



United States  
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211  
Northeast NTC  
160 E. 7th Street  
Chester, PA 19013

August 12, 1986

ECONOMICS TECHNICAL NOTE NO. N4  
200-VI

SUBJECT: ECN - ADJUSTMENT FACTORS TO ACCOUNT FOR CHANGES IN FUTURE VALUE

Purpose. To transmit Economics Technical Note No. N4 - Adjustment Factors to Account for Changes in Future Value - and cancel TSC Technical Note Watersheds UD-26 (Revisions 1 and 2).

Effective Date. When received.

Filing Instructions. File the enclosures with NENTC Economics Technical Notes. Remove and destroy TSC Technical Note Watersheds UD-26 and all revisions.

*Scott Hoag Jr*

Scott Hoag, Jr.  
Head, Economics, Social Sciences  
and Evaluation Staff

Enclosures

RECEIVED  
USDA - SCS  
MORCANTOWN, WV

AUG 25 1986

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# TECHNICAL NOTE

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# NOTE

OBERS adjustment factors to account for changes in future values of residential content were used. This factor is based on the premise that the value of applicable types of goods and services will increase at essentially the same rate as per capital income. The factor used was based on the revised OBERS (series E population) per capita income projections for BEA economic area 52, dated April 1974 and are in 1967 constant dollars. Use of the factor is in accordance with NETSC Technical Note - Watersheds 26 (Rev. 2).



WATERSHED OR PROJECT NAME? Any Watershed Any State  
 NUMBER OF YEAR-INCOME PAIRS? 4  
 INTEREST RATE IN DECIMAL FORM? .08625  
 NUMBER OF YEARS IN EVALUATION PERIOD? 100  
 ENTER YEAR AND OBERS POPULATION & INCOME PROJECTIONS  
 YEAR? 1985      POPULATION? 367319      INCOME? 1699211000  
 YEAR? 1990      POPULATION? 388788      INCOME? 2051856000  
 YEAR? 2000      POPULATION? 422177      INCOME? 2791651000  
 YEAR? 2030      POPULATION? 498429      INCOME? 5889008000

URBAN CONTENT VALUE ADJUSTMENT FACTOR  
 AT 8.625 PERCENT INTEREST - 100 EVALUATION PERIOD

ANY WATERSHED

YEAR	INCOME
----	-----
1985	4626
1990	5278
2000	6613
2030	11815

TOTAL OF THE PV'S FOR 100 YEARS = 20377.

SUM OF THE AVE ANN CAPITAL VALUE AND THE CONSTANT VALUE = 6384

100 YEAR ADJUSTMENT FACTOR -----> 1.38

A sample of the required input and the output based on the above data is attached. The program questions are capitalized. Your response is underlined.

Constraints on the use of this multiplier are found in the Principles and Guidelines, Chapter II, Section IV. Paragraph 2.4.11.c.2.i-v states that the use of the multiplier is for urban contents only and further that the upper limit on content value (excluding extenuating circumstances) is 75 percent of structure value.

Calculate the damage reduction benefits by:

1. Aggregate the without project urban damages from the URB-1 output or other damage calculations and multiply by the multiplier;
2. Aggregate the with project urban damages from the URB-1 output or other damage calculations and multiply by the multiplier;
3. Check to see that the without project content value is less than or equal to 75 percent of the estimated structure value;
4. Calculate the increased damage reduction by subtracting the value in 2. from the value in 1.

Call your NTC economist if you have questions, concerns or suggestions.