

Onondaga County Comptroller's Office Report - Village Of Skaneateles/Town of Skaneateles Drinking Water Consolidation Project

Introduction

The Village of Skaneateles (Village) and the Town of Skaneateles (Town) jointly applied for a New York State Department of State (NYSDOS) Local Efficiency Grant funding for the installation of an ultra violet disinfection system (the project). As part of the award, the NYSDOS requires submission of a study demonstrating complete consolidation of the Village and Town drinking waters systems is not economically practical.

In 2011, the Onondaga County Comptroller's Office established the Consolidation, Shared Services and Integration (CSI) Onondaga Tax force, an initiative to assist local government officials in managing resources efficiently and effectively and, by doing so, provide accountability for tax dollars spent to support government operations. Included in the CSI budget was a funded position for an auditor whose sole function would be to assist municipalities and quasi-governmental agencies in identifying opportunities for cost savings.

The Onondaga County Comptroller is elected by county wide vote, serving a four year term. The Office of County Comptroller has completed this study at no direct cost to the municipalities involved. The CSI Tax force involves itself in this issue between the Village and Town because sharing services is integral to cost containment and a mechanism is needed to assist those municipalities sharing services and understanding financial impacts.

The Village, along with the Town, submitted an application to the NYSDOS for a Local Government Efficiency Grant. The parties were subsequently notified they were able to receive the funding in the amount of \$400,000 to undertake the project.

Prior to releasing the entire award, NYSDOS is withholding 10% of the grant funding until the Village and Town submit a study demonstrating complete consolidation of the Town and Village drinking water system is not economically practical. The tax force has been asked to assist the Village and the Town in preparing the study and expressing an opinion thereon.

Background

Per a long-standing agreement with the City of Syracuse (October 1, 1940) the Village of Skaneateles has exclusive rights to water from Skaneateles Lake in exchange for land the city of Syracuse utilizes to access the lake water. The water is distributed to customers within the village borders as well as approximately 1,000 customers located within the Town. The Town parcels are located within five districts and the Town contracts with the Village to purchase the water.

The Village of Skaneateles water system provides water to the Village and Town of Skaneateles with an estimated combined population of 7,200. The community receives its water from a surface water source, Skaneateles Lake, one of New York's Finger Lakes. It has a surface area of 13.6 square miles and its maximum depth is 300 feet.

In 1940, the Village of Skaneateles entered into a contractual agreement with the City of Syracuse (Appendix A) whereas the Village would convey land to the City of Syracuse for the City's use in the operation and maintenance of its public water supply system and in turn the City of Syracuse provided for the granting of an easement to the Village and the right of the Village to construct and maintain a water main and pipe connection to the City's intake water wells located within the City's gatehouse. The purpose of such water taking is for use by the Village or distribution to its inhabitants and to Water District No. 1, Town of Skaneateles, and Water District No. 1, Town of Elbridge.

As a requirement by federal and state law, the 1940 contract was amended in 1994 (Appendix B) in connection with the Village's installation of a new chlorine contact infrastructure. Between the signing of the original agreement in 1940 and 1994, the Town of Skaneateles had created new water districts (No. 2, 3, 4 and 5) and requested permission from the Village to connect them to the Village's supply system. In response, the City contends the 1940 Contract, as amended, only grants the Village specific rights to supply water to Town Water district No. 1 (Town of Skaneateles). The Village of Skaneateles disputes this position and asserts its right to grant such request at its discretion. This issue remains unresolved at this time.

The water is taken directly from wet wells located in the City of Syracuse gatehouse, on Genesee Street (in the Village of Skaneateles). It is then pumped from the Village pump station through a 12" dedicated water main to reservoirs located on East Street also in the Village. It is then gravity fed into the distribution system of both the Village and Town water systems.

The contract between the Village and Town for the Village to supply drinking water to the Town expired on May 31, 2009.

Financial & Operational Information

Village

Through attrition and retirement, the Village has no dedicated employee for the water supply system. Currently, the Village's Director of Municipal Operations oversees the Village's water system. As a New York State Sanitary Code requirement, the Village is required to have a "Certified Operator", as well as a back-up operator for its water supply system. The Director of Municipal Operations is trained and currently holds a Class C License, which allows him to perform certain duties which includes but is not limited to chlorination and sample testing. Administrative duties are handled through the Clerk's office. This is a full-time staff of three, which includes the Village Clerk, and two additional staff people. In

regards to the water supply system their duties include billing, collections, reporting, and budgeting. Billing is done on a monthly basis.

Currently, meter-reading duties are accomplished through the assistance of the Electrical Department staff. Due to the age of the equipment, the staff is unable to read the meters remotely. As staff members routinely go into the field to record usage of electrical utility meters, they also record the water meter usage. It is a very efficient system and is another example of where the municipality has already implemented consolidation efforts.

In an effort to further savings to the taxpayers, which also justified the need for less staffing, a project involving the installation of a fixed-based AMR (Automatic Meter Reading) system was begun in May of 2008. This system will allow for water meters to be remotely read via radio signals from a centralized location. Currently, nearly 37 percent of one staff members' time is utilized for these manual readings. The signal can be transmitted in 15 minute intervals. This will eliminate the need for driving, walking and the inconvenience of customers at the residence or place of business.

An additional benefit that would be provided is the early detection of leaks. As the flow of water can now be monitored in real-time, spikes and deviations of flows can be immediately identified. As of March 2012, it was reported this was 60% completed. The goal is this system will be implemented by September 1, 2012. Additionally, the staff of the Electrical Department has been cross-trained to assist with any water department related issue. If bigger issues arise, the members of the Highway Department have also been cross-train to assist. The Village has a very symbiotic relationship with the Towns' staff in regards to repair issues. As a courtesy they work together on problems that arise if assistance is needed during normal hours. This arrangement has worked well for years.

As a New York State Sanitary Code requirement, the Village also has an agreement in effect through April 30, 2012 to have available a back-up operator for its water supply system. This individual currently works for the Village of Jordan as a licensed treatment plant operator. The agreement in place is for services that may be needed during the employees off hours (4:00 pm – 7:30 am). The Back-up Operator is paid \$250.00 per month. If he is called upon to provide services during the indicated hours he is paid a rate of \$50.00 per hour.

In addition, the Village of Jordan and the Village of Skaneateles have an agreement for the same individual to act as the backup during his scheduled hours (7:30am – 4:00pm). There is no compensation for this; the compensation shall be in consideration of municipal assistance provided by Skaneateles to Jordan from time to time. This is another example of the proactive approach the village has been taking to cut costs. Village officials indicated that these contracts will be renewed upon their current expiration date. The Village plans to have one of their own staff qualified to take over the backup operator duties within 6 months.

By 2011, the Village had two dedicated employees to manage its water system at a cost of \$129,483.33. Subsequently, one of the employees has retired while the other was laid-off in a cost savings measure, thus leaving the Village with no true dedicated employee to oversee the water supply system. However, the Village pays the Director of Municipal Operations an additional \$15,500 (including salary and

benefits) to oversee the Village water system. The Village wage and benefit structure for a laborer is currently \$50,504.40 and \$15,944.28 (annually). The Village currently budgeted \$457,100 to cover operational, maintenance and debt service expenses. In the near term the debt service will be paid off in 2014. Revenues associated from the water system are estimated at \$435,123; they include metered sales to the Village (\$221,000), to the Town (\$135,200) and the remaining is made up of Contact Time, Penalties, New Service and Turn-on Fees.

Town

In order to run efficiently while minimizing the cost to the taxpayer, the town has made substantial cuts to its water system staff levels over the last several years. The 2012 adopted budget did not include funds to replace a second, dedicated water employee and now the town has just one dedicated water employee at an expense of \$121,200 (which includes salary and benefits). During the budgeting process the estimates came in at \$100,000 with the remainder allocated to Highway Department staffing to supplement for assistance when needed. However, expenses from 2011 show this number to be roughly \$92,000. The Town wage and benefit structure for public works laborer is \$48,027.20 and \$15,706.12 respectively (annually).

The Town currently purchases all of its water from the Village, at a cost of \$1.43 per 1,000 gallons. At its current rate the Town's cost is roughly \$143,000. The rate formula the Village utilizes to develop the Town's cost was devised by the NYS DEC. It's a complex formula which takes into account all aspects included in the system, averaged over the previous three (3) year cycle, and multiplied by an apportionment factor. Depreciation and the return on the rate base are also included. This total is then divided by the usage (apportionment factor).

The cost per gallon is derived from the operating expenses associated from the Village of Skaneateles water system. Additional costs to the town include debt service and maintenance costs. In order to cover the expenditure of the water system, the Town levies a \$4.26 per 1,000-gallons charge to its customers, resulting in revenues of roughly \$426,000. The majority of revenues are generated from metered sales (\$400,000). The remainder is interest, penalties and service charges. Current budget expenses are estimated at \$408,050.

Appendix F shows a simple price comparison between a customer from the Village, Town, and a customer from OCWA (Onondaga County Water Authority). As displayed, if the debt service is taken out of the equation, the difference between the Town and OCWA is negligible. As mentioned in the previous paragraph, the main additional cost factors for the Town are the costs of a dedicated employee and additional maintenance costs. Copies of bills (Appendix G) are also included to verify the applicable rates.

In 2011, the Town had budgeted for two dedicated employees to maintain the Town's water supply system. In May of 2011, one employee retired. The decision was made to not replace him and the position was eliminated. The Water Foreman currently holds a Class D License and a Class C License. In

additional to daily sampling and analysis, this position also performs meter (reading, installation, repairs), flow analysis, unplanned system repairs, preventative maintenance and upkeep as well as seasonal issues (hydrants, Dig Safe, flushing's).

In order to assist with repairs and preventative maintenance, the Highway Department staff has been cross-trained to assist with any issues. Due to the system requiring sampling and analysis every day of the year, some of the Highway Department personnel are also licensed to perform this task in the operator's absence. They also receive current, up to date training to ensure the system is fully operational. Similar to the Village's efforts to reduce the burden on the taxpayer and further promote consolidation, the Town has also embarked on the installation of the AMR system. The Town is at 80 percent completion and plans to have this finalized by October 2012.

As a consolidated effort, the Town's Clerk office handles the administrative duties associated with the water supply system. The Clerk's office is a staff of three full-time personnel. In addition to duties associated with the water supply system, they also perform a variety of other tasks. They provide all billing, posting and collection functions. Billing is split between commercial customers (est. 100), who are billed monthly, while the residential customers (est. 900) are billed quarterly. Once the AMR installation is at 90 percent completion, all billing will be done on a monthly basis. It should be noted as the team moves into a monthly billing cycle this will increase the time personnel needs to process, post and correct billings. In the Town 2011 budget, \$55,000 is dedicated for staffing and will be utilized to reimburse time for the installation of the automatic meter readers and once completed will no longer be necessary. The Town is also exploring the idea of new billing software/data files and should see some savings (though unknown at this time) due from these efficiencies.

Purpose, Scope & Methodology

The purpose of our report is to express an opinion on the economic feasibility of the Town and Village merging, or consolidating, Village and Town Water Departments.

The scope of our report involved examining the savings of a complete consolidation scenario, wherein for all intents and purposes the Village of Skaneateles Water Department was left as the surviving entity of the merged departments responsible for all aspects of water delivery, billing, operations, maintenance and service. The goal of a complete consolidation should result in one entity having total oversight of the water supply system operation. This would include administrative functions, preventative and on-going maintenance, and operations. All associated employees would fall under one municipality.

Our methodology included a review of management's assertions as well as an analysis on our own account of the financial data and review of operations which included field visits. Our office reviewed financial records of both governments, interviewed town and village officials and toured the gatehouse, the Village of Skaneateles Pump House and Water Storage Facility. Our review was limited to the water

supply system (Direct and Indirect costs). Our report and procedures hereunder focused on the personnel duties, internal efforts to date on efficiency maximization and practical considerations.

Multiple attempts were made to contact a nearby municipality that conducted a similar study but these requests went unanswered.

Pertinent Opinions- Management & Legal

In planning our engagement great weight is placed on the opinions of management as the leaders of both governments are the day-to-day fiscal stewards of the water system. In a joint letter to the NYSDOS, the Village Mayor and the Town Supervisor expressed consolidation of the systems “would not result in any cost savings.”

Further, the leaders expressed a merger “would result in increased personnel cost because the Village has a higher wage and benefit cost structure than the Town.”

As the relationship between the City of Syracuse and the Village of Skaneateles is contractual in nature, a legal impediment exists that may prevent the possible consolidation of the Town and Villages water supply system, even if thought to be economically practical. The October 1940 contract allows the Village to obtain water by means of a connection provided by the City of Syracuse in exchange for conveyance of a parcel of land to the City of Syracuse. The contract does not appear to allow the Village transference of its rights in any capacity.

As the contract states at Section 4 – the Village’s access is for “...purpose of taking water for use by the Village or distribution of its inhabitant’s and to Water District No. 1, Town of Skaneateles...”

It is the opinion of Village counsel complete consolidation would be a violation of this contract and would jeopardize the Village of Skaneateles severely and force undue hardship upon its residents (Appendix C).

Goals of Consolidation

The goal of any consolidation should be to offer the same or better service to the taxpayers while saving money or at least not increasing cost. Certainly no two consolidations are the same but the general premise and principles are the same- can we take cost out of the equation or increase revenue by consolidating? Does the bottom line result in savings to the taxpayers?

Financial Impact of Complete Consolidation

Assuming the legal scenario of the original 1940 Contract between the City of Syracuse and the Village of Skaneateles “allows” the further enlargement to include an additional water district, the enlarged district would encompass the roughly 1,000 customers currently serviced by the Town of Skaneateles.

A complete consolidation would result in the elimination of the Towns’ Water Department. The Town would have no employees involved in this work and thus no responsibilities. This would include the laying off of one dedicated water system employee at an estimated savings of \$92,000. No savings would be realized from the Maintenance staff and Administrative staff. These employees are all crossed-trained and perform water department related duties in addition to their normal departmental duties. Debt service would still be the obligation of the district that incurred them.

Conversely, the Village would now be taking over the district that was formerly serviced by the Town. As a result of this, the new area would vastly overwhelm all aspects of staffing. The increase in size would require the hiring of at least one full-time dedicated water system employee. The Village personnel cost structure is roughly 4.26% higher than the towns. Current estimates have a fulltime dedicated water system employee at \$76,638 based on the current size of the Village water system. At a minimal, an additional \$15,000 in salary would be warranted to cover this vastly increased system, negating the savings the town gained from their position elimination. With oversight of an estimated 1,000 new customers the necessity of a part-time employee may be required as well due to the size of the new operation. Maintenance normally accomplished through the assistance of electrical and highway department personnel may deem too much and consideration for an additional employee may be needed. The administrative staff would be overwhelmed by the increase in so many more customers and with their unscheduled time already at a premium another staff member will be required on a full-time basis.

Pro-Forma Consolidated Appropriations and Revenue

We have combined the budgets of both the Village and Town into a consolidated joint operating statement attached herewith as Appendix D. The purpose of this statement is to display on a budgetary basis the combined operations of both water systems as if there was in fact a merger. We have eliminated transactions between the two entities to display 1 joint operating income statement operated by the Village.

Revenues

Our first question involves analyzing revenue because from our perspective it is important to understand what each water user is paying for water no matter where the property is located. We did not want to only concentrate on expenditures because it could be possible a town user is paying more than a village user for the same water.

As our statement attached as Appendix E, displays taking village water rates and extrapolating the same rates of water used by in the Town shows, revenue to be charged by the combined operating system to the current amount charged town residents is reasonably close in total dollars.

We conclude while there are slight differences between the systems there is not a significant variance between the town and village users to consolidate waters systems based on revenue—or what is charged to the customer.

Appropriations or Expenses

As the combined operating statement displays, total appropriations decrease when combined because water charges between the Village and Town are eliminated.

The key question then becomes what other expenses can be eliminated due to merger? Are there redundant expenses or other savings from consolidation?

It is our opinion the combined operations from an expenditure standpoint can be covered by the current revenue structure in place. While the statement does display there are not enough revenues to cover combined expenses we feel the variance is reasonable and would be overcome with current management practices. In other words, we see no significant savings from combining the two systems.

Another way to evaluate is as follows:

Step 1 – Eliminate the Town Dedicated Water System Employee and hire a Village Dedicated Water System Employee. Since we are simply replacing one identical position for another, this is a break even issue.

Step 2 – With an increase of 1,000 customers, at a minimal part-time (if not fulltime) additional dedicated staff will needed to address maintenance and administrative issues.

Thus in our opinion cost would increase due to the differences in (Town & Village) cost structure. More importantly, the Village would need to replace some of the town employees with dual capacity positions (such as those which assist with maintenance or administrative duties.)

Deliverables

At the time of the NYS Department of State Local Government Efficiency Grant application, the Town and Village of Skaneateles each had separate water systems with drinking water provided by the same source, Skaneateles Lake. The application points out that the Town “provides continuous chlorination and storage of its water in open reservoirs, while the Village utilizes an enclosed (but deteriorating) water tank which obviates the need to chlorinate.”

In order to comply with the unfunded federal mandate known as LT2 (Long Term 2 Enhanced Water Treatment Rule), the Town and the Village will functionally consolidate drinking water services. The project will include building a combined UV treatment center, combined storage facility, and will eliminate the need for continuous chlorination. The project will continue to improve efficiencies while minimizing the costs for taxpayers. Once completed, the project will result in one municipality (the Village) operating and maintaining the newly combined drinking water treatment and storage facilities.

The project involves four deliverables and will be achieved in the below inter-related components.

1. Retrofit existing pumphouse to accommodate the ultraviolet disinfection system and a back-up chlorination system. By retrofitting the current facility, this will allow the Town and the Village to mitigate the cost to the taxpayers while still complying with the LT2 regulation requirements. Once completed, the Village will be the sole operator and maintain the facility, resulting in a functional consolidation of drinking water services. As of April 1, 2012 this had been substantially completed and the system is in operation. The contractor is working on the final punch-list items to close out the project. The Department of Health has done a walk-through of the facility and has confirmed the system was built according to the approved plans and they are waiting for an official letter stating such. Additionally, estimated saving calculations have been verified.
2. Piping infrastructure modifications and rehabilitation of the existing water tank to accommodate combined storage and eliminate the need for the two (2) open water reservoirs. The Village will provide combined water storage for the Town with a rehabilitated water tank/tower. Once completed this functional consolidation will cover all system users within the Town and Village. With the elimination of an open water storage system, the Village will be able to provide booster chlorination for all users resulting in a functional consolidation of services. This portion of the project is currently in the design phase. Per the Town's Stipulation Agreement dated March 30, 2009 the following adjusted dates are still on schedule:
 - a. August 2012 award a contract for construction of required modifications;
 - b. October 2012 begin construction of modifications;
 - c. October 2013 complete all modifications and have water system in compliance.
3. Intermunicipal Agreement – The Village and Town will prepare and execute a final agreement once rates and terms have been agreed upon. The Agreement will allow the Village to provide treated drinking water to all residents of the Town and the Village and it will also outline the terms under which such services shall be provided. Resolutions were passed in November 2010, allowing both entities to enter into an Intermunicipal Agreement. Once rates and terms have been agreed upon a final agreement will be executed.
4. Approval – Upon completion of Phase I of the project (estimated October 2013) an approval letter from the NYS Department of Health will be obtained.

Once the deliverables are met, the proposed project will achieve its goal of increased public accessibility to safe drinking water for all located within the Town and Village of Skaneateles. This complete functional consolidation of the water drinking system will not only mitigate the direct impact to taxpayers while meeting the requirements of this unfunded federal mandate, but will also enhance operational efficiencies.

Conclusion and Opinion

Both the Town and Village of Skaneateles have done an admirable job in curtailing cost to the taxpayers in the area of their respective Water Supply Systems. Over the course of the last several years they have reduced their staffs to the bare minimum through attrition and position elimination. They have cross-trained staff in maintenance, equipment repair and administration to be able to maintain the level of service their citizens have come to expect. They have modernized their equipment, including an Automatic Meter Reading System, that will allow a former manual and time consuming task to be done remotely, safely and instantaneous.

This office has audited the current staff and its job related functions and can see no substantial evidence a complete consolidation of the Water Supply Systems would result in economical savings. As the majority of the staff involved had previously existed and has many duties outside of the water system, their elimination/consolidation is not practical. Furthermore, as discussed above, contractual issues may prevent this consideration from even occurring.

However, there does appear to be some areas worthy of more discussion, as the realm of savings may be possible with further collaboration. These are listed on the following pages.

Recommendations and Discussions

1. Billing Systems

Even though it is the opinion of this study that joint billing and metering would not result in economic savings, there may be opportunities for cost reductions in other areas involving billing. The Town is looking into the potential of converting its billing system to new software. The Town Budget Officer indicates that the software that they are exploring can also allow the Village to enjoin in the new system as well. This combined system could result in savings for both entities.

With the completion of the AMR systems installation, the possibility should be explored for both entities to contract out to a third party vendor in regards to billing. With the automation of the tracking of usage, a third party vendor that specializes in this area may be able to offer this at a much lower cost. With both entities utilizing part-time help for administrative duties, this could result in a reduction in hours needed to perform associated tasks. Additionally, their knowledgeable staff will also have the time to monitor usage more closely and notice anomalies quicker than staff handling many other duties. This can produce additional savings as leaks and breaks in the system can be detected and repaired quickly. However, due diligence must be maintained in the review of such changes to see if savings exist without compromising service.

2. Block Rate Scheduling

The Town and the Village may want to consider converting their respective price-rating schedules to block rate scheduling. By utilizing block rate scheduling, the system is able to promote a more balanced method of cost in regards to operations and infrastructure demands. As the volume usage of the larger client's increases, the demands placed upon the system also increases and the true cost is properly allocated to its heavier customers.

Block rate scheduling also has the latent effect of promoting water conservation by charging a higher rate as usage increases. As time progresses, more and more of our citizens are learning that water is our most precious resource. Here in Central New York we are blessed with such proximity to a large supply. However, this is not the case in many localities and we need to continue to educate our citizenry in this regard.

3. Quarterly Billing vs. Monthly Billing

Upon the completion of the Automatic Meter Reading (AMR) Systems, if cash flow is not an issue for the respective municipalities, the Village may want to consider billing on a quarterly basis. Likewise, the Town may want to consider staying with quarterly billing and converting all its customers to quarterly billing. Monthly billing creates the same set of tasks to be performed by staff twelve times a year. By going to a quarterly billing system these same functions can be achieved with an estimated 60 percent reduction in time. As previously stated, the Town and the Village have done a very respectable job in minimizing their cost to the extent possible where they could. With the administrative staffs performing many duties this unrealized time could be invaluable.

4. Shared Purchasing

The Town and the Village Water Supply System have the same goal of providing safe and reliable drinking water to its citizenry. They also have very common infrastructure systems in place to provide this service. The commonality of required supplies, equipment, tools and replacement parts presents an opportunity in the area of their procurement. By establishing a shared purchasing agreement between the Village and Town, there also exists a potential in cost reductions for both entities.

With economies of scale, larger purchases most often translate to larger savings. Due to the proximity of both municipalities, savings may also be realized through fewer deliveries and to a centralized location.

5. Shared Contractual Bidding

As the Town and Village teams often work together to solve maintenance specific issues on an informal basis, it may prove fruitful to have a formal agreement for this relationship. When the work to be performed calls for additional expertise, a combined contract with a specified vendor can be established. This can result in lower costs as the contractor is now established with two municipalities, thus lowering their cost for bidding and incidental related costs.

6. Consideration of reserve fund accounts

Currently, neither the Town nor the Village reserves funds for future water department needs. As preventative maintenance can only go so far, unexpected issues can emerge at any time. Both municipalities may want to consider allocating water department surplus funds to a capital reserve account or even creating a line budget item if revenues allow. This can potentially mitigate future system and infrastructure improvement cost and also helps avoid transfers from general funds due to a shortfall in revenues.

Copy of Village

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THIS AGREEMENT, Made and entered into this First day of October 1940, by and between the VILLAGE OF SKANEATELES, a municipal corporation of Onondaga County, New York, hereinafter referred to as the "Village", party of the first part, and the CITY OF SYRACUSE, a municipal corporation of Onondaga County, New York, hereinafter referred to as the "City", party of the second part:

WITNESSETH: WHEREAS, the parties hereto are both taking water from Skaneateles Lake for their respective needs and they have agreed to enter into this agreement for the mutual advantage and convenience of both parties.

NOW THIS INDENTURE WITNESSETH; That the parties hereto, in consideration of the covenants and conditions and provisions hereinafter expressed, hereby mutually and respectively agree as follows:

1. The Village hereby agrees to convey to the City, by a Covenant against Grantor deed, on or before the First day of November 1940, the following described lands, namely:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Village of Skaneateles, County of Onondaga, and State of New York, hereinafter described by courses and distances and numbered angle points, as shown on a "map of lands acquired from Village of Skaneateles, Onondaga County, New York", and hereto attached, as follows:

Beginning at a monument marking a point designated as 3 S, said point being located on a line joining points 3 and 7, and 40 feet from copper plug marking point 3 on the ninth step from top of west abutment of the so-called State dam, said plug being 15.48 feet northwesterly from the north edge of the crest of dam, and running the following courses and distances:

From said point 3 S running N. 31° 15' 30" W., 128.32 feet to point 7, on the old blue line;

Thence S. 62° 14' E., 158.40 feet along old blue line to point 8;

Thence N. 57° 40' E., 37.06 feet to point 9 S being the corner of the stone mill;

Thence N. 81° 30' E., 41.36 feet to point 12, (also designated as point 14 on a certain other map made by the State of New York, Department of Public Works, Division of Engineering, of a portion of the Erie Canal Lands, Map No. 421.1);

Thence S. 35° 16' W., 48.20 feet along old blue line to point 13;

Thence S. 35° 59' E., 110.16 feet along old blue line to point 14 S;

Thence S. 14° 25' E., 74.71 feet to point 15 S on North line of Genesee Street;

Thence S. 64° 21' W., 12.41 feet along North line of Genesee Street to point 16 S;

Thence S. 24° 12' E., 417.17 feet across Genesee Street and out into the lake to point 17;

Thence S. 69° 33' W., 67.71 feet along blue line to point 19 S, also in the lake;

Thence N. 25° 45' 20" W., 311.94 feet parallel to the concrete wall to point 20 S on the south line of Genesee Street;

Thence N. 64° 21' E., 36.36 feet along south line of Genesee Street to point 21 S;

Thence N. 24° 12' W., 99.00 feet across Genesee Street to point 22 S on the north line of Genesee Street;

Thence S. 64° 21' W., 7.51 feet along north line of Genesee Street to point 23 S;

Thence N. 53° 59' W., 80.13 feet along park to point 24 S;

Thence N. 43° 19' W., 92.25 feet along park to point 25 S;

Thence N. 21° 06' W., 54.23 feet to the place of beginning and containing about 1.2 acres, and the masonry dam used for controlling outflow from the lake all as shown on accompanying map. All points except Nos. 9 S, 17, 19 S and 21 S are marked with monuments or copper plugs in masonry. All points designated by numerals only represent points in the old blue line marking property formerly owned and monumented by the State of New York which was transferred to the Village of Skaneateles in 1931. The other points are marked by numerals followed by the letter S to designate other points agreed upon by both parties.

This conveyance is made and accepted by the parties hereto, subject to a right of access to and from Genesee Street for the property owners within the area bounded on the south by Genesee Street; on the east by Jordan Street; on the north by Village lands; and on the west by the premises above described, such right of access to be along a defined and existing roadway about 8 feet wide immediately west of the east line of the premises above described

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between the points numbered 15 S and 14 S, as shown on the accompanying map, and extending about 23 feet northerly from point 14 S.

This conveyance is also made and accepted by the parties hereto subject to the restriction that no buildings for other than municipal purposes or uses by the City will be built, at any time hereafter, on said lands without the consent of the Village.

This conveyance is also made and accepted by the parties hereto subject to the right herein reserved to the Village to construct, maintain and operate a water main and oil pipe line to be used in connection with the operation of the Village water and light system over a strip of land eight (8) feet wide across a portion of the lands herein conveyed between point 8 and the masonry dam, and points 3 S and 3 at the approximate locations shown on the accompanying map.

This conveyance is also made and accepted by the parties hereto subject to the right of the Village to maintain and operate its overhead aerial electric power lines and the Talbot Milling Company lines across a portion of the lands herein conveyed at the locations now existing and shown on the accompanying map.

This conveyance is also made and accepted by the parties hereto subject to a permanent easement hereby reserved to the Village for the construction, reconstruction and maintenance of a storm water sewer on, over, in and across a portion of the lands herein conveyed, said easement being a strip of land eight (8) feet wide, extending from Genesee Street to the State Dam, the center line of which is more specifically described as follows:

Beginning at a point in the north line of West Genesee Street distant 4.54 feet easterly, measured along said street line from an iron pipe marking point 23 S and running thence N. 53° 59' W. 21.9 feet to an angle;

Thence N. 43° 19' W. 56.18 feet to the existing 18" sewer;

Thence N. 21° 21½' W. about 20.5 feet along said sewer to an angle that is 1.6 feet east of south end of abutment of the State Dam;

Thence northwesterly and generally parallel to the easterly face of said abutment, about 12 feet to the downstream crest of said dam, as shown on accompanying map.

2. The Village further agrees to maintain the deck of the bridge across the lake outlet at Genesee Street and any structures above the deck thereof not maintained by the State, it being understood, however, that the City will maintain at its own expense the abutments of said bridge originally built by the City. But it is further expressly agreed by the parties hereto that in case any damage whatever shall result to the deck of said bridge, or the structures above the deck thereof, resulting from the collapse or rebuilding of the abutments under said bridge, then and in that event the City agrees to repair and replace, at its own sole expense, all such damage to the deck of said bridge, or the structures above thereof.

3. The City agrees that when and if it rebuilds its City boathouse it will build on the west side of the Outlet and immediately south of Genesee Street, and of such design as not to obstruct the view from Genesee Street southerly over the lake, but the roof of said rebuilt City boathouse shall, in no event, be higher than the top of the present railing of said bridge.

4. The City agrees to permit the Village to maintain, as long as City or its successors takes water from Skaneateles Lake, a pipe connection, and take water therefrom, such pipe connection not to exceed 10 inches in diameter, from its existing intake to the intake wells of the City with a suction pipe not to exceed ten inches in size in the old and new intake wells for the purpose of taking water for use by the Village or distribution to its inhabitants and to Water District No. 1, Town of Skaneateles, and Water District No. 1, Town of Elbridge, which districts are now taking water from said Village by contract, said connections to be in accordance with the plans attached hereto, and the Village may take water through said pipe connection as long as the City or its

successors takes water from Skaneateles Lake. The said ten inch pipe connection and ten inch suction pipe shall be installed not later than sixty days after the date of the execution of this agreement.

In the event the existing intake wells or either are hereafter discontinued and a new intake well or wells are substituted therefor by the City, the City shall permit the Village at Village expense and subject to supervision of the City as to location and placing of said pipes, and subsequent maintenance thereof, to transfer its said 10" pipe connection or connections from the intake well or wells so discontinued to the intake well or wells substituted therefor.

It is understood that the water so taken by the Village through said pipe line is to be without charge by the City of Syracuse, it being understood that the City of Syracuse is not to be considered in any sense a seller or the Village a purchaser of the water so taken.

5. The plans attached hereto of said pipe line connection may be changed at any time hereafter by the consent of both parties to this agreement.

6. A manhole shall be constructed, at the expense of the Village, either on Stott property, or on the City property, or both, in order to provide access to the valves in said pipe connection.

7. The City shall have the right to furnish and maintain, at its own expense, either on City or Village property, a suitable flow meter for measuring the Village pumpage.

8. It is further understood and agreed that the City will do all work of installing said intake connection system at its own expense, and furnish all the materials required for original installation therefor, at its own expense.

done

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W. has
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12
to Village

9. It is further understood, and the Village agrees, that the cost of operating and maintaining said intake connection system shall be borne by the Village at its own expense. For the purpose of operating and maintaining said connection the Village is to have access to the City gatehouse, at all times, such right of access, however, to be at all times subject to the supervision of said City, and the City shall, to aid the Village in such maintenance, provide suitable openings in the floor of the gatehouse and ledges or other means of supporting temporary platforms in the wells upon which to work.

10. The Village further agrees to furnish water from its mains to the City gatehouse in said Village and to the residence of the operator or operators of said gatehouse, residing on the gatehouse lot, for all purposes free of cost to the City or said operators, so long as the Village takes water through connections to the City intake wells.

11. It is further understood and agreed that the Village must make its own tests as to condition and purity of any and all water taken by it from the City intake wells and of the adequacy of the chlorination or other sterilization thereof, if any, and that the City does not agree to chlorinate or otherwise sterilize the water taken by the Village, and the Village agrees that the City shall not be liable to the Village for any loss, liability or damage resulting, directly or indirectly, from improper chlorination or other sterilization or from the condition of the water taken from the City's pipes or intake wells.

Said Village hereby further agrees, as part of the consideration hereof to indemnify and save harmless the City of Syracuse from any and all loss, liability or damage resulting, directly or indirectly, to any person or persons using the Village water, from the improper chlorination or other sterilization of the water so taken or from any other improper condition of said water.

12. If at any time hereafter there shall not be water in the said City intake wells sufficient to supply water to said Village, then and in that event said Village agrees that the City shall not be liable to the Village for any loss, liability or damage resulting, directly or indirectly, from the shutting off or failure of the City to deliver water through the City's pipes or intake wells, and the Village further agrees, as a part of the consideration hereof, to indemnify and save the City harmless from any and all loss, liability or damage resulting, directly or indirectly from the shutting off or failure to deliver water through the City's pipes or intake wells:

13. It is further understood and agreed that the City does not hereby agree, nor shall this agreement be construed as an agreement on the part of the City, to continue the operation of its water system at Skaneateles Lake or the intakes or other parts thereof for the benefit of the Village or for any length of time, it being definitely understood by the City, and the Village agrees that the City is free to discontinue its said water system at such time as it desires and the City shall not be liable to the Village for any loss, liability or damage resulting directly or indirectly from such discontinuance. But it is expressly agreed between the parties hereto that in the event that the City shall, at any time hereafter, sell or transfer its Skaneateles Lake Water System to any person or persons or municipality, then this agreement shall continue in full force and effect, and binding in all respects upon said transferee.

14. It is further understood and agreed that this agreement shall bind and inure to the benefit of the parties hereto and their successors.

VILLAGE OF SKANEATELES

ATTEST:

J. Ray McLaughlin

BY: Arthur Collins Mayor

CITY OF SYRACUSE

ATTEST:

Geo. J. Hancock

BY: Arthur Collins Mayor

CITY OF SYRACUSE

On this 1st day of October 1940 before me personally came SAMUEL A. KANE, Mayor of the Village of Skaneateles, New York, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he resided in the Village of Skaneateles, Onondaga County, N.Y.; that he is Mayor of the Village of Skaneateles, the corporation described in and which executed the within instrument; that he knew the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal; that it was so affixed pursuant to a resolution of the Board of Trustees of said Village of Skaneateles duly adopted September 9th, 1940 and that he signed said instrument as Mayor of said Village of Skaneateles by like authority, and the said SAMUEL A. KANE further said that he was acquainted with J. RAY McLAUGHLIN and knew him to be the Clerk of said Village of Skaneateles and that the signature of J. Ray McLaughlin was thereto subscribed pursuant to said resolution and in the presence of him the said Samuel A. Kane, Mayor.

Nancy E. Maloney
Comm. of Weeds
Syracuse, N.Y.

STATE OF NEW YORK
COUNTY OF ONONDAGA SS:
CITY OF SYRACUSE

On this 3rd day of October 1940 before me personally came R.B. MARVIN, Mayor of the City of Syracuse, with whom I am personally acquainted who, being by me duly sworn, did depose and say that he resided in the City of Syracuse, New York; that he is the Mayor of the City of Syracuse, the Corporation described in and which executed the within instrument; that he knew the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal; that it was so affixed pursuant to the provisions of the charter of said city and that he signed said instrument as Mayor of said City of Syracuse by like authority, and the said R. B. MARVIN further said that he was acquainted with GEORGE K. HANCOCK, and knew him to be the city Clerk of said City of Syracuse, and that the signature of GEORGE K. HANCOCK was thereto subscribed pursuant to said Charter and in the presence of him the said R.B. MARVIN, Mayor.

Erlyn R. Mason
Comm. of Weeds

Complete

VILLAGE OF SKANEATELES, N. Y.
J. R. McLAUGHLIN, CLERK

At a regular meeting of the Municipal Board of the Village of Skaneateles held on the 9th day of September, 1940 Present, President, John E. Heywood, Mayor, Samuel A. Kane and Commissioners, George S. Bentley and Arthur Birchenough. On motion of Bentley, seconded by Birchenough, the following resolution was unanimously adopted to wit;

Resolved that it be and hereby is consented to and it is recommended to the Board of Trustees of the Village of Skaneateles, that the contract of which the annexed instrument is a copy, be executed and entered into with the City of Syracuse.

VILLAGE OF SKANEATELES)
COUNTY OF ONONDAGE) SS
STATE OF NEW YORK)

I, J. Ray McLaughlin Clerk of the Village of Skaneateles, hereby certify that the following is a true and correct copy and transcript of a resolution duly adopted by unanimous vote of a quorum of the Municipal Board of the Village of Skaneateles on September 9, 1940.

J. Ray McLaughlin

At a regular meeting of the Board of Trustees of the Village of Skaneateles held on the 9th. day of September, 1940, present Mayor Samuel A. Kane and Trustees

A. D. Wells, J. A. Harse, Cornelius McLaughlin, and _____
On motion of Trustee _____ Wells seconded
by Trustee Harse the following resolution was unanimously adopted, to wit;

RESOLVED that the Mayor be and he hereby is authorized to execute, acknowledge and deliver to the City of Syracuse the contract for deed of certain lands and the acquirement of certain easements and water rights, all in accordance with and containing all and the same terms, conditions, provisions, agreements and obligations as are set forth and contained in the annexed instrument, which is a true and complete copy of the contract which said Mayor is hereby authorized to execute, acknowledge and deliver, and be it further

RESOLVED that the Mayor be and he hereby is authorized to execute, acknowledge and deliver the deed provided by said contract to be delivered to the City of Syracuse pursuant to the terms of said contract, and the giving of said deed, in consideration of and in return for the agreements, covenants and obligations entered into by the City of Syracuse in said contract is hereby approved.

VILLAGE OF SKANEATELES }
COUNTY OF ONONDAGA } ss
STATE OF NEW YORK. }

I, J. Ray McLaughlin Clerk of the Village of Skaneateles, hereby certify that the following is a true and correct copy and transcript of a resolution duly adopted by unanimous vote of a quorum of the Board of Trustees of the Village of Skaneateles on September 9, 1940.

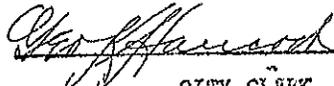


CITY OF SYRACUSE
OFFICE OF CITY CLERK

GEORGE K. HANCOCK
CITY CLERK

I, George K. Hancock, City Clerk of the City of Syracuse, New York, do hereby certify that the attached is a copy of an ordinance adopted by the Common Council of said city on September 22, 1940, and approved by the Board of Estimate of said city on September 24, 1940.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said city this 1st day of October, 1940.


CITY CLERK

AMENDED WATERLINE AGREEMENT

AGREEMENT, made this 29 day of July, 1994, by and between the CITY OF SYRACUSE, a Municipal Corporation duly organized under the laws of the State of New York, whose address is City Hall, Syracuse, New York (hereinafter referred to as the "City") and the VILLAGE OF SKANEATELES, a Municipal Corporation duly organized and existing under the Village Law of the State of New York, whose official office is located at 46 East Genesee Street, Skaneateles, New York (hereinafter referred to as the "Village").

WITNESSETH:

WHEREAS, the City and the Village entered into a Waterline Agreement dated October 1, 1940, which was duly authorized by an Ordinance adopted by the City of Syracuse Common Council, adopted on September 23, 1940, and a Resolution duly adopted by the Village Board of the Village of Skaneateles on September 9, 1940; and

WHEREAS, the aforesaid Waterline Agreement ("the 1940 Agreement") provided for, among other things, a conveyance of land by the Village to the City for the City's use in the operation and maintenance of its public water supply system and provided for the granting of an easement to the Village and the right of the Village to construct and maintain a water main and pipe connection to the City's intake water wells located within the City gate house; and

WHEREAS, the physical improvements contemplated by the 1940 Agreement were thereafter constructed and maintained by both parties; and

WHEREAS, the Village is in the process of undertaking certain modifications and improvements (the "1994 improvements") to its municipal water supply system for the purpose of improving the performance and reliability of the Village's water supply system and for the purpose of complying with State and Federal Water quality requirements, including the Safe Drinking Water Act; and

WHEREAS, the nature and scope of the work planned by the Village ("the 1994 improvements"), both within its premises and upon the lands and premises of the City, are as shown on certain construction contract documents prepared by Barton & Loguidice, P.C. dated October, 1993, bearing File Number 164.07-01F (hereinafter referred to as "the Contract Drawings"), copies of which have previously been provided to the City; and

WHEREAS, a portion of the 1994 improvements being performed by the Village requires certain modifications to the pipe connection authorized by the 1940 Agreement; and

WHEREAS, the parties desire to define the nature and extent of such modifications by means of an amendment to the 1940 Agreement; and

WHEREAS, by means an Ordinance dated May 11, 1970 duly adopted by the Common Council, known as Special Ordinance Number 165 of 1970, which was subsequently approved by the City's Board of Estimate on May 13, 1970, the City authorized the Mayor to enter

into an agreement to convey to the Village a permanent easement or right-of-way measuring approximately 15 feet in width over the lands of the City occupied by the City's gate house, located in the Village of Skaneateles, for the purpose of enabling the Village to lay, construct, reconstruct and maintain a water pipe between the City's gate house and the Village's pumping station. The precise location of the proposed easement or right-of-way were defined by metes and bounds description in the Ordinance and in the proposed easement which accompanied the ordinance, to which was attached a survey map of the proposed easement prepared by Jack W. Cottrell, Licensed Land Surveyor dated March 26, 1970. For reasons unknown, the agreement was never executed and the easement or right-of-way was never recorded in the Office of the Onondaga County Clerk, although the improvements contemplated therein by the Village were undertaken and completed. The parties now desire to complete the conveyance of the easement or right-of-way previously authorized by the City's Special Ordinance Number 165 of 1970.

NOW, THEREFORE, the 1940 Agreement is modified as follows:

1. (No change to original text)
2. (Delete/obsolete)
3. (No change to original text)
4. Delete the following language:
 - "such pipe connections not to exceed 10 inches in diameter."
 - "not to exceed ten inches in size in the old and new."

- "said connections to be in accordance with the plans attached hereto."

- "The said ten inch pipe and the ten inch suction pipe shall be installed not later than sixty days after the date of the execution of this agreement."

- "10 inch pipe"

5. (New language). The Contract drawings incorporated herein by reference, and the water system contemplated thereby may be changed or modified only upon the mutual agreement of both parties, set forth in writing.

6. (Delete/obsolete).

7. (New language). The Village agrees to install, in the City's gate house, a recording flow meter receiver, and a corresponding transmitter located in the Village's pump station, with interconnecting wiring. The meter shall be for the use of the City and the Village in monitoring flow from the intake wells. The City reserves the right to discontinue the maintenance of said meter, if the City decides that the meter is no longer necessary. The cost of said equipment and installation shall be borne equally by the City and the Village. Thereafter, the Village shall operate and maintain the transmitter and the interconnecting wiring, and the City shall operate and maintain the receiver. The Village shall install a corporation valve and box of the size, type and location specified by the City for the purpose of checking and calibrating metered flows.

8. (Delete/obsolete).
9. (No change to original text).
10. (No change to original text).
11. (No change to original text).
12. (No change to original text).
13. (No change to original text).
14. (No change to original text).

15. (New language). The City hereby agrees to convey to the Village, by a Quitclaim deed, a permanent easement and right-of-way over, under, through and across the premises described in Special Ordinance Number 165 of 1970 for the purpose of laying, constructing, reconstructing, repairing and maintaining a sixteen inch water pipe connecting the City's gate house and the Village's pumping station located in the Village of Skaneateles. The aforesaid easement and right-of-way shall exist in perpetuity and shall run with the land. Said easement and map are incorporated herein as attachments 3 and 4, and supersede the conditions set forth in the proposed easement defined in the previously referenced Special Ordinance Number 165 of 1970. Following the completion of construction, the Village will, at its own cost, restore all City land and structures to the satisfaction of the City Engineer.

16. (New language). The City hereby grants to the Village a temporary right of access 10 feet in width, over the City's land adjacent to the aforesaid fifteen foot right-of-way and easement, for the purpose of enabling the Village to undertake and

complete the construction of the improvements to its water system reflected in the Contract Drawings. Said temporary right of access shall commence on the date of commencement of construction and shall terminate upon the completion of construction, which shall not exceed a period of 45 days. The Village shall notify the City at least three (3) days before commencing the construction activity. Following the completion of construction, the Village will, at its own cost, restore all City land and structures to the satisfaction of the City Engineer.

17. (New language). The Village of Skaneateles shall defend, indemnify and hold harmless the City of Syracuse, its employees, agents, and representatives, from and against any and all liabilities, obligations, losses, damages, penalties, claims, costs or causes of action, including but not limited to, reasonable attorney's fees and court costs, which may be imposed upon, incurred by, or asserted against the City, its employees, agents, and representatives relating in any manner to any activities undertaken by the Village, its servants, agents, contractors, or employees, on or adjacent to the City property pursuant to the temporary right of access set forth in paragraph 16.

18. (New language). The Village grants to the City a right to enter upon the Village's property, upon reasonable prior notice, for the purpose of inspecting the Village's water supply facilities in order to ascertain compliance with the terms of this agreement.

19. (New language). The 1994 improvements shall consist of two ten inch riser pipes with foot valves, one each located within intake well "B" and "C", with ten inch horizontal pipes connecting the riser pipes to a point outside the City's gate house building, where they shall connect to a new sixteen inch pipe serving the Village's pump station. Within the Village's pump station, the sixteen inch pipe shall reduce in size to a twelve inch pipe, shall split into a pair of ten inch pipes, each of which shall connect to a suction side of the Village's two new water pumps. All of the above are more specifically shown on the contract drawings, which are incorporated herein by reference. Within 90 days following completion of construction of the Village's improvements the Village shall provide the City with a set of its as-built Contract Drawings and further, copies of sheets G-5, G-6, G-7, G-8, and G-9 of the as-built Contract Drawings shall be physically attached to and incorporated into this Modification Agreement. No modifications shall be made to the Contract Drawings without written approval from the City of Syracuse.

The new water pumps to be installed by the Village shall consist of two pumps described as follows:

Pump Number 1: Goulds Pump, Inc. Model Number 3410, size 6 x 8-17, Serial Number 213C856.

Pump Number 2: Goulds Pump, Inc. Model Number 3410, size 6 x 8-17, Serial Number 213C855.

The Village, at all times has the right to repair, maintain and replace said pumps provided that the pumping characteristics of said pumps match, as closely as possible, the characteristics of aforesaid pumps as shown on the pump curve charts, attached hereto, and the pumping rate at the operating point does not exceed that shown on the aforesaid pump curves. (Attachments 1 and 2).

The following equipment and operation parameters will be incorporated by the Village:

1. Only one pump will be in operation at any given time.
2. In the event that the pumps installed under the 1994 improvements are repaired or replaced, the back pressure sustaining valve may be adjusted to produce an emergency flow of 2,100 gpm.
3. No additional pumping will occur upstream or downstream of the new pumps between the intake wells and the Village Tank.

20. (New Language). Except to the extent specifically modified herein, the parties ratify and reaffirm the terms of the 1940 Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement, on the day and year set forth above, after appropriate authorization by their respective legislative bodies.

Roy A. Bernardi
ROY A. BERNARDI, Mayor
City of Syracuse

Martin Hubbard
MARTIN HUBBARD, Mayor
Village of Skaneateles

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss.:

On this 29 day of July, 1994, before me personally came ROY A. BERNARDI, who being by me duly sworn, deposes and says: that he resides in the City of Syracuse; is Mayor of the City of Syracuse, the corporation described in and which executed the within instrument; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal and that it was so affixed pursuant to the provisions of the Charter of said City by like authority,

Cynthia N. Morgan
Notary Public

CYNTHIA N. MORGAN
Notary Public, State of New York
Qualified in Onon. Co. No. 4861471
My Commission Expires 4-9-94

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss.:

On this 25th day of July, 1994, before me personally came MARTIN HUBBARD, who being by me duly sworn, deposes and says: that he resides in the Village of Skaneateles; is Mayor of the Village of Skaneateles, the corporation described in and which executed the within instrument; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal and that it was so affixed pursuant to the provisions of the Village Board by like authority,

Sally L. Sheehan
Notary Public

SALLY L. SHEEHAN
Notary Public, State of New York
Qualified in Onon. Co. No. 01-SH 4798987
Commission Expires Aug. 31, 1994

GOULDS SERIAL NO:
213C856

GOULDS PUMPS INC

4

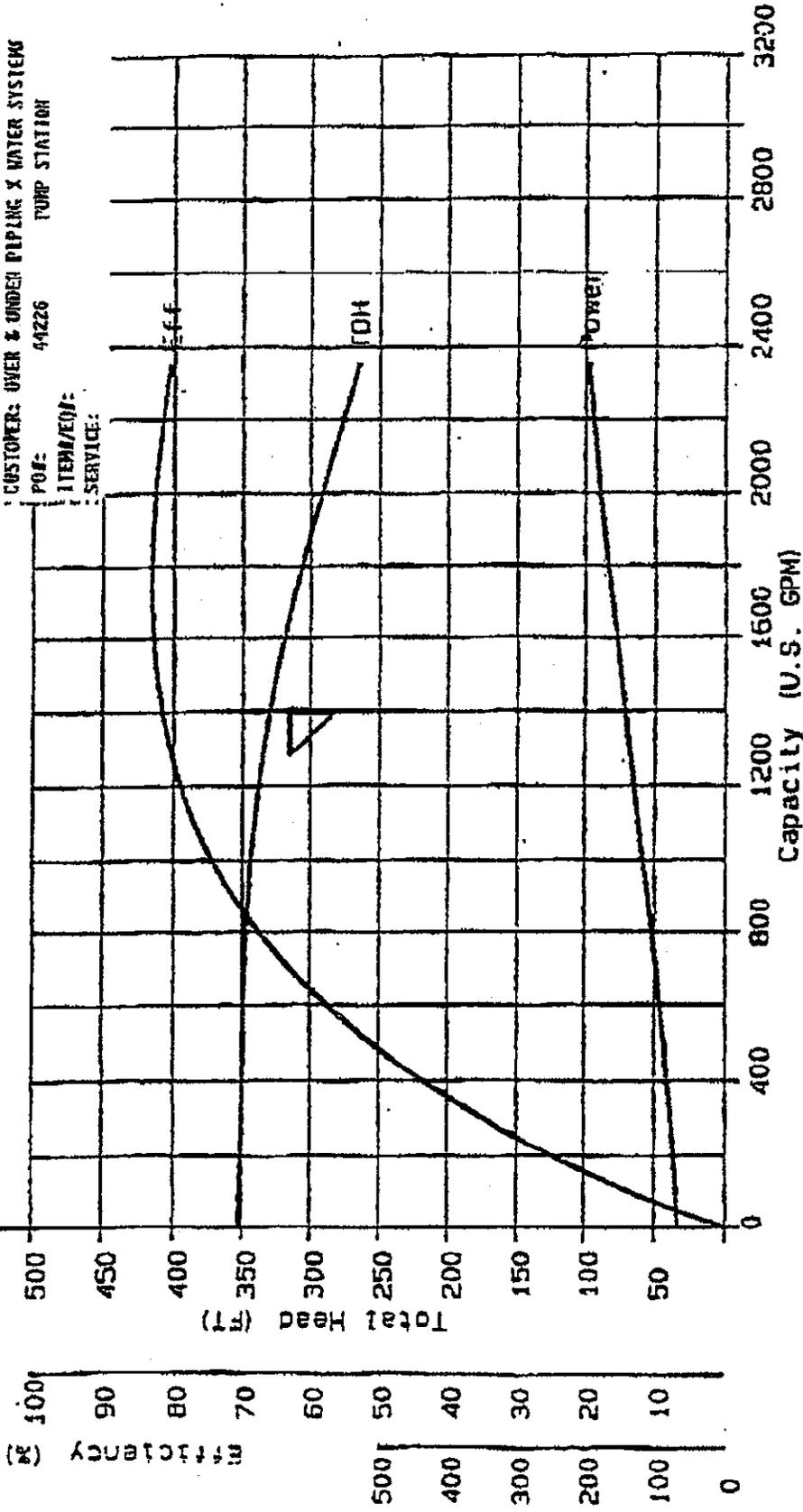
JUN-27-1994 12:21
SYR CORP COUNSEL
315 448 8381 P.07

ATTACHMENT 1

MODEL: 3410
 SIZE: 6X8-17
 SPEED: 1780 RPM
 IMPELLER DIA: 17.5
 DRAWING NO: D02402A
 PATTERN NO: 63166

TEST DATE: 5-12-94
 AS-BUILT PERFORMANCE CURVE
 ENGINEERING PRODUCTS CO.,
 Seneca Falls, N.Y. 13140

GOULDS SERIAL#: 213C856
 CUSTOMER: OVER & UNDER PIPING X WATER SYSTEMS
 P.O.#: 44226
 ITEM/EOF:
 SERVICE:



Certified Test Data
 By: *[Signature]*
 Date: 5/14/94

GOULDS PUMPS INC

GOULDS SERIAL NO:
213C855

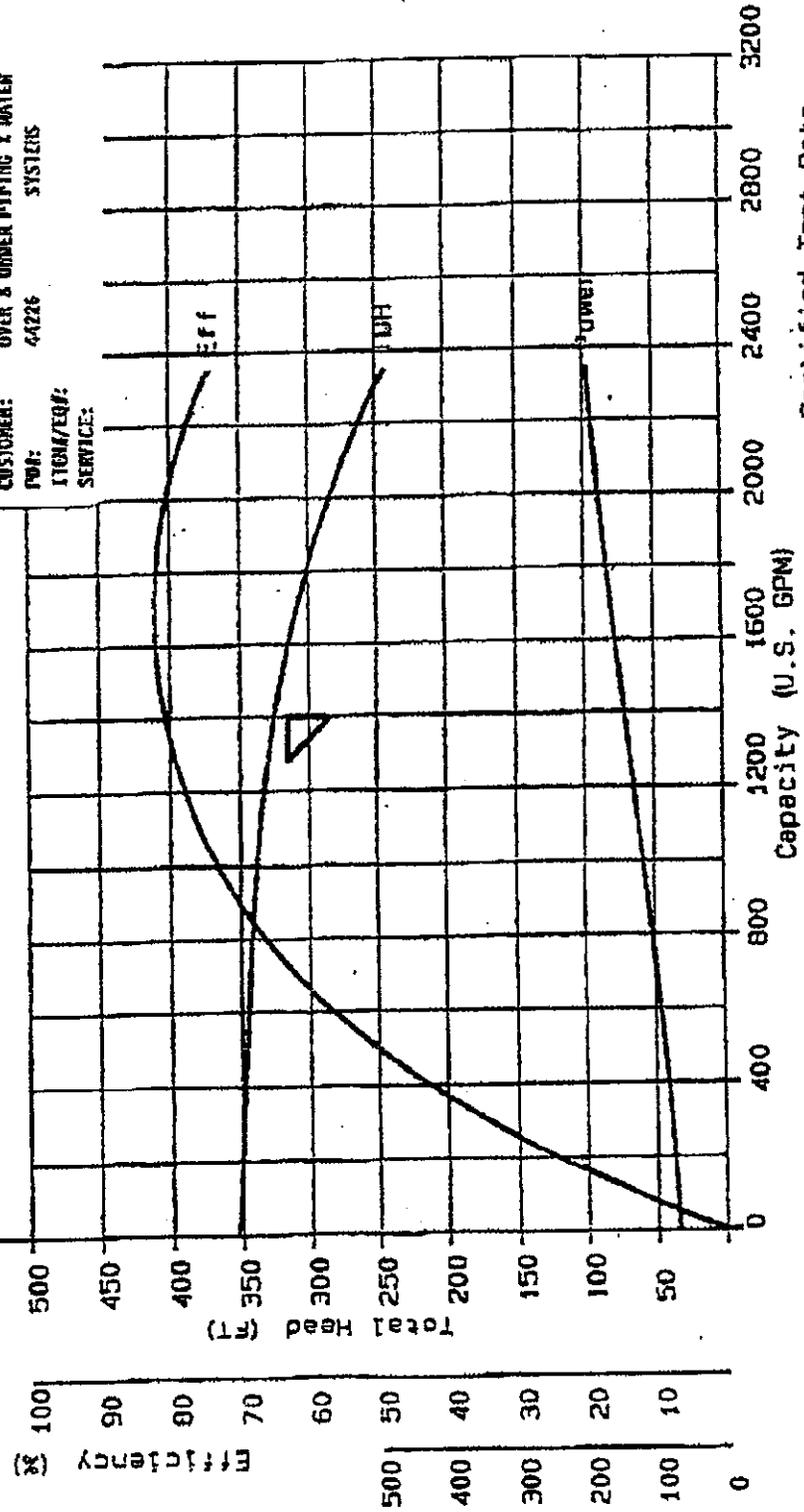
ATTACHMENT 2

MODEL: 3410
SIZE: 6XB-17
SPEED: 1780 RPM
INPELLER DIA: 17.5
DRAWING NO: 002402A
PATTERN NO: 63166

TEST DATE: 5-11-94
AS-BUILT PERFORMANCE CURVE

Engineered Products Div.
Schenectady, N.Y. 12308

GOULDS SERIAL#: 213C855
CUSTOMER: OVER & UNDER PIPING & WATER SYSTEMS
JOB#: 44226
ITEM/VER#: SERVICE:



Certified Test Data
By: *[Signature]*
Date: 5/14/94

EASEMENT

This INDENTURE, made the 3rd day of August, 1994

BETWEEN:

The City of Syracuse, a municipal corporation organized and existing pursuant to the laws of the State of New York, whose address is 301 City Hall, Syracuse, New York 13202 (hereinafter the "Grantor") and;

The Village of Skaneateles, a municipal corporation organized and existing pursuant to the laws of the State of New York, whose address is 46 East Genesee Street, Skaneateles, New York 13215 (hereinafter the "Grantee"),

WITNESSETH:

That the Grantor, in consideration of the sum of One Dollar (\$1.00), paid by the Grantee, does hereby release, grant and quitclaim unto the Grantee, its successors or assigns forever, a permanent easement and right of way approximately fifteen (15') feet in width for the purpose of laying, constructing, reconstructing, repairing and maintaining a 16 inch water pipe; being located in Lot 21, Village of Skaneateles, County of Onondaga, State of New York, bounded and described as follows:

Beginning at a point in the easterly line of a parcel of land conveyed to the City of Syracuse and recorded in Book of Deeds 285 at page 155, in the Onondaga County Clerk's Office; N. 36° 06' 50" W., measured along said easterly line of the City of Syracuse, a distance of 23.4 feet from the intersection of said easterly line of the City of Syracuse with the northerly line of W. Genesee Street; running thence from the above mentioned point of beginning S. 53° 53' 10"W., a distance of 15.0 feet; thence N. 36° 06' 50"W., a distance of 75.0 feet; N. 53° 53' 10" E. a distance of 5.5 feet; thence N. 36° 06' 50" W. a distance of 55.0 feet; thence N. 53° 53' 10" E. a distance of 9.50 feet to the easterly line of lands of the City of Syracuse, aforementioned; thence S. 36° 06' 50" E. along the easterly line of lands of the City of Syracuse, aforementioned, a distance of 130.0 feet to the place of beginning.

As shown on the survey map dated March 26, 1970, prepared by Jack W. Cotrell, L.S., attached hereto and to be recorded herewith.

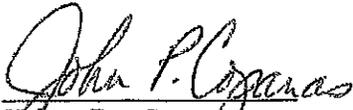
It is understood and agreed that the grantee will, at its own expense, and within a reasonable amount of time, restore and surface the ground above such easement to the condition and state in which it shall have been prior to any disturbance thereto by the grantee.

It is further understood and agreed that the grantee will defend, indemnify, and hold harmless the City of Syracuse, its employees, agents and representatives, from and against any and all liabilities, obligations, losses, damages, penalties, claims, costs or causes of action, including but not limited to, reasonable attorney fees and court costs, which may be imposed upon, incurred by, or asserted against the City, its employees, agents, and representatives relating in any manner to any activities undertaken by the Village, its servants, agents, contractors, or employees, which may arise out of any activities connected with the Grantee's use of the easement granted herein.

It is further understood and agreed that the grantee, prior to the commencement of any construction, reconstruction, repair, replacement, maintenance or other work in, over, or upon the easement granted herein, shall furnish Grantor with a Certificate of Insurance satisfactory to the Grantor, certifying that a policy or policies of insurance have been issued to protect the Grantor from damages sustained by Grantee's activity and that Grantor shall further be given adequate written notice of any cancellation of the insurance policy so issued.

IN WITNESS WHEREOF, the parties have duly executed this instrument on the day and year first above written.

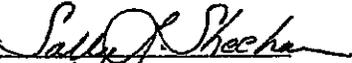
ATTEST:


John P. Copanas
City Clerk

CITY OF SYRACUSE

BY: 
Roy A. Bernardi
Mayor

VILLAGE OF SKANEATELES

BY: 
Martin Hubbard
Mayor

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss.:

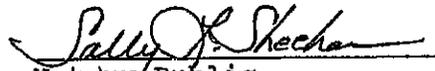
On this 3rd day of August, 1994, before me personally came ROY A. BERNARDI, who being by me duly sworn, deposes and says: that he resides in the City of Syracuse; is Mayor of the City of Syracuse, the corporation described in and which duly executed the within instrument; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal and that it was so affixed pursuant to the provisions of the Charter of said City by like authority,



Notary Public
NY STATE
ONOND COUNTY
4946844
Exp. 2/6/95

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss.:

On this 25th day of July, 1994, before me personally came Martin Hubbard, who being by me duly sworn, deposes and says: that he resides in the Village of Skaneateles; is Mayor of the Village of Skaneateles, the corporation described in and which executed the within instrument; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal and that it was so affixed pursuant to the provisions of the Village Board by like authority,



Notary Public

SALLY L. SHEEHAN
Notary Public, State of New York
Qualified in Onon. Co. No. 01-SH 4798987
Commission Expires Aug. 31, 1994

STATION

ATTACHMENT 4

VILLAGE OF SKANEATELES PUMPING STATION

N. 53° 53' 10" E

25.50

12.27

pipe in conc.

N. 55° 48' 40" E

100.95

M.H.

10' W. E. Easement of Skaneateles Sec 1776

N. 36° 06' 50" W. 55.0

2.51

1.2

ELLEN A. BARRON to CITY OF SYRACUSE 285/125

N. 36° 06' 50" W. 75.0

EASEMENT

N. 36° 06' 50" W. 130.0

14.175

West Line Lot 2

CITY OF SYRACUSE PUMPING STATION

25' x 30' Easement of 5m Street to Village of Skaneateles 285/125

S. 53° 53' 10" W.

23.4

29.7

78.61

S. 59° 54' W. 3.32

S. 64° 21' 00" W.

W. GENESEE ST.

PART OF BLOCK 21 - VILLAGE OF SKANEATELES ONONDAGA CO., N.Y.

Scale 1" = 20' Mar 26, 1970

Jack W. Cottrell 65,421368

THE UNDERSIGNED HEREBY CERTIFIES THAT THIS MAP WAS MADE FROM AN ACTUAL SURVEY AND THAT BOTH MAP AND SURVEY ARE CORRECT.

Jack W. Cottrell

Mar 26, 1970

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FEBRUARY 29, 2012

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Robert T. Antonacci, CPA, Esq.
Comptroller
Office of the Onondaga County Comptroller
14th Floor, John H. Mulroy Civic Center
421 Montgomery Street
Syracuse, NY 13202

*Re: Village and Town of Skaneateles
Possible Merger of Public Water Supply Systems*

Dear Comptroller Antonacci:

In my capacity as Village Attorney for the Village of Skaneateles, I have been asked to provide you with this opinion letter addressing a legal impediment to a structural merger or consolidation of the public water supply systems now being independently operated by the Village and Town of Skaneateles.

In my opinion, there is a significant legal impediment to the full consolidation or merger of the Village and Town water systems. That impediment arises from a contractual relationship between the Village of Skaneateles and the City of Syracuse by which the Village obtains its public water supply and which, in turn, it supplies water to the Town of Skaneateles. The Village does not enjoy the right to sell or assign its rights and would put itself in jeopardy if it attempted to do so.

The Village obtains its public water supply from Skaneateles Lake but it is provided by means of a connection to the public water facilities of the City of Syracuse, located on West Genesee Street in the Village. The Village obtains its water supply from the City under the terms of a written agreement dated October 1, 1940 (the "1940 City Contract"). I enclose a copy of that contract for your review. The 1940 City Contract contains the following provisions which are relevant to this issue:

- At Section 1 of the Agreement, the Village conveyed a parcel of land, at the head of Skaneateles Lake, to the City, for its use in connection with the construction of a water storage and pumping facility. That land was conveyed without cost to the City.
- At Section 4 of the Agreement, the City agreed to provide the Village with the ability to take water from the City's storage facilities, and at no cost to the Village. The Agreement states that such water was "...for use by the Village or...its inhabitants and to Water District No. 1 of the Town of Skaneateles...".

As you can see, the City and the Village each gained something of substantial value from the 1940 City Contract. The City acquired valuable land, at no cost, for the construction of public water distribution facilities, and the Village, at no cost, acquired a supply of water for its inhabitants and for use by District No. 1 of the Town of Skaneateles.

At Section No. 13 of the 1940 City Contract, the City reserved the right to assign the contract to a third party in the event that it later decided to "...sell or transfer its Skaneateles Lake Water System to any person or persons or municipality...". A similar right of assignment was not reserved for the benefit of the Village. The agreement contains no provision indicating an ability of the Village to assign or sell its rights under the agreement to another party.

The 1940 City Contract was amended in 1994 in connection with the Village's installation of new chlorine contact infrastructure, as required by federal and state law (the "Amended City Contract"). That amendment granted certain rights to the Village to install new infrastructure and the agreement had the further practical effect of limiting the volume of water which may be drawn by the Village, by means of a prohibition against modifying the pumping and piping infrastructure which supplies water to the Village. A copy of the Amended City Contract is also enclosed.

Subsequent to the execution of the 1994 amendment, the Town of Skaneateles requested permission of the Village to connect a proposed new Town Water District (Town Water District No. 5) to the Village distribution system and receive public water. (Between 1940 and 1994, the Town had created new Water Districts No. 2, 3 and 4, and requested permission from the Village to connect them to the Village's supply system.) In due course, the City of Syracuse was notified of the Village's receipt of that request from the Town. In response, several City officials went on record as contesting the Village's ability to approve such requests unless they included provisions for the payment of compensation to the City for any new water to be supplied. The City contended that the 1940 City Contract, as amended, only allowed the Village the right to supply water to serve Town District No. 1 of the Town of Skaneateles. In response, the Village went on record as opposing the City's position and asserted its right to grant such requests in its discretion. That issue remains unresolved at this time. The City has not taken steps to limit the Village's ability to grant requests for additional water

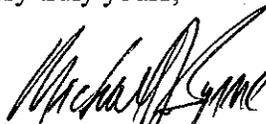
service outside its corporate limits, but neither has it acquiesced to the Village's position that it has the right to do so.

As you requested, I enclose a map reflecting the water distribution system of the Village of Skaneateles and the surrounding districts of the Town of Skaneateles.

Based upon the enclosed contracts, and the events which I have described, it is my opinion that the Village could not enter into an agreement to assign, sell, or otherwise alienate the rights afforded to it under the 1940 City Contract and the 1994 Amended City Contract, without fear of a claim for compensation from the City of Syracuse or other legal challenge. The potential loss of a free water supply is too great a risk for the Village.

I hope that this opinion and the enclosed attachments are helpful to you in your review of this matter. If I can provide anything further, please let me know.

Very truly yours,



Michael J. Byrne
Village Attorney
Village of Skaneateles

MJB/jt
Enclosures

cc: Michael W. La Flair, Office of the County Comptroller (w/encs.)
Martin L. Hubbard, Mayor
Village Trustees
Municipal Board
Patricia Couch, Village Clerk/Treasurer
Robert Lotkowitz, Director of Municipal Operations

Appendix D

| <u>Skaneateles Village/Town Joint Operating Statement</u> | | | | | |
|---|-----------------|-------------|-----------|--------------|-------------------|
| | Village (12-13) | Town (2012) | Combined | Eliminations | Merged Department |
| Water Administration | \$18,050 | \$160,900 | \$178,950 | | \$178,950 |
| Source Supply, Power & Pump Purification | \$92,800 | \$123,000 | \$215,800 | -\$123,000 | \$92,800 |
| Transmission & distribution | \$46,500 | | \$46,500 | | \$46,500 |
| | \$86,700 | | \$86,700 | | \$86,700 |
| Employee Benefits | \$29,900 | \$53,700 | \$83,600 | | \$83,600 |
| Total Operations | \$273,950 | \$337,600 | \$611,550 | -\$123,000 | \$488,550 |
| Debt Service Serial Bonds | \$36,925 | \$11,100 | \$48,025 | | \$48,025 |
| Debt Service Installment | \$92,935 | \$32,100 | \$125,035 | | \$125,035 |
| Debt Service BAN | \$1,295 | | \$1,295 | | \$1,295 |
| Transfers to other funds | \$61,900 | | \$61,900 | | \$61,900 |
| Contingent Account | \$16,592 | | \$16,592 | | \$16,592 |
| Total Appropriations | \$483,597 | \$380,800 | \$864,397 | -\$123,000 | \$741,397 |
| Revenues | | | | | |
| Town Revenue to Village | \$150,000 | | \$150,000 | -\$150,000 | |
| Village Sales | \$230,000 | | \$230,000 | \$357,050 | \$587,050 |
| All other Revenue | \$103,597 | \$5,800 | \$109,397 | | \$109,397 |
| Town from Town Customers | | \$375,000 | \$375,000 | -\$375,000 | |
| Total Revenue | \$483,597 | \$380,800 | \$864,397 | | \$696,447 |