

SUBJECT

Economic Impact Analysis of Long Beach Transit (Staff Representative: Lisa Patton)

RECOMMENDED ACTION – N/A

This is an Information Item.

BACKGROUND

The Office of Economic Research, Department of Economics, from California State University, Long Beach, prepared an analysis of Long Beach Transit's (LBT) economic impact using Fiscal Year 2018 operational and capital expenditures on Los Angeles and Orange counties as well as an analysis of the impact on California. Expenditures made outside of California were omitted to the extent that they would not impact the region or state.

Purpose

LBT's Economic Impact Analysis Report measures the agency's economic impact in terms of jobs, income and economic value created. This report serves to inform internal and external stakeholders, which includes LBT's community, industry leaders and policy makers about the presence and impact of LBT on the regional economy and the state of California.

Key items to consider in reviewing the analysis report include the preparation and results, which are contained in the following paragraphs.

Preparation

The Economic Impact Analysis was performed using an expenditure driven modeling tool that is designed to estimate the impact of an agency or project on general economic activity. This report measures the impacts of LBT's spending, not the economic impacts of the mobility services that LBT provides. This analysis examined the annual operating and capital expenditures of LBT to measure its economic impact.

The model is based on the economic principles of input/output analysis where the economic impact includes both upstream and downstream impacts (see pages 5 and 6 of the Economic Impact Analysis Report). The results are driven by the concept of the multiplier effects from expenditures (see page 6). The impact is then measured at the sector level (see page 8) in the economy.

These effects are reported in the following three categories:

- Direct Impacts
- Indirect Impacts
- Induced Impacts

Results

The results of the economic impact analysis can be summarized by measuring the output and employment multipliers throughout the economy which describe the ratio between LBT's direct impact and its overall impact.

- Each dollar of LBT's expenditures leads to \$2.25 worth of economic output in the state each year
- Each person employed by LBT generates enough economic activity to support 1.78 jobs in California each year

In conclusion, within the California economy, LBT annually supports:

- \$224.8 million in economic output
- 1,536 jobs
- \$99.7 million in labor income
- \$225 in economic output for every \$100 spent
- 178 jobs for every 100 people employed



Kenneth A. McDonald
President and Chief Executive Officer

Attachment