

# Opinion: Parking Deal

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City overpaid for space

When the Begich administration leased a downtown parking site from influential developer Mark Pfeffer, the city overpaid -- by a lot.

There's not much dispute about that.

The Begich administration has implicitly admitted as much. It's seeking to cut the \$29,000-a-month rate in half after just two months.

Another downtown city parking deal, done two years earlier, suggests the terms of Pfeffer's lease were worse than the administration admits. Long-time mayoral critic Ray Metcalfe, a real estate professional, says the deal was eight times the going rate, based on his detailed analysis of a commercial parking lot next door to Pfeffer's.

Mayor Begich and his staff say the city's deal was a high-speed, good-faith effort to solve the parking crunch that everyone expected when work started to build the new convention center on what used to be a huge parking lot. However, that crunch hasn't materialized. The city's new lot, at Sixth and G, sits mostly empty, bringing in less than a third of the revenue the city expected.

The city's chief fiscal officer, Jeff Sinz, dismisses criticism of the bad projections as 20-20 hindsight. When staff at the city's community development authority originally proposed the Pfeffer lease, they said it would be a break-even deal. Sinz says he and other community development authority board members duly questioned that assurance and concluded the price was reasonable, based on those projections.

Critics like Metcalfe say more than bad projections were at work -- the deal was a favor to a developer who's a political ally of the mayor. The new convention center is the mayor's signature project, his political legacy, and to get it built, he has linked his political fortune with developer Pfeffer, one of the principals on the project.

The mayor's skeptics can point to another parking deal where the city paid much less. The city paid one-fourth as much, \$107 per month per parking space versus \$432, for another short-term lease on the lot behind the new National Park Service building.

The deal on that lot was two years ago, and it's in the less developed eastern half of downtown, while Pfeffer's lot is prime real estate next to the performing arts center.

Pfeffer's lot was paved and ready to use for parking, while the city had to prepare the Park Service site. But the city's preparation costs -- \$100,000 to create 88 spots for 36 months -- explain less than 10 percent of the cost difference in the two deals.

All told, the different circumstances can't justify a four-fold difference in what the city paid Pfeffer for his parking lot.

Mayor Begich should expect skeptical scrutiny when his administration pushes a rush-rush deal with a politically influential developer. He should expect even more criticism when that deal proves to be overly generous.

The mayor has a superficially plausible defense, contending that it was a legitimate transaction at the same price the city would have paid any other owner.

Without subpoena power or wiretap authority, it's impossible to know if the mayor's defense is just a smokescreen.

But whether it was favoritism or just an honestly overpriced contract, it turned out to be an embarrassingly bad deal for a mayor who prides himself on his business acumen.

**BOTTOM LINE:** An overpriced contract with a political ally gives Mayor Begich a black eye.

Who's up

Who's down

Pete Kott: All night long. Wrong little pill. Yes, he was Alaska's speaker of the House, but at least he wasn't our pharmacist.

Pete Kott: Adventures in pharmacy can't impress the jury in his corruption trial. But you know, maybe he just got his oil tax percentages confused too.

Polar bears: There goes the habitat: Global warming may slash populations by two-thirds. How fast can you evolve gills, Nanook?

Gov. Sarah Palin: Belle of Wasilla to govern from Wasilla and Alaskans don't much care. There's a governor with good will to burn.

Gov. Sarah Palin: Oil industry lands somewhere between no and hell no on her tax proposal. Democrats critical. Uphill session ahead.

Southcentral apple growers: Alaska grown for Alaska pies. Nice. As long as it doesn't get warm enough for oranges.

Penco plant: Fairview folks like the idea about as much as the oil industry likes Sarah's tax plan. Could it be words like "hazardous" and "waste?"

Maggie: More pressure to move, but Maggie's been in limbo so long she probably thinks it's home.

Valdez: So that's where all the silvers went this year! Have to admit, the Sound is prettier than Bird Creek.

Frank Smith: He wrote the best Alaska corruption commentary yet, a takeoff on Jefferson Airplane's "White Rabbit." Feed your head, and imagine Grace Slick singing about Veco. It's at [www.adn.com](http://www.adn.com). Go to the corruption trial stories, and follow the signs to Wonderland.