



**United States Department of Agriculture
Rural Development**

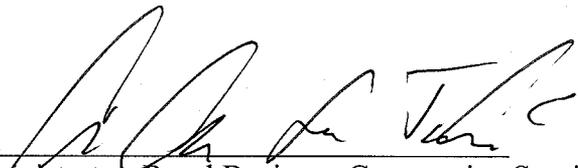
Rural Housing Service, Program Support Staff
1400 Independence Avenue, SW
Stop 0761, Room 6900
Washington, DC 20250

**SUBJECT: Finding of No Significant Environmental Impact and
Necessary Environmental Findings for Freemont Community Digester in
Freemont, MI**

TO: Project Environmental File

The attached environmental assessment for the subject proposal has been prepared and reviewed by the appropriate FmHA official(s). After reviewing the assessment and the supporting materials attached to it, I find that the subject proposal will not significantly affect the quality of the human environment. Therefore, the preparation of an environmental impact statement is not necessary.

I also find that the assessment properly documents the proposal's status of compliance with the environmental laws and requirements listed therein.



Administrator, Rural Business-Cooperative Service

10/15-10

Date

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Environmental Assessment - Class II
of
Fremont Community Digester, LLC
for the
9003 BioRefinery Assistance Loan Guarantee Program

1.0 Project Description and Need:

1.1 and 1.2 The Proposed Action and Need:

Fremont Community Digester, LLC (FCD) is proposing a project that will be a community based "Waste-to-Energy" project developed by NE Biofuels, LLC. It will utilize a complete mix anaerobic digestion technology to produce biomethane, an advanced biofuel and renewable energy fuel.

FCD has will occupy approximately 5 acres of a 15+ acre site in the Fremont, MI Industrial Park. It will process over 300 tons per day of agricultural and food processing wastes (ie manure, vegetable waste, fruit waste, meat scraps). FCD has been working closely with Gerber Products Company, Fremont Cooperative Produce Company, Karnemaat Farms and other vegetable and fruit processors in the vicinity to procure its necessary inputs. The project is projected to produce jobs with a salary range of \$60,000 per year in the Fremont area. Rural Development agrees that there is a need for this type of industry and facility which will create new jobs and enhance the economy.

1.3 Objectives of the Proposed Action:

Applicants Objectives:

The applicant's objective is to build and operate a first of its kind project in the U.S. that utilizes mixed industrial and agricultural waste feedstock to produce biomethane, concentrated fertilizers, compost and recover high quality water. It will provide a much needed environmentally friendly waste and odor management solution to the regions food and processing industries and agricultural operations.

FCD will process approximately 300 tons per day of various waste feedstock and will use feedstocks not previously used in the production of advanced biofuels. If adopted the proposed biofuel production technology will not have any negative impact on existing manufacturing plants because no other facilities use the discussed feedstocks. The project will be a prime example of a sustainable development and has the ability to expand with the increasing needs of the community.

Rural Development's Objectives:

Assist in a project that will benefit the local economy and residents.

Improve in the quality of life for the rural residents of the area.

Create jobs.

Assist in the advancement of biofuel technology and use.

2.0 Primary and Additional Beneficiaries and Related Activities:

The primary beneficiaries will be the local community of Fremont with the creation of approximately 6 new jobs with a wage range of \$60,000 per year. Other beneficiaries will be the local agricultural producers, cooperatives, and manufacturing companies that will have an outlet for the waste products that their facilities produce. The area supplying the feedstock is considered to be the entire lower peninsula of Michigan, so the economic impact of this facility will cover most of the state.

There are no known relevant Federal and non-Federal related activities to the proposed action.

3.0 Description of Project Area:

The project area is Lots 19, 20 & 21 in the Fremont Industrial Park Development and comprises 15+ acres. The site is located within the city limits of Fremont, MI and is surrounded by industrial and commercial business to the north and east, a railroad track and right-of-way to the south and residential properties to the west.

An aerial map is included which shows the project location as well the surrounding area.

4.0 Alternatives, Including the Proposed Action:

The alternatives would be not building the digester at this location in the Fremont Industrial park. FCD has chosen this location due to its proximity to a rail line, Class A roads, and available feedstock for the digester. In order for the facility to meet its objectives, feedstock must be available to process. If an alternate location were to be selected, it would need to be able to provide the services and level of inputs that this area provides. The facility's proposed location will be reasonably assured of a 100% of its capacity over the project's lifetime because the available organic waste in the area is approximately 10 times the tonnage needed for the initial sizing of the project. This factor is also a significant indicator of the future expansion that is possible on the existing site. Gerber Products Company, Peterson Farms, Fremont Cooperative and other suppliers are all near the proposed facility location making transportation costs lower than a facility further away. The applicant has submitted form 1940-20 "Request for Environmental Information."

4.1 Description of the No-Action (status quo) Alternative:

The Fremont Digester would not be built eliminating 6 direct new jobs as potential other indirect new jobs. Not building the facility would also eliminate an alternate disposal method for feedstock waste. Currently the feedstock that the digester will be using is land applied or land filled. The FCD will allow the producing companies an alternative to their waste disposal practices. These companies will also be able to take advantage of environmentally liquid nutrients produced from the Digester and biomethane generated from the project.

An alternative would be to locate the digester in a different location. A different location would have to have the available feedstock all within a reasonable distance so as to save on transportation costs. Another location would also have to be able to provide the services that this location does such as land, roads, utilities and community support. Without a reliable source of inputs, this project is likely to fail. FCD has already worked with local production facilities and farmers to enter into contracts for feedstock into the Digester ensuring a continued and reliable source of inputs.

If an alternative site were chosen, FCD would have to find companies that were will and able to provide the feedstock that the ones near Fremont are able to provide. They would have to be able to enter into contracts with these companies ensuring their input source for the Digester. Not only that, but they would have to redevelop their financial projections as the projections for this project take into consideration the market location of the Fremont location. Based on the distance to feedstock suppliers and community services in this area, this location was chosen as the best alternative.

5.0 Environmental Effects

5.1 Air Quality: Air quality would not be significantly affected by the proposed action.

Biogas will be produced in anaerobic digesters which will be airtight in order to capture and contain the product gas. Water vapor, H₂S and CO₂ will be removed from the biogas before it is used. The project will include a small packaged boiler to provide process heat for the digesters and a flare to burn off any low BTU product gas. Incoming feedstock will be unloaded in a negative pressure receiving building vented to a biofilter to control odors. All feedstock storage tanks will also be vented to the biofilter for odor control.

The facility is located in an EPA designated attainment area for all priority air pollutants and a permit to install has been issued by the Michigan Department of Environmental Quality. It is included as an attachment to this Class II action.

5.2 Water Quality: Water quality should not be adversely impacted.

The FCD should have no effect on the water supply or quality as it will have a zero process water effluent. There should be no waste water requiring treatment produced from this facility and the plant will not have any process discharge to receiving waters. The water recovered from the feedstock will be used by Gerber Products for boiler make-up and lawn sprinkling. A small amount of water will be purchased from the local utility for domestic purposes of the plant and there is adequate supply for this purpose.

There is no aquifer recharge area located on or adjacent to the site and the project does not lie within a sole aquifer recharge area.

5.3 Solid Waste Management: The action will not have any adverse solid waste impacts.

The main purpose of this facility is to process solid waste into usable biofuel and liquid fertilizer. The facility should have an overall reduction in the amount of waste produced in the area. It is not expected to produce any hazardous waste. A small amount of non-hazardous waste will be produced from the packaged cereal and liquids processing operation. It will consist mainly of cardboard and shredded plastic bottles. As much as possible will be segregated for recycling, the rest will be disposed of through a local refuse management handling company.

5.4 Land Use: No adverse land use impacts are anticipated.

The site is currently zoned for industrial use in the City of Fremont and is located in the existing industrial park. The project is supported by the Fremont Zoning Commission and the City of Fremont.

5.5 Transportation: No adverse impacts anticipated.

Existing traffic patterns will not be changed due to the addition of the FCD in this area. The site is approximately .5 miles south of M-82 and there is access to the site via routes that do not pass residential areas. There is expected to be increased truck traffic due to the transportation for feedstock for the facility, however the roads in the area are adequate to handle this traffic. Additional traffic control devices will not be necessary.

There is a railway directly south of the project location, however a rail spur is not in the plans at this time.

5.6 Natural Environment: No areas listed in the National Registry of National Landmarks will be affected by the development. See SHPO signoff letter attached dated July 11, 2007.

Construction or project development will not have an adverse effect on wildlife, their habitats or unique features. See information obtained from the Fish and Wildlife Website provided in the file and Michigan Department of Natural Resources.

5.7 Human Population: The project should benefit the local population through its positive impact on the local economy and small businesses. It will not require the relocation of existing residents. The land use is already zoned industrial and the facility will be constructed in an existing industrial park.

Per the applicant the project is supported by the Fremont Zoning Commission and the City of Fremont.

There are several reasons that the project is not contrary to Civil Rights Environmental Justice. First, the project is located in an existing industrial park. While there are homes to the west of the proposed site, the areas north, south and east of the site are either industrial or contain a railroad. Per the applicant most increased truck traffic will not use the road that has the residential area, a different route will be used so residents will not be affected by increased truck traffic. See form RD 2006-38 attached.

5.8 Construction: Construction will involve the building of a anaerobic digest in the Fremont Industrial Park, Fremont, MI. The site is a Greenfield of 3 contiguous lots totaling 15+ acres. Per the applicant a preliminary Phase 1 environmental has been completed.

The project facility will consist of a waste transfer station, feedstock storage tanks, 2 (with provision for a 3rd) complete mix anaerobic digester tanks. The off-gas from the digester tanks will be further processed to remove moisture, hydrogen sulfide and carbon dioxide to yield a pipeline quality gas comprised mainly of methane.

Air quality should not be affected over the long term. During construction there will be ground disturbance which will produce additional dust emissions. This will be a short-term effect.

Water quality should not be affected by the construction of this facility. In fact clean water produced at this plant will be used for operations requirements at other industrial plants.

5.9 Energy Impact: Selection and implementation of the project should have no significant impact on energy resources. Energy resources are available in sufficient volumes and this project will actually produce an energy resource by producing biomethane which is utilized for energy generation. It will reduce consumption from utility natural gas pipelines.

5.10 Noise and Safety: No adverse impacts are expected.

There may be additional noise during the construction period, however, this will be temporary. Operational safety procedures will be implemented that are consistent with natural gas handling facilities. The project will comply with all building codes and ordinances regarding construction, architecture, site layout, zoning and noise.

6.0 Coastal Zone Management Act:

Selection and implementation of the alternative would not have an impact on any of the Great Lakes and the provisions of this Act do not apply. According to the Michigan Rural Development Natural Resource Management Guide, Newago County is not a Coastal Barrier Resources System Unit in Michigan.

7.0 Compliance with Advisory Council on Historic Preservation's Regulations:

Review by SHPO has indicated there is no potential impact to historic properties. See response provided by SHPO on July 11, 2007.

8.0 Compliance with the Wild and Scenic Rivers Act:

The project will not adversely impact Wild or Scenic Rivers. Per the Rural Development Natural Resource Management Guide and the Michigan DNR, both the Pere Marquette River and the White River are considered Wild or Scenic Rivers which run through Newago County. However, neither of these rivers will be affected by the construction of this project. The project is located in the City of Fremont's Industrial Park and will not affect the rivers.

9.0 Compliance with the Endangered Species Act:

No endangered species will be affected by the proposal. Facility will be built on 3 vacant lots in the Fremont Industrial park. The Fish and Wildlife endangered species lists were checked and there were no effects. The MDNR review was also completed with no affect. See attachments.

10.0 Compliance with Farmland Protection Policy Act and Departmental Regulation 9500-3, Land Use Policy:

A Farmland Conversion Impact Rating was completed because of the soil types located on the property and the site is considered "already committed" to urban development because the FICR score is 160 or less. See Attached.

11.0 Compliance with Executive Order 11988, Floodplain Management, and Executive Order 11990, Protection of Wetlands:

Floodplains will not be adversely impacted. See attached FEMA Form 81-93 indicating the site is not in a flood zone. The location is not in a wetland.

12.0 State Environmental Policy Act:

Any actions subject to Michigan Department of Environmental Quality review will be subject to their approval.

13.0 Consultation Requirements of Executive Order 12372, Intergovernmental Review of Federal Programs:

The State and Regional Clearinghouses were contacted. No negative comments have been received. Copies of the notification letters are included with the application.

14.0 Environmental Analysis of Participating Federal Agency:

No other Federal agency is participating in funding this project, therefore no other Federal environmental analysis has been completed.

15.0 Reaction to Project:

The agency is not aware of any adverse reactions to the project.

16.0 Cumulative Impacts:

Impacts of the alternatives have been discussed above. No adverse cumulative impacts are anticipated.

17.0 Adverse Impacts:

No adverse impacts were identified.

18.0 Mitigation Measures:

Appropriate mitigation measures are discussed in the sections above. FCD will be obtaining normal building and construction permits for the facility. All local, state and federal laws will be followed.

19.0 Consistency with RD Environmental Policies:

The preferred alternative, along with all issues discussed in this assessment, are consistent with Rural Development environmental policies, including the Resource Management Guide.

20.0 Environmental Determinations:

a. Based on an examination and review of the foregoing information and such supplemental information attached hereto, I recommend that the approving official determine that this project will have () a significant effect on the quality of the human environment and an Environment Impact Statement must be prepared. Will not have (X) a significant effect on the quality of the human environment.

b. I recommend that the approving official make the following compliance determinations for the below-listed environmental requirements.

Not In Compliance	In Compliance	
_____	<u> X </u>	Clean Air Act
_____	<u> X </u>	Federal Water Pollution Control Act
_____	<u> X </u>	Safe Drinking Water Act - Section 1424(e)
_____	<u> X </u>	Endangered Species Act
_____	<u> X </u>	Coastal Barrier Resources Act
_____	<u> X </u>	Coastal Zone Management Act - Section 307 (c) (1) and (2)
_____	<u> X </u>	Wild and Scenic Rivers Act
_____	<u> X </u>	National Historic Preservation Act
_____	<u> X </u>	Archaeological and Historic Preservation Act

- X Executive Order 11988, Floodplain Management
- X Executive Order 11990, Protection of Wetlands
- X Farmland Protection Policy Act
- X Departmental Regulation 9500-3, Land Use Policy
- X State Office Natural Resource Management Guide

c. I have reviewed and considered the types and degrees of adverse environmental impacts identified by this assessment. I have also analyzed the proposal for its consistency with FmHA environmental policies, particularly those related to important important farmland protection, and have considered the potential benefits of the proposal. Based upon a consideration and balancing of these factors, I recommend from an environmental standpoint that the project

 X be approved.

 not be approved because of the attached reasons.

Lisa Epple
 Signature of Preparer
 Lisa Epple
 Business & Cooperative Specialist

 6-19-09
 Date

Mark Smith
 Signature of Concurring Official

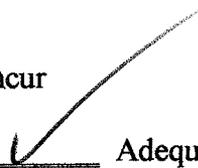
 6-25-09
 Date

Title: Business Program Director

State Environmental Coordinator's Review:

I have reviewed this environmental assessment and supporting documentation. Following are my positions regarding its adequacy and the recommendations reached by the preparer. For any matter in which I do not concur, my reasons are attached as Exhibit

Do Not Concur Concur

  Adequate Assessment

_____ Environmental Impact Determination

_____ Compliance Determinations

_____ Project Recommendation

Andrew H. Grandjean
Signature of State Environmental Coordinator

6/25/09
Date