

Water and Sewer Authority
Watertown, CT
Regular Meeting Agenda

Date: Wednesday, February 18, 2026

Time: 7:00 PM

Place: Watertown Town Hall
61 Echo Lake Rd.
Watertown, CT 06795
Planning and Zoning Conference Room

1. Call Meeting to Order
2. Roll Call
3. Minutes
4. Superintendent's Report – February 2026
 - a. Software Update
 - b. Appropriation for W&S Operations - March
 - c. Waterbury Billing
 - d. The Watertown Fire District has continued to remit payment to the Watertown Water and Sewer Authority for billed charges. These payments are being made **under protest**, consistent with prior communication. The relevant **Watertown Fire District meeting minutes** documenting this action are attached for the Authority's information and record
 - e. Additional Updates
5. Public Participation – (Read Statement)
6. Correspondence/ Information
7. Old Business
 - a. **BAN/Bond Conversion 2026 – Risk Register (Standing Item)**
Discussion and possible action regarding the 2026 BAN-to-bond conversion, including review and maintenance of the associated risk register as a standing agenda item to support ongoing monitoring, mitigation, and decision-making.
 - b. **Monthly Review of Operational Budgets (Standing Item) – Fund 015 (Sewer) and Fund 017 (Water)**

Review of monthly operating budget performance for the Sewer (Fund 015) and Water (Fund 017) enterprise funds to monitor compliance with the operational budget freeze implemented in January 2026, identify variances, and confirm adherence to spending controls.

c. **Update on FY 2026/2027 Budgets and Debt Service**

Status update on the FY 2026/2027 Sewer Operations (Fund 015), Water Operations (Fund 017), associated capital budgets, and Debt Service (Fund 019), including any material adjustments, emerging issues, and alignment with adopted financial controls.

d. **Ratepayer Communication and Messaging**

Discussion and update on messaging strategies to keep ratepayers informed regarding potential future rate adjustments, including timing, scope, and coordination of internal and external communications.

e. **Rate-Setting Discussion for 2026 (Standing Item)**

Ongoing discussion regarding the establishment of 2026 rates. This item will remain on the agenda as standing old business while the Authority continues to develop, review, and refine the information necessary to evaluate and, if appropriate, implement a rate increase.

8. New Business

a. **Engagement of Legal Counsel and Financial Advisory Services – City of Waterbury Dispute.**

Discussion and possible action on executing an agreement with Harris Beach Murtha Attorneys to provide legal representation in connection with the dispute involving the City of Waterbury/Watertown Fire District, and with Fiondella, Milone & LaSaracina LLP (FML) to provide accounting and financial advisory services related to billing analysis, financial review, and support associated with this matter.

9. Adjournment



TOWN OF WATERTOWN
WATER AND SEWER AUTHORITY
747 French Street
Oakville, Connecticut 06779-1099
(860) 945-5299 Fax (860) 945-5298

TO: Water and Sewer Authority Members
FROM: WSA Staff
DATE: January 21, 2026
RE: Minutes

Attached is a copy of the Minutes Status sheet. This list shows the status of the minutes of each Water and Sewer Authority meeting. Reading from the left as follows:

1. First column is the date of the meeting.
2. Second column is the type of meeting.
 - R = Regular
 - RESCH = Rescheduled
 - S = Special
 - PH = Public Hearing
 - PIM = Public Informational
3. Third column is the date the minutes went to the Authority for review and approval or, in some cases, that the meeting was cancelled.
4. Fourth column indicates whether the minutes have been filed with the Town Clerk. An "X" in this column indicates they have been filed. A blank space indicates they have not been filed because they have not been approved by the Authority.

JM
Attachment

<u>Meeting Date</u>	<u>Type</u>		<u>Minutes to WSA</u>	<u>Minutes to Town Clerk</u>
<u>2025</u>				
12/4/2024	R	.....	1/15/2025	X
1/15/2025	R	.....	2/19/2025	X
2/12/2025	S	.....	2/19/2025	X
2/19/2025	R	.....	3/26/2025	X
3/26/2025	S	.....	10/15/2025	X
4/9/2025	S	.....	10/15/2025	X
6/11/2025	S	.....	10/15/2025	X
6/18/2025	R	.....	10/15/2025	X
7/16/2025	S	.....	10/15/2025	X
7/23/2025	S	.....	10/15/2025	X
7/30/2025	S	.....	10/15/2025	X
8/13/2025	S	.....	10/15/2025	X
8/27/2025	PH/S	.....	10/15/2025	X
10/16/2025	S	.....	12/3/2025	X
12/3/2025	R	.....	1/21/2026	X

<u>Meeting Date</u>	<u>Type</u>		<u>Minutes to WSA</u>	<u>Minutes to Town Clerk</u>
<u>2026</u>				
1/21/2026	R	.....	2/18/2026	

WATERTOWN, CONNECTICUT
 WATER AND SEWER AUTHORITY
 REGULAR MEETING
 WEDNESDAY, JANUARY 21, 2026

1. Call Meeting to Order

Chairman James Sugden calls the Regular Meeting to order at 7:00 PM.

2. Roll Call

Members present: James Sugden, Keith Franson, Joseph Masi, Mario Mancini, Marisa Mancini-Cavallo, Raymond Primini

Members excused: Edward Wilk

Others present: Jerry Lukowski, Director of Public Works, Mark Raimo, Town Manager, Attorney Paul Jessell, Town Attorney.

3. Minutes – Approval of Regular Meeting Minutes 12/3/2025.

A motion was made by Joseph Masi to approve the Regular Meeting minutes from 12/3/2025 as written. The motion was seconded by Keith Franson. All in favor. Motion passed.

4. Superintendent’s Report – December 2025

I. Operations Water and Sewer: December 2025

Call Before You Dig – 78	Non-Payments – Shut-Off – 0	Non-Payments – Turned On – 0
Backflow Device Inspections – 15	Fats, Oil, & Grease – 0	Water Leak Investigation – 4
Water Service Leaks – 2	Water Service Repairs – 6	Water Service Inspections – 7
Water Main Leaks – 2	Water Main Repairs – 2	Water Main Inspections – 2
Fire Hydrants Flushed – 0	Fire Hydrants Installations – 1	Fire Hydrants Repaired – 0
Water Service Taps – 0	Water Service Installations – 1	Water Main Installations – 0
Sewer Lateral Inspections – 7	Sewer Main Inspections – 1	Sewer CCTV Inspections – 1
Sewer Lateral Blockage – 0	Sewer Lateral Repairs – 4	Sewer Lateral Installations – 3
Sewer Main Blockages – 0	Sewer Main Repairs – 0	Sewer Main Installations – 0
Sewer Manhole Inspections – 12	Sewer Manhole Repairs – 0	I&I Inspections – 1

II. Business Administration:

Total Customer Transactions from **December 1 – December 31**

- Broken down as: Cash – **4%** Checks – **72%** Electronic – **24%** **Total = \$429,183.62**
- Property(ies) in Tax Sale: **01 with Tax Office – August 13, 2025**

Non-Payment / Collections Shut Offs: **Shut off notices sent out September 3, 2025**

- Notices Mailed: **133** Outstanding Amount: **\$100,266.31** Monies Collected: **\$79,509.34 = 79%**

III. Department Position Status:

- Temporary Administrative Position - Hiring Service Vendor – Onboard
- WSA Utility Maintainer II – Position filled
- WSA Business Analyst II – Vacant – On Hold by Town Manager
- WSA Chief Maintainer – Drafting Job Description for Union and Town Manager Approvals
- WSA Assistant Controller – Drafting Job Description for Union and Town Manager Approvals
- WSA Business Analyst I – Drafting Job Description for Union and Town Manager Approvals

IV. Project Status:

- WSA & Waterbury – WWD 42” Transmission Main Repairs – Bassett Rd – Delayed to 2026 - 2027
- WSA & Waterbury – WWD Slip Lining Project - Ongoing
- Echo Lake Booster Station – 16” & 12” Main Installation Design Project – On Hold
- WSA Emergency Operations Plan – Draft Reviews – Pending Reviews by Town Manager and Emergency Management Director – 04-23-2025
- Edmunds GovTech - WSA Utility / Customer Billing Software Project – Ongoing Next Meeting Scheduled for August
- WaterWorth Utility Software Project – Ongoing
- Lead and Copper Rule – Task III – Ongoing
- SCADA Upgrade Project – Ongoing
- ArcGIS Project – Ongoing
- AMI (Automated Metering Interface) Pilot Project - Ongoing
- Water Storage Tanks – Multi-year Maintenance & Repairs Project – Bid Documents Preparation
- Bunker Hill Rd – Straits Tpke to Commercial St – 12” Main Installation Project – Ongoing Design
- Commercial St – States St to New Wood Rd – 12” Main Installation Project – Ongoing Design
- Frederick St – Frederick St D.E. to Falls Ter – 6” Main Installation Project – Ongoing Design
- CT DPH Project Applications – Applications submitted
- CT DEEP Project Applications – Application submitted for I&I (Infiltration & Inflow)

5. Public Participation

Katherine Camara, 31 Cottage Pl, refers to Agenda item 8b. She states that simply putting a piece of paper insert with the quarterly bills with the updated messages wouldn't cost anything more. She states everything else is online so she isn't sure why we would need a consultant to assist in messaging. As a rate payer, she doesn't want to be paying more money. She states that she has an issue with any members of the Commission that believe that it was okay with shortchanging the Waterbury invoices because of the statutory 18% interest accrued. She asks why the methodology to calculate the sewer usage was not reviewed during the five years of litigation with Waterbury.

Chairman Sugden states that he would like to entertain adding to the Agenda.

A motion was made by Keith Franson to enter into Executive Session to discuss the possible billing discrepancies between the town of Watertown and the city of Waterbury. Those entering into Executive Session. Those entering into Executive Session include members of the WSA Board, Town Manager Mark Raimo, Public Works Director Jerry Lukowski, Town Attorney Paul Jessell, and three Attorney's from Waterbury. The motion was seconded by Joseph Masi. All in favor. Motion passed.

6. Correspondence/ Information – None

7. Old Business

a. Software Implementation Update

Mr. Raimo states that the Edmonds software implementation is moving forward. A full upload was done during January, and everything appeared to have gone well. They are still working on the Waterworth software.

b. Ban/Bond Conversion 2026; Discussion and possible action on a Risk Register

Mr. Raimo states that he put together the Risk Register to monitor and keep staff accountable during the Ban/Bond conversion process. He states it is a draft that can be added to or changed.

c. Discussion and possible action on the Town Council's usage basis for Ban/Bond repayment

A motion was made to table the discussion and possible action on the Town Council's usage basis for the Ban/Bond repayment. The motion was seconded by Keith Franson. All in favor. Motion passes.

d. Discussion on setting Rates for 2026

Mr. Raimo states that after pulling the information on revenue and the budget, he thinks they should continue to work with New Gen.

- e. Berkshire Estates – consider a vote to permit City of Waterbury to provide water and sewer services to Berkshire Estates

Mr. Jessell explains that there is no water and sewer connection near Berkshire Estates development, which is in Watertown. The City of Waterbury has the means to provide water and sewer. He states that since there is no contract, Waterbury just needs approval from the WSA.

The WSA Board discusses the matter with Mr. Jessell.

A motion was made to permit the City of Waterbury to provide water and sewer services to Berkshire Estates. The motion was seconded by Ray Primini. All in favor. Motion passes.

8. New Business

- a. Discussion and possible action on freezing the 2026 operational budget for Water & Sewer Operations

Mr. Raimo explains that it takes about three to six months to generate revenue. He is not sure if enough will be generated to pay WSA's portion of the BAN. With freezing the budget, any money left over could be used towards the BAN payment.

Mr. Masi reads the Resolution as follows:



RESOLUTION

WATERTOWN WATER AND SEWER AUTHORITY TEMPORARY BUDGET FREEZE – FY 2025–2026

WHEREAS, it is the desire of the Watertown Water and Sewer Authority to support fiscal stability and responsible financial management for the payers and users of the Watertown Water and Sewer Authority;

NOW THEREFORE BE IT RESOLVED, that the Watertown Water and Sewer Authority hereby authorizes a temporary budget freeze effective January 21, 2026 and shall remain in effect through June 30, 2026 unless modified or rescinded by the Authority; and

FURTHER RESOLVED, that during this period all discretionary and non-essential expenditures shall be restricted and require prior written approval from either the Public Works Director or the Town Manager; and

FURTHER RESOLVED, that essential expenditures—including payroll and benefits, emergency repairs, operations necessary to maintain water and sewer service, and expenditures required by law, regulation, contract, or debt obligations shall continue within the adopted budget; and

FURTHER RESOLVED, that the Finance Director is authorized to delay or deny payment of expenditures not in compliance with this resolution.

At a meeting held on _____ the foregoing resolution was moved for adoption by _____ and seconded by _____.

Motion passed/failed.

Keith Franson, Secretary

James Sugden, Chair

A motion was made by Joseph Masi to approve the Watertown Water and Sewer Temporary Budget Freeze FY2025-2026. The motion was seconded by Keith Franson. All in favor. Motion passes.

- b. Discussion and possible action on the FY2026/2027 Sewer Operational – 015, Water Operational – 017, and Capital Budgets

Mr. Raimo and the WSA Board members go into discussion about the FY2026/2027 Sewer Operational and Water Operational and Capital Budgets.

A motion was made by Joseph Masi to approve the FY2627 Sewer operation budget fund 015 and fund 017 Water operation budget with the understanding that personnel benefits line items may be adjusted as final cost information becomes available. Any material changed to revisions, revenues, or expenses including adjustments related to debt services shall be reported back to the Authority for review and approval as those figures are finalized. The motion was seconded by Raymond Primini. All in favor. Motion passes.

- c. Discussion and possible action on scheduling a Public Hearing for rate setting

Mr. Masi moves to table the item until there is further information.

- d. Discussion and possible action on hiring a consultant to assist in messaging to keep ratepayers informed of future rate adjustments

Mr. Raimo states that the WSA staff might not have the knowledge or the time available to be able to get the messaging out to the residents, it would be best to hire a consultant to assist to be able to get the correct information out to the public.

Ms. Mancini-Cavallo suggests that before hiring a consultant, the WSA staff should have the option to try, considering the budget freeze.

Mr. Raimo agrees to give the WSA staff the opportunity, but at some point it would be beneficial to hire a consultant.

9. Adjournment

A motion was made by Keith Franson to adjourn the meeting. The motion was seconded by Joseph Masi. All in favor. Motion passes.

Respectfully submitted,
Keith Franson, Secretary
Water and Sewer Authority

Approved by: _____



TOWN OF WATERTOWN
WATER AND SEWER AUTHORITY
 747 French Street
 Oakville, Connecticut 06779-1099
 Main Office (860) 945-5299

Date: February 18, 2026

To: Mark A. Raimo, Town Manager

Re: **Superintendent's Report – January 2026**

I. Operations Water and Sewer: January 2026

Call Before You Dig – 50	Non-Payments – Shut-Off – 0	Non-Payments – Turned On – 0
Backflow Device Inspections – 0	Fats, Oil, & Grease – 0	Water Leak Investigation – 4
Water Service Leaks – 1	Water Service Repairs – 0	Water Service Inspections – 1
Water Main Leaks – 3	Water Main Repairs – 3	Water Main Inspections – 3
Fire Hydrants Flushed – 0	Fire Hydrants Installations – 1	Fire Hydrants Repaired – 1
Water Service Taps – 0	Water Service Installations – 1	Water Main Installations – 0
Sewer Lateral Inspections – 2	Sewer Main Inspections – 0	Sewer CCTV Inspections – 0
Sewer Lateral Blockage – 1	Sewer Lateral Repairs – 1	Sewer Lateral Installations – 1
Sewer Main Blockages – 0	Sewer Main Repairs – 0	Sewer Main Installations – 0
Sewer Manhole Inspections – 0	Sewer Manhole Repairs – 0	I&I Inspections – 0

II. Business Administration:

Total Customer Transactions from **January 1 – January 31**

- Broken down as: Cash – **3%** Checks – **67%** Electronic – **30%** **Total = \$692,371.56**

Non-Payment / Collections Shut Offs: **Delinquent Notices sent to Residential Customers January 2026**

- Notices Mailed: **155** Outstanding Amount: **\$120,919.19** Monies Collected: **\$30,813.51 = 25%**

III. Department Position Status:

- Temporary Administrative Position - Hiring Service Vendor – Onboard
- WSA Utility Maintainer II – Position filled
- WSA Business Analyst II – Vacant – On Hold by Town Manager
- WSA Chief Maintainer – Drafting Job Description for Union and Town Manager Approvals
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IV. Project Status:

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- SCADA Upgrade Project – Ongoing
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- CT DPH Project Applications – Applications submitted
- CT DEEP Project Applications – Application submitted for I&I (Infiltration & Inflow)

REGULAR MEETING

**WATERTOWN FIRE DISTRICT
DISTRICT COMMISSION**

DATE: December 8, 2025
TIME: 7:00 P.M.
PLACE: District Office
24 DeForest Street
Watertown, CT 06795

See #6

BOARD OF COMMISSIONERS

Steve Ouellette, Chairman	Present
James Lehner	Present
Robert Yerger	Present
Anthony Martone	Absent
Pedro Soares	Present
Carl Minicucci, Alternate	Absent
Mark Crane, Alternate	Absent
Nicolas Perugini, Alternate	Absent

1. Call meeting to order

Meeting was called to order at 7:02 p.m.

2. Roll Call

Present were commissioners Ouellette, Lehner, Yerger, and Soares. Commissioner Martone and Alternate Commissioners Minicucci, Crane, and Perugini were absent.

ALSO PRESENT:

Watertown Fire District Superintendent Michael Tanuis, and Watertown Fire District Employees Vincent Tanuis, Heather Edwards, and Leah Perugini, Watertown Fire District Treasurer Barbara Zulkowski, Watertown Fire District Auditor David Cappelletti, Watertown Fire District Attorney Erick Sandler, and 10 members of the public.

3. Public Commentary

Frankie Popilowski of 35 Chestnut Avenue, Oakville, addressed some questions to the Board although she does not live in the Fire District. She said it was asked at a WSA meeting who would represent the Fire District during the Water and Sewer Bipartisan Committee's analysis of the handling of the Waterbury lawsuit and negotiations. Watertown Fire District Attorney Erick Sandler of Day Pitney LLP will be the contact. Ms. Popilowski also stated the Committee will begin interviewing candidates.

Anthony Muscedere of 55 Lockwood Drive addressed the Board to request an adjustment to his sewer fee because he had a toilet leak during the winter quarter. Watertown Fire District will review the water consumption for this account and the request for a sewer fee adjustment will be revisited at the next Board meeting. Mr. Muscedere does not have to attend the January meeting.

Rich Rozanski of 35 Reynolds Street asked if Agenda Item 6 – Discussion of Sewer Rates would include information about the rate increase and how the Fire District's sewer consumption is measured. That information will be addressed and further questions will be allowed at that time.

MOTION: By Mr. James Lehner and seconded by Mr. Pedro Soares to close public commentary.

Motion passes unanimously.

4. Approval of Minutes

MOTION: By Mr. Pedro Soares and seconded by Mr. James Lehner to approve the minutes from the Monday, November 10, 2025 Regular Meeting.

Motion passes unanimously.

5. Approval of Regular Monthly Meeting Schedule for Calendar Year 2026

The Board reviewed and approved the Regular Monthly Meeting Schedule for Calendar Year 2026.

MOTION: By Mr. James Lehner and seconded by Mr. Robert Yerger to approve the Regular Monthly Meeting Schedule for Calendar Year 2026.

Motion passes unanimously.

6. Discussion of Sewer Rates

Assistant Superintendent Vincent Tanuis introduced Attorney Erick Sandler from Day Pitney LLP to speak on the status of the discussions between Watertown Fire District and the Town of Watertown regarding the sewer rates and calculation of sewer bills.

Attorney Sandler stated that Watertown Fire District will not make a contribution toward the settlement of the lawsuit between Waterbury and Watertown. The Fire District has paid the bills received from Watertown WSA and there is no basis for Watertown WSA to seek further payment.

Watertown Fire District disputes Watertown WSA's calculations for the computation of sewer consumption. The court has ruled that Waterbury's rate is equitable, however, there is a disparity between how Watertown Fire District and the Town of Watertown are being billed for sewer compared to how Waterbury bills their customers. Watertown WSA charges Watertown Fire District the sewer rate charged by Waterbury and uses the reading from the sewer meter to calculate the bill. Waterbury bills their customers for sewer consumption based on their customer's water meter readings. Consumption at the water meter is lower than at the sewer meter, the reading from the sewer meter includes I/I (infiltration and inflow). The sewer rate Waterbury charges is based on readings from their customers water meters. Watertown Fire District submitted sewer bills with calculations based on Watertown Fire District customer's water meter readings to the Town of Watertown and demanded that Watertown WSA calculate the sewer bills in this manner and also demanded that the Town of Watertown bring up this disparity in how the sewer consumption is calculated with the City of Waterbury. Watertown Fire District will continue paying the bills received from Watertown WSA; however, these payments are being made under protest. Watertown Fire District is waiting for a response from the Town of Watertown.

A resident asked if Watertown Fire District can send sewage directly to Waterbury without Watertown WSA being involved. The Fire District uses a portion of Watertown WSA's sewer system. There is no way to get sewage to Waterbury without utilizing the Town of Watertown's sewer system.

A question was asked if there was anything preventing Watertown WSA from adding additional charges to the Fire District sewer bill each month. The contract between the Fire District and the Town of Watertown states that Watertown WSA may add maintenance charges to the bill.

Another resident asked if the Town of Watertown was going to sue Watertown Fire District. Attorney Sandler responded that he is unable to speak on behalf of the town.

Attorney Sandler commented that the Town of Watertown should be on the same page as Watertown Fire District because calculating sewer billing based on the customer's water meters is better for Watertown WSA customers as well as Watertown Fire District customers.

7. Auditor's Report

David Cappelletti of Clermont & Associates LLC presented a draft of the Auditor's Report for fiscal year 2025. Watertown Fire District accounting and billing procedures are proper. The Fire District is operating with no debt. Mr. Cappelletti is finalizing the Auditor's Report and will have it submitted to the state by the 12/31/25 due date.

8. Superintendent's Report

Mr. Tanuis had nothing to report.

9. Chairman's Report

The Chairman had nothing to report.

10. Adjournment

MOTION: By Mr. Pedro Soares and seconded by Mr. James Lehner to adjourn the Regular Meeting of Monday, December 8, 2025 at 7:36 p.m.

Motion passes unanimously.

Steve Ouellette, Chairman



TOWN OF WATERTOWN
WATER AND SEWER AUTHORITY
747 French Street
Oakville, Connecticut 06779-1099
(860) 945-5299 Fax (860) 945-5298

Public Comment Statement

"At this time, the Authority will accept public comment. Public comment is an opportunity for residents to provide testimony and input for the Authority's consideration as part of its decision-making process. Members of the Authority may consider this testimony during discussion and deliberation; however, the Authority will not respond to questions or engage in dialogue during public comment. The meeting and agenda are intended for the Authority to conduct its official business.

Public comment shall be limited to matters within the Authority's jurisdiction. There shall be no direct public comment regarding individual staff members. Comments related to staff concerns should be directed through appropriate administrative channels outside of this meeting."

Watertown Water and Sewer Authority

Risk Register

FY 2026/2027 – BAN Interest and Bond Conversion

Purpose: Internal risk tracking and mitigation management
Status: Working document – to be updated regularly
Reporting Frequency: Quarterly (minimum), monthly during Q2–Q4 FY 26/27

Risk Register

Risk ID	Risk Description	Risk Category	Likelihood	Impact	Risk Rating	Mitigation Actions	Responsible Owner	Monitoring / Notes
R-01	BAN interest payment due October 2026 exceeds available cash flow	Financial / Debt	Medium	High	High	<ul style="list-style-type: none"> • Confirm final interest calculation early • Identify multiple funding sources (budget, reserves, surplus) • Avoid reliance on single offset • Monitor bond market conditions • Reduce principal prior to issuance where possible • Maintain flexibility on timing • Implement temporary budget restraint • Track discretionary 	Finance Director / WSA Treasurer	Interest identified as fixed
R-02	Bond conversion occurs at higher-than-anticipated interest rates	Financial / Market	Medium	Medium	Medium	<ul style="list-style-type: none"> • Monitor bond market conditions • Reduce principal prior to issuance where possible • Maintain flexibility on timing • Implement temporary budget restraint • Track discretionary 	Finance Director	Market review prior to issuance
R-03	Insufficient surplus or unused operating funds available for debt reduction	Financial / Budget	Medium	Medium	Medium	<ul style="list-style-type: none"> • Implement temporary budget restraint • Track discretionary 	TM-Superintendent / WSA Chair	Monthly budget variance review

Risk ID	Risk Description	Risk Category	Likelihood	Impact	Risk Rating	Mitigation Actions	Responsible Owner	Monitoring / Notes
R-04	Overuse of reserves reduces liquidity below prudent levels	Financial / Liquidity	Low-Medium	High	Medium	<ul style="list-style-type: none"> spending monthly Require approval for nonessential expenses Establish minimum reserve threshold Limit reserve use to one-time obligations Require Board approval for reserve drawdowns Exclude anticipated payments from base budget Track receivable status formally Apply funds only upon receipt 	Finance Director	Reserve balance reported quarterly
R-05	Delay or non-payment of amounts owed by Watertown Fire District	Intergovernmental	Medium-High	Medium	Medium-High	<ul style="list-style-type: none"> Do not assume recovery in planning Treat recovery as one-time offset if received Model rate impacts early 	Superintendent / Legal Counsel	Status update each quarter
R-06	Litigation recovery does not materialize or is delayed beyond bond issuance	Legal / Financial	Medium	Medium	Medium	<ul style="list-style-type: none"> Do not assume recovery in planning Treat recovery as one-time offset if received Model rate impacts early 	Legal Counsel / Finance Director	Legal status briefings as needed
R-07	Rate adjustments required but delayed	Revenue / Policy	Medium	Medium	Medium	<ul style="list-style-type: none"> Discuss incremental adjustments Clearly separate debt-related costs Adopt debt transition year designation Document funding strategy and controls 	Superintendent / WSA Authority	Rate review schedule
R-08	Lack of formal policy direction during debt transition year	Governance	Low-Medium	Medium	Medium	<ul style="list-style-type: none"> Adopt debt transition year designation Document funding strategy and controls 	WSA Authority	Policy adoption tracked

Risk ID	Risk Description	Risk Category	Likelihood	Impact	Risk Rating	Mitigation Actions	Responsible Owner	Monitoring / Notes
R-09	Inadequate documentation of debt-related decisions	Governance / Compliance	Low	Medium	Low-Medium	<ul style="list-style-type: none"> Maintain written resolutions and memos Centralize documentation for audit/FOIA 	Superintendent	Annual documentation review
R-10	Communication gaps lead to stakeholder confusion or mistrust	Reputational	Low-Medium	Medium	Medium	<ul style="list-style-type: none"> Develop clear internal and external messaging Separate technical and public communications 	Superintendent / WSA	As-needed updates

DRAFT 2-13-26

Profit/Loss Overview

Income

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Cash	\$ 21,020.18	\$ 18,143.55	\$ 22,171.18	\$ 31,695.53	\$ 18,491.12	\$ 16,609.35	\$ 22,438.00						\$ 1,320,414.18
Check	\$ 301,442.41	\$ 229,963.93	\$ 319,224.49	\$ 342,925.69	\$ 319,138.43	\$ 306,792.42	\$ 462,977.79						\$ 1,971,203.74
Electronic	\$ 101,734.56	\$ 86,695.74	\$ 135,620.51	\$ 125,235.66	\$ 98,083.87	\$ 105,781.85	\$ 209,405.22						
Return/Reversal			\$ (1,554.11)				\$ (2,449.45)						
Total Income	\$ 424,197.15	\$ 334,833.22	\$ 475,462.07	\$ 499,856.88	\$ 435,713.42	\$ 429,183.62	\$ 692,371.56						\$ 3,291,617.92

Revenue Break out

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Water (Fund-017)	\$ 166,186.89	\$ 115,262.12	\$ 160,356.01	\$ 184,692.34	\$ 143,410.11	\$ 147,739.78	\$ 402,766.93						\$ 1,320,414.18
Sewer (Fund-015)	\$ 298,010.26	\$ 219,571.10	\$ 315,106.06	\$ 315,164.54	\$ 292,303.31	\$ 281,443.84	\$ 289,604.63						\$ 1,971,203.74
Total	\$ 424,197.15	\$ 334,833.22	\$ 475,462.07	\$ 499,856.88	\$ 435,713.42	\$ 429,183.62	\$ 692,371.56						\$ 3,291,617.92

Expenses

	July	August	September	October	November	December	January	February	March	April	May	June	YTD	Budget Balance
15 Sewer	\$ 3,178,036.00	\$ 28,540.74	\$ 279,367.50	\$ 271,148.96	\$ 55,817.90	\$ 274,392.06	\$ 267,872.49						\$ 948,410.56	\$ 2,903,643.94
16 Sewer	\$ 523,169.48	\$ 19,413.30	\$ 2,666.20	\$ 2,934.38	\$ 2,965.33	\$ 25,669.48	\$ 3,129.29						\$ 53,648.69	\$ 497,500.00
17 Water	\$ 3,044,156.00	\$ 30,339.72	\$ 47,243.83	\$ 273,445.87	\$ 296,576.15	\$ 193,895.08	\$ 179,636.16						\$ 893,472.96	\$ 2,850,260.92
18 Water	\$ 743,169.48	\$ 19,413.30	\$ 2,567.06	\$ 146.20	\$ 48,796.37	\$ 36,118.01	\$ 3,129.30						\$ 117,839.87	\$ 707,051.47
Total Expenses	\$ 7,488,530.96	\$ 97,707.06	\$ 88,954.39	\$ 555,625.77	\$ 161,554.37	\$ 530,074.63	\$ 453,767.24						\$ 2,467,139.32	\$ 5,021,391.64

Monthly Net Positions

	July	August	September	October	November	December	January	February	March	April	May	June	Net Totals
Water Net Position (Funds 17 & 18)	\$116,433.87	\$65,451.13	(\$113,236.06)	(\$120,680.18)	\$40,638.97	(\$82,273.31)	\$220,001.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$126,335.89
Sewer Net Position (Funds 15 & 16)	\$210,056.22	\$180,427.70	\$33,072.36	\$41,081.20	\$233,520.08	(\$18,617.70)	\$18,602.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$698,142.71
TOTAL Net Position Each Month	\$326,490.09	\$245,878.83	(\$80,163.70)	(\$79,598.98)	\$274,159.05	(\$100,891.01)	\$238,604.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$824,478.60

Notes:
Sewer Rev includes WFD Unico
Revenue # 5 out of CUSI
Expense # out of Tyler

P&L Disclosure Note:

The financial figures presented in this Profit and Loss statement reflect **moving balances** based on transactions recorded as of the **date and time of preparation**. These amounts are **subject to change** as additional revenues, expenditures, adjustments, or reconciliations are processed. Accordingly, the figures should be interpreted as **point-in-time information** and not as final or audited results.



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Executive Summary — FY 2026–2027 WSA Budget Framework

The Watertown Water & Sewer Authority (WSA) operates as an enterprise utility intended to be fully self-supporting through user fees rather than the Town’s general tax base. The FY 2026–2027 budget framework is built around two complementary revenue streams: (1) variable, usage-based charges tied to metered consumption, and (2) fixed customer charges (flat fees) that support system readiness, billing, administration, and other costs that do not vary with usage. Together, these revenues are designed to fund day-to-day operations, regulatory compliance, debt service, and long-term capital reinvestment in the Town’s water and sewer infrastructure.

Water and Sewer Planning Methodology

For FY 2026–2027 budget development, the Authority relied on multi-year historical averages rather than any single year of activity in order to avoid distortion from weather variability, billing timing, or other anomalies. This approach provides a stable and defensible foundation for estimating both costs and revenues and is consistent with best practices for enterprise utilities.

For water operations, a seven-year historical average of actual metered usage from 2019–2025 was used to establish the annual planning baseline for projecting purchased water costs. This average reflects core system demand over multiple operating cycles and smooths the effects of short-term fluctuations related to weather, billing timing, or anomalous consumption patterns. The approach supports rate stability and aligns with best practices for enterprise utility forecasting.

For sewer operations, historical system flows from 2019–2024 were aggregated and normalized to a one-year equivalent planning baseline. Total system flow of 6,132,135 CCF over the six-year period was divided by six to establish an annual baseline of approximately 1,022,022 CCF. This normalized approach mitigates year-to-year variability and provides a stable basis for projecting operating costs. Differences in averaging periods between sewer and water operations reflect data availability and system reporting structure rather than policy differences.

Projected FY 2026–2027 Water Cost and Revenue

Based on the seven-year average usage and the adopted water supply rate of \$3.90 per 1,000 gallons, the Authority projects total purchased water cost of approximately \$1.32 million for FY 2026–2027 (Exhibit A). This estimate reflects usage-based supply charges only and excludes fixed customer charges, adjustments, or reconciliations.

Water revenue projections (Exhibit B) include both usage-based charges and flat fees. Usage-based revenue is modeled under two scenarios: (1) FY 2024–2025 actual usage, presented as a sensitivity case, and (2) a seven-year historical average, presented as the primary planning baseline. Under these scenarios, projected usage-based water revenue ranges from approximately \$1.55 million to \$1.80 million. In addition, water flat-fee revenue has demonstrated steady growth over time and currently averages approximately \$800,000 annually. Flat fees are budgeted separately from usage revenue, but included within the Water Rents line item, and support fixed operating costs such as administration, billing, customer service, regulatory compliance, and system readiness.

Projected FY 2026–2027 Sewer Cost

Based on the normalized one-year system flow baseline and the current sewer disposal rate of \$5.285 per 1,000 gallons, the Authority projects a total FY 2026–2027 sewer disposal cost payable to the City of Waterbury of approximately \$4.04 million (Exhibit C). Of this amount, WSA retail customers are projected to account for approximately \$2.65 million, while the Watertown Fire District (WFD), treated as a single wholesale customer, is projected at approximately \$1.39 million based on its long-term average flow.

These projections represent planning estimates only and will vary with realized system flows.

Projected FY 2026–2027 Sewer Revenue

Sewer revenue projections (Exhibit D) reflect a differentiated rate structure. WSA retail customers are modeled at the proposed FY 2026–2027 rate of \$6.09 per 1,000 gallons, generating projected usage-based revenue of approximately \$3.06 million. The WFD remains at its existing contractual rate of \$5.285 per 1,000 gallons, generating projected usage-based revenue of approximately \$1.39 million. Combined, total projected sewer usage revenue is approximately \$4.44 million.

In addition to usage-based charges, sewer flat-fee revenue provides a stable funding source for fixed sewer operating costs. Historical billing data shows sewer flat-fee revenue averaging approximately \$1.5 million annually. Flat fees are budgeted alongside usage revenue but are not sensitive to annual flow variability, helping to stabilize the overall revenue structure.

Enterprise Fund Structure and Alignment

The FY 2026–2027 budget workbooks confirm that metered water and sewer rents, together with flat fees, are the dominant revenue sources in the Authority’s enterprise funds. Minor revenues such as interest, penalties, and miscellaneous receipts are present but represent a small share of total funding.

The operating structures of Fund 017 (Water Operations) and Fund 015 (Sewer Operations) are intentionally aligned for consistency and transparency. Shared administrative and support costs are allocated evenly between the two funds, while costs unique to either utility—such as supplier

charges or treatment-related expenses—are budgeted directly to the appropriate fund. This structure promotes equity between utilities while accurately reflecting distinct cost drivers.

At a summary level, both enterprise funds are budgeted to cover projected operating expenditures and maintain balance, with the potential for modest operating surpluses that may be directed toward reserves, capital needs, or future rate stability, subject to Authority direction.

Fund Balances and Timing Considerations

Unaudited ending balances as of January 9, 2026, across all WSA-related funds indicate that the Water and Sewer enterprise, when viewed on a consolidated basis, remains solvent and positive. Individual fund balances reflect timing differences, prior payments, and accounting presentation rather than operational deficits. The negative balance shown in **Fund 017 (Water Operations)** reflects a payment made to the City of Waterbury to reduce outstanding obligations and is presented for reporting and tracking purposes only; it does not indicate a cash shortfall or an overall deficit within the Water and Sewer enterprise. Collectively, these funds comprise a single, integrated Water and Sewer enterprise for accounting and financial planning purposes, which remains positive on a consolidated basis.

Unaudited WSA Fund Balances as of *January 9, 2026*

Fund	Description	Unaudited Ending Balance
015	Sewer Operations	\$5,959,186.68
017	Water Operations	\$(4,546,866.79)
013	Water Extension	\$684,725.47
014	Sewer Extension	\$1,140,815.43
016	Sewer Capital	\$229,035.41
018	Water Capital	\$460,340.22

As the budget process continues, the Authority will revisit fund allocations, reserve strategies, and capital priorities as permitted. At this stage, no transfers to capital accounts are recommended until the capital program is reprioritized and a new Superintendent is in place. In parallel, the Authority and Finance staff continue to evaluate **Fund 019** and the longer-term structuring of WSA-related debt, including the planned BAN-to-bond conversion, which will be developed and presented over the coming months.

Policy Framing and Next Steps

The FY 2026–2027 budget is a draft and is designed to ensure stable, legally compliant, and fiscally responsible management of Watertown’s water and sewer systems rather than to generate profit. Some adjustments are anticipated as employee benefit costs are finalized and debt service assumptions are refined.

By aligning rates with long-term average usage and documented cost drivers, the Authority seeks to balance equity, reliability, and intergenerational fairness. In this context, it is the Town Manager's recommendation that all relevant financial, operational, and usage data be provided to NewGen Strategies & Solutions for an update to the 2025 WSA Rate Study. An updated rate study will provide an independent framework to evaluate future rate scenarios, assess financial impacts of alternative strategies, and inform policy decisions as the Authority moves forward.



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EXHIBIT A — FY 2026–2027 PROJECTED WATER COST

Watertown Water & Sewer Authority *(Seven-Year Historical Average Methodology)*

1. Purpose

This exhibit presents the FY 2026–2027 projected cost of purchased water supply for the Watertown Water & Sewer Authority (“Authority”) using a **single, consistent planning benchmark** based on documented historical system usage. The purpose of this exhibit is to support budget adoption with a methodology that is transparent, repeatable, and grounded in multi-year operational data.

This exhibit addresses **water supply cost (expense) only**. Projected water revenues are presented separately in Exhibit B.

2. Planning Methodology

For FY 2026–2027, the Authority has elected to use a **seven-year historical average of actual metered usage** as the sole planning benchmark for water cost estimation.

The seven-year average approach:

- Smooths year-to-year variability caused by weather and consumption patterns;
 - Avoids over-reliance on any single anomalous year;
 - Reflects long-term system demand rather than short-term fluctuations; and
 - Supports rate stability and defensible budget planning.
-

3. Historical Usage Basis

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

Actual metered water usage from the Authority’s **Fern Hill** and **Straits Hill** systems was reviewed for the seven most recent completed years (2019–2025). These systems comprise the core of the Authority’s retail water demand.

Combined Fern Hill and Straits Usage

Year	Total Amount Billed	Usage (100 cu. ft.)
2025	\$1,479,138.11	373,431
2024	\$1,331,210.60	456,676
2023	\$1,366,735.70	466,806
2022	\$1,406,283.52	493,595
2021	\$1,187,296.67	433,396
2020	\$1,356,674.05	465,556
2019	\$1,319,719.26	474,982

Seven-Year Average Usage:
452,063 CCF per year (rounded)

This average represents the Authority’s long-term retail water demand and forms the sole basis for the FY 2026–2027 water cost projection.

4. Rate and Conversion Standards

Water Supply Rate (FY 2026–2027 Planning Assumption)

- \$3.90 per 1,000 gallons (full-year equivalent rate)

Utility Conversion Standards

- 1 unit of 100 cubic feet (CCF) = 748 gallons
- 1,000 gallons = 1 billing unit

These standards are applied consistently across all calculations.

5. Cost Calculation Method

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

The projected annual water supply cost is calculated as follows:

1. **Convert CCF to gallons**
 $452,063 \text{ CCF} \times 748 = 338,143,231 \text{ gallons}$
2. **Convert gallons to billing units**
 $338,143,231 \div 1,000 = 338,143.23 \text{ units}$
3. **Apply adopted water supply rate**
 $338,143.23 \times \$3.90 = \$1,318,759$

(Rounded to the nearest dollar.)

6. FY 2026–2027 Projected Water Cost

Item	Amount
Seven-Year Average Usage	452,063 CCF
Annual Gallons	338,143,231
1,000-Gallon Billing Units	338,143.23
Rate per 1,000 Gallons	\$3.90
Estimated FY 26–27 Water Cost	\$1,318,759

7. Budget Interpretation

The projected FY 2026–2027 water supply cost of **approximately \$1.32 million** reflects the Authority’s long-term average system demand rather than short-term consumption variability. This approach supports stable budgeting and minimizes the risk of over- or under-estimating water supply expense in any single fiscal year.

This estimate reflects **usage-based water supply charges only** and excludes fixed customer charges, billing adjustments, penalties, credits, or future reconciliations.

All projections presented herein represent planning estimates only and exclude adjustments, penalties, credits, reconciliations, or extraordinary events.

8. Customer Scope

This analysis reflects **WSA retail system usage only**.

Water usage attributable to the **Watertown Fire District** is excluded from this exhibit.

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

Prepared for:

Watertown Water & Sewer Authority
FY 2026–2027 Budget Deliberations

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.



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EXHIBIT B — PROJECTED WATER RATE REVENUE (FY 2026–2027) Watertown Water & Sewer Authority

Purpose

The purpose of this exhibit is to estimate projected FY 2026–2027 **water revenue**, including usage-based charges and flat fees, under reasonable consumption scenarios using a single, full-year adopted water rate. This exhibit is intended to support budget deliberations by illustrating the sensitivity of **usage-based revenue** to different consumption assumptions while clearly distinguishing between **variable, usage-based revenue** and **fixed, non-usage revenue sources** that support stable operations.

Rate and Methodology

Rate Used:

\$4.59 per 1,000 gallons (full year)

Unit Definition:

1 billing unit = 1,000 gallons

Projected revenue in this exhibit reflects **usage-based water charges and flat fees only** and excludes penalties, adjustments, non-collections, and other non-volumetric billing components.

In addition to usage-based rates, the Authority generates recurring revenue through **flat fees assessed as part of the regular billing process**. These flat charges provide a stable and predictable revenue stream that is largely insulated from year-to-year fluctuations in water consumption and support fixed operating costs that do not vary with usage.

Flat Fee Revenue

Historical water flat-fee revenue has demonstrated steady growth over time, as summarized below:

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

Fiscal Year	Billed Water Flats
2018–2019	\$675,846.38
2019–2020	\$722,085.96
2020–2021	\$787,909.10
2021–2022	\$802,786.38
2022–2023	\$803,658.87
2023–2024	\$803,953.84
2024–2025	\$810,416.22

Water flat-fee revenue has increased by approximately 20 percent over the seven-year period and currently averages roughly \$800,000 annually. This revenue is budgeted separately from volumetric water revenue and is used to support fixed operating costs such as administration, billing, customer service, regulatory compliance, and system readiness.

Methodology (applied consistently to all usage scenarios):

- Convert total annual gallons to 1,000-gallon billing units
- Multiply total units by the adopted rate of \$4.59 per unit

Projected FY 2026–2027 Water Usage Revenue by Scenario

Usage Basis	Annual Gallons	1,000-Gallon Units	Estimated FY 26/27 Revenue
Scenario 1 — FY 2024–2025 Actual Usage Basis	392,696,260	392,696.26	\$1,802,265
Scenario 2 — Seven-Year WSA Average Usage	338,166,608	338,166.61	\$1,551,354

(Rounded to the nearest dollar.)

How the Estimates Were Derived (Summary Calculations)

Scenario 1 — FY 2024–2025 Actual Basis (Sensitivity Case)

- $524,995 \text{ CCF} \times 748 \text{ gallons per CCF} = 392,696,260 \text{ gallons}$
- $392,696.26 \text{ units} \times \$4.59 = \mathbf{\$1,802,265}$

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

Scenario 2 — Seven-Year Average Basis (Planning Baseline)

- $338,166,608 \text{ gallons} \div 1,000 = 338,166.61 \text{ units}$
 - $338,166.61 \text{ units} \times \$4.59 = \mathbf{\$1,551,354}$
-

Budget Sensitivity and Planning Considerations

- Projected annual usage-based revenue for FY 2026–2027 ranges from approximately **\$1.55 million to \$1.80 million**, depending on the consumption assumption selected. The resulting revenue swing of approximately **\$327,900 per year** highlights the sensitivity of water revenue to usage variability.
- For planning purposes, the seven-year average usage scenario provides a more stable and defensible baseline, smoothing short-term fluctuations driven by weather, economic conditions, or atypical consumption patterns. Higher recent usage levels are presented as an upper-bound sensitivity scenario to illustrate potential upside but are not relied upon as the primary budget assumption.
- Fixed costs are supported by flat-fee revenue, which has historically demonstrated stability and gradual growth and is currently budgeted at **\$772,380 within the Water Rents line item**.

All revenue projections reflect planning estimates only and exclude adjustments, penalties, credits, reconciliations, or extraordinary events.

Prepared For

Watertown Water & Sewer Authority
FY 2026–2027 Budget Deliberations

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.



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EXHIBIT C — FY 2026–2027 PROJECTED SEWER COST
Watertown Water & Sewer Authority (Budget Projection)

1. Purpose

This exhibit presents a FY 2026–2027 projection of **sewer disposal cost payable to the City of Waterbury** based on historical system data, standardized utility conversions, and the current rate.

This exhibit addresses **cost (expense)** only. Projected sewer **revenue** is presented separately in **Exhibit D**.

2. Rate and Conversion Standards

Rate (FY 2026–2027 planning assumption)

- Sewer disposal charge: **\$5.285 per 1,000 gallons**

Utility Conversion Standard

- 1 unit of 100 cubic feet (CCF) = **748 gallons**
 - 1,000 gallons = **1 billing unit** for rate application
-

3. Historical Basis for Projection

For transparency, the table below summarizes actual annual sewage flows based on aggregated monthly metered data. These annual totals provide context for the multi-year averaging used to develop the FY 2026–2027 planning baseline.

YEAR	TOTAL AMOUNT BILLED	USAGE 100CU.FT.
2025	\$3,066,714.69	779,650
2024	\$4,021,722.92	1,018,340

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

2023	\$4,624,555.42	1,170,751
2022	\$2,515,885.37	806,845
2021	\$2,886,245.39	1,168,541
2020	\$2,435,515.75	956,634
2019	\$2,497,164.96	1,011,024

The figure **6,132,135 CCF** represents a **six-year average of system flow (2019–2024)** — not a single year.

To create a one-year FY 26–27 budget baseline:

$$6,132,135 \div 6 = \mathbf{1,022,022.5 \text{ CCF (annual baseline)}}$$

This corrected baseline is used for all subsequent calculations.

A six-year averaging period is used for sewer cost projections due to data availability and system reporting structure and is consistent with the multi-year planning methodology applied across all water and sewer exhibits.

4. System Baseline Calculation (One-Year Equivalent)

Step 1 — Convert to gallons

$$1,022,022.5 \text{ CCF} \times 748 = \mathbf{764,468,830 \text{ gallons}}$$

Step 2 — Convert to 1,000-gallon units

$$764,468,830 \div 1,000 = \mathbf{764,468.83 \text{ units}}$$

Step 3 — Apply rate

$$764,468.83 \times \$5.285 = \mathbf{\$4,040,218 \text{ (approx.) total system cost baseline}}$$

(Rounded for presentation.)

5. Customer Allocation

The system baseline is allocated between:

- **WSA Retail Customers** — the primary cost base for the Authority
- **Watertown Fire District (WFD)** treated as one wholesale customer

WFD Contextual Baseline (Single Customer)

- Historical seven-year average flow: **262,313,414 gallons**

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

- Convert to CCF: $262,313,414 \div 748 \approx 350,686$ CCF
- Convert to units: 262,313.414
- Projected WFD cost at \$5.285: $\approx \$1,386,326$

WSA Retail Customers (System Less WFD)

Step 1 — Remove WFD from system baseline

$$1,022,022.5 \text{ CCF} - 350,686 \text{ CCF} = 671,336.5 \text{ CCF (retail)}$$

Step 2 — Convert to gallons

$$671,336.5 \times 748 = 502,172,942 \text{ gallons}$$

Step 3 — Convert to units

$$502,172.942 \div 1,000 = 502,172.94 \text{ units}$$

Step 4 — Apply rate

$$502,172.94 \times \$5.285 = \approx \$2,653,984, \text{ (approx.) retail share of cost}$$

6. FY 2026–2027 Sewer Cost Allocation Summary

Item	Usage (CCF)	Equivalent gallons	1,000-gal units	Rate	Projected FY 26–27 Cost
WSA Retail Customers	671,336.5	502,172,942	502,172.94	\$5.285	$\approx \$2.65\text{M}$
WFD (Single Customer)	350,686	262,313,414	262,313.41	\$5.285	$\approx \$1.39\text{M}$
Total System	1,022,022.5	764,468,830	764,468.83	Mixed	$\approx \$4.04\text{M}$

(Totals may not sum exactly due to rounding.)

7. Budget Interpretation

- The projection is based on a **one-year equivalent of a six-year historical average (2019–2024)**.

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

- This cost baseline represents a planning estimate rather than a guaranteed annual expense and is intended to support budget development using normalized historical system flow.
- WSA retail customers represent the majority of the system baseline.
- WFD is treated as a single wholesale customer at the current contract rate.
- *Actual FY 26–27 cost will vary with realized flow*; this exhibit represents a reasonable planning estimate grounded in historical data.
- All projections presented herein exclude fixed charges, adjustments, credits, penalties, reconciliations, or extraordinary events.

(Usage charge only; excludes fixed charges, adjustments, credits, penalties, or reconciliations.)

Prepared for:

Watertown Water & Sewer Authority — FY 2026–2027 Budget & Financial Review

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.



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EXHIBIT D – FY 2026–2027 PROJECTED SEWER REVENUE

Watertown Water & Sewer Authority (Budget Projection)

Purpose

To project anticipated FY 2026–2027 **sewer revenue**, including both **usage-based charges and flat fees**, based on historical metered flows and differentiated rates, and to present:

1. A revenue projection for WSA retail customers (primary revenue base) at \$6.09 per 1,000 gallons; and
 2. A separate, contextual revenue estimate for the Watertown Fire District (WFD) as a single wholesale customer at \$5.285 per 1,000 gallons; so the Authority can clearly understand relative revenue contributions and the balance between **variable and fixed revenue sources** for budgeting and rate planning.
-

Rate Assumptions (FY 2026–27)

- **WSA Retail Customers:** \$6.09 per 1,000 gallons
- **Watertown Fire District (WFD):** \$5.285 per 1,000 gallons

(WFD remains on the current Waterbury rate; retail customers are modeled at the rate set in August 2025.)

Utility Conversion Standard

- 1 unit of 100 cubic feet (CCF) = **748 gallons**
-

Corrected Historical Basis for Projection

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

The figure of **6,132,135 CCF** represents a **six-year average of system flow (2019–2024)** rather than a single year. To create a one-year budget projection, this amount is divided by six:

$$6,132,135 \div 6 = \boxed{1,022,022.5 \text{ CCF per year}}$$

This becomes the **systemwide annual baseline** for FY 2026–27 projections.

Systemwide Flow Baseline (One-Year Equivalent)

Convert to gallons:

$$1,022,022.5 \times 748 = \mathbf{764,472,830 \text{ gallons}}$$

Convert to 1,000-gallon units:

$$764,472,830 \div 1,000 = \mathbf{764,472.83 \text{ units}}$$

This volume is then allocated between WFD (single customer) and WSA retail customers.

In addition to usage-based sewer charges, the Authority generates recurring revenue through sewer flat fees assessed as part of the regular billing process. These flat charges provide a stable and predictable revenue source that is independent of annual sewer flow volumes and supports fixed operating costs that do not vary with usage, including administration, billing, regulatory compliance, and system readiness expenses.

Historical sewer flat-fee revenue has remained relatively stable over time, as summarized below:

Fiscal Year	Billed Sewer Flats
2018–2019	\$1,604,856.77
2019–2020	\$1,593,333.80
2020–2021	\$1,565,444.56
2021–2022	\$1,478,047.72
2022–2023	\$1,472,916.43
2023–2024	\$1,476,425.46
2024–2025	\$1,495,393.65

Sewer flat-fee revenue averages approximately \$1.5 million annually and is budgeted with usage-based sewer revenue presented in this exhibit.

Contextual Baseline — WFD as a Single Customer

Historical WFD seven-year average flow:

262,313,414 gallons per year

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

Convert to CCF for system comparison:

$$262,313,414 \div 748 = \approx 350,686 \text{ CCF}$$

Convert to 1,000-gallon units:

$$262,313,414 \div 1,000 = 262,313.414 \text{ units}$$

Projected FY 2026–27 WFD revenue (at \$5.285 per gallon):

$$262,313.414 \times 5.285 = \approx \$1,386,326$$

This represents WFD’s **typical annual revenue contribution** based on its long-term average flow and its existing rate.

Primary Revenue Source — WSA Retail Customers

Step 1 — Remove WFD from System Baseline

System baseline: **1,022,022.5 CCF**

Less WFD equivalent: **350,686 CCF**

671,336.5 CCF (WSA retail projection)

Step 2 — Convert Retail Flow to Revenue

Convert to gallons:

$$671,336.5 \times 748 = 502,172,942 \text{ gallons}$$

Convert to 1,000-gallon units:

$$502,172,942 \div 1,000 = 502,172.94 \text{ units}$$

Projected FY 2026–27 retail revenue (at \$6.09):

$$502,172.94 \times 6.09 = \approx \$3,058,233$$

Budget significance:

≈ \$3.06 million represents the projected core revenue base from WSA retail customers in FY 2026–27.

Total Projected FY 2026–27 Sewer Revenue

Item	WSA Retail Customers	WFD (Single Customer)	Total System
Usage (CCF basis)	671,336.5	350,686	1,022,022.5
Equivalent gallons	502,172,942	262,313,414	764,468,830

Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.

Item	WSA Retail Customers	WFD (Single Customer)	Total System
1,000-gal units	502,172.94	262,313.414	764,468.83
Applied rate	\$6.09	\$5.285	Mixed
Projected FY 26–27 revenue	≈ \$3,058,233	≈ \$1,386,326	≈ \$4,444,559

(Totals may not sum exactly due to rounding.)

Budget Interpretation and Planning Considerations for the Authority

- The projection is properly based on a **one-year equivalent of a six-year historical average (2019–2024)**.
- **WSA retail customers are the primary revenue source** for FY 2026–27 under the proposed \$6.09 rate.
- **WFD is treated as one large wholesale customer** and remains at **\$5.285 per 1,000 gallons**, consistent with its existing rate.
- Fixed costs are supported by flat-fee revenue, which has historically demonstrated stability and gradual growth and is currently budgeted at **\$1,526,631 within the Sewer Charges line item**.
- This differential rate structure explains why total projected revenue is not simply the system flow multiplied by a single rate.
- *Actual FY 2026–27 revenue will vary with realized flow*; this exhibit represents a reasonable planning estimate grounded in historical data.

All revenue projections reflect planning estimates only and exclude adjustments, penalties, credits, reconciliations, or extraordinary events.

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Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.