

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION



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Scoping Notice on Programmatic Environmental Assessment 11/3/2022

To Whom it May Concern:

The Montana Department of Natural Resources and Conservation (DNRC) Conservation and Resource Development Division (CARDD) is proposing to develop a statewide programmatic environmental assessment for the DNRC financing of the State Revolving Fund (SRF) Loans programs.

Background

The SRF loan programs provide low-interest loans made to public entities for eligible drinking water and wastewater projects. The Montana Department of Environmental Quality (DEQ) is primacy agency responsible for the oversight of the State Revolving Fund (SRF) program which includes ensuring compliance with state and federal requirements, technical expertise and review and approval of projects. DNRC provides financial administration of project loans and oversees the sale of state General Obligation (GO) bonds once DEQ approves the project. A portion of the funds for this program come to Montana in the form of capitalization grants through the Environmental Protection Agency. Montana provides the required 20% matching funds by issuing state General Obligation (GO) bonds.

DEQ is required to complete an environmental review compliant with the National Environmental Policy Act (NEPA) and public involvement process as required by the Environmental Protection Agency. DNRC CARDD has typically 'adopted' the DEQ environmental document as compliant with the Montana Environmental Policy Act (MEPA). A 'MEPA Adoption Decision Notice' must be included on each individual DNRC funding agreement and thus an adoption is required for each SRF project. This method is duplicative and unnecessary because each SRF funded project undergoes a thorough environmental review by the DEQ before DNRC can simply adopt their review as a MEPA compliant. This inefficient processing can potentially delay the loan funding disbursement.

NEPA and MEPA are virtually identical in their mandates, and state agencies are required to coordinate with each other and the federal government in the preparation of a single environmental review that is legally sufficient for both MEPA and NEPA. Both DEQ and DNRC have adopted Administrative Rules regarding Interagency cooperation which states that whenever a lead agency is responsible for the preparation of an environmental review, the agency may request participation of governmental agencies which have special expertise, allocate assignments among participating agencies, and coordinate the efforts of the affected agencies. DEQ, as the lead agency for SRF loans, is the agency responsible for compliance with both NEPA and MEPA and coordinates with DNRC as codified in Montana Code Annotated (MCA) 75-6-201 (Drinking Water State Revolving Fund) and MCA 75-5-1101 (Water Pollution Control State Revolving Fund).

In summary, DNRC CARDD may not issue a loan or make payments without DEQ completing a NEPA and MEPA compliant environmental review and the joint state action is dependent on DEQ as the lead agency for the SRF loan programs.

Programmatic Environmental Review

DNRC CARDD proposes to provide a programmatic environmental review on financing of SRF funded water and wastewater projects. The purpose for implementing this programmatic EA is twofold: it will allow the DNRC CARDD to meet its obligation to be compliant with MEPA and associated state and federal laws, and it will initiate the efficient processing of environmental documents.

Alternatives under consideration include (1) taking no action; (2) providing loan financing assistance for a wide range of water and wastewater infrastructure projects eligible under the Clean Water and Drinking Water SRF programs without MEPA additional analysis.

As part of the process for determining the scope of issues to be addressed in the programmatic Environmental Assessment (EA) and for identifying the important issues related to the proposed action, we request your comments on the above issues and any other issues that you can identify as important. We intend to use your comments to:

- Identify the range of alternatives and impacts and the important issues to be addressed in the programmatic EA.
- Identify and eliminate from detailed study the issues which are not important, or which have been covered by prior environmental review.
- Identify other environmental review and consultation requirements.

The Montana DNRC invites written comments and suggestions concerning this proposal. Please respond by **November 23rd, 2022** to:

**Department of Natural Resources and Conservation
Conservation and Resource Development Division
Attn: Demitra Blythe
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demitra.blythe@mt.gov
406-444-6619 or 406-422-3369**

If comments are not submitted by the public or affected agencies/entities by that date, DNRC will assume there are no comments at this stage of project development.

Sincerely,

Demitra Blythe
DNRC-CARDD MEPA/NEPA Coordinator

