

MUNICIPALITY OF ANCHORAGE



Assembly Information Memorandum

No. AIM 217-2025

Meeting Date: November 4, 2025

From: ASSEMBLY CHAIR CONSTANT

Subject: ADMINISTRATION'S ANSWERS TO ASSEMBLY QUESTIONS.

The Administration's answers to Assembly Member questions on agenda items 14.J. and 14.K. are provided for your review and information.

Prepared by: Jamie Heinz, MMC, Municipal Clerk
Respectfully submitted: Christopher Constant, Chair, District 1 – North Anchorage

14.J. AO 2025-119, an ordinance amending Anchorage Municipal Code Title 2 Sections 2.40.035: Recognition of Community Councils; 2.40.040: Establishment of Community Councils; and 2.40.090: Community Council Maps, in order to carry out the 10-year review and **adjustment of community council district boundaries**. (Planning and Zoning Commission Case No. 2024-0100).

Brawley Question: There is a list of specific changes for various boundaries. For each, about how many residents does each change impact? Some appear to be unbuilt land or don't include residents, and others are being combined into other councils, it's unclear which of these impact residents.

Admin Response: AM No. 765-2025 lists the 12 Boundary Study Areas where the PZC recommends a boundary change:

5 of these 12 have no residents or private property owners.

These 5 are Boundary Study Areas #21, #23, #40 (Chugach State Park), #40 (Tidal Flats), and an unnumbered additional Boundary Study Area in Bicentennial Park that arose during the latter part of the public process.

7 of these 12 Boundary Study Areas have residents or private property owners, as follows. (Population figures are from the 2020 decennial U.S. Census. References are to Exhibit D Section 1 in the Assembly packet for AO 2025-119.):

- Boundary Study Area #5: Merge the Portage Valley Community Council into the Turnagain Arm Community Council. Portage Valley includes approximately two dozen privately owned parcels (Exhibit D Section 1, page 68).
- Boundary Study Area #8: Transfer the area bounded by Boniface Parkway, E. Northern Lights Boulevard, Baxter Road, and Tudor Road, from University Area Community Council to Scenic Foothills Community Council. The area to be transferred includes 3,981 residents (Exhibit D Section 1, page 72).
- Boundary Study Area #12: Merge the Tudor Area Community Council into the University Area Community Council. Tudor Area has 1,764 residents (Exhibit D Section 1, page 75).

- Boundary Study Area #16: Transfer the Anchor Park Subdivision from Rogers Park Community Council to Airport Heights Community Council. Anchor Park subdivision includes 116 single-family residential properties.
- Boundary Study Area #24: Transfer the area bounded by A and C Streets, 15th Avenue, and Chester Creek from Fairview Community Council to South Addition Community Council. There are 110 residents and 11 properties in this area (Exhibit D Section 1, page 87). Most residents live in a Salvation Army facility.
- Boundary Study Area #35: Transfer the area bounded by C Street, O'Malley Road, Seward Highway, and Klatt Road from Bayshore/Klatt Community Council to Old Seward/Oceanview Community Council. There are 629 residents in this area (Exhibit D Section 1, page 99).
- Unnumbered Boundary Study Area (arose during the latter part of the public process): Transfer a 40-acre quarter-section of the Upper Hillside neighborhood area from Hillside Community Council to Glen Alps Community Council. There are approximately 100 parcels with residences in this quarter-section.

14.K.

AO 2025-120, an ordinance of the Municipality of Anchorage, Alaska, authorizing the negotiation by the Municipal Manager and the execution and delivery by the Municipality of a **purchase and sale agreement for City Hall** located at 632 West 6th Avenue **and related parking** located at 613, 621 and 633 West 7th Avenue, and the negotiation by the Chief Fiscal Officer of a ground lease and a facilities leaseback to determine the terms and conditions, including financing terms, relating to the ground lease and the facilities leaseback, and appropriating the proceeds of such ground lease.

Brawley Question:

What is the total value of rent paid since occupying this building in 1983? If that isn't available, how much have we paid to the current owner since 2001? Even if the exact amount isn't readily available, what would be a ballpark figure for the public to generally understand what it has cost since 1983?

- Admin Response: The current lease with Anchorage Public Private Partnership began Dec 18, 2001, and we will have paid \$30,586,255.18 in rent through Dec 2025. If the transaction closes in November, that number would come down slightly to \$30,430,362.51. We have paid a like amount in operations and maintenance costs.
- The MOA first began renting the building in 1979. In nominal, non-inflation adjusted figures, Real Estate estimates that the amount the MOA paid in rent from 10/1/1979-12/2001 was an additional \$30,461,426.30.
- Brawley Question: Is this understanding correct: The lease-back process is essentially buying an asset, then paying for it over time in a lease to ourselves, plus some critical improvements?
- Admin Response: The Ground Lease / Leaseback Concept is commonly used by state and local governments to access funds in the capital marketplace. Generally, the CFO is authorized and directed to solicit proposals from and select a financial institution to act as the "Lessor." Under the terms of the Ground Lease, the Municipality will lease the Downtown Public Facilities to the Lessor financial institution in exchange for an upfront payment. Under the terms of the Facilities Leaseback, the Lessor will lease the Downtown Public Facilities to the Municipality in exchange for the commitment of the Municipality to make lease payments to the Lessor.
- Brawley Question: How are we leasing to ourselves?
- Admin Response: The MOA Leases the property to a Trustee. The Trustee then leases it back to the MOA in exchange for lease payments sufficient to retire the debt owed to the commercial bank for lending the MOA money to purchase the building from the owner.
- Brawley Question: Where is the money to purchase coming from upfront? The AO says it appropriates funds for \$35M total, from what source? Why is this not formatted like other appropriation documents?
- Admin Response: We anticipate transacting with JP Morgan Securities LLC. The format for this lease/leaseback transaction and ordinance is similar to the format used by the MOA in past transactions. The wording is slightly different from an AO which appropriates general obligation bond proceeds. In both cases, the language is crafted by bond counsel and has been reviewed by OMB staff.

Brawley Question: It says an appraisal was done in May. When was the decision made to move this forward this year, and what other options were considered?

Admin Response: Knowing that the existing lease expires at the end of this year, the Administration issued a request for proposals (RFP 2025-P007) to "Provide Office Space for An Alternative or Renewed City Hall." The process did not surface a viable alternate location. The decision to move forward with the existing purchase option was made in the last months, after the RFP process ran its course.

Volland Question: The SEE projects approximately \$300K in annual savings. Will some of those savings will be put in a specific fund for ongoing maintenance needs? How will we ensure that we don't come up short if there are significant upgrades needed in the future?

Admin Response: The current City Hall lease requires the MOA to annually invest approximately \$205,000 into the building: we make an annual deposit of approximately \$130,940 into a "Capital Improvement Account," and an annual deposit of \$75,000 into a "Tenant Improvement Account."

We have not assumed that we would do anything different after taking ownership of the building. Meaning: in a 2026 continuation budget, we can continue to make the combined \$205,940 deposits, while also realizing the projected savings in the SEE.