

April 28, 2010

Leslie M. Mascaro
Cache County Planner I
Cache County Planning and Zoning Commission
179 North Main St.
Logan, Utah 84321

Dear Ms. Mascaro,

I've been following the debate concerning the proposed Rainey Ranch Ski Resort for the past few months and would like to share some advice as you and the County Planning and Zoning Commission converge toward a decision. The advice is predicated on a basic assumption: This is no ordinary business proposal because of its potential far-reaching impacts (both good and bad) on the county's citizens (both current and future generations).

My advice is simple. Before even considering issuing any permits or changing zoning laws, require that the business interests behind this proposal provide the commission with a detailed business plan that estimates expected profit (without taking into account potential environmental damages or improvements). Expected profit would be the difference between (1) the expected revenues obtained from operating the resort and (2) the expected costs associated with both building and operating the resort (based on appropriate amortization and discounting procedures typically applied in these types of plans). Have the business plan cross-checked by two independent sources (similar to what a person should do when acquiring medical advice).

In addition, have two independent sources (perhaps the U.S. Forest Service and a private consulting firm) estimate expected net environmental damages associated with building and operating the proposed resort (which could of course be negative if the expected benefits outweigh the damages).

Assuming the expected revenue estimate from the business plan is deemed reliable (as a result of the cross-checking), and, similarly, that the expected net environmental damage estimates are not too far apart from each other (as a result of the two net damage studies), subtract the average of the expected net damage estimates from the expected revenue. If the difference is positive then endorse the building of the resort. If not, then don't.

From an economic standpoint, estimating its net social benefit is the appropriate way to determine whether building this resort is justified.

Sincerely,

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