



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 (NEPA), 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 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 (NDWEE) encourages public input in this decision-making process.

PROJECT NAME:	Clay Center Preliminary Engineering Report, Municipal Water System
APPLICANT:	City of Clay Center
COUNTY:	Clay
POPULATION:	735 (2020 Census)
DWSRF PROJECT #:	D311733
SRF LOAN AMOUNT:	\$1,302,581

The City of Clay Center has applied for funding, through the Drinking Water State Revolving Fund (DWSRF) program administered by the NDWEE, to drill a new well to replace an existing well (Well No. 1; Well 90-1). The existing wellhouse will be utilized for electrical, controls and a water meter. The project also includes the replacement of a 4-inch cast iron main located on Clay Avenue from Division Street to Fairfield Street and on Fairfield Street from Clay Avenue to Center Street.

The community was listed in the Funding List in the State Fiscal Year 2026 Intended Use Plan (IUP) and ranked at 70 points. Based on supporting documentation on file with the NDWEE, this project was determined to be eligible for a 30-year loan at an interest rate of 0.75%, per the criteria listed in the IUP. In addition to principal and interest, an administrative fee of 0.75% of the loan balance will be assessed. The current residential water rate is \$28.25, with an added rate of \$1.90 per 1,000 gallons – resulting in an average monthly water bill of \$37.75 for a typical 5,000-gallon monthly household water use. For the loan, the estimated long-term annual DWSRF Debt Service is \$64,091.16. Based upon the 375 active service connections, residential water rates may need to be raised a minimum of \$14.24 per month to address the new debt service.

The proposed project was reviewed for eligibility for a categorical exclusion from a 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 proposed project will be within the existing footprint of the current distribution system and transmission main locations. 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 state and federally 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;
- Based on a review of the available mapping, no portion of the project lies within the 100-year floodplain;
- 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 NDWEE to help the public water system maintain compliance with the Safe Drinking Water Act. The system last underwent a routine sanitary survey by the NDWEE in January 2025, wherein three significant deficiencies and no minor deficiencies were noted. All deficiencies have since been addressed and corrected. The completed survey is the first step of the Technical, Managerial, and Financial (TMF) program policy. The City of Clay Center will still be required to undergo an Initial, and if necessary, a Final TMF Assessment by the NDWEE, to ensure that their capabilities meet the requirements of the Safe Drinking Water Act. Also, the City's current Environmental Tracking Tool score is 0, below the allowable 11 per issued U.S. Environmental Protection Agency guidance.

The NDWEE 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 NDWEE. 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 NDWEE State Revolving Fund Program at dwee.srf@nebraska.gov, or at 402-471-4200.

Signed this 3rd day of November, 2025.

Sincerely,



Sarah Starostka,
Division Administrator
Planning & Aid Division

Attachments: Distribution List
 Map

CATEGORICAL EXCLUSION DISTRIBUTION LIST
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Figure 1. Map of the City of Clay Center's water distribution system, including where the project will take place (Well #1; Clay Avenue from Division Street to Fairfield Street; Fairfield Street from Clay Avenue to Center Street)