

I. Introduction

AMBAG produces forecasts as part of its responsibility as the federally designated Metropolitan Planning Organization (MPO) for the three-county (Monterey, San Benito and Santa Cruz) Monterey Bay Region. The forecasts are used in regional transportation plans (both state and federal processes), state and federal Air Quality Management Plans, and regional water quality plans (including regional wastewater treatment plant expansion planning). The AMBAG Forecasts are the only forecasts made at the jurisdiction level covering the entire Monterey Bay region. The AMBAG Population, Housing Unit and Employment Forecasts are the accepted standard in the region, being used in plans produced by city and county governments, transportation and air quality planning agencies, and special districts.

The Association of Monterey Bay Area Governments (AMBAG) has been forecasting population and employment for the Monterey Bay region for the past 25 years. Starting in 1979, forecasts have been produced on average every four years. Prior to this current update, the forecasts were last updated in 1997. The longer than average gap between updates occurred to allow 2000 U.S. Census data to become available.

The 2004 AMBAG Population, Housing Unit and Employment Forecasts deviated from past AMBAG forecasting efforts in several ways. Early in the forecast process the AMBAG Board of Directors elected to use a commercial forecast, Woods & Poole Economics' 2003 Profile for Monterey, San Benito and Santa Cruz Counties, as the base for the region's forecasts. Using the Woods & Poole forecasts allowed AMBAG and local jurisdictions to devote more staff time to the process of allocating the county level forecasts to local jurisdictions. A Forecast Technical Advisory Committee (FTAC) with representatives from each jurisdiction, transportation and air quality planning agencies, and interested special districts within the three-county region guided AMBAG staff and the Board of Directors throughout the forecast process.

The county level forecasts were split up to the local level using an allocation process based on several variables calculating the likelihood of development being attracted to available land. Variables included: existing land uses, general plan designation, vacant land, existing employment, transportation accessibility, and land value. A compilation of the variables creates a utility factor that allows the relative attractiveness of one Transportation Analysis Zone (TAZ) to be compared to the other Transportation Analysis Zones in the county or region. Population and employment allocations to Transportation Analysis Zones were summarized to jurisdiction boundaries for review and approval. This methodology allows for a documented allocation process that is consistent for all areas in the three-county region.

The 1997 AMBAG Population and Employment Forecasts were the first forecasts in the region to include an analysis of potential resource and infrastructure constraints to growth. AMBAG staff performed a quantitative analysis of potential water supply and

wastewater treatment capacity constraints to growth. A qualitative approach was used to analyze other potential constraints to growth such as highway, school, air quality, water quality and landfill capacities. In the case of the 1997 Forecasts, potential resource and infrastructure constraints to growth were included in the forecast report for informational purposes, they were not used to lower or alter the adopted forecasts. The rationale for this prior approach was any resource or infrastructure constraint can potentially be removed if there is sufficient political will.

The 2004 AMBAG Population, Housing Unit and Employment Forecasts followed a process that incorporated constraints to growth into the forecast process. Two versions of the forecasts were produced. Both versions of the forecasts started with the forecasts allocated to Transportation Analysis Zones and summarized for each jurisdiction. One version, called "unconstrained" stopped at this point. The other version, called "constrained" was altered to reflect explicit constraints that include water supply and sewer capacity limitations, growth control ordinances, and a detailed analysis of housing unit build-out potential in Santa Cruz County. The AMBAG Board of Directors adopted only the "constrained" version of the forecasts. The rationale for adopting a constrained forecast is that current constraints to growth reflect current policy to not make the infrastructure improvements or policy changes necessary to remove the growth constraint. Unconstrained growth allocated to jurisdictions would be untenable until constraints are removed. Future changes to policies or approval of infrastructure improvements will be reflected in future versions of the regional forecasts.

These constraints to growth are included in the final adopted forecasts. The specific process used to account for constraints to growth are explained in more detail when the forecast allocation process is discussed.

It is the goal of AMBAG to produce the best possible forecasts using the data available at that point of time. This is consistently achieved with the realization that over time new data becomes available and local conditions change, necessitating the preparation of new forecasts. It should be recognized that no set of forecasts are guaranteed predictions of the future. There are two attributes regarding forecasts accuracy that are common to all forecasts: 1) projections are more accurate for larger areas, such as counties, and less accurate for smaller areas, such as Census Tracts; and 2) forecasts tend to be more reliable in the near term and are generally less so further out into future years. The preparation of new forecasts is not an indication of error in the previous forecast sets. It is simply an acknowledgment that the world and the Monterey Bay region continue to change and that the region benefits from forecasts based on the most up-to-date data.