

Sparks Fly On Airwaves Over Begich Rezone Role; WINDFALL DEAL: Two Developers Made Money With His Help, Says Metcalfe.

BYLINE: KYLE HOPKINS, Anchorage Daily News

SECTION: MAIN; Pg. A1

DATE: August 4, 2007

Under fire for his business ties to two prominent developers this week, Anchorage Mayor Mark Begich reacted to criticism the way he often does: He hit the airwaves.

Begich appeared on half a dozen local radio shows Thursday and Friday, including a head-to-head showdown with his chief critic and potential campaign opponent, Ray Metcalfe.

Metcalfe has been saying for years that many of Alaska's top politicians are corrupt, and he says Begich's role in a project involving mega-developers Jonathan Rubini and Leonard Hyde stinks.

Begich says Metcalfe didn't do his homework and is full of baloney.

At issue: Begich's role in a land deal in Midtown that gave a huge windfall to Rubini and Hyde, with whom Begich was business partners in a pair of Anchorage office buildings until last year.

Metcalfe is a real estate broker and a former state legislator. Over the past two years, he has been assembling a timeline that he says shows a trail of favoritism and favors between politicians and business leaders. Much of the former Anchorage lawmaker's criticism targets Sen. Ted Stevens, and his complaints were at the center of a story in the Washington, D.C., newspaper Roll Call questioning a Stevens earmark for a local project.

Metcalfe says Begich should be answering questions about the same deal, and a television news story this week ignited simmering tension between Metcalfe and the mayor.

Metcalfe accuses Begich of helping Rubini and Hyde get a piece of land rezoned by the city in 2004 so it would be worth more.

Begich said he only supported the rezone -- and the developers were only able to make it happen -- because they struck a savvy deal with park lovers who previously had opposed the change.

"You're starting to get into slander by making these statements that, that I did something that I didn't do," Begich told Metcalfe on the "Bob and Mark Show" on rock station KWHL.

Later on the show, Metcalfe got in a dig of his own: "As a general rule, politicians in this town have continually funneled money into the pockets of developers and then turned around at a later date and asked them to support them in campaigns."

Metcalfe and Begich are considering a run for Stevens' Senate seat next year.

Democratic recruiters have talked to Begich about a potential run for Senate or Congress but he says he hasn't made any decision. Metcalfe says that if he runs, it'll be against Stevens -- maybe as a Democrat.

BUSINESS TIES

A large group of investors owned nine acres of empty land along the corner of Denali Street and 40th Avenue, near the library, back in 1998. The city classified the land as residential, but the investors wanted it rezoned commercial, which would make it worth more money.

Parks advocates fought the rezone. They wanted to see more parkland, not more stores in Midtown.

When the issue hit the city Assembly, Begich was chairman. He said Friday that he sided with the park advocates against rezoning the land, but the question didn't come to a vote. He soon left public office and went back to work as a real estate agent.

Two of his clients were Rubini and Hyde.

Begich worked for the developers when they bought downtown land that later became home to a National Park Service building. JL Properties spokesman Kevin Bruce said the developers agreed to buy the land in May 2002.

JL paid the broker under whom Begich worked a \$50,000 commission, Bruce said.

Begich said his share was about \$22,500.

In addition, Rubini and Hyde gave Begich a small ownership stake in two Midtown office buildings, Bruce said.

Why? Bruce said Rubini and Hyde considered Begich a go-getter who would find tenants for the buildings he was now part-owner of.

THE MIDTOWN LAND

That same year, Rubini and Hyde's company, JL Properties, was eyeing the vacant nine acres in Midtown.

The developers agreed to buy the land in June 2002 for \$1.55 million, Bruce said. Like the previous owners, they struggled to get it rezoned, at one point trying to get out of the land-purchase deal, Bruce said.

But in November 2003, Rubini and Hyde struck an agreement with park advocates who had fought the rezone in the past. The developers agreed to give a parks group three acres of the land plus 20 percent of the profit from selling the property, according to a copy of the agreement.

At that point, the parks group withdrew its opposition to the rezone, Begich said.

By now, he was mayor. He wrote a letter dated Feb. 2, 2004, to the city Planning and Zoning Commission saying JL Properties should get the rezone.

To Metcalfe, this was an about-face -- Begich changing his mind to benefit his business partners.

Begich says that he was consistent -- he had supported the parks advocates, and he still supported them when they changed their position.

City planner Jerry Weaver said he's worked for the planning department for about 30 years.

Asked if it's unusual for the mayor to weigh in on a planning and zoning decision, Weaver said: "It's not commonplace, but he's not shy about expressing his feelings either."

JL Properties sold its Midtown land to the federal government as the future site of a National Archives facility in June 2004, Bruce said. The price was \$3.525 million -- more than twice what Rubini and Hyde had paid before the city rezoned the land.

Begich initially failed to report his business ties to Rubini and Hyde on a 2004 disclosure form required of certain public officials. Begich said he doesn't know why he didn't include the information, but later that year corrected the omission.

He sold his stake in Rubini and Hyde's office buildings last year for about \$52,000, netting a profit of roughly \$20,000.