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DEPT. OF WATER, ENERGY, AND ENVIRONMENT



Jim Pillen, Governor

DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM
CATEGORICAL EXCLUSION

TO: All Interested Citizens, Government Agencies and Public Groups

In accordance with the Nebraska Drinking Water State Revolving Fund environmental review process, which is based on the National Environmental Policy Act, an environmental review has been performed on the proposed agency action below:

This information reviews the environmental impact likely from a project. This project is planned to be federally funded wholly or in part through your tax dollars; therefore, you are entitled to take part in its review. If you have concerns about the environmental impact of this project, please provide them at this time. The Nebraska Department of Water, Energy, and Environment (DWEE) encourages public input in this decision-making process.

PROJECT NAME:	City of Falls City Lead Service Line Replacement Program		
APPLICANT:	Falls City, Nebraska	COUNTY:	Richardson
POPULATION:	4,133 (2020 census)		
DWSRF PROJECT NUMBER:	D311751		
TOTAL PROJECT AMOUNT:	\$4,000,000		
ESTIMATED LOAN FORGIVENESS (60%):	\$2,400,000		
ESTIMATED MECHANICAL INVENTORY GRANT (10%):	\$400,000		
ESTIMATED DWSRF LOAN AMOUNT:	\$1,200,000		

The City of Falls City has applied for funding through the Drinking Water State Revolving Fund (DWSRF) program administered by the DWEE to investigate approximately 130 water service lines of unknown material and replace the service lines which are out of compliance with the Lead and Copper Rule Improvements (LCRI) rule. The project will also include the installation of a new water meter pit whenever a service line is replaced.

This categorical exclusion includes the investigation and replacement of lead service lines. Water service lines are typically replaced by directional boring, and service lines are placed at a bury depth of three to five feet to prevent freezing. In rare cases, trenching methods may be required to replace service lines. In conjunction with the Nebraska State Historic Preservation Office (SHPO), when replacing service lines at registered historic properties, only underground directional boring will be used. Trenching methods will only be used at non-historic properties. If directional boring cannot be achieved at registered historic properties, those activities will not be covered under this categorical exclusion.

This project was listed on the Funding List of projects in the State Fiscal Year 2027 Intended Use Plan (IUP). Based on supporting documentation on file with the DWEE, this project was determined to be eligible for a 40-year loan at an interest rate of 0.0%. In addition, the administrative fee will be assessed at 0.0%. Falls City is eligible for up to 60% DWSRF loan forgiveness and a 10% mechanical inventory grant. Water meter pit installations will be funded at a 0% rate with no forgiveness assistance. The current residential water rate for a service connection is \$12.04 per month with an additional usage charge of \$5.32 per 100 cubic feet of water usage (or, \$7.11 per 1,000 gallons of usage), bringing the monthly household water cost to \$47.60 per month for a typical 5,000 gallon per month household water usage. The typical long-term annual DWSRF Debt Service (including 10% coverage) is \$33,000. Based on 2,001 total active service connections, residential water rates may need to be raised approximately \$1.37 per month to address the new debt service. Typical, however, will not fully apply to this project as the City intends to offer 5-year repayment terms to residential properties owners, for their portion of the service line replacement costs and required a lien on the property to ensure repayment of those costs. That program element could result in monthly bills increasing to between \$40 to \$60 per month, depending on the length of the service line replaced, but just to the owners of properties with lead service lines should they agree to participate in the replacement program.

The proposed project was reviewed for eligibility for a categorical exclusion from National Environmental Policy Act review specified in 40 CFR (Code of Federal Regulations) Part 6.204. The project meets all criteria described in the above reference and the Department has determined that this project is eligible for a categorical exclusion. Consequently, a preliminary decision has been made that a Finding of No Significant Impact will not be prepared. The project as proposed is solely directed toward lead service line replacement. Justification for categorical exclusion includes:

- The proposed action is not known or expected to have potentially significant environmental impacts on the quality of the human environment either individually or cumulatively over time;
- The proposed action is not known or expected to significantly affect federally listed or state listed threatened or endangered species or their critical habitat;
- The proposed action is not known or expected to significantly affect national natural landmarks or any property with nationally significant historic, architectural, prehistoric archeological or cultural value, including but not limited to, properties listed on or eligible for the National Register of Historic Places;
- The proposed action is not known or expected to significantly affect environmentally important natural resource areas as wetlands, prime farmland, wild and scenic rivers, and significant fish or wildlife habitat;
- The proposed action is not known or expected to have a significant effect on the pattern and type of land use (industrial, commercial, agricultural, recreational, residential) or growth and distribution of population including altering the character of existing residential areas, or may not be consistent with state or local government, or federally-recognized Indian tribe approved land use plans or federal land management plans;
- Based on review there are no new/relocated surface or groundwater discharges; the project is not being developed to provide capacity to service a population greater than 30% of that existing for the community; it is not primarily needed for future growth and is supported by a State growth strategy; and
- The proposed action is not known or expected to cause significant public controversy.

The City has a permit to operate a public water system under the provisions of the Nebraska Safe Drinking Water Act and the Regulations Governing Public Water Supply Systems, Title 179. The proposed project is determined by the DWEE to help the public water system maintain compliance with the Safe Drinking Water Act. The system last underwent a routine sanitary survey by the DWEE in January of 2025, wherein two significant deficiencies were noted, which have since been addressed. This action completed the Technical, Managerial, and Financial, (TMF) program policy. Falls City will still be required to undergo an Initial, and if necessary, a Final TMF Assessment by the DWEE, to ensure that their capabilities meet the requirements of the Safe Drinking Water Act. Also, their current Environmental Tracking Tool score is 0, which is below the allowable 11 per issued U.S. Environmental Protection Agency guidance.

The DWEE shall revoke the categorical exclusion and shall require a full environmental review if, subsequent to the granting of exclusion, the state determines that the proposed project no longer meets the requirements for a categorical exclusion due to changes in the proposed project, or new evidence reveals that serious local or environmental issues exist, or federal, state, local or tribal laws are being violated.

This action is taken on the basis of careful review of the application and other supporting data, which are on file in the office of the DWEE. These are available for public review upon request. Persons having a comment on this categorical exclusion determination are encouraged to submit such comments directly to the DWEE State Revolving Fund Program at dwee.srf@nebraska.gov, or at 402-471-4200.

Signed this 6th day of August, 2026.

Sincerely,



Sarah Starostka
Planning & Aid Division Administrator

SS/amk/sm/md

Attachments: Distribution List and Maps

CATEGORICAL EXCLUSION DISTRIBUTION LIST
FALLS CITY, NEBRASKA

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(Public Information Only not for Public Notice)

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Kathy Harlow, District Clerk

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Maps

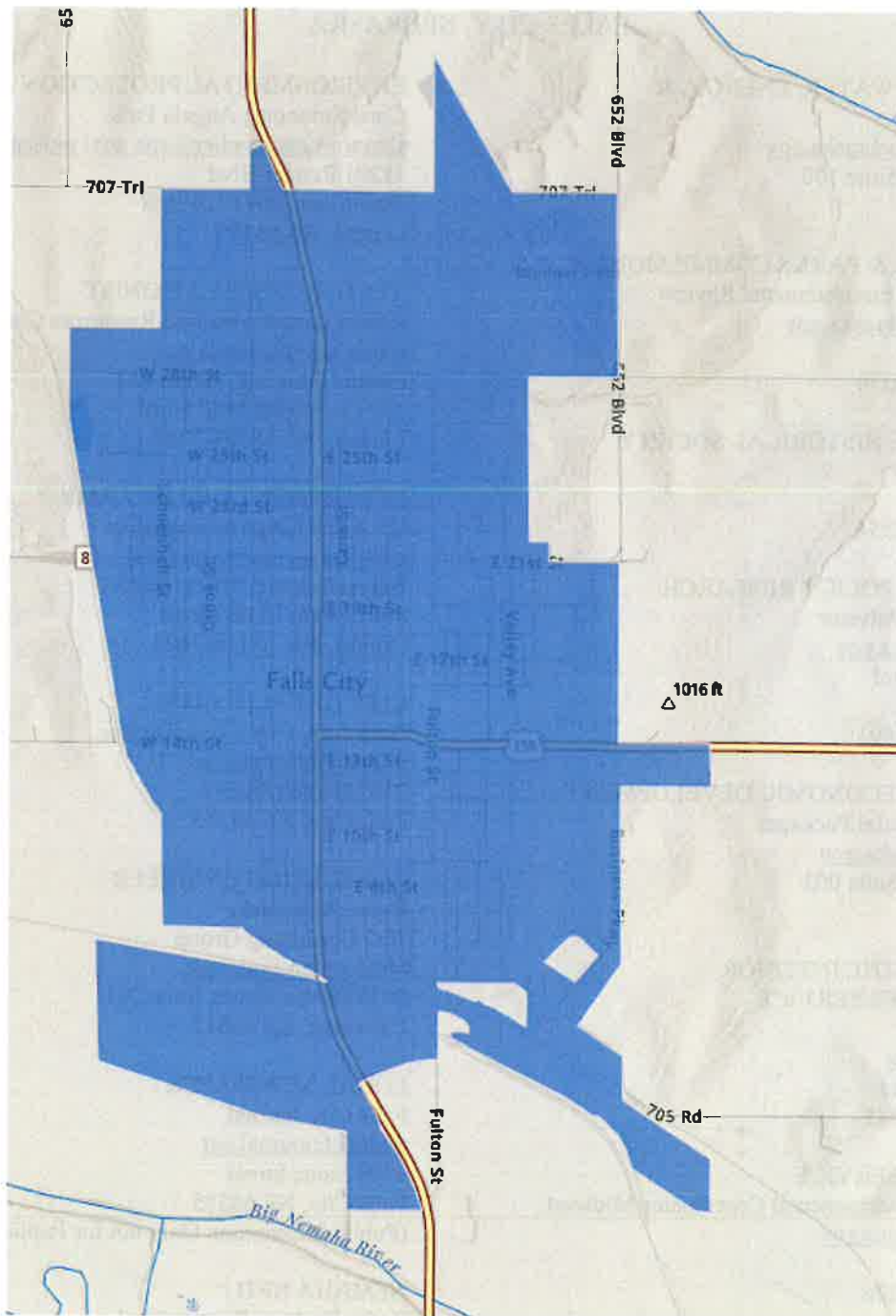


Figure 1: Map of the City Limits of the City of Falls City (from nebraskamap.gov)