

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: FEBRUARY 13, 2017

ITEM NO: 6

SUBJECT: RIVERSIDE PUBLIC UTILITIES ECONOMIC AND SOCIAL IMPACT ANALYSIS REPORT AND PRESENTATION BY UNIVERSITY OF CALIFORNIA FORECAST, LLC.

ISSUE:

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

RECOMMENDATION:

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

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 finding of the study to the Board.

FISCAL IMPACT:

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

Prepared by: Kevin S. Milligan, Utilities Deputy General Manager
Approved by: Girish Balachandran, Utilities General Manager
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Laura Chavez-Nomura, Utilities Assistant General Manager/Finance

Attachments:

1. Riverside Public Utilities Economic and Social Impact Analysis Report
2. Presentation