

The Spokane City Council on Monday will consider a proposal that could pave the way for a \$100 million redevelopment in downtown's retail core.

Under the plan, the council would allow a non-profit corporation to issue revenue bonds to buy the River Park Square parking garage.

Money raised through the sale would help finance redevelopment of the shopping center.

The proposal was drafted after the City Council balked at issuing revenue bonds under the city's name to buy the garage.

The non-profit corporation, Spokane Downtown Foundation, was created by River Park Square's owners.

The foundation would issue the bonds and lease the garage land from River Park Square, said Roy Koegen, the city's bond attorney.

The shopping center is owned by Lincoln Investment Co. and Citizens Realty Co., affiliates of Cowles Publishing Co., owner of The Spokesman-Review.

The revenue bond debt would be repaid with fees from the parking garage. Parking fees also would be used to pay for maintenance, operations and ground rent.

City parking meter revenue could be used for maintenance, operations or rent if garage revenues fell short, according to the agreement.

Parking meter revenue supplies about \$1.6 million of the city's \$11.6 million street repair fund.

The city also would help the non-profit corporation obtain a rating for the revenue bonds, said Pete Fortin, deputy city manager. Better rated bonds have lower interest rates and are cheaper to pay back.

Non-profit corporations are allowed by federal law to issue bonds if they serve a public purpose. City officials say the garage is needed to serve City Hall, the Public Library, Riverfront Park and the proposed redevelopment of River Park Square.

While the non-profit corporation would own the garage, a public development authority created by the city would operate it. The public development authority would be governed by a seven-person board appointed by the City Council.

When the revenue bond debt is paid back, the city would own the garage.

Originally, River Park Square's owners asked the city to buy the parking garage, by issuing up to \$30 million in revenue bonds, and to rent the garage land beginning at \$610,000 per year for 20 years. The bonds and rent were to be paid back with parking fees. No tax money was to be used.

That proposal came under fire by people who questioned the city's involvement in a private development. Attorney Steve Eugster sued the city, claiming the garage purchase amounted to a gift of public money to the developers.

The garage would be part of a redevelopment project that includes a new Nordstrom store, a 24-screen cinema and shops and restaurants.

The developers have said they can't pay for the project without city backing.

YES, DataTimes