**Econ 136: Working with Economic Data**

**Cost-Benefit Evaluation Memorandum**

**Due before you retire Monday night, April 21** (or by 3am Tuesday).

Write a memorandum to the Director of Wild Oaks County Park recommending whether to rebuild the West Trail bridge. The heart of your memorandum should be a calculation of the net present value of the project. The project will cost $15,000 now and $25,000 in year 1. Surveys have indicated that the amenity value to park visitors (in terms of convenience, access to rare plant species and views and vistas) will total $5,000 per year starting in year 2 for a total of 12 years, at which time a future Director will have to consider replacing that bridge. The Director is a “numbers person,” so plan to incorporate a table showing the details of the calculation in your memorandum.

Of course, the net present value will depend on the discount rate the county government uses to evaluate investment projects with this level of risk. For the purposes of this assignment (and to make my life more interesting as I read these memos), the discount rate you should use equals (M + 6)/2, where M equals the month in which you were born.

**Assessment:** I’ll use this rubric to evaluate your paper.

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|  | Exemplary5 | High Quality4 | Adequate3 | Needs Improvement2 |
| Audience | Establishes direct rapport with target audience | Easy to infer the target audience | Content appropriate to reader background | Assumes to little or too much econbackground |
| Structure | Easy to find well-supported thesis statement | Memo answers the Director’s query | Content addresses the assignment  | Paragraphs lack coherence and internal logic |
| Table | Especially easy to read calculation of NPV | Complete and correct calculation of NPV | No more than minor glitches presentation of NPV | Fundamental miscalculation or missing steps |
| Integration of Diagram | Seamless integration of text and table | Text supported by table rather than describing it | Table and text are mutually consistent | Poor placement or table inconsistent with text |
| Attention to Presentation  |  | No more than 1-2 places that tripped up a reader | Caught obvious flaws | No evidence of a final read through |