



ECONOMIC IMPACTS OF WATER DISRUPTION IN WATER DISTRICT 54

- City Administration, at direction of City Council (meeting of July 6, 2023) undertook an economic impact analysis of disruption to local business within the Des Moines downtown and Marina area.
- This independent study, performed by a third party, was conducted by the Concord Group.
- Study spanned June 17th – June 24th, 2023.
- Study was expedited to assess economic impacts and was completed July 24, 2023.



HIGHLIGHTS OF THE ECONOMIC IMPACT STUDY

- Identified 85 businesses within the impacted area.
- Businesses represent just over 241,000 of commercial space.
 - 27 restaurants
 - 14 salons
 - 9 specialty stores
 - 7 medical offices
 - 5 banks
 - 4 various businesses



ANALYSIS ASSUMPTIONS

- Assessed both direct, indirect and induced impacts:
 - Definition of direct impacts estimate loss revenue directly to local businesses.
 - Definition of indirect impacts (business to business, for example suppliers).
 - Definition of induced impacts (wage loss resulting in contracted consumption, etc.).
- Analysis accounted for lost revenue resulting from closure on Father's Day.
- Included data for sales per square foot (International Council of Shopping Centers).
- Number of days impacted.
- Lingering impact after reopening.



LOST WAGES

- Main goal of City's \$5,000/business rescue plan was to enhance liquidity position and lost revenue to wage earners not on salary.
 - Challenge to wage earners.
- Estimate lost wages during this period of \$458,311.



LOST REVENUE/DIRECT IMPACTS

- ▶ Estimate including losses from Father's Day - \$1,989,783.
- ▶ Post-shutdown lingering impact:
 - ▶ Changed behavior by consumers (for example restaurants).
 - ▶ Estimated at \$563,401.
- ▶ Total direct impacts = $\$1,989,783 + \$563,401 = \$2,553,184$.



LOST REVENUE/INDIRECT IMPACTS

- Indirect impacts are business to business transactions, that in a contracted economic dynamic represent lost business.
- Based on the United States Bureau of Economic Analysis, Regional Input-Output Analysis multipliers specific to King County, WA indirect impacts are assessed at \$1,989,000.
- The Concord Group ran different assumptions, but perhaps their most meaningful (resembling actual impacts) was their assumption of direct revenue loss and indirect revenue loss based on the week of the actual event and lingering impacts in the following week.



AGGREGATE ECONOMIC IMPACTS

- Across different assumptions as to length of time of business closure and downturn and of indirect impacts.
- The range of Revenue Loss from this event is estimated between \$2,655,000 and \$5,105,000
 - Please note the estimate of \$5,105,000 assumes all businesses in the “boil water” geographic impact were fully affected during the event and experienced lingering impacts (based on changed consumer behavior) the week following the event.
- The full Economic Impact Analysis will be posted on the City website tomorrow.