Newton's Stormwater Utility Fee

Where the Money Goes, and What Residents Will Pay Through 2029

Built from City of Newton adopted budgets FY2023 through FY2027, Newton Code of Ordinances Chapter 53, and local news reporting. All figures verified.

The Short Version

Newton created a stormwater utility fee in 2021. It is charged monthly on your utility bill based on how much pavement and rooftop your property has, not on what your property is worth. It applies to churches, schools and nonprofits that pay no property tax, and it applies even if your water is shut off.

> **In FY2027, 84.7 percent of the fee goes to city payroll and benefits. Zero percent goes to capital projects. The largest stormwater project in the budget, $1.2 million, is being paid for with TIF bonds instead.**

The city said in 2020 that the fee would cover operations as well as construction, so this is not a bait and switch. It is a question of proportion, and of whether the original promise, freeing Road Use Tax for street work, was kept.

The rate has risen from $4.00 to $6.00 per month and is scheduled by council action to reach $6.75 by July 2029, a 69 percent increase over the original rate.

What the Fee Is

The stormwater utility was established by Ordinance 2386, passed October 19, 2020, with billing beginning January 2021. The charge is based on impervious surface measured from aerial photography. One Equivalent Residential Unit equals 4,000 square feet of impervious area. Every single-family home is charged one ERU regardless of its actual pavement.

The ordinance states the charge is not related to water or sewer service and does not depend on whether anyone occupies the property. The city confirms the fee still applies when water service is turned off.

What Residents Will Pay Through 2029

Two council actions set the current schedule. On September 9, 2024 the council approved 25-cent annual increases for five years beginning July 2025, on 5-1 votes with Randy Ervin the lone no vote across all three readings. On February 16, 2026 the council approved an additional flat $1.00 increase effective July 1, 2026, with the 25-cent annual increases continuing through July 1, 2029.

Effective	ERU rate	Home per year	Commercial / exempt cap	Industrial cap
Jan 2021	$4.00	$48.00	$160.00 /mo	$3,000.00 /mo
Jul 2022	$4.25	$51.00	$170.00 /mo	$3,187.50 /mo
Jul 2023	$4.50	$54.00	$180.00 /mo	$3,375.00 /mo
Jul 2025	$4.75	$57.00	$190.00 /mo	$3,562.50 /mo
Jul 2026 (now)	**$6.00**	**$72.00**	**$240.00 /mo**	**$4,500.00 /mo**
Jul 2027	$6.25	$75.00	$250.00 /mo	$4,687.50 /mo
Jul 2028	$6.50	$78.00	$260.00 /mo	$4,875.00 /mo
Jul 2029	**$6.75**	**$81.00**	**$270.00 /mo**	**$5,062.50 /mo**

A Newton homeowner paid $48 a year when the fee started. They pay $72 now. They will pay $81 in 2029. That is a 69 percent increase on the rate, already approved, requiring no further council vote.

The commercial and exempt caps are calculated from the ordinance: the first 20 ERUs bill at the full rate and everything above that bills at half rate, up to a 60 ERU ceiling, which works out to 40 effective ERUs. Public Works Director Joe Grife confirmed this figure to council in June 2024 when he stated the maximum commercial or exempt bill at the then-current $4.50 rate was $180 per month. Industrial property bills at the full rate up to a 750 ERU ceiling.

Where the Money Actually Goes

FY2027: 84.7 percent is payroll, 0 percent is capital

Category	FY2027	Share
Personnel (salaries, insurance, IPERS, FICA)	573,959	84.7%
Operating (supplies, contracts, vehicles)	96,000	14.2%
Transfer out to General Fund	8,069	1.2%
Capital projects	**0**	**0.0%**
TOTAL	**678,028**	**100.0%**

Every named stormwater construction line in the fund is budgeted at zero for FY2027: W 4th St S Reconstruction, S 8th Ave E Sump Line, 1st Ave E & E 12th St N Detention, E 8th St N Storm Sewer, and Other Capital Equipment. Not one dollar.

Five years of spending

Category	FY2023	FY2024	FY2025	FY2026	FY2027
Personnel	345,186	366,289	486,231	505,344	573,959
Operating	130,750	111,750	81,750	76,200	96,000
Capital	350,000	30,000	0	140,000	0
Transfers out	0	17,739	9,799	10,542	8,069
TOTAL	**825,936**	**525,778**	**577,780**	**732,086**	**678,028**

Across the five budget years, $3,339,608 in total spending broke down as personnel $2,277,009 (68.2 percent), capital $520,000 (15.6 percent), operating $496,450 (14.9 percent) and transfers out $46,149 (1.4 percent). Capital was zero in two of the five years.

Payroll is growing more than twice as fast as the fee

	FY2023	FY2027	Change
Fee revenue	520,000	665,000	+27.9%
Personnel cost	345,186	573,959	**+66.3%**

Personnel is growing 2.38 times faster than the fee that funds it. Operating costs went down over the same period. The gap is payroll.

The Biggest Project Is Not Being Paid For By the Fee

The largest stormwater project in the FY2027 budget is Phase 2 of the 1st Ave. E. and E. 12th St. Stormwater Improvements Project, at $1,200,000.

> **That $1.2 million project appears in the budget under 2027 Tax Increment Financing BOND projects. It is being paid for with TIF bonds, not with the stormwater fee. In the same budget year, the stormwater fee's own capital line is zero.**

This is not an inference. The city's own City Council Goals page lists the project as "1st Ave. E. & E. 12th St. Stormwater Improvements Project, Phase 2 ($1,200,000 – TIF Funds)." The FY2027 budget lists it in the TIF bond project schedule. The stormwater fund's FY2027 capital budget is $0.

So the fee that residents pay every month for stormwater is funding staff, while the largest stormwater construction project in town is financed by borrowing against TIF increment.

Collections Versus Projects Since Inception

Public Works Director Joe Grife told council in a 2025 presentation that across five years of the fee, Newton had spent about $485,000 on storm sewer projects. The largest of those was the storm sewer portion of West Fourth Street South at roughly $359,000. Others included Union Drive change orders (about $58,000), Fairmeadows subdivision improvements (about $35,000), and a subdrain and sump collector at South Eighth Avenue East (about $30,000).

Stormwater fee, actual collections	Amount	
FY2021 (partial year, fee began January)	229,886.53	
FY2022	562,018.69	
FY2023	593,646.30	
FY2024	640,485.85	
FY2025	636,307.97	
TOTAL COLLECTED	**2,662,345.34**	
Spent on storm sewer projects (city figure)	**about 485,000**	**18.2%**

Roughly 18 cents of every dollar collected has gone to identified storm sewer projects. The other 82 cents went to payroll and operations.

This should be stated fairly. The staff funded by the fee do maintain the stormwater system, so the money is not wasted, and the city said from the outset that the fee would cover operations as well as construction. See the next section. The point is not that residents were deceived. The point is that a fee now approaching $6.75 per month is overwhelmingly a payroll line, and residents should know that when they are asked to accept further increases.

What the City Said in 2020, and Why It Matters

The record from 2020 does not support a claim that this fee was sold purely as a construction fund. It was not. Anyone making that argument will be corrected by the city's own record.

When the council adopted the ordinance in October 2020, contemporaneous reporting described a strong selling point as the freeing up of Road Use Tax Funds, which were then being used to address stormwater issues. City staff argued a dedicated stormwater fund would let public works spend more Road Use Tax on street and road maintenance projects.

Earlier that fall, when Mayor Mike Hansen vetoed the ordinance, the reporting described the fee as paying for stormwater management services, noted the city was then using Road Use Tax Funds for stormwater, and stated that creating the fee would free up funding for more street projects. Hansen's veto letter itself referred to the "cost of operations, repairs and projects." Later reporting described the utility's expressed purpose as using dedicated funds to construct, maintain and operate the system. The city's own website still describes the utility as funding design, planning, regulations, construction and education.

The city was candid in 2020 that this fee would fund operations and staff, and that a central purpose was shifting stormwater costs off Road Use Tax. That is exactly what the budget shows happening. The honest question is not whether residents were misled. It is whether the promise was kept.

That promise is testable. Residents accepted a new monthly charge on the argument that it would free Road Use Tax for street work. Whether street spending actually increased after 2021 is a fair and answerable question, and it is the strongest line of inquiry available here.

Two objections raised at creation, on the record

Mayor Hansen vetoed the original ordinance in part because he strongly objected to churches, nonprofit organizations, government facilities and schools being left off the exemption list, and because he disagreed with automatic annual rate increases, arguing that increases should be appropriated by council each budget cycle based on known data defining costs. Council member Mark Hallam proposed removing the automatic increases entirely; the amendment failed for lack of a second.

The escalator running through 2029 documented earlier in this paper was objected to at the moment of creation by the sitting mayor, for the same reasons residents raise today.

A note on later framing

Coverage of the 2024 and 2026 rate increases described the revenue as going toward stormwater projects, in one case stating that all of the funds collected would go toward projects. Those characterizations do not match the budget, where FY2027 capital is zero. However, they appear in the reporter's words. They should not be attributed to the city without the underlying council packet, which is worth requesting.

Does the Fee Free Up Road Use Tax?

The stated purpose of the fee in 2020 was to shift stormwater costs off Road Use Tax so that Road Use Tax could go to streets. That promise is testable against nine years of budget data. The answer is yes, partly, and by less than the headline numbers suggest.

Road Use Tax Fund, budgeted, FY2019 through FY2027

The fee began January 2021, mid-FY2021. FY2022 is the first full year.

Category	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Personnel	733,873	824,280	794,561	609,761	643,422	529,035	547,528	558,064	611,336
Operating	776,850	829,633	938,200	733,625	787,375	855,875	831,625	847,500	907,000
Capital	802,550	265,000	552,000	2,458,333	957,000	670,000	1,560,000	1,035,000	1,435,000
Debt service	0	0	0	250,000	308,600	163,100	260,400	328,950	325,400
Transfers	56,923	40,510	68,214	44,515	0	18,269	10,017	10,737	8,214
TOTAL	**2,370,196**	**1,959,423**	**2,352,975**	**4,096,234**	**2,696,397**	**2,236,279**	**3,209,570**	**2,780,251**	**3,286,950**

FY2026 and FY2027 totals reconcile exactly to the fund balance tables in the adopted budgets.

The swap happened

Road Use Tax personnel averaged $784,238 a year in the three years before the fee and $583,191 in the six years after, a reduction of 25.6 percent. The largest single-year drop, $184,800, came in FY2022, the first full year the fee was in effect. The stormwater fund's own personnel line appeared that same year at $249,896, having been zero.

Counting personnel and operating together, the costs the fee was meant to relieve, Road Use Tax was relieved of about $222,108 a year.

Street capital did rise

Capital in the Road Use Tax fund averaged $539,850 a year before the fee and $1,352,556 after, an increase of 2.51 times. Road Use Tax revenue itself grew only 14.2 percent between FY2020 and FY2025, and it is set by state formula on fuel tax and population, so the additional capital did not come from the state.

But most of the increase is borrowed, not freed

Road Use Tax carried no debt service in FY2019, FY2020 or FY2021. It now carries $325,400 a year. The city issued roughly $2,000,000 in 2021 Road Use Tax revenue bonds and $1,256,445 in 2024 Road Use Tax revenue bonds, about $3.26 million borrowed against the same fund the fee was meant to relieve.

Both bond series are confirmed by their own principal and interest schedules in the FY2027 budget. The FY2022 capital spike of $2,458,333 follows immediately after the first issue.

And the relief is fading

Road Use Tax personnel plus operating in FY2027 is $1,518,336. In FY2019 it was $1,510,723. Nine years on, and six years into the fee, Road Use Tax operating costs are back within $7,613 of where they started.

Verdict

The city did what it said it would do. The relief is real and visible in the budgets at roughly $222,108 a year. But the dramatic-looking increase in street work rests substantially on $3.26 million of new borrowing that Road Use Tax will repay at $325,400 a year, and the operating relief has now largely eroded.

One caveat. These are budgeted figures. Actual capital spending typically runs below budget, so the real increase is likely smaller than 2.51 times.

Who Pays

Section 53.09 of the Newton Code of Ordinances sets the formulas.

- Single-family residential: one ERU at the full rate, regardless of actual impervious area.
- Multi-family: one ERU per unit for the first 20 units, then half an ERU per unit, capped at 60 units.
- Commercial, agricultural, and exempt property: impervious square feet divided by 4,000; the first 20 ERUs at full rate, the remainder at half rate, capped at 60 ERUs.
- Industrial: full rate on every ERU, capped at 750 ERUs.

Note the third category. Exempt property is charged. Churches, schools and nonprofits that pay no property tax pay this fee, and because it is assessed on parking lots and rooftops rather than on value, some of them pay a great deal. Randy Ervin, now mayor, argued against the increases on exactly this basis, warning that businesses, nonprofits and churches would carry higher ERU counts and pay much more.

The Fund Is Running Thin

Grife described the stormwater fund to council as getting by, in his words, paycheck to paycheck. He reported a balance of $157,000 as of March 31, projected $117,000 by that July, and about $120,000 at the start of FY2027.

The FY2027 adopted budget projects a much lower balance, $16,137 at the start of FY2027 falling to $5,109 by June 30, 2027. The two figures differ because the budget's projections assume the city spends 100 percent of what it budgets, which the city states directly as an assumption and which historically does not happen.

Use Grife's figures and his language when speaking publicly. The budget's $5,109 is a modeling output, not a forecast of the actual balance. Either way the fund carries little cushion, which is the city's own stated reason for raising the rate.

Questions Worth Asking

- If the fee was created as a dedicated funding stream for stormwater projects, why is the FY2027 capital budget zero?
- Why is the largest stormwater project being financed with TIF bonds rather than the fee collected for that purpose?
- Why has personnel cost grown 66 percent while the fee grew 28 percent?
- What share of the stormwater payroll is dedicated stormwater work versus general street department work? The budget states that Road Use Tax funds street personnel and that the stormwater utility funds the remainder.
- The FY2027 capital project list names a $50,000 mini-excavator under Stormwater Utility Projects, but it does not appear in the stormwater fund or in any other fund. Where is it budgeted?

Sources

City of Newton adopted operating budgets, FY2022-2023 through FY2026-2027, fund 740-8065 Stormwater Utility, fund 110 Road Use Tax, the five-year expenditure category tables covering FY2019 through FY2027, and the FY2027 capital project and TIF bond project schedules.

Newton Code of Ordinances Chapter 53, Stormwater Utility, Section 53.09 Determination of ERU, Ordinance 2386 passed October 19, 2020.

City of Newton, Understanding Your City Utility Rates; Stormwater Utility page; Utility Billing page; City Council Goals page.

Newton Daily News: creation-era coverage of April 2020, the September 2020 mayoral veto and the October 2020 adoption; rate increase coverage of June, July, August and September 2024 and February 2026; and the 2025 report on stormwater project spending and fund balance. KNIA/KRLS coverage of the February 16, 2026 council vote. Prepared August 5, 2026.