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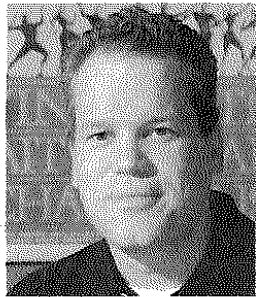
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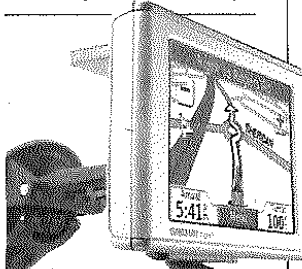
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Projects continue retail's march north

Two shopping centers worth \$80M are going up along Barry Road

BY JASON SHAAD | STAFF WRITER

Developers plan a pair of shopping centers in Kansas City's Shoal Creek area with a combined 425,000 square feet and a total cost of about \$80 million.

The two developments — Shoppes at Shoal Creek and Shoal Creek Plaza — will straddle Barry Road near its intersec-

tion with Flintlock Road.

The centers will be anchored by an existing Best Buy and several other big-box retailers, including an Office-

David Block, a principal and



broker with Block & Co. Inc., and Becky Goodman, a Block & Co. vice president, are the local developers for the centers.

The 125,000-square-foot Shoppes at Shoal Creek is on a 15-acre parcel northwest of Flintlock and Barry roads.

Block said that OfficeMax and a national furniture store have signed leases for the center and

that negotiations with clothing retailer Old Navy are under way.

Smaller retailers, including a casual Italian restaurant, a day spa and a dental office, will lease 10,000 square feet adjacent to the big-box retailers. An additional 8,000-square-foot pad site in front of the development will include three smaller retailers and an existing Chipotle restaurant.

Construction of the site is near

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Bills stoke debate about health records

Banks say they have
systems, know-how

BY ROB ROBERTS | STAFF WRITER

Legislation introduced by two members of Kansas' congressional delegation is sparking debate about who should become the bankers of Americans' electronic health records — financial institutions or independent health record banks.

U.S. Sen. Sam Brownback, a Republican, introduced the Independent Health Record Bank Act on June 6. U.S. Rep. Dennis Moore, a Democrat, filed a nearly identical House version two days later.

The bills call for independent health record banks to be formed by nonprofit cooperatives that, for a fee, would maintain members' lifetime electronic health records and make them accessible through swipe cards.

Some sources, however, say it makes more sense to build a nationwide health information network on top of the banking industry's existing financial infrastructure.

"We're advancing a model that is much more bank-centric than the



Two players, two approaches: UMB Bank would use its experience with swipe cards to facilitate health care transactions. Cerner Corp. hopes to store medical records at a new data center (rendering above) it is building in North Kansas City to serve as an independent health record bank.

independent health record bank model," said John Casillas, executive director of a Franklin, Tenn., think tank called the Medical Banking Project.

Casillas said the financial industry is positioned to roll out

health record banking quicker and less expensively due to its nationwide electronic networks, 55 million online customers and existing accounts with health care providers and insurers.

Banks that provide services

such as cash disbursement for health plans or lockbox check-processing for health care providers already must be compliant with the Health Insurance Portability and Accountability Act of 1996.

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KC Southern makes tracks to intermodal future

Coupling recent deals helps set route for growth

BY JASON SHAAD | STAFF WRITER

Kansas City Southern officials are betting on new shipment services to be the engine for the company's growth in the next several years and to entice businesses to use rail in addition to traditional truck shipping.

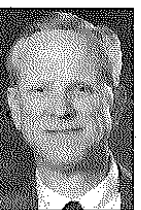
The company recently announced that it will begin two dedicated intermodal rail services later in the summer. One will connect the Ohio Valley and Kansas City. The other will run between Lazaro Cardenas, Mexico, and main distribution markets in the Gulf states. The new services should help satisfy demand for quick, alternative shipment corridors to congested West Coast ports.

Together, the two routes repre-

sent KC Southern's effort to capitalize on the burgeoning intermodal market. Intermodal service moves containers from ship to train to truck and is faster than traditional rail service.

By making the service dedicated, the company ensures that a train will be available to transport goods every day at a set time. KC Southern officials expect intermodal partnerships to grow from 9 percent to 25 percent of the company's business within five years.

"This will be one of the single-biggest drivers for our top-line growth in the immediate and five- to seven-year future," said Art Shoener, CEO of Kansas City Southern Railway Co., the U.S. subsidiary of Kansas City Southern.



Shoener
the U.S. subsidiary of Kansas City Southern.

SEE SOUTHERN | 48

bly would entail significant restructuring for Bernstein-Rein, said Pam Crawford, president of Kansas City-based ad agency Valentine Radford. The agency suffered a huge downturn in 2002 after losing its top client, Bayer Corp. In all, Val-Rad lost more than three-quarters of what had been a 200-person staff through layoffs and attrition.

"What it does is it forces you to look at how the agency was structured around that (account), and unfortunately, that has an impact on the overall agency," Crawford said. "It can be painful. But you do your best to regroup, retool and focus on the clients that you have."

Significant layoffs would be a distinct possibility for Bernstein-Rein if it loses the Wal-Mart business, said Dan Barker, manager of new business development for Landajob Advertising Staffing Specialists, which closely tracks the ad in-

"For an account of that size, you would think something would have to happen," he said. "In advertising, everyone is just one bad thing away from being fired."

Bernstein-Rein and Wal-Mart came of age together. Sam Walton came to Kansas City to meet with Steve Bernstein's father, Bob, back when Wal-Mart was just a regional player. Bernstein-Rein, then just a fledgling advertising agency itself, grew to become one of the largest independently owned ad agencies in the nation, in no small part because of its close — and lucrative — relationship with the Bentonville, Ark., retailer.

"This is not because of dissatisfaction," Wal-Mart spokeswoman Gail Lavielle said of the agency review. "This is to make sure that we have the best resources in place to do what we want to do and to see what is available."

Wal-Mart said in May that it had chosen Select Resources International to

"We've been on the short list in a number of their reviews before," Bernstein said of SRI. "We're comfortable with them."

The review comes less than a year after John Fleming became Wal-Mart's chief marketing officer. Fleming, who had run Walmart.com before his promotion, came to the company after nearly two decades with its chief rival, Target Corp. With Fleming's leadership, Wal-Mart's marketing department has been overhauled, and the company has begun chasing a higher-income clientele.

Steve Bernstein said that after Wal-Mart's internal marketing changes, the agency review came as no surprise. He remains optimistic because, with more than 32 years of experience to rely on, the agency has intimate knowledge of the client and its history, he said. As Wal-Mart has worked recently to begin changing its image, Bernstein-Rein has been involved

is leading three of the largest initiatives Wal-Mart has going — campaigns emphasizing its pharmacy and food offerings as well as the crucial year-end holiday push.

Barker said Bernstein-Rein's history with Wal-Mart should give it a big advantage in the review process. On the other hand, he said that losing Wal-Mart could have a "silver lining" for the agency — the potential to take on new business it now turns away, he said.

Bernstein said the agency turns down clients "almost weekly" because those potential clients consider Wal-Mart their biggest competitor.

"When one door closes, another one opens," he said. "But that's not to say we're wanting to have those doors open. We've been with Wal-Mart for 32 years, and we believe we'll be with them another 32."

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RETAIL: Two shopping centers in Northland should be fully leased, Block says

FROM PAGE 1

completion, and tenants should begin moving in by the fall, Block said. The project is backed by a group of investors from Denver, he said.

Shoal Creek Plaza, backed by Chicago-based investors, will be on the south side of Barry Road. The \$55 million center is to contain more than 300,000 square feet of retail space. Block said he envisions the site as a series of free-standing restaurants and retailers with a focus on pedestrian-friendly architecture that includes walking paths and small park areas.

He said he has leased space in the development to Commerce Bank, a small grocery store and several fast-food restaurants. Block said he is negotiating leases with three to four national big-box retailers.

Construction of the site will begin lat-

er this year, with occupancy beginning in 2007, Block said. A second phase of development may extend into 2008.

Goodman said the centers will cater to the continued residential growth and market strength in Kansas City, North, and Liberty.

"People in the Northland will find it easier to drive east to this center than to go west because of the congestion," she said.

Block said he expects full occupancy at both of the shopping centers. Retail space at the Shoal Creek Shoppes site and the 750,000-square-foot Wilshire Plaza shopping center that Block developed more than a year ago just east of the Shoppes site are 100 percent leased, he said.

"We're well on our way to another 100 percent, fully occupied develop-



Goodman

ment," he said.

The largest retail development planned for the Liberty area is Whitehall Station, a \$260 million mixed-use project being developed by Ferguson Properties Inc. The project is on 72 acres south of the newly completed South Liberty Parkway.

Whitehall Station will contain about 850,000 square feet of residential and retail space, said Brick Owens, a land planner for HNTB Corp. who is working on the development. That includes about 50 residential units that will be 1,500 square feet each, he said.

Owens said that two big-box retailers and four medium-sized retailers would anchor about 50 tenants at Whitehall Station. Between 30 percent and 40 percent of those tenants will be restaurants, he said.

Ferguson Properties is seeking tax increment financing for the project, sales

agent Jay Ferguson said. Financing issues should be completed by August, with construction of sewer and water infrastructure starting later in the fall, he said.

The shopping center probably will be one of the first developments in the undeveloped area opened up by the newly completed South Liberty Trafficway.

The number of homes platted in Liberty during the past two years has dropped below average, said Steve Anderson, director of planning and development for Liberty.

But commercial development has underserved the city for the past decade, he said.

"For the longest time, Liberty was almost all residential growth," he said. "Now, we kind of see this balancing act going on. It's evening up a little bit."

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SOUTHERN: 'All of this will be fabulous'

FROM PAGE 1

The service between Lazaro Cardenas and the Gulf states will use both of Kansas City Southern's subsidiaries — Kansas City Southern de Mexico SA de CV and Kansas City Southern Railway. It will provide dedicated train service from Lazaro Cardenas, San Luis Potosi and Monterrey, Mexico, to southeastern U.S. markets via Jackson, Miss., with connecting service to Atlanta. Eventually, the company will extend the service to Houston and Kansas City.

Shoener said the new service will be a realistic alternative to congested West Coast ports. Deliveries will take about six days, which is competitive with truck delivery through Mexico and out of California, he said.

The company will collaborate with Hutchinson Port Holdings in Lazaro Cardenas and Schneider National Inc. of Green Bay, Wis., to provide port and trucking services along the route.

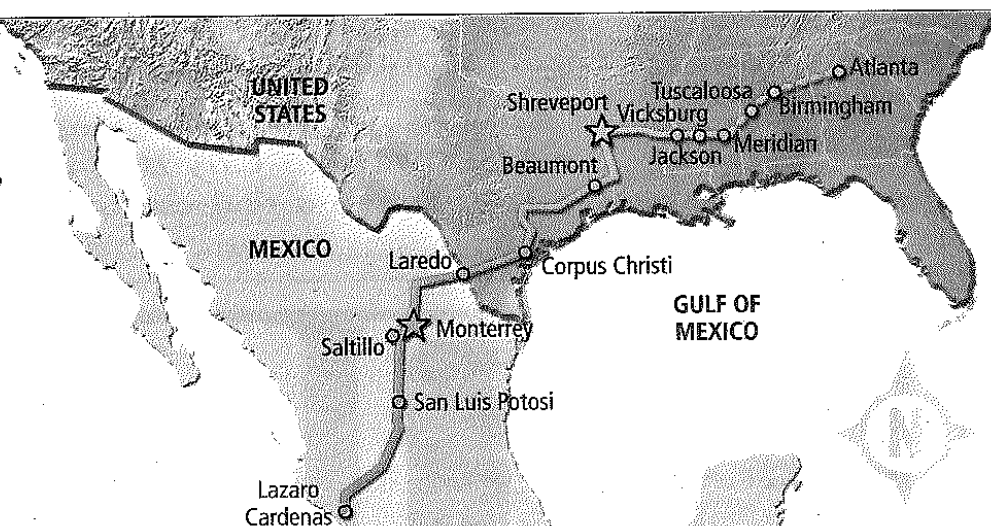
KC Southern's growth may be helped by a three-phase expansion Hutchinson Port Holdings plans at Lazaro Cardenas. When completed, the expansion will add

three deep-water terminals with the capacity to move about 1.2 million containers a year.

That should substantially increase traffic along KC Southern's rail corridor, said S. Scott Nichols, an analyst with Gilford Securities Inc.

"Here you have the railroad, which hasn't been known as a growth industry, and now there is substantial traffic coming on," he said. "All of this will be fabulous for Kansas City Southern."

The company's other new dedicated service will run between the Marion, Ohio, Industrial Center and Kansas City. It will double the amount of shipments transported along the company's railways between the two areas, said Bret Jensen, general director of sales and marketing. The service is part of a collaboration with Schneider National, CSX Intermodal Inc. and the Marion Industrial Center to provide dedicated service between Kansas City and the Ohio Valley. Schneider trains will transport the intermodal shipments along sections of rail belonging to CSX from Marion, Ohio, to St. Louis and on KC Southern lines between St. Louis and Kansas City.



The companies expect shipments to be delivered a day faster than shipments that pass through congested railways and highways in Chicago. That's good news for companies in the Ohio Valley that have had to truck freight through Chicago the past two years, since the two main railways serving the region increased international shipment services at the expense of domestic shipment services, Matheson said.

KC Southern will use its existing railways for the service and run two trains a day six days a week. Shipment services initially will extend to California and

Phoenix but should serve the Dallas-Fort Worth area and Mexico City by the end of the summer, he said.

All of this is good news for Chris Gutierrez, president of Kansas City SmartPort Inc., a nonprofit economic development organization dedicated to developing and promoting Kansas City as an inland port.

"A lot of Midwest companies have been watching this," he said. "This furthers everything we've been saying. It's here. It's ready. It's open."

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