

**Why You Should Read This:** The document below reviews the environmental impact likely from a State Revolving Fund project. As part of the environmental review, you are entitled to provide comments. If you have concerns about the environmental impact of this project, raise them now. We encourage public input in this decision-making process.



**IOWA STATE REVOLVING FUND**  
**FINDING OF NO SIGNIFICANT IMPACT**

June 15, 2026

**To: All Interested Citizens, Government Agencies, and Public Groups**

An environmental review has been performed based on the procedures for implementing the National Environmental Policy Act (NEPA), for the proposed agency action below:

**Applicant:** Terrace Hill Sanitary District

**SRF Number:** CS1921163 01

**County:** Franklin

**Iowa DNR Project Number:** S2020-0079A

**State:** Iowa

The Terrace Hill Sanitary District (THSD) located north of Hampton, Iowa is planning an upgrade to their wastewater treatment facility. The THSD has applied for financial assistance through the State Revolving Fund (SRF) loan program to build the project. The State Revolving Loan Program is a program authorized by the Environmental Protection Agency (EPA) and administered by the Iowa Department of Natural Resources (DNR) in partnership with the Iowa Finance Authority. This project will not be receiving federal funds through SRF.

The THSD is located in Franklin County, Iowa approximately 3 miles north of Hampton, Iowa and 25 miles south of Mason City, Iowa. The population served by the THSD according to McClure Engineering (Wastewater Treatment Facility Plan for the Terrace Hill Sanitary District, August 2024) is approximately 210 people. The design population equivalent for the year 2025 is 220 people.

The THSD has a 1.25-acre Single-Cell Controlled Discharge Lagoon (CDL) Wastewater Treatment Facility (WWTF) constructed in 1971 that serves residential and commercial users within the Sanitary District. As of April 17, 2024, DNR issued THSD an Administrative Consent Order for violating their NPDES effluent limits 23 times between February 1, 2021, and March 11, 2024. Of these 23 violations, 16 were for not meeting their ammonia effluent limits, and the other 7 were for not meeting their *E coli* effluent limits. The existing WWTF is not capable of meeting the new NPDES effluent limits placed upon the THSD. These violations are likely due to the WWTF not having enough volume to meet the required detention times for full treatment from the lagoon, as well as not having enough surface area for adequate volatilization and light penetration.

Wastewater enters the WWTF from the collection system that was constructed at the same time as the single cell lagoon. The collection system consists of approximately 8,500 linear feet of 6 and 8-inch vitrified sewer pipe/vitrified clay pipe, and 26 manholes. The THSD completes routine inspections, cleaning, and maintenance of the collection system and there are no recommendations to complete upgrades at this time. Treated water is discharged during the allotted discharge window twice a year through the outlet structure for flow measurement and into Otter Creek.

The purpose of this project is to make improvements to the wastewater treatment facilities to address deficiencies, enhance their reliability, increase capacity, and to replace an obsolete system to safely and reliably operate the THSD's wastewater system for the next 20 years.

The project scope includes the construction of a new primary lagoon cell north of the existing; the existing primary cell would then be split into two secondary cells, converting the system to a 3-celled controlled discharge lagoon. New influent, effluent, connecting structures and utility connections are also included in this work to allow for proper operation. The project will include a permanent access road south of the existing lagoon connecting the site to the adjacent golf course, a temporary construction access road extended from 180th Street to the project site, and staging area.

The treated wastewater from the proposed facility will discharge to Otter Creek. It has a use stream designation of A2 B(WW2). Class A2 waters are secondary contact recreational use waters in which recreational or other uses may result in contact with the water that is either incidental or accidental. During the recreational use, the probability of ingesting appreciable quantities of water is minimal. Class A2 uses include fishing, commercial and recreational boating, any limited contact incidental to shoreline activities and activities in which users do not swim or float in the water body while on a boating activity. Waters designated Class B(WW2) are those in which flow or other physical characteristics are capable of supporting a resident aquatic community that includes a variety of native nongame fish and invertebrate species. The flow and other physical characteristics limit the maintenance of warm water game fish populations. These waters generally consist of small perennially flowing streams.

Positive environmental effects will be improved treatment of the wastewater from the THSD, compliance with effluent discharge permit limits, and improved water quality in the receiving stream. The project will not significantly affect the pattern and type of land use (industrial, commercial, agricultural, recreational, residential) or growth and distribution of population. The project will not conflict with local, regional or State land use plans or policies. The project will not impact wetlands. Endangered Species Act Section 7 consultation is not required for this non-federal SRF project. Section 9 of the Endangered Species Act may apply and other wildlife conservation laws such as the Migratory Bird Treaty Act of 1918 and the Bald and Golden Eagle Protection Act of 1940. The project will not affect threatened and endangered species or their habitats provided that any tree cutting is conducted between October 1 and March 31 to avoid impacting endangered bats. If any State- or Federally-listed threatened or endangered species or communities are found during the planning or construction phases, additional studies and/or mitigation may be required. The project will not displace population, alter the character of existing residential areas, or convert significant farmlands to non-agricultural purposes. The project will not affect the 100-year flood plain provided all necessary floodplain development permits, state and local, are obtained and the terms of which are abided by. The DNR Flood Plain Management Section issued Flood Plain Development Permit Number 2025-1587FP-01. Franklin County also issued a flood plain development permit. The project will not have effect on parklands, preserves, other public lands, or areas of recognized scenic or recreational value.

Various Native American tribes with an interest in the area were provided information regarding the project. This project will not be receiving federal funds through SRF. As such, this project is not considered a federal undertaking as defined in §300320 under the National Historic Preservation Act, 54 U.S.C. 300101 et seq. for the purpose of the SRF environmental review. If this SRF project receives federal funds from other sources, it is the responsibility of the applicant to ensure all federal requirements are met for that funding. If project activities uncover any item(s) that might be of archaeological, historical, or architectural interest, or if important new archaeological, historical, or architectural data should be encountered in the project APE, the applicant should make reasonable efforts to avoid further impacts to the property until an assessment can be

made by an individual meeting the Secretary of the Interior's professional qualifications standards (36 CFR Part 61). The project will not have a significant adverse effect upon local ambient air quality provided the applicant takes reasonable precautions to prevent the discharge of visible emissions of fugitive dusts beyond the lot line of the property during the proposed project (567 IAC 23.3(2) "c").

The project will not have a significant adverse effect upon local ambient noise levels, surface water quantity, groundwater quality or quantity, or water supply. No significant impact to surface water quality, fish, shellfish, wildlife, or their natural habitats is expected provided that an NPDES General Permit Number 2 (for storm water discharge associated with construction activities) is obtained and the terms of which are abided by.

Minimum separation distances will be maintained. Noise during construction will be maintained at tolerable levels through controls on construction activities. Any construction debris will be removed from the site for proper disposal. Adverse environmental effects from construction activities will be minimized with proper construction practices, inspection, prompt clean up and other appropriate measures. Areas temporarily disturbed by the construction will be restored.

It has been determined that the proposed action will result in no significant impacts to the surrounding environment. This determination is based on a careful review of the engineering report, the environmental assessment and other supporting data which are on file at the Department of Natural Resources' office in Des Moines, Iowa. These are available for public review upon request. A copy of the environmental assessment is attached. This Department will not take any administrative action on the project for at least thirty (30) calendar days from the above date. Persons disagreeing with the above environmental decision may submit comments to the department during this period. Your comments can be sent to [SRF-PC@dnr.iowa.gov](mailto:SRF-PC@dnr.iowa.gov) or directly to me at [Rebecca.FlynnKettman@dnr.iowa.gov](mailto:Rebecca.FlynnKettman@dnr.iowa.gov) or (515) 204-5672.

Sincerely,

Rebecca Flynn Kettman  
Environmental Specialist  
6200 Park Ave, Suite 200  
Des Moines, IA 50321

Enclosures: Environmental Assessment Document  
Project Map

Distribution

List (email): Trey Kahl-Long, McClure Engineering  
Kyle Kopp, McClure Engineering  
Edward Boling, Council on Environmental Quality  
Jake Hansen, Iowa Department of Agriculture and Land Stewardship  
Ken Sharp, Iowa Department of Health & Human Services  
Mindy Wells, Iowa Department of Health & Human Services  
Chad Sands, Iowa Economic Development Authority  
Michael Schmidt, Iowa Environmental Council  
Tony Toigo, Iowa Finance Authority  
Lee Wagner, Iowa Finance Authority  
Yolanda Attaway, Iowa Finance Authority

Mickey Shields, Iowa League of Cities

Jane Clark, Sierra Club

Josh Mandelbaum, Environmental Law and Policy Center

Kate Sand, USDA Rural Development

Tokey Boswell, USDO, National Park Service, Midwest Region

Kraig McPeck, Fish and Wildlife Service, Rock Island Field Office

Ann D'Alfonso, USEPA Region VII

Hampton Chronicle

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**IOWA STATE REVOLVING FUND**  
**ENVIRONMENTAL ASSESSMENT DOCUMENT**

**PROJECT IDENTIFICATION**

**Applicant:** Terrace Hill Sanitary District  
**County:** Franklin  
**State:** Iowa

**SRF Number:** CS1921163 01  
**Iowa DNR Project Number:** S2020-0079A

**COMMUNITY DESCRIPTION**

**Location:** The Terrace Hill Sanitary District (THSD) is located in Franklin County, Iowa approximately 3 miles north of Hampton, Iowa and 25 miles south of Mason City, Iowa.

**Population:** The population served by the THSD according to McClure Engineering (Wastewater Treatment Facility Plan for the Terrace Hill Sanitary District, August 2024) is approximately 210 people. The design population equivalent for the year 2025 is 220 people.

**Project Background:** The THSD has a 1.25-acre Single-Cell Controlled Discharge Lagoon (CDL) Wastewater Treatment Facility (WWTF) constructed in 1971 that serves residential and commercial users within the Sanitary District. As of April 17, 2024, DNR issued THSD an Administrative Consent Order for violating their NPDES effluent limits 23 times between February 1, 2021, and March 11, 2024. Of these 23 violations, 16 were for not meeting their ammonia effluent limits, and the other 7 were for not meeting their *E coli* effluent limits. The existing WWTF is not capable of meeting the new NPDES effluent limits placed upon the THSD. These violations are likely due to the WWTF not having enough volume to meet the required detention times for full treatment from the lagoon, as well as not having enough surface area for adequate volatilization and light penetration.

Wastewater enters the WWTF from the collection system that was constructed at the same time as the single cell lagoon. The collection system consists of approximately 8,500 linear feet of 6 and 8-inch vitrified sewer pipe/vitrified clay pipe, and 26 manholes. The THSD completes routine inspections, cleaning, and maintenance of the collection system and there are no recommendations to complete upgrades at this time. Treated water is discharged during the allotted discharge window twice a year through the outlet structure for flow measurement and into Otter Creek.

## PROJECT DESCRIPTION

**Purpose:** The purpose of this project is to make improvements to the wastewater treatment facilities to address deficiencies, enhance their reliability, increase capacity, and to replace an obsolete system to safely and reliably operate the Terrace Hill Sanitary District's wastewater system for the next 20 years.

**Proposed Improvements:** The project scope includes the construction of a new primary lagoon cell north of the existing; the existing primary cell would then be split into two secondary cells, converting the system to a 3-celled controlled discharge lagoon. New influent, effluent, connecting structures and utility connections are also included in this work to allow for proper operation. The project will include a permanent access road south of the existing lagoon connecting the site to the adjacent golf course, a temporary construction access road extended from 180th Street to the project site, and staging area.

**Receiving Stream:** The treated wastewater from the proposed facility will discharge to Otter Creek. It has a use stream designation of A2 B(WW2). Class A2 waters are secondary contact recreational use waters in which recreational or other uses may result in contact with the water that is either incidental or accidental. During the recreational use, the probability of ingesting appreciable quantities of water is minimal. Class A2 uses include fishing, commercial and recreational boating, any limited contact incidental to shoreline activities and activities in which users do not swim or float in the water body while on a boating activity. Waters designated Class B(WW2) are those in which flow or other physical characteristics are capable of supporting a resident aquatic community that includes a variety of native nongame fish and invertebrate species. The flow and other physical characteristics limit the maintenance of warm water game fish populations. These waters generally consist of small perennially flowing streams.

## ALTERNATIVES CONSIDERED

**Alternatives Considered:** The Terrace Hill Sanitary District (THSD) considered four alternatives to improve the existing Wastewater Treatment Facility (WWTF) including 1) expansion of the existing single-cell controlled discharge lagoon to a three-cell lagoon system, 2) a covered enhanced aerated lagoon with UV disinfection that constructs two aerated lagoon cells within the footprint of the existing cell and a new blower building and UV disinfection system, 3) a Submerged Attached Growth Reactor (SAGR) with UV disinfection that involves installation of the SAGR system, UV disinfection, blower building, and two aerated lagoon cells, and 4) a transport and treat alternative that involves THSD constructing a lift station and force main to pump the wastewater approximately 3.5 miles to the City of Hampton's wastewater treatment plant.

**Reasons for Selection of Proposed Alternative:** The No-Action alternative is not viable due to the DNR Administrative Consent Order to meet NPDES effluent limits. While treatment options for alternatives 2 and 3 are known for their effectiveness and cold weather resilience, they are complex processes with higher operating and maintenance costs, and would require an operator with a higher-grade Wastewater Treatment Operators License that what is required today. While alternative 4 to construction a lift station and force main appears the simplest to construct, it was not the most financially viable since it would require residents pay the City of Hampton's sewer rates. A change in flows and loads for the receiving stream for the City of Hampton is also not ideal.

Alternative 1 to expand the existing lagoon to a three-cell lagoon system is the most cost-effective and THSD would not need an operator with a higher-grade treatment license. When properly sized, controlled discharge

lagoons provide excellent nutrient removal and disinfection without mechanical aids. The project site was selected for the availability of land as well as minimization of the impacts to the environment.

## **MEASURES TAKEN TO ASSESS IMPACT**

**Public Involvement:** A public hearing was held on June 2, 2025 at 10:00 am at the First Security Bank in Hampton, Iowa. The public notice of this hearing was made available by publication in the Hampton Chronicle on April 2, 2025 and mailed directly to customers on April 12, 2025. The purpose of this hearing was to present the environmental and financial impacts of the proposed improvement project. All questions from the attendees were answered. No written or oral comments were received. On July 7, 2025, an additional project area was added to the SRF project. This includes a permanent access road south of the existing lagoon connecting the site to the adjacent golf course, a temporary construction access road extended from 180th Street to the project site, and staging area. Environmental concerns for the access roads and staging area additions are not anticipated.

**Coordination and Documentation with Other Agencies and Special Interest Groups:** The following Federal, state and local agencies were asked to comment on the proposed project to better assess the potential impact to the environment:

- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- State Historical Society of Iowa (State Historical Preservation Office)
- Iowa DNR Conservation and Recreation Division
- Iowa DNR Flood Plain Management Section
- Citizen Band Potawatomi Indian Tribe
- Flandreau Santee Sioux
- Ho-Chunk Nation
- Iowa Tribe of Kansas and Nebraska
- Iowa Tribe of Oklahoma
- Kickapoo Tribe in Kansas
- Kickapoo Tribe of Oklahoma
- Lower Sioux Indian Community Council
- Miami Tribe of Oklahoma
- Omaha Tribal Council
- Osage Tribal Council
- Otoe-Missouria Tribe
- Pawnee Nation of Oklahoma
- Peoria Tribe of Indians of Oklahoma
- Ponca Tribe of Indians of Oklahoma
- Ponca Tribe of Nebraska
- Prairie Band Potawatomi Nation
- Prairie Island Indian Community
- Sac & Fox Nation of Mississippi in Iowa
- Sac & Fox Nation of Missouri
- Sac & Fox Nation of Oklahoma
- Santee Sioux Nation
- Shakopee Mdewakanton Sioux Community
- Sisseton-Wahpeton Oyate

Spirit Lake Tribal Council  
Three Affiliated Tribes Mandan, Hidatsa & Arikara Nations  
Upper Sioux Tribe  
Winnebago Tribal Council  
Yankton Sioux Tribal Business and Claims Committee

No adverse comments were received from any agencies or general public. Conditions placed on the applicant by the above agencies in order to assure no significant impact are included in the Summary of Reasons for Concluding No Significant Impact section.

## ENVIRONMENTAL IMPACT SUMMARY

**Construction:** Traffic patterns within the community may be disrupted and above normal noise levels in the vicinity of the construction equipment can be anticipated during construction and should be a temporary problem. Adverse environmental impacts on noise quality will be handled by limited hours of contractor work time during the day. Other adverse environmental effects from construction activities will be minimized by proper construction practices, inspection, prompt cleanup, and other appropriate measures. Areas temporarily disturbed by the construction will be restored. Solid wastes resulting from the construction project will be regularly cleared away with substantial efforts made to minimize inconvenience to area residents.

Care will be taken to maintain dirt to avoid erosion and runoff. The proposed project will disturb one or more acres of soil; therefore, the applicant is required to obtain an NPDES General Permit Number 2 (for storm water discharge associated with construction activities) and abide by its terms. Provided that this permit is obtained and the terms of which are abided by, no significant impact to surface water quality, fish, shellfish, wildlife, or their natural habitats is expected.

Temporary air quality degradation may occur due to dust and fumes from construction equipment. The applicant shall take reasonable precautions to prevent the discharge of visible emissions of fugitive dusts beyond the lot line of the property during the proposed project (567 Iowa Administrative Code IAC 23.3(2)“c”).

This project may require the disposal of sewage sludge. It is the responsibility of the applicant to ensure that the disposal of any sewage sludge complies with applicable requirements found in 40 CFR Part 503 and 567 Iowa Administrative Code IAC 67.

**Historical/Archaeological:** Various Native American tribes with an interest in the area were provided information regarding the project. This project will not be receiving federal funds through SRF. As such, this project is not considered a federal undertaking as defined in §300320 under the National Historic Preservation Act, 54 U.S.C. 300101 et seq. for the purpose of the SRF environmental review. If this SRF project receives federal funds from other sources, it is the responsibility of the applicant to ensure all federal requirements are met for that funding.

However, if project activities uncover any item(s) that might be of archaeological, historical, or architectural interest, or if important new archaeological, historical, or architectural data should be encountered in the project area, the applicant should make reasonable efforts to avoid further impacts to the property until an

assessment can be made by an individual meeting the Secretary of the Interior's professional qualifications standards (36 CFR Part 61).

**Environmental:** The project area was screened for the presence of wetlands, floodplains, and sovereign lands. According to the Iowa DNR Flood Plain Management Section, this project will not impact the 100-year floodplain provided all necessary floodplain development permits, state and local, are obtained and the terms of which are abided by. The DNR Flood Plain Management Section issued Flood Plain Development Permit Number 2025-1587FP-01. Franklin County also issued a flood plain development permit. According to the Iowa DNR Conservation and Recreation Division, the proposed project will not interfere with any State-owned parks, recreational areas, or open spaces. The U.S. Army Corps of Engineers concurs that the project will not impact wetlands. The project will not impact any wild and scenic rivers as none exist within the State of Iowa. Endangered Species Act Section 7 consultation is not required for this non-federal SRF project. Section 9 of the Endangered Species Act may apply and other wildlife conservation laws such as the Migratory Bird Treaty Act of 1918 and the Bald and Golden Eagle Protection Act of 1940. The U.S. Fish & Wildlife Service Information for Planning and Consultation website (IPAC) consultation determined, and the DNR Conservation and Recreation Division agrees, that the project will not impact protected species or their habitats provided that any tree cutting is conducted between October 1 and March 31 to avoid impacting endangered bats. However, if any State- or Federally-listed threatened or endangered species or communities are found during the planning or construction phases, additional studies and/or mitigation may be required. No adverse impacts are expected to result from this project, such as those to surface water quantity, or groundwater quality or quantity.

**Land Use and Trends:** The project will not displace population nor will it alter the character of existing residential areas. No significant farmlands will be impacted. This project should not impact population trends as the presence or absence of existing water/sewer infrastructure is unlikely to induce significant alterations in the population growth or distribution given the myriad of factors that influence development in this region. Similarly, this project is unlikely to induce significant alterations in the pattern and type of land use.

**Irreversible and Irretrievable Commitment of Resources:** Fuels, materials, and various forms of energy will be utilized during construction.

**Nondiscrimination:** All programs, projects, and activities undertaken by DNR in the SRF programs are subject to federal anti-discrimination laws, including the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and section 13 of the Federal Water Pollution Control Amendments of 1972. These laws prohibit discrimination on the basis of race, color, national origin, sex, disability, or age.

## **POSITIVE ENVIRONMENTAL EFFECTS TO BE REALIZED FROM THE PROPOSED PROJECT**

Positive environmental effects will be improved treatment of the wastewater from the THSD, compliance with effluent discharge permit limits, and improved water quality in the receiving stream.

## **SUMMARY OF REASONS FOR CONCLUDING NO SIGNIFICANT IMPACT**

- The project will not significantly affect the pattern and type of land use (industrial, commercial, agricultural, recreational, residential) or growth and distribution of population.
- The project will not conflict with local, regional or State land use plans or policies.
- The project will not impact wetlands.

- Endangered Species Act Section 7 consultation is not required for this non-federal SRF project. Section 9 of the Endangered Species Act may apply and other wildlife conservation laws such as the Migratory Bird Treaty Act of 1918 and the Bald and Golden Eagle Protection Act of 1940. The project will not affect threatened and endangered species or their habitats provided that any tree cutting is conducted between October 1 and March 31 to avoid impacting endangered bats. If any State- or Federally-listed threatened or endangered species or communities are found during the planning or construction phases, additional studies and/or mitigation may be required.
- The project will not displace population, alter the character of existing residential areas, or convert significant farmlands to non-agricultural purposes.
- The project will not affect the 100-year flood plain provided all necessary floodplain development permits, state and local, are obtained and the terms of which are abided by. The DNR Flood Plain Management Section issued Flood Plain Development Permit Number 2025-1587FP-01. Franklin County also issued a flood plain development permit.
- The project will not have effect on parklands, preserves, other public lands, or areas of recognized scenic or recreational value.
- Various Native American tribes with an interest in the area were provided information regarding the project.
- This project will not be receiving federal funds through SRF. As such, this project is not considered a federal undertaking as defined in §300320 under the National Historic Preservation Act, 54 U.S.C. 300101 et seq. for the purpose of the SRF environmental review. If this SRF project receives federal funds from other sources, it is the responsibility of the applicant to ensure all federal requirements are met for that funding.
- If project activities uncover any item(s) that might be of archaeological, historical, or architectural interest, or if important new archaeological, historical, or architectural data should be encountered in the project APE, the applicant should make reasonable efforts to avoid further impacts to the property until an assessment can be made by an individual meeting the Secretary of the Interior's professional qualifications standards (36 CFR Part 61). The project will not have a significant adverse effect upon local ambient air quality provided the applicant takes reasonable precautions to prevent the discharge of visible emissions of fugitive dusts beyond the lot line of the property during the proposed project (567 IAC 23.3(2)“c”).
- The project will not have a significant adverse effect upon local ambient noise levels, surface water quantity, groundwater quality or quantity, or water supply.
- No significant impact to surface water quality, fish, shellfish, wildlife, or their natural habitats is expected provided that an NPDES General Permit Number 2 (for storm water discharge associated with construction activities) is obtained and the terms of which are abided by.

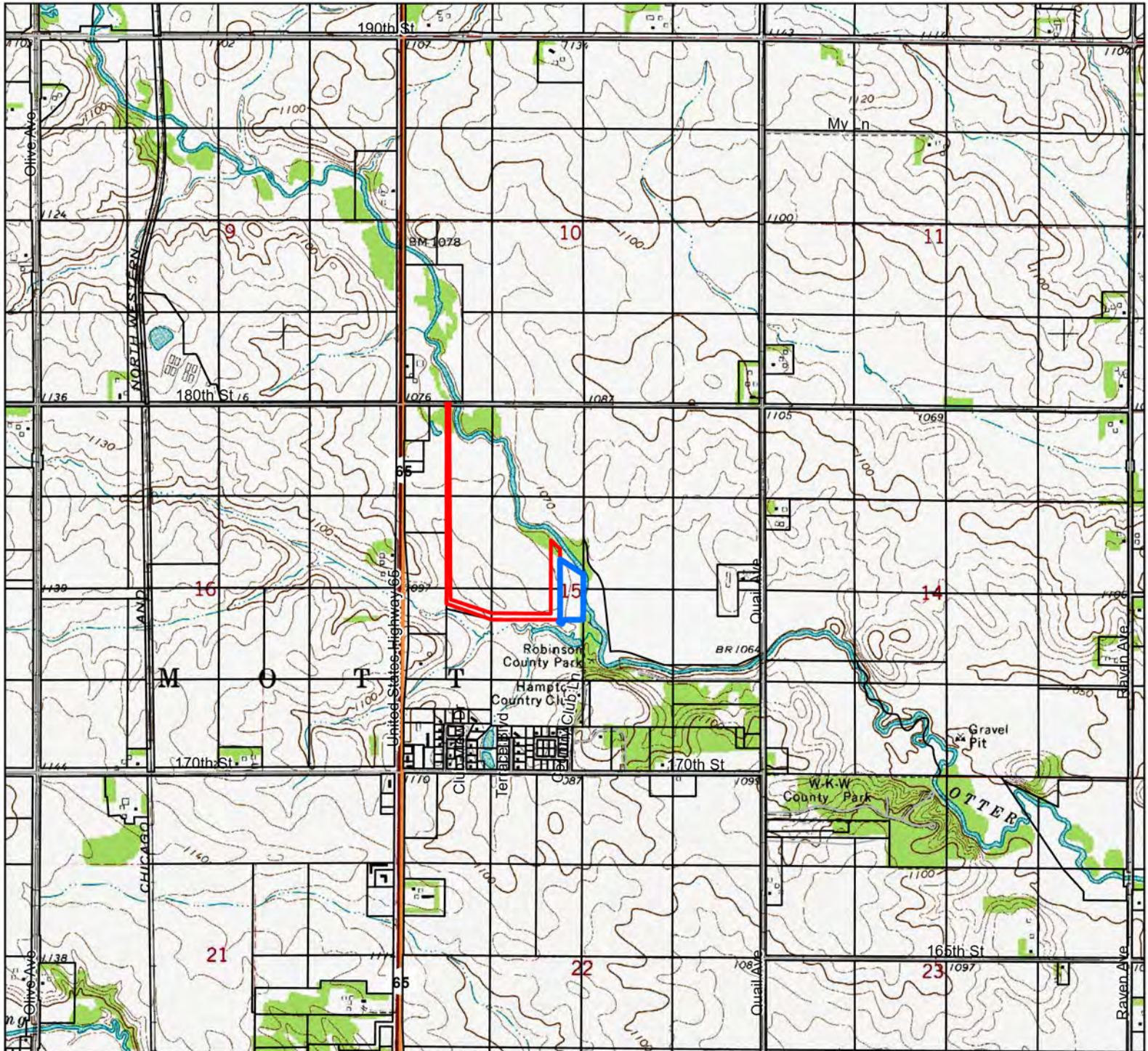
THEREFORE:

The above project conforms to the criteria in 567 Iowa Administrative Code 92.8(1)“b” relating to compliance with the National Environmental Policy Act of 1969. This Environmental Assessment Document (EAD) outlines the justification that the environmental review for the proposed project should be classified as a Finding of No Significant Impact (FNSI) and does not rise to the significance of an Environmental Impact Statement (EIS) in accordance with 40 CFR § 1501.5.

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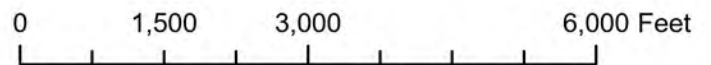
**Rebecca Flynn Kettman**  
Environmental Review Specialist

State Revolving Fund  
Iowa Department of Natural Resources





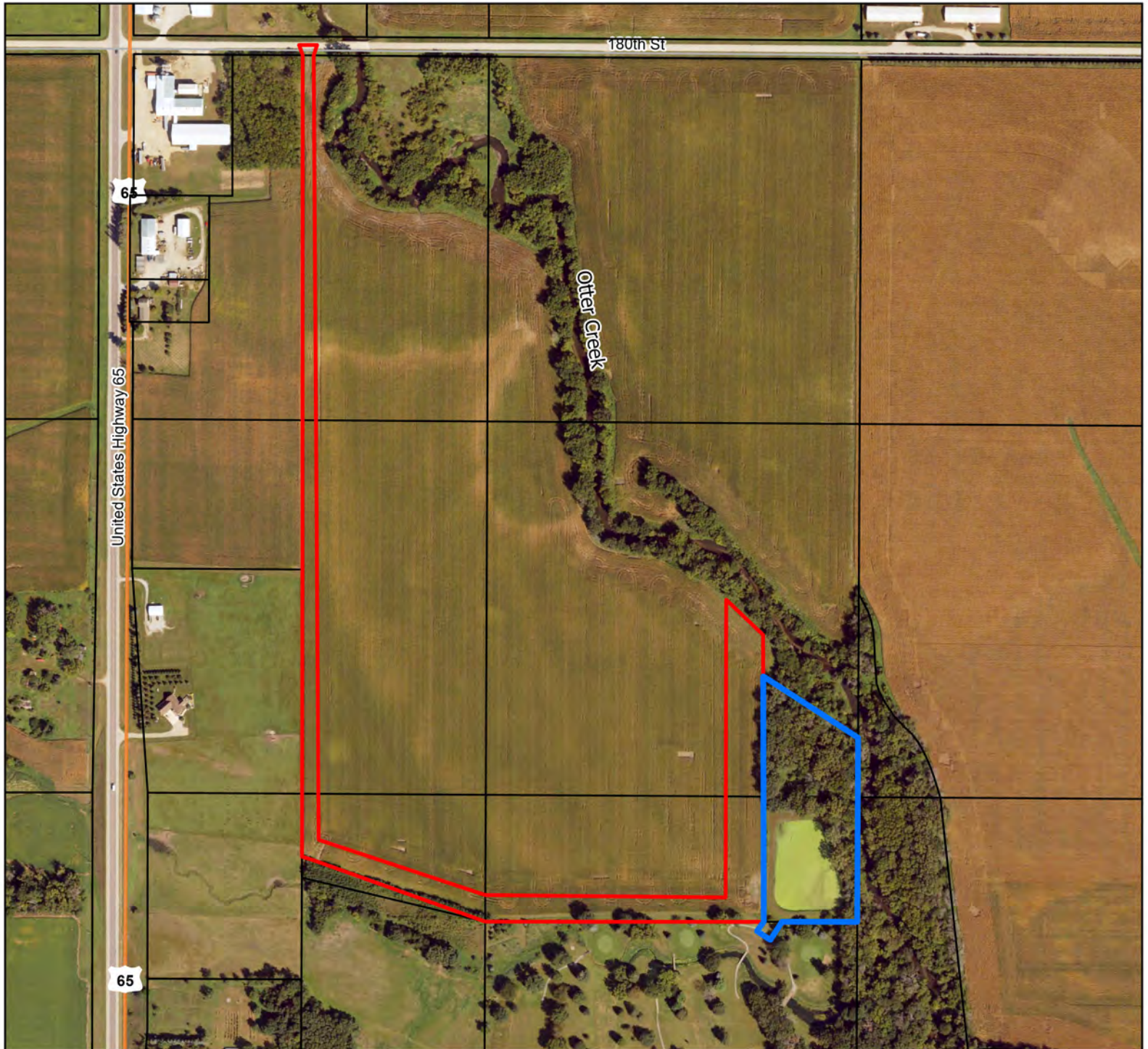
# USGS Topographic Map

Terrace Hill Sanitary District  
Wastewater Treatment Plant Improvements  
North of Hampton, IA (Franklin County)





### Legend

-  Proposed Temp. Access Road and Staging Area
-  Proposed Construction Area



**Terrace Hill Sanitary District  
Wastewater Treatment Plant Improvements  
North of Hampton, IA (Franklin County)**

**Legend**

-  Proposed Construction Area
-  Proposed Temp. Access Road and Staging Area