

Letter to the Editor

The wolf is at the door.

More accurately, the wolf has taken up residence on the steps to city hall, and from the looks of her, she is about to have a litter of pups. Fiscal year 2009/2010 has passed, and the \$800,000.00 due from SolBio never arrived. Not having received the payment due last year, how probable is it that the city will receive the \$1,600,000.00 from SolBio that is included in the 2010/2011 budget? Spending money you do not have is a bad idea. Budgeting money that you have reason to believe you will never see is an even worse idea. What was all that talk about the "new norm?"

This is not breaking news. The question was put to City Manager Mayes on April 13th, 2010. The minutes of the council meeting read as follows:

In response to a question by Council member Chandler, City Manager Mayes stated if the lease with SolBio did not come into fruition, there would be an \$800,000 decline in ending fund balance this year, and a \$1.6M impact next year. She said if a single lease agreement evaporated, there would be a significant and catastrophic impact on the City's operations.

City Manager Mayes stated in the case of a catastrophic event, other alternatives in addition to cutting salaries and reductions in workforce would need to be considered; the City would not be able to maintain existing levels of service.

In response to a question by Council member Walker, City Manager Mayes provided an update on the Solbio lease. She said the lease would have a \$2.4M impact on the General Fund and lease payments had been projected in this year's revenues. She said she was very hopeful the \$1 M payment from Solbio would be received by final budget approval; however, if the initial payment had not been made, a plan should be implemented as to how to cover a potential \$1 M loss in revenue. She said the City must proceed with adoption of the final budget, but should be ready to take action if necessary.

It is now six months later. "Hoping" obviously did not work, so where is Mrs. Mayes' plan and why have we not seen it? If that plan has a saving grace, I expect it will be that the salaries and benefits of the city staff involved in the development and negotiation of the SolBio deal will be preserved at the expense of the city employees who were not. Before anyone panics, be advised, that the city's agreement with SolBio does carry a termination clause and the requirement for a guarantee.

SolBio may terminate the agreement for any reason (default?), within the "reduced rent" period, subject to a payment of \$3,000,000.00, as compensation in full for all damages suffered by the city. The agreement required SolBio to provide the city with a letter of credit in that amount (said letter to be approved by the City Manager or her designee), within sixty (60) days of the effective date of the agreement. This was also the date upon which the first reduced rent payment from SolBio became due and payable. If we did not get the rent payment, Mrs. Mayes, did you at least get the letter of credit?

If the city learned anything from the SolBio experience you would never know it from reading the proposed agreement with Taihen Techren. If Taihen is on the level, it has done its homework, and is taking full advantage of our financial vulnerability. There is nothing in the Taihen agreement to prevent it from becoming "SolBio, Part II." If the agreement is approved, Taihen will have the upper hand. Do not be surprised if Taihen seeks concessions and changes in the future. They will be the city's financial lifeline for some time to come and they know it.

It is also possible that Taihen is speculating. When I checked the Secretary of State's website I could not confirm that Taihen is licensed to do business in Nevada. If Taihen has no presence and no domestic assets, they have absolutely no exposure. What the agreement does then is to provide Taihen with a no cost/no risk lease option. If they can use the lease to attract the necessary capital to go forward, fine. If they can use the lease to sell or merge their business, something the city would have no control over, even better, as they will have made their money up front. If Taihen walks away from the lease, before making any investment, they lose nothing and the city loses everything.

In either case, the agreement with Taihen Techren, as is now pending before the council, contains yet another flaw. Taihen is to build a solar generating facility for the city, and the city is to pay whatever the cost might be. In essence, if the agreement is approved the city will hand Taihen a blank check, signed and with their name on it, and Taihen will fill in the amount. Boulder City has too much to lose and too little to gain through this agreement. It is time to issue a new request for proposals (RFP), start fresh negotiations, and compel SolBio to either make their rent payments or pay up per the termination clause.

The SolBio fiasco is unique as it has the potential to turn around and bite the city staff who created it on their behinds. Do we embrace the Taihen agreement as a short term fix to allow Mrs. Mayes and friends to escape accountability, and enjoy a truly golden handshake on their retirement day? Or do we act now to protect the interests of the current and future residents of Boulder City, and address the people and practices that brought us to this point? The life of the Taihen agreement is fifty (50) years. Considering the terms of that agreement, and the accompanying risks to the city, it is not the type of legacy that I would want to leave for the next generation.

Did I mention how really hungry that wolf looks. . .

A follow-on comment.

Too many Americans now believe it is perfectly acceptable to enslave their neighbor by becoming a dependant. On a smaller scale the residents of BC are becoming dependants of SolBio.

We are slaves to our out of control expectations.

Another one. . . .

City Manager Mayes stated in the case of a catastrophic event, other alternatives in addition to cutting salaries and reductions in workforce would need to be considered; the City would not be able to maintain existing levels of service. Although the City Manager might bungle contract negotiations, the buck stops at the City Council. They give the City Manager direction to proceed on. She does not pursue agreements without the consent of the City Council. More importantly, the City Council, alone, has the power to approve agreements like the one in question. If things are not running as well as they should, we need to hold the City Council accountable. We might like some of them on a personal level but if they are not running our town the way we want them to, they need to be fired and a new Council installed.

Don't blame the horse for going where the rider directed.

More insights. . . .

I do not agree with your reply. When the city manager and staff are given a task, I do not see any thought going into developing realistic pros and cons so that the proper decision(s) can be made. Even though a council member advocates something that makes no sense for Boulder City's residents and economy, it moves forward. . .ZORB. . . Hang Time Sports. . . Hawthorn. . . Taihen. . . and more. Boulder City is a pushover for getting any harebrained idea before the council. Every time this happens I watch the majority of three bobbing their heads in agreement with their proposals.

BMX is behind in payments. . . . Flightline wants an extension on their contract to construct the visitor's building and install a control gate to the top of the mountain. SolBio is behind \$800k in payments and pending another \$800k (total \$1.6 million). Why was Hang Time Sports shown to pay \$65,000 revenue to the city when we have not heard from them in years? Other municipalities, counties and states have excess expenses over revenues AND expecting Boulder City not to be affected likewise is not dealing with reality.

Let's get back to business and do what is "right" for Boulder City.

Another viewpoint . . .

We can blame City Staff...we can blame the council. But ultimately the fault is our own. The voters in Boulder City continue to elect council members on the basis of personality, instead of competence. In the last election, there were

numerous candidates who had the courage to tell the voters that we had to change our ways or we would continue to acquire debt and lose our ability to provide services to the community. Who got elected? One person with a proven record of fiscal failure resulting in the taxpayers left holding the bag, and another who apparently has never had a job in the private sector and ran as a rubber stamp for whatever our Mayor wished.

This is a recipe for disaster. City staff continues to collect their outrageous salaries while asking city employees to sacrifice in order to keep their jobs. Our fiscal position was supposed to be greatly improved by the solar power leases, but now we live in fear of even one company defaulting which would throw our town into an economic crisis.

I believe that our problem is that we elect people who make us feel good, rather than people with leadership abilities. Our council never stops campaigning, always telling everybody what they want to hear while doling out slush funds to the business community through the RDA. When a councilmember steps up and declares that the emperor has no clothes, he/she is routinely treated with disrespect and contempt by the other council members, staff and some vocal residents.

We have nobody to blame but ourselves.