

ECONOMIC ANALYSIS

A MANUAL OF METHODS AND EXAMPLES

FOR MILITARY CONSTRUCTION AND OTHER PROJECTS

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FOREWORD

This manual was written to provide easy-to-use guidance for analysts in performing Economic Analyses in the Military Construction (MILCON) process. However, the guidance and information can be used for performing any Economic Analysis (EA), be it in the automated information arena, equipment/weapons procurement or any non-MILCON area.

It was written to update Technical Report P-89/08, co-authored by the author while working for the U. S. Army Construction Engineering Research Laboratory several years ago. Certain information contained in that report is obsolete. *This manual reflects regulations and guidance current in January 1999.*

It was also written to explain in more detail some of the EA concepts and calculations and to show EAs performed using the new ECONPACK for Windows personal computer program. It contains detailed examples illustrating the various techniques used in performing an EA.

DEDICATION

This book is dedicated to Mr. John J. Sheehey III who had the vision of the role of Economic Analysis in the future and who was the driving force in making Economic Analysis a way of life in the MILCON process. It is also dedicated to the technical monitors over the years: Mr. David Kerr who started it all; Ms. Jill Mclean Drury who was responsible for the first PC versions of ECONPACK and for the PROSPECT course currently presented in Huntsville, AL and Germany; Mr. Daniel Hill who oversaw development of Version 4.0 of ECONPACK; Ms. Mary E. Baden who continued to improve the course and to start development of the Windows version; and to Mr. Todd Omura who oversaw the development and fielding of the Windows version. The work of these leaders has helped provide tools for the field analyst's use in providing least cost facilities in the MILCON process and for use by any analyst in need of guidance and an automated tool for performing EAs.

CONTENTS

FOREWORD iii

DEDICATION iv

1 INTRODUCTION 1

BACKGROUND/REQUIREMENT 1

OBJECTIVE 3

APPROACH 3

2 ECONOMIC ANALYSIS--WHAT, WHY, WHEN, WAYS 4

WHAT IS ECONOMIC ANALYSIS? 4

WHY ECONOMIC ANALYSIS? 4

WHEN TO USE EA--GUIDANCE FOR DOD/DA ECONOMIC ANALYSIS 5

WAYS FOR EA--METHODS FOR PERFORMING EA..... 5

COMPUTER PROGRAMS (HOW TO PERFORM THE EA)..... 6

3 PRINCIPLES OF ECONOMIC ANALYSIS..... 7

THE SEVEN STEP PROCESS..... 7

TYPES OF ECONOMIC ANALYSES IN DOD 10

PRESENT VALUE AND DISCOUNTING..... 11

ECONOMIC ANALYSIS PERIOD..... 17

CASH FLOW DIAGRAMS..... 20

CASH FLOW TABLES..... 20

INFLATION—CURRENT DOLLAR ANALYSIS VS CONSTANT DOLLAR ANALYSIS..... 21

LIFE-CYCLE COSTING 21

DEPRECIATION 22

ECONOMIC ANALYSIS VS BUDGETING..... 22

4 METHODS OF ECONOMIC ANALYSIS 23

NET PRESENT VALUE (NPV)..... 23

SAVINGS/INVESTMENT RATIO (SIR) 23

DISCOUNTED PAYBACK PERIOD (DPP) 26

EQUIVALENT UNIFORM ANNUAL COST 29

BENEFIT/COST RATIO (BCR) 30

5 DESCRIPTION AND ESTIMATION OF COSTS 33

DEFINITION OF COSTS 33

COST KINDS 33

WASH, SUNK, AND IMPUTED COSTS 36

ALTERNATIVES AND COST KINDS OCCURRENCE 36

COST SOURCES 36

COST ESTIMATING METHODS 38

RECOMMENDED METHOD..... 38

6 SENSITIVITY ANALYSIS 39

GENERAL DISCUSSION..... 39

UNCERTAIN COSTS IN ONE ALTERNATIVE..... 39

UNCERTAIN COST(S) IN TWO ALTERNATIVES..... 44

7 ECONOMIC ANALYSIS REPORTING.....	48
PURPOSE OF REPORT	48
EXECUTIVE SUMMARY	48
DETAILED LIFE-CYCLE COST ANALYSIS.....	48
NPV AND SIR GRAPHS.....	48
SENSITIVITY ANALYSIS	48
REPORT REVIEW.....	48
APPENDIX A: REFERENCES	49
APPENDIX B: A SHORT HISTORY OF EA IN THE MILCON PROCESS AND DEVELOPMENT OF PC ECONPACK	50
APPENDIX C: TABLE OF COST KINDS, ASSOCIATED COSTS, AND DATA SOURCES	52
APPENDIX D: GUIDELINES FOR REVIEWING ECONOMIC ANALYSES.....	56
APPENDIX E: SAMPLE EA PRINTOUTS FROM ECONPACK	59
GLOSSARY	138

TABLES

3-1 Comparison of Alternatives.....	10
3-2 Differences among discounted values for the three methods of discounting.....	14
3-3 Guidelines for physical and technological life.....	18

FIGURES

1-1 Project flow/review process.....	2
3-1 Steps of an economic analysis.....	8
3-2 Example of computing compound interest.....	12
3-3 Example of computing present value for investment purposes.....	12
3-4 Example of computing present value for a least cost comparison of two roofs.	13
3-5 Example showing impact of time value of money.....	16
3-6 Relationships between key dates in an EA.	19
3-7 Typical cash flow diagram.....	20
3-8 Typical cash flow table.....	21
4-1 Example using NPV to rank alternatives---cash flow diagram and cost calculations.	24
4.2 Example of a primary analysis.	27
4-3 Example of a non-MILCON primary analysis.	29
5-1 Alternatives/cost kinds check list.	37
6-1 Example of sensitivity analysis when one alternative has uncertainty in cost(s).	41
6-2 Graph of renovation NPV vs changes in renovation O&M costs.....	42
6-3 Graph of equation 6-3.	43
6-4 Graphs showing relationships between NPVs of alternatives with uncertainties.....	45
6-5 Example of sensitivity analysis with uncertainties in costs for both alternatives.	46