



1. Cost per security guard is \$1000
2. There are five residents (*A thru E*) with the following demand schedules.

| marginal benefit | $Q_A$ | $Q_B$ | $Q_C$ | $Q_D$ | $Q_E$ |
|------------------|-------|-------|-------|-------|-------|
| 600              | 0     | 0     | 0     | 0     | 1     |
| 500              | 0     | 0     | 0     | 1     | 2     |
| 400              | 0     | 0     | 1     | 2     | 3     |
| 300              | 0     | 1     | 2     | 3     | 4     |
| 200              | 1     | 2     | 3     | 4     | 5     |
| 100              | 2     | 3     | 4     | 5     | 6     |