

Regional disputes deepen over control of Detroit water system

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The battle over control of Detroit's water system between state and local governmental agencies appears far from resolution. *Detroit News* columnist Nolan Finley reported on discussions between Oakland County executive L. Brooks Patterson, a vocal opponent of the "regionalization plan," and Michigan governor Rick Snyder over the future of the Detroit Water and Sewerage Department (DWSD). The talks took place at the Mackinac Island Policy Conference in northern Michigan.

Detroit emergency manager Kevyn Orr has been actively seeking a buyer for the municipally owned DWSD since early March, when resistance to plans to regionalize control of the water system by the officials in the three counties involved in negotiations was made public.

The forced bankruptcy of Detroit, the outcome of years of predation on the city by financiers, is the legal cover for the looting the city's resources. Orr and his backers are eager to end Detroit's control over DWSD in order to free the city from obligations to employees and sidestep the laws that restrict the water system from being operated for profit.

The discussions over the fate of the DWSD were "off-the-agenda," according to Finley, and "were almost entirely dominated by what it will take to get Patterson on board with the regionalization deal that is proposed in Detroit's bankruptcy exit plan." He puts the talks in their best light, at the same time reporting, "the rhetoric from the two camps leading up to the meeting was pretty testy and resentment was building."

Finley concludes imperiously, "One thing Patterson likely will have to come to grips with is that, in some fashion or another, the water department will be monetized for the benefit of Detroit. That will be a tough pill for him to swallow and highlights the

tenuous road ahead for getting a deal done."

"For the benefit of Detroit" does not mean for the city's inhabitants, but for its creditors.

The bankruptcy of the city has laid the pretext for "putting everything on the table," as Emergency Manager Kevyn Orr is fond of saying, and the massive water delivery and treatment facilities of the DWSD are one of the city's most financially attractive resources for looting. It is one of America's largest water systems, providing water for some 4 million customers throughout southeast Michigan.

The plan to "monetize" the DWSD will subordinate its value as the provider of clean drinking water and disposal of sewage even more directly to the needs of finance as a profit-making entity.

Orr, along with Snyder, has been advocating the so-called regionalization plan as a preliminary attempt at monetization by leasing the system to the three surrounding counties, thereby generating \$47 million a year in revenues. The plan would take advantage of legal loopholes to allow the new entity to fire workers, slash pension and benefit responsibilities, and raise rates.

The plan has met with bitter opposition from officials of the three counties involved in the negotiations—Wayne, Oakland and Macomb counties—mainly over concerns that the wealthier suburbs will have to foot the bill for the financial crisis of Detroit.

To underscore the fragmenting of the southeast Michigan region over water, an article published last Sunday, "Detroit Plan to Profit on Water Looks Half Empty," in the *New York Times* highlighted what the paper described as "foot-dragging and rivalries that can thwart efforts to consolidate municipal services." The *Times* stated, "As Detroit seeks to settle its debts and

chart a viable course for the future, one of its best sources of revenue, clean water for sale, may be evaporating.”

Last month, the city of Flint, Michigan, and Genesee County, of which Flint is the county seat, severed their long-term wholesale water contract with the DWSD. For years, Flint, some 60 miles north of Detroit, has had its water delivered through a pipeline built by the DSWD from Lake Huron, the second largest of the Great Lakes, 65 miles to the east. Losing the contract will cost Detroit \$22 million a year, according to DWSD officials.

The pipeline, built 50 years ago, anticipated a capacity based on projections for industrial growth in the Flint area. Instead, there has been systematic deindustrialization of the city. Despite the excess capacity in the pipeline, the state of Michigan has approved plans for Genesee County to build a parallel pipeline to bring its water from Lake Huron. The Karegnondi Water Authority was established in 2010 to carry out this quarter-billion-dollar project.

Flint has been under a state-appointed emergency manager since late 2011. The city, once a major manufacturing center for General Motors, has been devastated by the closure of its production facilities, including the giant Buick City complex. As in Detroit, the bankruptcy process has further eroded the social conditions for the population in the city. The decision by Flint to break ties with the DWSD and embark on its own independent water system serves an example of the irrationality of the rule of financial interests over the allocation of public resources.

After the state finally ratified the city’s water treatment measures, Flint has recently been granted permission to use water from the Flint River, a meandering 78-mile waterway flowing northward through Bay City and Saginaw into Saginaw Bay. This will supposedly be a temporary measure until the completion of the Karegnondi Pipeline, sometime in 2016. The *Times* report included a photo of officials in Flint celebrating the city’s break from the Detroit water system with a treated-water toast.

Flint’s emergency manager explained the rationale behind the project. “The city of Flint will be able to control water costs.” He added, “I’m kind of glad we’re not a part of that discussion [about the future of the Detroit water system] anymore.”

Part of the strategy of the city, however, is to aggressively pursue its delinquent ratepayers, much as the DWSD has recently begun doing, to obtain an infusion of cash. Just as in Detroit, this will have the effect of increasing the difficulties facing the city’s most vulnerable citizens.

In Flint, as in Detroit, the water infrastructure has suffered from severe neglect. High water bills are a consequence of the leaking of an estimated 40 percent of the water piped in by the DWSD. Replacing the Lake Huron pipeline will still leave Flint’s local delivery system in great need of repair. Both cities still have a backlog of unrepaired main breaks from last winter.

Officials no longer even claim that water rates won’t rise in Flint, but that the increases will be less than under the Detroit system. At best, this is a case of wishful thinking.

The existing problems that the DWSD as well as other municipal water systems face, such as lack of maintenance and decaying infrastructure, are a product of the proprietary control bondholders exert over spending. Whatever specific measures are used to bleed financial resources from the DWSD, one incontrovertible truth emerges: the capitalist system is incompatible with any rational allocation of society’s resources.



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