

# Mayor Advised To Buy City Hall

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**MAKE AN OFFER:** Group says city could save money by owning it.

Rent or buy? The city faces a classic decision with its big blue City Hall building downtown.

Earlier this year, the mayor asked a task force to study up and recommend whether the city should keep leasing the Sixth Avenue building or purchase it once and for all.

Wednesday, the group said the city stands to save money by buying, and should at least negotiate a price with the owner -- developer Mark Pfeffer.

"What we're telling (Begich) is there is potential financial advantage for the city. ... It doesn't say that we're going to set a price," said Bernie Washington, chair of the Public Facilities Advisory Commission.

But deciding just how much the city should pay is another matter.

The building is worth about \$17.3 million according to the city assessor's office, which estimates the value of buildings in order to levy property taxes.

No, says an appraisal company hired by Pfeffer, the owner. City Hall is worth more like \$28.5 million.

Or you can listen to a third opinion -- the appraiser the city hired, who figures the building and land are worth about \$27 million.

The assessed value on a property is almost always less than the appraised value, which is supposed to be based on how much someone would be willing to pay for it. But why the \$10 million difference when it comes to City Hall?

In May, Begich said he thought the assessed value on the property was low, and that he asked chief financial officer Jeff Sinz to talk to the assessor's office to see if the building was being valued correctly. At the time, Begich -- a landlord and real estate dealer in private life -- said he figured the property was worth about \$23 million to \$25 million.

He also said it might be time to buy the building, because the city has what he called an "awful" lease.

Not only does the city pay to occupy the building, but it also has to pay the property taxes and all the operations and maintenance fees, including a new paint job that cost roughly \$400,000, Begich said.

The city signed the 25-year lease in late 2001, before Begich became mayor. Rents escalate over time and currently stand at \$118,429 a month.

Pfeffer, a major Anchorage developer, owns the City Hall building with partners Jerry Neeser and Jeff Koonce. He also is one of the developers of the new convention center under construction near City Hall and -- with Neeser -- owns land between Fifth and Sixth avenues that the city is leasing for parking space.

Pfeffer has his own reasons for wanting the city to buy City Hall. It would mean he could sell the building, but keep valuable land the city now uses for parking behind the building and Humpy's bar and restaurant next door.

Commissioner Gail Sieberts, who said she visits City Hall once a month, said any deal the city makes with Pfeffer should ensure there is enough convenient, short-term parking nearby.

Hardly anyone attended the commission meeting Wednesday except for reporters and Judd Walker of Anchorage, who told the commission the city should be wary of buying City Hall at the peak of the real estate market.

"Maybe it's wisest that we wait two or three years, let the values come down before we purchase it," he said.

Find Kyle Hopkins' political blog online at [adn.com/alaskapolitics](http://adn.com/alaskapolitics) or call him at 257-4334.