



Mike DeWine, Governor
Jon Husted, Lt. Governor
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July 10, 2023

Limited Environmental Review and Finding of No Significant Impact

**City of Hillsboro – Highland County
2023 High St. Lead Service Line Replacement and
Beech St. Area Infrastructure Reconstruction Projects
Loan numbers: FS390450-0028 and FS390450-0027**

The attached Limited Environmental Review (LER) is for two water distribution system projects in Hillsboro which the Ohio Environmental Protection Agency intends to finance through its Water Supply Revolving Loan Account (WSRLA) below-market interest rate revolving loan program. The LER describes the projects, their costs, and expected environmental benefits. Making available this LER fulfills Ohio EPA's environmental review and public notice requirements for this loan program.

Ohio EPA analyzes environmental effects of proposed projects as part of its WSRLA program review and approval process. We have concluded that the proposed projects should not result in significant adverse environmental impacts. These projects' relatively narrow scope and lack of environmental impacts qualifies them for the LER rather than a more comprehensive Environmental Assessment. More information can be obtained by calling or writing the person named at the end of the attached LER.

Upon issuance of this Finding of No Significant Impact (FNSI) determination, award of funds may proceed without further environmental review or public comment unless new information shows that environmental conditions of the proposed projects have changed significantly.

Sincerely,

Kathleen Courtright, Assistant Chief
Division of Environmental and Financial Assistance

Attachment

LIMITED ENVIRONMENTAL REVIEW

Project Identification

Projects: 2023 High St. Lead Service Line Replacement and Beech St. Area Infrastructure Reconstruction Projects

Applicant: City of Hillsboro
130 North High Street
Hillsboro, Ohio 45133

Loan Numbers: FS390450-0028 and FS390450-0027

Projects Summary

The City of Hillsboro, in Highland County, has requested \$1 million from the Ohio Water Supply Revolving Loan Account (WSRLA) to fund the 2023 High Street Lead Service Line (LSL) Replacement project and another \$1 million to fund the Beech St. area infrastructure reconstruction project. These projects will involve replacement of water mains and service lines along High Street, Beech Street, and streets adjacent to Beech Street as shown in figures 1 and 2 respectively.

History & Existing Conditions

Hillsboro owns and operates its own water treatment, storage, and distribution system and provides roughly 800,000 gallons of water per day to approximately 3,350 users within the city. Hillsboro's water comes entirely from surface water sources, including Clear Creek, the Selph Reservoir, and the Liberty Park Reservoir. Hillsboro's distribution system consists of nearly 255,000 feet of 4-inch through 16-inch water mains that date back as far as the 1920s. Currently, Hillsboro is experiencing water loss due to deterioration and failing of mains, particularly in the older sections of its system.

These two projects specifically deal with the deteriorated and chronically failing 4-inch and 6-inch water mains and service lines along High Street and in the Beech Street project area, which were installed between 50 and over 100 years ago. These mains are joined with lead joints and valves, and the service lines connected to these mains are potentially made of lead. Breaks in these mains cost time and money to conduct repairs and are a health risk and nuisance. Furthermore, these lead components pose potential health risks to residents.

To replace all failing mains in the city at once would be too costly. Hillsboro intends to conduct water main replacements in phases starting with older portions of the system, such as along High Street (see Figure 1).

Project Descriptions

The city's High Street LSL replacement project involves replacing deteriorated and failing service lines along High Street with approximately 7,500 linear feet (LF) of $\frac{3}{4}$ -inch and 300 linear feet of 1-inch high density polyethylene (HDPE) service line. Additionally, the project includes replacement of storm sewers, sidewalks, and concrete curbs as shown below in Figure 1. According to the city, 100 homes in the project area will benefit from the city's High Street LSL replacement project.

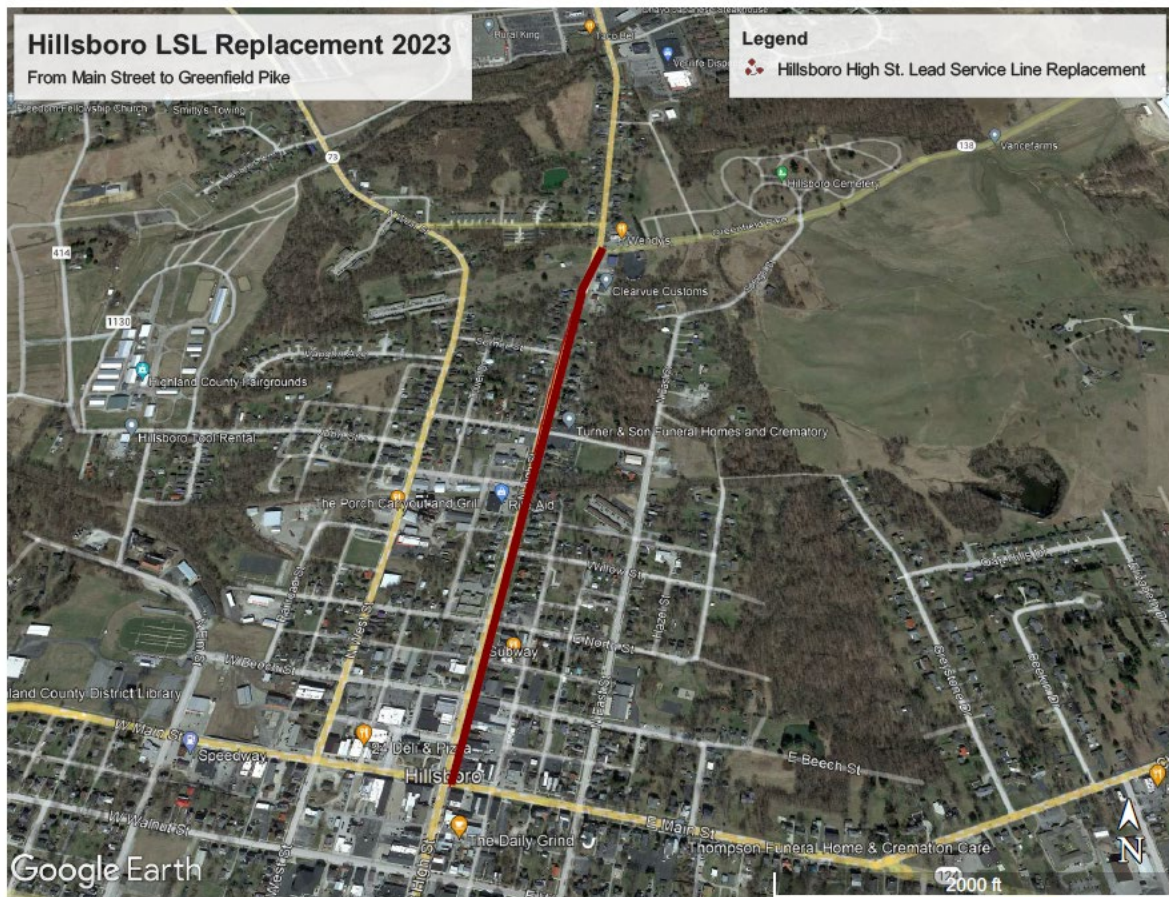


Figure 1. 2023 High Street LSL replacement project

As shown in Figure 2 below, Hillsboro’s Beech Street area infrastructure reconstruction project entails replacing the existing water main due to breaks and the age of the main which is easily 50 plus years of age and replacing the existing service lines that are in an area that has been shown to have lead in both the main and service lines. More specifically, Hillsboro proposes to install 700 LF of 8-inch and 2,380 LF of 6-inch water main while replacing 34 service lines, 7 hydrants, and one flush hydrant. There will be a separate wastewater project as also shown in Figure 2. However, this will be subject to a separate environmental review and a loan from Ohio EPA’s Water Pollution Control Loan Fund.

Implementation

Hillsboro proposes to borrow \$1 million from the Ohio WSRLA at the small community rate of zero percent (interest rates are set monthly and may change for the requested August 2023 award date) to cover the cost of the High Street LSL project. This will also cover \$149,300 in engineering services. Additionally, Hillsboro is eligible to receive a portion of the loan associated with lead service line replacements, estimated to be \$997,650, as principal forgiveness; principal forgiveness is a loan that does not need repaid. Borrowing WSRLA funds at this rate and receiving the estimated amount in principal forgiveness could save Hillsboro approximately \$1.6 million over a 30-year loan period compared to the current market rate of 3.87 percent.

Similarly, Hillsboro expects to borrow a little over \$1 million from the Ohio WSRLA at the small community rate of 2.12 percent for its Beech Street area infrastructure reconstruction project. Hillsboro is eligible to receive \$34,000 (the portion of this loan associated with lead service line replacements) as principal forgiveness, which means that it does not have to be repaid by the city. Borrowing WSRLA

funds at this rate and receiving the estimated \$34,000 in principal forgiveness could save Hillsboro approximately \$330,800 over a 30-year loan period compared to the current market rate of 3.87 percent. Readers should note that the total proposed project cost is about \$3.9 million and reflects the fact that the city is also proposing to make storm sewer and road improvements as part of the overall Beech Street project.

The debt associated with these two construction projects will be recovered from user charges. Hillsboro last increased their base water rate in 2022. Currently in committee and before city council are the following rate increases: 2 percent in 2024 and 2025, and 1.5 percent in 2026. Upon completion of these projects, the average annual water bill for residents served by Hillsboro will be \$772. This is 2 percent of the of the median household income for Hillsboro (MHI; \$37,000) and is slightly higher than the Ohio average bill of \$697.

Construction is expected to begin following loan awards and be completed in four months for the High Street lead service line project and in five months for the Beech Street project.

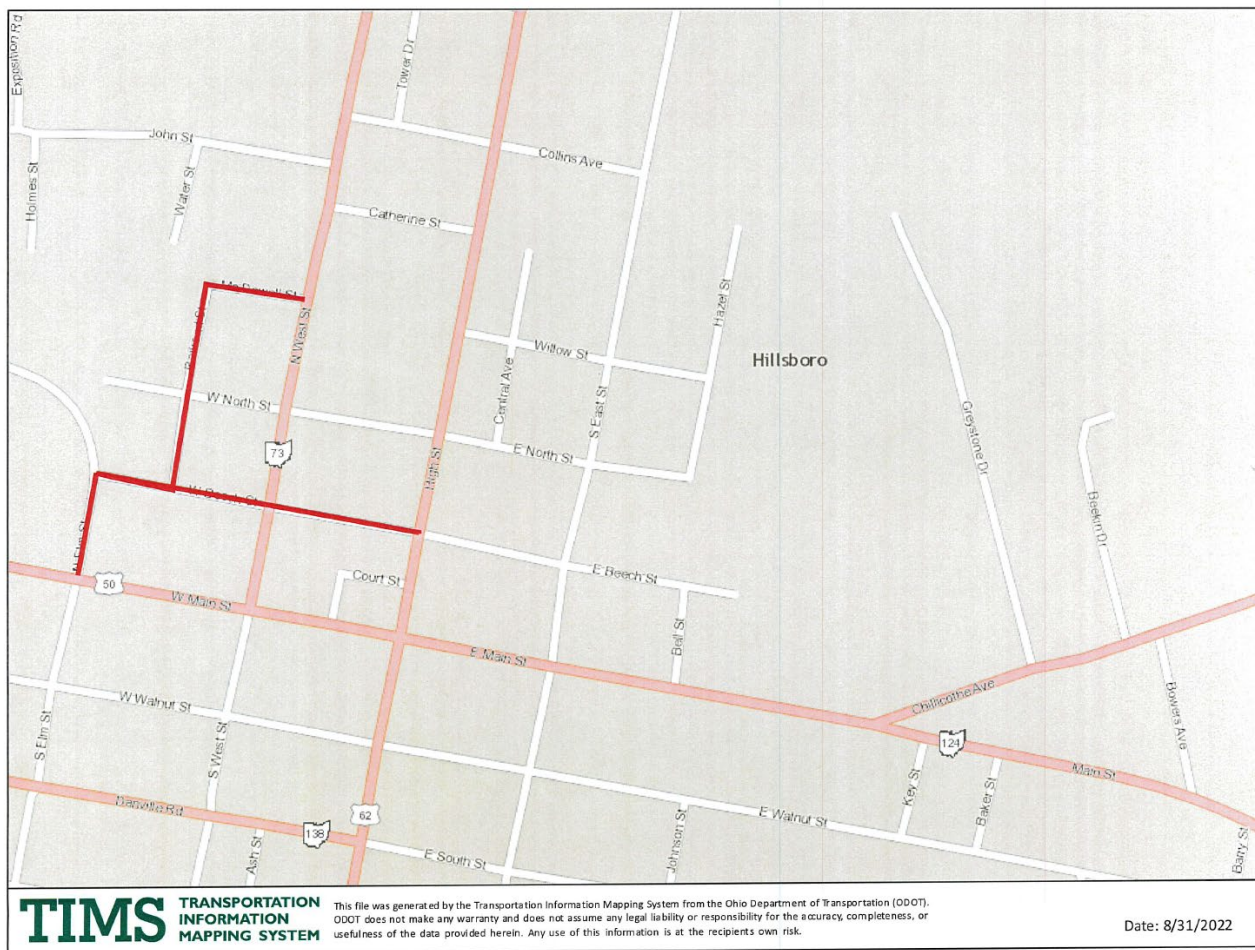


Figure 2. Beech St. Area Infrastructure Reconstruction Project (the red line shows both the proposed water and wastewater lines)

Public Participation

Hillsboro has discussed water system issues at city council meetings and in the local newspaper over the past several years to keep residents informed of the need to continue replacing antiquated system components to provide safe and reliable water service into the future. Hillsboro has implemented a rate

increase to help pay for necessary water system improvements. Hillsboro intends to send a letter to affected residents that explains the projects and advertises a public meeting that will be held in July to further discuss these projects and answer questions.

Residents will be required to sign a waiver to allow Hillsboro and the city's representatives on their property to conduct service line replacements. The contractor will be required to notify residents of interruptions to water service at least 24 hours prior to a shut down.

Ohio EPA is unaware of controversy about or opposition to these projects. Ohio EPA will make a copy of this document available to the public on the following webpage and will provide it upon request: <https://epa.ohio.gov/divisions-and-offices/environmental-financial-assistance/announcements>.

Conclusion

The proposed projects meet the criteria for a Limited Environmental Review (LER); namely, they are actions within an existing water distribution system, which involve the replacement of and improvements to existing water mains and service lines. Furthermore, the projects meet the other qualifying criteria for an LER; specifically, the proposed projects:

Will have no significant environmental effect, will have no effect on high-value environmental resources, and will require no specific impact mitigation. Service line replacements will take place within sidewalks, lawn strips, and front lawns. All areas of construction have previously undergone ground disturbances and lack suitable habitat for state and federally listed endangered and threatened species. Construction will not take place within or otherwise impact designated floodplain zones and aquatic habitat. All disturbed areas will be returned to preconstruction conditions. The contractor will be responsible for implementing standard construction best management practices to control noise, dust, and erosion, and to maintain traffic during construction.

The southern end of the proposed water main replacements, at the intersection of High Street and West Main Street, will extend into the Hillsboro Historic Business District. Construction will be restricted to within the paved road and will not impact any of the surrounding buildings. The Ohio State Historic Preservation Office concurred with Ohio EPA's determination that the proposed construction is unlikely to impact important historical and archaeological resources.

Are cost effective. Due to the deteriorated condition and history of breaks of the water mains along High Street, a "do nothing" alternative is not viable.

Are not controversial actions. The proposed rate increases are not intended to cover the cost of any one specific project, and user rates will still appear to be affordable upon completion of these projects. By using WSRLA lead service line principal forgiveness funding, Hillsboro has reduced the cost to residents for service line replacements.

Do not create a new or relocate an existing discharge to surface or ground waters, do not create a new source of water withdrawals from either surface or ground waters, do not significantly increase the amount of water withdrawn from an existing water source, do not substantially increase the volume of discharge or loading of pollutants from an existing source or from new facilities to receiving waters, and will not provide capacity to serve a population substantially greater than the existing population. These projects merely involve the replacement of service lines within the existing service area and will not otherwise alter Hillsboro's drinking water system (withdrawal, treatment, storage, distribution, and usage).

To conclude, Hillsboro's proposed projects are sufficiently limited in scope and meet all applicable criteria to warrant an LER. The planning review of these projects identified no potentially significant short-term or long-term adverse impacts on the quality of the human environment or on sensitive resources (surface waters, coastal zones, floodplains, wetlands, state-designated scenic and recreational rivers, prime and unique agriculture lands, aquifer recharge zones, archaeological and historically significant sites, threatened and endangered species, and state and federal wildlife areas). Rather, completion of these projects will alleviate water main breaks and remove lead components in a portion of Hillsboro's distribution system, improving the operational efficiency, reliability, and safety of the system.

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