

**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 Certain information contained in that report is obsolete.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.

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