

Water and Sewer Authority
Watertown, CT
Regular Meeting Agenda

Date: Wednesday, May 20, 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 – March 18, 2026
4. Superintendent’s Report – March 2026 and April 2026
 - a. Software Update
 - b. Additional Updates
5. Public Participation – (Read Statement)
6. Correspondence/ Information
 - a. Memo dated April 8, 2026, from Town Manager Re: Project Prioritization
 - b. Memo dated April 8, 2026, from Town Manager Re: Budget Adjustments
 - c. Memo dated May 1, 2026, from Town Manager Re: Transfer of Funds
 - d. Memo dated May 9, 2026, from the Town Manager Re: Overview and Explanation of Municipal Enterprise Funds and Pooled Cash Management
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 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.

d. **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.

e. **Discussion on possible action for ranking Connecticut Department of Public Health Drinking Water State Revolving Fund (CT DPH DWSRF) Projects and their eligibility ranking.**

f. **Discussion and possible action on the review of the Water & Sewer Authority Policy Manual and the establishment of a process for its periodic review and update. (Standing Item)**

8. New Business

- a. **Discussion and Possible Action** regarding an Updated Town of Watertown Water and Sewer Rate Study Draft Report, prepared by NewGen Strategies & Solutions, including review of proposed water and sewer rate structures, financial projections, operational impacts, debt service considerations, and related recommendations for the Watertown Water & Sewer Authority.
- b. **Discussion and possible action on FY 2026/2027 Budget Adjustments – Administrative Reimbursement, Audit Services, and Water Costs**
- c. **Discussion and possible action** consider appropriating up to \$970,000 from the Special Fund to cover Water & Sewer costs exceeding the originally budgeted amount to ensure all obligations can be paid. The appropriation will be split as needed to support operational line items for Sewage Disposal - 015.50344.074.0000.9015 and Utilities Water - 017.50324.075.0000.9017.
- d. **Discussion and Possible Action** regarding the results of Assistant Superintendent candidate interviews and consideration of the organizational and operational model for the Superintendent position within the Watertown Water & Sewer Authority, including review of leadership structure, operational oversight responsibilities, administrative functions, and potential organizational adjustments.
- e. **Discussion and Possible Action** regarding Berkshire Drive Water and Sewer Service Billing Structure, Including Waterbury Bulk Meter Billing to the Watertown Water & Sewer Authority and Subsequent Billing Arrangement Between the Authority and Lovley Development.

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: May 20, 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

Meeting Date **Type**

Minutes to WSA

Minutes to Town Clerk

2026

1/21/2026 R

2/18/2026 R

3/18/2026 R

2/18/2026

3/18/2026

4/15/2026

WATERTOWN, CONNECTICUT
WATERTOWN WATER AND SEWER AUTHORITY
REGULAR MEETING
WEDNESDAY, MARCH 18, 2026

1. Call Meeting to Order

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

2. Roll Call

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

Members excused: Edward Wilk

Others present: Jerry Lukowski, Mark Raimo

3. Minutes

A motion was made by Keith Franson to accept the minutes from the Regular Meeting on 2/18/2026 as presented. The motion was seconded by Joseph Masi. All in favor. Motion passes.

4. Superintendent’s Report – February 2026

- a. Software Update
 - Staff continues implementation of administrative software
- b. Waterbury Billing
 - No response received from the City of Waterbury regarding prior billing discrepancies.
 - Next step is to send a formal letter to the Mayor requesting intervention.
- c. Additional Updates

I. Operations Water and Sewer: February 2026

Call Before You Dig – 41	Non-Payments – Shut-Off – 0	Non-Payments – Turned On – 0
Backflow Device Inspections – 0	Fats, Oil, & Grease – 1	Water Leak Investigation – 4
Water Service Leaks – 0	Water Service Repairs – 0	Water Service Inspections – 1
Water Main Leaks – 0	Water Main Repairs – 3	Water Main Inspections – 0
Fire Hydrants Flushed – 3	Fire Hydrants Installations – 1	Fire Hydrants Repaired – 1
Water Service Taps – 0	Water Service Installations – 1	Water Main Installations – 0
Sewer Lateral Inspections – 0	Sewer Main Inspections – 0	Sewer CCTV Inspections – 0
Sewer Lateral Blockage – 0	Sewer Lateral Repairs – 0	Sewer Lateral Installations – 0
Sewer Main Blockages – 0	Sewer Main Repairs – 0	Sewer Main Installations – 0
Sewer Manhole Inspections – 2	Sewer Manhole Repairs – 1	I&I Inspections – 0

II. Business Administration:

Total Customer Transactions from **February 1 – February 28**

- Broken down as: Cash – **4%** Checks – **77%** Electronic – **19%** **Total = \$690,726.39**

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

- Notices Mailed: **155** Outstanding Amount: **\$120,919.19** Monies Collected: **\$37,204.99 = 30%**

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

Chairman Sugden reads the Public Participation Statement included in the meeting packet.

Richard Rozanski, 33 Reynolds St., inquired about the Waterbury billing issue and the Authority's next steps

6. Correspondence/Information – None

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.

The Board reviews the standing risk register. It was reported that approximately \$3.4 million remains in a high-yield account with projected interest earnings between \$80,000-\$100,000.

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.

Mr. Raimo reports the operational budget freeze has resulted in increased reserves. Significant future expenditures remain, including bond-related costs and administrative charges.

c. **Update Ratepayer Communication and Messaging**

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

The WSA Board, Jerry Lukowski, and Mark Raimo discussed the proposed communication strategy.

Mr. Raimo spoke about developing a 90–120-day outreach plan. He spoke about the creation of website resources, newsletters and informational materials, which were included in the meeting packet.

d. **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.

The Authority discussed the future rate-setting and concluded that additional financial data is required. Considering external cost factors including potential supplier rate increases is necessary.

8. New Business

- a. **Discussion and possible action** on ranking Connecticut Department of Public Health-Drinking Water State Revolving Fund (CT DPH DWSRF) Projects and their eligibility ranking.

Mr. Raimo and Mr. Lukowski discussed the projects with the Board. Direction was given to formalize ranking the projects. The Board agreed on ranking the top three projects as 1. Carvel Meter Vault Relocation. 2. Lead Service Line Compliance and 3. Security System Improvements.

- b. **Discussion and possible action** on the review of the Water and Sewer Authority Policy Manual and the establishment of a process for its periodic review and update.

Mr. Raimo stated the WSA Policy Manual is currently not available in digital format. A comprehensive review of the manual will be conducted over time, and the incoming Assistant Superintendent will assist in the efforts.

- c. **Discussion and possible action** to consider appropriating \$1,000,000 from the Special Fund to cover Water & Sewer costs exceeding the originally budgeted amount to ensure all obligations can be paid. The appropriation will be split as such: 75% Sewer, 25% Water.

A motion was made by Joseph Masi to appropriate \$1,000,000 from the Special Fund to cover Water & Sewer costs exceeding the originally budgeted amount to ensure all obligations can be paid. The motion was seconded by Keith Franson. All in favor. Motion passes.

- d. **Discussion and possible action** regarding notice from City of Waterbury of proposed water rate increases, including an increase in the commodity rate from \$2.65 per CCF to \$3.60 per CCF (plus any applicable additional fees), and an increase in the quarterly meter charge to \$124 per quarter, and consideration of the potential financial and operational impacts to the Watertown Water & Sewer Authority and its ratepayers.

The Board reviewed notice of proposed rate increases in the City of Waterbury and discussed the potential impacts and the need for public communication and budget adjustments.

- e. **Discussion and possible action** on setting a Special Meeting in April 2026.

The Board discussed setting a Special Meeting for April 15, 2026 subject to member availability.

9. Adjournment

A motion was made by Keith Franson to adjourn the meeting at 7:51 PM. 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: April 13, 2026
To: Mark A. Raimo, Town Manager
Re: **Superintendent's Report – March 2026**

I. Operations Water and Sewer: March 2026

Call Before You Dig – 154	Non-Payments – Shut-Off – 0	Non-Payments – Turned On – 0
Backflow Device Inspections – 0	Fats, Oil, & Grease – 0	Water Leak Investigation – 2
Water Service Leaks – 0	Water Service Repairs – 1	Water Service Inspections – 1
Water Main Leaks – 0	Water Main Repairs – 0	Water Main Inspections – 0
Fire Hydrants Flushed – 30	Fire Hydrants Installations – 0	Fire Hydrants Repaired – 0
Water Service Taps – 0	Water Service Installations – 0	Water Main Installations – 2000 ft
Sewer Lateral Inspections – 5	Sewer Main Inspections – 0	Sewer CCTV Inspections – 0
Sewer Lateral Blockage – 1	Sewer Lateral Repairs – 1	Sewer Lateral Installations – 3
Sewer Main Blockages – 0	Sewer Main Repairs – 0	Sewer Main Installations – 0
Sewer Manhole Inspections – 0	Sewer Manhole Repairs – 0	I&I Inspections – 0

Flushing started March 30th and will continue until June.

II. Business Administration:

Total Customer Transactions from **March 1 – March 31 2026**

- Broken down as: Cash – **4%** Checks – **71%** Electronic – **25%** **Total = \$538,256.80**

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

- Notices Mailed: **155** Outstanding Amount: **\$120,919.19** Monies Collected: **\$37,204.99 = 30%**

III. Department Position Status:

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



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

Date: May 20, 2026

To: Mark A. Raimo, Town Manager

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

I. Operations Water and Sewer: April 2026

Call Before You Dig – 119	Non-Payments – Shut-Off – 0	Non-Payments – Turned On – 0
Backflow Device Inspections – 0	Fats, Oil, & Grease – 1	Water Leak Investigation – 2
Water Service Leaks – 1	Water Service Repairs – 1	Water Service Inspections – 5
Water Main Leaks – 0	Water Main Repairs – 0	Water Main Inspections – 0
Fire Hydrants Flushed – 284	Fire Hydrants Installations – 0	Fire Hydrants Repaired – 0
Water Service Taps – 0	Water Service Installations – 3	Water Main Installations – 0
Sewer Lateral Inspections – 4	Sewer Main Inspections – 1	Sewer CCTV Inspections – 1
Sewer Lateral Blockage – 1	Sewer Lateral Repairs – 1	Sewer Lateral Installations – 3
Sewer Main Blockages – 0	Sewer Main Repairs – 0	Sewer Main Installations – 0
Sewer Manhole Inspections – 40	Sewer Manhole Repairs – 0	I&I Inspections – 0

Flushing started March 30th and will continue until June.

II. Business Administration:

Total Customer Transactions from April 1 – April 30

- Broken down as: Cash - **6%** Checks - **72%** Electronic - **22%** Total – **\$657,009.69**

Non-Payment / Collections Shut Offs: Notices mailed out beginning of April

- Notices Mailed: Outstanding Amount: Monies Collected:

Residential: 185	\$155,077.32	\$104,953.39 = 67%
Commercial: 68	\$80,057.21	\$53,783.62 = 67%



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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."




TOWN OF WATERTOWN CONNECTICUT

OFFICE OF THE TOWN MANAGER

Watertown Town Hall • 61 Echo Lake Road • Watertown, CT 06795
Tel: 860.945.5255 • Fax: 860.945.4974 • www.watertownct.org

MEMORANDUM

To: Members of the Watertown Water and Sewer Authority

From: Mark A. Raimo, Town Manager 

Date: April 8, 2025

Re: Project Prioritization – WSA PWSID CT 1530021 Submission to DPH

At the March 18, 2026, meeting of the Watertown Water & Sewer Authority (WSA), the Authority reviewed the list of proposed projects submitted to the Connecticut Department of Public Health (DPH) under **PWSID CT 1530021**.

Following discussion, the WSA established a prioritized project sequence to guide planning, coordination, and future funding considerations.

WSA Project Prioritization

The Authority determined the following priority order:

1. **SFY 23-10 – Carvel Meter Vault Relocation**
2. **SFY 25-03 – Lead Service Line Compliance Project**
3. **SFY 25-07 – Security Cameras (WSA System-wide)**
4. **SFY 25-06 – Echo Lake Booster Station, Interconnection to Waterbury**
 - o This project is prioritized **with the limitation** that implementation be focused on a **cut-in valve component only**, and
 - o Execution is contingent upon **coordinated timing of system shutdown** in alignment with the **City of Waterbury**

Remaining Projects

All other projects shall **remain in the order as originally submitted to DPH**, as follows:

- SFY 25-05 – WMR 2-inch to 6-inch System-wide (5 locations)
- SFY 25-13 – Fern Hill 36" Gate Installation

- SFY 25-08 – Security Fencing (WSA System-wide)
 - SFY 25-11 – Inter-Municipal Water Main Connections (3 directions)
 - SFY 25-12 – New Water Mains (multiple locations and phases)
-

Staff Direction – Funding Alignment

Staff are directed to align with this prioritization and actively pursue and identify **available funding opportunities**, including grants, low-interest loan programs, and other external funding sources, to support the advancement of these projects. Efforts should focus on maximizing outside funding to reduce ratepayer impact and support long-term financial sustainability of the enterprise funds.

Purpose and Next Steps

This prioritization is intended to:

- Align capital planning with **operational and regulatory needs**
- Support **coordination with external partners**, including the City of Waterbury
- Provide a clear framework for **phasing, funding, and implementation timing**
- Guide future discussions related to **rate setting, bonding, and capital scheduling**

Staff will proceed with advancing project planning consistent with this prioritization and will return to the Authority with updates regarding:

- Feasibility and timing
 - Cost refinement
 - Funding strategies
-

Summary

The WSA has established a clear priority structure focused on:

- Immediate system needs (Carvel Meter Vault)
- Regulatory compliance (Lead Service Line Program)
- System monitoring and security

Water and Sewer Authority

Project Prioritization – WSA PWSID CT 1530021 Submission to DPH

April 8, 2026

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- Strategic interconnection, subject to operational coordination constraints

This framework will guide the Authority's capital planning efforts moving forward.



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MEMORANDUM

To: Watertown Water & Sewer Authority

From: Mark A. Raimo, Town Manager

Date: April 8, 2026

Re: Budget Adjustments – Administrative Reimbursement, Audit Services, and Water Cost Alignment

This memorandum is provided to outline proposed budget adjustments within the Water and Sewer Enterprise Funds (Funds 015 and 017) to ensure alignment with approved actions, actual costs, and current operational conditions.

Administrative Reimbursement (Town Manager Stipend)

Consistent with action taken by the Town Council on April 6, an increase of **\$12,000 annually** has been approved to reflect the administrative oversight provided to the Water & Sewer Authority. This adjustment is allocated equally between the enterprise funds as follows:

- **Fund 017 – Water Operations**
017.50710.075.0165.9017
Increase from **\$58,884 to \$64,884**
- **Fund 015 – Sewer Operations**
015.50710.074.0165.9015
Increase from **\$58,884 to \$64,884**

Fiscal Services (Audit)

Adjustments are required to reflect the actual cost of audit services:

- **Fund 015 – Sewer Operations**
015.50334.074.0163.9015
Increase from **\$3,750 to \$7,500**

- **Fund 017 – Water Operations**
017.50334.075.0163.9017
Increase from **\$3,750 to \$7,500**

Water Operations – Cost and Revenue Alignment

Adjustments are also being made within Fund 017 to reflect increased wholesale water costs from the City of Waterbury:

- **Revenue**
017.40750.460.0000.0000 – *Water Rents*
Adjusted to reflect updated revenue projections

Increase by \$469,170
- **Expenditure**
017.50324.075.0000.9017 – *Utilities – Water*
Adjusted to reflect increased purchase costs

Increase from **\$1,320,000 to \$1,789,170**




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OFFICE OF THE TOWN MANAGER

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MEMORANDUM

To: Watertown Water & Sewer Authority

From: Mark A. Raimo, Town Manager 

Date: May 1, 2026

Re: Notification of Appropriation Request Action Due to Quorum Inability

Due to the inability to obtain a quorum for a meeting of the Watertown Water & Sewer Authority within the timeframe necessary to address pending financial obligations, I am advising the Authority that I had forwarded a request to the Town Council seeking authorization for the appropriation of \$30,000 from the Special Fund into the Water and Sewer Enterprise Funds, specifically Fund 015 – Sewer Operations, account 015.50344.074.0000.9015 – Sewage Disposal.

This action was taken to ensure that the Water & Sewer Authority is able to continue meeting its operational and contractual obligations and to ensure that all required payments and obligations of the enterprise system are timely satisfied.

The requested appropriation was intended to address costs that exceeded the originally budgeted amounts within the Sewer Operations Fund. The Special Fund contains monies designated for Water & Sewer Authority purposes and is intended to support its financial operation.

This memorandum is intended to advise the Authority of the action taken and the operational necessity supporting the request.




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MEMORANDUM

To: Members of the Watertown Town Council and Water and Sewer Authority

From: Mark A. Raimo, Town Manager 

Date: May 9, 2026

Re: Overview and Explanation of Municipal Enterprise Funds and Pooled Cash Management

Municipal enterprise funds are established to account for operations that function in a manner similar to a private business enterprise, where the intent is that the costs of providing services are primarily supported through user fees and charges rather than through general taxation. In the Town of Watertown, the Water and Sewer operations are accounted for through enterprise funds.

Unlike the General Fund, which is primarily supported by property taxes, enterprise funds are designed to be financially self-supporting. Revenues generated through water and sewer usage charges, flat fees, connection fees, and other related charges are used to support operational costs, infrastructure maintenance, debt obligations, capital improvements, and reserve requirements associated with the utility system.

Enterprise Funds and Fund Structure

Within a municipal enterprise operation, there are often multiple individual funds established for accounting and operational purposes. For example, Watertown maintains separate operational, capital, and extension-related funds associated with Water and Sewer activities. These separate funds allow the Town and the Water & Sewer Authority to track revenues, expenditures, reserves, projects, and obligations independently for accounting, audit, budgeting, and financial reporting purposes.

Examples may include:

- Water Operations
- Sewer Operations
- Water Capital
- Sewer Capital
- Water Extension
- Sewer Extension

- Special Purpose or Reserve Funds

Although these funds are separately tracked within the accounting system, they may participate collectively within a municipal pooled cash management structure.

Pooled Cash Accounts

Municipalities commonly utilize a pooled cash account system as part of overall treasury and cash management operations. Under this approach, the physical cash balances of multiple funds are deposited and managed collectively within a centralized municipal bank account for efficiency, liquidity management, investment purposes, and operational administration.

This means that while individual funds maintain separate accounting identities and separate fund balances within the financial system, the actual cash itself is generally not maintained in entirely separate bank accounts for each individual fund.

Instead:

- Revenues are deposited into a pooled municipal cash account.
- Expenditures are paid from pooled municipal cash account.
- Detailed accounting records track which portion of pooled cash belongs to each individual fund.
- Reconciliation processes ensure that each fund's financial position is properly identified and maintained.

This is a standard governmental accounting and treasury management practice utilized by municipalities and public entities.

Additionally, the Town of Watertown's accounting and pooled cash management practices are subject to annual independent financial audit review as part of the Town's Annual Comprehensive Financial Report and related audit documentation. The accounting structure, reconciliation processes, interfund tracking, cash management procedures, and enterprise fund reporting are reviewed within the framework of governmental accounting standards and municipal audit practices. Enterprise fund balances, pooled cash allocations, revenues, expenditures, and fund reconciliation processes are reflected and documented through the Town's annual audited financial statements and supporting schedules.

Revenue Tracking and Reconciliation

Enterprise fund revenues, such as water and sewer payments, are carefully tracked through the accounting and billing systems. While those revenues physically reside within the pooled cash structure, the accounting system identifies and records:

- Which fund the revenue belongs to
- The revenue source

- Applicable receivables
- Outstanding obligations
- Fund balance impacts
- Cash position and reconciliation status

Accordingly, even though funds are physically pooled for treasury purposes, the accounting records preserve the integrity and ownership of each enterprise fund.

Appropriations and Line-Item Authority

Another important distinction is that the existence of cash within an enterprise fund does not, by itself, authorize expenditures outside of previously approved line-item budgets.

Municipal budgets and enterprise fund operations function through appropriations. An appropriation is the legal authorization to expend funds for a specific purpose and line item.

As a result:

- Funds may exist within the enterprise system or pooled cash structure;
- However, expenditures must still be authorized through the applicable budgetary and appropriation process;
- If costs exceed originally budgeted amounts within a specific line item, additional appropriations may be required even when sufficient enterprise cash exists overall.

For example, monies may be available within enterprise reserves or special funds, but if a specific operational account such as Sewage Disposal exceeds its adopted appropriation, the governing body may need to authorize an appropriation transfer or additional appropriation into that expense line item before expenditures can legally occur.

This distinction is important because:

- Cash availability and appropriation authority are related but separate concepts;
- Municipal accounting systems must comply with adopted budget authority;
- Appropriations provide transparency, accountability, and legal expenditure authorization.

Importance of Enterprise Fund Management

Enterprise fund management requires balancing several ongoing operational and financial responsibilities, including:

- Utility operations and maintenance
- Infrastructure reinvestment
- Debt service obligations

- Regulatory compliance
- Reserve planning
- Capital improvement planning
- Revenue sufficiency and rate stabilization
- Long-term asset management

Because Water and Sewer systems are enterprise operations, financial sustainability is heavily dependent upon maintaining adequate revenues and reserves to support both current operations and future infrastructure obligations.

Conclusion

Municipal enterprise funds operate as self-supporting financial structures designed to account for utility-related operations separately from the General Fund. While enterprise funds may participate in pooled cash management systems for operational efficiency, all revenues, expenditures, and balances remain separately tracked and reconciled within the accounting system.

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 	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"> • 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 • Discuss incremental adjustments • Clearly separate debt-related costs 	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 • Discuss incremental adjustments • Clearly separate debt-related costs 	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"> • 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		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

Profit/Loss Overview

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Income													
Cash	\$ 21,020.18	\$ 18,143.55	\$ 22,171.18	\$ 31,695.53	\$ 18,491.12	\$ 16,609.35	\$ 22,438.00	\$ 26,798.48	\$ 22,114.11	\$ 38,238.94			\$ 1,953,835.36
Check	\$ 301,442.41	\$ 229,993.93	\$ 319,224.49	\$ 342,925.69	\$ 319,138.43	\$ 306,792.42	\$ 462,977.79	\$ 534,968.42	\$ 384,942.43	\$ 471,529.13			\$ 3,223,775.44
Electronic	\$ 101,734.56	\$ 86,695.74	\$ 135,620.51	\$ 125,235.86	\$ 98,083.87	\$ 105,781.85	\$ 209,405.22	\$ 129,482.28	\$ 131,767.26	\$ 147,597.86			\$ 1,413,013.92
Return/Reversal			\$ (1,554.11)										\$ (356.24)
Total Income	\$ 424,197.15	\$ 334,833.22	\$ 475,462.07	\$ 499,856.88	\$ 435,713.42	\$ 429,183.62	\$ 692,371.56	\$ 690,726.39	\$ 538,256.80	\$ 657,009.69			\$ 5,177,610.80

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Revenue Break out													
Water (Fund-017)	\$ 166,186.89	\$ 115,262.12	\$ 180,356.01	\$ 184,692.34	\$ 143,410.11	\$ 147,739.78	\$ 402,766.93	\$ 214,055.28	\$ 174,190.46	\$ 245,175.44			\$ 1,953,835.36
Sewer (Fund -015)	\$ 258,010.26	\$ 219,571.10	\$ 315,106.06	\$ 315,164.54	\$ 292,303.31	\$ 281,443.84	\$ 289,604.63	\$ 476,671.11	\$ 364,066.34	\$ 411,894.25			\$ 3,223,775.44
Total	\$ 424,197.15	\$ 334,833.22	\$ 475,462.07	\$ 499,856.88	\$ 435,713.42	\$ 429,183.62	\$ 692,371.56	\$ 690,726.39	\$ 538,256.80	\$ 657,009.69			\$ 5,177,610.80

	July	August	September	October	November	December	January	February	March	April	May	June	YTD	Budget Balance
Expenses														
15 Sewer	\$ 3,178,036.00	\$ 28,540.74	\$ 39,143.40	\$ 279,367.50	\$ 271,148.96	\$ 274,392.06	\$ 287,872.49	\$ 312,183.80	\$ 431,513.94	\$ 315,462.18			\$ 2,275,442.97	\$ 902,593.03
16 Sewer	\$ 523,169.48	\$ 19,413.30	\$ 2,666.20	\$ 2,834.38	\$ 2,965.33	\$ 25,669.48	\$ 3,129.29	\$ 2,003.10	\$ 4,894.21	\$ 2,517.22			\$ 66,192.51	\$ 456,976.97
17 Water	\$ 3,044,156.00	\$ 30,339.72	\$ 47,243.93	\$ 273,445.87	\$ 91,972.21	\$ 193,895.08	\$ 179,636.16	\$ 175,634.51	\$ 206,588.57	\$ 175,809.88			\$ 1,631,142.08	\$ 1,413,013.92
18 Water	\$ 743,169.48	\$ 19,413.30	\$ 2,567.06	\$ 146.20	\$ 48,796.37	\$ 36,118.01	\$ 3,129.30	\$ 2,198.07	\$ 44,245.05	\$ 4,262.82			\$ 171,675.11	\$ 571,494.37
Total Expenses	\$ 7,488,530.96	\$ 97,707.06	\$ 88,954.39	\$ 555,625.77	\$ 499,856.88	\$ 530,074.63	\$ 453,767.24	\$ 492,019.48	\$ 687,241.77	\$ 498,052.10			\$ 4,144,452.67	\$ 3,344,078.29

	July	August	September	October	November	December	January	February	March	April	May	June	Net Totals
Monthly Net Positions													
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	\$ 36,222.70	\$ (76,643.16)	\$ 65,102.74	\$ 0.00	\$ 0.00	\$ 151,018.17
Sewer Net Position (Funds 15 & 16)	\$ 210,056.22	\$ 180,427.70	\$ 333,072.36	\$ 41,081.20	\$ 233,520.08	\$ (18,617.70)	\$ 18,602.85	\$ 162,464.21	\$ (72,341.81)	\$ 93,854.85	\$ 0.00	\$ 0.00	\$ 982,139.96
TOTAL Net Position Each Month	\$ 226,490.09	\$ 245,878.83	\$ (80,163.70)	\$ (79,598.98)	\$ 274,159.05	\$ (100,891.01)	\$ 238,604.32	\$ 198,706.91	\$ (148,984.97)	\$ 158,957.59	\$ 0.00	\$ 0.00	\$ 1,033,158.13

Notes:
Sewer Rev includes WFD Unico
Revenue #'s 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.



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

TOWN OF WATERTOWN

Water & Sewer Authority - Financial Review & Public Information Update

Dear Resident,

Over the past several months, there has been significant public discussion regarding matters involving the Watertown Water & Sewer Authority, including the *Waterbury v. Watertown* litigation and related financial considerations affecting the Town's water and sewer systems.

With those matters now substantially addressed, the Town's focus is on responsible financial planning, infrastructure sustainability, clear communication, and continued transparency in managing the water and sewer enterprise systems.

To support this effort, the Watertown Town Council has established a bipartisan committee to review existing policies and provide recommendations regarding governance and risk management practices associated with the Water & Sewer Authority. This review is intended to ensure that Town policies remain clear, consistent, and aligned with best practices.

At the same time, the Water & Sewer Authority is conducting a structured review of its financial condition and long-term planning considerations, including operational costs, wastewater treatment expenses, infrastructure investment needs, and long-term financing considerations. Water and sewer services operate as enterprise funds and are supported through system revenues rather than property taxes.

Public Information & Access

A dedicated section has been added to the Town's website where residents can follow this process and review materials:

www.watertownct.org → Departments → Water & Sewer → Rate & Financial Planning Updates

- Plain-language explanations of financial documents
- Technical exhibits and budget projections
- Meeting schedules and materials
- Frequently asked questions regarding rates and operations

Residents are encouraged to stay informed and attend meetings if they wish to follow the discussion. Any potential rate action would occur only after public review and a formally noticed public hearing.

The goal of this effort is to ensure that Watertown's water and sewer systems remain reliable, financially sustainable, and transparently managed for the benefit of the community.

Additional updates will be shared as information becomes available.

Respectfully,

Watertown Water & Sewer Authority

For Additional Information:

Contact: [Watertown Water and Sewer Authority](#)

Phone: [860-945-5299](tel:860-945-5299)

TOWN OF WATERTOWN

WATER & SEWER AUTHORITY

MEMORANDUM

To: Members, Watertown Water & Sewer Authority

From: Mark A. Raimo, Town Manager

Date: March 9, 2026

Subject: Conceptual Financial Approaches and Evaluation Framework for Long-Term Debt and Rate Planning

I. Purpose

The purpose of this memorandum is to assist the Authority in beginning policy discussions regarding how to address long-term financial obligations associated with converting the current Bond Anticipation Note (BAN) into long-term financing.

When municipal utilities face significant financial obligations, they typically evaluate several possible approaches. Each reflects a different balance between:

- Rate stability for customers
- Debt management and borrowing costs
- Long-term financial stability of the system
- Risk management and financial flexibility

The approaches described below are **not recommendations**, but conceptual policy models intended to support discussion among Authority members.

II. Conceptual Financial Approaches for Consideration

The following approaches illustrate different ways a municipal utility authority might address long-term debt and potential rate impacts.

1. Rate Stability First (Smoothing Approach)

This approach prioritizes maintaining predictable and gradual rate adjustments over time.

Key characteristics

- Conversion of the existing BAN to long-term bonding at maturity
- One-time financial resources used partly for principal reduction and partly to smooth annual debt service
- Potential recoveries placed in a restricted account to offset future debt service

Underlying value

Emphasizes intergenerational fairness and avoids abrupt or disruptive rate increases.

Tradeoff

Total interest paid over the life of the bond may be higher than under strategies that prioritize immediate debt reduction.

2. Debt Reduction First (Balance-Sheet Approach)

This approach prioritizes minimizing long-term borrowing.

Key characteristics

- One-time financial resources and recoveries applied primarily to principal reduction
- Bonds issued only for the remaining balance
- Rates address operational needs while borrowing costs are reduced

Underlying value

Strengthens the Authority's balance sheet and reduces lifetime borrowing costs.

Tradeoff

If recoveries are delayed or uncertain, temporary financing or other short-term measures may be required.

3. Hybrid Approach (Shared Benefit)

This approach combines elements of rate stabilization and debt reduction.

Key characteristics

- A portion of one-time resources reduces the amount bonded
- A portion is reserved to moderate rate impacts over several years
- Potential recoveries allocated between debt reduction and rate stabilization

Underlying value

Balances fiscal prudence with sensitivity to ratepayer impacts.

Tradeoff

Future boards must clearly understand the rationale behind the allocation of funds.

4. Wait-and-See Approach (Re-BAN for One Year)

Under this scenario, the Authority postpones conversion to long-term bonding.

Key characteristics

- The current BAN is refinanced for an additional year
- One-time resources remain invested
- Additional time is available to better understand potential recoveries

Underlying value

Provides flexibility while uncertainty remains.

Tradeoff

Deferring bonding may expose the Authority to interest-rate fluctuations.

5. Ratepayer-First Approach (Maximum Buydown)

This option prioritizes minimizing future rate increases for current customers.

Key characteristics

- Most one-time resources reduce the amount bonded
- A smaller portion cushions near-term rate impacts
- Potential recoveries directed primarily toward additional debt reduction

Underlying value

Provides visible long-term benefit to ratepayers.

Tradeoff

Fewer resources remain available for future contingencies.

6. Reserve-Building Approach (Most Conservative Posture)

Under this model, one-time resources are treated primarily as long-term financial reserves.

Key characteristics

- The Authority bonds the full or near-full required amount
- One-time resources preserved as reserves or stabilization funds
- Rates fully support ongoing debt service obligations

Underlying value

Prioritizes financial security and institutional stability.

Tradeoff

Customers may experience higher near-term rate impacts.

Exhibit A

(Insert Section Break – Landscape Page)

Conceptual Financial Approaches – Policy Comparison and Discussion Matrix

Approach	Primary Policy Focus	Near-Term Rate Impact	Long-Term Borrowing Cost	Financial Flexibility	Key Consideration	Authority Discussion / Direction
Rate Stability First	Gradual rate adjustments	Lower near-term increases	Potentially higher total interest	Moderate	Stable customer rates	
Debt Reduction First	Reduce borrowing	Higher near-term adjustments	Lower lifetime cost	Moderate	Stronger balance sheet	
Hybrid Approach	Balance stability & debt	Moderate adjustments	Moderate borrowing cost	Moderate-High	Balanced policy approach	
Wait-and-See	Preserve flexibility	Minimal immediate change	Dependent on future rates	High	Additional evaluation time	
Ratepayer-First	Reduce future debt burden	Moderate stability	Lower long-term cost	Low-Moderate	Visible benefit to ratepayers	
Reserve-Building	Financial security	Higher near-term impacts	Moderate borrowing cost	High	Strong financial reserves	

III. Evaluation Framework

When reviewing financial options, municipal utilities typically evaluate each approach using several common policy questions to ensure decisions reflect long-term sustainability.

Key Evaluation Questions

1. How will this affect rates in the near term?

Some strategies emphasize immediate rate stability, while others reduce long-term costs.

2. What are the long-term costs?

Different strategies affect total borrowing and interest paid.

3. Does this strengthen the financial position of the system?

This includes reducing debt levels or building reserves.

4. How flexible is the approach?

Some strategies allow adjustments as conditions change.

5. Is the approach fair to current and future ratepayers?

Infrastructure investments often last decades.

6. What level of financial risk does the option involve?

Each option carries different levels of financial and timing risk.

IV. Questions for Initial Authority Discussion

1. What is the Authority's primary policy priority?

- Rate stability
- Long-term debt reduction
- Reserve building
- Maintaining flexibility
- A balanced combination

2. How should one-time financial resources be used?

- Reduce total debt
- Stabilize rates
- Build reserves
- Combination of uses

3. What level of rate volatility is acceptable?

- Larger increase now to reduce long-term costs
- Smaller phased increases over time

4. How important is timing certainty before issuing long-term debt?

- Bond sooner for predictability
 - Delay bonding for additional information
-

V. Closing

The conceptual approaches outlined in this memorandum are intended to frame policy discussion before detailed financial modeling is developed.

Each option represents a different balance between:

- Ratepayer impacts
- Long-term borrowing costs
- Financial risk management
- Institutional financial stability

As the Authority provides policy direction, staff can prepare detailed financial projections illustrating how each approach may affect:

- Utility rates
- Debt service obligations
- Long-term sustainability of the enterprise funds.



RESOLUTION

WHEREAS, an appropriation of funds is required to maintain the financial stability of the Water and Sewer enterprise funds, to support ongoing service delivery and ensure timely payment of all obligations associated with the Water and Sewer Authority systems.

NOW THEREFORE BE IT RESOLVED, that the Water and Sewer Authority hereby authorizes the appropriation of up to \$970,000 from the Special Fund to cover Water & Sewer costs exceeding the originally budgeted amount to ensure all obligations can be paid.;

NOW THEREFORE BE IT FURTHER RESOLVED, The funds within the Special Fund are directly allocated for Water and Sewer Authority purposes and are intended to support these enterprise operations to be split as needed to support operational line items for;

- Fund 015 (Sewer Operations) 015.50344.074.0000.9015 - *Sewage Disposal*
- Fund 017 (Water Operations) 017.50324.075.0000.9017 - *Utilities Water*

NOW THEREFORE BE IT RESOLVED, by vote of the Water and Sewer Authority, the requested approval of the appropriation of funds.

Dated at Watertown, Connecticut this 20th day of May 2026.

James Sugden, Chairman

At a special meeting of the Water and Sewer Authority held on, May 20, 2026 the foregoing resolution was moved for adoption by WSA member_____. The motion was supported by WSA Member_____.

Motion declared adopted.
