Appendix E – Financial Analysis

Financial Analysis Process

In order to better assess the future of the Fremont-Winema's transportation system and what portion of the existing system could be salvaged for public and agency access, it's necessary to perform a financial analysis. This process is important in order to identify opportunities and understand the overall maintenance expense of the system.

The Region recognizes the large gap in funding between available funding for road work and the actual costs to maintain the road system to standard. Because the Fremont-Winema National Forest only receives about 4% of what they actually need to maintain their road system, it's not possible to balance the size of the road system, nor meet resource management needs and public access, with the appropriated funding.

In order to summarize the annual costs to operate and maintain a very minimum road system was developed using the *Region 6 Financial Analysis Template*, which is a excel spreadsheet workbook that allows users to input road mileage information and budget information. Using Region 6 average costs for maintaining certain maintenance level roads, the spreadsheet workbook will calculate the total unit costs needed to maintain the inputted transportation system. This spreadsheet allows the user to look at different transportation system scenarios and understand the average costs to maintain that system.

Financial Analysis Steps

1. Estimate the 5-year average funding available for road maintenance work.
2. Identify local road maintenance costs used for routine annual road maintenance work.
3. Use work item unit rates to build total unit rates for different amounts/intensities of road maintenance on different road maintenance levels.
4. Calculate costs to maintain the road system inputted using the total unit rates.
5. Develop different scenarios for future road systems and understand what the different annual costs would be in order to maintain the associated, inputted road networks.