

SPECIAL REPORT

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ABSTRACT

Mayor's A.I.M. partners have ties to city money A web of business connections Directors' companies have had million-dollar city contracts By DAVID R. ROSS and AMY RITCHART The Leaf-Chronicle Clarksville Mayor Don Trotter and Gas and Water Department Manager Dwight Luton are stockholders and directors for American Infrastructure Management L.L.C., a private company vying for federal contracts. On its Web site, A.I.M says its vision is to "help military installations and public utilities serve our nation in life essential services of providing natural gas, water, waste water and electricity while meeting all environmental and regulatory requirements."

FULL TEXT

Mayor's A.I.M. partners have ties to city money

A web of business connections

Directors' companies have had million-dollar city contracts

By DAVID R. ROSS and AMY RITCHART

The Leaf-Chronicle

Clarksville Mayor Don Trotter and Gas and Water Department Manager Dwight Luton are stockholders and directors for American Infrastructure Management L.L.C., a private company vying for federal contracts.

Two other A.I.M. directors and stockholders - Darrell James and Paul Moore - have companies that have been awarded contracts to do work for Clarksville Gas and Water.

James, listed as the president of A.I.M., performed the engineering work to help Clarksville in 2002 gain its 50-year contract to provide natural gas to Fort Campbell. His Nashville company, James and Associates, has been awarded about \$4.8 million in Gas and Water contracts for the ongoing upgrade and privatization of Fort Campbell's gas service, records show. The \$4.8 million was paid with "pass-through" money from Fort Campbell, Gas and Water officials said.

The Fort Campbell project is in phase four, said Tae Eaton, manager of the city's gas division. The project has five phases and phase four is between 80 and 90 percent complete.

James and Associates also has about \$325,000 in open contracts with Gas and Water and completed a near-\$10,000 professional services contract awarded May 28, 2004, for work on Rossvie Road near Exit 8.

Moore's Clarksville company, Moore Construction, has been awarded about \$14 million in Gas and Water contracts since 2000. Eaton and City Purchasing Agent Steve Yarbrough said the awards were all made through a competitive bid process.

In recent interviews, Trotter and Luton said the private business partnership is not a conflict of interest and they deny any wrongdoing. A.I.M. has not been awarded any contracts with the city.

"There is no conflict of interest. We (Clarksville) have no contract with A.I.M. At this point, no one has any contract with A.I.M.," Trotter said. "So far, I have not made one penny with A.I.M."

Trotter said he hopes that A.I.M. will eventually turn a profit.

"Why else would I be in it?" Trotter asked. "There is nothing illegal or improper."

Luton said he was brought in because of his "experience with military bases." He also said his position with A.I.M. does not violate a confidentiality clause he signed Aug. 11, 2004.

"I don't receive any revenue from it - it's not a paying job," he said. "It's owned by a group of investors - I'm not involved in any daily operation or administration of that company. I did get approved last January to work consulting with companies that would not conflict with Clarksville."

The approval is filed with the mayor's office, he said.

Luton also said there is no conflict with his being business partners with men who also do business with his department. He said Gas and Water personnel write the job scope and bids are made through the purchasing department.

"Practically all the work he (James) does is with Fort Campbell and that work is reimbursed by Fort Campbell," he said. "All the projects Mr. Moore does are on a bid basis - I don't have anything to do with that."

Even though James' and Moore's companies apart from A.I.M. have many past and current contracts with the city, Trotter said all the business dealings are legitimate and legal.

"I don't see anything improper," Trotter said. "There is no business between the city of Clarksville and A.I.M. Business with those parties (Moore and James) is between their individual companies and the city of Clarksville. Their individual businesses have nothing to do with A.I.M. They receive no preferential treatment in regards to city bids."

James and Moore did not return repeated phone calls from The Leaf-Chronicle.

A.I.M.'s history

The federal government has been working toward privatizing utility service at military installations for several years and is soliciting partnerships with local municipalities across the country.

American Infrastructure Management Inc., a Nashville company that formed in August 2004 with directors listed as Trotter, Luton, Moore, James and David Nussbaumer Sr., merged on Dec. 15, 2004, with American Infrastructure

Management L.L.C., a Louisiana company that formed Dec. 14, 2004.

Stock shares in the new company, A.I.M. L.L.C., were issued to James, Luton, Trotter and Moore.

Nussbaumer said his affiliation with A.I.M. ended when the incorporated entity merged with the limited liability company.

"I couldn't afford to put any money into it," said Nussbaumer, a member of the Clarksville Department of Electricity Power Board and a former Clarksville City Council member.

On its Web site, A.I.M says its vision is to "help military installations and public utilities serve our nation in life essential services of providing natural gas, water, waste water and electricity while meeting all environmental and regulatory requirements."

A.I.M.'s Web site claims the company has submitted 16 proposals to U.S. Department of Defense solicitations to provide utility services, including gas, water, waste water and electric service to various military installations across the country.

Trotter and Luton traveled to Benson, Ariz., in mid-January to make a pitch for a partnership between that city and A.I.M. to provide natural gas, water and waste water services to Fort Huachuca, Ariz., military installation. The Benson, Ariz., City Council agreed to the partnership and a proposal was submitted to Fort Huachuca. The proposal is pending.

Trotter said A.I.M. paid for his and Luton's trip to Benson, Ariz., to speak on behalf of A.I.M.

City travel and expense records do not indicate the city of Clarksville paid for or reimbursed Trotter for his trip to Arizona. Luton's travel records have not been reviewed, but he said Gas and Water did not pay for the trip.

Legal, ethical

ramifications

Montgomery County District Attorney John Carney said what he has seen of A.I.M.'s operations does not indicate any laws have been broken.

"In looking at the state laws relevant to this, my initial response is that there are no violations of any criminal statutes," Carney said. "I would have to know more about any possible direct, indirect or controlling interests."

Carney said "if needed" he will request assistance from the state Comptroller's Office to determine if any laws have been violated in regards to Trotter and Luton's association with A.I.M.

Carney did say the association has the "appearance" of potential impropriety.

"I believe that elected officials and government employees should avoid situations that even give rise to the appearance of impropriety," Carney said.

Misty Cutshall, Clarksville's internal auditor, said her office might examine the situation.

"You have provided me information on something that I don't know about now, and it's something I may have to look at, so I have no comment," Cutshall said.

City Attorney David Haines said conflicts of interest arise only if contracts are involved.

"There are no contracts that I know of between A.I.M. and the city of Clarksville, so there is no direct or indirect conflict of interest. For there to be conflict of interest there must be contracts involved," he said.

Haines also said Trotter is not prohibited by state law or city ordinance from having secondary employment. For Luton as a city employee to have secondary employment, which A.I.M. could provide, he must inform his supervisor, who is Trotter.

Trotter said he does not see a conflict or potential conflict with supervising an employee at the city level and being business partners with him in a private venture.

"There is absolutely nothing wrong or illegal with this," Trotter said. "There is no conflict of interest."

But the connections could raise concern among voters, said David Kanervo, an Austin Peay State University professor and expert in government issues.

Ethical conflict of interest is when someone receives monetary compensation or some other benefit as a result of actions they may take in their official capacity, he said.

"Their company is not directly a contractor with the city, but they are working with people whose other companies are contractors with the city. There seems to me to be a tie that's a little too close," he said. "There's still a financial relationship between the principals of those companies and the mayor and the Gas and Water (manager).

"When you're a public official and you have ties with people who are making money from the city for which you make decisions, then there appears, however indirectly, some conflict of interest. A person should never be financially tied, it seems to me, to someone who benefits from your decisions."

Kanervo said voters should expect elected officials to adhere to high standards.

"Certainly we expect more from our government because these people are holding our trust," he said. "We elect them and expect them to conduct business with public funds honestly."

David Ross covers city government and can be reached by telephone at 245-0262 or by e-mail at davidross@theleafchronicle.com. Enterprise reporter Amy Ritchart can be reached at 245-0200 or via e-mail at amyritchart@theleafchronicle.com.

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COMING TOMORROW

- A.I.M. is competing with the Clarksville Department of Electricity for a contract to provide power to Fort Campbell. In Thursday's Leaf-Chronicle.

American Infrastructure Management L.L.C. is a company designed to partner with and assist municipalities in winning utility contracts at military installations.

DARRELL JAMES

President, director and stockholder for A.I.M. and local engineer. Founder of James and Associates.

DON TROTTER

Director and stockholder for A.I.M. Trotter has been mayor of Clarksville since November 2002 and served 12 years as mayor before being defeated in 1998.

DWIGHT LUTON

Director and stockholder for A.I.M. Luton is Clarksville Gas and Water Department general manager and a former member of the Clarksville City Council.

PAUL MOORE

Director and stockholder for A.I.M. Moore is director and signing agent for Moore Construction.

James and Associates has won three bids for Clarksville Gas and Water projects since 2000 and has continued to win the bids for the city's partnership to provide gas service to Fort Campbell.

Luton answers directly to Mayor Don Trotter.

As mayor, Trotter signs and approves all Gas and Water Department contracts, which must also have City Council approval.

The Gas and Water Department, which Luton supervises, writes the bid requirements for its contracts.

Moore Construction has won 32 bids for Clarksville Gas and Water projects since 2000.

ROY F. MURRAY

Contract manager for A.I.M. Retired from civil service.

As a 26-year contract specialist for the Department of the Army, Murray facilitated the privatization contracts for natural gas infrastructure at Fort Campbell. Clarksville Gas and Water successfully won that contract.

DETAILS

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