

Senate Study Bill 1234

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ENVIRONMENT AND ENERGY
INDEPENDENCE BILL BY
CHAIRPERSON BLACK)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to wastewater treatment.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
3 TLSB 1736SC 83
4 tm/nh/8

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1 1 DIVISION I
1 2 WASTEWATER TREATMENT FINANCIAL ASSISTANCE PROGRAM
1 3 Section 1. Section 16.134, Code 2009, is amended to read
1 4 as follows:
1 5 16.134 WASTEWATER TREATMENT FINANCIAL ASSISTANCE PROGRAM.
1 6 1. The Iowa finance authority shall establish and
1 7 administer a wastewater treatment financial assistance
1 8 program. The purpose of the program shall be to provide
1 9 ~~grants financial assistance to enhance water quality and to~~
~~1 10 assist communities to comply with water quality standards~~
~~1 11 adopted by the department of natural resources.~~ The program
1 12 shall be administered in accordance with rules adopted by the
1 13 authority pursuant to chapter 17A.
1 14 2. A wastewater treatment financial assistance fund is
1 15 created under the authority of the Iowa finance authority.
1 16 For the fiscal period beginning July 1, 2009, and ending June
~~1 17 30, 2016, there is appropriated each fiscal year from the~~
~~1 18 rebuild Iowa infrastructure fund created in section 8.57 to~~
~~1 19 the Iowa finance authority the sum of four million dollars for~~
~~1 20 deposit in the wastewater treatment financial assistance fund.~~
1 21 The fund shall consist of appropriations made to the fund and
1 22 transfers of interest, earnings, and moneys from other funds
1 23 as provided by law. Moneys in the fund are not subject to
1 24 section 8.33. Notwithstanding section 12C.7, subsection 2,
1 25 interest or earnings on moneys in the fund shall be credited
1 26 to the fund.
1 27 3. Financial assistance under the program shall be used to
1 28 install or upgrade wastewater treatment facilities and
1 29 systems, and for engineering or technical assistance for
1 30 facility planning and design.
1 31 4. The authority shall distribute financial assistance in
1 32 the fund in accordance with the following:
1 33 a. Communities shall be eligible for financial assistance
1 34 by qualifying as a disadvantaged community and seeking
1 35 financial assistance for the installation or upgrade of
~~2 1 wastewater treatment facilities due to regulatory activity in~~
~~2 2 response to water quality standards adopted by the department~~
~~2 3 of natural resources in calendar year 2006.~~ For purposes of
2 4 this section, the term "disadvantaged community" means the
2 5 same as defined by the department of natural resources for the
2 6 drinking water facilities revolving loan fund established in
2 7 section 455B.295. ~~Communities with a population of three~~
~~2 8 thousand or more do not qualify for financial assistance under~~
~~2 9 the program.~~
2 10 b. Priority shall be given to projects in which the
2 11 financial assistance is used to obtain financing under the
2 12 Iowa water pollution control works and drinking water
2 13 facilities financing program pursuant to section 16.131 or
2 14 other federal or state financing.
2 15 c. Priority shall also be given to projects whose
2 16 completion will provide significant improvement to water
2 17 quality in the relevant watershed.
2 18 d. Priority shall also be given to communities that employ

2 19 an alternative wastewater treatment technology pursuant to
2 20 section 455B.199C.

2 21 e. Priority shall be also given to those communities where
2 22 the financial assistance would provide the greatest reduction
2 23 in water rates for a community.

2 24 ~~d- f.~~ A community meeting the criteria of paragraph "a"
2 25 shall be required to provide matching moneys in accordance
2 26 with the following:

2 27 (1) Unsewered incorporated communities with a population
2 28 of less than five hundred and communities with a population of
2 29 less than five hundred shall be required to provide a five
2 30 percent match.

2 31 (2) Communities with a population of five hundred or more
2 32 but less than one thousand shall be required to provide a ten
2 33 percent match.

2 34 (3) Communities with a population of one thousand or more
2 35 but less than one thousand five hundred shall be required to
3 1 provide a twenty percent match.

3 2 (4) Communities with a population of one thousand five
3 3 hundred or more but less than two thousand shall be required
3 4 to provide a thirty percent match.

3 5 (5) Communities with a population of two thousand or more
3 6 ~~but less than three thousand~~ shall be required to provide a
3 7 forty percent match.

3 8 ~~e- g.~~ Financial assistance in the form of grants shall be
3 9 issued on ~~a quarterly~~ an annual basis.

3 10 5. The authority in cooperation with the department of
3 11 natural resources shall share information and resources when
3 12 determining the qualifications of a community for financial
3 13 assistance from the fund.

3 14 6. The authority may use an amount of not more than four
3 15 percent of any moneys appropriated for deposit in the fund for
3 16 administration purposes.

3 17 ~~7. It is the intent of the general assembly that for the~~
~~3 18 fiscal period beginning July 1, 2007, and ending June 30,~~
~~3 19 2016, a minimum of four million dollars shall be appropriated~~
~~3 20 each fiscal year to the authority for deposit in the~~
~~3 21 wastewater treatment financial assistance fund.~~

3 22 DIVISION II

3 23 SPONSORED PROJECTS

3 24 Sec. 2. Section 384.80, subsection 12, Code 2009, is
3 25 amended to read as follows:

3 26 12. "Project" means the acquisition, construction,
3 27 reconstruction, extending, remodeling, improving, repairing,
3 28 and equipping of all or part of a city utility, combined
3 29 utility system, city enterprise, or combined city enterprise,
3 30 or a water resource restoration project within or without the
3 31 corporate limits of the city.

3 32 Sec. 3. Section 384.80, Code 2009, is amended by adding
3 33 the following new subsection:

3 34 NEW SUBSECTION. 15. "Water resource restoration project"
3 35 means the acquisition of real property or improvements or
4 1 other activity or undertaking that will assist in improving
4 2 the quality of the water in the watershed where a city water
4 3 or wastewater utility is located.

4 4 Sec. 4. Section 384.82, subsection 1, unnumbered paragraph
4 5 1, Code 2009, is amended to read as follows:

4 6 A city may carry out projects, borrow money, and issue
4 7 revenue bonds and pledge orders to pay all or part of the cost
4 8 of projects, which may include a qualified water resource
4 9 restoration project, such revenue bonds and pledge orders to
4 10 be payable solely and only out of the net revenues of the city
4 11 utility, combined utility system, city enterprise, or combined
4 12 city enterprise involved in the project. The cost of a
4 13 project includes the construction contracts, interest upon the
4 14 revenue bonds and pledge orders during the period or estimated
4 15 period of construction and for twelve months thereafter, or
4 16 for twelve months after the acquisition date, such reserve
4 17 funds as the governing body may deem advisable in connection
4 18 with the project and the issuance of revenue bonds and pledge
4 19 orders, and the costs of engineering, architectural, technical
4 20 and legal services, preliminary reports, surveys, property
4 21 valuations, estimates, plans, specifications, notices,
4 22 acquisition of real and personal property, consequential
4 23 damages or costs, easements, rights-of-way, supervision,
4 24 inspection, testing, publications, printing and sale of bonds
4 25 and provisions for contingencies. A city may sell revenue
4 26 bonds or pledge orders at public or private sale in the manner
4 27 prescribed by chapter 75 and may deliver revenue bonds and
4 28 pledge orders to the contractors, sellers, and other persons
4 29 furnishing materials and services constituting a part of the

4 30 cost of the project in payment therefor.

4 31 Sec. 5. Section 384.84, Code 2009, is amended by adding
4 32 the following new subsection:

4 33 NEW SUBSECTION. 1A. The governing body of a city water or
4 34 wastewater utility may enter into an agreement with a
4 35 qualified entity to use proceeds from revenue bonds for a
5 1 water resource restoration project if the rate imposed is no
5 2 greater than if there was not a water resource restoration
5 3 project agreement. For purposes of this subsection,
5 4 "qualified entity" is an entity created pursuant to chapter
5 5 28E or two entities that have entered into an agreement
5 6 pursuant to chapter 28E, whose purpose is to undertake a
5 7 watershed project that has been approved for water quality
5 8 improvements in the watershed.

5 9 Sec. 6. NEW SECTION. 455B.199 WATER RESOURCE RESTORATION
5 10 SPONSOR PROGRAM.

5 11 1. The department shall establish and administer a water
5 12 resource restoration sponsor program to assist in enhancing
5 13 water quality in the state through the provision of financial
5 14 assistance to communities for a variety of impairment-based,
5 15 locally directed watershed projects.

5 16 2. For purposes of this section, unless the context
5 17 otherwise requires:

5 18 a. "Qualified entity" means the same as defined in section
5 19 384.84.

5 20 b. "Sponsor project" means a water resource restoration
5 21 project as defined in section 384.80.

5 22 3. Moneys in the water pollution control works revolving
5 23 loan fund created in section 455B.295, and the drinking water
5 24 facilities revolving loan fund created in section 455B.295,
5 25 shall be used for the water resource restoration sponsor
5 26 program. The department shall establish on an annual basis
5 27 the percentage of moneys available for the sponsor program
5 28 from the funds.

5 29 4. The interest rate on the loan under the program for
5 30 communities participating in a sponsor project shall be set at
5 31 a level that requires the community to pay not more than the
5 32 amount the community would have paid if they did not
5 33 participate in a sponsor project.

5 34 5. Not more than ninety percent of the projected interest
5 35 payments on bonds issued under section 384.84 or the total
6 1 cost of the sponsor project shall be advanced to the
6 2 community, whichever is lower.

6 3 6. A proposed sponsor project must be compatible with the
6 4 goals of the water resource restoration sponsor program and
6 5 may include but not be limited to any of the following:

6 6 a. Riparian buffer acquisition, enhancement, expansion, or
6 7 restoration.

6 8 b. Conservation easements.

6 9 c. Riparian zone or wetland buffer extension or
6 10 restoration.

6 11 d. Wetland restoration in conjunction with an adjoining
6 12 high-quality water resource.

6 13 e. Stream bank stabilization and natural channel design
6 14 techniques.

6 15 f. In-stream habitat enhancements and dam removals.

6 16 7. A proposed sponsor project shall not include any of the
6 17 following:

6 18 a. Passive recreation activities and trails including bike
6 19 trails, playgrounds, soccer fields, picnic tables, and picnic
6 20 grounds.

6 21 b. Parking lots.

6 22 c. Diverse habitat creation contrary to the botanical
6 23 history of the area.

6 24 d. Planting of nonnative plant species.

6 25 e. Restoration, conversion, or construction of physical
6 26 structures.

6 27 f. Dredging.

6 28 g. Supplemental environmental projects required as a part
6 29 of a consent decree.

6 30 8. A sponsor project must be approved by the department
6 31 prior to participating in the water resource restoration
6 32 sponsor program.

6 33 9. A resolution by the city council must be approved and
6 34 included as part of an application for the water resource
6 35 restoration sponsor program. After approval of the project,
7 1 the city council shall enter into an agreement pursuant to
7 2 chapter 28E with the qualified entity who shall implement the
7 3 project.

7 4 10. Any conservation easements purchased with moneys
7 5 received under the program must be in perpetuity and must be

7 6 subject to use restrictions that permanently restrict the
7 7 future uses of the land.

7 8 11. The commission shall adopt rules pursuant to chapter
7 9 17A necessary for the administration of this section.

7 10 Sec. 7. Section 455B.295, subsection 2, Code 2009, is
7 11 amended to read as follows:

7 12 2. Each of the revolving loan funds shall include sums
7 13 appropriated to the revolving loan funds by the general
7 14 assembly, sums transferred by action of the governor under
7 15 section 455B.296, subsection 3, sums allocated to the state
7 16 expressly for the purposes of establishing each of the
7 17 revolving loan funds under the Clean Water Act and the Safe
7 18 Drinking Water Act, all receipts by the revolving loan funds,
7 19 and any other sums designated for deposit to the revolving
7 20 loan funds from any public or private source. All moneys
7 21 appropriated to and deposited in the revolving loan funds are
7 22 appropriated and shall be used for the sole purpose of making
7 23 loans to eligible entities to finance all or part of the cost
7 24 of projects, including sponsor projects under the water

7 25 resource restoration sponsor program established in section
7 26 455B.199. The moneys appropriated to and deposited in the
7 27 water pollution control works revolving loan fund shall not be
7 28 used to pay the nonfederal share of the cost of projects
7 29 receiving grants under the Clean Water Act. The moneys in the
7 30 revolving loan funds are not considered part of the general
7 31 fund of the state, are not subject to appropriation for any
7 32 other purpose by the general assembly, and in determining a
7 33 general fund balance shall not be included in the general fund
7 34 of the state but shall remain in the revolving loan funds to
7 35 be used for their respective purposes. The revolving loan
8 1 funds are separate dedicated funds under the administration
8 2 and control of the authority and subject to section 16.31.
8 3 Moneys on deposit in the revolving loan funds shall be
8 4 invested by the treasurer of state in cooperation with the
8 5 authority, and the income from the investments shall be
8 6 credited to and deposited in the appropriate revolving loan
8 7 funds.

8 8 DIVISION III

8 9 PERMITTING == VARIANCES == ALTERNATIVE

8 10 WASTEWATER TREATMENT TECHNOLOGIES

8 11 Sec. 8. NEW SECTION. 455B.199A PRIORITYIZATION OF
8 12 MUNICIPAL WATER QUALITY IMPROVEMENT PROJECTS.

8 13 1. The department shall allow schedules of compliance to
8 14 be included in permits whenever authorized by federal law.
8 15 Such schedules shall ensure that prioritization is given to
8 16 construction of those water quality improvements with the
8 17 greatest benefit to public health and the local environment,
8 18 and shall consider and project anticipated municipal
8 19 expenditures over a twenty-year period, to the degree
8 20 practicable. Such schedules shall be established to maximize
8 21 benefits and minimize local financial impact, where such
8 22 opportunities arise. If information is provided showing that
8 23 the anticipated costs of compliance with a schedule have no
8 24 reasonable relationship to environmental or public health
8 25 needs or benefits, or may result in other detrimental
8 26 environmental impacts, such as significant greenhouse gas
8 27 emissions, the projects may be deferred, in whole or in part
8 28 as determined appropriate by the department, and a variance
8 29 granted, as consistent with applicable federal law.

8 30 2. If a community demonstrates that the cost of compliance
8 31 with a schedule may be significantly reduced by coordinating
8 32 expenditures with other federal or state grant and loan
8 33 opportunities and with other necessary capital projects, the
8 34 department shall allow additional time as needed to allow the
8 35 coordination and reduced expenditure to occur.

9 1 3. Permitting requirements shall not be imposed based on
9 2 federal guidance unless the department determines that
9 3 implementation of the new federal policy or guidance will
9 4 result in significant environmental benefits to the Iowa
9 5 communities subject to the requirements. Where new permitting
9 6 requirements are based on a new or revised interpretation of
9 7 an existing federal rule by the United States environmental
9 8 protection agency, the new or revised interpretation shall not
9 9 serve as the basis for more restrictive permit provisions,
9 10 unless the administrator of the United States environmental
9 11 protection agency issues the new interpretation as a final
9 12 agency position, subject to judicial review.

9 13 4. Unless otherwise restricted by federal law, the
9 14 department may allow compliance schedules of up to forty years
9 15 in national pollutant discharge elimination system permits,
9 16 particularly where the costs of compliance with federal

9 17 program mandates will adversely impact the construction of
9 18 other necessary local capital improvement projects. If the
9 19 department determines an existing condition constitutes a
9 20 significant public health or environmental threat, the
9 21 schedule of compliance shall be based on the shortest
9 22 practicable time frame for remedying the condition.

9 23 Sec. 9. NEW SECTION. 455B.199B DISADVANTAGED COMMUNITIES
9 24 VARIANCE.

9 25 1. The department shall provide for a variance of
9 26 regulations pursuant to this division when it determines that
9 27 water and wastewater regulations adopted pursuant to this
9 28 division affect a disadvantaged community. Such a variance
9 29 shall be consistent with federal rules and regulations. In
9 30 considering an application for a variance, the department
9 31 shall consider the substantial and widespread economic and
9 32 social impact to the ratepayers and the affected community
9 33 that may occur as a result of compliance with a federal
9 34 regulation, a rule adopted by the department, or an order of
9 35 the department pursuant to this division. In considering an
10 1 application for a variance, the department shall take into
10 2 account the rules adopted pursuant to this division with which
10 3 a regulated entity and the commensurate affected community are
10 4 required to comply.

10 5 2. To determine whether a community is a disadvantaged
10 6 community, the department shall review all circumstances that
10 7 are unique to each regulated entity and the affected community
10 8 to determine whether substantial and widespread economic and
10 9 social impact would occur if compliance with all requirements
10 10 expected to occur over a ten-year period were mandated. The
10 11 analysis shall demonstrate whether the regulated entity and
10 12 various sectors of the local community would face substantial
10 13 financial impacts due to the costs of compliance. Analysis of
10 14 the social impact shall consider, at a minimum, the impact of
10 15 federal and state environmental expenditures on the ability to
10 16 fund other necessary projects in the local community such as
10 17 schools, libraries, hospitals, public safety projects, or
10 18 other social services. The department shall work with the
10 19 regulated entity to gather the necessary information to make
10 20 this determination.

10 21 3. The department shall find that a regulated entity and
10 22 the affected community are a disadvantaged community under any
10 23 of the following circumstances:

10 24 a. A financial analysis of the regulated entity shows that
10 25 the capital, operating, and maintenance costs of pollution
10 26 control will have a substantial impact on the other municipal
10 27 operations of the regulated entity, impact the general
10 28 economic health of that community, or that the regulated
10 29 entity has a limited ability to obtain financing.

10 30 b. (1) The financial impact for households in the
10 31 community resulting from compliance or predating compliance
10 32 include all of the following:

10 33 (a) The per capita cost of the regulatory compliance
10 34 results in sewer rates that equal at least two percent of
10 35 median household income.

11 1 (b) Over fifty percent of the residences in the affected
11 2 community have a residential home property tax valuation of
11 3 fifty thousand dollars or less.

11 4 (c) Over fifty percent of the households in the affected
11 5 community have an annual gross income of less than thirty-five
11 6 thousand dollars.

11 7 (d) Over ten percent of the households in the affected
11 8 community are receiving food assistance from the department of
11 9 human services.

11 10 (2) (a) If a community demonstrates the factor in
11 11 paragraph "b", subparagraph (1), subparagraph division (a),
11 12 exists or will exist as a result of mandated state and federal
11 13 requirements, the community shall be considered to have
11 14 demonstrated substantial and widespread economic and social
11 15 impact under applicable federal law.

11 16 (b) If a community demonstrates that any two factors in
11 17 paragraph "b", subparagraph (1), exist or the factors in
11 18 paragraph "b", subparagraph (1), subparagraph divisions (b)
11 19 through (d) all exist in the community and the projected costs
11 20 of compliance will exceed one and one-half percent of median
11 21 income, the community shall be considered to have demonstrated
11 22 substantial and widespread economic impact under applicable
11 23 federal law.

11 24 4. The department shall grant a regulated entity a
11 25 variance from complying with a rule adopted pursuant to this
11 26 division or as otherwise allowed by federal law, if the
11 27 department determines that the regulated entity or the

11 28 affected community that is a disadvantaged community will
11 29 suffer substantial and widespread economic and social impact.
11 30 The department shall ensure the conditions of any variance
11 31 represent reasonable progress toward complying with rules
11 32 adopted pursuant to this division, but do not result in
11 33 substantial and widespread economic and social impact.

11 34 5. The department shall develop disadvantaged community
11 35 criteria for the revolving loan funds created in chapter
12 1 455B.291 through 455B.299 and incorporate the criteria into an
12 2 intended use plan. The disadvantaged community designation
12 3 shall allow a community to receive extended loan repayment
12 4 terms, or reduced interest rates for loans awarded from the
12 5 revolving loan funds.

12 6 Sec. 10. NEW SECTION. 455B.199C ALTERNATIVE WASTEWATER
12 7 TREATMENT TECHNOLOGIES == LEGISLATIVE INTENT AND PURPOSE.

12 8 1. The intent of the general assembly is to address the
12 9 rising costs of water and wastewater treatment compliance for
12 10 regulated entities and affected communities by authorizing the
12 11 use of alternative treatment technologies. The purpose of
12 12 this section is to eliminate regulatory barriers that limit or
12 13 prevent the use of new or innovative technologies.

12 14 2. The department shall produce a guidance document for
12 15 wastewater facility design standards to allow for alternative
12 16 treatment technologies. Alternative treatment technologies
12 17 shall be adopted by rule by the department and regulated
12 18 entities shall be encouraged to use such technologies.

12 19 3. Systems which employ alternative treatment technologies
12 20 shall receive expedited technical reviews and streamlined
12 21 permitting processes.

12 22 4. Systems which employ alternative treatment technologies
12 23 shall be eligible for wastewater treatment financial
12 24 assistance pursuant to section 16.134.

12 25 5. For cities with a population of three thousand or less,
12 26 any of the following technical guides, in addition to other
12 27 technical guides approved by the department, may be
12 28 substituted for the wastewater facility design standards
12 29 manual in effect on January 1, 2009:

12 30 a. Curriculum materials published by the consortium of
12 31 institutes for decentralized wastewater treatment.

12 32 b. The on-site sewage design and reference manual
12 33 published by the department of natural resources.

12 34 c. The guidance manual for the management of on-site and
12 35 decentralized wastewater systems published by the United State
13 1 environmental protection agency.

13 2 d. The most recent edition of a textbook on wastewater
13 3 engineering compiled by Metcalf and Eddy, incorporated.

13 4 6. The department shall waive setback requirements if a
13 5 treatment process does not result in exposed wastewater.

13 6 7. Communities that employ treatments that do not affect
13 7 surface water such as soil infiltration systems shall be
13 8 subject to reduced monitoring requirements.

13 9 8. The department shall revise wastewater treatment
13 10 criteria to reflect treatment performance rather than
13 11 prescriptive criteria.

13 12 Sec. 11. Section 455B.176A, subsection 7, 8, and 9, Code
13 13 2009, are amended by striking the subsections.

13 14 EXPLANATION

13 15 This bill relates to wastewater treatment.

13 16 DIVISION I. Division I of the bill amends the wastewater
13 17 treatment financial assistance program administered by the
13 18 Iowa finance authority.

13 19 Currently, general intent language is provided which
13 20 encourages an annual appropriation of at least \$4 million for
13 21 the program. The division eliminates the intent language and
13 22 replaces it with a standing appropriation for the fiscal
13 23 period beginning July 1, 2009, and ending June 30, 2016, of \$4
13 24 million each fiscal year from the rebuild Iowa infrastructure
13 25 fund to the authority for deposit in the wastewater treatment
13 26 financial assistance fund.

13 27 Currently, communities with a population of 3,000 or more
13 28 do not qualify for financial assistance under the program.
13 29 The division eliminates this restriction.

13 30 The division adds new priority considerations for the
13 31 distribution of financial assistance and provides that
13 32 financial assistance shall be issued on an annual basis as
13 33 opposed to a quarterly basis which is currently the method of
13 34 distribution.

13 35 DIVISION II. Division II of the bill relates to water
14 1 resource restoration projects.

14 2 The division provides that a city may carry out projects,
14 3 borrow money, and issue revenue bonds and pledge orders to pay

14 4 all or part of the cost of a project, which may include a
14 5 qualified water resource restoration project.

14 6 The division provides that the governing body of a city
14 7 water or wastewater utility may enter into an agreement to use
14 8 proceeds from revenue bonds for a water resource restoration
14 9 project with a qualified entity if the rate imposed is no
14 10 greater than if there was not a water resource restoration
14 11 project agreement.

14 12 The division requires the department of natural resources
14 13 to establish and administer a water resource restoration
14 14 sponsor program to assist in enhancing water quality in the
14 15 state through the provision of financial assistance to
14 16 communities for a variety of impairment-based, locally
14 17 directed watershed projects. Moneys in the water pollution
14 18 control works revolving loan fund and the drinking water
14 19 facilities revolving loan fund shall be used for the water
14 20 resource restoration sponsor program. The division provides
14 21 that an interest rate on a loan under the program for
14 22 communities participating in a sponsor project shall be set at
14 23 a level that requires the community to pay not more than the
14 24 amount the community would have paid if they did not
14 25 participate in a sponsor project. Not more than 90 percent of
14 26 the projected interest payment on bonds issued or the total
14 27 cost of the sponsor project shall be advanced to the
14 28 community, whichever is lower. The division provides
14 29 components that a sponsor project may include and is
14 30 prohibited from including. A sponsor project must be approved
14 31 by the department prior to participating in the water resource
14 32 restoration sponsor program. A resolution by the city council
14 33 must be approved and included as part of an application for
14 34 the water resource restoration sponsor program.

14 35 DIVISION III. Division III of the bill relates to
15 1 permitting, variances, and alternative wastewater treatment
15 2 technologies.

15 3 The division requires the department of natural resources
15 4 to allow schedules of compliance to be included in permits
15 5 whenever authorized by federal law. The division provides
15 6 requirements for the schedules. The division provides that if
15 7 a community demonstrates that the cost of compliance may be
15 8 significantly reduced by coordinating expenditures with other
15 9 federal or state grant and loan opportunities and with other
15 10 necessary capital projects, the department shall allow
15 11 additional time as needed to allow the coordination and
15 12 reduced expenditure to occur. The division's permitting
15 13 requirements shall not be imposed based on federal guidance,
15 14 unless the department determines that implementation of the
15 15 new federal policy or guidance will result in significant
15 16 environmental benefits to the Iowa communities subject to the
15 17 requirements. The division provides that, unless otherwise
15 18 restricted by federal law, the department is authorized to
15 19 allow compliance schedules of up to 40 years in national
15 20 pollutant discharge elimination system permits.

15 21 The division requires the department to provide for a
15 22 variance of water quality regulations when it determines that
15 23 water and wastewater regulations affect a disadvantaged
15 24 community. In considering an application for a variance, the
15 25 department shall consider the substantial and widespread
15 26 economic and social impact to the ratepayers and the affected
15 27 community that may occur as a result of a federal regulation,
15 28 a rule adopted by the department, or an order of the
15 29 department pursuant to this division. The division provides
15 30 circumstances under which the department must find that a
15 31 regulated entity and the affected community are a
15 32 disadvantaged community. The division requires the department
15 33 to develop disadvantaged community criteria for certain
15 34 revolving loan funds and incorporate the criteria into an
15 35 intended use plan.

16 1 The division requires the department to produce a guidance
16 2 document for wastewater facility design standards to allow for
16 3 alternative treatment technologies. The division provides
16 4 that systems which employ alternative treatment technologies
16 5 shall receive expedited technical reviews and streamlined
16 6 permitting processes and shall be eligible for wastewater
16 7 treatment assistance funding. The division allows cities with
16 8 a population of 3,000 or less to use certain alternative
16 9 wastewater facility design standards. The division requires
16 10 the department to waive setback requirements if a treatment
16 11 process does not result in exposed wastewater. The division
16 12 provides that communities that employ treatments that do not
16 13 affect surface water such as soil infiltration systems shall
16 14 be subject to reduced monitoring requirements. The division

16 15 requires the department to revise wastewater treatment
16 16 criteria to reflect treatment performance rather than
16 17 prescriptive criteria.
16 18 From Code section 455B.176A relating to water quality
16 19 standards, the division eliminates provisions relating to the
16 20 use of alternative technology systems to meet water quality
16 21 standards and provisions relating to consideration of
16 22 substantial and widespread economic and social impacts of
16 23 designating water quality standards.
16 24 LSB 1736SC 83
16 25 tm/nh/8