



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MARCH 14, 2017**
FROM: RIVERSIDE PUBLIC UTILITIES **WARDS: ALL**
**SUBJECT: RIVERSIDE PUBLIC UTILITIES ECONOMIC AND SOCIAL IMPACT ANALYSIS
REPORT AND PRESENTATION BY UNIVERSITY OF CALIFORNIA RIVERSIDE
FORECAST, LLC.**

ISSUE:

Receive a presentation on the Riverside Public Utilities Economic and Social Impact Analysis Report as prepared and presented by University of California Riverside Forecast, LLC.

RECOMMENDATIONS:

That the City Council receive and file the Riverside Public Utilities Economic and Social Impact Analysis Report and presentation as prepared and presented by University of California Riverside Forecast, LLC.

BOARD RECOMMENDATION:

On February 13, 2017, the Board of Public Utilities with all members present (1 seat vacant) received the Riverside Public Utilities Economic and Social Impact Analysis Report from the University of California Riverside Forecast, LLC., and unanimously voted to receive and file the report.

BACKGROUND:

On April 11, 2016, Riverside Public Utilities (RPU) entered into a Professional Consultant Services Agreement with University of California Riverside (UCR) Forecast LLC for an economic benefit analysis.

Under the terms of the engagement, the Consultant agreed to quantify and provide analysis and reporting on the following financial and non-financial aspects and benefits of public utility ownership:

1. Agency rates comparison and assessment versus private or investor owned utilities
2. Consumer purchasing power that results from any real or projected rate differentials
3. Regional impacts and the needs of the City of Riverside
4. Impact on Economic Development
5. Local job impact and benefit

- 6. Sustainability and green initiatives
- 7. Benefits or costs of public sector wages/benefits
- 8. Local controls and service
- 9. Alignment/coordination of utility supply and pricing with local economic development purposes

This is the first such study to determine economic benefit that RPU has undertaken.

DISCUSSION:

In January, 2017, UCR completed the economic benefit analysis. UCR applied an econometric model to evaluate the multiplier or “ripple” effect of RPU’s expenditures on the local economy and benefits of local rates, rebate programs and service reliability.

In aggregate, UCR concludes an annual economic benefit of over \$479 million from RPU’s rates and activities. As identified in the summary table below, this equates to twelve jobs and \$1,700,000 of output value per million dollars of expenditure.

Total Economic Impact Summary

Impact Type	Employment	Labor Income (\$ Millions)	Output (\$ Millions)
Direct Impact	2,081	96.0	289.0
Indirect Impact	790	33.5	107.6
Induced Impact	663	26.3	83.1
Total	3,533	155.7	479.7
Per \$1 Million	12	0.5	1.7

Robert A. Kleinhenz, PhD., Economist/Director of Research, UCR Business Forecast will present findings of the study to the City Council.

FISCAL IMPACT:

There is no fiscal impact associated with review of the Economic and Social Impact Analysis Report and presentation.

Prepared by: Girish Balachandran, Utilities General Manager
 Certified as to availability of funds: Scott G. Miller PhD, Chief Financial Officer/City Treasurer
 Approved by: John A. Russo, City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachments:

- 1. Riverside Public Utilities Economic and Social Impact Analysis Report
- 2. Board Minutes
- 3. Presentation