

To: Honorable Governor Kim Reynolds
From: The Environmental Protection Commission
Date: December 19, 2017
Subject: 2017 Annual Report and Recommendations

The Iowa Environmental Protection Commission respectfully submits its Annual Report and Recommendations to the Governor and General Assembly of Iowa pursuant to Iowa Code Section 455B.105(5). The report highlights what we consider the major activities and accomplishments of the Commission in 2017.

As specified in the statute, this report discusses the accomplishments and status of the programs administered by the Environmental Services Division of the Department of Natural Resources (DNR). The report also makes legislative recommendations for consideration by the Governor and General Assembly based on Commission observations regarding the state of the environment in the past year. The report also takes into account comments and concerns the Commission hears from Iowa citizens.

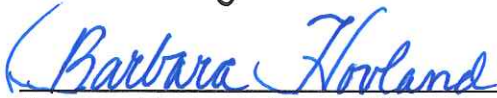
We thank you for your consideration of this report and its recommendations.



Mary Boote, Des Moines



Nancy Couser, Nevada




Barbara Hovland, Mason City

Absent from meeting
Rebecca Guinn, Bettendorf



Chad Ingels, Chair, Randalia


*Accept report expect
master Michael Langway*


Joe Riding, Secretary, Altoona

Absent from meeting
Bob Sinclair, Sigourney



Ralph Lents, Vice-Chair, Menlo



Howard Hill, Cambridge

Iowa Environmental Protection Commission

Annual Report and Recommendations

During 2017 the EPC Commission continued to have a significant role in supporting the Department of Natural Resources' goal to improve air, water, and overall environmental standards in Iowa. The Commission awarded over 16 million dollars in funds, from state and federal sources, which support this goal.

The EPC Commission met twelve times during the 2017 calendar year. In order to increase public participation in the monthly EPC Commission meetings the Commission met at various locations throughout Iowa, specifically Ames, Altoona, and Mt. Pleasant. The Commission also toured four different facilities during the 2017 calendar year; ISU Composting and Waste Reduction facility, Terrace Hills Golf Course, HearthNHome Manufacturing and Mt Pleasant Municipal Utility.

The EPC Commission referred three cases to the Iowa Attorney General's office for enforcement action.

Looking towards the future the EPC Commission respectfully submits the following:

The EPC Commission, in its 2016 Annual Report, asked for legislative review to increase the legal amounts on penalties that the DNR can levy on polluters and repeat violators. These penalties were established decades ago and need revision. The Commission respectfully requests that the upcoming legislature review the current penalty structure.

The EPC Commission is well aware of current and future budget constraints within the State of Iowa budget. The DNR was allocated \$1.2 million fewer dollars in fiscal 2017. In response to the decreased allocation the DNR enacted numerous cost savings measures, some of them included:

- Reduction of Administrative staff
- Elimination of Forestry Bureau
- Realignment of staff within all DNR Divisions
- Air Quality Bureau moving from leased space to Wallace Office Building
- Elimination of underutilized telephone phone lines
- Elimination of paid lunches for EPC Commissioners during monthly business meetings
- Utilization of conference calls for monthly EPC meetings when appropriate

The dedicated DNR staff has worked tirelessly to fulfill its mission statement, "To conserve and enhance our natural resources in cooperation with individuals and organizations to improve the quality of life in Iowa and ensure a legacy for future generations". Future reductions in General Fund allocations may compromise the DNR's ability to effectively carry out its mission. The EPC Commission respectfully requests the 2018 legislature to support and pass a Supplementary Salary Bill for the DNR for fiscal year 2018-2019.

One of the EPC's roles is to make decisions on petitions for rulemaking filed by the public. The EPC considered a petition filed by Iowa Citizens for Community Improvement and the Food and Water Watch on July 18, 2017. After analyzing the rule change proposed by the petitioners and taking both written and oral comments from the public, the EPC unanimously denied the petition on September 18, 2017 because the proposal was inconsistent with Iowa law. For example, the petition would have resulted in a moratorium on all livestock farms that are subject to the master matrix. This result would have been contrary to Iowa Code section 459.305(2) which requires the master matrix rule to feasibly provide for a satisfactory rating. Additionally, the current matrix was established with broad stakeholder input and discussion. The EPC will continue to regularly review and update its rules when appropriate, as authorized by Iowa law.

Iowa Environmental Protection Commission Annual Report and Recommendations

The State Revolving Fund (SRF) is one of Iowa's primary sources for investments in safe and clean water.

Individual communities in Iowa face challenges in providing safe drinking water, meeting regulatory requirements for wastewater treatment, replacing aging infrastructure, and planning for shrinking or growing population. Nationally, \$600 billion is needed for water infrastructure improvements over the next 20 years. In Iowa, surveys show more than \$10 billion worth of needs. In addition to these numbers, Iowa's farmers and landowners, livestock producers, watershed organizations, and others need funding to address nonpoint source pollution, including nutrients, sediment, and bacteria.

Iowa's SRF program cannot meet all of those needs, but it continues to be an effective and cost-efficient vehicle for financing projects to protect water quality and public health, as intended by Congress and state policy-makers. Iowa, through the work of the Iowa Department of Natural Resources and the Iowa Finance Authority with assistance from the Iowa Department of Agriculture and Land Stewardship, dynamically manages its SRF to fully utilize available resources, serve its borrowers, and create opportunities for innovative financing.

Since 1989, the Clean Water SRF has provided subsidized loans to meet Iowa's publicly owned wastewater infrastructure needs. This includes assistance agreements with cities, counties, sanitary districts, and utility management organizations.

Since 2000, the Drinking Water SRF has provided loans to help Iowa's water systems keep drinking water safe. This includes assistance agreements with cities, municipal utilities, rural water associations, and homeowners' associations.

The SRF was just shy of the \$3 billion mark in cumulative assistance provided during SFY 2017, as shown in the graph. Because the funds are continually being loaned out and repaid with interest, the SRF continues to grow. This source of financing will continue to meet future needs for a wide variety of Iowa's priority water issues.

