



METROPOLITAN SERVICE DISTRICT
527 S.W. HALL ST., PORTLAND, OR. 97201, 503/221-1646

MEMORANDUM

Date: July 15, 1981
To: Steve Siegel
From: Andy Cotugno *AC*
Regarding: e(4)/Section 3 Trade

The Banfield Letter of Intent is based upon the following funding amounts:

	<u>Inflated \$</u>	<u>1980 \$</u>
81	\$ 8.9 million	\$ 7.9 million
82	18.1	14.4
83	25.3	18.0
84	24.1	15.3
85	9.3	5.3
	<u>\$85.7 million</u>	<u>\$60.9 million</u>

These are based upon a 12%/year compounded inflation rate.

The Administration's proposed funding schedule is as follows:

	<u>Inflated \$</u>	<u>1980 \$</u>
81	\$ 8.9 million	\$ 7.9 million
82	15.0	11.96
83	15.0	10.68
84	15.0	9.53
85	15.0	8.51
	<u>\$68.9 million</u>	<u>\$48.58 million</u>

Based upon these figures, the Administration's proposal is \$12.32 million short in 1980 dollars. If the full amount were made up with additional funding in 1986, it would require a federal commitment to \$24.3 million in inflated dollars.

However, the latest interpretation of the Administration's offer is that this Section 3 funding schedule is intended to cover the needs of the e(4)/Section 3 trade as well as the normal TDP expenses. As such, the overall funding level is significantly inadequate.

AC:lmk
CC: Paul Bay
Ted Spence
Dick Feeney

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