



TO: Orange County Sanitation District

FROM: Eric Sapirstein

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SUBJECT: Washington Update

The past month saw limited action in Congress due to congressional recesses and the State of the Union address. Beyond congressional lawmakers turning attention to focusing on fiscal year 2027 appropriations cycle with offices opening their respective congressionally directed spending (CDS) portals. Two areas of activity of note for OC San during the past month involved the introduction of water infrastructure drought resiliency legislation and a passive receivers Per- and polyfluoroalkyl substances (PFAS) briefing that will be held later this month.

Fiscal Year 2027 Spending

The Fiscal Year 2027 budget is expected to be transmitted by the President to Congress at the end of March. The Iran war has complicated budget development this cycle because Congress is expected to consider a supplemental Defense spending bill that would increase pressure to reduce domestic program spending to address impacts to the deficit. Nonetheless, Congress has initiated the earmark process with congressional offices seeking CDS requests from public agencies and local governments.

Legislation Introduced to Address Drought Resilient Water Supplies

Representative Scott Peters (D-CA) has introduced the Drought Relief Obtained Using Government Help Today (DROUGHT) Act (H.R. 7845) to address ongoing concerns regarding the impacts of prolonged drought conditions on water supply resiliency in the Western United States. Specifically, the legislation would increase the federal cost-share cap under the Water Infrastructure Finance and Innovation Act (WIFIA) Program from the current 80 percent to 90 percent for projects located in areas experiencing extreme drought, designated as being of regional or national significance, or serving historically disadvantaged communities. In addition to mitigating drought-related challenges, the proposal seeks to ease financial pressures on local governments resulting from WIFIA's existing 80 percent federal share limitation. Notably, the DROUGHT Act does not impact WIFIA's current rules governing borrowers' loan repayment obligations, repayment schedules, or interest

rates. The California Association of Sanitation Agencies has publicly expressed its support for the bill.

PFAS Passive Receivers Protection Briefing

Senator Pete Ricketts (R-NE) submission of a PFAS liability exemption to the Senate Committee on Environment and Public Works (where he sits as subcommittee chair) has served as a catalyst to promote passage of liability protections for water and wastewater agencies. To this end, the Passive Receivers Coalition, which includes stakeholders from the water, wastewater, biosolids, cities, counties and solid waste sectors, is convening a congressional briefing to highlight the need for the exemption. The Ricketts exemption could become part of a larger clean water and safe drinking water infrastructure initiative later this summer.

Clean Water Reauthorization Expected to Be Considered Later This Year

Consideration of the Clean Water State Revolving Fund (CWSRF) reauthorization has thus far stalled in both the House and Senate committees. However, the committees may shift their attention to the CWSRF following completion of the Surface Transportation funding reauthorization and Water Resources Development Act (WRDA). Deferring consideration of CWSRF reauthorization to later in the year would also allow the Senate Committee on Environment and Public Works staff additional time to review submissions received through the committee's CWSRF priorities portal. Of relevance to OC San, is a CWSRF portal submission from Senator Pete Ricketts (R-NE) proposing language to provide PFAS Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) liability exemption for clean water agencies and biosolids management activities.