

September 17, 2014

In 2004, our family moved to the Greenville area with the intention of buying or starting a veterinary practice. We were attracted to this area by its beauty, its schools, its veterinary community and its economic opportunity.

In 2005, a practice came on the market that I felt was a ripe business opportunity. I jumped at the chance to own it. To secure the purchase, I had to assume significant financial risk. Banks were willing to work with me because of my professional degree and because I was able to convince them that my vision and expertise were worthy of their confidence. Nonetheless, a large percentage of the money that I borrowed, several hundred thousand dollars, went to purchase “goodwill” and thus had no tangible assets for collateral. I was required to pledge all of my personal assets, my house, my cars, my cash, my insurance policies, everything I owed, in order to receive funding. The business grew over time and I began to think about moving to larger, more modern facility. I purchased 1 acre of commercial property near the intersection Rutherford and Pleasantburg in the North Main area of town. To do so required that I assume even more risk and borrow an additional substantial sum of money. I spent the next 18 months, when I wasn't caring for pets, wrangling with bankers, city planners, builders, engineers and lawyers working tirelessly to insure that my dream of having a new veterinary hospital would someday

become a reality. Of course, a 6000 square foot hospital facility is a major capital investment and as you could probably guess, in order to make it happen I had to assume even more risk and borrow an even larger sum of money. Fortunately the banks still see me a worthy credit risk and all of my investment in the business is paying off, but I'm not telling you all this to highlight my risk-tolerance or brag about my business acumen. I tell you this because I believe it highlights the kind of personal commitment and risk that veterinarians must take in order to build and grow a veterinary practice. I believe it is a perfectly acceptable level of risk to take as long as any veterinarian who wishes to do the same is facing the same obstacles to funding, to obtaining commercial property, to human resources and to the cost of obtaining equipment, drugs and supplies. If someone is able to successfully build, operate and grow a business in that environment then they deserve to be successful and these natural obstacles drive innovation. It is a healthy process of natural selection in the business community in which the shrewd survive. Those that can innovate, compete and become successful purveyors of their services are rewarded with a business that over time can grow and thrive.

With that in mind, I'm sure you will understand why I become concerned, when local government, supported by my tax dollars, begins to offer some of the same products and services that I am legally licensed to offer – also at great expense I might add – at tremendously reduced prices to the same population of people that would otherwise be seeking services through

privately owned veterinary facilities. This is the situation here in Greenville County and in other counties across our state. Hardly a week goes by that I don't hear from one of my clients how they were able to get dental work done on their dog at Animal Care Services for so much less than what we quoted them. And, hardly a week goes by that I don't get a request for a prescription of some medication that they would like to get filled at Animal Care Services because it is so much cheaper there. Since 2011 the number of elective spay and neuter procedures that we perform has decreased by 25%. We have seen this decrease despite realizing a 20% increase in gross revenue and patient visits during that same time frame. If steps aren't taken to limit the services that these municipal facilities can offer to the general public it could have dramatic negative impact on the business climate for veterinarians in our state.

There needs to be a level playing field for all business entities that are seeking to provide care for privately owned animals in South Carolina. It is unconscionable that we as business owners should be expected to assume great risk in starting and operating a veterinary hospital that not only supplies a level of care for pets that would not be possible in a shelter setting, but also provides jobs for people in the community and indirect economic impacts through property taxes, sales taxes on the drugs and supplies that we consume and dispense, and equipment that is often purchased and maintained by local vendors, in a business climate that exposes us to competition

from the government entities that our tax dollars support. In Greenville County, Animal control service is a \$3 million dollar line item within the general fund of the county budget in 2014. I gather from what I can access online that all the operational expenses of the Wellness Clinic are included in that figure. Animal services are expected to bring in \$1.3 million in fees during that same time period. No amount of creative accounting can disguise the reality that the Wellness Clinic at the Furman Road Animal Care Facility is being subsidized by tax dollars. Even if someone is able to make a case that the Wellness Clinic is net zero operation that funds itself through fees for services, that would only be possible because of the strategic advantage they have in the real estate, buildings, and equipment that were purchased prior to their existence - with tax dollars.

Supporters of the municipal shelters will claim that there is great need and demand for veterinary services among low income individuals in the community. They will also claim that most of the dogs and cats that end up being picked up on the street or turned into the shelter come from these low income areas. There is no doubt that both of those statements are true to some extent, and a clinic that caters to the needs of low income pet owners is an attractive proposal. However, "mission creep" has lead the organizers and managers of these facilities to look to more affluent clients to fill their schedules

rather than remaining true to the intended goal of serving a segment of the pet owning public that would not otherwise have access to care. This needs to stop. There need to be regulations that prohibit organizations that receive tax payer funding from offering services to the general public without documented need. It is crucial to the health of our industry – and ultimately to the health of our pets.