

Town of Watertown, Connecticut Legal Notice

Watertown Referendum on Bonding Authorization

The Town of Watertown will hold a referendum on **September 16, 2025**, to consider authorization of bonds for two purposes:

- 1. Water & Sewer Judgment and Related Costs**
 - Amount: Up to **\$30 million**.
 - Purpose: To fund repayment of the court-ordered judgment resulting from City *Waterbury v. Town of Watertown* including interest, legal fees, and related obligations.
 - Repayment: To be funded by Water & Sewer Authority (WSA) ratepayers. The Watertown Fire District is expected to contribute toward its share.
- 2. Road Infrastructure Improvements**
 - Amount: Up to **\$10 million**.
 - Purpose: To fund critical road projects identified in the Pavement Management Program and the 2022 BETA Group study.
 - Repayment: To be funded through the Town’s General Fund debt service. Road infrastructure bonding is not expected to increase property taxes, new debt will be layered in as existing bonding debt expires, thereby maintaining a stable level of debt service.

Bonding Rationale

- Statutory interest on the Waterbury judgment is accruing at approximately **\$355,000 per month** (~\$4.3 million per year).
- Bonding would allow the Town to immediately satisfy the judgment, which accrues statutory interest at 18% plus an additional 8% post-judgment interest on that amount. By contrast, bonding would be subject to current market rates, which are approximately 4.25-4.5%.
- If approved, the Town may issue bonds or short-term bond anticipation notes (BANs), with repayment of principal beginning in Fiscal Year 2026–27.

Assumptions Overview

- **Debt Principal:** \$30 million, offset by a \$6 million contribution from the Watertown Fire District (WFD), leaving a net debt of \$24 million to be amortized over 20 years.
- **Interest Rates:** Modeled at 3%, 4%, and 5%.
- **Customer Base:** 4,300 accounts with a combined annual water usage of 300 million gallons.

Impact on Ratepayers

Usage-Based Approach

Under this method, costs are allocated according to individual water consumption:

Interest Rate	Cost per 1,000 Gallons
3%	\$5.38
4%	\$5.89
5%	\$6.42

Annual Sample Water Bills

The table below shows the impact of Usage-Based Approach allocation method on representative customer profiles, using the 4% interest rate scenario:

User Type	Usage (Gallons)	Usage-Based
Low Residential	25,000	\$147.25
Avg Residential	50,000	\$294.50
High Residential	100,000	\$589.00
Small Business	500,000	\$2,945.00

This comparison highlights how Usage-Based affects different types of customers depending on their water consumption. The Town Council moved to adopt the Usage-Based allocation method at the August 26, 2025, meeting.

- This surcharge is in addition to normal water and sewer usage charges and is tied specifically to repayment of the judgment.

Next Steps

Additional Information

- If the referendum fails, the Town remains obligated to pay the \$30+ million judgment, with interest continuing to accrue monthly.
- Detailed FAQs and supporting documents are available on the Town of Watertown website: *Watertownct.org*