

No Standing News

Since we have no standing, we stand with those left standing

Volume II

April 11, 2004

Number 24

GROUND ROUND AND DA VINCI'S **FOR SALE!**

While **Mayor Morgan** was working over the council to make a "Restaurant District" out of **Buehler Park**, the owner(s) of **The Ground Round** and **DaVinci's** were arranging with **Kaplan Real Estate Co.** (yes, one of the architects of the failed TIF) to sell the two newest restaurants in Rolla.

Kaplan has listed DaVinci's for \$996,400 and The Ground Round for \$2,430,261. Both deals include furniture, fixtures and equipment. If you've got a half million or so this could be your big business opportunity but before you leap you better do some market research – something the Rolla City Council should have done before they decided to dabble in the cut-throat world of the food service business. Wonder why Kaplan and Guffey get all the big commercial deals these days? Is there something lacking about the local realtors? Maybe they're just too small town to handle the really important deals now.

The saturation effect. We have been watching restaurants come and go in Rolla for quite a few years and lately there seems to be a pattern developing. A new food franchise would open and one or two smaller or older restaurants would close in about 6 months or a year later. At first we thought, well, that's the way American capitalism works - survival of the fittest, and historically restaurants do have a brutally short life span. But in the last five years or so there seemed to be a closer linkage between the opening of the new and the demise of the old. But when two brand new franchises can't stay open – The Ground Round in a prime location has only been open for only about two years and DaVinci's has had a couple of stuttering starts for about a year – that's a red flag that should be plain enough for even Mayor Morgan to read. What it may be signaling is that the restaurant market in Rolla is saturated

and all Morgan is going to accomplish with his grand "Restaurant District" development scheme in Buehler Park is to put pressure on an overstrained market with possibly disastrous consequences somewhere else. Job "shifting" is not what he claimed selling Buehler Park would accomplish, Morgan said he would "create new jobs," that means "net" new jobs not just moving waitress jobs from one eatery to another.

It's time for the council to remove their blinders and take a hard look at the exaggerated economic development promises Morgan, Butz and the developers have been feeding them. They need to look at the economic consequences of chasing one new business at the expense of other existing businesses. Which local restaurants are likely to go under when, or if, Morgan gets another hamburger or steak franchise open in his "Restaurant District?" Does anyone keep score? No, no one keeps score, certainly not the Chamber of Commerce whose business it is to keep score of things like this. They're not going to rain on Morgan's parade while they're waiting for him to drop \$500,000 of the park sale proceeds in their laps.

It's time for the council to get back to running government services they've neglected while tied up with these "special" Morgan style 'bizness' projects that result in nothing but expensive lawsuits and public acrimony. They need to get out of the world of retail development, a subject they're spectacularly unqualified to deal with. With one or two exceptions, the majority of the council members, enjoy some employer's regular paycheck and are not dependent on the whims of the dinner trade for their living.

They need to stick to the first thing they don't do well – running a city.

Another broken promise. While we're on the subject, the council can tell **Scott Caron** to quit buying ads in the newspaper for the Rec Center's exercise program. Didn't the 800 lb Government Gorilla promise that after using public money to go into business competition with two local businesses, **Vessels** and **Family Fitness**, the Government Gorilla wouldn't spend more of Vessels and Gaddy's tax money to compete with them? That's a prime example of how little they understand the reason for separation between government and business.

The Morgan/Butz mini-TIF. Having found one really bad idea – TIF - Morgan and Butz couldn't wait to repeat it. Morgan's "Restaurant District" project is nothing but a mini-TIF and it will eventually fail for the same reason TIF failed. The glaring flaw of TIF is that the great blundering hand of government - an institution that exists only because it is a monopoly and has a 100% subsidy – should not attempt to play retail banker and real estate developer in a competitive capitalist system. Government was invented to give people who weren't good at business something else to do. It was obvious Morgan and Butz were doing a mini-TIF with Buehler Park when Butz fought the council to pick a "preferred developer" to option the land instead of a straight sale and when they "negotiated a contract" with Guffey the "preferred developer" just to find some 'Big Box' franchise restaurants. If Guffey finds any big name franchise restaurants we guarantee you the next stage of this mini-TIF will be a package of "concessions" and tax abatements arranged by those well known negotiators, Morgan and Butz, for the lucky participants in this "restaurant district" scheme. Repeating the freshly discredited TIF methods should be proof enough for anyone that Morgan and Butz aren't the creative 'bizness' innovators they imagine they are.

It's always a bad idea for government to meddle in things they don't understand; in this case they're attempting to "make a market" where the market doesn't want to be. The city doesn't understand the market or the consequences to other businesses but they're going to force it anyway because they're lusting after some money

from the deal. Capitalism is a harsh game; the strong survive and the weak die. Market forces decide who wins; not city councils. If the market is saturated, the new players who entered too late will either starve and die or fatally weaken themselves by over-spending to kill off enough competitors to survive. That's apparently what's happening now in Rolla. The market for eating joints is full so the late entries who don't have enough capital to outlast their competition are failing faster than usual.

Selling a park so the government can jump-start some more of what we already have too many of is an exercise in futility and a waste of a good park. What we will end up with are more vacant restaurant buildings where an irreplaceable park used to be. Too late someone will say, "They shouldn't have destroyed that nice park when all they have to show for it are those empty buildings."

Of all the things we've heard people say about Joe Morgan, we've never heard anyone accuse him of being a successful businessman. City Administrator John Butz has always been a bureaucrat with a steady paycheck; he has no commercial business experience at all. In case you haven't been keeping score of the Morgan/Butz quasi-business projects: the Regional Jail, WACO, the 100% Recapture Rec Center and TIF; all have collapsed or underperformed their exaggerated promises. Each time, the money they gambled and lost on their innovative public/private partnership 'bizness' ventures, wasn't theirs it was yours. Why then are twelve people on the city council taking advice from these two about how successful they're going to be in the restaurant business as if they were the Trump Twins? If Morgan and Butz want to play 'bizness' games, before they sell the park they should borrow money from a bank and buy one or both of the newest vacant restaurants in Rolla and we'll see how well they do taking real personal risks with real personal debt instead of using taxpayer's money to play at being entrepreneurs when the price of failure will be paid by others.

And the Winners are... The irony is that the only winner in the Mayor's 'bizness' game will

be the **Rolla Chamber of Commerce**. By the time their 'Restaurant District' has either collapsed or survived by closing three or six other restaurants in town, the Chamber will be cozily sitting in their 9 acre Tourism Park purchased with the 30 pieces of silver (\$500,000) Morgan got for them by selling Buehler Park. Will it bother the Chamber leaders that they finally got their paid-in-full Empire on the Hill over the carcasses of the real business and real business owners the Chamber was supposed to fight for? No it won't bother them; it was the Chamber of Decorators who started the cannibalization of Buehler Park in the first place. It's the Chamber of Decorators who brought us the novel bumpouts that keep even more people away from Pine Street. It's the Chamber of Decorators who are living so well off their city welfare contract that they can buy a membership in the Oak Meadow Country Club for their Executive Director. If you are a struggling small business owner in Rolla, the Chamber isn't feeling your pain.

This isn't the Chamber of Commerce of 30 years ago that fought any proposal for lower taxes and bucked City Hall in defense of local business interests large and small. That Chamber of Commerce would have grabbed their

pitchforks and marched on City Hall when Petersen started jerking merchants around with his incomprehensible zoning changes and his made up rules about everything. No, this is the new and modern Chamber of Decorators; they're all about hanging pretty flags, creating an executive image, spending their ever increasing tourism revenues, 'doing' lunch to discuss the Big Economic Picture and building their Empire on the Hill. This is the Chamber of the Selfish. Do they show up at council meetings to help the lady who wants a license for her home business, the neighborhood daycare people or the mower service guy who wants to relocate his business to his own garage? No they don't. Small local independent business people get a backhand from Petersen and the council at nearly every meeting but the Chamber officers and Humble Harvey only make an appearance when they can give another push to Buehler Park. They have no time for the "little" people in business; they have bigger irons in the fire that are more deserving of their executive attention and, of course, they have their Empire-on-the-Hill to finish.

Someday the Chamber may turn around and discover there's no one marching in their parade.

Kaplan Co. ads for two local restaurants:

http://www.kaplanre.com/pdf/1301_hwy72_davincis_rolla.pdf

http://www.kaplanre.com/pdf/1701_martin_springs_groundround_rolla.pdf

To receive " No Standing News " by e-mail, free of charge, send a message to rwnash@rollanet.org with the word SUBSCRIBE in the Subject line.

To unsubscribe send a message to rwnash@rollanet.org with the word UNSUBSCRIBE in the Subject line.

Editors note: Copies of No Standing News can be obtained free from the Rolla Public Library and at the General Machine Shop at 801 E. 18 St. Rolla MO. Also visit our web site at: <http://www.nostandingnews.com>

I encourage distribution of " No Standing News ." Please feel free to copy and distribute any issue.
