



TOWN OF WATERTOWN CONNECTICUT

OFFICE OF THE TOWN MANAGER

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Q&A on the Ongoing Litigation Between the Town of Watertown and the City of Waterbury

Q1: What is the general sentiment of Watertown's legal team about the ongoing litigation with Waterbury?

Answer: Contrary to the prevailing discourse that assumes Watertown will lose the appeal, the attorneys representing Watertown believe that the appeal has significant merit. If successful, the judgment of \$18.8 million in favor of Waterbury could be reversed, and both parties would be directed to enter meaningful negotiations for new contracts based on just and equitable rates.

Q2: Is Watertown open to settlement negotiations?

Answer: Yes, Watertown has historically been open to rate negotiations with Waterbury, a practice that has existed for nearly 80 years. Even after the termination of the 2018 Water and Sewer Contracts, Watertown has continuously signaled its readiness to resume negotiations.

Q3: How have previous mediation sessions between Watertown and Waterbury gone?

Answer: Two mediations have been held. In the first session in April 2019, Waterbury was not open to negotiation and instead demanded full payment and rate increases. During the second session in December 2022, some progress appeared to be made, but scheduling conflicts prevented further sessions, leading to the scheduling of a trial.

Q4: If Watertown loses the appeal, who will bear the financial responsibility?

Answer: The entire amount of any judgment will fall upon the ratepayers, as the case revolves solely around water and sewer rates payable to Waterbury. Town-owned buildings may incur increased rates, but the General Fund will not be impacted.

Q5: Will legal and expert fees impact the General Fund?

Answer: No, all legal and expert fees have been billed to the Water and Sewer Authority, contrary to suggestions that these costs would impact the General Fund.

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Q6: Will homeowners receive lump-sum bills if Watertown loses the appeal?

Answer: No, that is incorrect. While a rate increase would likely occur, payments for back amounts owed might be spread over a longer period through borrowing. All amounts would come from the Water and Sewer Authority, not individual homeowners.

Q7: What funds are available in the Water and Sewer Authority?

Answer: Currently, there is approximately \$8 million in capital and extension funds. These funds cannot be fully disbursed immediately for settlement due to the need to maintain reserves for unexpected expenses.

Q8: Is the Water and Sewer Authority planning for potential rate increases?

Answer: Yes, they are actively considering an appropriate rate increase and are studying the potential effects of an adverse decision, as well as the long-term needs of the water and sewer system, with the help of a rate consultant.

Q9: Have the Town Council and Water and Sewer Authority been kept informed about the progress of this litigation?

Answer: Both boards have been well-informed throughout the litigation process. Major decisions regarding the matter have been thoroughly vetted and received unanimous support, ensuring that all steps are taken with appropriate oversight.

Q10: Have the Town Auditors been notified of the pending litigation?

Answer: Yes, the Town Auditors have been notified of the ongoing litigation. This information is documented on Page 70 under the "Contingent Liabilities" section of the Town's Annual Comprehensive Financial Report.

For further inquiries, please contact Townmanager@watertownct.org. This Q&A aims to provide a transparent and comprehensive overview of the ongoing litigation and its potential implications for Watertown residents.