

**The Exigence Group  
Medical Campus and Retail Development  
Economic Impact Study  
Henry County, Georgia**

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## Executive Summary

**The Exigence Group's plans** include the purchase and development of 25-30 acres of land in Fairview, Georgia, located in Henry County, a medically underserved area. Our vision is to build and manage an upscale, mixed-use medical campus combined with a high-end retail complex.

The centerpiece of the project—a major medical campus—will be a destination for patients and their families from Henry County and the surrounding region. The medical campus will most likely attract patients from even more distant rural areas where access to high quality, specialized medical care is oftentimes limited.

In order to calculate the economic impact of this initial investment, we used the Regional Input-Output Modeling System Type II multipliers for Butts, Clayton, Henry, Jasper, Newton and Rockdale counties (RIMS II, see page 3).

The change in final demand is calculated by multiplying the investment in time, materials and profit for the project by the applicable RMS II multipliers for Output and Employment.

The estimated impact of the project is calculated in three phases:

- **Land Acquisition**

The investment of approximately \$1.58 million for 25-30 acres in Henry County, Georgia will generate a **total output of \$2 million (inclusive of investment) and 6 direct and ancillary jobs.**

- **Planning and Construction**

The property will house at least 160,000 square feet of mixed-use space with construction costs estimated to be \$36 million. **This construction project will generate an economic impact of \$58 million and 386 direct and ancillary jobs.**

- **On-Going Operations**

While the planning and construction phase of a project makes a direct impact on a local economy, the most significant economic impact occurs from ongoing operations. For these calculations we again used Regional Input-Output Modeling System Type II multipliers for the targeted multi-county area in Georgia.

Based on the on-going operations of an urgent care center, an ambulatory surgical center, eleven to seventeen medical and dental specialty practices and six retail ventures, **we estimate that the on-going operations will generate an economic impact of \$125 million and 974 jobs (517 directly employed on the multi-use campus and 457 ancillary jobs).**

- **Total Economic Impact: \$185 million and 1,366 jobs**

# Economic Impact Study Methodology

**An economic impact study** identifies the economic contribution an organization makes to the community in which it operates. Economic impact is usually measured in terms of changes in economic growth (output) and associated changes in jobs (employment) and income (wages).

Based on this direct financial outlay and the resulting purchases by organizations and individuals with whom an operation does business, one can determine a total economic impact by using multipliers. The idea of multipliers is based on the fact that when a person spends money at a gas station, for example, that purchase supports the payroll responsibilities of the attendant, who in turn will buy groceries, pay rent, and so on.

These multipliers will vary from region to region; they assume a certain dollar spent is spent again and again within the same community.

Regional input-output multipliers, such as the RIMS II multipliers created by the U.S. Department of Commerce’s Bureau of Economic Analysis, estimate how much a one-time or sustained increase in economic activity in a particular region will be supplied by industries located in the region. RIMS II multipliers differ from macro-economic multipliers used to assess the effects of fiscal stimulus on gross national product. RIMS II multipliers have been used by both the public and private sectors. There are numerous examples of their use.

The Exigence Group used 2008 RIMS II, Type II multipliers<sup>1</sup> (the most up-to-date available) as the basis for this study. Type II multipliers account for the direct and indirect impacts based on the supply of goods and services in that region, and for induced impacts, which are associated with the purchases made by employees. The impact always includes the initial change. Note that with Type II multipliers the final-demand change excludes any output that is purchased by household consumers residing in the region.

Industry	Output (dollars) <sup>A</sup>	Employment (jobs) <sup>B</sup>
Real Estate	1.3133	3.5390
Construction	1.6230	10.8139
Ambulatory Health Services	1.4958	8.2362
Retail Trade	1.4503	12.7935
Food Services and Drinking Places	1.4902	16.5177

<sup>A</sup>. Each entry in column 2 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

<sup>B</sup>. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry.

NOTE: Multipliers are based on the 2008 Annual Input-Output Table for the Nation and 2008 regional data. Industry List B identifies the industries corresponding to the entries.

<sup>1</sup> SOURCE: 2008 Regional Input-Output Modeling System, Regional Product Division, Bureau of Economic Analysis. Regional definition: Butts, GA; Clayton, GA; Henry, GA; Jasper, GA; Newton, GA; Rockdale, GA

## Project Plan and Assumptions

- **Urgent Care Center**
  - 8,000 square feet
  - Imaging and laboratory

Estimated construction cost: \$1,800,000

The proposed urgent care center would accommodate 15,000 – 25,000 patient visits each year and employ 25 full-time equivalent (FTE) medical professionals and support staff.

Urgent care centers provide walk-in, extended hour access for acute illness and injury care that is either beyond the scope or availability of the typical primary care practice or retail clinic. According to the Urgent Care Association of America (UCAOA), there are over 8,500 urgent care centers in the US.

Urgent care helps to improve both access to care and proper utilization of a health system. There are many studies by the Centers for Disease Control (CDC), Excellus BlueCross BlueShield and others that identify significant numbers of patients who went to an emergency department that could have been treated in urgent care centers.

The ability of an urgent care center to provide immediate, episodic care is a critical component of any community's health system. Cooperation among patients, primary physicians, emergency departments and urgent care providers can create a network of care options that puts the patient in the right hands at the right time for the right level of care.<sup>2</sup>

The Exigence Group's seven current urgent care centers treat over 20,000 each year per location, helping to ease emergency department congestion and lower costs for both patients and insurance providers. Exigence managed centers maintain a 60-minute or less length of stay, and we have outstanding patient satisfaction scores.

- **Ambulatory Surgical Center**
  - 30,000 square feet
  - Outpatient procedures and laboratory

Estimated construction cost: \$6,750,000

Ambulatory surgical centers (ASCs) are modern healthcare facilities focused on providing same-day surgical care, including vital diagnostic and preventive healthcare procedures such as colonoscopies. In 2010, approximately 5,200 ASCs provided 5 million outpatient surgeries in the US.<sup>3</sup>

Based on the size and scope, the ambulatory surgical center would employ approximately 94 full-time equivalent (FTE) medical professionals and support staff.

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<sup>2</sup> Urgent Care Association of America

<sup>3</sup> Ambulatory Surgery Center Association

- **Dental Office Building**
  - 15,000 square feet
  - 3-5 practices/specialties

Estimated construction cost: \$3,375,000

Dentistry is the branch of medicine that is involved in the study, diagnosis, prevention, and treatment of diseases, disorders and conditions of the oral cavity, maxillofacial area and the adjacent and associated structures and their impact on the human body. The American Dental Association (ADA) recognizes nine dental specialties: Public Health Dentistry, Endodontics, Oral & Maxillofacial Pathology, Oral & Maxillofacial Radiology, Oral & Maxillofacial Surgery (Oral Surgeon), Orthodontics, Pediatric Dentistry, Periodontics, Prosthodontics, and General Dentistry.<sup>4</sup> While not yet formally recognized as dental specialties by the ADA, there are also emerging practices in the specialties of Cosmetic Dentistry, Dental Implantology, Temporomandibular Joint Disorder, Geriatric Dentistry, Restorative Dentistry, Forensic Odontology, and Dental Traumatology. Residents in the targeted six-county region in Georgia are underserved in these services.

The Exigence Group envisions offering three to five of these high-demand dental practices within the Henry County medical campus.

The dental office building would employ approximately 47 full-time equivalent professionals and support staff.

- **Medical Office Buildings**
  - Two (2) 25,000 square feet buildings
  - 8-12 medical practices/specialties

Estimated construction cost: \$11,250,000

The proposed medical office buildings would employ approximately 156 full-time equivalent (FTE) medical professionals and support staff.

The Building Owners and Managers Association (BOMA) classifies office space into three categories: Class A, Class B, and Class C.<sup>5</sup> According to BOMA, Class A office buildings have the “most prestigious buildings competing for premier office users with rents above average for the area.” BOMA states that Class A facilities have “high quality standard finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.”

The Exigence Group will build two Class A medical office buildings (MOBs) that will complement the ambulatory surgery center by providing a centralized office location for physicians and access for patients (initial meetings, pre-surgery testing, continued follow-up care).

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<sup>4</sup> American Dental Association

<sup>5</sup> “Building Class Definitions.” Building Owners and Managers Association International

In addition, the MOB's will house a variety of high-demand specialists including but not limited to: Allergy and Immunology, Cardiology, Dermatology, Family Medicine, Internal Medicine, Medical Genetics, Neurology, Nuclear Medicine, Obstetrics and Gynecology, Ophthalmology, Orthopedics, Otolaryngology, Pediatrics, Physical Medicine and Rehabilitation, Plastic Surgery, Podiatry, Preventive Medicine, Radiation Oncology, Urology. Additional medical specialty services could include: Complementary and Alternative Medicine Therapies (Acupuncture, Chiropractic, Massage Therapist) Dietetics, Expressive/Creative Arts Therapies, Psychiatry and Vision-related professions. Residents in the targeted six-county region in Georgia are underserved in these services.

- **Boutique Retail Stores and Restaurants**

- Three (3) 10,000 square feet retail stores
- Two (2) 10,000 square feet restaurants (Coffee shop/Internet café, wine bar, etc.)
- One (1) 10,000 square feet full-service pharmacy

Estimated construction cost: \$12,600,000

Based upon 60,000 square feet of retail/restaurant space, we estimate the creation of approximately 195 full-time equivalent jobs.

The Exigence Group recognizes that patients and their families may be traveling anywhere from 5 to 100 miles or more to access services at the medical campus. Oftentimes surgeries and other diagnostic procedures take several hours, and family members may be in need of basic services (e.g. food, fuel). Our plan is to complement the "concierge" medical services with a high-end retail experience that includes distinctive and tempting shopping and food options. In addition, the retail operations will provide necessary and convenient services enhancing the work experience for the hundreds of employees employed at the medical campus.

High-end retail stores and eateries are attractive targets for regional economic development. They bring in high-income shoppers from outside the region, and they prevent leakages by encouraging similarly mobile shoppers who live in the area to spend within the region.<sup>6</sup>

In The Exigence Group's retail complex, Southern- and ethnic-style food, fresh offerings from a farmer's market-style vendor, quick-service restaurants, "mini" versions of national retail clothing chains, boutique clothing at a reasonable price, jewelry, arts, crafts and even entertainment (e.g. local musicians) would come together in a hip, eclectic atmosphere. The entire retail complex would be within walking distance of the medical campus, eliminating the need for additional parking and creating a "safe, hometown" atmosphere with green spaces, gardens, fountains and walking paths.

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<sup>6</sup> "Can We Have a High-End Retail Department Store? How to Tell if Your Region is Ready," Christina M.L. Kelton, Ph.D., Robert P. Rebelein, Ph.D.

- **Other Development to Meet Demand**

According to the Henry County Development Authority, there is a \$730 million “retail gap” representing the difference between retail potential and retail sales. Therefore, the Henry County population is severely underserved in retail trade, food and drink offerings.<sup>7</sup>

The size of the land parcel is large enough to accommodate additional buildings with the possibility of further commercial and residential development to meet the growing demands of the community. The economic impact of future development projects will be calculated as these projects are defined.

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<sup>7</sup> Henry County Development Authority Retail Marketplace Profile, based on 2010 data

## Appendix<sup>8</sup>

### Land Acquisition Summary

	Final Demand Total
Real Estate Initial Investment	<b>\$1,579,467</b>
Output (Dollars)	<b>\$2,074,314</b>
Employment (Jobs)	<b>6</b>

### Planning and Construction Summary

	Urgent Care	Ambulatory Surgical Center	Medical Office Buildings	Dental Practices	Retail and Restaurant	Final Demand Total
Initial Investment	\$ 1,800,000	\$ 6,750,000	\$ 11,250,000	\$ 3,375,000	\$ 12,600,000	<b>\$ 35,775,000</b>
Output (Dollars)	\$ 2,921,400	\$ 10,955,250	\$ 18,258,750	\$ 5,477,625	\$ 20,449,800	<b>\$ 58,062,825</b>
Employment (Jobs)	19	73	122	36	136	<b>386</b>

### On-Going Operations Summary

	Urgent Care	Ambulatory Surgical Center	Medical Office Buildings	Dental Practices	Retail and Restaurant	Final Demand Total
Output (Dollars)	\$ 6,691,665	\$ 25,093,744	\$ 41,822,907	\$ 12,546,872	\$ 39,538,271	<b>\$ 125,693,458</b>
Direct Employment (Jobs)	25	94	156	47	195	<b>517</b>
Ancillary Employment (Jobs)	44	167	278	83	402	<b>974</b>

### Total Economic Impact

	Land Acquisition	Planning and Construction	On-Going Operations	Final Demand Total
Output	\$ 2,074,314	\$ 58,062,825	\$ 125,693,458	<b>\$185,830,597</b>
Direct and Ancillary Employment (Jobs)	6	386	974	<b>1,366</b>

<sup>8</sup> Detailed calculations are available from The Exigence Group, 1 John James Audubon Parkway, Amherst, NY 14228