



# *Total Regional Economic Losses from Water Supply Disruptions to the Los Angeles County Economy*



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**LOS ANGELES COUNTY**  
ECONOMIC DEVELOPMENT CORPORATION

# ABOUT THE LAEDC

- **As the region's premier business leadership organization, the LAEDC's mission is to attract, retain and grow businesses and jobs for Los Angeles County**



# ABOUT THE LAEDC

- **Established in 1981**
- **501(c)3 non-profit, public benefit organization**
- **Since 1996, the LAEDC has helped attract or retain nearly 180,000 jobs in L.A. County with an estimated labor income, including wages and benefits, of nearly \$11 billion.**

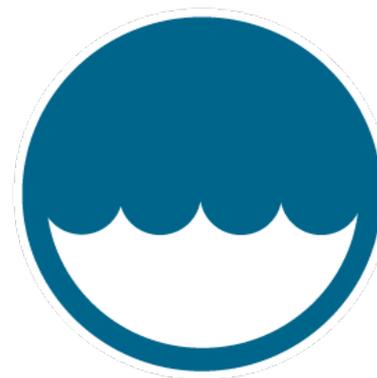
# ABOUT THE LAEDC

- **41 member staff, including 6 working in field**
- **13 strategic and regional partners\***
- **230 members\***

\*As of June 2012

## **Mission of the LAEDC Water Subgroup:**

To promote initiatives to ensure a reliable supply of clean and affordable water by implementing a portfolio of environmentally-sound strategies including conservation, storm water capture, recycling and groundwater storage that protect Southern California water supplies.



# BACKGROUND ON STUDY

- “Total Regional Economic Losses from Water Supply Disruptions to the Los Angeles County Economy” – Released November 29, 2012
- Reasons for study:
  - Southern California’s dependence on external water sources
  - Prior studies

# BACKGROUND ON STUDY – CONT.

- Quantifies the economic impact to LA County of a disruption to our imported water supplies.
- Conducted by Professor Adam Rose, Ian Sue Wing, Dan Wei, and Misak Avetisyan from USC's Price School of Public Policy and Center for Risk and Economic Analysis of Terrorism Events.
- Funding and technical assistance provided by LADWP, MWD, WRD, Veolia Water, and Woodbury University.

# METHODOLOGY

- Use of computable general equilibrium model for macroeconomic impact analysis.
- Use of resilience.
- Comprehensive data collection from water service agencies operating in Los Angeles County.

# METHODOLOGY – CONT.

- Bay Delta earthquake that shuts down the California Aqueduct for six (6), 24, or 36 months.
  - Also looks at alternative hydrologic scenarios.
- Results would be applicable to other disruptions, such as a regulatory decree reducing Los Angeles County's allocation of Colorado River water.

# SUMMARY OF FINDINGS– NORMAL WATER CONDITIONS + STORAGE USE

LA County would experience the following

- **36-month California Aqueduct shutdown:**

- over 1.3 million jobs lost
- \$133 billion lost in GDP
- \$240 billion in lost total sales revenue for businesses.

- **24-month California Aqueduct shutdown:**

- over 740,000 jobs lost
- \$75 billion lost in GDP
- \$135 billion in lost total sales revenue for businesses.

- **6-month California Aqueduct shutdown:**

- little-to-no negative economic impacts when utilizing reasonable levels of resilience, primarily conservation and production recapture.

# SUMMARY OF FINDINGS– Additional Scenarios

- During a **severely dry year**, negative impacts suffered by L.A. County would increase dramatically.
  - For example, during a 12-month shutdown the economic impact could exceed 550,000 lost jobs and \$55.6 billion lost in GDP.
- If water storage supplies were depleted prior to an emergency event, maximum potential losses would be doubled under 24-month and 36-month scenarios.

# THINGS TO CONSIDER:

- Los Angeles County has done a great job at developing water storage mechanisms for a “rainy day” – allowing us to minimize short-term disruption impacts during normal conditions.
- We must keep in mind that a disaster could strike us at the worst time (drought year, fire season, etc.), so it is imperative that we prepare our region for this possibility.

“Despite many effective investments in water security at the state and local levels, **serious consideration should be given to doing even more to protect and maintain the County’s water supply.**” –  
Professor Adam Rose, Study Author

# JOIN US AT OUR NEXT MEETING

## LAEDC Water Subgroup

*Thursday, February 7, 2013*

Alston & Bird LLP

333 South Hope Street, Sixteenth Floor

Los Angeles, CA 90071

Dial-in: 877-896-1232; Code: 366892#

- Policy recommendation discussion at meeting:
  - Bay Delta

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