



DEPARTMENT OF
UTILITIES
NEWPORT, RHODE ISLAND



Stormwater Utility

How Newport pays for sewer and stormwater

Tonight's decision

Decide whether to move the stormwater fee rules forward for review.



- 1 Council decides how to share stormwater costs.
- 2 The system needs more money under any choice.

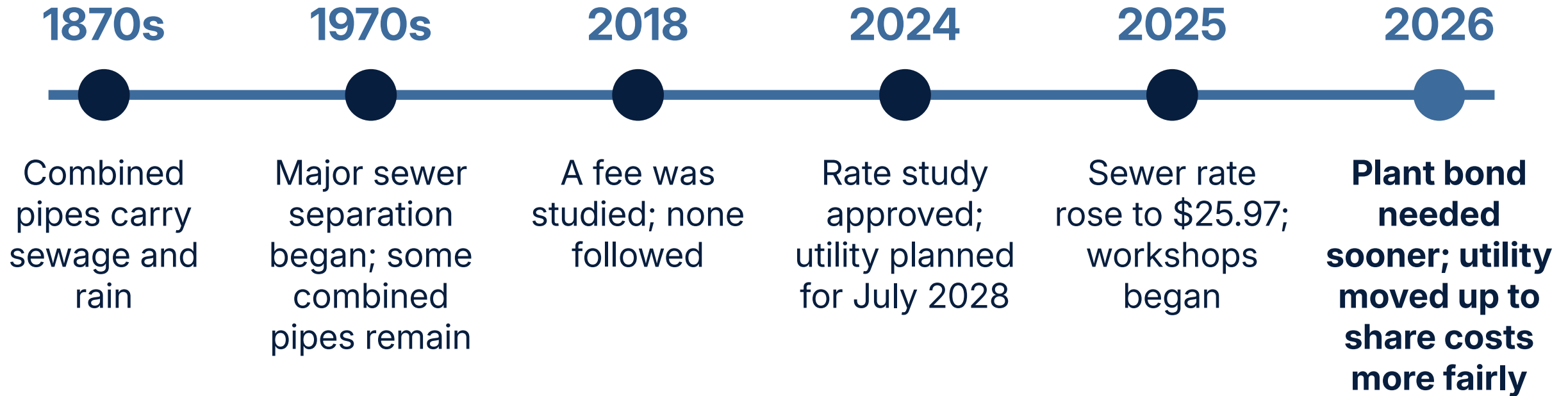
What stormwater is and what the work pays for

Stormwater is rain that runs off roofs, roads and driveways into City drains.

Keep drains clear	Repair old pipes, drains and pumps	Protect local waters
Catch basins, pipes and pump stations	Replace worn parts before they fail	Treatment, best management practices, street sweeping, inspections and monitoring

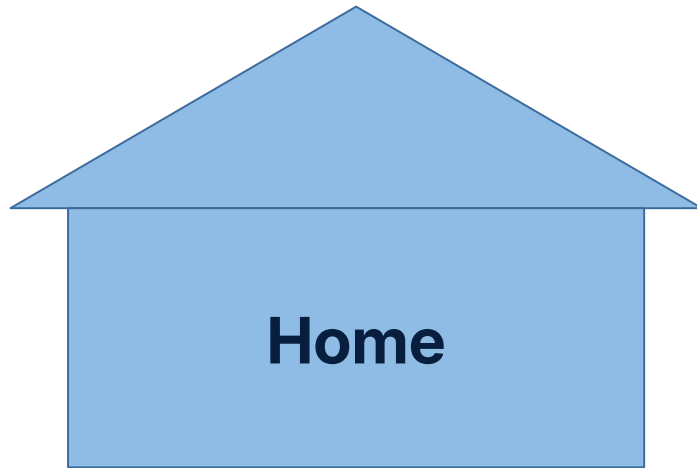
This work includes state stormwater permit requirements.

How we got here

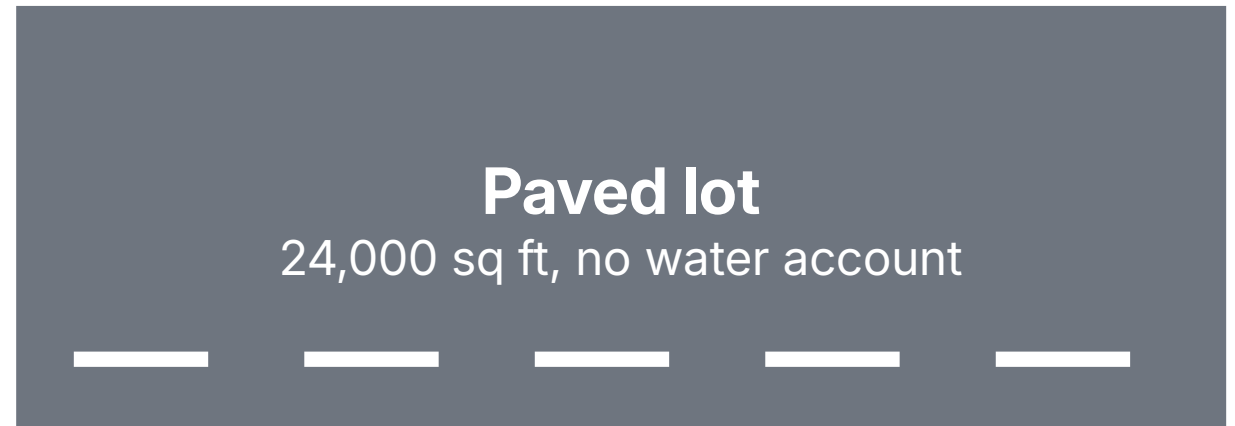


Because the pipes started combined, sewer bills came to pay for drainage too.

Who pays for drains today



Pays for drains today,
inside the sewer bill



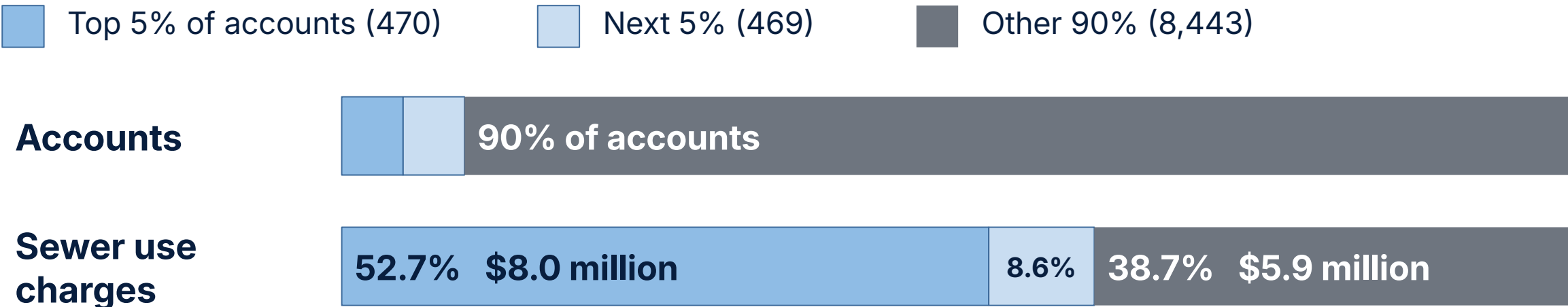
Pays \$0 today (assumed)

With a rain charge, the lot would pay about **\$150 a month** for its 10 billing units.

The initial review found about 1,000 potential stormwater only properties.
Account verification is underway.

A few large accounts pay most sewer use charges

FY2026 bills. Some properties with large roofs or pavement pay very little, if anything. Everyone benefits from the City's stormwater system.



The top 5% include **businesses, institutions and housing complexes.**

When water use falls, revenue falls, but system costs remain.

Billed, not collected. A large bill is not overpayment.

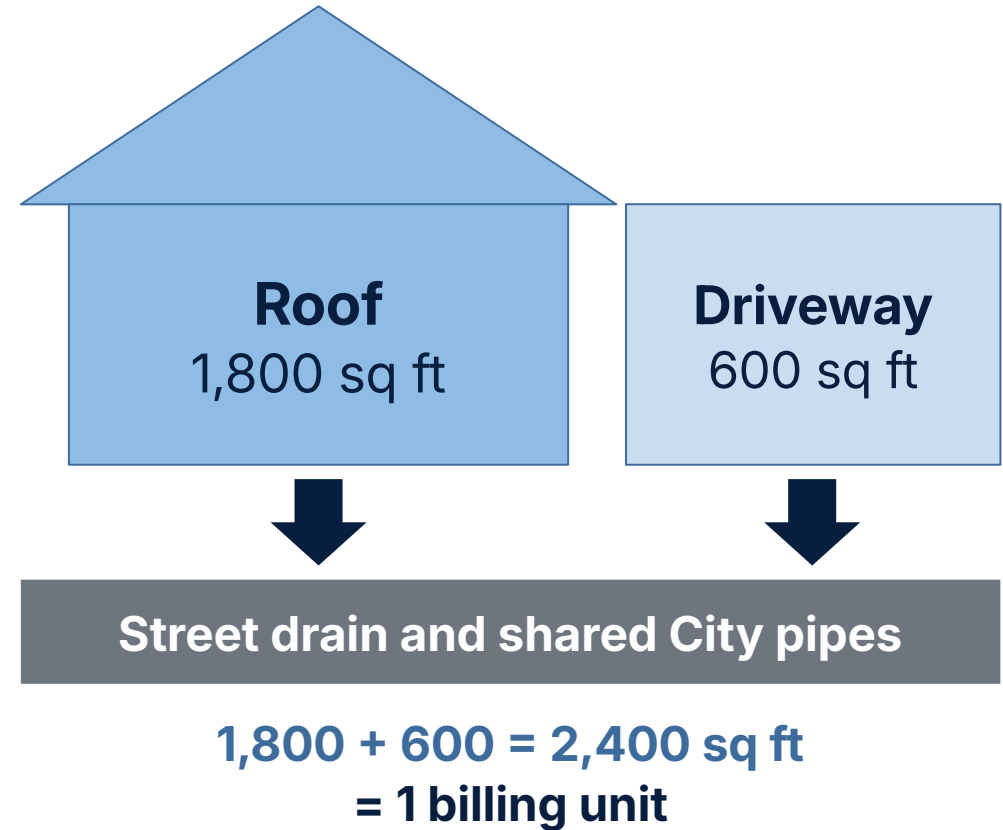
Roofs and pavement help determine each property's share

Rain runs off roofs and pavement.

Each unit pays a share of the whole City system.
Roof and pavement area is common practice: not perfect, but closer to runoff than water use.

Approved work that cuts runoff can earn a lower charge, called a credit.

Homes use billing tiers: 0.5, 1 or 2.2 units.



Why some home bills rise and others fall

Earlier example. These are NOT next year's proposed bills.

Less roof and pavement

1,000 gal a month

Today	\$54.12
With fee	\$54.50

\$0.38 more

More roof and pavement

1,000 gal a month

Today	\$54.12
With fee	\$80.00

\$25.88 more

Typical roof and pavement

3,000 gal a month

Today	\$106.06
With fee	\$100.00

\$6.06 less

Typical roof and pavement

5,000 gal a month

Today	\$158.00
With fee	\$138.00

\$20.00 less

Same water use can mean different rain charges.

Monthly sewer and stormwater only. Water is extra.

Proposed customer protections

Proposed draft terms (September 22 draft). The adopted ordinance controls.

Charged twice?	Map wrong?	Lower my fee?
The same area should not get two stormwater charges.	Ask within 30 days of your assessment statement. Decision within 30 days of a complete request. Then appeal within 30 days.	Lower charges for approved work that cuts runoff (credits).
Can't afford it?	Water shut off?	Where does the money go?
No City water or sewer assistance program today. Council can ask staff to study one.	No. Not for this fee.	Its own account, with a yearly public report.

The August estimates did not start these deadlines.

Two ways to raise the money for FY2028

Both examples target about \$28.4 million a year, July 2027 to June 2028.

Current structure in FY2028

Use charge \$17.2M

CSO
\$4.3M

Partners and
other funds
\$6.9M

With the stormwater fee

Use charge \$13.0M

Base
\$4.3M

Rain
\$4.2M

Partners and
other funds
\$6.9M

The rain charge could shift about **\$4.1 to \$4.2 million** from sewer use charges.

A lower use rate does not guarantee a lower bill.

Illustration uses \$4.2M gross billing. Final amounts depend on billing units, credits and collections.

Rates stayed flat while prices rose

— Newport sewer use rate (actual) — Rate if it rose with prices - - - Dashed: projection or planning

Sewer use charge per 1,000 gallons



- 1 Rates stayed flat**
\$19.80 from 2019 to July 2025.
- 2 The rate increased**
Up about 31% in August 2025.
- 3 Repairs still need funding**
Fund operations and repairs.

Funding gaps today become future risk and cost.

Price comparison only. The 2019 rate did not fully fund repairs.

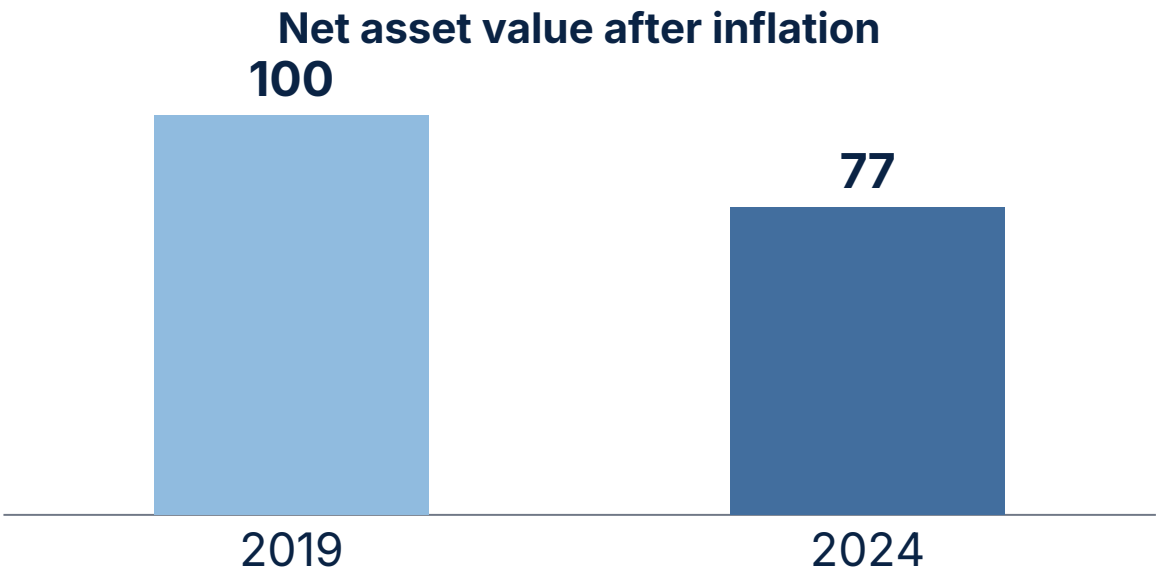
Wastewater assets need steady reinvestment

Raftelis reviewed the City's audited financial reports.

23%

lower net asset value
after inflation

2019 to 2024



Index: 2019 = 100. Based on Raftelis's reported 23% decline.

Major plant investments were made. Ongoing renewal still needs funding.

Physical condition may be worse than financial records suggest.

Source: Raftelis, Utilities Organizational Assessment, April 14, 2026, pages 12 to 15.

Repair and replacement is not optional

Pipes and equipment wear out. Planned work can reduce cost and disruption.

Planned repair	Emergency repair
On a schedule More cost control Fewer service disruptions Work planned around streets	Higher risk Can cost more Service disrupted Backups and street digging

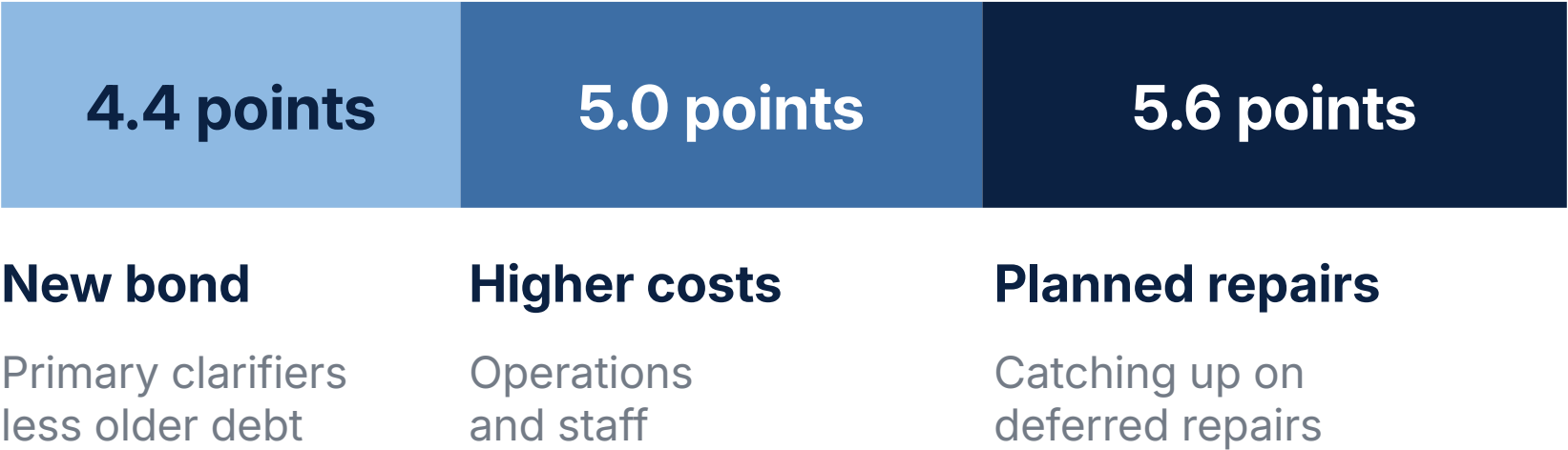
Repair and replacement funding is critical, and it has been short for years.

Why staff recommends at least 15% if we stay as is

Sewer use rate increase under the current billing method, July 2027 to June 2028. Planning estimate.

15%

Staff's minimum
planning increase

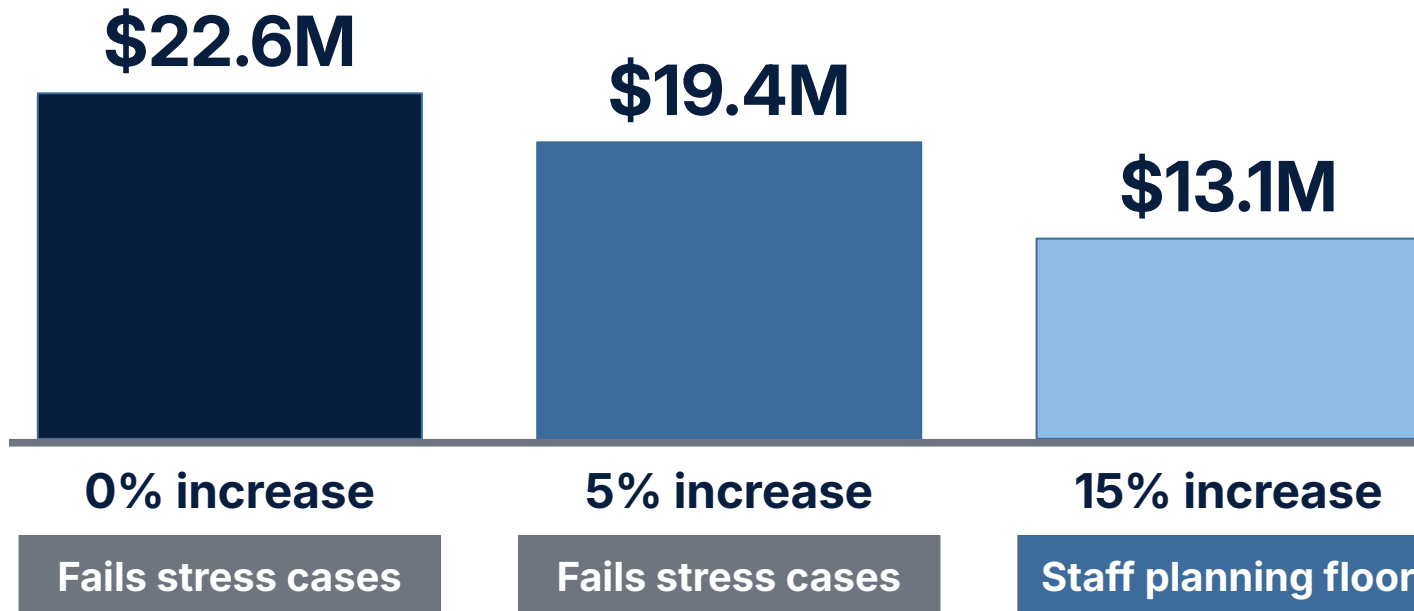


Not a 15% rise in every full bill.

Even at 15%, about **\$13 million** of planned repairs stays unfunded over five years.

0% and 5% fail the tested stress cases

Repairs without funding, July 2026 to June 2031. Each case: FY2028 increase, then 3% a year.



0% and 5% fail the tested stress cases.

6% in FY2028, then 3% a year, is the lowest tested to pass. It passes the tested coverage cases but leaves more planned repairs unfunded.

Even with 15%, about **\$13 million** of planned repairs stays unfunded.

Planning estimates. Opening available cash requires confirmation.

Every choice has a cost

Staff recommends

Move the fee forward

New rules for sharing costs. Setup and yearly work cost money.

Keep the current method

Costs stay in sewer bills. More money is still needed.

Wait on the fee

Current charges stay. Start may move beyond July 2027.

Fund fewer repairs

More work waits. Failure risk and future costs can rise.

Both approaches must fund the system. The fee changes **how costs are shared.**

Waiting does not stop the costs

- 1** Until the fee starts, stormwater costs stay in sewer bills.
- 2** Delay leaves less time to check data, hire staff and test bills.
- 3** Needed repairs still need funding.
- 4** Next year's bond payments and higher operating costs are due either way.

July 2027 is a target, not a promise. The goal: share stormwater costs more broadly across properties.

Missing the next agenda could delay the start. Council timing needs confirmation.

Tonight's request

Staff recommends: move the stormwater utility ordinance to the next Council meeting agenda for review.

Council direction tonight:

- 1 Move it forward, keep the current method, or ask for more work?
- 2 Which customer protections should staff study?
- 3 What should staff bring back, and by when?

No rates, bills or spending are approved tonight.

Questions: ratestudy@newportri.gov | (401) 845-5600 | utilities.newportri.gov



DEPARTMENT OF
UTILITIES
NEWPORT, RHODE ISLAND



Questions

Stormwater Utility workshop

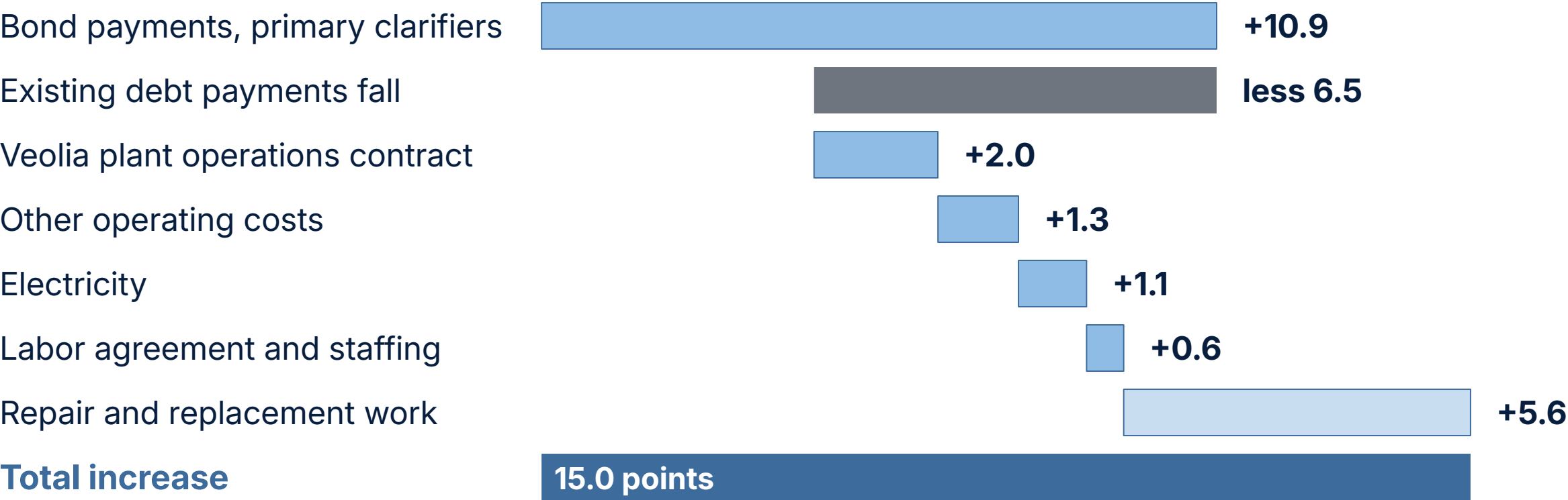
Questions and comments: ratestudy@newportri.gov | (401) 845-5600

utilities.newportri.gov

Rate Study pages, Documents and Recordings

Detail: what makes up the 15%

FY2028, today's structure. Points of increase on the \$25.97 use rate.



The bond coverage test does not measure repair funding

Each case: the FY2028 increase, then 3% a year. Current billing method.

FY2028 increase	Base forecast	Tested stress cases	Lowest coverage	Result
0%	Passes	Falls short	0.70x	Fails stress cases
5%	Passes	Falls short	1.21x	Fails stress cases
6%	Passes	Passes	1.28x	Lowest tested to pass
10%	Passes	Passes	1.37x	Passes
15%	Passes	Passes	1.47x	Staff planning floor

Passing the bond coverage test does not fund all needed repairs. Model planning target: 1.25 times debt payments.
Bond coverage test only. Separate stress cases, FY2028 to FY2043. Cash funded capital projects are not in it; operating repairs and maintenance are.

What the ordinance would and would not do

Would set up

- + How roof and pavement area shares cost
- + Rules for credits, corrections and appeals
- + How the fee is run and reported
- + The base for a later rate decision

Would not

- × Set rates or approve the example bills
- × Start billing
- × Approve setup money or staff
- × Promise a July 2027 start or fund new flood projects

Area shares the cost of the whole drainage system, not one lot's exact cost.

An example of the three bill parts

Earlier example. **Not** next year's proposed bills.

Bill part	Today	Rate study example
Fixed charge	\$28.15 CSO fixed charge	\$28 sewer base
Sewer use	\$25.97 per 1,000 gallons	\$19 per 1,000 gallons
Stormwater	Inside sewer charges	\$15 per rain unit

Typical home, 3,000 gallons and one rain unit:

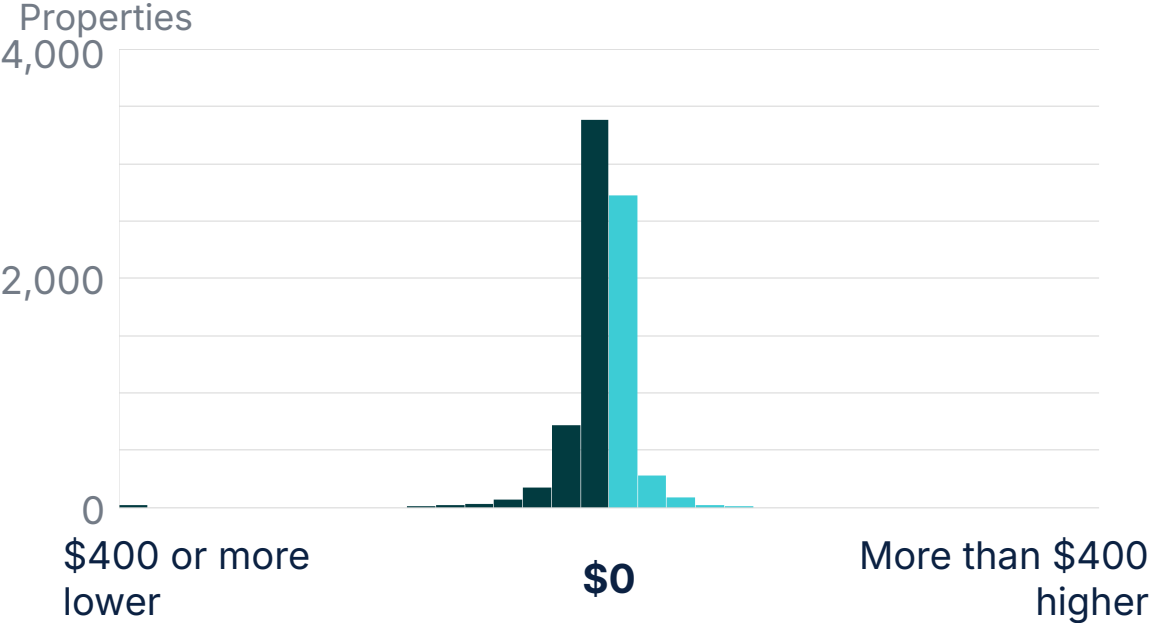
\$28 base + \$57 sewer use + \$15 rain charge = \$100 a month

Monthly, 5/8 inch meter. One rain unit is 2,400 sq ft of roof and pavement.

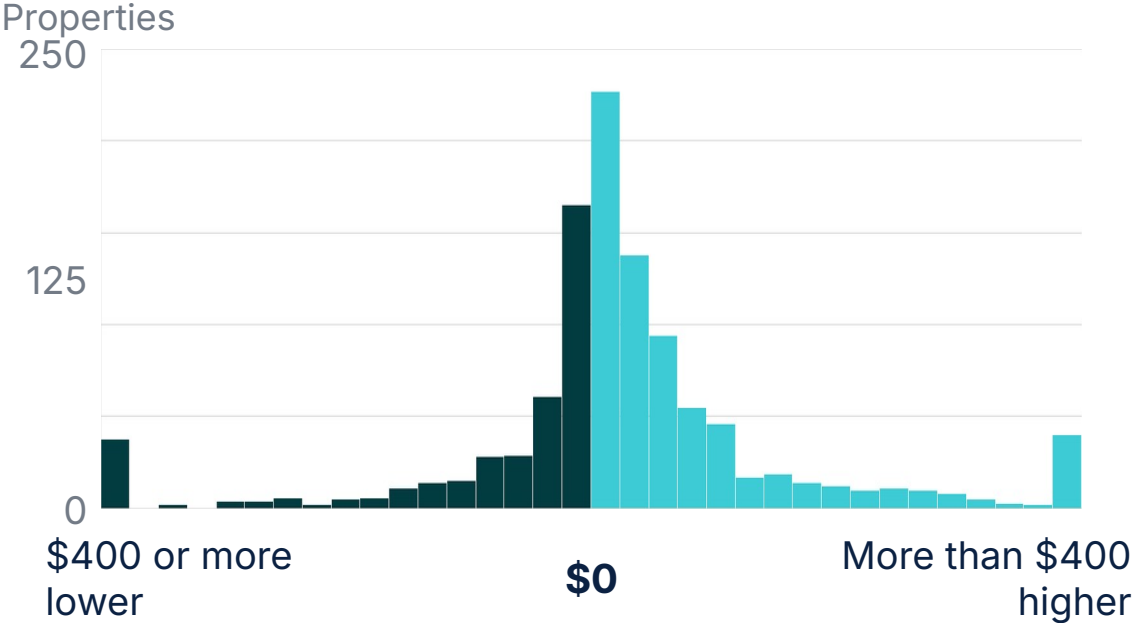
How monthly bills changed in the earlier study

Earlier example. These are not next year's proposed bills.

Homes



Businesses and other properties



Earlier study distribution

Historical preliminary data. Updated account results require verification. Different vertical scales.

Changes were spread over a wider range

Examples for businesses and a paved lot

Earlier study example. Shows how costs could be shared; not the FY2028 forecast.

Example	Today*	With fee	Change
High water use business	\$904.36	\$775.00	\$129.36 less
Low water use business	\$80.09	\$111.00	\$30.91 more
Paved lot, assumed \$0 today	\$0.00	\$150.00	\$150.00 more

High use: 32,000 gal, 5 rain units, 1.5 inch meter. Low use: 2,000 gal, 3 rain units, 5/8 inch.
Lot: 24,000 sq ft, 10 rain units. Assumed current charge: \$0.

*Today: as on September 2025 bills. Monthly sewer and stormwater only.

Steps toward the first bill

July 2027 remains a target

1	2	3	4
Council review	Budget and rates	Customer notices	First bill
Rules and customer protections	Costs and funding	Corrections, credits and appeals	When ready

Rules, data, staffing and billing must be ready before the first bill.

Detail: what the stormwater money pays for

System work	Required programs and costs
Catch basins, pipes, pipe outlets and channels	Required storm drain inspections (state permit)
Pump stations and tide gates	Monitoring, reports and rule enforcement
Street sweeping and water quality controls	Repair and replacement of aging assets
Flood response and storm readiness	Bond payments and money set aside
Share of combined sewer facilities	Fee billing, credits and appeals, if adopted

Older areas have combined sewers, so some work is shared with sewer service. The fee pays for drainage work. Flood projects still need Council funding.

Bills depend on water use and a few large accounts

Water use	Most charges follow water use. Pipes, pumps and the plant cost money even when use falls.
Large accounts	5% of accounts were billed 53% of last year's use charges; the top 10% were billed 61%.
Stormwater	How much water you use does not show how much rain runs off your property.
No account	Some properties with roofs or pavement get no utility bill and pay nothing today.

Three clear charges: sewage used, service available, rainwater runoff.

Who would pay under the draft ordinance

Property	Under the September 22 draft
Homes with 1 to 5 units (draft class, to be confirmed)	Tiered: 0.5, 1 or 2.2 rain units
Larger housing, businesses, condos	Measured, in whole rain units
Private tax exempt property	Pays. Tax exempt status is not a fee exemption
City property	Pays, from the City budget
Federal property	Charges as federal law and funding allow
State property	Exempt under state law (RIGL 45-61-4)
Lots with no water or sewer account	Pay for their hard surface

City departments pay on City property from their budgets.
City and federal estimates are being updated from corrected data.

Customer protections in the draft ordinance

Step	September 22 draft, staff changes marked
Before billing	Owners get an assessment statement
Correction	30 days after the assessment statement to ask; decision within 30 days after a complete request
Appeal	30 days from the decision to appeal to a hearing officer
Credits	Documented benefit; limits per final ordinance and rules
Unpaid fee	No water shutoff for an unpaid stormwater fee
City errors	Refunds up to 3 years back
The money	Dedicated account; post audit report (staff change)
Fee review	Every 5 years; rates set in each annual budget

The draft ordinance does not include an assistance program.
Draft terms with proposed staff changes. The adopted ordinance controls.

Three ways to pay for stormwater

Background only. Property tax funding is not proposed.

Method	Follows runoff	Seasonal homes pay all year	Tax exempt owners pay
Sewer charges (today)	No	Partly	Yes
Property tax	No	Yes	No
Stormwater fee	Yes	Yes	Yes

Property tax: state law generally limits yearly levy growth to 4%, with exceptions. Stormwater would compete with schools and other services within that limit.
Partly: seasonal homes pay the fixed charge. State property is exempt under state law.

Stormwater cost figures shown so far

These figures cover different costs. The FY2028 budget sets the funding plan.

What it measures	Source	Amount
Cost now inside sewer rates	April 2026 workshop	\$6 to 7 million a year
A full stormwater program	April 2026 workshop	\$8 to 10 million a year
What \$15 per rain unit would bill	Rate study example	About \$4.1 to \$4.2M a year
Storm drain cost center	FY2027 budget draft	\$1.6 million
FY2028 use rate change	Model v8.8	Up 15%; down 13% with fee

Earlier estimates: April 16, 2026 budget workshop; rate study Interim Findings.
\$6M to \$7M includes the stormwater share of plant operations; the rest stays in sewer charges.

Sewer base charges by meter size

Meter size	Fixed charge today	Proposed base	Change
5/8 and 3/4 inch	\$28.15	\$28	\$0.15 less
1 inch	\$38.86	\$46	\$7.14 more
1.5 inch	\$73.32	\$92	\$18.68 more
2 inch	\$107.48	\$146	\$38.52 more
3 inch	\$260.13	\$274	\$13.87 more
4 inch	\$432.72	\$456	\$23.28 more
5 inch	\$656.63	\$683	\$26.37 more
6 inch	\$914.26	\$911	\$3.26 less
8 inch	No listed class	\$1,457	New class
10 inch	No listed class	\$2,094	New class

Base charge only. Usage and stormwater are extra. Proposed values are not adopted.
Required combined sewer overflow work must remain funded.

Proposed rain units and home tiers

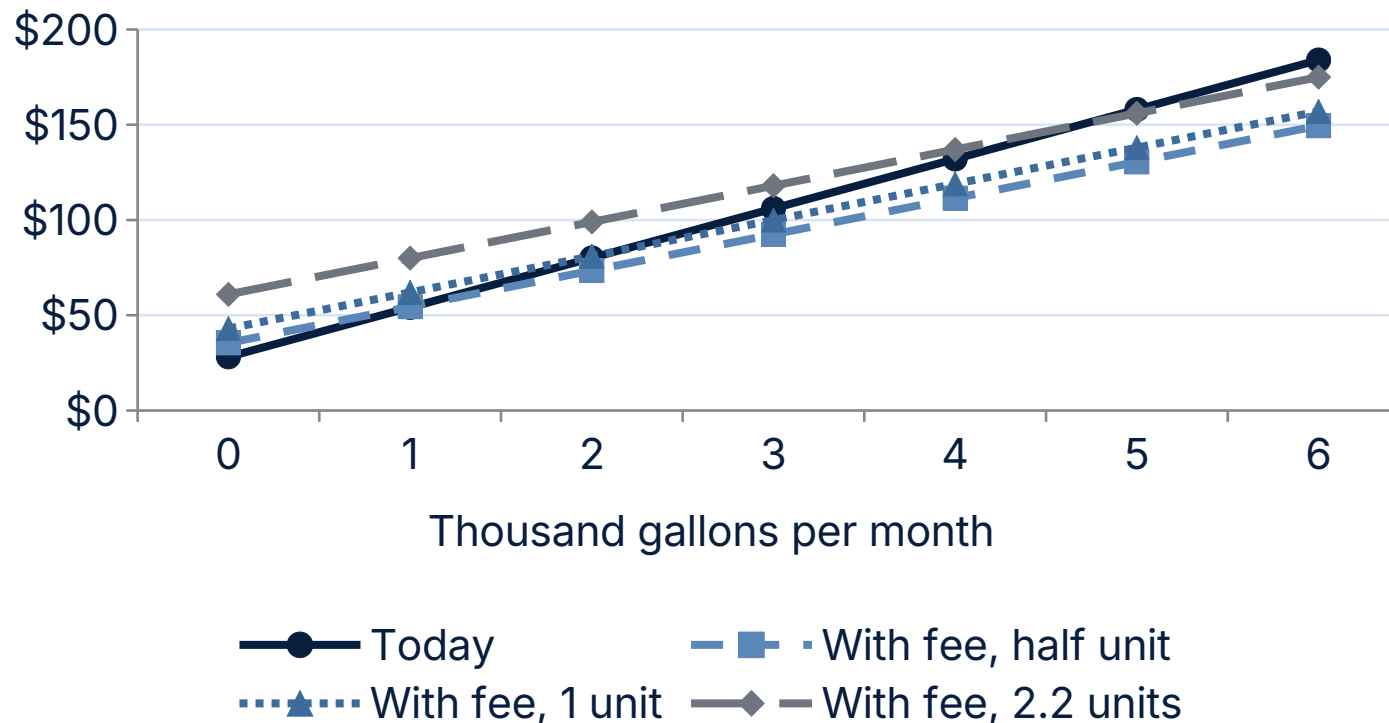
One rain unit (ERU) is 2,400 sq ft of hard surface. Residential class to be confirmed.

Tiered home hard surface	Units	Monthly example
Under 400 sq ft	Policy question	Not shown
400 through 1,500 sq ft	0.5	\$7.50
Over 1,500 through 4,200 sq ft	1.0	\$15.00
Over 4,200 through 7,555 sq ft	2.2	\$33.00
Above 7,555 sq ft	Measured	\$15 per unit

Published measured rule: nearest whole unit, halves round up, minimum 1 unit.
Policy question: at 7,556 sq ft the charge steps from \$33 to \$45.

When the two example bills are equal

Monthly sewer and stormwater example



5/8 inch meter

Half unit: about 1,050 gal
 1 unit: about 2,130 gal
 2.2 units: about 4,710 gal

Above this use, the with fee example is lower. Below it, the example is higher.

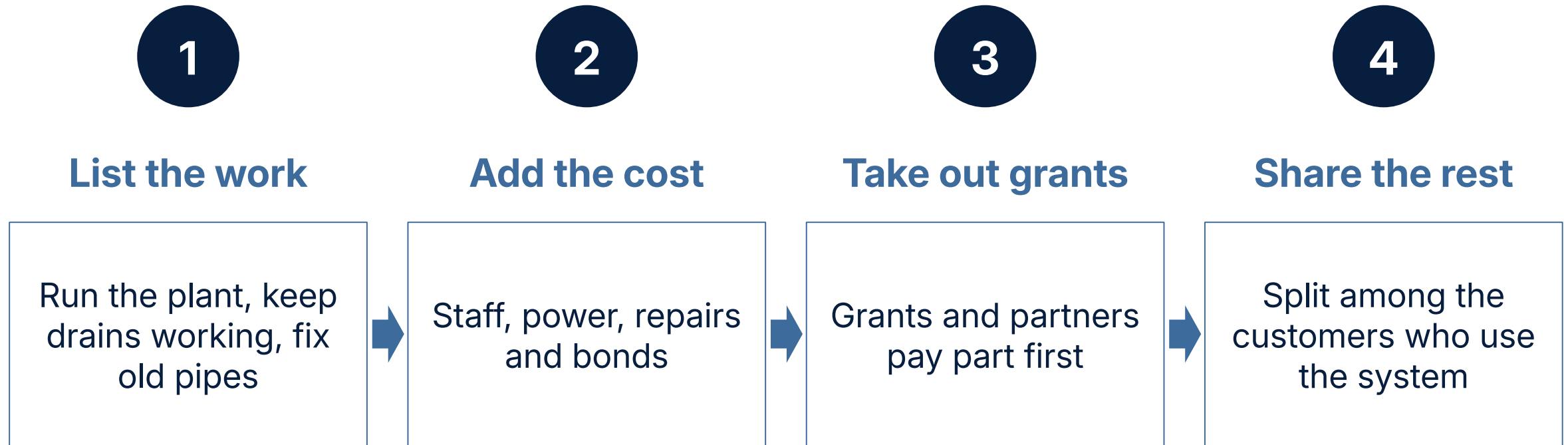
Illustrative, using the published \$19, \$28 and \$15 examples. Council sets next year's rates later.

The budget must count each cost once

Budget decision	Required treatment
Move a rain cost	Remove those dollars from sewer charges.
Share an asset or staff time	Document the split. Count each cost once.
Set the fee	Allow for credits, exemptions and unpaid bills.
Add setup or ongoing work	Show its cost, staffing and funding source.
Compare the options	Use the same year, work and financing assumptions.

A transfer can lower the sewer calculation while the full cost still rises.
Price changes, debt and replacement needs also affect future rates.

How a rate is set



A cost moved to the rain charge comes out of the sewer rate.