

All's Well in Prescott Valley

By Mark Shaffer

The Arizona Republic

Feb. 24, 2007 06:50 PM

PRESCOTT VALLEY - As hundreds of enthusiastic hockey fans tried to win \$900 by chucking rubber pucks over the glass panels into a container on the ice below, a big smile flashed across Greg Fister's face.

"Who would have ever thought something like this would happen here?" Fister, Prescott Valley's economic-development director, asked as he surveyed nearly 5,000 full seats at the \$35 million Tim's Toyota Center.

It was intermission at this rapidly growing community's multipurpose arena during a game between the Arizona Sundogs and New Mexico Scorpions.

It wasn't much more than a generation ago that antelope outnumbered people on the wild plains along Arizona 69 east of Prescott where the ranching Fain family have been cowpokes for more than a century.

Now, Prescott Valley, the fastest-growing community in Arizona during the 1990s, along with neighboring Prescott and Chino Valley, is emerging as the state's primary regional center north of metro Phoenix.

The Phoenix-based Central Hockey League thought so highly of the potential of Prescott Valley, population about 37,000, that it heavily financed construction of the arena and brought the Sundogs to town for this, their inaugural season.

That was more than a little shocking to many locals considering that the tri-community area is by far the smallest market in a league dominated by much larger places like Denver; Albuquerque; Oklahoma City; Tulsa; Austin, Texas; and Memphis, Tenn.

"It's been just a great project for us," said Rick Kozuback of Phoenix, president and CEO of Global Entertainment, the parent corporation of the Central Hockey League, "and the turnout has been incredible thus far for the Sundogs and the other events we have staged."

Kozuback said the team on average is drawing more than 4,300 fans a night in the 5,000-seat arena and that 20 of the 22 luxury suites have been sold.

Watching the signs

Exuberant fans are not the only factor pushing Prescott Valley to a position of prominence. Signs of an emerging regional center seem to be everywhere.

Consider:

- The downtown corridor along Windsong Boulevard is morphing into the leading medical center north of Phoenix to handle the health needs of the elderly. Yavapai Regional Medical Center of Prescott opened a second hospital last May with 50 beds, and a 50-bed expansion is planned for later this year. Mountain Valley Rehabilitation Hospital, the largest rehab center in Arizona north of Phoenix, opened last June with 40 beds. This corridor has tripled in size in two years, with 20,000 more square feet of clinics and doctors' offices under construction.
- Earthmoving began last month for the 900,000-square-foot Crossroads Mall, which will be one of the largest retail centers in the state outside the Valley and Tucson with expected tenants like Wal-Mart Supercenter, Kohl's Department Store and other big-box stores. That area also is the subject of an anti-Wal-Mart referendum in March, sponsored by United Food and Commercial Workers Local 99 in Phoenix.
- Prescott Valley has 1,000 acres earmarked for business expansion near a local Ace Hardware distribution center, which recently announced it was increasing its space, from 633,000 square feet to 1 million square feet, and bumping up its workforce to 260. Town officials recently have been negotiating with two more companies about locating other distribution centers there, and the town barely missed out on a Wal-Mart distribution center two years ago.
- A hub for Lockheed Martin Corp. will open in the spring and will employ about 200 people earning an average of \$70,000 a year. Town officials believe other development in the aeronautics industry will follow because of the proximity of Prescott's Ernest A. Love Airport, one of the state's busiest airports.
- Two more hotels in downtown are expected to be announced soon, and the town has been aggressively pursuing businesses to relocate, no matter the size, even constructing spec buildings for them. A good example of that is Superior Manufacturing, of Marshall, Minn., a maker of conveyor belts for the mining industry. Marshall, population about 12,000, chose Prescott Valley in part because of how quickly it could relocate there.

Water an issue

Serious questions persist about the future availability of water to handle the growth.

Prescott Valley, Prescott, Chino Valley and Dewey-Humboldt are all part of the Prescott active management area, administered by the Arizona Department of Water Resources, which mandates that a 100-year supply of groundwater remain in subsurface basins.

The state declared the region was using more groundwater than was being replenished and placed a moratorium on additional groundwater withdrawal in the 1990s. Still, developers in the area had platted the building of 35,000 homes in the region before the deadline.

Both Prescott Valley and Prescott have signed off on a deal to pipe in enough water to serve their immediate needs from the Big Chino aquifer north of Chino Valley in the community of Paulden. Use of that aquifer, in the area of the headwaters of the Verde River, is likely to be adjudicated in the future because of downriver water needs from cities and towns in the Verde Valley all the way to Phoenix.

"We're paying hundreds of millions of dollars for water over time to serve our needs," Prescott Valley's Fister said.

Booming town

In the past three years, overall collections of sales taxes in Prescott Valley have jumped 73 percent, its restaurant and bar tax has soared 67 percent, and its retail sales tax is up 61 percent, Fister said.

"During the next 20 years, this will be part of a metropolitan area of a couple of hundred thousand people from Dewey-Humboldt to Paulden," Fister said.

And the reason for that is easy to see, said Jerry Wohlrabe, owner of Prescott Valley Motorcycles.

"It's almost by default because this is one of the few small cities in the state with four seasons," Wohlrabe said. "Yuma, Bullhead City and Lake Havasu City are all too hot. Flagstaff and Payson are surrounded by federal land, and the cost of living has gone through the roof. So, that pretty much leaves this area if you want amenities and don't want to live in the big city."

Regional economic analysts say Prescott Valley has played its development cards exactly right.

"It's been the epitome of smart growth," said Teri Drew, regional director of the Northern Arizona Council of Governments in Prescott. "That part of Yavapai County is the best of both worlds: A climate with no extremes, and rising personal income, which has gone up 10 percent, to \$34,000 annually, in the past two years."

Drew said unemployment in Prescott Valley and neighboring Prescott and Chino Valley is 3.6 percent, only slightly higher than Phoenix.

"There was even a labor shortage recently. Wal-Mart was looking to fill 40 to 50 jobs for six months," Drew said. "We need to reach into neighboring states to fill the job market."

Steve Johnson, senior vice president of M&I Bank in Phoenix, said that a branch bank the company opened in Prescott Valley in November 2005 reached its third-year planning goals in its first year of operation.

"They wowed us when we were considering putting a branch in. We look at a lot of smaller communities, but it's really rare to find one like that where you know you are going to be successful," Johnson said. "That arena is a big statement about the future up there."

Seeds of success

Much of that success can be attributed to Gary Marks, executive director of the Prescott Valley Economic Development Foundation. On one recent afternoon, Marks charmed phone callers to his office with his good-ol'-boy style fostered in small-town Oklahoma.

"If the company isn't biotech and has less than 100 jobs, Phoenix isn't interested in it," Marks said between calls. "But, I tell you what, those kinds of companies are front-page news here, and we really go after them. I want you here even if you are five-, 10- or 15-person operations."

Wohlrabe's motorcycle shop is a prototypical Prescott Valley growth story.

Wohlrabe moved to Prescott Valley 30 years ago before the town was incorporated. He said about 800 people lived in the area, and it had one blinking light on Arizona 69. It resembled the wilds of Wyoming more than Arizona.

The only entertainment back in those days was stopping at two local taverns, Why Not or Jackass Inn.

"I started out with \$1,150 worth of Harley parts, and that's grown to where we are expecting \$4 million in sales this year," Wohlrabe said.

"The building also has expanded from 2,400 square feet to 15,000 square feet, which we finished last September.

"This area has grown enough now to where it is almost self-supporting in a number of areas of commerce. It's like in this sector, we have both Caterpillar and John Deere up here now," Wohlrabe said.

"I used to have to go to Phoenix a couple of times a week for work-related materials, and

now I only have to go if it's something involving a Peterbilt truck or some rare part that only a huge junkyard might have."

Steve Kasten, owner of Hot Spas, also is bullish on Prescott Valley's future.

Kasten is nearing completion of the largest spa showroom in the state, which takes up a good chunk of the 20,000-square-foot building he is constructing on the southern side of busy state Arizona 69.

"Our sales went up 30 percent in our second year of operation in 2005. It slowed down last year, but I've seen enough to know that I should build out for the future," Kasten said.

"There's a lot of disposable wealth in this area, especially in the hands of retirees from California."

Meanwhile, the multipurpose center remains the focus of the town.

Steve Conrad, general manager of Tim's Toyota Center, said that he expects events other than hockey to start making more of a dent in the Phoenix market.

Already, the venue has attracted more than 6,000 for performances by country-music star Clint Black and long-running rock group Chicago. The largest crowd to date is expected for next month's concert by country-music legends Willie Nelson, Merle Haggard and Ray Price.

Prescott Valley also is expected to be awarded a franchise in the Arena Football League 2 in 2008, Conrad said.

"Since that league plays in the summer, I think we'll be seeing a lot of Phoenicians come up for that and other events," Conrad said. "People want to get out of the city when it's 110 degrees, and we've already been talking with a radio station about (hiring) a party bus."

Reach the reporter at mark.shaffer@arizonarepublic.com or (602) 444-8057.