UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

December 11, 2012

Mr. Stephen James
Land Surveyor
Apache-Sitgreaves National Forests
30 South Chiricahua Drive
P.O. Box 640
Springerville, Arizona 85938

Subject: Draft Environmental Impact Statement for Show Low South Land Exchange, Arizona (CEQ# 20120348)

Dear Mr. James:

The U.S. Environmental Protection Agency has reviewed the Draft Environmental Impact Statement for the Show Low South Land Exchange pursuant to the National Environmental Policy Act, Council on Environmental Quality regulations (40 CFR Parts 1500-1508), and Section 309 of the Clean Air Act.

The EPA supports the rationale provided by the Forest Service for the proposed Show Low South Land Exchange. The Forest Service would receive a net gain of 530 acres in this exchange, and would be trading undesirable federally owned parcels for private lands containing critical species habitat and perennial waters.

Based on our review of the DEIS, we have rated the proposed action and the document as LO-1, Lack of Objections – Adequate (see enclosed EPA Rating Definitions). The EPA acknowledges the desire to consolidate federal land holdings and obtain privately owned parcels within Forest Service boundaries--particularly parcels, as is proposed in this exchange, that contain habitat for federally listed and protected species and valuable perennial waters, including more than 110 acres of wetlands.

Though supportive of this exchange and the valuable lands that would be brought under Forest Service stewardship if it is completed, we recommend the FEIS include additional information on the lands that would be conveyed to SL Land Exchange, LLC, particularly the 70-acre parcel that would be transferred to the City of Show Low to expand its wastewater treatment facility, and the 948-acre Show Low South Parcel targeted for a low-density residential and mixed-use development. We recommend that the Forest Service provide additional information in the FEIS on the potential impacts, including potential effects on sensitive species, wetlands, and traffic, associated with development of the proposed wastewater treatment facility and residential development. We also ask that the Forest Service describe in the FEIS the potential for the proposed action, particularly the planned expansion of the Show Low wastewater treatment facility, to induce growth.

Please note that, as of October 1, 2012, EPA Headquarters no longer accepts paper copies or CDs of EISs for official filing purposes. Submissions must be made through the EPA's new electronic EIS submittal tool: *e-NEPA*. To begin using *e-NEPA*, you must first register with the EPA's electronic reporting site - https://cdx.epa.gov/epa_home.asp. Electronic submission does not change requirements for distribution of EISs for public review and comment, and lead agencies should still provide one hard

copy of each Draft and Final EIS released for public circulation to the EPA Region 9 office in San Francisco (Mail Code: CED-2).

We appreciate the opportunity to review this DEIS, and are available to discuss our comments. If you have any questions, please contact me at 415-972-3521, or contact Jason Gerdes, the lead reviewer for this project. Jason can be reached at 415-947-4221 or gerdes.jason@epa.gov.

Sincerely,

Kathleen Martyn Goforth, Manager
Environmental Review Office

Enclosure: Summary of the EPA Rating System

SUMMARY OF EPA RATING DEFINITIONS*

This rating system was developed as a means to summarize the U.S. Environmental Protection Agency's (EPA) level of concern with a proposed action. The ratings are a combination of alphabetical categories for evaluation of the environmental impacts of the proposal and numerical categories for evaluation of the adequacy of the Environmental Impact Statement (EIS).

ENVIRONMENTAL IMPACT OF THE ACTION

"LO" (Lack of Objections)

The EPA review has not identified any potential environmental impacts requiring substantive changes to the proposal. The review may have disclosed opportunities for application of mitigation measures that could be accomplished with no more than minor changes to the proposal.

"EC" (Environmental Concerns)

The EPA review has identified environmental impacts that should be avoided in order to fully protect the environment. Corrective measures may require changes to the preferred alternative or application of mitigation measures that can reduce the environmental impact. EPA would like to work with the lead agency to reduce these impacts.

"EO" (Environmental Objections)

The EPA review has identified significant environmental impacts that should be avoided in order to provide adequate protection for the environment. Corrective measures may require substantial changes to the preferred alternative or consideration of some other project alternative (including the no action alternative or a new alternative). EPA intends to work with the lead agency to reduce these impacts.

"EU" (Environmentally Unsatisfactory)

The EPA review has identified adverse environmental impacts that are of sufficient magnitude that they are unsatisfactory from the standpoint of public health or welfare or environmental quality. EPA intends to work with the lead agency to reduce these impacts. If the potentially unsatisfactory impacts are not corrected at the final EIS stage, this proposal will be recommended for referral to the Council on Environmental Quality (CEQ).

ADEQUACY OF THE IMPACT STATEMENT

"Category 1" (Adequate)

EPA believes the draft EIS adequately sets forth the environmental impact(s) of the preferred alternative and those of the alternatives reasonably available to the project or action. No further analysis or data collection is necessary, but the reviewer may suggest the addition of clarifying language or information.

"Category 2" (Insufficient Information)

The draft EIS does not contain sufficient information for EPA to fully assess environmental impacts that should be avoided in order to fully protect the environment, or the EPA reviewer has identified new reasonably available alternatives that are within the spectrum of alternatives analysed in the draft EIS, which could reduce the environmental impacts of the action. The identified additional information, data, analyses, or discussion should be included in the final EIS.

"Category 3" (Inadequate)

EPA does not believe that the draft EIS adequately assesses potentially significant environmental impacts of the action, or the EPA reviewer has identified new, reasonably available alternatives that are outside of the spectrum of alternatives analysed in the draft EIS, which should be analysed in order to reduce the potentially significant environmental impacts. EPA believes that the identified additional information, data, analyses, or discussions are of such a magnitude that they should have full public review at a draft stage. EPA does not believe that the draft EIS is adequate for the purposes of the NEPA and/or Section 309 review, and thus should be formally revised and made available for public comment in a supplemental or revised draft EIS. On the basis of the potential significant impacts involved, this proposal could be a candidate for referral to the CEQ.

*From EPA Manual 1640, Policy and Procedures for the Review of Federal Actions Impacting the Environment.