

# No Standing News

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

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## Conflict of Interest alive and well in Rolla West project

The Rolla Daily News reported June 16-17, 2007, that in the approximately 400-acre Rolla West project, **Mike Woessner** owns about 90 acres and with options he controls another 110 acres. **Jack Dietzmann** owns another 95 acres. In an interview of the two investors **Editor Alan Gerstenecker** learned that *together the two men own or control about half the land at the proposed interchange*. "The other owners near the proposed interchange number about a dozen. They range from about an acre and a half to 40 acres, Dietzmann said." The land they own is where they plan for us to build a bypass through Ridgeview Subdivision, a multi-million dollar interchange over I-44 and a shopping center. They also plan for us to subsidize all of it with new sales taxes. If Rolla's taxpayers pay the extra sales taxes needed to subsidize their three-stage \$35 million highway/shopping center project, the Two Amigos will become very rich.

**Elizabeth Bax**, who was hired by the RREC and who has been trying to drum up enthusiasm for the Rolla West development, has never mentioned that the RREC's Rolla West "vision" was custom-designed to make millionaires out of two guys who have already grabbed up the most valuable land. It's good to have that cleared up and we can't imagine why Elizabeth didn't mention it in any of her reports and presentations to the council.

**"Rolla West" reeks of Conflict of Interest.** There are other disclosures Bax has forgotten to put in her reports. **Mike Woessner**, one of the two men who owns or controls about half the choice development land at the proposed interchange, *paid about \$3,000 for a Partnership voting seat on the RREC board* in January '05. Woessner is one of Elizabeth Bax' RREC employers even though the taxpayers of Rolla have her on their payroll and actually pay her large salary and extra nice perks that other city employees don't get. **Her** job is to hustle **us** for money to pay for **his** real estate project. No wonder Bax is so enthusiastic about this project her boss designed around his land holdings and no wonder **Rolla West** just popped up suddenly as the new "Vision" and tax burden for Rolla's taxpayers. It was in 2005 shortly after he bought his seat that the RREC began closing their meetings for "real estate" discussion but why would RREC need to have closed meetings to buy or sell real estate? RREC doesn't have the money to buy real estate and they have none to sell. The mystery was solved at the 6/17/05 RREC meeting: **"Mike Woessner spoke of potential development in the City of Rolla and the need to proactively evaluate development opportunities. Primary areas included northwest of Rolla, the Airport and the Bahr Property east of Rolla."** He was proposing his own land

as the next development project for the RREC to push with the Council! None of the RREC representatives from the county, school district, the city, hospital, etc. saw anything wrong with Woessner's "proactive" push for the city to focus development on the "primary" area where he owned land? Doesn't sound so savory does it? Conflict of interest isn't just unsavory and unethical, it's illegal and in some cases it can be criminal.

Does it strike anyone as wrong that the hospital board, the city council and UMR are using public funds to pay \$300,000 for studies to develop property which is mostly owned by two real estate speculators and they aren't putting up a dime?

**And another conflict-of-interest is...** Mike Woessner, while sitting in his paid RREC voting seat, helped decide which consultant to hire to do a study on his own Rolla West project! Mike and Jack are not paying for this study to develop their land; Rolla's public institutions, the city, the hospital board and UMR are paying for it with public funds. Development Strategies the consultants Woessner helped pick, will give us their opinion on **Mike's** project. **Mike** will be providing the project information and the figures for them base their opinion on. **Mike** will even be able to help 'correct' the drafts. Do you suppose Development Strategies will conclude that taxpayers should give **Mike** whatever **Mike** wants no matter what it costs us to finance **Mike's** business? Does the council know that Woessner paid \$3,000 a year to be embedded inside this RCDC-like development corporation so he could steer the city into financing his development? RCDC stole land and cash from the city under the guise of economic development, now RREC is planning to do the same thing but with a twist, instead of RCDC amassing a portfolio of land, this time two private speculators will get rich. (**Conflict of Interest** RSMo 105.452-458; also 576.020-.050)

**Why isn't MODOT paying for the \$35,000,000 road and overpass?** Good question. Despite the exaggerated hype from Bax..."this is on MODOT's priority list"...etc. It is NOT on MODOT's priority list. MODOT doesn't want to do this project and doesn't intend to unless...and this is a really big UNLESS...Rolla wants to take over those roads and build and maintain them on a permanent basis. If the Rolla City Council is stupid enough to relieve MODOT of the expense, and that's exactly what Bax, Woessner and Co. will urge them to do, MODOT will happily let Rolla taxpayers have that financial burden permanently. Can Rolla afford to take over the busiest roads in Rolla and the big new bypass and all

the rest? No because Rolla can't even afford to keep its potties clean. We won't go into the long list of the primitive state of Rolla's streets, sewers and other public infrastructure, their chronic deficit and other management failings which include their 9.3¢ kWh electric rates, but its clear to any person of average intelligence that it would be suicidal for Rolla to take on the construction and permanent maintainance of these state highways and a major bypass. Making Rolla taxpayers pay for 100% of it is being whispered in their backroom meetings but that won't be revealed to the council and the public until after they have been suckered into annexing the 800 acres. The council never looks farther than the tips of their shoes so they haven't asked any questions or thought about any of the problems like how much will it cost to go either over or under the RR tracks with this new highway?

If the cost of maintaining the ex-MODOT highway breaks the Rolla budget they'll want to add another 1¢ to the transportation or capital improvements tax and Rolla voters will have to give it to them or be forced to live with unacceptable cuts in police, fire, garbage and other essential services. So, take Rolla's 7.5¢ sales tax and add the 1¢ Rolla West sales tax to it and then add another 1¢ increase in the city Transportation sales tax to perpetually maintain the Rolla West bypass and the overpass. That will put Rolla's sales tax over 9¢. (Bet none of that will be in the consultant report) And if the council does all this who will benefit first? Woessner and Dietzmann who will make a killing on their land investments. If RMU hasn't already killed this town with their 9.3¢ kWh electric rate, a sales tax of nearly one dime out of every dollar will finish it off.

**Their own little tax fiefdom.** These two guys apparently can't get or don't want regular financing for their shopping center scheme from real banks, they want Rolla taxpayers to become their bankers and provide them with the millions they need for their project. They were paying close attention to the TIF subsidies and liked the idea of making the taxpayers their below-prime lenders. The multi-million dollar sales tax subsidy for these developers will come from either a TDD or CID taxing mechanism. Either one is worse than a TIF and both are more open to corruption and abuse than a TIF. That's not just our opinion that's the opinion of the **Missouri State Auditor**. "[Missourians to Pay Nearly \\$800 Million in New Taxes; Developers Taxing Consumers Without Their Knowledge.](http://www.auditor.mo.gov/)" Read the State Auditor's report and imagine how easily it can be abused in Rolla. (**State audit of TDD's** <http://www.auditor.mo.gov/>)

The two guys who own and control about half the land will also control the votes on the TDD or CID board that controls the taxing district and the tax money. The city may collect the tax for them and put it in their bank account but after that one formality they can pay themselves for their own expenses and pay for any other expenses the board chooses. Their employees and relatives can be their board members and also employees of the taxing district. They can have board meetings in luxury resorts even in other states. That's all perfectly legal. That's how loose the TDD and CID laws are and the Missouri State Auditor warns it's what some

developers have already done. Could the Rolla City Council collect and provide oversight for all the money? Yes, they could but the city council is still, after four years, trying to figure out how to control pit bulls. Do they sound like they can provide the oversight needed for something this complicated?

But won't our awful electric rates keep the Big Boxes away? Probably not because Mike and Jack and Elizabeth and John and Bill are already planning to give them secret utility rebate deals just like RMU gave Briggs & Stratton. Remember that blank check, the "**Development Agreement**" the Council authorized the RREC and Bax to play with last month. It lets Bax and the RREC (read Woessner) give away absolutely anything, including permanent electric rebates to their Big Box clients as development "incentives." Where did the idea for the Development Agreement come from? No surprise that it came from the RREC board *where Woessner paid to be a voting member*. The council put no restrictions on the RREC when they rubber-stamped the Development Agreement.

**Stoffer's preemptive bomb.** On June 18, 2007, Stoffer surprised the council by doing an unscheduled 50-minute diatribe against the "lies" told about RMU and their rates by **Alan Gersenecker**, Rolla Daily News Editor, **Tracey Watson**, **Donna Hawley** and **Robert Nash**, Editor of NSN. A desperate **Jim Stoffer** tried to make another defense of RMU's excessive rates and their bad management decisions of the last six years. They were scheduled to give this defense at a special meeting the council arranged for their benefit on July 9th but Stoffer couldn't wait. In a clumsy attempt to intimidate Watson, Stoffer attempted to 'expose' her lies by putting her utility bills and her picture on the overhead. Except for his clumsy attack on Watson everyone had heard it all before.

After seeing people who spontaneously came to support Watson and Hawley at council meetings, Stoffer dragooned RMU employees into being his audience. It's no trick to get a crowd when you sign their pay checks. He sent one employee over to City Hall to encourage them to come and help pack the room. They were all washing their hair that night. Imagine them missing the chance to cheer for **Dan Watkins (\$120,000)**, **Rodney Bourne (\$109,000)** and all their other paid-much-better-than-we-are comrades from RMU. **Councilmember Judy Jepson** was the only council member who joined Stoffer's employees and clapped admiringly after their boss fed them all his tired claptrap...again. At the July 2<sup>nd</sup> council meeting, Mayor Jenks announced a Gag Order to protect Stoffer from rebuttal by those he had trashed. More about that later.

**It's all in the name.** We've noticed how taxpayer's are evolving in RMU's vocabulary. They've called us "shareholders" without giving us a share of anything. Then Stoffer tried calling us "stockholders" but stockholders get dividends and they didn't want to remind us they've given away \$21 million of our dividends to the City and RCDC. Monday night **Councilman Lou Magdits** found a new one.

He called us “stakeholders” which is someone left holding the stake. ‘Stakeholder’ is what they tell managers to call people they don’t like so they’ll feel important while you stick one down their shorts. School parents and taxpayers are always ‘stakeholders.’ Stoffer and Watkins have lately taken to telling us we’re MoPEP’s “partners.” Thanks but we’d rather be dipped in jam and staked out on an anthill. The only thing they haven’t called us yet is “sharecroppers.” That one will come right after they’ve got us paying a 9.5¢ sales tax to go with our 9.3¢ KW utility rates.

**What the State Auditor really said about RMU.** We’ve noticed that since the petitions for another city audit started - and they’re going very well by the way - RMU and City Hall have started a campaign of deliberately minimizing the findings of the 1997 citizen’s petition audit. That audit, much to the petitioner’s surprise, prominently featured the money laundering pipeline between RMU, the City and RCDC. In a recent email reply **John Butz** answered a question about the years of RMU’s electric rate kickbacks for B&S this way: “The 1997 State Audit did look at “Expenditures of the RMU” and focused on the purchase of the Switzer building (ultimately B&S) and retirement bonuses. There was no mention of the utility incentive program though if memory serves they specifically looked into it. The State Auditor’s recommendations were as follows: “We recommend the City Council: A) Ensure the RMU limits expenditures to only those which are necessary to properly operate the city’s utility operations; B) Ensure the RMU refrains from paying (retirement) bonuses in the future.”

Oh, no that milk-toast answer wasn’t what the State Auditor said. That’s what the City and RMU *wish* the State Auditor had said. What the auditor did say about the practice of Milking the Electric Cow for both RMU’s city ‘contributions’ and their back door ‘donations’ to RCDC was this (emphasis Ed.): “These transfers represent the **equivalent of a gross receipts tax** on utility operations (whether privately or publicly owned)...Expenditures of this nature do not appear to be appropriate uses of municipal monies. While Section 349.012 RSMo 1994, provides a city with authority to expend city funds to promote economic or industrial development and for general city operations, **RMU monies are earned from the municipal utility and should be used only for that purpose.**” (The auditor pointed out that just for the year ended September 30, 1997 RMU ‘transferred’ **\$560,000** to the city.) “However, in addition to these transfers, the RMU has expended approximately **\$1.3 million** during the past five fiscal years to promote economic or industrial development within the city of Rolla or pay general city expenses. Expenditures of this nature do not appear to be appropriate uses of municipal utility monies. While Section 349.012, RSMo 1994, provides a city with authority to expend city funds to promote economic or industrial development and for general city operations, **RMU monies are earned from the municipal utility and should be used only for that purpose.**”

The auditor went on to list more of RMU’s large illegal expenditures. “In June 1993, the RMU contributed **\$200,000** to the city toward the construction of the city’s recycling center. In February 1994, the RMU contributed **\$100,000** to the city toward the purchase of the city’s new police station. It appears the city should have been responsible for these costs rather than RMU. In June 1995, the RMU participated with the city in purchasing a building in which a private corporation subsequently located a new factory. This building was provided as an incentive to the private corporation to locate in the Rolla area. The RMU contributed **\$775,000** toward the purchase of this building [the B&S building]. In addition, the RMU has participated with the city in an economic development incentive program based on utility consumption. This program **offers utility rebates** to new industries within the city’s enterprise zone. During the three years ended September 30, 1997, the RMU reimbursed the city over **\$250,000** related to utility rebates the city paid to businesses that qualified under this program. While the **\$1.3 million** of expenditures noted above may be proper for certain city monies, they do not appear appropriate for municipal utility monies. **As a result of this situation, utility rates and charges may be set higher than required to recover actual costs. Also, city utility customers are subsidizing the promotion of economic or industrial development and general city expenses through the payment of their utility bills.**”

Now go back and read the Butz spin on and compare the actual text from the 1997 Audit Report with the Butz version and you can see how the Rolla Spin Machine works. He said there was no mention of the utility “incentive” program? Oh come on, the giveaways of the “incentive” program practically had its own audit. Just limit expenditures to only those necessary to operate the utility and don’t give unconstitutional bonuses? Those two little hand-slaps were really all the auditor said? Not hardly. We’d give Butz a pass for just having a bad memory but notice he’s directly quoting text seemingly from the ‘97 State Audit, but there is nothing like those quotes in the whole document. We think the Rolla Spin Machine was quoting from “talking points” prepared by the RMU Spin Machine.

We don’t have room to reprint the full text of RMU’s smartass answers to the State Auditor and the Auditor’s curt rebuttal but in short RMU said, “We don’t care if we are breaking the law and we’re going to keep on doing it.” And so they have and so the auditor’s prediction has come true. With the additional financial burden of paying off A HALF BILLION DOLLARS IN BOND DEBTS from the MoPEP contract, the people of Rolla are being bled to death for Rolla’s utility politics. Exactly as the auditor said, by using city utility customers to subsidize economic development and pad uncontrolled city budgets, RMU’s “utility rates and charges [have been] set higher than required to recover actual costs,” way, way higher. So here they are again only ten years later with even angrier citizens and

another petition audit. They aren't what you'd call fast learners are they? [http://www.rollanet.org/~rwnash/Rolla\\_State\\_Audit.pdf](http://www.rollanet.org/~rwnash/Rolla_State_Audit.pdf)

**Error! Error!** You catch 'em, we'll kill 'em. An alert reader tried out the CASE.net system to take a peek at the school lawsuits. She chided us for being sloppy and pointed out that our reporting was in error because some of the lawsuits weren't lawsuits but were garnishments. Yes and no; we'll split a hair here. *Black's Law Dictionary* defines a lawsuit as: "a vernacular term for a suit, action, or cause instituted or depending between two private persons in the courts of law. A suit at law or in equity, an action or proceeding in a civil court; a process in law instituted by one party to compel another to do him justice." By definition garnishments are also "actions" or to use the vernacular, "lawsuits," but her criticism was justified because most readers would read "lawsuit" as someone suing the school district for an alleged bad act. She was also right that our count was wrong but not because of our difference in terminology. There are not 16 but 18...thingys, or two more real "lawsuits" from her point of view. Search with another name, **Rolla School District 31**, and up pop two more *lawsuits* where the district is the defendant.

**END**

**Conflict of Interest** RSMo 105.452-458, **Misuse of Official Information** 576.020-.050

State audit of TDD's <http://www.auditor.mo.gov/>

**Rolla's 1997 State Audit featuring RMU's practices** [http://www.rollanet.org/~rwnash/Rolla\\_State\\_Audit.pdf](http://www.rollanet.org/~rwnash/Rolla_State_Audit.pdf)

She then asked this excellent question: "More interesting is that 3 Rolla Public School employees are having their pay garnished by a doctor or hospital--what does that say about their insurance plan? Good question and one that our school board members should answer but we bet they don't. You remember our school board members? Those people who asked for our votes promising they would improve "communications" with us, the ones we haven't heard from since. That's why we wanted people to know they can see information that hasn't been easily available in this circuit before. Our public officials have always hidden behind administrators and the 'suits' have always hidden behind the lawyers. If you see it in CASE.net you can go to the Circuit Clerk's office and read the filings - it is public information. Our elected officials may not want to tell us why they're being sued for malpractice or why there are so many 'actions' in courts of law but at least it's no longer a secret they can keep.

Our proofreading reader also told us Pershing School is on 5th and Walnut, not 5th and Salem. Aw come on. That building straddles a cockeyed intersection and has four front doors. Unless you're a postal inspector - give us a break.

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