

3. (Spreadsheet recommended) Your municipality is considering building a public swimming pool. Analysts have estimated the present values of the following effects over the expected useful life of the pool:

	PV (million dollars)
National Government grant:	2.2
Construction and maintenance costs:	12.5
Personnel costs:	8.2
Revenue from municipal residents:	8.6
Revenue from non-residents:	2.2
Use value benefit to municipal residents:	16.6
Use value benefit to non-residents:	3.1
Scrap value:	0.8

The national government grant is only available for this purpose. Also, the construction and maintenance will have to be done by a non-municipal firm.

- Assuming national-level standing, what is the net social benefit of the project?
- Assuming municipal-level standing, what is the net social benefit of the project?
- How would a guardian in the municipal budget office calculate the net benefit?
- How would a spender in the municipal recreation department calculate the net benefit?

3.a-d. The spreadsheet available from the instructor web page facilitates the following estimates of net benefits (millions of dollars):

Social CBA	Social CBA	County	County
National Standing	County Standing	Guardians	Spenders
-0.2	1.1	-6.9	8.9

We recommend that instructors delete the cell entries under these columns and distribute the spreadsheet to students. As this is a very simple use of a spreadsheet, it makes a good introduction for students who have not used them before.

As an alternative, instructors can distribute the spreadsheet as provided and give the students a different set of costs and benefits.