



**TOWN COUNCIL
WATERTOWN, CONNECTICUT**

**TUESDAY, AUGUST 26, 2025
7:00 P.M.**

**SPECIAL MEETING
MINUTES**

**WATERTOWN TOWN HALL
TOWN COUNCIL CHAMBERS
61 ECHO LAKE RD.
WATERTOWN, CT 06795**

1. Call Meeting to Order.
Chair Mary Ann Rosa called the meeting to order at 7:00 p.m.

2. Pledge of Allegiance.
Chair Mary Ann Rosa led the pledge of allegiance

3. Roll Call.

PRESENT: Mary Ann Rosa, Chair
Ken Demirs, Vice Chair
Robert Desena
Anthony DiBona
Gary Lafferty
Carina Noyd
Jonathan Ramsay
Robert Retallick
Rachael Ryan

ABSENT:

OTHERS PRESENT: Mark Raimo, Town Manager
Maria Guerrero, Finance Director
Jerry Lukowski, Director of Public Works
David McMahon, Water & Sewer Assistant

Chair Mary Ann Rosa stated on the table in the foyer there are two documents, one that lists the various methods we will be discussing and the other is an updated question and answer fact sheet that the town prepared for you.

4. Discussion and possible action on Water and Sewer repayment scenarios and assumptions.

Mark Raimo, Town Manager stated I would like to go through the process tonight. I will go over quickly on the updated frequently asked questions sheet. Then Maria Guerrero will reiterate on how we are going to move forward our strategy. Jerry Lukowski and David McMahon will then go over the 3 suggested repayment methods and they will go quickly on how to read a bill. The frequently asked question document, these are a lot of the questions we are hearing from the town side. What is the financial impact if the referendum does not pass It is basically, the accumulation of \$350,000 in interest per month, 4.3 million dollars per year. The question we hear lot is how would the town cover payments without bonding? We would have to go back to alternative rate assessments. The WSA would have to reevaluate and decide whether we go through impact payments to rate payers or do we just increase the rates. What is the average cost impact, Mr. Lukowski and Mr. McMahon will go through and identify that as it relates to the bonding. One of the bigger questions that's out there can the state Clean Water Fund provide financial assistance? That is highly unlikely we have been in contact with the state; there are some strings attached to losing the Clean Water Fund Act but it is geared towards infrastructure. Rate payers or Tax payers are considering that to be a viable option as this point, we do not believe that is a viable option. Again, Watertown has a very strong AA bond rating and we are two positions below the top bond rating. Our initial course of action is to go through a banding process, where we take short term notes to address the issue and we would be getting payment back on this bond issuance in the next budget year. Will the town be able to refinance in the future is another question we get quite often? Yes, if we were to bond this at 4 1/4 % and rates drop into the 3's we would have an opportunity to go back and refinance if it was responsible for us to do that. Another question that continues to come up what if the town sells its water and sewer system. That is a secondary issue that will have to reevaluate the referendum were not to pass or if the referendum were to pass, we would want to consider that. Those are the things we will have to talk about down the road. If we were to sell that system, we can take those proceeds and apply it to whatever bond issuance may have taken place. The one very important question that I hear quite often is could leans be placed by the City of Waterbury on an individual's home if the referendum fails? The answer is no, leans by the City of Waterbury cannot be put on the individual's home and it was clearly stated in the documents provided by the court. Those are the eight questions I have that is in addition to what is already online and we will have this online in the morning as well.

Maria Guerrero, Finance Director stated I want to stress the importance on how the town plans to make their payment and this is by location. The strategy is to pay down each location so the interest gets paid off and we are current on all our bills. In terms of the presentation, I presented last time just reiterating that the goal is to pay down by location, interest first. At the end of day, we are only left with our current bills moving forward.

Council questions

Rachael Ryan asked could you give an example just for clarification of a special assessment or ordinance?

Mark Raimo answered I will give you an example one of the considerations would be I am not saying this would happen so this to be out there for consideration but at some point, we can look at individual properties and say we take the 24 million dollars and divide it amongst the 45 hundred rate payers and that would be an assessment on that property. So those are the things we are going to have to look if this referendum were not to pass, it's an alternative way for us to accumulate revenue to pay the debt.

Jerry Lukowski stated I am going to be going over debt allocations scenarios that we have. Just a few assumptions I will just outline. We did this with New Gen rate studies I just wanted their expertise first to review our numbers.

attached presentation

Questions

Mark Raimo asked could you touch base why we used New Gen strategies for this process?

Jerry Lukowski answered we used New Gen because they have worked on our rates over the years. They are the experts at doing this, it's a company that you want to use to calculate your numbers. We were very close to all these numbers but we wanted a second opinion to validate these numbers. I think you have that memo from New Gen in front of you for that.

Mark Raimo asked would it have been a better usage of our time and energy to use another company or New Gen?

Jerry Lukowski answered it would have been better to use New Gen because they have had our numbers; they have a large data base. With the 33 hundred customers, the learning curve is over they were able to turn this around quickly. Where if we went to anybody else it would have taken us weeks and months for us to get up to speed.

Anthony DiBona asked whatever method we go with today; would we be able to change that approach down the line if this were to leave in a few years. I don't see a reason why we couldn't re-evaluate this if we needed to in the future, if needed obviously?

Jerry Lukowski answered yes, I think that would be true. That this would probably be evaluated probably a year to see where we stand for this.

David McMahon showed a mock bill.

Chair Mary Ann Rosa asked I cannot read it, is it showing the bond cost?

David McMahon answered it is just question of where it is going to be placed on the bill. The regular account summary and the current quarterly charge those are your normal billing. Interest charge if there was anything would be that next line and then the miscellaneous charges anything that has to do with the bonding or any extra charges would appear there and then the bottom right shows your total bill. It is a question of where it would be placed on the bill if it should pass and whatever method we use.

Anthony DiBona asked we are leaving this as miscellaneous charges is that how we are going to title it.

David McMahon answered currently we are in the process of changing our business software but the current software yes that it would be under miscellaneous charge.

Anthony DiBona asked that is how it has to be labeled is that right?

David McMahon answered we can approach the company and see if the program can be rewritten to change it to what we need.

Mark Raimo stated as an alternative we can send a single page mailer that identifies that line item for further clarification. We are looking to work with the software company to better identify that line so it is clear.

Chair Mary Ann Rosa stated that is a necessity.

Jonathan Ramsay asked whatever method we use to charge for the bond is it only going to be current customers or will it include new customers as well, new houses built are they going to have the same charge?

David McMahon answered if they are a customer it would apply.

Jonathan Ramsay stated any customer.

Rachael Ryan asked can I get a clarification on how many rate payers there are?

Jerry Lukowski answered 3184 residential, 1091 commercial and industrial.

Rachael Ryan asked Jerry it sounds like you are leaning towards the Hybrid.

Jerry Lukowski answered I support both the usage base and the hybrid. I don't support the equal share. I know with the hybrid we are trying to take care of a larger customers and actually hurting the small residential customers for that. I think it would be good to debate it for that only because if we lose one large customer it would be hundreds of residential equivalence that would be leaving the system. But as we stated it could be evaluated each year or every other year if we did lose a large customer.

Rachael Ryan asked would it be possible instead of having \$150.00 dollars, that commercial customers have a higher flat rate and the customers have a lower flat rate?

Jerry Lukowski answered I think it is also based on the sheer numbers, we if we have 3 residential units for every commercial and industrial unit. I think the flat rate should stay throughout that part.

Mark Raimo added just as a point of context our current software is limited its Legacy Software and we are doing our best to make we sure we accomplish it. As we move to a new software, we will have better ability to adjust this bill and make it more accurate. We are aware of the importance of this and we are working to make sure we can solve it and clarify as we move forward.

Jonathan Ramsay asked on the lines fixed costs for residential versus commercial, would we have the ability to charge the payment of the bond similar to how the current utilities bills are based. Where it is based on the size of your connection there is a fixed cost plus your usage. Is that something that is possible in the software? I know that is not one of the three scenarios but it's kind of the hybrid approach we have fixed \$150.00 is still staggered up so those larger users probably have a large pipe will have a larger fixed cost vs. that flat across the board?

Jerry Lukowski answered that would stay in place a larger user does have a higher...

Jonathan Ramsay asked as far as the bond cost, could use the hybrid method instead of \$150.00 each the size of the pipe as their separate cost?

Jerry Lukowski answered this is great the discussion really like a fourth method we could evaluate for that. But right now, the larger uses do pay a lot more for the size of pipe they have coming in their building besides their usage.

David McMahon added the whole thing is we chose \$150.00 as a flat rate based on the overall number of customers and it's a question like Jerry just said. The usage of a commercial and industrial it's a flat fee for everybody; the usage is that part of the revenue.

Jonathan Ramsay stated the way the water and sewers is currently its usage that fixed cause it's not commercial versus residential its staged up to those larger usages.

David McMahon answered correct.

Rahael Ryan asked how confident you are with the 6 million dollars figure from the Fire District?

Jerry Lukowski answered we are meeting with them on Friday to discuss that with them.

Carina Noyd asked the 5 million dollars payment bill that was submitted and you explained how you were precisely and strategically applying that. Have we been able to confirm with the Waterbury that they applied as requested.

Maria Guerrero answered we are waiting on the next billing cycle and we requested the receipt with the next billing. As soon as water & sewer receives it, we will make sure they applied it correctly.

Anthony DiBona stated just to be clear for the record based on what Jonathan was asking the way the customers are charged now, there is a flat rate based on the pipe size, that is going to continue to be in effect. It is just this is an addition whatever method we choose in addition. We are not altering the way that it has always been charged, is that right.

David McMahan answered right.

Jonathan Ramsay asked we are estimating from 300 million gallons of water. As you all know our water prices say doubled, tripled over the next year or two. I can only assume that many users will try to cut back on their water as much as they can. When rates go up and additional charges go up to cut back. I can only assume of that 300 million gallons of water drops to down to 250 million we are going to have to adjust the price accordingly to make up for that difference as we use less, we will have to charge more type of scenario.

David McMahan answered everything would have to be evaluated.

Jonathan Ramsay stated the same scenario with a large user the same type of thing. If the usage drops it will have to go up.

David McMahan answered correct.

Rachael Ryan asked so given what Jonathan just said his water stays relatively stable how much can people really reduce their water usage?

David McMahan answered it fluctuates on the individual users; we have no control over if somebody wanted to conserve the water. It's the question of there is open conservation and then that is a revenue issue. Then that would have to be reevaluated to take that into account.

Mark Raimo added we can always ask the WSA to report back to us bi-annually to give us a report on how this is all working. So that we can stay in touch and making sure the way we are choosing to repay, this way we are monitoring that.

Chair Mary Ann Rosa stated it sounds good.

Jonathan Ramsay stated along those lines, on our bond cost would we reevaluate it every quarter, every year whatever saying the usage amount of gallons we based on 75 million gallons for this quarter this is what the rate we need to be. Quarterly or annuals that rate

would slightly change based on usage or would it need to be fixed until there is another vote to change it to something else?

Chair Mary Ann Rosa stated let's face it the water usage changes in the winter and the summer time I think we would have to be careful when things were reevaluated.

Jonathan Ramsay added if we need to come up with 2 million dollars' worth of revenue on this line item the usage fluctuates. Do we have the ability to say each quarter we want a flat 500 hundred thousand dollars so that that we almost guarantee every year there are 2 million dollars revenue or whatever dollars amount or we will need to act after the fact and change rates?

David McMahan answered that is unknown, it has to be reevaluated because the thing if we set this plan the strategy on how we are going to proceed. If that changes due to a lack of revenue, we still have the bill to pay. Any revenue shortfall that would have to be reevaluated then come up with whatever is going to correct that. The numbers don't come in as they are supposed to because of conservation then yes, we are going to come back to address it, we have to.

Jerry Lukowski stated that is why the hybrid scenario at \$150.00 per user kind helps steady part of that because it's the combination of the fixed \$150.00 plus usage as opposed to pure usage. You know there is conversation is going on, hybrid kind of helps stable that part of the method.

Jonathan Ramsay stated I do like the hybrid method; I don't like the hybrid method as presented.

Chair Mary Ann Rosa stated personally I think the hybrid method of \$150.00 when you divide that up into quarters is not going to make a big difference.

Jonathan Ramsay added you would be surprised, it does.

Mark Raimo added there is a process in place just as there is public hearing tomorrow to discuss the rates changes. That is the process that would have to happen as we reevaluate in real time or as close to that whether there is a shortage of revenue, we have to go through that process. You are voting tonight, we then have to move this back to the WSA to have another public hearing if or when the referendum passes. Again, it goes in front of the public to understand what we are doing we could present it to them and coordinate that presentation to use so that your kept in the loop on how the process is working.

Motion: Ken Demirs seconded by Jonathan Ramsay: I make a motion to approve item two usage base approach as the payment method to pay the bond.

Motion passed unanimously

5. Adjournment.

Motion: Ken Demirs seconded by Jonathan Ramsay: to adjourn the Special Meeting at 7:32 p.m.

Motion passed unanimously

Respectfully submitted,

Mary Ann Rosa, Chair
Watertown Town Council

Approved: _____
Susan King, Clerk

Watertown - Water and Sewer Authority

Debt Allocation Scenarios

Briefing to Town Council

26 AUG 2025

Assumptions Overview

This analysis relies solely on the assumptions outlined in the worksheet supplied by the Town of Watertown. The assumptions have not been independently validated. Key assumptions include:

- ◆ Debt principal of \$30 million, reduced by a one-time \$6 million contribution from the Watertown Fire District (WFD), resulting in a net debt amount of \$24 million to be amortized over 20 years.
- ◆ Interest rates modeled at 3%, 4%, and 5%.
- ◆ A customer base of 4,300 accounts and annual water usage of 300 million gallons.

Summary of Scenarios (1 of 2)

Three cost allocation methods

1. Equal-Share Approach

Each account pays an equal share of annual debt service

2. Usage-Based Approach

Costs are recovered based on individual water use

3. Hybrid Approach

Each account pays a fixed \$150 annual charge, plus costs recovered based on usage

Summary of Scenarios (2 of 2)

Three cost allocation methods:

1. Equal-Share Approach

Each account pays an equal share of annual debt service

Interest Rate	Annual Cost
3%	\$375
4%	\$411
5%	\$448

2. Usage-Based Approach

Costs are recovered based on individual water use

Interest Rate	Cost per 1k Gal
3%	\$5.38
4%	\$5.89
5%	\$6.42

3. Hybrid Approach

Each account pays a fixed \$150 annual charge, plus costs recovered based on usage

Interest Rate	Fixed Charge	Cost per 1k Gal
3%	\$150	\$3.23
4%	\$150	\$3.74
5%	\$150	\$4.27

Annual Sample Water Bills

Three Allocation Methods

The following table illustrates annual sample bills for four representative user profiles under each approach, based on a 4% interest rate scenario:

User Type	Usage (gallons)	Equal-Share	Usage-Based	Hybrid
Low Residential	25,000	\$411	\$147	\$244
Avg Residential	50,000	\$411	\$295	\$337
High Residential	100,000	\$411	\$589	\$524
Small Business	500,000	\$411	\$2,945	\$2,020

The table illustrates how alternative cost allocation methods impact different customer types based on water usage and rate design.

Water Usage by Type

<u>Type</u>	<u>Customers</u>	<u>Average</u>	<u>Total Gallons/Year</u>
Residential	3,184	49,864	158,766,976
Commercial	1,091	131,186	143,123,926
Industrial			301,890,902
			827,098/Day

Top Ten Users

Utilize 49 MG / Year = 982 Customers = 16.2% of Usage

Top User 23 MG / Year = 461 Customers = 7.6% of Usage

**Watertown - Water and Sewer Authority
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THANK YOU

26 AUG 2025