

INFRA Webinar Series

How to Prepare a Benefit Cost Analysis for an INFRA Grant Application

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Infrastructure for Rebuilding America (INFRA) Program

Darren Timothy, Chief Economist for the U.S. Department of Transportation (USDOT), began the webinar by reminding attendees that all project sponsors should submit a benefit-cost analysis (BCA) as part of their INFRA application. The BCA will be used to assess the cost-effectiveness of a project and to evaluate the new Economic Vitality selection criterion. The majority of the discussion that followed stemmed verbatim from the slideshow presentation. I encourage you to read the slides, attached to the CAGTC email, thoroughly. USDOT has also released a more detailed guidance document, which can be found online [here](#). Below is summary of the question and answer discussion that followed the presentation.

Question and Answer

Q: What should an applicant do if their BCA utilizes a proprietary model?

A: The more information you are able to provide to USDOT, the better. Department officials understand there are limitations but are looking for as much transparency possible.

Q: How should applicants factor disaster preparedness in to the BCA?

A: Disaster preparedness would fall under resilience. Applicants should provide two key pieces of information: 1) an assessment of what the impacts of a particular type of disaster would be on the system and therefore on increasing cost to transportation system users and 2) the probability of that disaster occurring within a period of time. The USDOT guidance provides more details on this topic.

Q: Would developmental costs associated with building a non-essential bridge fall under the small project category since the anticipated developmental costs will be under \$10 million or under the large project category if end expenses will be well over \$25 million?

A: In order for a project to be considered a large project it needs to have costs in excess of \$100 million. If your bridge will cost less than \$100 million then it is a small project.

Q: Would travel time reliability benefits attributed to tolling be relevant to include? Does USDOT have any suggested guidance for doing that?

A: Yes, if a project includes tolling it would be a legitimate factor to include within an analysis. USDOT is interested in developing a standard for this but does not yet have one single approved methodology.

Q: How do you quantify emergency response benefits?

A: The BCA guidance provides more details for this. Essentially, USDOT is interested in how response times affect patient outcomes and how a reduced response time could improve those outcomes.

Q: How does USDOT evaluate the value of real estate development?

A: The BCA guidance goes into more detail. Officials on the webinar emphasized that it is important to avoid double counting any impacts in this section as they may also be related to the other benefits that users and nonusers would experience as a result of the project.

Q: Can BCAs from the last round of large grants be resubmitted or do they have to be redone to match the current guidance?

A: USDOT encourages applicants to make adjustments to the BCA to meet the new merit criteria to the extent that it is possible. However, they do recognize that BCAs are resource intensive. If analysis is submitted in a format that allows USDOT economists to edit the numbers, they can complete their own calculations should the need to.

Q: Do the BCA spreadsheets count towards the application 25-page limit?

A: They do not. The 25-page limit is for the primary narrative and applicants can attach extra documents including the BCA spreadsheet and letters of support. Applicants can also a link to a website or to files online that can be downloaded to get around the size limitations.

Q: Are examples of complete successful (funded) grant applications available as resource tools?

A: A list all the applications received and the projects that were awarded funds for the first round of the FASTLANE grants is available on the INFRA website. USDOT does not publish applications in order to allow applicants to provide information that they wish to keep private. Officials encouraged those interested to reach out to the sponsors of successful projects themselves and see if they are willing to share their application.

Q: Will projects be compared against each other in terms of their BCA and their Net Present Value (NPV) in the Economic Vitality criterion?

A: Yes, under the new merit criteria, the BCA and the NPV will be assessed in comparison to others to see how well they address the Economic Vitality criterion.

Q: Are there any recent examples of grant funding for Public-Private Partnerships?

A: Yes, in the FY2016 round of FASTLANE one of the projects that received funding was submitted by Virginia Department of Transportation (VDOT) in partnership with a private company. Officials recommended interested parties review that project. Other examples provided were public entities working in cooperation with private entities to complete short line railroad projects.

Q: Our project will eliminate the flood plain designation from a portion of an industrial area – a designation which has resulted in buyers backing out of purchasing that property for their warehouses and businesses because of their fear of flooding. Can we include the additional jobs that will be added due to the development of this area in the BCA ratio or would that be a peripheral benefit?

A: No, the additional jobs would not directly count toward the BCA. However, if the improvement would result in greater use of the transportation system then you would otherwise get under the “no build” case then the value of the additional system usage would be legitimate to incorporate in the analysis. To the extent that new land is created as a result of the project, it could also be included as a benefit. Officials recommended interested parties be very careful and precise when explaining these benefits.

Q: How will both NPV and the benefit-cost ration (BCR) be used to compare competing projects? The total dollar amount of NPV indicates both scale of project and the power by which net benefits exceed net costs.

A: While it is true that NPV does reflect both the size of the project and the BCR, USDOT will look at both because they believe they receive different information from each. They will be used to help evaluate the Economic Vitality criterion, which will in turn be used alongside the other three criteria to allow senior decision makers to make the best choice possible.

Q: Do you have any recommendations on how to include a request for TIFIA funding for a portion of project costs?

A: TIFIA is a credit assistance program and as such it is a loan. Applicants should explain how they intend to repay that loan or how the project would be paid for should they not receive the loan. Applicants could also indicate that TIFIA is necessary to the funding of the project but that would demonstrate a higher level of risk to USDOT.

Q: Would a project's direct impact on an agency's enterprise fees be considered a benefit?

A: In general, this is a transfer and would therefore not be considered a benefit.

Q: Are GARVEE bonds considered federal as far as match dollars are concerned? Or does this also depend on how they will be repaid?

A: GARVEE bonds are typically repaid with federal funds so they will most likely be counted as a federal source for the purposes of meeting the maximum federal participation rate of 80 percent. Officials said they would double check this answer and told applicants to email INFRAgrants@dot.gov with direct questions regarding this.

Q: Should residual values of capital assets be a in the numerator for the benefits to costs ratio?

A: Yes, the denominator should only include the capitol costs of the project.