Benefit/Cost Ratio Calculations

This appendix includes the Benefit/Cost methodology used in the Caltrans calls-for-projects in the HSIP programs. The HSM, Part B - Chapter 7, includes more details on conducting Economic Appraisal for roadway safety projects. Local agencies will be required to utilize the HSIP Analyzer to calculate the B/C ratio as part of their application for HSIP funding. Starting in Cycle 7 call for projects, the fatality and severe injury costs have been combined for calculating the benefit. Because fatality figures are small and are a matter of randomness, this change is being made to reduce the possibility of selecting an improvement project on the basis of randomness.

1) $Benefit\ (Annual) = \sum_{s=0}^{3} \frac{CRF \times N \times CC_{ave}}{Y}$

- CRF : Crash reduction factor in each countermeasure.
- S : Severity (0: PDO, 1: Minor Injury, 2: Injury, 3: Severe Injury/Fatal). See the below table.
- N : Number of Crashes, in severity levels, related to selected countermeasure.
- Y : Crash data time period (Year).
- CC_{ave} : Crash costs in severity levels.

Severity (S)	Crash Severity *	Location Type	Crash Cost ***
3	**Fatality and Severe Injury Combined (KA)	Signalized Intersection	$1,590,000
3		Non Signalized Intersection	$2,530,000
3		Roadway	$2,190,000
2	Evident Injury – Other Visible (B)		$142,300
1	Possible Injury–Complaint of Pain (C)		$80,900
0	Property Damage Only (O)		$13,300

* The letters in parenthesis (K, A, B, C and O) refer to the KABCO scale; it is commonly used by law enforcement agencies in their crash reporting efforts and is further documented in the HSM.

** Figures were calculated based on an average Fatality (K) / Severe Injury (A) ratio for each area type, a crash cost for a Fatality (K) of $7,219,800, and a crash cost of a Severe/Disabling Injury (A) of $389,000. These costs are used in the HSIP Analyzer.

*** Based on Table 7-1, Highway Safety Manual (HSM), First Edition, 2010. Adjusted to 2020 Dollars.

2) *Benefit (Life) = Benefit (annual) x Years of service life*

3) Benefit/Cost Ratio (each countermeasure): $Benefit\ \ Cost\ Ratio_{(CM)} = \frac{Benefit\ (Life)_{(CM)}}{Total\ \mathrm{Pr}oject\ Cost_{(CM)}}$

4) Benefit/Cost Ratio (project): $Benefit/Cost\ Ratio\ (\mathrm{Pr}oject) = \frac{\sum_{CM=1}^{3} Benefit\ (Life)_{(CM)}}{Total\ \mathrm{Pr}oject\ Cost}$