

# Prescott Valley, Arizona: Gateway to 35 Million Customers in California and Southwestern U.S.

**O**n an average day in the U.S., 600,000 general aviation pilots take off from municipal and private air parks, and fly from one location to the next through unmonitored air space.

Thanks to Lockheed-Martin's state-of-the-art Automated Flight Services Stations (AFSS), like the one located in Prescott Valley, Arizona, AFSS specialists provide life-saving services — such as weather briefings, updates on closings or changes at airport facilities, and filing of flight plans—to help keep non-FAA monitored skies safe for non-commercial aircraft pilots.

Headquartered in Prescott Valley, Arizona, Lockheed-Martin's 50,000-square-foot AFSS station doubles as a national training center for the aerospace leader. The 100-150 new jobs are a crowning achievement for the young town, adding to the nearly 200 existing jobs related to the aerospace industry, through employers like Night Vision Systems and Prescott Aerospace.

## A mosaic of industries.

Located in Northcentral Arizona, Prescott Valley is one of the state's fastest growing non-metro communities, known best for its moderate four seasons, panoramic views and affordable neighborhoods.

Incorporated in 1978 with a population just over 1,500, the town grew out of one part necessity, and a larger part of determination, to its current population estimated at 34,000. Its founders were mostly entrepreneurs and non-conformists, determined to create a community where opportunity would remain, even after they were gone.

Prescott Valley's economy is both elastic and dynamic, and can be described as a mosaic of industries such as fabricated metals manufacturing, electronic manufacturing and assembly, warehousing and distribution, and back office IT operations and administrative services.

With a dynamic, progressive and responsible growth plan, Prescott Valley has become the region's economic gateway for thousands of individuals, families and businesses joining the community each year. Its Lego®-like infrastructure is sized and ready to support a budding—and highly enterprising—community.

Today, Prescott Valley is a model 21st century community, fondly referred to as the place “where opportunity lives.”

## Competitive advantages.

Prescott Valley has four outstanding qualities that lend themselves to creating competitive advantages for businesses, according to a study completed by DCG Corplan Consulting in the first quarter of 2006. Location, cost of living index, competitive wage rates and operations costs—including cost of utilities, transportation and raw materials—were generally found to be below national averages.

The study also noted that when companies relocate, transferees and their families find living conditions to be very attractive.

"Relocating to Prescott Valley is a win-win proposition," describes Gary Marks, Prescott Valley Economic Development Foundation's executive director. "With our reasonable cost of living, a low crime rate, and affordable housing in master-planned developments, shareholders and company employees can be happy with the results."

## Gateway to 35 million customers.

In real estate, the key to success is, "location, location, location." For manufacturing firms or for companies requiring regional warehousing and distribution facilities, Prescott Valley's proximity to major markets in California and the Southwest offers yet another competitive edge. Today, a number of regional, national and global manufacturing organizations can be found in Prescott Valley. The list includes:

**M-I Home Products/BetterBilt**—makers of aluminum extrusions for windows and patio doors;

**Avonti Manufacturing**—a top producer of cultured marble and granutex items for bathrooms;

**Prescott Aerospace, Inc.**—a preferred military supplier of precision-machined parts such as those used in F16 and F18 fighter jets and Apache AH 64 helicopters;

**Printpack, Inc.**—providing specialty packaging material to the aerospace and fresh produce markets in California and Southwestern United States; and,

**Yampa Precision Manufacturing, Inc.**—a precision machining shop featuring CNC Swiss Screw machining and CNC milling used for commercial, military and medical manufacturing required to meet the highest international standards.

Prescott Valley is also home to **Ace Hardware's** 633,000 square foot *Southwest Distribution Center*. From its 45 acre site in the Big Sky Business Park, the helpful homecenter and building materials giant delivers product to more than 300 stores in Arizona, California, Nevada, Utah, New Mexico and West Texas.

**REACH 35 MILLION CUSTOMERS  
IN SOUTHWESTERN U.S.**



**Favorable wage levels—and an ample labor supply—offer employers a competitive edge.**

In a study published in February by The Pathfinders, and further reviewed by DCG Corplan Consulting, Prescott Valley was shown to offer an attractive wage level for core jobs related to the following industries: manufacturers and assemblers of electronic products; manufacturers of prefabricated metals; back office IT operations and administrative services; customer service and call centers; warehousing and distribution of durable or non-durable goods; data centers and disaster-recovery services.

**Reduced operations cost.**

Among the advantages of a global economy is the ability to lower *fixed* costs by moving key operations to areas less urbanized, and therefore, less costly.

Because Prescott Valley is situated at an intermediate point, 87 miles north of Phoenix and 250 miles southeast of Las Vegas—two heavily urbanized areas—DCG Corplan Consulting found that operating costs can be substantially lower in a less-congested community such as Prescott Valley.

**NAICS 49311 - General Warehousing and Storage  
Higher Profits vs. National Average**

	Industry Average	Prescott Valley, Arizona
Net Sales	100.0	100.0
Operating Expenses	82.2	77.3
Operating Profit	17.8	22.7
All other expenses (net)	8.6	8.6
Profit before taxes	9.2	14.1

Source: RMA, DCG Corplan Consulting, May, 2006

**Fabricated Metals Manufacturing Industry  
Higher Profits vs. National Average**

	Prefab Building	Metal window & door	Ornamental & architectural
Net Sales	100.0	100.0	100.0
Cost of materials	56.4	49.3	41.3
Direct labor	8.6	10.5	12.2
Other direct costs	13.8	6.1	9.8
Cost of sales	78.8	65.9	63.3
Gross profit	21.2	34.1	36.7
Selling cost	5.0	5.0	5.0
Indirect labor	6.9	7.5	8.7
General & administrative	4.8	12.0	13.4
Total operating expenses	16.7	24.5	27.1
Operating profit	4.5	9.6	9.6
Other expenses	0.1	1.2	0.9
Profit before taxes	4.4	8.4	8.7
Industry average profit	2.8	3.1	2.0
Prescott Valley vs. industry average	+ 1.6%	+ 5.3%	+ 6.7%

Source: RMA, DCG Corplan Consulting, May, 2006

**Prescott Valley –  
A Place Where Opportunity Lives**

Convincing a global corporation like Lockheed-Martin to locate a core aviation service in a non-metro Arizona community doesn't happen by accident. It takes years of preparation and a willingness to embrace risk and uncertainty, until someone—that's truly 'someone'—finally says, "we're coming."

Despite its status as one of the youngest communities in Arizona, it's no coincidence that Prescott Valley won Lockheed-Martin's favor.

Pretty impressive for a town that incorporated less than three decades ago with just over 1,500 citizens and a few family-owned businesses.

"In just a few decades, we grew from a few homesteads and a single convenience store on Highway 69, to becoming the gateway of economic opportunity for Northcentral Arizona," said Steve Rutherford, real estate developer, entrepreneur and one of Prescott Valley's early residents.

Not coincidentally, it was Rutherford's willingness to step out on a limb that

helped convince Lockheed-Martin to lower its wheels in Prescott Valley.

**"If you build it, they will come."**

At the peak of the so-called new economy in 2000, Prescott Valley reached the likes of a 'community development' crossroads. As the area's population started to balloon, it was clear that quality of life –buoyed by a strong infrastructure and tax base— was in jeopardy without a strong and diverse economic base.

Entrepreneurs like Rutherford—who'd already emptied the piggy bank on more than a few occasions to create opportunity— weren't about to sit around and hope for a big project or employer to fall out of the sky. "The Town's lack of inventory of large commercial warehouses and office space was an immediate disqualifier when it came to luring the bigger fish," Rutherford recalled.

Rather than toggle over the numerical order of the 'chicken or the egg', Rutherford rounded up a small group of

investors and explained his vision in the simplest of terms ... "If you build it, they will come."

It was an entirely different economy by the time Rutherford's group rolled up the final plans for a 50,000 square foot building in Prescott Valley's current state-approved enterprise zone and business park. The country was in the middle of a recession—and still in a state of shock after the terror of 9/11.

Spoken like a true entrepreneur –and patriot—Rutherford recalls, "We knew it was a different economy –a different country, in fact—and decided we'd go ahead and break ground anyway."

And thus began the all-too-familiar 'hurry up and wait,' while Rutherford's bait dangled—all 50,000 square feet of it—for more than three years.

"We had many nibbles during the three or four years we were fishing. Either we chose not to lease because we did not have the right fit for the property and the community, or the prospective business chose a different community.

We were very patient in waiting for the right tenant."

In 2004, Prescott Valley Economic Development Foundation's Executive Director, Gary Marks, would finally deliver the news that someone—someone who was really *someone*—was interested in the available building.

Lockheed-Martin needed 37,500 square feet of available office space for its future AFSS and training facility, and had all but narrowed its choices to Scottsdale and San Diego, until Marks and Rutherford unrolled the blueprints to the 50,000 square foot building.

"A lot of people were amazed to find out Prescott Valley was selected over Scottsdale and San Diego," said Marks. "Really, it was Steve's available building that got Lockheed-Martin's attention—and Prescott Valley a place in the win column—over the more established urban communities."

### **People, prosperity and open space.**

When Gary Marks took the helm as executive director of the Prescott Valley Economic Development Foundation in 1999, he remembers a town in its infancy, ready to take its first steps. "Prior to my first visit, a friend in Phoenix described Prescott Valley as a young and vibrant community—essentially a blank canvas for economic development," said Marks.

That was one way to describe it.

"It is, indeed, a young, vibrant community," Marks chuckles. "But in 1999, the blank canvas was, in reality, miles and miles of open space surrounded

by barbed wire fence to keep the livestock in."

Among the first to welcome Marks to his role as the Town's economic development director was Bill Fain, third generation rancher and president of The Fain Signature Group (FSG).

A beloved patriarch to both his family and his community, Bill Fain remains an important influencer and enabler for responsible growth and opportunity. Guardian of land that once included all of Prescott Valley, Bill Fain turned the corner on the family's 130-year history of ranching, farming and land stewardship, believing, "There is more money in people than in livestock."

Joined by his sons, Ron and Brad, son-in-law Jeff and team of dedicated employees, FSG priorities reflect Bill's belief in people and prosperity. Bolstered by their agricultural roots and profitable history in cattle and sheep ranching, FSG launched industrial and commercial developments in the last decade that would clearly demonstrate a commitment to help provide economic opportunity and a better quality of life to all who would make Prescott Valley their home.

That commitment materialized on several occasions as the family amended portions of land once dedicated to investors for the establishment of commercial and industrial centers, including the 200+ acre Big Sky Business Park.

### **Seize the moment.**

With the availability of land earmarked for commercial development, Steve

Rutherford wasted no time in moving the evolutionary wheel of opportunity forward. He purchased land within the newly formed business park, and created a micro-development, called "The Corporate Park," anchored by the 50,000 square foot building now occupied by Lockheed-Martin.

"Those two events, the creation of a fully serviced business park and Steve's decision to build a 50,000 square foot building, moved Prescott Valley light years ahead," remembered Marks.

### **Opportunist, or opportunity maker?**

"Any community can tell you it's progressive or business friendly. But when I look at Prescott Valley, I see a community where opportunity lives," suggested Marks.

So much so that it's now the Town's tagline.

"There are opportunists—individuals who'll wait and wait for the 'right' opportunity to come to them—and then there are those who just can't wait, and go out and make it happen ... and I guess you could say that's me," confessed Rutherford.

Still helping lead the charge, Rutherford and his investment circle have started construction on a 25,000 square foot building, located next to the Lockheed-Martin facility. "We're interviewing interested tenants now, and are moving ahead on two more buildings just like it."

Finding a tenant is small stuff when there's dirt to turn! 🏗️

