June 2, 2011

Memorandum

To: All Councilmembers

From: Councilmember Romy M. Cachola


Attached are documents explaining my position against the proposed $26 million In-Vessel Bioconversion Facility for Synagro. For your review are the following attachments:

A. Audit of the City’s Synagro Contract (Report 08-03, issued August 2008): The audit states that “continuance of biosolids reuse is not included in the December 2010 consent decree with the EPA”—meaning that there’s no mandate to continue with this technology after the expiration of the Synagro contract.

B. 2010 Consent Decree with EPA: On page 49, the compliance milestone for the City is December 31, 2035. Please note that the compliance milestone of December 31, 2035 can be extended to no later than December 31, 2038 (page 50). This means that we have more than enough time.

C. Synagro 2009 and 2010 Annual Reports: One of the selling points used by Synagro for approval of the first egg-shaped digester was the marketability of the fertilized pellets that would be produced—a total of 6,000 tons, of which 2,000 tons would be for the City and the remaining 4,000 tons to be marketed with proceeds to help offset some of the costs associated with the project. However, only 3,000 tons have been produced to date, which is only 50 percent of the projected capacity of 6,000 tons. Expectations have fallen woefully short. Please also note the following:
i. **2009 Annual Report**: the table on page 4, shows that out of the total of 3,415.54 dry tons of pellets produced during 2009, only 1,292.28 (38 percent) were marketed. Total sales of these pellets from July 1, 2009 to December 31, 2009 were $0. When factoring in labor and transportation costs, the total cost in FY 09 for the pellets was -$63,447.82.

ii. **2010 Annual Report**: the table on page 5, shows that total sales of these pellets from July 1, 2010 to December 31, 2010 were $438. If costs for labor and transportation are factored in, it would result in a net loss of -$124,343.

- Why spend $26 million for a second digester when the City could not even generate $500 in revenues from sales of the fertilized pellets during 2010?

D. **News Clippings Relating to Federal Bribery Charges**: Headlines include:

   i. **Crooks Testify**: Carlyle/Synagro, murderers, money launders, drug traffickers and gangsters.

   ii. **Synagro Execs Knew of Payments, Records Show (Part I)**

   iii. **Synagro Cash Was Reached for by Many, Records Show (Part II)**

   iv. **Conyers Admits Trading Synagro Vote For Cash**

   v. **Former Cockrel Aide Pleads Guilty in Synagro Bribery Scam**

- We are dealing with a company whose reputation is very, very questionable.
- Please note that Synagro was purchased by the Carlyle Group in 2007, based largely on millions of dollars in profits it anticipated from the Detroit's $1.2 billion contract (see "Synagro execs knew of payments, records show")
- This bribery scandal in Detroit and Philadelphia involved Synagro, several mayors, councilmembers and their staff. To date, some of them have been convicted and are now behind bars.
- According to the same article, Synagro executives who knew of this scandal included CEO Robert Boucher Jr., chief financial officer J. Paul Withrow, General Counsel Alvin Thomas and Pamela Racey, vice president for business development. Interestingly enough, Thomas and Racey were directly involved with Synagro's SMA permit application in 2003-2004 for the in-vessel bioconversion facility at Sand Island.
E. Mayor’s Message 84 dated May 31, 2011 and two-page document from Synagro: If you carefully read the two documents, the words used in both are strangely identical.

- Since when has the mayor become the mouthpiece of Synagro?
- Mayor Carlisle, who was once the City’s prosecuting attorney, should be aware of the questionable background of this company, especially in its dealings in Detroit and Philadelphia.
- Synagro will go to great lengths to secure a contract. Their modus operandi in Detroit was to lock-up the contract right away.
- That’s the same method they’re using with us here in Honolulu. They’re trying to lock up this contract, which under the Consent Decree for Honolulu will cost $1.2 billion—which is almost the same amount for Detroit.
- In actuality, we have an interim milestone of January 1, 2019 to execute a design contract and issue a notice to proceed with the design of the secondary treatment facilities. As stated earlier, the completion deadline to construct all secondary treatment facilities is December 31, 2035. This deadline may be extended to a date no later than December 31, 2038.
- I urge my colleagues to slow down and look at alternate technologies. We certainly have the time to do so. Moreover, we should distance ourselves from a company like Synagro whose reputation is questionable, or risk being tainted as well.
- Furthermore, let’s not resort to scare tactics like what the mayor stated by:
  1. Not issuing permits for sewer connections.
  2. Threatening to dump raw sewage to the Kailua Regional Wastewater Treatment Plant and the Waianae Wastewater Treatment Plant in order to gain the votes of the councilmembers of those districts. I am certain that should the mayor unwisely choose to dump raw sewage at these two wastewater treatment plants, it would negatively impact his re-election bid.

F. New York Facility Closes: Please see “In Hunts Point, Celebrating an End to Sludge.”
- The City of New York recently ended its $34 million contract with New York Organic Fertilizer Company, a subsidiary of Synagro.
- In 2003, I mentioned an explosion that occurred at this facility in the Bronx. Even after upgrades were made by Synagro, there were two additional explosions.
- Now, after years of health ailments and odor complaints, residents in the Bronx can thankfully breathe easier.
Outbreak linked to new E. coli strain

ASSOCIATED PRESS

LONDON — Scientists on Thursday blamed Europe's worst recorded food-poisoning outbreak on a "super-toxic" strain of E. coli bacteria that might be brand new.

But while suspicion has fallen on raw tomatoes, cucumbers and lettuce as the source of the germ, researchers have been unable to pinpoint the food responsible for the frightening illness, which has killed at least 18 people, sickened more than 1,600 and spread to at least 10 European countries.

An alarming number of victims — about 500 — have developed kidney complications that can be deadly.

Chinese and German scientists analyzed the DNA of the E. coli bacteria and determined that the outbreak was caused by "an entirely new, super-toxic" strain that contains several antibiotic-resistant genes, according to a statement from the Shenzhen, China-based laboratory BGI. It said the strain appeared to be a combination of two types of E. coli.

"This is a unique strain that has never been isolated from patients before," said Hilde Kruse, a food safety expert at the World Health Organization. The new strain has "various characteristics that make it more virulent and toxin-producing" than the many E. coli strains people naturally carry in their intestines.

However, Dr. Robert Tauxe, a food-borne disease expert at the U.S. Centers for Disease Control and Prevention, questioned whether the strain is truly new, saying it had previously caused a single case in Korea in the 1990s. He said genetic fingerprints might vary from specimen to specimen, but that is not necessarily enough to constitute a new strain.

"Though it appears to have been around awhile, it hasn't called attention to itself as a major public health problem before," Tauxe said.

Elsewhere in Europe, Russia extended a ban on vegetables from Spain and Germany to the entire European Union to try to stop the outbreak spreading east, a move the EU quickly called disproportionate, and Italy's farmers denounced as "absurd." No deaths or infections have been reported in Russia.

Food contamination concerns U.S.

ASSOCIATED PRESS

WASHINGTON — The nasty form of E. coli hitting Europe points out gaps in the U.S. food safety system that raise concern that similar outbreaks might happen here.

It's impossible to test for every illness-causing form of E. coli, even the kinds we already know about.

Today the food industry and health authorities focus mostly on a single strain of the bacteria that until now was considered the most dangerous. But some different strains collectively known as "the other E. coli" were sickening more and more people well before this extra-deadly European bug burst on the scene.

"It's a wake-up call around the world," said Dr. Robert Tauxe of the Centers for Disease Control and Prevention, which has long been concerned about the lesser-known strain.

Authorities do not yet know the source of the European infection, but cucumbers, tomatoes and leafy lettuce grown there are suspected.

There is no reason to stop eating fresh vegetables in the United States, but officials are monitoring the situation carefully. The Food and Drug Administration has stepped up testing of those foods imported from affected countries as a precaution, although little is imported.

A sweeping new law requires the FDA to set standards to guard against contamination of all sorts. The rules are expected to address such things as properly processed compost, worker hygiene and keeping animals and their runoff from fields or irrigation water.

It is not clear how quickly those rules will emerge; Republican-led efforts to cut the agency's budget will strain the work.

"There are no regulations in place today that would prevent this kind of outbreak from occurring," said Tauxe.

On the path from farm to fork, there are many ways that foods can pick up nasty germs like the E. coli bug sickening more than 1,600 people across Europe. But there are steps consumers can take to avoid getting infected. E. coli lives in the guts of people and animals and ends up in the water that irrigates fields or on the equipment used to harvest and pack up produce, said Jeffrey I. LeJeune of Ohio State University's Ohio Agricultural Research and Development Center in Wooster.

Other sources are animal waste used as fertilizer or from wildlife in the fields. People who fail to wash their hands before handling food are also a major source of contamination, said LeJeune.

**STAY SAFE, TAKE PRECAUTIONS**

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March 16, 2011

Memorandum

To: The Honorable Peter Carlisle, Mayor
City & County of Honolulu

From: Councilmember Romy M. Cachola

Subject: Proposed second Egg-Shaped Digester at the Sand Island Wastewater Treatment Plant (SIWWTP)

Thank you for meeting with me on Monday, March 14, 2011. One of the items we discussed involved the proposed construction of a second egg shaped digester at the Sand Island Wastewater Treatment Plant (SIWWTP).

Please note that the first egg-shaped digester was approved by the Council in 2004 despite opposition from several neighborhood boards, business groups and the community based on the following concerns:

1. Public Health and Safety—The existing bio-conversion facility at Sand Island converts sludge into pelletized fertilizer. Synagro insisted that once processed, the sludge is clean and makes an excellent fertilizer. However, research by David Lewis, an award-winning microbiologist, showed that some chemicals and biological products commonly found in Class A sludge—the safest sludge by EPA standards—can irritate the skin, mucus membranes, and respiratory tract. **Lewis also found that the treatment process does not kill the toughest pathogens in sludge.** Please note that there were cases decided against cities and counties for the application of the pellets, which compromises human health.

In Honolulu, the pellets have been used at City parks, playgrounds and golf courses. Concerns were raised over public health and safety due to pathogen re-growth, particularly when the pellets mix with soil and allowed to germinate. To be effective as fertilizer, the pellets need to retain at least some nutrients and are therefore not “fully cooked.” Synagro agreed to allow an independent researcher from the University of Hawaii to test the pellets...
for pathogens. After conducting the tests, Roger Fujioka concluded in 2004 that he could not determine whether public health would be substantially affected by the land application of the biosolids pellets.

In 2009, a nationwide survey of sewage treatment plants showed that the sludge produced contained a wide variety of toxic metals, pharmaceuticals, flame retardants, and other compounds, including some antibiotics in surprisingly high concentrations. The EPA is continuing to assess the health risks posed by these chemicals.

2. **Impacts to Businesses and Residents**—As early as 2003, Synagro’s consultant disclosed that there was sufficient land at the Sand Island facility to build additional egg-shaped structures that would handle not just waste at Sand Island, but sludge material from other treatment plants islandwide. If this second egg-shaped digester is approved, trucks will pass by residences and businesses before arriving at the Sand Island treatment plant.

Consider this quote from Laura Orlando, Adjunct Assistant Professor from Boston University's School of Public Health: “**There is no ‘blending in’ when you are talking about hundreds of truck loads of stinking, toxic material hauled through a community.**” Ms. Orlando has questioned the pelletization process, which she said may reduce most, but not all, of the harmful pathogens.”

3. **Visual Blight and Impacts to Tourism**—With multiple egg-shaped digesters at SIWWTP, Hawaii’s number one industry may be negatively impacted. Each year, the State, City and our visitor industry spend millions of dollars to lure visitors to our shores. To impress would-be visitors, we market Hawaii’s scenic beauty, pristine skies and magnificent skyline.

But do we really want Honolulu Harbor to become like the Port of Boston, where the Deer Island Waste Water Treatment Plant and its 150-foot-tall egg-shaped sludge digesters have become major landmarks? If the answer is ‘yes,’ these egg-shaped digesters may be the first and last impression that millions of visitors arriving and departing at Honolulu International Airport would see.

As for visual blight, the current egg-shaped structure and sludge tower tank both stand at 116-feet tall, which is almost double the allowed 60-foot height limitation in the Sand Island area. Both of these massive structures are seen by not only Kalihi residents, but also by Downtown businesses, high-rises and hilltop communities with a bird’s eye view of Honolulu Harbor.

As directed by officials in other jurisdictions, Synagro has made sure that similar facilities at Pinellas County, Florida and Sacramento, California are practically invisible to surrounding communities. If Synagro can make their structures invisible in these municipalities where tourism is not the number one industry, why can’t similar measures be done for Honolulu?
4. Marketability of Fertilized Pellets—The Council was told by Synagro officials that that sales of their pellets would offset some of the costs associated with the project. The contract called for the city to receive up to 2,000 tons out of the total 6,000 tons of pellets produced each year for city parks and playgrounds. The city would also be entitled to 60 percent of the net revenue collected over a base rate of $20 per ton.

To date, revenues have been minimal at best and the City is practically giving away these pellets for free or hauling them straight to the landfill. In my own independent research, I found that the city of Toronto could not sell or even give away its Class A fertilizer. In fact, Toronto ended up paying $13.35 per ton for the product to be hauled away. Locally, these pellets are a tough sell, especially among organic farmers who do not want to use the pellets. Also, the cost to ship these pellets would add to the overall cost and make it less attractive to out-of-state markets.

Suggestions/Recommendations
A second egg-shaped digester at the SIWWTP per the 2011-2012 budget will cost taxpayers about $26 million. In addition to addressing health concerns and preventing future legal action against the City, we can ease the financial burden on taxpayers by not building a second digester. Instead, all of the dried pellets should be taken to the H-POWER facility to produce more electricity, which could be sold to HECO, thereby generating more revenue for the City.

I understand that other jurisdictions are looking at more efficient technology and that Synagro’s technology has lost its attractiveness. If the City is required by the EPA under settlement and/or consent decree that a second egg-shaped digester be constructed, then we have no choice but to comply. If we must do so, I strongly suggest that the City do the following:

1. Look for more efficient technology to handle our solid waste stream.
2. Construct the second egg-shaped digester not at Sand Island, but at an alternate, less visible site that would be closer to the H-POWER facility.
3. Use the dried pellets not as fertilizer but as fuel for H-POWER and more revenues for the City.

In closing, I have also attached a copy of Council Communications 38, which you said you have not read but hope to read in its entirety. I also hope you will take time to consider the cost-saving measures I have suggested in CC-38, particularly the floating of bonds, debt service and other financial aspects of the fixed rail transit project.

Please let me know if you have further questions or concerns.

Enclosure
Audit of the City’s Synagro Contract  
(Report 08-03, Issued August 2008)

Report Summary: The objectives of the audit were to determine costs and benefits of the city’s contracts with Synagro for an in-vessel bioconversion facility at the Sand Island wastewater treatment plant and assess the extent to which the operations of the facility enables the city to comply with U.S. Environmental Protection Agency and state environmental requirements. The audit was conducted pursuant to the city auditor’s authority to self-initiate audits.

All 6 recommendations were completed (C).

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The director of the Department of Environmental Services should:</td>
<td>C</td>
<td>The final closeout on the construction contract was approved on October 31, 2008.</td>
</tr>
<tr>
<td>a. finalize Change Order Number 12, under the construction contract;</td>
<td>C</td>
<td>See 1a.</td>
</tr>
<tr>
<td>b. ensure that Synagro fulfills its obligations to the city under the</td>
<td>C</td>
<td>The city entered into a new consent decree in 2010; replacing the 1995 consent decree. Continuance of biological solids reuse is not included in the December 17, 2010 consent decree with EPA.</td>
</tr>
<tr>
<td>construction contract and then expedite closeout of the construction contract;</td>
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</table>
(or contracts) and issue a notice (or notices) to proceed with construction of all secondary treatment process facilities necessary to comply with secondary treatment standards for wastewater discharges from the Honouliuli WWTP.

31. **Sand Island Wastewater Treatment Plant.** No later than 30 Days after the Effective Date of the Consent Decree, CCH shall withdraw any pending appeals of EPA’s denial of its application for a permit pursuant to section 301(h) of the CWA for the Sand Island WWTP. Unless the schedule is extended pursuant to Paragraph 31.d., CCH shall Complete Construction of facilities necessary to comply with secondary treatment standards of the Act, as defined by 40 C.F.R. Part 133, for wastewater discharges from the Sand Island WWTP by the compliance milestone of December 31, 2035, in accordance with the schedule set forth in subparagraphs a.–c.

a. As an interim compliance milestone, by January 1, 2019, CCH shall execute a design contract and issue a notice to proceed with the design of treatment process facilities needed to comply with secondary treatment standards for wastewater discharges from the Sand Island WWTP. The scope of the design contract may reflect phasing of necessary upgrades to the Sand Island WWTP, and may not include the detailed designs of all process facilities necessary to comply with secondary treatment standards.

b. By January 1, 2022, CCH shall execute a construction contract and issue a notice to proceed with construction of facilities that are part of its design to upgrade the Sand Island WWTP, in relation to compliance with secondary treatment standards. The scope of the construction contract may reflect phasing of necessary upgrades to the Sand Island WWTP, and may not include all process facilities necessary to comply with secondary treatment standards.

c. If the notice to proceed required by subparagraph b. did not authorize construction of all secondary treatment process facilities necessary to comply with secondary treatment standards for wastewater discharges from the
Sand Island WWTP, as an interim compliance milestone, by January 1, 2030, CCH shall execute a construction contract (or contracts) and issue a notice (or notices) to proceed with construction of all secondary treatment process facilities necessary to comply with secondary treatment standards for wastewater discharges from the Sand Island WWTP.

d. No earlier than January 1, 2024, and no later than December 31, 2025, CCH may submit to the Parties a report with a proposal to extend the deadline to Complete Construction of facilities necessary to comply with secondary treatment standards of the Act; as defined by 40 C.F.R. Part 133, for wastewater discharges from the Sand Island WWTP. The proposal shall, in no event, seek to extend this compliance milestone to a date later than December 31, 2038. The report submitted pursuant to this subparagraph shall, at a minimum, contain the following elements:

i. CCH’s proposed schedule to Complete Construction of secondary treatment facilities, including any proposed modifications to the schedule in subparagraphs a.-c. above.

ii. An analysis of the technical, logistical, and financial impacts of constructing secondary treatment facilities at Sand Island under:
   (1) the 2035 schedule set forth in Paragraph 31 and subparagraphs a.-c. above; and
   (2) CCH’s proposed schedule.

iii. A comparison of the impacts to CCH of the two construction schedules. In this report, CCH shall present detailed information on the costs it has incurred and anticipates it will incur in complying with the Consent Decree and operating and maintaining its Wastewater Collection System and Wastewater Treatment Plants, including, but not necessarily limited to:

- CCH’s actual expenditures on its Wastewater Collection System from Year One through Year Ten.
- CCH’s actual expenditures on its Wastewater Collection System following
Chapter 2  Synagro Biosolids Summary

- Consent Decree compliance summary for biosolids reuse program under Section VIII, Paragraph D, Supplemental Environmental Projects of the 1995 consent decree, Civ. No. 94-00765DAE, is discussed in the attached “Quarterly Report” to EPA and State Department of Health dated January 20, 2010 on pages 3 and 4.

- Total Synagro construction cost is $40,623,396.45.

- The construction contract closeout date is September 26, 2008.

- Landfill and Reused Pellet Tonnages:

<table>
<thead>
<tr>
<th>Synagro Biosolids Totals for 2009</th>
<th>Wet Tons (English)</th>
<th>Avg % Solids*</th>
<th>Dry Tons (Metric)</th>
<th>Dry Tons (English)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Q Total</td>
<td>946.11</td>
<td>94%</td>
<td>806.66</td>
<td>889.34</td>
</tr>
<tr>
<td>1st Q Landfill</td>
<td>585.85</td>
<td></td>
<td>499.50</td>
<td>550.70</td>
</tr>
<tr>
<td>1st Q Marketed</td>
<td>360.26</td>
<td></td>
<td>307.16</td>
<td>338.64</td>
</tr>
<tr>
<td>2nd Q Total</td>
<td>953.26</td>
<td>93%</td>
<td>804.11</td>
<td>886.53</td>
</tr>
<tr>
<td>2nd Q Landfill</td>
<td>876.22</td>
<td></td>
<td>739.12</td>
<td>814.88</td>
</tr>
<tr>
<td>2nd Q Marketed</td>
<td>77.04</td>
<td></td>
<td>64.99</td>
<td>71.65</td>
</tr>
<tr>
<td>3rd Q Total</td>
<td>861.27</td>
<td>93%</td>
<td>725.51</td>
<td>800.98</td>
</tr>
<tr>
<td>3rd Q Landfill</td>
<td>572.78</td>
<td></td>
<td>567.52</td>
<td>625.69</td>
</tr>
<tr>
<td>3rd Q Marketed</td>
<td>188.49</td>
<td></td>
<td>159.00</td>
<td>175.30</td>
</tr>
<tr>
<td>4th Q Total</td>
<td>892.22</td>
<td>94%</td>
<td>760.71</td>
<td>838.69</td>
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<tr>
<td>4th Q Landfill</td>
<td>140.42</td>
<td></td>
<td>119.72</td>
<td>131.99</td>
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<tr>
<td>4th Q Marketed</td>
<td>751.80</td>
<td></td>
<td>640.99</td>
<td>706.69</td>
</tr>
<tr>
<td>Total</td>
<td>3,652.86</td>
<td></td>
<td>3,097.99</td>
<td>3,415.54</td>
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<tr>
<td>Landfill</td>
<td>2,275.27</td>
<td></td>
<td>1,925.86</td>
<td>2,123.26</td>
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<tr>
<td>Marketed</td>
<td>1,377.59</td>
<td></td>
<td>1,172.14</td>
<td>1,292.28</td>
</tr>
</tbody>
</table>

* Solids percentage based on arithmetic average of quarterly averages; not adjusted for quantity of biosolids.

- Synagro Revenue: No Profit as shown below, therefore, City receives zero revenue due from pellet sales.
<table>
<thead>
<tr>
<th></th>
<th>FY 08 (Oct 1, 2007 to Jun 30, 2008)</th>
<th>FY09 (Jul 1, 2008 to Jun 30 2009)</th>
<th>FY10 (Jul 1, 2009 to Sep 30, 2009)</th>
<th>FY10 (Oct 1, 2009 to Dec 31, 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product to Market</strong></td>
<td>32%</td>
<td>42%</td>
<td>22%</td>
<td>84%</td>
</tr>
<tr>
<td><strong>Product to Landfill</strong></td>
<td>68%</td>
<td>58%</td>
<td>78%</td>
<td>16%</td>
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<tr>
<td><strong>Product to Market – Total Sales</strong></td>
<td>$9,333.90</td>
<td>$6,267.50</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Product to Market – Total Sales Cost (Labor &amp; Transportation)</strong></td>
<td>($23,188.95)</td>
<td>($63,447.82)</td>
<td>($16,045.60)</td>
<td>($30,068.59)</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>($13,855.05)</td>
<td>($57,180.32)</td>
<td>($16,045.60)</td>
<td>($30,068.59)</td>
</tr>
<tr>
<td><strong>Net Revenue per Ton Sold</strong></td>
<td>($15.63)</td>
<td>($36.26)</td>
<td>($65.13)</td>
<td>($46.14)</td>
</tr>
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- Synagro’s potential revenue customers list:

<table>
<thead>
<tr>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean Pointe Golf Course</td>
<td>Alii Turf</td>
</tr>
<tr>
<td>Alii Turf</td>
<td>Nui Nursery</td>
</tr>
<tr>
<td>Glad’s</td>
<td></td>
</tr>
<tr>
<td>Royal Kukaua Golf Course</td>
<td></td>
</tr>
<tr>
<td>Mauna Kea Beach Hotel</td>
<td></td>
</tr>
<tr>
<td>Performance Landscape</td>
<td></td>
</tr>
</tbody>
</table>

- Synagro’s non-revenue customer: City & County of Honolulu

Biosolid Pellet 2009 Distribution to City & County of Honolulu  
1/1/09 - 10/29/09

<table>
<thead>
<tr>
<th>Pellet Net Date</th>
<th>Location</th>
<th>Tons (Metric)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/31/2009</td>
<td>Kapiolani Park</td>
<td>1.00</td>
</tr>
<tr>
<td>4/22/2009</td>
<td>Kapiolani Park</td>
<td>0.93</td>
</tr>
<tr>
<td>5/20/2009</td>
<td>Kapiolani Park</td>
<td>1.00</td>
</tr>
<tr>
<td>7/6/2009</td>
<td>Ala Wai Golf Course</td>
<td>5.10</td>
</tr>
<tr>
<td>8/3/2009</td>
<td>Kapiolani Park</td>
<td>18.27</td>
</tr>
<tr>
<td>8/24/2009</td>
<td>Waipio Soccer Complex</td>
<td>11.21</td>
</tr>
<tr>
<td>8/24/2009</td>
<td>Waipio Soccer Complex</td>
<td>10.91</td>
</tr>
<tr>
<td>9/10/2009</td>
<td>Waipio Soccer Complex</td>
<td>10.88</td>
</tr>
<tr>
<td>9/21/2009</td>
<td>Waipio Soccer Complex</td>
<td>13.69</td>
</tr>
<tr>
<td>10/5/2009</td>
<td>Ala Wai Golf Course</td>
<td>16.31</td>
</tr>
</tbody>
</table>
Synagro Revenue [No profit as shown below, therefore, City receives zero revenue due from pellet sales]:

<table>
<thead>
<tr>
<th></th>
<th>CY10 (Jan 1, 2010 to Dec 31, 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product to Market</td>
<td>70%</td>
</tr>
<tr>
<td>Product to Landfill</td>
<td>30%</td>
</tr>
<tr>
<td>Product to Market – Total Sales</td>
<td>$438.00</td>
</tr>
<tr>
<td>Product to Market – Total Sales Cost (Labor &amp; Transportation)</td>
<td>($124,781)</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>($124,343)</td>
</tr>
<tr>
<td>Net Revenue per Ton Marketed</td>
<td>($90.26)</td>
</tr>
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</table>

Synagro’s (Potential) Revenue and Non-revenue Customers (CCH):

Total Amount of Pellet and Cake Distributed During 2010

<table>
<thead>
<tr>
<th>Customer Name</th>
<th>Item Description</th>
<th>Qty (wet metric tons)</th>
<th>Qty (dry metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Revenue Pelletized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Parks and Golf Courses</td>
<td>Granulite 4-2-0</td>
<td>40.3</td>
<td></td>
</tr>
<tr>
<td>Ewa Villages Golf Course</td>
<td>Granulite 4-2-0</td>
<td>27.1</td>
<td></td>
</tr>
<tr>
<td>Revenue (Potential) Pelletized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Benson (private citizen)</td>
<td>Granulite 4-2-0</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Ernie Els Golf Course</td>
<td>Granulite 4-2-0</td>
<td>43.8</td>
<td></td>
</tr>
<tr>
<td>Island Topsoil</td>
<td>Granulite 4-2-0</td>
<td>427.8</td>
<td></td>
</tr>
<tr>
<td>Niu Nursery</td>
<td>Granulite 4-2-0</td>
<td>1,986.4</td>
<td></td>
</tr>
<tr>
<td>Waimanalo Gulch Landfill</td>
<td>Pelletized</td>
<td>538.1</td>
<td></td>
</tr>
<tr>
<td>Subtotal (pelletized)</td>
<td></td>
<td>3,061.9</td>
<td>2,890.5</td>
</tr>
<tr>
<td>Non-Revenue (Cake)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waimanalo Gulch Landfill</td>
<td>Digested Cake</td>
<td>500.9</td>
<td>140.3</td>
</tr>
<tr>
<td>Total Metric Tons</td>
<td></td>
<td>6,624.8</td>
<td>3,030.7</td>
</tr>
</tbody>
</table>

Notes: 1. Granulite 4-2-0 is the “brand name” of the marketed pellets.
        2. Pellets @ 94.4% solids; cake @ 28% solids (approximate averages)
Crooks Testify
Carlyle/Synagro, murderers, money launderers, drug traffickers and gangsters

By Diane Bukowski with Zenobia Jeffries
Michigan Citizen

DETROIT — The prosecution’s cast of witnesses in the Sam Riddle bribery trial is dominated by shady characters, with Carlyle Group subsidiary Synagro starring. Jurors have heard Synagro’s vice president of business development Pam Racey on tape apparently discussing bribes of former City Council President Monica Conyers.

Former interim Detroit Mayor and City Council member Kenneth Cockrel, Jr.’s, Chief of Staff John Clark admitted earlier to taking Synagro bribes. Nonetheless, Cockrel Jr. testified Feb. 1 about City of Detroit and General Retirement System ethics codes. Riddle’s attorneys objected that he is not being tried for conflict of interest.

Porn king Harry Mohney, founder of Déjà Vu Consulting, a national strip club chain, plays his trial role in the wings. He spent three years in prison for evading over $14 million in taxes amid allegations of money laundering and mob connections.

One Déjà Vu witness, Joe Hall, has ties to a defendant in the government’s current trial of 78 members of the Highwaymen Motorcycle Club for racketeering, drug trafficking, and numerous counts of conspiracy to commit murder. Another, Chris Jackson, is a Greektown Casino partner, Michigan Chronicle investor and chief of staff to former City Council President Gil Hill, who admitted to bribing Riddle.

It is not just illegal to accept bribes, but to offer them, too.

U.S. District Court Judge Avern Cohn, presiding over Riddle’s trial after authorizing the wiretaps, also has presided over the trials of several prosecution witnesses, who are testifying under grants of immunity. Some remain under his supervision.
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Jurors may never hear key evidence regarding Synagro. Carlyle/Synagro executives at a national level likely approved, and at least knew about, Synagro’s 2007 efforts to obtain a $1.2 billion city wastewater sludge contract through bribery, according to court testimony.

“Why don’t you go after the Carlyle-Synagro group?” Riddle asked Detroit’s FBI Chief Andrew Arena in published pre-trial remarks before Cohn gagged him. “Deal with people on the board, like the Bush family.”

The Riddle wiretaps were conducted while former President George W. Bush was still in office. The U.S. Attorney’s office at that time was also Republican-led. The federal investigation began more than a year before the presidential election.

Cohn issued an order barring Riddle or his attorneys from pursuing the matter. During a cross-examination Jan. 29, he barred the defense from even asking about the Carlyle Group.

In wiretaps played for the jury that day, Synagro consultant Rayford Jackson tells restaurateur Kevin Ransom that Carlyle/Synagro warned Racey to stay away from Monica Conyers. Racey apparently disobeyed.

“How’s Monica?” Racey asks Jackson on tape Nov. 17, 2007. “She not gon’ flip,” Jackson replies. Racey also refers to James Rosendall, Synagro’s Michigan vice president, who has pled guilty to bribery.

On Nov. 20, 2007, the City Council voted 5-4 vote to approve the contract, with Conyers reversing her earlier "No" vote. Synagro and the city later voided it, but Synagro has since resurfaced with another bid.

Racey’s role was first exposed in The Michigan Citizen. She signed a memorandum with four Detroit community groups in 2007, promising them $50,000 for supporting Synagro’s contract.

Earlier, Racey was involved in giving campaign donations to Philadelphia Mayor Michael Nutter and a city council member, after the FBI had already indicted former Mayor John Street for taking $91,000 from the company. Philadelphia now has a Synagro sludge facility.

Racey has dealt with officials in Riverside County and Sacramento, Calif., Honolulu, Hawaii, New York City, and the state of Maryland, among others. Synagro spokespersons will not confirm or deny if she still works for them.

Where’s the money?

Also on Jan. 29, the jury heard Synagro consultant Rayford Jackson tell Rosendall that he paid bribes of $25,000 to the NAACP, $40,000 to city council members, $30,000 to the water department, and $30,000 to Monica Conyers.

Jackson says he gave nothing to Riddle, but claims Conyers gave him a cut. Conyers herself is not expected to testify to confirm this.

http://michigancitizen.com/crooks-testify-p8292-1.htm
A videotape of a meeting between Jackson, Riddle and Conyers at Metro Airport was played with no sound. An FBI agent claimed he saw Rayford Jackson pass what “looked like money” to Riddle, who then passed it to Conyers, as they were standing outside a terminal, with the agent inside. However, the videotape does not clearly show a money exchange.

Rayford Jackson’s brother, Lennie Jackson, testified under a grant of immunity that he passed “large envelopes” to Monica Conyers, sent from his brother. He said he was often not aware of the contents. Lennie Jackson took a plea deal on a 1994 drug case also heard by Cohn, and served 12 years. He said terms of the deal could be revoked if he “lied” in the case against his brother.

He said both brothers hoped to obtain permanent employment with Synagro. Rayford Jackson, who was recruited by Rosendall to obtain “minority” participation in the contract, pled guilty with the promise that his brother would not go to jail again. Cohn sentenced him to the maximum five years, while Rosendall got 11 months.

**FBI provided for Synagro**

According to government and defense briefs filed Jan. 27 and 28, the FBI recruited Brandon Rosenberg, who is awaiting sentencing in front of Cohn for drug conspiracy. He was to contact Jackson to have him bribe City Council members with money provided by the FBI.

“Jackson told Rosendall he had just been to see two council members, and that he had paid them expensive bribes,” says the defense brief, describing transcripts of a Sept. 2007 wiretap.

“He also made it sound as though the supposed bribes he had paid them were in connection with Synagro, not Rosenberg’s real estate project,” the brief says. “He expressed hope that Rosendall’s superior, Pam [Racey], would agree to reimburse him for the bribe money, and Rosendall assured him it would not be a problem.”

The defense contended that Jackson pocketed bribe money as part of a regular practice.

**Strip club owners sue city, blame Riddle**

Déjà Vu Consulting, Inc.’s President Jim St. John, aide Joe Hall, and consultant Chris Jackson also took the stand against Riddle Jan. 28. St. John and Hall testified they met with Riddle to obtain Council approval of a license transfer from the Zoo bar in downtown Detroit to their proposed strip club, and expressed shock at an alleged bribery attempt.

On cross-exam, they admitted they did not report the attempt to police, but first raised it during a court appeal of the city’s denial of the license transfer.

Hall said he was testifying under a grant of immunity. Federal prosecutors withdrew drug-dealing charges against him in 2008 for unspecified reasons, according to court records.
The U.S. said Hall delivered a large shipment of the drug Oxycontin from Kentucky to 3503 Junction in Detroit, where Gary Ball, Jr., is listed as a taxpayer. Ball, Jr., is one of 78 alleged Highwaymen Motorcycle Club members currently being tried on federal counts including racketeering, drug trafficking, conspiracy to commit murder, armed robbery, arson, vehicle theft and other charges.

Déjà Vu’s founder and true operator is Harry Mohney, whose $100 million empire is based in Lansing, Michigan. He was convicted on federal tax evasion charges in 1992 and served three years in federal prison.

Mohney’s ex-wife, porn star Gail Palmer, testified in a 1985 court deposition: “Although Mohney incorporated his business, he had total management and control over it while placing other people in positions of officers and directors to avoid being connected to the business. These named officers and directors were merely Mohney’s puppets.”

Jay Allen Sanford, a long-time Mohney associate, quoted Palmer’s statement in a semi-autobiographical history:

“Hidden paperwork reveals Mohney’s hand in more than 70 corporations,” Sanford wrote. “Evidence surfaces that he may have skimmed over a million dollars a year from some operations. The Meese Commission report on pornography (1986) links his business dealings with organized crime bosses, stating (page 1230), ‘Mohney worked closely with the La Cosa Nostra [mafia] Colombo and DeCavalcante crime families, who dominated East Coast porn distribution with the Gambinos.’”

Mohney himself denied any connection with the mob, says Sanford.

Federal prosecutors called Mohney the second largest purveyor of porn in the country, according to Sanford. He quotes U.S. assistant attorney Richard Delonis, “I have not encountered anyone who took cheating on their taxes to this kind of level.” A federal tax lien of over $14 million was levied against Mohney’s companies in 1993.

**Chris Jackson, Gil Hill, and Greektown Casino**

Chris Jackson, of Jackson Consulting, Inc., corroborated the strip club operators’ testimony, saying he met with Riddle and gave him bribes, which Riddle’s attorneys have said were consulting fees. Jackson said he continued to give Riddle money on his own even after the license transfer was voted down by the council majority, including Conyers.

Jackson said he wanted the national chain to hire his ATM processing company. He testified he served as former City Council President Gil Hill’s chief of staff in the 1990s.

The Michigan Citizen revealed in 1998 that Hill reported $20,000 in illegal campaign contributions from Greektown Casino in 1997. Hill voted to approve the casino deals. That year, Jackson incorporated his consulting firm and was promptly named vice-president of operations for the proposed casino. He is still a minority partner. He is also an investor in the Michigan Chronicle.
Synagro execs knew of payments, records show

Company denies wrongdoing, says it's not a target of government probe

7:55 PM, Jul. 10, 2010

Part one of two

• PART 2: Synagro cash was reached for by many, records show

For years, two corrupt Synagro Technologies salesmen courted Detroit power brokers with cash, Vegas getaways, booze, even a $1,200 strip-club outing as the company sought a $1.2-billion city contract for sludge disposal.

Both men were caught and sent to prison for bribery. No one else at Synagro has been charged. But documents reviewed by the Free Press indicate that at least four Synagro executives — including the CEO at the time — were aware of thousands of dollars in questionable spending by the salesmen, James Rosendall and Rayford Jackson, with some executives approving payments on several occasions.

Taken together, the records portray top Synagro executives as being so eager to close the Detroit deal that they set aside ethical concerns over payments and perks to then-Mayor Kwame Kilpatrick, his father, Bernard Kilpatrick, Councilwoman Monica Conyers and others.

Late Friday, Synagro Executive Vice President Joseph Page issued a statement saying Synagro’s board hired an outside law firm to “conduct an investigation. Nothing in that review established that senior management knew of or approved unlawful payments.”

U.S. Attorney Barbara McQuade, whose office prosecuted Rosendall and Jackson, said the federal investigation of the Synagro deal continues.

Authorities have used wiretaps, subpoenas, grand jury testimony and interviews to gather evidence in the bribery scandal. One Synagro executive’s calls were picked up on wiretaps. The executive told authorities that Synagro was determined to keep its questionable dealings invisible.

Pressure was high to get deal
It was fall 2007, and executives at Synagro Technologies had plenty to sweat about. What promised to be the company’s most lucrative deal -- a $1.2-billion blockbuster for sludge disposal -- was coming to a vote in Detroit, with no guarantee of passing.

For these executives, failure would be especially fraught: The Carlyle Group, a private equity firm, had bought Synagro in a $772-million deal earlier that year, based largely on millions of dollars in profits it anticipated from Detroit.

Within this pressure cooker, Synagro’s Michigan representatives -- Rosendall and Jackson -- spread cash, donations and lavish perks among politicians, their aides and others to ensure approval of the Detroit contract. Prosecutors would later label some payments as bribes. The two are now in prison for that.
From the start, Synagro has distanced itself from Rosendall and Jackson, saying the company is cooperating with prosecutors and is not a target of the investigation. But documents reviewed by the Free Press indicate high-level Synagro executives knew of their activities. Some executives approved questionable payments or tried to hide them.

According to previously undisclosed records, Rosendall and Jackson got approval to:

- Give money to Bernard Kilpatrick after declaring such payments inappropriate. Synagro arranged for Kilpatrick to secretly profit from the Detroit contract, even as the executives acknowledged that he had no relevant skills. It's unclear how much, if anything, he received from the contract, but court records show Rosendall gave him at least $25,000, some for so-called loans that were never repaid.
- Allow Jackson to lobby Councilwoman Conyers, even after learning her aide Sam Riddle had demanded money for her vote. She was later convicted of accepting bribes from Jackson.
- Contribute to the campaigns and pet causes of Detroit politicians in explicit return for their support of the Synagro contract.

The executives who knew of or approved some questionable spending included CEO Robert Boucher Jr., Chief Financial Officer J. Paul Withrow, General Counsel Alvin Thomas II and Pamela Racey, vice president for business development, documents show.

The executives did not return messages left over several weeks, or could not be reached for comment. All but Racey have left Synagro.

Synagro and Carlyle officials declined interviews. Synagro requested, then refused to answer, written questions.

Late Friday, Page, Synagro's current general counsel, said in a statement that Synagro's board hired an outside law firm, Debevoise & Plimpton, to investigate. "Nothing in that review established that senior management knew of or approved unlawful payments," he said. Synagro spokeswoman Darci McConnell said the review was launched in 2008.

In a statement last week, Synagro said it has cooperated fully with federal prosecutors and "it is our understanding that Synagro is not a target of the investigation."

Neither Synagro nor its executives has been accused of wrongdoing by authorities or charged in the bribery scandal.

Jackson and Rosendall declined interview requests.

"It's hard to explain why charges weren't filed against the company, given the turning of a blind eye by senior executives," said Wayne State University law professor Peter Henning, an ex-federal prosecutor and white-collar crime expert. "There are any number of cases in which companies have been charged for this kind of conduct, when you have the involvement of more senior employees."

Henning said he suspects the company was saved from charges because it cooperated. "This is where prosecutors have the ultimate discretion. There's no judicial review, there's no record, there's nothing to explain the reason," Henning said. "The decision not to charge is unreviewable and largely unknowable ... and sometimes it's hard to fathom."

McQuade, whose office is investigating public corruption in Detroit, declined to talk about specific executives but said the "investigation into the Synagro contract is continuing."
"I think it is appropriate to charge not only the public officials who accept bribes but also the private contractors who pay bribes because they all poison the system," she said. McQuade also noted that there is a difference between wanting to charge and being able to successfully prosecute someone. "You can't view bits of information in isolation," she said, "but instead you have to look at the big picture as a jury would."

This report is based on interviews, court records and evidence obtained by federal authorities investigating city corruption. The government has used wiretaps, video surveillance, witness statements, subpoenas and grand jury testimony to win four convictions so far in the Synagro bribery scandal.

**Synagro's reps start feeling the heat**

In October 2007, seven weeks before the Detroit City Council was to vote on the sludge-hauling contract, Rosendall was feeling heat from Synagro headquarters.

In a phone conversation with an aide to Kwame Kilpatrick, Rosendall complained of getting his butt kicked by his bosses in Houston. Executives, he said, were feeling pressure because they had promised the Carlyle Group that the Detroit deal was in the bag.

Detroit was to be Synagro's largest municipal sludge-disposal contract, bigger even than New York City. The company expected profits of up to $5 million a year for 25 years from annual revenues of $47 million.

Carlyle, one of the world's largest private investment firms, bought Synagro months earlier, largely because of the potential in Detroit.

Rosendall, Synagro's point man in Michigan, and Jackson, a Detroit businessman hired by Synagro to build community support for the company, had launched an aggressive final push to sell the city on the sludge contract. The men were acutely aware that only four of nine City Council members favored a deal. The race was on for a fifth vote.

On Nov. 5 -- 15 days before the vote -- Jackson and Rosendall arranged a meeting in the Renaissance Center with Rosendall's boss, Pamela Racey, from the Baltimore office, and General Counsel Alvin Thomas II, from Synagro headquarters in Houston.

Also invited were the Rev. Wendell Anthony, head of the Detroit Branch NAACP, Rasul Muhammad, a Detroit minister with the Nation of Islam, and mayoral aide Kandia Milton. In an interview, Anthony confirmed the RenGen meeting, where they discussed community involvement. He said Synagro assured him the company would be a good citizen in Detroit and would hire women and minorities.

That same day, Anthony wrote the City Council on letterhead of the Freedom Institute, a nonprofit he founded, backing Synagro. Anthony said he was not paid but that Synagro may have bought tickets to an institute fund-raiser. Muhammad did not respond to messages left by the Free Press. Milton has pleaded guilty to bribery conspiracy in an unrelated case.

**Trying to lock up Monica Conyers' vote**

By that time, Conyers -- who had opposed the Synagro contract -- already had received at least $7,000 in Synagro bribes, and was aggressively angling for more.

As Conyers' criminal case later made clear, Jackson orchestrated five illegal payments in return for her vote.

What has not been revealed, until now, is that Synagro executives knew that Riddle, a Conyers aide, had demanded a bag of money for her vote back in summer 2007.
Rosendall relayed the demand to Racey, who told the Michigan reps to steer clear of Conyers, records show. No meetings. No conversations.

In more than two decades in the business, Racey had never witnessed this level of city corruption, records show.

By that October, with the vote still uncertain, Jackson pleaded with Racey to be allowed to talk to Conyers.

Racey said she relented, reluctantly, but told Jackson to avoid any funny business.

Instead, he arranged more bribes to Conyers -- including one at Detroit Metro Airport in mid-October. Minutes after he paid the bribe at Metro, he called Racey.

"How's Monica?" Racey is overheard on a wiretap asking Jackson.

"She's happy," Jackson answers. "She's not gonna flip. ... She's says we got her vote."

Racey later told authorities she had a hunch Jackson was paying Conyers bribes, records show. She was never told directly, she said. But in the back of her mind, she suspected as much.

**Dealing with Bernard Kilpatrick**

Synagro faced a similar problem with Bernard Kilpatrick, the then-mayor's father.

For years, Racey and Rosendall had lobbied Kwame Kilpatrick to allow Synagro to handle sludge disposal from the city's wastewater treatment plant.

In 2004, the mayor told Rosendall to work with his father, a political consultant, according to Rosendall's plea deal.

Racey was initially resistant to any financial deal with the mayor's father. She consulted Thomas, Synagro's lawyer. He agreed it was inappropriate.

Once it became clear Synagro would not hire him, Bernard Kilpatrick introduced Rosendall to Jackson, court records show. But the elder Kilpatrick did not leave quietly.

Instead, those records show, Bernard Kilpatrick periodically pressured Rosendall for money, including loans. While he had no official role in city government, the mayor's father intimated he had the clout to gum up the Synagro deal, perhaps by holding up permits, records show.

Rosendall appeared to take that clout seriously, handing Bernard Kilpatrick at least $25,000 from 2004 to 2008.

Racey told authorities that she informed headquarters -- Boucher, the CEO, and Thomas -- of Kilpatrick's demands, records show.

Records also show she instructed Jackson to pay Bernard Kilpatrick a finder's fee. He could pay him from the money Jackson was getting from Synagro, or find a way to get him a contract with the company.

Racey told federal authorities that Synagro was willing to set aside its misgivings about paying Bernard Kilpatrick to ensure that five years of work for the Detroit contract didn't unravel.

But Racey warned Jackson, documents show, to make sure his dealings with Bernard Kilpatrick could not be traced back to Synagro.
Payment is delayed; Kilpatrick is grumpy
On Dec. 4, 2007, two weeks after the Synagro contract was approved, Rosendall and Jackson met with Bernard Kilpatrick and his business associate Akunna Olumba at a Birmingham restaurant. Authorities taped the conversation.

Rosendall discussed a subcontract for Bernard Kilpatrick and Olumba, but Kilpatrick's name would not appear, records show. He and Jackson would each get 45%, she would get 10% of the deal.

As Christmas approached, Bernard Kilpatrick was itching to be paid. Rosendall assured him he would get a $5,000 wire transfer, with Boucher or Thomas signing off on it, records show. New Year's came and went. Kilpatrick was still waiting for his money, documents show. He was grumpy.

So was Racey.

Referring to Bernard Kilpatrick by code words such as the partner or the other guy, Racey again instructed Jackson to pay him, but to keep the arrangement invisible.

That didn't sit well with Jackson, who was reluctant to share his money from Synagro with Bernard Kilpatrick, even though Kilpatrick had brought him into the deal. Besides, Jackson said on a call to Rosendall, he still had to pay money to some council members who voted for the Synagro contract.

Rosendall was frustrated, too -- with his bosses.

On Jan. 2, he complained on a recorded call that headquarters had allowed the Kilpatrick problem to fester. Instead of taking care of Bernard Kilpatrick, he said, Boucher had passed on the problem to Withrow, the financial officer, and Racey.

Kilpatrick and Olumba did not return calls seeking comment.

A bribe by any other name is still a bribe
In all, Rosendall stood to collect $3 million from Synagro for passage of the Detroit contract. He was willing to spend hundreds of thousands of dollars of his own money to ensure his big payday. Not previously known was the willingness of Synagro executives to reimburse Rosendall for questionable payments he made in Detroit.

As the vote neared, records show Racey approved political contributions to Detroit officials for their vote.

Racey told federal authorities that she believed it was legal for Synagro to contribute to campaigns or pet causes in explicit return for their vote, so long as Synagro stayed within campaign spending limits.

Henning, the former prosecutor, disagreed, saying such arrangements can be prosecuted as bribery, even if the money went to the candidate's fund, not the candidate. "That's a quid pro quo," he said.

"The official doesn't have to receive the benefit directly," he said. "A campaign contribution does not immunize it from the bribery laws, and the Supreme Court has made that clear."

Trips to the Strip and to strip clubs
Racey also told authorities her bosses pre-approved a $25,000 weekend in which Rosendall chartered a plane to take Kwame Kilpatrick and his staff to Las Vegas in 2003.
Execs also agreed to pay $4,000 for another Vegas trip involving the mayor's staff, and for a $1,200 restaurant tab in Washington, documents show.

Racey told authorities that she watched Rosendall lose his moral compass, going out three nights a week, visiting strip clubs, partying with mayoral aides like Derrick Miller and Kandia and DeDan Milton.

Rosendall's expenses were more than double those of other regional executives and were busting Racey's budget.

She told authorities she complained to Boucher and others. She said her bosses shared her frustration but accepted the expenses as a cost of doing business in Detroit.

Racey said she was concerned that the mayor's aides made constant demands that Rosendall contribute to the mayor's campaign and the tax-exempt Kilpatrick Civic Fund.

In summer and fall 2007, as the council vote neared, Jackson discussed having Racey wire an unspecified amount of money to a bank account to be passed out to civic or religious groups. He also said he donated to council members' favorite causes and campaign funds.

Racey told the feds Rosendall and Jackson were acting like criminals, but her bosses didn't want to delve too deeply to confirm their suspicions, records show.

She consulted another vice president, and she said he told her they just had to hold their noses, records show.

Time and again, Racey told the feds, Rosendall went over her head when she balked at lavish spending on Detroit politicians. Instead, Rosendall went directly to Boucher or Thomas, the general counsel, and the expenses were approved, records show.

At other times, Racey seemed eager to spend money in Detroit. In one wiretap, Racey told Jackson to compile a list of what council members wanted. Perhaps, she said, Synagro could donate to one of their favorite organizations.

In all, Racey told federal authorities, Rosendall contributed roughly $200,000 to Detroit-area politicians, their campaigns or causes, records show.

Synagro did not directly reimburse Rosendall for political contributions. But Racey said her bosses were willing to raise his commission rate to compensate him for his spending.

So were Synagro's lawyers, according to prosecutors.

Prosecutors wrote before Rosendall's sentencing that Synagro "attorneys reviewed some aspects" of lobbying expenses Rosendall forwarded to headquarters for approval and "determined they were not prohibited by the city's ill-defined ethics laws, but instead fell into what they characterized as a 'gray area.'"

With bribes, 'you can't be the ostrich'
Jackson's lawyer, Richard Morgan Jr., and Riddle, who pleaded guilty to a bribery and extortion charge, have publicly questioned why they were prosecuted while Synagro and its top execs were not charged.

"It is clear that Mr. Jackson worked for Synagro, performed duties for Synagro and all of his actions were either sanctioned or at least tacitly approved by Synagro," Morgan argued last fall. Yet neither Synagro "nor any of its officers, other than James Rosendall, are before this court. ... Synagro is a party to this conspiracy ... and yet, for some reason, they are not here."
Legal experts say corporate executives can be charged if they had knowledge of their employees' illegal conduct -- or deliberately ignored it.

"You can't get off by saying ... 'I know enough to know I don't want to know about that,' " said New York University law professor Harry First, who researches business crime. "You can't be the ostrich."

In some instances, First and Henning said, a company can be prosecuted even if management was not aware of an employee's illegal behavior, so long as the company benefited.

"Companies can easily get into trouble for this, and should," First said. "People wouldn't be able to get bribes if people weren't willing to pay them."

Jennifer Arlen, an expert in corporate criminal liability and a law professor at New York University, said the Justice Department has been less receptive to charging a corporation itself because that can hurt innocent shareholders.

"The best way to deter corporate crimes is to make sure the individuals who commit them are convicted. And the best way to bring a strong case against the individuals is to enlist the corporation's aid in self-reporting crimes and cooperating with the government," Arlen said.

She said a company's board of directors has an incentive to cooperate with prosecutors, even if it means implicating an executive, because the board's fiduciary duty is to the corporation -- not the executives.

**Scandal cost firm, city and taxpayers**

Rosendall, who cooperated with prosecutors, pleaded guilty to conspiracy to commit bribery and entered a federal prison in Ohio on June 15 to serve 11 months behind bars.

Jackson pleaded guilty to conspiracy to commit bribery in June 2009. He did not cooperate and received five years.

Thomas, Boucher and Withrow have left Synagro, which would not discuss their departures. Racey remains at Synagro's Baltimore office.

Racey told authorities that Carlyle was unhappy with the demise of the Detroit contract, and up to $5 million a year in lost profits.

The City of Detroit and the 3 million wastewater customers of the Detroit Water and Sewerage Department are losers, too, department spokesman George Ellenwood said. The city and Synagro mutually agreed to terminate the contract in January 2009.

Environmentalists, union leaders and community activists in southwest Detroit raised objections to the Synagro deal. But Ellenwood said the contract's demise has forced the city to maintain aging incinerators and truck sludge to landfills, driving up sludge-disposal costs.

"We have to use our incinerator when we were planning not to use it," he said. "Do we upgrade it, replace it altogether? It means another capital expenditure and investment."

Contact JENNIFER DIXON: 313-223-4410 or jbdixon@freepress.com
Synagro cash was reached for by many, records show

Named officials, company execs deny wrongdoing

8:28 PM, Jul. 11, 2010

Part two of two

As he crisscrossed Detroit in a $415,000 Rolls Royce Phantom, Synagro’s Rayford Jackson complained bitterly about the politicians and community activists demanding cash for support of a 2007 sludge-disposal contract.

Jackson was being extorted by Detroit power brokers, he said in documents the Free Press obtained. He was so frustrated, he said, he never wanted to do business in Detroit again -- the cost was just too steep.

Among those demanding money for support: some City Council members, board of education candidates, political consultants and activists. They wanted cash, contributions to pet causes, jobs or deals, according to previously undisclosed records in the federal probe of metro Detroit corruption.

Four people have pleaded guilty in the scandal -- including Jackson, the man in the Rolls.

No one else has been charged.

But documents show that Synagro representatives, including Jackson, cited a long list of well-known Detrotters whom they contend had their hands out for Synagro money.

Uncharged officials and others and Synagro executives denied wrongdoing.

U.S. Attorney Barbara McQuade said the investigation continues, but declined to discuss anyone named, but not charged.

It’s unclear how many of the people took cash from Synagro. But its reps had plenty of walking-around money: about $350,000.

Allegations are denied, may be hard to prove

Detroit’s City Council was just days away from a 2007 vote on a $1.2-billion sludge-hauling contract for Synagro when a company representative says he met with Councilwoman Martha Reeves, according to government records.

Jackson, later told a Synagro colleague on a phone wiretap that Reeves was terrific. He said he gave Reeves money and she hugged him in thanks, vowing she was with him all the way, according to records reviewed by the Free Press.

Twelve days later, on Nov. 20, 2007, Reeves was in a 5-4 majority that approved the Synagro contract.
Reeves denied the account in an interview Thursday with the Free Press, saying she never met with Jackson and never received money from him. Campaign finance reports show Jackson gave her campaign $1,000 that day.

More than two years after the bribery-tainted Synagro vote, Jackson and colleague James Rosendall are in federal prison for bribery. Former Councilwoman Monica Conyers is set to join them in September.

Prosecutors, however, have not charged Reeves or a half-dozen local leaders -- including another council colleague, board of education candidates, ministers and others -- named in government documents.

The records show that FBI agents believed in 2007 that Reeves and council colleague Barbara-Rose Collins received illegal payments from Jackson.

Reeves and Collins are no longer on the council.

Like Reeves, Collins denied wrongdoing.

Collins said in an interview that Jackson gave her campaign $2,400, but the check bounced. She denied, however, that the erstwhile payment was given in return for her vote.

Conyers was the only council member who voted on the 2007 Synagro contract to be charged in the bribery scandal. She admitted to bribery conspiracy and faces 37 months when she reports to federal prison Sept. 10.

McQuade declined to discuss individuals who have not been charged. She said the federal investigation of the Synagro contract is continuing.

The office announced last year it did not uncover enough evidence to charge any council members beyond Conyers.

Criminal defense lawyer David Griem, a former federal prosecutor, said it is "very difficult ... to speculate why the government has not gone forward with these cases because we don't know all of the facts and circumstances. There may be very valid reasons for the government's not going forward."

Griem said federal prosecutors in Detroit have had a "bad batting average at trial, especially in high-profile cases. There is pressure to bring only those cases that can be won."

"Sometimes the determination of whether the government can win the case at trial is more important to the government than doing justice. And sometimes, justice is best served by bringing a case whether you can win it at trial or not."

Alan Gershel, a former federal prosecutor who now teaches at Thomas M. Cooley Law School, said bribery cases are tough: There may be no witnesses, or they may be unsavory. Prosecutors also must prove that the money was paid in explicit exchange for a public official's vote.

"Before you charge someone with public corruption ... you have to be certain the charges are in fact good," Gershel said.

Authorities also may have been reluctant to charge given their apparent doubts about Jackson's credibility. In records reviewed by the Free Press, FBI agents and others suggest Jackson skimmed some Synagro money he was supposed to give public officials and other power brokers.
This report is based on interviews, court records and evidence obtained by federal authorities probing city corruption. The government has used wiretaps, video surveillance, witness statements, subpoenas and grand jury testimony to win four convictions so far in the Synagro bribery scandal.

The documents reviewed by the Free Press offer the most comprehensive portrait yet of Rosendall and Jackson's plans to pay politicians, religious leaders, neighborhood activists, consultants and others who might persuade council members to approve the Synagro deal. Among the allegations that emerged from the records:

- Jackson is recorded on one call saying he is due to give Collins $3,400, and another $2,500 to Francis Davis, a Wayne County Sheriff's Office employee whom Collins describes as her fund-raiser at the time.
- That then-Detroit school board candidate Otis Mathis asked Jackson for $5,000 to defray his campaign expenses, according to documents in the government's case. Rosendall agreed in a wiretap to give Mathis $1,000. Mathis told the Free Press in an interview that Jackson donated $1,000 to $1,500 to his nonprofit, Citizens with Challenges. Mathis, who recently resigned as school board president after authorities said he fondled himself at a meeting with the superintendent, denied seeking money for himself.
- That Jackson paid Jeffrey Hunt, a former aide to former Councilwoman Sheila Cockrel, for inside information on the council. Hunt said Jackson never paid him. Hunt said he explained to Jackson the workings of the council, but gave him no confidential information.

Mathis and Hunt have not been charged.

Also not charged is John Clark, chief of staff to then-Council President Ken Cockrel Jr. In 2008, the FBI allegedly caught him on videotape accepting $2,000 from Rosendall.

Walter Pookrum, Clark's lawyer, said in an interview that the investigation into Clark's actions is now in the hands of a third assistant federal prosecutor in three years. "My client thinks it's not the best situation for him, but he has not been indicted," he said.

Martha Reeves: No memory of money

In phone interviews last month and Thursday, Reeves denied getting money from Jackson, saying: "I never had any dealings with Rayford Jackson."

Reeves said that if Jackson donated to her campaign, he would have given a check to someone at her headquarters or working the desk at a political fund-raiser.

"I don't remember him giving me any money," she said. "I voted the way people who called my office asked me to vote."

The Free Press reported in 2008 that campaign records showed Rosendall gave Reeves' campaign $1,000 in May 2007.

Jackson gave $1,000 to Reeves' campaign on Nov. 8, 2007, the same day he is recorded on a wiretap saying he gave money to Reeves, and 12 days before the Synagro vote.

On Nov. 20, 2007, the afternoon that the council approved the deal, Rosendall told Jackson he would direct Synagro to wire Jackson $25,000 for campaign contributions and other expenses to keep the yes votes on the council from changing their minds. It's not clear whether the money was sent, or which, if any, council members were paid from it.

Two weeks later, in early December, Jackson assured Rosendall on a wiretap that he had taken care of Reeves and was on his way to see Collins.
Barbara-Rose Collins: A check that bounced
The Free Press reported in 2008 that Jackson gave Collins' campaign $2,400 two weeks after the vote. Around that time, Jackson and Rosendall discussed a payment to Collins, with Rosendall telling Jackson to make sure they are OK with her. Jackson donated $1,000 a year earlier.

In December 2007, a month after the vote, Davis, the Collins fund-raiser, asked Jackson on a wiretap about picking up a check from him, records show. Jackson assured Davis he would take care of her and Collins, the records show.

Davis then left Jackson a voice mail saying Collins' check had bounced, the record said. Davis did not return calls from the Free Press.

The next month, in January 2008, Jackson told Rosendall on a wiretap that he had to give $3,400 to Collins' campaign and $2,500 to Davis. He complained on the call that Davis, Collins and Hunt all had screamed at him, wanting their money.

In an interview with the Free Press, Collins confirmed that Jackson contributed $2,400 to her campaign, and that the check bounced. But she said her support for Synagro was not tied to the political donation. She said she never asked Jackson for money, and that "Rayford never offered me a bribe. Never, ever. And if he had, I would have reported it."

Collins also defended Jackson in the interview, saying he was used by Synagro.

"Who would have the money to bribe people?" she said. "It had to be Synagro, but the company walked away with their hands clean and the people who do their bidding, they're the fall guy. Synagro ... put people in between them and the parties they're enticing."

Jeffrey Hunt: An eye on Synagro lobbyist job
Hunt, then-chairman of the Detroit Cable Commission, an unpaid city position, told the Free Press he agreed to be paid by Jackson to explain how the council operated, with the understanding that Hunt would become Synagro's local lobbyist if the deal went through. Hunt denied doing anything illegal and, in any event, said he was never paid.

The Rev. Horace Sheffield told the Free Press, however, that Hunt promised him money from Synagro if he would support the deal.

Sheffield said Hunt asked him to write a letter of support to City Council and, in return, promised "a significant financial contribution" to a Sheffield nonprofit, the Detroit Association of Black Organizations.

Sheffield said he declined.

Hunt disputed Sheffield's account. Yes, he said, he met with Sheffield, at Jackson's request, but he said he never offered Sheffield money.

"I didn't have any authority to offer him any money," Hunt said. "I was just basically representing Rayford, and he was always telling me he was broke."

Hunt said that Jackson once complained to him that "the process was very tainted and ... most people had their hand out -- staff, council people, pastors of prominent churches."

That malevolent view of city politics was echoed by Michael Mulholland, secretary-treasurer of the American Federation of State, County and Municipal Employees (AFSCME) Local 207 and a Synagro critic. Mulholland, who represents about 850 city water workers, said he saw community leaders hanging around Jackson and Rosendall "like dogs in heat. I saw all kinds of jackleg preachers and so-called community leaders" looking for a handout.
Some smelled a rat and stayed away
In pleading guilty in June of last year, Rosendall said he and Synagro paid an intermediary (Jackson) more than $150,000 to contribute to council members' campaigns, pet projects and groups, and to churches and civic groups "for their support (or non-opposition) to the Synagro facility."

Detroit Minister Malik Shabazz said that Jackson had approached him, saying, "If you support us, we'll support you."

"I just felt I needed to stay away from this," Shabazz said. "I just smelled a rat in relation to the Synagro thing. I couldn't trust it."

Rosendall gave $200,000 to campaigns and politicians' pet causes, according to records. Councilman Kwame Kenyatta, who opposed the Synagro deal, said Jackson and Rosendall believed community activists could "pressure council members that they couldn't get to."

Like Collins, Kenyatta said Synagro should be held accountable for the bribes of Rosendall and Jackson.

Those two were "given the go-ahead to do whatever they needed to do to get the deal done, and Synagro didn't care how they did it," Kenyatta said.

"I think their hands are just as dirty as the sludge they haul."
Conyers admits trading Synagro vote for cash

Faces up to five years in prison over bribery

PAUL EGAN
The Detroit News

Detroit -- Detroit City Council President Pro Tem Monica Conyers, who loudly proclaimed her innocence for months, spoke softly in federal court Friday when admitting she took bribes in exchange for her vote on a $1.2 billion sewage sludge contract.

Conyers, the wife of the chairman of the House Judiciary Committee, U.S. Rep. John Conyers, D-Detroit, became the scandal-rocked city's third official in less than a year to plead guilty to a felony that will put her behind bars.

Her plea to a bribery conspiracy charge spells the end of a colorful City Council career in which she publicly derided the council president as resembling the cartoon figure "Shrek," was accused of threatening to shoot a mayoral aide and allegedly had her hand out for favors to others besides Synagro Technologies Inc., which won the sludge contract after Conyers changed her position and cast the deciding vote, 5-4.

"Monica Conyers said today: 'I did it,' " said Andrew Arena, special agent in charge of the FBI in Detroit. "It's a historic day for the city of Detroit and this area."

Conyers became the sixth defendant to plead guilty in a wide-ranging federal corruption investigation that dates back at least four years and also has netted convictions related to corrupt contracts at the Cobo Center, the home of the North American International Auto Show.

Her plea to taking $6,000 in bribes lifted a cloud that hung over her council colleagues for almost a year. Federal prosecutors announced no other City Council members will face charges in connection with the Synagro contract, but stressed the investigation is not over.

Former Detroit Mayor Kwame Kilpatrick, who resigned after pleading guilty to a felony last fall; his business consultant father Bernard N. Kilpatrick; former Conyers aide Sam Riddle; and former Kilpatrick aide Derrick A. Miller are among those who also have been under investigation in connection with the Synagro contract and a related recycling agreement but have not been charged, people familiar with the investigation said. It was not clear Friday whether any of them will be charged.

"It doesn't make me a crook because she's admitting that she's a crook," said Riddle, who has also been in plea talks through his attorney and described himself Friday as "a teetering domino" in the Synagro investigation.

Michael Alan Schwartz, a lawyer who represents the former mayor, said Friday that he's received no indication that authorities have any links to his client in this investigation.

"It's my understanding that this was entirely a City Council matter," Schwartz said.

Investigation continues

Conyers' plea, which does not involve cooperation or testimony against others, "does not affect the investigation at all -- it's just simply concluding one aspect of it," said Peter Henning, a law professor at
Wayne State University and a former federal prosecutor.

Conyers, 44, now faces up to five years in prison and the loss of her council seat. Kwame Kilpatrick served 99 days in jail in 2008-09 after pleading guilty to obstruction of justice related charges. His former top aide, Christine Beatty, served 70 days in the county jail on similar charges earlier this year.

She potentially faced longer prison time if, instead of pleading guilty, she had waited to be indicted. Wire fraud, for example, a federal charge frequently used in bribery cases involving a telephone call, is a 20-year felony.

A sentencing date for Conyers was not set and it was not clear when and how her council seat would be vacated. Though felons must give up elected office, a City Council attorney said a conviction is not officially registered against Conyers until she is sentenced.

Interim U.S. Attorney Terrence Berg, who defended his office against criticism the investigation dragged on too long, said: "This investigation has not uncovered evidence sufficient to support charging any other elected members of the Detroit City Council with taking bribes or engaging in acts of corruption relating to the Synagro contract."

Soon after the Synagro scandal broke in June 2008, some media reports said as many as four council members could be implicated. FBI agents dropped by the homes of Councilwomen Martha Reeves and Barbara-Rose Collins, and Councilwoman Sheila Cockrel voluntarily testified before a federal grand jury while insisting she was not a target.

"I don't feel any relief," Collins said Friday. "I never felt any tension. The newspapers tried to paint me as somebody who should be running scared."

Other allegations

Though the bribery conspiracy charge Conyers pleaded to only specified envelopes containing a few thousand dollars in cash she accepted in a McDonald's parking lot and at the Butzel Family Center on Kercheval, she admitted to additional illegal conduct in her plea agreement.

That document says she and her aide, identified by sources as Riddle, received payments from "persons who sought contracts, money and/or favorable entity" from both the City Council and Detroit's General Retirement System, where Conyers served as a trustee. Their intent was that those who paid "would perceive that (Conyers) would be influenced by the payments in her official actions," the plea agreement said.

In addition to Synagro, allegations against Conyers have included receiving jewelry from a Detroit-based pawn shop and an attempted shakedown of the owners of a Detroit strip club who sought a license transfer.

Conyers' plea agreement, released Friday, says she will face no further federal corruption charges based on any conduct the government is now aware of, though Berg said prosecutors would present evidence related to other alleged wrongful acts at her sentencing hearing.

Steve Fishman, Conyers' attorney, said he has no idea whether Conyers plans to resign or when Conyers will be sentenced. Fishman said he believes federal sentencing guidelines of 30-37 months will apply to her case. But federal prosecutors said the guidelines for Conyers would exceed the five-year maximum. In any case, the guidelines are advisory and the decision will be made by U.S. District Judge Avern Cohn, who accepted her guilty plea.

Henning said it's clear from their calculation of her sentencing guidelines that federal prosecutors plan to allege at sentencing that Conyers received bribes well in excess of the roughly $6,000 she admitted taking in connection with Synagro. Those allegations will not comprise additional charges, but the judge will be asked to consider them as relevant conduct when passing sentence, he said.

John Conyers has offices in the federal courthouse where his wife pleaded. He declined comment Friday as he walked off the House floor in Washington, D.C. His office later issued a statement saying it was "a trying
Detroit Mayor Dave Bing said in a statement, "It is unfortunate that our city must, again, endure another set of unethical circumstances surrounding elected officials," but he remains focused on "rebuilding and moving Detroit forward."

*Detroit News staff writers Charlie LeDuff, David Josar, Christine MacDonald, Leonard N. Fleming, Doug Guthrie, Darren Nichols and Mike Wilkinson contributed.*

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**Former Cockrel Aide Pleads Guilty In Synagro Bribery Scam**

April 15, 2011 4:22 PM

DETROIT (WWJ) – A former top Detroit City Council aide has pleaded guilty to lying to the FBI. John Clark said he lied to federal agents when he told them he returned $3,000 in cash from an official with Synagro — a sludge hauling firm that wanted city business.

Before U.S. District Judge Avern Cohn, Clark admitted in federal court that he kept the cash.

Detroit FBI Special Agent in Charge Andrew Arena said, “This indictment is part of the continuing investigation into the corruption which has plagued Detroit. Public corruption is a top criminal priority of the FBI and will not be tolerated. This investigation demonstrates the FBI’s commitment in investigating public corruption and brings those who betray the public’s trust to justice.”

Clark is now facing a maximum of five years in prison and a fine of up to $250,000.

“Obstruction of justice goes to the very heart of our legal system. Lying to federal agents prolongs our efforts to bring people to justice in public corruption and other kinds of cases. We hope that prosecuting those who obstruct justice will deter others from lying,” United States Attorney McQuade said in a statement.

Clark was Chief of Staff to then-Detroit City Council President Ken Cockrel Junior.
May 31, 2011

The Honorable Nestor R. Garcia, Chair
and Members
Honolulu City Council
530 S. King Street, Room 202
Honolulu, Hawaii 96813

Re: Bill 14, FD1 (Proposed) - Funding for Second Digester at the Sand Island Wastewater Treatment Plant

Dear Chair Garcia and Councilmembers:

As you aware, the City and County of Honolulu needs to immediately address its inadequate sludge digestion capacity at the Sand Island Wastewater Treatment Plant. In spite of the need for additional digestion capacity, on May 17, 2011, the Budget Committee deleted the funds requested for the second digester from the FY12 CIP Budget (Bill 14). Without the City Council introducing a FD-1 to reinstate the funds for the digester construction, my alternatives are very limited. It is paramount to protect the City from the exposure to inevitable fines from such a decision. These alternatives may include trucking the excess influent raw sludge to Kailua Regional Wastewater Treatment Plant and the Waianae Wastewater Treatment Plant, lime stabilization with disposal at Waimanalo Gulch Sanitary Landfill, and/or to immediately stop issuing sewage discharge permits that would halt new construction in the Sand Island WWTP service area, which includes the Primary Urban Center. A moratorium on new sewer connections would not be lifted until a permanent solution is funded, permitted, designed and constructed at the Sand Island WWTP. The duration of the moratorium is difficult to project, but 3-5 years is the Department of Environmental Services’ preliminary estimate.

The increased wastewater treatment processes implemented to maintain regulatory compliance resulted in the production of significantly more sludge than anticipated when the first digester was constructed at the Sand Island WWTP several years ago. The increase of sludge on the influent side of the digester significantly exceeds the existing digester’s design capacity and places the City at risk of regulatory non-compliance.
Over the past several years, the City worked with several expert engineering firms to understand the most compliant and cost-effective solutions for the Sand Island WWTP sludge management needs. Anaerobic digestion continues to be recommended and was recently installed at Honouliuli; it is the safest, most reliable treatment, and fiscally responsible option for our community.

I am pleased the City's goal to reduce reliance on landfill disposal as the management option for its sludge was achieved with the first digester. Continuing to achieve this goal is in jeopardy.

In summary, if the City Council decides not to proceed with the immediate funding and development of the second digester, a moratorium on new sewer connections could commence as early as this year, and would not be lifted until a permanent solution is funded, permitted, designed and constructed at the Sand Island WWTP.

Very truly yours,

Peter B. Carlisle
Mayor
Funding for Second Digester at the Sand Island Wastewater Treatment Plant

Briefing Paper
May 22, 2011

Background: What Happened?

- On May 17, 2011, the City Council's Committee on Budget deleted from the CIP Budget (Bill 14) funding for a second digester at the Sand Island Wastewater Treatment Plant.

- The existing digester at Sand Island has exceeded its design capacity. Without a second digester, the City indicated that it would have to stop issuing sewage permits that could halt new construction in urban Honolulu. See KITV News Coverage 5/17/11. [http://www.kitv.com/video/27932390/detail.html](http://www.kitv.com/video/27932390/detail.html)

- The plant is currently operated by Synagro Technologies, one of the premier leaders in environmental and wastewater technologies in the U.S.

What are the consequences of not moving forward with project funding?

If the City & County of Honolulu (CCH) decides not to proceed with the development of the second digester, the following consequences are expected to occur as a result of this decision:

- A moratorium on new sewer connections for construction and development, which could not be lifted until a permanent solution is funded, permitted, designed, and constructed at the Sand Island WWTP, (estimated to require 5 years);

- Potential violations of the NPDES Permit & EPA Consent Decree pollutant discharge limits resulting in significant associated fines;

- Violations of DOH Air Quality regulations due to excessive foaming resulting in digester gas releases (In 2010 alone, the proposed fines by DOH were $175,000);

- Though not toxic or dangerous, the continued overloading of the existing digester will result in a much greater chance for increase in greenhouse gas and odorous emissions to the local Sand Island community due to digester malfunctions;

- Increased cost for both the alternate chemical stabilization treatment process and facility to treat the excess raw sludge and the landfilling for the excess non-digested sludge from the Sand Island WWTP; and

- Additional legal expenses due to litigation with regulatory agencies due to regulatory non-compliance.

Why does Sand Island WWTP need a second digester?

- CCH has a serious wastewater compliance issue which if unresolved immediately will lead to adverse impacts on the region's fiscal growth due to the imposition of a moratorium on development in Honolulu.
In 2009, CCH implemented the chemically enhanced primary wastewater treatment program to allow more suspended solids to settle out of the wastewater to make the ultraviolet facility effective in disinfecting the Sand Island WWTP effluent. This increase in wastewater treatment resulted in the production of increased raw sludge at a rate of over 120% of the existing digester's design capacity.

Compounding this compliance challenge, the new Consent Decree issued by EPA to CCH in late 2010 will increase the raw sludge produced due to the increased restriction on the amount of solids that the CCH will be able to discharge from the Sand Island WWTP into the Pacific Ocean.

Continuous overloading of the existing digester will continue to compromise the safety and integrity of the digester, the associated gas handling system, and will result in a lower quality more odorous product further hampering efforts to increase marketing of the pellets and the diversion from land-filling of the sludge.

The current design and construction schedule requires 24 months for the new digester completion so any delays will exacerbate the current overloading conditions.

The second digester has the added benefit of generating additional methane gas which is slated to supply a renewable energy facility to produce electricity for use at Sand Island WWTP. This future source of renewable electricity will both save the CCH money and reduce fossil fuel consumption on the Island.

**Project Design and Implementation is Ready to Go**

Synagro concurs with the Director of the CCH's Environmental Services Department that there are no other realistic biosolids management options other than digestion that would protect the CCH from the unintended legal and environmental consequences listed above. Synagro also concurs with CCH staff's opinion that both past performance and the provisions within the existing contract provide the most appropriate vehicle for the CCH to build the second digester for the following reasons:

- The City has an existing contract that allows Synagro to build it. Corporation Counsel has affirmed Synagro is contractually able to build it immediately, and the CCH needs the digester now because the existing digester is currently overcapacity by 20%.

- Synagro is most familiar with the Sand Island WWTP conditions and the best company to design and build the digester.

- The CCH must have the second digester now in order to prevent a catastrophic failure of the existing digester due to being operated overcapacity.

- Should that happen, the CCH will be forced to dewater raw sludge and truck it to the landfill and the smell from the raw sludge will definitely affect residents downwind from the landfill.

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William M. Kaneko 808-222-5389
In Hunts Point, Celebrating an End to Sludge

By SAM DOLNICK and MIREYA NAVARRO

The acrid odors that seep from a Hunts Point sewage plant have tormented neighborhood residents for years. They have kept children indoors, stifled street life and, for many local advocates, symbolized the disregard they believe the city has for this low-income community in a much-put-upon section of the South Bronx.

But that malodorous chapter of Hunts Point life is poised to end. On Wednesday, the city delivered its last shipment of sludge to the gates of the New York Organic Fertilizer Company, where more than half the city's waste had been processed.

The city will save $18 million a year by ending its $34-million-a-year contract with the company and sending the waste to landfills in Virginia and Suffolk County, Department of Environmental Protection officials said.

A spokesman for the owners of the company, which converts sewage sludge into fertilizer pellets, said the plant would be “suspending operations while we evaluate our future options.”

At the same time, Hunts Points advocates announced a settlement with the city ending a longstanding legal battle over two sewage facilities in the area, including the fertilizer plant. The deal calls for new requirements to control odors at plants anywhere in the city that treat sewage sludge.

As part of the settlement, the city has agreed to identify and take steps to eliminate the sources of any odors coming from its Hunts Point Sewage Treatment Plant, which handles waste from more than 600,000 Bronx residents.

The city also agreed to contribute $500,000 toward cleaning up a 1.2-acre plot that will eventually become part of Barretto Point Park.

Hunts Points residents celebrated the news on Wednesday with a birthday cake they sliced within sight of the sewage plant. The fetid smell hung over the festivities, but neighbors rejoiced that the days of the stench were numbered.

“This will be the first summer we’ll be able to breathe,” said Lucretia Jones, who has lived in the neighborhood for 55 years.

Vincent Sapienza, a deputy commissioner at the Department of Environmental Protection, said the landfills were only a temporary solution. The city plans to request bid proposals by Oct. 31 for companies to process the sludge.
The New York Organic Fertilizer Company could again win that bid, allowing it to reopen its doors in Hunts Point, but it would have to upgrade its technology to mitigate the smell, said Albert Y. Huang, a lawyer with the Natural Resources Defense Council, an environmental action organization.

Mr. Huang said that Wednesday represented the end of the fertilizer plant as people knew it.

“As it is currently,” he said, “it will never operate like that again.”

The settlement ends the claims against the city and the Department of Environmental Protection filed in State Supreme Court by the Natural Resources Defense Council on behalf of Mothers on the Move, a community group, and 10 South Bronx residents. The neighbors had complained for years of health and quality-of-life problems associated with the Hunts Point sewage treatment plant and the New York Organic Fertilizer Company.

The Natural Resources Defense Council said the claims against the fertilizer company, which processed about half of the sewage sludge produced by the city’s 14 treatment centers, remained outstanding and could be revived if the plant ever resumed operations.