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STRUCTURES

Some construction projects find new life, some remain grounded.
A21-A29



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Bidding on this state contract may cost your company 7 iPads

BY ED SEALIVER

DENVER BUSINESS JOURNAL

A Colorado state department wants to require bidders for a contract to create a major computer-management system to submit proposals on seven iPad tablets that won't be returned — a stipulation legislative and business leaders say is "outrageous" and sets an unreasonable precedent.

The planned request for proposals (RFP), which awaits a public hearing before going out officially, is for the Medicaid Management Information System (MMIS), a potential \$100 million system to process all of the state's Medicaid claims.

Xerox Corp. holds the current contract, but state law requires the Department of Health Care Policy and Financing (HCPF) to re-bid the contract every 10 years, said Chris Underwood, director of HCPF's provider operations division.

Included in the proposed RFP is a clause that says, in place of printed copies, potential builders and managers of the MMIS system must submit seven electronic versions of the proposal package on seven Apple iPad 2 or newer tablets with WiFi capability and 32 gigabytes of storage capacity.

A separate clause notes that each device shall be preloaded with the appropriate applications to view and annotate



"They have every right to require bidders to provide information in electronic form. But to require them to submit it on seven iPads that are of a certain generation, it just seems a little too detailed.

You ask, **what's the purpose?**

Rep. Mark Ferrandino
D-Denver

proposals, including Quickoffice Pro and iAnnotate, and that the iPads won't be returned and will become property of the department for future use.

The idea behind the request was that bidders already are spending more than \$1 million to prepare their applications,

"I'm **very angry** about the fact that government feels it can take from someone before they even do business with them."

Rep. Chad Geronzi
R-Evergreen



and that putting the applications in an iPad format could save them the usual cost of printing and binding proposals, Underwood said. HCPF asked for seven copies because a committee of seven

SEE IPADS | A38

Downtown condo sales bounce back in 2012

BY DENNIS HUSPEN
DENVER BUSINESS JOURNAL

Patient owners of four major downtown luxury condominium towers are being rewarded with increasing sales and a dwindling inventory this year.

One Lincoln Park, Sptre, Residence XXV

and the Four Seasons

residences all were

built before the Great

Recession ravaged

Denver's residential

housing market. While

they all experienced

slower — or non-

existent — sales in the

lean years of 2009 and

2010 and some of 2011,

all of the develop-

ments have reported

strengthening sales

numbers in 2012:

• The 102 residences

above the Four Seasons

Hotel Denver, 1111

14th St., seem to have

made the quickest

recovery this year,

with 79 units sold or

currently under con-

tract. That came af-

ter the development's

owners, GI Holdings

Inc., bought the con-

struction loans and

refinanced the project

at the end of 2011.

They also slashed

prices that were origi-

nally between \$3 mil-

lion and \$4.5 million

to between \$1 million

and \$2 million. The

average sales price for

the units sold this

year was \$1.4 million,

he said.

"It's safe to say sales

picked up a ton this

year," said Brad Arnold,

director of sales and

marketing for marketing

firm Fingerprint

Strategies, noting that

86 units were re-

introduced at the begin-

ning of 2012 with the

new prices. "The story

has gone from 15 per-

cent sold out to 90 per-

cent sold out in eight

DOWNTOWN LUXURY CONDOS

Four Seasons Residences
1111 14th St.,
Denver
residences.fourseasons.com

One Lincoln Park
2001 Lincoln St.,
Denver
www.onelincolnparkdenver.com

Residences XXV
1801 Curtis St.,
Denver
www.residencesxxv.com

Sptre
801 14th St.,
Denver
www.sptre.com

SEE CONDOS | A37



THE GUIDE

An index to all the news found in the current issue of the DBJ. A2

FOOD FOCUS

Denver-based chains are using more locally grown food at their restaurants. A3





QUOTE OF THE WEEK

"The challenge is this is a brand-new-to-the-world technology."
— Chris Ryan, president and COO, Gevo, A6



Evie Hudak gets ready to walk in the Harvest Festival parade in Arvada Sept. 9. KATHLEEN LAVINE | BUSINESS JOURNAL

Sias challenges incumbent Hudak in Senate District 19

BY ED SEALOVER
DENVER BUSINESS JOURNAL

In the past year, Democratic Sen. Evie Hudak backed a tax hike for education, wrote a bill to give companies hiring Coloradans first crack at state contracts and sponsored an amendment raising incentive funding for the Colorado Office of Economic Development and International Trade (OEDIT).

Now, in one of the tightest races in the Colorado Senate, Republican opponent Lang Sias criticizes or questions all of those moves.

The Senate District 19 race, covering most of Arvada and the Jefferson County portion of Westminster, pits candidates with different approaches to how the government can help the private sector create jobs.

Hudak, a former teacher who has represented the district since 2009, believes the state should increase education funding and push work to local firms. Sias, a Federal Express pilot and former attorney, said

SEE ELECTION | A39



Through mid-October, the Denver Business Journal will look at the business issues involved in seven Denver-area races that will play a large part in determining which parties control the state House and Senate in 2013.

Last week: Senate District 22 — Republican Rep. Ken Summers vs. Democratic Rep. Andy Kerr for an open, Republican-held seat.

This week: Senate District 19 — Democratic Sen. Evie Hudak vs. Republican Lang Sias.

Next week: House District 28 — Republican Amy Attwood vs. Democrat Brittany Pettersen for an open, Republican-held seat.

Denver-grown chains using more homegrown foods

BY ED SEALOVER
DENVER BUSINESS JOURNAL

The serving of locally grown produce by restaurants, once the domain of high-end independent eateries, is expanding into chain restaurants thanks to a couple of Denver-based companies.

Burrito giant Chipotle Mexican Grill Inc. (NYSE: CMG) now gets about 10 million pounds of produce from farms within a range of 50 to 350 miles from each of its roughly 1,300 nationwide restaurants — a 100 percent increase from 2010, said Chris Arnold, communications director.

And Mad Greens, a salad-and-sandwich chain with 11 Front Range loca-

tions, began using the lettuce of VertiFresh, a Denver-based hydroponic grower, in select offerings on Aug. 13 — its biggest commitment yet to a local grower, founder and CEO Marley Hodgson said.

Locally grown food is becoming more popular with consumers, and chefs say taste and nutrition increase in inverse proportion to the distance food travels from farms. But restaurants — especially chains with locations in multiple cities — take risks in using it because meat or vegetables from small farms can be far more expensive than bulk

SEE FOOD | A40



KATHLEEN LAVINE | BUSINESS JOURNAL

Tom Ryan, founder and chief concept officer at Smashburger, tries a New Belgium beer at a recent tasting. Smashburger has begun pairing beers from New Belgium Brewing Co. of Fort Collins with certain burgers in some Colorado locations.

FOOD: Restaurants see benefits in using local produce

CONTINUED FROM A3

buys from national corporations.

Hodgson pays anywhere from 10 to 100 percent more for locally sourced vegetables — enough so that he increases by 75 cents the price of any salad for which customers request VertiFresh lettuce. Yet, when Mad Greens offered a special, higher-priced salad with a different brand of local lettuce in summer 2011, product sales exceeded expectations, he said.

"There's a market out there. And people have shown that in some cases, they are willing to pay a premium," he said. "We're OK upcharging a little bit. We don't want to pass on the entire amount ... We're always sort of tinkering and trying to find solutions that work."

In recent years, chain restaurants have tried to connect with their local communities by contributing to charities and introducing city-specific dishes.

Smashburger, the Denver-based hamburger chain, began a program on Sept. 7 in which it pairs beers from New Belgium Brewing Co. of Fort Collins with its burgers in some Colorado locations, and it hopes to expand the program to other cities, said Tom Ryan, founder and chief concept officer.

But even Smashburger's local burgers — sandwiches such as Colorado's green chili burger, which is served only in specific markets — contain only some ingredients that are sourced locally, because an overreliance on local items can drive up prices, Ryan said.

Chipotle announced in 2009 that it hoped to get 35 percent of its vegetables locally in accordance with its goals to

serve fresher foods and be more environmentally sustainable. Today, it gets as much as 75 to 90 percent of its red onions, green bell peppers, jalapeno peppers and romaine lettuce from local growers in some areas during peak growing season, Arnold said — and markets that fact.

Reduced transportation costs largely offset Chipotle's increased cost of buying produce locally, Arnold said. But he acknowledged that food costs at the burrito restaurant are equivalent to between 31 percent and 33 percent of revenue — among the highest rates in the industry.

"We don't necessarily quantify the impact our quest for better, more sustainable ingredients has, but we believe that people come to Chipotle first and foremost for the food," Arnold said.

Hodgson also hopes more people come in for local food. But he's aware that buying local, even if it lowers his profit margin, also helps to grow nearby businesses that can be long-term partners.

VertiFresh founder and president William Sears, who grows lettuce inside his 4360 Vine St. facility in 8-by-20-foot shipping containers, said his full capacity is now dedicated to Mad Greens, which wants six times more product than he can provide. As he grows, he hopes to plant different vegetables for Mad Greens and serve a wider audience, which he believes will help to convince more eateries that buying local is worth the expense in a changing agricultural scene.

"There's going to be nowhere to grow anymore. We're going to have to grow urban," Sears said. "I can do this 24/7."

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KATHLEEN LAWINE | BUSINESS JOURNAL

Mad Greens buys its greens from Denver-based VertiFresh. Left to right are Dan Long, president and co-founder of Mad Greens; Bill Sears, president of VertiFresh; and Marley Hodgson, CEO and co-founder of Mad Greens. VertiFresh has dedicated its full capacity to growing lettuce for Mad Greens.