

Attachment 3G(1)

Explanatory Note for USDA Rural Development (RD) Report May 3, 2010

This note and the spreadsheet are USDA Rural Development's submittal to the Council on Environmental Quality (CEQ) for the Section 1609(c) of the American Recovery and Reinvestment Act of 2009 (ARRA) report through March 31, 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 Division A 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.

As of March 31, 2010, Rural Development has obligated \$1,407,385,261 which is an increase of over \$288 million from the last report. Rural Development has completed over 1,260 NEPA reviews since the last report (approximately 1,130 CEs and 135 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. There were 886 additional loans issued in the reporting period.

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.

During the reporting period, the Rural Community Facilities Program shows a decrease of two loans/grants (which were categorically excluded) compared to last quarter as a result of de-obligations, which we listed under the "Withdrawn" column. This program also completed an additional 48 environmental assessments during the period. Compared to the previous report, the Rural Business Program shows an increase of 204 ARRA activities (163 categorical exclusions and 41 environmental assessments) and the Rural Water & Waste Disposal Program shows an increase of 128 activities (82 categorical exclusions and 46 environmental assessments).

As of March 31, 2010, Rural Development has not obligated any ARRA funds in the Distance Learning, Telemedicine, Broadband Program. However, the agency is in the process of reviewing applications and expects to obligate funds soon.

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

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

This water distribution project funded by Rural Development involves installment of approximately 140 miles of pipeline, replacing residents' current reliance on 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 a new medical building, parking, and infrastructure, which required the installation of on-site groundwater sources and septic system. This site is located within the Columbia and Yorktown-Eastover Multiaquifer System which is designated by the US Environmental Protection Agency (EPA) 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 EPA reviewed the proposal in the planning stages and suggested modifications to the proposal to address the potential adverse risk to ground water from contamination. Also, 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

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 building the new facility would result in the closing of the existing Community Assisted-Living Facility which is eligible for listing on the National Register of Historic Places. Due to the existing facility's 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.

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