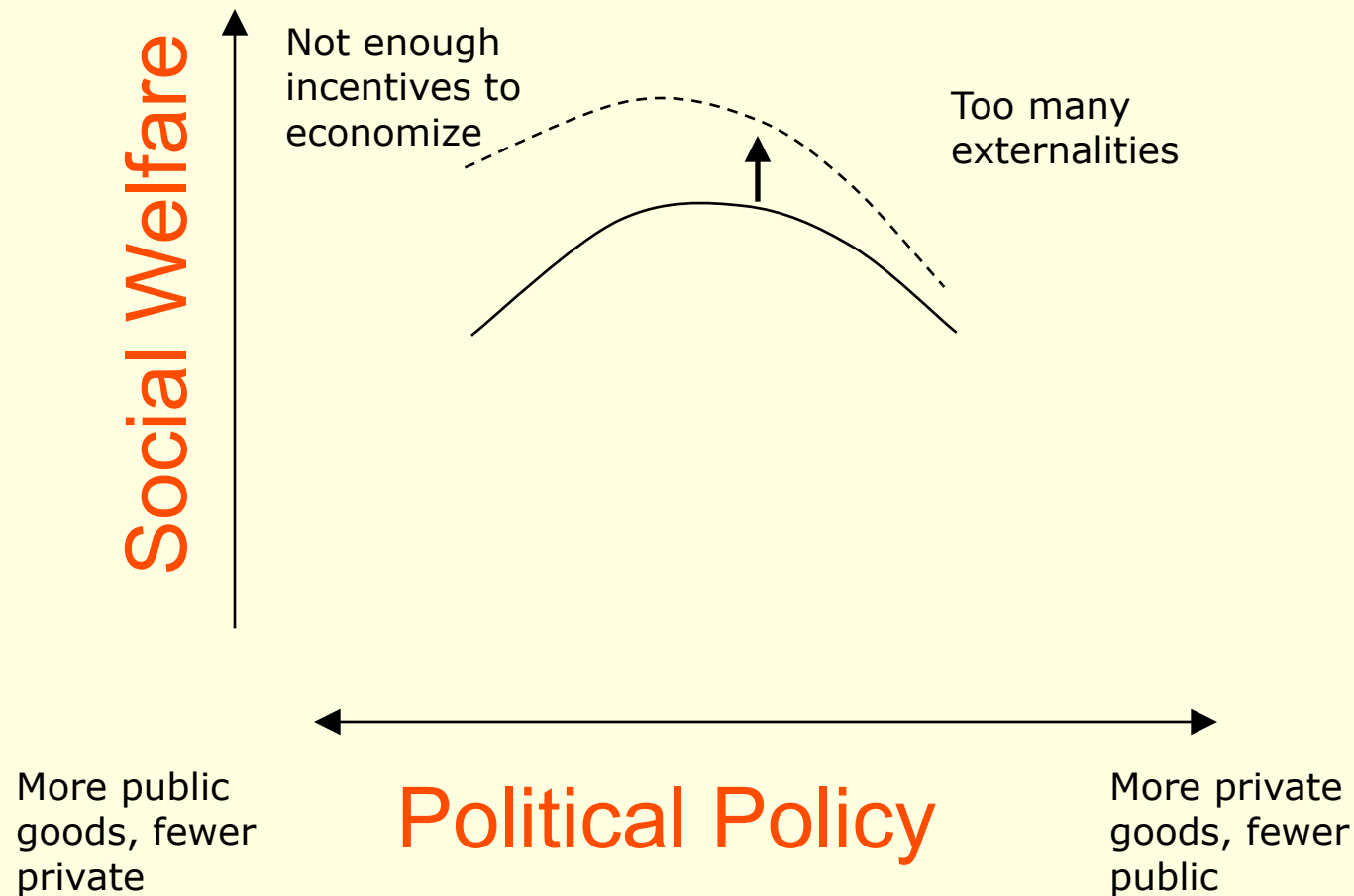


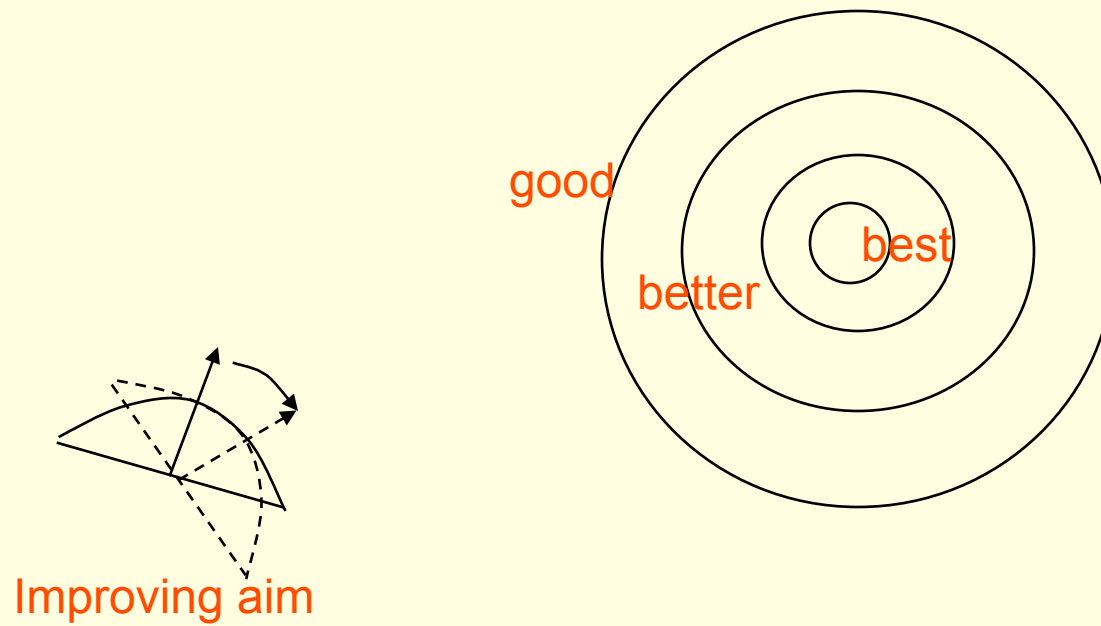
Using Benefit-Cost Analysis in Local Government: Seattle Public Utilities

Tim Skeel
Principal Economist
Seattle Public Utilities, Seattle, WA

Why B/C Analysis on Public Expenditure?



Value for cost target



Why B/C Analysis on Public Expenditure?

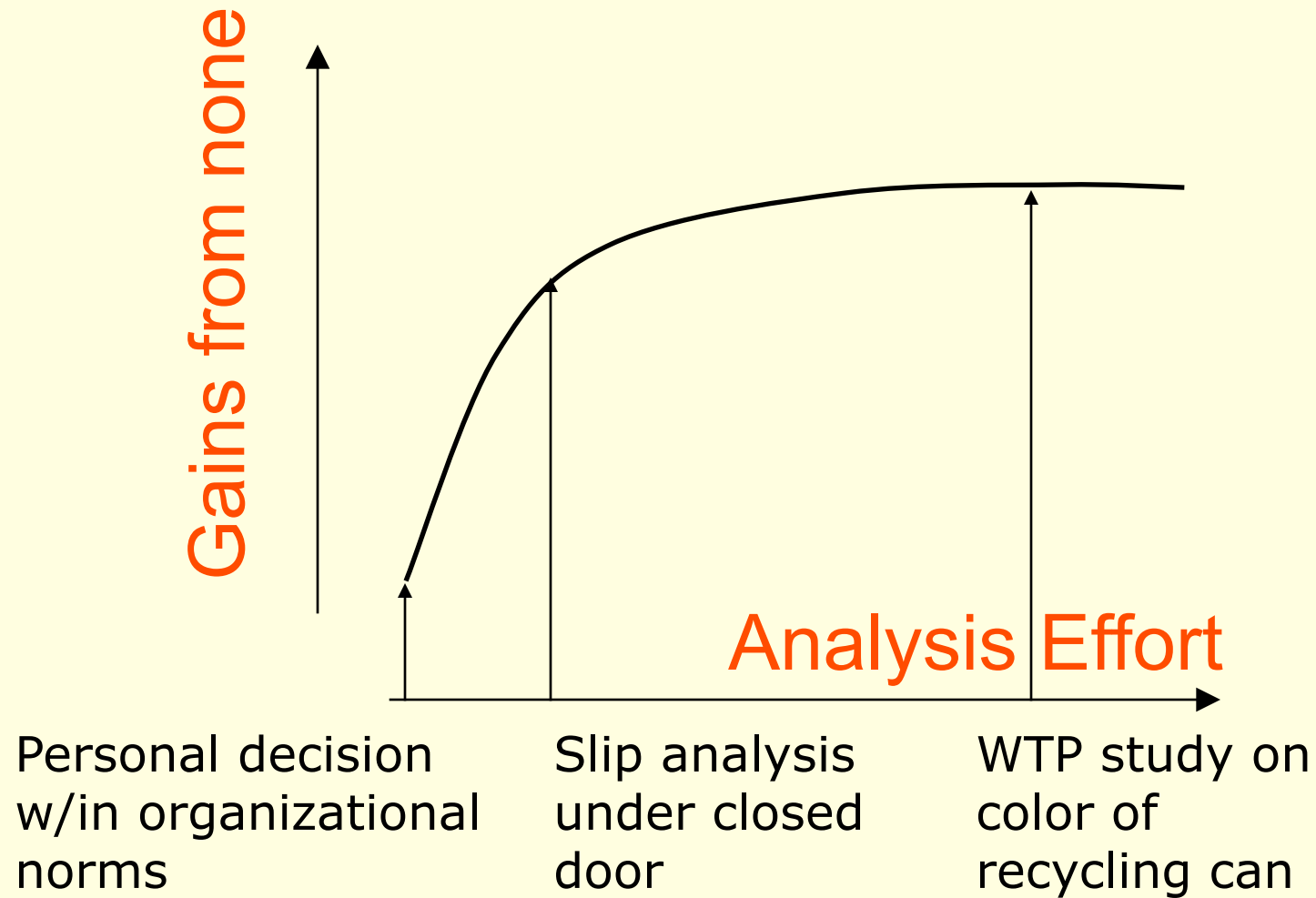
Other reasons:

- CYA – re-direct accountability
- Sales job
- Process is our product
- Another hoop to jump through
- Economists like to do analyses

Good Examples of getting better “value for cost” from B/C analysis

- Phinney ridge pump station
- Watershed bridges
- Elmore trestle
- Mapleleaf tank
- Tolt valve house
- CCTV of sewer pipes
- Water main replacement

How much analysis?



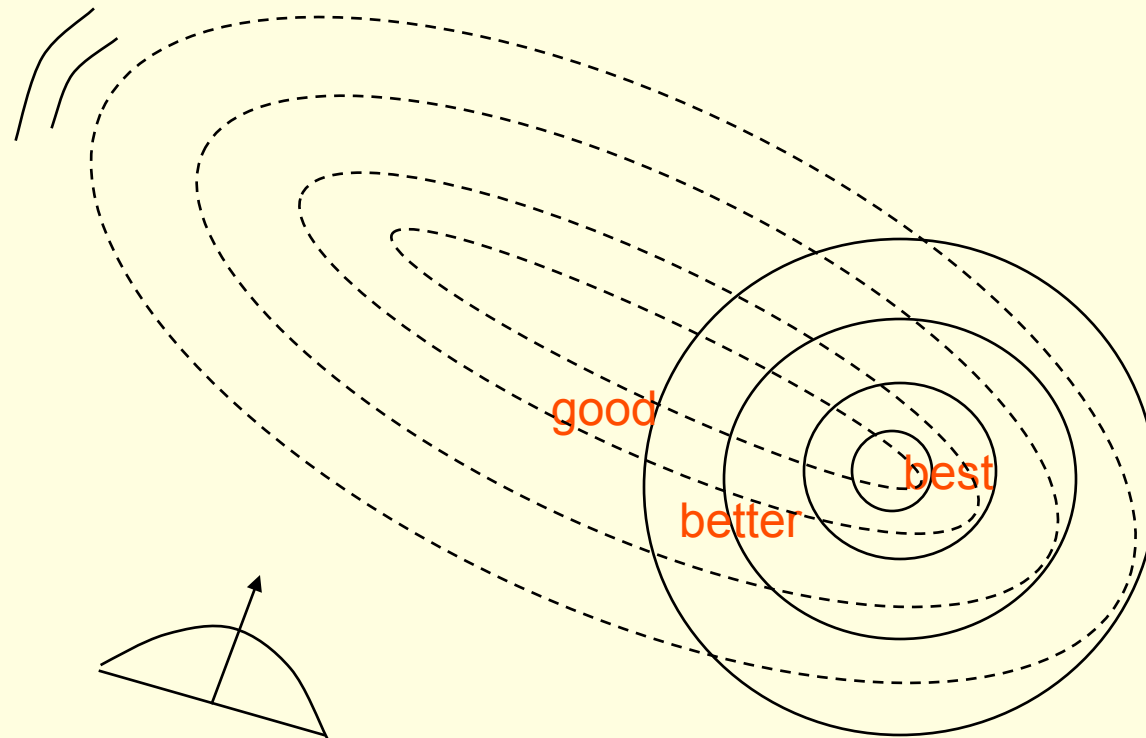
Some barriers to effective B/C Analysis

Conflict of interest: Vested interests put in charge of analyses

Decision makers personal B/C at odds with social B/C analysis

Analysts with skills not suited to B/C analysis

Value for cost target



Fitting the target to the arrow

Conclusions

B/C conducted and presented by well-qualified, independent analysts

Don't overdo – simple is most cost-effective