

May 21, 2007

Bruce Larson
Director of Utilities
City of Miles City
P.O. Box 910
Miles City, Montana 59301

Dear Bruce:

Enclosed is a finding of no significant impact (FONSI) for the construction of improvements to the Miles City water system. The proposed project involves the construction of a new water transmission main and replacement or rehabilitation of existing water mains.

Please print the FONSI in at least one publication of your local newspaper under legal advertising and return a copy of the proof of advertisement to me. You do not have to print this letter or the environmental assessment checklist. You should advertise this as soon as possible and allow for a 30-day public comment period.

If you have any comments on the FONSI or additional information that you think should be considered, please call me at (406) 444-7838.

Sincerely,

Gary J. Wiens, P.E.
Drinking Water State Revolving Fund Loan Program
Technical and Financial Assistance Bureau

c: Lonnie Fleck, Interstate Engineering

**FINDING OF NO SIGNIFICANT IMPACT
FOR THE CITY OF MILES CITY
NEW TRANSMISSION MAIN AND WATER MAIN REPLACEMENT PROJECT**

TO: ALL INTERESTED PERSONS

Date: May 21, 2007

Action: Constructing water improvements for the City of Miles City

Location of Project: Miles City, Montana

DWSRF Funding: \$2,700,000.

Total Project Cost: \$3,250,000.

An environmental review has been conducted by the Montana Department of Environmental Quality for the proposed construction of improvements to the Miles City water system. The proposed project involves the construction of a new water transmission main and replacement or rehabilitation of existing water mains. The purpose of the project is to make improvements to the city's water system that are needed to protect public health.

The affected environment will primarily be the northeast area of Miles City. The human environment affected will include Miles City and the surrounding area. Based on the information provided in the references below, the project is not expected to have any significant adverse impacts upon terrestrial and aquatic life or habitat, including endangered species, water quality or quantity, air quality, geological features, cultural or historical features, or social quality.

This project will be funded with a state grant and a low-interest loan from the Montana Drinking Water State Revolving Fund (DWSRF) Program, administered by the Montana Department of Environmental Quality and the Montana Department of Natural Resources and Conservation.

The Department of Environmental Quality utilized the following references in completing its environmental review of this project:

- Treasure State Endowment Program Grant Application for the Northeast Miles City Water System Improvement Project, May 1, 2004, prepared by HKM Engineering, Miles City, Montana.
- Preliminary Engineering Report, Update of 2004 PER for the City of Miles City, February 2007, prepared by Interstate Engineering, Sidney, Montana.

In addition to these references, letters were sent to the Montana Department of Fish, Wildlife and Parks, the Montana Department of Natural Resources and Conservation, the Montana Department of Environmental Quality, the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service and the Montana State Historic Preservation Office. Responses were received from the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, the Montana Department of Fish, Wildlife and Parks and the Montana

State Historic Preservation Office. These references are available for review upon request by contacting:

Gary J. Wiens, P.E.
Department of Environmental Quality
P.O. Box 200901
Helena, Montana 59620-0901
Phone: (406) 444-7838
Email: gwiens@mt.gov

Bruce Larson
Director of Utilities
City of Miles City
P.O. Box 910
Miles City, Montana 59301

Comments on this finding or on the environmental assessment may be submitted to the Department of Environmental Quality at the above address. Comments must be postmarked no later than June 30, 2007. After evaluating substantive comments received, the department will revise the environmental assessment or determine if an environmental impact statement is necessary. Otherwise, this finding of no significant impact will stand if no substantive comments are received during the comment period or if substantive comments are received and evaluated and the environmental impacts are still determined to be non-significant.

Signed,

Todd Teegarden, Chief
Technical & Financial Assistance Bureau

c: file

ENVIRONMENTAL ASSESSMENT CHECKLIST

The following questions have been developed to assist DEQ in conducting its environmental review of DWSRF projects. This checklist should be completed by the review engineer utilizing personal knowledge and interdisciplinary expertise along with the PER and Uniform Application EA checklist.

Additional space for comments is provided under the heading Discussion and References. In narrative form, the DEQ reviewer should describe any problems judged to be environmentally significant. The DEQ reviewer should reference the source of judgment. As an example, this could be an expert biological opinion or the comments of a local or county planner.

This checklist should also be used as a reference when preparing an EA report. Significant issues should be evaluated further and, where appropriate, discussed in an EA report. Alternatives that avoid adverse impacts should be considered. Mitigation measures to overcome impacts should be adopted. Unavoidable adverse impacts should be identified.

[Instructions: Write in the appropriate response on the line adjacent to the checklist item, i.e., Y (yes), N (no), NA (not applicable), PA (possibly adverse), PB (possibly beneficial), U (unknown), NK (none known) or any other appropriate comment). Use comment area at end of checklist to explain when necessary.]

1. Physical Aspects - Topography, Geology and Soils

- | | | |
|----|--|---------------|
| a. | Are there physical conditions (e.g., steep slopes, shrink-swell soils, etc.) that might be adversely affected by or might affect construction of the proposed project? | _____ N _____ |
| b. | Are there similar limiting physical conditions in the planning area that might make development unsuitable? | _____ N _____ |
| c. | Are there any unusual or unique geological features that might be affected? | _____ N _____ |
| d. | Are there any hazardous areas (slides, faults) that might affect construction or development? | _____ N _____ |

Discussion and References:

No soils, topographic or geological conditions are likely to adversely affect the construction of this project.

2. Climate

- a. Are there any unusual or special meteorological constraints in the planning area that might result in an air quality problem? N
- b. Are there any unusual or special meteorological constraints in the planning area that affect the feasibility of the proposed project? N

Discussion and References:

The contract specifications will have provisions for the control of dust during construction activity.

3. Population

- a. Are the proposed growth rates unreasonable? N
- b. Will new housing serviced by this facility affect existing facilities, transportation patterns, environmentally sensitive areas, or be in special hazard or danger zones? N
- c. Will new housing create strains on other utilities and service (police, power, water supply, hospital care, schools, etc.)? N

Discussion and References:

4. Economics and Social Profile

- a. Does documentation exist which suggests that the local populace cannot afford the proposed project? N
- b. Will the facilities adversely affect land values? N
- c. Are any poor or disadvantaged groups especially affected by this project? N

Discussion and References:

5. Land Use

- | | | |
|----|--|------------------------------|
| a. | Will projected growth defeat the purpose of any known local land use controls? | <u> N </u> |
| b. | Is the location of the facilities incompatible with any known local land use plans? | <u> N </u> |
| c. | Will inhabited areas be adversely impacted by the project site? | <u> N </u> |
| d. | Will new development have adverse effects on older existing land uses (agriculture, forest land, etc.)? | <u> N </u> |
| e. | Will this project contribute to changes in land use in association with recreation (skiing, parks, etc.), mining or other large industrial or energy developments? | <u> N </u> |

Discussion and References:

6. Floodplain Development

- | | | |
|----|---|------------------------------|
| a. | Does the project area contain 100-year floodplains?
If yes to a., then: | <u> Y </u> |
| b. | Will the project be constructed in a 100-year floodplain? | <u> Y </u> |
| c. | Will the project serve direct or indirect development in a 100-year floodplain anywhere in the planning area? | <u> N </u> |

Discussion and References:

The proposed construction is within the 100-year floodplain. However, the area is largely developed and service will not be extended to new areas within the floodplain. Construction of new buildings is allowed in the floodplain, provided the main floor level is above the 100-year floodplain elevation.

7. Wetlands

- | | | |
|----|--|------------------------------|
| a. | Does the planning area contain wetlands or riparian areas?
If yes to a., then: | <u> N </u> |
| b. | Will any major part of the project be located on or affect wetlands or riparian areas? | <u> N </u> |
| c. | Will the project serve growth and development which will directly or indirectly affect wetlands or riparian areas? | <u> N </u> |

Discussion and References:

A drainage way passes though the western part of the project area. As part of the project a water main will be constructed under this drainage way during the dry time of the year. Since the channel will be restored to its original condition, the project is not expected to permanently affect the drainage way.

8. Wild & Scenic Rivers

- a. Does the planning area contain a designated or proposed wild and scenic river? N
If yes to a., then:
- b. Will the project be constructed near the river? N
- c. Will projected growth and development take place contiguous to or upstream from the river segment? N

Discussion and References:

9. Cultural Resources (Archaeological/Historical)

- a. Was the Montana State Historic Preservation Office (SHPO) contacted (usually by applicant utilizing the Uniform Application process) concerning historic, architectural, archaeological issues in the planning area? Y
If yes to a., then:
- b. Was SHPO's response included with the application? Y
- c. Was SHPO's response such that the project may not continue without further action or investigation by the applicant? Y

Discussion and References:

A cultural resource file search conducted by Damon Murdo of the State Historic Preservation Office indicated a few previously recorded sites within the designated search locale. Mr. Murdo concluded, however, that there is a low probability cultural properties would be impacted and therefore a cultural resource inventory is not warranted at this time. He recommended that the Historic Preservation Office be contacted in the event cultural resources are identified during construction.

10. Flora and Fauna (including endangered species)

- a. Are any designated, threatened or endangered species (or their habitat) known to exist in, or use, the planning area? N
- b. Will the project have any known direct or indirect adverse impacts on known designated species? N
- c. Will the project have any known direct or indirect adverse impacts on fish, wildlife or their habitat including migratory routes, wintering or calving areas? N
- d. Does the planning area include a sensitive habitat area designated by a local, state, or federal wildlife agency? N

Discussion and References:

In a letter dated March 4, 2004, the U.S. Fish and Wildlife Service concluded that there are no federally-listed species or designated critical habitat within the project area. In a letter dated March 12, 2004, Bryce Christensen of the Montana State Department of Fish Wildlife and Parks said that the project is not expected to significantly impact any threatened or endangered species, other wildlife or recreational areas.

11. Recreation and Open Space

- a. Will the project eliminate or modify recreational open space, parks or areas of recognized scenic or recreational value? N
- b. Is it feasible to combine the project with parks, bicycle paths, hiking trails, waterway access and other recreational uses? N

Discussion and References:

12. Agricultural Lands

- a. Does the planning area contain any known environmentally significant agricultural lands (prime, unique, statewide importance, local importance, etc.)? N
If yes to a., then:
- b. Will the project directly or indirectly encourage the irreversible conversion of environmentally significant agricultural lands to uses which result in the loss of these lands as an environmental or essential food production resource? N

Discussion and References:

13. Water Quality and Quantity (Surface/Groundwater)

- a. Will water rights be adversely affected by the project? N
- b. Will the project cause a significant amount of water to be transferred from one sub-basin to another? N
- c. Will the project adversely affect the quantity or quality of a groundwater resource? N
- d. Does the project adversely affect an aquifer used as a drinking water supply? N
- e. Are there additional cost-effective water conservation measures that could be adopted by the community to reduce water consumption? NK

Discussion and References:

14. Public Health

- a. Will there be adverse direct or indirect noise impacts from the project? N
- b. Is there evidence of any unique public health problems that may result from the proposed project (e.g., increased disease risk)? N

Discussion and References:

15. Waste Management (Including water treatment plant residuals, backwash water, sanitary wastes and solid wastes associated with the project)

- a. Will waste disposal occur in an area with inadequate sanitary landfills or on land unsuitable for land application? N
- b. Are there special problems with the waste that make disposal difficult (hazardous or difficult to treat)? N
- c. Is the technology selected for waste disposal controversial? N

Discussion and References:

16. Energy

- a. Are there additional cost-effective measures to reduce energy consumption or increase energy recovery which could be included in the project? N

Discussion and References:

17. Regionalization

- | | | |
|----|--|------------------|
| a. | Are there jurisdictional disputes or controversy over the project? | <u> N </u> |
| b. | Have inter-jurisdictional agreements been signed? | <u> NA </u> |

Discussion and References:

18. Public Participation

- | | | |
|----|--|------------------|
| a. | Is there a substantial level of public controversy? | <u> N </u> |
| b. | Is there inadequate evidence of public participation in the project? | <u> N </u> |

Discussion and References:

DOCUMENTATION OF ENVIRONMENTAL REVIEW DETERMINATION

Project Name: Miles City New Transmission Main and Water Main Replacement

Project Number: WRF number not yet assigned

Reviewer: Gary J. Wiens, P.E.

Date: May 21, 2007

An Environmental Review for the above-referenced project has been completed. Based on this review, it has been determined that the appropriate environmental review and finding for the project is a:

- Categorical Exclusion (Cat Ex if available) _____
- Environmental Assessment (EA) checklist and Finding of No Significant Impact (FONSI) X
- Narrative EA and FONSI _____
- Environmental Impact Statement (EIS) _____

Provide a copy of the EA (or draft EA - if a draft is issued for public comment) and the Finding to the Legislative Environmental Policy Office. _____