# MUNICIPAL WATER MANAGEMENT, PRIVATE CONTRACTING, AND PUBLIC RESPONSE:

# A CASE STUDY OF WATER PRIVATIZATION IN BUFFALO, NEW YORK

by

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Abstract

Municipalities in the U.S. are increasingly turning to private water management, often viewing it as a means to reduce costs. As has been the case in numerous developing countries, many domestic communities are now reacting to their local government's plans to either sell its water system assets or contract out the system's management. Guided by Snow and colleagues' theory of *frame alignment* between individuals and social movements (1986) and Taylor's analysis of environmental justice framing (2000), I identify several of the frames that residents have employed in U.S. cases of water privatization – including anti-privatization, right-to-water, and environmental justice. I then use a case-study method to investigate whether and how residents in Buffalo, New York expressed concerns regarding the city's private water management contract between 1996 and 2008 and employed these frames to do so. I provide brief summaries of two other private water management cases, in Milwaukee and in the Detroit area, to help illustrate how residents responded in comparable circumstances.

In my results section, I lay out a historical narrative describing Buffalo's discourse on water management over the course of three major phases. To investigate my observations in the historical analysis, I conducted a content analysis of the arguments for and against private water management quoted in over 200 local news articles during the period; I support my findings with data from that analysis. I find that the first phase was characterized by debate between public officials and public unions, the second phase was characterized by debate over a joint regional water system, and the third phase was characterized by attention to the concerns of residents, and in particular the concerns of low-income residents (e.g. high water rates, late payment policies, and home foreclosures related to water payments) in the press and among decision makers.

I conclude that the concerns and arguments used in Buffalo aligned explicitly with a homeowners'/renters' rights frame and implicitly with elements of both the right-to-water and the environmental justice movements' frames. I recommend a broadened understanding of both of these movements and their purviews, to include communities, like Buffalo's, that voice related concerns, though they may not employ the explicit terminology. Finally, I make policy recommendations on municipal water management that relate to rate structures, decision-making processes, transparency, and accountability.

Table of Contents

# Chapter 1:
# Local water management debates

> "The marketplace makes you compete always. Government departments like this [water department] operate as a monopoly, basically. They don't really compete, so really there's not incentive to improve. Especially if you're a for-profit company, you compete daily for profits." – Mayor Gary Podesto, Stockton, California, in *Thirst* film (Snitow and Kaufman, 2004)

> "We don't have to think about how are we going to make a profit here; all we have to think about is how we're going to provide a good service to citizens." – Michael McDonald, Stockton resident and sewage treatment plant supervisor, in *Thirst* film (Snitow and Kaufman, 2004)

In cities across the country, water management is becoming a charged topic. The day that the city council of Stockton, California was to consider a private water management proposal, its mayor confidently applauded the motion's imminent approval and told a group of supporters, "It's time that Stockton enter the 21st century in its delivery of services and think of our citizens as customers." As he spoke, protesters on motorboats were floating by outside the event site, waving handmade banners that read, "KEEP STOCKTON'S WATER PUBLIC" and chanting through megaphones, "Water for life, not for profit."

The grassroots effort, known as the Concerned Citizens Coalition of Stockton, that made itself known that pivotal day had been building for several months. A mostly middle-class cross-section of Stockton's 270,000 residents, many of the group's members would not have considered themselves activists, but felt strongly about engagement in local politics and, in particular, about having a voice in their city's water management decisions. In the mayor's second term, he was faced with new state environmental regulations that would require water infrastructure investments of well over $100 million and his proposed solution was to hand the system over to a private manager. From the idea's outset in the fall of 2002, members of the Coalition wanted more information and a chance to discuss the decision further. They held that the mayor's plan warranted at least a thorough public hearing and ideally a referendum. For months, their resounding request was "let us vote."

The local alliance successfully put an initiative on the ballot to require a referendum on selling or contracting the city's water in the future. In response, Mayor Podesto moved up the city council's private management decision – to two weeks before citizens would vote on this initiative. Referring to the boating protestors, Mayor Podesto said, "they confuse this with this globalization issue" and also dismissed city residents' ability to understand the proposed contract. The day of his speech, the proposed arrangement with OMI-Thames, a U.S.-British partnership, obtained the needed four of seven council votes. Both before and after the contract went into effect, residents continued to push forward with other policy tactics; they wanted to avoid the higher rates that they foresaw and to maintain the system's accountability to the public. After four years of firm-run operations alongside ongoing community organizing, a judge required the city to return to public management of its water system in 2007, on the grounds that the mayor had skipped a mandatory environmental step in his zeal to pass the agreement.

The arguments that each party used on Stockton come up again and again in water conversations worldwide. Increasingly, mayors are turning to private management as a vehicle for improved efficiency and to cover growing infrastructure costs. Community groups, also increasingly, are protesting with right-to-water and anti-privatization campaigns, like the Stockton coalition did. The term *privatization* covers a range of partnerships between government entities and companies, as well as the process and the global trend of transitioning from government operated provision of services to these partnerships. Water privatization, which can manifest in cities as sale of complete system ownership, sale of operations, or concessions for management, is on the rise in the context of these broader, global trends. At the root of this shift is the theory of neoliberalism and its applications.

In the 1980s, neoliberalism garnered a sizable cadre of policy makers and global leaders who valued the role of the free market and advanced social and economic policies with low degrees of regulation. Emphasizing the inherent efficiency of the private sector, they promoted a move toward public-private partnerships for the delivery of public services – among these, electric utilities, public transportation, school meals, education, water, and wastewater. In the United States, the adoption of these arrangements between private firms and municipal service provision continues at a rapid pace (Food & Water Watch, 2010).

For those looking to improve efficiency and create market-based competition in government agencies, water management has proven to be a ripe opportunity. Local government backers of public-private drinking water deals see them as a chance for savings, short-term revenue, and long-term risk transfer; private companies see an undeveloped market, a global investment opportunity. For a municipality with a strapped budget and limited ability to issue bonds to secure loans needed to improve infrastructure, a private management contract that includes an upfront payment to the municipality and transfers all repair responsibility may look like a silver bullet. For other decision makers, like Mayor Podesto of Stockton, the choice is more ideological: private firms do it better.

According to their argument, the costs of filtering and distributing water are high and increasing around the world and private enterprise presents the strategically optimal way to bring taps to everyone, no matter their wealth. Creating a market for water as a commodity, the argument posits, may be the only way to address the interrelated geophysical and social water-related challenges that the globe faces.

The biggest group of stakeholders– the residents – has not always agreed with this reasoning. In many cities, residents have observed higher water rates and lower consumer responsiveness under private management (Food and Water Watch, 2010). Some residents have experienced heightened collections efforts, resulting in turned off water service or home foreclosure. Job standards, too, often change as public employees become private employees and unions dissolve overnight. In response, many have pressured their local leaders to improve their contracts and policies to include more equitable rate structures and less severe enforcement methods – or to return the operation and maintenance of the water system to public control. Objections to private water contracts can also be ideological; some residents of Stockton, for instance, objected to the idea of privatizing on the grounds that they wanted to exercise their right to vote on such a major change in public services and that a private company might threaten a fundamental human right: access to drinking water.

Whether access to water is, indeed, a fundamental human right and whether owning and selling water infringes on this right are both open questions, hotly debated in forums both global and local. Stockton's residents were tapping into an international discourse on the right to water and the large-scale effects of privatizing it.

Many believe that national governments and international institutions have an obligation to keep water services in the hands of communal or democratically elected bodies that are directly accountable to users. This, they contend, is the only way to ensure that all individuals will be able to access the amount of the resource that they need to survive. By the time Stockton was considering privatization in 2002, tens of thousands of protesters in Bolivia had captured the globe's attention in 2000. Bolivian protesters took to the streets of Cochabamba to protest a World Bank-facilitated private water deal and they were met with violent law enforcement officers. Ultimately, the private contract was terminated. In Atlanta, a 20-year agreement with United Water had been terminated after only four years, when residents collectively complained of poor customer service and the issuance of too-frequent boil advisories. An international coalition against privatizing water systems – a water justice movement – emerged.

With the availability of the world's freshwater supplies decreasing and the uncertainty of climate change predicting further challenges, questions of who manages these resources are not minor. In the geographically and politically diverse United States, these difficult questions are playing out in myriad ways. Each region has its own struggle with managing water as a limited resource: agriculture in the Southeast, back-up systems to handle draught in the Southwest, and protection against overuse of the Great Lakes in Midwestern states. On top of state- and region-wide natural resource challenges, municipal governments in each of these places commonly face fiscal challenges. And for some, leasing or contracting their water systems to private management in exchange for a large payment at the outset looks like an attractive solution.

In particular, cities near the Great Lakes, where increasing unemployment rates and decreasing tax revenues mark the loss of manufacturing, have encountered severe budget crises. In communities like these – with high poverty levels, small tax bases, and high regional inequality – environmental justice movements focusing on the equitable distribution of environmental hazards and toxin-free resources have been building at the neighborhood level since the early 1990s. This research was driven by an intent to understand 1) how Midwestern cities frame their desire to privatize their water systems and 2) whether/how individuals and groups consider the privatization of their water systems through an environmental justice lens. Mayor Podesto in Stockton explained that his motivations concerned the private sector's ability to increase efficiency and improvement. When Midwestern city governments, needing a solution for their fiscal conundrums turn to private water management, do they cite motivations, like Mayor Podesto did, of needing the market to drive competition and improvement? Has there been a water justice backlash from residents? Do existing environmental justice groups see water privatization as an issue of concern, or do environmental justice groups form to address issues of water access?

This research employs a case-study approach to understand the concerns and issue framing that water privatization evoked in Buffalo, New York over a 12-year period. The policy discussions that began there in 1996 shed light on the above questions on water management decision making and the role of public participation. Less than three years after partnering with a private company, American Water, to manage its system in 1997, the mayor received an Outstanding Achievement Award from the U.S. Conference of Mayors. After eight years of contracting, the National Council for Public-Private Partnerships also lauded the City of Buffalo and American Water. But by 2008, with complaints from residents mounting, the city was seriously considering alternative options and, in 2010, it shifted to a contract with a new firm, on significantly altered terms. The engagement of policy makers, residents, and other stakeholders in the city's decisions and the arguments they use throughout this time span reveal issues and concerns not only of relevance to Buffalo but to the broader global conversation on water.

This thesis' five chapters explore these issues and concerns. In Chapter 2, I summarize the literature and provide background on water resources, municipal water management, the water industry, environmental justice, and the water access and water justice movement. I also provide brief summaries of two other private water management cases in the U.S. These cases, in Milwaukee and in the Detroit area, help illustrate how different debates played out in comparable communities, creating a baseline for understanding the issues and framing that emerged in Buffalo. In Chapter 3, I set the stage for the water management conversations in Buffalo through a thumbnail history of the city and its water system. In this chapter, I also elaborate on my research questions and methodology. In the fourth chapter, I lay out my findings, as a historical narrative describing Buffalo's discourse, including supporting data from a content analysis of over 200 local news articles. The final chapter recaps and synthesizes the issues and concerns visible from my historical and content analyses. I conclude by explaining how this case study informs the larger environmental justice concerns around water and wastewater privatization efforts in Midwestern cities.

Chapter 2:

Drinking Water, Private Management, and Environmental Justice

> "If you don't pay your water bill, they can put a lien on your home. Then they take your house. Then they got another house to get rid of because nobody's buying houses in the city of Detroit." – Detroit resident (Truth Commission, 2008)

> "Somebody has to pay for water, ladies and gentlemen. Whether it's the users or the future generations, that is the reality." – Woicke, World Bank, at the 2003 World Water Forum, in *Thirst* film (Snitow and Kaufman, 2004)

In this chapter, I summarize the literature and provide background on water resources, municipal water management, and the water industry. I also describe environmental justice and the movement for water access and water justice, understanding them as two types of responses to water privatization. I then provide brief summaries of two other private water management cases in the U.S. The cases of Highland Park, Michigan and Milwaukee illustrate how debates over water privatization have played out in particular communities, providing a point of comparison for Buffalo's issue framing and expressed concerns. The frames that residents and advocates in these two cases employed are examples of the response options that Buffalo residents had. I measure the appearance of these and other frames in my analysis of the actual responses to water privatization in Buffalo (in Chapter 4).

**Water**

Living in a closed global system, our water resources are finite. The total amount of water circulating around the earth in various forms – from rivers to snow to people – is and will remain constant. Yet contemporary non-fiction writing increasingly asserts the scarcity of water, our diminishing global supply, and the increasing presence of drought.

There are two ways that water is "used up": contamination and local supply depletion. When communities withdraw water in sustainable amounts and return it in a usable form, the reduction in supply, if there is any, is very small. If the withdrawn water becomes polluted during use, however, then the amount of potable freshwater decreases. Of the total amount of water in our fixed global system (about 1.4 billion $km^3$), 97.6% is undrinkable ocean water and about 70% of the remaining freshwater is trapped in the form of glaciers. Only about 0.1% of the globe's seemingly abundant resource of water is liquid, potable, and accessible to people.

The manner and rate at which water is withdrawn is also an important factor determining water supply. As surface water in lakes and rivers becomes polluted and depleted by use, many regions are turning to groundwater, which lies in soil and rock gaps below the ground's surface. When this aquifer "mining" is conducted at intensive rates, it essentially does not allow for recharging within a human timeframe. The aquifer running from Texas to North Dakota, for instance, has been pumped to the degree that it will require thousands of years to recharge. Sufficient withdrawal can even lead to aquifer collapse, causing the ground surface to sink over time, and rendering the aquifer compressed and completely unable to recharge. In effect, groundwater is a non-replenishable resource.

Regional water shortages are the result of a combination of population increases, water usage, climate, and political factors. Barlow (2007), in her book *Blue Covenant*, contends that water shortage is caused by surface water pollution, groundwater depletion, urbanization, deforestation, climate change, dams and diversions, and institutional decision making. All of these factors contribute to the presence and sufficient supply of freshwater in a given geopolitical region.

The UN defines *water scarcity* "as the point at which the aggregate impact of all users impinges on the supply or quality of water under prevailing institutional arrangements to the extent that the demand by all sectors, including the environment, cannot be satisfied fully" (2007). Many researchers use a metric relating water supplies to population: a region is experiencing water stress if annual water supplies are below 1,700 $m^3$ per person and a region is experiencing water scarcity if they are below 1,000 $m^3$ per person. The UN estimates that 700 million people in over 40 countries currently experience water scarcity, and that by 2025 this number will grow by more than 250%.

Wealthier and more industrialized countries tend to use more water per capita per day; for example, Americans use an average of about 575 liters of water per person per day while residents of Cambodia, Uganda, and Haiti each use under 20 liters on average (UN Development Programme, 2006). Globally, about 69% of water withdrawal is for agriculture, 25% is for industry, and 6% is for domestic use, including drinking, cooking, and washing (Cunningham and Cunningham). This distribution varies greatly across higher-income, more industrialized countries and lower-income, less industrialized countries. In India, for instance, 93% of water withdrawal is for agricultural use, while in many European countries, 70% is for industry. Significant amounts of water are lost in irrigation systems, through evaporation and seepage; alternate irrigation methods tend to be either very energy intensive or expensive to implement.

While water scarcity does not exist in the United States the way it does in developing countries, many communities are starting to experience water shortages, necessitating modifications either in use or in sourcing. Several states including Florida, California, New Mexico, and Arizona are all depleting their freshwater reserves. In 2008, the EPA estimated that, given current usage rates, 36 states would – either locally, regionally, or statewide – experience water shortages within five years (2008).

Within industrialized nations, access to water is also more nuanced than geography and national wealth. At the hyperlocal neighborhood and household levels, access is also a product of local governance, class, and political power. While, in aggregate, the U.S. is relatively wealthy and has higher degrees of water access, many families on an individual basis find themselves in political and financial contexts in which they cannot always afford to pay for basic needs, including water use. It is this level of access that I explore in this paper.

**Municipal water management**

For centuries, communities and their local governance structures have coordinated systems for water usage. The desired outcomes in designing these systems have included – in various contexts – safety, efficiency, sustainability of local resources, ecosystem protection, accountability, transparency, equitable distribution, profit, and maintenance of existing power and socioeconomic structures. (See for examples Ostrom, 1990, p. 69-88.)

Generally, water rights in English-based common law systems have been either governed by the principle of riparian rights or the principle of prior appropriation. Riparian, or land-based, rights allow landowners adjacent to a body of water "reasonable use" of the water, usually proportional to the extent of their property on the waterfront.

Prior-appropriation rights – also known as *prior tempore, potior jure* or *first in time, first in right* – indicate that the first person to put a given source of water to "beneficial use" has the right to continue using the same amount indefinitely and can transfer this usufructuary right to another person, while all others may use the water only insofar as it does not impinge on the initial individual's use. In U.S. law, this latter system tends to apply in Western states, while land-based rights generally hold in Eastern states.

In the 19th and 20th centuries, industrialized countries developed local water and sanitation systems that were largely operated by public institutions. (France was the main exception to this, fostering private-run water operations as early as the 1800s.) Currently, all U.S. residents have geographic access to safe drinking water and nearly as many receive it from public water systems, defined by the EPA as systems serving at least 25 people (public in this context refers to the recipients, not ownership or management). The country has 54,000 drinking water systems. Those owned by a local government serve about 85% of residents; private systems serve the remainder (Levin et al., 2002).

From the late 1970s through the 1990s, local authorities in industrialized countries made significant shifts from public to private operations of former government functions – in areas from utilities and water to school buses and social services. One aggregation of U.S. data from 1988 and 1997, shows that the rate of contract use by local governments increased in 12 different service categories, with half increasing by more than 20 percentage points. The portion of governments using contracts for gas operations or management rose from 12% to 60%, for instance, and for electricity it rose from 11% to 43% (Cooke, 2008). In 1989, Margaret Thatcher led the United Kingdom's complete sale of its ten public water and wastewater systems. Water system sales and concessions have begun to ramp up in the U.S. more recently, currently representing an estimated 15% of the country's systems, with predicted growth in coming years (Food and Water Watch, 2010).

*Privatization* is a broad term that can cover a wide variety of scenarios. Table 2-1, adapted from Cooke (2008), shows the types of service privatization that municipalities tend to use in the U.S. Contracting out is the most common form of local service privatization. Importantly, where a private entity plays a role in any of these local public-private arrangements, the institution may be either for-profit or non-profit. In the framing of the right-to-water discourse, 'privatization' is used to connote many different meanings; often, anti-privatization activists are referring primarily to asset sales and contracts with for-profit companies.

**Table 2-1.** Forms of municipal privatization (adapted from Cooke, 2008)

| **Form** | **Description:** The municipal government's action |
|---|---|
| Asset sale | Sells a property or enterprise |
| Long-term lease | Sells a property or enterprise and leases it back |
| Contracting out | Contracts with a private (for-profit or non-profit) entity to manage and/or provide a good/service |
| Public-private partnership | Manages together with a private sector to provide a good/service, sharing financing and risk |
| Franchise concession | Awards rights to a private entity to provide a good/service in a given location |
| Incentives and subsidies | Encourages the provision of a good/service by the private sector or individuals, e.g. through zoning or rent-free office space |
| Internal market | Encourages agencies to purchase goods/services either internally or externally, according to a cost-benefit analysis (encouraging competition) |
| Managed competition | Provides a good/service, while also competing with a contractor providing the same good/service |
| Vouchers | Distributes vouchers that can be used to purchase a good/service in a specified way |
| Self-help | Encourages individuals and groups to provide a good/service rather than providing it directly |
| Volunteerism | Relies on individual volunteering to provide a good/service (e.g. fire departments) |

Donahue (1989) shows that the trends towards private-run public services in the 1980s were different in the U.S. than in other industrialized countries in part because the U.S. simply had fewer publicly owned and operated functions than its counterparts. (In the late 1970s, about 6.7% of the labor force in most industrialized nations worked for state enterprises, compared to 1.5% in the U.S.) While in many places privatization referred to asset sales – e.g. of telecommunications, railway, power production systems –

in the U.S. "it meant (and continues to mean) enlisting private energies to improve the performance of tasks that would remain in some sense public" (Donahue, 1989). Though not identical to related privatization trends around the world, the shift towards privately managed or operated public services in the U.S. is clearly measurable.

The ways in which municipalities have sold or contracted their water management can be grouped under three general categories: sales of services, of assets, and of water itself. Under a sale of services scenario, the public authority maintains ownership of both the water and the means of distribution, solely contracting out the function of providing water to residents. If both assets and services are sold, the company also has ownership of all of the equipment related to these services, including pumping plants, treatment facilities, office buildings, delivery systems, and pipes. Finally, some communities in developing countries have sold the rights to their water as well, meaning that the company alone has the authority to make all decisions relating to its use and distribution (Glennon, 2005).

Water-related services in the world's non-industrialized countries were, of course, slower to develop. By the 1980s, the urbanization of developing countries combined with the pollution of their surface water had led to an increased need for drinking water and sanitation infrastructure. During that decade, a set of ideologies and policies collectively labeled *neoliberalism* was gaining momentum around the world. A shift was taking place – both ideological and practiced – towards neoliberalism and pro-market policies in Margaret Thatcher's Britain and Ronald Reagan's U.S. In international development policy and practice, these trends took the form of the so-called Washington Consensus, which reflected an informal agreement among the World Bank, the International Monetary Fund, and U.S. foreign policy leaders to prioritize the expansion of private markets, the liberalization of trade, and deregulation in developing countries (Harvey, 2005).

Historically, the chief proponent of pursuing this type of shift as comprehensively as possible was the economist Milton Friedman. His theories took the free-market system to its logical extreme; these theories developed a set of predicted dynamics and outcomes all based on a theoretical world in which free markets operate perfectly. In order to achieve – or approximate – this ideal laissez-faire arrangement, Friedman and his followers actively encouraged leaders to take a three-pronged approach to policy changes: cut social spending, privatize services previously provided by the state, and deregulate markets. At first, these ideas were touted primarily among academics, rooted in University of Chicago-based circles and later at Argentinean and other international universities. Eventually they began to take hold in practice, guiding policies at the national level – in places as varied as Chile and England – as well as at the municipal level (Klein, 2007; Harvey, 2005).

Citing sociologist Goldman, Barlow makes the case that the World Bank, the wealthy nations that governed it, and a set of water companies collectively "manufactured consent" that private services were the most efficient – and, according to some framing, altruistic – option for bringing needed water services to developing countries (2007). In a 2006 report put out by Public Services International and the World Development Institute, Hall and Lobina poked substantial holes in the World Bank's central principles of water privatization, concluding that "it is clear that the emphasis on the private sector over the past 15 years has had a negative impact on progress towards the water and sanitation [UN Millennium Development Goal] with major implications for communities of poor people around the world." The same year, a UN report highlighted water companies' practice of terminating unprofitable contracts with developing communities, and its highly detrimental social and health consequences.

Related framing that focuses on improved efficiency and competition is evident in the U.S. and other industrialized nations. As cities experienced heightened fiscal stress in the 1970s and 1980s, the prevailing wisdom was to save money by selling or contracting out services. Donohue identifies two components of public/private decisions: 1) financing, whether individual or collective (i.e. through taxes), and 2) delivery, whether public sector or private sector. In making public/private management decisions, it is important for officials and voters to examine both efficiency and accountability factors. Donohue defines the broad umbrella of accountability as "fidelity to the public's values, whatever they may be" (1989, p. 9-12).

A series of policies in the U.S. has fostered the growth of municipal outsourcing of services. In the early 1980s, a collection of statutes providing tax incentives for private management and investment in utilities helped to build the appeal of local partnerships.

These tax incentives dwindled with the 1986 Tax Reform Act, but in 1994 President Clinton explicitly promoted local public-private partnerships in his Executive Order on national infrastructure investment. A pivotal change to the tax code in 1997 allowed local governments and agencies to create contracts up to 20 years in length, rather than only five years, opening the door to longer-term propositions that had much more draw for investors (State Environmental Resource Center, 2004). Simultaneously, indirect policy and regulatory factors lured overseas firms to the U.S. market. The 1986 and 1996 amendments to the Safe Drinking Water Act presented many municipalities with financing gaps that they would need to fill over time in order to meet new standards. The Environmental Protection Agency (EPA) substantiated the scale of this investment need with nationwide, multi-billion dollar estimates; in 2002, the EPA estimate for total drinking water capital costs for the following 20 years reached $102 billion, with billions more needed for wastewater systems. In particular, regulations promoting or requiring wastewater system upgrades, to avoid raw sewage overflow during storms, have increased the opportunities for firms to engage with municipalities on their infrastructure and management needs.

Privatizing water in industrialized countries has, by some measures, saved local governments' costs. Sclar shows, however, how budgets can be deceptive (2001). In many cases, total savings under privatization have been lower than government estimates, because of incomplete accounting of continued private firm oversight. Other studies have revealed a partial assessment of assumed and transferred risks in cities' cost-benefit analyses (Wolff, 2003; Wolff and Hallstein, 2005). The assessment of these types of contracts and their savings potential for cities is an inexact science, with substantial room for honing.

Private management of government services, in general – and of water delivery, in particular – has also led to declines in social and economic measures, in a number of documented cases. Many of these measures are also not incorporated in the municipality's proposal analyses. Analysis of the United Kingdom in the 1980s has shown that shifts to private management of public services caused the layoffs of thousands of worker, wage drops, skyrocketing water rates, and water shut-offs for millions of residents who were behind on bill payments (Barlow, 2007; Bakker, 2005). In the U.S., fewer cases have been adequately documented, but some research, anecdotal evidence, and community organizing – as I will show – have also revealed the challenges that private management can present to communities.

**Water industry**

Starting in the 1990s, governmental and lending policies began to change to support private water investment, particularly in the United States. Simultaneously, the trends of major infrastructure needs, increasing strain on water resource supplies, and population growth were pushing system operators to conjure up new, high-capital management solutions. With these combined drivers, the industry of buying, selling, and leasing water systems boomed. The major multinational companies – led by Vivendi Universal, Suez Lyonnaise des Eux, Enron, Bechtel, RWE, and others – began to consolidate the world's smaller water systems, through purchases and leases of local systems.

From 1994 to 1998, a handful of companies took part in an unprecedented 139 water and wastewater industry mergers and acquisitions, for a total value of $4 billion. Then, in 1999, Enron bought Wessex Water in the United Kingdom for $2.2 billion, Vivendi purchased U.S. Filter in the western United States for $6.2 billion, and Suez acquired United Water Resources in the northeastern U.S. for $1 billion; RWE-owned Thames Water bought American Water Works in 2001 for $4.6 billion and took on about $3 billion in debt. At the same time, online trading of water rights and contracts was burgeoning. In 2000, the entire industry brought in an estimated $800 billion in revenue globally; it continued to grow in the following years (Rothfeder, 2001).

By 2007, Suez, Veolia (having separated from Vivendi), and RWE dominated the U.S. market. After American Water split from RWE in 2008, American moved up to the top of that list. In 2010, New Jersey-based American Water served 16 million people in 35 states and two Canadian provinces and made $2.4 billion in revenue. United Water, also housed in New Jersey, is run by Paris-based Suez; it serves 7.3 million people in 21 states, owning 25 water and sewage systems and partnering with local governments on 145 others. The multinational Suez Environment's sales revenue was over $19.2 billion in 2010. By 2003, Suez had received substantial bad press in North America due to its failure to maintain Atlanta's water and sewage systems to acceptable standards and, in 2007, it lost its largest U.S. client, Milwaukee. The third company, Veolia Water North America serves 14 million people in 32 states. Its French parent company, Veolia Environment reported $49.8 billion in revenues in 2009. Even as these three companies are facing civic resistance in many of the municipalities with which they negotiate, they are continuing to expand their presence in the U.S. (Food and Water Watch, 2011).

The leading multinational companies fueled their rapid, transatlantic growth beginning in the mid 1990s via several core methods. Often, they bought local or regional companies in one streamlined deal. In other cases, they have purchased an influential portion of a smaller company's shares and shifted toward complete ownership over time. Finally, many have worked to convince local U.S. officials with publicly run water systems to partner with a private firm, either through a sale or a concession, and then submitted for the deal in a joint proposal with a local firm (Barlow and Clarke, 2002). In some cases, they have chosen to take on deals that appear to be financially detrimental decisions, with an eye on the larger market. A Suez executive, quoted by Snitow and Kaufman, explained that the company and its competitors had made extraordinarily low bids on early U.S. water contracts, like that of Atlanta's, in an attempt to gain a foothold in the North American market even at a loss in the near term (2007).

Efforts to create a private market in communities where government services currently suffice are labor intensive and costly, and the leading European water companies devoted a significant amount of resources to them in 1990s and 2000s. According to a study by The Center for Public Integrity, the water industry, its employees, and its political action committees made about $1.5 million in U.S. campaign contributions between 1999 and 2002, up from less than half a million during the prior three years (2003).

There are also a range of mechanisms and institutions through which the industry has been able to influence public officials in the U.S., including the National Association of Water Companies and its lobbying arm and the Urban Water Council of the U.S. Conference of Mayors. Globally, water company heads, international finance chiefs, country leaders, and some United Nations representatives have been coming together through the World Water Council's forums and other international meetings to collaborate on building and expanding a water market, particularly in regions with water scarcity and stress.

**Environmental justice: Access to natural resources and social movement framing**

The archetypal environmental justice dispute arises in response to the siting of a noxious facility near a community that is low-income and/or composed predominately of people of color. Whether the setting is urban, suburban, rural, or reservation, these vulnerable communities tend to have insufficient social services – from law enforcement to education to direct health care. Most likely, the community has already been overburdened with harmful environmental factors prior to the siting. In hundreds of cases, a local movement has arisen from circumstances like these, struggling through various legal and political pathways to promote a healthy and livable environment for the local community.

The tenets of the wider environmental justice movement hold, more broadly, “the right to ethical, balanced and responsible uses of land and renewable resources” (Principles of Environmental Justice, quoted in Bryant, 2004; see also Bullard, 1990; Cole and Foster, 2000). This includes access to clean air and water, open space and parks, healthy food, affordable and safe transportation, and affordable and healthy housing. In the type of siting case described above, community members attempt to improve or defend the quality of a particular resource (often air or soil) in a particular location. From this vantage point, however, there is little they are able to do to change the overall patterns of “balanced” resource use, distribution, or access.

Researchers, too, often focus on these isolated siting cases; even aggregate studies tend to analyze collections of particular “locally unwanted land use” (LULU) siting instances. Pulido (2000) has examined environmental racism as an outcome of historical processes – the movement of racial and ethnic groups within an urban region – using the lens of white privilege. She criticizes many environmental justice writers, particularly their “[analyses of] siting, as a discrete and conscious act... solely with respect to the locations of racially subordinated groups without sufficient attention to the larger sociospatial processes that produced such patterns” and calls particular studies “attempts to analytically sever racism from larger social processes (such as housing markets)” (17-

18). In addition to often taking place in a theoretical and historical vacuum, these discussions are generally limited to the presence of environmental "bads" and they less frequently examine access to "goods," like parks or drinking water.

A second strong value of the collective environmental justice movement is the right to community-based decision making. One of the 17 environmental justice principles agreed upon in 1991 "affirms the fundamental right to political, economic, cultural and environmental self-determination of all peoples." Activists and researchers have captured a similar idea with the affirming statement, "We speak for ourselves." In their report on Katrina, "In the Wake of the Storm," Pastor and colleagues describe the movement's "heavy emphasis on community participation, neighborhood autonomy, and democratic decision making" (2006).

Grassroots environmental justice movements that frame resource issues in terms of access are more common in developing countries than developed countries for several reasons. In industrialized countries, the primary environmental hazard has been gaseous, toxic emissions, such as dioxin or lead compounds. People can often see these pollutants and feel their effects; thousands have organized and responded. But because access to air is universal, one rarely hears it mentioned among these movements. An organization might employ framing such as "the right to clean air," but overall, *access* receives much less attention than *quality*. In contrast, the conversation in developing countries – both at the grassroots level and in research – repeatedly turns to access and barriers to it, rather than quality.

In the U.S., the environmental justice movement has encompassed a range of environmental quality issues, in addition to air quality, but few of these have led to access framing. Siting issues, for instance, include land-based hazards, like Superfund sites. Movements arise to restrict the siting of these environmental "bads" and to improve the surrounding land and water quality. With the exception of Pulido's work, however, these cases are not likely to discuss access to, or the privilege to live on, hazard-free land. Instead, they examine the proximity to or degree of environmental degradation.

Repeatedly throughout U.S. history, American Indian movements have addressed their rights of access to environmental resources – land, water, materials – and the decisions surrounding their management. More recently other members of the environmental justice community have adopted a similar framing for issues in cities: access to healthy food, drinking water, and open space. Advocates and residents in many densely populated urban neighborhoods began to coordinate a concerted effort to improve access to park and recreational space around the turn of the century. This type of land use campaign in and on behalf of low-income communities has deep roots in the environmental movement (Taylor, 2000).

*Access* in these cases refers not only to presence and proximity, but also to access to a means of transportation to reach a good, affordability, information, social and political connectedness, and political power. Access framing and improvements can be a vehicle for broader and deeper improvements addressing this spectrum of factors of social vulnerability.

Outside of these examples, framing that emphasizes access to natural resources is rare in industrialized country cases. While some organizations and individuals do identify water as such an issue, there are extremely few instances of popular media employing these terms. Overall, a review of existing literature on water management in North American communities shows a lack of a coherent framework for understanding the "right to water" in terms of environmental justice and access.

In an article on the environmental justice paradigm, Taylor shows how the environmental justice lens is a frame, in Goffman's sense of frames as "schemata for interpretation" that allow a "user to locate, perceive, identify, and label" occurrences (1974). Utilizing work by Snow and colleagues on the roles of *frame alignment* and *frame bridging* in social movements and action (1986), Taylor goes on to show that this environmental justice frame has been used, modified, and extended by social movements in various contexts (2000). Indeed, over the two decades since its first convenings in the early 1990s, the national environmental justice movement and its messages have expanded and morphed significantly, to encompass an ever-growing range of issues and local cases, beyond the placement of hazardous sites.

As a framework for understanding and responding to individual and communal experiences, the environmental justice frame sometimes serves as an explicit and powerful frame, or *elaborated master frame*, and it other times is an implicit frame, not completely bridged to the master frame, or a *submerged frame.* Taylor explains that an elaborated master frame "provide[s] the interpretive medium through which activists identify problems and assign blame or causality" in a way that is relatively accessible and malleable, evolving with the experiences of various aggrieved groups. In contrast, submerged frames, while they similarly "identify problems in society, make diagnostic attributions, and suggest solutions," are implicit rather than explicit and not a central focus. Some organizations, for instance, work on environmental justice issues related to open space or workplace safety, while framing them as community service issues only; these organizations have not bridged their grievances or frames to an environmental inequality or environmental justice master frame.

With this Buffalo case study and other supporting examples, I will show how the environmental justice frame has extended – and can continue to extend – its applications to right-to-water and access issues in the United States. I will also show that, although residents over time used it as a frame to describe and address the effects of water management policies in Buffalo, it remained a submerged frame as they organized around the issue.

**Right to water**

Internationally, there is an ongoing conversation on water as a universal right. Particularly in light of the increasing private management and ownership of water services, many have framed this as a dichotomous controversy: either institutions of international governance view water as a basic human right or they view it as an economic commodity. Physicist and human rights activist Shiva views the ideological divide this way:

> There are, however, two conflicting paradigms for explaining the water crisis: the market paradigm and the ecological paradigm. The market paradigm sees water scarcity as a crisis resulting from the absence of water trade. If water could be moved and distributed freely through free markets, this paradigm holds, it would be transferred to regions of scarcity, and higher prices would lead to conservation. […] Market assumptions are blind to the ecological limits set by the water cycle and the economic limits set by poverty. Over-exploitation of water and disruption of the water cycle create absolute scarcity that markets cannot substitute with other commodities. […] Market solutions destroy the earth

> and aggravate inequality. The solution to an ecological crisis is ecological, and the solution for injustice is democracy. (2002, p. 14-15)

Shiva identifies three main limitations of market-based water systems: the lack of incentives to promote water conservation, to promote ecosystem protection, and to ensure access to water in poor communities. Additionally, she references democratic structures for accountability as a key component of a functional and just water system. Barlow has posited that the goal of providing water services in poor communities and the tactic of managing water privately are inherently incompatible; in order to reach equitable outcomes, public ownership is essential.

For about two decades, the right-to-water community – with leadership from Shiva, Barlow, and others – has had a role on the main stage of water policy, working first against and then alongside the international diplomatic community. The arc of the United Nations' engagement in the right to water and systems regulation attests to the impact of the nongovernmental pro-rights community over this time span.

The UN's Dublin Statement on Water and Sustainable Development, adopted in 1992, first recognized "the basic right of all human beings to have access to clean water and sanitation at an affordable price." There had been references in prior binding documents pertaining to women and to children specifically, but this universal statement was notable. The delegates chose to imbed the statement under the principle that "water has an economic value in all its competing uses and should be recognized as an economic good," a decision that made it less valuable for water justice advocates. Further, the statement lacked implementation and enforcement mechanisms.

As the international water industry grew in the 1990s, individuals' personal experiences with it – and critiques of it – grew too. Local level movements began to form around the world to resist undemocratic water management practices and, gradually, these social movements began to connect to each other, often across continents. By 2003, resistance to private management had cropped up in far-flung cities, including Buenos Aires, Rio de Janeiro, Atlanta, Montreal, Grenoble (France), Potsdam (Germany), and Jakarta, among others. (See Hall, Lobina, de la Motte, 2005, and Public Citizen, 2003, for examples.)

Resistance to water privatization in Cochabamba, Bolivia was one of the largest and most widely broadcast instances of a local water access movement. In order to make necessary improvements to the city of Cochabamba's water infrastructure, the Bolivian government had received a World Bank loan. Like hundreds of similar "structural adjustment programs," this contract came with a number of conditions attached, one of which mandated that the system be operated by a company, a Bechtel subsidiary. Once the 40-year contract was signed, residents saw their water prices skyrocket almost immediately and advocates who attempted to direct loan funds to impoverished families unable to pay these bills found that a World Bank stipulation explicitly prevented the government from doing so. In January 2000, tens of thousands of people took part in several days of civil disobedience led by the group Coordiadora de Defense de Auga y la Vida, causing the country's President to place the city under martial law and, ultimately, to terminate the water contract (Barlow and Clarke, 2002; Public Citizen, 2003).

Strong organizing strategies brought international supporters of the anti-privatization struggle to Cochabamba as political allies, helping to build relationships and infrastructure for this growing global social movement. Soon after, Barlow's affiliate organization, the Council of Canadians, together with the Blue Planet Project, put together the Water for People and Nature conference. This event further cemented the movement's cohesion and ability to organize.

The UN's Committee on Economic, Social and Cultural Rights made a significant move towards the explicit recognition of water as a universal right in 2002. The Committee's General Comment 15 was an addendum to its 1966 International Covenant – a treaty linked to the Universal Declaration on Human Rights – that had included articles on "the right to an adequate standard of living" and "the right to health." Until 2002, however, water was only an implicit component of these articles. The 18-page General Comment made this right formalized and explicit.

The UN has been incorporating water access into its development strategies and metrics with increasing perseverance. The Millennium Development Goals, signed by all member states in 2001, included targets on sustainable water use and sustainable access to safe drinking water and sparked a campaign branding 2005-2015 the Water For Life Decade. Still, in the eyes of water justice and anti-privatization activists, the UN's campaigns were incomplete. Its tactics, they say, are closely tied with those of the IMF and World Bank – two institutions that have a history of placing restrictive conditions on water infrastructure loans and failing to build in mechanisms for accountability.

In 2010, the UN took another major leap: it adopted a resolution, presented by a Bolivian representative, declaring water "a human right that is essential for the full enjoyment of life and all human rights." It also pressed member states and international organizations to "scal[e] up efforts to provide safe, clean, accessible and affordable drinking water and sanitation for all." Although the agreement is nonbinding, the organization Food & Water Watch declared it a "victory for water justice" and "a huge step in the right direction [...] toward legally binding recognition of the human right to water at the UN" (2011b).

Still, without regulation, profit-driven water system arrangements continue to limit access for millions, and communities continue to respond. For many, the view that water-as-right is at odds with water-as-commodity that Shiva, Barlow, and others have invoked holds true. Extra-governmental organizing continues to evolve at all levels, from the local community to the global network.

**Two U.S. cases of municipal water privatization and debates**

Highland Park, Michigan was among the hundreds of North American cities who turned to private water management to solve a fiscal dilemma. Even more starkly than the average Midwestern city, the municipality of Highland Park had grave financial concerns. Once at the hub of the region's auto manufacturing, the city – which is geographically surrounded by Detroit – experienced extreme population loss and disinvestment resulting in poverty rates near 40 percent and a shrunken tax base. From the peak of Ford and Chrysler's economic presence to the late 1990s, it slid from over 60,000 to about 15,000 inhabitants, nearly all of whom are Black. By 2000, the city's financial situation was severe enough that the state hired a specialist to manage its multimillion-dollar debt and lead its attempt to regain its footing.

The emergency financial manager, Ramona Henderson Pearson, used a combination of state loans and bonds to stabilize the city's accounts. While some were advocating for merging with the city of Detroit, she was charged with balancing its payments in the short term. Early in her tenure, Pearson observed that Highland Park's disproportionately large water system could be a valuable site for restructuring. With plans underway to lease the system and make revenue from the plant's excess water capacity, she began her efforts with a strengthened collections push.

As a result of this policy change, dozens of residents began to receive water bills that were significantly higher than ever before – and in many cases, higher than they were able to pay. These charges reflected years of water loss due to leaks in the system and inaccurate billing, which were usually unknown to the water user, and many reached into the thousands of dollars. Residents would accumulate these bills without the means to pay for them and, after a period of time, the water department shut off service to their homes; the city's next step was to attach the bill to property taxes and eventually foreclose on the house.

A handful of Highland Park inhabitants, many of them older adults, banded together to strengthen their collective voice on these problems. They used an environmental justice and right-to-water frame to mobilize their neighbors and express their desired policy changes. One community organizer explained passionately, "When people can't even have water to even take care of their basic needs, […] it's ridiculous." Their tireless efforts paid off when the city council turned down Pearson's proposal for an investment firm to manage the city's water system. Soon after, Michigan's governor asked Pearson to step down from her position, and a manager with Highland Park roots took her place. Organizers continued to work toward fair billing practices (Miller, 2007). Since this experience, the city of Detroit made a shift toward similar water billing policies, bringing further attention to water justice efforts in the region.

Milwaukee, another formerly industrial center in the Midwest, was among many cities facing budgetary challenges in the fall of 2008. City Comptroller Wally Morics, an elected official, put a system privatization idea on the table as a money saving approach, assuring the public that he was committed to a fully transparent process. He opened the door for proposals to lease the system, considering contracts of up to 99 years.

The city's publicly run Water Works supplied water to its 600,000 residents and more than a dozen suburbs, doing so with award winning results. It brought in about $70 million annually, which was invested back into the system in accordance to state requirements. Morics saw a lease for more than a half of a billion dollars as a mechanism for funneling money back into the city coffers annually, via a new endowment.

As the applications flowed in, very little information was made available for public or third party review. A group of citizens mobilized quickly around the issue of the process's transparency as well as the long-term viability of the proposed contracts, forming a group called Keep Public Our Water. One of their primary concerns was that the winning management team would be much less accountable to the area's residents than the government was. They also cited consistently raised rates in comparable cases of private management across the country (see for example Food & Water Watch, 2010, p. 7). The group used the common framing of government transparency, accountability to residents, and the right to publicly run, stably priced water in order to mobilize significant crowds to protest the decision. Eventually, the residents – supported by the expertise and resources of some larger, national nonprofit organizations – convinced their council officials to vote down a contract. The group has gone on to pursue a citywide law to ban future water system privatization locally.

Examples like these of local-level responses to privately run water operations abound. Each is unique in its details – terms of engagement with a company, effects on residents, role and tactics of community organizers, and outcomes. At the same time, exploring multiple case studies in depth reveals striking trends about the processes and effects of local water management contracts.

In both Milwaukee and Highland Park, residents reacted to plans to privatize their water system with community mobilization that eventually had an impact on policies. Community members in Highland Park, who were primarily Black residents, organized around an environmental justice frame, invoking the right to access natural resources including water. They bridged their experiences to the environmental justice master frame in a way that was explicit and potent. In Milwaukee, where organizers represented a range of mid-income households and multiple races and ethnicities, the master frame emphasized the value of public governance and accountability, as well as the right to access water, as arguments against privatization. The group that formed there developed a partnership with the national organization Food & Water Watch, linking it to the collective resources of the broad movement for public water management in the U.S.

This case study will explore how residents in Buffalo, New York – a city that bears both demographic and geographic similarities to Highland Park and Milwaukee – responded to water privatization over time. Using accounts of these two and other cases of municipal water contracting as a baseline for analysis, I will investigate how Buffalo's water users framed and reacted to their city government's water management decisions.

# Chapter 3:

## Buffalo: A lakeside city

> "We got the Great Lakes sitting right out there. And everybody else getting our water but us." – Detroit resident (Truth Commission for Water Rights, 2008)

The story of Buffalo's water management in the late 1990s and 2000s unfolded in the context of several relevant social and political threads. In this chapter, I outline the background of the Great Lakes region's water resources and management, the metropolitan area's 20th century evolution, and the city's prior water management decisions. The gradual development between 2001 and 2009 of the Great Lakes Agreement and Compact, a binational commitment supporting sustainable water withdrawal, coincided with Buffalo's debates over water privatization in this case study, forming a backdrop of uncertain resource stability and governance. The city's declining population and wealth through the 1970s and 1980s drove its leaders' interest in water privatization and a key decision in 1992 made private management more likely. I lay out these aspects of the natural resource management and sociopolitical context in three sections. Finally, I conclude the chapter with descriptions of my research questions and case study methodology.

### Great Lakes watershed

Together, North America's five Great Lakes comprise a significant portion of the earth's water: about 20% of all its freshwater and about 85% of the continent's. Four of the Great Lakes are among the globe's largest ten lakes by surface area. In the Great Lakes Basin, 90% of water withdrawals are taken from the lakes themselves, while the rest is sourced from groundwater and tributaries. Of the total withdrawals in the Basin, 95% is returned and 5% is rendered unusable, i.e. it is withdrawn for "consumptive use." The consumptive uses in the region are primarily public water supply, irrigation, and industry. Michigan, Wisconsin, and Ontario collectively make up about 69% of the Basin's water consumption, while New York – at 6% – is among 7 states and provinces dividing the remainder of the consumption (International Joint Commission, 2000).

Until 2005, water management practice in the Great Lakes region was patchwork, varying by state, province, county, and municipality. A federal act protected the region from unregulated water diversion outside of the area, but Nestlé was in the process of arguing that this law was unconstitutional in court. If the courts ruled in favor of this argument – either on the Nestlé case or another in the future – little would stand between water-selling companies and unsustainable withdrawal.

In the late 1990s, the leaders of all eight states and two provinces bordering the lakes embarked on a six-year process of writing the Great Lakes-St. Lawrence River Basin Sustainable Water Resources Agreement and Compact to codify the region's water management standards. Obtaining the necessary support in state and provincial legislative bodies was an arduous process, but gradually the document was ratified on both sides of the border (Annin, 2006). It was signed into U.S. federal law in 2008 and by 2009 both Ontario and Quebec had passed corresponding legislation.

The Compact laid out a set of rules and regulations primarily designed to keep the Basin's water within the watershed, with specific provisions for sustainable use and sustainable economic development. Building upon the nonbinding 1985 Great Lakes Charter and its 2001 Annex, it defines the Great Lakes waters as including rivers and groundwater in the Basin and prohibits new diversions outside of the watershed, with exceptions that allow communities and counties that straddle the Basin to apply for non-consumptive use allowances (and with a specific exemption for Chicago's water supply). The agreement also requires that states regulate water use in the Basin and that they each adopt a water conservation plan. Notably, it concedes that water shipped from the Basin in bottles smaller that 5.7 gallons is not considered a diversion, an outcome of water industry involvement in the negotiations and the shaky legal case of differentiating extraction for water bottling from the extraction inherent in soft drinks, beer, and even agricultural products.

**Buffalo's social and political history**

From the community's inception, Buffalonians were attracted to water sources and water-based travel. The Village of Buffalo, like many, formed around the turn of the 19th century with lakes and rivers as its focal points: Lake Erie and the Niagara and

Buffalo Rivers lie adjacent to the city and Lake Ontario is just miles north. The city experienced a major expansion and identity change with the opening of the Erie Canal in 1825, which linked the Hudson River at Albany to the Great Lakes at Buffalo. As a necessary gateway for any cargo traveling from New York City to the Midwest, Buffalo became a unique national crossroads. This status was reinforced by the presence of several intersecting railway lines, which also treated the city as a trans-regional exchange point (Kraus, 2000).

As commerce and industry followed the pathways of growing transportation systems to Western New York, so too did people. The Underground Railroad brought tens of thousands of formerly enslaved African Americans through the city en route to freedom between the 1830s and 1860s; over time many settled there or returned from Canada after the Emancipation Proclamation. Immigrants from Italy, Ireland, Poland, and Germany formed enclaves in the city, following the promise of jobs and economic stability and, later, the presence of a familiar European ethnic community.

While agricultural goods first dominated its trade routes, Buffalo's economy had begun to diversify significantly by the 1880s. The shipping of iron ore and the needs of the railroad companies led the city to build up steel manufacturing, in addition to its grain processing. Shipping and steel were the primary drivers of the region's economy for the first few decades of the century. The 1901 Pan-American Exposition showed the world that the region was ready to be an industrial frontrunner, illuminating the fairgrounds with Tesla's new alternating current technology.

By the 1940s, auto parts and aircraft had been added to the city's production list. This list increased manifold when World War II drove a manufacturing boom; in 1943, Buffalo was home to five billion dollars in lucrative war supply contracts, with the 5$^{th}$ highest number of contracts of any city in the country. These industries employed about 225,000 people, or nearly half of the local workforce (Goldman, 2007).

War-related industry created more of a demand for workers than the region's labor force could sustain. Still, these jobs were extremely stratified by race and gender and hiring and promotion practices consistently benefited White male workers. The area's federally operated Work Manpower Commission identified these trends in 1942 and created policies to both fill the labor shortage and to employ the full spectrum of the region's work-ready individuals – particularly men of color and White women. This effort was moderately successful, although extreme racial and gender imbalances at each job level persisted long after.

The promise of wartime employment brought Blacks to Buffalo in significant numbers: in 1940 there were 17,694 Black residents and in 1945 that number had grown to over 25,000, more than half of whom worked in war-related industries (Goldman, 2007). Still, Black unemployment was significantly higher than the citywide rates throughout the post-war period. According to 1950 and 1960 Census data, Blacks were "overrepresented in lower-wage service sector jobs and underrepresented in manufacturing" (Kraus, 2000).

At the end of the war, the commercial and manufacturing sectors were still abuzz in the region, but they had already started to detach from the city proper. In 1930 the central business district accounted for 52% of metro area sales in 1930 and less than half that in 1940 (Goldman, 2007). Post-war planners began to focus their attention on the shift to the automobile and the suburban commute and structured their plans accordingly, stressing the addition of parking lots downtown. As urban renewal's ideologies and policies – notably the American Housing Act of 1949 – were taking hold across the country, Buffalo was no exception to the anti-ghetto and high-rise public housing trends. (Table 3-1 shows the population trends in the city and the surrounding county.) The *Buffalo Evening News* espoused this belief, admonishing residents: "Buffalo had better lose no time equipping itself to take advantage of the [Housing Act of 1949] program: the clearing of our slums is too urgent to risk 'missing the boat' for want of a local initiative" (quoted in Goldman, 2007).

As in many cities, urban renewal projects were a large contributor to the changing city landscape. The construction of the New York State Thruway in the early 1950s provided further fuel for urban renewal endeavors (Goldman, 2007). These practices, however, overestimated the increasing centrality of the automobile and inadequately addressed the displacement of hundreds of impoverished families. Rather than spurring urban development, they heightened racial and class segregation and initiated the creation of the urban ghetto (see Price, 1991).

A small number of leaders, including Buffalonian architect Robert Coles, saw great potential in improving the city with dense, mixed-use, and pedestrian-friendly neighborhoods, in line with the theories that Jane Jacobs was publishing at the time. The mainstream views throughout the country, though, prevailed, and local downtown business and real estate owners teamed up to invest in and implement a businesses district version of urban renewal (Goldman, 2007). With the characteristic fervor of the urban "growth machine" (Logan and Molotch), Buffalo's resource-holding leaders of the 1960s made it a decade of physical transition, with old buildings coming down and new buildings coming up almost weekly. While in the city center this primarily affected small business owners, many of whom were from Italian and Polish immigrant families, a whole spectrum of residents in the surrounding urban neighborhoods felt the blow closer to home.

As urban renewal efforts plowed forward, community-based reactions and activism of all varieties were just a step behind. In the summer of 1967 a group of disillusioned and unsatisfied Black youth went on a destructive spree through ghetto streets, sparking police intervention and a neighborhood riot. The standoff that ensued eventually brought in over 400 officers and, at the end, at least forty protesting community members required medical treatment. This relatively high-profile incident was indicative of race-based and geographical tensions that were prevalent at the time.

A number of Black leaders also promoted nonviolent tactics to seek the attention of government officials and gain ground in integration, rights, and access. The same year as the riot, organizers decided to bring in Saul Alinsky – although his methods of civil disobedience were somewhat controversial among community members – and formed an Industrial Areas Foundation affiliate called Build Unity, Independence, Liberty and Dignity (BUILD). While the Black community was not completely unified under this umbrella, BUILD helped to create an infrastructure and platform for affecting change in the city, first in the education system and later in fair housing and other issues. A handful of similar organized groups in impoverished and disenfranchised neighborhoods also developed their voices in the late 1960s and 1970s. In response to Department of Transportation plans that would further bifurcate communities in 1971, Puerto Rican and

Mexican communities organized collaboratively to maintain local fabric and were ultimately successful in preventing highway expansion on the Lower West Side.

Historians tend to pin the economic decline of the city on two major changes: the 1959 opening of the St. Lawrence Seaway, which provided a new route from the Eastern seaboard to Great Lakes states, and the subsequent loss of the steel industry from 1971 to 1983. Dillaway shows that changes in transportation routes, international marketplace competition, and technological developments in both manufacturing and materials were all elements of the steel industry's exodus. During this shift, long-distance management of local operations became more common, which further contributed to the loss of Buffalo's economy (2006).

> Specific data on the Buffalo Two-County Area of Erie and Niagara between 1965 and 1980 revealed that companies with out-of-town headquarters were twice as likely to close as locally owned companies. Conversely, locally owned firms were more likely to expand.
>
> By 1986, outside forces controlled nearly three quarters of Buffalo's local and regional economy. Among the largest firms of five hundred or more employees in the eight-county Buffalo region, 69.4 percent were either branches or subsidiaries of nonregional businesses.

Dillaway goes on to hypothesize that, in part because of this trend of outside ownership, the region's economy fell prey to the dynamics of elite political and economic entities competing for power. When it came to any major planning decision in the 1970s and '80s, for instance, at least five government bodies and dozens of other organizations were angling to protect their own interests. Analyzing decades of political and local development decision making, she concludes that complex networks of power and patronage among White residents systematically protected the socioeconomic status quo for years. But these same entrenched arrangements also helped spark the Black-led community movements that eventually led to substantial leadership change.

Several researchers have shown how – across the country, but especially in Midwestern cities – the loss of major industries combined with residential suburbanization led to increased concentrations of urban poverty in the 1970s and 1980s. These trends hold in Buffalo: according to Massey and Denton's five-pronged metric of racial/ethnic segregation, Buffalo was one of only 16 U.S. metro areas displaying what they dub "hypersegregation" in 1980. To show one aspect of this index, the average poor Black family in Buffalo in 1970 lived in a neighborhood that was 27% poor and the average poor White family lived in a neighborhood that was 11.4% poor; by 1980, these had gone up by 9.2% and 2.6%, respectively, meaning that impoverished Blacks were considerably more isolated than impoverished Whites. This held true in cities across the country, but Buffalo's rates of Black poverty isolation were higher than average. In 1990, the city's overall segregation index was still higher than it was in 1980 (Massey and Denton, 1998).

Poverty – and in particular the concentration of Black poverty – in Buffalo remains high today (see Table 3-2). Its causes, like those in dozens of similar cities, are a complex set of interwoven factors, including residential patterns and housing discrimination, employment trends and discrimination, and political power. Writing on Buffalo, Kraus holds that the Black community's high poverty level was not solely a result of city-wide economic decline; rather, systemic policies and discriminatory decision making caused the Black community to lag behind the White community in wealth, employment, and compensation measures even at the region's economic peak. This was a larger factor than simply being "left behind" during regional shifts including de-industrialization and suburbanization (2000).

**Table 3-1. Population change in Buffalo and Erie County, 1920-2009 (Census data)**

| Year | Population, Buffalo | % Change in city | Population, Erie County | % Change in county | % County pop. In city |
|---|---|---|---|---|---|
| 1920 | 506,775 | 19.6% | 634,668 | 20.0% | 79.8% |
| 1930 | 573,076 | 13.1% | 762,408 | 20.1% | 75.2% |
| 1940 | 575,901 | 0.5% | 798,377 | 4.7% | 72.1% |
| 1950 | 580,132 | 0.7% | 899,238 | 12.6% | 64.5% |
| 1960 | 532,759 | -8.2% | 1,064,688 | 18.4% | 50.0% |
| 1970 | 462,768 | -13.1% | 1,113,491 | 4.6% | 41.6% |
| 1980 | 357,870 | -22.7% | 1,015,472 | -8.8% | 35.2% |
| 1990 | 328,123 | -8.3% | 968,532 | -4.6% | 33.9% |
| 2000 | 292,648 | -10.8% | 950,265 | -1.9% | 30.8% |
| 2009* | 270,240 | -7.7% | 909,845 | -4.3% | 29.7% |

*July 1, 2009 estimate

**Table 3-2. Census (2000) and American Community Survey (1999)**

| | Buffalo (city) | Erie County (incl. Buffalo) | Niagara County |
|---|---|---|---|
| Population | 270,240 | 909,247 | 214,557 |
| White | 54.4% | 82.6% | 89.7% |
| White, non-Hispanic/Latino | N/A | 80.8% | 79.3% |
| Black | 37.2% | 13.5% | 6.8% |
| Hispanic/Latino | 7.5% | 4.0% | 1.9% |
| Median household income* | $30,376 | $46,609 | $45,749 |

*Notes: 1) N/A – not available. 2) All data from U.S. Census, 2000, except median household income, (in 2009 inflation-adjusted dollars), which is from American Community Survey, 1999.

**Buffalo's water management history**

Before Buffalo had even formed as a town in 1810, thousands of European settlers in the area retrieved their daily drinking water from private wells. Once the customer base was large enough, at least one entrepreneur sold jugs of Lake Erie's plentiful resource from his horse-drawn cart to those without well access. With $20,000 in start-up funds, the Jubilee Water Works became the area's first water company in 1827 – still five years before the City of Buffalo was officially incorporated – and it transported well and spring water through hollowed-log pipes to city residents. Supplying a complementary portion of the region, the 1852-established Buffalo Water Works Co. sourced from the Niagara River and utilized a reservoir. In 1868 the city purchased both companies and the local water withdrawal, treatment, and delivery processes became public (Buffalo Water Authority, 2010; French, 1859/2002, p. 284; Pollack, 1992).

The central site of the modern system is the Colonel Ward Pumping Station, whose construction was completed in 1915, around the same time that the city introduced chlorination. Its water intake is on the shore of Lake Erie, adjacent to the mouth of the Niagara River. In the 1990s, the system processed about 90 million gallons daily for over 300,000 people, covering an area of 46 square miles (Buffalo Water Authority, 1999). The department housed about 180 employees (Fairbanks, 1996). The city's waste water system, bureaucratically a separate department, is a combined sewage and runoff system, meaning that especially high levels of precipitation could have negative effects on drinking water quality. As of 2010, the city began to address this problem with stormwater reduction and redirection techniques.

The surrounding county has a separate system, which became incorporated as a public benefit corporation, the Erie County Water Authority, in 1949. This status allowed it to receive large state loans, while operating as an independent, self-sustaining entity. In 1996 the Water Authority reached about 500,000 individual residents, about half of those in the county (Vogel, 1996). A quasi-governmental, private institution, it has agreements with a collection of municipalities in the greater Buffalo area, both in and adjacent to Erie County, covering three different types of arrangements: bulk sale of water with no responsibility for operations; leased management with responsibility for operations, but not system improvements; and complete system and operations ownership (Jones, 2009).

As a result of the industrial loss and suburban migration of the 1970s and 1980s, cities across the steel and automotive manufacturing region of the Midwest faced severe budget crises. In 1992 Mayor James Griffin had on his hands a budget deficit of nearly $20 million, which was expected to increase the following year. Like a multitude of municipal leaders at that time, Mayor Griffin found that receiving support from Albany or Washington was decreasingly likely, and the primary option available to him was raising funds through the issuance of bonds (Hackworth, 2007).

In the immediate aftermath of the city's credit rating falling (from 'BBB+' to 'BBB'), Mayor Griffin and City Comptroller Joel A. Giambra proposed a quick-fix solution: the formation of a Buffalo Water Finance Authority, which would take out a loan of about $20 million at a better interest rate than the city itself would have obtained and use the loan to buy the water system assets from the city. As a result, the city would have the revenue to balance its budget in the short term; in the long term, the authority would have to raise water rates to pay off the debt. This option had become feasible just seven years prior, when New York State law initially gave the city the power to create this type of authority.

In the months before the new fiscal year's budget was to be finalized, this asset sale was the primary option that the mayor touted as a way to provide the city with needed resources. His plan would prevent the city's deficit from growing and allow it to enter the new fiscal year with about $57 million of debt rather than $70 million. To balance the new budget, the proposal included some additional changes – including property and utility tax increases, service cuts, and employee layoffs – but these were relatively small. Under the plan, the Water Authority would be committed to contributing $4 million per year in revenue to the general city budget, which was a practice of the Water Department at the time. Griffin and other city leaders assured the public that, while the new entity would have a mayor- and council-approved board that set water rates, it would entail no shift in staffing or operating structure.

The Water Finance Authority plan received criticism from within the city's legislative body as well as from the third sector. Taxpayers Action Network of Western New York, in particular, opposed the creation of a water authority as a rushed, stopgap measure, saying that alternatives had not been adequately researched. Some residents objected that the new structure would make water system decision making one step further removed from the public and its accountability to voters would decrease. An affiliate of a civic group explained to *The Buffalo News* that the idea was a carefully crafted legal and fiscal strategy that would only address the budget crisis in the short term: "Peter Ruh, a member of Taxpayers Action Network of Western New York, said the city's plan… is a maneuver to avoid laws prohibiting long-term borrowing to balance the budget. 'Basically they're trying to bond out their deficit,' Ruh said. 'It (the authority) is a paper agency. All of its employees are city employees'" (Collison, 1992). Ruh and others believed that, rather than including substantive changes, the proposal was essentially a financial trick that would give the appearance of a balanced budget.

Residents and government watchdog groups were also concerned by the new authority's mandate to send $4 million in water revenue to the city's funds each year. They asserted that this could discourage needed system improvements in the future and that it would only necessitate water rate increases in the long term, simply delaying the impact on residents. The city's newspaper reported:

> Council President George Arthur said Saturday that he opposes the authority because it could cost the city money in the long run. Rather than settling for a one-time infusion of $25 million, Arthur contends the city would be better off settling for a continuous stream of money that could be reaped if the city retained ownership of the water system and raised water rates. Arthur voted to raise water rates earlier this year to help close the budget deficit. (Heaney, 1992).

The local business community came together to state its support for the plan, however, citing serious concerns with the municipality's fiscal status, its credit rating, and its ability to recover in the coming years. Many city officials, as well as the editorial staff of *The Buffalo News*, shared these concerns, and also noted that the sale would allow for needed investments in water system infrastructure. (The system's treatment plant was built in 1926 and officials all agreed it required upgrades; pipes throughout the city were in serious need of attention as well.) Overwhelmingly, the powerful institutions in the city agreed with the mayor's budget proposal, including the creation of a Water Finance Board.

With eventual support from the governor, the mayor's budget passed the Common Council in a 9-4 vote. According to *The Buffalo News*, the average Buffalo family in 1992 used about 100,000 gallons of water per year and paid $107; under the new plan, which included an 11.8 percent rate increase, this went up to $123 per year. By the close of the next fiscal year, Buffalo's books were once again balanced. Still, the water department's budgeting was predicated on continued rate increases over several years. To continue to reach its revenue goals, the Buffalo Water Board continued to pass significant rate increases over the following three years (see Table 4-1). An evolving discourse on water management emerged among policy makers, city officials, county officials, businesses, and residents that would last nearly two decades.

**Research Questions**

The primary question that guided my research of Buffalo's water management discourse between 1996 and 2008 was the following: did the framing of the issue change over time and, if so, how? I sought to answer this question through both a historical narrative review and an empirical content analysis of newspaper coverage.

Through a historical analysis of Buffalo's water management debates as well as background from related case studies (including those of Highland Park, Michigan and Milwaukee, described in Chapter 2), I compiled a set of frames that appeared or were likely to appear in Buffalo's discourse. Snow and colleagues have developed a *frame alignment* theory, based on Goffman's work, defining how social movement organizations tend to align a set of existing beliefs among individuals with a set of actions in order to mobilize resources and achieve desired outcomes. They posit that some kind of linkage is required between “individual interests, values, and beliefs and [organizations’] activities, goals, and ideology” in order to spur movement participation (1986). As described in Chapter 2, Taylor built on this work by defining an environmental justice paradigm, which sometimes serves as an explicitly named master frame and other times is a submerged frame, invoked indirectly (2000).

Using these concepts, I identified several social movement frames with which city residents – in Buffalo and elsewhere – have aligned their belief systems on water management issues. For instance, when the mayor of Stockton, California cited a neoliberal argument to make the case that private companies are universally more efficient than government agencies, resident responses involved bridging their interests and values regarding their city (valuing their authority to collectively engage in the water decision-making process) with an existing social movement frame (the anti-privatization movement with an emphasis on public governance in water management). When Highland Park’s leader proposed private water management as a cost-cutting measure, residents linked their grievances and beliefs (already high water bills and a belief in affordable water) with a second existing social movement frame (environmental justice). In both cases, they used a master frame; they developed their movements’ language and tactics in accordance with existing framing in a way that was explicit and potent in its ability to mobilize people to action.

In my case study, I analyzed the appearance of these and other frames in the discourse on water management in Buffalo. Based upon their selection of language and identification of problems, I investigated whether players situated themselves within the global right-to-water discourse, an environmental justice discourse, an anti-privatization discourse, or another existing frame and whether they bridged their experiences to these master frames or the frames remained submerged. I also examined whether neoliberal ideologies, particularly notions of the relative roles, responsibilities, and strengths of government and private enterprise, entered the debate. Finally, I sought to understand whether/how the public discussion changed over time as experience with private management accrued.

**Methodology**

To capture and assess the political discourse on water management in Buffalo between 1997 and 2008, I used a two-pronged method, incorporating both qualitative and quantitative techniques. First, I surveyed the historical record – including city documentation, local newspaper articles, and interviews with city lawmakers and advocates – to piece together a narrative account of the emergence and evolution of private water management. Second, I conducted a content analysis of over 200 articles, editorials, opinion pieces, and letters from the local newspaper *The Buffalo News* to quantitatively examine the discursive trends that I had observed.

Content analysis describes a set of techniques for the systematic examination and analysis of communication. In her book defining the methodology, Neuendorf explains that components of the scientific method – such as objectivity (while acknowledging that the researcher is always present in a line of inquiry), an a priori design, reliability, validity, generalizability, and replicability – must be present (2002). In this discourse analysis, I also understood my source to be both representative of and contributing to the socio-political events at the time; that is, the articles I analyze were not always passive players in the development of particular trends.

I selected a time span to analyze, beginning with the mayor's first mention of private management in 1997 and closing with the second decision to renew the contract in 2008. Using a database search engine, I selected all coverage of the city's water management system in *The Buffalo News* between those benchmarks, a set of 205 articles, editorials, opinion pieces, and letters; 65, 90, and 50 articles from each respective phase. As I developed the historical account of the debates during this period, I noted specific, recurring arguments for and against private management. I then tabulated the appearance of each of these arguments – both in the writer's voice and secondhand – throughout the set of articles. I also tabulated the number of direct or indirect statements supportive of privatization, against privatization, supportive of a city-county merger, or neutral attributed to each of eight different categories of stakeholders.

In the next chapter, I describe the three phases of the public discussion that I discovered during my historical research. I then summarize my analysis of the raw content data to investigate the validity of my qualitative assessments. Throughout this analysis, I characterize which arguments were used during each of the periods, identify who used these arguments, and note how the prevalence of particular arguments shifted over time. This data analysis complemented my qualitative examination of the historical record. Using these combined methods, I drew conclusions about the discourse on water management during this period of Buffalo's history, which I summarize in the final chapter.

# Chapter 4

## Buffalo's Water Management Decisions, 1996-2008

> "[T]he water division has the right to shut off service, but did so in only 20 percent of the cases [of overdue bills]." - *The Buffalo News* (Fairbanks, 1996b)

> "But Mitchell said her bill continues to grow.
> 'Where is the end? [When] they put me out on the street?' Mitchell asked, choking back tears." - *The Buffalo News* (Meyer, 2008d)

In the span between Mayor Masiello's first mention of private water management in 1996 and the Common Council and the Water Board's third major contract decision in 2008, I identify three major phases of discourse among policy makers and community members. In this chapter, I give a historical analysis of the three phases and the arguments and frames that the various players employed during each one, applying the work of Snow and colleagues on social movement frames and frame alignment (1986) and Taylor on environmental justice as a master frame or a submerged frame (2000), as described in Chapter 2. Using the results of my content analysis of over 200 local newspaper articles covering these debates, I also provide support for my observations on issue framing.

In 1992, Mayor Griffin finalized the sale of Buffalo's water system to a newly created Water Finance Authority in order to balance the city's budget, but neither the city's nor the department's budgetary concerns ended then. At the conclusion of Griffin's fourth term in January 1994, his successor, Anthony Masiello, inherited a number of challenges, including the water system's finances and aging infrastructure. By then the public was already becoming increasingly aware of water management decisions, particularly rate increases. In this context, Mayor Masiello began to investigate the option of private water management.

In the first phase of the 12-year period, government officials discussed the possibility of contracting with a private manager and then weighed proposals; the primary players from civil society were public unions and their framing was that the proposal would affect jobs. In the second phase, policy debates centered simultaneously on the possibility of regionalizing the system and the approaching expiration of the first five-year contract. During this period, residents began to participate in the conversation, often spurred by their experiences with mandatory and expensive meter installations as well as rate increases. They began to formulate a homeowners'/renters' rights and accountability frame, but it did not have the strength to mobilize many individuals. By the third phase, the water department had begun to lean more heavily on residential water shut-offs and property liens as enforcement tools for overdue water payments. As the third debate period centered on the expiration of the second five-year contract, residents and housing advocates became more vocal, developing a submerged (or implicit) frame on rights and environmental justice. When the decision was finally made to extend the contract again, elements of these residents' requests were incorporated into the new policy. Following these three periods (and beyond the scope of this study), city officials allowed the third contract with the original firm to expire and developed a different type of management arrangement with a new company.

**The early years of the Buffalo Water Finance Authority**

After Mayor Griffin balanced the city's budget in 1992 by creating a new quasi-public entity to take out large loans and purchase the city's water system assets, water rate increases became a regular occurrence for Buffalo residents, as a means of balancing the Buffalo Water Finance Authority's annual budget (see Table 4-1). Gradually, civic complaints and protests about these rate changes also became routine. At a public hearing on the 1994 rate decision, the local paper reported that about six residents appeared before the board to object to the change. The concerns they raised included a minimum charge that fails to encourage water conservation, the efficiency of the water system's bureaucracy, and the choice to take on infrastructure improvements while resolving the city's debt crisis. One council member present shared some of their concerns, pointing out that the brunt of the costs is borne by small businesses and residents. Nonetheless, the council passed its third consecutive rate increase in the yearly budget.

Each year, the Water Board first proposed the rate change it deemed necessary and the Common Council and mayor then made a final determination when they passed the city's annual budget. After Griffin did not run for reelection in 1993, former New York State Senator, Anthony Masiello, became mayor and took on the role, bringing with him similar, conservative Democratic stances. Under the Authority's governance structure, there was a recurring debate on the tradeoff between making infrastructure improvements in a timely way and maintaining relatively stable water rates. In 1994, for instance, the Water Board proposed a budget that included a large rate increase in order to fund an extensive capital projects plan. Both the mayor and council members repeatedly pushed back against this type of recommendation, holding that a large rate change was unwarranted.

Within a few years of the Water Authority's creation, city decision makers were apparently beginning to feel heightened pressure to stave off the annual rate hikes as well. Council members and administration officials alike began to advocate for creative solutions. The City Comptroller proposed, for instance, combining the city's sewer and water authorities to save about a million dollars. The Council's Finance Committee considered a more dramatic change in the water rate structure, commissioning recommendations from an outside engineering consultant. The options on the table included redistributing costs between residential, commercial, and industrial users. A year later, the Council President questioned the value of maintaining operations under the Water Authority at all and alluded to abolishing it. The council supported a feasibility study on reverting to its pre-1992 management structure. Plans to make drastic bureaucratic changes like these did not, however, gain sufficient traction.

Eventually, Mayor Masiello, too, spoke out against the 1992 arrangement. When the Water Board made a recommendation for job creation and new equipment totaling $1.8 million just six months after its fourth annual rate change had gone into effect, the city estimated that the proposal would necessitate a rate increase of about 12 percent in the first year and further increases in later years and the mayor lambasted the idea. He publicly faulted, among other things, his predecessor's 1992 decision to sell the water system. Masiello said that Griffin's fiscal move to create the Water Authority "might be the biggest boondoggle ever perpetrated on city residents," noting that "they took all that money and none of it went to modernize the system" (Dolan, 1996).

And despite Griffin's quick fix, the city's budgetary woes remained unresolved. At the end of 1994, an audit revealed that Buffalo's previous fiscal year had left it with a surplus, and its credit rating went up a notch shortly after, but the following year the city's budget had a million-dollar deficit. The pipes and pumps of the water system were among the city's many suffering assets; a significant amount of drinking water was being lost due to the city's aging infrastructure, costing an estimated reached $4 million. Many – both in and out of city government – criticized the system's inefficiency.

The Water Board continued to propose rate increases, in order to support both operations and capital projects and to compensate for reported collections difficulties. After two consecutive rate increases under his watch, Masiello was approaching his first reelection campaign. That year, his administration supported a Water Board budget that would be paid for through more effective collection of fees, but no rate increase. After some discussion, the Water Board approved a much smaller, one percent increase. Alongside this change, the Common Council approved a plan from the mayor's office to contract with M&T Bank to provide support for both city tax and water payment collections operations.

Near the end of the mayor's first term, discussions began on the possibility of merging the Erie County Water Authority – a private, regional entity – with the Buffalo Water Board. The Water Authority Chair and Mayor Masiello both touted the benefits of combining the city and county water systems. The city council formed a task force to examine the available options for joint county and city water management, from limited exchange of services to full consolidation. Support for this type of plan, however, was not unanimous within the two governments, nor among area residents. An early article on Masiello's city-county merger recommendation framed the idea as economically efficient and opposition from the city employees' union as the primary obstacle.

> In place of raising rates and creating more jobs, the mayor and [his Budget Director] Milroy argue the Water Board can help the city reduce the size of water crews and create competition by contracting [with the county water authority] for services. They also claimed that the three city labor unions involved have resisted change. (Dolan, 1996)

Later that year, Masiello's team shifted its attention to contracting with a private company, but both the regional management idea and the city-versus-union framing would continue to surface for years after.

**Phase One: Engaging a private firm**

The driving force leading to a request for private management proposals was the city's struggling budget. In all three phases, reference was made to the city's fiscal crisis and the need for revenue – as an argument either for privatization, a city-county contract, or an alternative water management solution – more than once per relevant article on average. The vast majority of reviewed articles mentioned the budget, cost savings, or system efficiency at least once; many also referred to the city's aging water infrastructure and the need for maintenance capital. Residents' increasing water rates, an issue also mentioned at a ratio of more than once per article in the first phase, also characterized this period of discussion. No other reason was cited with a similar frequency. (See Table 4-2 for content analysis results discussed throughout this chapter.)

Prior to the mayor's suggestion to invite proposals from private firms, officials and the local newspaper frequently discussed merging potable water operations with the region's quasi-governmental water authority as an option. A slew of Erie County Water Authority resignations and firings related to ethics violations in 1996, however, rapidly changed the playing field for a merger. City leaders remained optimistic at first, applauding the city task force's report on regional operations and immediately implementing small-scale joint efforts, such as conducting training programs and requesting state permission to make joint purchases. A merger seemed beneficial to many, given the regional authority's success with efficiently operating a significant number of the county's 170 variously sized, public water systems and serving about two-thirds of Erie County's non-Buffalo population, as well as others outside of the county.

But several factors made this deal less simple than the task force might have originally anticipated. The city's outdated, leaking infrastructure and its lack of metering technology meant added costs that the county authority would be sure to avoid placing on suburban residents; to compensate, city residents would face a surcharge in addition to the general rates. Also, the city had been relying on its ability to reap revenue from the Water Division towards its general operating budget, a practice that would have to cease. Adding further complications, the county authority was experiencing a $4 million loss – unexpected after a year of substantial profit – due to high interest payments on its bonds. The County Executive was also cutting spending, including the county water budget, and the county authority began discussing its own water rate increases, despite having decreased rates the previous year.

All of these factors were probably relevant to the city's leadership when – in accordance with task force findings – they decided to pursue a slightly broader tack than a merger. Without closing off the possibility of working together with the county, the Common Council began to discuss a request for proposals (RFP) for operating the water system. Officials were clear that the Erie County Water Authority, a qualified private enterprise, might choose to submit a proposal. The search's aim was first to price options for operations – not an asset sale – and then make a decision over the course of several months. Many in the administration expressed differing inclinations about potential directions, including city-county contracting, water-sewage consolidation, and various degrees of private firm engagement.

With significant support from council members as well as the Public Works Commissioner, Mayor Masiello invited proposals for water system management. Five companies applied (with one pulling itself from the competition early); four of these were based out of state and most had ties to international firms. The three companies in the running in March 1997 – American Anglian Environmental Technologies of Voorhees, N.J.; Professional Service Group of Houston; and United Water/JMM of Wayne, Pennsylvania – had slightly different cost estimates and staffing plans. All of the proposals contained guarantees that they would not trim the workforce immediately, planning to cut its size by attrition and early retirement incentives rather than layoffs. American Anglian's eventually stood out, promising to avoid any layoffs throughout the five years of the contract.

The most prominent cases in favor of privatization were that it would save costs for the city and decrease rates for residents. The Masiello administration brought the conversation about privatizing the water system to the fore in early 1997. Officials framed this as a cost-saving measure and assured residents that the city would not be "selling" their water. The city would continue to own the system, they emphasized, and would simply sell the right to operate it. Public Works Commissioner Joseph N. Giambra predicted a decrease in water rates as a result of the plan.

Alongside general improvements in operations efficiency, proponents of a private management contract emphasized the importance of improving the city's water payment collections. A few months earlier, data had surfaced showing that the city was coming up short on its water and sewer revenue estimates by over $11 million. Much of this bill debt was incurred by large institutions, like area hospitals, which themselves were unable to maintain a balanced budget; a large portion was also held by individuals and families. The city had been working with a firm to collect some of these outstanding payments and had a strong interest in further improving this component of water management's operations. A water authority audit from the prior year alluded to ways in which a centralized contract with a firm might enhance this system, including sending letters to users with overdue charges and enforcing repercussions – through fees or water shut-offs – more consistently (Fairbanks, 1996b). For those who supported firm-led operations in early 1997, the flaws in the city's collections systems were further grounds for considering privatization.

The challenges to the idea centered on the loss of jobs, with white- and blue-collar city unions serving as spokespeople for most of the concerns in local press coverage. Under any of the proposed partnerships, the unions' contracts would be terminated; they would have the opportunity to unionize again and renegotiate terms. During the RFP process, union leaders requested that the city conduct an outside study on alternative cost-cutting restructuring possibilities. The city agreed, with the caveat that the unions sponsor the nearly 150,000-dollar study themselves, an idea to which they adamantly objected, contending that the mayor had backed down from his commitment to thoroughly examine alternatives. The language that many used to describe this multi-stakeholder process often created the image of a political clash, with the unions standing as an obstacle in the city's path to structural and fiscal improvements.

> "When the (Masiello) administration proposed privatization, the unions made it clear they did not want to participate and that they were going to use all legal means to rebuke it," Joel Giambra said.
>
> "Seeing that we were headed for a significant confrontation, I thought this proposal would give the unions a chance to bid for the work and begin to understand the art of competition and possibly to lay the groundwork for future discussions with other bargaining units in the city," he added. (McNeil, 1997)

From the dialogue's outset, the coverage in *The Buffalo News* captured two sides pit against each other: city officials who supported private management and union officials who challenged it. Members of government framed the issue as one of cost effectiveness and an opportunity to cut rates, while workers framed it in terms of downsizing, decreased pay, and reduced benefits. In the paper's first article on system privatization, the reporter summarized: "While in the early stages of discussion, the proposal has already caused a furor among city union officials who fear layoffs […]" (Fairbanks, 1996a). About 180 city employees hung in the balance if the public union contracts were terminated in order to create a private contract.

The two-sided framing was almost completely consistent: in the period's 65 articles, city officials made direct or indirect comments in favor of privatization 71 times and negative or neutral comments 18 times; and union spokespeople and workers made negative comments about privatization 74 times and positive or neutral comments 11 times. In contrast, direct or indirect quotations from non-water department worker, non-governmental residents appear four times (three against and one in favor), further demonstrating the binary nature of the discourse, according to the paper's account. Altogether there were 60 specific concerned comments about effects on employees or jobs from any actor, a small amount less than the 73 total references to lowered rates under private management.

The press at this time commonly framed the opposition as an overzealous union voice which, if not checked, could inappropriately sway the administration's decisions. An editorial predicted: "The Council could be a stumbling block to privatization. Lawmakers have been overly influenced by city-employee unions through the years to the detriment of the public" ("Private service," 1997). Union members, as they described the plan, would not suffer significantly during a transition, and would indeed have the opportunity to enter into new negotiations. Further espousing city talking points, Buffalo News editors pointed out that a shift to private management could be temporary; the contract, as they put it, was essentially a two- to five-year trial period.

Where unions might contribute constructively to the conversation, the major newspaper implied, was in constructing a counter-proposal with equivalent savings (according to internal accounting methods). That is, almost immediately after privatization ideas were brought to the table, it became the conceptualization of "progress" depicted as the default, with union voices given the option to present an "alternative," according to the terms of this proposal. The same February 19 editorial piece opined:

> So far, so good. The city government must capture what savings it can for the sake of its citizens.
>
> But, based on past experiences, the Council could be a stumbling block to privatization. Lawmakers have been overly influenced by city-employee unions through the years to the detriment of the public. ("Private service," 1997)

Responding to a union request, a group of Common Council members led by Rosemarie LoTempio, Budget Committee chair, created a joint labor-management committee to investigate possibilities. The unions held that they could not participate in an examination of privatization options. Soon after, they pursued a court injunction to halt the city's proposal review process. In March, about 150 union members joined a protest outside of City Hall against the proposal.

Local news sources published the administration's budget calculations repeatedly – such as their estimated savings of $3.7 million under private management. Throughout the phase, the idea of a private contract as a savings measure for the city was mentioned once every other article, on average. There were slight differences between the three proposals' costs, but all accounts conveyed their substantial savings. Many articles framed the difference between current water system operations costs and projected costs under a contract as a savior for the budget. In one article, the reporter who covered most of the water management developments during this period wrote: "And what does the city stand to gain? About $14 million a year in savings if both water and sewer services are contracted out, according to one company. If the estimates prove correct, the savings would go a long way toward easing the ongoing fiscal crisis" (Fairbanks, 1997a).

In many similar debates, researchers have documented that widely accepted cost benefit analyses are frequently incomplete. Sticking to a quantitative, fiscal analysis method, it is possible to reach an alternate conclusion on the benefits of a given public-private initiative. Proponents of municipal service privatization, in some cases, have touted proposed contract costs in comparison with the standing costs of operations while omitting the continuing costs of maintaining a bureaucratic department to monitor the contract and hold the managing company accountable. They have also assessed the value of some risks that the company will take on, while ignoring others. Some case studies reveal assumptions about a private company's interest rates on loans being lower than those attainable by a government entity, a premise that is also disputable (Food and Water Watch, 2010, Appendix C; Sclar, 2000; Wolff, 2003). While an alternative cost benefit analysis for Buffalo's contracting is beyond the scope of this paper, a review of media coverage does reveal a striking consistency to the quoted proposal savings estimates. The echo chamber of policy elites and the media, in this case, produced a virtually unchallenged savings figure, from a method that has been demonstrated to be inexact.

In at least two instances, a stakeholder raised a specific piece of the contract, such that the total costs were called into question. The Water Board, for example, decided to investigate whether having a private operator would remove their requirement to pay the city a tax-like fee, then at about $5 million per year. It hired a consultant to look into the value of this fee to date. Notably, the newspaper mentioned this research and continued to quote the firms' own contract estimates in subsequent articles without adjustment. Although the potential loss of this fee for the city raised a significant ambiguity in privatization cost projections, cost uncertainties continued to be omitted from the majority of media coverage. The centrally agreed upon savings estimate remained untouched.

In addition to union members, other detractors included county-level stakeholders who were in favor of a city-county water management merger. This regionalism idea, which has come up repeatedly in the years both before and since the early privatization debates, held little sway with city decision makers at the time. Overseeing the largest concentration of Erie County's potable water infrastructure, Buffalo officials had little incentive to engage in this parallel discussion. Still, it did present an alliance opportunity for local contract naysayers. At the same time, the prospect of eventually selling their services to neighboring communities, and potentially expanding to sewage operations as well, was an important driving force behind the applicant firms' interest in Buffalo; these companies saw lucrative long-term opportunities beyond Buffalo proper.

Several residents were vocal on an individual basis – through letters to the editor and eventually at a public forum – about the potential risks and pitfalls of the private operations plan. At least a few residents criticized he American Anglican contract on the grounds that the company was out-of-state, rather than local. Some questioned the logic of user-paid water costs supporting profits for a company; one wrote in a letter to the editor:

> It makes no sense to this user for the city administration to choose to allow private management of the water operation that has always delivered quality water at a reasonable price. […]
>
> A private company will be seeking a profit and, due to the fact that the present bills are so low, there is a large margin for profit to be incorporated into the monthly billing. Also, I understand that the companies bidding for the rights to our water are foreign-owned, plan to bill monthly, purchase new equipment, invest millions into the system and install meters throughout the city. How is a profit-driven company going to make these changes and not raise rates? (Danahy, 1997)

Less visible at this stage in the discourse was the right-to-water language, already appearing in numerous developing countries' water management discussions around the same time. One writer did verbalize the notion that clean water is a basic provision or "essential service," writing that privatization may not be a "panacea," but a "shortsighted solution to decades of mismanagement. While Mayor Masiello should not be held accountable for the mistakes of his predecessors, he is certainly responsible if he allows a private firm motivated by profit to treat water delivery as a commodity rather than the essential service it really is." The same person also acknowledged some of the undesirable outcomes that residents of other cities had experienced under public-private water partnerships, noting that there was a "possibility that rates might increase. This has already happened in some communities where privatization has taken place" ("Let's put," 1997).

Some brought up the question of maintaining a system that is accountable to city dwellers' needs and feedback. One resident wrote that staffing cuts will leave many Buffalo residents unemployed and added: "Almost as imperative, however, is the fact that the consumer will no longer be able to turn to elected officials to control costs of water service, maximizing the probability that water service will become more costly for Buffalo residents" (Ryan, 1997). A writer quoted above was explicit about the value of transparency during the proposal review process:

> If this [improving the performance of the current system] can't be done and the administration is truly convinced that privatization is the best route to follow, then

> why isn't discussion on this issue more open? The administration should be holding public forums. Each proposal, in its entirety, should be made readily available for public scrutiny. ("Let's put," 1997)

The occasional water user brought up how the impact of pricing changes would vary across class and other social stratifications; this complaint appeared twice in print. The writer who emphasized transparency also noted that, given the city's average income, the city must examine "the impact metered rates would have on our poorest families." A union member wrote to the editor with concerns about whether private management would continue to supply free water to public centers and specifically whether it would uphold the 40 percent rate discount the city extends to seniors (Rucinski, 1997). Overall, the rights, anti-corporate, accountability, and equity frames remained submerged during the first phase and did not demonstrate the power to mobilize the community around the issue.

During the proposal review process, there were still some advocates for a regional system, or contract, in both the city and county decision-making circles. The new commissioner of the Erie County Water Authority, however, eventually made a statement against Buffalo's privatization plans. He held that financing through bonds is more cost effective when directly managed by the public sector than by a private company. He also promoted engaging an outside researcher to examine city-county consolidation.

A significant recurring theme in the media – and stated by all parties – was the matter's urgency. With the end of the fiscal year approaching in June, the mayor's team, unions, and residents alike recognized the need to pass a balanced budget quickly. On paper, this budget could include an in-house restructuring plan, an external water contract, or any number of other cost-cutting measures. In practice, however, research and steps towards privatizing the system's operations had by then already moved much further than any other options on the table. Thus, time sensitivity soon became an argument in favor of building full support for a contract quickly, for the sake of the budget. During this phase overall, urgency was mentioned an average of more than once in every five articles.

For Masiello, the city's election cycle had to be a relevant factor as well. As the contract gained attention – and garnered both positive and negative feedback – the months until the vote on his second term were diminishing. On May 1, 1997, he released the election-year budget, which reporter Phil Fairbanks wrote would: “hold the line on property taxes, cut water rates and endorse a historic privatization of the city’s water system” (1997b). His main election challenger that year was Council President James Pitts, the most outspoken person on the council in objecting to the mayor’s water management stances. In water policy, Pitts may have found a trademark issue with which to differentiate himself from his fellow Democrat. It is possible that this pushed Masiello to moderate his stance on the issue.

After the Water Board’s approval in late April, union leaders still objected to the contract. They pursued a formal Public Employment Relations Board (PERB) complaint about the decision and the breaking of their own contracts. One leader, Paul DeFranks, represented a clear-cut view that any negotiation including a private contract was still not tenable for workers:

> He added that city officials are under a misconception if they think unionized workers will agree to privatizing their jobs.
>
> “They believe that . . . now their only obligation to the union is to say, ‘Now you have to negotiate with a private contractor.’ It's not the contractor, it’s the concept that’s wrong,” he said. (Dolan, 1997)

The PERB later filed an injunction to stall the contract, but the State Supreme Court turned down the request, finding that city officials had not shirked their obligation to negotiate with unions.

Eventually, the unions sat down to a formal meeting with the city and all other major players and found a compromise. They reached an agreement to cooperate on looking into contract options, including a third-party study costing $15,000. The participants found genuine middle ground on several fronts, agreeing that all water employees would stay on the city payroll regardless of the final contract decision; in the absence of a signed contract with American Anglian, the union would agree to examine its work rules; and the Council would, at least temporarily, remove a 4% water rate hike from the budget in order to relieve the perceived pressure to shift to private management. This high level of engagement in decision making and shared ownership of outcomes reveals that the workers had bridged their experiences to the master frame of labor rights, in a way that was powerful enough to drive the community to action. Resident rights and equity remained submerged frames, however, in their perspectives and activities.

With less than a month left of the fiscal year, the city officially announced a proposed contract with American Anglian to commence potable water operation on July 1, 1997. On June 23, the city council held a hearing on the impending water management decision. The president of the local American Federation of State, County and Municipal Employees union, John Scardino, was one of the leading voices of the criticisms. His case was for minimal public employee layoffs. Following the hearing, only third-party engineer and other technical approvals remained. Officials and the press tended to describe these as obstacles to the July 1 implementation date. Indeed, the agreement had to be postponed, creating an unwanted window between the beginning of the city's fiscal year and the onset of the contract. On July 23, 1997, the City Council voted on the five-year contract with American Anglian and approved it 11-1, with the dissenting vote coming from Common Council Member at Large Beverly Gray. The Buffalo News largely praised the decision, writing: "the Council, in approving the water deal, ensured that water rates will drop by about 8 percent this year" (Fairbanks, 1997d).

The rate decrease of eight percent was widely cited both during and after this round of debates. It is possible that, rather than a sign of long-term efficiency improvements, this simply signaled that the firm was willing to suffer a small loss on Buffalo in the contract's early years, as part of its more substantial efforts to corner the water market throughout Western New York; some suggested this at the time. Indeed, while water rates dropped in the short term, new costs could be seen just around the bend, as a result of new, state-required water meters. Both city officials and the media tended to omit the effects that the meters might have on residential rates, even with the private contract. Just weeks before the lowered rate was set, a journalist describing the meters made the first *Buffalo News* acknowledgment that "the result will be higher bills for some users and lower bills for others" (Fairbanks, 1997c).

The contract with American Anglian went into effect on September 1, 1997. Within two and a half years, the U.S. Conference of Mayors deemed the system a model for municipal public-private partnerships and awarded the City of Buffalo an Outstanding Achievement Award in recognition of this accomplishment. The Conference published a summary of the agreement process, commending its outcomes:

> AmericanAnglian proposed annual fees producing an immediate savings of $4.4 million per year. This saving was so significant that the City was not only able to avert a planned 12% rate increase, but it was able to reduce existing water rates by 8%. In effect this was the equivalent of a 20% rate savings, or more than double the city's original projection.
>
> AmericanAnglian proposed that all existing employees be retained by the City and be managed by AmericanAnglian. The agreement included no reduction in the employee's current benefits or civil service status.
>
> Following the initial 8% rate reduction, rates have remained unchanged through 1999 and no increase is projected in the foreseeable future. (United States Conference of Mayors, 2000).

**Phase Two: To regionalize or not to regionalize?**

In the fall of 1999 American Anglian Environmental Technologies announced that the U.S. half of the bi-national agreement behind Buffalo's water contract, American Water Works Co., had bought full control of the operation from its British partner, Anglian Water Plc. American Water Works became the sole firm managing the Buffalo water contract. American soon became a subsidiary of the German-based RWE-Thames water company, a relationship that lasted from 2001 to 2008.

Within six months of the corporate management transition and within a month of the public-private partnership award from the U.S. Conference of Mayors, the company submitted complaints that the contract was not financially viable and a request for an adjusted, larger agreement. The five-year contract's expiration was still more than two years way. According to the newspaper, the firm was running a loss because it "saw Buffalo as a foot in the door" and had wrongly predicted that it would be able to quickly obtain management deals with additional municipalities in the Western New York (Fairbanks, 2000). Without these, it no longer viewed its money-losing arrangement as viable.

There was a substantial negative response to the early extension proposal. A significant number of articles cited examples of general worker, resident, and small business dissatisfaction. Common complaints – from individuals and some administrative leaders alike – related to collections practices and the new metering initiative. According to Anthony Hazzan, a leader in the Buffalo Sewer Authority (with which the Water Authority had partnered on collections administration), "There are a lot of problems.

Collections are upside down. The metering program is way behind schedule" (Fairbanks, 2000).

Several officials, including Mayor Masiello, remained positive about the public-private arrangement. They pointed to the eight percent rate cut in the first year and constant general rates since. The Water Board chairperson noted that, among American's contributions was the idea to raise rates in 1999 for only the heaviest water users, averting a 5.4 percent increase system-wide. An extended contract was a possibility, they reasoned, but future rate increases would have to be ruled out in writing. The city had incurred higher-than-usual system repair costs since American management began – $15 million versus $2 million before the contract – meaning that a rate increase was increasingly likely.

While statistically much less vocal in this period than in the first, the unions did have comprehensive concerns about worker morale. Much of the staff, according to the coverage at the time, felt that American had not kept its word on multiple occasions and it was disappointed in the company's performance. One article quoted the president of the blue-collar union saying that he had not observed any improvements in the department's operations since the contract's start. Both in and out of the union, leaders were also critical of American's track record in hiring, promoting, and retention of people of color. Two Black employees held management positions when the firm was first engaged; two and a half years later, there were no Black managers in the department's employ. The vice chairperson of the Water Board noted that this statistic "raises concerns about their commitment to affirmative action" (Fairbanks, 2000). Before the contract's start, Council Member Byron Brown (about 9 years before he would become mayor) had raised the issue of affirmative action in the department's hiring and promotion protocol, noting that five of 180 water department employees were Black. He had successfully brought the issue into the original contract negotiations, but the company had not followed through with results three years later.

Reports emerged before the Common Council and eventually in print that the mandatory meter installations required many residents, including senior and other low-income individuals, to pay a thousand dollars or more in pipe replacements. Some experienced water shut-offs when they were unable to meet the new meter criteria. Still others would face a choice between unexpected new water costs and fixing a leak that they never knew about, often for several hundred dollars. As a short-term solution, Byron Brown, the Council Member for the Masten neighborhood, allocated $25,000 of his block grant funds towards a revolving loan fund for constituents facing water emergencies. Eventually, the Common Council considered a broader grant or low-interest loan program and, alternatively, using legal tactics against the state.

For the first time, local newspaper coverage included a cluster of mentions of the effects of the contract and the metering policy on those in the city who were at risk for being unable to pay necessary water-related costs. While during Phase One there were two mentions of the effects on low-income residents or other highly impacted demographics in 65 articles, in Phase Two there were 33 mentions in 90 articles, a more than tenfold ratio difference. Many of these references were to senior residents, who were billed according to a somewhat reduced water rate, but still had to pay associated costs. The majority of them related to payments associated with the mandatory meter installation initiative.

Overall, the concerns raised during the decision-making processes of this period were similar to the first round in 1997: water rates, total costs for the city, and number of city jobs. As the city administration and council members discussed opportunities to partner with the county, unions, residents, and some city officials all referred to these issues, quoted in newsprint and at Common Council meetings and Water Board hearings. As the city struggled with a multimillion dollar debt that was projected to exceed $20 million, mention of the need for revenue appeared even more frequently than in the first phase, more than one and a half times per article on average. Mentions of the contract's effects of lowering rates decreased significantly, as that ceased to be a promise. At the same time, discourse on negative cost effects for ratepayers jumped up in this period: references to the history of or potential for heightened costs appeared over 1.6 times per article, more than seven times more frequently than in Phase One.

The conversation on joining all or parts of the city and county systems had not entirely faded and, for many, the extension request was an opportunity to revisit the regional option. An editorial opined that a lengthened contract "may be worth considering if municipal leaders believe the firm is doing a good job, but no new deal should be crafted without taking into account the need to consolidate the city and county water departments." The same article listed several notable supporters of the idea: "County Executive Joel A. Giambra lists such a merger among his early priorities, and both City Hall and the county Water Authority also want to investigate the possibility" (Feb 20, 2000). According to another article, this push was an obstacle to the new contract that American was requesting, because "City Hall wants the authority to pursue a city-county merger, regardless of what happens with the company" (Fairbanks, 2000).

Throughout this contract review period, the drive to consider regionalism in water service planning was a recurring theme. Discussion of a joint city-county arrangement had an appearance ratio of 1.3 in second phase articles, compared to less than 0.1 in the first phase and 0.5 in the third. Officials from the city's administration were particularly vocal in supporting a merge, relative to both council members and residents. Others distanced themselves from the regional idea, concerned about potential higher costs or job loss in a unified system. Council members noted that suburban water users pay more than urban users, due to sprawl and larger delivery spans. Detractors also estimated that a merger would mean the loss of 54 city jobs; in response, members of the county government highlighted a plan to ensure new jobs for any laid off employees. Despite these reassurances, it looked to some like no proposed consolidation effort would ultimately benefit the city. The city's budget director, a Water Board member, appeared in an article describing a city-county merge scenario: "Our costs would go up. […] That's not regionalism. That's stupid" (Meyer, 2002b). Opinion was divided.

Because of competing political interests, neither a city-county merger nor an extended contract with American materialized immediately, but both remained on the table. At the beginning of 2002, the year the original contract was set to expire, the city's finances were again coming up short, which led to a water rate increase. Metered rates and flat rates both rose, by 18.5 and 13.5 percent, respectively, in an unprecedented midyear decision. With no conclusion on a long-term contract renewal, the Common Council approved a brief extension to allow time for further debate.

With the contract extension in hand, city officials embarked on a deliberate process to select and design its next long-term water contract. It received proposals from four enterprises, including an updated plan from American Water Services and a joint regional concept from the Erie County Water Authority. While some supported the county water authority's proposal, others did not see it as feasible in the short term. Many city officials promoted maintaining a relationship with the current operator, with the belief that a contract with a new company would make an eventual city-county merge more difficult.

A new applicant had also incorporated a regional vision into its submission. As part of its "design-build-operate" proposal, the company U.S. Filter offered to pay Buffalo an upfront concession fee of $60 million and upgrade its water treatment plant. This was appealing to the city,. A portion of lawmakers, however, raised questions on the long-term viability of the proposed financial model, which also included regular city payments to the firm based on revenue from consumers. In addition, the deal would have required a change in state law. The proposal was a subject of hot debate among officials, leading to another contract extension with American, to allow time for a consulting firm to conduct a technical comparison of the bids. After several months of controversy over the potential merger – and only weeks after obtaining a new management deal with the nearby suburb of Tonawanda via referendum – the Erie County Water Authority offered the city $15 million to $20 million along with its operations proposal, framing it as an offset for the lost $5 million per year in revenue that Buffalo had been counting on receiving through the Water Department.

At first, *The Buffalo News'* editors had supported full consideration of the county executive's plan, recommending that the city renew with American Water Services in order to have the time and ability to properly pursue a regional system. An editorial noted that a merger would be a "cost-saving, efficiency-boosting" solution ("Looking," 2002). Like other supporters, the paper pointed to the county's ability to invest in the city's out-of-date infrastructure. After the additional financial incentive in the county proposal and further inspection, however, the editors conceded that the city might lose money after the first few years. They wrote: "This page has long championed a regional agenda and the need to eliminate duplicative and expensive layers of government. But the city has raised reasonable questions about this deal, and the county authority either needs to quickly answer them, or improve its offer" ("The cost," 2003). These questions included a complete analysis of the benefits of the $15 million upfront payment (taking into account the added amount the city would have to pay for water to hydrants and the zoo), as well as changes to the city's lower rates for senior citizens and for large commercial water users.

Masiello turned down the county's offer. In order to extend his team's ability to mull over the available options, including another version of a regional approach, he suggested the Common Council approve one year of water management without any private firm engagement. A temporary return to government-run operations was not politically feasible, but policy makers approved two more brief extensions with American instead. They designed these to make room for negotiations with the firm on a new 5- to 10-year contract, with significant emphasis on an early termination clause that would allow the city to back out of the contract given the opportunity to merge with the county system. With the decision, they moved away from an immediate deal with the county, but kept a window open for the future. In June 2003, the Water Board unanimously approved a new 5-year contract with American Water Services, with the exit clause to allow for system regionalization.[1]

As balance sheets continued to be a major concern for the city and the Water Board, the department picked up the pace on its self-dubbed "aggressive" collections endeavors during this time period. American increased its attention to overdue payments and negotiating payment plans, as well as shutting off water service is some cases. A newer plan aimed to link delinquent payments with residents' credit ratings. The Water Board returned to the issue of improving collections as the new 5-year contract was in its final stage of development. The board began considering transferring lasting water balances to property tax bills, where they would carry more weight, as well as filing liens against property owners with outstanding payments (Meyer, 2002a; Meyer, 2003).

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[1] A minor legal conflict during this period involved American's monetary savings from energy conservation. The city sought $580,000 from the company, noting that part of their agreement was to divide all energy conservation savings in half. Eventually, they settled on a smaller payment outside of court. This episode garnered virtually no media coverage, nor did American's detractors emphasize it. Nonetheless, it is indicative of the challenges that cities with public service contracts can face in maintaining agreements.

Over time, the company's ramped up collections enforcement was measurable. In December 2002, American Water had disconnected service at 20 city sites where residents had overdue bills; in December 2003, it disconnected about 377. Until early 2004, any mention of shut-offs in *The Buffalo News* related to the redoubled collections efforts, which were framed as sorely needed. For the first time, coverage in early 2004 offered a negative framing; it announced that a "Water Shut-off Blitz Leaves Some High and Dry" and quoted a Water Division employee who had observed social favors leading to "uneven" use of water service termination as a collections enforcement tool.

As was the case with the financial burdens of meter installation requirements, the vast majority of early complaints on late payment policies and foreclosures related to the experiences of senior residents. During discussions of new rate increases in 2001, a group of activists gathered outside City Hall to give voice to residents who could not bear the burden of further costs. Rosa Gibson, a resident of the Masten Park neighborhood, and her group Community Action Information Center led the charge in advocating for water affordability and rights during this period. She told a reporter, "Where will people on fixed incomes get the extra money? I don't care if it's only $2 more a year. People – especially seniors – can't afford higher fees" (quoted in Meyer, 2001). At a Water Board hearing soon after, another resident said of the proposed rate increases, "Every time you mismanage the funds, you fall on the backs of the citizens of this town. It's not fair to me as a single parent, struggling every day" (quoted in Cardinale, 2001).

In the general media coverage leading up to the renewed 5-year contract, however, the discourse focused on the pros and cons of a city-county deal, the optimal way to design such a contract, and the means of getting to one. Even after the contract renewal, the regional discourse remained strong; one post-renewal article, entitled "Merger is Near for Water Services," outlined continuing dialogues between the mayor and the county executive in detail. At this time, the experiences and concerns of residents – particularly low-income residents – remained almost completely off of the mainstream radar and out of negotiations. One council member, Marc Coppola, had a specific alternative proposal to system regionalization – keeping the city's assets and selling rights to bottle purified water from the system – which had little support and never came to fruition. Alternative revenue-producing ideas like this were rare during the second period.

After the contract renewal, city experts were still predicting a $2.8 million shortfall in the current fiscal year, if no corrective measures were taken. Their framing of the situation was expressed frequently and clearly: the city's budget challenges were urgent and dire. References to the need for a timely water management solution remained significant in the second phase, at more than one in four articles, on average. As reasons for its budgetary woes, the Water Board cited population loss, a wet summer, owed payments, and increased overdue collections costs. American Water noted that it had already made concessions, pointing out that it had reduced its staff size by just under a quarter between 1997 and 2003 (Fairbanks, 2003). The push to trim costs was not over for the water department.

A series of decisions that followed sparked increasing resident reactions, generally negative. Resident quotation rates, direct and indirect, grew from about one in 25 articles in the first phase, to more than one in five in the first half of Phase Two and more than two in five in the second half. This marked the early formation of a submerged frame on the right to water – one to which only a few residents bridged their experiences. Months after the new contract with American was sealed, the Water Board voted to increase rates again in January 2004, making a significantly greater leap than in the past with 22.9% and 20.4% increases for metered rates and flat rates, respectively. (The Erie County Water Authority's budget for that year also included a rate jump, but a much smaller one.) A small group protested this decision inside City Hall at a hearing. Gibson, among others, spoke before the board: "My question is, six months from now, will there be another increase? Being on a fixed income, how could most of us afford that?" (quoted in Pignataro, 2003). Because of an old clause that apparently surprised many council members, these rate changes were set to have retroactive ramifications for some, affecting bills for the last three months of the prior year. Still more residents expressed dissatisfaction. The newspaper quoted a West Side homeowner reflecting, "It's not a question of money; it's a question of fairness," and at least one council member who agreed (Fairbanks, 2003). Eventually, a credit was instated for those who had incurred retroactive charges.

The Water Board continued to struggle with its costs and, in March 2004, it passed the year's third rate increase to go into effect on July 1, set at 4%. Once again, residents were outraged by the rate change, appearing in print and in person in even greater numbers than before. A short blurb in a Saturday paper announced that the leader of a Baptist congregation was urging his parishioners to oppose the latest rate increase via petitions and the scheduled public hearing; this community organizing announcement marked another *Buffalo News* first on the issue ("Parishioners," 2004). The hearing itself sparked the engagement of an unprecedented number of residents – over 100 – many of whom were the church's congregants.

Common Council members were receiving a barrage of calls from their constituents as well. Quickly, they criticized the plan and pursued an audit of the Water Board. One member of the council raised the issue of accountability to the public, "noting that the Council no longer has authority over rates" and blaming the 1997 system privatization decision (Meyer, 2004a). Four members teamed up to propose early termination of the contract with American Water, a resolution that the council placed before the mayor. An outside party became involved when a state senator requested that the state comptroller's office conduct an audit of the rate increases and the effects of privatizing the system. Council members and the commissioner of public works pressed the Water Board to delay the increase, but were ultimately unsuccessful. The late-March public hearing turned out to be symbolic; board member and City Finance Commissioner James Milroy made it clear that resident feedback that day would not impact the vote, which authorized the rate increase.

As this additional spring rate change was pending, buzz was also increasing again on the potential for a city-county deal. Ongoing negotiations had led to a memorandum of understanding, which Mayor Masiello and County Executive Giambra were poised to sign, for an asset sale of the city water system to the Erie County Water Authority. Under the contract, the regional water authority would pay Buffalo $31.5 million over six years and make up to $15 million in repairs to the city system per year. Proponents pointed out that the county would also take on over $120 million in city water system debt. Other promises included smaller and less frequent rate increases – particularly compared to the status quo – and reduced system costs overall. Large-volume commercial users, a class including hospitals and manufacturing plants, would continue to pay lower rates. Seniors, on the other hand, would see their discounts gradually wind down.

The agreement needed buy-in from the Water Board; the Common Council; citizens of Buffalo, via a referendum; the state; and the public unions. Right away some union leaders denounced the deal. In addition to the two government heads, the chair of the Erie County Water Authority, Mark Patton, supported the terms. The negotiation team made some assurances that it would help affected workers find new employment, but the water authority had been clear that job cuts were a piece of its efficiency tactic. In addition, at least two labor heads questioned the long-term financial benefit to the city. One council member advocated for a request for proposals and a comprehensive comparison of offers, including the county's. Amidst the discussions, the city comptroller released an audit of the water system, giving it fairly high scores on efficiency. It did bring attention to the large rate increases in recent years and also made a recommendation to improve reporting on overdue bills.[2] With regard to the merger, the report urged the city to bring on a consultant before signing the deal, to ensure that the "interests of the city taxpayers are protected" (quoted in Meyer, 2004b).

Members of both the Water Board and the Common Council remained unconvinced for several months that the regionalist deal would benefit city residents, but the Water Board eventually signed on to the memorandum of understanding. It also voted to formally request a referendum through the council, but council members were not swayed. Most said they would require more information to definitively assess the financial benefit to the city and to answer questions about the phase-out of senior discounts and other details. Several detractors noted that Buffalo's water system was a major asset to the city and believed that excess water, not the system itself, should be sold. A dissenting Water Board member, Patrick Wesp, said at a public forum, "It's not a sale. The City of Buffalo isn't getting anything for it. We're giving away the pipes, the treatment plant, everything we own… This deal is wrong. They're not paying enough for

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[2] In response to the audit, a council member (quoted in the newspaper) noted the coincidence of the steady-rate and rate decrease years with Masiello's election cycle. This quickly became a mantra among policy makers justifying present-day rate increases.

the assets" (Lindstedt, 2004). Having significant unanswered questions about the financial merit of the pact and other issues, the Common Council effectively blocked its passage.

Not long after the Water Board moved to support the merger, it began to consider a mid-year rate increase of 30%, a move that some council members labeled as an attempt to "strong-arm" them into agreeing to the county deal (Meyer, 2004d). When this increase was on the table, the public again reacted vehemently. Complaints increasingly turned to the system's lack of accountability to voters. A group of residents joined forces to advocate for the termination of the Water Board's tenure. The Buffalo News quoted Samuel A. Herbert, of the East Side, "There is absolutely no accountability – there's no system of checks and balances… It's time to dissolve the [Water Board] and have the city make the decisions" (Meyer, 2004c). Some council members agreed and placed before their colleagues a bill that would dissolve the Water Board and empower the Common Council to set rates; it was sent to committee, where it stayed. The Water Board finally settled on a lower rate increase for January 2005 of 10%, but negative feedback from residents did not subside.

**Phase Three: Finding a solution to address residents' needs**

Public administration experts in and out of the city continued to hold up the Buffalo contract as a model, because of its savings and efficiency accomplishments. In 2005, the National Council for Public-Private Partnerships recognized American Water Services and the City of Buffalo for their achievement. By the association's measures, the partnership had saved the city $21 million in operational and financial savings over six years. American's press release listed some of the contract's successes: "the complete automation of customer records, the design and construction of a brand new customer service center, the procurement of new vehicles and repair contracts and a new computerized maintenance and management system" (American).

Still, the Water Board's budgetary challenges continued to arise like clockwork. The need to close city budget gaps continued to arise an average of more than once per reviewed article in this phase. As the Water Board and city government made changes to save costs throughout this period, there was a repeated pattern of resident backlash and a strong trend of increasing coverage of resident-oriented concerns with the contract. Negative impacts on residents, including rates and fees, appeared at a rate of more than one and a half times per article, with an higher number of negative and pro-resident quotations than previous phases coming from Common Council members.

The 2005 mayoral race brought little attention to water management issues, but regionalism stances were part of the discussion. The candidates – Council Member Byron Brown, a Democrat, and Kevin Helfer, a Republican – both supported regional service consolidations as efficiency measures, at least in theory. On the immediate issue of joint water operations, Helfer declared support for the county water authority's offer to buy the city system, while Brown criticized the idea of the city selling these assets, supporting the sale of water only. For most voters in this strongly Democratic-leaning city, though, this was a minor aspect of the candidates' platforms. Brown was elected and took office in 2006, signaling a major contextual shift of the third phase of contract discourse.

Attempting to find more ways to realize its revenue projections, the Water Board had begun discussing in early 2004 the possibility of linking long-time outstanding water payments to homeowners' property tax bills. This would give the city the ability to place liens on properties with debt, giving it substantially more weight in collecting the payments. At the end of the year, the city implemented its plan, beginning with foreclosure notices for 12,000 residents who were a year or more behind on garbage fees. Over 4,000 homeowners who had year-long water service debt and no payment plan received similar letters; they would have about nine months to pay off the bills plus a $439 "foreclosure fee."

Some lawmakers and officials made a point of showing that they would be "hard on delinquent payers." During prior debates about rate hikes, a couple council members had noted that overdue payments were making increases necessary, which infuriated many residents who were paying on time and felt that the system was penalizing them for others' failure to pay. As a result, particular members began conveying that foreclosure warnings are necessary because late payers "have to be taught a lesson" (Lindstedt, 2004).

Others on the council, however, observed the challenges presented by these policy changes. They reflected that some of their constituents may have difficulties paying off their bills in the allotted time of under a month, before incurring the additional foreclosure fee, another financial burden. They also noted that many owners never knew about their debt, such as in cases where notices were sent to a vacant property. These representatives pushed for a more lenient initial response date before the fee set in, but met with substantial opposition. The new collections efforts went into effect and the following year water officials were pointing to the change's successes; they calculated that the authority had brought in $2.1 million more than projected, including revenue from the city's first water bill-related foreclosure auction in 2005 (Meyer, 2006a).

A new report released around this time revealed that about 40% of Buffalo's water, or about 12 billion gallons per year, was lost through leaks and malfunctions, with another 5 billion gallons lost from privately owned pipes. The pressing need for infrastructure repairs continued to be a widely cited reason for policy changes coming from all sides of the debate. Reflecting both heightened need and heightened awareness of that need, the rate of mentions of aging and broken infrastructure climbed steadily through the three phases, from an average of two times in ten articles to over four to almost six. This added further pressure to increase the department's revenue in order to fund repairs and capital projects.

Another bout of resident engagement on water management ensued when the Water Board announced its fiscal year 2005-2006 rate increase: an estimated 10%. Common Council members and residents both expressed concerns. According to the paper, "a community activist said opposition to another rate hike is so intense that there's talk of setting up pickets outside the homes of Water Board members or exploring legal action" – a significant step in coordination and mobilization from earlier levels of organizing. Council Member James Griffin observed: "The people out there are really fed up with what's happening… People want to know when this is going to end" (Meyer, 2005a). Turnout to the relevant hearing, however, was in the single digits. This period revealed the further development of a homeowners'/renters' rights frame, which had begun to form during the second phase, but the frame's ability to mobilize the community remained low.

The debate among policy makers centered around two beliefs: that a rate change should be held pending a consultant's recommendation and that the city's financial situation was too dire to delay a revenue solution.

> The Water Board faced more pressure Tuesday to delay next month's vote on a possible rate increase.
>
> The Common Council unanimously called on water officials to hold the line on rates until studies can be completed, including an independent rate analysis. But the city's finance commissioner warned that delaying action on rates for several months could be harmful to the water system.
>
> "We don't have the luxury to wait, because we have an obligation to meet legal obligations to our bond holders," said James B. Milroy, who sits on the Water Board. "We could find the water system in default, and that would be the worst thing that could happen." (Meyer, 2005b)

Some also linked the water rate change to a virtually simultaneous sewer rate hike, heightening reactions. Briefly, this sparked brainstorming on possible administrative consolidation between the sewer and water departments. After much discussion, a 7.5% increase was passed. Later in the year, the Buffalo Water Finance Authority utilized a refinancing option as another means of managing its multimillion-dollar debt.

The Water Board was able to pass a budget with no rate adjustment during Mayor Brown's first year in office – a feat that it had not accomplished for several years – but it continued conversations on potential rate restructuring over the coming five to ten years. The topics of a that study the board commissioned at this time reveal its priorities: how ratepayers could be minimally affected, how affordability could be ensured for low-income seniors and others, and how large-scale commercial water users would be impacted by potential changes. Historically, industrial users had received a substantial discount because of the quantity and consistency of their use. In the beginning of the new fiscal year, the Water Board broached the topic of raising rates for high-volume users. All nine council members, in a symbolic endorsement, supported the measure. Since they had concerns about meeting revenue needs while upsetting the fewest possible voters, raising businesses' rates was apparently a political win-win for both bodies. The board passed an 18% increase (in two stages) for large industrial users and an 8% increase for residential users for the following year.

Many board and council members saw the industrial rate restructure as a question of equity, a notable evolution in rate structure framing. The critique from the business community was light, according to the local paper, and the "everyman" attitude prevailed among policymakers. Council Member Bonnie E. Russell reflected, "There comes a time when you have to start being pro-resident. You can't always worry about big business. Someone has to start paying attention to residents" (quoted in Meyer, 2006b). Several of her colleagues agreed:

> "The industrial large volume customers aren't paying their fair share," said Harold J. Smith, vice president of Raftelis Financial Consultants, a North Carolina firm that has been reviewing water rates. "This has really increased the cost burden on the residential customers."
>
> Water Board member Charles E. McGriff, who has opposed some past rate increases, said he's leaning in favor of supporting a plan that he thinks would redistribute costs more equitably.
>
> "It's only fair that the larger customers pay rates that reflect our costs of doing business," he said. (July 13, 2006)

The newspaper echoed this attitude; in a two-sentence synopsis of the Common Council meeting, reporter Brian Meyer wrote that it "unanimously endorsed restructuring water rates to ease the burden on residential customers by reducing discounts for high volume industrial and commercial users" (2006c). This emphasis on pro-resident solutions characterized the third phase, in contrast to the earlier discourse.

In another effort to seek out lost revenue, the Water Board began to crack down on "water piracy," or off-the-books, illegal hookups to the city system. Over a thousand city properties were known to have unofficial water connections, with the number constantly rising. The previous summer, American Water had undertaken a savings project to reduce the incidence of open hydrants. Now water officials were working with the Police Department and the county district attorney's office to arrest and prosecute for water theft. They beefed up investigations of supposedly vacant properties that were not on billing lists. The team also started a public campaign urging residents to look for signs of theft and sending them to a designated hotline with tips.

Individuals who were found guilty of water theft could be charged with a felony and receive a sentence of up to four years in prison. Regardless of the legal proceedings, they would also face hundreds – in many cases, thousands – of dollars of accumulated service fees. For some, water reconnection would be contingent upon the initial payment of some of this debt. A top American employee noted that about one-third of the city's water budget was devoted to collections and related work, endeavors that he assessed were worthwhile. Between 2003 and 2006, the city brought in $14.5 million from customers who had previously had their service shut off. As of August 2006, about 6,000 residents were on payment plans to pay off debt.

If news coverage of the water services' complaints about residents was ramping up, so was coverage of residents complaints about their water service. By late 2006, a significant number of water users were outraged over the limited customer service and long wait times for repairs they had experienced with the city. *The Buffalo News* drew a direct correlation: "Catching water pirates is important, some callers said, but they argued that providing adequate service to good-paying customers is equally important" (Meyer, 2006d). While many bill-paying residents saw the piracy problem as a tragedy of the commons leading to higher rates for those who paid, there was at least as much dissatisfaction with the company's own performance.

Department statistics showed that about 2,800 of 9,900 calls during a 17-day period in mid-2006 had been processed. Customers spent an average of 40 minutes waiting when they called, with many on hold for longer. The mayor echoed resident complaints emphatically, formally telling American Water: "You guys got two weeks to come back with some type of plan" (quoted in Meyer, 2006e). The problems were both related to quality of service – many customers called seeking repairs – and collections. Of those who called about bills or payment plans, at least 70% gave up before speaking to a representative. For the city, this highlighted not only a failure in meeting residents' standards, but also one of efficient revenue processing.

At the Water Board meeting that finalized a business-only rate increase for January 2007, customer service complaints were a central topic. Samuel Herbert, a politically active Buffalonian, pushed the board to curb "runaway rate increases" for residents in the long term. Former Council Member Alfred Coppola (then running for State Senate) also criticized the public-private partnership's commitment to accountability; referring to the meeting he was attending, he said, "It's unconscionable it was held during the workday. They obviously don't want to be criticized for their poor performance" (quoted in Meyer, 2006f). Just two months after issuing his harsh warning, Mayor Brown's administration celebrated the remedial steps that American had taken. Phone wait times had been cut dramatically, recording systems provided more useful information to customers, and the company added an Internet-based payment option. City officials seemed impressed with the turnaround.

Still, critiques of the system operator were not completely quelled. Just weeks after the mayor's praises, new reporting revealed that some customers were being charged late fees despite punctual payment, due to a lag time in the system. Typically, these charges were small, but they had likely affected hundreds of people over two or more years. Complaints like this were beginning to accumulate. In contrast to a 0.2 appearance ratio in the first phase, the cons of private management for ratepayers – including rate increases, fees, shut-offs – appeared more than one and a half times per article in the second and third phases. Resident engagement overall and its coverage increased as well: direct and indirect resident quotations appeared at a rate of more than 0.7 in the phase's 50 articles, up from one-third in the previous phase's articles.

The mayor, too, was personally engaged in mitigating negative effects of water management decisions on residents. Once he had settled into his post, Byron Brown took on a cost issue that carried much starker consequences for many residents and that had affected him personally, as a resident: mandatory infrastructure repairs that the department considered the responsibility of homeowners. Many of these hovered around $5,000 or more and were prohibitively expensive for the city's water users. The mayor's proposal was to offer an insurance policy, or "protection plan," for five or six dollars a month, which would commit American Water Service to covering any out-of-building system repair costs on the customer's property. He began to work with the company on a remedy for high and unavoidable repair costs.

Reactions to home tax liens and foreclosure policies, on the other hand, were neither heavily published nor well organized at first. One of the only cases that *The Buffalo News* initially reported on was an administrative error that had landed a foreclosure notice with a known historic site. For a variety of reasons, residents with large amounts of water debt were either unable to publicly critique the city's policies or fearful of the consequences. Opinions like this one, expressed in a letter to the editor dated October 19, 2005, were extremely rare before 2007. Foreshadowing the movement to come, city resident Sandra Carrubba wrote:

> Later this month, the City of Buffalo will foreclose on almost 2,000 owner-occupied homes because of unpaid water bills or user fees. People will be thrown out on the street; some because catastrophic illness caused them to lose both jobs and health insurance and, thus, fall behind on their financial obligations. Elderly people who have occupied the same house for decades need help managing their meager finances.
>
> The Seneca Nation will soon own city land tax-free forever. Developers receive taxpayer dollars to build downtown housing. The Bass Pro [corporate development] handout will be in the millions. Yet there is no help or accommodation for people who have kept neighborhoods stable? City government leaders prefer acting as a collection agency for the private company that runs the water system. (2005)

While publicity levels may have been low, property liens and foreclosures related to water bills were continuing at a steady clip. In late 2007, staff at the Legal Aid Bureau of Buffalo began to see a pattern in a portion of their clients' complaints. Housing attorney Sherree Meadows was representing several individuals who had racked up more debt than they were able to pay and risked foreclosure – some of the same people Carrubba had written about two years earlier. Meadows and her colleagues saw a trend among these discrete cases and began to work to empower clients to speak out and advocate for changes collectively, at the city policy level (M. Pacifico, personal communication, August 18, 2008). This level of mobilization signifies the local movement's bridging of resident experiences to homeowners'/renters' rights as a master frame; while organizers also evoked the environmental justice frame, it remained submerged during this phase.

By February 2008, Water Board officials had heard enough to place a one-year moratorium on foreclosures for long-term water debt. During that period, the board embarked on a complete review of its collections processes. (Foreclosures continued according to city policy for overdue payments of two years or more on property taxes, sewer payments, and garbage fees.) Acting Public Works Commissioner Steven Stepniak claimed that the suspension was related to potential billing inaccuracies, which he traced back to a system change nine years prior. Still, Meadows deemed it an important step – and continued to push forward on late fee policy.

The Legal Aid Bureau estimated that thousands of Buffalo residents were facing water bills that presented them with a significant fiscal hardship. Meadows pointed out that those with overdue payments past 120 days were charged a 21% commission plus an additional 18.5% annual interest rate, calling it “interest on interest” (quoted in Meyer, 2008b). The Legal Aid Bureau worked with many seniors and other low-income water users for whom these fees meant bills that were impossible to pay off. Speaking to the Water Board, resident Catherine Harris, for instance, described the large bill she had taken on from her late mother: “It never really goes down. I just can’t catch up.” Meadows estimated that, for some water users, late fees and interest constituted 38% of their outstanding balance. A chief public works engineer called these fees in accordance with “industry standards” (Meyer, 2008a).

Appearing with a group of residents, Meadows also explained to the water officials that – unlike gas and electric services – customers whose water had been shut off were required to fill out a form in order to stop additional water charges from accumulating; the system default was to continue charging after shut-off. This additional step, of which many were unaware, led to further debt amassing in the accounts of people who were already having trouble making payments.

As complaints were escalating into community organizing, rate hikes were also ceasing to be the norm. For the third year in a row, the Water Board approved a budget with no change to residential charges. This trend also coincided with the end of American Water Services’ second five-year contract. In the spring of 2008, board members and council members began to gear up for discussions on another major contract renewal. Council Member Michael LoCurto of the city’s Delaware district had heard Meadows’ and his constituents’ concerns and became vocal, during extension discussions among his colleagues, on the issue of interest rates and fees. At one meeting, he asserted, “I don’t know if we should be running city services like a credit card company. I think you might be able to get better rates from a loan shark” (quoted in Meyer, 2008c). Council Member Michael Kearns shared some of his colleagues’ questions on Water Division policies and their effects on residents. Beyond late fees, Kearns wanted to address water shut-offs and the practice of continuing to charge for water after discontinuing service (M. Kearns, personal communication, August 26, 2008).

When the Common Council held a public hearing to inform the upcoming contract decision, numerous residents with tales of negative water system experiences attended and spoke. One resident and owner described her cancer diagnosis and medical bills, and the decision she had made to sell possessions in order to pay off her water balance, which, nonetheless, was not decreasing significantly. Another resident described a neighboring household with a turned off water account, in which the children were bathed using a bucket of water each day. (In cases like this, residents in other parts of the U.S. have disclosed a fear of seeking redress, keenly aware of the possibility that child protective services may intervene before water could be restored [Miller, 2007]).

*The Buffalo News'* coverage became gradually more sympathetic to the stories of low-income residents between Phases One and Two and Phase Three, moving slightly from coverage of residents taking advantage of the system towards coverage of the system taking advantage of residents. The trend is demonstrated in a 2008 article's opening paragraphs:

> Buffalo homeowners who have fallen behind in paying water bills told horror stories Tuesday about struggles to keep their taps from running dry.
>
> Speakers who attended a City Hall hearing said many people who owe mounting water bills are not deadbeats who scheme to cheat the system. Instead, they're single mothers, elderly residents on fixed incomes and low-income individuals who make a choice between buying food and catching up on water bills. (Meyer, 2008d)

For Meadows, LoCurto, Kearns, and many voters, these were key issues in the pending decision on American's contract. One of their proposed solutions was to sign onto only a six-month or one-year agreement, but many government officials dissented. The acting public works commissioner, in particular, wanted to investigate the questions on the table, but advocated for a fully renewed contract in the short term, in order to maintain consistent service. He pointed out the inclusion of a termination clause that allowed the city to end the contract with 90 days' notice.[3]

To address the recurring complaints he had heard from constituents, Council Member Kearns composed a "Water Ratepayers Bill of Rights" to accompany the new contract extension. The document outlined processes for responding to and documenting

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[3] By 2007, a collection of infrastructure problems, several member changes, and related political turmoil on the Erie County Water Authority had led to some calling for its complete restructuring or dissolution. Implicitly, city officials put any plans they were still cultivating to merge with county services on hold indefinitely.

complaints. It also changed the practice of continuing to bill residents for water after service termination. The Common Council approved a two-year extension of the contract, including Kearns' addendum, with LoCurto casting the only objecting vote. LoCurto explained, "There are too many problems and some service issues" and noted that he might have agreed to six months longer with American (quoted in Meyer, 2008e).

With the Common Council's stamp of approval, the Water Board moved forward with the new contract. The board, however, was not obligated to enforce the Bill of Rights. Quoted in the same newspaper article, the chair acknowledged the resident protection terms: "We're obviously going to take their ideas into consideration."

**Epilogue: Contract termination**

Immediately following the contract extension, Standard and Poor's raised the Buffalo Municipal Water Finance Authority's credit rating two levels, to an 'A.' The 2008 financial crisis followed soon after, though, hitting the city's accounts as it did across the country. The water authority's debt interest rates took a dramatic jump, but ratepayers were spared the effects at first.

Throughout the 2008-2010 leg of American Water's engagement in Buffalo, the same types of complaints from across the city's sectors continued to emerge as earlier. Many residents and business owners were concerned about rates, which eventually rose to counteract a shrinking customer base, as well as customer service records. Without implementation mechanisms built in, the Water Ratepayers Bill of Rights, only partially addressed the high late fees and department's shut-off policies.

Soon, policy makers brought up new types of contracts to consider at the conclusion of the two-year deal with American Water Services. The Common Council and Water Board eventually approved a new with Veolia, a company based in France that had committed to a high level of customer service standards at to be enforced by fines. The new agreement also included a version of Kearns' Bill of Rights, to further ensure that operations would remain transparent. It eliminated the high commission for late payments that American had charged and shifted all billing tasks back to city offices. Veolia was expected to hire a handful of staff directly, but over 100 positions in the water department were filled by public employees. The cost of the new deal was just over $5 million per year, 10 percent less than the city's prior arrangement. When the Common Council approved the contract, Richard Fontana, the majority leader, filed the only dissenting vote; he believed that a consultant could have helped the city develop a plan to run the system more efficiently without a management firm. The Veolia contract will be up for review in 2020.

**Table 4-1.**

| **Fiscal year**[1] | **Rate change for most households** *Flat; metered rate change*, where different | **Historical benchmarks** |
|---|---|---|
| 1992-1993 | +11.8%[2] | Water Board formed |
| 1993-1994 | +12.9% | Election (Masiello enters office Jan. 1994) |
| 1994-1995 | + 9.4% | |
| 1995-1996 | + 6.9% | |
| 1996-1997 | + 1.0% | |
| 1997-1998 | - 8.0% | First American Anglian contract; Re-election |
| 1998-1999 | No change | |
| 1999-2000 | No change | |
| 2000-2001 | No change | |
| 2001-2002<br>Jan. 2002 | No change<br>+ 13.5%; + 18.5% | Re-election;<br>Meter installation begins |
| 2002-2003 | No change | Second American Water contract |
| 2003-2004<br>Jan. 2004 | + 11.8%<br>+ 20.4%; + 22.9% | |
| 2004-2005<br>Jan. 2005 | + 4.0%<br>+ 10.0% | |
| 2005-2006 | + 7.5% | Election (Brown enters office Jan. 2006) |
| 2006-2007 | No change | Jan.2007: Business rates increased 2-5% |
| 2007-2008 | No change | |
| 2008-2009 | No change | |

[1] Most rate changes went into effect with the new fiscal year budget, beginning on July 1st. When a mid-year rate change was passed, the date the new rate when into effect is noted.
[2] Alternate calculation: +14.5%
Source: The Buffalo News, various articles

**Table 4-2. Rate of mentions (mentions per article reviewed) of major topics, justifications, and critiques during each of three phases.**

| **Phase** | **1** | **2** | **3** | **All** |
|---|---|---|---|---|
| **Dates** | 1996 – Dec 1999 | Jan 2000 – Dec 2004 | Dec 2004 – 2008 | |
| **Arguments** | **Rate of mentions, as average number of argument mentions per 10 articles** | | | |
| Need for savings for city (any solution) | 12 | 18 | 13 | **15** |
| Savings for ratepayers (of private contract or regional contract) | 11 | 5 | 4 | **6** |
| Right to water, generally | < 1 | < 1 | 1 | **<1** |
| Accountability, generally | 3 | 2 | 1 | **2** |
| Efficiency of market | 1 | < 1 | < 1 | **<1** |
| Jobs quality and quantity | 9 | 2 | 1 | **4** |
| Regional approach | < 1 | 13 | 5 | **7** |
| Negative impacts on water users (high rates, fees, foreclosures, etc.) | 2 | 17 | 15 | **12** |
| Negative impacts on low-income water users and/or senior water users, in particular | < 1 | 4 | 4 | **3** |
| *Total number of articles reviewed* | 65 | 90 | 50 | **205** |

# Chapter 5:

# Lessons from Buffalo

> “The biggest problem with water is the waste of water through lack of charging.” – James Wolfensohn, President, World Bank, 2000 (Frontline World, 2002)

> “Is it possible to have private water work right? […] I'm sure it is. But if you have a political problem in your city, you can vote in a new administration. If you have a private company with a long-term contract, and they’re the source of your problems, then it gets a lot more difficult.” – Gordon Certain, neighborhood association leader, Atlanta (Jehl, 2003)

The case of Buffalo, New York’s water management debates between 1996 and 2008 sheds light on the broader, international discourse evolving at the same time. This case study reveals common reasons cited for and against private management, trends of a series of management decisions over time, and the evolution of stakeholders’ frames as a contract progressed. While proponents of private management rarely referred to a neoliberal frame directly (e.g. the universal primacy of the market) and proponents of public management rarely referred to a right-to-water, water justice, or environmental justice frame directly, they nonetheless typified these broader belief systems in their actions, arguments, and values. This research outcome points to the presence of submerged frames and supports a widened definition of the supporters of both water privatization and the universal right to water.

Throughout Buffalo’s contract debates, the city’s budgetary constraints or savings were the most common reason cited to make the case for, and sometimes against, private management. In the more than 200 articles analyzed, speakers and writers used savings for the city as an argument about one and a half times per article, on average. Customer rates were also referenced frequently and consistently in all of the discussions. The promise of lowered rates under privatization or a city-county merger appeared an average of six times in ten articles, while negative effects on customers – including rates, fees, and foreclosures – appeared about twice as often overall.

The most active moments of debate and opportunities for management changes occurred around each of the three contract reviews in 1996-7, 2002, and 2008: choosing a management firm and deciding whether to renew its contract two times. Patterns demonstrated that government response rates increased as coordination of grievances, mobilization, and organizing infrastructure increased and leading voices emerged. This mobilization crystallized into policy changes when it built upon technical support and capacity from advocacy groups and champions both within and outside government. Further, the local media played a role, as it reflected the discourse, in also distilling the controversies and underscoring and minimizing particular issues.

**Results summary and synthesis**

The first round of debates (1996-1999) was distinguished by a focus on keeping the quantity and quality of public jobs; the public employees union was the most outspoken advocate against a contract at this time. The city's budget was a driving force in the decision to privatize – with either a management firm or the quasi-public county authority – and the conclusion that a private contract would save costs was hardly disputed in the newspaper coverage. Further advancing a contract, the promise of rate decreases was enticing for residents, who as a whole had no prior experience with firm management nor a third-party expert imparting contradicting advice. The newspaper's framing generally echoed government arguments and savings estimates, with limited other sources of data or analysis. The debate coincided with Mayor Masiello's election cycle, adding a driver for short-term solutions, with less emphasis placed on the long term.

The proposal review process moved quickly in the rush to avoid fiscal setbacks and allowed for limited resident engagement. Because the unions were the most vocal and organized voice against a private contract, job loss and quality became the leading concerns in print and the local paper transmitted the story of a two-sided fight. The most common types of direct and indirect quotes in the newspaper, by far, were from city officials in favor of privatization and union leaders or workers against it – each appeared more than once per article, on average, in the period. Given the limited airspace for a given topic and the public's attraction to dichotomous conflicts, this may have helped to keep other players' grievances out of the limelight at first. The visible nonunion detractors to private firm management tended to be regionalism proponents, who saw combined city-county water operations as optimal.

Very few resident-oriented arguments were made during this period and no right-to-water or environmental justice language was apparent. A couple of residents referred to concerns about a firm's accountability to the public, but these views were not organized or widely disseminated. There were also some predictive concerns on the effects of management and rate changes on low-income residents, particularly seniors, but these, too, were disconnected and did not carry significant clout or mobilizing capacity. That is, the master frame of organizers protesting the privatization proposal was a labor rights frame; anti-corporate, accountability, and equity frames were submerged and demonstrated far less powerful mobilizing capacity. The result was a process driven by government leaders with some input from public unions and, ultimately, a five-year water system management contract with American Anglian (soon to become American Water and then a subsidiary of Thames and RWE). The unions, while unsuccessful in keeping their jobs under public oversight, were able to gain particular stipulations on job retention in the final deal.

During the second phase of debates (2000-2004), regionalism proponents set the tone. City cost savings continued to be a primary concern and many government officials held that a combined city-county system would help solve the city's budgetary problems. Pushback against this plan centered first on job loss and later on alternative, less promising savings calculations. The end of the five-year contract with American Water created an opportunity to rehash its terms or consider a competitor; instead, the conversation at this time essentially focused on maintaining momentum toward a regional agreement. An argument in favor of merging with the county's water services appeared an average of 13 times in every 10 articles during this period.

Early in the phase, a request from the management firm to extend its contract before its expiration had sparked a number of complaints on services and perhaps sped up the timing of this feedback. Worker grievances with the contract continued to appear and resident complaints started to ramp up. Mandated meter installations and their associated costs to homeowners sparked heightened dissatisfaction and brought into the media examples of framing related to affordability and rights.

The water department's collections tactics became more aggressive, in order to increase revenue. Proposal of the steepest rate increase to-date sparked further involvement among residents. Afterward the Water Board recommended a still higher rate increase, just as the Common Council was considering its endorsement of a city-county deal, and some interpreted the move as an attempt to politically force the council to approve the regional agreement. By then, an increasing cadre of residents was expressing concerns about their ability to access and influence decision makers under the next management arrangement. This marked the early formation of a homeowners'/ renters' rights master frame, with which residents and advocates eventually bridged their experiences and achieved mobilization results in the third phase, as well as the early development of a submerged frame on the right to water and environmental justice.

The third phase of the management discourse (2004-2008) began after the contract renewal. Around this time, American Water Services began to use resident water shut-offs and property liens as enforcement tools for payment collections. Resident complaints remained frequent, appearing an average of 15 times in 10 articles in this period, compared to nearly 17 times in the second period and two times in the first.

After nearly a decade of the contract, residents had racked up a significant list of grievances related to costs and aggressive collections efforts: high and growing rates, high late payment fees, mandatory meter installation costs, on-property outdoor repair costs, debt transfers to property taxes and property liens, foreclosures, an added fee on foreclosure paperwork, unsatisfactory customer service and wait times, water shut-offs, and continued water charges after water shut-offs. The Legal Aid Bureau of Buffalo became involved through housing cases and contributed mobilization resources and infrastructure, as the community-run Community Action Information Center had already begun to do. Framing began to bring to light a regressive payment structure of high late payment fees, fees to prevent foreclosure, and continued charges on disconnected accounts, all of which disproportionately affected those with the tightest finances, particularly senior residents. The rate of mentions of low-income and other highly affected residents in this period stayed at four times in ten articles, as in the second period, having appeared less than once per ten articles during the first.

The contract's negative effects on Buffalonians, aided by coverage of these effects, became unconscionable for residents (including the neighbors of those most extremely affected), their elected officials, and advocates who provided technical assistance and support for mobilization towards policy change. A language change in local news articles at this time – which captured the effects on senior and other low-income residents and referred to equitable and pro-resident rate structures – both reflected and likely fueled attitude changes.

As complaints were escalating into community organizing – and as a contract renewal discussion approached – rate hikes subsided and some elected officials began echoing the needs that residents had voiced in contract discussions. Residents bridged their grievances to a renters'/homeowners' rights master frame and revealed further elements of an equity or environmental justice submerged frame. A collection of ingredients contributed to this development. The increased infrastructure and technical capacity of local nonprofit organizations, which helped build more frequent and more coordinated feedback from residents, was a major factor. At the same time, a greater number of Common Council members heard complaints during this period and saw addressing them as politically necessary. Alongside resident leaders and advocates, there were at least two Council members who were vocal proponents of water policy modifications, and the new mayor was also sympathetic to concerns about rising water user costs and fees. Finally, evolving media coverage, which included more coverage of the negative impacts of privatization on water users and on low-income residents in particular, likely contributed to the shift.

In 2008, a Common Council member championed a Water Ratepayers Bill of Rights which included some key policy changes addressing water user complaints – a result of organizers' effective bridging of local experiences to a master frame and resident mobilization. The council included the Water Ratepayers Bill of Rights in the extension approval. For the first time, one member of the council voted against the contract extension – another outcome of community efforts. A shorter contract period of two years in this extension increased the firm's accountability to residents, allowing needed time for further scrutiny of its performance and competition with other managing companies. Two years later, the city utilized this option and signed onto a new, less comprehensive 10-year management contract with a different company, Veolia.

**Analysis of framing**

Environmental justice and right-to-water (or water justice) values were implicit in the Buffalo discourse over time, despite the terms' virtual absence. Highland Park, Michigan residents clearly invoked the environmental justice master frame in response to water shut-offs and Milwaukee and Stockton, California residents clearly turned to the right-to-water and anti-privatization master frame. In contrast, Buffalo residents relied on related but less institutionalized tropes – affordability for low-income communities, effects of policies on particular social groups, and accountability to residents. In the years leading up to the codified changes in the city's water management, newspaper articles were increasingly referring to residents' rates, fees, auxiliary costs, water shut-offs, foreclosures, and other financial hardships. References to low-income water users, particularly senior residents, also rose significantly after the first few years of debate.

Similarly, few quotations directly referenced neoliberalism's trademark arguments that private markets are universally more efficient and produce better results than public services. Mayor Podesto of Stockton was much more direct, for instance, when he told an interviewer, "Government departments like this operate as a monopoly, basically. They don't really compete, so really there's not incentive to improve" (Snitow and Kaufman, 2004). Nonetheless, the proponents of private management, whether city-based or countywide espoused many of the same values as neoliberalism's most vocal international champions. The most commonly cited reason for turning to either privatization or regionalization was to save the city costs, with these management structures (both private) deemed the most efficient and cost-effective options available.

Understanding each of these frames in broader terms than their explicit proponents use has two primary implications. First, it extends the venues and the terms of the global privatization debate to include cases, like that of Buffalo, that rarely arise in high-level discussions on policy and practice. These types of cases may not echo verbatim the tropes of neoliberal and anti-privatization camps, but they can nonetheless play a role in the analysis of trends and inform future decision making. For the water justice movement, in particular, an example that shows resident grievances and alternative solutions in their own terms – almost completely outside the broader movement's infrastructure or framing – could augment the movement's case for policy changes. Second, the experiences of low-income residents and residents of color with access to drinking water in Buffalo can similarly inform the environmental justice movement's framing. While advocates and academics of environmental justice have historically focused on toxins, there is evidence in Buffalonians' submerged frame that the related issues of access to resources and participation in resource management are also major concerns to communities. As cases like Highland Park's, Detroit's, and Buffalo's arise in response to water management challenges, the framing and infrastructure that organizers utilize may extend into the water justice and/or the environmental justice spheres. Since these well-established frames carry social and political capital, institutional capacity, and other resources with them, this frame bridging would likely benefit the future efforts of local movements.

**Research shortcomings**

The scope of this research includes the period of 1996 through 2008 and utilizes a qualitative historical analysis and a quantitative content analysis to understand the actors, frames, and decisions of Buffalo's water management during this time. To more fully understand the policy and budgetary decisions and the movement building processes, one could supplement these with quantitative, policy analyses of costs, benefits, and risks and ethnographic methodologies. A cost-benefit analysis for Buffalo's contracting alternative to the existing internal evaluations would add information on the financial factors that the city both emphasized and omitted in its decision. An ethnographic analysis would better capture economic externalities in the evolution of public opinion and policy.

Further, to better understand the full arc of Buffalo's water management changes over time, one would also examine the period through 2010, when the city decided to choose a new water manager and change the terms of the contract. Including this final period would likely reveal telling data about addressing the concerns of a private management arrangement in designing an improved contract.

Finally, to draw stronger conclusions about the frames and discursive patterns visible in the Buffalo case, a comparative two- or multi-city case study would be a valuable piece of complementary research.

**Policy recommendations**

The case of Buffalo – along with parallel cases in Highland Park, Milwaukee, Atlanta, and elsewhere – shows that water is not treated as a basic human right in the U.S.; while many communities believe it to be one, this status has not been codified. Although potable water may never be free of charge, access to it can be guaranteed through social policies and through careful water pricing. Further, if more information were available to local governments considering private system management, cities may be able to make decisions about whether and how to pursue a contract that better suits their inhabitants. Therefore, I recommend the following: 1) that municipalities consider equitable rate structure options; 2) that tools are developed for municipalities to weigh private and public governance options comprehensively; 3) that municipalities utilize these tools as well as third-party experts when considering privatization; and 4) that municipalities systematically integrate transparency and accountability both in their decision making processes and in the design of their water management policies.

As the evolution of Buffalo's water rates and the growing inability of residents to afford them shows, rate structures can have significant ramifications on water system access – including user access and satisfaction, as well as system revenue. Regressive rate structures, such as those with high late fees or disproportionate discounts for commercial users, have major repercussions for low-income families. Alternative rate structures can lead to far more equitable outcomes, without costing more. Whether a city or a firm is setting the rates, leaders can make choices to charge large-quantity residential users (who often have big lawns or swimming pools) at higher rates, set low late payment fees, and offer multiple options for payment plans. These types of solutions yield results that are more fair and less financially burdensome on residents, particularly those who are low-income (Gleick, Wolff, Chalecki, and Reyes, 2002; Wolff and Hallstein, 2005).

Municipal leaders with short-term budget needs often see asset or management sales as their only option. They are quick to see future revenue and savings and, frequently, do not use comprehensive systems of cost-benefit and risk analysis to weigh their decisions. Most city governments' internal knowledge and expertise for these types of negotiations pales in comparison to that of experienced, multinational companies and they rarely invest in the appropriate external technical support for their analyses. As a result, elected officials often agree to a partnership for perceived cost savings, without sufficient research or information.

Developing a complete private contract analysis tool that would be readily available to mayors and city councils would enable local governments and residents to have a complete picture of their options and the pros and cons of each. Such a tool would fully encompass the continuing operations costs of overseeing a contract, the alternative loan rates available to the municipality, the long-term risks assumed by all parties, and the future uncertainties (e.g. climate change) that could affect the decision (see Wolff, 2003). In addition, it would capture market externalities, in particular, pathways for customer feedback and accountability, viewing it as a transferred responsibility of local government. Ensuring that technical assistance like this is available to municipal leaders would likely lead to altered outcomes in urban water management.

Finally, Buffalo, Stockton, Highland Park, and Milwaukee residents all made it clear that they wanted a voice in water management deliberations. Insertion of systems for accountability will go a long way to address dissatisfaction in water management tactics. When a private arrangement is up for consideration, cities have the opportunity to create avenues for feedback – through transparent processes, town halls, hearings (at different times of the day to maintain access for all individuals), and even referenda. In public-private contracts, accountability can be achieved by leaving room for evaluation, competition, and improvements, via shorter agreement lengths or mid-contract reviews.

Local, regional, and national governments around the world are struggling with the issue of private water management. Whether or not decision makers and community members use the terminology and frameworks employed by international movements, they are facing the same overarching questions about water management: on access and availability, efficiency and costs, ownership and governance. Cities are at the front lines of these ideological debates about public water systems and their challenges and lessons will reverberate around the world.

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