

# No Standing News

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

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## Part II: Rolla West Bypass is NOT on MoDOT's list!

Did we mention that MoDOT doesn't want to do this project? They aren't planning to do it, they don't have any money to do it and it isn't on their STIP. That's kind of a major drawback isn't it? The S.S. Rolla West has left port but MoDOT isn't on board. After the Bax/Petersen presentation the following email was forwarded to us. A reader had simply

e-mailed MoDOT (something council members should do once in awhile to see if they're being told the truth) and asked if they were really planning to pay for part of the Ridgeview bypass and if so how much would it cost. This was the reply: (we've underlined the best bits. STIP is MoDOT's Short Term Transportation Improvement Plan)

**“First of all I want to state that MoDOT currently does not have any projects in the current STIP to do the work that you describe. There have not been any funds budgeted to do this work and this work is not on any of our priority needs lists. Having said that I will explain to you what MoDOT has done and agreed to do.**

The work you describe is part of the Rolla Bypass Study that was completed in 2002. This work was part of the study and would extend Route 72 to the west from Route 63 to the Kingshighway/I-44 interchange. The extension of Route 72 would take some of the traffic load off Kingshighway and put it on the new Route 72 extension (those vehicles traveling to I-44 in the first place). There was no set time table to do this work. It was basically left to be done at some time in the future when it was needed.

The City of Rolla is wanting to set up a taxed based district that would gather tax dollars to further develop the area west of our future proposed improvements. **The project currently does not have any benefit to MoDOT and we would not be participating in their project.** To complete their project would involve the study's proposed Route 72 extension that I mentioned above. If the city wanted to move this work forward (MoDOT's portion) then they would have to show MoDOT why it would be advantageous to us to add this work to the STIP. **An example of one thing would be a proposal to MoDOT that the City of Rolla would take over future maintenance of MoDOT maintained routes in the city if we would build the Route 72 extension now.** Again, this is only an EXAMPLE of something that MIGHT be beneficial to MoDOT to move this work forward. In this case, it would have to be demonstrated to MoDOT that we could justify moving this work forward based on future maintenance dollars we would save on these routes taken over by the city. Again, this is only an example of how something like this might be justified to move this work up on the priority list and not an actually proposal from the City.

Essentially, the City Planners have been doing some high level talks with the City Fathers to try and move these development plans forward and they are currently in the planning stage and that is it. We have been in a few meeting with the City and have discussed some of these scenarios with them **but we have always told them we currently have no money for the Route 72 extension and we do not have this work in the current STIP.** Any funding of this work would have to be a benefit to MoDOT and, at present, that benefit has not been demonstrated to us. I hope this answers your question to your satisfaction. If you have further questions please feel free to respond to this e-mail.” - R. Rakestraw, Dist 9, 3/27/07

What? At the Rolla West workshop Mayor Jenks said about the bypass and the overpass, “They're both on the books as far as development is concerned at the state and federal level. The only question is when will this occur? We're basically fast forwarding the concept.” Both projects are on the state and federal books? It doesn't sound like it is on their books when MoDOT says, **“There have not been any funds budgeted to do this work and this work is not on any of our priority needs lists.”** Neither Jenks nor Bax mentioned this swap. MoDOT's best offer is that MoDot will pay for part of the Ridgeview spur if Rolla will make it worth their while by taking *over perpetual maintenance of all their roads and bridges* in Rolla! Only an idiot would take an offer like that. But don't laugh yet; the city has done dumber things.

With no interest or cooperation from MoDOT and even if there was a chance of getting this insignificant little spur on MoDOT's State Transportation Improvement Project list, it wouldn't happen for a decade or more, why are they raising \$300,000 from the city, hospital, county and others to start the studies which have a shelf life of little more than a year? Next year the 5-year RREC “coordinated leadership experiment” will expire next year. They'll want their \$150,000 a year allowance plus E. Bax \$68,000 salary, her free health insurance and her \$4200 car allowance all re-funded by the council despite the trail of failed project breadcrumbs they've left behind them. This “emerging” project and the studies will provide a you-can't-cut-us-off-now excuse to get continued funding. Either that or they're just nutz.

**And what if Wal-Mart moves out of the TDD?** Here's a real possibility that they obviously haven't considered or discussed. This whole thing hangs on several threads but this one is the weakest; they must be able to add another sales tax to all Wal-Mart's sales and keep collecting the tax on Wal-Mart's sales for the next 20 to 40 years. They've carefully drawn the TDD district lines to include Wal-Mart but the district includes almost no other significant sales tax generating businesses. If at any time over the next 20 to 40 years Wal-Mart decides to move to some other location in Rolla (or outside the city limits to avoid RMU's utility rates) this whole Rolla West scheme will collapse like the windbags that puffed it up in the first place. Think about it, a \$20 - \$40 million bond debt hanging on whether someone in Benton Arkansas decides to move the store. That's just nutty. Wal-Mart has had three different locations in Rolla in the 30-some years since they first came to Rolla. That means they move about every ten years. If they move out of the TDD they can't go back to the judge and whine that they want to change the district lines to chase Wal-Mart down again. The law only gives you one bite of that apple. Sometime, during the 20-40 years it will take to pay off this debt, you can bet Wal-Mart will move again and if they move out of the TDD district it will bankrupt the TDD unless they levy property taxes and "special assessments" on all the property in the district to replace the revenue from Wal-Mart.

Making Wal-Mart the debt repayment linchpin for the Rolla West project would put Wal-Mart in a position to dictate terms to City Hall. That would be a very stupid position for the city to put itself in.

**Mayor threatens cut in services.** Mayor Jenks said at the TDD workshop that city "sales tax revenues were increasing but our expenses are increasing at a more rapid rate." That, Jenks says, is why they have to find a way to raise their sales tax revenues because "we either have to cut services or raise taxes." The way he sees it our taxes must increase to keep pace with their reckless spending. We see another option that apparently doesn't occur to Jenks. He could keep expenses from outstripping revenues by balancing the city budget, something he failed to do in his first year as mayor. Isn't it ironic that Jenks, who makes a very nice living telling his customers they must buy his insurance to be careful, prudent and protect their future, is reckless and imprudent when he's spending our money?

Have you ever noticed how, when they want to buy land next to Morgan's subdivision or plunge our money into some development scheme like TIF, Rolla West or the big flop at 18<sup>th</sup> and Walnut, it goes right to the top of the priority spending list, but when their unplanned extravagances strip out the cash flow their only solution is to raise our taxes, cut our services or make city employees pay more for their health insurance. Why is nothing ever their fault? Why do they never have to restrain themselves?

**The spoiled spouses.** Jenks said that the University, the hospital board, Boys Town, Brewer Science and others have all come to the city complaining that they're "having

difficulty recruiting people to work for them because a lot of times the spouse has no place to shop, no amenities." Bax said someone actually commutes... "can you believe it?..." all the way from Richmond Virginia to work at Brewer Science. No, we can't believe either of these stories. What we do believe is that Elizabeth spends too much time at Brewer Science. "Hopefully," Jenks said, "we'll be able to attract some big boxes and amenities. This is the driving force behind this concept." Is he serious? Some anonymous spoiled, mall-shopping spouses are "the driving force" behind a \$35,000,000 debt for a bypass?

We have difficulty swallowing the mall rat excuse because the Rolla boosters always tell us that we have the finest schools, medical facilities, natural "amenities," best housing etc. etc. Now the same boosters are telling us no one wants to live here because some wives would suffer mall-depravation so we have to pay off a \$35,000,000 debt to make them happy? Lots of people live in Rolla precisely because there aren't big city malls, big city traffic, big city crime, smog, noise and big city taxes – although the city and RMU are rapidly changing that last one. Are we really going to build a road and pay off a \$35 million debt because a few silly shallow women can't live without a mall? Waynesville, St. Robert and Lebanon don't have big malls either and they're kicking our butts. We think the mall rat excuse is just that, a lame excuse.

**Moonbeam goes Snipe Hunting...again?** Before we go any further with the Rolla West project we'd like to have the rest of the RREC gang – every one of them – **Bill Marshall, Randy Verkamp, Mike Woessner, John Paul, Ryan Morris, Keith Strassner, Jerry Giger, Bill Jenks, John Butz, John Petersen, Richard Cavender, Ted Day, Wayne Parry, Claudia Sands, Dan Watkins, Charlotte Wiggins, Mary Dean, Lou Magdits, Jim Sowers** and **Jim Cunningham**, get up to the microphone at a televised public meeting, give their name, tell us where they live (that will be interesting) and explain how they're going to arrange to have us taxed for millions to pay for this project for up to 40 years without our vote or consent. We want each one to explain why this is not just a \$35 million roll of the dice like their TIF and EEZ flops. We want to see them say with a straight face that this is merely a \$35,000,000 public safety project to relieve some congestion at the Kingshighway intersection and the land development is just an accidental by-product. We want to hear that they've read Tom Friedman's book and they can explain why he dictates "what our economic development strategy needs to be."

Since only those in favor of these RREC projects are invited to speak at the council's project workshops the least our elected council representatives can do is get all the Rolla West, TDD tax boosters on camera with their testimonials. If they aren't willing to risk their personal reputations this way then the whole thing is off. Oh yes, we also want to see a list of all the Rolla West property owners. We'd like to know that this slow train wreck is moving forward on something more than just the say so of Bax, Petersen and Jenks. We have not yet heard the council discuss any of the very serious questions that must be answered before this goes too far and

we have not heard them vote on this “Landowners Sales Tax.” We want some sign that this is not another episode of “Moonbeam goes Snipe Hunting.”

**Is it true what they say about Rolla?** Over the years we’ve heard a number of very knowledgeable people say that the city repeatedly kills its own opportunities for progress because they just can’t butt out and let business people alone to do what they want to do where they want to do it. After **Gene Sally** left here to make money for other cities, he wrote a long letter to the editor expressing his disgust with the city and their attitudes. He said their egotistical conviction that they were the center of the world and their “my way or the highway” drives away innovative people like Gene who are – you have to admit - born money-makers. The critics seem to be right. There would have been a three year old Walgreen’s on Callen’s corner but Morgan and the RREC didn’t want it at all unless they could use it to leverage a TIF district. The result of their greed and control fetish is there’s been nothing there but a bare lot for three years. There’s also talk that the Rolla West project is just smoke and mirrors to take attention off that bare corner - RREC’s latest failure.

There’s another theory going around government and real estate circles that also has some merit. It says the city and RREC snubbed **Gundaker** when the project was announced. There was none of the usual fanfare, there was

not a word said about it. The city and RREC were miffed that they had nothing to do with it, couldn’t take credit for it and it made their over-controlled TIF project look like the bureaucratic failure that it is. We noted at the time that not one word was said in council about the fine new shopping center Rolla would get without any effort, expenditure, condemnation, taxation or manipulation by city hall. Then, when Gundaker saw city government and the RREC were going to invest \$35,000,000 in an expansion well away from their location, they decided if they were that unwelcome they’d take their investment somewhere else.

Has Rolla’s “our way or the highway” power trip once again cost us another privately-financed retail expansion? Does **Gundaker’s** alleged inability to find an anchor tenant for their shopping center and the repeated failure of the TIF project to find a Big Box or even a Little Box, have anything to do with our out-of-control utility rates and the generally rising cost of everything in Rolla? Gundaker apparently had no trouble finding anchor stores for projects down the road. What new retailer, restaurant, motel or gas station will want to locate in Rolla with its high sales taxes and punishing 10.3¢ per kilowatt electric rates for commercial? Did any of this influence the Gundaker pullout? Does anyone on the city council have the guts to call Gundaker and find out?

## Missouri State Auditor’s Conclusions about TDD’s

Report No. 2006-12, Special Audit of 69 Missouri TDD’s

“Our audit disclosed various issues regarding the TDDs in the areas of public awareness and public involvement, and accountability and compliance, which are presented below:

- **There is no requirement for the public to be notified when a property owner(s)/developer files a petition with the circuit court to form a TDD. In addition, public hearings regarding the establishment of TDDs are not required to be held. (Ed. The Circuit Judge may choose to have a hearing but it’s not required.)**
- **Neither registered voters nor their elected representatives are involved in the decision to levy taxes for most TDDs. (Ed. Of the 69 TDDs 60 involved 4 or fewer property owners. All shoppers in the district had to pay the sales tax but only 4 people got to decide to tax them! The auditor concluded this ‘would appear to be inconsistent with the general principle that tax increases are approved by registered voters or their elected representatives.)**
- **There is no requirement the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the TDD. (Ed. If you need more proof that this is a law**

**designed by developers for developers this is it. No cost/benefit analysis is required, no budgets... Seven of the districts sampled could not provide the auditor with an estimate of the total revenues they anticipate collecting and one district could not provide estimated project costs!)**

- **There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures. (Auditor: For those TDDs established based on a petition of the property owners (66 of 69 TDDs at December 31, 2004), the districts are administered by a board of directors elected by the property owners in the district. For most of these TDDs, the developer is the only property owner or one of only a few property owners. In addition, the elected boards are generally composed of employees or representatives of the property owner(s)/developer. In essence, the property owner(s)/developer can control, oversee, and incur costs associated with public transportation projects that are associated with developments with which they have a personal financial interest. There is no other public vote on the selection of these boards and no statutory requirement of an independent review or oversight of a TDD’s expenditures by the applicable transportation authority prior to payment.**

Although no independent review or oversight of TDD expenditures is required, we found that for 9 of the 16 selected districts the applicable transportation authority (the city in most cases) was exercising some type of review or oversight of transportation project and/or administrative costs. In some cases, a city official(s) was required to review and approve all expenditures of the TDD prior to their payment. While not currently required by law, such independent oversight provides additional assurance the TDD expenditures are necessary and proper.

For 6 of the 16 selected districts, the activities and operations were handled by the TDDs' boards without any apparent independent oversight by the transportation authority or other public entity.

• **There is disagreement over whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.** (Auditor: Information provided by one TDD indicated that a few of its transportation projects were completed prior to the legal establishment of the TDD. In that case, the property owner/developer was subsequently reimbursed approximately \$526,700 for these transportation projects after the TDD was established and revenue bonds were issued. A MoDOT official informed us that in another instance a \$7.5 million transportation project was almost complete before the property owners/developer filed a petition with the court requesting the formation of the district. We also found that 4 of the 16 selected districts started, and in some cases completed, transportation projects prior to the respective TDDs being legally established.)

• **Most TDD sales taxes are not collected by the Missouri Department of Revenue, creating less assurance over the controls and monitoring of such revenue.** (Auditor: It appears that generally the TDDs that have been established have entered into an agreement with a private contractor or the local municipality to account for the sales taxes. Of the 16 selected TDDs reviewed, we noted the accounting of TDD sales tax revenues was evenly split between private contractors and the local municipalities. The DOR is responsible for administering the vast majority of sales tax revenues in the state and has established controls and procedures to maximize and safeguard this process. Having DOR handle this function would also allow the sales tax revenues distributed to TDDs to be more effectively

monitored by auditors and other outside parties to help ensure the sales tax collections are discontinued at that time when no further collections are needed.)

• **Many TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required, and the current audit requirements related to TDDs need to be reconsidered.** (Ed. No kidding)

• **In many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. Such reimbursement process weakens the accountability over project-related costs.** (Auditor: The manner in which the project design, engineering and construction costs were sometimes initially financed created difficulties in ensuring costs were adequately reviewed by independent audits. It appears that in many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. In 10 of the 16 selected districts reviewed, the developer(s) initially paid some, if not all, of the project costs and were later reimbursed by the TDD for the costs incurred from debt proceeds. Some of these reimbursements related to millions of dollars in project-related costs.

For the selected districts where independent audits were conducted, it appears the auditors generally concentrated their audit work on the financial statements and related activity of the applicable TDD, which did not include any expenditures incurred directly by the developer(s). While any subsequent reimbursements to the developer would be reflected in the TDD's financial statements and activity, there was generally little or no documentation indicating the reimbursements were reviewed by the auditors, and it appears they generally relied on the TDD, city or trustee officials to ensure any such reimbursements were proper.)

• **The revenues of TDDs located in TIF areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.** (Ed. Get the picture? In a TDD accountability for the millions passing through these "public/private partnerships" is as loose as a goose on Ex-lax.)

\*\*\*\*\*END part II

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