

# No Standing News

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

Volume II

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## Is Brewer Science a “Crown Jewel” or cheap rhinestone?

Brewer Science, dubbed by the former Rolla Daily News editor Bill Morrison as the “Crown Jewel” of Rolla’s industrial park, has had 14 million free rides from city taxpayers and **Terry Brewer** is drumming his heels on the floor for more. *Last year* Brewer signed a 10-year lease for more than \$1,000,000 for space in the Jordan Valley Innovation Center (JVIC), a SMSU sponsored innovation center in Springfield, Missouri. In the news release it said Brewer will hire about 10 scientists who will earn salaries in the \$100,000 range to work in his new Springfield R&D lab. If they come up with new products more *Springfield* people will be hired to make them. Sound familiar? It should because it’s exactly the same line **Karen Badger**, Brewer’s finance officer, fed the Rolla City Council in 2002 to get them to approve the \$14,300,000 city revenue bond issue for Brewer’s expansion in Rolla. It worked so well here he’s using the same line on Springfield.

So, thanks to City Hall’s gullibility Brewer is expanding *but not in Rolla*. Brewer milked Rolla for a low-interest \$14.3 million loan and a total of 25 years of exemption from real estate and personal property taxes by promising to *retain the 240 jobs* he claimed he had at the time. As soon as the ink was dry on the contract he broke his word not once but several times by firing employees. Now, hot on the trail of a defense grant to SMSU for research arranged by the Blunt family politicians, Terry is investing in a new R&D center in Springfield. Instead of restoring the jobs he cut here he will create the new high paying jobs for Springfield. Brewer says it’s just a business expansion and has nothing to do with Rolla. Yeah, that’s the problem Terry – it has nothing to do with Rolla. Rolla gave you a \$14.3 million bail-out, abated your taxes for the next 25 years and people got fired and we did this why? So you could drop a million dollars in Springfield and create jobs for them. We don’t think so.

A Brewer spokesman told the Rolla Daily News that Terry would like to expand here but (here comes the big BUT...) “an expansion would require *more assistance* from the City of Rolla.” More assistance than the \$14.3 million we’ve already given him? What assistance does Rolla’s Crown Jewel want now, another million from us to pay his rent in Springfield?

The RREC board had their meeting at Terry’s place on Friday, December 2<sup>nd</sup> where Terry advised them they needed “a

world-class stage” (at a world-class price no doubt) and announced that he was “an economic poster child.”

It’s time for our star-struck Rolla City Council to wise up and call Terry’s bluff - and it is just a bluff. Terry is well known for threatening to bug out if his demands aren’t met and no doubt he will threaten to leave here if we don’t come up with more “assistance” for the “poster child.” Abandon Rolla and his \$14.3 million debt? Not likely. Butz and Morgan, like drunks tending bar, stuck us with a lousy, unsecured loan and then pretended they don’t know the “poster child” broke the contract because they didn’t have the guts to impose the penalty Brewer deserved for not retaining the 240 jobs. But Terry is also stuck with his \$14.3 million debt to the city. Default would make Terry Brewer a pariah in banking and economic development circles and that sticks like skunk juice. Terry would become a “poster child” all right but not the kind he imagines he is.

One thing the council should learn from getting another serving of Brewer egg on their faces is that they should stay out of investment banking – they’re way out of their depth as their deal with Rolla’s “Crown Jewel” clearly demonstrates.

### Other Missouri voters *DO* get to vote on franchise tax increases.

In the real world - the one outside Rolla’s bubble where the law and voters are treated with respect –the Post Dispatch reported that eight St. Louis municipalities submitted tax increases to raise franchise taxes on various utilities to public vote because they know that it doesn’t pay to lie to people about the Hancock Amendment. On the other hand, Rolla’s city counselors, Beger & Bushie said it was confusing and just real hard to decide what to do about the public’s right to vote on the 5% city tax on the city-owned utilities. City administrators and attorney’s advising other cities seem to have no problem at all figuring out the difference between a fee increase and a Hancock tax increase that must be voter-approved. Notice they’re voting on the same kind of fee increases City Hall and Beger say we don’t get to vote on. This was the Post article about the Hancock taxes that voters in eight other communities voted on last month: (emphasis Ed.)

## 8 St. Louis County municipalities have fee increases on ballot

By Phil Sutin

ST. LOUIS POST-DISPATCH

Crestwood wants voters on Nov. 8 to approve three fee and tax increase propositions to help the city get on its financial feet. The city is one of eight municipalities in St. Louis County that will hold special elections that day. Moline Acres and St. George want voters to approve 1/2-cent capital improvement sales taxes. Bel-Ridge proposes a \$615,000 bond issue for street improvements. The remaining four municipalities - Bella Villa, Calverton Park, St. Ann and Town and Country - also put fee proposals on their ballots.

Crestwood wants voters to increase:

- The **merchant license fee to \$1.25 for each** \$1,000 of gross receipts, from \$1 for each \$1,000 of gross receipts.
- The **commercial utilities tax** rate to 7 percent for water, cable television, electric and natural gas service, from 6 percent for water service, 3 percent for cable television, 5.7 percent for electric and 6 percent for natural gas.

- The **residential utilities tax rate** to 6 percent for cable television and for electric service, from 3 percent for cable television and 5.7 percent for electric service.

The increases would raise about \$300,000 a year for the city. Officials also will save \$500,000 through the elimination of up to eight staff positions. Southwest Bank recently increased the city's line of credit to \$3.5 million from \$2 million.

The city relies heavily on sales tax revenue, which has declined in recent years. Mayor Roy Robinson said on Thursday that the city needs the fee and tax increases to keep operating.

Crestwood would not levy the full increase it proposes for the cable television utilities tax, the mayor said. After the proposal was put on the ballot, Crestwood officials learned that the city's cable television franchise contract limits the tax to 5 percent, he said.

Moline Acres and St. George want voters to approve 1/2-cent capital improvement sales taxes so they can join a pool of municipalities that share in revenue from the tax.

Moline Acres would generate \$160,000 a year from the tax and St. George, \$64,400. The total sales tax rate in each city is 6.075 cents. psutin@post-dispatch.com 1314-863-2812

We wonder what would it be like to live in a town where elected officials can be trusted to do the right thing even if they don't want to? What would it be like to be an elected official and know your lawyers can be trusted to give you good legal advice instead of telling you it's just too hard to figure out?

**Will the Council give the Chamber of Decorators \$800,000 instead of only \$500,000?** At the City Council October Retreat the council learned that the updated appraisal of the Forestry Service property is now **\$511,000** instead of the \$250,000 estimate they were counting on. Add to that another \$250,000, which was Hargis' spitball estimate some years ago to develop a park for the Chamber's use and this gift of pork from the Rolla City Council to the Chamber of Decorators will cost the taxpayers around **\$761,000** or more. The Chamber-Morgan plan is to pay for all this out of the \$900,000 they think they will net from the sale of Buehler Park. That leaves less than \$139,000 to use for some token 'public benefit' for the rest of us from the rape of Chief Buehler's memorial park.

**Councilman Matt Williams** went to some trouble to convince the council to put the BP sale proceeds (*if* they are allowed to sell the park and *if* they get the \$900,000) in a restricted special park fund to use to develop existing parks. A hundred grand out of nearly a million dollars is precious little public benefit in compensation for the destruction of a dedicated public park and years of unnecessary acrimony and litigation; a paltry result from what has always been a shabby idea.

Morgan's idea is to use some or all of the leftover \$100,000 to develop the new 100-acre park on the Southside which the council bought at Joe's insistence. That land just happens to be right on Joe's Road. A newly developed 100-acre park would benefit Hizzonor's subdivision.

At the August budget meetings Butz proposed "a really bold move" which was to kick the Chamber out and have the city take over the Visitor Center and all the tourism taxes. The problem with his scheme is that it would still cost the city \$511,000 for the land and another \$250,000 for parking lot, and landscaping even if it was the city instead of the Chamber passing out Branson brochures to travelers looking for a potty. The tourism/convention center development excuse was bogus when the Chamber invented it to get an annual tax subsidy and it will be no less phony if the city is doing the same thing. Do we really want the city to take on a new *Department of Tourism* at the cost \$761,000 while they're running a 4<sup>th</sup> class city operation and claim they can't enforce their own ordinances?

Fortunately the Forestry agreement runs out in April '06 and the BP case is unlikely to be concluded by then. If they're going to buy the Forestry property either for the Chamber or

themselves they'll have to take the \$511,000 out of reserves – if they have that much left in reserves.

**RCDC also wants MORE money.** After the council was reamed this summer on the Incubator trade **Councilman Barkledge** asked if they (the city) were finished with RCDC. Butz said they were but it seems that he wasn't telling the council the whole story. On September 9<sup>th</sup> **John Butz** reported to the RREC – but not to the council – that RCDC is planning to raise **\$15 - \$20,000** from park tenants *and the City of Rolla* for walking trails, trees, picnic areas, backstop, etc to pretty up the RCDC's tax-exempt private industrial park. At the next RREC meeting on October 15, **RCDC President Tom Sowers** reported that *the city had cleared the old lagoon for them* and they were mowing and cleaning up the industrial park to "give a better look to the whole place." The "they" who are doing all this work on RCDC's private property are, as usual, city employees. 'They' have also started the engineering work on another 40-acres at Hy Point to develop more roads and infrastructure for *RCDC's privately-owned tax-free property*. Even ignoring the fact that it's a violation of the Missouri Constitution to use public money for private persons or corporations – and City Hall habitually ignores that fact – why should the council keep using our taxes to give the RCDC gang more free streets, sewers, and parks?

If the council intended to change the locks on the city treasury they obviously didn't make it clear enough to RCDC or to Morgan and Butz. RCDC wants more tax money to develop picnic areas, plant trees and build walking trails on their tax-free private property so naturally they expect city taxpayers to pay for it. Is there anything else Rolla taxpayers could do to make the RCDC happy? Shine their shoes, wash their windows, walk their dogs? Is this what the council meant by "We're done with RCDC"? Maybe it depends on what the definition of "done" is.

\*(For details of the 38 year RCDC rip-off see: "**Hy Point – The Black Hole of Assessment**")

[http://www.rollanet.org/~rwnash/nsn\\_02\\_27.pdf](http://www.rollanet.org/~rwnash/nsn_02_27.pdf)

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**Buy another industrial park? But we already have five!** To get the council all whipped up about the urgent need to buy another industrial park, **City Admin. John Butz** keeps telling them that Hy Point "is essentially full." Keeping the council focused exclusively on the state of Hy Point keeps their blinders in place and props up the notion that Hy Point is the city's only industrial resource;

therefore, our industrial fate is wholly dependent upon its perpetual care and feeding. This is the old RCDC party line that they used to control the city council and the public for 38 years. With another 40 acres to develop at Hy Point it isn't "full" and we haven't "run out of industrial land" at all.

In addition to Hy Point we have other industrial parks in Rolla, one or two belong to **Jack Dietzmann** (not sure how many acres) and another on Old St. James Road belongs to **Ted Thessing**, so why the exclusive focus by the city on RCDC's Hy Point? With everyone indoctrinated to think of Hy Point as the city's industrial flagship it was easy for RCDC to milk the council for *our* taxes to spend on *their private* property. It's time for the Rolla City Council to change the locks on the cash box and take a realistic inventory at all of our industrial assets.

This may surprise everyone, particularly the members of the Rolla City Council, but in Phelps County there is a **total of 538 acres available for industrial development!** That total *does not* include the industrial land Dietzmann owns so we aren't short of industrial property as Butz and Morgan want the council to believe, we actually have a *surplus* of industrial property. St. James has 378 acres of the 538+ acre total but new jobs in St. James are job opportunities for all the people in Phelps County aren't they? What difference does it make if the available land is in St. James or in Hy Point or at the expensive Bahr Ranch they're pushing the council to buy and develop? The Bahr property is actually closer to St. James than Rolla which begs this question of why we should spend \$1.5 million to buy, and more millions to develop, another industrial park that's practically in St. James' lap anyway. Why not just promote the availability of the 378 acres of industrial land belonging to our St. James neighbors along with all of Rolla's available private industrial land? If anyone tries to claim it's because new business property taxes would go to St. James instead of Rolla that's just bunk. The City can't abate property taxes at Hy Point fast enough or long enough - we hardly get a tax dime from any business in Hy Point. We've never gotten any taxes from RCDC so losing some property taxes to St. James is not a valid argument.

With 538 acres already available in the county plus Dietzmann's acreage it doesn't make any sense to spend \$1.5 million to buy another industrial park, certainly not at a time when the city has another deficit budget, a seriously depleted reserve fund and many more pressing infrastructure needs. Maybe this new industrial park will be a gift to the RREC? That's a fair assumption to make because that's what the city council has done for four decades with all the other land and buildings they've bought and secretly given away to RCDC and there's no sign they've learned their lesson.

**The difference between private Welfare Queens and private business.** When considering all these privately-owned industrial parks equally we come up with one glaring difference and that's the fact that RCDC's private industrial park, has been and still is, being subsidized by the taxpayers of Rolla. The city doesn't mow and develop Dietzmann's private industrial land and the city isn't planning to pay for parks, trees and walking trails on Thessing's private industrial park because those are private properties...but wait, isn't Hy Point also private property? Yes it is, so there must be some other difference between Dietzmann and Thessing's privately owned property and RCDC's privately owned property.

Let's compare: Dietzmann and Thessing each paid for their land out of their own pockets. The city illegally bought all of RCDC's land and buildings for them with public taxes. Dietzmann

and Thessing pay their property taxes because they don't have a phony 'charity' exemption but RCDC does have one so they haven't paid a dime of their property taxes for 38 years. When Dietzmann and Thessing need engineering work or mowing or roads they have to pay for the work done on their private property. When RCDC wants their park mowed they call the city for free mowing on their private property. When Dietzmann and Thessing need improvements they dig into their own pockets. When RCDC wants to improve their property they go to the Mayor's office and get free city engineering services and any other pork they need. So that's the difference between the private industrial parks in Rolla? Dietzmann and Thessing *don't* steal tax money from taxpayers by getting illegal handouts from their cronies in City Hall but RCDC is a raddled old Welfare Queen and after 38 years they're still using their political connections to siphon the city treasury. That's the difference.

**Elizabeth Bax**, was just hired by...well, it's not clear who she works for nevertheless, she's someone's new economic developer. Coming from outside the Rolla Bubble maybe Bax will take a less parochial view of "regional" development. Will Bax have the nerve to tell the city and RREC that if no one wants the 538+ acres you already have - maybe you shouldn't waste money buying more?

**A turnaround or a fluke?** The council came close to acting like a real legislative body at the November 7th meeting. They rejected Administration's plan to raise the contractors permit prices and make them Petersen's cash cows. Morgan didn't like their vote so he said he would bring it back later for "more discussion". Morgan always does that. If the council doesn't do what he wants he and Butz keep shoving it in their faces until they cave in. **Councilman Waterman** told him not to bother bringing it back for about two years. In the same meeting they finally quit jerking Chapman around and granted his subdivision plan. For two years they've been turning him down because his plan had only one entrance/exit just like the Mayor's subdivision. While they repeatedly denied Chapman's requests they approved three other new subdivisions that also had only one entrance/exit. The council finally did the right thing but why did it take them two years to do it?

**The "Overlay tax district."** The city got their TIF cost/benefit analysis back from the consultants - consultants Sansone wanted the city to hire because Sansone has worked very cozily with them before. The conclusion the consultants reached was that the TIF project will cash-flow. That wasn't news that was a foregone conclusion. In the history of Missouri TIF's we can't remember any TIF consultant report that said a TIF project *wouldn't* cash/flow because their numbers are always based upon what might happen in the best possible scenario not on what will happen if the Big Box turns out to be a not-so-big box. Rolla's premature TIF analysis is as usual based upon the developers claim that he can sign up a Kohl's, Home Depot, or some other giant retailer to turn over massive sales to generate the millions needed to pay back the multi-millions in TIF Bonds the city will guarantee for the developer. However, if the TIF developer only comes up with a Grandpa Pigeon's and a hot dog stand the city will be left holding the bag on millions in debt. What do you expect when government gets into the retail development business - a subject they know absolutely nothing about.

The interesting thing in that news story wasn't the consultant's rosy scenario report it was this comment from Sansone:

*“In addition to TIF Sansone is also proposing an overlay district to generate dollars for the project. An overlay district would add 1% to the total sales tax collected by retailers in that development. Like TIF, a portion of those revenues would go back to the developer.”* So now there needs to be an “overlay tax district” to provide Sansone with more sales taxes because \$19,000,000 won't really be enough? Why does Sansone say he needs more taxes if, based on Sansone's own development plan, the consultants concluded the project will cash flow?

The additional tax Sansone wants is a Transportation Development District tax. A TDD is a cross between the worst of TIF and the bad mechanics of the Phelps County Public Water Supply District. Just for fun, ask your elected council members and city candidates what a TDD is, how it works, who gets to vote on it and who controls it. See if they're as clueless about a TDD as they were three years ago when they approved TIF I and told us there would be no condemnation of private property.

**Speaking of more taxes...**The city will put a bond issue on the April ballot for \$3.5 million sewer treatment plant. The Southwest Treatment Plant is the one that takes the Doolittle sewage so Doolittle won't have to build a plant. It is over capacity now and has to be expanded because DNR doesn't like the sewage overflowing in the creek. City residents will pay for the bonds through increased sewer rates. The increase, Hargis figures will be from 20¢ to 35¢ per 1000 gallons depending on whether the city gets a low interest state loan or uses private financing. **Councilman J.D. Williams** has always had an issue with the price the city charges Doolittle for being relieved of their sewer problems and he's right. The price they pay is another one of those spitballed estimates from **City Engineer Hargis**. Will Doolittle pay more for the plant improvements? Sure, based on another spitball estimate from Hargis.

**Councilman Matt Williams** asked if these increased rates to pay off the debt are ever removed after the facility is paid for. Hargis said he didn't know. It seems no one in City Hall bothers to keep track of the tax increases that come from our bottomless pockets. On occasion, Matt Williams sounds like he 'gets' the idea of fair tax policies and may even appreciate that it's dangerous to abuse public trust by pretending a tax increase is not a tax increase that must be approved by the voters, but if he wants the rest of the council to 'get' it he'll need to speak louder and spell it out to them bluntly. Deferential questions and subtle hints don't work with this bunch. If you don't blow their hair back they miss the point entirely.

**Janese Heavin - doing what 'they' do.** The newly-arrived editor of the RDN, **Janese Heavin**, has done something very significant. Unfortunately it's something we've experienced so rarely in Rolla that it hasn't registered with most people. Finding City Hall less than enthusiastic about leading an effort to keep the USGS in Rolla,

Heavin did what they should have done two years ago. She put the subject on the front burner and turned the heat up by making repeated calls to Missouri and Washington politicians asking what they were doing about the threatened loss of a very important area employer.

NSN reported that we were losing the USGS on December 30, 2003 but the Mayor and the RDN said we didn't know what we were talking about. Our Congressional Delegation in D.C. knew about it because the USGS employees had invited them down here for a crisis meeting before the selection process started. **Rep. Emerson** came but no one from City Hall or the Chamber of Decorators bothered to attend that critical meeting. Other than expressing the politically correct amount of outrage the other members of the Missouri Congressional Delegation ignored the problem.

When **Rep Joanne Emerson** met with the USGS employees she said she would go back to Washington and yell really loud. Nothing happened. When the axe fell this year Emerson said she was really, really mad. Nothing happened. The City Council, prodded by **Councilman Sibley**, passed a protest resolution and **Mayor Morgan** finally wrote a letter. Nothing happened. By the time Heavin came to town, USGS was all but packed up and gone, D.O.A. from local, state and national apathy.

Heavin then did what reporters do elsewhere but hadn't done in Rolla for decades – she kept asking questions and demanding answers from politicians and bureaucrats. After weeks of phoning, needling and reporting their excuses to their voters, her persistence paid off. Our sluggish congressional delegation in Washington moved off the dime and found that the selection process had been corrupted by dirty internal USGS politics designed to favor well-connected consultants who were waiting to pick the lucrative bones of our dismantled USGS. As Gomer used to say, “Sur-prise! Sur-prise! Sur-prise!”

Now there are two high level investigations into the corrupted site selection process and the political hot potato of what to do about USGS (or, how to get 'that woman' off our backs) is not a done deal it's an open question. Employees of the USGS offices here and in Denver, encouraged by Heavin's disruption of the bureaucratic steamroller, are even discussing some kind of less bloody reorganization than the “winner takes all” federal method.

A petition was finally circulated and sent to Washington last week but it was not initiated by any of our local 'leaders' who should have done that first. City Hall, the Chamber, both local political parties and all the self-appointed economic developers did too little, did it too late and did it with a marked lack of enthusiasm. We're still waiting for the outcome but if things don't work out as we hope it can be laid squarely at their door. They had two years to do what Heavin pulled off in barely two months.

If the USGS story turns out well the credit will go to one reporter who merely did what reporters do – they make government answer to the people for what they do...or fail to do.

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