

Flint City Council backs 30-year water deal that ensures bondholder profits

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On Tuesday, November 21, the Flint City Council passed a motion to sign a 30-year contract with the Great Lakes Water Authority (GLWA), the regional entity that took over the Detroit public water system in January 2016, for the provision of wholesale water services to Flint.

The city, still suffering from the lead poisoning crisis prompted by its switch to the Flint River as a source of drinking water in 2014, has been receiving water via a temporary arrangement with the Detroit-based water system, its former supplier, since state officials approved reverting to this source in late 2015. The move occurred a full year and a half after residents began protests over tainted, odorous and discolored water, which later proved to be poisonous owing to lead levels far exceeding that allowed by federal standards.

Since 2015, the city government has been engaged in a series of temporary patchwork measures. To begin receiving water from the GLWA, it was compelled to negotiate a leasing arrangement with its intended alternative water supplier, the Karegnondi Water Authority (KWA). As part of its previous deal to receive water from the KWA in the future, the city had sold to the KWA a six-mile section of pipeline connecting itself to the GLWA system. To revert to the GLWA, the city needed access to the very asset it had just sold.

Financially speaking, however, far more significant was the prospect of Flint paying for its ongoing water supply from GLWA while still bearing its assigned portion of debt issued by the KWA to build a separate, redundant pipeline. The supply agreement the city originally signed with the KWA while under the rule of the state-dictated “emergency management” law, required Flint to pay approximately \$7 million per year in debt servicing.

Notwithstanding the disaster that ensued following Flint’s termination of its previous agreement with GLWA forerunner Detroit Water and Sewerage Department (DWSD), Flint remains compelled to make the KWA-related payments. Effectively, Flint faced the prospect of seeing water payments go from \$13 million per year to more than \$20 million.

As matters stand, a 2016 study of 500 large water systems across the US found that Flint had the most expensive rates, nearly triple the average for public systems in the US Midwest. The burden is compounded by the low earnings of many area workers following decades of deindustrialization. As a result, the average Flint home is paying 7% of its income for water, far more than the 3% ceiling recommended by the UN.

The temporary arrangement with the Detroit system existed for more than one year when, in June 2017, the Michigan Department of Environmental Quality (MDEQ) sued the city in federal court to compel it to make longer-term arrangements. The GLWA had proposed the 30-year agreement, which it said would result in annual water rate increases of from two to four percent. The agreement also included the GLWA crediting Flint for bond payments made by the city to the KWA, thereby holding its water bill roughly constant, at least initially.

In its legal action, the MDEQ argued that the failure of the City of Flint to have in place a long-term agreement with a water supplier meant that public health would be threatened. Flint residents were, as would be expected, skeptical of the newfound interest in their health taken by a state agency that for eighteen months rejected their evidence of being harmed by the water provided to them and today insists that the water is safe to drink, based on US Environmental Protection Agency regulations publicly acknowledged as outmoded, and even though more than 15,000 homes in Flint have yet to have their lead service lines replaced. (See: “Banks, bondholders driving the legal conflict over Flint’s water supply”).

In the MDEQ lawsuit, issues of federal and local authority were invoked not in accordance with the facts of the case, but with a predetermined end in mind. In his initial ruling, Judge David Lawson held for the MDEQ and insisted upon the court’s jurisdiction by arguing that the City’s failure to sign a long-term supply agreement threatened the city with bankruptcy (because it would be overpaying for its ad hoc arrangements) and any such insolvency would threaten its ability to provide clean water, thereby threatening public health, which was intended to be protected under the federal Clean Water Act. Through this tortured logic, the judge aimed to compel the agreement with the GLWA. The only alternative, Lawson argued, was the signing of a similar deal with the KWA, an arrangement made unaffordable by the requirement that the city water treatment plant would need expensive upgrades to handle Karegnondi’s water supply, which, unlike GLWA, is untreated.

The key unanswered question is what drove the urgency of the case. Local, state and federal officials were in no hurry when in 2014-15 the city residents were being poisoned. Only after attempting to blackguard those like Virginia Tech Professor Marc Edwards and Flint pediatrician Dr. Mona Attisha who brought forward incontrovertible evidence of the damage to residents’

health, and failing at that, did the bureaucracies chart a new course. A deal with the GLWA had to be signed, they insisted.

Residents naturally suspected the motives of all involved. The mayor, Karen Weaver, while fighting a recall effort on the November 7 ballot, advocated signing the GLWA deal as early as April. The City Council, deeply implicated in all that has previously transpired, and led by Scott Kincaid, a challenger to the mayor in the recall, had temporized and sought a second opinion, contracting an independent auditor to examine the GLWA deal. The KWA kept itself largely in the background.

All factions of the political establishment, from the Republican Snyder administration to the Democrats in the mayor's office and on the city council, are beholden to the banks and bondholders responsible for this crisis, and are deeply discredited. Last month, Weaver survived a recall election with 7,709 votes, fewer than the 9,000 voters who signed petitions to remove her. With no faction of the Democratic Party providing any alternative, however, 81 percent of registered voters stayed away from the polls.

In the event last Tuesday, the council reversed its opposition to the deal that it had maintained since Weaver's announcement in April supporting it. The matter was decided with a 5-4 majority and only following the seating of five new members of the council who had been elected two weeks earlier.

Voting in favor were Eric Mays, Maurice Davis, Santino Guerra, Herbert Winfrey and Jerri Winfrey-Carter. Voting against were Kate Fields, Monica Galloway, Louis Griggs and Eva Worthing. Davis, Guerra, Winfrey-Carter, Griggs, and Worthing are all new to the Council. The 3-2 split among this group, in favor of the deal, provided the majority.

As the state strong-armed the council to sign with the GLWA in 2017, Michigan governor Rick Snyder's administration charged a series of state officials with crimes in an attempt to shield the governor from responsibility for the disaster in Flint.

If any more proof were needed of the state administration's callous disregard not only for Flint's public health, but even public opinion, Snyder recently appointed Eden Wells, a top state official criminally charged in the Flint water crisis investigation, to head a new council tasked with improving Michigan's response to emerging public health threats.

Preliminary hearings are now being held for Wells, Michigan's chief medical executive, on charges of obstruction of justice, lying to an officer, and involuntary manslaughter in connection to the Flint water crisis. Wells allegedly interfered with efforts by independent researchers studying a deadly Legionnaires' disease outbreak in Genesee County. The researchers linked the switch to the Flint River to the disease, which resulted in 12 deaths and 89 illnesses.

The Flint-GLWA-KWA deal contains no guarantee of water provision to residents. In Flint, as elsewhere, water is not a right, but solely a commodity, and one increasingly unaffordable. As if to prove the point, the GLWA recently announced price increases of 4.2% for Detroit suburbs. And in its agreement with Flint, there is no cap specified on what the GLWA may charge the city. The relevant section of the contract (Section 7) begins, "Customer [Flint] agrees to pay for all water supplied by GLWA from the GLWA System at such charges as GLWA may establish." The

only restriction is that charges must comply with Michigan law and be "reasonable" in relation to GLWA's costs. A single official from Flint will sit on the GLWA board that approves rate increases.

Throughout the past year, many residents voiced opposition to not having any part in the choice of the water source, but the reality is that the "choice" on offer was an illusion. Never did an official present an alternative based on social need.

In fact, it was noteworthy during MDEQ legal action that Judge Lawson insisted, in an October 23 ruling, that the only alternative to bankruptcy for Flint involved increasing revenue for the city water system. As with other officials, he foresaw both higher rates and more punitive measures for those who still refuse to pay for water they argue to be unsafe. In this, he is in good company: The entire corporate and financial elite and both corporate-controlled parties reject the principle that water should be a social right and they insist that the working class be made to pay more for this—and every other—necessity, and pay dearly.

What is required is the guarantee of safe drinking water to all Flint residents, the replacement of all lead water mains and supply lines, cancellation of the KWA debt, the indexing of water bills to workers' incomes, and a permanent ban on both water shutoffs to residents and any privatization of water supply. Medical and educational services should be extended free of charge to all those in Flint whose health has been damaged by the poisoned water, and those who have been forced to relocate must be compensated for any damage to the value of their homes by the water catastrophe. Records of all discussions between officials from the City of Flint, Genesee County, the State of Michigan and federal government regarding the new water contract must be made public.

As recent studies have demonstrated, lead poisoning is widespread throughout US cities and rural areas and is particularly concentrated in working-class and poor neighborhoods. To oppose this, the battle in Flint must be broadened into a powerful struggle by the entire working class against capitalism, a system that subordinates every aspect of life, and life itself, to the insatiable appetites of the financial overlords.



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