



TO: Rebecca Long

FROM: Eric Sapirstein

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SUBJECT: Washington Update

Over the past month, Congress and the Administration continued to advance the process of budget reconciliation and completion of the fiscal year 2025 spending bills. Both efforts advanced in a limited manner as the narrow majorities in the House and Senate have been complicated by differences within each party on spending levels and budget baselines. At the same time, President Trump saw almost all of his cabinet appointments confirmed by the Senate with the outstanding nominees expected to receive Senate approval within the next few weeks. For OC San, all key nominees with responsibilities over water quality issues have been approved and sworn into office including U.S. Environmental Protection Agency Administrator Lee Zeldin.

House and Senate Budget Committees Approve Budget Resolutions

The House and Senate Budget Committees took the first steps toward a final budget reconciliation bill later this summer when a budget blueprint was approved by both committees. The House approved a single budget resolution that would address immigration, defense, border, tax cuts and overall program spending reductions over the next five years. As passed out of committee, \$1.5 trillion in spending cuts would be required to help offset the \$4.5 trillion in tax cuts and increased spending in defense and other priorities. The Senate decided to approve a two-track budget resolution. The first would address immigration, energy, and defense spending. Following action on this effort, a second resolution would be acted upon to deliver tax cuts, extending the expiring tax provisions. The key challenge to the development of a resolution is dissension in the House within the Republican conference over the level of spending reductions with House Freedom Caucus members seeking more reductions that has generated concerns from moderate members. At the same time, Democrats appear unified in opposing the pending budget resolution. With a two to three vote margin of majority, the prospect of when House floor debate might be scheduled to pass the resolution is unclear. Should the House be unable to pass its version, the prospect exists that the Senate resolution will become the vehicle to set the stage for development of the reconciliation bill later this summer.

Regardless of the outcome in the House and Senate, passage of a final reconciliation measure is expected as early as late spring.

Potential of Government Shutdown Grows as House and Senate FY 2025 Budget Discussions Stall

Congress must reach a final spending agreement for FY 2025 by March 14, 2025 or a shutdown will be triggered. As of this writing, House and Senate spending committees' leaders have been unable to reach an agreement on overall spending that dictates funding levels for the twelve annual spending bills that fund federal agencies. Absent of this agreement it is close to impossible to finalize a spending bill. Therefore, if this impasse persists, another short term stopgap spending bill must be enacted, or a final Continuing Resolution could be passed and enacted to fund the federal government through September 30, 2025. Should this latter outcome take place, programs would be funded without increases and community projects would not be funded.

NPDES Permitting Reforms

During a recent House Committee on Transportation & Infrastructure hearing into Clean Water Act permitting reform needs to expedite project constructions while minimizing bureaucratic delays, Representative John Garamendi (D-CA) announced that he would reintroduce his bipartisan bill to allow states to issue NPDES permits to clean water agencies for ten years. Under current law, permits are issued for five years. Garamendi cited the need for a ten year permits given the complexities of constructing today's clean treatment systems that often extend beyond five years.

Importance of Ten Year Permits Legislation

Last Congress, the House passed, without objection, the Garamendi ten year permit provision. The bill was not considered in the Senate, dying at the end of session. However, with the new Congress and Administration, the prospect for overall permitting reforms in both chambers have grown more positive and could signal passage of ten year NPDES permit terms that would likely be signed into law.

Draft Risk Assessment for PFOS and PFAS Pending

The U.S. Environmental Protection Agency (USEPA) published its Draft Sewage Sludge Risk Assessment for Perfluorooctanoic Acid (PFOA) and Perfluorooctane Sulfonic Acid (PFOS). 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. Given the questionable assumptions that USEPA relied upon to establish a 4 PPT thresholds for Per- and polyfluoroalkyl substances (PFAS) in biosolids and the voluminous data published, formal requests from numerous stakeholders to extend the comment period by an additional sixty days have been submitted.

Importance of Public Comment Period Extension Requests

An extended public comment period is vital to ensure that the new USEPA leadership has the benefit to review the draft model that was published less than a week before the Trump Administration came into office. The extended time to provide public comments will allow stakeholders to develop informed feedback on the model's assumptions and benefits that USEPA could use to revise the model, if appropriate. Last, it is important to note that if USEPA does not extend the deadline, it is highly unlikely that any final risk assessment model would be published until 2026 at the earliest.

Senate Approves USEPA Administrator Nominee and Assistant Administrator, Office of Water Nominated

The Senate overwhelmingly voted approval of the nomination of Lee Zeldin to be the Administrator of USEPA. Zeldin was swiftly sworn into office and has begun the process of assembling his new policy team. To this end, the White House formally nominated Jessica Kramer to be the next Assistant Administrator for the Office of Water that oversees the implementation of the Clean Water and Safe Drinking Water Acts, including water infrastructure assistance programs. Kramer served most recently as a Deputy Director for the Florida Department of Environmental Protection. Prior to this role, she served as an Attorney Advisor for then Assistant Administrator for Water Dave Ross. Kramer was a counsel on the Senate Committee on Environment and Public Works for then Ranking Member Shelley Moore Capito (R-WV) who is now the committee's chair. The committee will review Kramer's nomination and is expected to vote to confirm her nomination.

Importance of Kramer Nomination

Kramer's nomination is important because her professional work has focused on key issues of concern to OC San. This includes PFAS biosolids regulation and PFAS Superfund liability created by the Biden Administration's decision to designate PFAS as a hazardous substance under Superfund. While any decisions on how existing rules and guidance might be impacted (including support for Superfund liability protection to the water sector), the Kramer nomination and her likely confirmation means that the agency will have a seasoned official managing the Office of Water that understands the interests of clean water agencies like OC San.

Former OC San Board Chair Nomination to Department of Homeland Security Proceeds in Senate

Troy Edgar, former Board Chair and Board Member of OC San, was formally nominated by President Trump several weeks ago to become the Deputy Secretary to the Department of Homeland Security. Edgar's nomination will be heard by the Senate Committee on Homeland Security on Thursday, February 20. If the committee approves the nomination and Edgar receives Senate confirmation, he will become the second in command for the sprawling Homeland Security Department effectively serving as the day-to-day manager of the Department.

Importance of Nomination

If confirmed, Edgar will have responsibility over disaster assistance, cybersecurity and other policy matters of interest to OC San. His intimate understanding of the challenges that clean water agencies face in protecting their Information Technology and Operational Technologies could help in the development of potential rulemakings that clean water agencies could face as cybersecurity needs increase.