**TRANSCRIPT FOR**

**JULY 23, 2019**

**PORT INFRASTRUCTURE DEVELOPMENT PROGRAM GRANT**

**“BENEFIT COST ANALYSIS” WEBINAR**

**MARITIME ADMINISTRATION**

**Moderator: Maritime Administration**

**July 23, 2019**

**12:47 am CT**

(Aubrey Parsons): Good afternoon, everyone. We had a slight technical issue but we are back. And the presentation will begin. Good afternoon everyone. Thank you for joining us. Welcome to the Maritime Administration’s port infrastructure development program webinar entitled, “Preparing a benefit cost analysis for a port infrastructure development program grant.”

Today’s session is being hosted by MARAD. My name is (Aubrey Parsons). I am a transportation specialist in the Office of Ports and Infrastructure Development and I will be the lead moderator for today’s call.

At this time, all participants are in listen-only mode. However, please make sure that you also place your phones on mute and that you turn off the volume on your computer.

This will minimize the possibility of feedback interfering with your ability to listen to the call.

During the call, if you have a question, you can type it into the chat box on your screen. You can enable the chat box by clicking on the circular caption bubble at the bottom of your screen.

When the caption bubble is colored blue, that indicates your chat is enabled. You can specify whether you’d like your chat question to be viewable by the host only or by the entire Webinar group by specifying your preference in the to button in the chat box.

When the presentation is concluded, we will address as many of your questions as possible. Today’s session is being recorded. After the session, the recording and a copy of the slides used during this presentation will be available on the program Web site.

That address is [www.maritime.dot.gov/PIDPgrants](http://www.maritime.dot.gov/PIDPgrants). If, for any reason, you have issues viewing today’s presentation, please send an email to [Ports@dot.gov](mailto:Ports@dot.gov) for technical support.

Today’s presenter is Mr. Darren Timothy. Mr. Timothy is the chief economist for the Office of the Secretary of Transportation.

Following the presentation, we’ll use the chat room to field questions from panelists. As a reminder, if there is a conflict between something that is said today and the content of the NOFO, the content of the NOFO will prevail. Now I will turn the microphone over to Mr. Timothy.

Darren Timothy: Thanks, (Aubrey), and welcome all of you joining us today. Some of you may have joined us for past Webinars for some of our other DOT grant programs such as (building in for that) also required benefit cost analysis.

And if you have, some of the material we’re covering today may look familiar. For those of you who are new to our BCA Webinars, we extend you a special welcome.

I’m joined today in the room by some of my fellow economists at the Maritime Administration and in the Office of Secretary who will be part of the team reviewing the BCAs under this program.

So, all project sponsors should submit a benefit cost analysis as part of their program application. And US DOT will consider projects demonstrated benefits and costs in evaluating the applications.

Once we receive those, as part of the review process, US DOT economists will review the applicants in BCA. We’ll be examining the key assumptions in the analysis, making corrections for any technical errors we find.

We will perform sensitivity analysis on key inputs to the extent possible. And we’ll consider any unquantified benefits in the analysis.

We do have guidance on conducting a BCA which applies to all of our US DOT discretionary grant programs and contains the most recent recommended values for key inputs.

And it’s available at the Web address listed there. I believe it’s linked to from the program Web site as well.

In evaluating BCAs, we’re looking for a transparent and reproducible analysis. By that, we mean that - or BCA should provide enough information for a reviewer to be able to follow the logic and reproduce those results.

To that extent, we request that you provide us with spreadsheet or database files showing the calculations and not just the outputs of those calculations.

Technical memos that describe the analysis and document its sources of information used and the key assumptions and inputs can be very helpful.

And we request that you provide annual benefit cost and cost streams by type of benefit or cost that you’re quantifying and not just the overall summary output.

Next we’d like to talk about some of the key aspects of a benefit cost analysis - some of the key methodological issues in doing a benefit cost analysis. Then we’re going to talk about some guidelines and thoughts on key benefits and costs that we typically see quantified in BCAs.

Probably the most important aspect of the benefit cost analysis is having a good baseline. All costs and benefits of a proposed project are measured against a baseline alternative, typically referred to as the base case or the no bill alternative.

Some things we - that you should - recommend you include in constructing a baseline, you should factor in any projected changes such as increased volumes that would occur, even in the absence of the requested project.

You should factor in ongoing routine maintenance which, for (Asian) facilities, maybe increasing significantly over time.

You should consider the full impacts of the no build case, what would actually - what would - kind of thinking through, if you don’t construct this facility, what would those impacts be?

What would happen to users of the existing facility? And you should be able to explain and provide support for the chosen baseline. So, this is something that should really be - as part of your analysis, should be explicitly identified what you’re using.

Some things to avoid in constructing a baseline - don’t assume that the same or a similar improvement will be implemented later. We’re really looking for a baseline that’s a true no build case and not just doing the same project at a later date.

And avoid using unrealistic assumptions about alternative traffic flows. You should really be thinking of - the alternative ought to be, you know, thinking about, for example, from a shipper perspective, the assumption should be that if shippers, you know, for some reason weren’t able to use the facility or were not in as good shape, that they would be choosing the next best alternative, not something that’s substantially worse.

But, you know, rerouting, you know, hundreds of miles when a better alternative would be available to them, for example, or using a very inefficient mode of transportation.

Next, demand forecasts are an important part of doing a benefit BCA and, frankly, most benefit estimates depend heavily on those estimates.

We ask that you provide supporting info on the forecast, telling us about the geographic scope, some of the key assumptions, the data sources, the methodology that was used to develop them.

You don’t have to have the full-blown - you know, sometimes these forecasts may be very complex. We don’t need all - you know, the full nitty-gritty but enough to be able to understand what the - where the numbers come from and what they actually mean.

You should provide a forecast for intermediate years or interpolate between base year and future year values.

Should avoid applying forecast year impacts, however, to those interim years. You would assume that the system would evolve over time. And you should exercise caution about long term growth assumptions.

You need to consider the underlying capacity limits of the facility. Sometimes people will take, you know, some kind of constant rate of annual growth, you project that out many years in the future and you can just then wind up with unrealistically high future year values that, you know, are just far beyond what the facility, even in its approved state, could actually accommodate.

Next to the analysis should be conducted over a defined period that should cover both the initial development of the project and its construction and operational period.

And generally, that operational period would be tied to the expected service life of the improvement or asset. In other words, the number of years until you would anticipate having to take the same action again.

So, to this extend, you would expect that, obviously that more extensive improvements would have longer expected service sites.

If you’re making minor repairs, the expected service site for that improvement would be much less, perhaps, then a complete replacement of an existing facility.

You should also avoid using excessively long analysis periods. Our recommendation is over anything - to limit the analysis periods over 30 years and use the residual value, which we’ll talk about later, to cover those out years of remaining service life for - that are assets certainly that have longer lives in this.

But when you use really long analysis periods, you get into difficulties of projecting the future and really being able to imagine what that might even look like.

Future year demand forecast really starts to lose some meaning and value, I think, and understanding the usefulness of a particular project. And so we - again, that’s 30 years for the operational period.

In doing your analysis, it’s important that benefits and costs all be represented in the same year’s dollars. And to that extent, you may be using data that is denominated in different years, so you may have to make adjustments to ensure that is.

We recommend using a 2017 base year. That’s the year tied to the correspondence to the recommended unit values found in our BCA guidance.

But what’s most important - more important than a particular year is that, again, that everything is denominated in the same year’s dollars.

And separate from that, all future costs and benefits should be discounted. And for analyses submitted to this program consistent with guidance from the Office of Management and Budget for federal capital improvements, all analyses should use the 7% discount rate. And that’s what we’ll be looking at when we evaluate the projects.

Next, scope of the analysis. Again, a common issue we often run into in evaluating, the key - every key consideration is simply that the project scope that’s included in the estimated costs and the estimated benefits has to match.

Otherwise, you’re no longer making an apples-to-apples comparison. So, for example, we sometimes see issues with claiming benefits from an entire project, but only count in the costs from a portion of the project. It’s really important that those two line up.

The scope should cover a project - enough of the project such that is has independent utility. To that extent, you may need to incorporate costs for related investments that would be necessary to achieve the projected benefits, even if those other elements aren’t explicitly part of the grant application.

Conversely, we may have a project that actually is comprised of multiple smaller components each of which has independent utility in its own right.

And those should actually be individually evaluated within the BCA. In doing our evaluation we’ll look at both the benefits and costs of those independent components as well as the overall project that’s presented in the application which would just kind of be the summation of those pieces.

Benefits in the summation should be presented on an annual basis. Avoid assuming (cuts) in annual benefits without a good reason to do so. Negative outcomes should be counted as dis-benefits.

For example, work zone impacts - you may have - while a project is under construction, it may be - you may have limited capacity (or other) negative impacts on existing operations.

And it’s important to avoid double counting benefits, and we’ll touch on that a little bit as we go through here.

So, a (common) area we see in transportation benefit cost analysis - common type of benefit would be from travel time savings. And we have recommended values in our BCA guidance.

There are some footnotes there that talk about other issues such as non-vehicle time, long distance travel and business travel and how those should be accounted for.

In some cases, perhaps of less relevance in this program, but vehicle occupancy can sometimes be important. And if you are evaluating travel time reliability, we ask, one, that you carefully document the methodology and tools used to come up with those estimates.

And that you be able to show how the evaluation parameters for your reliability calculation are distinct from general travel time savings.

Next, operating cost savings. This is an area that might be especially (unintelligible) to many of the types of projects we would expect to see under this program.

It’s important to avoid double counting those operating cost savings and other impacts.

For example, if you have some operating costs that include driver or operator time and you don’t want to include each of those values in the same calculation or you may have - you may have operating costs measure that includes fuel consumption. You wouldn’t want a separate - also calculate fuel usage reductions.

In general, we prefer that you use localized specific data to your location or your facility. But when - for truck travel, we do have standard values - or for light duty vehicles and for commercial trucks in our BCA guidance that would be available.

And those would be on a per-mile basis, which is typically how you think of those kinds of costs varying.

Safety benefits - another key area, typically associated with reducing fatalities, injuries and property damage. The projected improvements and safety outcomes should be explained and documented and justifying assumptions about (unintelligible) and crashes, injuries or fatalities.

And it should be able to show a clear linkage between the project and those improved outcomes and using facility-specific data history wherever possible.

In some cases, you may have crash-related injury data that’s based on the (Capco) scale and our - but our guidance provides values for either the (Capco) or the (MAAS) scale.

We’ll do the conversion for you and you can use the appropriate values there.

Emissions reductions benefits, typically for infrastructure improvements, those will be a function of reduced fuel consumption. And we do have recommended unit values for carbon dioxide and the other pollutants listed here in our BCA guidance.

And one thing to be sure in calculating these values, be careful about the measurement units that are being applied. And, frankly, for most infrastructure improvements, the type we’re dealing with here, emissions reduction benefits will typically be a small - a relatively smaller percentage.

Again, it depends. You may have a project that’s specifically aimed at, you know, using a different power source for equipment or something that might be a little more - where that might be a bigger part of the project.

Next, thinking about benefits for existing and additional (unit service). So, the primary benefits will typically be experienced directly by the users of the improved facility.

This can include both existing users, so users who would be there under the - even under the baseline which could be - again, could include growing usage over time, and any additional users who are attracted to the facility as a result of the improvement.

And our standard practice and benefit cost analysis will be the value of benefits to those additional users less than those for existing users. Our BCA guidance talks about that, the (rule of path) that you may be familiar with.

It’s important to really emphasize this. We often see, particularly in some non-highway freight projects, oftentimes we see a big discussion of how a - and we’ll talk next about - in a little bit about modal diversion.

But oftentimes, there’s so much of an emphasis on how this project will lead to taking trucks off the road or reducing mileage for trucks that the story of how does this actually benefit the users of the mode you’re talking about.

How will it reduce operating costs, you know, for your port or your rail line which is ultimately the source of or the reason why you would expect to see that kind of diversion in the first place.

So, thinking about modal - more about modal diversion, the - first, the projected magnitude of any diversion should be based on careful analysis of the market and the potential (upward diversion) for other modes that might be attributable to the project.

So, it should be something that you have some clear notion of where this comes from, rather than using some kind of aggregate, you know, rules of thumb.

And we expect that users of - the operators of the facilities understand who their customers are, what their market is and how - why this particular project would be expected to draw users from other modes.

The benefits of the estimates should not be based, however, on comparing the user costs of the old mode and the new mode. Instead, that - those types of impacts would be reflected in those benefits to additional users that we just talked about. That’s where that would come in.

However, reductions in external costs would be relevant. So, costs that - usage of the other modes impose on others, such as emissions costs or pavement damage.

A common source, again, particularly when - for analyses that consider the potential for diverting traffic from trucks to other modes, often draw on values from - for the use of external costs from the 1997 Highway Cost Allocation Study.

A couple tips - don’t apply, the urban values to rural truck travel. That was very different. And then from the older report. And you should really be noting a highway user piece paid by trucks from the marginal pavement damage costs.

Some other types of benefits that we discuss in our guidance, one is resilience. So, this is - resilience, we’re talking about the ability of existing infrastructure to withstand extremely - seismic events or extreme weather events or to - in some cases, it’s more about the ability to quickly recover from those events.

` In these types of benefits, you want to be able to quantify and consider the expected frequency of those events and their consequences.

So, if you have a facility that’s prone to flooding or susceptible to flooding and part of your project will, you know, elevate things or otherwise strengthen it against those events, you need to have some notion of how frequently those events that would put the facility out of commission would be likely to occur.

And what their consequences would be. Is it, you know, something that, where the facility is just going to temporarily knock out or is it - you know, you expect some damage that would close the facility for a longer period of time, require a diversion of cargos to other facilities or otherwise require extensive costs for significant repairs.

Basically so long as you can have these two parameters or these two outcomes in your analysis - beyond there, it’s relatively straightforward and most - the types of benefits that you would be estimating would be the same as for any other type of improvement.

Noise reduction, a scenario we don’t have specific recommended values. It is in our guidance to the extent that you think that noise reduction would be a significant outcome associated with a particular project.

We suggest you describe that qualitatively. Emergency response benefits - there’s a methodology from the Federal Emergency Management Administration for fire and ambulance services that we refer applicants to.

This most often comes in is where you have highway rail grade crossings in which, while - during the time where a train is passing through, the gates are down, it’s impossible for vehicles to - for road vehicles to travel back and forth.

And some - where you have fire - you may have fire or ambulance services needing to respond to an incident on the other side of the tracks, they would be prohibited - prevented from reaching their destination and that could have negative consequences in terms of increasing those response times.

But it tends to be useful more for those types of situations rather than ones where, you know, there’s just congestion or something that might slow traffic down generally but not necessarily emergency vehicles.

Quality of life benefits and other areas typically it’s difficult to quantify but could certainly be described within the analysis. And then we have property value increases, which - in many ways are - property value increases are really a measure rather than a benefit itself.

They effectively capitalize all these other benefits we - types of benefits we just talked about, so much maybe quantified or not. One of the keys there is, if you do - or property value increases, is to avoid double counting between these other benefit measures and the property values.

For considering unquantified benefits, we would ask that you quantify the magnitudes or timing of those impacts wherever possible. So, maybe that you’ve got some notion of some - whatever quantitative data you can provide would be helpful.

And some of those may be - you have the quantitative data but it’s just difficult to monetize those benefits. And you should clearly link specific project outcomes to any claimed unquantified benefits in the same way that you would with those you are quantifying.

Next, turning to the cost side of the ledger, the cost use in your analysis should include all costs of implementing the project, both, for example, design, right of way acquisition and construction.

Those costs should be included regardless of funding source. And you should include previously incurred costs.

So, that’s where we’re looking at evaluating the project as a whole and so to that extent, we are looking at - we want to capture the full cost of implementing that, regardless of when those costs are incurred.

Net maintenance costs, another issue. You - those may be positive or negative, hopefully keep in mind. So, new facilities would typically incur ongoing maintenance costs over the life of the project so you want to account for those additional costs in your analysis.

Conversely, rehabilitated or reconstructed existing facilities may result in net savings in maintenance costs between the bill and the no bill, thinking back to our discussion about baselines.

So, it’s important - you know, keep in mind, again, what would happen if you don’t do the proposed improvement.

I should also mention, for the construction costs, it’s - and tying back to our discussion earlier about inflation and discounting, the - so, the cost that you’re putting forward in the application would typically be stated in year or expenditure dollars.

This is how much you expect to be spending year by year. Those costs then, as we said, however, you would be doing your analysis in base year dollars.

So, typically, then to the extent those are - those costs would be incurred in the future, the - your base year dollar figure is what you would use. And so, you would need to make that adjustment.

And the inflation adjustment you should use is just whatever the inflation - whatever number was used to convert your base year cost estimates to year of expenditure dollars in the first place.

And then on top of that, you would then - to those base year costs, you would apply discounting. So, that would (be) the discounted cost total and that’s what would be the bottom line number used in your BCA.

Finally, on calculating residual value, as I mentioned earlier, some assets may have remaining service life at the end of the analysis period. And for those, you may want to calculate a residual value for the project.

The simple approach is to - doing so, would be to assume linear depreciation. So, for example, if you have a 30 year - and I’m using analysis periods. Really the operational period, not - kind of not counting the upfront development costs here.

But you may have a 30 year analysis period, you have an asset that you expect to have a 50 year useful life. You would calculate the - residual value would be the kind of last 20 years out of 50 that are available.

The key, however, is that you need to properly apply discounting. So, you would be discounting at year 30 that - the value of those remaining 20 years of useful life.

When we then come down to comparing benefits and costs, two measures we look at. One is net present value which is simply taking benefits and a positive number and subtracting the cost.

We also look at the benefit cost ratio where you’re dividing benefits and costs. And the key here in doing the BCR calculation is so the denominator should only include the capital cost of the project.

So, in other words, net maintenance costs and residual value, as we just discussed under the umbrella of cost generally because it makes sense to do so. If we’re doing this particular calculation, you want to include those in the numerators.

But the denominator is only your capital costs, which are kind of - would apply to the budget constraint we have which is where - you know, this is a program that’s providing funding for the capital costs rather than other things.

Some other issues we see in BCA, one is distinguishing between BCA and economic impact analysis. So, BCA measures the value of project’s benefits and costs to society as a whole.

An economic impact analysis (EIA), on the other hand, measures the impact of increased economic activity within a particular region that may be attributable to a project.

In some ways, you can say that EIA represents the translation of the first order of benefits into other economic outcomes. And the key is so these are not added benefits that would be counted in your BCA.

They’re really kind of two separate - related obviously since they both would drive from the outcomes to the project but they aren’t the same thing and they should be kept out of your benefit costs analysis.

It’s important to avoid counting transfers as benefits or as costs. So, these would be things like taxes, wage impacts, tolls or other operating revenues that are simply transferred from one party to another but don’t represent net added economic value or cost in their own right.

And, finally, avoiding the issue of what it costs. So, again, the focus is on - should be on the project itself and the - and sometimes the projects discussed - at least publicly as, well, by doing this project, we won’t have to do, you know, we won’t have to expand the highway or the port.

If we do this other modal project, the alternative would be, and therefore, we’re going to save all these costs. Well, those are really just two separate alternative investments aimed at doing - that might be aimed at accomplishing the same goal.

It doesn’t make sense to actually count those avoided costs as a cost savings. It’s really these impacts on users and external impacts on society that we want to focus on in a BCA.

With that, just note, again, the program Web site here. And the application deadline in September. And I’ll turn it back over to (Aubrey).

(Aubrey Parsons): Thank you, Mr. Timothy. In a moment, we’re going to begin the question and answer portion of the Webinar. As a reminder, if you have a question, please type it in the chat box on your screen.

You can enable the chat box by clicking on the circular caption bubble at the bottom of your screen. When the caption bubble is colored blue, that means your chat is enabled. You can specify whether you’d like your chat to be viewable by the host or by the entire group by specifying your preference in the to button in the chat box. We will address as many of your questions as we can during the remaining time. So, we’ll go to our first question. When will the slides from the previous how-to apply Webinars be posted on our Web site?

I guess they’re not currently up there. I can say we’re working to have those uploaded this week.

Man: They should be posted by close of business today.

(Aubrey Parsons): All right. We have another question. Regarding the operating benefits slide, the speaker mentioned using regional data for recommend BCA guidance values.

Is he saying to use regional or local data but to apply that data or - but to apply to that data recommended national values?

Darren Timothy: So, thanks for the question. So, for example, where you’re calculating some kind of operating cost savings, we expect for you to be able to quantify that, you know, have numbers that are specific to your situation there.

Where you don’t have - in other situations, you may not have, you know, local values.

For example, on value of time, if you - there is a value of time that your state uses, which is calculating roughly - in a comparable manner to the values that we use, it would be perfectly fine to use those if you’d like.

I think for the - looking at the unit values for safety costs for crashes and for values of reducing fatalities, we would recommend there that you use our national level values kind of across the board.

(Aubrey Parsons): So, we have another question. And that is, number four is to promote exports of manufacturing and agricultural goods. If the project is to increase staging and yard capacity to promote additional exports and imports, then which monetized benefits would you target?

The benefit is clearly economic development but I think you said these are not to be included in the BCA. Please expand.

Darren Timothy: There are a couple different things going on here. Looking at exports of something, we have certain factors that are going to be focused on as part of the overall application.

And some of these are kind of related to some of the underlying economics. And that’s where, you know, discussing those particular factors would be especially important.

For the benefit cost analysis and where your project is supporting exports, you would want to think of that in the same way - you know, the ways that we just talked about.

What is it - how is this project enhancing the efficiency of freight movement through the port? How is it - and, you know, what are those costs? How does that actually reduce the costs of shipping goods?

And those are the benefits that you would actually be quantifying and those are the ones that you will - would use in your analysis. But, again, you need to be able to kind of tell the story of how it is that this - increases efficiency. Does anyone have anything they want to add?

(Aubrey Parsons): Next question is, regarding previously incurred costs, should they be included in the denominator of the benefit cost analysis?

Darren Timothy: Yes, they would be part of that overall - the capital cost of the project. Yes, so, yes, it would be included.

(Aubrey Parsons): Next question is, can benefits be included for service providers, railroads, as well as users?

Darren Timothy: Yes. Benefits are regardless of who is receiving them. And (unintelligible) helpful, anything instructive to consider which - we have information on - which parties might be receiving those.

But, you know, reductions in operating costs to railroad operators would - maybe especially with improvement, would be very appropriate and desirable to include here.

(Aubrey Parsons): The next question is, if we see factors that are not included in the provided BCA methodology but that may demonstrate other benefits not captured, may those factors be added into the methodology?

Darren Timothy: Yes, certainly if there’s something that we’re missing here that you are - that, yes, you have, certainly if there are other benefits that you haven’t quantified but you think are relevant, go ahead and discuss those.

Again, as we said, with using as much data as you possible can to describe those and be able to tie those to the outcomes of the project. If there are other quantifiable factors we haven’t discussed here, then you know, you certainly could include them.

Again, being - with the caveat, oftentimes where we see that it tends to be things that we would consider economic development impacts rather than additive benefits for (method) cost analysis.

But it’s, you know, we’re open to those and we often see new ideas presented in BCAs but we later, you know, wind up suggesting to other applicants.

(Aubrey Parsons): Our next question - can project claim movement of commodities that are energy industry inputs as meeting the promoting energy trade program outcome?

(Doug): Let me take that one. This is Doug McDonald with MARAD. As far as that’s concerned, that’s more of a factor and not really part of the BCA. So, in terms of the BCA, it would just be like any other benefit or cost.

Darren Timothy: In terms of some of the other factors that we’ll be looking at in the evaluation projects.

(Peter Simon): Yes, and if I could - this is (Peter Simon). So, it really - right, that does go to project outcomes rather than the benefit cost analysis. But in the case where you’re moving commodities which are energy program inputs, you need to think about how closely that ties to the stated outcome which is to enhance exports of energy products.

So, a project which is more closely tied to direct export activity would likely be evaluated more strongly with respect to that project outcome than one where you are moving, say, raw materials in order to produce some energy project - product which is then later on exported.

So, assuming that’s what the question is, think about how - what it is the project, in this case, will move, vis a vis, the stated project outcome in that section of the NOFO.

(Aubrey Parsons): Okay, next question is, for how broad of a geographic boundary should impacts and the benefit cost metrics be evaluated? If a proposed project would be increasing multimodal capacity, would we be expected to evaluate the impact of increased freight rail utilization two or three states away?

Darren Timothy: Generally, I think you’d be focused on the, kind of, what’s moving through the area where the improvement itself is actually being made.

The - certainly you could have some - there could be some network affects but you might want to consider capturing but sometimes that can actually be tricky and can get a little bit misleading itself.

Generally, I think if you’re, you know, focusing on the influence area of the project itself would be adequate.

(Aubrey Parsons): Okay, our next question is, would creating jobs and the new purchasing power be a benefit within this BCA or is that a local benefit falling under economic analysis.

Darren Timothy: It would be the latter. Those are the types of impacts that we - would be those local economic impacts that would be a separate - again, not that those aren’t important, but for benefit cost analysis, those would not be additive benefits to consider.

(Aubrey Parsons): Would a network of projects require individual BCAs for each component or would it be preferred that they be unified into a combined BCA?

Darren Timothy: It depends on what you mean by network. It’s - there are - generally our guidance would be, you know, where projects have independent utility, where they can kind of exist in their own right, if only that project is - if only this one component is built, it would be useful and provide benefits to users.

Then you’d want to treat each of those individually. You may have cases where, in order really to get any benefits, you need to have the whole network of projects in place.

And then you often may have something in between where projects may have independent utility on their own, but collectively there may be some synergistic impacts.

And I appreciate the question failed to note this last case. There, it’s helpful to have both, be able to say, yes, it’s user independent. These would be either independent benefits or costs.

But if you think there would be these synergistic impacts, first you need to be able to just kind of describe why it is that those would be expected to exist, but then, if you have some analysis that looks at this collective question of projects as a whole and drives that impact, that that would be appropriate to include as well.

(Aubrey Parsons): Does anyone else have any other questions? I’m not seeing anything else in our chat box, so feel free to add any more questions you might have.

Woman: And regarding previously incurred costs, should they be included in the denominator of BCA? Did we already answer that?

Man: Yes.

Woman: Okay. Just double-checking. Thank you.

(Aubrey Parsons): Will the questions and answers discussed today be posted on the frequently asked questions page?

Man: No, the only material that gets posted on the frequently asked questions section of the Webpage are questions where we get a number of questions related to that particular topic.

So, the questions and answers from today will be available via the audio recording of today’s Webinar but will not be posted to the Web site.

(Aubrey Parsons): Does anyone have any additional questions? Feel free to type them in the chat box. Okay, the FAQ page is not available. We’ll work on that.

Man: And we’ll double check that. We did look this morning and it was up. There are two more questions that are being posted and during the process of posting, it’s possible that the Webpage is temporarily unavailable.

I will check that when we are done with the Webinar but it should be available - if it’s not currently available, it will be available by close of business today.

(Aubrey Parsons): We have another question. Can we obtain sponsorship through the county we reside in or the town we reside in for grant application purposes?

Man: Yes, if you are a private entity, you’re obviously not eligible to apply directly but you can partner with one of the five eligible entities and apply for a grant.

That - the eligible entity would be the lead applicants for the purposes of counting number of applications and for determining ultimate eligibility for the program.

(Aubrey Parsons): Okay, do we have any additional questions? What is the date when projects must be shovel-ready?

Man: So, following the decision to award particular grants, there’ll be about - there’ll be a process of negotiation between the selected grantee and the Maritime administration to develop a grant agreement.

And part of that will include a schedule for completing the project that is the subject of a grant. At the point in which the grant agreement is signed, then the grantee may begin construction or other activity associated with the project itself.

So, for planning purposes, the potential applicant should look at that time in the future after grantor and after the grant agreement is complete prior - before the project will be able to be begin construction and be subject to reimbursement for a portion of the cost pursuant to the grant agreement.

(Aubrey Parsons): Would the increased fee from additional uses be a benefit?

Darren Timothy: The - again, so, revenues are typically - would typically be considered a transfer and so would not be a benefit. The one caveat here would be where - in some cases, those fees may simply represent the additional services and the value of the facility has been increased and improved in some fashion.

The - but the - in some cases, that may be - it may be appropriate. Our BCA guide touches on this a little bit. The key, however, is that you have to be really careful not to be double counting that and other types of benefits that you would see.

So, in general, you want to think of revenues if the cost to the user is a benefit - to the recipient of those revenues would be a wash. But it would, in some cases, we’ve seen applicants I think make a reasonable case for some kind of incremental improvement or - those fees represent the incremental increase in value of the facility.

Man: Okay, so, we’ve confirmed the frequently asked questions and the slides from the first Webinar are up on the Web site. There should be - they should be posting slides from the second Webinar and this Webinar later on today.

And the link may be down temporarily while they post, but that information is on the Web site.

(Aubrey Parsons): We’ll have both the slides and an audio recording of the presentation uploaded to the site.

Man: That’s right. Just for today’s presentation. We are still working on the audio recording for the prior presentations.

(Aubrey Parsons): All right, thank you all. If there are no more questions, that will conclude today’s Webinar. A reminder, the presentation materials are located at [www.maritime.dot.gov/PIDPgrants](http://www.maritime.dot.gov/PIDPgrants).

There are two remaining Webinars for this grant program. The final how to apply Webinar will be held on Thursday, July 25. That’s this Thursday, from 2:00 to 4:00 pm Eastern Time. And there’ll be an additional how to prepare a benefit cost analysis Webinar on Tuesday, July 30 from 2:00 to 4:00 pm Eastern Time. Thank you and enjoy the rest of your day.

END