



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

Following enactment of the American Rescue Plan, the White House unveiled its American Jobs Plan that sets out an ambitious \$2.2 trillion effort to legislate infrastructure assistance, jobs creation, tax increases, and a host of funding priorities to advance technology and workforce development. In addition to this activity, the annual appropriations process began as Members in the House and Senate issued calls for project and/or programmatic funding requests from public agencies. During this period of time, OC San’s leadership met virtually with many of its congressional delegation to discuss federal priorities. The following summarizes the past month’s activities in Washington.

OC SAN Leadership Discusses Federal Priorities with Congressional Delegation

The continuing pandemic restrictions required OC San to begin its traditional legislative briefings for the Orange County congressional delegation virtually. These discussions focused upon the priority for infrastructure assistance as well as the ongoing commitment by OC San to develop innovative approaches to leverage the wastewater treatment process to generate clean energy. Of special note and interest was the implementation of the largest behind the “meter” battery storage system that would enhance OC San’s overall effort to achieve energy independence. The discussion on priority projects for consideration of federal assistance, delegation was informed that efforts to construct a new headworks facility is vital to ensure reliable wastewater treatment and address many of the new challenges in treating wastewater flows. On the matter of the introduction of nonflushable wipes, Rep. Alan Lowenthal highlighted his plastic pollution legislation, H.R. 2238, that would require “wipes” to be labeled as non-flushable, if applicable. Representative Mike Levin noted his interest in the food waste to energy project. He highlighted his past involvement with OC San’s priorities to be innovative in energy and pledged to support OC San’s ongoing efforts to address clean energy solutions and general water quality needs. Additional meetings with congressional delegation officials are slated for the next several weeks.

Fiscal Year 2022 Appropriations

For the first time in a decade, the House and Senate decided to re-establish the practice of directing federal spending beyond the program level. Recognizing the abuses of the past that led to an earmark ban, the congressional process imposes a detailed approach for public sector entities, like OC San, to submit a request for project assistance. Under the new approach, Members of Congress are limited to ten requests and can only seek project spending for public purposes like water quality infrastructure projects. OC San has provided its priority project to the congressional delegation.

Infrastructure Policymaking

The Administration's American Jobs Plan was unveiled to divided support as Republicans denounced the provisions to address non-infrastructure issues and raise taxes. Alternatively, Democrats splintered over either too little funding or questions over the kind of taxes contemplated and the absence of a restoration of State and Local Tax deductions. The plan is notable for the less than robust funding for wastewater infrastructure compared with the commitments for drinking water and PFAS cleanups. Under the plan, \$111 billion would be dedicated to water infrastructure, but the majority of the assistance is targeted to lead service line replacements, assistance to disadvantaged communities in need of safe and reliable drinking water, and PFAS cleanups. As one Member of Congress noted, it is a plan and Congress will draft the actual legislative proposal, suggesting that a rebalancing of funding priorities could be possible.

While the White House has issued its American Jobs Plan, the House and Senate committees with jurisdiction over clean water infrastructure have acted on legislation. In the House, the Committee on Transportation & Infrastructure conducted a hearing into the Water Quality Protection and Job Creation Act of 2021 that is expected to serve as the basis for any final House clean water bill. Under the draft bill, it would:

- Provide the clean water State Revolving Loan Fund (SRF) \$40 billion over five years.
- Renew the Alternative Water Sources Act and authorize \$1 billion for grants to support water recycling.
- Provide wastewater agencies with a new grants program of \$1 billion to support PFAS pretreatment standards implementation.
- Support workforce development.

The Senate Committee on Environment and Public Works approved the Drinking Water and Wastewater Infrastructure Act that is more limited providing a total of \$35 billion. Under the committee bill \$16 billion would be provided to support clean water infrastructure needs. As approved, the bill would:

- Provide states with increased funding and program flexibilities to invest in community water projects that address aging infrastructure and improve water quality through the SRF.
- Promote resiliency projects to address the impacts of climate change.
- Increase investment to address recruitment, training, and retention challenges facing the water and wastewater utility workforce.

Timing for action on the House bill is optimistically slated for May based upon Chairman Peter DeFazio's comments. The Speaker has set July 4th as the deadline for House action on a comprehensive infrastructure bill. The Senate, where all action is subject to a filibuster, the Majority Leader has indicated that Senate consideration of a water infrastructure bill would happen later in the summer. Taken collectively, it appears that any final water infrastructure bill is unlikely to be voted on before the early fall.

Administration Appointments

The Senate approved Michael Regan to be the US Environmental Protection Agency Administrator and Regan has assumed his duties. Regan has stated that among his priorities will be to ensure that disadvantaged communities' needs are addressed and to focus on such health matters as lead in drinking water. At the same time, he is expected to play a major role in the development of climate resiliency policies. His Deputy Administrator, Janet McCabe has been voted out of the Senate Committee on Environment and Public Works and she is expected to be confirmed by the Senate later in the month of April.

Representative Deb Haaland (D-NM) was also confirmed and sworn in as the Secretary of the Interior. Upon assumption of her position, Haaland emphasized that she is committed to addressing western water issues that should benefit initiatives such water recycling.