



TO: Rebecca Long
FROM: Eric Sapirstein
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SUBJECT: Washington Update

The past month saw Congress and the Administration moving forward decisively on COVID-19 relief. The Democratic Congress succeeded in using the Budget Reconciliation process to begin legislating federal assistance that would be the fifth package of relief in less than a year. This process all but guarantees enactment since it will only require simple majorities in both chambers and avoid the use of the filibuster in the Senate. Of special note, California's newest Senator, Alex Padilla, was appointed to the Senate Committee on Environment and Public Works. This means that California will have a voice at the table as the committee considers water infrastructure legislation.

As Congress continued to organize for the 117th Congress, OC San's newest Members of its delegation, Representatives Michelle Steel and Young Kim were appointed to committees. Steel will sit on the all-important Committee on Transportation & Infrastructure with jurisdiction over the Clean Water Act. Kim will sit on the Committee on Science Space and Technology with jurisdiction over technology and innovation policies. The other members of the delegation will remain on the committees with one change. Representative Katie Porter relinquished her seat on the Committee on Financial Services to sit on the Committee on Natural Resources.

American Rescue Plan

The House and Senate approved an overall spending plan totaling \$1.9 trillion in new spending to combat the health and economic impacts of the pandemic. This occurred on an almost party-line vote in the House and a party-line vote in the Senate. The House and Senate then turned its efforts to developing the legislative provisions to spend the funding approved. The House is scheduled to vote on the package of spending within the next week. The Senate is expected to follow shortly thereafter, leading to expected final passage by the end of March at the latest.

As agreed to in the Houses committees, the following assistance provisions of note for local governments is provided:

- Special Districts currently are not eligible to receive assistance, but efforts are being made to authorize states to use 5 percent of their allocation to support Special Districts
- The state of California would receive approximately \$26 billion
- Orange County would receive approximately \$621 million
- Utility Ratepayer Assistance would be addressed as follows:
 - \$500 million to supplement \$638 million provided in December relief package to help water and wastewater utilities with arrearages (Department of Health and Human Services working to issue program guidance to states in the coming weeks.)
 - \$19 billion in supplemental emergency rental assistance that could be used to support payment of utility services
 - \$10 billion in mortgage assistance to support payment of utility bills and mortgage payments, property taxes and insurance and other housing needs

In addition to these assistance provisions, the final package is also expected to provide increased funding of health-related needs for hospital workers and other essential workers, hazard pay, and mandatory leave credits for public agencies during the pandemic.

FEMA Revise Reimbursement Policy

At the direction of an Executive Order, Federal Emergency Management Agency (FEMA) has revised its reimbursement of expenditures related to the pandemic. Under the new policy, FEMA will consider 100% reimbursement for costs incurred related to the pandemic. This will cover already submitted costs and costs incurred through 2021. The net impact of the action is that the federal government can pay the outstanding 25% of costs that were ineligible prior to the policy change. FEMA is currently developing guidance and it is appropriate to contact CALOES about potential reimbursements of outstanding costs.

Administration Appointments

The Biden White House has made a number of political appointments many of which have direct ties to California and California water issues. Rahdika Fox, who had worked for San Francisco Public Utilities Commission, will serve as the head of the United States Environmental Protection Agency (UEPA) Office of Water. Camille Touton, who most recently served as Professional Staff on Subcommittee on Water Resources for Chairwoman Grace Napolitano, will lead the U.S. Bureau of Reclamation. Tanya Trujillo, who worked on the Senate Energy and Natural Resources Committee as a counsel and most recently was the Executive Director of the Colorado River California Office, will be the lead for the Office of Water and Science. These officials have a deep knowledge of California water issues and specifically Southern California and should be helpful in addressing drought impacts and water quality needs of the region.

The selection of North Carolina's Department of Environment leader, Michael Regan to become the USEPA Administrator is likely to boost the agency's focus on "forever"

chemicals and generally give a higher priority to enforcement. Regan sailed through his confirmation hearing, with bipartisan support, before the Senate Committee on Environment and Public Works and is expected to be confirmed shortly.

Last, Vice President Harris has selected a number of individuals to serve in her office, including Ike Irby. OC San worked with Irby to advance its priorities when he was in the Senate with Harris.

Infrastructure Policymaking

Once Congress completes action on the fifth COVID-19 relief package, it is expected to turn attention of a national infrastructure initiative that would likely merge core infrastructure needs with climate policy priorities. Senate and House infrastructure committee leaders met with the president where he provided strong support for a bold infrastructure initiative in the coming months. The positive outlook for infrastructure is grounded in a sense that a national infrastructure funding program could reverse the COVID-19 created economic challenges and create employment opportunities. The starting point of any package appears to be the Moving Forward Act that the House passed last year. This almost \$2 trillion bill placed a priority on funding the SRF program (\$60 billion) as well as new programs to provide grants (\$500 million) to help water agencies adopt smart water technologies that could modernize the treatment process and conveyance of water supplies. In addition, we anticipate that any broad infrastructure policy will include climate resiliency needs to help address drought, flooding, sea level increase and other impacts upon water agencies.

The outlines of any infrastructure policy remain to be developed in the coming months. However congressional staff indicate that the latter part of spring could see Congress moving aggressively to pass a bill. To this end, the House Committee on Transportation & Infrastructure has signaled that it plans to conduct a hearing into the Clean Water Act SRF program and its needs later this month. The Senate Committee on Environment and Public Works Chairman Tom Carper (D-DE) has stated that he hopes to have an infrastructure package approved by his committee by late May.