



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

The past month of congressional actions centered on finalizing the fiscal year 2022 budget. The House and Senate committees with jurisdiction over water infrastructure, held hearings to explore the priorities for a new Water Resources Development Act that sets the stage for congressional action in the next several months. U.S. Environmental Protection Agency (USEPA) continued to implement its Per- and Polyfluoroalkyl Substances (PFAS) Roadmap priorities. Most notable is the agency's effort to develop a drinking water standard that would, for the first time, establish a national treatment and monitoring standard. Any standard will undergo a public comment period, suggesting that any final standard is at least a year in the making. This timetable is consistent with the agency's PFAS Roadmap.

- ***Infrastructure Law Priority for Implementation***

The Administration released its implementation guidance to the States detailing how the infrastructure assistance will be obligated in the coming months. The guidance document was provided to staff earlier this month and details the agency's expectation on how the State Revolving Loan Fund (SRF) funding will be made available to support disadvantaged communities in the form of grants. Based upon a preliminary review, the USEPA appears prepared to allow funding assistance to support underserved communities that are within a service area whose overall average income exceeds the definition of disadvantaged. Additionally, the implementation of the Buy America mandate for manufactured products is identified as applicable to the SRF assistance, but the nature of how it will be implemented remains unclear. The USEPA indicates that it is awaiting guidance from the Office of Management and Budget in the coming weeks. Upon the publication of such guidance, clarification of how the mandate will impact agencies, like OC San, will be better understood.

Based upon the memo to the States, California's total share of USEPA water infrastructure funding assistance in fiscal year 2022 will be \$680 million this covers wastewater, water, and lead service line replacement needs. It also includes the pretreatment assistance to clean water agencies to address PFAS source control.

- ***Senator Feinstein Releases Draft Water Supply Legislation***
Senator Feinstein's office provided a draft bill, the STREAM Act, representing a limited revision of her earlier initiative that was placed on hold when Congress deliberated over the now enacted Infrastructure Investment and Jobs Act. The revised version is important, because it would reauthorize the expired Water Infrastructure Improvements for the Nation Act's California water provisions, including funding assistance for water recycling, storage, groundwater banking, and ecosystem restoration projects. Funding for storage would be authorized at \$750 million and water recycling would receive \$300 million.
- ***PFAS Legislation to Address Cleanups and Liability***
Municipal agencies' efforts to address the potential of a Senate PFAS bill being developed that would designate PFAS under Superfund, and thereby impose Superfund liability on water and wastewater agencies that treat PFAS contaminated waters, continue. In addition, strong water sector opposition to such a federal standard has also been evident. Based upon discussions with Senate Committee on Environment and Public Works staff, the votes do not appear to be present to adopt such a liability mandate. Nonetheless, because the House did pass legislation (H.R. 2467) to designate PFAS as hazardous, the potential remains that an end of session effort to pass liability language remains.
- ***Fiscal Year 2022 Spending Bill Finally Approved with Cyber-Attack Notification Provisions***
With just days before the March 11 deadline to approve a final fiscal year 2022 omnibus spending bill, the House and Senate passed, and the President signed into law a comprehensive spending agreement for the remaining months of the fiscal year. This action means that federal agencies will have adequate resources to move infrastructure funding assistance to projects without delays attributed to personnel shortfalls. Overall, the bill provides slight increases in spending programs that support water supply needs such as stormwater, flood protection, groundwater storage and water recycling. Additionally, directives to USEPA to continue its research into developing PFAS drinking water standards and designation of PFAS as hazardous substances under Superfund were included.

Under the approved legislation an important amendment was included related to cybersecurity. Senate bill, S. 3600 that received unanimous approval just a week before the approval of the omnibus spending agreement was attached and will require entities, including water agencies, to inform the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) about cyber-attacks within seventy-two hours. In the case of ransomware attacks, such notification would be required within twenty-four hours of a payment. Actual implementation of the mandate will require a formal rulemaking.

Fiscal Year 2023 Budget Process About to Begin

The Administration will transmit its fiscal year 2023 budget request March 28. This timetable means that congressional delegation calls for Community Projects to be considered for funding requests will occur in the coming weeks (Senator Padilla has issued his forms and copies have been provided to OC San staff).

Federal Wipes Labeling Legislative Effort Continues

The effort to advance "Do Not Flush" labeling requirements for non-flushable single-use wet wipes continues in Congress. In the House, efforts continue to advance H.R. 4602, WIPPES Act and H.R. 6591, the PIPES Act through the legislative process by increasing co-sponsorship of the bill. To this end, OC San sent a letter to the congressional House delegation requesting Members support both bills. It is also expected that a companion Senate bill to H.R. 4602 will be introduced in the coming weeks.