

Univita aims to be one-stop home health provider

UNIVITA HEALTH

HQ: Scottsdale
CEO: Hugh Lytle
FOUNDED: 2008
EMPLOYEES: 2,000, including 20 at Scottsdale HQ

BY ANGELA GONZALES
Phoenix Business Journal

Hugh Lytle is on a mission, and acquiring three of his company's competitors over the past few years is just the beginning. As co-founder, president and CEO of Univita Health, Lytle's goal is to purchase segments of the home health care industry that are operating independently and then combine them to deliver services in a new, coordinated way for employers



Lytle

and managed care companies. The Scottsdale-based company just acquired All-Med Services of Florida, one of the nation's largest integrated providers of home-based care, managing more than 1 million clients in that state. In January 2010, Univita bought Atenda Healthcare Solutions and its affiliated companies, including Florida Home Medical Equipment. Managing more

than 1.3 million patients in Florida and Georgia, Atenda is one of the nation's largest home health benefit management companies.

In December 2009, Univita bought Enurgi, a Web-based service for caregiving and family support based in West Palms, Fla.

While Lytle declined to reveal the purchase price for those acquisitions or his company's revenue, he said Univita's revenue is between \$100 million

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Firm was down, but not out

Partnerships on student housing spur comeback for hardison/downey

BY JAN BUCHHOLZ
Phoenix Business Journal

In the depths of the recession and continuing through 2010, positive momentum was hard to come by for hardison/downey construction inc. The company shrank from a peak of 85 employees in 2008 to 40. Its annual revenue was down to \$75.5 million in 2010, though execs won't say how much it was before.

That's all changed. Hardison/downey is looking at nearly \$130 million in projects this year and expects a 25 percent increase for next year. It's up to 75 employees now.



Calfee

What's made the difference? Student housing.

A large chunk of that niche business is coming from American Campus Communities. The Austin-based company became an innovative partner with Arizona State University in 2006 and 2007, building privately funded student housing on university land leased to it.

Under terms of its agreement with ASU, American Campus Communities uses its own capital to build and operate the housing facilities, freeing up university funds to be used in more efficient ways.



FILE PHOTO

Arizona State University freshman Ayshia Groll moved into the Barrett Honors College dorm last August. It was built by hardison/downey construction inc. in 2009.

"This is an area where we can partner with the private sector. We look at this as an opportunity to use our resources for the academic mission," said Neil Calfee, ASU's director of real estate development.

The first project for American Campus

Communities — the \$130 million Vista del Sol, on the south side of the Tempe campus — also was a first for hardison/downey. It was completed in 2008.

American "called us on a Friday, flew

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Arizona fights other states for data centers

BY MIKE SUNNUCKS
Phoenix Business Journal

Phoenix ranks as the 15th most expensive U.S. city to operate a data center in a new study, but the high cost hasn't dissuaded many companies from choosing locations in the Valley.

National site selection firm Boyd Co. compared the tax, real estate, utility and labor costs of running a computer data center in 50 U.S. metro areas.



Tunis

Those in the industry say the Valley has much to offer that transcends costs, including a stable home that is free from natural disasters and a large telecommunications hub that gives them access to any service provider.

Data centers house computer servers, back-office network equipment and information technology for a host of businesses and sectors including health care, technology, banking and retail. They don't necessarily employ a lot of people, but their equipment and real estate produce property tax revenue, said Bob Tunis, economic development director for the city of Scottsdale.

Data centers also are appealing because they can draw big technology companies that could grow into a larger operational

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HOUSING: Hardison/downey on comeback trail with partnership approach

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out on a Monday, and by noon that day had picked us as the contractor. It was all based on our reputation," said Bob Hardison, president of hardison/downey, which is wholly owned by Phoenix-based Kitchell Corp.

Since then, hardison/downey has been the contractor of choice for American Campus Communities — not only at ASU, but also on projects at Northern Arizona University in Flagstaff and at the University of New Mexico in Albuquerque.



Hardison

"Bob and his team have brought a partnering approach to each project we have developed together. They are a very active participant in the design approach ... we look forward to a long partnership with hardison/downey," said Jim Hopke, executive vice president of project management and construction for American Campus

Communities.

Though hardison/downey has years of experience building apartment communities, student housing was a new effort for the company.

"Student housing is different from multifamily because of the intensity of occupancy," Hardison said. "Each student typically gets their own bathroom with a shared kitchen, and amenities are very high because they want their living experience to be complete."

Those amenities include theaters, study lounges, fitness facilities and computer centers.

"These are facilities that are meant to last and take some abuse. There has to be quality and durability in the con-



PROVIDED BY HARDISON/DOWNEY CONSTRUCTION INC.

Vista del Sol, developed by hardison/downey construction and American Campus Communities, provides furnished dorm rooms on the south side of ASU's Tempe campus.

struction," Calfee said.

In addition to Vista del Sol, hardison/downey built the nearby \$130 million Barrett Honors College, which was completed in 2009.

Today, the locally founded construction company is partnering with American Campus Communities on the \$50 million renovation of Manzanita Hall at the Tempe campus; the \$22 million construction of the Haciendas at Vista del Sol, also in Tempe; and the \$14.5 million Casa del Oro housing project at the ASU West campus in Glendale.

While those projects and others at NAU and UNM may seem like a large handful for a moderately sized construc-

ASU STUDENT HOUSING

These projects have been or are being developed through partnerships between hardison/downey inc. and American Campus Communities:

Project	Beds	Const. Cost
Vista del Sol	1,866	\$130.0M
Barrett Honors College	1,742	\$130.0M
Manzanita Hall renovation	816	\$50.0M
Haciendas at Vista del Sol	400	\$22.0M
Casa del Oro (ASU West)	365	\$14.5M
TOTAL	5,189	\$346.5M

Source: Arizona State University

tion company, hardison/downey also is building the 325-unit student apartments under development in downtown Phoenix by Scottsdale-based Concord Eastridge. That \$52 million project near Roosevelt and Third streets will be completed in 2013.

"We think highly of their firm and their capabilities," said Concord Eastridge CEO Susan Eastridge. "They have strong recent credentials for the completion of other high-quality collegiate housing projects. We had them involved on Day One, and they provided invaluable advice and input to our planning as well as the design of the project."

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DATA CENTERS: State battles Texas, Oregon in race for complex tech facilities

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footprint involving more jobs.

It costs about \$21 million a year to operate a data center for the health care sector in Phoenix. Electronic medical records storage is expected to grow significantly. Boyd estimates that in 2012, the health care industry will spend \$40 billion on securing medical records electronically; but with new federal rules related to EMRs, Boyd said that spending will grow to \$70 billion by 2015.

Right now, New York and San Francisco are the most expensive cities for data center operations — \$32.7 million and \$27.8 million, respectively — because of higher labor, tax and real estate costs. Sioux Falls, S.D., and Tulsa, Okla., were the cheapest markets for data center operations, at \$17.1 million and \$17.8 million, respectively.

It's cheaper to operate a data center in Phoenix than it is in Seattle (\$22.5 million) or San Diego (\$24.3 million), but more expensive than Dallas (\$20.4 million), Las Vegas (\$20.1 million) or San Antonio (\$18.5 million), according to the study.

Higher air-conditioning costs can drive up data center costs in Phoenix. While Arizona has cheaper taxes and labor than California and New York, smaller states such as South Dakota offer lower tax burdens.

MORE TO COME

Arizona economic developers aggressively are pursuing data center and other back-office IT projects to bring more high-wage and high-tech operations to the state.

Chris Camacho, executive vice president of the Greater Phoenix Economic Council, said data center projects account for 20 of

DATA CENTER COSTS

Annual costs for operating a secure 150,000-square-foot data center for the health care industry, including heating and air conditioning, utilities, tax and labor expenses for 150 employees:

Most expensive:

1. New York	\$32.7M
2. San Francisco	\$27.8M
3. Los Angeles	\$25.8M
4. Stamford, Conn.	\$25.5M

Least expensive:

50. Sioux Falls, S.D.	\$17.0M
49. Tulsa, Okla.	\$17.8M
48. Fort Walton Beach, Fla.	\$17.9M
47. Pensacola, Fla.	\$18.0M

Comparison of 5 major Western markets:

6. San Diego	\$24.3M
9. Seattle	\$22.5M
15. PHOENIX	\$21.0M
18. Denver	\$20.7M
26. Las Vegas	\$20.0M

Source: Boyd Co.

the business recruitment group's list of 300 prospects. He expects more to come down the pipeline via shared, remotely accessed cloud computing and electronic medical records.

"We are going to see more and more data center projects," Camacho said, adding that larger operations are looking for 20 to 40 acres to house server farms and facilities as large as 400,000 square feet.

Tunis said Scottsdale isn't in the market for big data centers, which are more likely

to land in outlying cities. But he did say smaller data-storage companies are opening in the Scottsdale Airpark area.

One of Arizona's big selling points for data centers is the lack of natural disasters or weather disruptions to power supplies, which need to be 100 percent redundant.

The Phoenix area already is home to several data centers and companies that operate them. Phoenix-based IO Data Centers LLC has facilities in the Valley and New Jersey; Digital Realty Trust built a new data center in Chandler last year; and Phoenix NAP has a data center on University Drive.

KEEPING UP WITH THE JONESES

Arizona economic developers have a lot of company when it comes to data center recruitment.

A number of states and regions — including Texas, the Pacific Northwest and the Great Plains states — are offering incentives to high-tech companies that locate computer server operations there.

Boyd Co. President John Boyd said Oregon and Texas are being quite aggressive in going after data centers and crafting tax breaks related to computer equipment.

Midwestern states such as Iowa, Missouri and Kansas also are going after data centers. The Church of Jesus Christ of Latter-day Saints has located backup computers in Kansas City, Mo., and Iowa has created tax breaks for Google Inc. and Microsoft Inc. data centers.

Oregon crafted tax breaks for Facebook's planned 300,000-square-foot data center campus in Prineville, and Washington state has done the same to keep some of Microsoft's IT in its home state.

Some Arizona lawmakers are working to keep up. A bipartisan group of lawmakers

is pushing House Bill 2787, which would cut property taxes on data centers and their equipment from the current 20 percent rate to 5 percent. The measure hasn't made much progress yet.

PLAYING THE GAME

There also are some tools state economic developers already are using to court data centers.

The Arizona Commerce Authority is allocating a \$3 million incentive to Silicon Valley Bank to locate its IT, data center and other back-office operations in Tempe, said ACA spokeswoman Kristen Hellmer.

"Silicon Valley Bank received \$3 million from the Arizona Competes Fund. Plus, they may be eligible to receive funding from job training or quality jobs. Those are both reimbursable programs for which the company has to qualify, then apply," Hellmer said.

The Arizona Competes Fund is a deal-closing fund Gov. Jan Brewer can use to lure companies here.

Some in the industry say incentives are nice, but not always the driving force.

"As for as what we have heard and seen, the types of engagements we typically do are relatively small, so tax breaks have not been a big driver for us in getting more clients to our data center," said Scott Reiland, spokesman for the Phoenix NAP data center. "That is not to say they wouldn't be welcome, however."

Customers at Phoenix NAP tend to look for features such as physical security, plentiful cheap power and freedom from natural disasters, Reiland said.

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