

No Standing News

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

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Hy Point –The Black Hole of Tax Assessment – Part 7 *The RREC's "Creative Development Opportunities"*

January 14, 2002. Butz and Petersen privately discuss TIF with the RREC. Tax Increment Financing would not be discussed with the council – unless they were told illegally in secret meetings about this new public policy - for another 11 months. The new RREC was already becoming the behind-the-scenes puppet master for the city council just like the old RCDC.

February 2003. The city's new retail 'bizzness' focus - generating sales taxes at any price - was most clearly demonstrated when **Family Video**, a video rental company that, on its own web site claimed to be the largest porn rental business in the Midwest, wanted to locate a block from a church on land sold to them by the **Rolla School Board**. The school board claimed total ignorance of their buyer's real business which, given the district management, wasn't that hard to believe. The explosive protests that resulted had not been matched in Rolla since drunken post-Civil War disputes set fire to part of the town. Here in the Bible Belt, with hundreds of local church people up in arms, picketing and praying down City Hall, you would think the outcome would be a foregone conclusion but Rolla's pretense of being a Family Values town was shot down by porn dollars. Morgan never reported how much the city really got in taxes from Family Video but the point had been made: In Rolla, values lose; Mammon wins. This was one development achievement where the customary picture of the Chamber Ambassador's ribbon-cutting ceremony for this new business did not appear in the paper.

August 1, 2002 – The city issued \$14.3 million in revenue bonds for a **Brewer Science** expansion in exchange for *only maintaining* the 240 jobs they claimed they had at the time. The public was told this loan was for a building but \$14.3 million could build UMR's athletic stadium. Most of the loan was to pay off Brewer Science debt, which means the building isn't worth a fraction of the total bail-out. Until the loan is paid off in 2017, all *real estate and personal property* would be tax free. This was the first development deal in decades city administration had done without RCDC. Unfortunately, because of their RCDC training they gave Brewer too much. In addition to giving him a \$14.3 million very low interest loan *for only maintaining the same jobs*, they threw away for 15 years 100% of the property taxes belonging to all other taxing districts. The taxing districts were *not notified* that Rolla was taking the liberty of giving away 100% of their property taxes or that the city would allow Brewer to decide who got the payment-in-lieu-of taxes and also let him dictate to elected officials at the school and city how *they* would spend *his* PILOT payments. This is arrogance run amok by both

the city and Brewer. How many local auto body and machine shops have the connections to get a deal like that?

Brewer Science will *also* get 100% of their real estate taxes abated for another ten years under Rolla's 7-year extension of the original Enterprise Zone. Taxing districts are only forced by the EZ

state law to give away 50% of their property taxes but Rolla always gives away 100%. Brewer agreed, in exchange for the \$14.3 million loan from the city, to make "Grant Payments" annually to the City, School District, CORE and OATS. The County and the Developmentally Disabled got nothing in-lieu-of their tax loss. CORE and OATS are *not taxing districts* and were not entitled to any in-lieu-of tax payments but they are favorite hobbies of the Brewer's so they got the 15 years of cash payments that should have gone to the Handicapped, the County, the library and parks.

Shortly after the council approved the loan Brewer Science laid off employees. By 2005, more layoffs were accompanied by rumors that Brewer was planning new headquarters in Springfield. *Despite twice defaulting on their contract with the city to maintain the existing 240 jobs, Rolla's "Crown Jewel" still enjoys all their original tax exemptions.* Enforcing a contract penalty, particularly this one, would be quite uncharacteristic of City Hall.

August 12, 2002 – At a city council retreat John Petersen complained about the "low property tax yield from undeveloped property assessed at the agricultural rate owned by people *not inclined* to do any development." How unpatriotic of those selfish people to use their land for their own purposes when it could be producing retail sales taxes for the city. Butz, Morgan and Petersen had been discussing TIF with the RREC corporate group in *unreported meetings since January*. They discussed that there would be resistance to TIF. It was time to start softening up the council.

The city definition of 'development' had gone from creating quality factory jobs to creating tourism and convention business and now they were down to forcing retail development - by condemnation if necessary. Never mind that retail only produces minimum wage jobs with no benefits. If people were "not inclined to do any development" with their private property, the city would take it away from them and do the retail development the city now *believed they were entitled* to have. Six months later they would vote on TIF, which was where the RREC and Petersen were heading, but the council discussion that night veered off to the subject of RCDC's industrial development record.

John Butz said the Hy-Point Industrial Park was “essentially full” (not true) and recommended the city preparing to purchase 150 acres to develop a new industrial park. The cost, he estimated, would be at least \$1.5 million. Council members **Wiggins** and **Magdits** were doubtful about RCDC’s current “performance” in developing the new park. Councilmember **Harry Kiefer** said RCDC members got mad whenever the city council questioned its actions or methods. The council was doubtful they wanted to continue with the current “agreement” with RCDC. It’s hard to say what the council imagined their “agreement” with RCDC had ever been except to buy with public funds whatever RCDC wanted and give it to them. If they were referring to the incubator “agreement” they were fooling themselves if they thought the contract they had with RCDC gave them any choice at all.

Council member **Matt Williams**, banker son of RCDC officer/attorney **John Z. Williams**, brought up the 1992 Incubator project and suggested the city “amend” the Incubator agreement with RCDC to allow that “stream of revenue” to be realized by RCDC. Williams said RCDC would then be able to use that revenue and building to “do their own thing” if the city decided to “go in another direction.” It was clear that the council wanted to go in another direction – *RREC’s* direction. Williams seemed not to know that the city had already given RCDC total control of the “revenue stream” and the property and they had been “doing their own thing” for the last ten years – that’s why the city wasn’t getting any of the “revenue stream” and in fact, didn’t even know if there was one. More latitude to “do its own thing?” When had RCDC ever done anyone else’s “thing”?

Ironically, the meeting record shows that Williams was informed *that doing so might amount to giving a private corporation city-owned property which is illegal*, but the record doesn’t say who admitted they knew that what they had been doing for 35 years was illegal. It hasn’t changed their behavior, but it proves they do know but just don’t care if they violate the Constitution and state law.

In the RDN report of the meeting reporter **Bill Morrison** provided RCDC with another big dose of camouflage. “In the past, industrial park land has been *brokered* by RCDC, a not-for-profit group that has *worked closely with* the city to develop Hy Point Industrial Park.” What a sorry joke that was. RCDC wasn’t the city’s real estate “broker.” RCDC had been ‘brokering’ *their property* at Hy Point for decades. Did they “work closely with the city?” Yes, they had close and secret meetings with the council to take possession of property the city secretly bought with public funds while telling the public how devoted they all were to the “betterment of Rolla.”

RCDC has operated the biggest, most lucrative, and longest running con game in the city’s history while convincing everyone that they were merely a benevolent group that was “part of the city,” and only interested in the “betterment of Rolla.” For \$1 they became the owners of the most valuable property in the county and, with the collusion of county officials in pretending RCDC was a “charity” they haven’t paid a dime of property taxes for 38 years.

August 14, 2002 –During council meeting more complaints emerge about weeds in the RCDC industrial park, RCDC’s attitude, their lack of accountability and dissatisfaction with RCDC’s performance in development. Open complaints about the powerful RCDC? The stage was being set for the city’s

divorce from RCDC but it would take another three years and a \$700,000 alimony payment.

The RREC leader, **Bill Marshall**, President of Phelps County Bank, walked in to a council meeting that summer and, with very little explanation and less discussion, walked out with **\$10,000** to join the Waynesville **Regional Commerce and Growth Association** on behalf of the city and RREC. It was obvious from the speed and ease with which he picked \$10,000 off the table that that the vote had been arranged beforehand. Something bigger than a \$10,000 membership was going on but as usual, only a few insiders knew what it was. The RREC was already planning that “the time may come” when they would hire a full time developer. RREC began as one of those ambiguous “public/private partnerships” that are accountable to no one. They became a private non profit corporation in June 28, 2004, after they had a commitment from Rolla for five years of funding for a total of **\$578,000**.

September 13, 2002 – **RREC’s members now included** Bill Marshall, Lou Magdits, Randy Stoll, Randy Verkamp, John Petersen, John Butz, Joe Morgan, Bob Thompson, Linda Kuenzie, Neil Smith, Ed Owsley and Bob Larivee. **Their minutes said:** *“Butz and Petersen reported on their Creative Development Opportunities: The formation of a TIF Commission was recommended but will delay making the recommendation to Council until the School District and County can be brought up to speed on the potential benefits. (notice there would only be benefits - no drawbacks) There is interest being shown of a development opportunity of approximately 12 acres of land currently owned by Callen and Dean. The next step is to justify the formation of a TIF commission. RREC needs to understand TIF in greater detail and make a recommendation to the City Council to form the commission. The TIF commission becomes the focal point.”* **RREC was ready to unleash TIF on the unsuspecting citizens of Rolla. The TIF Commission “focal point” would take the heat - not RREC.**

Butz and Petersen “spoke of the need for developing an economic development plan and reviewed the draft RFP for the Economic Development Master Plan.” The RREC, they said, would facilitate strategic planning with Council, key agencies (i.e. UMR, Chamber of Commerce, County, RCDC) to establish goals and a map out the future ED efforts. The ED Plan was a statutory requirement for TIF but few knew that. Three days later...

September 16, 2002 – The council obediently approved RFP’s for an Economic Development Action Plan. Petersen explained the proposal was, “the result of an effort that the **Rolla Regional Economic Commission** has been working on for some time to move forward with a development of a plan to guide the City’s actions. (but he didn’t mention Tax Increment Financing.) The purpose behind a plan of this nature is to improve the economic climate of the community.” Notice that the RREC now “guides” the City’s actions. They had been planning TIF since January. In two more years they would be getting reports on the status of city lawsuits while the council was left in the dark. “Guiding” would quickly turn into “controlling.”

Fall 2002 After [Ed Owsley's](#) attempts to get the city to budget \$20,000 a year for RCDC to spend on unspecified development and "maintenance" of the RCDC's industrial park the council had begun to show more signs of souring on RCDC. The council balked and said they'd do the mowing themselves and it probably wouldn't cost \$20,000 a year. It was the beginning of the end of RCDC's era and their high-handed methods of using the city as their company treasurer. Not, we're sorry to say, because the council woke up to how the city and their taxpayers had been used for RCDC's benefit, but only because this council was tired of RCDC's demands. It's doubtful that many members of the city council knew it was RCDC's private property; it's doubtful how many of them know to this day whose property it was they had lavished money on. They had new projects to play with that didn't require RCDC's alleged economic development expertise and a new group to play with – the RREC.

The Morgan Administration was into "bizness" type projects: Regional Jails, Regional Landfills, Rec Centers, TIF and selling Buehler Park. Morgan was the 'Bizness' Mayor and the city would be run like a 'bizness,' that is if you could ignore the fact that no real business has customer-subsidized monopoly services and the power to impose fines and jail time if the captive customers did not 'choose' to buy goods and services offered by the government 'bizness' monopoly. Rolla's Bizness Mayor was very good at ignoring all that. RCDC, with *Councilman Owsley's* help, had previously tried to get a permanent budget of \$200,000 a year for economic development with Dain Ward appointed as the city's official developer, but it didn't work. **John Petersen** had been hired two years before and had been named the city's "Community Developer." Rolla then had two guys in City Hall, Ward and Petersen, doing the same thing but that didn't last long. Dain Ward's small budget was eliminated; fights broke out over Petersen opening RCDC's mail. Key people in Codes Enforcement were muscled out of Petersen's way. With competition eliminated, Petersen would become the Darth Vader of Development with an unlimited mandate and a reserved seat at the RREC table.

December 4, 2002. RREC discussed TIF and development of the Callen/Dean property (*before* the council had voted to do a TIF). They discussed that the "*TIF commission has condemnation authority through the City Council*" (which was not true) but it would be over a year before the council found out they would have to condemn TIF property themselves. The RREC admitted that "*The discussion is sure to come up that*

public entities have no business getting into development of commercial properties" but this didn't bother them. The firms Development Strategies and Growth Services each submitted proposals to the RREC (not to the council) to prepare an Economic Development Action Plan for the Rolla area. Development Strategies was selected (by RREC, not the council). The council obediently did as they were told and hired them.

December 16, 2002. The President of RREC, **Bill Marshall**, addressed the council and recommended TIF – a plan that RREC had been brewing since January. Marshall, who lives and pays taxes in St. James, was appointed to be one of Rolla's six TIF Commissioners. It was interesting that he later voted *against* TIF. By January '03 the Council had taken the first TIF steps but still they were told nothing about having to condemn property. Much later they were told that condemnation *was* involved and found they couldn't palm the dirty deed off on the developer as Petersen and RREC had told them to get them to approve the TIF. Once started, the council didn't have the nerve to stop it.

2003 through 2004. Over the next three years, TIF came and died. Mayor Morgan revived the sale of Buehler Park and got the city embroiled in litigation again. This time the excuse is to put a "restaurant district" in the park. The city has promised to use **\$500,000** of the money from the sale of Buehler Park to buy the Forestry Service property and develop it for the Chamber of Commerce. TIF II was restarted with even less enthusiasm than the first time. The city auditor warned that reserves were too low, nevertheless the city went right ahead and borrowed \$2.5 million from the bank and from their reserves to renovate City Hall.

February 2005 – A year before the EZ would expire, Petersen was out peddling a bloated new version of the old Enterprise Zone called the Enhanced Enterprise Zone. The EEZ, like TIF, was hatched in private in RREC corporate meetings. The EEZ would have swallowed 1,440 acres mostly outside the city limits around Hy-Point. After their expensively botched annexation of the Southside the city couldn't afford, financially or politically, to annex that much county property. Back-door annexation by EEZ was their solution. Responding to strong anti-Rolla protests from county residents who wanted nothing to do with the TIF-loving, park destroying city, the County Commissioners voted in July not to co-sponsor the EEZ application with the city.

After 38 years, the other shoe drops

April 4, 2005. While discussing why they couldn't get the RCDC to tell them if they were entitled to some money from the Incubator building, **Councilman Barkledge** asked, "Is RCDC not accountable to anybody but themselves?" He had stumbled over the question that should have been asked 38 years earlier. Butz, ever the fence rider, said RCDC does a lot of "public business for the city" and for that reason he considered that "opened them up as a quasi-public agency" but at the same time, Butz said, they are independent and not under the control of the city (understatement of the decade). Barkledge then suggested that *before they buy more land and give it to RCDC they check with other cities and find out how they handle economic*

development rather than do more "public" business with RCDC. Barkledge wasn't real sure but he thought maybe it wasn't a good idea to keep giving RCDC everything! This was just four months before they entered into another 'deal' with RCDC for the Incubator building and again were taken to the cleaners! There ought to be a law against anyone in City Hall negotiating any deal or contract. There has never been a contract yet where they haven't failed miserably to protect the taxpayer's interest.

"Check with other cities and find out how they handle economic development," Barkledge suggested. What has kept Barkledge or any of the other many members of the council for the last 38 years from picking up the phone and finding out what

Rolla was doing wrong? How is it possible that so many elected officials could be so totally clueless for so many decades?

What do other cities do? A few years ago Lebanon announced that the Copeland plant (a division of Emerson Electric) would be locating there and creating over 700 jobs. We remember reading with shock that the company said they *were very pleased to be locating so close to the excellent resources of UMR!* Of course nothing was said in Rolla about the implications of this devastating comment. No one asked the Copeland spokesman if they had tried to locate in Rolla and if they had, what went wrong? Our local media, guardians of Rolla’s sacred cows, didn’t ask because they didn’t want to hear the answer. Copeland like many other industrial prospects that had been shown the door had the whiff of union shop on them. The “U” word is never spoken out loud in Rolla but it’s the real reason for many of RCDC’s unexplained lost prospects.

Who convinced the city that the only way to develop was to cripple our property tax base? Who convinced the city that millions in money and property had to be turned over to a private corporation? Our competitors haven’t done either of those things and they’re way ahead of us. In fact, they can’t really be called our ‘competitors’ because they’re so far ahead of us. Barkledges’ suggestion that “somebody” check with other cities to find out what they’re doing is 38 years overdue.

“Somebody” should but will anybody do it, or is it to “somebody’s” advantage to keep the council in ignorance? It certainly was to RCDC’s advantage wasn’t it?

If a group of civic-minded men wanted to help develop the town, (and let us not kid ourselves – being the first to know these things *is* a big business advantage) they could have done it without taking possession of millions in city money and property. Civic development groups and community leaders in the towns around us have been more ethical and more careful with the public trust. Maybe that’s why they have done so much better. The only way RCDC can clean their dirty hands is to GIVE IT ALL BACK...for the betterment of Rolla, of course.

June 23, 2005. The US Supreme Court issued the *Kelo v. New London* decision and came down on the side of municipal and commercial greed and against private property rights. Insensitive to how strongly people feel about the *Kelo* decision the RREC and Rolla City Council moved ahead with their TIF II plans which still require condemnation of private property but he Circuit Judge eventually told the city they couldn’t go on Warren Dean’s property to hunt for alleged contamination in hopes of forcing his price down. Joe’s Half Road was finished, his expensive custom fence was installed and the council bought two acres of very pricy land from him. Now they had the big *Kelo* club and could take any property they want without using TIF.

In “Hy Point –The Black Hole of Tax Assessment” Conclusion: *Special Interests have been Bleeding Rolla Dry for 38 Years*

Note: Some documents referred to in this series are posted on the NSN home page. Providing them all would take up too much space. All are public record and available at City Hall or the County C

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