



FLORIDA DEPARTMENT OF Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, FL 32399

Ron DeSantis
Governor

Jeanette Nuñez
Lt. Governor

Shawn Hamilton
Interim Secretary

2/2/2022

W. (Amy) Rammo Kuhs
U.S. Environmental Protection Agency, Region 4
Water Division
Grants and Infrastructure Section
61 Forsyth Street
Atlanta, GA 30303

RE: Class Deviation Request from the Regulatory Prohibition on the Use of the Drinking Water State Revolving Fund to Purchase Water Rights (Pompano Beach DW06247)

Dear Ms. Kuhs:

Florida Drinking Water State Revolving Fund (FL-DWSRF) intends to use the class deviation from the regulatory prohibition on the use of the Drinking Water State Revolving Fund (DWSRF), as approved by EPA on November 26, 2019, for an assistance agreement for the City of Pompano Beach similar to what we did for City of Dania Beach previously. I have attached for your information the approval of our first project to be funded under this class deviation for the state of Florida for reference.

The project meets the definition of "water rights" as defined in EPA's Policy and Technical Evaluation for a DWSRF Class Deviation for Purchase of Water Rights. Just like Dania Beach, the City of Pompano Beach is purchasing capacity in the *C-51 Reservoir* to supply drinking water to an existing population.

I have attached the City's request which provides information on meeting the five criteria. FL-DWSRF and the City of Pompano Beach appreciate EPA's approval of the class deviation. It will greatly assist the community in addressing their current water shortage in the most effective manner.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shanin Speas-Frost", with a long horizontal line extending to the right.

Shanin Speas-Frost, P.E., MBA
Program Administrator
Drinking Water State Revolving Fund
Florida Department of Environmental Protection
3900 Commonwealth Blvd MS3505
Tallahassee, FL 32399



McCAFFERTY BRINSON
consulting

November 12, 2021

Ms. Shanin T. Speas-Frost, P.E., MBA
Program Administrator
Drinking Water State Revolving Fund (DWSRF)
Florida Department of Environmental Protection
3900 Commonwealth Boulevard
MS 3505
Tallahassee, FL 32399-3000

Memorandum

Subject: City of Pompano Beach DWSRF Class Deviation for Purchase of Water Rights

In accordance with the United States Environmental Protection Agency (EPA) memorandum *Approval of Class Deviation from the Regulatory Prohibition on the Use of the Drinking Water State Revolving Fund (DWSRF) to Purchase Water Rights*, dated November 26, 2019, the City of Pompano Beach (City) is requesting funding from the DWSRF for “water rights”. The City is purchasing capacity in the C-51 Reservoir to satisfy immediate drinking water demands as described herein.

The City has met the criteria stated within the class deviation memorandum, as described below:

1. The project directly addresses a compelling, imminent public health threat.

The City’s eastern wellfield raw water supply allocation is limited by the South Florida Water Management District (SFWMD) from November 1st through May 31st of each year to mitigate saltwater intrusion. To counter this restriction, the City entered into an agreement to purchase an additional 2 MGD raw water supply capacity allocation for their western wellfield from the SFWMD by dedicating funds to the C-51 Reservoir project. The City’s western wellfield is more environmentally sustainable and not susceptible to saltwater intrusion. The additional raw water supply allocation from the western wellfield will allow the City to provide reliable drinking water to their customers, without the need for extensive upgrades to the City’s water treatment plant.

2. The project is a cost-effective alternative.

The C-51 Reservoir is a cost-effective alternative to constructing a new water treatment facility. Aside from the existing Biscayne aquifer, the next readily available sustainable raw water supplies are the C-51 Reservoir and the Floridan Aquifer, both of which are considered Alternative Water Supplies by the South Florida Water Management District. The brackish Floridan raw water supply would require construction of a desalination membrane (e.g., low pressure reverse osmosis treatment process). The current rate to construct a water treatment facility to treat 2

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MGD from the Floridan Aquifer is approximately \$21 million. Additional annual operation and maintenance costs of \$1.3 million each year would be required for treatment chemicals and power. The C-51 Reservoir is an approved, cost-effective alternative water supply with a construction cost total of \$9.2 million with an annual operation and maintenance cost of \$73,000.

3. DWSRF funding is a significant factor to ensure that the project will proceed.

The City would prefer to rely on DWSRF funding for the low interest rate and financing terms, rather than financing in the capital market where costs are substantially higher. The City estimates an interest savings of \$1.43 million as compared to the next best option.

4. The financial terms of the DWSRF assistance agreement are equal to or less than the “design life” of the project (e.g., a 15-year loan for 15-year water rights purchase).

The City is seeking a 20-year term. The terms of the capacity purchase exceed the terms of the loan. The design life of the reservoir is approximately 50-years. C-51 reservoir construction is anticipated to be complete by the end of 2022.

5. The main project purpose cannot be to prepare for future growth.

As indicated in the response to item 1, the SFWMD limits the City’s raw water supply allocation from November 1st through May 31st of each year to mitigate saltwater intrusion. Therefore, the City needs additional raw water supply allocation from their western wellfield to provide reliable drinking water to their customers, not to prepare for future growth. This project does not constitute a new expansion the treatment capacity.

cc: Randolph Brown, COPB, via e-mail