

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 2006 adjustment are as follows:

Price Factor:

(A) Percent growth in State Per Capita Personal Income +5.26 %

(Source: Department of Finance, California – Attachment 5A, page 2)

(B) Percent change in Assessed Valuation due to new non-residential construction +13.54%

(Source: San Diego County Assessor’s Office– Attachment 5B, page 4)

Population Factor:

(C) Percent growth in County Population +1.27%

(Source: Department of Finance, California – Attachment 5A, page 3)

(D) Percent growth in City Population +1.13%

(Source: Department of Finance, California – Attachment 5A, page 3)

Annual Adjustment Factors:

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

$$(A \times C) = (1.0526) \times (1.0127) = 1.0660$$

$$(A \times D) = (1.0526) \times (1.0113) = 1.0645$$

$$(B \times C) = (1.1354) \times (1.0127) = 1.1498$$

$$(B \times D) = (1.1354) \times (1.0113) = 1.1482$$

The recommended limit was calculated using the adjustment factor [(B x C)], resulting in a 14.98% increase to the limit.