



SACOG Board of Directors

August 12, 2009

Authorize Sole-Source Contract for Regional Projections Update with the Center for Continuing Study of the California Economy

Issue: The Metropolitan Transportation Plan (MTP) update process requires new regional projections of jobs, population, and housing.

Recommendation: Accept the recommendation of the Climate and Air Quality Committee that the Board authorize the Executive Director to execute a sole-source contract with the Center for Continuing Study of the California Economy for regional projections from Stephen Levy in the amount of \$75,300.

Committee Action/Discussion: Since 2002 when the Blueprint Study began, SACOG has utilized the expertise of Stephen Levy from the Center for Continuing Study of the California Economy (CCSCE) for regional employment, population, and housing projections. The Blueprint Study and the MTP for 2035 used these projections to frame the planning process and provide valuable information on the overall growth rates we face.

Mr. Levy is the premier regional economist with expertise on many factors of California growth issues. CCSCE annually produces the report, California County Projections, a widely used reference on the economy, population demographics, and household income projections with statewide and regional analyses. In addition to the projections he has produced for SACOG, his projections have been produced for other MPOs and state agencies. Mr. Levy is uniquely qualified to develop our next regional projections due to the expertise he provides and because of his excellent track record in our regional planning processes.

The scope of work is attached. In addition to updating the projections that were used in the MTP, the scope of work also includes particular tasks related to the current economic recession and housing crisis. Funding of this contract is being added into the Overall Work Programs (OWP) amendment in another agenda item in this month's Board agenda.

Approved by:

Mike McKeever
Executive Director

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Attachment

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Regional Employment, Population, and Housing Projections – 2009 Update

Introduction

Three major new sets of projections have been published since the 2005 SACOG long-term projections were prepared:

New national population projections were published in August 2008 and new job projections were published in November 2007. Both sets of national projections will be updated later in 2009. Labor force projections to 2050 were developed by BLS in 2006 and may be updated soon.

The American Community Survey is now publishing annual demographic estimates for counties in the region and will have 2008 estimates available later in 2009.

DOF published comprehensive new population projections for each county in California in 2007.

These new projections need to be integrated into the analysis underlying new SACOG region projections.

In addition the region is in the middle of the worst economic downturn since the Great Depression and a significant correction in the regional housing market in terms of both construction and median prices. Moreover, the region now needs to incorporate the requirements of SB 375 into regional projections and planning. Some analysis of housing market conditions should accompany the household projections to 2020.

Regional projections for jobs, population and households are desired by five-year time period to 2050.

CCSCE is completing a first round of updated job projections for Southern California Association of Governments (SCAG). There are two aspects of that work that are relevant to this project. One is how much focus to place on developing the projections as a story about the future based on specific assumptions about future behavior. This helps decision makers understand that the projections are developed from specific assumptions about the future and not from some “black box”.

In the SCAG process a panel of experts was convened to discuss specific assumptions such as trends in labor force and household formation rates and national immigration levels.

Updated Job Projections

As in previous cycles the SACOG job projections are developed based on national job growth projections, an analysis of California's share of U.S. growth by industry and finally an analysis of the SACOG region share of California jobs.

The job projections will be developed at a detailed industry level to 2020 and at the major industry level and, finally, simply for total jobs in succeeding five-year cycles. The last Census Bureau population projections were developed before immigration levels turned down and there is discussion of the Census Bureau developing alternative projections with lower immigration levels. The level of national immigration is critical in determining the population and job pool that the SACOG region competes to get a share of and total population levels can vary significantly by 2035 or 2050 depending on U.S. immigration trends.

CCSCE will provide a detailed analysis of labor force participation rate trends at the national level, which is the second critical variable in determining national job growth. These labor force participation rate projections will be developed in consultation with DB Consulting and will provide the basis for DB Consulting to update SACOG region labor force participation rate projections.

The new BLS long-term job projections will be published in early December 2009 and their use would provide SAGOG with the latest and most credible analysis, if timing permits.

CCSCE will also provide an updated analysis of the region's job base with the new SACOG region job projections.

Updated Population Projections

DB Consulting (Viviane Doche-Boulos) will provide a detailed comparison and analysis of the new DOF population projections and the ones prepared for SACOG by DB Consulting in 2005. Fertility and mortality rates will be reviewed and updated based on 1) the new Census Bureau projections and 2) the new DOF projections. An updated set of demographic assumptions will be prepared.

A new set of labor force participation rate projections for the region will be prepared as part of updating the population projections.

New regional population projections will be prepared using the methodology developed previously and using new job, fertility, mortality and labor force participation rate assumptions as appropriate. Differences between the updated and previous projections will be documented and explained. A working paper will be prepared and submitted to SACOG for review early in the project, so that the final projections can be thoroughly analyzed prior to SACOG Board adoption.

Updated Household Projections

There are no new national or state household projections since the 2005 SACOG projections were published. The existing methodology will be used to develop new household projections based on the new population projections. Differences between the updated and previous projections will be documented and explained. A working paper will be prepared and submitted to SACOG for review early in the project, so that the final projections can be thoroughly analyzed prior to SACOG Board adoption.

Meetings, Presentations and Reporting

The budget includes five meetings and/or presentations for CCSCE. The comparable SCAG work involved five presentations for the first round of work. The budget includes resources for a short memo report.

The report will include 2 new sections that were not in the previous regional projections. Number 1: a discussion on the impacts of the current recession and housing crisis on the long-term projections to 2050. Number 2: a sensitivity analysis on major factors in the projections. In order to provide a robust narrative what-if analysis will be done on the economy and immigration.

The budget includes some “sharing” of costs with SCAG based on doing part of the work for both clients within the same time period.

Budget

The budget is \$75,300.

CCSCE

Technical Work 136 hours
Meetings and Presentations 40 hours
Report 20 hours
Total hours 196 @ \$250 per hour = \$49,000
Direct Costs \$3,200
Total CCSCE \$52,200

DB Consulting

Projection Assumptions, Modeling and Analysis 72 hours
Meetings and Presentations 24 hours
DOF Analysis 32 hours
Report 32 hours
Total hours 160 @\$135 per hour =\$21,160
Direct Costs \$1,500
Total DB Consulting \$23,100