

LOS ANGELES COUNTY
ECONOMY AND EFFICIENCY COMMISSION

Arthur J. Peever, *Chairperson*
Efrem Zimbalist, III, *Vice Chairperson*

MINUTES

FULL COMMISSION MEETING

JANUARY 9, 1991

HALL OF ADMINISTRATION, 864-A

Alfred P. Balderrama
George E. Bodie
Gunther W. Buerk
Ann King Cooper
Joe Crail
Jack Drown
Emma E. Fischbeck
Louise Frankel
Dr. Alfred J. Freitag
Chun Y. Lee
Robert J. Lowe
Abraham M. Lurie
Lauro J. Neri
Robert H. Philibosian
Daniel M. Shapiro
Randolph B. Stockwell
Wally Thor
Betty Trotter
Robert L. Williams

I. CALL TO ORDER

Chairperson Arthur J. Peever opened the meeting at 9:50 a.m.

II. ATTENDANCE

Attendance list is on the last page. The absences of Commissioners Balderrama, Crail, Drown, Frankel, Freitag, Lee, Lurie, Lowe, Neri, and Zimbalist were excused by vote of the Commissioners present.

III. MINUTES APPROVAL

The minutes of the October 3, 1990 meeting were unanimously approved.

IV. PRESENTATION

Norman Murdoch, Director of Economic Planning, Chief Administrative Office

"An Econometric Model for Los Angeles County, and its Uses for Strategic Planning"

Mr. Murdoch described his office's work on econometric modeling and its potential applications for County government.

This is a relatively new effort started in the CAO's office about two years ago with the creation of his position as Director of Economic Planning. The mission of this effort is to forecast future economic events that will impact the financing capabilities and program requirements of the County.

The objectives are to:

- o Project the short-term impact of economic conditions on the County's General Fund and provide an additional tool for the formulation of the Annual Budget;

- o Project the long-term trends in the economy as a basis for caseload forecasting, job training strategies, and appropriate amendments to the General Plan; and
- o Provide a mechanism for "what if?" analysis of alternatives, policy studies, and long term strategic planning.

A consortium was organized with Southern California Edison and the Department of Water and Power to share the contract cost for the UCLA Business Forecasting Project (UCLA-BFP) to develop a Countywide "regional" econometric model. Under contract, UCLA-BFP has refined its California model and has developed and delivered a Regional Econometric Model of the County of Los Angeles capable of 25 year projection on an annual basis. Also, various County-specialized models have been constructed to forecast data on State income impacting County government, welfare aid caseloads, and local assessed valuations.

Briefly, an econometric model is an assemblage of regressions based on mathematical equations which describe, and can simulate, the workings of the subject economy. Such models are updated periodically to take into account changing relationships, refinement of the mathematics, and revisions of historical data.

The County econometrics program currently utilizes these four models:

- o National United States Model
- o California Model
- o County of Los Angeles Regional Model
- o County Specialized Models

Econometric modeling represents a new tool that can be helpful to County departments and agencies in looking to the future. Efforts are underway to refine the new model and improve its usefulness.

Mr. Murdoch presented a number of slides which charted a wide range of economic factors over the period from 1979 to 1990, and forecasts through 1993, for both the Nation and for California.

Generally, the forecasts showed declines in most economic factors through the third quarter of 1991, then improving from the last quarter of 1991 through 1993. Some showing the deepest negative trends were housing starts and commercial construction, real GNP, and growth in the Federal budget deficit. Continuing to show declines or little improvement through 1993 were defense spending and employment in aerospace manufacturing.

A handout with detailed data of the presentation is available from the Commission office.

V. ELECTION OF COMMISSION CHAIRPERSON

There were two candidates for Chairperson: Gunther W. Buerk and Betty Trotter. The voting of the eleven Commissioners present and seven absentee ballots resulted in a tie with each candidate receiving nine votes.

It was then decided to postpone the election until the February 6th Commission meeting, and solicit all Commissioners for their votes.

VI. OLD BUSINESS

Task Force Reports:

- o Security Systems - In the absence of Chairperson Frankel, Task Force member Betty Trotter and the Staff reported on the December 6th presentation of the Task Force's report to the Board. The Board unanimously adopted the recommendations, and requested that the Commission follow-up and periodically report on implementation. The recommendations appear to have broad support from all major elements of the County government.
- o Cultural/Recreational Departments - Chairperson Trotter reported that the project is on hold pending the appointment of a new Director for the Arboreta & Botanic Gardens. The Task Force had previously volunteered to assist the A & BG support groups and the Chief Administrative Office in exploring a public/private partnership for the Department.
- o Asset Management - Chairperson Stockwell reported the Task Force will hold its first meeting for organizing purposes that afternoon following the Commission meeting. Also, in November the Chairperson and Staff members met with the management of the CAO's Asset Development Division to review their activities for major property development.
- o Family/Children's Services - John Campbell reported that the Blue Ribbon Committee was close to making their report to the Board. There appears to be unanimity on the recommendations within the group, and our Commission's representative Bob Lowe is also in agreement.

VII. NEW BUSINESS

John Campbell raised a concern regarding the recent absence of requests to the Commission from the Board, and what this may imply as to the

relevance of the Commission's work to the Board and its current problems. There followed a discussion on how to develop a slate of potential projects for review with the Board to determine their level of interest. The Executive Committee will work on this for presentation to the full Commission on February 6, 1991.

VIII. ADJOURNMENT

On motion of the Commissioners, the meeting was adjourned.

ATTENDANCE

Commissioners

Members Present

George E. Bodle
Gunther W. Buerk
Ann K. Cooper
Emma E. Fischbeck
Arthur J. Peever
Robert H. Philiposian
Daniel M. Shapiro
Randolph B. Stockwell
Wall Thor
Betty Trotter
Robert L. Williams

Commissioners

Members Excused

Alfred P. Balderrama
Joe Crail
Jack Drown
Louise Frankel
Dr. Alfred J. Freitag
Chun Y. Lee
Robert J. Lowe
Abraham M. Lurie
Lauro J. Neri
Efrem Zimbalist, III

Guest

Norman Murdoch, Director, Economic Planning, CAO