



TO: Orange County Sanitation District

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SUBJECT: Federal Update

This month started with the 119th Congress convening on January 3 and re-electing Speaker Mike Johnson (R-LA). Democratic Leader Hakeem Jefferies (D-NY) and his full leadership team, including Californian Pete Aguilar, were unanimously approved by the Democratic Caucus at the end of last year. In the Senate, leadership elections were a non-event as support for Majority Leader John Thune (R-SD) and Minority Leader Chuck Schumer (D-NY) was unanimous in both parties.

OC San's newest delegation Members, Representative Derek Tran and Representative Dave Min, were sworn into office on January 3. Additionally, the nomination process for President-elect Trump's nominees continued, as Senate committees of jurisdiction held confirmation hearings. This included the Senate Committee on Environment and Public Works consideration of the nomination of Lee Zeldin to be U.S. Environmental Protection Agency Administrator. Finally, the U.S. Environmental Protection Agency published its Draft Biosolids Risk Assessment for Perfluorooctanoic Acid and Perfluorooctane Sulfonic Acid (PFAS).

What's Next For Congress

After the 119th Congress convened, organization of the House and Senate by Republican and Democrat leadership took place. This also included committee assignments. Of note, Representative Jared Huffman (D-CA) prevailed in becoming the senior Democrat on the Committee on Natural Resources. The committee holds jurisdiction over western water policy, natural resources and alternative water supply, and conservation laws, including water recycling and groundwater policies.

In the Senate, the parties' leaders decided committee assignments during the past few weeks. For OC San, the key appointments involve newly elected Senator Adam Schiff. Schiff will join Senator Alex Padilla on the Senate Committee on Environment and Public Works, providing California with significant representation on the committee that holds jurisdiction over the clean water, water infrastructure, PFAS chemicals and other emerging contaminants, Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), and general climate policy. Schiff will also sit on the all-important Committees on Agriculture, and Judiciary. Senator Padilla will continue to sit on the Committee on Energy and Natural Resources that holds jurisdiction over western water, including water recycling, desalination, water conservation, and fossil and alternative energy laws. Padilla will also continue to serve on the Committee on the Budget, which has jurisdiction of developing the concurrent resolution on the budget, and provides the framework for congressional spending, revenue and debt-limit actions, as well as allows the committee to initiate and enforce the budget reconciliation process. He will assume the senior Democratic position on the Committee on Rules.

Senate committees have begun considering Trump Administration nominations, holding confirmation hearings for key agency leadership nominees. Following the inauguration, we anticipate that the Senate committees will vote to report out the nominations to the Senate floor to allow for debate and final votes on the nominees.

Despite the narrow majorities in both the House and Senate, legislative business is expected to be a sprint in the first few months of 2025. Central to this expectation is the potential use of a two-step budget reconciliation process that avoids protracted debate in the Senate due to the reliance on a simple majority vote and limited floor debate time in both chambers. The first reconciliation is expected to target immigration, border, clean energy and energy regulatory reforms. The second reconciliation is expected to address extension of the expiring tax cuts and will be drafted later in the year with the goal to finalize before late fall.

However, President Trump has recently signaled that he prefers one reconciliation package that Congress would pass rather than the bifurcated approach advocated by the Senate Republican leadership. If this approach is relied upon, a target date of late April/ early May would be envisioned to complete legislative actions. The development of what would be a massive budget bill impacting both spending and federal program priorities would likely delay legislative action on other matters until later in the spring.

Aside from reconciliation, the new Congress will face the challenge of completing action on legislation left unfinished last year. Specifically, finalizing the fiscal year 2025 spending bills before April. If this does not occur, automatic across-the-board cuts will be triggered that would impact defense and nondefense spending along with a final Continuing Resolution (CR). Mandatory spending cuts and the loss of congressionally directed funding requests are considered powerful incentives to reach a final agreement before the current CR expires on March 14.

Draft Sewage Sludge Risk Assessment for PFOS and PFAS Released

The U.S. Environmental Protection Agency (USEPA) published its Draft Biosolids Risk Assessment for PFAS (see attachment). The draft risk assessment will be open for public comment for 60-days. Comments must be submitted to the Agency on or before March 17, 2025. OC San staff, associations, and lobbyist are monitoring this issue and will be submitting public comments within the deadline EPA establishes. The purpose of the risk assessment is to provide an understanding of the potential impacts of PFAS contamination in biosolids and inform future regulatory actions under the Clean Water Act. It does not represent a new regulation or enforcement authority. Importantly, the draft's analysis and findings are limited in scope, as it only focuses on the impacts to those residing on or near impacted sites or those who rely upon drinking water, food, and animal products from these sites. It also does not model risks to the general public or to the general food supply.

Senate Committee Considers USEPA Administrator Nominee

The Senate Committee on Environment and Public Works considered the nomination of Lee Zeldin to be the Administrator of USEPA this month, marking the next phase of the federal nominations process. The hearing reaffirmed the conventional wisdom that Zeldin's nomination will smoothly advance through the Senate. Importantly for OC San's priorities, the questions about how Zeldin, as USEPA Administrator, would handle the issue of PFAS contamination and CERCLA PFAS liability for passive receivers if he is confirmed. Specifically, Senator Cynthia Lummis (R-WY) questioned Zeldin on how he would address passive receiver liability if confirmed. Lummis cited the example of municipal water utilities' vulnerabilities to third-party lawsuits that could result in local governments going bankrupt and or increases in utility bills for ratepayers. In his response, Zeldin explained he heard the passive receiver liability concern on a bipartisan basis during meetings with committee membership ahead of the hearing. He also noted the relevance of this issue because of local experience in his New York district with third-party litigation. The hearing's discussion signals the continued interest within the committee to address the issue of passive receiver CERCLA liability in the 119th Congress.