

EVIDENCE: Synagro pay-off



Denise Monroe Hearns (in green shirt) participates in Synagro protest DIANE BUKOWSKI PHOTO

By Diane Bukowski

The Michigan Citizen 2008

DETROIT — The first publicly documented evidence of a deal in the Carlyle/Synagro City of Detroit debacle has surfaced.

Four non-profit groups led by Southwest Detroit Environmental Vision (SDEV), two of them dominated by suburban residents and corporate executives, signed a memorandum of understanding (MOU) with Synagro last September, agreeing to accept \$50,000 annually for “community projects” and other conditions beneficial to the southwest community.

The Synagro pay-off was contingent on the groups’ support of a \$1.4 billion, 30-year wastewater sludge processing contract with the \$83 billion Carlyle/Synagro conglomerate. City council approved the contract last November, allegedly as a continuation of the 1999 Minergy contract.

However, Synagro Detroit, LLC. did not buy Minergy Detroit, LLC. until this year, according to state records.

Minergy never built the glass aggregate sludge processing plant required by the terms of the 1999 \$450 million 15-year contract with the city.

Community group plans lawsuit against contract

“I plan to go to court to void this contract, just as I spearheaded a successful lawsuit representing over 4,000 litigants against the Marathon Ashland Oil Corporation for violation of the Federal Clean Air Act in 2001,” said Denise Monroe Hearn, CEO of 48217, Inc. Marathon agreed to pay \$265 million over eight years to finance pollution controls and compensate the community.

Hearn, whose group represents the largely Black community southeast of Fort and Schaefer, said she opposes the contract because the Carlyle/Synagro process would damage the environment and privatize city jobs. The proposed Synagro facility includes both incinerators and a pelletizing process to turn sewage sludge into fertilizer.

She said that Rayford Jackson of RAS Development, the former “minority” contractor in the Carlyle/Synagro sludge deal, also approached her for support. But, she said, “I don’t bend. I’m for the people until the day I die.”

Hearn is currently running for State Representative in the 12th District.

Carlyle/Synagro MOU

The Carlyle/Synagro memo was written and signed by Pamela Racey, Vice-President of Business Development out of the Houston-based Carlyle/Synagro’s Baltimore office.

It says, “Upon completion of construction and commencement of operations of our new incineration facility, Synagro commits to . . . \$50,000 of support annually, for projects in Delray, 48217 and other neighborhoods in proximity to the Synagro facility. During the interim period of permitting of construction of the facility, we can commit to \$15,000/year for such local projects.”

The MOU says that community leaders signing the Memorandum will supply the projects and proposes that a committee including representatives of the four groups and five others chosen by them be set up to produce annual funding requests.

Despite the avalanche of reports in the daily media alleging an FBI investigation of city council members and others for taking bribes in the Carlyle/Synagro deal, no actual evidence other than supposed leaks from the FBI has been presented.

This has allowed the city’s Law Department to recommend that the City Council delay any vote on rescinding the contract until charges have been brought and proven.

FBI spokesperson Sandra Berchtold would not confirm or deny if an investigation is underway or when it would conclude. She would not comment regarding the source of the leaks or why Carlyle/Synagro and former Synagro executive James Rosendall are not under investigation as the bribers.

Under Michigan law, both bribers and bribe receivers are guilty of a four-year felony. The Law Department also told council that any contract obtained through such proven bribery would be null and void on its face.

Synagro is wholly-owned by the \$83 billion Carlyle Group, which has been led by former President George H. W. Bush, other Reagan and Bush administration members, former British and Philippines leaders, and the Saudi Bin Laden group. It is tied to billions in war-profiteering in Iraq and Afghanistan. It is not publicly-traded, and therefore does not have to disclose information about its inner workings to the public.

MOU signers

The MOU was signed by Lisa Goldstein, CEO of the Southwest Detroit Environmental Vision Project (SDEV), Josephine Smith and Terri Mattison-Kelly of the Original United Citizens of Southwest Detroit, Thomas Cervenak of People's Community Services, and Rev. Dr. Steven Archer of the Trinity St. Marks Church of Christ.

Goldstein said that Synagro first approached their group in 2003, although state records show that Synagro did not take over the original contract-holder, Wisconsin-based Minergy Detroit LLC, until 2008. When it did, it negotiated a new, much costlier contract with the city.

“There has been a deliberate attempt to mischaracterize this agreement,” said Goldstein.

“We wanted to make sure that with this project, Synagro would be encouraged to be a good corporate citizen; that the city would shut down its incinerators at the Wastewater Treatment Plant after a five-year trial period for the Synagro facility; and that James Rosendall would shut down the Systematic Recycling composting plant on his property due to its terrible stench.”

Rosendall is a wealthy Grand Rapids developer who was a Synagro vice-president until the recent scandal, during which he allegedly wore a wire for the FBI to catch officials accepting bribes.

SDEV's board of directors includes representatives of Marathon Petroleum, the Ford Motor Company and DTE Energy. Five out of 12 of the remaining board members are from the suburbs of Plymouth, Royal Oak, Lake Orion, and Novi. Goldstein herself lives in Farmington.

Goldstein said SDEV thoroughly researched problems with other palletizing facilities and that Synagro conducted “5-10” meetings with community representatives. She claimed opponents of the contract did not come to the meetings.

Josephine Smith of the Original United Citizens of Southwest Detroit, led by four southwest Detroiters, said she supported the contract because “it was going to be signed anyway, and Synagro promised to be a good neighbor.”

However, the city council originally voted the contract down 5-4, then reconsidered the vote, reversing itself 5-4, with council member Monica Conyers and Martha Reeves changing their original positions.

Thomas Cervenak, who lives in Hamtramck, is a Director of Peoples Community Services of Metropolitan Detroit, the new name for Peoples Community Services of Detroit. All of its officers live outside Detroit, in Warren, Pontiac, Wyandotte and Monroe.

Union says sludge deal violates privatization ordinance, charter

John Riehl, president of Local 207 of the American Federation of State, County and Municipal Employees (AFSCME), which represents Wastewater Treatment Plant workers, argued before the city council that if the Synagro process would indeed reduce pollution, the city itself could build the facility and employ city workers. At least 150 city positions stand to be eliminated as a result of the Synagro contract, which the council approved Nov. 20.

Riehl's local also plans to file a lawsuit against the Carlyle/Synagro facility, based in part on its violation of the city's anti-privatization ordinance. The Law Department has claimed that the contract does not violate that ordinance because the ordinance was passed in 2004 and the contract is allegedly a continuation of the 1999 Minergy contract, although it involves a completely different process and is much more costly.

"The Privatization Ordinance standards, including requirements for a 2/3 vote were ignored in the process," said Riehl. "But this is not essentially a narrow legal issue. This is a moral issue, one of basic trust between elected officials and voters. No one in Detroit doubts that the Synagro contract, and anyone associated with it, is tainted by corruption. The only question remaining is will the City Council muster the moral and political courage to rescind the contract regardless of arguments to the contrary."

In addition to the privatization ordinance, the City Charter of 1997 also says, "The City shall not sell or in any way dispose of any property needed to continue the operation of any city-owned public utility furnishing water and sewerage service, unless approved by a majority of city voters voting on the question at a regular or special election."