

No Standing News

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

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The Development Agreement – another “tool in our toolbox”

For some reason people of limited imagination and impoverished vocabulary are the ones who will seize on some new saying and beat it to death. The latest cliché is the “tools in our toolbox” and it grates on our nerves. On February 20th we heard it used twice by Washington politicians, three times by ‘talking heads’ on TV, read it in print and heard it again that evening at the Rolla Council meeting. The **RREC, Butz, Petersen** and some council members keep telling us that our problem is that we don’t have enough development “tools” in our “toolbox” so they have come up with this new “tool.” The title of the “tool” is, “A RESOLUTION DETERMINING THE INTENT OF THE CITY OF ROLLA, MISSOURI TO ENTER INTO DEVELOPMENT AGREEMENTS TO FINANCE THE COSTS OF CERTAIN PUBLIC IMPROVEMENTS PROJECTS OR SERVICES WITH FUTURE TAX REVENUES.”

In the vaguest possible language the four-page resolution authorizes unnamed person or persons to give away anything in the city a developer might want in the name of development. The resolution requires total delegation of the council’s power to whomever get to use this power and it only hinted at a few limits as to what could be offered to a developer in a TIF, CID, TDD or a PUD project. There was also no limit in this document as to what codes, regulations or fees they could exempt the developer from on a project. With this blank check you could throw out the zoning and building codes because for “certain” people and for “certain” project all the rules would be ‘negotiable.’ They could also give away cash, buildings, land and taxes. They could sell revenue bonds and give the proceeds to developers at ridiculously low interest rates. They could promise not to allow business competitors or union shops to locate here. They could even promise a 100% rebate on RMU’s unreasonable utility rates. If you think any of that sounds far-fetched, you haven’t been paying attention. Combinations of all those things have been given away to **Briggs & Stratton** in secret contracts negotiated by the **RCDC** and by **John Butz** for **Brewer Science** without our knowledge or consent. Do we want to hand that much power to a private corporate club that tells us they can’t tell us what they’re doing with our money because it’s too secret to tell us.

It was explained to us that this “Development Agreement” was an attempt to give Bax and the RREC the *flexibility* to negotiate but without being too hampered by *specifics*. That’s very cooperative and very idealistic and very unrealistic. It’s only human nature to take advantage of ‘flexibility’ that’s not hampered by any ‘specifics.’ It’s just not practical to turn anyone loose with unlimited power to negotiate unless they have equally powerful and even painful

incentives to avoid abusing that power. What will be RREC’s penalty if they pile on unnecessary giveaways because they, like Butz, are lousy negotiators and because they’re desperate to show they can finally produce some results after blowing through almost \$600,000 of the city’s money in three years? They’ve already demonstrated their bad judgment with two TIF’s and an EEZ and not only is there not a mark on them no one even questions their newest tax and spend project. If the RREC feels no pain because they have no assets on the table, they have no motivation to be prudent and give away as few of the community’s assets as possible. If we have no control over RREC they don’t get control of our assets. This Development Agreement is dangerous, it’s illegal and it’s out of the question.

The rape of the taxpayer. The way the resolution is worded RREC wouldn’t always be the ones with our no-limit credit card. At times it might be the **Mayor, Butz or Petersen** who would be the designated “negotiators” as was the case in ‘02 with the Great Brewer Giveaway. Either possibility is enough to make taxpayers nauseous. The council surely has learned better than to keep giving the city’s credit card to development shopaholics haven’t they? If not, they need to review what happened when they gave John Butz unlimited power to ‘negotiate’ a \$14.3 million revenue bond loan issued by the City of Rolla at a fixed interest rate of 3% to pay off Terry Brewer’s debts and build him a new building. In return for this unheard of financing terms, Terry got his property taxes abated for 15 years and all he had to do “in lieu of” the hundreds of thousands of dollars a year he should have been making in tax payments to the city, county, schools, handicapped and city parks and city library was make small annual “Grant Payments” to his favorite charities - two of which didn’t receive any property taxes prior to this deal and therefore weren’t entitled to any payments “in lieu of taxes.” These ‘Grant Payments’ Brewer gets write off on his taxes thus giving him even more financial benefits for cheating us out of ours. In return, Terry promised he would retain the 240 employees he claimed he had at the time.*

The ink was barely dry on that development agreement when Terry admitted in a RDN interview he had fired employees. Terry kept on firing employees and the paper kept reporting it but nothing happened. Because he had broken the development agreement the city was supposed to immediately impose the penalty by presenting him with a full tax bill. To this day Terry has continued to thumb his nose at the City of Rolla. Butz - the Great Negotiator - has not had the nerve to mention Brewer’s arrogant breach of contract and Butz hasn’t had the guts to send Terry a tax bill. Brewer has

publicly rubbed the council's nose in his violation more than once and last year announced he was creating new jobs in Springfield – not Rolla. Brewer, who apparently feels no shame for breaking his word and stealing from city taxpayers, now has the gall to demand the city build and maintain a private park for his exclusive use. The RREC board and **Elizabeth Bax** are helping him lobby for the city to pay for it! Sure everyone wants more and better jobs in Rolla but just how much groveling do we have to do to get them?

Our problem is not that we don't have enough "tools" in our "toolbox," our problem is that for the last 40 years our deadbeat neighbor, the RCDC, has borrowed our "tools" and didn't give them back. With this Development Agreement the RREC won't just borrow a few tools they'll take the whole damn toolbox. Fortunately, some members of the city council didn't like the idea of a blind vote on what is probably the most dangerous policy proposal in 40 years. A decision on this Development Agreement has been postponed - but only postponed. *(for an update of the Brewer rip-off see: **NSN Vol. II, #40**)

http://www.rollanet.org/~rwnash/nsn_02_40.pdf

No pain; no gain. The Development Agreement came up because the RREC is whining that they can't be the city's negotiating agents if they have to get every deal approved by the city council. What the RREC wants is a promise – in the form of this resolution – that the council will rubberstamp any contract they negotiate. Well people in hell want ice water but that's not the way the system works. No matter what's in this Development Agreement or any contract, every 'deal' has to eventually have the council's vote or it is just useless paper. The council can vote to kill or modify any agreement put before them no matter what they agreed to do in this or any other resolution. If they'd break a 45-year old promise in a deed of trust to keep Buehler Park "FOREVER" what makes the RREC think they'd keep this promise? The Buehler Park promise-breaking precedents aside, the fact is that the council can't legally be bound by any agreement to rubberstamp some future contract. One lesson the council learned, or should have learned, when they tried to delegate their constitutional power to Kaplan to condemn property was that they couldn't do it no matter how much they wanted to keep the blood off their hands. No matter how much of the property acquisition arm-twisting and dealing they try to delegate to the TIF developer, sooner or later the council has to take the only legal vote to do the dirty deed.

Up to this point the RREC has been given everything they asked for. They wanted money to finance their private non profit corporation and they've gotten more of it than we originally agreed to give them over the five year trial period. They wanted us to make Bax a city employee so they wouldn't have to pay for her liability, her benefits or her expenses and staff services, we did that too. At their urging the council has adopted all their "Creative Development Opportunities." We've tried TIF twice and it failed twice. Their idea of extending the Enterprise Zone into county territory brought out county pitchforks and was dropped like a hot potato. Now they're promoting CID or TDD, another TIF-type tax-and-spend project that requires destroying a

subdivision and raising taxes to put in a \$35 million road that they claim – but cannot prove – will be the magic key to development in Rolla. Now the RREC wants to erase the line between public and private powers, they want the council to give them power that by law only our elected officials are allowed to exercise. Well they can't have it both ways. If they want the power we give elected officials they can run for public office. If they want to be a secretive private corporation they can keep their hands off powers that are reserved for governmental officials.

The inadequate Development Agreement could have one benefit. The Development Agreement was a bad idea but it could have a good result. The RREC has come up with this resolution because they're desperate to justify their subsidy. They're development activists but without a plan or guidelines. After four years they've finally stumbled on the thing they should have started with - the development policies and guidelines that we've needed for 40 years. What should we give away to get jobs? How much is too much? Should we give away land, tax abatements, cash, buildings, waivers from building codes, cash rebates for their utility bills and other incentives to get low-paying retail and service jobs, part time jobs or jobs with no health insurance? Are all of those things negotiable? Are some of those things off limits? What is the definition of the "quality jobs" and "high quality people" Bax talks about? Is it worthwhile to finally discuss these things and put together an agreed-upon menu of incentives to offer or is it too late? Have City Hall and RMU in their greed and bad judgment already raised the cost of living in Rolla to the point where we've killed off our chances for development?

It's time to have the discussion we should have had 40 years ago and make the decisions we should have made 40 years ago. We need to get our heads straight about what development is, what our development policies should be and what we're willing to invest in economic development. For 40 years our council let RCDC make all the decisions. Their economic development policy was simple; take free land from the taxpayers, sell it at market price, put the cash in RCDC bank accounts then negotiate deals for the city to give industry all the tax breaks they want, rebate their utility payments and anything else manufacturers wanted for creating jobs no matter what kind of jobs they were.

In 2003, without warning, RREC and the city changed the definition of development from manufacturing to "any retail business" that would create part-time, minimum wage, no benefit jobs. As TIF I and II demonstrate, letting a few people in city hall and RREC change the rules didn't get community support. Before they go on blundering aimlessly with no common agreement as to what we're doing or why there are some questions that need to be discussed and decided by the community. These are not policies that can be decided in private club meetings by the few elites who have been doing the blundering. These are not questions that can be answered in 30 days with closed meetings and a token public "hearing." They're not questions that can be put in the next so-called community survey where the carefully slanted questions are asked of people who have no knowledge of the issues. They're questions that can only be answered after a

number of serious public education sessions where questions can be asked and answered honestly. That sounds like something a hand-picked economic development group could do but not while they're busy being partisans for projects and programs that they've already decided we will pay any price for.

The questions are:

1.) What is Rolla's definition of "economic development?" Is it manufacturing jobs that bring new payrolls, is it 'big boxes' and retail sales, is it projects such as Joe's Road and Rolla West that open land for quick marts and subdivisions or is it subsidized urban redevelopment projects that redistribute taxes and shift commercial patterns? If it is all of the above, how do we prioritize the different kinds of "economic development" to allocate our scarce resources between them?

2.) Will we offer, cash, free land, tax abatements, utility rebates, code and zoning waivers or other 'incentives' in exchange for jobs? If so, what kinds of jobs qualify for the incentives?

3.) How will we monitor the incentives so the taxpayers will have confidence that they won't be hosed again as they were on the Briggs & Stratton and Brewer Science "incentive deals."

4.) Who will be the city's development agents, the council and the IDA (the perpetually inactive Industrial Development Authority which is the city's only legal development entity) or will we continue to pay outside private corporations such as RCDC and RREC that claim corporations "can do things the city can't do" but who have a long and lousy record of not doing whatever those corporate "things" are?

5.) Is buying land for development and using public money to subsidize private businesses the proper role of city government or should government apply public money and assets to improve public infrastructure to support private sector investment? In other words, should the city continue its 40 year practice of speculating in land and buildings to give away? Are business looking for free land and cash handouts and if that's all they're after, do we want them? If they want reliable public services, plentiful labor and low cost of living do we still qualify or have we already priced ourselves out of the market?

6.) In financing projects with public funds and public debt, how much of the city's resources can we afford to commit to any one project without damaging our ability to respond to other development opportunities that may arise unexpectedly, or our response to city emergencies that may strike? How do city budgeting policies and the council's spending discipline (or lack of it) impact economic development? What priority should economic development have in the city's budget?

RREC the Teflon club. The RREC throws these unexamined bad ideas like TIF, EEZ and CID at us in the guise of "Creative Development Opportunities." They don't bother to explain how they work or what impact they will have on

different aspects of our community. All we get is talk about their "vision" and claims that we need more "amenities." What exactly are these "amenities" and who decided we needed them? By the time the public announcement was made that TIF was Rolla's new development "vision," the RREC, partisans on the city staff and the newspaper had built a pro-TIF wall too high for any legitimate questions to get through to be examined. TIF has failed twice exactly because of those unexamined questions. The same failed method is being repeated with the Rolla West idea. Before the council has explained this project to us, before they have taken a vote to authorize anyone to speak in their behalf the RREC is out drumming up \$300,000 for studies for this radical project which will tear up neighborhoods, increase taxes, require a massive public debt and add another layer of government on top the dysfunctional one we already have. Why is it acceptable for the RREC to carelessly shove these radical and disruptive ideas on us and when their 'visions' crash and burn they walk away without a scratch to pick another urban renewal nightmare to foist on us. If anyone else ordered the council to bulldoze homes for a road and raise taxes for "amenities" that might not work at all they'd be laughed out of the building. RREC is not only taken seriously, we pay them for coming up with bad ideas!

It's time for the RREC to quit being the bad idea factory and start doing some real work. They should have started their little club four years ago by getting all local taxing entities to agree on what each was or was not willing to give up as development incentives. Some, like the school district and the hospital are prohibited by law from contributing anything but moral support to local economic development. Getting such a 'menu' together is a difficult task because justifying giving away taxpayer's money involves a lot of research about what the real returns are in today's market. The RREC can't just keep recycling the old Chamber lies about how every dollar spent in Rolla "turns over 7.5 times" and other self-serving legends. Without an agreed-upon menu of what the community is or is not willing to put on the table, the RREC is not in the business recruiting game they're just pretending they are but with our deficit budget we can't afford to keep wasting money on their pretensions.

For Sale. City land speculation gone wrong again. In what is apparently a desperate scramble to recoup some of the money they wasted last year on over **\$1,402,642** in speculative land deals that they thought would result in some great development coup, the council has put 9.23 acres back on the market for \$1.7 million. The 9.23 acres next to the new 'Snake Road' (Walnut and 18th) includes the Ransdall and Aaron buildings clear back to the animal pound. **Mike Woessner** is the agent. How many commissions on the same property does this make for Mikey? It's obvious why Mike is the mayor's favorite real estate agent but it's not clear why he's the council's only choice. Mike didn't use his employees and trucks to put up campaign signs for council members and Mike's relatives didn't each contribute money to council campaigns, Mike only did that for **Mayor Bill Jenks** so why didn't the council insist that all sales of city property be put

on open listing so all local realtors can have a crack at the commissions? If someone buys the property that means we suddenly don't have a dog pound. Will that force a sudden "emergency appropriation" for the \$1,000,000 dog pound that **Councilmember Charlotte Wiggins** was trying to get the county to put a half-million into? This is an example of the kind of bad management and bad planning that keeps the city in a constant deficit condition.

The city is also trying to sell off 65 of the 106 acres over on Old St. James Road they bought for **\$600,000** last year from Mead Industries. The city wants **\$13,000** an acre for this industrial waste land that they bought just a few months ago for **\$5,882** an acre? Was it Butz or Woessner who convinced the council that they could recoup the whole **\$600,000** they wasted on buying this scrub land for Hargis' "Truck Campus" by selling off part of the land for twice market price or are they are just pretending they're going to sell it? We suspect that they don't really expect Bax to sell that land at such inflated prices. Under the give-away-anything Development Agreement plan she'll be authorized to offer the land we paid \$600,000 for to some industrial prospect free as an "incentive" for his inflated claim of job creation that may never materialize or like Brewer's deal won't last long.

Let Them Eat Cake #1. At the February 20, council meeting the new Chamber Ex. Dir. **Stevie Kearse**, gave the quarterly Chamber report. It shows the Chamber paid **\$5,961.64** for the artificial Christmas tree they installed on the "Festival Lot." What a typical waste-of-public-funds Chamber idea. Just think about it. We're living in the middle of the biggest forest in the Midwest and those bozos spend \$5,961 on a *fake* Christmas tree!

This is the town that couldn't find an extra \$5,000 in the budget so they're forcing kids to pay to play baseball but the Chamber spent \$5,961 to buy a fake Christmas tree that isn't used for more than a few weeks a year. They could have bought a whole forest of real Christmas trees from the Optimists for one fifth the waste of money and at least some of this waste of cash would have gone toward local Optimist projects. For \$5,961 they could have bought tons of food and

toys for the growing numbers of Rolla families who can't afford to have Christmas *and* pay their 10.3¢ per kilowatt electric bills. Last year Kuenzie bought a live tree from her brother and someone stole it. Was this their idea of a solution? Buy an ugly artificial tree for \$5,961 so no one will steal it? We're not Rockefeller Center folks let's try for a little common sense here.

Let Them Eat Cake #2. The Chamber Chicks not only get health insurance, they're still getting their health insurance premiums *fully paid* out of city tax money because the new contract still hasn't been signed. Zero premium health insurance – a fantasy real working people can only dream about. The Chamber Chicks have the city's least important jobs but they get a platinum benefit package for doing it. When the council members agreed to put the RREC's **Elizabeth Bax** on the city's payroll so she could get city benefits, did they specify if she would pay the same high premiums as the street workers and secretaries do or does she get the free health insurance the Chamber Chicks receive?

Correction. In the last issue we reported that four years ago the city had agreed to give the RREC a total of *\$511,000* over 5 years so this new organization of community 'leaders' could get economic development going. If RREC couldn't accomplish anything in five years that would be the end of their ride on the government gravy train – at least that's what everyone said the deal was in the beginning. We were wrong about the amount; the *\$511,000* is the price tag for buying the Forest Service land not the RREC subsidy. We also said, "Four years and \$400,000+ later..." wrong again. We went back and updated the figures and found the budget has been over-spent. From 2003 to the current budget year '06-'07 the city will have spent a total of **\$597,854** on Economic Development. That includes salary and benefits this year of **\$97,725**. That may include a little secretarial time for someone else but presumably the \$97,725 is mostly for the salary, benefits and miscellaneous expenses for RREC's only employee, **Elizabeth Bax**. We apologize for under-reporting the amount of money the city has wasted on the RREC.

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