

Attachment 2G(1)

Explanatory Note for Rural Development (RD) Report August 2, 2010

This report is USDA Rural Development's submittal to the Council on Environmental Quality for the Section 1609(c) of the American Recovery and Reinvestment Act of 2009 (ARRA) report through June 30, 2010. Rural Development is comprised of three federal agencies: Rural Housing Service, Rural Business-Cooperative Service, and the Rural Utilities Service. This report covers the status and progress of National Environmental Policy Act (NEPA) compliance on all ARRA funded projects and activities for these three agencies.

The enclosed report lists the five Rural Development program areas that received funding under the ARRA. Each of these areas has a unique Treasury Appropriation Fund Symbol. In this report we are providing the total obligations that will result in outlays (immediately or in the future), and the actual amount appropriated in ARRA for each program (adjusted to reflect up to a three percent reduction for administrative expenses, as allowed by ARRA). This data correlates with the Funds Available data on recovery.gov and is in alignment with ARRA. As of June 30, 2010, Rural Development has obligated \$2,054,719,988, an increase of more than \$647 million from the last report. Rural Development has completed over 4,483 NEPA reviews since the last report (including 4,346 CEs and 137 EAs).

For the Rural Housing Program, we grouped all Single Family Housing direct and guaranteed loans and reported them on the same line because these loans are for similar activities that are categorically excluded under NEPA. We listed the NEPA review date as the last date on which any reviews were made for that group.

Likewise, for the Rural Community Facilities Program, Rural Business Program and the Rural Water & Waste Disposal Program, we grouped similar activities which comply with NEPA in the same way. Under each of these programs, we reported two groups: categorical exclusions and environmental assessments. We listed the NEPA review date as the last date on which obligations were made for the respective group. An environmental impact statement was not required in any of these programs receiving ARRA funding.

Rural Development obligated \$485,827,110 in ARRA funds in the Distance Learning, Telemedicine, Broadband Program, as of June 30, 2010, since the last reporting period.

Attached are six examples of applicant proposals for ARRA financial assistance that show improved planning through the NEPA review process.

Examples of USDA-Rural Development ARRA Financial Assistance:

- 1) Rural Water & Waste Disposal Program: Millwood-Bloomington Water System Improvement Project, Williamsburg County Water and Sewer Authority, South Carolina – (EA)

Rural Development funded this water distribution project that will install approximately 140 miles of pipeline, replacing residences currently served by individual private, unregulated wells. Through implementation of the NEPA process in the planning stages, this project identified mitigation actions to protect the American chaffseed (*Schwalbea Americana*) and red-cockaded woodpecker (*Picoides borealis*), species protected under Section 7 of the Endangered Species Act. In addition, mitigation was included to protect the scenic beauty and visual aesthetics of the Black River, a river segment included in the Nationwide Rivers Inventory.

The NEPA analysis identified suitable habitat within the proposal's area of impact for the American chaffseed, which was known to exist in the area. Therefore, a botanical survey was conducted and the pipeline layout was modified to minimize impacts on American chaffseed's habitat. In order to protect this species, the construction contract was modified to stipulate that no equipment would be placed in the rights-of-way outside of the pavement without notification and concurrence of the United States Fish and Wildlife Service (USFWS).

In addition, implementation of the NEPA process allowed the identification of several clusters of the federally listed red-cockaded woodpecker (RCW) colonies, *Picoides borealis*, present near the road rights-of-way of the proposed project. The project employed mitigation to avoid impact to these species (no pine trees 10 inches-in-diameter, at breast height (DBH), or greater may be removed without concurrence of the USFWS).

In order to protect the scenic beauty of the Black River, mitigation was adopted that stipulated that no construction would occur within one-half mile of the river and that Best Management Practices (BMPs) were included in the contract documents to minimize potential of non-point source pollution.

Finally, in order to provide for protection of wetlands, the contract documents included design specification for all wetland crossings to be accomplished via directional bore.

- 2) Rural Community Facilities Program: Eastern Shore Rural Health Medical Center, Accomack County, Olney, Virginia – (EA)

This proposed construction of a medical center on the Eastern Shore of Virginia involved construction of the new medical building, parking, and infrastructure, which required the installation of on-site groundwater sources and septic system. This is located within the Columbia and Yorktown-Eastover Multiaquifer System that is designated by the USEPA as a Sole Source Aquifer. The Columbia and Yorktown-Eastover Multiaquifer System

supplies more than 50% of the water needs for the communities within the service area boundaries. There are no viable alternative sources of sufficient water supply and if aquifer contamination were to occur, it would pose a significant public hazard and a serious financial burden to the communities within the aquifer service area.

As a result of the NEPA process, the USEPA reviewed the proposal in the planning stages and suggest modifications to this federally financially assisted proposal due to the potential adverse risk that it may pose to ground water from contamination. Due to the collective concern of the public and agencies involved in permitting this project, to protect this sole source aquifer, the local Soil and Water Conservation District is using the facility grounds and surrounding area to plant native vegetation for a native and healing planted garden. Planting of native vegetation in this way will help to treat runoff from the proposed facility and contribute to protection of adjacent wetland and waterways, which recharge the aquifer.

3) Rural Communities Facilities Program: Pioneer Home, Fergus Falls, Minnesota – (EA)

This proposal involved the construction of a new Community Assisted-Living Facility. During the NEPA and Section 106 of the National Historic Preservation Act (NHPA) reviews, it was determined that the existing Community Assisted-Living Facility, eligible for listing on the National Register of Historic Places, was to be abandoned. Due to its architecture significance, Rural Development worked with the State Historic Preservation Office (SHPO) and interested parties to develop a reuse plan to ensure there will be no adverse affect to this historic property. The provisions of the reuse plan were included in the loan conditions. Through consultation with the SHPO and interested parties, Rural Development was able to make a no adverse affect determination for the adaptive reuse plan for the existing building.

4) Rural Business and Industry Program: Grant County Wind, Grant County, Minnesota - (EA)

Rural Development funded this \$10,000,000 project which involved installation of ten 2.5 MW wind turbines and their accompanying construction and servicing access roads. Through the NEPA process, Rural Development coordinated with the Minnesota Board of Soil and Water Resources, the public, and other local authorities in order to avoid impact to approximately five prairie pothole wetland complexes. Although the U.S. Army Corps of Engineers does not take jurisdiction over isolated wetlands such as prairie potholes, the Minnesota Board of Soil and Water Resources, under the Minnesota Conservation Act, as well as Rural Development's regulations, do regulate these isolated wetlands as protected resources. As a result of this early planning NEPA process, Rural Development was able to work with the county to develop wetland delineation reports for the areas the ten turbines would be affecting. The applicant utilized these wetland delineations to avoid impact to wetland resources, during both the preliminary and final siting designs. The project resulted in no impacts to wetlands or waterways.

In addition, Rural Development coordinated with the Minnesota Department of Natural Resources and the USFWS to complete risk screening analyses for each of the turbines, as well as cumulative analyses for all ten. The results of these analysis indicated there was not a high potential for significant impact to wildlife. Therefore, it was determined the project was in compliance with the Migratory Bird Treaty Act (MBTA) and Section 7 of the Endangered Species Act.

Rural Development also coordinated with the public and the State Historic Preservation Office (SHPO) and determined there was no adverse affect on historic properties, through Section 106 of the National Historic Preservation Act (NHPA).

5) Rural Communities Facilities Program: Mobridge Library, City of Mobridge, South Dakota - (EA)

Rural Development funded this \$900,000 project which includes rehabilitation of and construction of an addition to the City of Mobridge's library which is listed on the national register of historic places. The A. H. Brown Public Library was constructed in 1929 by Albert Henry Brown and donated to the city of Mobridge in 1930 to serve the residents of Mobridge and the surrounding Walworth County. In 1978 the building was listed on the National Register of Historic Places as an example of the English Vernacular Revival Style.

For 80 years, the A.H. Brown Public Library has served the community, and with ARRA funding, in collaboration with Rural Development, the City of Mobridge will expand the small library with an addition that will allow the City to provide 21st Century information services to the community. Through the NEPA process and Section 106 consultation with the SHPO and interested parties, Rural Development worked with the applicant in order to implement design modifications to ensure that the project will protect the library and its unique architecture and history.

6) Rural Community Facilities Program: Milton Public Library, Milton, Pennsylvania - (EA)

Rural Development funded this \$ 3,082,170 project which involved the adaptive reuse of an existing structure eligible for listing on the National Register of Historic Places and located within an historic district. This reuse of this significant structure involved the purchase, relocation, and renovation (including construction of an addition) on an existing two-story single family residence, the Rose Hill House, within the Milton Historic District. The dwelling was originally constructed in the late 1800's, was destroyed by fire in the mid- 1900's and then subsequently rehabilitated, along with the carriage house also located on the property. Through the NEPA process and consultation with the SHPO and interested parties, Rural Development was able to make a no adverse affect determination for the adaptive reuse plan for this National Register of Historic Places eligible structure.

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