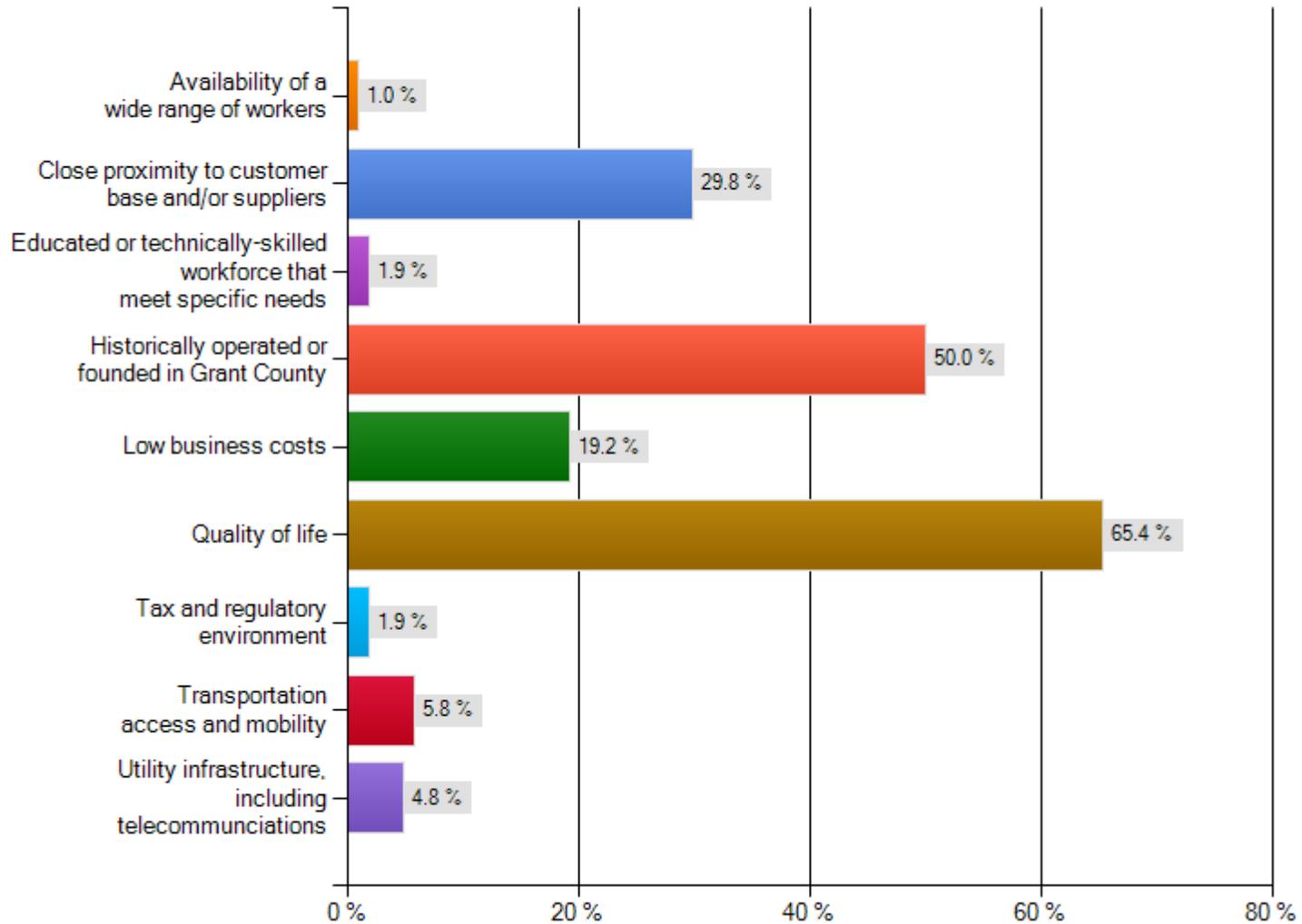


Over the next 5 years, do you anticipate expanding or adding a product line to your Grant County operations?



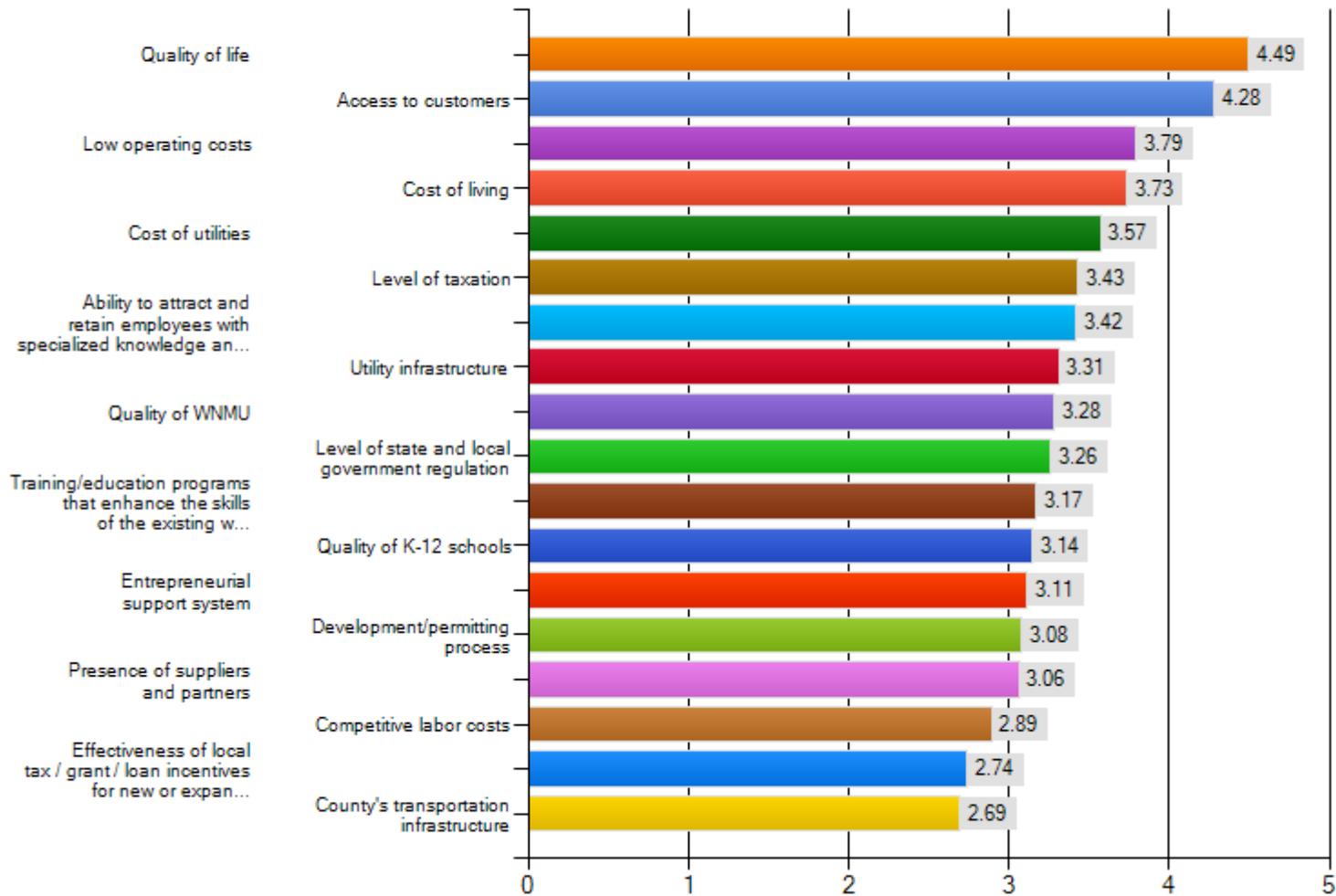
Appendix C Survey Results: Business Survey

What are the three primary reasons your business is located in Grant County?



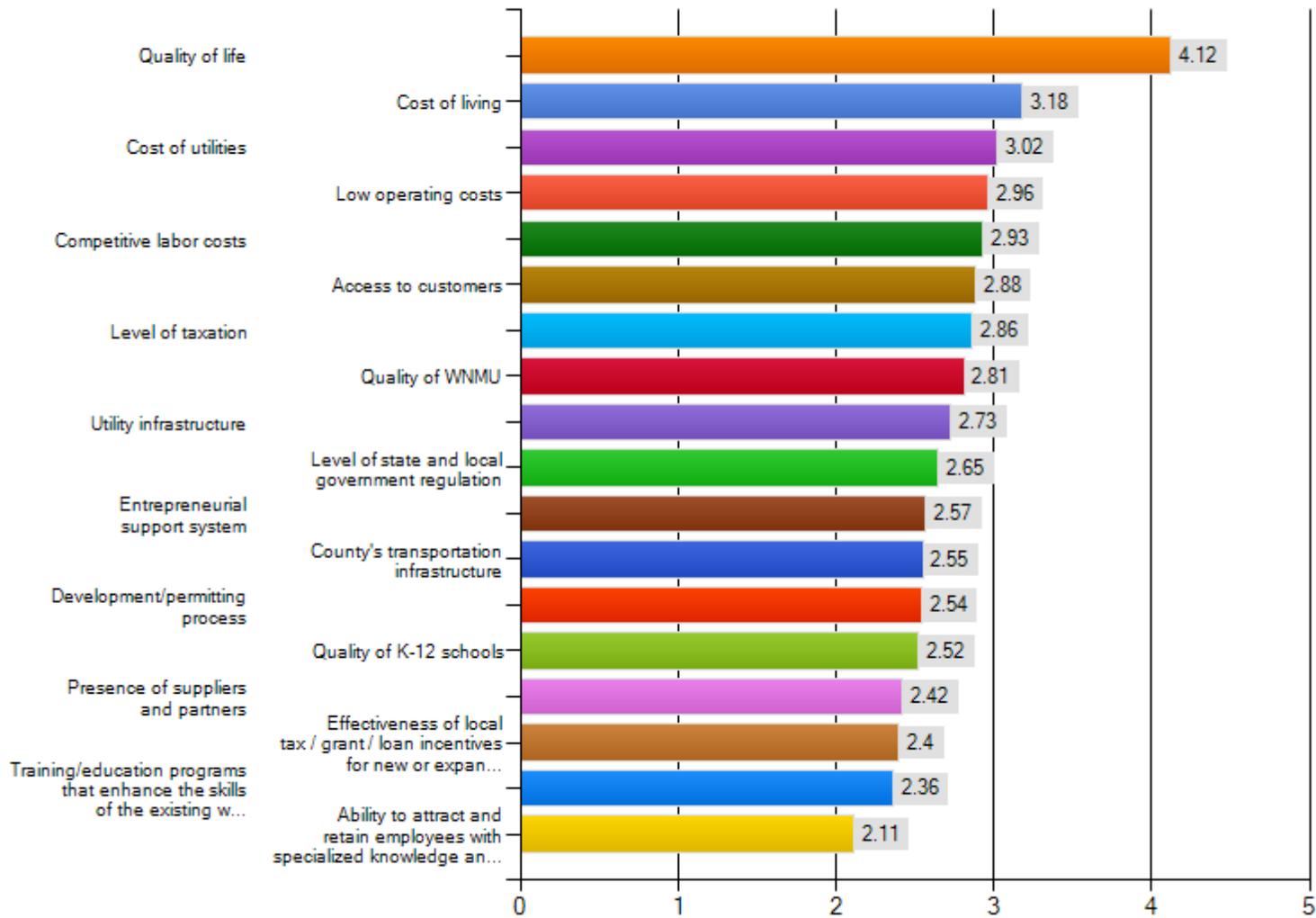
Appendix C Survey Results: Business Survey

Based on your experience, please rate the importance of each of these factors to your business success.

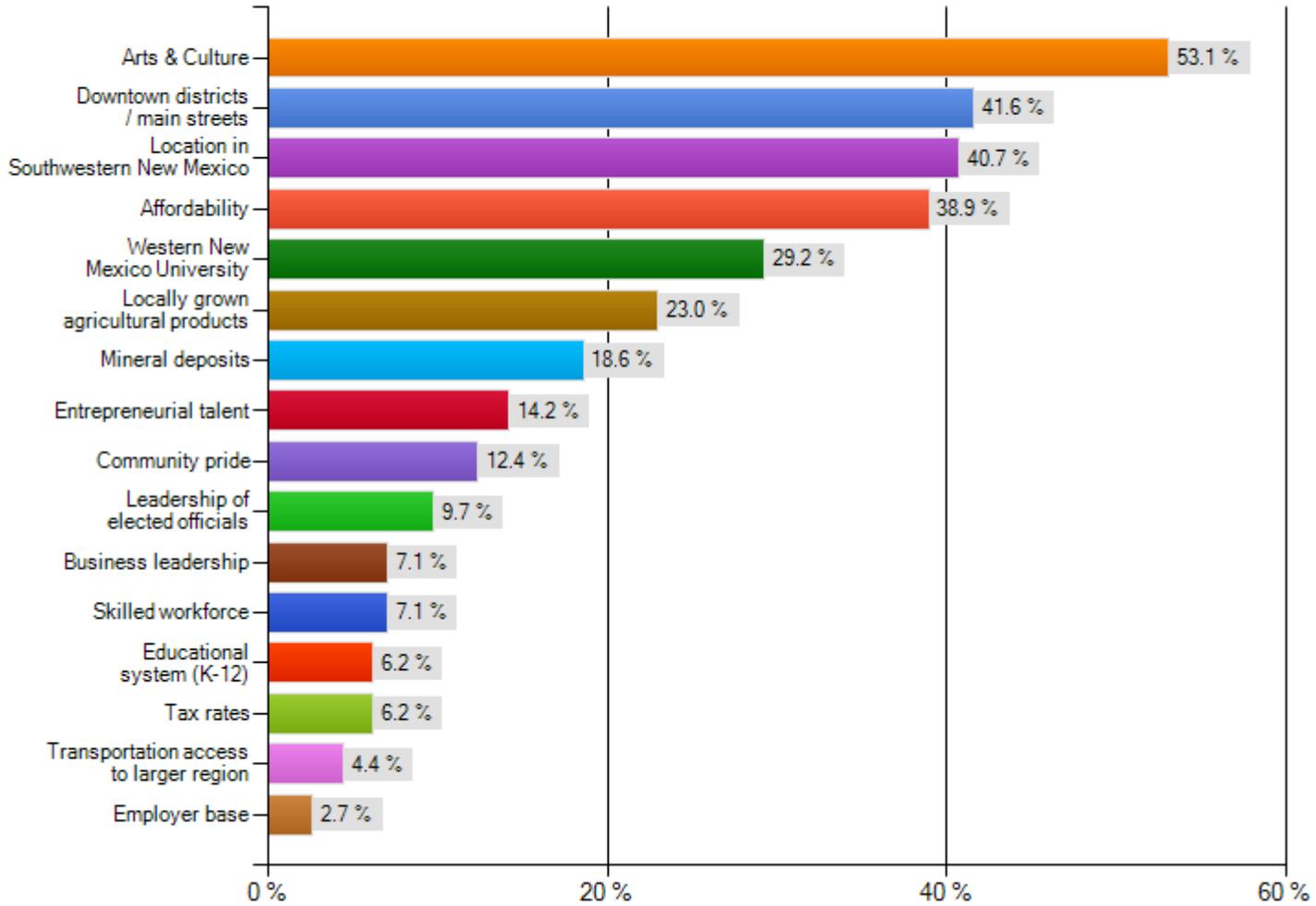


Appendix C Survey Results: Business Survey

Please rate Grant County on each of these items.

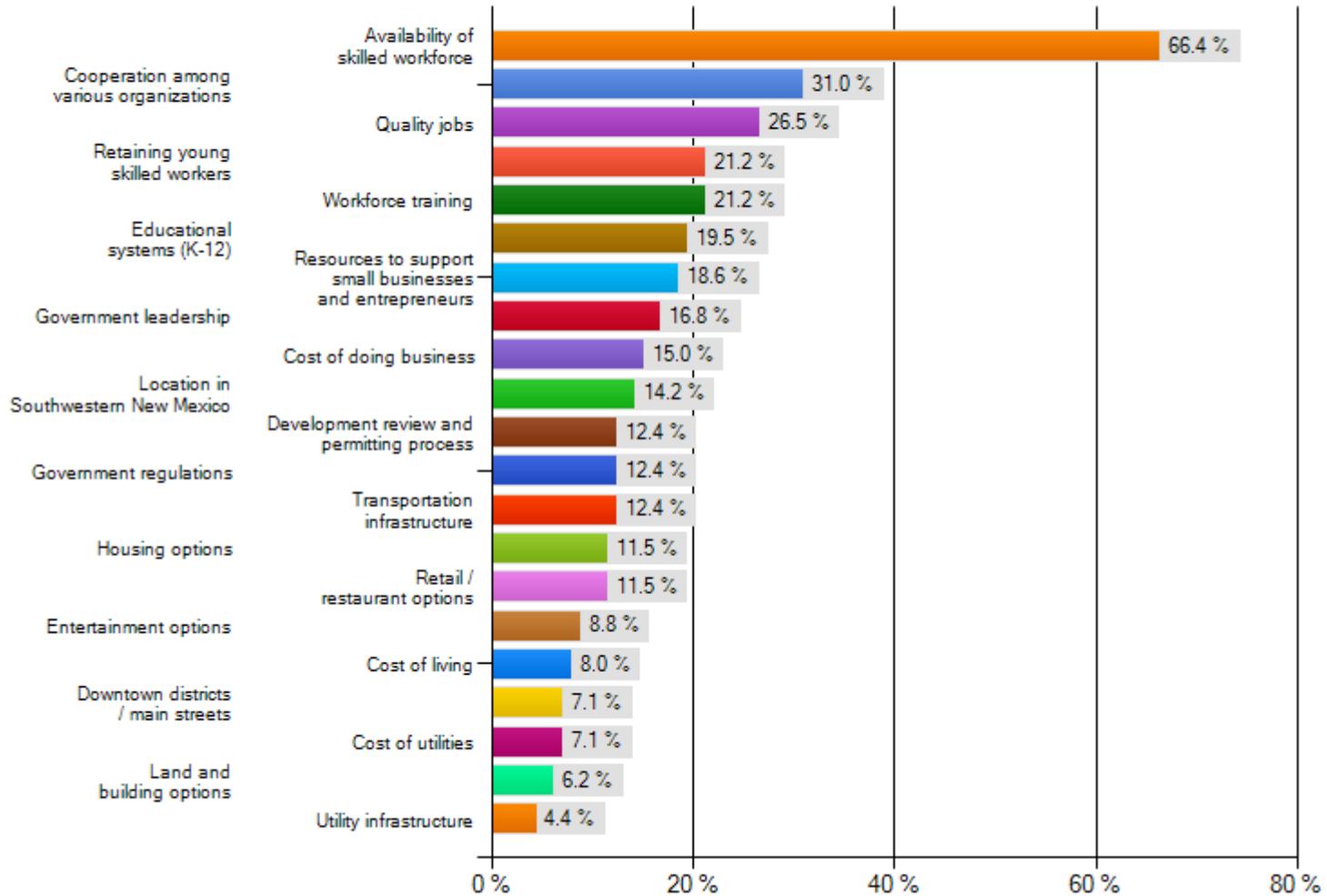


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(Choose up to three.)



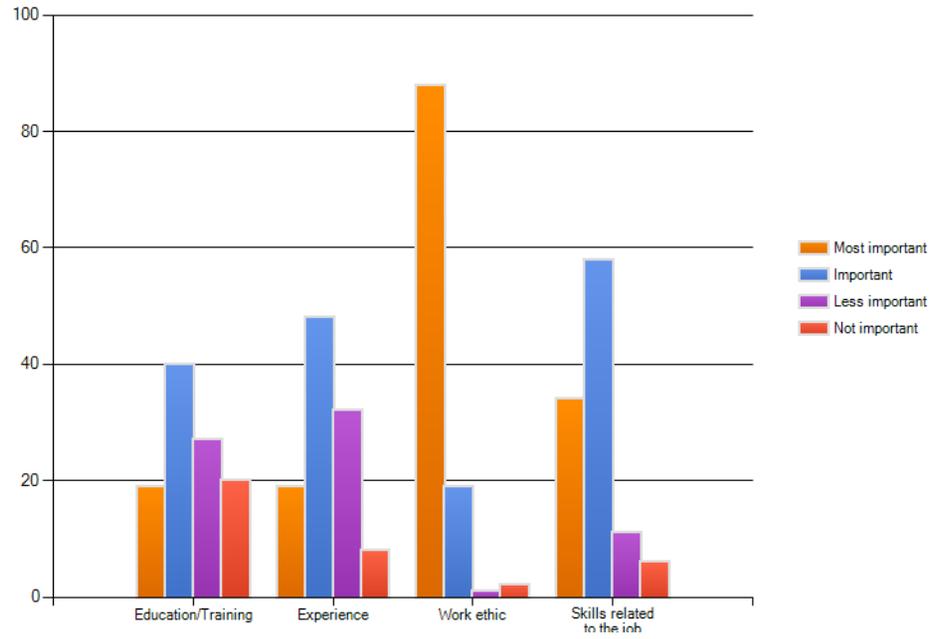
Appendix C Survey Results: Business Survey

What are the most significant challenges facing Grant County as it works to improve job and economic growth? (Choose up to three.)

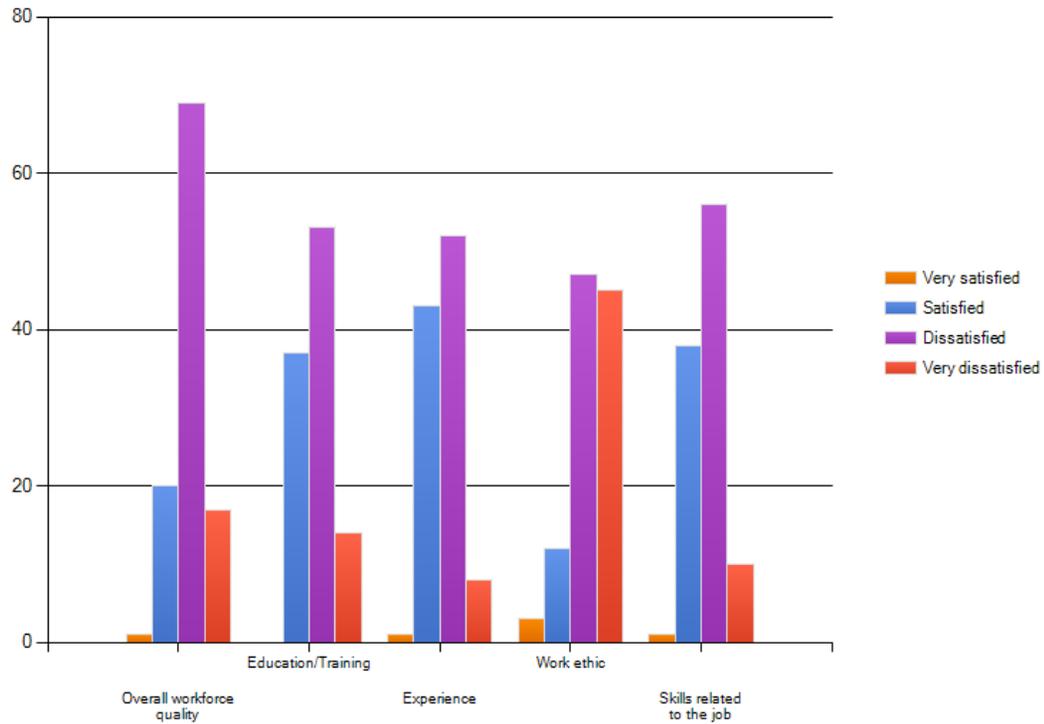


Appendix C Survey Results: Business Survey

Rate the following factors in order of importance to your company's hiring decisions. (No tie ranks)

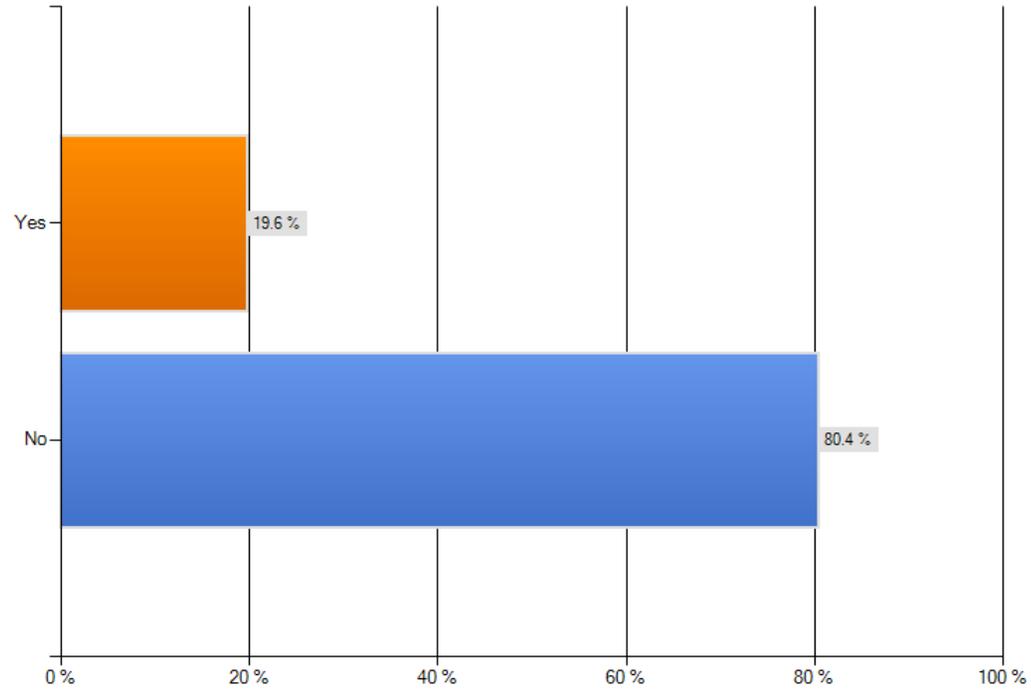


How would you evaluate the following workforce factors within Grant County?

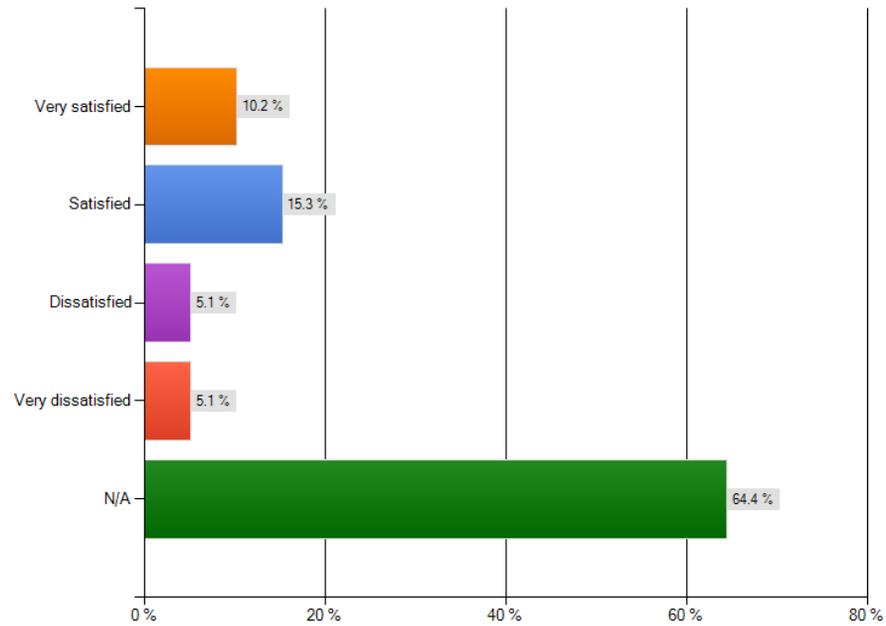


Appendix C Survey Results: Business Survey

Has your company ever utilized any workforce training programs offered in Grant County or the surrounding region?



If yes, how would you rate the quality of training provided?





AngelouEconomics

AngelouEconomics partners with client communities and regions across the United States and abroad to candidly assess current economic development realities and identify opportunities. Our goal is to leverage the unique strengths of each region to provide new, strategic direction for economic development. As a result, AngelouEconomics' clients are able to diversify their economies, expand job opportunities and investment, foster entrepreneurial growth, better prepare their workforce, and attract 'new economy' companies.

Project Team

Angelos Angelou
Principal Executive Officer

Steve Vierck, CEcD
President, Economic Development

John Karras
Project Manager

Levi Jackson
Project Manager