

No Standing News

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

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The City of Rolla's Faith-Based Budgeting

The Bible says faith is "the substance of things hoped for, the evidence of things not seen." That pretty much sums up the latest City budget process: the council *hopes* the '06 budget they approved on Tuesday, September 6th has fiscal *substance* but they can't *see* much *evidence* that it does. That means they're using the Butz "Faith-based Budgeting" method again.

This year Butz included in city 'revenues' an extra **\$1,000,000** they may never get from the sale of Buehler Park in addition to about another **\$601,155** they're taking out of the reserve fund to finish the \$3 million City Hall remodeling and pay the annual 'tribute' to RREC. Even if they knew the park would be sold during the next fiscal year the Chamber is waiting for the city to give them \$500,000 of the million dollars to buy the 10-acre estate/park so half of the million dollars of the revenue (slash) deficit isn't really income, it's an ear-marked gift for the Chamber. **Councilman Magdits** called it "a bail-out for the Chamber" and he is quite right.

Some nervous council members wanted the imaginary \$1,000,000 set off-budget which is what you should do with 'ghost' revenue but Butz fought it. We suppose there's no harm in putting a fictional \$1,000,000 in their Dorothy Goes to Oz budget as long as they *don't also approve plans for spending* the \$1,000,000 but they did and Butz and Morgan will go right ahead and spend it.

Butz told the council that, "*We used to not be able to show a deficit in cash flow but we don't worry about that now that all other assets are factored into the fund balance.*" Butz is telling the council that deficits don't matter anymore because with the new accounting rules inventory (police cars, buildings, computers etc.) and other assets "are factored into the fund balances." He really said that - we couldn't possibly make it up. Butz constantly gets away with this kind of verbal obfuscation. No one wants to be the one to admit they don't understand a word of his mushy, and often inaccurate, explanations. He often ends his baffling babble with, "I don't know whether that makes any sense or not..." and he should add the disclaimer because it never does make sense. "Other assets are *factored* into fund balances?" Factored how...like you can spend the garbage trucks to pay the gasoline bills when they hit the red ink part? That's worse than the last Butz-ism: "a fee wrapped in a tax." The Butz School of Voodoo Finance is a fatal problem and the council had better get a grip on it because believe it or not they really can't use a police car 'asset' to buy concrete or pay salaries.

The Bizzness Mayor's defective budget process. After spending only two brief evening meetings on the \$25 million budget, the council ended up with nothing satisfactory to anyone. Every time the council found something they didn't

like and wanted to change Butz or Morgan would say "Let's just get this approved and we can discuss it at the October Council Retreat." According to the Bizzness Mayor's methods it doesn't matter what kind of crappy deficit budget they approve as long as they approve something. The official budget adopted on September 19th by a slim margin was really just a rough draft which has about a dozen major spending and policy problems that haven't been discussed, decided or resolved. At the October Retreat they say they will have those discussions. Why didn't they do that *before* the budget was passed? At the end of the second budget meeting, Councilman Magdits asked Butz the question the budget meetings should have started with: "How long can we keep spending our growth?" He was referring to the fact that the reserves are still down (which would only keep City Hall going for 3 months in an emergency anyway), they're planning to spend a million they don't know they'll get, they have new bank debt of \$2.5 million they have to pay back and Butz calculated this budget for 2% growth in sales tax which already isn't happening. Butz replied: "Personally, I'm not uncomfortable with reserves of (only) \$1.7 million." When did the Butz Comfort Level become the city's reserve policy? Is the council comfortable with his comfort level?

Some council actions I am not prepared to suffer in silence. Dog trials and deficit budgets are two of them. I told them they shouldn't approve a deficit budget and they shouldn't plan to spend \$1 million they don't have and may never get. They should prioritize their spending and they hadn't done that either. I reminded them that the auditor said their reserves were too low. The newspaper generally reported my comments but deleted my use of the dirty word - "deficit." The council had once again fallen into the Butz/Morgan Budget Trap I've seen used on them year after year. Here's how it works.

The Budget Trap. Butz gives the council a deficit budget *they've had no time to study and should have started working on months earlier.* With only two short evening meetings to review they approve it with token protests that they aren't really in favor of everything that's in it because they haven't had time to discuss all the projects he and the mayor have included that they've never heard of - band shells and Frisbee Golf being only minor examples. Butz gives them soothing talk about how they can work out all the details later and they can make budget adjustments anytime they want. But after the budget is passed the council moves on to other things and forget all about the budget until they see something happening like the east end of Ber Juan being strip mined and Tory Park vanishing.

The capital improvement list or lists are never prioritized. Prioritizing expenditures is what you do to *eliminate* a deficit and balance the budget and it can't be done in two short meetings. Because they have approved a deficit budget, during the fiscal year Butz will repeatedly bring up fees and rates that he wants them to double or triple, like charging little kids \$10-\$15 each to play ball, and he tells the council (as he did more than once during the two-day budget meetings) *they must* find ways to raise revenues because *they* adopted a budget with a \$1.6 million deficit! If they don't raise fees, he tells them, they will have to cut things like street work. He always picks something he knows they can't cut and they never figure out he's manipulating them with false choices.

If the council hasn't raised enough fees, Butz and Morgan just start spending for *their* priority projects out of reserves – after all, they do have council approval for *all the unprioritized capital improvement projects*. The idea of canceling any of the 'approved' projects to keep from eating into reserves never occurs to them...besides, which projects would they cut - the council didn't assign priorities to anything during the few short hours they spent in budget meetings. On occasion, some council member notices half a park is being strip-mined or bids for expensive equipment are suddenly appearing on the agenda and they ask if there is enough money to pay for this and when did they approve it? Butz then reminds them - as he did at the budget meeting - "By approving the budget you approve property acquisition and development. Typically, if we (Butz and the mayor) get something in the budget it tells us to go forward." "But, but, but..." the council splutters. Too late, the trap had been sprung when they approved the budget that "they could make changes in later" – but didn't.

The next year Butz hands them another budget with more spending than revenues and reserves will be even lower. The council will make weak protests again and the cycle repeats. It's amazing how they do this over and over but never seem to recognize the same feeble routine they went through the year before. It's as if the budget process begins with group amnesia.

City employees hurt by Voodoo Finance. City reserves are down to \$1.7 million and the auditor warned them last year that was too low. More Baffling Butz Babble: "the deficit might affect the cash flow but it won't affect the bottom line." Oh sure. The worst part of their sloppy budgeting is that their fiscal fantasies land on the backs of city employees. After blowing cash on Administration's 'trophy' projects, they find they just can't afford better raises or a good health care package for the people who collect our stinking trash, break up domestic disputes, put out fires, keep our toilets flushing and generally keep the city running. The council should be ashamed.

The Council Park Board meets. The council spent over half of their two brief budget meetings having a Rolla Park Board meeting. Why? Because parks are the only department of the city that hasn't had its own supervisory board since the council "abolished" the nine-member statutory Park Board in 1981. It was the Rolla Park Board's job to make decisions on micromanaging the parks and kill stupid fads like 18-hole

Frisbee Golf but now the council has to do all that. Because there is no Park Board, because Kwantes is incompetent and because Butz is a fiscal loose cannon, the council is periodically forced to take the time out to micromanage the park system. To no ones surprise, they do an outstandingly bad job of it.

Butz is determined *not* to revive the real Park Board even though some council members are beginning to admit they need 'something.' The closest Butz will come to a real Park Board is "well, maybe an *advisory* group." They have an impotent powerless advisory group for the Rec Center and it hasn't worked at all. Butz admitted he and Scott Caron recently made the decisions to increase the fees and decrease the hours for the Rec Center. Why not, the Rec Center Advisory Board has no authority, they can only 'advise.' Butz *is* the Rolla Park Board and he's not going to give it up. From the Butz point of view the good thing about impotent, powerless 'advisory' groups is that the power and the money stays firmly in Administration's control.

Proof that Butz is the One Man Rolla Park Board came at the August 15th council meeting when Councilmen Magdits and Sibley demanded to know what the hell was going on at Ber Juan Park and why one end of it was being strip mined. Ken Kwantes, the *Park Director* was asked to explain. Ken shuffled his feet and said he hadn't been over there for quite a while so he didn't know much about what they were doing. He was asked other questions but just mumbled that if Hargis was there he would probably know the answers. The Park Director didn't know what was going on in the park! Butz jumped in with the explanation that Tory park had been destroyed to make some drainage lagoons but when they have the money the soccer fields will be put back *in the bottom of the drainage lagoon!* When the council asked how it was being paid for Butz said they were using some 'extra' sales taxes from the Recreation tax but he couldn't say exactly how much because he would have to separate it from the mumble, mumble. The county has just announced sales tax growth is flat. You would think they would hang onto any 'extra' taxes from the Recreation sales tax in case they need it to make future bond payments but nope, they're spending it as fast as they can.

Buying the Chamber Estate. Butz said the Forestry land would make a really great park and he already has plans for thinning out the trees to open up the view. **Councilman Magdits** asked (tongue in cheek) why they would want to buy the land for a park across the street when Buehler Park isn't used? Butz replied that sometimes people have *overstated* the non use of Buehler Park but actually Buehler Park is used as much as any other small park – probably more than some! Butz and Morgan (two of the chronic overstaters) have always claimed that Buehler Park isn't used *at all*. As Magdits pointed out they've twice based the city's legal defense on that unsubstantiated claim. The Mayor just recently informed us in an editorial that Buehler Park wasn't used even though it was a nice "restpit." Magdits asked why they should "bail-out" the Chamber by buying 10-acres for their use. Good question. Why should they give a \$500,000 bail-out to another private non profit group that already gets an annual income of

\$220,000 from the taxpayers to provide a “restpit” for travelers?

Councilman Terry Ruck asked why the Chamber Tourist Tax couldn't be used to buy the Chamber's Estate instead of the money from Buehler Park or why not just take all the tourist tax money and use it for something else. Butz disagreed and said they (city) needed the Tourism Center because it was so important but he eagerly agreed that 1/3 to 1/2 of the Tourism Tax could be used to buy the property. Then the city could take over the building and the money and run the center themselves. Butz said, “If we wanted to do something really bold... we could have the Chamber out of there in six months.” Bold Butz will probably not be ‘doing lunch’ with the Chamber anytime soon.

“You’ve pissed this money away little by little.” Butz presented the council with a surprise budget expenditure of \$60,000 to \$80,000 for a band shell in Ber Juan Park and they hated it. An anonymous donor had offered \$30,000 for a band shell. Butz and the Mayor wanted to build one that cost \$60-\$80,000. This was when a flabbergasted **Lou Magdits** said “Whatever happened to finding out if there is a *need* for something *before* we spend money on it?” A puzzled Butz replied, “But that’s always the way the council has done things...everyone comes with their wish list; no one comes with a check.” (And you wonder why there’s a deficit?) At the second meeting the Mayor was overcome with shock and awe at the council’s attitude. “Are you telling me you’re turning down his \$30,000 donation?” Magdits said yes, if it means we’ve got to spend another \$50,000 to get it. Morgan and Butz were horrified at their warped reasoning but for a change the council stood firm. Morgan and Butz saw nothing wrong with spending \$50,000 to get \$30,000. Then Butz pitched another really neat idea, an 18-hole **Frisbee Golf Course** to be built in Ber-Juan Park because he says “it’s really hot right now, you see it in all the magazines.” Well, if it’s in all the magazines by all means, we’ve got to have one of them golf things.

As they ended the Council Park Board meeting Councilman Barkledge burst out with: “I feel like I’ve just been had over Buehler Park. If I had it to do over again I’d not vote to sell it under these conditions...if I’d known how you were going to piss this money away little by little I’d have never voted to sell that damn park!” That Barkledge is one sharp dude. Magdits noted that the problem was “they’d been spoon fed and force fed.” Problem is the spoon is still hanging out of their mouths.

‘Saving’ for the new Land Purchase Fund. Butz kept reminding them that they needed to put aside a million or more into a “Land Purchase Fund.” They’re planning to buy the **750-acre Bahr Ranch** or other land for industrial development. They have to start buying industrial property all over again because everything they have invested taxpayer’s money in over the last 38 years they gave away to RCDC. But with a budget deficit, shrinking reserves and little or no raises for employees they didn’t hesitate a minute to spend \$10,000 so RREC can “hunt with the pack” from Waynesville. See, they do have priorities after all.

They put the \$81,250 from the trade with RCDC for the \$906,000 Incubator Building into their new ‘savings’ fund

and will also put 15% of the RMU back-door utility tax into it. Just think about that for a minute. With low reserves and a *deficit budget* they’re going to ‘save’ money for a new spending project. There are just no words to express how mind numbingly bone-headed that is.

THE DEFICIT SOLUTION: The council could easily wipe out their deficit and fill up their empty Land Purchase Fund without raising the sales tax another 1/4¢ or charging the Little League kids \$5-\$10 each to play ball - only two of the several “fund raisers” under consideration. It’s very simple, all they have to do is file a complaint with the **County Board of Equalization** that the CBE has illegally given RCDC “charity” tax exemptions for 38 years – an undeniable fact – and *demand that all RCDC’s ill-gotten property be put back on the tax rolls*. If RCDC can’t pay their back taxes or the current ones the city can put a tax-lien on everything they own. They do it without hesitation to any homeowner and even force the sale of their homes to get the city’s back taxes, so why don’t they do the same thing to the RCDC - the biggest tax cheats in Rolla? If they don’t have the guts to do that, we suggest they start having bake sales in their Festival Lot to ‘save up’ for another industrial park.

A clue to how much they’re losing in property taxes... August 2000, the Sisters of Mercy tried to get the County Board of Equalization to give them a ‘charity’ exemption on their office building next to the hospital just like the one the County Board of Equalization gave RCDC without hesitation. The CBE refused and so did the State Tax Commission because it is just an office rental operation not a free medical clinic. So Sisters of Mercy had to continue to pay **\$36,213.60** in property taxes. In 2000, the 20+ year old building was worth **\$2,962,500** with a taxable (1/3) AV of **\$948,000**. Compare the tax yield on that old building to the larger and more expensive buildings in Hy Point and you’ll only be close to estimating the tax revenues the city has stupidly thrown away. Simply enforcing the tax laws would solve all their money problems.

Making the council the bad guys. Through the budget year Butz keeps the council’s noses buried in sweating out the details of hiking all the fees and charges he can think of which makes the council despised and hated by every group that pays those fees. With their noses buried in this contentious trivia they never step back and look at the big revenue picture to see what they’re missing – major losses in property taxes. They have an ordinance that gives away 100% of their new industrial property taxes for as long as they can (double dips for some Crown Jewels) which severely undercuts their steadiest and most reliable income base. Would they have to squabble over which park to develop or the cost of band shells if they weren’t giving away hundreds of thousands of dollars annually to businesses that take city tax breaks but don’t need them? The council gets the heat for doing nasty unpopular things like selling parks, charging little kids \$10 each to play ball and gouging women who baby-sit for minimum wage. In the process they also make Rolla a more expensive place to live and do business. Morgan and Butz, meanwhile, are taking bows when they golf and socialize with the tax-free ‘Crown Jewels.’

Don Stevens at first wanted the land for his warehouse project annexed into the city then changed his mind. He would have gotten the usual city 100% tax abatement for 10 years even though he admitted he wouldn't produce much employment. The city would have automatically given away taxes they needed but he didn't! The city's only excuse for this crippling policy is to create jobs but their giveaway ordinance has no minimum job requirement - everyone just gets it. Hermann, Lebanon, Cuba and everyone else with common sense use a job-based criteria, but not Rolla. They gave Terry Brewer a \$14.3 million low-interest bail-out loan to pay off his debts and 100% tax abatement for 15 years for only maintaining the jobs he already had! He's violated the agreement twice by eliminating the jobs he promised to "maintain" to get the tax breaks. Because he's a 'Crown Jewel' the city has not cut back his 100% tax abatement. Butz and Morgan allow Brewer to dictate what the city will spend his token PILOT payment on. Terry will only permit them to spend "his" money on "environmentally friendly" projects that he personally approves no matter what the city really needs to use the money for - another failure of council authority.

Is Al West going to leave town if he doesn't get 100% tax abatement for moving across town? Of course not. Nevertheless, Butz and Morgan and the RREC will stuff 100% tax abatement in his pocket. Then they tell the council they have to makeup the lost property taxes by gouging people who don't fit the social and political 'Crown Jewel' criteria and who can't fight back.

If the council would change their 100% tax giveaway to only a 50% giveaway and base eligibility upon the number of new jobs created - not just hand out big lumps of political and social pork for no reason - that one change would generate more new cash than all their nit-picking fee increases. They would have more money to spend and they wouldn't look like greedy, gouging politicians who step on the little guys but pander to the Crown Jewels - the role Butz and Morgan have created for the council and which they fall right into.

"Council approves another deficit budget" was not the RDN headline. You would think a budget with a big deficit hole in it would have been the headline but the "D" word was omitted. The newspaper did not send a reporter to the budget meetings and that's the only place where the "D" was discussed. The RDN apparently accepted the Butz explanation that the deficit wasn't really a deficit; it really would be a surplus...later...maybe. The randomly selected budget numbers in their 'news' article was a feel-good handout from City Hall's new spinner, Scott Grahl. Grahl will ghostwrite Morgan's new weekly column called "City Talk" until, mercifully, Joe leaves office next April.

Morgan/Butz Budget gets "No Confidence" council vote. On Sept 19, the budget passed by a hair thin 7-5 vote. In addition to the \$1 million they don't have from the Buehler Park sale and the \$601,155 deficit caused by the city hall remodeling and the annual tribute to RREC, the council also failed to pass the 5%-6% increase in the RMU "back door tax" which may strip their budget of another \$720,000 - \$1.3 million. They couldn't figure out how to pass it without triggering Hancock which would require a public vote. This makes the total deficit for the '06 budget \$2,321,155.

Can USGS be saved? It might still be possible but it would take a more intelligent and more focused effort than a weak city resolution and a token drop-in on some politicians by Mayor Joe, our better-late-than-never lobbyist. The Chamber of Decorators weren't interested enough to even go on the D.C. trip. They should have been the ones help organize a sustained "Keep USGS Campaign" and they should have gotten the state Chamber to add their considerable Republican political clout but they were too busy searching for the meaning of tourism. How many subsidized restaurant districts will it take to replace a \$13.74 million annual payroll? We doubt the distraught USGS employees are comforted by the headlines that Morgan is "shocked" and the photogenic Joanne is "furious."

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