

# **DUS News Digest**

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Denver City Council votes to back up federal loan for Union Station  
By Christopher N. Osher  
The Denver Post

To secure about \$300 million in federal loans for redevelopment of Union Station, the City Council on Monday agreed to backstop a portion of the package with general-fund dollars that could be tapped if tax receipts fail to cover debt payments.

The council action came after a nearly two-hour public hearing in which speakers clashed over the merits of the city assuming "moral obligation" for part of the loan package. The nearly 30 speakers were evenly split.

City finance officials said that in the worst-case scenario, starting in 2020, Denver's general fund could be responsible for up to \$8 million a year until 2042. They said that was an unlikely prospect and that they were confident the project would generate sufficient tax receipts to pay off the federal loans.

Denver officials said the council vote would pave the way for a \$480 million redevelopment of Union Station, which they said would create 1,000 construction jobs this year, 7,000 construction jobs within the first four years and 31,000 direct and indirect jobs over the life of the project.

"There is minimal risk and very extraordinary benefits for this project, and that is why we're supportive of it," said Claude Pumilia, the city's chief financial officer.

He said a feasibility study by consultants projected that the Union Station project would easily produce sufficient revenue. In fact, he said, if just 44 percent of the projected revenue materializes, the city's general fund would never be tapped.

Pumilia further emphasized that the federal government likely would work with the city to adjust the terms of the obligation if the revenues didn't materialize.

The council voted 12-1 in favor, with Councilwoman Jeanne Faatz in opposition. Faatz decried the move as too risky.

"We are backing up this loan," Faatz said. "It could end up being \$8 million a year out of the general fund, and that could pay for an awful lot of city service."

Supporters on the council, chiefly Judy Montero, Carol Boigon and Peggy Lehmann, cast the action as similar to other turning points in the city's past.

They said renovating Union Station would provide a powerful economic jolt, similar to the decisions to build Denver International Airport and to refurbish the 16th Street Mall. Boigon compared the council's action to what Denver's early settlers did when they

cobbled together private money to build a railroad spur that prevented Denver from remaining a dot on the prairie.

"We need to get rid of a built environment that only encourages congestion and sprawl," Montero said, stressing that a renovated Union Station would become the hub of RTD's transit network light-rail system.

Detractors, though, pointed out that estimates for the light-rail system have been off target in the past.

Edie Bryan, a former board member for the Regional Transportation District, said that a similar financing plan for development in Arvada had gone awry and gobbled up general-fund money in that city.