**Iowa League of Cities looks at waterquality**

**trading**

**Donnelle Eller, deller@dmreg.com***7 p.m. CST December 30, 2014*

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With Iowa cities facing more than $1 billion in improvements to meet new nutrientreduction

requirements, the Iowa League of Cities is investigating developing a waterquality

trading program that officials believe could help cut their costs.

Under the Iowa Nutrient Reduction Strategy, about 100 municipal wastewater treatment

plants will be required to cut the amount of nitrogen entering the state's rivers and

streams by 66 percent and phosphorus by 75 percent.

Iowa farmers, livestock producers and other nutrient sources are being pushed to cut

nitrogen and phosphorus 45 percent each.

The strategy is designed to improve the quality of Iowa's waterways and cut nutrients that

contribute to the dead zone in the Gulf of Mexico, an area about the size of Connecticut

that's unable to support aquatic life each summer.

Dustin Miller, the league's general counsel, said a water-quality trading program would

allow cities to work upstream with farmers, ranchers and others to add conservation

practices and infrastructure that improves water quality, but at reduced prices. Miller

recently answered a few questions about how a program could work.

**Q. Why are you looking at water-quality trading?**

**A.** We're looking at a system that provides a more affordable approach to getting the

same environmental impact in a watershed. So, instead of spending $10 million on plant

improvements to get a reduction, it would be better, and these are just arbitrary numbers,

to spend $1 million on buffer strips, drainage water management, buying easements or

whatever suite of practices that would be needed.

It also could allow point-source facilities to trade with one another. So if one treatment

plant could achieve a high level of nutrient reduction — that exceeded its requirement —

it could trade that surplus to an older facility, where the technology wasn't in a place yet.

**Q. Is it just cities' wastewater treatment facilities that are required to reduce**

**nutrients?**

**A.** The only point-source facilities the nutrient reduction strategy is directed at is

wastewater treatment facilities. What's left out of it is drinking water facilities and

stormwater facilities. It's directed at 102 major municipal facilities. (It also includes about

50 Iowa industries.)

**Q. How long do the cities have to meet the requirements?**

**A.** What DNR is doing is putting the nutrient criteria in the NPDES (National Pollutant

Discharge Elimination System) permit renewals and phasing in the requirements: One

year of testing, one year of a feasibility study, and then the city comes back under the

affordability standards and says: This is what we can do and this is the timeline that we

can get it done.

These permits have multiple requirements ... and nutrient reduction is just one

component.

**Q. Are the upgrades required costly?**

**A.** Clinton just regionalized its wastewater treatment system and put in nutrient removal

equipment. It cost $65 million. There's a huge price tag attached to the overhaul. ... Some

won't have to spend that much; others will have to spend a lot more.

Some believe the $1.5 billion listed in the nutrient reduction strategy could be a very low

number. The current needs assessment of wastewater treatment systems in Iowa is $11

billion — that's everything and all cities. So if you could figure out a good system, there

are millions of dollars in savings.

**Q. Some folks believe trading programs "pay the polluter" and are against them;**

**how did cities decide to test the waters?**

**A.** It's easy to look at the numbers in the nutrient reduction strategy and say 92 percent of

nitrogen and 80 percent of phosphorus comes from non-point sources (such as farming

and livestock production as well as golf courses and urban runoff), but it doesn't get us

anywhere. ...

We decided we needed to get past that, because ultimately, we care about saving

citizens money and getting the same environmental impacts. It does no good to sit and

point the finger. We want to make sure the strategy is successful.

**Q. What's keeping the League of Cities from creating a trading system?**

**A.** We need to develop a legal and policy framework that makes people feel comfortable.

... And we're working with the University of Iowa to develop the science that tells us what

nutrient reduction you could achieve (with different conservation practices) and where is

it best placed within the watershed. ...

Our people are looking for certainty, both from a regulatory perspective — to make sure it

impacts my permit — and from cost perspective — that I'm not spending the same in my

plant as I am for these practices — but all the while making sure we're getting the same

environmental impact within the watershed.

**Q. So how do cities figure out what benefits they will receive if they pay for, say, a**

**100-acre wetland?**

**A.** With the other trading programs that are out there, these things have been modeled.

There's a difference in how nutrients move in the summer versus the winter, drought,

flooding. ... There are examples we can follow.

The point-source measurement is easy — when I look at my testing, I can say I need X

amount of pounds of nitrogen reduction and X amount of pounds of phosphorus. We get

that easily through the feasibility study. But how you translate that into practices. ... Then

how you monetize those practices is a different discussion.

**Q. What's next?**

**A.** The first step was to look at what other people have done. We're still in that initial

stage. ... We have some months of work putting this together; we have some cities

whose permits come out in October of next year, and they're concerned about what will

this look like. But we don't want to rush into this. We want thought and engagement.

It will take a few years to get those two components together — the science and the legal

framework together. ... And what we don't want to do is ham-handedly put something

together that one particular group really hates — or all of us really don't like.

**Dustin Miller**

**AGE:** 35

**JOB:** General counsel, Iowa League of Cities

**EDUCATION:** Southeast Warren High School, University of Iowa undergrad, Drake Law

School

**HOMETOWN:** Lacona

**RESIDES IN:** Newton

**FAMILY:** Wife, Sara; son, Liam, 1

**FUN FACT:** Miller has lived on four continents and worked in both Washington, D.C., and

with Parliament in London.