



Environmental Review Process Handbook

Process Guidance for the
Drinking Water State Revolving Fund

Contents

Section 1 – Overview

- 1.1 Purpose of this Document 3
- 1.2 Process Overview 3
- 1.3 Level of Environmental Review Required 4

Section 2 – Categorical Exclusion

- 2.1 Categories of Actions Eligible for a Categorical Exclusion..... 4
- 2.2 Categories of Actions Not Eligible for a Categorical Exclusion..... 5
- 2.3 Requesting a Categorical Exclusion..... 6

Section 3 – Environmental Information Document

- 3.1 Preparing an Environmental Information Document..... 7
- 3.2 Required Content of an Environmental Information Document..... 7
- 3.3 Environmental Information Document Approval..... 8

Section 4 – Environmental Impact Report

- 4.1 Criteria for Requiring an Environmental Impact Report..... 9
- 4.2 Environmental Impact Report Preparation Process..... 10
- 4.3 Required Content of an Environmental Impact Report..... 11
- 4.4 Issuing a Record of Decision..... 12

Attachments

- Template 1 – Requesting a Categorical Exclusion
- Template 2 – Public Notice for Categorical Exclusion
- Template 3 – Public Notice of the Finding of No Significant Impact
- Template 4 – Public Notice of Intent to Prepare an EIR

Section 1 – Overview

1.1 Purpose of this Document

This handbook provides process guidance to funding recipients completing the Environmental Review requirements associated with construction of drinking water facilities funded wholly or in part by the Drinking Water State Revolving Fund (DWSRF). Review of potential environmental impacts is stipulated by the US Environmental Protection Agency (USEPA) and states are required to review each DWSRF funded project in accordance with an established state environmental review process that has been approved by the USEPA. This handbook outlines Oregon Health Authority's (OHA) approval process.

1.2 Process Overview

All recipients of DWSRF construction funding must complete an Environmental Review of their infrastructure project as outlined in this handbook. This review must be completed by the funding recipient (or their project consultant) and approved by OHA-Drinking Water Services prior to the start of construction.

DWSRF projects that consist solely of desktop planning or design activities are exempt from this requirement.

To receive approval from OHA-Drinking Water Services for a completed Environmental Review, all project elements that are included in the funding contract must be evaluated as part of the required environmental review documentation. OHA-Drinking Water Services will issue one approval of the entire project prior to the start of construction. Unless there are extenuating circumstances, OHA-Drinking Water Services will not approve project elements in phases.

If an Environmental Review for the proposed project has already been conducted by another government agency, OHA-Drinking Water Services may, in its discretion, accept those findings. The review conducted by this agency must be consistent with the requirements of 40 CFR Part 6. A copy of the approving agency's final approval documentation must be submitted to OHA-Drinking Water Services for review and approval, as well as a copy of the public notice issued in the local newspaper or affidavit of publication. The funding recipient must receive official acceptance from OHA-Drinking Water Services of the approving agency's findings prior to the start of construction.

Environmental review determinations are considered valid for up to five years.

1.3 Level of Environmental Review Required

The type of Environmental Review required will depend on the location of the project and what types of construction activities are proposed.

One of the following 3 levels of Environmental Review may be required:

- **Categorical Exclusion.** At the request of the funding recipient, OHA-Drinking Water Services will determine if the proposed project can be categorically excluded from further Environmental Review. The funding recipient must submit a written request to initiate the determination process. Eligibility of the project for Categorical Exclusion may be determined from existing information and documentation, or additional information may be required. See Section 2 below for specific information on types of projects that may be eligible for a Categorical Exclusion and how to make an official request.
- **Environmental Information Document.** If the project is determined to be ineligible for a Categorical Exclusion, or the project has not had an appropriate Environmental Review by another government agency that can be accepted, the funding recipient must prepare an Environmental Information Document (EID). The EID must be submitted to OHA-Drinking Water Services for review and approval. The purpose of the EID is to evaluate potential environmental impacts and to identify any mitigation measures that may be needed. After reviewing the submitted EID, if appropriate, a Finding of No Significant Impact (FNSI) determination may be issued. See Section 3 below for specific information when an EID is required and the required contents of an EID.
- **Environmental Impact Report.** If based on a submitted EID, it is determined that a Finding of No Significant determination cannot be issued, OHA-Drinking Water Services may require the funding recipient to prepare an Environmental Impact Report (EIR). See Section 4 below for specific information when an EIR is required and the required contents of an EIR.

Section 2 – Categorical Exclusion from Further Environment Review

2.1 Categories of Actions Eligible for a Categorical Exclusion

Categorical Exclusions are categories of actions, which do not individually, cumulatively over time, or in conjunction with other actions, have a significant effect on the quality of the human environment, and have been identified by the OHA-Drinking Water Services as having no such effect. Such actions may be excluded from further Environmental Review requirements if the information obtained does not identify any environmental effects of the action that warrant additional Environmental Review.

The following actions may be categorically excluded by OHA-Drinking Water Services:

- (a) Actions solely directed toward minor rehabilitation of existing facilities, functional replacement of equipment, or toward the construction of new ancillary facilities adjacent or appurtenant to existing facilities.
- (b) Actions in sewered communities with a population of 10,000, or less, which are for minor upgrading or minor expansion of existing drinking water systems. This category does not include actions that directly or indirectly involve new drinking water sources, or the extension of new water distribution systems.
- (c) Actions in unsewered communities with a population of 10,000 or less, that do not include the development of new drinking water sources, and that will not result in any increase in or change to the rate, nature or location of water diversion or discharge to surface water.

Actions not included in the categories above may be considered for Categorical Exclusion but will require prior authorization by OHA-Drinking Water Services.

2.2 Categories of Actions Not Eligible for a Categorical Exclusion

Categorical Exclusions will not be granted for proposed projects or actions that include potential impacts that meet any of the following criteria:

- (a) Creation of a new or relocation of an existing discharge to surface or groundwater.
- (b) Discharge volume or pollutant loading increases from a new or existing source to receiving waters.
- (c) Creation of facilities that would provide capacity to serve a new population more than 30% greater than the existing population.
- (d) Creation of potentially significant and adverse human health or environmental effects on any community.
- (e) Creation of significant effects to federally listed threatened or endangered species or their critical habitat.
- (f) Creation of significant effects to cultural resource areas, including natural landmarks or property with significant historic, architectural, prehistoric, archeological, or cultural value.
- (g) Creation of significant effects to environmentally important natural resource areas such as wetlands, floodplains, significant agricultural lands, aquifer recharge zones, coastal zones, wild and scenic rivers, and significant fish or wildlife habitat.
- (h) Creation of significant effects expected to cause significant adverse air quality effects.
- (i) Creation of significant public controversy about a potential environmental impact of the proposed action.

2.3 Requesting a Categorical Exclusion

Recipients who believe their project may qualify for a Categorical Exclusion from further Environmental Review must submit an official signed request to OHA-Drinking Water Services for review and approval. The request must cover all project elements being funded. The request should be transmitted by email to the OHA DWSRF Environmental Review Coordinator by the funding recipient or their project consultant.

Template 1 attached to this handbook must be used in crafting the Request for a Categorical Exclusion. Include for each project element, the following information:

- Physical construction activities that will take place and their locations.
- Site plan(s) showing the location of each project element.
- Description of land ownership, public rights-of-way and/or recorded easements that allows the proposed construction activities.
- Description of previously disturbed (or undisturbed) areas.

2.4 Categorical Exclusion Approval

Once the request for a Categorical Exclusion has been submitted to OHA-Drinking Water Services for review, the Environmental Review process proceeds as follows:

- Categorical Exclusion Determination** - If the request for a Categorical Exclusion is approved, a Categorical Exclusion approval letter will be issued that outlines the public notice requirements that must be completed before the environmental review process can be closed.
- Publishing the Categorical Exclusion Determination** - The notice must be published in a local newspaper of general circulation (as determined by the recipient) in the geographic area of the proposed project. Template 2 attached to this handbook is to be used in issuing the public notice. A dated copy of the notice as it appears in the newspaper or official affidavit of publication must be emailed to the OHA DWSRF Environmental Review Coordinator and the Business Oregon Regional Project Manager for verification.
- Final Categorical Exclusion Approval** - Following publication of the notice and receipt of verification, the environmental review process can be closed.

Section 3 – Environmental Information Document

3.1 Preparing an Environmental Information Document

If the project does not qualify for a Categorical Exclusion, and no other governmental agency has approved an Environmental Review on the proposed project, the recipient must secure a consultant to prepare an Environmental Information Document (EID) for OHA-Drinking Water Services' review and approval. The selected consultant must be familiar with the process of identifying potential environmental impacts and must submit the EID for approval on behalf of the recipient. The EID must cover all project elements being funded and should be transmitted by email to the OHA DWSRF Environmental Review Coordinator.

3.2 Required Content of an Environmental Information Document

The EID must evaluate all potentially significant impacts on the human environment and include documentation showing that all appropriate local, state, and federal agencies, and federally recognized tribes, that may have interest or oversight related to environmental impacts have been given the opportunity to comment and recommend mitigation measures as appropriate. All funded project elements must be included and evaluated in the EID.

The following must be included in the EID:

- (a) **Project Description** – Describe the proposed project. Include all project elements to be constructed with DWSRF funding.
- (b) **Purpose and Need** - Describe the need for the project with particular emphasis on existing public health, severity and extent.
- (c) **Alternatives to the Proposed Action** – Describe the various alternatives that have been considered (including the “no-action” alternative).
- (d) **Affected Environment/Environmental Consequences** – Describe the affected environment as well as environmental impacts of the proposed project (including baseline conditions). For projects that include multiple project elements, each project site must be identified and evaluated.

The proposed project should be evaluated based on direct, indirect, and cumulative impacts; physical, legal, or institutional limitations or constraints; and compliance status with regulatory requirements.

The following categories of potential impact should be evaluated:

- Land Use / Important Farmland / Formally Classified Lands
- Floodplains
- Wetlands
- Historic Properties
- Biological Resources

- Water Quality
 - Costal Resources
 - Socio-economic and Environmental Consequences
 - Other Miscellaneous Issues (Air Quality, Noise, Transportation, etc.)
- (e) **Summary of Mitigation** – Describe mitigation measures that will be implemented to minimize adverse impacts of the proposed project. Mitigating measures could be structural (such as facility design or location) or non-structural (such as project staging, monitoring schemes or local land use requirements).
- (f) **Agency Correspondence and Coordination** – Include documentation (letters, emails, etc.) from local, state, and federal agencies, and federally recognized tribes, demonstrating that agencies with interest or oversight responsibilities related to environmental impacts have been given the opportunity to comment and recommend mitigation measures as appropriate.
- (g) **Documentation of Sources** – Include sources of information used in preparation of the EID.

3.3 Environmental Information Document Approval

Once the EID has been completed and submitted to OHA-Drinking Water Services for review, the Environmental Review process proceeds as follows:

- (a) **FNSI Determination** - After completing the review of the EID, if OHA-Drinking Water Services determines completion of an Environmental Impact Report (EIR) is not required, OHA- Drinking Water Services will issue an Initial Finding of no Significant Impact (Initial FNSI) determination. The Initial FNSI determination will list any mitigation measures or conditions determined necessary as a part of the project.
- (b) **Publishing the Initial FNSI Determination** - Once OHA has issued an Initial FNSI determination, the recipient must publish this determination in a newspaper of general circulation in the geographical region of the proposed project. Template 3 attached to this handbook is to be used in issuing the public notice. A dated copy of the notice as it appears in the newspaper or official affidavit of publication must be emailed to the OHA DWSRF Environmental Review Coordinator and the Business Oregon Regional Project Manager for verification.
- (c) **Final FNSI Approval** - Following a period of 30 days after publication of the notice, and after any public concerns about the impacts of the proposed project have been resolved to the extent determined appropriate by OHA-Drinking Water Services, a Final FNSI approval may be issued, and the Environmental Review process can be closed.

Section 4 – Environmental Impact Report

4.1 Criteria for Requiring an Environmental Impact Report

OHA-Drinking Water Services will require an Environmental Impact Report (EIR) to be prepared by the recipient when it is determined that the proposed project may cause significant impact to the quality of the human environment. This includes actions for which the Environmental Impact Report (EIR) analysis demonstrates that significant impacts will occur that cannot be reduced or eliminated by project changes or mitigation.

OHA-Drinking Water Services will require an EIR to be prepared when it is determined that the proposed project may cause one of the following conditions to exist:

- (a) The project or action may significantly impact the pattern and type of land use (industrial, commercial, agricultural, recreational, or residential) or growth and distribution of population.
- (b) Any adverse impacts resulting from any structure or facility constructed or operated which may conflict with local, regional, state land use plans or policies, federal law or executive order.
- (c) Any significant adverse impact on wetlands (either direct, indirect or cumulative).
- (d) Any significant adverse impact on a species or its habitat identified by an endangered or threatened species list compiled by the US Department of the Interior, the National Marine Fisheries Service or the State and, or other ecologically sensitive areas.
- (e) Any direct or indirect impacts that could significantly displace population, alter the character of existing residential areas, adversely impact a floodplain area, or adversely impact significant amounts of important farmland or agricultural operations on the location in question.
- (f) Any significant impacts on park lands, preserves, wild & scenic rivers, or other public lands of recognized scenic, recreational, historic or archaeological value.
- (g) Any significant direct, indirect or cumulative impacts to cultural, historical or archaeological resources.
- (h) Any significant impacts induced through development upon local ambient air quality, local ambient noise levels, surface or groundwater quality and quantity or other water supply conditions.
- (i) When the proposed project or action is considered highly controversial by general public opinion or may involve uncertain risks.

4.2 Environmental Impact Report Preparation Process

In preparing the EIR the recipient (or its consultant) will conduct the following activities:

- (a) **Notice of Intent** - Once OHA-Drinking Water Services has required the recipient to complete an EIR, the recipient must prepare and distribute to OHA-Drinking Water Services and the public a Notice of Intent to prepare an EIR. Template 4 attached to this handbook is to be used in issuing the Notice of Intent. The notice must include an estimated preparation time schedule.
- (b) **Scope Determination** - Following the issuance of the Notice of Intent, the recipient must convene an open public meeting as soon as possible of federal, state, local agencies and any other interested party to determine the scope of the EIR. During the Scope Determination meeting, the recipient must complete the following:
 - (1) Determine the significance of various issues to be analyzed as part of the EIR.
 - (2) Identify the preliminary range of alternatives to be considered.
 - (3) Identify any potential cooperating agency(s) and determine the information or analyses that may be needed from the cooperating agency(s) or other interested party(s).
 - (4) Discuss with those assembled at the meeting the method for the EIR preparation and the strategy to involve public participation.
 - (5) Identify consultation requirements of other environmental laws.
- (c) **Identifying and Evaluating Alternatives** - Following the Scope Determination meeting, the recipient will commence the identification and evaluation of all the potentially viable alternatives to address the scope of issues raised during this process. The documented reasons must be part of the EIR submitted to OHA-Drinking Water Services.
- (d) **EIR Preparation** - The recipient must then prepare a draft EIR and submit it to all impacted agencies and interested parties (including OHA-Drinking Water Services) for public review and comment. The comment period shall remain open for 45 days to review the draft EIR. Notices of the availability of the draft EIR shall be published in major newspapers statewide. Following the 45-day review period, the recipient must incorporate all the comments received and prepare a final EIR and submit it to OHA-Drinking Water Services.

4.3 Required Content of an Environmental Impact Report

The format for the EIR must encourage good analysis and clear presentation of all the alternatives (including the “no-action” alternative and the proposed alternative) and their environmental, economic, and social impacts. The following standard format for the EIR should be used:

- (a) **Executive Summary (ES)** - The ES must provide in sufficient detail the critical facets of the EIR so that the reader can easily become familiar with the proposed project or action and its related impacts. The ES should include a description of the existing problem, a brief description of each alternative considered with its associated impacts and any other areas of controversy, and a conclusion or recommendation for the proposed project or action.
- (b) **Table of Contents**
- (c) **Purpose and Need** - Describe the need for the project with particular emphasis on existing public health, severity and extent.
- (d) **Alternatives Evaluated** - The EIR must present the environmental impacts of the alternatives in comparative form, thus clearly defining the issues and providing a clear basis for choosing among the options by the recipient and the public. This section must include the following:
 - (1) A balanced description of each alternative considered by the recipient including the proposed project or action so that reviewers may evaluate their comparative merits. These discussions should include size, location of facilities, land requirements, operation & maintenance requirements, and auxiliary structures such as pipelines and construction schedules. For alternatives that were eliminated from the study, a brief discussion of the reason for elimination must be included.
 - (2) Appropriate mitigation measures not already included in the proposed project or action.
 - (3) Identification of the preferred alternative in the final EIR.
- (e) **Impacted Environment and Resulting Consequences of the Alternatives** - The impacted environment on which the evaluation of each alternative should be based includes, for example, hydrology, geology, air quality, noise, biology, socio-economics, energy, land use, archaeology, and historic subjects. The discussion must be structured to present the total impacts of each alternative for easy comparison among all alternatives by the reader.

The effects of a “no-action” alternative should be included to facilitate reader comparison of the beneficial and adverse impacts of other alternatives to the option of doing nothing.

A description of the environmental setting should be included in the “no-action” alternative for the purpose of providing needed background information.

The amount of detail in describing the impacted environment must be proportionate to the complexity of the situation and the importance of the anticipated impacts. There must also be a discussion of the mitigating measures to be executed to protect the environment.

(f) **Additional content for the final EIR** - The final EIR must include the following information in addition to what is listed above:

(1) Comments on the draft EIR which must be collected as a result of being circulated for review as well as any text changes that were identified by the reviewer(s).

(2) Agency & Public Coordination.

(A) The objections and suggestions made by local, state, and federal agencies before and during the EIR review process, along with the issues of public concern expressed by individual citizens and interested environmental groups. The EIR must include discussions of any such comments concerning the action in question, and the author of each comment should be identified. If a comment has resulted in a change in the project or the EIR, the change should be adequately explained.

(B) A summary of the transcript of any public hearing which has been held prior to the publication of the final EIR. For the public hearing which must be held after the publication of the draft EIR, the date, time, place, and purpose of the meeting must be included in this section. All comments received on the draft EIR including any written or oral comments made during the public hearing(s) must be included as well.

(C) A summary of the public participation process and agency coordination process.

4.4 Issuing a Record of Decision

After the final EIR has been issued, OHA will issue a Record of Decision (ROD). The ROD will document OHA-Drinking Water Services’ decision whether to approve the project by accepting the EIR with possible mitigation measures or rejecting the EIR. If the EIR is accepted, the ROD will include identification of mitigation measures derived from the EIR process, including any loan conditions that are deemed necessary to minimize the adverse impacts of the selected alternative(s). If the EIR is rejected, the project may not proceed as proposed. The recipient must revise the proposed project, or revise and recirculate the EIR for public comment, before reconsideration by OHA-Drinking Water Services.

Attachments

Template 1 – Requesting a Categorical Exclusion

Template 2 – Public Notice for Categorical Exclusion

Template 3 – Public Notice of the Finding of No Significant Impact

Template 4 – Public Notice of Intent to Prepare an EIR

Template 1 – Requesting a Categorical Exclusion

Date:

Oregon Health Authority
Drinking Water Services
Attn. DWSRF Environmental Review Coordinator
P.O. Box 14450
Portland, OR 97293-0450

Re: Request for a Categorical Exclusion from further environmental review for **[Insert Water System Name and PWS ID#]**

I am writing to request a Categorical Exclusion from further environmental review for **[Insert Proposed Project Name]** in accordance with Oregon Administrative Rules 333-061-0063. This project consists of **[Insert Project Description]**.

[Include or attach sufficient project details upon which a determination can be made. Include for each project element, the following information:

- *Physical construction activities that will take place and their locations.*
- *Site plan(s) showing the location of each project element.*
- *Description of land ownership, public rights-of-way and/or recorded easements that allows the proposed construction activities.*
- *Description of previously disturbed (or undisturbed) areas.]*

This project is eligible for a Categorical Exclusion according to the criteria stated in OAR 333-061-0063 (2) (a).

[Your Name, Signature and Contact Information]

Template 2 – Public Notice for Categorical Exclusion

PUBLIC NOTICE FOR A CATEGORICAL EXCLUSION

The Oregon Health Authority - Drinking Water Services has determined that the proposed **[Insert Project Name]** for the **[Insert Water System Name]** conform to the criteria and requirements of Oregon Administrative Rules 333-061-0063 and the supporting Environmental Review Process Handbook. The project, which involves **[Insert Brief Description of the Proposed Project]**, is therefore categorically excluded from further environmental review under the Drinking Water Revolving Loan Fund program as allowed in the above referenced rules. A copy of the Categorical Exclusion and information upon which it is based is available for public viewing at:

Oregon Health Authority
800 NE Oregon Street; Suite 640
Portland, Oregon 97232
(971) 673-0405

Additional copies are available for review at **[Insert Water System Name & Location of Office along with the telephone number]**.

Template 3 – Public Notice of the Finding of No Significant Impact

FINDING OF NO SIGNIFICANT IMPACT

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

From: *[Insert the Water System Name here]*

Subject: In accordance with OAR 333-061-0063 the Drinking Water Revolving Loan Fund, an environmental assessment has been performed by the Oregon Health Authority (OHA) - Drinking Water Services on the proposed project ***[Insert Project & Location]***

Purpose / Summary:

[Insert brief description and purpose of the proposed project. Identify any environmentally sensitive elements impacted such as wetlands, flood plains, historic sites, prime agricultural lands, or threatened or endangered species that could be harmed by the proposed project.]

Finding: OHA has reviewed the Environmental Information Document (EID) submitted by ***[Water System Name]***. Following the review, OHA hereby issues a Finding of No Significant Impact (FNSI) and determines that an Environmental Impact Report (EIR) is not necessary. This decision is based on a review of the information contained in the EID and any supporting data. The EID and any supporting data are available for public viewing at:

Oregon Health Authority
800 NE Oregon Street; Suite 640
Portland, Oregon 97232

Public Comments: Comments supporting or disagreeing with the decision to issue the FNSI may be submitted for consideration by OHA. All comments concerning the FNSI for the above project must be addressed to:

Oregon Health Authority
Attn. DWSRF Environmental Review Coordinator
P.O. Box 14450
Portland, Oregon 97293-0450

All comments must be received by the close of business on ***[Specify a date 30 days from publication]***. After evaluation of public comments, OHA will make its final decision. No action will be taken on the project until the close of the comment period.

Template 4 – Public Notice of Intent to Prepare an EIR

PUBLIC NOTICE OF INTENT TO PREPARE AN ENVIRONMENTAL IMPACT REPORT

Based on its review of an Environmental Information Document (EID), the Oregon Health Authority - Drinking Water Services has determined that the proposed [***Insert Name of Proposed Project***] for the [***Insert Water System Name***] requires the preparation of an Environmental Impact Report (EIR). [***Insert Water System Name***] is therefore required to notify the general public and interested parties and must follow the required public involvement process for a formal preparation of an EIR. The proposed project involves [***Insert Brief Description of the Proposed Project and Summary of the Issues***],

[Insert date, time & location of scheduled meetings and contact name & phone number]

Copies of the EID are available for review at [***Insert Water System Name & Location of Office***]. Please contact [***name of contact person and phone number***] if you have any questions.