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DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM
CATEGORICAL EXCLUSION

TO: All Interested Citizens, Government Agencies and Public Groups

In accordance with the Nebraska Drinking Water State Revolving Fund environmental review process, which is based on the National Environmental Policy Act (NEPA), an environmental review has been performed on the proposed agency action below:

This information reviews the environmental impact likely from a project. This project is planned to be federally funded wholly or in part through your tax dollars; therefore, you are entitled to take part in its review. If you have concerns about the environmental impact of this project, please provide them at this time. The Nebraska Department of Environmental Quality encourages public input in this decision-making process.

PROJECT NAME: Lakeland Estates Interconnection
APPLICANT: Papio-Missouri River Natural Resources District
COUNTY: Washington
POPULATION: 2046 (Estimated)
DWSRF PROJECT NUMBER: D311614
TOTAL PROJECT AMOUNT: \$488,154

The Papio-Missouri River Natural Resources District (NRD) has applied for funding, through the Drinking Water State Revolving Fund (DWSRF) program jointly administered by the Nebraska Department of Health and Human Services Department of Public Health (DHHS) and the Nebraska Department of Environmental Quality (NDEQ), to interconnect the Lakeland Estates Water Company with the Washington County Rural Water District No. 2 (RWD), which is owned by the NRD. The engineering assessment concluded that just over one mile of 8" water main, along with a master meter and pressure reducing valve vault, was needed for the project. Lakeland's wells are high in iron, thus poor in quality. The aesthetic considerations of a water source with high iron may lead residents to stop using the water from a system, even though the water is actually safe to drink. The RWDs supply is of a much higher quality, originating from the City of Blair's water treatment plant. The NRD has a permit to operate a public water system under the provisions of the Nebraska Safe Drinking Water Act and the Regulations Governing Public Water Supply Systems, Title 179.

According to the Priority Ranking System this project is considered to be a low priority and was included on the Planning List in the State Fiscal Year 2016 Intended Use Plan (IUP). The project can be funded in accordance with the IUPs listed by bypass criteria, as the bypass date of January 1, 2016 has passed. Based on supporting documentation on file with the NDEQ, this project was determined to be eligible for a 20-year loan at an interest rate of 2.0 percent per the criteria listed in the IUP. In addition to principal and interest, an administrative fee of 1.0 percent of the loan balance will be assessed. For the residents of Lakeland Estates, the current residential water

rate is \$10 per month, with a usage rate of \$3 per every 1,000 gallons water consumed. The projected annual DWSRF Debt Service (including 10% coverage) is \$38,914. From discussions held with the owner of Lakeland Estates, water rates for their users will need to be raised \$18 per month based on a typical 8,000 per month water usage. However, prior to that water rate increase being enacted, approval must be obtained from the Nebraska Public Service Commission under the requirements of Title 291 Chapter 6. Per those requirements, at least 25% of the connections served by the project must provide written approval of acceptance of any water rate increase.

The proposed project was reviewed for eligibility for a categorical exclusion from National Environmental Policy Act review specified in 40 CFR (Code of Federal Regulations) Part 6.204. The project meets all criteria described in the above reference and the Department has determined that this project is eligible for a categorical exclusion. Consequently, a preliminary decision has been made that a Finding of No Significant Impact will not be prepared. The project as proposed is solely the installation of a 8 inch water main. Justification for categorical exclusion includes:

- The proposed action is not known or expected to have potentially significant environmental impacts on the quality of the human environment either individually or cumulatively over time;
- The proposed action is not known or expected to significantly affect federally listed threatened or endangered species or their critical habitat;
- The proposed action is not known or expected to significantly affect national natural landmarks or any property with nationally significant historic, architectural, prehistoric archeological or cultural value, including but not limited to, property listed on or eligible for the National Register of Historic Places;
- The proposed action is not known or expected to significantly affect environmentally important natural resource areas as wetlands, prime farmland, wild and scenic rivers, and significant fish or wildlife habitat;
- Based on a review of the available mapping, no portion of the project lies within the 100-year flood plain;
- The proposed action is not known or expected to have a significant effect on the pattern and type of land use (industrial, commercial, agricultural, recreational, residential) or growth and distribution of population including altering the character of existing residential areas, or may not be consistent with state or local government, or federally-recognized Indian tribe approved land use plans or federal land management plans.
- The area of the proposed project site was subjected to a Categorical Exclusion – Justified review with original NEPA approval when Highway 133 was widened by the Nebraska Department of Roads; thus, a significant environmental clearance was already documented for this project site.
- Prior to formally approving the project for construction, the NRD will hold a public hearing, which will allow additional input on the project.

The proposed project is determined by DHHS to help the public water system maintain compliance with the Safe Drinking Water Act. The infrastructure investment in a replacing the Lakeland Estates water supply wells with a new supply source is in line with the stated goals of the U.S. Environmental Protection Agency's Drinking Water Infrastructure Sustainability Policy. The

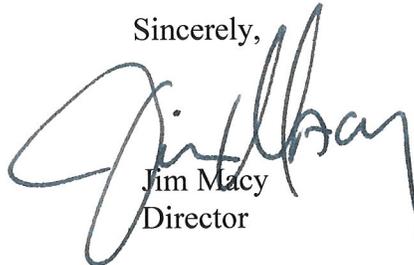
system last underwent a routine sanitary survey by DHHS in December of 2014, wherein no deficiencies were noted. That completed survey is the first step of the Technical, Financial, and Managerial (TFM) program policy. The NRD will still be required to undergo an Initial, and if necessary, a Final TFM Assessment by the DHHS, to ensure that their capabilities meet the requirements of the Safe Drinking Water Act. Also, their current Environmental Tracking Tool score is 0, well below the allowable 11 per issued U.S. Environmental Protection Agency guidance.

The NDEQ shall revoke the categorical exclusion and shall require a full environmental review if, subsequent to the granting of exclusion, the state determines that the proposed project no longer meets the requirements for a categorical exclusion due to changes in the proposed project; or new evidence reveals that serious local or environmental issues exist; or federal, state, local or tribal laws are being violated.

This action is taken on the basis of careful review of the application and other supporting data, which are on file in the office of the NDEQ. These are available for public review upon request. Persons having a comment on this categorical exclusion determination are encouraged to submit such comments directly to Steve McNulty, DHHS at 402 471-1006 or email steve.mcnulty@nebraska.gov, or John Danforth, Water Division of NDEQ at 402 471-3373 or email john.r.danforth@nebraska.gov.

Signed this 23rd day of June, 2016.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Macy".

Jim Macy
Director

Attachments: Distribution List
 Map

CATEGORICAL EXCLUSION DISTRIBUTION LIST
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WASHINGTON COUNTY RURAL WATER DISTRICT NO. 2, NEBRASKA

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