

# FUNDING NEWPORT'S UTILITIES

## Now and for the Future

Aligning Costs with Service, Fairness, and System Reliability

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**Public Workshop**

April 1, 2026



**Jacobs**



# AGENDA

1. What We Heard
2. The Problem
3. How Costs are Aligned
4. What it Means For Your Bill
5. Protections and Considerations
6. Open Discussion

# WELCOME



# TONIGHT'S GOALS

## **What is changing**

- › How we pay for wastewater and stormwater costs
- › Updated rate structure for wastewater and a stormwater charge

## **Why are these changes are being considered**

- › We need to align wastewater and stormwater costs with the drivers of those costs

## **What is means for your bill**

- › Review typical bill impacts

# What We Heard



# What We Heard

## Understanding of Current Water/Sewer Billing

**50%** somewhat understand

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**30%** very well

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**15%** not at all

- **Flooding**
- **Fairness**
- **Affordability**

## Importance of Managing Everyday Issues Related to Flooding & Drainage

**75%** rate flooding and drainage as very or most important

# The Problem



# What's in Your Bill

- Today, you are charged for wastewater and stormwater in a single line item on your bill
- Part of the rate structure is a flat fee based on water meter size and part is based on metered water consumption
- Most of customers' bills change with water use
- The water service charge is separate and is not part of this discussion

# Core Problem

- Cost recovery mis-match
  - › Stormwater is funded through water use, water use does not reflect runoff
  - › Stormwater system impact is independent of water use
- Seasonal inequity
  - › Stormwater management is required year round
  - › Wastewater system availability and capacity is required year round
- Need for stable funding source under the City's Municipal Separate Storm Sewer System (MS4) permit

# Scope and Intended Outcomes

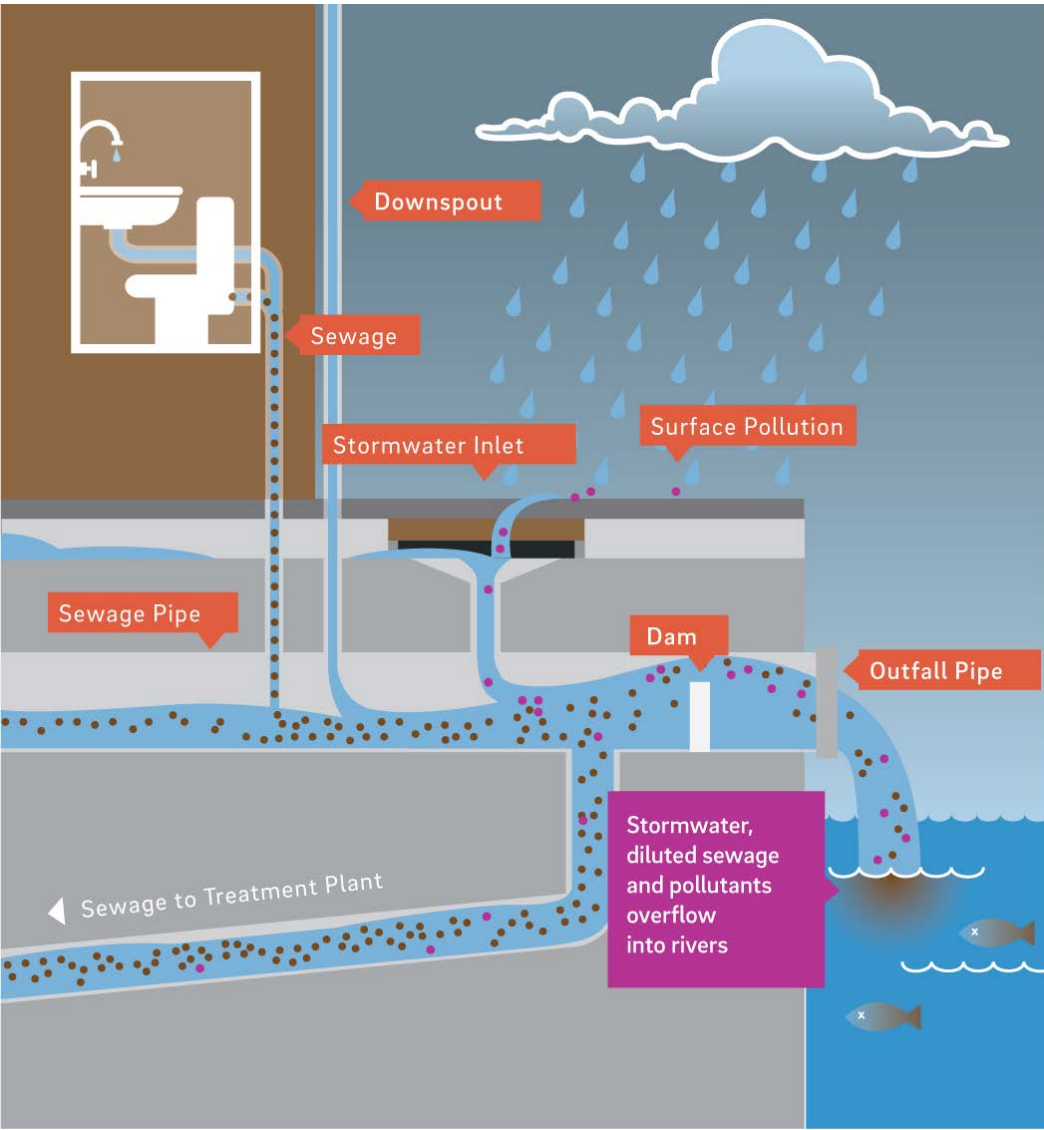
Intended Outcomes	Outside of Scope
<ul style="list-style-type: none"><li>• Align cost recovery with cost causation</li><li>• Improved funding reliability</li><li>• Dedicated funding for stormwater regulatory compliance</li></ul>	<ul style="list-style-type: none"><li>• No changes to the City's stormwater program</li><li>• No changes to City's stormwater management responsibilities</li><li>• No changes to growth capacity</li></ul>

**Decisions will not be made final without public input and Council action**

# How We Align Costs



# Wastewater and Stormwater History



- Newport once had one set of pipes that carried both sewage and rainwater
- These systems are now separated
- Funding and the funding structure has not kept up with these changes

# Wastewater Rate Structure

- Wastewater fixed charge scaled by meter size – all customers pay a flat charge to be connected to the wastewater system (i.e., readiness to serve)
  - › The City has and continues to incur costs associated with the continuous availability of wastewater service – this cost should be reflected in the wastewater rate structure
- Wastewater volumetric charge based on metered water usage – customers who place a higher demand on the system pay more
- This rate structure recovers 25% of retail wastewater revenue from fixed charges, with the anticipation of increasing that amount over time

# Stormwater Future Funding

- Funding stormwater through wastewater rates is not sustainable and **does not accurately reflect the demand for service** that properties place on the stormwater system
- Currently, properties with similar development characteristics may contribute different amounts for stormwater
- A dedicated stormwater fee corrects for these inequities

# STORMWATER CYCLE

## 1 PROPERTY RUNOFF FROM IMPERVIOUS SURFACES

RUNOFF PICKS UP:

- PET WASTE
- FERTILIZERS
- MOTOR OIL
- DETERGENTS
- CHEMICALS
- LITTER

ROOF  
RUNOFF

GUTTER  
RUNOFF

EVAPORATION

## 2 RUNOFF COLLECTION

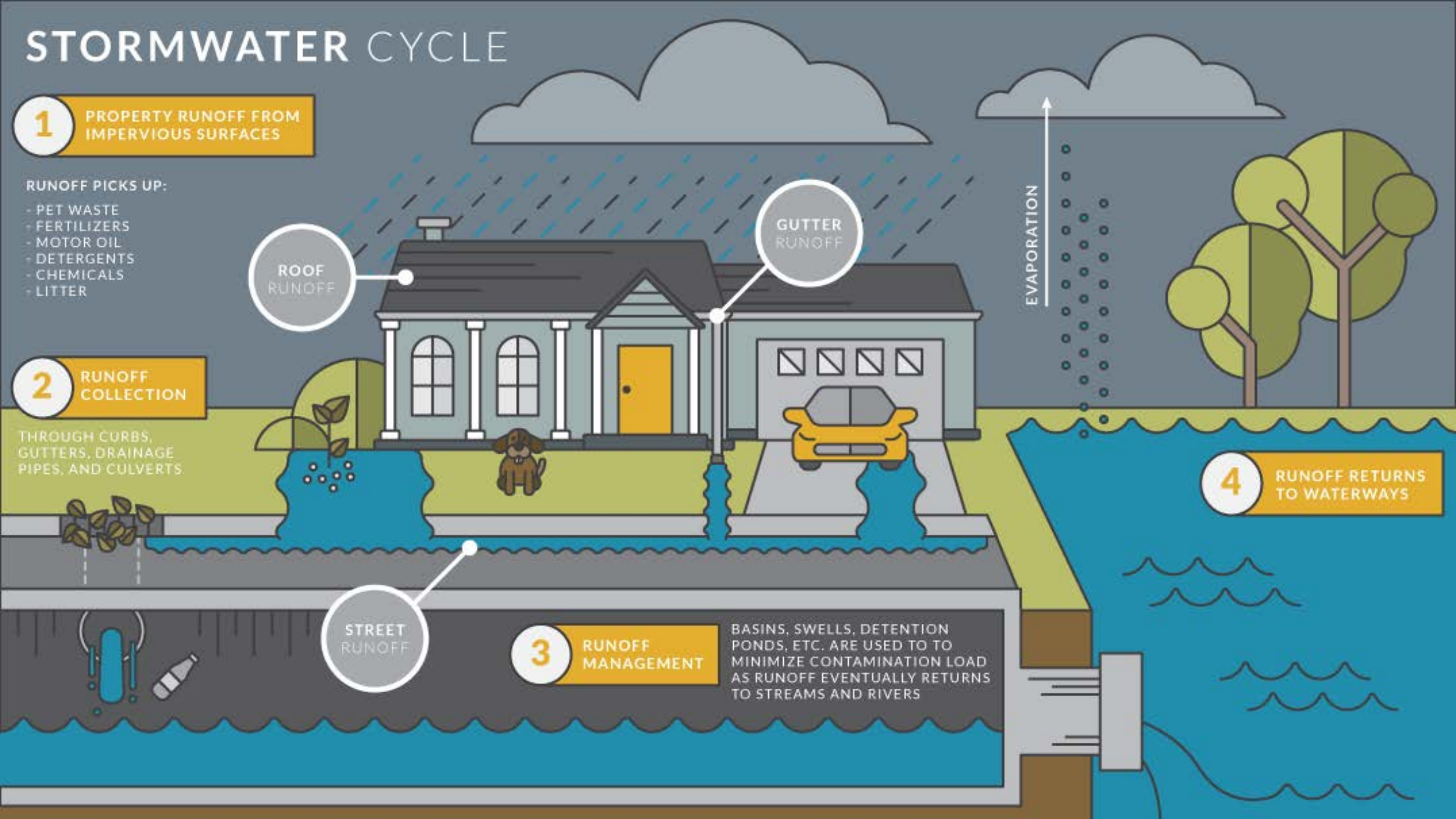
THROUGH CURBS,  
GUTTERS, DRAINAGE  
PIPES, AND CULVERTS

STREET  
RUNOFF

## 3 RUNOFF MANAGEMENT

BASINS, SWELLS, DETENTION POND, ETC. ARE USED TO TO MINIMIZE CONTAMINATION LOAD AS RUNOFF EVENTUALLY RETURNS TO STREAMS AND RIVERS

## 4 RUNOFF RETURNS TO WATERWAYS



# Funding Methods & Equity Consideration

	Tied to Runoff	Equitable for Seasonal Properties	Tax Exempt Properties
Wastewater Fee			✓
Tax Funding		✓	
Stormwater Fee	✓	✓	✓

# BASIS FOR FEES



ROOF  
RUNOFF

WALKWAY  
RUNOFF

DRIVEWAY  
RUNOFF

# Stormwater Rate Structure

- Equivalent Residential Unit (ERU) - Unit of Charge for stormwater
  - › The amount of impervious surface area for a typical residential property
  - › For Newport this value is: 2,400 sq. ft. of impervious surface area

# Stormwater Rate Structure

- Residential

Tier	Impervious Area Ranges (sq. ft.)	Number of ERUs
Tier 1	400-1,500	0.5
Tier 2	1,500-4,200	1.0
Tier 3	4,200-7,555	2.5
Over Cap	Greater than 7,555	Per ERU

- Non-Residential

- › Charged in per ERU increments based on measured impervious area

# Residential Example

- Single Family Residential Property
  - › 2,392 sq. ft. of IA
  - › Falls within the Tier 2 range
  - › Would be charged 1 ERU

Tier	Impervious Area Ranges (sq. ft.)	Number of ERUs
Tier 1	400-1,500	0.5
Tier 2	1,500-4,200	1.0
Tier 3	4,200-7,555	2.5
Over Cap	Greater than 7,555	Per ERU



# Non-Residential Example

- Non-Residential Property
  - › 208,519 sq. ft. of impervious area
  - › Charged in ERU increments
  - ›  $208,519 / 2,400 = 87$  ERUs
  - › Would be charged 87 ERUs



# Monthly Rates

SEWER				MONTHLY RATES	
				Current	Proposed
<u>Meter Size</u>					
5/8"				\$28.15	\$27.31
3/4"				\$28.15	\$27.31
1"				\$38.86	\$45.51
1 1/2"				\$73.32	\$91.02
2"				\$107.48	\$145.63
3"				\$260.13	\$273.06
4"				\$432.72	\$455.10
5"				\$656.63	\$682.65
6"				\$914.26	\$910.20
8"				\$0.00	\$1,456.32
10"				\$894.44	\$2,093.46
<u>Volumetric Rate (\$/kgal)</u>				\$25.97	\$18.65
STORMWATER				Current	Proposed
<u>Residential Tier</u>	<u>ERU</u>	<u>Min</u>	<u>Max</u>		
	<u>Equivalent</u>	<u>Impervious</u>	<u>Impervious</u>		
		<u>Area SQFT</u>	<u>Area SQFT</u>		
1	0.5	400	<1,500	N/A	\$7.31
2	1	1,500	<4,200	N/A	\$14.62
3	2.5	4,200	<7,555	N/A	\$36.55
Cap*	per ERU	7,555	N/A	N/A	\$14.62
<u>Non-Residential</u>					
Per ERU *		400	N/A	N/A	\$14.62

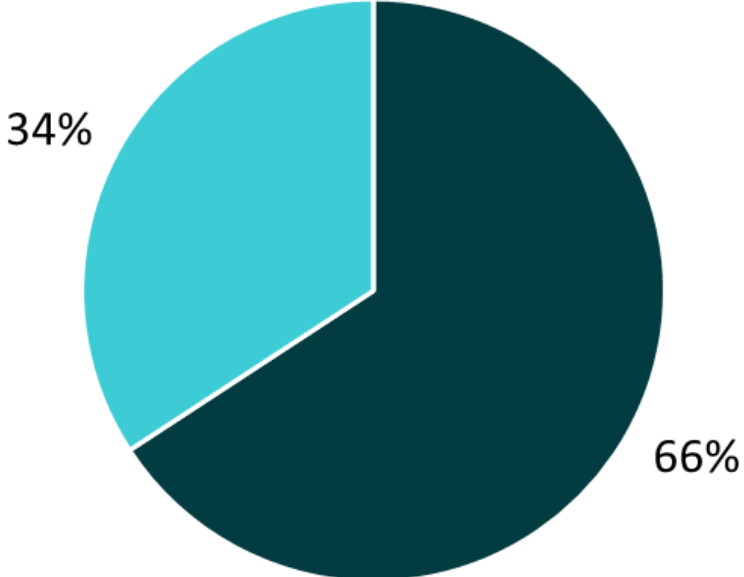
\*1 ERU = 2,400 SQFT

# What it Means for Your Bill



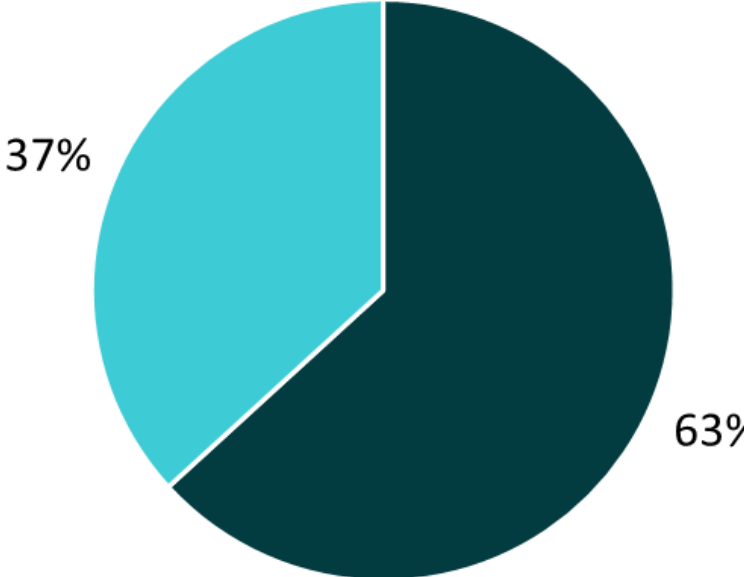
# Distribution of Revenue - Current and Fixed Rate

Current Rates



■ Residential ■ Non-Residential

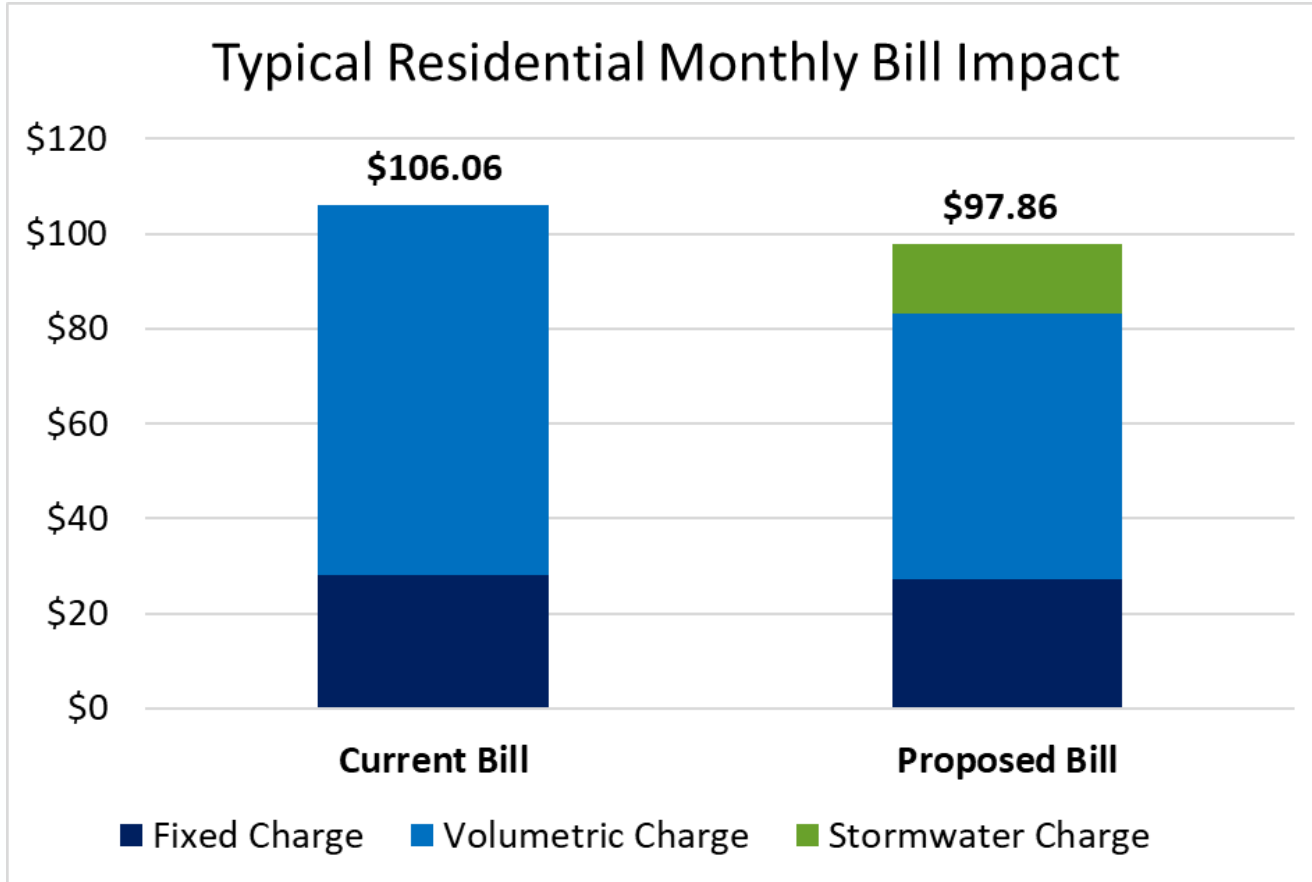
Proposed Rates



■ Residential ■ Non-Residential

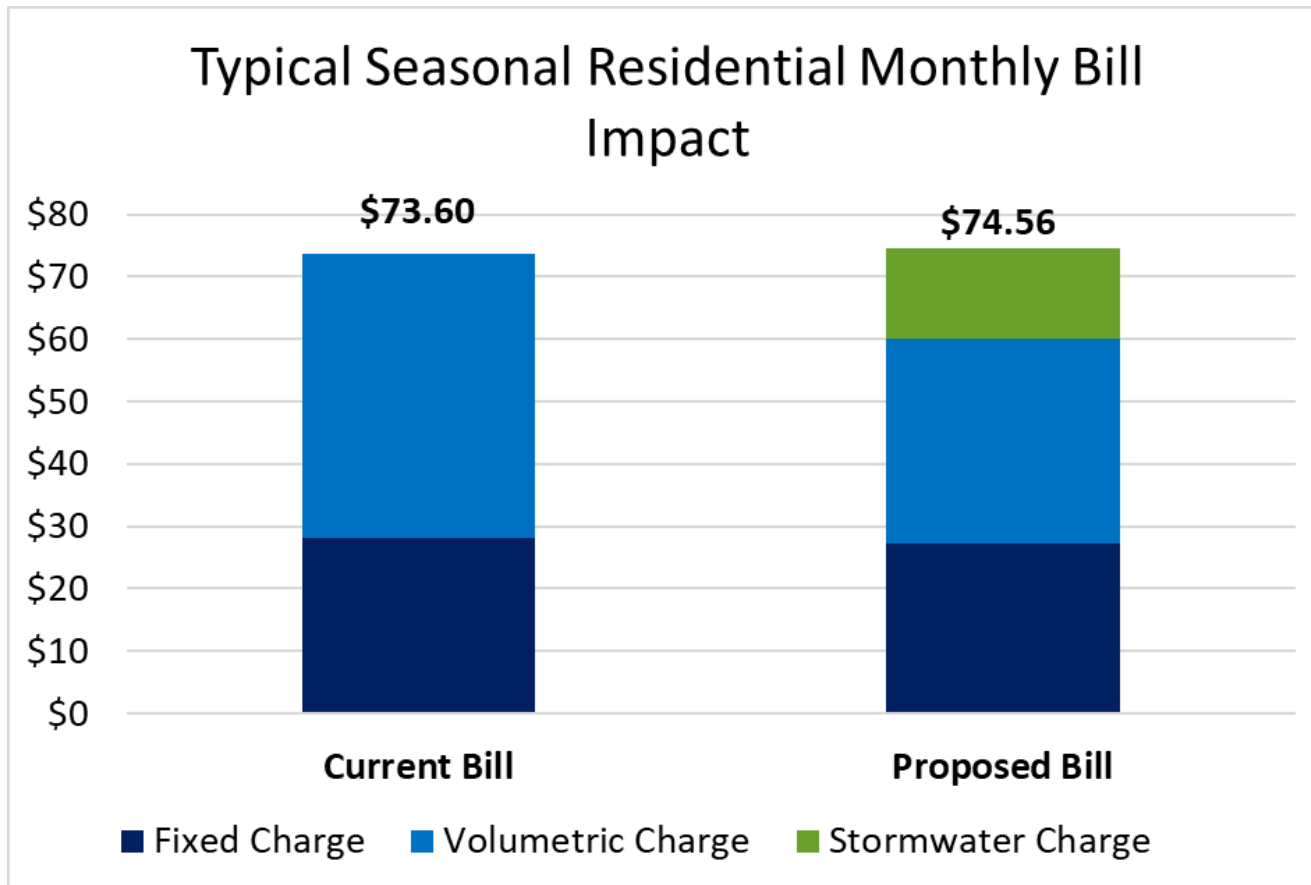
# Typical Residential Monthly Bill Impact

- 5/8" meter size, 3 Kgals monthly usage, 1 Stormwater ERU



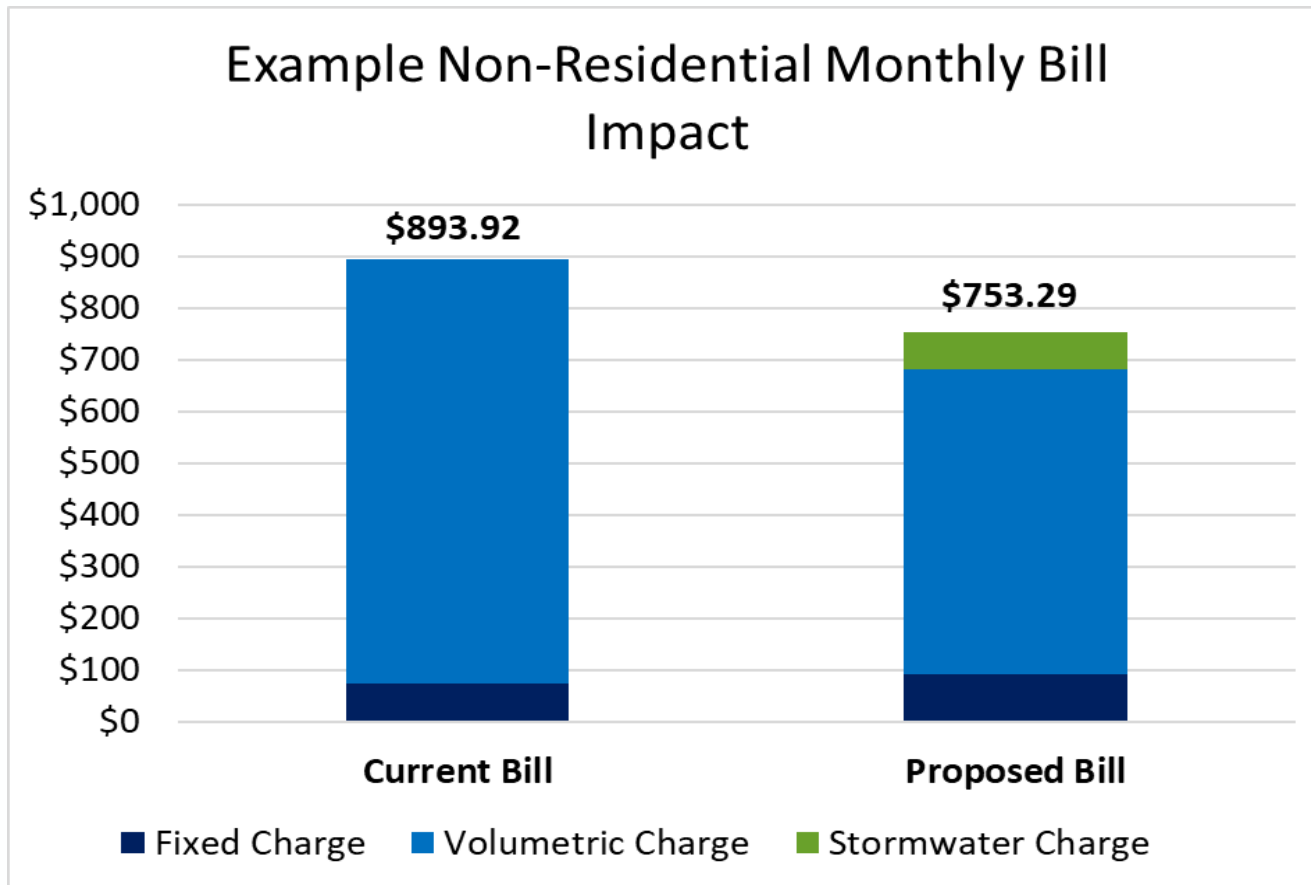
# Typical Seasonal Residential Monthly Bill Impact

- 5/8" meter size, near-zero winter and high summer use, 1 Stormwater ERU
- Monthly bills are annualized yearly bill



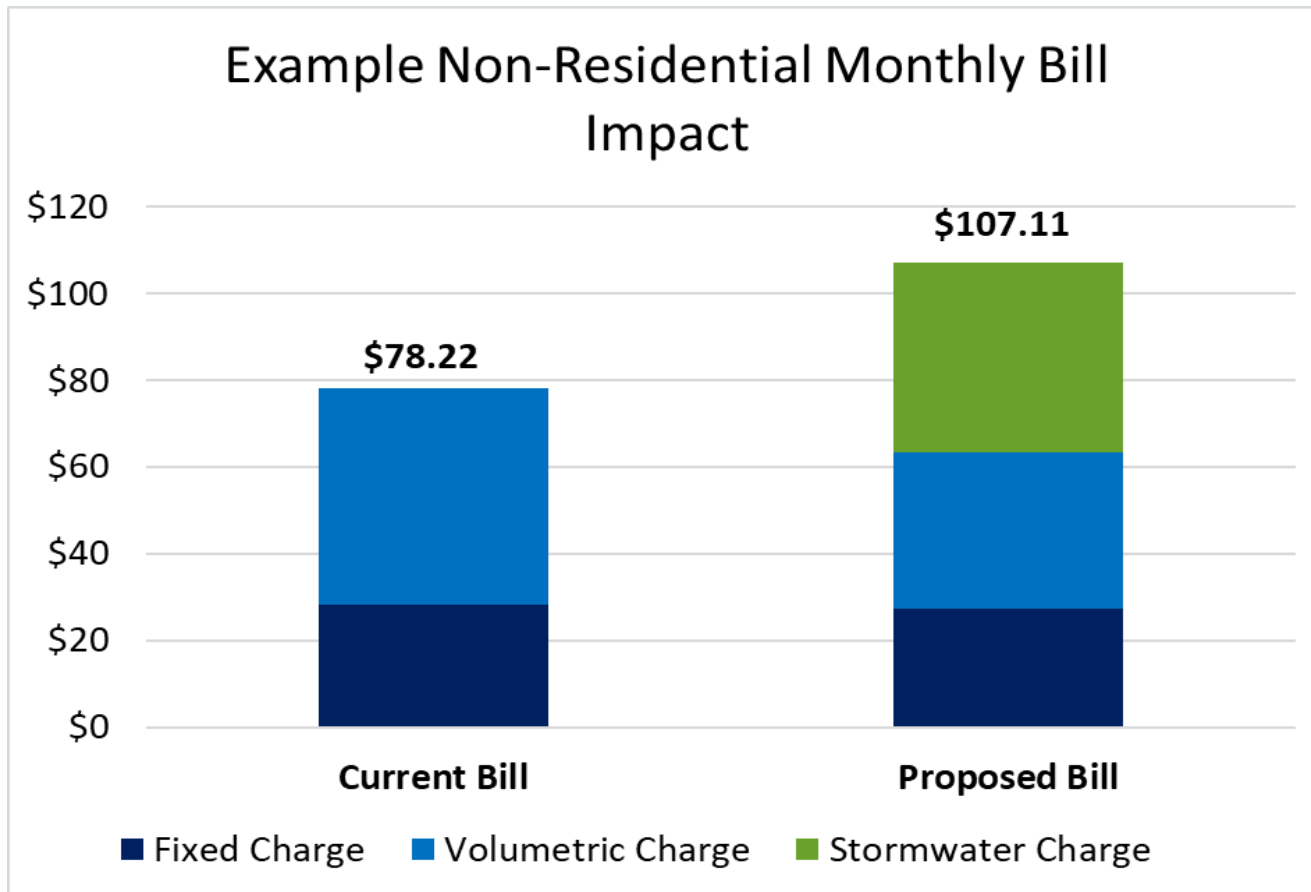
# Example Non-Residential Monthly Bill Impact

- 1 1/2" meter size, 32 Kgals monthly usage, 5 Stormwater ERUs



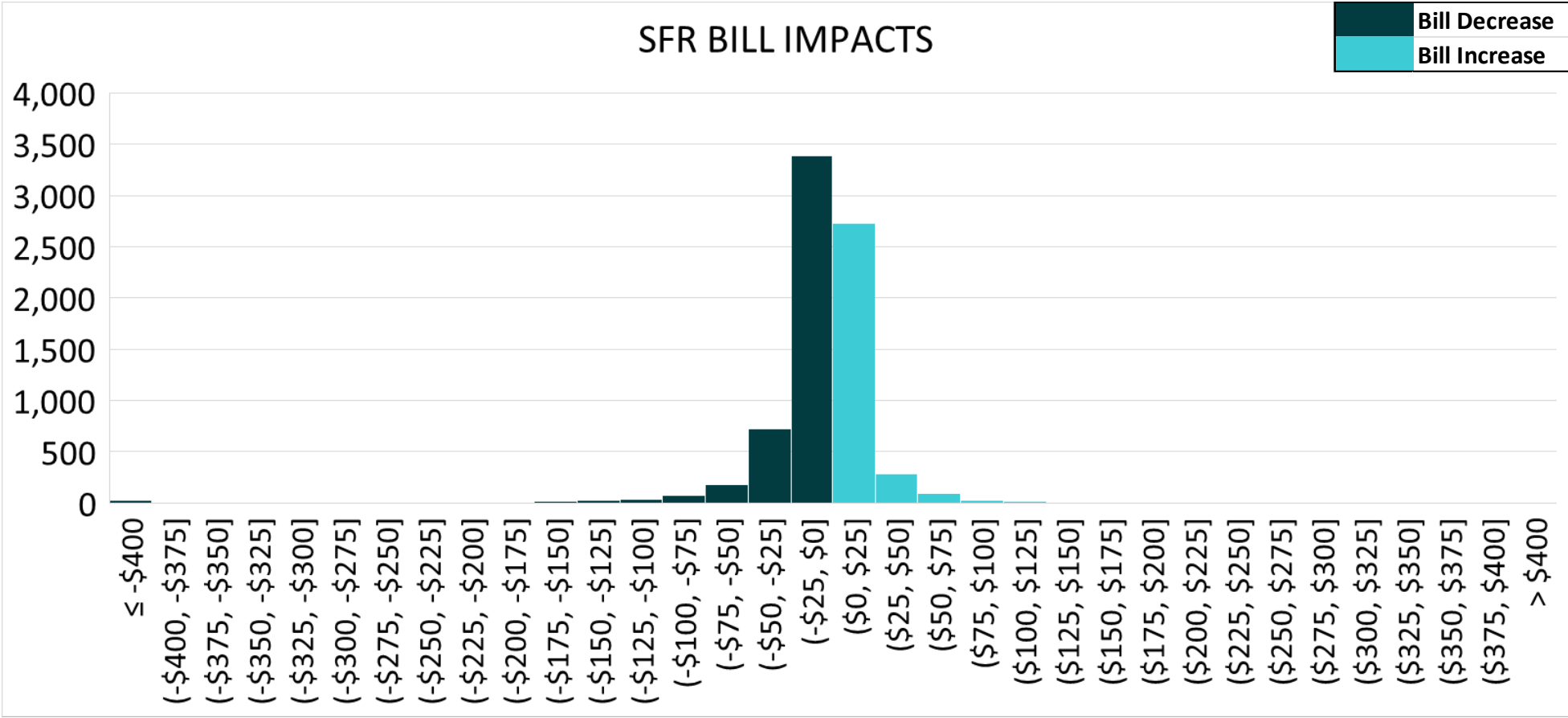
# Example Non-Residential Monthly Bill Impact

- 5/8" meter size, 2 Kgals monthly usage, 3 Stormwater ERUs



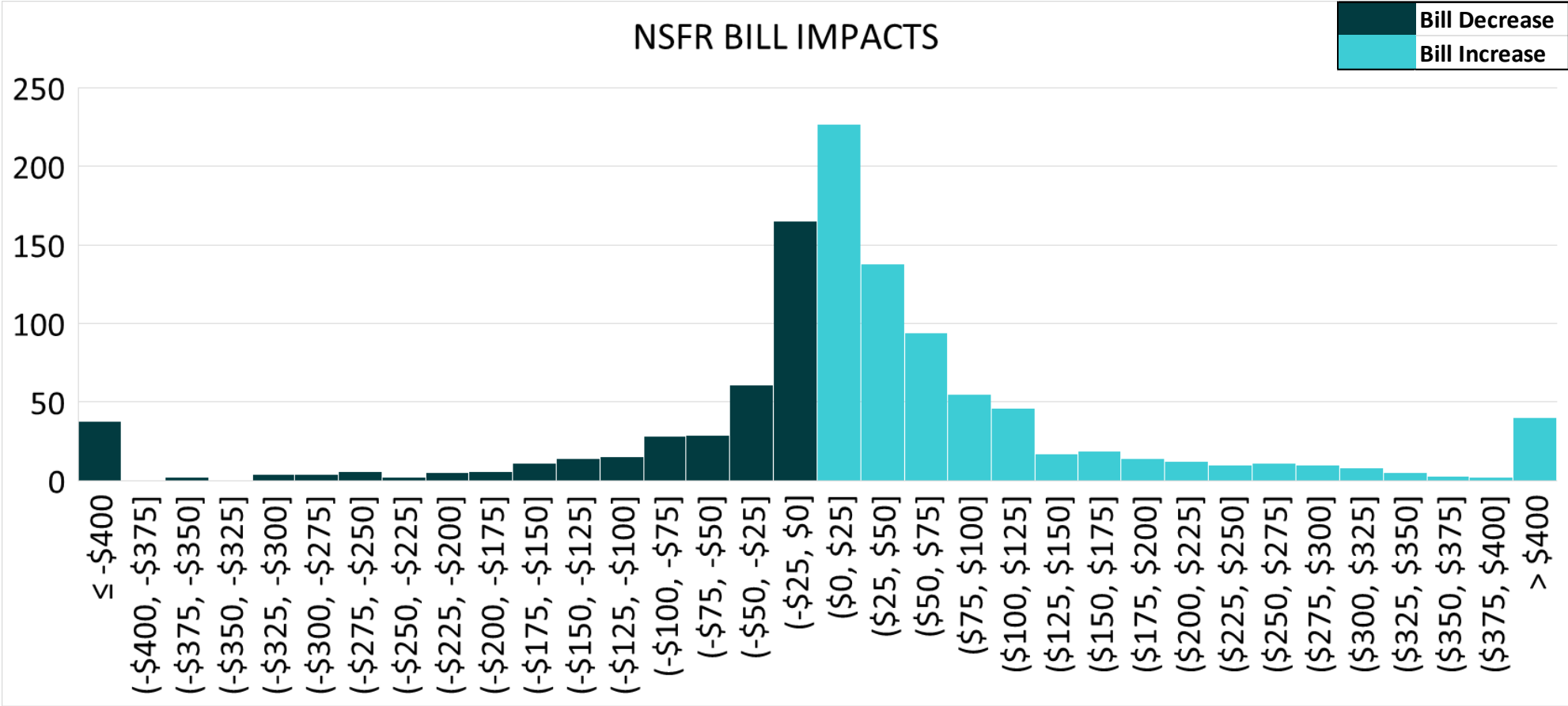
# Residential Monthly Bill Impacts

- Most common impact is -\$25 to \$0 per month



# Non-Residential Monthly Bill Impacts

- Most common impact is \$0 to \$25 per month



# Protections and Considerations



# Protections and Considerations

- Implementation Considerations
  - › Phasing in of rate structure and charges
  - › Credits opportunities for on-site management of stormwater
- Approval Process
  - › Ongoing review and stakeholder engagement
  - › Council oversight and approval

# Summary



# Why Alignment is Important

- Alignment between the costs and drivers for those costs
- Improved funding stability
- Improved fairness

# Next Steps



# Opportunities for Feedback

- Public feedback on this study is important
- Open Discussion— **we'd love to hear what you think!**
- How to provide feedback after today:
  - › Email [ratestudy@newportri.gov](mailto:ratestudy@newportri.gov)
  - › Take our **survey** today or after the meeting
  - › Visit project website – coming soon!

*Scan QR code to access survey:*





# Next Steps



Gather feedback from the public



Incorporate public input into the study



Obtain guidance from Council

# Thank you!

Questions and Comments: [ratestudy@newportri.gov](mailto:ratestudy@newportri.gov)



Jacobs