



Preliminary Crossborder Economic Assessment for the City of Douglas, Arizona

Developed for the City of Douglas, Arizona, by



March 2019

Executive Summary

Douglas, Arizona, is a city of commercial, historical and cultural importance to the state of Arizona and the United States more generally. The closure of the Phelps Dodge smelter in 1987 heralded the end of an industrial economy in Douglas and the rise in the relative importance of crossborder retail and logistics as principal drivers of City sales tax revenue as well as employment. This study was undertaken as a way of reevaluating the crossborder component of Douglas' economy and what overlooked opportunities might be attainable for the City of Douglas and its business community.

The importance of crossborder shoppers from Mexico to the City's fiscal health is difficult to overstate. A 2017 study commissioned by the City of Sierra Vista and the Sierra Vista Metropolitan Planning Organization found that over 90 percent of Mexico-residing border crossers surveyed for that project identified Douglas as their trip destination. The significance of this largely one-sided visitation phenomenon is apparent when you look at the larger picture of crossborder visitation to Douglas: in 2016, approximately 2.9 million car passengers and nearly 852,000 pedestrians used the Raul H. Castro POE – with the vast majority of these being residents from Sonora.

Who are crossborder visitors to Douglas? Based on the 2016 border surveys, the typical crossborder visitor driving to Douglas is a local resident of Agua Prieta, Sonora, of approximately 40 years old; in fact, around 42.6% were between 17-35 years of age, and another 42.1% were aged between 36-55. Mexico-residing visitors to Douglas are also frequent border crossers: 50.4% of car crossers reported visiting 5 or more times per week. Their trips also tend to be quick: 82% stayed only 5 or fewer hours per visit.

What was the primary motivation for visits to Douglas? "Shopping" related trips were by far the top reason given with 60.3% of responses (four times the next most-frequent response, "Work or Business", at 15%). School/Education and Family/Social visits were also common responses, with tourism/vacation and medical/health related trips being less frequent responses (albeit still implying hundreds of weekly trips being made by visitors from Mexico).

The average planned trip expenditure by crossborder visitors driving to Douglas (for shopping and other purposes) was over \$92. Based on visitors' stated expected expenditures, Mexico-residing border crossers that drove into Douglas, Arizona, in 2016 may have spent on average of approximately \$220,000-\$250,000 daily while in the United States on retail and other expenditures – or approximately \$80 million to \$95 million in 2016.

Key stakeholders in the Douglas and for rural Arizona more broadly see a number of crossborder economic challenges and opportunities for the City. Challenges include understanding the extent and nature of the flow of visitors, creating a welcoming environment for visitors, as well as creating additional attractive retail options. Opportunities include a downtown area that is primed for rezoning and development, an enormous flow of crossborder visitors and a prime border location.

This reanalysis of the 2016 survey data – combined with fresh interviews with regional commercial and civic leaders – clearly demonstrates the significant economic value of crossborder shoppers and visitors to Douglas, as part of the larger Douglas-Agua Prieta binational community. Such economic value could potentially grow should Mexico's peso remain stable or increase in strength, if additional investments to improve the local border crossing infrastructure (reducing border crossing times) occur, and if coordinated efforts to increase crossborder visitation were implemented.

Douglas' Crossborder Economy: Data Points	
City of Douglas, AZ – Estimated Population (2017, US Census/ACS)	16,576
Municipio of Agua Prieta, Sonora – Estimated Population (2017, Gob. Sonora)	91,846
City of Douglas, AZ – Estimated Housing Units (2017, US Census/ACS)	4,383
Municipio of Agua Prieta, Sonora – Estimated Housing Units (2015, INEGI)	23,144
City of Douglas, AZ – Estimated Civilian Employed Population (2017, individuals 16 yrs and older, US Census/ACS)	3,110
Municipio of Agua Prieta, Sonora – Estimated Employed Population (2015, individuals 15 yrs and older, INEGI)	32,605
Border Crossings at Douglas-Agua Prieta Port of Entry – Car Passengers (2016, Northbound only, CBP/US DOT Bureau of Transportation Statistics)	2,908,828
Border Crossings at Douglas-Agua Prieta Port of Entry – Pedestrians (2016, Northbound only, CBP/US DOT Bureau of Transportation Statistics)	851,997
Surveys Applied in 2016 to Mexico-residents Driving North at Raúl Héctor Castro POE (Douglas-Agua Prieta)	1,815
Percentage of Crossborder Car Drivers Surveyed – Citing Douglas AZ as Primary Destination (Fall 2016)	90.9%
Percentage of 2016 Crossborder Car Drivers Surveyed – Citing Agua Prieta as Primary Place of Residence (Summer-Fall, 2016)	83-92%
Average Age of Crossborder Visitors Driving to Douglas (2016)	40 y/o
Percentage of Crossborder Visitors Driving to Douglas: Staying 5 or Fewer Hours (2016)	82%
Percentage of Crossborder Visitors Driving to Douglas: Citing “Shopping” as Primary Motive for Visit (2016)	60.3%
Estimated Number of Weekly Crossborder Driving Trips for Shopping (2016)	16,000-20,000
Average Estimated Trip Expenditure by Crossborder Visitors Driving to Douglas (2016)	\$92.70
Estimated Daily Expenditure in US by Crossborder Visitors Driving to Douglas (2016)	\$220,000-\$250,000
Estimated Annual Expenditure in US by Crossborder Visitors Driving to Douglas (2016)	\$80 million to \$95 million

1. Looking Back at 2016 Border Survey Data – Implications for Douglas

In 2016, the City of Sierra Vista and the Sierra Vista Metropolitan Planning Organization retained Lee Engineering and Crossborder Group (the latter firm part of the current research team) to undertake an origination-destination study with the goal to provide *“insights into cross border visitors from Mexico, their trip purpose, their origination/destination plans, their expenditures and store preferences, and other related information to assist Sierra Vista in attracting and expanding businesses within the City (as well as understanding the current economic impact of these visitors)”*. A central data collection activity for this project included the collection of 1,950 at-border surveys of Mexico-residing car crossers heading northbound at the Raúl Héctor Castro POE between Douglas, Arizona, and Agua Prieta, Sonora.

The Sierra Vista Metropolitan Planning Organization (SVMPO) kindly provided permission during this project for the research team to review and reanalyze survey data previously collected for their 2017 report, “Origin & Destination Study (Contract MPO-06)”. A copy of that study and its findings can be found online at the SVMPO’s website, [here](#).

While the full description of the survey methodology and more detailed results related to Sierra Vista-destined visitors from Mexico can best be found in the 2017 report (available online at <http://cdn.sierravistaaz.gov/OD/SVMPOODSTudy.pdf>), survey results and potential implications for crossborder visitation to Douglas, Arizona, were not highlighted (due to the previous study’s focus specifically on Sierra Vista). That said, the study researchers noted at the time that *“...clearly Douglas appears to be the primary destination for crossborder shopping and visitation”* – particularly given that approximately 90% of Mexico-residing visitors identified Douglas as their trip destination.

With generous permission from the City of Sierra Vista and the Sierra Vista MPO, results from the surveys conducted in 2016 were reanalyzed, using crosstabs to drill down into the data of those Mexico-residing visitors that stated their destination “that day” was Douglas, Arizona. Some of the key surveys results – including only responses from those that were visiting Douglas using passenger occupied vehicles (POVs, or cars) – are highlighted below.

The Scale of Border Crossings at the Raúl Héctor Castro Port of Entry

During 2016 (the time period during which the at-border surveys were conducted), car crossers at the Raúl Héctor Castro Port of Entry (POE) made up the vast majority of northbound border crossings: approximately 2.9 million car passengers – over three-fourths of all crossers – used this POE (as compared to nearly 852,000 pedestrians – around 22% of crossers – that same year). Based on the two waves of surveys, during non-holiday (Fall) season, over 80% of car crossers stated their primary residence was in Mexico (with the vast majority of those – 75% of the total - from Agua Prieta); during Summer holiday season, the proportion of Mexico-residing crossers was somewhat smaller, at just under 60% of car crossers, with most of these again coming from Agua Prieta (47% of the total), but also a sizable proportion (around 32%) stating that they were residents of Douglas, Arizona (mostly visiting friends/family, with some reporting shopping and work-related trips). That said, it is clear from both seasons’ data that the main users of the Raúl Héctor Castro POE are local residents of Agua Prieta, Sonora, with their primary destination being Douglas, Arizona.

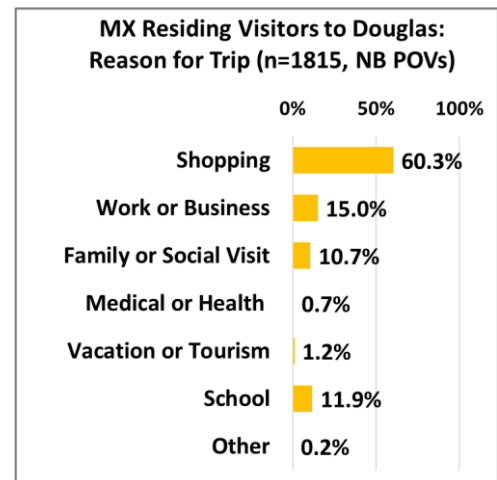
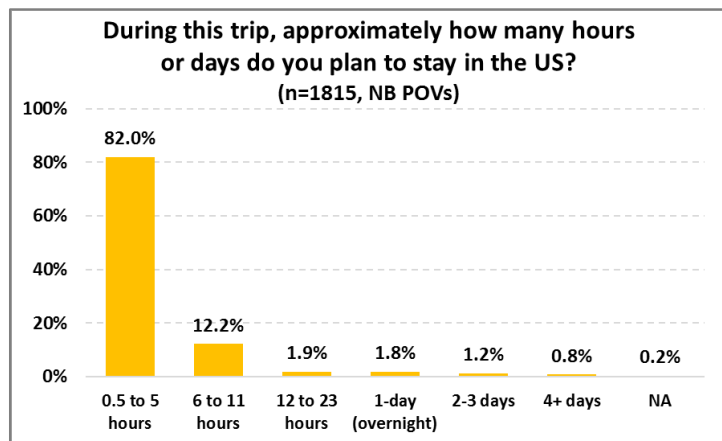
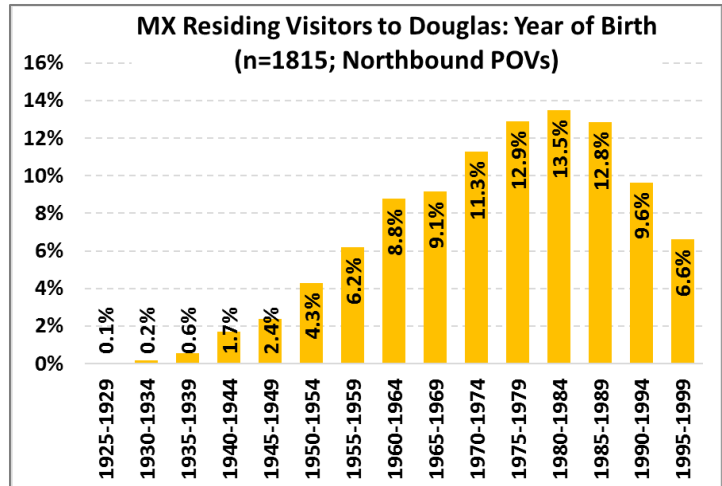
Crossborder Visitors to Douglas

What are some of the characteristics of Mexico visitors to Douglas, Arizona? Based on the 2016 surveys, the average visitor driving to Douglas is approximately 40 years old; in fact, around 42.6% were between 17-35 years of age, and another 42.1% were aged between 36-55.

Mexican visitors to Douglas are also frequent border crossers: 50.4% of car crossers reported visiting 5 or more times per week; 25.8% reported visiting 2-4 times/week; and 12.0% reported visiting 1 time/week. That makes a combined 88.2% of car crossers that visit Douglas at least once per week. Douglas is, in fact, the primary destination by far for most crossborder visitors – 82% of whom reported planning to be in the U.S. for 5 hours or less; with only a relatively small proportion (under 4%) planning overnight or multiple night visits.

The frequency of crossing and relative shortness of visit is largely because approximately 90% of Mexico-residing car crossers are locals, coming from Agua Prieta, Sonora. During the 2016 surveys, approximately another 2% of car crossers came from both Naco (Sonora) and Hermosillo (Sonora), while another 6% came from other areas of both Sonora and Mexico generally (these latter originations were higher during Summer surveying, as more respondents reported traveling for tourism/vacation).

What was the primary motivation for visits to Douglas? As seen at right, “Shopping” related trips were by far the top reason given with 60.3% of responses (four times the next most-frequent response, “Work or Business”, at 15%). School/education (11.9%) and Family/Social visits (10.7%) were also common, with tourism/vacation and medical/health related trips being less frequent responses (albeit still implying hundreds of weekly trips being made by visitors from Mexico for these reasons). Based on the 2016 at-border surveys of POVs and border crossing volumes at that time, crossborder visits just for shopping in Douglas likely number between 16,000-20,000 trips per week (depending on the season).



Survey respondents mentioned that key retail destinations in Douglas included the following specific stores: Walmart, Food City, JC Penney, DD's, Fallas, Dollar Tree, Stage, and AutoZone – as well as more generically “the mall”, gasoline and “Chinese food”. Other retail locations in Douglas mentioned (albeit less frequently) included Ortega’s (now closed), Family Dollar, McDonald’s, Payless ShoeSource, Mi Ranchito, Burger King, Cato Fashions, and O’Reilly Auto Parts, among others. Additional stores located in other cities (such as Ross Dress for Less, Target, Best Buy, Costco, and HomeDepot) were also mentioned as specific retail destinations frequented during “visits to Arizona”.

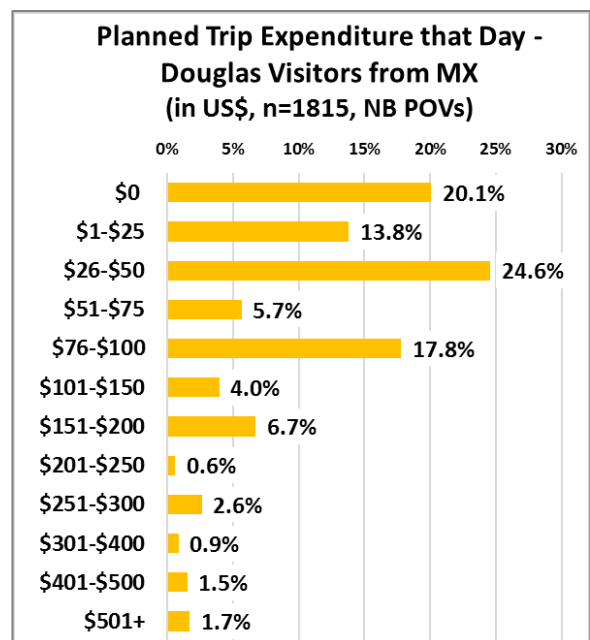
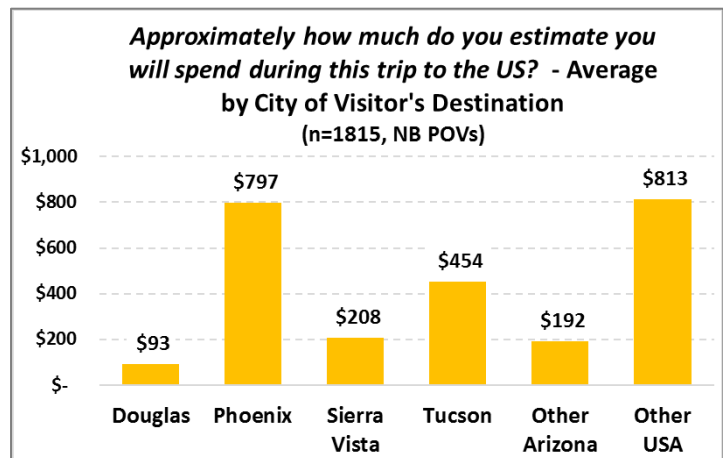
Crossborder visitors were also asked to estimate approximately how much (in U.S. dollars) they expected to spend during their trip. Average results are at right – but a few caveats should be noted:

- Visitors to Douglas provided the most samples (1,815 total) so likely reflect the highest degree of accuracy, and reflect more “daily” (lower-ticket) purchases;
- Longer-distance destinations had both fewer samples (so lower confidence levels), but also would reflect multi-day visits and tourism/vacation destinations for crossborder visitors (so would have a higher planned expenditure).

That said, while the average planned trip expenditure by all crossborder visitors to Douglas (for shopping and other purposes) was \$92.70, the specific responses stated during the surveying ranged between \$0 to \$4,000, with 20% stating zero (\$0) expected expenditures, 38.4% planning to spend between \$1-\$50, and 23.5% planning to spend \$51-\$100. Notably, more than 7% of all Mexico visitors heading to Douglas planned to spend \$201 or more that trip while in the United States.

Given the above survey results (which, admittedly, are based on surveys only during two different time periods – Summer and Fall), and using historic border crossing statistics for the Raúl Héctor Castro Port of Entry, this would imply that Mexico-residing border crossers that drove into Douglas, Arizona, in 2016 may have spent on average approximately \$220,000-\$250,000 daily while in the United States on retail and other expenditures – or approximately \$80 million to \$95 million in 2016.

It should be noted that the above figure is based on the anticipated expenditure during “that trip” by 1,815 Mexico-residing visitors that were driving en-route to their U.S. destination (most of whom



*Cars Head Northbound at Raúl Héctor Castro Port of Entry between Douglas, Arizona and Agua Prieta, Sonora
(photo: Crossborder Group)*



planned to stay less than one day) – not on actual expenditures (so the true economic impact may be different than estimated). There also may be cases where survey respondents stated their destination was “Douglas”, but that may have visited other nearby cities that benefitted from all or part of their stated expenditure during their trip – so, some portion of the expected spending may have taken place in Douglas as well as other surrounding cities. Lastly, this 2016 survey did not include pedestrians – who also make up an important element to crossborder shopping and visitation to Douglas.

That all said, assuming that the anticipated expenditures from crossborder visitors to Douglas took place near the scale that respondents estimated, they would appear to be a major driver of the city’s retail (and possibly service) industry sales, as well as sales tax revenues. While the survey data used for this analysis wasn’t specifically collected for assessing economic impacts on Douglas, nor was it designed to assess economic development opportunities there, the results clearly demonstrate the significant economic value of crossborder shoppers and visitors to Douglas, as part of the larger Douglas-Agua Prieta binational community. Such economic value could potentially grow should Mexico’s peso remain stable or increase in strength, if additional investments to improve the local border crossing infrastructure (reducing border crossing times) occur, and if coordinated efforts to increase crossborder visitation were implemented.

2. Interviews on Crossborder Economic Opportunities for Douglas

The second major data input to this report was a set of interviews of key business leaders and other economic stakeholders with a keen interest in Douglas' current and future economic development. Interviewees included both residents of Douglas as well as key Arizonans with knowledge of Douglas who could help provide valuable perspective on the City's crossborder economic development efforts.

While the previous section focused on the perspectives of Mexican visitors to Douglas, the stakeholder interviews were carried out in order to help put the data and its analysis into context and give "the other side of the story." The interviews were not for direct attribution and consisted of a set of seven questions intended to elicit expansive responses that would generate the most high-quality input for this report. This section is organized thematically; a list of specific questions asked of the interviewees can be found on page 13.

The 2017 Sierra Vista Metropolitan Planning Organization's study of Mexican visitors conducted at the Raúl Héctor Castro Port of Entry in Douglas showed that more than 90 percent of survey respondents crossing in personally owned vehicles (POV) planned to visit Douglas as their primary destination...

Is Douglas Even A Destination?

This project is predicated on a key assumption: that boosting northbound crossborder visitation, retail sales and sales tax revenue would result in a net positive for the City of Douglas. The vast majority (though not all) of the interviewees agreed with this assumption. But can Douglas, located in far southeastern Arizona in heavily rural Cochise County, even be considered a destination for crossborder visitors from Mexico?

The answer is "Yes, absolutely." And the data supports this unequivocal answer. As mentioned in the previous section, the 2017 Sierra Vista Metropolitan Planning Organization's study of Mexican visitors conducted at the Raul H. Castro Port of Entry in Douglas showed that 90 percent of survey respondents crossing in personally owned vehicles (POV) planned to visit Douglas as their primary destination (see the previous section for detailed findings on the 2016 survey). We are talking about large numbers: according to the Bureau of Transportation Statistics, in 2017 more than 1.7 million personally owned vehicles carrying 3.19 million POV passengers crossed at the Castro Port of Entry into Douglas. This is a remarkable finding, given that the City of Douglas (population 16,000) is "competing" to a degree for visitors with nearby cities of Bisbee (5200), Sierra Vista (43,000) and Tucson (535,000) and their large and varied tourism, retail and medical offerings.

So the data clearly state that yes, Douglas is a destination for northbound visitors, and this flow of visitors represents a significant economic opportunity for the City. Yet the responses from interviewees clearly showed that there is widespread sentiment that the City and its business community is not yet taking full advantage of this opportunity. There are a number of factors for this: historical, political, organizational and even circumstantial. Over the course of several days during December 2018 to January 2019, more than a dozen prominent Arizonans weighed in with our research team on what they see as key opportunities and challenges in crossborder economic development for this historic community.

Dealing with Image Issues

Now more than ever, the U.S.-Mexico border is the source of both hope and hysteria. As is the case with all U.S.-Mexico border communities, Douglas is continually confronting an ongoing debate in the United States regarding the nature of the U.S.-Mexico border and its status as a perceived threat to the security of the United States. While numerous studies have found U.S. border counties to be as safe as and often safer than counties in the U.S. interior (see graphic below), the perception makes for a difficult environment in which to attract *southbound* investment to attract *northbound* visitors.

Douglas is caught up in the national conversation on border security, “that space of half-truths” in which “people don’t know what to believe” as this interviewee put it.

One interviewee based outside of Douglas noted that the perception of the border needs to change for Douglas to start to see an increase in tourism (in this case southbound tourism). Douglas is caught up in the national conversation on border security, “that space of half-truths” in which “people don’t know what to believe” as this interviewee put it.

Perceptions of Douglas differ between northbound and southbound visitors in both a positive and negative sense. On the positive side, for northbound visitors from Mexico, Douglas offers some retail options (most notably, Walmart) that are unavailable in northeastern Sonora. Yet that perception can be somewhat limiting for the City of Douglas. Northbound visitors often “think that Douglas is Walmart” noted one interviewee, and some locally owned retail, most notably in the City’s historic downtown area, G Street, suffers as a result. While the city is notably safe, according to one interviewee, the ubiquitous presence of U.S. Department of Homeland Security personnel can be seen as intimidating by day visitors from Mexico who cross legally at Castro Port of Entry.

Southbound visitors from throughout the United States and Canada see Douglas as both a gateway to Mexico and an outpost of the Old West. Yet several interviewees noted that potential southbound visitors often conflate Mexico’s highly uneven security situation in its northern border region with what they perceive to be a questionable security situation in relatively safe U.S. border communities.

While it is unclear precisely when the national debate on border security will resolve itself, clearly there is much work for the City, local economic development organizations and their partner organizations around the state to do in terms of basic education and marketing for both northbound and southbound visitors.

22 OUT OF 23 U.S. BORDER COUNTIES ARE SAFER THAN SIMILAR COUNTIES NATIONWIDE



Graphic courtesy of the Mexico Institute.

Retail Challenges and Opportunities

Increasing Mexican visitor retail sales is a clear and compelling objective for the City of Douglas. Sales tax revenues support critically important projects and programs for residents of the City. Getting there is a long and complex path with a number of elements that the City and economic stakeholders need to address systematically and comprehensively. Interviewees discussed a number of these key components, including the lack of a clear plan to boost northbound retail sales, addressing downtown revitalization, potential competition with Agua Prieta, whether to focus on attracting big-box retail v. a focus on building and retaining local businesses, and customer service challenges.

What's the Plan?

While Agua Prieta and other communities in Sonora are and have always represented economic opportunity for the City of Douglas, one of the major findings of this research project is that neither the City nor the business community currently has a coherent plan to leverage this opportunity. This matters for a number of reasons, the most obvious of which is the unrealized retail sales tax revenue that is not currently being generated for the city to fund vital programs and projects for the residents of Douglas.

In addition, a plan to expand visitation and retail sales and sales tax revenue would also establish a baseline and objectives for the City and its merchants to aspire to and with which to evaluate progress.

In all likelihood such a plan would be part of an overall economic development strategy and plan for the City of Douglas, which has additional goals that may or may not be directly related to Mexican visitors. Such a plan would also at least link to the City's forthcoming downtown revitalization plan. Douglas' historic downtown district centered around G Street and anchored by the historic Gadsden Hotel, could play an important role in attracting both northbound and southbound visitors to Douglas.

The lack of a plan is notable within the business community as well. One major private sector stakeholder interviewed for this study noted that "I am still figuring out who my customers are," and that "I have not yet put together a marketing plan for Mexican visitors."

Downtown Revitalization

One of the major goals of the City is to revitalize the historic downtown area, which was at one time the "most dynamic downtown in Cochise County" according to one interviewee. For another interviewee, an increase in crossborder preservation is the "spark" that is needed to revitalize downtown and provide a platform for a "Main Street makeover" for downtown Douglas. From the standpoint of historic preservation, the critical path for the revitalization of downtown could look like the following:

Increase crossborder retail → Boost sales tax revenue for the City of Douglas → Revitalize downtown

The City currently has a downtown revitalization plan in draft form, according to one interviewee, but does not have a comprehensive master plan, according to another interviewee. However, the "City is well-positioned," according to one interviewee with experience in historic preservation projects. "With

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“Collabitation” with Agua Prieta

Douglas and Agua Prieta are one of 14 sister city pairs along the U.S.-Mexico border and share numerous dynamics of these communities, including a large amount of local, crossborder visitation in both directions.

While Douglas is a city of around 16,000 residents, Agua Prieta is a larger city of over 90,000 inhabitants. This asymmetry creates both opportunities and challenges for Douglas. The obvious opportunity is in providing goods and services to a large and growing population in Agua Prieta. The chief threat to this opportunity is the scale of Agua Prieta and the very real possibility that the business community in Agua Prieta will find a way to provide goods and services at par with, or exceeding, what is found in Douglas.

There were dissenting voices to the idea of “selling” Douglas as a destination, particularly for southbound visitors from the United States or Canada. One interviewee recalled tourism promotion efforts in the past that, in his view, promoted Agua Prieta to a far greater extent than Douglas. Another private sector interviewee noted what he thought would be catastrophic for northbound visitation: Walmart de México opening a store in Agua Prieta and “rerouting” Mexican customers to big-box retail south of the border. These opinions represent concerns voiced by some interviewees regarding the relative economic power of Agua Prieta with respect to Douglas.

Build It and They Will Come?

City governments and economic development organizations are always confronting limited resources in their efforts to build local economies. Strategies addressing business attraction, retention, workforce development are continually part of an ongoing debate in how best to deploy existing resources at any given moment in time. Among the interviewees there were two general camps of thought or lines of action: a) attract big-box retailers to set up operations in Douglas through more sophisticated crossborder market research (i.e., taking Agua Prieta and other northeastern Sonoran cities’ populations into account when calculating potential sales and return on investment) or b) focusing on business retention and the development of unique local retail.

Customer Service Challenges

Interviewees were divided in their opinions regarding how well the City and its merchants reach out to northbound shoppers. “*Douglas does not take care of the Mexican shopper,*” insisted one interviewee, while another interviewee noted that the city had a “*sleepy but friendly*” feel for visitors from bustling Agua Prieta.

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Additional Crossborder Business Opportunities and Challenges

Tourism is just one line of crossborder business opportunities facing Douglas and other regions of Cochise County. The region's border location presents a number of economic development/business opportunities including logistics, housing, mining, aerospace, energy, and manufacturing. In most cases these opportunities expand on earlier efforts, offering new ideas and involving new stakeholders. Interviewees were also forthcoming about the challenges to taking advantage of these opportunities, and quite often the challenge of outdated or nonexistent infrastructure arose in the conversations. In addition, numerous interviewees discussed the need to boost local educational attainment in order to meet workforce development challenges.

Logistics

Two major opportunities in logistics emerged in the interviews: warehousing and crossborder rail. Both are intimately related to key infrastructure challenges for the area, including the need to build a new commercial port of entry, a long-standing desire of local economic stakeholders (the General Services Administration, a U.S. Federal agency which manages the construction of numerous ports of entry, recently wrote to the City indicating its support for a new port of entry.).

Several interviewees noted warehousing as a bright spot in the local economy and one that would in all likelihood grow. The principal drivers in warehousing are crossborder logistics serving maquiladoras in northeastern Sonora, availability of land and, potentially, government incentive programs such as the new Federally Qualified Opportunity Zones (which are located around the City).

Crossborder rail was discussed at length by one interviewee, who is working on a proposed project to link the port of Guaymas to El Paso, passing through Douglas (and a proposed multimodal facility at the Bisbee-Douglas International Airport). While certainly with challenges, this is an interesting project in the broader context of North American freight transportation, which is in the midst of multiple competitive, technological, environmental, and personnel challenges.

Housing

One of the most discussed local needs and opportunities was housing. Specifically, numerous interviewees brought up the serious lack of local housing for several hundred U.S. Department of Homeland Security personnel working in and around Douglas. Interviewees indicated that the majority of DHS personnel live in and commute from Sierra Vista. What is most remarkable about this issue in particular is the degree to which its importance was highlighted by so many in Douglas while the issue is virtually unknown outside of the border region. In addition, the presence of relatively well-paid DHS personnel in Douglas could potentially mean a significant boost to sales tax and other revenue, according to several interviewees.

Aerospace

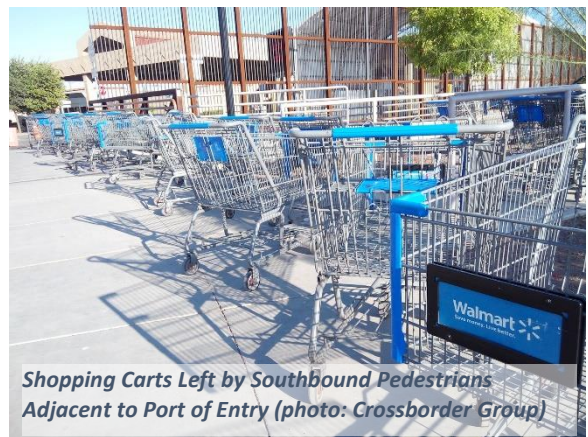
Cochise County has a long and interesting history in aviation, particularly in the early days of flight. The Douglas airport was the first binational and international airport in the United States, created jointly with Agua Prieta in 1929 and even dedicated by Eleanor Roosevelt in 1933. According to one interviewee, there is currently a proposal to bring space transportation companies to the Douglas area. Interviewees cited Cochise County's unique airspace and proximity to aerospace supply chains extending into Mexico as two key elements that the Douglas area may have in its favor.

What is Douglas' Brand in Mexico?

A brand is a person's perception of a product, experience or place. One of the most important questions that was asked of interviewees was regarding what they thought Douglas' brand was for visitors from Mexico.

Answers varied but generally revolved around a friendly, family-centered community, a place mindful of its history, or a community without a brand. Interestingly, not having a brand was believed to be an advantage for one interviewee, who noted the negative image that many border communities have.

Walmart's presence in the community was so prominent that another interviewee said that for many visitors from Mexico, "Douglas is Walmart." For yet another interviewee, major components of the brand were positives such as friendliness which is tempered by poor customer service and a G Street in need of revitalization. One interviewee thought that the concept of the city as a type of "bridge" for commerce was key to the City's brand. Mayor Uribe's branding of the City as "Arizona's Best Border Community" was noted by another interviewee, who also insisted that the city was in a state of transition and working to convince residents that "it was not the same Douglas" but rather a new City updated to address modern opportunities and challenges.



In general, while the number of interviewees was relatively small, no clear consensus on brand emerged among the interviewees. While the community's past is often key to outsiders' understanding of Douglas, some are impatient to enter a new phase in the City's history that is driven by demographics,

Interview Questions Applied to Regional Commercial and Civic Leaders:

1. In your opinion, what are the key opportunities or areas of potential growth for Douglas' economy in the coming 3-5 years?
2. What commercial, tourist or industrial opportunities do you think Douglas is successfully leveraging or taking advantage of?
3. Similarly, what commercial, tourist or industrial opportunities is Douglas not taking advantage of?
4. In your view, how do visitors from Mexico, or the industrial activity in Agua Prieta, either influence or impact the economy or job creation in Douglas?
5. If a "brand" is a person's perception of a product, experience, or place – what are some words or a phrase that come to your mind when I say "Douglas, Arizona"?
6. In your opinion, what's the perception, or what do you think might be some words or phrases that a visitor from Mexico might use or associate with Douglas, Arizona?
7. If there were 2, 3 or 4 specific things that the City of Douglas could do to enhance Douglas' commercial, tourism or industrial opportunities related to the border, what might those be?

geography and changes in the regional economy. Clearly, developing a new type of brand that captures the City's legendary past as well as its multiple interesting futures is a key challenge for the City's economic stakeholders as they work to build mutually beneficial economic ties with visitors, communities and businesses in northeastern Sonora.

3. Preliminary Recommendations

While it needs to be emphasized that this current document was designed only to be a brief and preliminary assessment of crossborder economic opportunities for Douglas, Arizona (using, in part, previously-collected, existing at-border survey data), some recommended next steps do seem apparent:

A. The City and Stakeholders Need a Plan

In order to capitalize on the very large number of Mexican visitors to Douglas, the City and associated economic stakeholders need a plan. This may form part of a comprehensive master plan, a marketing strategy, a downtown revitalization plan, or another type of plan. Either way, some sort of envisioning document with broad-based community input and buy-in is needed to maximize public- and private-sector investment to leverage crossborder visitation to the City. The Greater Douglas Border Business Case is a start in this direction. A plan for capitalizing on crossborder visitation could include elements from this report, a public participation component, additional market and other research on both sides of the border, and the development of a clear idea of what Douglas' brand is and should be for crossborder visitors.

B. Further Research in Strategic Areas Would Benefit the City

Although it was beyond the scope of this preliminary study, a closer look at retail offerings in Agua Prieta and surrounding communities in northeastern Sonora, as well as crossborder pedestrian shoppers' retail preferences, would be helpful for building a more complete understanding of Douglas' comparative advantage and the types of locally owned and big box retail that would appeal to crossborder visitors. Additional investigation of key industries, such as those outlined above, would also help the City's planning and crossborder business attraction efforts.

C. Downtown Revitalization is a Must

Douglas' historic downtown, anchored by the Gadsden Hotel, has tremendous community significance and retail potential yet is clearly in need of rethinking and redevelopment. Several processes need to move forward simultaneously in order to make this work, and it is a multi-year process that requires vision and patience.

D. Don't Try to Do it Alone: Regional Collaborations Are Key

Douglas has an opportunity to not only leverage collaborative opportunities with Sonoran residents both in terms of encouraging more visitation by residents of Agua Prieta and other Sonoran communities, as well as identifying opportunities to service or leverage industries in Northern Sonora. The City can look north as well to build collaboration by working with communities such as Sierra Vista and Bisbee to create a "Southern Cochise County" experience that might encourage longer-term visitation to Douglas and the surrounding cities.