

CHARLES MUGGEO
Water Superintendent



November 30, 2016

TOWN OF MARLBOROUGH

WATER DEPARTMENT
1650 ROUTE 9W, P.O. BOX 305
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To residents of the Town of Marlborough Water District,

The town board has recently signed a new inter-municipal agreement with the Town of Newburgh to provide water to the Town of Marlborough water district residents. This agreement reflects changes made by the Town of Newburgh to construct a new treatment and filtration facility required by the USEPA Surface Water Treatment Rule. The agreement reserves a capacity of 800,000 gallons per day (GPD) for the Town of Marlborough water district. In exchange for reserving this capacity, the Town of Marlborough water district will pay for a percentage of the cost of the construction of the Town of Newburgh filtration plant. This cost is being spread out over a period of 20 years. Marlborough is required to make an initial payment towards the loan payment and then equal yearly payments until 2031. The agreement will provide the Town of Marlborough water district with high quality drinking water for the next 40 years (which can be extended), and also provide for backup when the Delaware Aqueduct is shut down for repair.

The cost of this new agreement will result in an increase in the usage rate to approximately \$7.66 per 1000 gallons used. You will see this increase in your February billing. We understand that this is a substantial increase but we feel it is the most cost effective plan to insure quality water to our water district residents. We have provided a fact sheet for your review to help you gain a better understanding of the reasons for this increase.

If you should have any questions about this increase please do not hesitate to call my office at 795-5100 x5 or the office of the Supervisor at 795-5100 x2.

Sincerely yours,

Charles Muggeo
Charlie Muggeo

Water Superintendent
Town of Marlborough

Board Members

Al Lanzetta, Supervisor
Ed Molinelli, Councilman
Scott Corcoran, Councilman
Allan Koenig, Councilman
Howard Baker, Councilman

2016 Town of Marlborough and Town of Newburgh Water Agreement

Fact Sheet

1. From 1974 - 2000 the Marlborough Water District purchased its water supply directly from New York City's water supply via a tap of the Delaware Aqueduct on Lattintown Road at the border with the Town of Newburgh. Prior to that, water was supplied from reservoirs, wells, and the Hudson River.
2. In 2000, to improve pressure, corrosion control, chlorine contact time, and emergency supply, the Town of Marlborough entered into an inter-municipal agreement with the Town of Newburgh to draw water from their plant.
3. From 2008 to 2011 the Marlboro Water District evaluated alternatives for future water supply including: an interconnect to Highland's Water District, a local well supply system, a new agreement with the Town of Newburgh, or construction of its own filter plant. The most feasible and cost effective plan was deemed to be the pursuit of a new agreement with the Town of Newburgh. In 2010 a Letter of Intent was sent from the Town of Marlborough to the Town of Newburgh notifying them of our plan to participate in the Town of Newburgh's Filtration Project.
4. In 2011 the Town of Newburgh began plans to build a new filtration plant to meet new filtration requirements pursuant to the USEPA Surface Water Treatment Rule and other regulations. That plant was completed and went online in June of 2014. The approximate cost of this new plant was \$20M. The Town of Marlborough water district receives water from this new filtration plant today.
5. From 2015 to 2016 extensive negotiations occurred between the Town of Newburgh and the Town of Marlborough on the terms of the final agreement. A new inter-municipal agreement was drafted for approval by both boards and signed and agreed to on November 2016.
6. Current maximum daily usage of water by the Town of Marlborough water district is typically 600,000 gallons per day with average usage of 425,000 to 450,000 gallons per day. In the new agreement the town is reserving capacity for our water district of 800,000 gallons per day to allow for future growth with an option to increase that reservation to 1 million gallons per day.
7. The total capacity of the Newburgh filtration plant is 6 million gallons per day (MGPD), of which Newburgh uses 5 MGPD.
8. In exchange for this reservation of 800,000 GPD the Town of Marlborough Water District has agreed to pay a 13.3% share of the loan required to build the new filtration plant (approximately \$20M at 2% interest). This fractional capital contribution of 13.3% represents the District's reserved capacity of 800,000 gallons divided by the Newburgh plant capacity of 6 MGPD.
9. The Town of Marlborough's water district capital cost of this reservation is \$3,510,784 (principal and interest), payable in the amount of \$883,992 upon effective date of this agreement, and then in payments of approximately \$175K per year thru 2031, when it will be paid in full. The initial payment of \$883,992 will be paid for by monies held in a capital reserve fund and designated for this purpose by resolution of the town board. The payment of \$175K per year will be paid for by the Town of Marlborough water district residents.
10. The NYC DEP plans to shut down the Delaware Aqueduct for repairs in the future. This agreement will provide for full backup capability to the Town of Marlborough via the Town of Newburgh plant during this period.