PMC-EF2a

(2.0 6.02)

U.S. DEPARTMENT OF ENERGY EERE PROJECT MANAGEMENT CENTER NEPA DETERMINATION

RECIPIENT:Arizona Department of Commerce

STATE: AZ

PROJECT State of Arizona SEP ARRA EE0000106 - Manufacturers' Energy-Efficiency Grant Assistance (MEGA) TITLE : Program

Funding Opportunity Announcement Number Procurement Instrument Number NEPA Control Number CID Number DE-FOA-0000052 0

Based on my review of the information concerning the proposed action, as NEPA Compliance Officer (authorized under DOE Order 451.1A), I have made the following determination:

CX, EA, EIS APPENDIX AND NUMBER:

Description:

B5.1 Actions to conserve energy, demonstrate potential energy conservation, and promote energy-efficiency that do not increase the indoor concentrations of potentially harmful substances. These actions may involve financial and technical assistance to individuals (such as builders, owners, consultants, designers), organizations (such as utilities), and state and local governments. Covered actions include, but are not limited to: programmed lowering of thermostat settings, placement of timers on hot water heaters, installation of solar hot water systems, installation of efficient lighting, improvements in generator efficiency and appliance efficiency ratings, development of energy-efficient manufacturing or industrial practices, and small-scale conservation and renewable energy research and development and pilot projects. The actions could involve building renovations or new structures in commercial, residential, agricultural, or industrial sectors. These actions do not include rulemakings, standard-settings, or proposed DOE legislation.

Rational for determination:

The State of Arizona has set aside \$2,700,000 of Recovery Act funds within its Manufacturers' Energy-Efficiency Grant Assistance (MEGA) program for eligible applicants who propose projects that purchase new energy-efficient manufacturing equipment. The State anticipates funding three types of projects, two of which are the subject of this NEPA Determination:

1. UPGRADE OF MANUFACTURING EQUIPMENT. Funding would be available for established AZ manufacturing company that apply for the replacement of existing non-efficient equipment with new energy-efficient (EE) machinery and/or equipment (M&E). Eligible upgrades consist of M&E that are intrinsically associated with the manufacturing process. The upgrade would involve little if any construction at a particular facility; rather, the State expects just the removal of a piece of equipment and the installation of a ground mounted EE system.

2. NEW MANUFACTURING FACILITIES. The State intends to attract manufacturing companies who are looking to establish a new facility within the State. A new manufacturing facility project could encompass the purchase of land, building, construction and/or tenant improvements to a new or existing facility. However, the only phase of a new manufacturing facility that would qualify for funding would be the purchase an installation of energy-efficient M&E.

For each project award, Arizona shall obtain a waste management plan addressing waste generated by each proposed Project prior to funding the Project. This waste management plan will describe the plan to dispose of any sanitary or hazardous waste (e.g., construction and demolition debris, old light bulbs, lead ballasts, lead paint, piping, roofing material, discarded equipment, debris, and asbestos) generated as a result of the proposed Project. Arizona shall make the waste management plan and related documentation available to DOE on DOE's request (for example, during a post-award audit). Arizona shall ensure that the Project complies with all Federal, state and local regulations for waste disposal.

Arizona and/or other Project proponent shall comply with Section 106 of the National Historic Preservation Act (NHPA). If applicable, the Arizona or Project proponent shall contact the State Historic Preservation Officer (SHPO) and the Tribal Historic Preservation Officer (THPO). Arizona shall retain sufficient documentation, from the Project proponent or other sources, to demonstrate that the State and/or Project proponent have received required approval (s) from the SHPO or THPO. The State shall deem compliance with Section 106 of the NHPA complete only after it has this documentation. Arizona shall make this documentation available to DOE on DOE's request (for example, during a post-award audit).

Based on the information provided by the State, the work outlined is consistent with activities identified in Categorical Exclusion B5.1.

NEPA PROVISION

DOE has made a conditional NEPA determination for this award, and funding for certain tasks under this award is contingent upon the final NEPA determination.

Insert the following language in the award:

You are restricted from taking any action using federal funds, which would have an adverse affect on the environment or limit the choice of reasonable alternatives prior to DOE/NNSA providing either a NEPA clearance or a final NEPA decision regarding the project.

Prohibited actions include:

MANUFACTURING EXPANSION PROJECTS. Expansion projects will likely consist of existing AZ manufacturers who are growing by adding a new product line or growing by increasing plant capacity, for example. Expansion projects are likely to have some degree of construction activities. Examples of the construction may include the physical expansion of an existing facility to increase productivity or conversely the erection of walls within a facility to optimize plant layout when incorporating a new product line. The only portion of an expansion project that would qualify for funding under the MEGA program would be the purchase an installation of energy-efficient M&E. The overall expansion project may be much larger in scope but not funding by ARRA.

This restriction does not preclude you from:

If you move forward with activities that are not authorized for federal funding by the DOE Contracting Officer in advance of the final NEPA decision, you are doing so at risk of not receiving federal funding and such costs may not be recognized as allowable cost share.

Insert the following language in the award:

You are required to:

Forward any project selected under the MANUFACTURING EXPANSION PROJECTS component of the MEGA Program for further NEPA review before initiating work on that project.

Note to Specialist :

According to the project officer and State, funding set aside for the MEGA Program is \$2,700,000. The MEGA Program has 3 elements, a contingency is being placed on the MANUFACTURING EXPANSION PROJECTS element of the Program as it may involve construction. The State; however, has the liberty to make awards under the other 2 Program elements up to the \$2.7-million available without further NEPA review.

SIGNATURE OF THIS MEMORANDUM CONSTITUTES A RECORD OF THIS DECISION.

NEPA Compliance Officer Signature:

NEPA Compliance Officer

Date:

FIELD OFFICE MANAGER DETERMINATION

□ Field Office Manager review required

NCO REQUESTS THE FIELD OFFICE MANAGER REVIEW FOR THE FOLLOWING REASON:

- Proposed action fits within a categorical exclusion but involves a high profile or controversial issue that warrants Field Office Manager's attention.
- Proposed action falls within an EA or EIS category and therefore requires Field Office Manager's review and determination.

BASED ON MY REVIEW I CONCUR WITH THE DETERMINATION OF THE NCO:

Field Office Manager's Signature:

Field Office Manager

Date: