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Coachella Valley Water District

June 29, 2023

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Congress

Congress Prioritizes Federal Spending Legislation

On Sunday, May 28th, 2023, Congressman Patrick McHenry (R-NC-10) introduced H.R. 3746, the Fiscal Responsibility Act of 2023. Congressman McHenry is Chairman of the House Financial Services Committee, and has been a top negotiator in the deal. The bill would suspend the debt ceiling through January 1st, 2025, and limit federal discretionary spending over the next two years. The bill will also:

- Expand work requirements under federal nutrition and assistance programs, excluding Medicaid.
- Rescind unobligated COVID-19 funding.
- Rescind nearly \$1.4 billion dollars in IRS funds that were allocated through the Inflation Reduction Act.
- Removes the federal student loan pause, reinstating payments on federal loans.
- Streamlines energy permitting, including the National Environmental Policy Act (NEPA).
- Caps non-defense spending at \$703.7 billion in FY24, and \$710.7 billion in FY25.
- Caps discretionary defense spending at \$886.3 billion in FY24, and \$895.2 billion in FY25.
- Approves completion of the Mountain Valley Pipeline, a priority put forward by Senator Joe Manchin (D-WV).

On May 31st, 2023, the House of Representatives passed the bill in a 314-117 vote, with 149 Republicans and 165 Democrats voting in favor. . A few days later, on Friday, June 1st, the Senate passed the bipartisan bill in a 63-36 vote. Both Senator Feinstein and Senator Padilla voted in favor of the bill. On June 3rd President Biden signed the bill, just two days before the Treasury Department warned they would be forced to default on the debt for the first time in history. The President and Republicans were able to negotiate a bill to avoid this financial crisis, and passed the bipartisan bill through both chambers of Congress.

Background:

The United States reached the debt limit in January of 2023, forcing U.S. treasury Secretary Janet Yellen to authorize “extraordinary measures”, pushing the deadline to June 1st. Speaker Kevin McCarthy and President Biden met multiple times to discuss the debt ceiling deadline of June 1st, trying to reach a bipartisan deal before then. With narrow margins in both the House and the Senate, Republicans and Democrats must find a bipartisan deal that will pass both chambers.

On May 26th, 2023, Secretary Yellen sent a [letter](#) to Speaker McCarthy notifying the Speaker that the U.S. will have sufficient funds to finance federal operations until June 5th. This pushed the debt limit further a few days, giving Congress additional time to negotiate and pass a bill.

President Biden has made it clear that he will only support a “clean” bill to address the debt limit, meaning one that only lifts the spending limit without other legislative items included. The President believed measures to reduce federal spending should be included in separate legislation. Many House Republicans were adamant that any legislation to raise the debt ceiling must also include cuts to federal spending.

In April, House Republicans introduced and passed legislation to address the debt ceiling. The bill was formally introduced by Congressman Jodey Arrington (R-TX-19) on April 25th, 2023, as H.R. 2811, the Limit, Save, Grow Act of 2023. The House of Representatives voted on H.R. 2811 on April 26th, 2023, and it passed in a 217-215 vote.

Senator Dianne Feinstein (D-CA) Reintroduces Important Legislation to Improve Water Systems in California

Two bills have been introduced by Senator Feinstein that would upgrade water systems and restore San Joaquin Valley Canals. The first bill, S. 2202, the Restore Aging Infrastructure Now (RAIN) Act, will modernize the Bureau of Reclamation's aging canals and facilities to serve multiple purposes, including environmental benefits and providing drinking water to disadvantaged communities. It authorizes grant funding instead of loans for upgrading facilities that supply drinking water to these communities, and offers a 15 percent discount to agricultural and municipal irrigation districts participating in these projects. The bill could utilize \$3.2 billion from the bipartisan infrastructure law, going towards projects such as repairing the damaged Friant-Kern Canal, Delta-Mendota Canal, and federally owned section of the California Aqueduct in California. By improving these



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canals, California will become more resilient to drought, while enabling farmers to capture runoff from winter storms and recharge local aquifers.

The second piece of legislation introduced by the Senator is S.2162, the Support to Rehydrate the Environment, Agriculture and Municipalities Act (STREAM) Act. This bill would improve water supply in the western United States through the authorization of \$750 million for storage, \$300 million for water recycling, \$150 million for desalination, and \$100 million for drinking water in disadvantaged communities. The funding would provide over one million additional acre-feet of water per year, benefiting millions of Californians. The bill would also provide financial incentives for storage and conveyance projects that promote environmental benefits and expand access to drinking water for disadvantaged communities. Furthermore, it would allocate funds for separate environmental restoration projects, including helping endangered species adapt to climate change, restoring stream and river channels, and creating seasonal habitat for migratory birds.

Senate Environment and Public Works Committee Introduces Draft Legislation on PFAS With Request for Public Comment

On June 22nd, Senate Environment and Public Works Committee introduced draft legislation on per- and polyfluoroalkyl substances (PFAS), and is accepting stakeholder comments through Monday, July 3rd, 2023. As it currently stands, the bill does not include protections for “passive receivers” of PFAS substances, including municipalities and water treatment facilities. A link to the bill can be found [here](#).

Important provisions of the bill:

- Sets a deadline of September 30th, 2024 for the Environmental Protection Agency (EPA) to complete their rulemaking process to set water quality standards for PFAS substances.
- Within one year of enactment, requires the EPA to contract with the National Academy of Science, Engineering, and Medicine to carry out a study regarding the use of PFAS in commerce.
- Allows states to use grant and funding opportunities from the Infrastructure Investment and Jobs Act (IIJA) of 2021 and the America's Water Infrastructure Act of 2018 to remediate individual well contaminated with PFAS in small and disadvantaged communities.
- Mandates the EPA create a database of strategies to mediate PFAS contamination.
- Allocates additional funding for research and development regarding PFAS mitigation and prevention.



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- Establishes emergency assistance through the EPA for tribes, and small or disadvantaged communities, to respond to PFAS contamination.

States Reach Deal Regarding Colorado River Cuts

After months of tense negotiations over Colorado River water usage between the Upper and Lower Basin states, Lower Basin states have come to an agreement with the Biden Administration on a proposal to cut and allocate water usage. In exchange, the Administration has agreed to provide the states with \$1.2 billion in federal funding. The proposal to cut water usage is meant to conserve water shortages in the two largest reservoirs in the nation, Lake Powell and Lake Mead. The deal constitutes that the three states making up the Lower Basin of the Colorado River, California, Nevada, and Arizona, will cut three million acre-feet of water over three years. The Administration will compensate these states using funds from the Inflation Reduction Act, giving money to farmers, Tribes, and others who voluntarily conserve their water usage. This deal is not yet a final outcome; the proposal must still be evaluated by the Department of Interior before it is implemented.

Members of Congress Relaunch Bipartisan Congressional PFAS Task Force

Congressman Dan Kildee (D-MI-08) and Congressman Brian Fitzpatrick (R-PA-04) have relaunched the Congressional PFAS Task Force in the 118th Congress. The goals of the task force are to spread awareness on PFAS chemicals, find ways to better protect communities, and reduce PFAS usage and contamination. The task force consists of over 50 Democrat and Republican members of congress, including California Representatives Ro Khanna (D-CA-17) and Katie Porter (D-CA-47).

The House Committee on Transportation and Infrastructure Holds Hearing on Clean Water Act

On May 16th, 2023, the House Committee on Transportation and Infrastructure holds a hearing titled, *'The Next Fifty Years of the Clean Water Act: Examining the Law and Infrastructure Project Completion'*. Witnesses included Andrea Travnicek, Director, Department of Water Resources for the State of North Dakota, Serena Coleman McIlwain, Secretary of the Environment for the State of Maryland, Mickey Conway, CEO, Metro Water Recovery in Denver, Colorado, and Brandon Farris, Vice President of E&R Policy for the National Association of Manufacturers.

Since its inception, the Clean Water Act (CWA) has successfully reduced pollution and improved water quality through regulations on point source discharges and wetland protection. The Committee discussed the modern challenges that require updates to the CWA. These include addressing non-point source pollution, emerging contaminants, climate change impacts, environmental justice concerns, and incorporating technological advancements. Revisions to the CWA, increased funding, and collaboration among stakeholders are necessary to effectively tackle these challenges and safeguard water resources for the future.

The Committee addressed PFAS contamination and its impact on water infrastructure. Secretary McIlwain highlighted the urgency of addressing this issue, as it wastes valuable resources and poses significant risks, especially to disadvantaged communities. Congresswoman Hillary Scholten (D-MI) raised concerns regarding PFAS liability for the wastewater industry, with immense costs associated in changing filters, and the threat of increased litigation.

Senate Committee on Environment and Public Works, Subcommittee on Transportation and Infrastructure, Holds Hearing on the Army Corps of Engineers and Water Management Issues

On May 16th, 2023, the Senate Committee on Environment and Public Works, Subcommittee on Transportation and Infrastructure, held a hearing titled, *Perspectives on New and Existing U.S. Army Corps of Engineers Authorities to Respond to Water Management Issues*. Witnesses included Stephen Roe Lewis, Governor of the Gila River Indian Community, Leslie Meyers, Chief Water Executive of the Salt River Project, Christy Plumer, Chief Conservation Officer for the Theodore Roosevelt Conservation Partnership, Andrea Travnicek, Director of the North Dakota Department of Water Resources, and Jennifer Verleger, Chair of Western States Water Council.

This hearing focused on the increasing severity and frequency of droughts in the West, and the growing need for the U.S. Army Corps of Engineers (USACE) to adapt its approach to water management. This includes promoting sustainable water practices, exploring alternative water sources, and collaborating with other community stakeholders to ensure strategies are in place to effectively manage drought while conserving water.

USACE faces a significant challenge in navigating the competing priorities between federal and state governments in water management. Senator Kevin Cramer (R-ND) noted that while USACE's involvement may be necessary in certain cases to achieve optimal outcomes, but there are instances where their actions impede the states' ability to manage

water effectively. Senator Cramer emphasized the importance of granting states greater control over their own water resources while also fostering partnerships between federal and state governments to achieve the best results.

Gila River Indian Community Governor Stephen Lewis shared comments on the historically unproductive relationship between Tribes and USACE, and that future commitments to establish a partnership will be critical. The benefits of these partnerships are already being experienced in his own Gila River Indian Community through 2022 agreements with the Community to fund a pilot project that will install solar panels to cover canals on the Reservation. The project has the potential to simultaneously increase system efficiency, conserve water, and generate renewable energy for the community.

In an exchange between Senator Alex Padilla (D-CA) and Christy Plumer from the Theodore Roosevelt Conservation Partnership, they discussed various water management strategies and their potential benefits for the western states. Senator Padilla expressed interest in understanding how water conservation and drought provisions included in the 2022 Water Resources Development Act (WRDA) could help stakeholders implement watershed-scale multi-benefit projects to mitigate climate impacts. Ms. Plumer expressed support for a range of authorities, such as section 206, which empower non-federal partners to engage in wet meadow restoration, floodplain restoration, and other natural infrastructure projects.

Senator Padilla also enquired about the management of reservoir flows by USACE to minimize flood risks in California's Central Valley communities. He inquired about how Flood Managed Aquifer Recharge (Flood-MAR) near Corps facilities, like those in California, could help mitigate flood risk for these communities. Ms. Plumer responded by emphasizing the need to slow down water and store it through natural infrastructure encouraged in section 206. Utilizing natural infrastructure along with the facilities already in place in California would be a win-win in terms of reservoir health and storage.

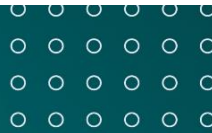
Senate Environment and Public Works, Fisheries, Water and Wildlife Subcommittee Holds Hearing on Water Affordability and Small System Assistance

On May 31st, 2023, the Senate EPW Subcommittee on Fisheries, Water, and Wildlife, held a hearing to discuss water affordability in the United States, particularly for small water systems and disadvantaged communities. Witnesses included Kyle Jones, Legal and Policy Director for the Community Water Center, Rosemary Menard, Water Director for the City of Santa Cruz, and Mark Pepper, Executive Director for the Wyoming Association of Rural Water Systems.



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Small, rural, and economically disadvantaged water systems around the United States are struggling to provide safe and affordable drinking water. Low-income communities and communities of color are disproportionately affected, facing more costly rates and health risks. Small water systems across the country are also facing challenges in maintaining adequate employment numbers and accessing expert knowledge in the field. The lack of technical, managerial, and financial capabilities makes it difficult for these systems to navigate State Revolving Funds (SRF's). Personnel and energy costs represent the largest expenses for these facilities, and supply chain disruptions for chemicals and maintenance materials further compound the issue. Despite the allocation of vital funding through the Bipartisan Infrastructure Law, water systems nationwide are experiencing delays in receiving the necessary funding, aggravated by a shortage of supplies and engineers.

Senator Alex Padilla (D-CA) and Director Menard both recognize the need for alternative approaches to cover the costs of small water systems. Currently, these systems rely solely on revenue from water bills and not taxation. However, finding viable solutions to support these systems and their ratepayers is essential. Consolidating small water systems is a potential solution discussed by Director Jones, but it presents challenges. Communities that have not worked together in the past may struggle to merge, and each community has competing needs and interests. Furthermore, the potential debt limit deal could result in funding cuts to the Department of Health and Human Services (HHS), leading to federal staffing issues that will trickle down to small water systems. These staffing issues will cause further delays and coordination problems when support is needed.

House Appropriations Committee Holds Hearing on FY24 Military Readiness, Including PFAS

On June 13th, the House Appropriations Committee held a full Committee markup on the FY24 Military Construction, Veterans Affairs, and Related Agencies Bill. This appropriations bill addresses the critical needs of both the military and veteran communities, aiming to enhance infrastructure, provide quality healthcare services, and improve overall well-being. Notably, the bill acknowledges the significance of military construction and housing, emphasizing the importance of well-maintained facilities and housing for our service members.

In recent years, PFAS have become a more notable topic for the Department of Defense (DoD). As caretakers of these facilities, the DoD bears the responsibility of ensuring the well-being and safety of service members, their families, and other staff who frequent DoD bases and facilities. Failure to address this issue poses a dual threat, not only jeopardizing the current and future health of service members but also presenting a significant

budgetary burden as they transition into veterans and require healthcare for the potential consequences of PFAS exposure during their service.

PFAS Issues

Congresswoman Betty McCollum (D-MN-4) raised concerns about the exclusion of dedicated funding for PFAS remediation. To be clear, PFAS will still be eligible for funding, but it will have to compete for general remediation funding. Furthermore, 239 Base Closure and Realignment (BRAC) locations are conducting cleanup, with 49 percent of them requiring testing for PFAS contamination. This dedicated funding would not only improve the safety of our bases for service members, but would assist in the facilitation of technology to eliminate the threat of PFAS for other industries facing this issue as well.

House Appropriations Energy and Water Subcommittee Holds Markup on FY24 Appropriations Bill

On June 15th, 2023, House Appropriations Energy and Water Subcommittee held a markup of the FY24 Energy and Water Appropriations Bill. In the markup, there was minimal debate among members, and no amendments were proposed. The bill was subsequently reported to the full committee.

Title I, Corps of Engineers – Civil

The Corps of Engineers emerged as one of the major beneficiaries in this appropriations bill, securing a funding boost of \$910 million compared to FY23. Other changes within the bill included Section 109, which prohibited the Revised Definition of ‘Waters of the United States’ of 2023 to have any effect. Section 112 also clarified that unspent Bipartisan Infrastructure Law (BIL) funds can be used for Bipartisan Budget Act (BBA) of 2018 projects, also stating that BIL projects becoming subject to BBA terms and conditions. The details of the funding changes are outlined below:

Investigations Funding

FY23 – \$172.5 million

FY24 – \$136.1 million

Construction Funding

FY23 – \$1.8 billion (\$75.5 million from Harbor Maintenance Trust Fund)

FY24 – \$2.89 billion (\$74.1 million from Harbor Maintenance Trust Fund)

Operation and Maintenance Funding

FY23 – \$5.07 billion (\$2.22 billion from Harbor Maintenance Trust Fund)



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FY24 – \$5.49 billion (\$2.69 billion from Harbor Maintenance Trust Fund)

Flood Control and Coastal Emergencies

FY23 – \$35 million

FY24 – \$40 million

Water Infrastructure Finance and Innovation Account

FY23 – \$7.2 million

FY24 – \$5 million

Title II, Department of Interior, Bureau of Reclamation

The Bureau of Reclamation will receive \$1.693 billion in funding, which is \$392.4 million above the President’s Budget Request.. The key changes in this bill center around prioritizing projects that improve water supply and address drought concerns. A portion of the total funds will be designated for program activities that can be funded through the Reclamation Fund, supported by the Water Storage Enhancement Receipts account under Water Infrastructure Improvements for the Nation Act (WIIN). Other portions of the funding under 43 U.S.C. 395 will authorize the Secretary of the Interior to provide financial assistance for rural water projects, including planning, design, and construction. It establishes the framework for funding these projects, including the eligibility requirements, limitations, and procedures for the appropriation of funds. Specific funding changes are below:

Water and Related Resources

Upper Colorado River Basin Fund

FY23 – \$22.16 million

FY24 – \$1.05 million

San Gabriel Restoration Fund

FY23 – \$10 million

FY24 – \$5 million



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Federal Budget/Appropriations



The House Continues to Prioritize FY24 Appropriations

House Appropriations Chairwoman Kay Granger (R-TX) on June 12th outlined the Committee's plans for Fiscal Year 2024 markups, starting this week with the consideration of the Military Construction, Veterans Affairs, and Related Agencies bill, as well as the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies bill. Further full committee and subcommittee markups will be planned and announced in the coming weeks. Chairwoman Granger has openly shared her views and concerns on the need to address government spending to manage the national debt increase and impacts of inflation, which have caused difficulties for the nation.

Chairwoman Granger has stated she intends to direct the Committee to limit new spending in appropriations bills to the Fiscal Year 2022 topline level, and take significant steps to bring actual spending levels in alignment with the \$1.59 trillion ceiling written into the debt ceiling law. This will all come under scrutiny once Senate Appropriators begin reviewing legislation, with Ranking Member Susan Collins (R-ME) stating last week she was surprised House Republicans are aiming to set certain spending limits below numbers established in the debt limit deal.

Judicial/Courts



Supreme Court Comes Out With Ruling in Navajo Nation Case

On June 22nd, the Supreme Court of the United States (SCOTUS) issued the ruling in the case of Arizona v. Navajo Nation. The case was determining whether the 1868 treaty would require the United States to develop and execute a plan to ensure the tribe has access to adequate water sources. This could include financing and building infrastructure such as pumps and conveyance to ensure access. Case was argued on March 20, 2023.

The court ruled 5-4 against the Navajo Nation, determining that the federal government does not have a legal duty to develop a plan to ensure the tribe has adequate water supply.

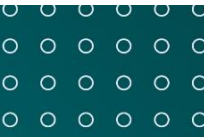


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The opinion stated that the 1868 treaty does not require the United States to develop a plan for the tribe regarding water access, and take steps to execute the plan. Justice Kavanaugh delivered the opinion of the court, and Justice Neil Gorsuch delivered the dissenting opinion.

Funding Opportunities



Department of Energy

The Office of State and Local Energy Programs has opened the Energy Efficiency and Conservation Block Grant Program. This opportunity aims to reduce carbon emissions and improve energy efficiency to state and local governments. The grant provides technical assistance to entities, which includes thorough planning and strategizing energy efficiency goals, and implementation of programs to incentivize and monitor efficiency goals. Applicants must submit a pre-award information sheet, which is due **July 31, 2023**. More information can be found [here](#).

Bureau of Reclamation

The Bureau of Reclamation opened their WaterSMART: Water Conservation Field Services Program to support projects and technology that conserve water and work to mitigate the consequences of water shortages. This opportunity is open to states, tribes, irrigation districts, water districts, and other organizations with water or power delivery authority, that are located in the Lower Basin States, or the State of Hawaii, American Samoa, Guam, and the Northern Mariana Islands. The award ceiling is \$100,000 for any one entity. The application deadline is **October 13, 2023**. More information can be found [here](#).

The Bureau of Reclamation opened the WaterSMART: Aquatic Ecosystem Restoration Projects opportunity. This grant will support the study, design, and implementation of restoration projects that improve the health and ecosystem for fish, wildlife, and aquatic habitats. Applications are due **January 24, 2023**. More information can be found [here](#).

Department of Interior

The Department of Interior published their Wildland Urban Interface Community Fire Assistance program through the Department of Fish and Wildlife Service. This opportunity will support implementation of the National Cohesive Wildland Fire Management Strategy



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and support wildfire prevention strategies. The funding opportunity can be used for planning and implementation, strengthening already existing opportunities, and providing education and awareness of issues in rural areas. Applications are due **September 1, 2023**. More information can be found [here](#).



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