



## ISE561-Economic Analysis of Engineering Projects

Units: 4

Fall 2023 Tu/Th 10:00 am- 11:50 am

Location: RTH 109

<http://courses.uscden.net>

**Instructor:** Shalini Gupta

**Office:** GER 207

**Contact Info:** [shalinig@usc.edu](mailto:shalinig@usc.edu)

**Office Hours:** Wed. 11:30 am – 12:30 pm (Via zoom)

**Teaching Assistant:** TBD

### **Course Description**

Economic evaluations of engineering systems for both government and private industry; quantitative techniques for evaluating non-monetary consequences; formal treatment of risk and uncertainty.

### **Student Learning Outcomes:**

Students will be able to:

- determine the equivalent value of money at a specified time given the timing of deposits and interest value;
- select the most attractive interest rate in various compound and simple interest forms;
- determine if an independent investment opportunity is economically attractive;
- determine the least-cost alternative of multiple solutions in a cost comparison scenario; and
- identify the best project(s) to perform from a set of potential projects that are independently economically attractive.

Students will learn the following topics.

- Introduction to engineering economy
- Interest factors and equivalence
- Depreciation and depreciation models
- Tax considerations
- Evaluation of a single investment (including internal rate of return, net present value, cash flows)
- Revenue requirements
- Capital budgeting
- Break-even models (linear and nonlinear)
- Cost comparisons
- Benefit/Cost Analysis
- Replacement and retention decisions
- Decision Making Under Uncertainty

**Textbooks:**

- **Required Book** - Economic Analysis of Capital Expenditures for Managers & Engineers, G.T. Stevens, Jr. (ISBN13:9780536583468)

**Recommended Books**

- Principles of Engineering Economic Analysis, White, J.A., K.E. Case, and D.B. Pratt, 6th edition, John Wiley & Sons, Inc., 2012. (ISBN13: 978-1118163832)
- Engineering Economy, Sixth Edition, Leland blank and Anthony Tarquin ISBN13: 978-0073205342)
- Engineering Economy Ninth Edition, G.J. Thuesen and W.J. Fabrycky (ISBN13: 978-0130281289)
- Engineering Economics Jose A. Sepulveda, William E. Souder, Byron S. Gottfried (ISBN13: 978- 9780070238343)

**Required Software:**

- You will need Microsoft Excel for analyzing the data.

**DEN and WebEx Instructions**

- Each class will be conducted in person and recorded “Live” using WebEx or Zoom software.
- DEN students can access live class by clicking on the “Virtual Meetings” link located in the D2L main menu of our course homepage.
- Your microphone will initially be muted. When you want to talk, simply un-mute yourself by pressing and holding down your space bar. When you release your space bar, you will continue to be muted.
- Later in the day following class, the recording of the session will be updated to that week’s D2L module.

**Description and Assessment of Assignments:**

**Course Material:** All assigned sections of the texts, plus topics discussed in lecture by the instructor.

**Exams:** The exams will not be comprehensive. Points will be assigned to each section of the exam. No retakes will be allowed. No make-up exam will be given. All answers should be clearly and fully justified. If the steps are unclear, points will be deducted even if the final answer is correct. Any person caught cheating on an examination will be referred to the Office of academic integrity.

**Project:** The final project is a team assignment. The project will be assigned after the first mid-term. The final project is meant to use your “Engineering Economics Knowledge” to evaluate an engineering project. The engineering project case and domain will be provided by the instructor. This project requires students to explore and understand various engineering economics techniques that are widely implemented in the assigned domain to address the economic challenges of engineering projects. For the purpose of calculations, students need to apply equity cash flows technique, total cash flows and operating cash flows techniques. The minimum acceptable rate of returns (MARR), depreciation accounting models, estimated salvage values, and

interest rates can be obtained from the library and the internet. Students are required to write a well-organized report and make an informative PowerPoint presentation. Each team must submit a 14-page report. The project is due during week 14. Additional details and instructions will be made available during the course.

**Quizzes:** Quizzes will address concepts and calculations related to topics covered in the previous week's classes. The specific quiz will be posted on D2L for DEN students. Late submissions will not be accepted. There are no exceptions except for institution-established emergency reasons; credit for such late submission is with the instructor's discretion. Everybody must write their own solution independently and make sure to fully understand it. All answers should be clearly and fully justified. If the steps are unclear, points will be deducted even if the final answer is correct. Exchanging solutions, consulting other class members, finding solutions online or elsewhere, etc. are not allowed. Violations result in losing the credit for the entire quiz set in addition to a significant percentage of the overall course grade, all with the discretion of the instructor.

### Grading Breakdown

Exam 1	20 %
Exam 2	20%
Exam 3	20%
Project	30%
Quizzes	10%
<b>Total</b>	<b>100%</b>

The final grade for this course will be based on the total percentage earned in the grading breakdown shown above and will not be curved/averaged. There will not be any additional assignment substitute to improve the final grade. Also, students are encouraged to participate actively. However, there is no grade percentage assigned for active participation.

### Student's Responsibilities

- Students are expected to be respectful of other people's opinions and to express their own views in a calm and reasonable way. Disruptive behavior will not be tolerated.
- Students are expected to be attentive, in class on time and participate in active learning. Attendance will be taken in every lecture.
- The use of laptops, phones, i pads, or similar devices during class is not allowed.
- Please Do Not bring food or drinks to the class (Water in plastic bottles is ok)
- All exams and quizzes are open – book, and open notes. Laptops, i pads, and cell phones are NOT allowed during the exams and quizzes.
- Students are expected to be familiar with the Academic Code of Conduct.

To quote from a USC guidebook: "Behavior that persistently or grossly interferes with classroom activities is considered disruptive behavior and may be subject to disciplinary action. Such behavior inhibits other students' ability to learn, and an instructor's ability to teach. A student responsible for disruptive behavior may be required to leave class pending discussion and resolution of the problem and may be reported to the Office of Student Judicial Affairs for disciplinary action."

### **Academic Integrity**

Any form of cheating, plagiarism, personation, falsification of a document as well as any other form of dishonest behavior related to the obtention of academic gain or the avoidance of evaluative exercises committed by a student is an academic offence under the Academic Code of Conduct and may lead to severe penalties up to and including suspension and expulsion. As examples only, you are not permitted to:

- Falsify data or research results
- Sharing quizzes /assignments
- Benefit from others' work
- Unfair advantage
- External assistance
- Possession of solutions
- Copy from anywhere without indicating where it came from
- Let another student copy your work and then submit it as his/her own
- Have unauthorized material/ collaboration or devices in exam/quiz.
- Copy from someone's else exam/quiz.
- Communicate with another student during an exam
- Add or remove pages from an examination booklet or take the booklet out of an exam room
- Acquire exam or quiz answers or questions
- Submit false documents such as medical notes or student records

You are subject to the Academic Code of Conduct.

### Course Schedule: A Weekly Breakdown

<u>Week</u>	<u>Date</u>	<u>Topic</u>	<u>Text Chapters</u>	<u>Deliverables</u>
1	22-Aug.	Introduction and Interest	Chapter 2	No assignment this week.
1	24-Aug.	Interest and Interest Factors	Chapter 2	
2	29-Aug.	Interest and Interest Factors	Chapter 2	
2	31-Aug.	Depreciation	Chapter 3	<b>(Quiz -1)</b>
3	5-Sep.	Depreciation	Chapter 3	
3	7-Sep.	Tax Considerations	Chapter 4	<b>(Quiz -2)</b>
4	12-Sep.	Tax Considerations	Chapter 4	
4	14-Sep.	Econ. Evaluation- a Single Pro.	Chapter 5	<b>(Quiz – 3)</b>
5	19-Sep.	Economic Evaluation of a Single Project	Chapter 5	
5	21-Sep.	Econ. Evaluation- a Single Pro.	Chapter 5	<b>(Quiz -4)</b>
6	26-Sep.	Economic Evaluation of a Single Project	Chapter 5	
6	<b>28-Sep.</b>	<b>Examination 1</b>		
7	3-Oct.	Minimum Annual Revenue Requirements	Chapter 6	
7	5-Oct.	Minimum Annual Revenue Requirements	Chapters 6	<b>(Quiz -5)</b>
8	10-Oct.	Capital Budgeting	Chapters 7	
8	<b>12-Oct.</b>	<b>Fall Recess</b>		

9	17-Oct.	Capital Budgeting	Chapters 7	
9	19-Oct.	Capital Budgeting	Chapters 7	<b>(Quiz -6)</b>
10	24-Oct.	Break Even Models	Chapters 8	
10	26-Oct.	Cost Comparisons	Chapters 9	<b>(Quiz - 7)</b>
11	31-Oct.	Cost Comparisons	Chapters 9	
11	<b>2-Nov.</b>	<b>Examination 2</b>		
12	7-Nov.	Decision Under Uncertainty	Chapters 15	
12	9-Nov.	Sensitivity Analysis	Suppl. Material	<b>(Quiz -8)</b>
13	14-Nov.	Sensitivity Analysis	Suppl. Material	
13	16-Nov.	Benefit Cost Analysis	Suppl. Material	<b>(Quiz – 9)</b>
<b>14</b>	<b>21-Nov.</b>	<b>Project Presentations</b>		
<b>14</b>	<b>23-Nov.</b>	<b><i>No Class (Thanksgiving Break)</i></b>		
<b>15</b>	<b>28-Nov.</b>	<b>Project Presentations</b>		
<b>15</b>	<b>30-Nov.</b>	<b>Examination 3</b>		

## **Statement on Academic Conduct and Support Systems**

### **Academic Integrity:**

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, comprises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

### **Students and Disability Accommodations:**

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](http://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

## **Support Systems:**

### [Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

### [988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

### [Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

### [Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

### [Reporting Incidents of Bias or Harassment](#) - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

### [The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

### [USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

### [Diversity, Equity and Inclusion](#) - (213) 740-2101



Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.