

No Standing News

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

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Chamber gets the cream - city employees get table scraps

On September 26, 2006, city employees received a letter from **City Administrator John Butz** giving them bad news, worse news and really awful news: <[http://www.rollanet.org/~rwnash/BUTZ MEMO TO CITY EMPLOYEES-A.pdf](http://www.rollanet.org/~rwnash/BUTZ_MEMO_TO_CITY_EMPLOYEES-A.pdf)>. (The man is a positive genius at employee relations) He explained about the city's very tight '07 budget and then added this cheery note. He told them they were lucky that the council *had not* mandated a \$300,000 savings in '07 to restore the reserve fund (the one that he cleaned out to pay for the city hall renovation cost overruns). If they had he would have had to fire as many as 5 full-time employees. Therefore, the good news/bad news for employees was that instead of 5 of them losing their jobs, they will only get a 1.5% COLA – “that's 2-3% less than the Consumer Price Index,” Butz explained. (We think he meant the CPI is 2-3% and they're only getting half of that.) The worse news is that some of them may be eligible for up to a 3% merit increase but, Butz informed them, “We anticipate that 10-20% of our employees will not perform to the level required to receive the merit increase.” (We predict that the 10-20% non-performing category won't include any of the empty suits in management who are responsible for this miserable state of affairs) In his letter after he told them they wouldn't get much of anything next year except higher health insurance costs, Butz bragged that the '07 budget will produce a \$2 million surplus and he told them the perpetually subsidized Rec Center would produce a surplus! First he tells them they can't have what little money there is, then he tells them there will be a multi-million dollar surplus?

The really awful news was that their medical insurance costs are going up again from \$55 to \$65 *every pay period* (\$130 a month) for the employee and for families from \$115 to \$145 *every pay period* (\$290 a month). It sounds better when Butz breaks it up into two-week increases. Butz explained that the city is self-insured but for the last 18 years, “*Unfortunately we didn't have the discipline to set-aside our savings in the good years to off-set our losses in the bad years.*” Well, three cheers for our feckless city management. When making this damning admission about the total lack of fiscal discipline in City Hall, Butz didn't point out that he is the one who has been in charge for most of that 18-year period. If Butz had recommended such savings to the council they would have agreed to it without question - but he didn't.

What happened to the table scraps? This isn't the first year our city employees have been sacrificed but this is the first time the contrast has been so obvious between what the council has carelessly done to their employees and what the council is considering doing for the Chamber and all the other

non profit corporate Kleptocrats in town. At the very same time city employees were getting the Butz letter and trying to decide whether their children could have food or medical care next year, the council was, and still is, being pressured by the Chamber of Decorators to secure their annual \$220,000 welfare payment so they can give their Chamber ‘executives’ better pay and health benefits from our city taxes than we give our city employees from our city taxes. In addition, the Chamber is still whining for the city to buy them a \$511,000 park and pay to maintain it for them and eventually invest \$250,000 in ‘park’ improvements for them. They are outraged that some council members who had the guts to question this giveaway have demanded the Chamber contract be renegotiated. In response, **Buz Harvey** provided “talking points” arrogantly informing the council that they “*cannot divert the [Motel tax] funds – other than the 10% holdback for administrative expenses – to any other purpose.*” They “cannot?” They “cannot” or Buz and the Chamber will do what to them? Another Chamber attempt to bully the council into continuing to give them 90% of all the Motel tax money.

From February '05 to April '06, the council had put their employees even further behind the 8-ball by blowing **\$1,867,805** on land purchases – none of it was land the city needed and most of these council real estate ‘investments’ coincidentally seemed to benefit some land owner/developers with connections in City Hall. At the very same time Butz was telling employees that the city's financial bleeding would be cured off their backs, RREC's **Elizabeth Bax** was explaining how important it was for Terry Brewer's image for him to have the city pay for a pretty park to impress his visitors and RCDC's **Jim Sowers** was smarming around for a cheap deal from the city so taxpayers will wind up paying to cut the grass on RCDC's private property. If there was any extra money to cater to the Chamber and RCDC, it has already been spent on land speculation.

The ugly contrast – city employees vs. corporate sharks.

Let's look at the relative value of these two groups. City employees are the ones who haul away our stinking garbage. They are the ones who work at the sewage treatment plant and repair sewage lines to keep us from wading in our smelly waste. They work night shifts - which plays hell with their health and family relationships - patrolling our streets so we can sleep in relative safety. They work in blistering heat and freezing cold so our roads are passable, the water flows and the lights stay on...well, the lights more or less stay on.

What does the Chamber of Commerce do for us? Let's see ...h-m-m-m...well, they don't do any of the dirty work that keeps the town running but they do have golf

tournaments and progressive dinners...no, no that's not it. We've got it! They hand out bagels at the Teacher's conference and go to monthly meetings at Waynesville (but we paid their \$10,000 membership dues for that) and they spend over 57% of our tourism money on Chamber salaries and other administrative expenses. No let's see...they hire "Directors" and give them swell salaries and great benefits – much better than we give our city employees...and...uh they sell expensive Rolla coffee mugs and golf shirts and they spent \$6,126 on a concert "under the stars" but took in only \$2,630. They give away thousands of dollars of the tourist tax in "grants" - proof that we're giving them too much money. The Chamber of Decorators say they plan to spend more Motel tax money on more brochures, more marketing analysis and a four-faced clock (idea of the Mayor's wife) to decorate around the downtown caboose. Okay, so we can live just fine without any of that, but surely the Chamber does something of real value for the town that we're just overlooking. There must be some legitimate reason why they think they deserve all those millions to spend and why we paid the mortgage on a \$280,000 building for them and why they think we should give them their very own \$511,000 pleasure park to be groomed and maintained by city taxpayers. Please tell us that the people who have already wasted \$2.2 million from '95-'06 are more than just social directors for a bunch elitists who are too cheap to pay for their own entertainments.

The Classic mistake – gut the workforce. We've seen it before. Business school text books warn against doing it. It's the classic mistake weak managers make when standing in the fiscal debris of their own folly – they slash into the workforce and workers benefits to try to 'save' the public money they shouldn't have gambled on land deals and other high-risk "progressive projects." This is city government, not Investment Realty. Later, when people complain that their expensive services stink, management has to spend twice as much to hire and retrain new employees (retraining employees costs from \$5,000 - \$20,000 per employee) to try to restore the previous level of service. The people who do the grunt work are not the problem. They aren't the ones who signed the 25-year contract with the Chamber, they aren't the ones who spent **\$1,867,805** speculating in land in only 14 months, they didn't overspend the city hall renovation budget, they aren't raking 5% off the top of every utility bill and they aren't the ones who, to quote their boss John Butz, "...didn't have the discipline to set-aside our savings in the good years to off-set our losses in the bad years." Those mistakes were all made by the college boys upstairs. They are the ones whose jobs should be threatened. They are the ones who ought to be feeling pain in their paychecks, not the guy out in the street picking up those stinking trashcans.

Shame on the council for uncritically going along with management's impulse spending, for not questioning management's 'land investment' schemes, for buying land from City Hall 'friends' at inflated prices for not making sure that before they gambled with our money they had first put enough money aside to protect our employees and at least give them affordable health protection. Shame on the council for robbing employees to pay for their extravagance.

Another secret shopping binge. We don't know who convinced the council that their prime directive is to "flip" land for resale but without some explanation - and there has been none – we can only conclude that's what they did over in the 18th St. and Walnut area. The question is who are the developer(s) who talked the council into using our money for this latest land scheme and why does the council keep going along with them? The most recent scheme fell through but not before the city treasury was soaked for a total of **\$802,642**. Our tax money wound up in the following bank accounts: **1.** February '05 the city council secretly purchased **Bill L. Ransdall's** old building on 18th St. for **\$250,799**. **2.** The following month they paid **\$350,204** for the **Waffle House** and had it torn down. **3.** In April this year they secretly bought **Tom Aaron's** property for **\$201,639**. That's a total of **\$802,642** on more land acquisitions to do what exactly? Was it only to cut another road from the highway intersection to Walnut Street where Hargis has built some weird curbs that stick out in the traffic?

Judging from the irate comments by council members at the September 5th meeting, this last spending binge was another Butz "deal" that fell through. At first they jumped Hargis but he refused to take the blame so he laid it on Butz. Butz dithered around trying to make excuses for whatever it was he failed to pull off but nothing he said made any sense. All the plotting had been done in secret council sessions but this was an open meeting and worse, it was being recorded. Butz was hard-pressed to excuse his foul-up without giving the audience a clue as to what the scheme had been, who was involved in it and why it went bust leaving us with only a screwed up intersection at 18th and Walnut and an \$802,642 hole in the budget.

Last year they spent **\$436,037** buying 42.23 acres over by Joe Morgan's subdivision. They said that was for a detention pond. In their November 21, '05 closed meeting they voted unanimously to pay Mead Technologies **\$600,000** for 106 acres. Butz had the purchase budgeted for \$200,000 but Mead demanded \$600,000 so they paid another \$400,000, three times more than they had budgeted for the land that's going to be Hargis' truck "campus" and Charlotte's new million dollar dog hotel. All together they spent **\$1,867,805** in 14 months on mystery land deals and they've never explained to the taxpayers how we benefit by tying our money up in large tracts of very expensive land instead of spending it on, for instance, employee health insurance or new fire trucks.

When you see the mayor or any council member, ask when they're going to 'flip' their land investments at 19th and Walnut and at least get our **\$802,642** back.

Mayor Jenks' maiden budget still has at least a \$995,000 deficit. We had hoped for better from another business mayor but Jenks didn't take over the city budget and set the tone for more conservative fiscal management. Instead he left it to Butz and **Fiscal Officer Stephanie Rodgers**. Once again Butz prematurely included as 'new' revenue for the '07 budget the \$995,000 they thought they would get from the sale of Buehler Park this year. The answer to the Buehler Park question is in the hands of the Appellate court again and

probably another year away. Phony revenues like this \$995,000 only hide deficits until the end of the fiscal year. At year's end the \$995,000 deficit that the park sale was supposed to cover up will pop up again dripping red ink. Mayor Jenks has "balanced" his first city budget but only by inflating revenues, using a one-time \$995,000 windfall that may never happen and squeezing employee wages and benefits so his cronies in the Chamber and RCDC can have the cream off the top of the city budget. Looks like we have another "bizness" mayor.

Having fun with "Earmarking." The Rolla City Council just can't get used to their new financial condition – broke. On September 18th, right after they had passed another deficit budget they started wanting to spend money on things they had *not* included in the just-approved '07 budget. With barely enough money to keep the city running, they kept trying to " earmark " revenues to fund some new non-budgeted thing that had just struck their fancy. Somehow it still hasn't penetrated that all revenues are already " earmarked ." They're " earmarked " to pay for the bare necessities until they cut back on spending long enough to get rid of their deficit. Operating on a shoestring means there is nothing to put aside or " earmark " for more impulse spending. It means NO MORE extras. Not for RCDC's mowing, not for RCDC's private park and not for the Chamber's private park with all those old buildings and the unknown repairs we will have to pay for forever. Nevertheless, they kept saying, "Let's ' earmark ' some revenue to buy that."

Councilman Lou Magdits, who was taking the mayor's place that night, finally got fed up with their " earmarking " party and called them on it. "What," he asked, "do you mean by " earmarking ?" Dead silence from the ' earmarkers .' We sympathize with his frustration.

In government, there are only two ways to reserve or " earmark " revenues for special spending; with ' *Restricted* ' or ' *Unrestricted* ' reserves. A *Restricted Reserve Fund* is for a certain specified purpose and it has, by ordinance, a requirement of a 2/3 (or higher) vote of the body to release the funds for the previously agreed-upon spending. An *Unrestricted Reserve Fund* is like the city's current reserve fund, there are no stringent voting protections to unlock the money so it can be spent on anything at any time with just a simple majority vote. That's why we have very little in the reserve fund now. It was just too easy to keep " borrowing " from the reserve fund to cover up their lust for overspending. Magdits has been trying for years to get a percentage of revenues allocated in the budget each year to rebuild the city's reserve fund. No one seems to share his concern that the city has nothing to fall back on in a crisis. They still don't.

The problem with the council's sudden enthusiasm for ' earmarking ' is that this year they not only need to find some extra money for pork projects for RCDC and the Chamber, the council is reduced to trying to ' earmark ' money to replace one of our aging fire trucks that costs about \$500,000 (the ladder truck also needs to be replaced but it costs over \$800,000). For the last 8 years the city has been on a spending binge; spending not on fire trucks and new sewer lines and roads and salaries and insurance but spending on

real estate speculation, fancy digs for city hall and get-tax-rich-quick schemes like TIF or EEZ that the Economic Development First crowd demanded. They've " lease-purchased " (borrowed money at high interest rates) to finance the \$6.5 million Joe's Road/City Hall bond issue and to replace equipment, so we've paid more than list price even for lawn mowers and we're drowning in interest payments. They've neglected planning and saving for big ticket replacement of vital emergency equipment like fire engines and they can't even afford to fix the leaking roof on the police building. Now the budget is hanging by a thread. Unexpected breakdowns could be disastrous. The only " earmarking " we can afford now is to " earmark " the frivolous " earmarking " council members for replacement April '07.

Sansone proposes piecemeal TIF development – but there's a catch. In an attempt to salvage something out of his floundering TIF II, Butz and Jenks want the council to agree with Sansone's proposal to do the TIF project in "stages." Sansone has proposed buying the corner from Guffey and put in probably the same Walgreen store that Guffey was within weeks of breaking ground for three years ago. Other bits of the "staged" TIF project would come later when, as Butz put it, "the retail climate is more favorable."

The council should reject Sansone's half-a-loaf method for two reasons. A developed Walgreen store on the corner will not produce enough in sales taxes to pay off the \$10 million in city TIF bonds because drugs aren't taxed, but one new building on that corner will *increase the appraised value of all the remaining parcels* – property the city will have to buy later at a higher price and give to Sansone. Done piecemeal, the total cost of acquiring the land will be much higher than it is now.

The second reason they should reject Sansone's piecemeal method is because of Waynesville's 1999 TIF experience. They were talked into a "staged" TIF. Their TIF bonds were "staged" and sold in three parts. The last group of "staged" TIF bonds sold in '04 at 1.25% over Prime! That is 9.5% – a ruinous rate and about twice the rate they would have paid if they had sold them all at the same time. Paying it, the Waynesville council report said, could "cause financial stress to the city" and doom the "financially troubled Waynesville [TIF] project." Staging TIF bonds causes them to work like balloon payments. The whole idea of a bond issue is to get a fixed low rate for the life of the bond, but you only get that advantage if you sell them all at the same time. If you do it in bits or "stages" you're no better off than the people who are stuck with an adjustable rate mortgage when the Federal Reserve is raising interest rates.

Waynesville also had to restructure their TIF debt from 15 to 23 years because the sales taxes and property taxes the developer promised didn't materialize. The RREC gang pays \$10,000 a year of our money to be members of the Waynesville RCGA. Haven't they learned anything from Waynesville's TIF problems or do they just not want to admit that any TIF project is less than the perfect little money engine they have told the council?

Has the TIF Commission seen Sansone's "staged" balloon payment scheme yet? Surely **Bill Marshall**, PCB

bank president, TIF Commission member and President of RREC wouldn't advise the council to plunge into this "staged" balloon payment scheme at a time when interest rates are rising and the interest rates of the last TIF bonds could be in the double digits?

This isn't just an "alternative way of doing the project" in "an unfavorable retail climate," as Butz pitched it, it's merely a way for Sansone to get the prime corner lot, develop it with a city subsidy, take his profit and bug out, leaving the RREC and council sitting here wondering how they're going to make the "staged" payments on \$10,000,000 in "adjustable rate" bonds from a drug store that doesn't generate much in sales taxes.

At the October 16th council meeting Sansone was still stalling on signing his "staged" TIF contract even though Butz, typically, had given him everything he wanted. If the council drags us into this Payday Loan Scheme they're not just dim-witted they're criminally dim-witted.

When are RMU's electric rates going down? The government keeps announcing the decline in oil/gasoline and natural gas prices. Those are the energy price "pegs" Stoffer keeps using to justify RMU's HUGE price increases. Well now they're going down so when do our rates come down? Won't MoPEP let them reduce our rates or does the board see a windfall here?

Reminder: Fed up with the Chamber Kleptocrats demanding millions to fund their Progressive Dinners and other social doings with our Motel Tax money? The Motel tax can be repealed. It only takes the signatures of **706 Rolla registered voters** to force the council to put the question on the April '07 ballot. Better to get rid of it than let the Chamber waste another \$3,000,000 on their so-called "tourist marketing" for another 12 years. The Mayor, Butz and the Chamber say it's their money not ours. We voted it in - we can vote it out. That means it's *our* money, not yours.

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