

**TOWN OF WATERTOWN
BRIEFING MEMORANDUM**

TO: Watertown Town Council

FROM: Mark A. Raimo, Town Manager

DATE: July 21, 2025

RE: Summary of Watertown Water & Sewer Authority Actions – July 16, 2025

I. Budget Freeze Implementation

At its regular meeting on July 16, 2025, the Watertown Water & Sewer Authority (WSA) unanimously approved a **budget freeze** as a proactive fiscal measure in response to anticipated obligations arising from the Waterbury v. Watertown judgment. The freeze is designed to conserve available budget capacity while maintaining operational readiness.

- **Scope:** All non-essential spending is suspended.
 - **Exemptions:** Routine operational expenses and emergency-related expenditures are exempt to ensure uninterrupted service delivery.
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II. Rate Review Process Initiated

The WSA voted to commence a comprehensive **rate review** with the goal of aligning customer charges with current rates billed by the City of Waterbury. This initiative reflects the need to restore financial equilibrium and ensure cost-recovery for purchased services.

Scheduled Public Meetings (Special) for the Rate Review Process:

- **July 30, 2025**
- **August 13, 2025**
- **August 27, 2025**
- **September 10, 2025**

These dates correspond with required statutory notice periods and the review timeline necessary to implement revised rates promptly.

III. Superintendent’s Financial Memorandum and Recommendations

Superintendent Dave McMahon presented a **draft financial memorandum** to the Authority summarizing the WSA’s fiscal standing and outlining immediate and mid-term actions necessary to ensure continued solvency.

A. Purpose

To evaluate and prioritize available funding, reserve levels, and appropriations required to address budget deficits and obligations owed to the City of Waterbury.

B. Summary of Key Financial Figures

Description	Amount (USD Millions)
Estimated Audited Funds Available	\$10.0
Recommended Contingency Reserve	(\$2.0)
FY 2024–25 Appropriation (Shortfall)	(\$0.5)
FY 2025–26 Appropriation (Shortfall)	(\$2.8)
Net Available for Waterbury Obligation	\$4.7

C. Analysis Highlights

- The proposed \$2 million contingency reserve conforms to infrastructure best practice standards for unexpected regulatory and physical system needs.
- A total appropriation of \$3.3 million is required to address projected operational shortfalls spanning two fiscal years. As customer rates are increased, the additional revenue generated will be applied to reduce the need for this appropriation. However, it is anticipated that the full financial impact of the rate increase will not be realized for approximately six months due to the statutory rate-setting process and the timing of the billing cycle.
- After required reserve and appropriation set-asides, approximately **\$4.7 million remains** to be directed toward settling the Waterbury judgment obligation.

D. Recommendations

1. Authorize interfund transfers to appropriate \$500,000 (FY 24–25) and \$2.8 million (FY 25–26).
 2. Maintain a \$2 million reserve for emergency and regulatory obligations.
 3. Commit \$4.7 million toward the Waterbury payment obligation as part of the overall legal and financial response strategy.
 4. Initiate a user and connection fee review to support long-term revenue sufficiency.
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IV. Town Council Referral – Appropriation Requests

To operationalize the above recommendations, the WSA has formally referred the following actions to the Town Council for approval and Special Town Meeting authorization:

1. Sewer Services Appropriation

- **Amount:** \$400,000.00
- **Line Item:** 015.50344.074.0000.9015 (Sewage Disposal)
- **Funding Source:** Fund 015 Balance
- **Purpose:** To cover sewer-related costs incurred between May 1, 2025, and June 30, 2025, for services provided by the City of Waterbury and Watertown Fire District.

2. Water Services Appropriation

- **Amount:** \$100,000.00
 - **Line Item:** 017.50324.075.0000.9017 (Utility Water)
 - **Funding Source:** Fund 017 Balance
 - **Purpose:** To fund water services for the same period, also attributable to the City of Waterbury and Watertown Fire District.
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V. Additional Strategic Actions

Fire District Billing Adjustment

WSA leadership has initiated discussions with the **Watertown Fire District** to notify them of a revised sewer billing methodology. In accordance with the **1976 Agreement** between the Town and the District, the proposed billing rate will reflect:

- **Actual charges incurred** for sewage treatment, **plus 10%** for reasonable operations and maintenance expenses.

System Evaluation RFP

A draft **Request for Proposals (RFP)** has been developed to identify a qualified firm to prepare a **Request for Qualifications (RFQ)**. This will enable a professional evaluation of the WSA system, focusing on:

- **Potential system sale** or divestment
- **Identification of additional water sources** or alternative regional partnerships
- **Valuation and feasibility analysis** for future planning