

Summary of SF 339, Wastewater Infrastructure Bill

SF 339 was developed and promoted by the Iowa Rural Water Association and the Iowa League of Cities. Its primary purpose was to provide more flexibility to communities dealing with expensive upgrades to wastewater treatment systems due to changing regulatory requirements. The Governor signed the bill and its provisions become effective July 1, 2009. In many cases, rulemaking will be required to implement these provisions.

1. Wastewater Treatment Financial Assistance Program

The law has been changed to make the grant program, administered by IFA, more flexible and to better focus grant awards at minimizing rate increases. The program did not receive any funding in FY 2010. Specifically, the bill does the following:

- a. Eliminates the limits on size of community eligible for a grant award and replaces it with the goal of awarding grants to keep rates from exceeding 1 ½ % of median household income.
- b. Expands eligible projects to include any upgrade due to a regulatory activity.
- c. Adds to the prioritization projects that use alternative wastewater treatment technologies and communities with the highest sewer rates as a percentage of median household income.
- d. Eliminates the matching requirements but caps grant awards at no more than \$500,000.
- e. Changes the grant award process from quarterly to annual.

2. Wastewater Viability Assessment

The law requires the IFA, in cooperation with DNR and DED, to develop a wastewater viability analysis modeled after the one used in the drinking water SRF. The purpose of this analysis is to ensure that only sustainable communities receive grant funding from the wastewater treatment financial assistance program. Other grant programs may also use this assessment. The assessment shall include factors on oversight and management and financial sustainability.

3. Water Resource Restoration Sponsored Projects

The law gives cities the authority to use revenue bonds when entering into sponsored project agreement with a watershed group. This is a new program that is designed to increase the funding available for water quality improvement partnerships. Under this program, a city may borrow the principal plus interest from the SRF and receive a reduction in the interest rate such that they would repay no more than under a typical SRF loan. The city then grants the “interest” monies to a watershed group. DNR must adopt rules to implement this program. Easements, wellhead protection, buffers and other activities to protect water quality will be eligible.

4. Variances/Compliance Schedules

The law explicitly states that DNR may allow for variances from compliance with state and federal regulations or to include compliance schedules in permits. The purpose of this is to provide some legal protection to communities who are working toward compliance through a consent agreement but are technically out of compliance with the permit’s requirements. The law also allows DNR to set compliance schedules up to thirty

years unless there is an immediate and significant threat to the environment and public health.

5. Disadvantaged Community Determination

The law sets the criteria to be used when determining whether or not an applicant for a permit or financial assistance is disadvantaged. DNR may use this to allow for extended compliance terms or variances from permit requirements. DED will use this for the eligibility requirement for CDBG grants. IFA will use this for determining eligibility for any special programs, including grants, lower interest rates or longer loan terms for programs under its purview. The criteria to determine disadvantaged community status are:

- a. The communities median household income as a percentage of statewide median household income
- b. Annual water and sewer rates as a percentage of median household income
- c. Families below the poverty level as a percentage of the statewide number of families below the poverty level.
- d. Per capital outstanding debt of the system as a percentage of median household income.
- e. Cost effectiveness calculated by determining construction costs per user.

6. Alternative Wastewater Treatment Technologies

The law puts more teeth into existing law (passed in 2006) that required DNR to adopt rules to make it easier to use alternative wastewater treatment technologies. The law directs DNR to publish design guidance documents based on :

- a. Onsite sewage design and reference manual published by DNR
- b. Guidance manual for management of onsite an decentralized wastewater systems published by EPA
- c. Other credible sources of information on the design, operation and performance of these systems.