

CITY OF ONEIDA  
OFFICE OF THE MAYOR

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Mayor



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November 9, 2005

Mr. Nick Vanderwall, Chairman  
Sherrill-Kenwood Water District  
377 Sherrill Road  
Sherrill, NY 13461

Re: Your October 12, 2005 Letter - Subject: Water Allocations

Dear Mr. Vanderwall:

As you know supply permits issued to various water districts by NYSDEC to draw from the City of Oneida public water supply, plus water supply agreements Oneida has with its customers, have been found in the aggregate to exceed the City of Oneida's water supply permit to draw 4.0 MGD from its Glenmore Reservoir. As a result, NYSDEC has directed the City of Oneida to seek revisions to subordinate water supply permits and/or water supply agreements in order to bring the overall water supply allocation throughout Oneida's distribution system in line with its 4.0 MGD water supply permit. As such the City has been pursuing such revisions with our various customers in conjunction with water supply agreement renewals. In that regard, a renewal water supply agreement was extended to the Sherrill-Kenwood Water District (SKWD) in January 2005 having the same 900,000 GPD supply as in recent past agreements. However, the renewal agreement then also sought SKWD's endorsement to reduce its water supply permit from 2.2 MGD to 1.0 MGD.

Concurrent with bringing permits and agreements in line, NYSDEC also required the City of Oneida to update the daily safe yield analysis for the Glenmore Reservoir. That analysis was recently completed and forwarded to NYSDEC on October 21, 2005. Unfortunately, that analysis reflects that the safe yield of the reservoir is now 3.815 MGD which is nearly 200,000 GPD less than Oneida's current 4.0 MGD water supply permit. The safe yield analysis was prepared following established protocols and is available for your review.

The aforementioned new safe yield analysis has created anticipation that NYSDEC will reduce the City's current water supply permit for Glenmore Reservoir. Accordingly, the City of Oneida has decided it must take a more conservative approach toward reallocating available water supply. Specifically, as it addresses revisions to customer water supply permits and/or water supply agreements, these allocations will now be made so that the aggregate allocation will not exceed 3.815 MGD, the safe yield recently reported to NYSDEC.

You can see then that conditions have changed since the water supply agreement renewal offer was tendered in January 2005, as well as since I wrote about these matters to then Sherrill City Manager Barker in July 2005. Indeed while the City of Oneida will continue to offer to sell by agreement up to 900,000 GPD to SKWD, we now find it is necessary to seek a reduction in SKWD's water supply

permit to a quantity equal to the contract sale amount.

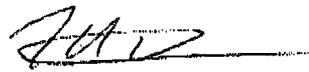
In light of all of the above, on November 15, 2005 the City of Oneida Common Council will consider a resolution that if passed will direct the City's Water Superintendent to prepare and submit an application to NYSDEC for a new Sherrill-Kenwood Water District water supply permit of 900,000 GPD (annual average). I am not fully familiar with the review and approval process that NYSDEC would follow in considering such a revised application. However, I do know that at some point in the process the public, including the City of Sherrill and SKWD, will be invited to provide their input.

I realize that this is not the response to your letter that you or the SKWD board were hoping to receive. However, please believe that the City of Oneida's position is based on solid data that has been compiled and analyzed, and then presented by Water Superintendent Art Smolinski to the Oneida Common Council and myself, as well as then City Manager Barker<sup>1</sup>. Moreover, I have personally and purposefully examined Sherrill's historical water use before and after the unfortunate closing of the Oneida Ltd plant, as well as with the co-generation facility in operation and not; and must conclude that a 900,000 GPD water supply permit and agreement amount will still allow the City of Sherrill and SKWD to continue to grow and develop. However, I recognize that it will likely require prioritization of the speculative development included in the memorandum that accompanied your letter, and that realistically absent another source of water all of it may not be possible. Yet, these are the same challenges facing the City of Oneida, as well as our other customers as together we confront the reality that water supply is a finite resource.

On a more encouraging note, the City of Oneida has begun examining options for increasing available water supply within its distribution system. However, this effort is only in the very early stages and no one should expect rapid or easy solutions, but at least the process has begun.

Lastly, the City of Oneida is certainly mindful of SKWD's role in developing the safe and affordable public water distribution system we enjoy today, and we hope to continue building on our long history that you so eloquently outlined in your letter. On that I trust we can agree.

Sincerely,



Leo Matzke  
Mayor

cc. Common Council  
City Attorney  
City Engineer  
Water Superintendent

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<sup>1</sup> Meetings at the Sherrill City Hall in August 2004, and Oneida City Hall in July 2005.