

# No Standing News

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

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## Can Jenks get the \$2.2 million deficit and city spending under control?

*August budget hearings will set the tone for the new 'Jenks Administration'*

### Missouri Constitution Article VI, Sec. 26(a) Limitation on indebtedness of local governments without popular vote.

"No county, city, incorporated town or village, school district or other political corporation or subdivision of the state shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years, except as otherwise provided in this constitution."

This is another constitutional provision that the Rolla City Council violates annually as if it doesn't matter. The city's **\$2,247,765\*** budget deficit is bigger than their reserve fund was – back when they something that could be called a reserve fund. The city can't pay the bills they owe to people who have supplied them with goods and services worth \$2,247,765 and some of those people are local businesses. This is not the oh-so-amusing temporary cash flow problem that Butz and Wiggins tried to laugh off at the July 17<sup>th</sup> council meeting. Their pat little ha-ha routine was transparent.

With no controls, no oversight, no planning, no spending priorities, and the Butz "You-Budget-It-I'll-Spend-It" theory of municipal finance, it's open season on the city treasury for every lobby group. If you can grab your non profit corporation some public money, do it and to hell with the infrastructure needs of the city. The Chamber and RCDC are demanding funding for what will be two long-term financial liabilities on the city budget and they're only the first two in line. The city is keeping the Rec Center afloat by raiding the bond fund of surplus cash that may be needed to make bond payments. If sales tax revenues decline, what happens then? Meanwhile, the council is shoving more costs of health insurance off onto city employees as if employee insurance – not the council's unbudgeted spending – is the cause of the city's deficit. The city has deficit sickness and the patients are in denial.

The council has no idea if *normal* city road and infrastructure maintenance work is being kept up or if the taxes which were voted to pay for annual investment in streets, sewers and water are being diverted to pay for unbudgeted projects because diversion of infrastructure money for unplanned spending has become the new *normal*. **Councilman J.D. Williams** asked last summer why the city's contractor kept stopping work in the middle of a street and didn't come back for months to finish. Hargis made up some tale about Jefferson Asphalt having priority state contracts, which was boloney. The only reason people with a contract drop their tools and walk off the job is when they aren't getting paid as agreed.

The city council should have been peeing down their legs at the July 3rd council meeting when - even *after* they rubber-stamped the budget "adjustment" resolution - they were *still* **\$2.2 million** in the red instead of **\$3,225,693\*** in the red. Despite the city auditor's warning that deficit spending is a constitutional violation, they didn't seem to understand that the purpose of a budget 'adjustment' is to make the out-go balance

with the in-come until there's NO red ink left. They're not supposed to sit there apathetically while Butz lays another Butz-ism on them. BUTZ: "*If you pull out about 5 items out of here we're about \$300-\$400 thousand to the good on operations.*" That's like a doctor telling a patient, "Except for the big malignant tumor eating your face, you're in really great shape." The mayor and the council swallowed this inane Butz-ism and went on discussing more new spending and giveaway projects for the Chamber and RCDC. Meanwhile, the Chairman of the Federal Reserve *is* peeing down *his* leg at the cold wind of recession blowing closer as war debt piles up. This is not the time for the usual giddy Butz optimism about tomorrow's tax revenues and big windfall profits from dead and dying projects.

**Council bored with budget meetings.** The reason we're alarmed at the council's lack of alarm is because just two weeks earlier when the council passed a resolution expressing their intent to spend another \$511,000 to buy the Forestry property for the Chamber (the same meeting where RCDC demanded the city build a private Pork Park for them in Hy Point) they also talked about the upcoming annual budget meetings. **Councilman J. D. Williams** said – as he does every year – that he didn't want to spend more than a few hours on the next budget and most of the council muttered agreement. The council has a ruinously liberal budget system, Butz is blissfully free of all accountability, there is no oversight by the council and they never make the Fiscal Officer/Treasurer confirm that there is unbudgeted money *available* to pay for their latest *unbudgeted* expenditures. The result? They're now millions in debt. Have they put out a "Go away, we're broke" sign? No, they're considering another big ticket park proposal for the Chamber that will cost the city more than **-\$2,087,200** over the 20-year contract. The deficit and their spending plans keep growing, but they groan at the idea of spending more than a few hours on the boring annual budget. Is this a clue as to why the deficit is now bigger than the reserve fund used to be?

**Jenks not to blame – yet.** Mayor Jenks has just taken over a city with a big problem. Jenks isn't to blame for the \$2.2 million\* deficit but now it's his responsibility to present the council and the taxpayers of Rolla with a plan for getting out of debt and controlling future impulse spending. The August budget meetings will be our new mayor's debut as a budget-cutter and money manager. We hope Jenks has the good sense to do both

without laying-off city employees and cutting their health insurance just to pull off a quick-and-dirty temporary budget 'fix' at employee expense. The city employees weren't the ones who got the city into this mess and they shouldn't be punished for it. The city's "budget officer," the one who says, "If you just take out all the bills we can't pay, we're in pretty good shape," is the one who deserves punishment but what he will get is another raise for spending \$2.2 million more than the city had.

Mayor Jenks, if he intends to get the budget under control, deserves more help from the city council than their moaning about how boring budget meetings are. Token four-hour budget meetings, where they only do the 'fun' part – spending more money than they have - are why they've rubber-stamped

\*As of 6/12/06 the city's deficit was actually **\$3,225,693** but with the budget "adjustment" Butz 'hopes' the final deficit will be no larger than \$2.2 million. They won't know until the books are closed in September what the final deficit really is.

### Why is there no Treasurer's "endorsement" on spending proposals?

Every taxpayer should be worried about how the city wound up with a \$2.2 million deficit because if they don't start obeying the state laws designed to prevent deficits one or both of these things will happen: **1.** The deficit spending will continue until the city is put into receivership and/or, **2.** The city will keep raising taxes, fees and utility rates to cover up their reckless overspending. (Notice the second one is already happening.) Every political entity, county school district, public hospital, public water district, etc. has a similar set of state laws designed to protect taxpayers and prevent runaway spending by foolish or stupid elected officials. It's their responsibility to follow the rules; but it's our responsibility to know the rules and make them reign in spending it whether they like it or not. An ignorant electorate is one that's about to get its pocket picked with higher taxes and/or outrageous utility rates for increasingly poor quality public services.

At the July 17, council meeting when Butz said a Texas developer wanted the city to spend \$100,000 to improve the road to the developer's new housing project (to get them to approve the project Peterson had told them the development wouldn't cost the city anything) **Councilman Sibley** asked **Finance Director Rodgers**, "Is there \$100,000 in the budget to pay for this?" That's exactly the question the law requires the council ask before they vote on any bill, ordinance or resolution that involves spending money but this is the first time we have ever heard a member of the council ask the *right question* of the *right person*. They usually ask Butz, but the city's Power Shopper is always the wrong person to ask about money. Rodgers froze and wouldn't answer. If she said "yes" it would have been a lie and Sibley knew it. If she told the truth, she'd be in trouble with her boss. Butz jumped in and tried to claim they could take it out of the street budget. Butz still doesn't get what it means to have a \$2.2 million deficit. It means there isn't *any* extra money in *any* fund for *any* thing.

If you don't see the council, school board, hospital board, county commissioners, water district board or rural fire board using this law and asking this question of the treasurer, you know there's financial trouble brewing – it's a tip off that spending is not being kept in line with revenues.

**RSMo 95.365 "Money drawn from treasury, how--treasurer to report, when.** No money shall be paid out of the treasury except on a warrant signed by the mayor and attested by

deficit budgets year after year. The council never demands to see a list of their unpaid bills and how long they've been overdue for payment - they prefer not to know. It's the council who didn't ask the city treasurer to certify in writing that there was money in the bank to pay for each of their unbudgeted spending sprees over the last three years. It's the council that approves budgets with phony revenue projections to cover up the carry-over deficit from the previous years. It's the council that spent over a million dollars buying land in closed meetings and didn't tell what they'd done because they knew they shouldn't have done it. They created this mess and they should tell the mayor they'll stay after school as many nights as he wants this year until the budget is *balanced* and all new spending is prioritized.

the city clerk. No warrant shall be drawn upon the treasurer, nor shall any ordinance appropriating money be passed, unless there is an unexpended balance to the credit of the city in the fund in the treasury upon which such warrant is drawn, to meet such warrant, or a sufficient sum of unappropriated money in the fund in the treasury upon which such ordinance is drawn, to meet such ordinance. Every bill [i.e., ordinance, order or resolution] that contemplates the payment of money shall, upon its second reading, be referred to the treasurer, or the person acting as treasurer, for his endorsement, to the effect that a sufficient sum stands to the credit of the city, unappropriated, in the fund covered by such ordinance, to meet the requirements of such bill...." (emphasis ed)

There are other duties of the city treasurer and for city budgeting in several chapters of the state statutes. Most of these state laws are copied nearly word for word in Rolla's city ordinance but this one – the most important control against overspending – was left out. It doesn't matter that the city left it out of their ordinances, whatever state law says they must do they still must do. It's long past time for the council to start asking for *Stephanie Rodger's written endorsement* stating whether or not "a sufficient sum stands to the credit of the city, unappropriated, in the fund covered by such ordinance, to meet the requirements of such bill" on every single vote that involves spending money. It's time we demanded to see this written endorsement before they take what may be a fatal second vote.

**Next folly - a Million Dollar Dog House.** A good place to start using the "Treasurer's Endorsement" is on the proposed one million dollar city pound that **C. Charlotte Wiggins** and **City Administrator Butz** (but not the council) have decided is Rolla's top priority for next year. Wiggins has already been to the Phelps County Commissioners - with Chief Pikka on a short leash - to get them to make a \$500,000 contribution to her pet project, this \$1,000,000 dog house. We're surprised that the county has a spare half-million to spend on strays, what with their falling down county bridges, unpaved roads and aging road equipment but Wiggins has in mind taking part of the voter-approved 3/8¢ law enforcement tax to pay for housing the...felonious hounds? That's not what county voters had in mind when they passed the "Fight Crime for a Dime" tax for law-enforcement but then they also didn't suspect the tax would

be used to finance **Sheriff Blankenship's** private enterprise raids at Sugar Tree either. The Sheriff refuses to give Newburg and Doolittle the protection they need unless they pay him an extra tithe in addition to the taxes they already pay for county services but Blankenship seems to be more than willing to hand over a half-million dollars of the law-enforcement tax to provide luxury housing for flea-bitten dogs and cats that have been dumped out in the county by irresponsible pet owners, most of whom live in Rolla.

**Presiding County Commissioner Randy Verkamp** says of the \$1 million city pound that “the health and welfare of our citizens is at stake.” That’s laying it on a bit thick isn’t it Randy? You need to stay out of the sun. Verkamp says, “The main thing is to be fair to everybody. The city has to have its costs covered.” So says Randy acting as the “County Commissioner of Fairness to the City of Rolla.” Under the agreement, which Verkamp says is “being inked” the county, they will give the city \$500,000 and pay the city for personnel costs for everything they do for the county plus pay them per dog fees to quarantine animals at the city’s new opulent pound. **Dist. 1 Commissioner Larry Stratman** more cautiously said, “We want to do the right thing.” **Dist. 2 Commissioner Bud Dean** was the only one smart enough to say nothing for publication. After the way they reacted to Rolla’s Expanded Enterprise Zone we can’t wait to see the commissioners explain this one to county taxpayers.

Not only has this million dollar pet hotel not been discussed by the council but they also haven’t given C. Wiggins the authority to begin “inking” contracts with the county. Is that called “micro-managing” or “macro-managing”? A new pound has been on one of the council’s multi-million dollar wish lists but only because they put every trivial brain-chigger someone comes up with on their un-prioritized wish lists. How it jumped to the top of the ’07 spending list is a question **Mayor Jenks** will have to explain – that is if he has anything to say about it at all...and it doesn’t appear that he does.

**Maybe a good plan for the Vichy Airport?** The council may have stumbled into something good and for only \$5,300 they can almost afford it. Incidental to some other work at the Vichy Airport, the company doing the work will have an assessment done by a consulting firm (claimed to be experts in this area) to see if there is a niche market that will help develop the city airport (owned by the City of Rolla but located in Maries County) which has been a constant annual drain on the city’s budget. “Expert” advice about developing the airport has been paid for before and at much greater cost but nothing ever came of it because RCDC didn’t want city money diverted away from developing the land RCDC owned. **C. Wiggins** correctly pointed out that if this consultant came up with something that sounded like it would work it is time for the city to make a serious investment in the airport or get rid of it. If the consultants do come up with a good idea, they will want to be paid a lot more than just \$5,300 to provide more details about how this development can be done. If they are as good as billed it might be worth it.

The city doesn’t have a dime to invest in developing anything, but if they tighten their belts (that might take a two and a half hour budget meeting) they might be ready to make a serious investment in the airport in three or four years. Let’s see,

how should they spend the taxpayer’s money? Developing the airport we own or developing more land that RCDC owns? Spend public funds on something that might benefit the public or give away our money to RCDC? That’s always been a tough choice for the council.

**The Mystery of the Hy Point Lagoon Easement.** Beger and Bushie have declared that the city does own the Hy Point sewage lagoon because (hang on to your sox) they claim RCDC “attempted” to record a plat “dedicating” the property to the city in 1974. They go on, “*It is unclear why the assessor’s office shows the same property to be owned by RCDC but this would not constitute a cloud on the title to the property.*” In other words, RCDC meant to dump the toxic sewer lagoon on the city in ’74 but they forgot to do the paperwork. Here’s Bushie’s theory of city ownership: “*Having accepted the dedication of the lagoon property by RCDC, the City of Rolla is the owner of the lagoon site property.*” Oddly, the city has been unable to locate either a deed or any mention in official city records that the council ever voted to accept this lagoon other than a copy of an Agreement dated October 18, 1970 four years *before* the aborted plat recording in 1974. This Agreement doesn’t say it’s giving the city ownership; it’s merely an agreement by the city to pay for, operate and maintain RCDC’s public infrastructure (roads, sewers etc) in Hy Point. Oh well, nevermind all the inconvenient facts, they wanted the ‘opinion’ to say the city owned it so the ‘opinion’ says it. That’s all it is, an ‘opinion’ not backed up by a single fact or document.

Then Bushie gave away his city “ownership” theory at the end of this ‘opinion’ by saying: “*In the event the City of Rolla wanted to sell or transfer the lagoon property, the buyer could require a quit-claim deed from RCDC as part of the sale.*” If Bushie is so sure the city owns the sewer lagoon why is an RCDC quit-claim deed necessary? Could it be because there is only a 1974 unrecorded plat, a 1970 Agreement for utility easements and no record that the council ever voted to accept anything, in short, a complete absence of any documentation proving anything except that RCDC has and still does own the lagoon since the city sold them the whole 120 acres for \$1 in 1968.

The ownership of the sewer lagoon doesn’t matter much except that it is a huge contamination liability for the city which is why RCDC wanted the ‘opinion’ to say the city owned it. (Are you getting the picture? RCDC never pays for anything; the city gives it to them. If a city ‘gift’ gets stinky they dump it back on the city.) The underlying issue is still the same. The prima donna’s at Hy Point are having a tantrum because they have a “right to some amenities out there” and they demand we pay for their Pork Park to show our “appreciation” to their wonderful selves. To show the sufficient amount of appreciation the council would have to once *again* violate the constitution in order to spend public money for the exclusive benefit of these private corporations. The council should take this matter up again...the day after all these demanding corporate brats have paid their back property taxes.

**Will the city now “own” our private property with every utility easement?** The Beger/Bushie “Theory of Ownership by Secret Plat” was accepted without question by the council. After all, lawyers are never wrong especially the ones you’re paying

\$2,000 a month just to sit and read to you. If giving the city an easement across your property gives the city actual ownership of the land and doesn't just allow access (as everyone has believed for about 230 years), it raises some thorny questions that will come back to bite the council's ass every time a plat is filed that contains a city utility easement. If anyone can go to the courthouse and record a plat in the City's name without any vote or record of consent by the council, how many developers and owners of contaminated land can sneak over and give the city "ownership" of contaminated land they need to get rid of? Does the city really "own" the land described in every platted easement? Are they the ones liable if someone breaks a leg on "their" easement?

Another thorny question is about the city's earlier decision to make homeowners pay for repairing their water and sewer lines. If a "dedicated easement" gives the city *ownership* of the land then the lines that are buried in a "dedicated" city "easement" on what we all thought was still our private property are, according to The Beger/Bushie "Theory of Ownership by Secret Plat," really buried in city-owned land. So the city will have to repeal that ordinance that says we have to pay for all repairs to water and sewer lines all the way out into the street. If the easement makes it their property all the way up to your house they can pay for *their* repairs to *their* lines on *their* property.

**Small favors.** At least Butz wasn't here in 1970 and 1975 when all this secret platting was going on without the council's knowledge. If Butz had handled this with one of his typical "negotiations" we would have wound up paying RCDC \$50,000 to take that heavy metal sludge pit off their hands.

**Butz sends TIF letter to residents trapped on Williams Road.** The council talked about TIF in closed session on June 5<sup>th</sup>. **C. Waterman** and **C. Williams** have been steaming about leaving these people in TIF limbo. The result of the closed meeting was that Butz sent a letter to the Williams Road people saying he didn't have anything useful to say to them. He said the good news was that they could go ahead and sell their homes to Sansone but the bad news was Sansone didn't want to buy them because a retail "tenant hasn't been identified." The other bad news, Butz said, was that "this project could still take several years." His closing was grimly comic but only if you are not one of the unfortunate homeowners on - as he unkindly reminded them - the officially "blighted" Williams Road who have been twisting in the wind for three years. (Ever try to sell a house that's been officially declared to be "blighted?") Butz ended his "good news, bad news" letter with this cold bureaucratic comfort: *"In closing be assured the City's interest continues to be redevelopment of a generally blighted area of Rolla and an enhancement of the quality of life of Rolla residents through economic opportunity. Thank you for your continued cooperation and patience."*

**The Chamber ducks again.** The council made it official in June. They will permanently opt out of the Back-to-School sales tax holiday. The School Sales Tax Holiday is the creation of our former **State Senator Sarah Steelman** and a pet promotion of the **Missouri Chamber of Commerce**. Butz figured the lost sales tax would have cost the city \$10-\$13,000 in sales taxes. We understand why, with a \$2.2 million deficit hanging around their

necks, that they don't want to lose sales tax revenues but what we don't understand is why they *do* want their local retailers to lose what that \$10-13,000 in sales taxes represents to merchants - about a half-million in retail sales.

You'd think the **Rolla Area Chamber of Commerce** would have made at least a token protest in defense of local retailers and their lost retail sales but for the third year in a row they were silent. It's hard to remember that your original prime directive was to protect business and commerce from encroaching taxation and over-regulation by city government, when your new prime directive is to get the excessively taxing, encroaching city government to throw more pork into your trough.

**"New" Chamber marketing plan a rehash of "old" Chamber marketing plan.** The council didn't vote on the Chamber "rental" contract on July 17<sup>th</sup>. Instead they heard another report from **Chamber Director Linda Kuenzie** on her marketing plans to justify getting nearly \$220,000 a year to spend and a \$511,000 vanity park. Kuenzie showed them little brochures and maps she's creating and said they will update the expensive billboards (the ones that invite you to visit Rolla when you're already here) and buying more advertising and something about going around collecting menus from restaurants (no idea what that's for) and shopping guides for UMR students (who are also already here and only want to know where to buy pizza, beer and clean underwear). The more she talked the more familiar it all sounded. Later the light bulb went on. Her "new marketing plan" is the same "Tourism Marketing Plan" the Chamber started with 13 years ago - the one **Buz Harvey** invented. That's the one the Chamber Board now admits didn't work to attract tourists because we have no tourist attractions. The wrapper is new but the contents are the same. That explains why Buz Harvey was with her that night. He's helping her repackage his old plans - the ones that already didn't work. Take the 'meat,' such as it is, out of Kuenzie's marketing rehash and you could get the whole thing done by a professional consulting company for less than \$50,000 instead of the \$220,000 a year it costs us to have Chamber amateurs do it.

**Fight! Fight!** In the July 17 closed meeting where the topic of discussion was getting rid of **John Petersen**, Council members **Jim Waterman** and **Judy Jepson** must have had a real brawl. It went public when Jepson's email was 'leaked' to the newspaper which accused Waterman of not living in his ward. Waterman resigned from the council so Jepson won that round with a diversionary tactic which had absolutely nothing to do with the real question of whether Peterson should be fired. Now that she's stuck us with Peterson we'd like Jepson to explain why she thinks he should stay. The people who must deal with him - out of her sight and hearing - see a very different Petersen and it's not the Peterson who treats her like the Queen of the P&Z. They have to put up with an arrogant bureaucrat who plays favorites and "interprets" the rules as he pleases. A bully, who insults people in public but isn't man enough to apologize, a browbeater who threatens to condemn private property if the owner doesn't do what Petersen dictates, isn't the kind of employee the city needs. Trading Jim Waterman for Judy's Rotweiller was a very bad exchange for the city