

No Standing News

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

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WaCo - A Floating Crap Game

At the December 19th city council meeting, John Butz handed the council hand-censored copies of a so-called feasibility report done by Maxim Technologies, Inc.*, a St. Louis engineering firm. WaCo, the Washington County Landfill "deal" just isn't going away, in spite of the stench.

It's obvious from the financial statements in their report that Maxim has no qualifications for doing financial feasibility studies; hiring engineers to put together financial projections is like hiring a bank teller to design a bridge. Maxim billed the Joint Commission \$17,500 for this warmed-over version of what was originally a real estate sales pitch. The key financial figures in the Maxim report are blacked out, but the council already knows what they are; they just don't want you to know what they are. With such a challenge, it is NSN's pleasure to give our readers the censored numbers from the report.

The secret prices: Within the next few weeks the Joint Commission, currently comprised of only Rolla, the Phelps County Landfill Board, St. Robert and Fredricktown, wants to hand over a **\$400,000 non-refundable deposit** to WaCo Landholding because they claim they

have another buyer waiting in the wings and the Joint Commission doesn't want to let this bargain get away. (The only line older than that one is, "I'll respect you in the morning.") **Rolla and St. James will have to come up with \$171,000 for their share of the \$400,000 deposit** because there are only three or four other communities in the region gullible enough to still be involved in this. The rest of the original eight have already backed out. The Phelps County Commission, on the record at their November 9th Commission meeting said, "Phelps County will not carry any debt or environmental liability for this (WaCo) project."

By paying the deposit, the Joint Commission will have agreed to **buy 273 acres of unimproved land in Washington County for \$12,000,000**. To build the landfill they will then **issue revenue bonds for \$30 or \$40 million**. The millions in revenue bonds - that taxpayers DO NOT get to vote on - will allegedly be paid off out of profits from the landfill operation. If they don't make enough from the operation to pay off the bonds, you will pay them off, one way or another. While you are paying off this bond debt through a hidden tax included in your trash fees, WaCo Landholding - the guys who thought up this scheme to sell their land for \$12 million - will be getting even richer because they also demand a **daily "royalty" of \$2 for every ton of trash dumped** in the landfill. That's \$2 a ton out of gross,

not net, revenues! Now you know why they're trying to keep this a secret from taxpayers.

How can 273 acres of unimproved land in Washington County be worth \$12,000,000? It isn't. The old barite strip-mined land all around it sells for about \$600 per acre. The sellers claim that a few geologists reports and a temporary permit from DNR make it a "unique" site for a landfill and therefore worth \$12 million. It's hard to believe that anyone could be this gullible, but the Joint Commission has swallowed the phony story that this may be the **ONLY** place left in the Ozarks for a landfill. It's nothing but a big empty field with a stream running through it (hardly the ideal site for a landfill) with some very, very cautiously worded geology reports. The geologists DIDN'T say it's the last place left in the Ozarks that can be used for a landfill. One geologist went so far as to call it a "reasonably good site for a solid waste landfill."** The "unique site" embellishment came from WaCo Landholding and is being parroted by the Joint Commission. Could this claim be a gross exaggeration? It appears so because there is a new landfill only 20 miles away in Cuba. If there was one other "unique" site, might there also be a third, or fourth, or 943 other "unique" sites?

Why do they get a "royalty"? WaCo Landholding, Inc., the owners of this land, also want a **"royalty" of**

\$2 per ton out of the gross fee charged for every ton of trash dumped in the landfill. What entitles them to a "royalty" after they sell the land? Nothing. They just want to get rich on the sale of the land and then keep getting richer for a long, long time. If 1400 tons is dumped each day, that's another **\$2,800 a day or \$742,000 a year** they will rake in. They also want their **"royalty" to increase by 1.5% every year of the 20 to 50 year life of the landfill.** They have Grade "A" suckers hooked, why not take them for everything they can?

What kind of people would even consider such a stupid deal? This is being seriously considered by your very own public servants and the surrogate non-profit corporation they set up. The WaCo Joint Commission was authorized by innocuous sounding resolutions passed last summer by, among others, the City of Rolla and the Phelps County Landfill Board. The PCLB is the county and all the cities in the county. **The resolutions do not allow them to consider any land purchase except the 273 acres owned by WaCo Landholding!** How's that for an objective approach to searching for suitable land?

Who is WaCo Landholding? The owners are **Jack & Pam Agers, Jeremiah "Jerry" Nixon** (the Attorney General's father) and **Norville and Kenneth McClain.** They are promoting this to small town city managers as a brilliant business solution to their municipal solid waste expenses. With a whole committee of government bureaucrats in charge of this project, it could - and probably will - wind up being more expensive than the present method of having trash

hauled away from local transfer stations to private landfills. Is this of any concern to the guys who will already have a check for \$12 million and a large cut of the daily fees?

If opening a private landfill is such a great business opportunity why aren't those people doing it themselves? Good question, too bad the Joint Commission isn't asking it. To open this landfill themselves, the owners would have to borrow about \$30 or \$40 million dollars. They have to spend the money to build and equip the whole thing **before** DNR will decide whether to give them a license to operate it. The landowners have been trying to get a permit from DNR for ten years. The state holds the owner liable for everything and the owner must continue to monitor the landfill for **30 years after** it is full and closed. The 30-year monitoring costs alone could exceed a million dollars a year. If they can't find enough customers to use it or if there is any environmental damage, they will go broke just like any other business. Would you take those kinds of business risks if you could find someone to give you \$12 million and a daily income with no risk, no liability and no work?

Has the Joint Commission done a feasibility study? They pretend they have. That's the report Butz handed the Rolla City Council on December 19th with all the prices blacked out. The so-called "Due Diligence" report was done by Maxim Technologies, Inc., a St. Louis engineering firm, for \$17,500. Maxim has no credentials for doing economic studies or business projections and they used no actual financial data from any of the municipally owned landfills in the state. The report is, therefore, completely worthless. Maxim used as

the basis of their "due diligence" study the sales and promotional numbers put together by Derrick Standley, of Genesis, Inc. Standley is paid by WaCo Landholding, the owners of the land, to sell this deal for them. Jim Nold, a business partner of Derrick Standley, was paid \$7,000 for his "contribution" to this "objective" study. In the Joint Commission meeting minutes for October 13, 2000, Butz and the Joint Commission members admitted that the Maxim report is tainted by this conflict of interest, yet they paid for it and have still made no attempt to have a professional, objective analysis done on the project.

Isn't that conflict of interest? Of course it is. This project reeks of conflict of interest and something much worse. Why would the resolutions limit consideration to "the purchase of the WaCo Landfill" and no other property? Why was the Joint Commission organized for the purpose of finding a way to raise money to buy the land Derrick Standley and his employers are selling without first advertising for competitive, and possibly much cheaper, offers?

When do we get to vote on these revenue bonds? You don't. This is another example of the new sneaky way to finance public projects without voter approval. The new sneak technique is to set up a non-profit corporation to borrow with revenue bonds or bank financing. Voters don't get to say anything about it but they pay for it indirectly. But, because the not-for-profit was created by a vote of your elected officials, you still bear the liability and you get to pay off the debt through fees and other

costs that they can raise anytime with a simple majority vote.

Exactly how will they pay off the bond debt? The Joint Commission, as a regional non-profit corporation, will issue revenue bonds for \$30 to \$40,000,000 to build the landfill and equip it. The revenue to pay off the bonds will allegedly come from long-term contracts with each participating city and county government that signs. They are called "put or pay" contracts because we will have to "pay" that amount every day whether we "put" that much trash in the hole or not. "Put or pay" contracts by governments are probably a violation of the Interstate Commerce laws, but the Joint Commission is willing to spend more of your tax money to become the test case in a federal court to find out for sure. The big commercial landfill operators will probably have them in court on this issue before they get the first ton through the gate. The unreliable Maxim report says they must have at least 700 or 1400 tons of trash per day (they're not sure which) or it will probably go broke. No one, least of all Maxim and John Butz, know if that figure is true or not, but it sounds good enough for government work.

What if some city can't pay? If anything goes wrong and some city or county can't pay, the other members will have to come up with the extra money from their general tax revenues or increase each citizen's trash collection fees (that's the hidden tax part) to pay off the principal and interest on the revenue bonds. If they fail to do that, the bondholders will just go to a federal judge and make the city and county members of the Joint Commission pay up even if it has to be paid from

a court-ordered special assessment on everyone's property taxes.

Will we be liable for all environmental problems from the landfill? YES.

Why are we investing in a landfill way over in Washington County? Because that's where the guys who set up this scheme own the property. They bought that property because they thought they could open a landfill and compete with the big private landfill corporations for St. Louis area business. They found out they couldn't and neither can we. Could a landfill be located closer? Yes it could. It's totally improbable that in all the hundreds of square miles of land in the eight-county area that there isn't at least one or 100 other suitable sites closer to us. There is, in fact, a brand new landfill in Cuba just 20 miles away. Know anyone in Phelps County who would like to sell 273 acres for \$12,000,000?

Won't it be expensive to haul our trash 80 miles to this landfill? YES, but they're not worried because as gasoline costs go up they will just pass them on to you in increased trash fees. You don't get to vote on those either.

Where are they having these meetings? Joint Commission meetings are like a floating crap game. They don't want taxpayers and environmentalists to find out what they're doing so they have their meetings at different times during the workday when most people can't attend. Some are in St. James, some at a café in Park Hills. This is how they have stayed under the public attention radar. Members of our city council and county commission

never attend the meetings. The people who are making the decisions, voting and spending money are the Mayor of St. Robert, his city attorney Tyce Smith, and city managers from the region.

What about recycling? This project gives a token mention to recycling but only as something they might "get into someday." Recycling **reduces** the volume of waste going into landfills and that is contrary to their high-volume revenue goal. The purpose of the "put or pay" contracts is to **generate** as much tonnage (and guaranteed revenues) as possible since they have prepaid for the space anyway. This will put municipal recycling, already a low priority in Rolla and no priority at all in Phelps County, way down at the bottom of the list. Why spend extra money on municipal recycling when you've already paid for the space to dump it all in a landfill?

Despite the clumsy censoring by John Butz, the figures he blacked out in the text of the Maxim report are easily found back in the notes to the so-called financial projections. Figuring out the other censored figures in what the Maxim engineers called a "Performa" (sic) statement took a little longer, but we managed that too. It turned out to be a waste of time because the assumptions they used to calculate costs were numbers Derrick Standley invented to make the sale.

Now that everyone has the secret pricing information that Butz and the Joint Commission are trying to hide, the council should quit hiding behind closed doors and discuss this public expense in public where debate over a \$40 million, 50-year liability belongs. The Sunshine Law only

allows them to go behind closed doors on a real estate purchase **"where public knowledge of the transaction might adversely affect the legal consideration therefore."**

What's the worst that could happen if this purchase is discussed in public? Someone in Phelps County with 273 acres of pasture might offer to sell it for only \$5 million dollars and save the taxpayers \$7 million. Why would that be a bad thing?

*** Due Diligence Report For the WaCo Landfill WaCo Landholding Company, Inc. Washington County, Missouri, Prepared For City of Rolla, Missouri On Behalf of St. Robert, Bonne Terre, St. Francois County, *Perryville, Perry County, Phelps County, and Fredericktown.** June 2000. Prepared by Maxim Technologies, Inc. 1908 Innerbelt Business Center Drive, St. Louis, MO 63114.

**** Report Prepared for Mr. Tyce Smith and the Joint Commission With Regard to the Proposed WaCo Landfill Site in Washington County, Missouri** by Dr. J. D. Cawlfeld, PE, Ph.D.

Decisions are made by those who show up!
SILENCE EQUALS CONSENT

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