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*Local, national and world news from a
people's perspective*

BI-PARTISAN DEAL LED TO FLINT WATER POISONING FOR PROFIT: THE KAREGNONDI WATER AUTHORITY (KWA)

Posted on 02/15/2016 by [Diane Bukowski](#)

VIDEO ABOVE: Flint water activist collapses into coma

NBC 25's Dave Bondy talked to an emotional Sharon Moore following the congressional hearings in Washington on February 3. Moore's son Jerome contacted Bondy on Friday, Feb. 12 telling him that Sharon collapsed earlier in the week while protesting during Governor Rick Snyder's 2017 Budget Presentation at Lansing Capital building. Jerome Moore tells us his mother remains in a Lansing hospital after waking up from a coma. She is now conscious and talking to nurses.



No Flint water crisis if no Karegnondi Water Authority

KWA started "greatest water war in Michigan history"

GLWA widened war, taking over all of DWSD

KWA initiator Jeff Wright, a Democrat, tied to scandal-plagued Synagro, alleged money-laundering, shady campaign financing

Wright prioritized selling untreated water to DTE, other businesses over the people's need for treated water



By Diane Bukowski

February 14, 2015

DETROIT – The mass lead poisoning of the people of Flint, Michigan, a cold-blooded act of domestic terrorism, was contrived for the profit of the Wall Street bond market, corporations and politicians by both Republicans and Democrats with their own agendas

The two parties are battling the matter out in electoral debates, with Michigan's Republican Governor Rick Snyder justifiably though hypocritically castigated by Democratic candidates like Hillary Clinton for his role in this unspeakable catastrophe.

"The governor of that state acted as though he didn't really care," Clinton said during the NBC News debate in Charleston, S.C. "If the kids in a rich suburb of Detroit had been drinking contaminated water and being bathed in it, there would've been action." Clinton's Democratic opponent Bernie Sanders simply asked Snyder to resign.



Karegnondi Water Group members get Bond Buyers' "Midwest Deal of the Year" award in 2014. Without them, the poisoning of Flint would not have happened.

In the most cynically exploitative campaign move so far, Clinton just published the video below. It calls for donations to a Flint non-profit, rather than pledging billions from the U.S. Treasury to save Flint, just as the U.S. Treasury bailed out General Motors, which left Flint, taking with it 72,000 jobs.



No politician has expressed any intention of locking Snyder and cronies up for life without parole, the only sentence appropriate under Michigan law, or of providing the billions of dollars necessary to rebuild not only Flint's water infrastructure, but the city itself, devastated for decades by its abandonment by General Motors and other corporations.

Ten Flint residents have already died from Legionnaire's disease linked to contamination of the city's water. Tens of thousands more, especially children and babies, face irreversible life-time damage due to the neurological and behavioral effects of lead, according to the World Health Organization.



MAKE GM PAY FLINT \$4B

On Feb. 10, protesters including former autoworkers and UAW members called for General Motors to contribute \$4 billion to the people of Flint to rebuild their water infrastructure and the city itself. They chanted, "Flint Lives Matter, Make GM Pay," and "Sales up, profits rise, but GM doesn't care if Flint dies."

Organizer Jerome Goldberg said, "GM made \$9.7 billion in profits this year alone, after getting an \$11 billion taxpayer bailout from the federal government under Pres. Obama, and \$4 billion more in state tax credits through 2030 under both Governors Snyder and Granholm."



Site of former Buick City GM Plant in Flint

Protesters said GM eliminated 72,000 Flint jobs, resulting in the city's EM takeovers, was the single largest polluter of the Flint River, and backed the use of lead-based gas for 60 years.

"When GM became aware of the toxic nature of Flint's water supply in October 2014, it didn't alert the public," they said. "No, it negotiated an exemption for itself to get water from Lake Huron so its parts would not be corroded, the people be damned."

Detroit community organizer Joyce Moore is calling for affected Flint housing in the affected areas to be replaced entirely with pre-fabricated homes. A contractor herself, she said replacing the pipes alone is inadequate and unworkable.



A petition to recall Snyder has finally been approved by the notoriously recalcitrant State Elections Board and will no doubt receive mass support, as it should.

But make no mistake—getting rid of Snyder will not cut out the cancer of racism and profiteering that has devastated Flint, Detroit, and cities across the U.S. for years.

The most blatant example of the bi-partisan midwifery of the Flint water catastrophe is the creation of the Karegnondi Water Authority (KWA), in what a Detroit Water and Sewerage Department (DWSD) spokesman called "the greatest water war in Michigan's history."

He was quoted before the creation of the Great Lakes Water Authority (GLWA), which has since robbed the people of Detroit, the largest Black majority city in the U.S., of the entire DWSD, the country's third largest water and sewerage system, founded in 1836, which had been serving 40 percent of Michigan's population.

The poisoning of the city of Flint, which is also a majority Black, would not have happened without the creation of the KWA at the instigation of Genesee County Drain Commissioner Jeff Wright, a white Democrat who has been Drain Commissioner since 2001 and spent 23 years prior to that in the department under former Drain Commissioner Anthony Ragnone.

According to U.S. Census figures, Genesee County is 75.2 percent white, and 20.6 percent Black, with a 21 percent poverty level. Flint is 37.4 percent white, and 56.6 percent Black, with a 41.5 percent poverty level.

In 2013, the KWA began building a 63-mile pipeline to Lake Huron that runs parallel to DWSD's pipeline for the region. While boasting it will lower water rates, the Authority admits the pipeline will only deliver raw water, unlike the DWSD, which delivers fully treated water. Communities which sign on to it will have to treat their own water, creating ways to do so at additional costs to customers and profits to contractors. Wright said in 2011 that he wanted to bring raw water in for the benefit of businesses in the area.



The pipeline was supposed to have been up for operation by 2015.

The KWA now includes the “Genesee County Drain Commissioner, Lapeer County Drain Commissioner, Lapeer City, Sanilac County Drain Commissioner and the City of Flint,” according to its website. St. Clair County is reportedly also considering membership as Wright courts more regional customers.

Wright, who has a history of shady dealings with water contractors, began the push to create the KWA in 2006. Snyder’s appointee, Flint Emergency Manager Ed Kurtz, later endorsed it as well. In 2013, Wright got the Democratic City Council of Flint to agree to disconnect the city from the DWSD, which had supplied high-quality water to Flint residents since 1967, and connect with the KWA instead.

Due to KWA construction delays, however, Snyder and Kurtz ordered the ultimately disastrous long-term use of the polluted Flint River in the interim, falsely claiming that Detroit had refused to negotiate better rates for its Genesee County customers. While the Flint Water Treatment Plant, using the Flint River, has always been a back-up water supply to DWSD, which gets its water from Lake Huron, the plant was never outfitted to operate with river water for more than 20 days, on an emergency basis.



Jeff Wright, CEO of KWA, Genesee County Drain Commissioner



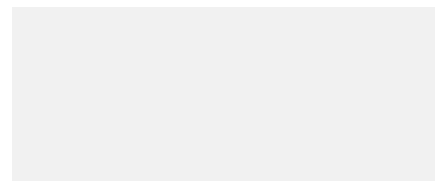
DTE's Greenwood Energy Center in Avoca, MI is on the proposed Karegnondi line.

VOD reader Peter Bernard wrote, “DTE has been involved in the formation of KWA since the beginning. DTE didn’t need treated water to run its turbines. Was it the demand of DTE for untreated water as soon as Flint withdrew from DWSD that caused Flint to pump untreated water into its supply system? I worked for Detroit Edison as a summer intern 60 years ago and they always thought pure water was an extra expense since super-heated steam automatically purified the water driving the steam turbines.”

In 2011, Ron Fonger of the Flint Journal reported that DTE told the KWA board it was interested in purchasing up to three million gallons of untreated water per day from the Authority for its Greenwood Energy Plant.

“Genesee County Drain Commissioner Jeff Wright called the news ‘very encouraging’ during a meeting of the KWA Board of Directors today, and said others could follow ‘as more businesses are made aware of (what we are doing and) the lower cost of untreated water,’” Fonger wrote, adding that Wright said KWA would work with DTE.

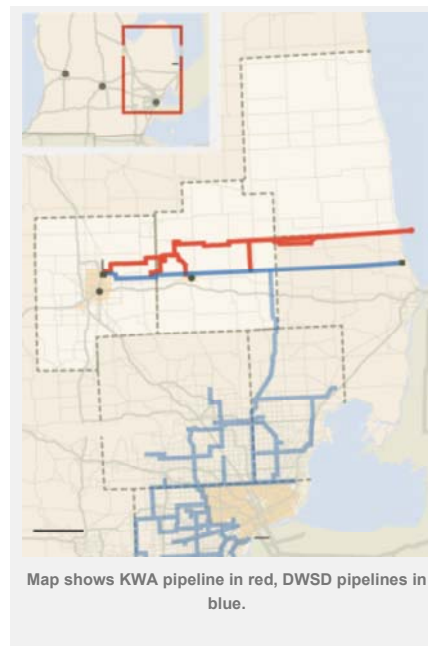
In 2014, the Bond Buyer magazine gave KWA the Midwest Bond Buyer of the Year award during an elaborate ceremony in New York’s Waldorf Astoria Hotel, for its second sale of \$220 million in bonds to finance the pipeline, an intake facility, and two pumping stations.



It earlier sold \$35 billion in bonds despite Detroit's bankruptcy filing.

"Long before Detroit filed its Chapter 9 bankruptcy case in the summer of 2013, Flint and Genesee County, Michigan saw the need to break away from their dependence on the Detroit water system," the narrator of a video shown at the ceremony said in a disingenuous, factually inaccurate introduction.

"In 2010 they formed the Karegnondi Water Authority, the two governments' long-term strategy to deliver a more reliable water supply at more reasonable rates. After years of planning and crafting a bond structure with dual backstops to protect investors, the Authority hit the market in early April with its inaugural issue for \$220 million in bonds. . . The governments expect to cover the debt repayments with system revenues, and both put their limited tax GBO payments behind the bonds."



The narrator said that Genesee County also pledged to cover Flint's portions of the bonds if it is not able to do so under state emergency management.



Former Detroit CFO Sean Werdlow and former Mayor Kwame Kilpatrick receive Bond Buyer award in 2004 for disastrous \$1.5 billion COPS deal.

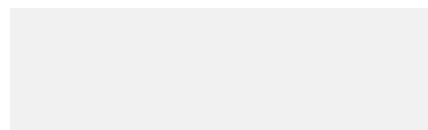
"Entering a market where local governments across Michigan faced heightened penalties, the authorities sold the bonds to more than 30 investors and achieved borrowing costs below projections," the narrator said. "The deal paves the way for the County to trade in annual rate increases of about 11.5 percent for ones closer to five."

The presentation recalled a similar Bond Buyer award given to former Detroit Mayor Kwame Kilpatrick and his then-CFO Sean Werdlow in 2004, for the disastrous sale of \$1.5 billion in "Certificates of Participation," or "Pension Obligation Bonds," an amount that ballooned to \$2.8 billion with default penalties and interest swaps. Detroit

Emergency Manager Kevyn Orr cited the deal as one reason for his improperly authorized 2013 Detroit Chapter 9 bankruptcy filing, but never followed through on a lawsuit he filed calling it "void ab initio, illegal and unenforceable."

In 2013, Tucker, Young, Jackson and Tull (TYJT), a Detroit-based engineering and consulting company, was contracted by the Michigan Department of Treasury to provide a study of the proposed KWA, contrasting it with the advantages of Flint remaining with the DWSD. The study strongly contradicted claims the Bond Buyer made at the 2014 awards ceremony, and other made in a study contracted by the community of Swartz Creek. (See full TYJT study at http://voiceofdetroit.net/wp-content/uploads/FLINT-KWA-TYJT-water_report.pdf.)

"The Flint City Council's approval of the Genesee County Drain Commission-backed idea to link Flint and a proposed multi-county connector effectively launched the greatest water war in Michigan's



history, “ Bill Johnson, communications head for the DWSD, said in a press release. “The action ignores a credible state-sponsored study that came out against the ill-advised Karegnondi Water Authority (KWA) project. And the vote makes no connection to Flint’s fiscal reality. All things considered, the City of Flint is best served by the Detroit Water and Sewerage Department (DWSD).” (See full release at http://voiceofdetroit.net/wp-content/uploads/water_war_undermines_flint-dwsg_relations-2013-14.pdf.)



DWSD spokesman Bill Johnson

The study concluded that the cheapest and safest option out of eight through 2042 for Flint’s water supply was to provide it directly through an adaptation of DWSD’s Imlay City pumping station, which is closer to Flint. DWSD has always provided water for the area through its Lake Huron Water Treatment Plant at Ft. Gratiot, Michigan, which sends it to the Imlay City station to go to Flint. Flint then supplies it to other regional customers. (See graph below.)

Option	Costs through 2042 (\$)	Ranking by Cost
DWSD 8 MGD Maximum Day at Imlay Station	634,795,488	1
KWA (10/31/12 No Overruns, As Provided)*	649,775,166	2
DWSD 8 MGD Maximum Day at FL-1	672,671,705	3
KWA-1 (10/31/12 No Overruns with Cost of Financing)	707,279,715	4
DWSD 12 MGD Maximum Day at Imlay Station	725,576,803	5
DWSD 12 MGD Maximum Day at FL-1	762,110,308	6
KWA-2 (Treasury Estimate)	766,784,313	7
DWSD 18 MGD Maximum Day at FL-1	821,226,268	8

* \$686,375,920 with 15% overrun in construction and a one year delay in operations

Table 6-1: Total Cost of Options through 2042

TYJT noted that the KWA proposal did not account for cost overruns on construction contracts, an almost inevitable occurrence, or provide a back-up water supply as does the DWSD for all its customers in the event of failure of the primary supply.

Why did Wright ignore this study? His connections with shady contractors during his tenure as Genesee County Drain

Commissioner beginning in 2001, and earlier in his 23 years serving under former Drain Commissioner Anthony Ragnone, are well-known.



Southwest community organizer Denise Hearn leads protest against Synagro’s Detroit boondoggle outside the Detroit Wastewater Treatment Plant July 31, 2008.

Wright himself formerly owned a water consulting business called Tara/Aqua Management. During his term as Commissioner, he has signed multiple contracts with Synagro Technologies, Inc. for sewage sludge removal, dewatering, and land application at the county’s Linden and Ragnone treatment plants, from 2002 through 2009, according to a 2010 Flint Journal expose by reporter Ron Fonger.

At least two of the Genesee Drain Commission Synagro contracts, in 2003 and 2005, were signed by James Rosendall, former Synagro vice-president of development

who went to prison for 11 months, in connection with the Synagro/Carlyle bribery scandal that brought down former Detroit Mayor Kwame Kilpatrick, DWSD head Victor Mercado, and former City Council President Monica Conyers, among other Black city officials.

Rosendall was the only white who was jailed, while Black officials who refused to act as FBI informants received terms as long as five years. Judge Avern Cohn barred the defense from asking why Synagro and the Carlyle Group were not charged in the RICO indictment.

Wright was an FBI informant against Conyers' aide Sam Riddle during the probe. Many officials involved in the probe acted as informants rather than being charged as well.

Synagro was purchased by the insidious Carlyle Group in 2007, one of the largest private equity and alternative investment firms in the world which has extensive ties to the global defense industry.



Synagro VP James Rosendall.

The Carlyle Group's board has included politicians from around the world, including former U.S. Presidents George H. W. Bush and George W. Bush, and their former cabinet members U.S. Secretary of State James Baker III, and U.S. Secretary of Defense Frank Carlucci, also former chairman of the U.S. Securities and Exchange Commission (SEC) Arthur Levitt, who served under Pres. Bill Clinton. It is connected to the Bin Laden family and to former Philippines dictator Fidel Ramos, among numerous others. Synagro went bankrupt in 2013 and was sold.

Looking for global connections?



The Carlyle Group, your solution !

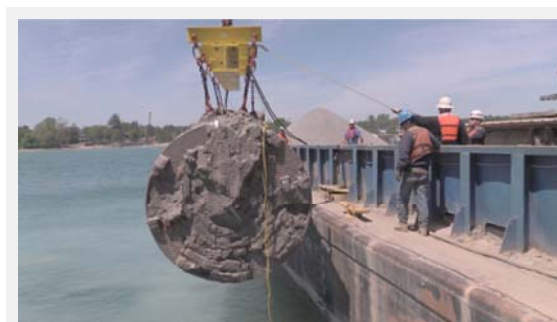
THE CARLYLE GROUP

The KWA's current major contractors include the omnipresent L D'Agostini & Sons, based in Macomb, at a starting cost \$24.6 million for the pipeline and \$11.06 million for the intake station on Lake Huron. D'Agostini earlier sued the DWSD because it was barred from further contracting with the department after its involvement in the RICO indictment of Kilpatrick et. al. was exposed. D'Agostini previously did 70 percent of its business with the Department.

The Alabama-based American Cast Iron Pipe Company, which operates one of the largest ductile iron pipe casting plants in the world, has a contract with a starting cost of \$84.1 million, while the Flint-based E & L

Construction's contract for the Imlay City pump station has a starting cost of \$11.78 million. All this work duplicates DWSD pipelines and intake and pumping stations already servicing the area.

Recently, Channel 2 reporter Charlie LeDuff interviewed Jeff Wright in a story focusing on the profits made by contractors on the Flint water switch. They included Kurtz campaign contributors AECOM, with \$18 billion in revenues in 2015, and the engineering firm hired to ensure that the switch to Flint River water would be safe, LAN (Lockwood, Andrews and Norman). LeDuff reports that firm's original contract began at \$140,000 and ballooned later to \$4



million, despite the fact that it did NOTHING to ensure the safety of the city's water.

Pipe for Karegnondi Water Authority is hoisted into Lake Huron.

(VOD takes issue with LeDuff's initial contention that Flint ratepayers decided to opt for the KWA because they were paying "outrageous" rates to Detroit. That is a claim that has been made by DWSD's wholesale customers in six counties for decades, never with an addendum that the communities involved add their own surcharges to the wholesale rates. LeDuff also appears to conclude at the end that water flowing through Flint's pipes now from DWSD is safe, which it will not be until complete replacement of the corroded infrastructure.)



Some related stories from other media:

<http://www.bondbuyer.com/video/doty-2014-midwest-deal-of-the-year-1069549-1.html>

http://www.mlive.com/news/flint/index.ssf/2014/03/kwa_officials_think_credit_rat.html

http://www.mlive.com/news/flint/index.ssf/2011/05/dte_energy_tells_regional_wate.html

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<http://voiceofdetroit.net/2016/01/20/boycott-michigan-jail-snyder-cronies-for-flint-lead-poisoning-domestic-terrorism-racism/>

<http://voiceofdetroit.net/2015/12/21/rachel-maddow-slams-gov-rick-snyder-for-poisoning-flints-water-emergency-manager-act/>

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<http://voiceofdetroit.net/2015/08/18/judge-signs-order-to-lower-flint-water-rates-35-stop-shut-offs-tax-liens/>

<http://voiceofdetroit.net/2015/07/10/regional-water-czars-plan-permanent-shut-offs-to-large-parts-of-detroit-while-increasing-rates/>

http://www.mlive.com/news/flint/index.ssf/2010/06/synagro_contract_provides_new.html

http://www.mlive.com/news/flint/index.ssf/2005/09/fbi_seizes_wrights_campaign_le.html

<http://transmissionsmedia.com/carlyle-group-and-bushs-crusades/>

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