

Despite lead poisoning, Flint water rates highest in US

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As the catastrophe unfolded from the lead poisoning of the water system in Flint, Michigan, the city charged the highest rates in the nation for water, according to a new study by the nonprofit advocacy group Food and Water Watch (FWW). The organization's survey of 500 of the largest water systems in the US was published Tuesday in a report, titled, "The State of Public Water in the United States."

The timing of the report is significant. Over the last several months, notably at a protest late last month at City Hall, outraged Flint residents have protested against the high rates and at being charged at all for toxic water they can't drink. During the period starting in April, 2014, when the city switched its source from treated water from Detroit's public system to the polluted Flint River, complaints and protests by residents that the water was discolored and bad tasting and smelling were ignored by authorities.

When authorities did respond, they claimed the water was in compliance with federal Safe Drinking Water Act standards.

The FWW survey compares rates based on an average household usage of 60,000 gallons a year. On that basis, Flint's rates are calculated at \$864 a year. Residents of the city have long known that their rates are among the highest in the nation, but average water bills in Flint have been calculated by local media at \$140 a month. That is about double the \$864 annual bill cited in the FWW survey.

Even at the \$864 annual figure, the rates, "far exceed what the United Nations designates as affordable for water and sewer service," survey co-author Mary Grant told the *Detroit Free Press*, saying the UN recommends that maximum of only three percent of household income be spent on water and sewer service. She calculated Flint's water percentage at over seven

percent.

In August 2015, Genesee Circuit Court Judge Archie Hayman ordered the city to reduce rates by 35 percent. However, many residents say city officials violated the order because they have seen no change in their exorbitant bills. Instead mass water shutoffs were resumed after the city reconnected to the Detroit water system in October 2015.

At a demonstration in front of City Hall on January 25, Flint citizen and water activist Melissa Mays told the WWS, "7,000 shutoff notices were sent to Flint residents just before Christmas. We were one of them. And it's not just because we feel like we shouldn't have to pay for poison. We can't afford these bills. My balance is \$880. So, we're paying the highest rates in the nation for the lowest quality water. That's just wrong. There's nothing that makes sense in any of this.

"They just keep billing us and billing us and there's another 1,800 shutoff notices that are set to go out this month. It just needs to stop!"

Even before the city's 2014 switch to the Flint River, the high rates provoked protests. In mid-2012, a year before former Flint Emergency Manager Ed Kurtz made the decision to sever longstanding relations with the Detroit water system, the Michigan Court of Appeals dismissed a lawsuit filed by Flint City Council President Scott Kincaid over high rates. At that time residential rates had gone up by 110 percent in less than a year.

The first of the drastic rate hikes went into effect on September 16, 2011. Governor Rick Snyder's first-appointed emergency manager over Flint, Michael Brown, implemented the second rate hike—a staggering 47 percent increase—on July 1, 2012. The suit by Kincaid called for a restraining order against the implementation of both hikes on the grounds that they

violated the city ordinance due to “commingling the revenue generated by the user fees with the city’s general revenue in an investment account.”

In dismissing the case, the appellate judges asserted, “This court also lacks original jurisdiction to enjoin the city from misappropriating revenue generated by user fees for general governmental purposes, should plaintiff be able to prove same.” In other words, even if citizens were being bilked to cover other city costs in violation of city law the court wouldn’t do anything about it.

The appointment of emergency managers was a process designed to run roughshod over existing legal protections. The implementation of rate hikes historically required utilities to make a case before certain regulatory bodies to get them approved. At the same time, emergency management was seen as a means to get around city charters and other local laws, which provided at least a modicum of protection against the outright privatization of public services.

This week’s Food and Water Watch report pointed out that privatized systems charge on average 58 percent higher rates than publicly owned water systems. “We are seeing a greater trend toward running utilities as business entities,” one of the report’s authors, Mary Grant, told the *World Socialist Web Site*. “Appointed officials are replacing elected officials who once made decisions based on constituents,” she said.

Rate hikes occurred both in Flint and Detroit, two cities hit hard by deindustrialization and thrown into deep debt due to high foreclosure rates, corporate tax cuts and rising borrowing costs due to financial manipulation by Wall Street and wealthy bondholders. Like Flint, the Detroit Water and Sewerage Department (DWSD), used revenue from water bills to pay budget shortfalls.

By the time of the 2013 Detroit bankruptcy, water rates had been rising by an average of eight percent yearly for over a decade. However, the system, which serves four million customers in Southeast Michigan, bringing in revenues of a billion dollars each month, was seen by Wall Street as the city’s most prized asset—its “crown jewel.”

By March 2014, 1,500 to 3,000 customers were being cut off of water every week to make DWSD more attractive for a takeover by private investors. “It’s interesting that at the same time the mass shutoffs were announced in Detroit, Emergency Manager Kevyn Orr

issued an RFP [request for proposal] to find a private buyer for Detroit’s water system,” Grant told the WSWS. “The clearing away of the city’s so-called bad debt was critical to getting regional officials to come back to the table with the proposed regional authority and found the Great Lakes Water Authority.”

The official narrative is that Flint severed its half-century ties with DWSD as a cost-saving measure due to Detroit’s high water rates. But in fact, DWSD offered to sharply reduce rates in order to keep its largest outside customer.

It is likely the decision—instigated by Snyder’s former state treasurer, Andy Dillon, a Democrat, was done for political, not immediate financial, reasons. For one thing, the move withdrew DWSD’s largest outside customer, worsened the financial situation facing Detroit, giving the Snyder administration more ammunition to throw the city into bankruptcy.

Moreover, the building of a new pipe system to Lake Huron, running virtually parallel with DWSD’s pipeline, would provide Flint with a new source of income to pay off bondholders, as well as politically connected contractors. The new Karegnondi Water Authority (KWA) also promised to provide cheaper, untreated lake water to industrial customers like DTE Energy and General Motors.



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