



TOWN OF WATERTOWN
SPECIAL MEETING
JOINT
WATERTOWN TOWN COUNCIL
AND
WATER AND SEWER BIPARTISAN COMMITTEE
MONDAY, MARCH 30, 2026, 5:30 PM
SPECIAL MEETING
MINUTES
WATERTOWN TOWN HALL
TOWN COUNCIL CHAMBERS
61 ECHO LAKE RD WATERTOWN, CT 06795

1. Call Meeting to Order.
Chairman Jonathan Ramsay called the meeting to order at 7:00 p.m.

Chairman Jonathan Ramsay led the pledge of allegiance.

A moment of silence for John Gavallas.

2. Roll Call.
PRESENT: Jonathan Ramsay, Chairman
Michele McHugh, Vice Chair
Dan Cocchiola
Ken Demirs
Carina Noyd (Arrived 6:41)
Robert Retallick
Mary Ann Rosa
Rachael Ryan

ABSENT: Robert Desena
OTHERS PRESENT: Mark Raimo, Town Manager

Michele McHugh, Sub-committee Chair
Dan Cocchiola
Joseph Chabot
Jeffrey Cheney
Adam Simonsen

3. Water and Sewer Bipartisan Final Report Presentation to the Town Council

Sub-committee Chair Michele McHugh recognized Joseph Chabot, Jeffrey Cheney, Adam Simonsen, Dan Cocchiola, Department Heads, members of the Town Council, and town employees interviewed, Mark Raimo, the IT Department, Lisa Cattaneo and Lauren Dayton and the town residents attending the meetings for their help.

The Water and Sewer Bipartisan Committee reviewed the presentation for the Town Council for review.

Presentation attached

Council questions:

Rachael Ryan stated there was a couple of places where you referred to the Independent Council and asked how would that person be selected?

Michele McHugh answered our thought was when we spoke about Independent Council, for example let say the Watertown Town Attorney would not be anyone from that same group, that would be up to Town Council how we would choose that group.

Rachael Ryan asked the one part about appeals should not be generally perused unless you indicate a reasonable likelihood of success typically 40% or greater, how would that be determined?

Michele McHugh answered it is subjective.

Mary Ann Rosa asked following up on the independent issue, if we as a council hire someone other than the Town Attorney originally to handle the suit. Are you are saying we have to hire another attorney to review, that is doubling the legal cost?

Michele McHugh answered the thought process was if we hired someone outside of Watertown to look at things. That would be an Independent Attorney, I think if they got to the point where it was 250, 300 thousand we might want to get a second opinion.

Mary Ann Rosa stated we are talking potential second opinion regardless of who the attorney is?

Michele McHugh answered correct, yes.

Carina Noyd thanked the committee for their time and efforts and asked regarding the steps in the requirements for the different levels, 1, 2 and 3 per our charter we have to approve any spending above \$50,000 and I do see that specific amount mentioned in the litigation early warning system, however I don't see the formal council briefing in executive session mentioned until tier 3 which is the \$150,000 range?

Michele McHugh answered the Town Attorney would notify us as soon as it hit the \$50,000 threshold.

Carina Noyd asked is that specified or did I miss it?

Michele McHugh answered it does say that in the early warning system. Its says that the Town Attorney would notify us as soon as it hit the \$50,000 threshold.

Carina Noyd stated about attachment #4, your 5 year financial forecast, under the rationale, quoting a sentence here "maintain adequate reserves and responsible debt levels" I would love to see more specific thresholds there, the language is loose for my comfort level.

Michele McHugh answered I think we would rely on WSA as they are doing their budget. I know they do a category for reserves.

Adam Simonsen added there is a reason there is not a specific number in there because it is a bit of a policy decision that varies on a couple of different fronts. That is a base operations level, it is common to say I want to have 6 months or so is common for an operating reserve. If I am suddenly in a rate dispute like we were with Waterbury and I have a much more significant liability building up then that reserve has to be quite a bit

bigger. If I am entering into financing agreements with a bond covenant in them that requires reserves. It's intentionally vague because it does depend on how you're financing it.

Chairman Jonathan Ramsay asked on attachment #5 Executive Session is there anything in here that isn't already part of state statute in our policies?

Michele McHugh answered I believe that we are following all of the best practices right now, at least Town Council is that was not the case in the past.

Rachael Ryan stated I think you all have done an incredible job, this is really thorough and I think hit on so many of the key issues. The ideas are great and well organized, I very much appreciate your efforts, thank you.

Mark Raimo thanked the committee for all their work. I guess from my perspective from operations what's the next step. Is this going to the council, the council is then going to re-vet so that we can add in issues that staff may see as needing more verification so we truly understand what's happened. Another opportunity to vet this and add charter language or process language that we have normally followed we are all on the same page. We can increase the depth of the document so everybody understands what needs to be done.

Chairman Jonathan Ramsay stated I would agree with that, the sample resolution in there, I would want that to be reviewed by the Town and the Attorney as well, before we vote on that.

Mary Ann Rosa asked I have a slight concern with regard to the number that you said super majority. I understand the concept of it and I support that concept. We want to be in agreement with anything involving litigation and cost but we are in direct opposition in some of those cases to Roberts Rules and I find that difficult.

Chairman Jonathan Ramsay stated I believe by charter we need to have at least 5 votes for anything. Supermajority is just one extra vote so we are talking in a difference of 5 and 6 votes.

Mary Ann Rosa stated it sounds some of this needs to go to the ordinance committee.

Mark Raimo stated if I may make a suggestion, staff can do a quick review and hit the highlights and make a recommendation back to the council to look at what our recommendations are what to do with it and take the next step. I would hope this would be after budget I know its important we can start looking at this and hitting some of the items. Michele and I talked about it we looked at our insurance and we have a \$25,000 deductible. Somebody may sue us for \$500,000 but the money that it would cost the town would be \$25,000, so our exposure is limited. How does that fall into these rules and everybody sitting on the committee didn't have access to that direct information. One more quick review it can add another layer to it.

Adam Simonsen added I do think the litigation policy, some of where it was derived from in the beginning of the report you see the buildup of the cost that were incurred. You realize when you look at that how this snuck up on the town. It started as something small and it snowballed, part of the intent behind the litigation policy is doing a continuous review of these cases that go for a long time and if it changes the exposure. You can't just look at it once and say okay we are good. As something happens over time you would have to re-evaluate it. What we put together is well thought out. I also think it is complicated, one of the debates that we had and I am a little concerned that there could be some unintended consequences from the policy. Where I tie the hands of the council or create a situation that might make it hard for the town to defend itself in some cases. I would certainly recommend that Town Council gives it a through vetting, sort of walk it through some litigation scenarios that have happened in the past and certainly thinking it through. I would probably say send it to the ordinance committee, that is sort of the job of that to make sure things that things all hang together and when it is something on your plate to make a decision that you got the right procedure, the law in place to do it.

Robert Retallick commented thank you, I can't say any more than what Rachael said and everybody else up here had to say. This work is outstanding as far as I am concerned, I really appreciate it.

Joseph Chabot asked in the light of transparency as you go through your review process whatever those look like could you post some timeframes for that process, so the town is informed so that nobody thinks this is going to fall through the cracks, it's not being reviewed. Set something up and let everybody know where you are in the process

getting it through. Whatever you have to do on your side I think that would be well received by the town, thank you.

4. Adjournment

Meeting adjourned at 7:00 p.m.

Motion passed unanimously

Respectfully submitted,

Jonathan Ramsay, Chair
Watertown Town Council

Approved: _____

Susan King, Clerk

Watertown Water and Sewer Bipartisan Committee Report

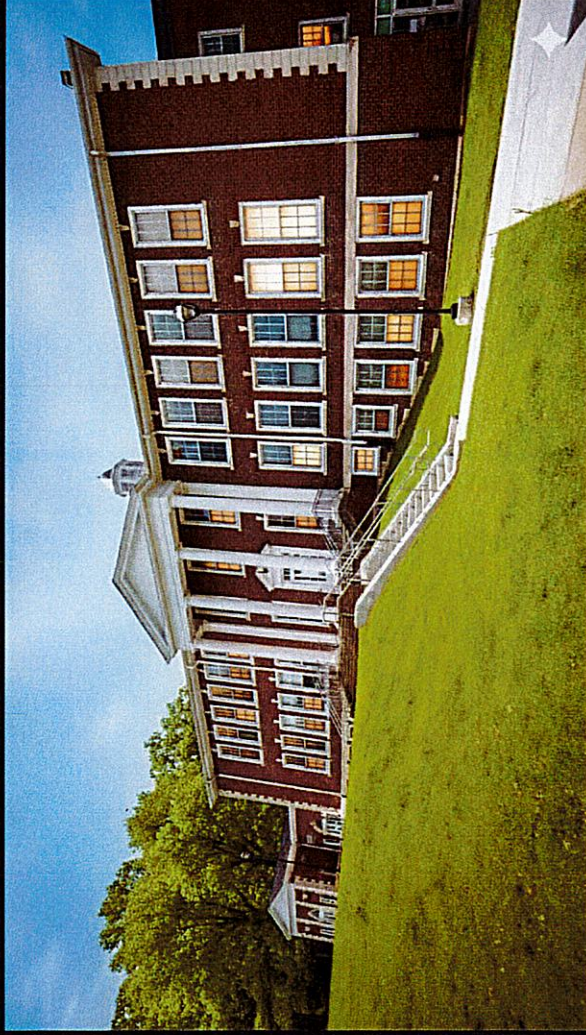
Michele McHugh (R, TC, Chair)

Dan Cocchiola (D, TC)

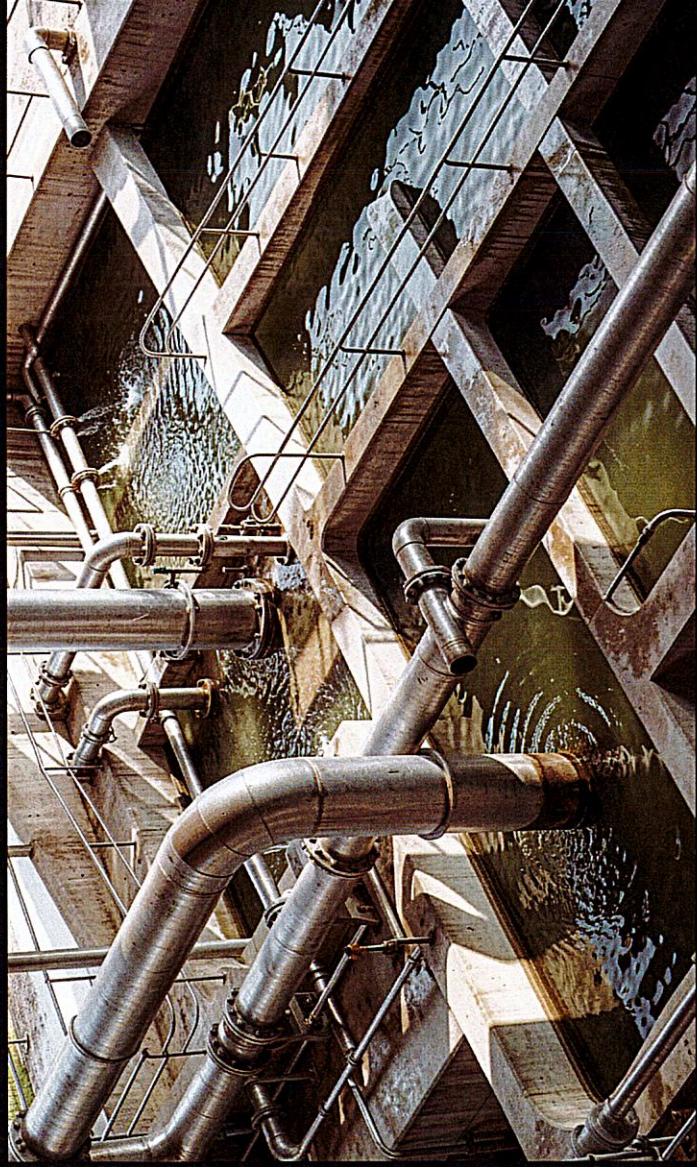
Pastor Joseph Chabot

Jef Chaney

Adam Simonsen



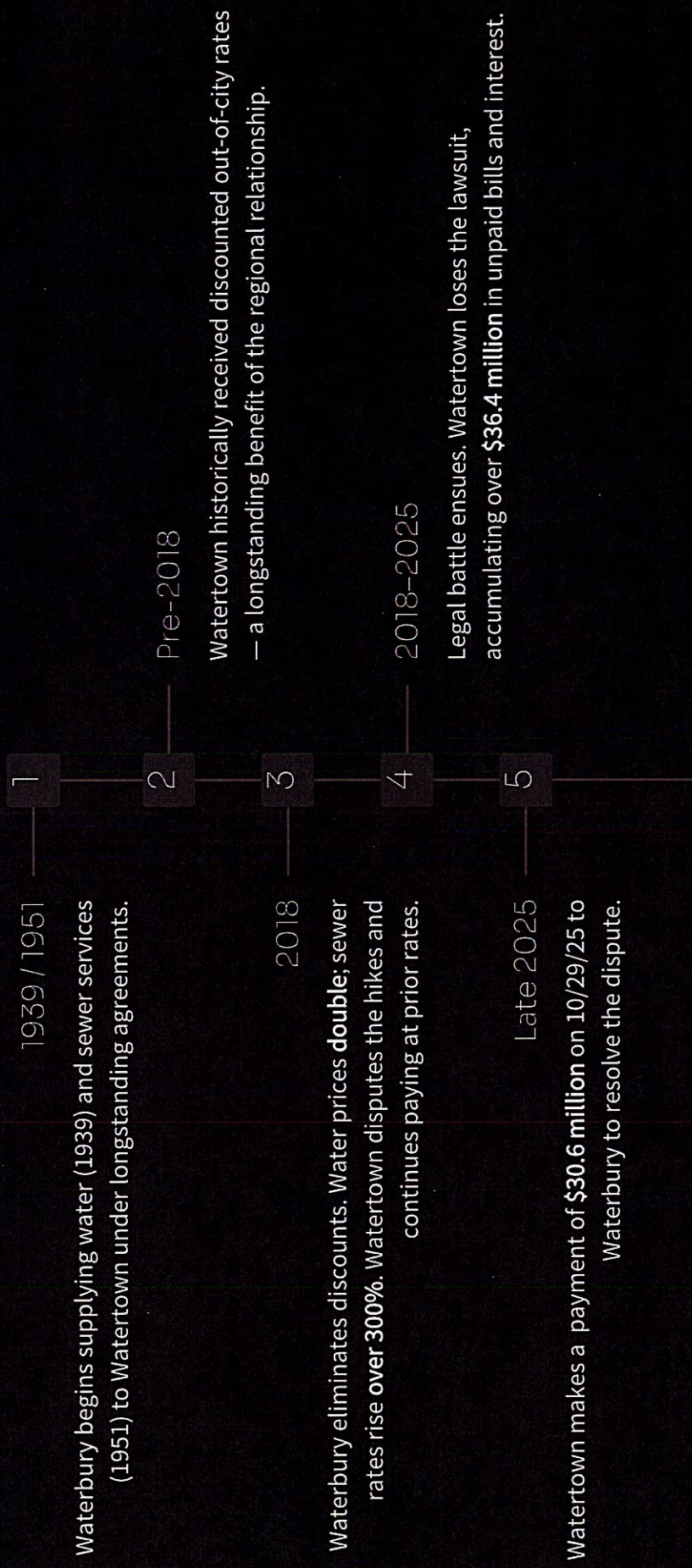
Executive Summary



A long-running dispute between the **Town of Watertown** and the **City of Waterbury** over water and sewer rates escalated into a multi-year legal battle — ultimately costing Watertown approximately **\$36.4 million**.

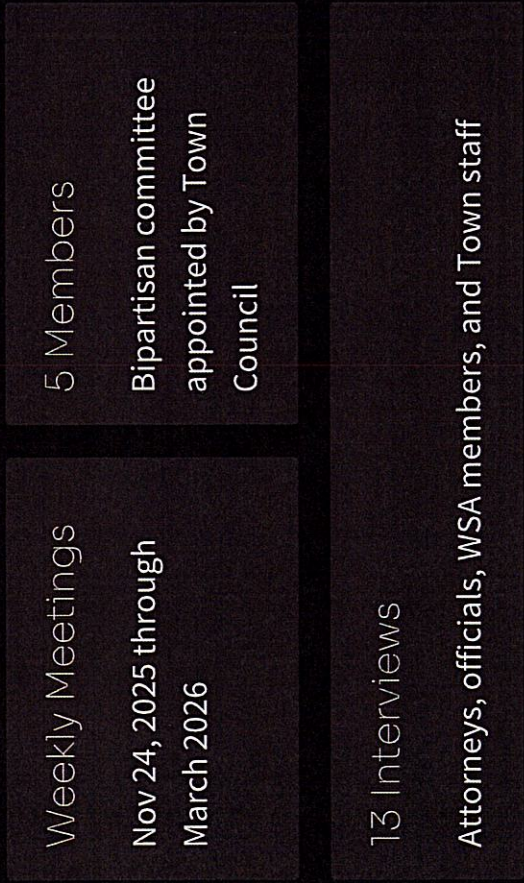
The matter was resolved in late 2025 with a full payment to Waterbury, funded in part by a **voter-approved bond**. In response, the Town Council formed a 5-member bipartisan committee charged with preventing future occurrences and strengthening governance.

How We Got Here: Background



	A	B	C	D	E	F
1	Town Council Table					
2	Year	Unpaid Water Charges Fern	Unpaid Water Charges Straits	Unpaid Sewer Charges	Interest Accrued	Total
3	2018	\$1,967.67	\$8,420.92	\$14,790.98	0.00	
4	2019	\$130,727.20	\$511,879.61	\$1,940,139.24	113,315.20	
5	2020	\$142,341.35	\$570,495.02	\$1,500,785.32	571,510.19	
6	2021	\$187,281.16	\$548,175.52	\$1,472,907.35	1,445,692.81	
7	2022	\$195,048.13	\$482,189.52	\$1,845,079.06	2,683,743.00	
8	2023	\$253,432.66	\$529,340.16	\$2,792,270.50	4,538,752.10	
9	2024	\$174,680.90	\$538,960.21	\$3,735,186.31	4,685,586.25	Moved to Judgement
10	2024-A				408,862.38	
11	2025	\$186,810.49	\$487,509.35	\$2,380,005.85	1,382,738.50	Continued short pay monthly bills
12	Total	\$1,254,289.56	\$3,676,970.31	\$15,681,164.61	15,831,200.43	Monthly bills only
13						\$38,443,624.91

Committee Process



Interviewed

- Franklin Pilicy & Paul Jessell (attorneys)
- Jerry Lukowski, Dave McMahon (WSA)
- John Gavallas (former Town Manager)
- Jonathan Ramsey & Mary Ann Rosa (Town Council)
- Mark Raimo (Town Manager), Maria Guerrero (Finance)
- Bill Hedburg, Joe Masi (WSA Commission)

Unable or Declined

- Vincent Catarino, Jim Sugden, Ray Primini (WSA)
- Deb Desena (Finance), Bob Scanell & Rachael Ryan (former TM staff)

The Three Charges

The Town Council tasked the bipartisan committee with addressing three core areas of concern.



Charge 1: Recommending safeguards that will help prevent situations from arising in the future

Develop safeguards and risk management policies to identify and address financial and operational risks before they escalate.



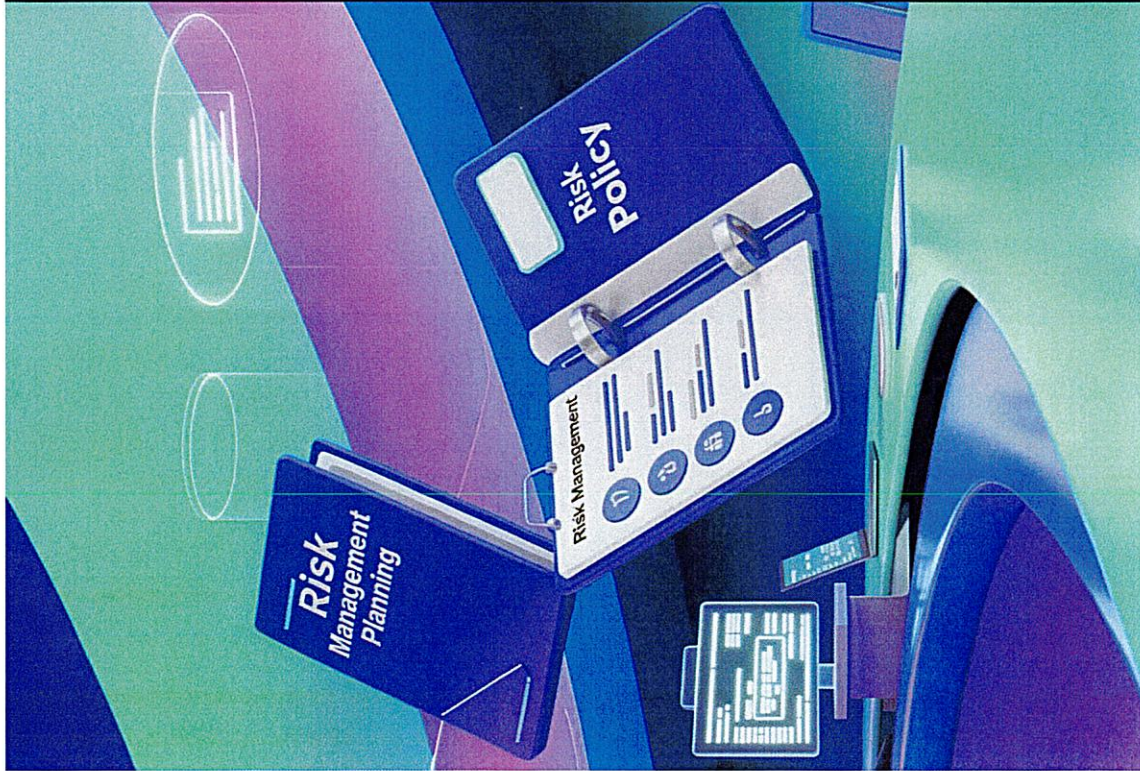
Charge 2: Recommending policies and/or procedures to ensure the Public remains informed

Establish robust, multi-channel communication policies so residents are never left in the dark on critical municipal issues.



Charge 3: To examine the relationship between the Town Council and the WSA and recommend any appropriate changes

Clarify and improve the working relationship between the Town Council and the Water & Sewer Authority.



Charge 1: Recommending Safeguards that will help prevent situations from arising in the future

RECOMMENDATIONS:

Town-Wide Risk Management Policy

Develop and adopt a formal Risk Management Policy (Attachments 1, 2, 3) to proactively identify, monitor, and mitigate operational and financial risks across all town departments.

WSA-Specific Risk Management Policy

Create a dedicated WSA Risk Management Policy (draft in progress as Attachment 6) tailored to the unique responsibilities of the Water & Sewer Authority.

Multi-Year Budget Forecasting

Implement multi-year financial forecasting (Attachment 4) so that long-term rate pressures, infrastructure costs, and contractual obligations are visible well in advance.

Charge 2: Recommend policies and/or procedures to ensure the public remains informed

RECOMMENDATIONS:

Executive Session Best Practices

Adopt clear guidelines for all town boards and commissions (Attachment 5) to ensure transparency and appropriate use of closed sessions.

Multi-Modal Communication Plan

TC and Town Manager establish a robust plan for critical issues — email, town website, podcasts, and printed inserts with tax and water/sewer bills.

Relocate WSA Meetings

Move WSA meetings to Town Council chambers to accommodate more attendees, improve accessibility, and enable easier recording and presentation.

Charge 3: To examine the business relationship between the Town Council and the WSA and recommend any appropriate changes

The relationship between the Town Council, Town Manager, and WSA is established by Town Charter and CT State Statute — specifically designed to keep politics out of rate-setting. The committee recommends targeted improvements without undermining that independence.

RECOMMENDATIONS:



Add Ex Officio TC Member

Appoint a Town Council ex officio member to the WSA board to improve coordination and information flow between the two bodies.



Monthly WSA Presentations

Require a WSA representative to present monthly TC meetings, following guidelines established in the WSA Risk Management Policy.



Clarify Roles by Charter

Formally document and communicate the distinct roles of the WSA, Town Council, and Town Manager as defined in the Town Charter (Attachment 7).



Water Sewer Bipartisan Committee Attachments

Litigation Risk Management Policy

Problem:

Municipal litigation can create large and unpredictable financial liabilities through judgments, settlements, legal fees, statutory interest, and borrowing costs. Recent litigation has demonstrated that without structured oversight, legal disputes can escalate into significant taxpayer obligations before the Town Council has full visibility of financial exposure.

Goal:

The goal of a Litigation Risk Oversight Policy is to ensure that major legal decisions are made with clear financial analysis, independent legal evaluation, and appropriate governance oversight.

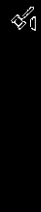
Key Safeguards

Exposure Forecasting Every major case includes a full financial risk estimate.	Independent Legal Review Outside counsel review begins at defined cost thresholds.
Supermajority Oversight Major litigation decisions require broad Council approval.	Reserve Planning Litigation liabilities are treated like financial obligations and planned for in advance.
Settlement Review High-risk cases must evaluate settlement options before continuing litigation.	Appeal Safeguards Appeals require independent review of the probability of success.
Litigation Dashboard Quarterly reporting keeps the Council informed of all active cases.	Early Warning System Potential claims are reported before they escalate into costly lawsuits.

Bottom Line: This policy does not restrict the Town's ability to defend itself in court. Instead, it ensures that litigation decisions are made with full understanding of the financial risks and with appropriate oversight by elected officials responsible for protecting taxpayer resources.

Municipal Litigation Risk Oversight Policy: Executive Version

This policy establishes governance controls for municipal litigation to protect taxpayers, ensure responsible fiscal planning, and provide the Town Council with structured oversight of legal risk.



Initial case assessment. Summary of legal merits + initial exposure forecast.

Milestone review. Updated exposure forecast + settlement vs. trial evaluation + independent legal review.

Escalation threshold. Formal Council briefing in Executive Session + updated fiscal impact analysis.

Any action advancing litigation beyond Tier 3 thresholds requires approval by a two-thirds supermajority vote of the Town Council. This includes: authorization to proceed to trial; authorization to file or continue an appeal; authorization of litigation spending beyond Tier 3 thresholds.

A formal settlement review shall occur when total projected exposure exceeds \$250,000; probability of adverse outcome exceeds 40%; independent legal review recommends settlement consideration; or estimated litigation costs exceed 50% of expected settlement value. The Town Council must review settlement options before authorizing continued litigation. Continuation requires a supermajority vote.

Before filing any appeal, the Town must obtain an Independent Appraisal Visibility Review analyzing grounds for reversal, applicable standard of review; supporting legal precedent; estimated probability of success; estimated appellate costs; updated exposure analysis. Appeals should generally not be pursued unless the independent review indicates a reasonable likelihood of success, typically 40% or greater. Authorization requires a supermajority vote.

The Town Attorney shall present a Quarterly Litigation Dashboard summarizing all active litigation matters including case name and type, litigation phase; defense costs to date; estimated exposure range; probability of loss; settlement status; and litigation reserve status.

The Town Attorney must notify the Town Council when the Town becomes aware of potential claims that could expose the Town to \$50,000 or more in liability. Within 30 days, the Town Attorney shall provide a Pre-Litigation Risk Assessment.

Council Resolution: Municipal Litigation Risk Oversight Policy

Waterbury, Connecticut

WHEREAS, municipal litigation can create significant financial exposure through legal fees, judgments, settlements, statutory penalties, and post-judgment interest; and WHEREAS, responsible governance requires that the Town Council maintain oversight of litigation risks that may materially affect taxpayers and municipal finances; and WHEREAS, the Town Council seeks to establish a structured framework to ensure that litigation exposure is evaluated, disclosed, and managed with appropriate fiscal discipline; NOW, THEREFORE, BE IT RESOLVED that the Town Council hereby adopts the following Municipal Litigation Risk Oversight Policy.

01

Section 1. Purpose, Scope, and Goals

For all litigation matters, the Town Attorney shall provide a Total Exposure Forecast including: estimated damages; statutory penalties; post-judgment interest; legal defense costs; and settlement range, plus a written recommendation on settlement, continued litigation, or appeal.

03

Section 2. Reporting and Oversight

Any action advancing litigation beyond Tier 3 thresholds shall require approval by a two-thirds supermajority vote of the Town Council, including authorization to proceed to trial, file or continue an appeal, or authorize expenditures exceeding Tier 3 thresholds.

Adopted by the Waterbury Town Council this ____ day of _____, 2026. All outside legal counsel retained by the Town shall comply with the requirements of this policy. This policy shall apply to all litigation matters initiated after the adoption of this resolution.

02

Section 3. Tiers of Litigation Exposure

Tier 1 (\$25,000): written summary of legal merits and initial exposure estimate; Tier 2 (\$75,000): updated forecast, settlement vs. trial evaluation, Independent Legal Review; Tier 3 (\$150,000): formal Council briefing in Executive Session and updated financial exposure analysis.

04

Section 4. Review and Reporting

Independent Legal Review (Tier 2+); Litigation Financial Reserve Planning (20% exposure increase triggers update); Mandatory Settlement Review; Appeal Authorization Safeguard; Quarterly Transparency Dashboard; Early Warning Requirement (\$50,000+ potential claims within 30 days).

Five-Year Financial Forecast Policy

Watertown Water & Sewer Authority

The purpose of this policy is to promote the long-term financial stability and responsible management of the Watertown water and sewer utilities. Preparing a multi-year financial forecast allows the Water and Sewer Authority to anticipate capital needs, evaluate financing options, and maintain appropriate user rates while protecting the system's infrastructure and financial health.

Operating Revenue Projections

Estimated revenues for each class of customers based on their projected usage of the system.

Expense Projections

Estimated operating expenses, including projected payments for water and sewer wholesale providers, for the current fiscal year and the following five fiscal years.

Capital Improvement Plan

A five-year schedule of anticipated capital projects, including estimated costs and expected timing of expenditures.

Financing Assumptions

Identification of how major capital projects may be financed: pay-as-you-go; use of reserves; bond or loan financing; state or federal funding programs; or other available financing mechanisms.

Debt & Reserve Projections

Estimated impacts on system debt levels, debt service requirements, and reserve balances.

Rate Implications

Identification of potential impacts on water and sewer user rates necessary to maintain system financial stability and meet capital needs.



Rationale: Regular multi-year financial planning is considered a best practice for municipal utilities. It helps identify upcoming infrastructure needs before they become urgent, plan for large capital expenditures in an orderly and transparent manner, evaluate and debate financing strategies, minimize the likelihood of sudden rate increases, maintain adequate reserves and responsible debt levels, and support sustainable and reliable utility service for the community.

Standardizing Executive Session Procedures

This document provides a formal framework for how Watertown boards and commissions convene and conduct executive sessions in compliance with Connecticut law. The Watertown Home Rule Charter requires that Town Council sessions remain open to the public and the press, except where closure is permitted by FOIA or other applicable law.

Statutory Framework — CGS § 1-200(6)

- Public agencies in Watertown may only enter executive sessions for five specific reasons:
- **Personnel Matters:** Discussion of appointment, employment, performance, or evaluation of a public officer or employee (unless the individual requests a public hearing).
 - **Litigation Strategy:** Strategy and negotiations regarding pending claims or litigation to which the agency is a party.
 - **Public Security:** Matters concerning security strategy or the deployment of security personnel/devices.
 - **Real Estate Transactions:** Selection of a site or the lease, sale, or purchase of real estate when publicity would likely increase the price.
 - **Exempt Records:** Discussion of any matter which would result in the disclosure of public records exempt from FOIA under § 1-210(b).

Procedural Standards

- **The Two-Thirds Vote:** An executive session may only be initiated by an affirmative vote of two-thirds of the members present and voting at a public meeting.
- **Specificity of Motion:** The motion must identify the reason for the session with "sufficient particularity." Vague descriptions such as "personnel" or "legal matters" are legally inadequate.
- **Correct Example:** "I move to enter executive session to discuss the performance evaluation of the Town Manager per CGS § 1-200(b)(A)."
- **Prohibition on Voting:** No votes or formal actions may be taken during an executive session. All final decisions must occur in the public portion of the meeting.
- **Attendance Limits:** Attendance is limited to board members and invited persons necessary to provide testimony or opinion. Invited guests must leave as soon as their testimony is concluded.

Best Practices for Modern Governance

- **Public Comment Standards:** A standardized three-minute limit for public comments is recommended.
- **Electronic Participation:** For hybrid meetings, roll call votes must be taken unless the vote is unanimous.
- **Digital Security:** Boards must ensure "waiting room" technology is used for executive sessions to prevent unauthorized public access.
- **Email Communication:** Board members must avoid "Reply All" chains or substantive debates via email, as these can constitute "illegal meetings," and are subject to public record disclosure.

Conclusion: Adopting these recommendations will provide the Town of Watertown with a robust defense against Freedom of Information Commission (FOIC) complaints, which can result in civil fines or the voiding of town contracts.



TOWN OF WATERTOWN WATER & SEWER AUTHORITY

Risk Analysis & Financial Sustainability Policy

(In preparation to propose for adoption)

I. Purpose

The purpose of this policy is to establish a structured framework for identifying, evaluating, monitoring, and mitigating risks affecting the Watertown Water & Sewer Authority (WSA).

As an enterprise fund utility, the WSA must operate in a financially sustainable, legally compliant, and operationally resilient manner. This policy promotes:

- Financial stability
- Rate predictability
- Infrastructure reliability
- Regulatory compliance
- Transparent governance

This policy reflects recognized municipal best practices, including principles endorsed by the Government Finance Officers Association (GFOA) and Connecticut municipal utility standards.

II. Scope

This policy applies to:

- Water operations
- Sewer operations
- Capital planning
- Debt issuance and financing
- Rate setting
- Enterprise fund reserves
- Contractual obligations

Clarification of the Business Relationship Town Council, WSA, & Town Manager

The Town's water and sewer utility operates within the overall structure of Town government, not as a separate entity. The Charter outlines distinct, yet complementary, roles for the Town Council, Water and Sewer Authority, and Town Manager.

Town Council
Holds legislative authority over municipal finances, including budget adoption and fund appropriation.

Town Manager
Serves as the chief administrative officer, overseeing day-to-day operations and implementation of all town departments.

Water and Sewer Authority (WSA)
Designated body for establishing user rates and charges, responsible for determining the revenue required for utility operations.

This framework ensures a coordinated financial approach where the Authority sets rates to fund utility plans, and the Council approves necessary expenditures through the budget process. Regular coordination between these bodies maintains financial balance.



Path Forward

The bipartisan committee's recommendations aim to ensure Watertown never faces a preventable crisis of this magnitude again.

Adopt Policies

Formalize risk management and forecasting policies at the Town and WSA level without delay.

Communicate Openly

Launch a multi-modal communication strategy and relocate WSA meetings to foster greater public engagement.

Govern Clearly

Strengthen the TC-WSA relationship with an ex officio seat, monthly reporting, and clarified Charter roles.

- ☐ The committee thanks all participants for their time and candor. These recommendations reflect a shared commitment to transparent, accountable, and financially sound municipal governance.