

Detroit regional water authority prepares double-digit rate increases

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Cities in the metro Detroit area could face double-digit water rate increases in the coming year, the *Detroit Free Press* reported Thursday, citing water officials. The news comes as the city of Detroit continues its draconian policy of shutting off water to residents who are too poor to pay for it.

Detroit water officials told the *Free Press* they will propose new rate hikes next month substantially in excess of the 4 percent limit pledged during talks to form the Great Lakes Water Authority, encompassing Detroit and suburban counties. One plan would see suburban rates rise by 9.2 percent and another proposal calls for a 14.9 percent rate increase.

While the *Free Press* said officials did not discuss proposals to increase rates in the city proper, the newspaper made clear that historically, rates have risen even faster in Detroit than in its suburbs, and are likely to do so again. This is under conditions where Detroit residents pay some of the highest water rates in the US, with bills having risen 119 percent in the last decade.

The talk of massive rate increases puts the lie to claims that the formation of the Great Lakes Water Authority will benefit water customers in the Detroit suburbs by providing for lower rates. In reality, the new regional water authority, created during the Detroit bankruptcy, is the first step toward the privatization of the area's water system, which is currently under the ownership of the city.

Detroit officials say rate increases are necessary because declining water use has led to a fall in revenues. They blamed a cooler-than-average summer, which led to a drop in demand because there was less need to water lawns. Since 90 percent of department costs are fixed, this required asking customers to pay more.

Detroit water sales have fallen by 25 percent in recent

years. This is no doubt in part due to the continued impoverishment and depopulation of the city. In preparation for the launching of the regional water authority, the city of Detroit implemented a brutal policy of water shutoffs, disconnecting tens of thousands of households for unpaid bills of as little as \$150. The aim of the water shutoffs is to make the municipal water system a more lucrative target for privatization by increasing revenue and reducing debt.

Despite this policy, Detroit water revenues declined by \$17 million in 2014 because of declining consumption. Revenues fell by another \$17 million in the first 90 days of 2015.

Under the terms of the agreement creating the Great Lakes Water Authority, the three suburban counties surrounding Detroit will lease Detroit Water and Sewerage Department facilities from the city for \$50 million a year for 40 years. The DWSD will continue to control and maintain water and sewer service in the city.

Talks have yet to begin over terms of the lease agreement. But some suburban officials have already raised questions about the financial solvency of the DWSD in the wake of the bankruptcy. Macomb County Executive Mark Hackel declared on Thursday, "The assumptions aren't backed up by reality, and that's why we are having a little problem."

Whatever the true state of DWSD finances, the latest developments are a warning that further attacks are planned against DWSD employees, who have already seen their wages, pensions and health benefits slashed during the Detroit bankruptcy. This has been accompanied by huge job losses: a 30 percent reduction over the course of the past three years.

With annual operating revenues of some \$800 million, private water operators consider the DWSD a

ripe plum for the picking. The Detroit City Charter, however, prohibits privatization of the water department without a popular referendum. City officials were able to circumvent this law through the use of the bankruptcy court, which granted permission for the formation of the regional water authority, effectively removing control of the department from the city. This accomplished, full privatization is the next step.

This was demonstrated by the actions of former Detroit Emergency Manager Kevyn Orr, who contracted private water company Veolia North America to propose “cost savings” in Detroit’s water system. Since 2012 the DWSD has been working to “streamline” operations through a massive workforce reduction. A plan from a private consultant, EMA, called for an 81 percent staff cut.

According to Food and Water Watch, previous large privatizations of water and sewer services in the United States led to huge rate increases. After 11 years of private control water bills tripled on average by 2011 in the cities surveyed. A typical household was paying on average \$434 extra for water and sewerage services.

The privatization of the DWSD will do nothing to resolve the problem of antiquated and decayed water infrastructure, which is the product of decades of neglect. The city’s current plans call for the repair of 1.5 miles of sewer lines a year. At that rate it would take 561 years to repair the whole system.

The projected rate increases in Detroit come as the nearby city of Flint, Michigan faces a water crisis of its own. By fiat of the city’s unelected emergency manager, Flint disconnected from the Detroit water system in April 2014 and began drawing water from the Flint River. Since then, water quality has deteriorated drastically, with residents complaining about its color, smell and taste. Several boil water advisories have been issued due to the presence of harmful bacteria.

The water also contains excessive amounts of trihalomethane (TTHM), a byproduct of the heavy chlorination of the water. TTHM can cause increased incidents of cancer as well as problems with the kidneys, liver and central nervous system.

The water in Flint is so corrosive that General Motors disconnected from the system. This week, a forum to discuss public health concerns in Flint broke up in chaos. One mother described how her children broke out in rashes after being bathed in a tubful of Flint

water.



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