

**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 (NDEQ) encourages public input in this decision-making process.

PROJECT NAME: Blending of Wells #1 and #2, Water Main Replacement, Generator and Test Wells
APPLICANT: City of Central City
COUNTY: Merrick
POPULATION: 2,934
DWSRF PROJECT NUMBER: D311629
TOTAL LOAN AMOUNT: \$2,020,200
FORGIVENESS AMOUNT: \$404,040

The City of Central City has applied for funding, through the Drinking Water State Revolving Fund (DWSRF) program jointly administered by the Nebraska Department of Health and Human Services-Division of Public Health (DHHS) and the NDEQ, to construct 3,000 feet of water main to blend high nitrate water from Well #1 with water from Well #2 at a single point of entry to the system, replace approximately 4,850 feet of water main along 16th Avenue and 16th Street that is aged, undersized and has had multiple leaks in recent years, install a backup generator at Well #6 to increase emergency capacity, and drilling two test wells to identify future production well sites. The blending main, generator, and distribution main replacement projects are being reasonably sized for future growth.

In 2017, the City's Engineer completed a Water System Preliminary Engineering Report that evaluated the blending and generator installation. Out of the nine municipal wells owned by the City, three (Wells #2, #6, and #7) are available to provide drinking water on a consistent basis. With the largest well out of service, the system is not be able to provide peak day demand. The City will reduce system demand by half, dedicating one well, currently unused by the City, to providing non-potable water to a commercial customer. The report supports the blending of high nitrate Well # 1 (currently on emergency status) with Well #2 to provide nitrate concentrations of below 6 mg/L. The addition of a generator at Well #6 will provide emergency pumping capacity to meet average daily

demand with the largest well out of service. The investigation of new well sites with the construction of test wells is prudent given the concentrations of nitrates, arsenic, and uranium causing the City to place several municipal wells on emergency or stand-by status.

The Priority Ranking System ranks this project as a high priority and it is included on the Planning List in the State Fiscal Year 2019 Intended Use Plan (IUP). According to the listed bypass criteria in the IUP, a loan may be closed with the City as of October 1, 2018. 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% per the criteria listed in the IUP. In addition to principal and interest, an administrative fee of 0.74% of the loan balance will be assessed. Central City is eligible for forgiveness assistance capped at 20% based on median household income. The current residential water rate is a base rate of \$11.66 for the first 10,000 gallons. The projected annual DWSRF Debt Service (including 10% coverage) is \$121,307. Based upon the 1,308 active service connections, residential water rates may need to be raised approximately \$7.73 per month to address the new debt service; however, a final assessment of any potential rate increase would be made by the City after the completion of the project.

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, will be constructed adjacent to existing infrastructure to accommodate blending and generator installation, and the replacement of existing infrastructure. 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, the project does not lie 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 City 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. 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 blending the two wells, failing water main and generator 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 June of 2016, wherein no deficiencies were noted. That completed survey is the first step of the Technical, Financial, and Managerial (TFM) program policy. The City 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 Cyril Martinmaas, DHHS at 402 471-0513 or email cyril.martinmaas@nebraska.gov, or David Lathrop, Water Permits Division of NDEQ at 402 471-4252 or email david.lathrop@nebraska.gov.

Signed this 21st day of August, 2018.

Sincerely,

Jim Macy
Director

Attachments: Distribution List
 Maps

CATEGORICAL EXCLUSION DISTRIBUTION LIST
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Figure 4-6: 16th Avenue Main Replacement

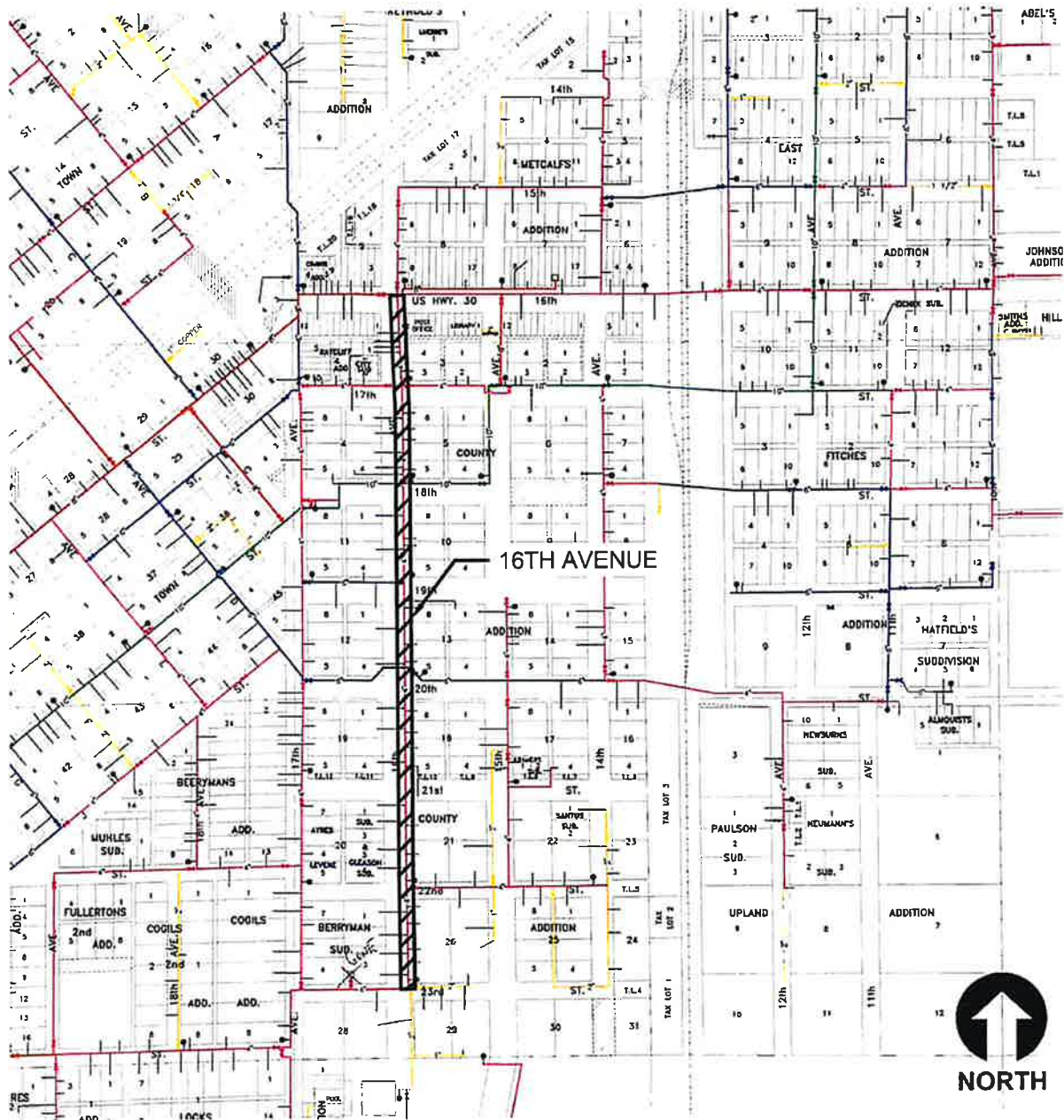


Figure 4-7: 16th Street Main Replacement