

CITY OF ONEIDA

OFFICE OF THE MAYOR

LEO MATZKE
Mayor



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July 20, 2005

Honorable David O. Barker
City Manager
City of Sherrill, New York
377 Sherrill Rd.
Sherrill NY 13461

Dear David:

I appreciate your coming to my office last week to discuss the Sherrill-Kenwood (SKWD) Water Supply Agreement, as well as your phone call today. Let me reiterate what we shared with you so you can share the information with your Water Board.

As you know Oneida has a total water supply system permit of 4.0 MGD. As you also know, somehow over the past two decades water supply permits were issued by NYS Department of Environmental Conservation (NYSDEC) which now has Oneida over committed, at least paper, on the order of 5+MGD. As such, and at the behest of NYSDEC, we are in the midst of revising water supply permits, and in some cases water supply contracts as well, for nearly all of our customers to bring the overall allocation back in line with our 4.0 MGD system permit. In this water reallocation plan, which we provided to you in August 2004, Oneida has reserved 1.2 MGD for its¹ own use, and 1.0 MGD for SKWD. In as much as the plan allocates all of the 4.0 MGD, absent another source² of water, its simple math to see that if SKWD is allowed more than 1 MGD, it could only come from the City of Oneida's allocation.

According to our account information over the past several years, even before the unfortunate Oneida Ltd. plant closure, SKWD has consistently used

¹ Includes the Villages of Oneida Castle & Wampsville. The City of Oneida performs all water supply distribution, new service installations, customer service, billing, etc. for these villages.

² We will continue efforts to reduce the unaccounted 405,000GPD of water, but success in that regard is not assured, and so that water can not be committed to any entity at this time.

600,000 gallons per day (GPD) on average. The City of Oneida recognizes the City of Sherrill's desire and need for a reliable water supply with an adequate reserve capacity in order to plan for orderly growth, and/or to capitalize on economic development opportunities that may arise.

Based on historic and current use, reducing SKWDs current water supply permit from 2.2 MGD to 1 MGD would still provide SKWD a 400,000 MGD reserve, allowing for a possible 60% water customer growth rate. We appreciate your concerns regarding your City's possible long-range plans. We cannot, however, commit above 1 MGD to the SKWD; that would not be feasible for us.

Sincerely,



Leo Matzke
Mayor

cc: Nick Vanderwall, Chairman, Sherrill-Kenwood Water Board
Jim Bacher, City Engineer
Arthur Smolinski, Water Superintendent
John Perretta, Chairman, Oneida Water Board