

Water and Sewer Authority
Watertown, CT
Special Meeting Agenda

Date: Wednesday, July 15, 2026

Time: 7:00 PM

Place: Watertown Town Hall
61 Echo Lake Rd.
Watertown, CT 06795
Planning and Zoning Conference Room – 1st Floor

1. Call Meeting to Order
2. Roll Call
3. New Business
 - a. Discussion and Possible Action Regarding Proposed Amendments to the Water and Sewer Quarterly Quantity Rates for Customers of the Connecticut Public Water System (CT1530021), Including the Proposed Fiscal Year 2027 Water and Sewer Rates, the Proposed Fiscal Year 2028-FY2031 Long-Range Financial Plan, the Annual Review Process, Adjustments to Applicable Special Customer Rate Classifications, and the Scheduling of a Public Hearing Pursuant to Connecticut General Statutes §§ 7-239 and 7-255.
4. Adjournment



TOWN OF WATERTOWN
WATER AND SEWER AUTHORITY
747 French Street
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TOWN OF WATERTOWN

WATER AND SEWER AUTHORITY

MEMORANDUM

To: Members, Watertown Water and Sewer Authority

From: Mark A. Raimo, Town Manager

Date: July 6, 2026

Subject: Proposed FY2027 Water and Sewer Rates and Long-Range Financial Planning Options

Purpose

The purpose of this memorandum is to present the proposed Fiscal Year 2027 Water and Sewer Rates together with the accompanying Fiscal Year 2028 through Fiscal Year 2031 financial projections prepared by NewGen Strategies & Solutions.

The memorandum is intended to assist the Authority in evaluating available governance options prior to and following the public hearing conducted pursuant to Connecticut General Statutes §§ 7-239 and 7-255. It is not intended to predetermine the Authority's action, but rather to provide a framework for discussion, public input, and informed decision-making.

Background

NewGen Strategies & Solutions completed a comprehensive financial analysis of the Water and Sewer Enterprise Funds. The study evaluated projected operating revenues, operating expenses, debt service obligations, capital infrastructure needs, reserve funding, regulatory compliance, and long-term financial sustainability.

The resulting financial model projects rates necessary to support utility operations through Fiscal Year 2031 while maintaining the financial integrity of the enterprise funds.

The projected rates are summarized below.

Fiscal Year	Water Rate (Per 1,000 Gallons)	Sewer Rate (Per 1,000 Gallons)
Current	\$4.59	\$6.09
FY2027	\$5.76	\$7.98
FY2028	\$7.23	\$10.45
FY2029	\$9.07	\$13.69
FY2030	\$9.35	\$14.10
FY2031	\$9.63	\$14.52

Discussion

The Authority has an obligation to establish rates that adequately fund the operation, maintenance, repair, replacement, and long-term financial stability of the Water and Sewer Enterprise Funds.

While the NewGen study provides a five-year financial roadmap, utility operations are influenced by numerous factors that may change over time, including:

- Actual operating revenues and expenditures;
- Water and sewer consumption trends;
- Debt service requirements;
- Capital improvement priorities;
- Regulatory requirements;
- Grant funding opportunities;
- Reserve balances and cash flow;
- Inflation and market conditions; and
- Other operational or financial circumstances affecting the utility.

Accordingly, the Authority may wish to consider adopting a governance approach that balances long-term financial planning with continued annual oversight.

Proposed Governance Approach

One option available to the Authority is to:

1. Adopt the FY2027 Water and Sewer Rates following the public hearing.
2. Approve the FY2028 through FY2031 projected rates as the Authority's Long-Range Financial Plan.
3. Conduct an annual review of the adopted financial plan during the budget development process to evaluate actual financial performance and determine whether the projected rates for the upcoming fiscal year remain appropriate.
4. Amend future projected rates whenever necessary based upon updated financial information, operating conditions, capital requirements, or other factors affecting the enterprise funds.
5. Conduct a public hearing and take formal action pursuant to Connecticut General Statutes §§ 7-239 and 7-255 before implementing any modification to the adopted financial plan or rate schedule.

This approach establishes a long-term financial roadmap while preserving the Authority's ability to respond to changing financial conditions and ensuring continued public participation in future rate decisions.

Special Rate Classifications

The Authority currently maintains customer classifications that are billed under rate structures different from the standard retail customer.

Should the Authority adopt revisions to the standard water and sewer rates, these special rate classifications should also be reviewed to determine whether corresponding adjustments are appropriate to maintain consistency with the Authority's adopted rate structure, contractual obligations, and overall financial plan.

Any recommended adjustments should be presented as part of the Authority's public hearing process to ensure transparency and provide affected customers an opportunity to comment.

Public Hearing

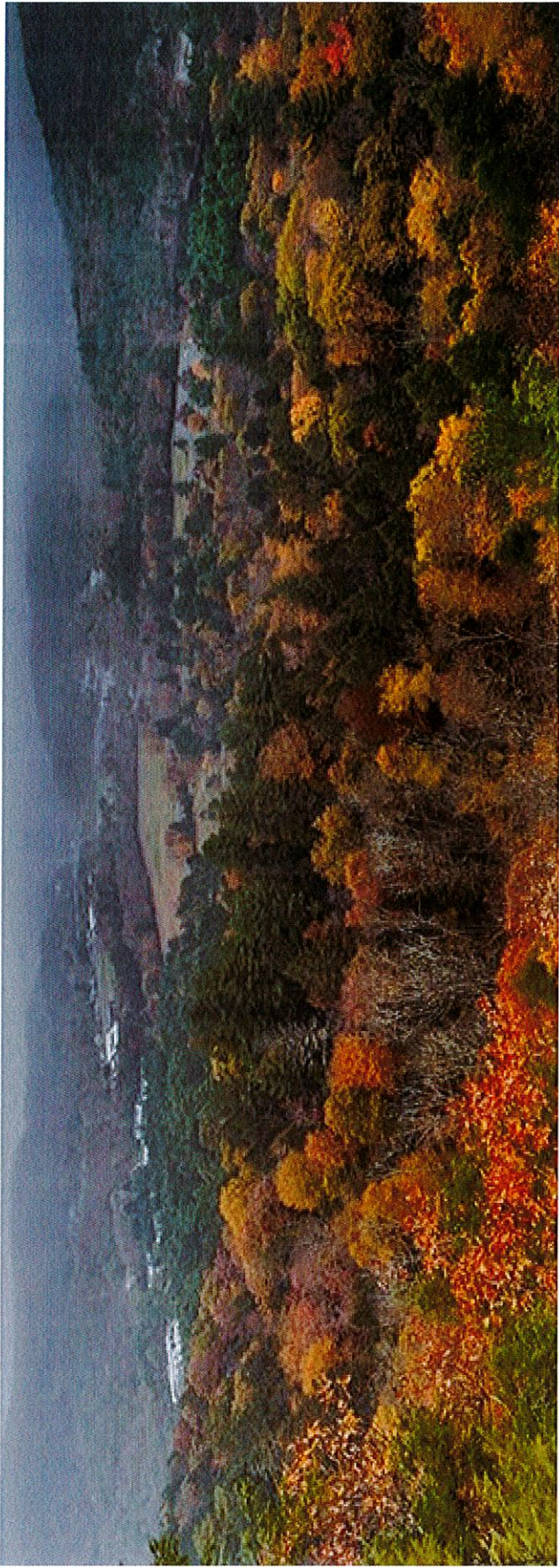
The scheduled public hearing provides customers and stakeholders an opportunity to comment on both the proposed FY2027 rates and the accompanying long-range financial projections.

Public input received during the hearing should be considered by the Authority before taking final action. The Authority may determine that modifications to the proposed rates or the long-range financial plan are appropriate based upon information presented during the public hearing or subsequent deliberations.

Recommendation

It is recommended that the Water and Sewer Authority:

1. Receive this memorandum for discussion.
2. Conduct the public hearing in accordance with Connecticut General Statutes §§ 7-239 and 7-255.
3. Receive public testimony regarding the proposed FY2027 Water and Sewer Rates and the FY2028 through FY2031 Long-Range Financial Plan.
4. Deliberate upon the proposed governance approach presented herein.
5. Following consideration of public comment, determine whether to:
 - Adopt the FY2027 Water and Sewer Rates;
 - Approve the FY2028 through FY2031 Financial Plan as the Authority's long-range planning framework; and
 - Direct that the Financial Plan be reviewed annually, with any future modifications to be considered only after notice, public hearing, and formal action by the Authority in accordance with Connecticut General Statutes §§ 7-239 and 7-255.



June 17, 2026 | Town of Watertown | Water and Sewer Rate Study | Presentation to the Water & Sewer Authority

Study Findings and Recommendations



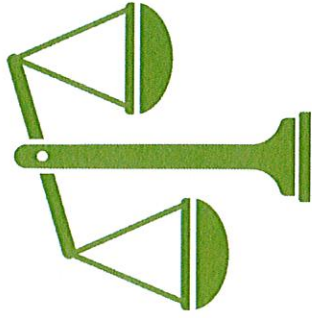
Nick Short, Manager
Connor Drucis, Senior Consultant

NewGen
Strategies & Solutions

Presentation Agenda

- Business Fundamentals
- Revenue Requirement
- Financial Projections
- Bill Impacts and Comparisons
- Recommendations

Business Fundamentals



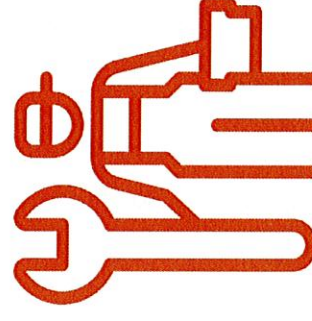
Revenue Sufficiency

Revenues should match or exceed expenses



Reserves

Prepare for a rainy day



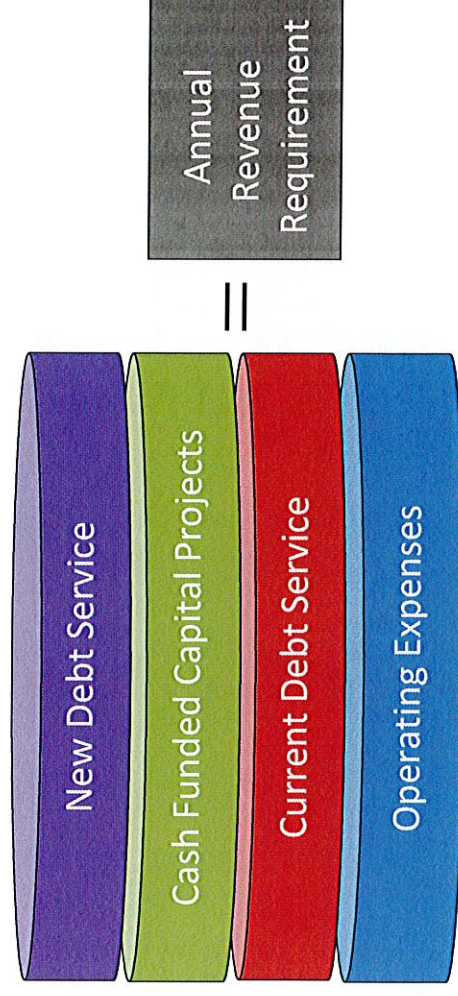
Reinvestment

Repair, replace, and reinvest in infrastructure

Factors Affecting Watertown's Charges and Rates

- **Operating and maintenance expense increases**
 - Wholesale water purchases were increased by 49% in FY 2027 and escalated 4.2% for the rest of the 5-year period
 - Wholesale sewer purchases were increased by 170% in FY 2027 and escalated 2.2% for the rest of the 5-year period
 - Majority of expenses were escalated by 3% (based on CPI over the past 20 years)
- **Debt service**
 - Current and new debt
 - New bond issuance of \$30 million to pay for judgment owed to Waterbury
- **Capital improvement plan**
 - investment in the distribution and collection systems
 - Focus on immediate needs, regulatory compliance, and system monitoring and security
- **Customer changes**
 - No future growth anticipated
- **Water usage and sewage generation changes**
 - No future growth anticipated
- **Miscellaneous revenue changes**
 - No increase in ancillary fees or services
- **Reserve target**
 - Achieve and maintain minimum operating reserve balance target of operating expenses at 90 days (25%)

Revenue Requirement



Waterbury Judgment

\$30.0M Bond / Level Principal

Assumptions

- \$30.0M par borrowing at 4.25% (rates as of May 2026)
- Level principal; keep \$1.5M premium as cash
- Dated October 2026; first interest payment April 2027, first principal payment October 2027

Annual Debt Service (FY 2027–2031)

- FY 2027: \$1.95M | FY 2028: \$2.80M | FY 2029: \$2.73M | FY 2030: \$2.67M | FY 2031: \$2.60M
- \$1,530,000 level principal annually through FY 2047, with declining interest each year

Lifetime Cost

- Total principal \$30.6M | total interest \$15.0M | total debt service \$45.6M

Rate Increases: 90-Day Cash on Hand vs. Keep Cash Level

The Two Scenarios

- **90-Day Cash on Hand** — increases sized just to meet the minimum 90-day cash-on-hand requirement by FY 2031; leaner increases, less cash retained
- **Keep Cash Level** — increases sized to hold the current cash balance level by FY 2031; higher early increases, more cash retained

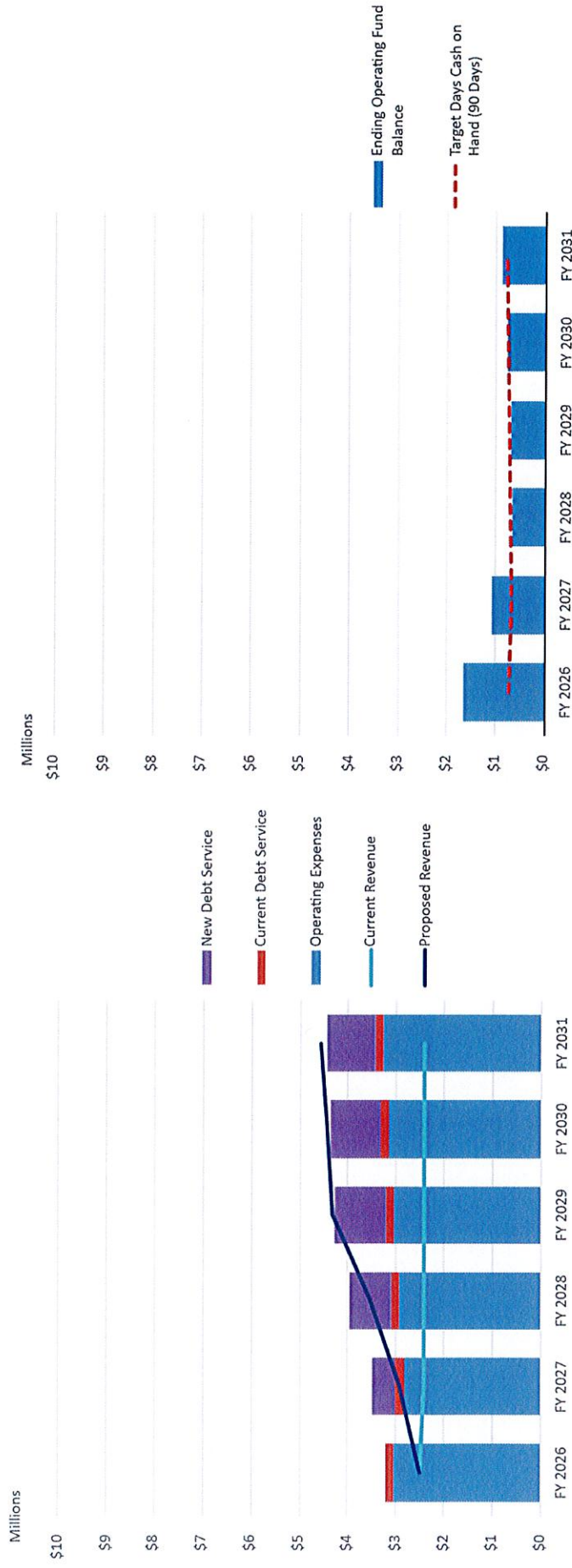
Water Rate Increases (FY 2027–2031)

- 90-Day: 23.5% per year in FY 2027, FY 2028, FY 2029, then 3.0% in FY 2030, FY 2031
- Keep Cash Level: 25.5% per year in FY 2027, FY 2028, FY 2029, then 3.0% in FY 2030, FY 2031

Sewer Rate Increases (FY 2027–2031)

- 90-Day: 30% per year in FY 2027, FY 2028, FY 2029, then 3.0% in FY 2030, FY 2031
- Keep Cash Level: 31% per year in FY 2027, FY 2028, FY 2029, then 3.0% in FY 2030, FY 2031

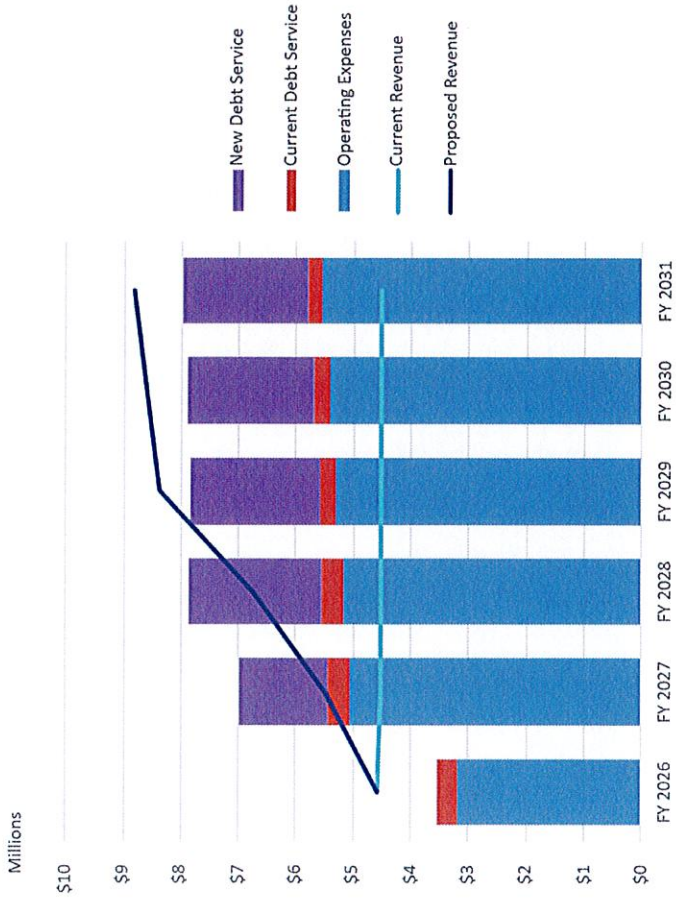
Expenses/Revenues & Cash Balance- Water (90-Day)



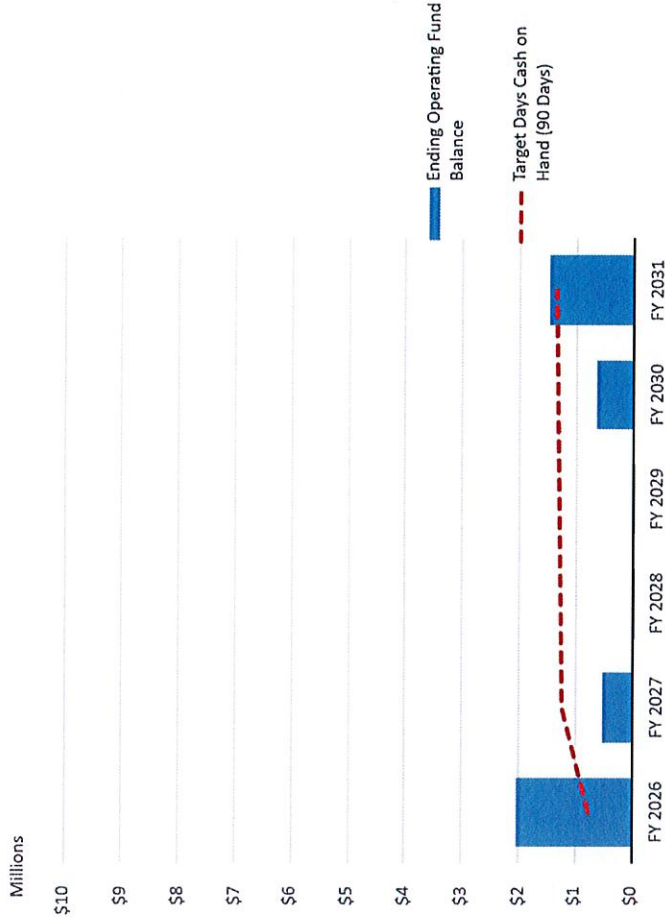
Proposed Revenue reflects a 23.5% increase in water revenue in FY 2027, FY 2028, and FY 2029 and 3% in FY 2030 and FY 2031

The red line represents target equal to operating fund balance of 90 days (25%) of operating expenses

Expenses/Revenues & Cash Balance- Sewer (90-Day)

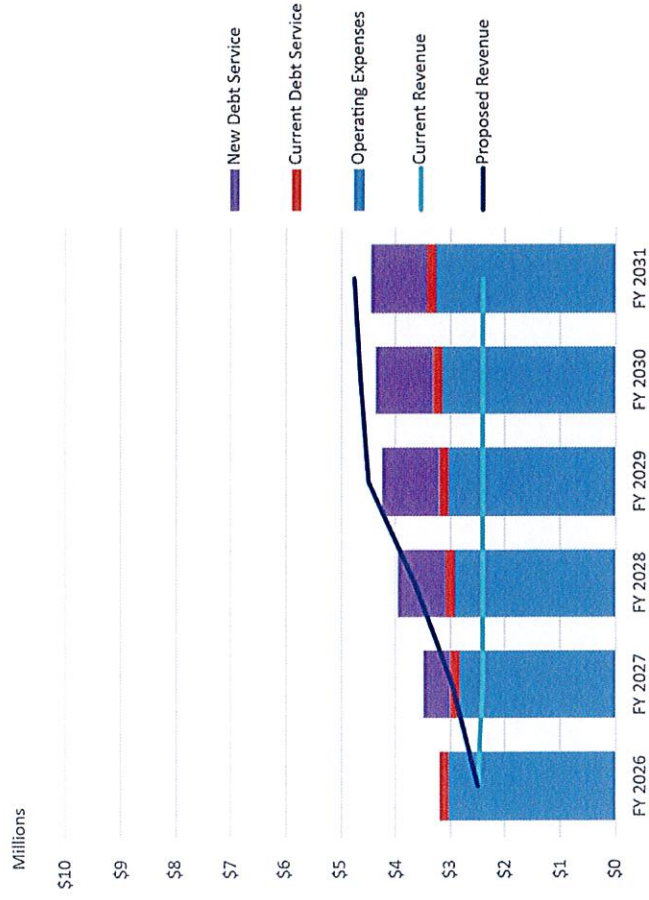


Proposed Revenue reflects a 30% increase in sewer revenue in FY 2027, FY 2028, and FY 2029 and 3% in FY 2030 and FY 2031

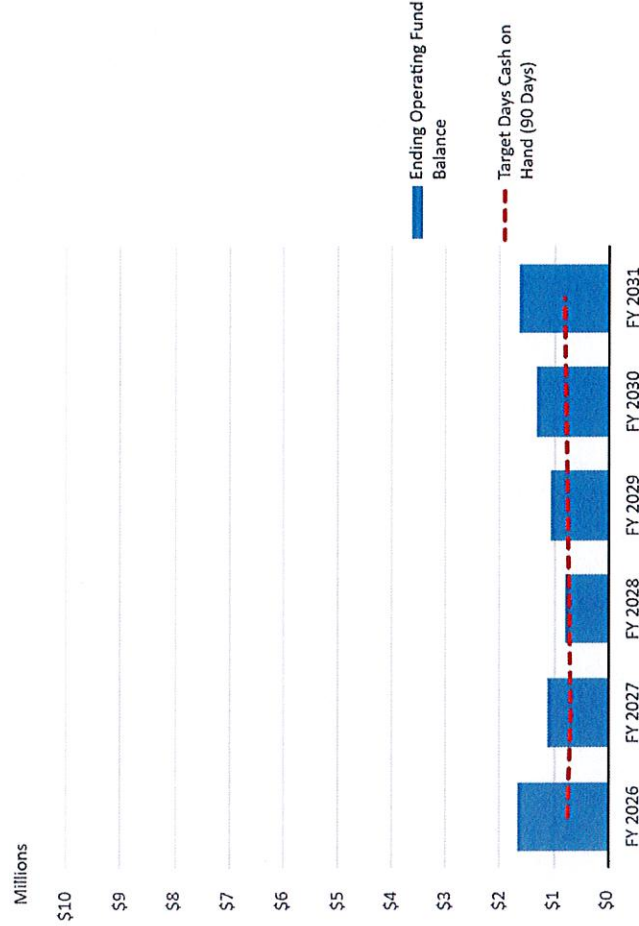


The red line represents target equal to operating fund balance of 90 days (25%) of operating expenses

Expenses/Revenues & Cash Balance- Water (Level Cash)

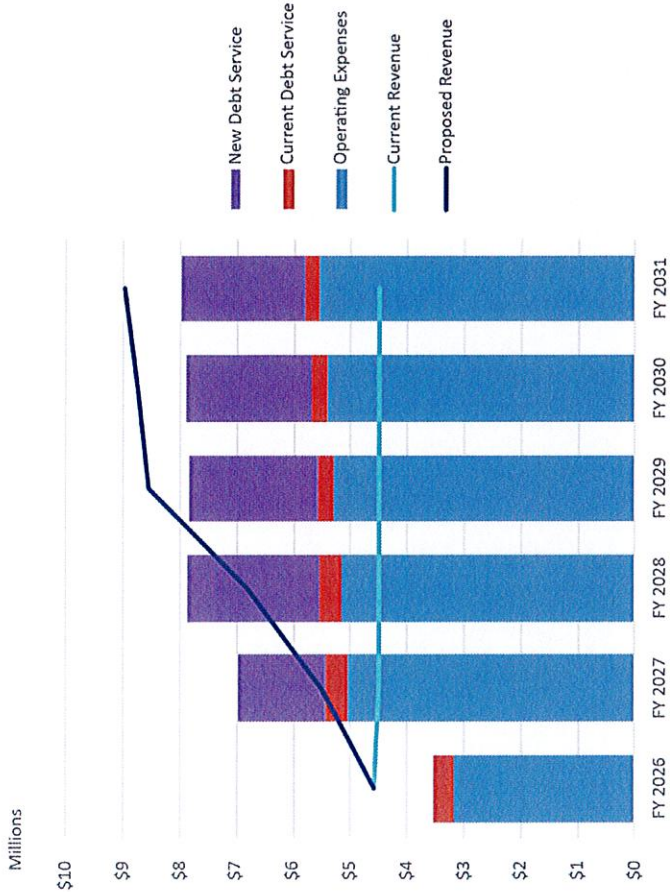


Proposed Revenue reflects a 25.5% increase in water revenue in FY 2027, FY 2028, and FY 2029 and 3% in FY 2030 and FY 2031

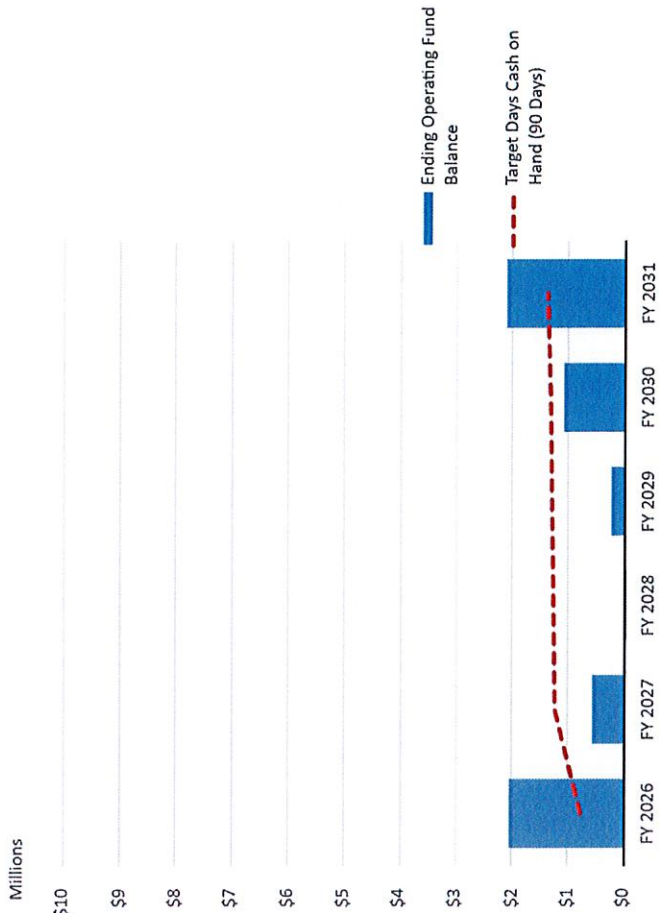


The red line represents target equal to operating fund balance of 90 days (25%) of operating expenses

Expenses/Revenues & Cash Balance- Sewer (Level Cash)



Proposed Revenue reflects a 31% increase in sewer revenue in FY 2027, FY 2028, and FY 2029 and 3% in FY 2030 and FY 2031



The red line represents target equal to operating fund balance of 90 days (25%) of operating expenses

Current Water Rates

Quarterly Customer Charges Under
12,000 Gallons

	FY 2026
Quarterly Service Charge (by meter size)	
5/8"	\$35.38
3/4"	\$58.67
1"	\$97.85
1 1/2"	\$195.69
2"	\$313.05
3"	\$587.07
4"	\$978.45
Quantity Rates (per 1,000 gallons)	
All Usage	\$4.59

Watertown Housing rates are at a 27% discount

Westgate customers pay \$9.84 per 1,000 gallons for the quantity rate

Quarterly Customer Charges Over
12,000 Gallons

	FY 2026
Quarterly Service Charge (by meter size)	
5/8"	\$54.48
3/4"	\$90.43
1"	\$150.67
1 1/2"	\$301.35
2"	\$482.21
3"	\$904.17
4"	\$1,506.99
Quantity Rates (per 1,000 gallons)	
All Usage	\$4.59

Current Watertown Sewer Rates

Quarterly Customer Charges Under
12,000 Gallons

FY 2026	
Quarterly Service Charge (by meter size)	
All	\$71.19
Quantity Rates (per 1,000 gallons)	
All Usage	\$6.09

Quarterly Customer Charges Over
12,000 Gallons

FY 2026	
Quarterly Service Charge (by meter size)	
All	\$109.52
Quantity Rates (per 1,000 gallons)	
All Usage	\$6.09

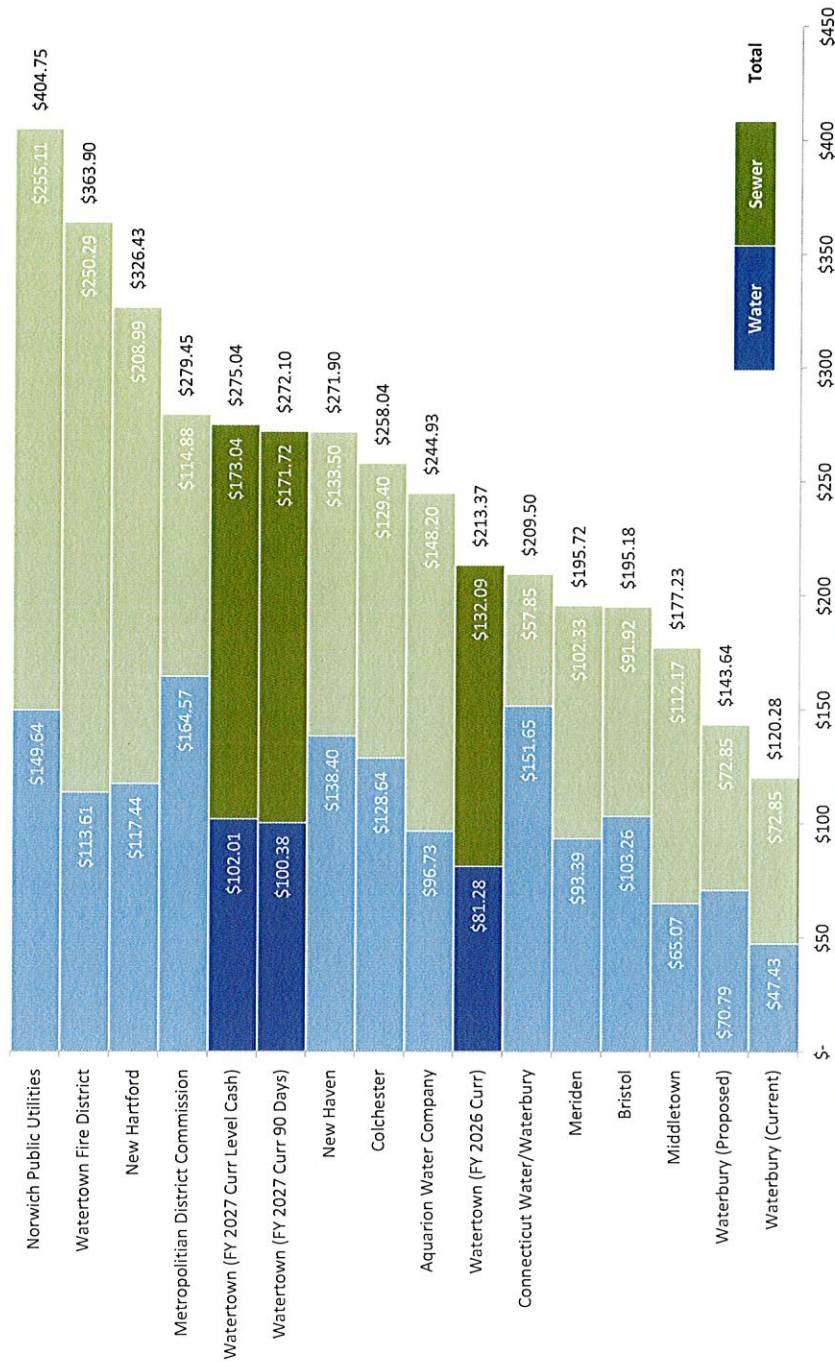
FY 2027 Quarterly Bill Impact

5/8" meter size

User (Percentile)	Quarterly Usage (gallons)	Current Bill	FY 2027 (90-Day) Bill	FY 2027 (90-Day) Bill \$ Inc.	FY 2027 (90-Day) Bill % Inc.	FY 2027 (Level Cash) Bill	FY 2027 (Level Cash) Bill \$ Inc.	FY 2027 (Level Cash) Bill % Inc.
Small Residential User (25th)								
Water Bill	5,000	\$58.33	\$72.04	\$13.71	24%	\$73.20	\$14.87	26%
Sewer Bill		\$101.64	\$132.13	\$30.49	30%	\$133.15	\$31.51	31%
Combined Bill		\$159.97	\$204.17	\$44.20	~28%	\$206.35	\$46.38	~29%
Median Residential User (50th)								
Water Bill	10,000	\$81.28	\$100.38	\$19.10	24%	\$102.01	\$20.73	26%
Sewer Bill		\$132.09	\$171.72	\$39.63	30%	\$173.04	\$40.95	31%
Combined Bill		\$213.37	\$272.10	\$58.73	~28%	\$275.04	\$61.67	~29%
Large Residential User (75th)								
Water Bill	16,000	\$127.92	\$157.98	\$30.06	24%	\$160.54	\$32.62	26%
Sewer Bill		\$206.96	\$269.05	\$62.09	30%	\$271.12	\$64.16	31%
Combined Bill		\$334.88	\$427.03	\$92.15	~28%	\$431.66	\$96.78	~29%
Excess Residential User (90th)								
Water Bill	26,000	\$173.82	\$214.67	\$40.85	24%	\$218.14	\$44.32	26%
Sewer Bill		\$267.86	\$348.22	\$80.36	30%	\$350.90	\$83.04	31%
Combined Bill		\$441.68	\$562.89	\$121.21	~28%	\$569.04	\$127.36	~29%

Combined Quarterly Bill Comparison

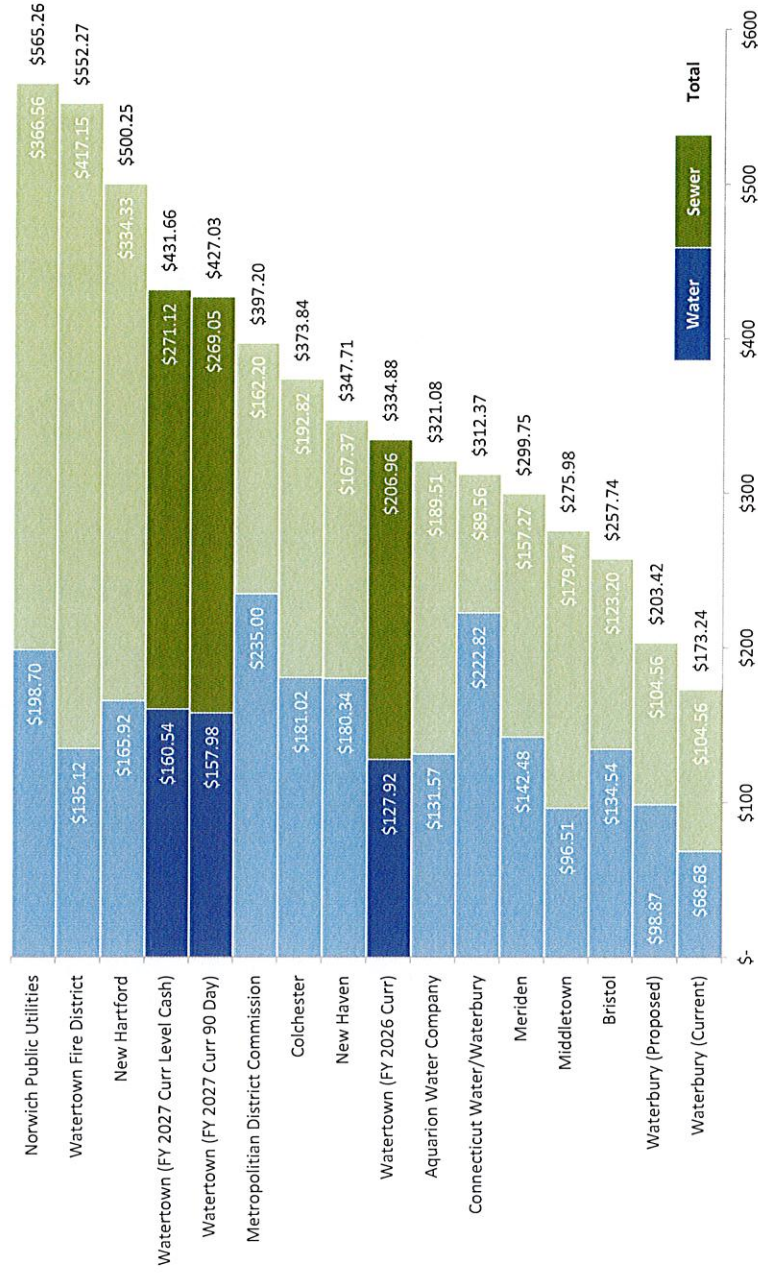
smallest meter size, 10,000 gallons



Bills reflect latest available rates published on websites

Combined Quarterly Bill Comparison

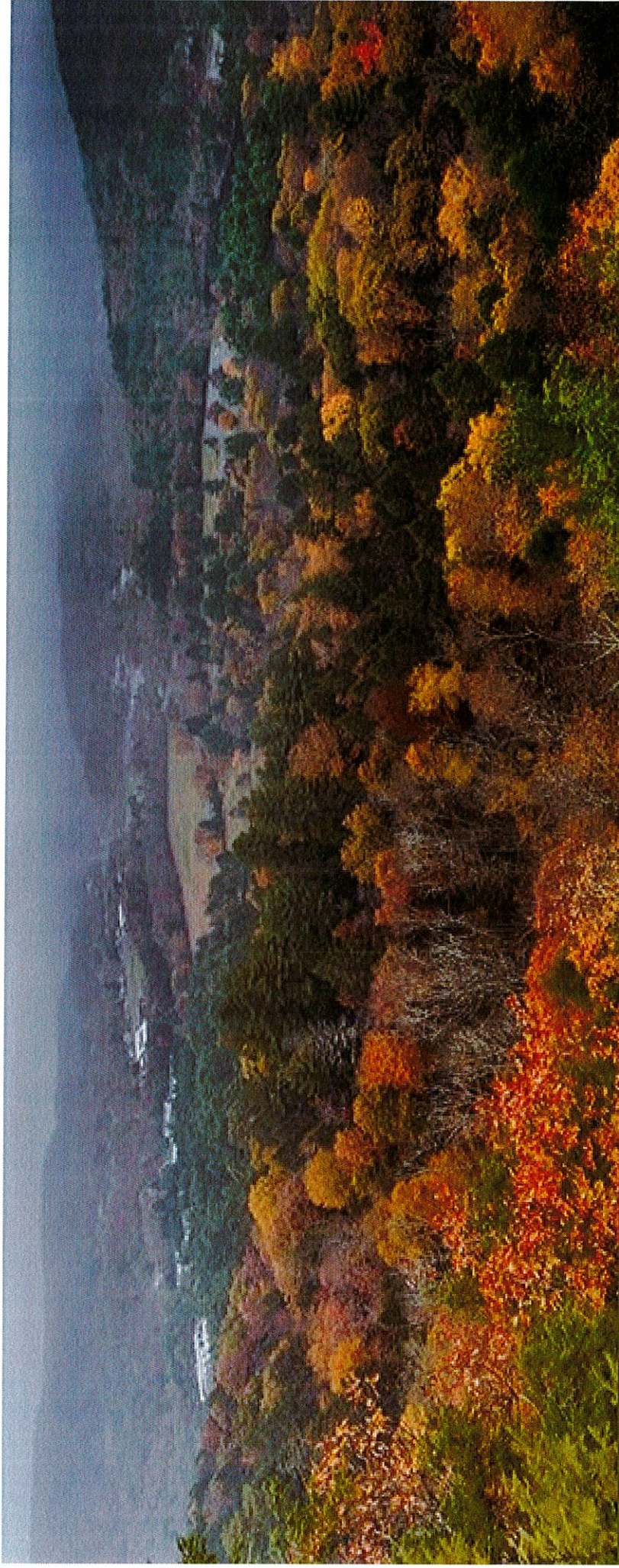
smallest inch meter size, 16,000 gallons



Bills reflect latest available rates published on websites

Recommendations

- Adopt the Level Cash Rate Increases
 - Set increases to keep cash level: water 25.5% and sewer 31% in FY 2027–2029 (vs 23.5% / 30% under 90-Day), leveling to 3.0% thereafter
 - Keeps days cash on hand level by FY2031 (vs meeting 90-day target), staying above the 90-day scenario every year and adding flexibility for capital or cost shocks
- Continue Reinvestment in the System
 - Fund the CIP to address aging infrastructure and regulatory requirements
 - Protects long-term system reliability and defers costlier emergency repairs
- Review Rates Annually
 - Update the financial model each year for actual O&M, capital, and debt-service costs and adjust rates as needed
 - Confirm reserves stay above the 90-day target and revise the multi-year plan as conditions change



QUESTIONS?

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mmaker@newgenstrategies.net

Projected Water Rates (90-Day)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Quarterly Service Charge (by meter size) Under 12,000 Gallons						
5/8"	\$35.38	\$43.69	\$53.96	\$66.64	\$68.64	\$70.70
3/4"	\$58.67	\$72.46	\$89.48	\$110.51	\$113.83	\$117.24
1"	\$97.85	\$120.84	\$149.24	\$184.32	\$189.84	\$195.54
1 1/2"	\$195.69	\$241.68	\$298.47	\$368.61	\$379.67	\$391.06
2"	\$313.05	\$386.62	\$477.47	\$589.68	\$607.37	\$625.59
3"	\$587.07	\$725.03	\$895.41	\$1,105.84	\$1,139.01	\$1,173.18
4"	\$978.45	\$1,208.39	\$1,492.36	\$1,843.06	\$1,898.35	\$1,955.30
Quarterly Service Charge (by meter size) Over 12,000 Gallons						
5/8"	\$54.48	\$67.28	\$83.09	\$102.62	\$105.70	\$108.87
3/4"	\$90.43	\$111.79	\$138.06	\$170.50	\$175.62	\$180.89
1"	\$150.67	\$186.07	\$229.80	\$283.80	\$292.32	\$301.08
1 1/2"	\$301.35	\$372.19	\$459.65	\$567.67	\$584.70	\$602.24
2"	\$482.21	\$595.73	\$735.72	\$908.62	\$935.87	\$963.95
3"	\$904.17	\$1,116.86	\$1,379.32	\$1,703.46	\$1,754.56	\$1,807.20
4"	\$1,506.99	\$1,861.53	\$2,298.99	\$2,839.25	\$2,924.43	\$3,012.16
Quantity Rates (per 1,000 gallons)						
All Usage	\$4.59	\$5.67	\$7.00	\$8.65	\$8.91	\$9.17

Projected Sewer Rates (90 Day)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Quarterly Service Charge (by meter size) Under 12,000 Gallons						
All	\$71.19	\$92.55	\$120.31	\$156.40	\$161.10	\$165.93
Quarterly Service Charge (by meter size) Over 12,000 Gallons						
All	\$109.52	\$142.38	\$185.09	\$240.62	\$247.83	\$255.27
Quantity Rates (per 1,000 gallons)						
All Usage	\$6.09	\$7.92	\$10.29	\$13.38	\$13.78	\$14.19

Projected Water Rates (Level Cash)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Quarterly Service Charge (by meter size) Under 12,000 Gallons						
5/8"	\$35.38	\$44.40	\$55.72	\$69.93	\$72.03	\$74.19
3/4"	\$58.67	\$73.63	\$92.41	\$115.97	\$119.45	\$123.03
1"	\$97.85	\$122.80	\$154.12	\$193.42	\$199.22	\$205.19
1 1/2"	\$195.69	\$245.59	\$308.22	\$386.81	\$398.42	\$410.37
2"	\$313.05	\$392.88	\$493.06	\$618.79	\$637.36	\$656.48
3"	\$587.07	\$736.77	\$924.65	\$1,160.44	\$1,195.25	\$1,231.11
4"	\$978.45	\$1,227.95	\$1,541.08	\$1,934.06	\$1,992.08	\$2,051.84
Quarterly Service Charge (by meter size) Over 12,000 Gallons						
5/8"	\$54.48	\$68.37	\$85.81	\$107.69	\$110.92	\$114.25
3/4"	\$90.43	\$113.60	\$142.57	\$178.92	\$184.29	\$189.82
1"	\$150.67	\$189.09	\$237.30	\$297.81	\$306.75	\$315.95
1 1/2"	\$301.35	\$378.21	\$474.66	\$595.70	\$613.57	\$631.98
2"	\$482.21	\$605.37	\$759.74	\$953.48	\$982.08	\$1,011.54
3"	\$904.17	\$1,134.94	\$1,424.36	\$1,787.57	\$1,841.19	\$1,896.43
4"	\$1,506.99	\$1,891.68	\$2,374.05	\$2,979.44	\$3,068.82	\$3,160.88
Quantity Rates (per 1,000 gallons)						
All Usage	\$4.59	\$5.76	\$7.23	\$9.07	\$9.35	\$9.63

Projected Sewer Rates (Level Cash)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Quarterly Service Charge (by meter size) Under 12,000 Gallons						
All	\$71.19	\$93.26	\$122.17	\$160.04	\$164.84	\$169.79
Quarterly Service Charge (by meter size) Over 12,000 Gallons						
All	\$109.52	\$143.47	\$187.95	\$246.21	\$253.60	\$261.21
Quantity Rates (per 1,000 gallons)						
All Usage	\$6.09	\$7.98	\$10.45	\$13.69	\$14.10	\$14.52