

After listening to the Fox Hill Real Estate (FHRE) Economic Impact Study presentation at the Oct 17 Camden Planning Board meeting, I have evaluated it in detail.

For over 20 years as a consultant to major corporations and government agencies, I provided clients with sophisticated modelling, to help them understand the results they should expect on projects. The projects I supported with this modelling ranged in scale from \$100 million to several billion dollars in cost, so what I provided them had to be accurate.

Are the benefits FHRE predicts for Camden really credible? The short answer to this is NO. It is clear that it was more important to FHRE to be impressive than to be accurate. The real likely benefit to Camden from the operation will be much less than claimed.

A detailed evaluation of their claimed benefits shows that they were based on both unsupported assumptions and fraudulent accounting. In their oral presentation on Oct 17 FHRE claimed there would be a \$6.6 million benefit in Camden, but that number was based on the fraudulent accounting. They added the spending from several different years together to get that number. In fact, the study findings prove that there is NO year in which there could be a \$6.6 million benefit, let alone any year – not in Camden, and not anywhere. FHRE not only added spending from multiple years together, it combined one-time renovation spending with annual spending and represented this combination as annual benefit.

At the Nov 20 meeting, FHRE acknowledged that the one-time and annual costs must be kept separate, and he acknowledged that what had previously been called benefits to Camden were really benefits spread over the county and beyond – not Camden's benefits. This point is crucial because what is under consideration is a Camden (not county) ordinance change. Hence, it is the benefits and risks to Camden alone that should dominate the deliberations.

If the FHRE economic benefits to Camden are not to be believed, what should we expect in terms of economic impact?

Payments for purchasing goods and services are simple to evaluate. For money spent in at locally owned stores like French & Brawn, respected studies show that about 80% of the indirect and induced benefits from that spending will stay in the town. Spending at chain stores (like EBS, Hanneford, Viking, Walmart, Home Depot, national insurance companies, and even banking chains) only 14% to 17% of the indirect and induced benefit is in the town in which these are

located. The rest of those indirect and induced effects are distributed throughout all the places these chain have facilities. A very large percentage of the direct spending for items like marketing will occur in the places from which FHRE hopes to attract clients, not Camden. Consequently, little of their associated indirect and induced effects will occur in Camden.

The bottom line for salary-related total Camden benefit (direct plus indirect and induced), it would not be the \$2,300,000 figure they used, but only \$460,000, or less, this is about $1/5$ as much.

No matter who owns Fox Hill, it will have to be maintained and the property taxes will have to be paid, so FHRE cannot take any credit for this spending as an added economic benefit to Camden.

In conclusion, the final result of this is a far more realistic assessment of the benefit to Camden than the FHRE presentation claimed. The Camden annual total benefit would be about \$1 million, not the \$6.6 million they claimed at the Oct 17th Planning Board meeting. This is less than $1/6$ of what was asserted on Oct 17. Not only is the real benefit much smaller than FHRE claimed, it is less than 1.5% of the annual retail sales total in Camden – certainly not large enough to justify a decision to allow spot zoning.

Finally, the economic benefit, whatever it actually might turn out to be, would occur if the treatment center was located anywhere in Camden, not just Fox Hill.

For more a more in-depth look at the analysis, please go to www.responsiblezoning.com

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