

ALTERNATIVE ADJUSTMENT FACTORS

Under Proposition 111, there are two options available for each of the major adjustment factors. The values of these factors for the purpose of calculating the Fiscal Year 2004 adjustment are as follows:

Price Factor:

(A) Percent growth in State Per Capita Personal Income	+ 2.31%
(B) Percent change in Assessed Valuation due to new non-residential construction	+16.05%

Population Factor:

(C) Percent growth in County Population	+1.69%
(D) Percent growth in City Population	+1.72%

Annual Adjustment Factors:

Based upon the above data, the four alternative adjustment factors are as follows:

(A x C) =	(1.0231) x (1.0169)	=	1.0404
(A x D) =	(1.0231) x (1.0172)	=	1.0407
(B x C) =	(1.1605) x (1.0169)	=	1.1801
(B x D) =	(1.1605) x (1.0172)	=	1.1805

The recommended limit was calculated using the factor of (B x D), resulting in an 18.05% increase to the limit.

Source data supporting the above calculation is provided in Attachments 5-A and 5-B.