

January 30, 2012

Dear Cache County Planning and Zoning Commission Members,

My name is Arthur Caplan. I am a Professor of Economics in the Department of Applied Economics here at Utah State University. Unfortunately I will not be able to attend this week's public meeting concerning the proposed Cherry Creek Ski Resort due to a prior commitment. I have therefore asked my colleague, Dr. David Rosenberg from the Department of Civil and Environmental Engineering, to share my concerns with you in the form of this letter.

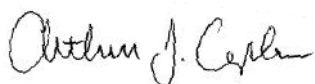
If I were to poll the graduates of my Master's-level environmental economics course (that I have traditionally taught each spring semester) on what is the main theme of the course, my guess (or hope?) is that the predominant response would be something along the lines of: "When faced with a proposed project that includes a relatively large public component, e.g., through impacts on publically owned resources, the only way to be as sure as possible that the correct decision will be made is to perform a cost-benefit analysis. This analysis must include a full assessment of both the private and public benefits as well as the private and public costs." This response is common sense, as such reasoning mimics the way people in their everyday lives make good decisions – they weigh the full benefits and costs of their decisions and choose the options with the highest net benefits (which is defined as the difference between total benefits and total costs). In the case of decisions with relatively large public components, the task is compounded by the need to estimate not only the private benefits and costs, but also the public benefits and costs. Such estimation is necessary for good decision making.

By now, I believe everyone would agree with the observation that the proposed Cherry Creek Ski Resort project includes a relatively large public component. On the cost side of the equation is the need to understand, and where possible quantify, the impacts that the building and operation of the resort will have on wildlife habit, water resources, and the character and quality of life for Richmond residents. To some extent I see an attempt being made to understand the extent of these costs, as both the commission and members of the general public work to more fully qualify the proposed ski resort's impacts. However, I do not see such an attempt being made on the benefit side of the equation. As I stated in a previous letter to the editor of the Logan Herald, quantifying its benefits entails reviewing the proposed ski resort's private revenue projections (in particular, the assumptions upon which the projections are based) as well as projections of broader economic (i.e., public) benefits within Richmond city and Cache Valley at large. Until this information is provided by the developers, and preferably vetted by a third-party to verify its accuracy, the commission will not be following what is essentially a golden economic rule we teach our students here at Utah State. They will not be conducting an adequate cost-benefit analysis of a decision that entails a relatively large public component. At this point in time, I have yet to see any revenue projections provided by the developer, let alone any projections requested by the commission. Neither have I seen any attempt made by the commission or the developer to quantify the potential public benefits associated with the proposed ski resort.

If my concern about the absence of this type of benefit-side information were solely academic, then I would hope it should still be enough to give the commission pause regarding how the proposed resort is being studied. But my concern is more than academic. As I understand the criteria the commission is required to follow when it comes to granting conditional use permits, criterion one is that the commission must ensure the project will enhance the “general well-being” of the public at large (I’m paraphrasing what I remember of what was shown to the audience at the previous public meeting last month, so forgive me if I am not using the specific wording here). It is clear that “general well-being” is what my profession calls “net benefit.” Therefore, if what I teach my students has any merit (and I strongly believe it does), the commission is bound by its own code to obtain the necessary benefit-side information, as this is the only way in which it can successfully conduct a cost-benefit analysis of the proposed ski resort. This is the only way in which the commission can ensure it has done everything in its power to ensure the general well-being of the public at large.

Let me conclude by stating that I would find it very difficult to believe that the aforementioned benefit-side information (in particular, the developer’s revenue projections) is proprietary information which the commission is precluded from requesting as part of the permitting process. This is because the developer is requesting a conditional-use permit from the county, rather than simply a loan from a bank to open a business in an area already zoned for commercial development. Further, it would be difficult for me to understand how, in obtaining these revenue projections, the commission would become privy to any trade secrets, patentable information, or details on the “inner-workings” of the proposed business. To the contrary, the commission would simply be obtaining revenue projections upon which the potential effects on the public’s general well-being can be estimated; effects that the county’s own criteria for granting conditional-use permits requires the commission to account for.

Thank you,



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