

THE WATCHDAWG REPORT

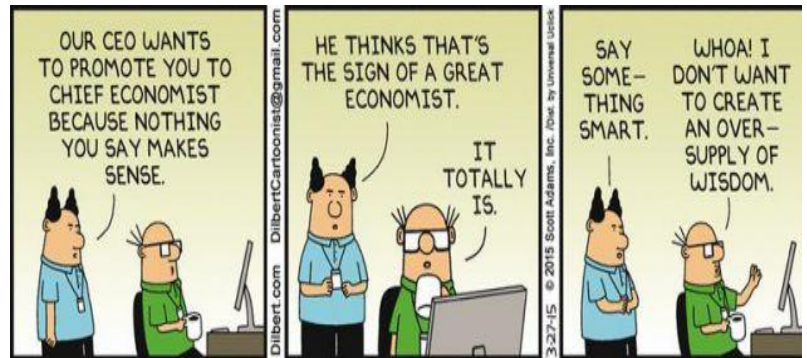
The Hancock Amendment

The Hancock Amendment was introduced by Mel Hancock, a MO businessman. It was passed by Missouri voters in 1980 with 55% of the vote. The purpose was to control the amount of money our state government could extract through taxation. The amendment states that if revenues exceed the set limit by more than 1%, the excess must be refunded. This theoretically prevents excess revenue being used for “pet projects” never seen or voted on by the electorate.

The limit or “cap” was determined by applying the total state revenue to the personal income of Missourians as determined by the U.S. Dept. of Commerce. When the amendment was initially adopted, the cap was \$50 million in new revenue but has since been adjusted according to state personal income growth, and for 2021 it was \$111.8 million.

In 1996, Article X, Section 18(e) of Missouri’s constitution, was approved. The subsection states that in addition to the other limitations imposed by the Hancock Amendment, Missouri’s general assembly cannot raise taxes or fees above a certain threshold in a given year without voter approval.

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Camden County Courthouse/Annex Renovation...Latest Update!

There are issues immersing on the Renovation Project. For weeks, the County has refused to provide the public with the simplest of information...namely – What is the total the county has paid to Veregy Group (contractor) to date, and what is the percent complete of the scope of work detailed in the contract?

If you remember, this was a lump sum bid contract based on a scope of work defined in the contract signed by Greg Hasty on May 24, 2022. Any “unknowns” (reference made by County Project Coordinator Brian Willey on why status cannot be provided) should be change orders to the scope the lump sum was based on. Therefore, status measured against the scope of work in the contract should be easy to deliver to the taxpayers funding the project. At a recent Commission Meeting, I asked the Veregy PM to provide a report on percent complete based on work site location that matches the scope in the contract, he said he could do that. Immediately Mr. Willey told him he could not because of the “unknowns”, and when I pointed out that they’re working with a defined scope in a lump sum contract, Presiding Commissioner Greg Hasty got loud and threatened to have me removed from the meeting. A huge overreaction to the productive conversation that was progressing before he started shouting. Is it January yet?

It’s starting to get a little smelly around this project, so we’re taking a deeper dive to see what’s going on. Because the county would not voluntarily share documents with us, I filed a Sunshine Request.

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The legislature must calculate the cumulative revenue impact of every bill passed to guarantee remaining below the defined limit. If the limit is exceeded then the bill MUST be submitted for a public vote.

Since compliance with the amendment's limit is based on the net effect of all legislative changes in a year, we can begin to see how legislative manipulation can play a huge part in politicians getting what "they want" verses what the electorate may want. For instance, if one bill raises enough revenue to violate the amendment, as long as there's another bill that would simultaneously lower taxes or fees such that the net tax increase is below the threshold, the general assembly could still avoid a public vote.

The gas tax bill which is estimated to raise between \$123-\$455 million, avoids the threshold by spreading the increase over a 5-year period. It appears that the ridiculous "refund" mechanism is also part of an effort to remain compliant with the Hancock amendment.

This was not the only time our legislature used the Hancock Amendment (HA) to slip a gas tax in without it going to a vote. The supposed last fuel tax increase approved by voters was 25 years ago (1996). However, this tax was actually passed in 1992 via HA by the legislature. It was a 6-cent per gallon increase that was phased in over a 5-year period; 2 cents in 1992, 2 cents in 1994 and 2 cents in 1996. In 2002, legislators passed extending the 6-cents-per-gallon motor-fuel tax, which was due to expire in 2008.

You may also want to take note that in 2004 Missouri voters approved Constitutional Amendment 3, which required all revenues collected from the sale of motor vehicles go to MoDOT. Previously, half of the sales tax went to MoDOT and half to the state's general revenue fund. I guess the real questions are: Doesn't anyone in government know how to operate within a budget? Why is a "gas tax increase" so important to Jefferson City? Maybe they are missing that motor vehicle sales tax.

Citizens, we would do well to explore the propensities of our elected officials to create bloated legalese with every stroke of their proverbial PENS. Our legislature is supposed to be made up of everyday citizens who can speak confidently on the needs of their electorate. It doesn't take much research to realize that the average citizen can't make heads or tails of what is really happening in our government.

In point of fact, most have not read our entire U.S. Constitution let alone the MO Constitution (a fault for which I too am guilty). Speaking of the Missouri Constitution, try reading the 200 plus page novel and then imagine trying to teach it to your children.

In my quest to better understand and engage in my local government, I have come to understand, that particularly at the state and federal level they DO NOT WANT US TO UNDERSTAND!

Sources: <https://showmeinstitute.org/blog/budget-and-spending/missouris-hancock-amendment-and-the-gas-tax/>

<https://missouriindependent.com/2022/09/30/after-four-decades-hancock-amendment-continues-to-shape-missouri-tax-policy/>

<https://www.modot.org/funding-history>

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From the documents received on the Sunshine Request, here's what we now know:

2/23/22 – emails were exchanged between Zechariah Renaud, Veregy Group Project Development Engineer, and County Auditor Jimmy Laughlin regarding the design of the Auditor's office design. This was two months before the ad went into the paper soliciting bidders.

4/7/22 – a Report of Scope of Work and Cost estimate was sent to the county by Veregy Group with the cover page that began with: "Veregy has been working with the maintenance staff and County Auditor to design and price the County wish list of repairs that was provided to us along with other items identified during various walk throughs". There's an email from Elizabeth Blankenship at Veregy thanking Jimmy Laughlin and Mel Miller for "taking the time to meet with us today and referring to "the report we went over". Apparently Jimmy and Mel were reviewing and updating Veregy's scope of work for their proposal 22 days before the ad seeking bidders was published, or any bid packages were sent to competitors.

4/29/22 – an ad was placed in a local newspaper seeking bidders for "Qualified Providers to propose Facility Modernizations to include the Courthouse, Administration building, Justice Center Building and Commission Annex building." It says to contact Melvin Miller, County Maintenance Supervisor for more details. We've submitted an additional Sunshine request to find out what documentation was available from Mr. Miller to any contractor that requested it.

There was a "List of Companies for RFQ Mailing" document with eight companies listed, but no evidence of any kind of bid package sent out to them was found in the documents. All those listed were companies who, like Veregy, focused on energy efficiency, e.g., upgrading HVAC and Electrical. No general contractors were listed or engaged. The special work these companies focus on does not match the majority of the work described in the scope. Why were general contractors not engaged, and a specialty contractor brought in as a sub to complete the lighting and HVAC improvements?

5/17/22 – County Commissioners accepted a single bid from Veregy. The bid Veregy submitted included an amazingly detailed scope of work that apparently was authored by Veregy from their walk throughs of the project and the county provided "wish list". We know of no other contractors engaged for a walk through or provided the wish list. We are asking again about other bidders, as this seem fairly incredible.

5/24/22 –Camden County Presiding Commissioner Greg Hasty signed the contract from Veregy that contained exactly the language that they sent to the county. No language was added by the Commissioner who represents himself as experienced with many years managing this type of work, or the County Attorney. **There is no retainage clause.** Retainage is an amount of money withheld from invoiced payments to a contractor until the end of the construction project, or a time specified in the contract. Also known as "retention," the practice of withholding retainage is commonly used to ensure that the contractor or subcontractor finishes work completely and correctly. (It's interesting to note that Veregy's invoice form template has a place for retainage...that's how common it is for this type of work). **There is no liquidated damages clause.** Liquidated damages are damages whose amount the parties designate during the formation of a contract for the injured party to collect as compensation upon a specific breach. e.g., not finishing in December as per the contract should cost the contractor \$ per day until the project is completed.

The contract language includes a very detailed scope of work for an extravagant remodel of the Auditor's office. Every other office is mentioned in passing for "scraping and painting", and removal and replacement of flooring.

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A review of the invoices for work completed through September 30 revealed the following:
Veregy invoices are presented showing % complete on only these specific categories:

General Conditions
Site Work
Masonry
Wood & Plastics
Thermal & Moisture Protection
Finishes
Specialties
Mechanical
Electrical

The Veregy Contract describes work by location across the complex, for example:

Courthouse/Justice Center Exterior Improvements

- Tuckpointing at the Courthouse
- Roofing at Courthouse
- Sidewalks Repair, soffit Repairs and Drainage Upgrades

Courthouse/Justice Center Interior Improvements

- Office/Security Entrance/Bathroom Renovation
- Auditor's Office (per plans) (No other offices were identified and detailed in this way)
 - Demolition (8 pieces of work listed under this)
 - Renovation (21 pieces of work listed under this)
 - Electrical (7 pieces of work listed under this)
 - HVAC Upgrades (10 pieces of work listed under this)

The County Commissioners have never compelled Veregy and/or Project Coordinator Brian Willey to correlate the categories of invoicing to the specific description of the work in the contract. What the heck.

The County's Project Coordinator Brian Willey negotiates the monthly percent complete with Veregy on only the categories of work. There is absolutely no reference in the bid or the contract to tracking progress or invoicing using these categories. When Veregy was asked in a public meeting to translate their percent complete status from these categories into something relatable to the scope of work in the contract (work site specific), the Veregy PM said he could do that...but push back from Brian Willey and Commissioner Greg Hasty preventing that report from being provided. Presently, there is not a way to determine detailed progress on any specific site in the complex as per the contract...makes no sense.

It appears from a review of the invoices that Veregy Group has completed about 28% of the work and billed about 28% of the \$4.7 million (\$1,342,486.14 to be exact) through the end of September. There is no report of this progress that references the scope in the contract. Also, Veregy is falling far short of the contracted date for Substantial Completion – December 2022, as documented in Attachment B of the contract. Completion is presently rumored to be March 2023 or beyond.

Please contact your Commissioners, Don Williams at don_williams@camdenmo.org, or James Gohagan at james_gohagan@camdenmo.org or call their office at 573-317-3850 and tell them you want them to put this expensive, behind-schedule, poorly managed and unethically bid project as their immediate priority to define a path forward that's in the best interests of the taxpayers of Camden County. We look forward to a public meeting featuring their recommendations for next steps to clean this up.