



## TOWN OF WATERTOWN CONNECTICUT

OFFICE OF THE TOWN MANAGER

Watertown Town Hall • 61 Echo Lake Road • Watertown, CT 06795

Tel: 860.945.5255 • Fax: 860.945.4974 • www.watertownct.org

# Frequently Asked Questions – What Happens if the Referendum Fails? August 26, 2025

## **Q1: What is the financial impact if the referendum does not pass?**

Referendum failure, the Town will still be obligated to pay the \$30 million court-ordered judgment to Waterbury. Absent bonding authority, the debt will continue to accumulate interest at a rate of approximately **\$355,000 per month** – or about **\$4.3 million per year**.

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## **Q2: How would the Town cover the payments without bonding?**

Absent bonding authority, possible **alternative rate assessments** to be considered. Considerations could include:

- **Higher water and sewer rates** spread across all ratepayers.
  - **Consider special assessments** beyond those currently discussed.
  - **Long term solution, sale of system.**
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## **Q3: What is the cost impact on the average residential user if the referendum passes?**

For an **average household using 50,000 gallons of water annually**, the debt service repayment would add approximately **\$294.50 per year** to the water bill. This equals about **\$24.54 per month**, or **\$73.63 per quarterly bill**.

This surcharge is in addition to normal water usage charges and is specifically tied to repaying the court judgment through bonding.

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## **Q4: Can the State Clean Water Fund (CWF) provide financial assistance?**

The **Clean Water Fund (CWF)**, administered by the **Department of Energy and Environmental Protection (DEEP)**, is structured for **infrastructure projects**, not municipal bailouts. While there have been discussions about whether CWF could issue bonds for Watertown, such a step is considered **highly unlikely**.

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If the CWF were to become involved, it could trigger **oversight by the State's Municipal Accountability Review Board (MARB)**. This would require additional financial reporting to the State and could affect the Town's ability to borrow in the future.

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### **Q5: What is Watertown's current credit standing?**

Watertown holds a strong **AA bond rating**, just two positions below the highest rating available. If the referendum passes, the Town intends to issue **short-term notes** initially. Repayment of principal would begin in **Fiscal Year 2026-27**.

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### **Q6: Will the Town be able to refinance in the future?**

Yes. If interest rates decline in the future, the Town would have the opportunity to **refinance the bonds** to reduce overall repayment costs.

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### **Q7: What if the Town sells its water and sewer system?**

If the Town chooses to sell the water and sewer system in the future, proceeds from the sale could be used to pay down **all or a portion of the outstanding bonds**, reducing the long-term financial burden on ratepayers.

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### **Q8: Could liens be placed by the City of Waterbury on individual homes if the referendum fails?**

No. This matter will **not** result in the City of Waterbury placing liens against individual homes related to the water and sewer debt. Repayment will be handled through bonding or ratepayer assessments, not property liens.