JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

B. Assessors and Other Public Officials

12. No title given. General discussion of the real estate process. Presented to the League of Wisconsin Municipalities, May 21, 1976

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League of Wisconsin Municipalities
Friday, May 21, 1976

I. Introductory comments

A. Bias viewpoint of municipal problems from the viewpoint of an urban land economist.

1. In our multi-disciplinary team in the School of Business, when it comes to data processing Bob Knitter is the brains and I am the mouth.
2. Before talking about computers and data processing it is useful to review the management process.

B. Anatomy of a decision:

1. Identification of alternative outcomes
2. Identification of values and objectives
3. Invention of criteria to select course of action most likely to realize objectives
4. Note element of uncertainty

C. Business administration is concerned with any enterprise - an organized undertaking - which is also a cash cycle enterprise, therefore we're concerned with management of the municipal enterprise.

1. The pushcart - quick response and flexible options
2. Enterprise management is control of variance between expectation and realization
3. This variance is called risk and its control is called risk management.

D. The objectives of risk management include:

1. Conservation of existing asset values
2. Realization of future revenue and expense expectation

E. The management process for risk control involves:

1. Identification of significant exposures to surprise
2. Measurement of the frequency or severity of lost potentials
3. Selection of a risk management method
4. Monitoring the execution of the risk management method

F. A systematic process for identification could begin by examining the assumptions implicit in:

1. A list of assets
2. A budget for revenue and expense
3. A detailed list of functions and programs

G. Distinguish between implicit assumptions, making a set of assumptions, and selling a set of assumptions

H. The methods available for risk management include:

1. Avoiding causes of or exposures to loss
2. Better prediction of frequency and severity of loss
3. Shifting the variance by contract to another party
4. Shifting the risk by means of an insurance contract
5. Limiting liability by means of legal forms of organization, hold harmless clauses, etc.
6. Hedging - such as a revenue bond

II. Data processing is relevant to the local government enterprise to the degree that it provides the framework for risk management issues and risk management plans. In evaluating any system or process it is always useful to test the proposal in terms of:

A. What is the question - to record, to report, or to predict?

B. What data is available?

C. What theory or premise relates the data to the question?

D. Does the analyst understand the implications of the data?

E. Does the decision maker believe in the data as presented?

F. What is the cost benefit ratio?

III. Data processing for and by local government is becoming far more feasible today as the cost benefit ratio is dropping.

A. The cost of computation has been cut in half almost every year since 1955.

B. The scale of equipment is changing as well as the capital costs

C. Buy nothing, lease everything.

D. To avoid reinventing the wheel:

1. Be skeptical as to how unique and different your own uses are necessitating a new program.
2. Develop basic package of program which various villages, municipalities, or counties could share.

E. Agree soon on a system for geo-political coding so that all data that is spatially located has a common denominator.

F. In the near future you can look for:

1. Simple automated assessment systems which use the market approach in its traditional forms
2. Standardized assessment valuation models for income property for which there is little regular market
3. Computer mapping of soils, terrain, land use, etc. for planning purposes and testing impact of alternative courses of action
4. Basic computer models which simulate the impact of land development or a change in tax base on all significant components of municipal revenue and expense.
5. Simulation of energy budgets
6. Building control systems