OCEAN TO OCEAN IN YUMA, ARIZ.: A COMMUNITY BANK GROWS AMIDST ‘CRIMINALS’

Foothills Bank enjoys growth when others just hang on

The Ocean-to-Ocean Bridge spans the Colorado, connecting Yuma, Ariz., into California. In the Dustbowl days it was one of the points where authorities stopped “Okies” from continuing on to the promised land of California, unless they could prove they would have gainful employment. For many years it was the only place to cross the Colorado by car. At night lettering on the side is lit, declaring, “Ocean-to-Ocean Bridge, Yuma.”

* * *

New to this blog? After he hung up his president hat, bank chairman Larry and Mary Ann decided to sell their house, buy a Winnebago, and see more of America. They are now blogging about what they see about banking for ABA Banking Journal. Read more about the Mariks in “Chairman of the Open Road.”

* * *

We are settled into Casa Grande, Ariz., for most of the winter. On recent day, when reading the Casa Grande Dispatch, we saw an ad for Foothills Bank. The bank’s slogan was “Banking with a personal touch.” That captured our attention, so we stopped in to visit and found that the bank we were in--the former Central Arizona Bank--was a recent acquisition of Foothills Bank of Yuma.

We packed our bags and headed west on Interstate 8. I-8 starts in Casa Grande, at a junction with I-10, and ends in San Diego, practically in the Pacific Ocean.

Now, we were raised back in the day when the predominant television genre was the Western.

The good guys wore white hats. The bad guys, who wore black hats, were either recent escapees of the Territorial Prison at Yuma--where there was nothing but sand, heat, and rattlesnakes--or were destined to go there.

We planned a visit to Foothills Bank headquarters in Yuma, and we headed there with pretty much those expectations.

Boy, were we in for a pleasant surprise!

There’s much more to Yuma, and to Foothills, than our video memories.

Modern things you’ll find in Yuma

Yuma lies in the southwest corner of Arizona on the Colorado River, near the border with the state of California and Mexico’s Baja California. Population is about 100,000 with another 20,000 or so in the Foothills region, but it fluctuates by about 100,000. Snowbirds, referred to locally as “our winter visitors,” are the cause of that swing.

Yuma is considered the sunniest city in the U.S. With all that sun and all that water from the Colorado, agriculture is the economic mainstay. Known as the “Winter Vegetable Capital,” much of the lettuce, broccoli, and cauliflower eaten in the U.S. in the winter comes from Yuma.

The military is the other major component of the local economy. Yuma is home to two military installations: the Marine Corps Air Station and the U.S. Army Yuma Proving Grounds.

The Marine Corps Air Station contains 2.8 million acres of training ranges and is the busiest air station in the Corps. Approximately 14,000 personnel train there annually.

The Proving Grounds contain 1,300 square miles of testing space. The Apache Helicopter, the M-1 Abrams Tank, Bradley Fighting Vehicle and virtually all artillery and ground weapons systems were tested here.

The system which has become increasingly important to travelers like us, the Bankers on Wheels, the GPS, was also tested here.

There’s more. The Air Force has a helium-filled aerostat balloon which is part of a radar “fence” guarding against planes smuggling drugs across the border. And GM has a hot weather test track there.

Ocean to ocean over a river

Lots of things in motion. In fact, you can’t talk about the history of Yuma without talking about transportation. For decades, the Colorado was the pathway to the development of the Southwest. Goods were brought by steamboat from the Gulf of California up the Colorado. The steamboats thrived until the arrival of the Southern Pacific Rail Road in 1877, which shut them down.

The Ocean to Ocean Bridge was built in 1914. At that time it was the only vehicle bridge across the Colorado River for 1,200 miles. During the Depression, Okies headed for California were stopped at this bridge if they didn’t have money or a job waiting. Many of those who didn’t then decided to settle in Yuma. The bridge was closed in 1988 due to structural problems, but it was reopened in 2002 after renovation. It is in the National Register of Historical Places.

A visit to what turned out to be a branch led the Banker on Wheels to headquarters, hours away in Yuma, Ariz.

And the Territorial Prison? Here’s an interesting item.

From 1910 to 1913, Yuma high school classes were held in the old prison which had closed in 1909. In 1913 classes began in the newly constructed high school building. That same year, Yuma played the favored Coyotes in Phoenix … and won.

Disgruntled Coyotes fans taunted the Yuma team, calling them “Criminals.” By 1917 students and teachers considered the epithet a badge of honor.

By 1917, the school board had officially adopted the nickname. Yuma High School has been home of the “criminals” ever since.

The ultimate goal of our road trip to Yuma was a visit to Wayne Gale, president and CEO of Foothills Bank. Wayne, who has been in banking for 30 years, joined the bank in 2007 and was named CEO in 2008. He has spent most of his banking career in Arizona, after stops in San Diego and Washington.

The evening before our meeting, we stopped at a wine tasting. We knew which bank we were headed for on the following day, but we asked our host anyway if there were any good, locally-owned banks. He suggested Foothills. That was a good affirmation. The next day, after lunch at Lutes Casino--a must stop if you’re visiting Yuma--we headed

for Foothills.

Yuma’s high school turned an insult into a badge of honor, and in 1917 official adopted “The Criminals” as its official team name.

Meeting Foothills Bank’s Wayne Gale

Hank Schechert founded Foothills Bank , Nov. 3, 1997, in the city’s Foothills neighborhood, 14 miles east of Yuma and, at the same time, established a branch in Yuma. We had found this statement on the bank’s website:

“Foothills. We can take care of that.

“Foothills Bank & Trust isn't the biggest and we certainly aren't the oldest, but our Organizers and Employees have been in business long enough to know what folks in the Foothills area are looking for in a bank: honest-to-goodness service from people who really care.”

“Our focus is ‘banking with a personal touch’,” Wayne explained to us when we met him in the bank. He described the bank’s concept as “plain vanilla.”

“The FDIC always said there’s nothing exotic to look at here,” said Wayne. “We have very basic, sound banking practices.”

Foothills is now expanding. After 10 years, the bank had grown to approximately $100 million. The expansion began with the purchase of Yuma Community Bank from Capital Bank, a distressed bank holding company that was selling off offices.

Foothills’ goal is safe, conscious, controlled growth with good equity return to share holders.

“We don’t want to be like community banks in Phoenix or a Scottsdale,” Wayne explained. “They’re community banks, but their model is completely different from ours. You need to present an image there.”

He waved to the office floor. “This building wouldn’t be good enough for Scottsdale,” said Gale. But

that’s ok, according to Gale: “We don’t want to be there.”

Foothills Bank CEO Wayne Gale matches his bank’s style and feel to the communities that it serves.

Far flung growth strategy

With the acquisition of a bank in Prescott in July and the bank in Casa Grande that first caught our attention in September, Foothills Bank’s footings have grown to $285 million. Both are quite a distance from Yuma. Prescott is four hours away, and Casa Grande is about three.

When we asked Dale why Foothills purchased banks at those distances, he said it was a matter of a good fit with the original operation.

“The communities are similar to Yuma,” Wayne explained. “They’re virtual islands, and ag is important to their economies. The Foothills community bank model works well there. We understand that market.”

Personal connections help, too. Wayne noted that Bill Savory, the bank’s chairman, owns property in Prescott.

“We joke about him being the branch manager there,” chuckles Wayne, “but he is making contacts.”

The chairman making contacts on behalf of Foothills is extremely important to the future success of that location … one additional aspect of a true community bank that you wouldn’t see at a larger institution.

Foothills in Yuma serves small businesses, much of the medical community, and ag-support businesses.

“The corporate farms are very large, and it would be difficult for us to service them adequately,” said Wayne.

Fields of broccoli grow in Yuma, Ariz., where much U.S. winter produce agriculture takes place. Hollandaise, anyone?

Running the business as the bank grows

Presently the bank has 66 employees, 47 of them in the four Yuma locations. Processing is outsource, and, currently, compliance responsibility is shared by the CFO and the chief credit officer, with the help of support staff.

This team approach to compliance is slated for change.

“With our growth, after the first of the year, we’ll appoint a compliance officer,” said Wayne. “We’re going to try to find someone internally with lending experience and send them to school. It would be very difficult to hire someone.”

Current wisdom is that in order for a bank to survive under Dodd-Frank, it needs to be in excess of $200 million. Foothills will attempt to grow when opportunities present themselves.

Wayne said that Foothills will not grow for the sake of growing. “It needs to fit our bank model, ” he insists.

The bank is very involved in the community. Significant contributions, both in human and monetary resources, are extended each year.

“It’s part of who we are,” says Wayne. For example, on Fridays, employees can wear jeans for a donation to a community cause. In Prescott, Foothills is the title sponsor for the annual Boys and Girls Club fundraiser. Those are just two examples.

Independence and size

Actually, at $285 million, of the banks headquartered in Arizona, Foothills is the second largest. That’s not a pattern you find everywhere we’ve rolled.

Wayne has optimism for smaller institutions.

“The industry is under attack, but I think the community banks will dodge the bullet,” he explains. “I believe Foothills will see another couple of expansions, but we need to absorb the 33% we just grew and become efficient before we expand again.”

“We just finished a three-week FDIC exam after acquiring the two banks,” adds Wayne. “They were very cooperative … a pleasure to work with.”

“We consider ourselves,” said Wayne, “a good, old-fashioned ‘midwest’ community bank--not geographically, of course, but philosophically.”

Once again, we were fortunate to find a real community bank, one that serves the area and understands their customers.

Strong banks build strong communities.

Yuma Territorial Prison has been shut for active service for many years. Mary Ann and Larry Marik, just passing through as tourists, toured the facility while in town visiting Foothills Bank.

Keep your eyes open for Larry and Mary Ann Marik and their huge Winnebago Journey. If they come to your bank, you just might wind up as their next blog.