

**FY
23**



Delivering water
and power®

SUPPLIER DIVERSITY

ECONOMIC IMPACT REPORT



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COMPANY AND REPORT OVERVIEW

SRP is a community-based, not-for-profit public power utility and the largest provider of electricity in the greater Phoenix metropolitan area. SRP is also the metropolitan area's largest supplier of water, delivering about 800,000 acre-feet annually to municipal, urban and agricultural water users, serving more than 2 million customers.

This economic impact report highlights the value of SRP's Supplier Diversity Program. In FY23, SRP spent **\$243.3M** on goods and services with over **700** small and diverse suppliers, representing **18%** percent of managed spend. This report details how the economic impact of our purchases across key metrics supports our communities, jobs, income and taxes.

OUR MISSION

We serve our customers and communities by providing reliable, affordable and sustainable water and energy.



MESSAGE FROM OUR LEADERS



Rob Taylor

Associate General Manager & Chief Public Affairs And Corporate Services Executive

"SRP is experiencing a period of extraordinary change in our industry as well as unprecedented growth in the Valley. Diverse, locally owned small businesses play a critical role in supporting our work to ensure our customers always have reliable, affordable and sustainable power. Their responsiveness and flexibility, and the goods and services they provide help SRP fulfill our mission. More importantly, the local jobs, economic stability and opportunity they create help communities thrive."



Kate Kochenderfer

SRP Senior Director Supply Chain, Transportation and Flight Services

"For nearly 30 years, SRP's focus on supplier diversity has been an extension of our commitment to building an organization that truly reflects the communities we serve, and where every person is treated fairly and with respect. Small and diverse businesses are the heart and soul of our community and are integral to our shared success. Supporting businesses, entrepreneurs, and organizations that represent diverse backgrounds helps build a better community for all - and makes us better in the process."

SUPPLIER DIVERSITY PROGRAM

Since 1995, supplier diversity has been a core initiative at SRP. Our diverse suppliers are integrated into our supply chain marketplace, from which we ethically and efficiently source products and services. Utilizing diverse suppliers encourages innovation and promotes sustainability and economic empowerment. Supplier Diversity's mission is to promote a composition of corporate spend reflective of the communities we serve.



WE'RE PROUD TO PARTNER WITH:

- Small/Local businesses
- Disabled-owned businesses
- LGBTQ-owned businesses
- Minority-owned businesses
- Women-owned businesses
- Veteran and service-disabled businesses
- Other underserved businesses

SRP Program Highlights



SRP spent a total of

\$243.3M

in goods and services from diverse suppliers in FY23



Achieved an

18% small and diverse spend



Partnered with over

700 diverse suppliers in FY23

* The small and diverse spend percentage is indicative of SRP's total managed spend.

SECOND-TIER SPEND

In FY23, SRP Supplier Diversity received Tier 2 reporting from suppliers totaling over **\$20M** in diverse spend. SRP encourages all suppliers to identify and provide opportunities for diverse businesses. The utilization of diverse suppliers as part of their contracts with SRP is considered second tier spend. SRP's Supplier Diversity program is an extension of our commitment to building an organization that reflects the communities we serve.



Reported a total of

\$20M in second-tier spend in FY23



FY23 ECONOMIC IMPACT



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HOW WE MEASURE ECONOMIC IMPACT

ECONOMIC IMPACT METRICS

Economic impact reports communicate the impact on the economy using these standard measures: Output, Jobs, Incomes and Taxes.



OUTPUT

Measures the cumulative revenues of all businesses impacted through the program: **direct**, **indirect** and **induced**.



JOBS

Measures the creation of jobs within SRP's supply chain and in the supplier's communities.



INCOMES

Measures the cumulative earnings of the employees in the jobs supported through supplier diversity purchases.



TAXES

Measures the federal, state and local tax revenues that are generated through economic activity.

SRP's FY23 Total Economic Impact

**\$448.8
million**



Total Output

**2,338
jobs**



Total Created

**\$152.2
million**



Total Incomes Supported

**\$46.6
million**



Total Taxes Generated



\$243.3 million Total Diverse Spend

* Please note this report will vary slightly from previously reported FY23 numbers due to SRP undergoing a data enrichment process. This process ensures data integrity for future reporting.

ECONOMIC IMPACT CHANNELS

SRP’s spending with its diverse suppliers generates economic activity in its supply chain and their communities. SRP’s purchases have a ripple effect on the supply chain. The total economic impact comprises three components: **direct, indirect and induced**.



Direct Impact

The direct impacts are the jobs and payroll directly supported by SRP’s diverse suppliers.



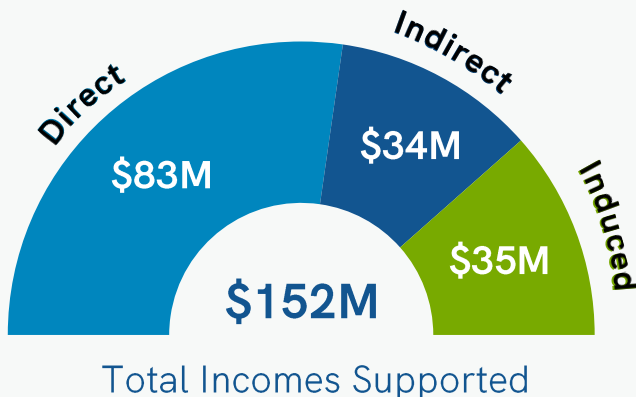
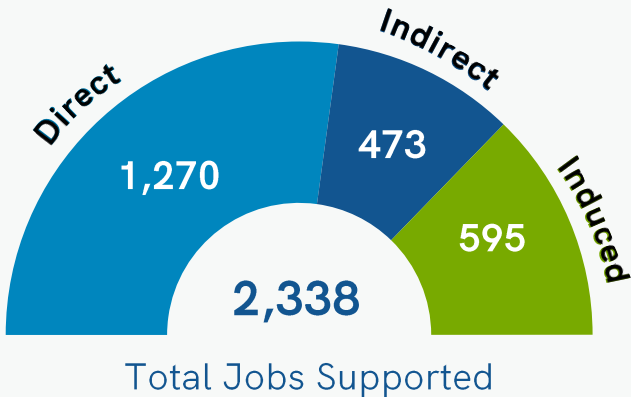
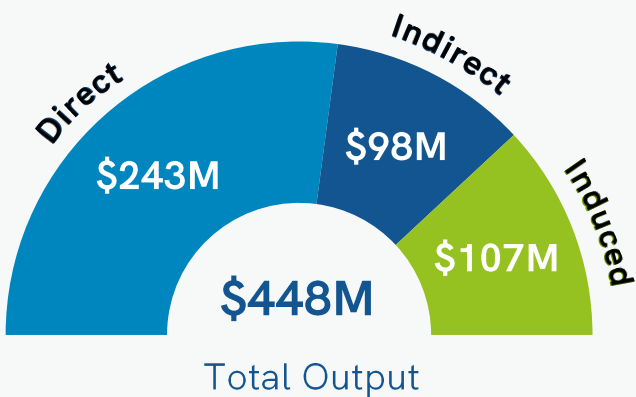
Indirect Impact

SRP’s diverse suppliers purchase goods and services from other suppliers, not associated to SRP’s contracts, which creates a ripple effect through the economy.



Induced Impact

Induced impacts occur at the local businesses that supply products and/or services to the employees and their families in the jobs supported through direct and indirect spend.





FY23 AZ IMPACT



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ARIZONA IMPACT

**\$218.4
million**

Total Output



**589
jobs**

Total Created



**\$40.5
million**

Incomes Supported



**\$22.6
million**

Total Taxes Generated



SRP's small and diverse suppliers contribute to the economy with their purchasing power and increase the overall economic impact in the state and in our hometowns.

**Small/Local
businesses**

\$98.1M
Business Spend

473
Jobs

\$33.8M
Incomes

**Disabled/Service
Disabled-owned
businesses**

\$109.1K
Business Spend

1
Job

\$63.2K
Incomes

**Minority-owned
businesses**

\$14.8M
Business Spend

77
Jobs

\$5.8M
Incomes

**Women-owned
businesses**

\$26.8M
Business Spend

155
Jobs

\$9.8M
Incomes

**Veteran-owned
businesses**

\$4.8M
Business Spend

23
Jobs

\$1.7M
Incomes

**Disadvantaged-
owned businesses**

\$2.1M
Business Spend

16
Jobs

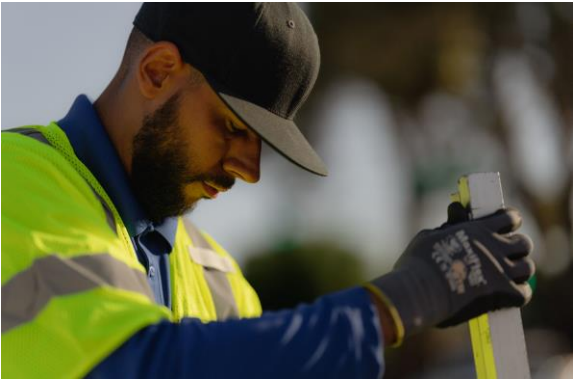
\$960.7K
Incomes

\$113.2 million Total Diverse Spend

Note: Suppliers located in multiple locations are evaluated by the designated headquarters or purchase order remit to location, which may cause an over and/or underestimated impact in numbers. Suppliers are included in every category for which they qualify, and therefore, numbers may add up to greater than the total spend.

ARIZONA TOP 5 INDUSTRIES

with jobs created



A man in a red polo shirt is seated at a control panel in a server room. He is looking at a laptop screen and holding a computer mouse. The room is dimly lit with blue and purple ambient lighting. In the background, there are rows of server racks with various lights and displays. The overall atmosphere is technical and professional.

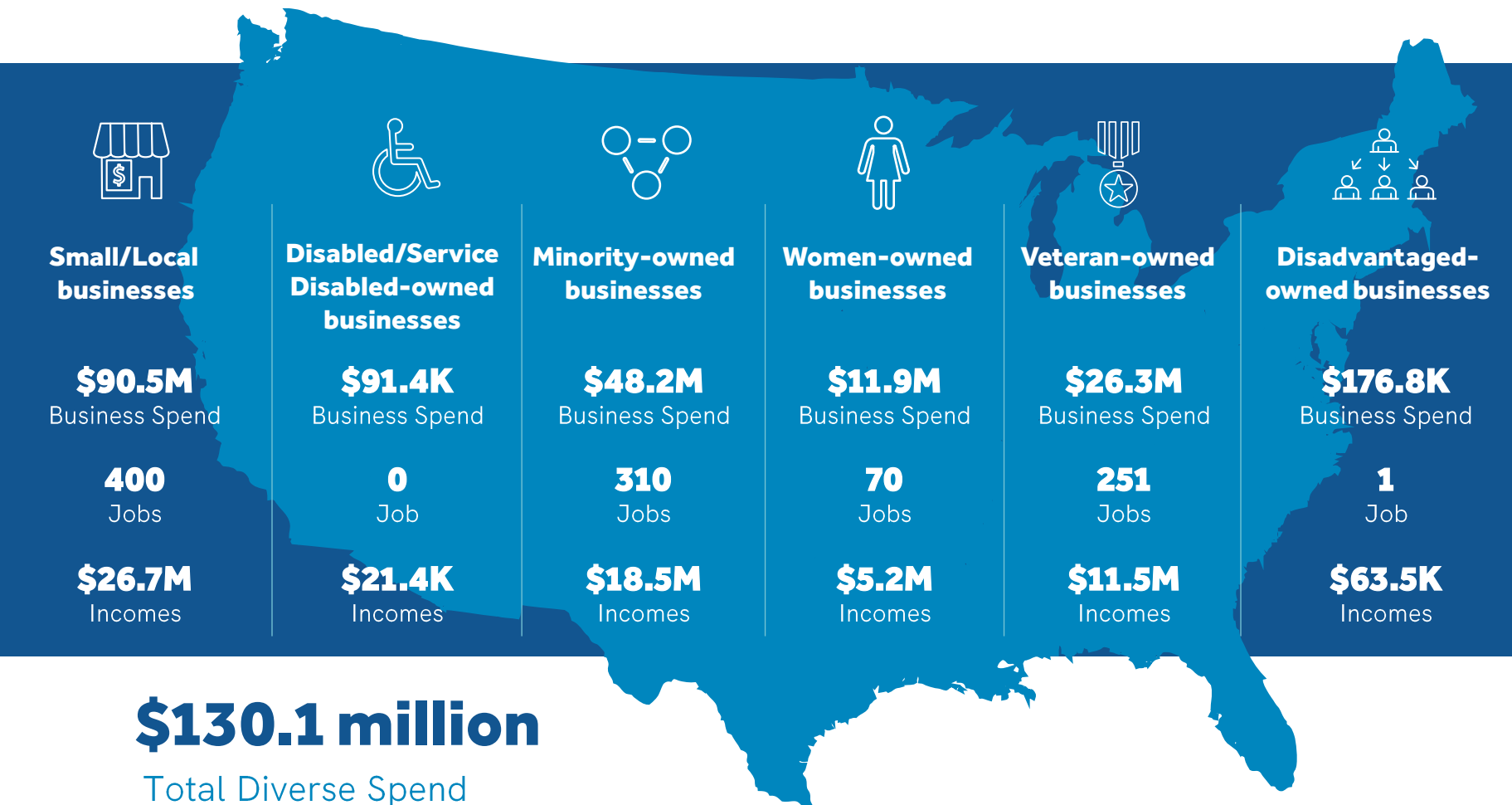
FY23 U.S. IMPACT



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U.S. IMPACT

total excludes Arizona spend



\$230.4 million

Total Output

1,190 jobs

Total Created

\$77 million

Incomes Supported

\$24 million

Total Taxes Generated

Note: Suppliers are included in every category for which they qualify, and therefore, numbers may add up to greater than the total spend.

U.S. TOP 5 INDUSTRIES

with jobs created



Administrative
and support
services

402



Professional,
scientific, and
technical services

170



Fabricated
metal product
manufacturing

152



Forestry, fishing,
and related
activities

116



Electrical
equipment and
appliance
manufacturing

86



FY23 COMMUNITY IMPACT

Diversity makes our communities and businesses stronger. This simple truth drives everything we do. SRP's vision is to advance Arizona through customer and community empowerment. By engaging with community organizations that support and advocate for small and diverse businesses, we're working to foster economic empowerment and provide a sustainable supply chain marketplace for goods and services. In FY23, Supplier Diversity participated in **86 events** that promoted diverse suppliers in our procurement efforts while growing supplier networks. Engaging with community partners allows our team to connect internal stakeholders with potential suppliers. As a result, SRP received **4 awards** and many other nominations. The collaboration and engagement of employees serving on boards allows opportunities in procurement and is a key component to our successful supplier diversity program.



Engaged in
86 events
in the community



Received
4 awards
and many other nominations



Employees serving on
4 organizations'
board of directors

SUPPLIER TESTIMONIALS

Diamond Underground Construction

For over 24 years, SRP has worked with Diamond Underground Construction, a local certified women-owned business. Diamond Underground Construction builds underground infrastructure for power and communication lines, installs underground conduit, constructs transformer equipment, installs/removes wire, and provides complete restoration. A strength of Diamond Underground Construction is their ability to respond to SRP’s needs quickly while still prioritizing safety. As a small company, they take great pride in their ability to tackle a task with a high level of competence that gets the job done seamlessly. Their crews are experienced from the ground up, saving SRP time and money by offering alternative options for design and construction. Diamond Underground Construction participated in SRP’s Small Business Leadership Academy, a program geared toward providing diverse suppliers with opportunities to make their companies stronger and more efficient.

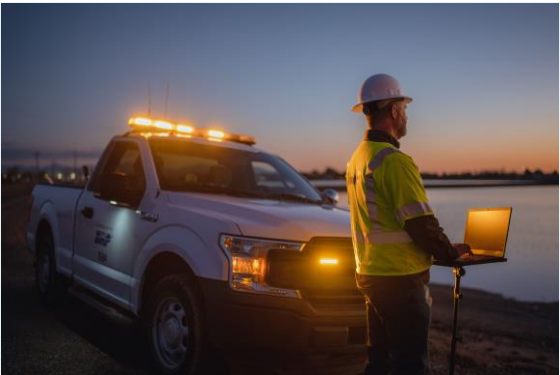


Assured Engineering Concepts LLC

Assured Engineering Concepts, a veteran-owned small business, has provided SRP with utility engineering design services since 2017. They have built their small business by focusing on “dry” utility design, which includes electrical, natural gas and telecommunication designs. They also had the opportunity to participate in SRP’s Small Business Leadership Academy program and now employ 20 members along with high school interns. SRP appreciates that Assured Engineering Concepts follows a growth strategy that is measured and sustainable, thus avoiding the instability that can be caused by allowing market forces to determine growth. As a company, they also support diverse suppliers themselves; a major portion of their 2021 office renovations were completed by fellow veteran-owned businesses.



SRP cares deeply about ensuring our suppliers are prepared and ready to take on the challenges of tomorrow. Small and diverse businesses play a key role in helping our economy thrive by creating new jobs, increasing competition and innovation and contributing to our community. SRP’s suppliers are an extension of SRP, and our small and diverse business community is an indicator of the economy’s overall health.



CONTACT US

SRP Contact



supplierdiversity@srpnet.com



602-236-8671

Interested in doing business with SRP?
Register Here



CORPORATE HEADQUARTERS

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APPENDIX: ECONOMIC IMPACT MODELING

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spend, cycles through the economy in terms of “indirect and induced output,” or additional spend, personal income and employment.

There are several Input-Output models used by economists to estimate multiplier effects. Supplier.io employed the IMPLAN input-output model in developing estimates of spend, income and employment impacts. This model, initially developed by the U. S. Department of Agriculture, examines inter-industry relationships in local, regional and national economies.

The Input-Output multipliers are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state. These multipliers consider an amount of “leakage” from the state economy because some incomes and expenditures will be spent outside of the state. The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

Analysis performed by supplier.io

Assumptions

This analysis relies on the following assumptions:

For suppliers that have multiple locations, all impact is evaluated at the headquarters location. This may overestimate the impact in the headquarters state and underestimate the impact in other states.

For suppliers that provide services in multiple NAICS code, unless otherwise indicated, all impact is calculated using the supplier's primary NAICS code.

A supplier impact is assumed to be localized within a state.

The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

References

This report is based on an analysis of data provided by the customer and information from the following sources:

[US Government Revenues](#)

[Office and Administrative Support Occupations: Occupational Outlook Handbook: U.S. Bureau of Labor Statistics](#)

[United States GDP](#)

[What is NAICS](#)

[IMPLAN](#)

[Multipliers Changing Over Time – IMPLAN - Support](#)

[Generation and Interpretation of IMPLAN's Tax Impact Report](#)

[Taxes: How the Pandemic Ruined My Tax Results – IMPLAN - Support](#)

[Pandemic: Analyzing the Economic Impacts of the Coronavirus – IMPLAN - Support](#)

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ECONOMIC IMPACT REPORT

