

# PHOENIX BUSINESS JOURNAL

## Health care job market hot

Phoenix ranked as top spot  
as businesses continue  
looking for workers

ANGELA GONZALES, 14

February 27, 2015



# INNOVATION LUHRS

How a couple of historic high-rises  
will transform downtown Phoenix.

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## RESTAURANTS

### Minder Binders gets new life from original owners

Iconic Tempe bar and restaurant is being brought  
back for a more discerning crowd of ASU alumni  
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## TECHNOLOGY

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Attorney Paul Stoller says there are steps  
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Wes McClure of Wilson Electric  
Services Corp. sees many  
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is work to do, but a shortage  
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**HAYLEY RINGLE, 23**

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CELEBRATING  
**35**  
YEARS  
1980 - 2015



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## NEWS

## ► QUOTABLE

*"There are 43 resorts, 426 hotels, 2,600 restaurants, 122 public golf courses and 54 private golf courses in the Phoenix area, making it a perfect place to train the next generation of hospitality graduates."*

**JERRY COLANGELO**, on Grand Canyon University's plan to offer hospitality degrees



## ► NAME TO KNOW

**CHERYL LOMBARD**

The new president and CEO of Valley Partnership previously served as government relations director for the Nature Conservancy.

## ► NUMBER TO KNOW

**1,100**

The number of slot machines planned at an interim casino being built in the West Valley by the Tohono O'odham Nation.

## ► MAKING NEWS

**PHOENIX CONSIDERS \$30B TAX FOR LIGHT RAIL**

The Phoenix City Council could soon forward a \$30.5 billion, 34-year sales tax measure to voters to fund Metro light rail extensions and other transportation projects.

At its March 3 meeting, the council may consider adding a measure for a 0.73-cent city sales tax to the August ballot.

The proposal would extend a voter-approved 0.4-cent sales tax from 2000 that financed the light rail system. That tax is set to run out in 2020. Under the new plan, it would be expanded and extended to 2050.

"This is less than a penny. In fact, it's less than three-quarters of a penny," said Marty Shultz, a senior adviser with Phoenix law firm Brownstein Hyatt Farber Schreck and co-chair of the Citizens Commission on the Future of Phoenix Transportation, which came up with the sales tax plan.

City Councilman Sal DiCiccio is fighting the sales tax extension. He argues the financial outlay for light rail is a boondoggle. He said the sales tax



Sal DiCiccio

portion will total \$17.5 billion in revenue and the city will leverage other sources to hit the \$30 billion mark.

DiCiccio, a frequent foil to Mayor Greg Stanton and other more liberal council members, said the possible rail extensions amount to 31 miles and the tax measure would amount to spending \$209 million per mile.

"It's a jaw-dropping number," said DiCiccio, who represents Ahwatukee.

The plan recently passed a council subcommittee, and DiCiccio expects it to pass by either 7-2 or 6-3.

— Mike Sunnucks



FILE PHOTO

## ► EDITOR'S PICK

**STARTUPS FIND SPOTLIGHT IN PHOENIX**

Connect with Managing Editor Patrick O'Grady at [pogrady@bizjournals.com](mailto:pogrady@bizjournals.com).

This week was all about startups.

Our cover story, written by Hayley Ringle, is a look at how an older Phoenix skyscraper is being repurposed for technology companies. It's a good move for the city, as many tech executives like the idea of getting more of those businesses downtown.

The big thing, however, was Phoenix Startup Week. The Valley has long been a small-business hub, with the vast majority of companies being in that category. The recession spurred a lot of people to celebrate that entrepreneurial spirit, mainly because there weren't a lot of jobs to be had.

Phoenix Startup Week is drawing some good publicity for the Valley. In many cases — hard as it may seem to believe — people outside the region and state don't even realize we have a startup culture, let alone a thriving one.

Many of the business leaders and economic developers were right as the city pulled its way out of the depths of economic despair. We could spend a lot of time trying to lure companies from around the U.S. and the world to set up shop here, but odds are it's just better to grow what we've got. If you want a model for that, look at Silicon Valley. It just takes some time.

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## COVER STORY

# BUILDING A NEW DOWNTOWN ECONOMY

BUSINESSES BRIDGE THE PAST TO THE FUTURE  
WITH HISTORIC LUHRS CITY CENTER CONCEPT

BY HAYLEY RINGLE

hringle@bizjournals.com, 602-308-6514, @PhxBizHayley

**T**wo of the oldest buildings in Phoenix are ushering in a revival of small businesses and startups downtown.

The Luhrs City Center has undergone a \$10 million renovation and already houses up-and-coming firms ranging from law to technology. The Tall-wave High Tide startup commercialization program, announced last month, could change the atmosphere of the historic building cluster and offer a different vibe for a growing downtown business scene.

At least, that's what the property investors want to see out of the repurposing project.

"Vibrant young professionals is what we want," said Billy Shields, an investment partner in Anaheim, California-based Hansji Corp., which owns the buildings.

*"We wanted to continue the history of the block. We felt this energy in downtown. We believed in it."*

**RAJAN HANSJI,**  
Hansji Corp.

"The primary goal is to draw innovation and make Luhrs City Center a tech and innovation hub in downtown Phoenix," Wallace said.

Tallwave will announce its selected companies in mid-March. The program will run from March 23 until June.

If companies are from out of town, the hope is that they will decide to stay in Phoenix, but that's not a requirement. Hansji officials also are hoping compa-

## LUHRS CITY CENTER

**Location:** One city block in downtown Phoenix, bounded by Central and First avenues and Jefferson and Madison streets

**About the center:** Includes the Luhrs Building, the Luhrs Tower, the two-story Luhrs Arcade connecting those high-rises, the planned 19-story Luhrs City Center Marriott and an on-site six-level parking garage

**Owner:** Hansji Urban, a division of Hansji Corp., developer of more than 2 million square feet of office, retail and hotel space during the past 38 years

**History:** In 1884, one of the Valley's original real estate titans, George H.N. Luhrs, purchased a parcel of land at Central and Jefferson for \$1,066. Decades later, in 1924, Luhrs City Center began to take shape when George Luhrs Jr. erected Arizona's first 10-story high-rise. Five years later, Luhrs topped himself with the 14-story art deco Luhrs Tower, which became Phoenix's signature "skyscraper."

Many members of the Luhrs family, originally from Germany, still live in North Scottsdale and Phoenix, and often tour the renovated building.

**Remodel:** Began in 2007

**Cost:** \$10 million

**For more:**  
[www.luhrscitycenter.com](http://www.luhrscitycenter.com)

nies will want to lease permanent office space in their building.

Hansji, known primarily for hotel development, bought the historic Luhrs buildings for \$28 million in October 2007. The city block bounded by Jefferson and Madison streets and Central and First avenues houses the neo-classical Luhrs Building and the 14-story art deco Luhrs Tower. The property also includes a one-story Luhrs Arcade connecting those two buildings, a 19-story Luhrs City Center Marriott under construction and a six-level parking garage.

## Revitalizing downtown

Hansji bought into a vision that Phoenix could have a bustling downtown with the Luhrs buildings as a major component.

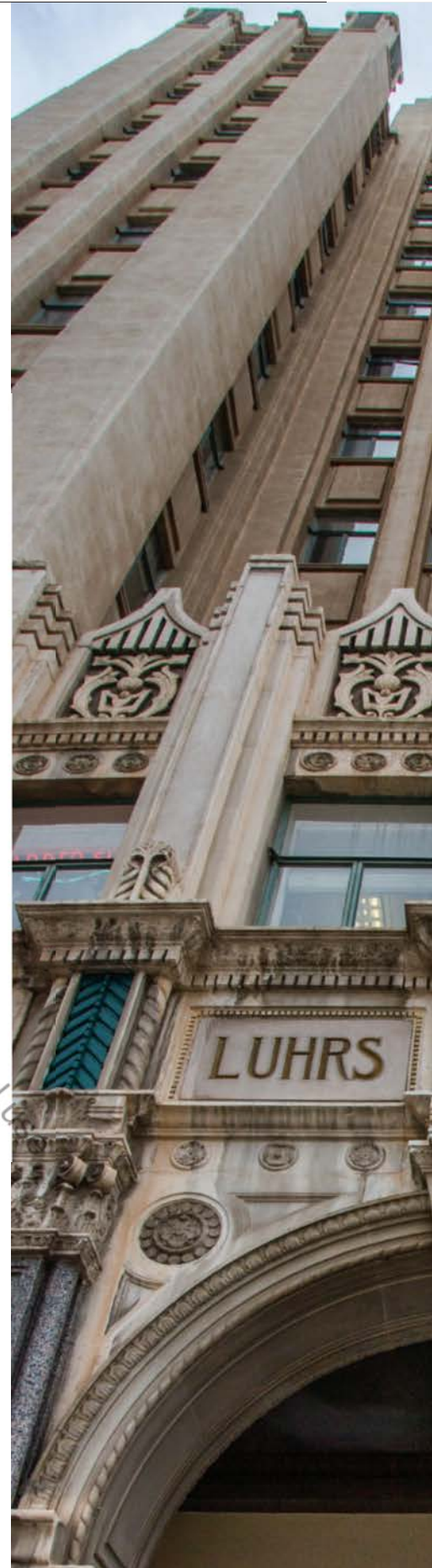
"We love Phoenix, and we're very passionate about what we're doing," said President Rajan Hansji, whose father, Shirish Hansji, started the company about 40 years ago. "We wanted to continue the history of the block. We felt this energy in downtown. We believed in it."

The Phoenix City Council awarded the company a \$500,000 historic preservation grant in 2008 to restore the two main Luhrs structures.

At the time of the purchase, the Luhrs Building was vacant and deteriorating. Now, it is 100 percent occupied, and the Luhrs Tower is about 75 percent occupied. Hansji said he expects both buildings to be full by the end of the year with retail, startup law firms and tech companies.

"We wanted to work toward entrepreneurial companies and have a little more fun. Those types of companies who think outside the box will make these buildings even more unique," he said.

The developer is sweetening the pot for startups with an offer of \$100,000, office space, living expense stipends,



CONTINUED ON PAGE 6





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## ► THE BUILDINGS

### LUHRS TOWER

Home to several businesses. Flagstaff-based Giftcard Zen will open March 1 on the seventh floor.

Two young architecture firms moving in, including DUO Designs. BurnsBarton, a startup law firm, moved in a year ago on the 11th and 12th floor.

Altieri Law Office and the Law Office of Greg Clark are among the other law practices in the building.

Tony's Barber Shop is on the second floor.

### LUHRS BUILDING

Top floor once was home to the Arizona Club. Now, it's the Hagens Berman law firm, which moved into the building in 2011 as its first new tenant.

The Maricopa County Attorney's Office leases space from the basement to the ninth floor.

Bitter & Twisted Cocktail Parlour opened on the bottom floor May 2014.

### LUHRS CITY CENTER MARRIOTT

The \$90 million hotel will house a Marriott Residence Inn and Marriott Courtyard, a boutique hotel similar to Hansji's hotel in the Gaslamp District of downtown San Diego. Construction on the 320-room hotel on the property's southeast corner started in 2014. It is planned to open in 2016.

The two-story Luhrs Central building was razed to build the hotel, a move that was part of the deal to preserve the two larger buildings. The hotel will have the same architectural designs as the other Luhrs buildings.

### LUHRS ARCADE

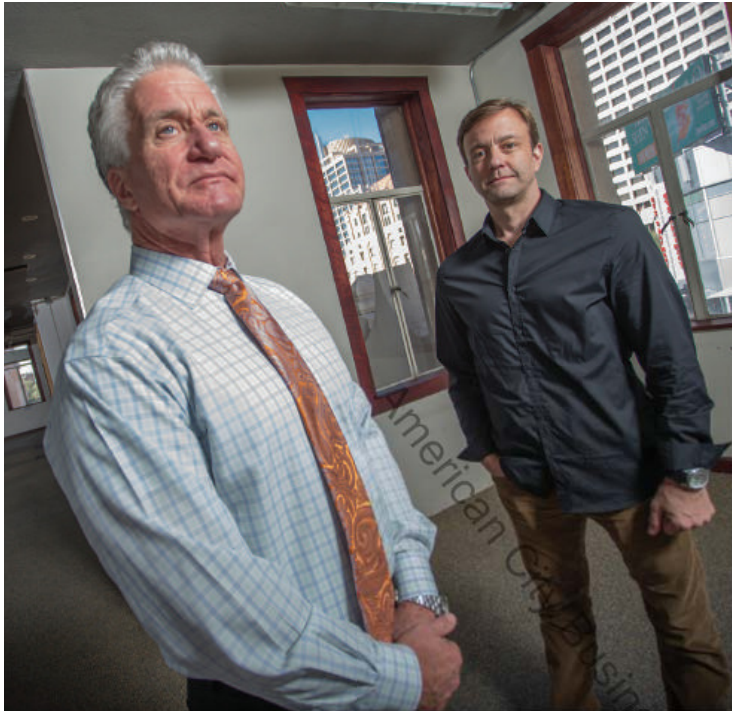
A Subway sandwich shop and an unnamed health and fitness retail company are slated to open next door in July.

## IN PHOTOS

1. The Bitter & Twisted Cocktail Parlour opened last year.
2. Bitter & Twisted is part of Luhrs' retail/restaurant focus.
3. The Luhrs City Center was established in 1924.
4. Law firm Hagens Berman is in the rebuilt Arizona Club at the top of the Luhrs Building.
5. Luhrs Marriott is under construction south of the Luhrs Building and will open next year.



## COVER STORY



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Billy Shields, left, an investment partner in Hansji Corp., and Robert Wallace, Tallwave's executive vice president of marketing, stand in the future Tallwave High Tide collaborative workspace at the Luhrs Tower. With this and other innovative elements, they are hoping to draw tech companies to Luhrs City Center.

CONTINUED FROM PAGE 4

housing (if the company is from out of town) and \$45,000 in commercialization resources. The business aid will come through the inaugural High Tide at Luhrs City Center business program, which starts at the end of March.

#### Building with startups

Scottsdale-based venture development firm Tallwave announced its first corporate partnership with Hansji in January and will run the High Tide program.

It's the fourth competition by Tallwave, and the first to include dedicated office space for the eight to 10 startups chosen for the program, said Robert Wallace, Tallwave's executive vice president of marketing.

"We wanted to help bring energy to this building. It was sort of a perfect match after meeting," he said.

The chosen entrepreneurs will use the 3,500-square-foot third floor of the Luhrs Tower and be given the opportunity to

build products and take them to market.

"We want it to be a very collaborative, open work space conducive to workshops, hands-on, rapid prototyping, position, branding and sales systemization," Wallace said.

At the end of the three-month program, two companies will receive \$50,000 each in convertible notes, with no equity exchanged if the company doesn't raise money, Wallace said.

Applications are coming in from as far away as France and are the best Tallwave has seen in its competitions, Wallace said.

The goal is to continue the High Tide at Luhrs City Center program, and possibly entice graduating companies to move into one of the buildings permanently, Hansji said.

#### Already home

The center already has drawn some tech business interest. Giftcard Zen, a Flagstaff-based tech startup that purchases unwanted gift cards and resells them, is opening a second office March 1 on the seventh floor of the Luhrs Tower.

Giftcard Zen founder

#### ► TIMELINE

**1924:** Opening of Luhrs Building, a 10-story L-shaped structure designed by Trost & Trost of El Paso, Texas; it was the tallest building in Phoenix until 1927

**1929:** Opening of Luhrs Tower, a 14-story art deco building, also was designed by Trost & Trost

**2007:** Property acquired by Hansji Corp.

**2014:** Fully restored and rebranded as Luhrs City Center

**2016:** Opening of City Center Marriott

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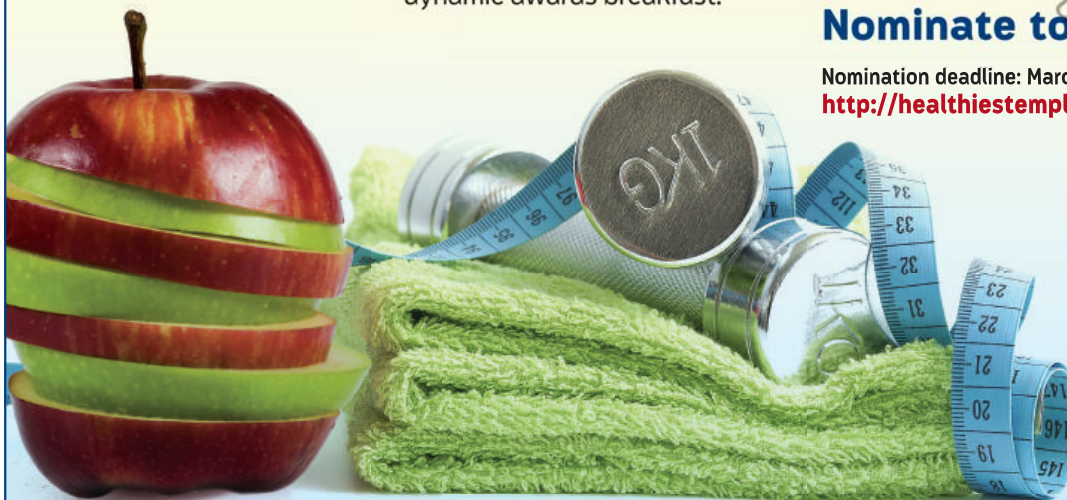
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## COVER STORY

Aaron Dragushan said he wanted to open in downtown Phoenix to seek a better talent pool to keep up with the company's growth. The private company won't reveal revenue, but said it buys or sells a gift card every 10 seconds. The owners hope to add 20 employees to the 20 they will start with at Luhrs.

"I think this building has an amazing energy," said Dragushan, who started the company two and a half years ago. "We love the amount of light this floor gives us, and we love how stylish the building is. When you step off the elevator, you feel like you want to work here."

Hansji's efforts with Luhrs is not just about technology firms. Bitter & Twisted Cocktail Parlour opened last May on the Luhrs Building's ground floor. Ross Simon, who calls himself the proprietor and principal barman, said opening the parlor was a lifelong dream.

"This space epitomizes what historic Phoenix wants to be," Simon said. "I love the energy. I love the light rail going by. I love the vibe."

The throwback bar and restaurant targets the dinner and weekend crowd, Shields said.

"The building speaks for itself," said Simon, who also likes the new apartments and condos in the area. "A bar like this is a perfect fit. It was an easy decision to open here." ■



JIM POULIN | PHOENIX BUSINESS JOURNAL

From left, Giftcard Zen founder Aaron Dragushan, Vice President of Growth Adrian Patel-Delaloye and Chief Technology Officer Carlos Urreta jump for joy after announcing the company's second office in downtown Phoenix. Behind them, the company's rhino mascot, Spike, is covered in gift cards.

### ► HIGH TIDE AT A GLANCE

**What:** High Tide at Luhrs City Center, a global startup commercialization program for new businesses

**Partners:** Scottsdale-based venture development firm Tallwave and Hansji Corp., the Anaheim, California-based owner of the historic Luhrs City Center buildings in downtown Phoenix

**Offering:** Eight to 10 startups receive office space on the renovated third floor of the Luhrs Tower for 90 days, accommodations at a nearby hotel if from out of town, \$1,000 a month stipend for living expenses and \$45,000 worth of hands-on resources

**Goal:** To help startups with product development, positioning, sales and getting to market

**Applicant breakdown:** About 35 percent of the applicants are from other states, including California, Illinois, Texas and Tennessee. Three are based outside the U.S. Almost 70 percent of the applicants fall into advertising technology, marketing tech, digital marketing, e-commerce, mobile and software-as-a-service platforms. The remainder are involved in the Internet of things, health care information technology and clean tech.

**Application deadline:** March 6

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## BEHIND THE SCENES

Photo Editor  
Jim Poulin

 JPOULIN@BIZJOURNALS.COM

 602-308-6512

# Downtown vendor offers different perspective on Luhrs City Center

BY JIM POULIN

jpoulin@bizjournals.com, 602-308-6512, @JimPoulin

From his spot on the southwest corner of First Avenue and Jefferson Street, Eduardo Haramina – also known as “Ed the Hotdogger” – has watched the skyline of Phoenix undergo incredible change in his 42 years dishing up dogs.

One thing that has remained constant is the Luhrs complex of buildings on the south side of Jefferson from First Avenue to Central – and now that’s about to change, too. After a multiyear, multimillion-dollar restoration effort, the Luhrs City Center is attracting new occupants including Tallwave and Giftcard Zen.

Haramina’s love of the buildings became apparent when he saw me taking photos of architectural elements of the main building’s facade. He shared with me many anecdotes of its long history. I’d recommend getting a hot dog and asking him about the filming of Alfred Hitchcock’s “Psycho.”

