

248 E. Foothill Blvd., Suite 200
Monrovia, CA, 91016

P: 626-443-2297

E: info@usgvmwd.org

upperwater.org

**Government Affairs and Community
Outreach Committee Meeting and Special
Meeting of the Board of Directors**

**Wednesday, July 16, 2025
4:30 P.M.**

Committee Members:

Anthony R. Fellow, Chair
Edward Chavez, Vice-Chair

*The Government Affairs and Community Outreach Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Government Affairs and Community Outreach Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Government Affairs and Community Outreach Committee will not vote on matters before the Committee.

Communications

1. Call to Order
2. Public Comment

Discussion/Action

3. Legislative Update
 - a. Washington D.C
 - b. Sacramento
4. Legislation Bill Summaries and Positions (Staff memorandum enclosed.)

Oral Reports

5. ADHOC Committee Report

Other Matters

- 6.

Adjournment

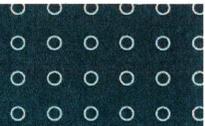
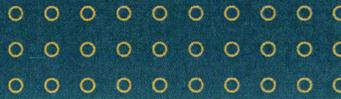
Next Meeting: Wednesday, August 06, 2025 at 4:30 p.m.



American Disabilities Act Compliance (Government Code Section 54954.2(a))

To request special assistance to participate in this meeting, please contact the District office at (626) 443-2297.



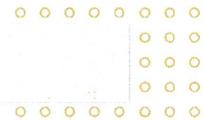


Upper San Gabriel Valley Municipal Water District

June 25, 2025

Ana Schwab, Lowry Crook, Madeline Voitier, Chris Keosian, and Alex Dunn

Congress



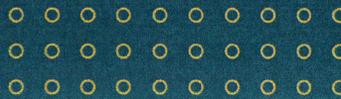
The early weeks of summer have proven pivotal on Capitol Hill, as House Republicans successfully passed President Trump’s top legislative priority—H.R. 1, the *One Big Beautiful Bill Act*—through the budget reconciliation process. The U.S. Senate is now immersed in intense negotiations over its own version of the legislation, sparking heated debates between Democrats and Republicans as well as within the GOP itself, particularly between its moderate and conservative factions. Compounding the complexity, there are ongoing discussions between members of the Senate and House regarding the bill’s broad policy implications, and whether any modifications the Senate makes will be acceptable to the House when the two chambers reconcile their bills. Senate Majority Leader John Thune (R-SD) has signaled that the Senate intends to pass its version of the bill—currently under review by the Senate Parliamentarian for compliance with the chamber’s stringent reconciliation rules—by the Fourth of July.

While the Senate is progressing with their budget reconciliation package, the Chamber also has the President’s rescission package to consider. This package must be passed by July 18, 2025, or the funds will be required to be distributed by the administration. More on the rescission package below.

In addition to all of this, the two chambers are also underway with their Fiscal Year 2026 (FY26) appropriations process. Fiscal Year 2025 (FY25) ends on September 30, 2025, giving Congress just a few months, including a currently planned August district work period, to complete the process to develop and pass all 12 federal appropriations bills.

Senators Request Probe into U.S. Bureau of Reclamation Staff Losses

In a May 30, 2025 letter to Acting Inspector General Caryl Brzymialkiewicz, a group of Democratic senators asked the U.S. Department of the Interior Acting Inspector General to investigate whether recent staffing declines at the U.S. Bureau of Reclamation (USBR) are undermining the agency’s ability to fulfill its mission. Senator Martin Heinrich (D-NM) and



colleagues noted that approximately 25% of USBR’s workforce—about 1,400 employees, including senior and experienced staff—left or were terminated during the Trump administration. California Senator Alex Padilla (D-CA) was among those who signed the letter.

The senators expressed concern that the downsizing could compromise the safety and reliability of water delivery systems, hydroelectric power generation, and ecological conservation across the 17 Western states. They also raised concern that the agency’s capacity to safely and reliably manage over 450 dams and deliver 40 million megawatt-hours of electricity annually may be at risk due to these abrupt personnel changes.

Senate Confirms EPA Deputy Administrator

On June 10, 2025, the U.S. Senate confirmed David Fotouhi to serve as the Deputy Administrator of the U.S. Environmental Protection Agency (EPA), by a party-line vote of 53-41. Fotouhi previously served in the EPA’s Office of General Counsel during the first Trump administration. Deputy Administrator Fotouhi’s confirmation makes him the third highest-level EPA appointee serving under Administrator Lee Zeldin. Fotouhi is expected to play a significant role in executing Zeldin’s agenda.

Senate EPW Advances Telle’s Nomination to Full Senate

On June 11, 2025, the Senate Environment and Public Works (EPW) Committee voted 13–6 to advance the nomination of Adam Telle to serve as Assistant Secretary of the Army for Civil Works. With the committee’s approval, Telle’s nomination now moves to the full Senate for consideration. Senators Alex Padilla (D-CA) and Adam Schiff (D-CA) were among those who voted against the nomination.

Senator Padilla acknowledged Telle’s qualifications and appreciated their meeting prior to the hearing but also expressed strong concerns about the Army Corps’ treatment of California under the Trump administration. In particular, he criticized the exclusion of key flood control projects—most notably the Pajaro River Flood Risk Management Project—from both the FY25 work plan and the proposed FY26 budget. Senator Padilla emphasized that these projects, which have received bipartisan congressional support, are essential to protecting communities in some of the most flood-prone areas of the country. He argued that the Corps’ failure to fund them reflects a partisan approach that neglects urgent infrastructure needs in California and other affected states.

House Transportation and Infrastructure Committee Releases Slate of *Clean Water Act* Permitting Reform Bills

On June 12, 2025, the U.S. House Committee on Transportation and Infrastructure Chairman Sam Graves (R-MO-06) announced a package of bills aimed at overhauling the Clean Water Act's permitting and regulatory processes. The Committee celebrated the package for its support of numerous sectors – including energy, agriculture, construction, and water utilities – who have long argued that lengthy environmental reviews and permitting delays hinder their operations. This package is similar to a suite of bills that was passed by the U.S. House of Representatives in the last Congress but failed to advance in the then-Democratic controlled U.S. Senate.

While the sponsors of the bills described this legislative package a balanced approach to protecting water quality and supporting economic growth, environmental groups criticized it as an industry-driven “rollback” of *Clean Water Act* protections.

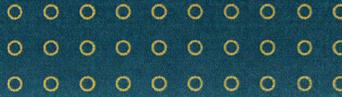
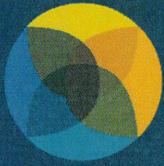
On June 25, 2025, the Committee advanced H.R.3898, the Promoting Efficient Review for Modern Infrastructure Today (PERMIT) Act, and in the form of an amendment in the nature of a substitute, included provisions from over a dozen other bills that focus on reforms to the permitting process and simultaneously seeks to provide clear instruction and standards for permitting agencies.

Below is a summary of the most relevant legislation to water agencies included within the Committee passed H.R. 3898,:

- **H.R. 3898, the *Promoting Efficient Review for Modern Infrastructure Today (PERMIT) Act***
 - Codifies water treatment systems and groundwater exclusions under Waters of the United States (WOTUS) rules

- **H.R. 3899, the *Clarifying Federal General Permits Act***
 - Codifies EPA's practice of issuing NPDES general permits, and requires the EPA to either re-issue general NPDES permits, or provide a two-year notice if a permit is not going to be renewed

- **H.R. 3900, the *Water Quality Technology Availability Act***
 - Requires that technology needed to comply with effluent limitation guidelines (ELGs) for wastewater discharges is commercially available in the United States



- **H.R. 3928, the *Improving Water Quality Certifications Act***
 - Limits water quality certification under Section 401 of the *Clean Water Act* to only water quality impacts of the federally permitted activity, not additional or outside sources

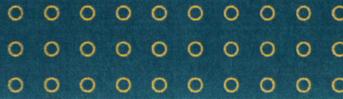
- **H.R. 3300, the *Forest Protection and Wildland Firefighter Safety Act***
 - Exempts aerial fire-retardant use from NPDES permits during wildfires

- **H.R. 3888, the *Water Quality Criteria Development and Transparency Act***
 - Would convert the EPA's water quality criteria development relevant to NPDES permits in swimming and fishing areas into a rulemaking process subject to public comment and judicial review
 - Restricts agency power to directly limit pollution in those designated areas

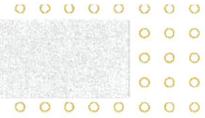
- **H.R. 3905, the *Judicial Review Timeline Clarity Act***
 - Sets a 60-day window for lawsuits (typically brought by environmental groups regarding water and wetlands pollution) challenging Army Corps of Engineers permits pertaining dredging and fill activities

- **H.R. 3934, the *Water Quality Standards Attainability Act***
 - Requires states to factor in technology availability when setting water quality standards; state standards must be approved by the EPA

- **H.R. 3897, the *Confidence in Clean Water Permits Act***
 - Clarifies that NPDES permits should have precise pollutant limits and permittees are in compliance with the permit if they follow its terms, as per SCOTUS' holding in *San Francisco v. EPA*
 - Protects permit holders from lawsuits if they follow permit terms



Federal Budget/Appropriations



Proposed EPA FY26 Budget Cuts Draw Concern Over PFAS Response

The U.S. Environmental Protection Agency's (EPA) proposed FY26 budget has raised concerns among water utilities due to deep cuts to state-level water quality funding, which supports efforts like PFAS mitigation. The proposed reduction comes as public water utilities are working to comply with the EPA's PFAS regulations for drinking water.

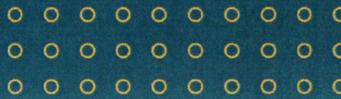
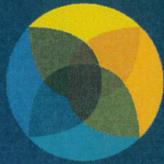
The proposed budget reduces funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) by nearly 90% and eliminates many grant programs. The Administration has asserted that states should assume greater responsibility for these costs, while many utilities argue that local governments simply lack the financial capacity to absorb the funding gap. Moreover, these cuts could potentially raise water treatment costs, increase rates for consumers, and delay essential infrastructure upgrades.

Historically, Congress has safeguarded SRF programs and maintained their funding despite proposed cuts in the President's budget.

Trump Administration Sends Rescissions Package to Congress

On June 3, 2025, the Trump Administration submitted a rescissions package to Congress, formally requesting Congress rescind or "claw-back" appropriations it previously made to various federal programs and agencies. If enacted, the recessions package would codify much of the Administration's controversial efforts to freeze or cancel federal funding. The package is widely seen as a response to criticism that Congress did not authorize many of the unilateral actions of the Trump Administration or its Department of Government Efficiency (DoGE).

The majority of the President's rescission package focused on de-funding U.S. foreign aid initiatives, which has drawn bipartisan Congressional pushback. The request also asked Congress to remove \$1.1 billion in funding for the Corporation for Public Broadcasting, which provides funding for local affiliates of the Public Broadcasting Service (PBS) and National Public Radio (NPR). Both the President and Congressional Republicans have accused the stations of airing partisan content inconsistent with GOP values and petitioned to cancel their funding. Supporters of PBS and NPR argue that the public television and



radio outlets provide free news, emergency services, and educational content for their viewers and listeners across the country.

Congress only has 45 days, which is July 18, 2025, to act on rescission requests submitted by the President or the funds must be made available for immediate obligation.

On June 12, 2025, the U.S. House of Representatives passed H.R. 4, the Rescissions Act of 2025, by a vote of 214-212. The legislation now moves to the U.S. Senate where the exact timeline to vote on the package is uncertain, as the chamber is currently negotiating its version of the Administration's reconciliation bill. In the Senate, rescission requests are considered "privileged" and do not need to overcome the 60-vote threshold to end a filibuster. Thus, rescissions can be passed with a simple majority vote. Some senators have expressed a desire to amend the bill to protect funding for the President's Emergency Plan for AIDS Relief (PEPFAR) program before taking votes on the legislation, potentially lengthening Congress' consideration timeline.

Senate Version of the *One Big Beautiful Bill Act* Under Tense Negotiation

The U.S. Senate is in the midst of negotiating the *One Big Beautiful Bill Act*—President Trump's key domestic policy legislation—after the U.S. House of Representatives passed its version of the bill in May. As the senate works through this bill, it is becoming increasingly clear with the releases of each committee section, that there will be some drastic changes between the House and Senate versions.

The Senate version of the reconciliation bill has undergone significant revisions, including the removal of a deregulatory provision favored by conservative lawmakers. The *REINS Act*, which would have given Congress veto power over major agency rules, was excluded from the Senate's version due to concerns that it did not meet the "Byrd Rule," which requires strict relevance to budgetary matters for reconciliation legislation in the U.S. Senate.

The Senate Finance Committee maintained the existing \$10,000 SALT deduction cap in its draft bill, released on June 22, 2025—diverging sharply from the House GOP's agreement to raise it to \$40,000. The provision is intended to serve as a placeholder while negotiations continue on a final SALT deal. The Senate proposal is already causing tension, with House Republicans from high-tax states warning the Senate version is unacceptable. Rep. Mike Lawler (R-NY-17) and other SALT Caucus members are pushing to preserve the House deal in the final legislation.



Energy policy remains a core focus of the legislation. Over a dozen House Republicans called on Senate leaders to revise the House-passed clean energy tax provisions, cautioning that aggressive phase-outs and new supply chain restrictions threaten billions in energy investments and thousands of jobs. Despite this push, conservative Republicans in both chambers continue to insist on full repeal of the Inflation Reduction Act's (IRA) clean energy tax incentives.

The Senate Energy and Natural Resources Committee introduced several measures to resume public land sales across 11 Western states, a provision which was stripped from the House version before passage. The Senate proposal has drawn fierce opposition from conservation groups and sparked internal GOP tensions, as some western Senators, who oppose privatizing protected public lands, have not yet indicated how they will vote on the final bill.

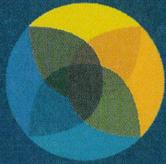
The Senate bill also seeks to repeal billions in unspent funds from the IRA while retaining support for fossil fuel development, requiring quarterly onshore oil and gas lease sales, reinstating pre-IRA royalty rates, and mandating multiple offshore lease sales. The bill also preserves controversial fast-track permitting processes by allowing developers to pay substantial fees for quicker reviews.

The Senate version of the packaged will need to be reconciled with the U.S. House of Representatives version of the bill, which Speaker Mike Johnson narrowly secured support to pass. Major differences between the chambers could spark conflict and jeopardize Speaker Johnson and President Trump's shared goal of signing the bill by July 4, 2025.

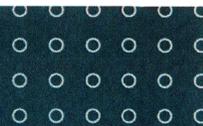
President Trump Signs Law Repealing California Air Quality Waiver, California Files Suit

On June 12, 2025, President Trump signed the Congressional Review Act (CRA) legislation to block California's electric vehicle (EV) "mandate" into law, reversing the Biden administration's approval of California's goal to have all new vehicles sold in the state be electric or hybrid vehicles by 2035. This decision follows intense partisan debate over procedural maneuvering to have it pass without facing a filibuster. President Trump criticized the California plan, claiming it would damage the U.S. auto industry and linked the move to broader Republican efforts to push back against several progressive statewide policies in California.

California Attorney General Rob Bonta (D-CA) promptly filed suit against the federal government, arguing that Congress and the Trump administration overstepped their authority in revoking the waiver. The lawsuit alleges that the revocation violates federalism and the separation of powers and criticizes the Trump administration for bypassing legal

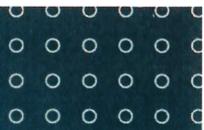
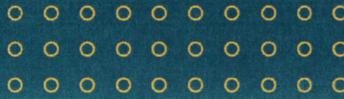


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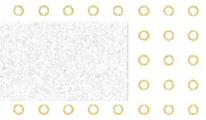


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procedures and using the Congressional Review Act (CRA) to weaken California's pollution standards. Attorney General Bonta was joined by 10 other states Attorneys General in filing the suit. The outcome of this litigation will have far-reaching impacts as Thirteen states and the District of Columbia follow California's Air Quality Standards.



Administration/Agency



Trump Administration Weighs in on Colorado River Debate

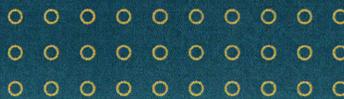
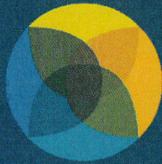
In an early-June statement, senior Interior Department official Scott Cameron expressed cautious optimism that the seven Colorado River Basin states—Arizona, California, Nevada, Colorado, New Mexico, Utah, and Wyoming—will reach a long-term water management agreement before current agreements expire in spring 2026. Talks have been increasingly fraught between the states amid worsening drought and water shortages in the Colorado River basin.

Cameron emphasized that while states bear primary responsibility, the federal government may intervene if talks fail. He encouraged innovative thinking and suggested possible changes to the existing “law of the river”, while noting that Interior will not be bound by past plans and may seek new legislation by 2026 to support any deal.

Mr. Cameron also attended a mid-June meeting of Colorado River water users in Arizona. During this meeting, Cameron emphasized that Interior’s goal is to support a seven-state consensus solution. However, Cameron stated that Secretary Burgum will be prepared to make a decision if the seven states are not able to come to an agreement. Mr. Cameron noted that Secretary Burgum is the Watermaster of the Lower Basin and has several tools and responsibilities over federal projects in the Upper Basin.

Cameron provided information on the timeline for the post-2026 process. Reclamation is working on a Draft EIS, with the goal to have it available in December of this year, followed by a Final EIS and Record of Decision in May or June of 2026. Interior’s goal is to “parachute” a seven-states consensus agreement into the EIS. Mr. Cameron emphasized that the Department is “husbanding” federal money in case it is needed to seal the seven states agreement. The Department is also putting members of Congress on notice that legislation will likely be needed for post-2026 plans.

During the meeting in Arizona, a new proposal for shortage sharing in the Colorado River was day-lighted for the first time by the Department of Interior. The proposal is referred to as a Supply Driven Concept, which would divide the water the river actually provides, while simultaneously requiring both the Upper and Lower basins to live within their respective shares. Under the Supply Driven Concept, releases from Lakes Powell and Mead would be derived from the average of the natural flows from the three preceding years, with an upper



and lower limit on the annual release. Ultimately resulting in a fixed percentage of the natural flow average

At this point, the Supply Driven Concept is just that—a concept being explored. There has been no agreement within any state or among any division of states on the concept. However, the Lower Basin States are evaluating the Supply-Driven Concept.

President Trump Issues Wildfire Executive Order; Administration Prepares for Fire Season

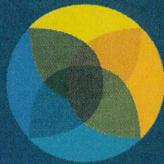
On June 12, 2025, President Donald Trump issued an executive order meant to streamline and unify the federal response to wildfires, directing the U.S. Departments of Agriculture and the Interior to consolidate their firefighting efforts within 90 days. The order, which stops short of establishing a standalone wildfire agency, reflects the administration’s broader ambition to restructure wildfire management.

The order calls for increased cooperation with state and local entities, expanded land management practices, and a reassessment of environmental regulations that may hinder prescribed burns and the use of fire suppressants. It also instructs the U.S. Environmental Protection Agency (EPA) and Attorney General to review policies and litigation that may obstruct proactive fire prevention strategies.

At a June 10, 2025, Oval Office meeting with President Trump, the Secretaries of Interior and Agriculture warned that a drier winter in the West could lead to an above-average wildfire season. According to the National Interagency Fire Center, over 8.9 million acres burned in 2024—up sharply from 2.6 million in 2023—with 1.6 million acres already burned in 2025. Though federal firefighters remain exempt from recent government buyouts, around 5,000 other Forest Service staff opted for early retirement, prompting logistical and operational strain.

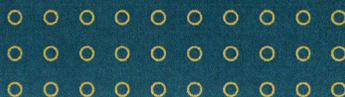
U.S. Forest Service Chief Tom Schultz assured lawmakers during a June 11, 2025, Senate Appropriations Subcommittee hearing that the agency’s firefighting force—nearing 11,000 personnel—is prepared for fire season. While senators raised concerns about the loss of experienced support staff and cuts to federal grants for local and volunteer firefighting efforts, the Administration stated that it is prepared and ready to respond.

The FY26 budget proposal by the President includes the creation of a new entity, the Federal Wildland Fire Service within the Department of Interior. The administration seeks to streamline wildfire response and operations – currently, the responsibility is divided between the Departments of Interior and Agriculture.



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President Trump Nominates Katherine Scarlett to Head Council on Environmental Quality

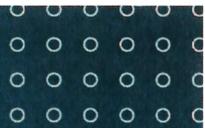
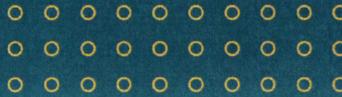
On June 16, 2025, President Trump nominated Katherine Scarlett to head the White House Council on Environmental Quality (CEQ), positioning her to drive the administration's overhaul of the National Environmental Policy Act (NEPA). Scarlett, currently CEQ's chief of staff and a former U.S. Senate Environment and Public Works Committee aide, has already been involved in driving efforts meant to expedite federal environmental reviews for energy infrastructure projects.

Her nomination will be considered the U.S. Senate Committee on Environment and Public Works (EPW), led by Chairwoman Shelly Moore Capito (R-WV) and Ranking Member Sheldon Whitehouse (D-RI). Despite Scarlett's former work on Chairwoman Capito's EPW staff, her nomination hearing could be contentious as EPW Democrats generally view the Trump Administration's proposed changes to NEPA as a dismantling of core environmental safeguards. Known for her behind-the-scenes effectiveness, Scarlett's nomination was praised by administration officials as the ideal candidate to steer NEPA reform through its most significant transformation in decades.

President Trump Nominates Ted Cooke to Lead U.S. Bureau of Reclamation

On June 17, 2025, President Trump nominated Ted Cooke, a long-tenured Arizona water manager, to serve as the next Commissioner of the U.S. Bureau of Reclamation (USBR). Cooke's nomination comes amid tense negotiations over the post-2026 negotiations for the Colorado River, which provides water to over 40 million people and farms in the western United States. With more than 24 years of experience at the Central Arizona Project (CAP), Cooke brings extensive experience managing Colorado River water infrastructure and delivery in one of the country's most arid regions. Cooke's nomination was met with a generally favorable response. He has previously advocated for equitable water cuts across all seven basin states and cautioned against politicizing decisions tied to the river's flows. Some in the Upper Basin have expressed concern with Cooke as a representative for the Lower Basin and his ability to act as an impartial leader through the post-2026 negotiations.

Cooke's nomination will be considered by the U.S. Senate Committee on Energy and Natural Resources (ENR) in the coming weeks. The Committee is led by Chairman Mike Lee (R-UT) and Ranking Member Martin Heinrich (D-NM), both of whom hail from Upper Basin states. If advanced by the Committee and confirmed by the full U.S. Senate, Cooke will play a critical role in resolving the River's complex and dynamic post-2026 negotiations.



U.S. Department of Interior Refines Trump Administration’s Long-Term Priorities

The U.S. Department of the Interior has released a revised draft of its strategic plan for 2026–2030. This updated document softens some of the more controversial proposals previously floated, notably excluding references to reducing the size of national monuments or eliminating specific regulations. The Department is currently seeking input from Native American leaders, with consultation sessions scheduled through late June.

The plan reaffirms Secretary Doug Burgum’s focus on expanding oil and gas development on public lands and easing regulatory burdens. It identifies the “strategic use” of federal lands as a pathway to “Restore American Prosperity,” framing natural resources as valuable national assets. While the plan supports fossil fuels and other traditional energy sources like hydroelectric and nuclear, it does not mention renewable energy sources such as wind and solar. Public lands are currently heavily utilized for renewable energy production.

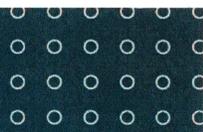
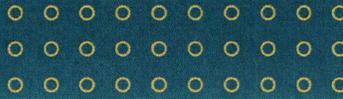
Earlier versions of the plan discussed “right-sizing” national monuments and transferring federal heritage lands to states. However, these references were removed from the current draft. Still, Secretary Burgum’s Department of the Interior FY26 budget justification document and his June 11, 2025, testimony before the Senate Energy and Natural Resources Committee (ENR) suggest that significant land policy changes may still be on the horizon. At the hearing, Senators expressed concern about possible cuts to national monuments and the apparent intent to downsize conservation programs.

Judicial/Courts

Supreme Court Issues First Major NEPA Ruling in Two Decades

The following is a legal alert [published](#) by BBK on June 5, 2025:

On May 29, 2025, the U.S. Supreme Court issued an 8-0 [opinion](#) that clarifies the scope of environmental effects analysis under the National Environmental Policy Act (NEPA) and requires substantial judicial deference to federal agencies in NEPA cases. This decision has broad implications for public agencies and Tribal Nations involved in infrastructure and economic development projects, natural resources management, water supply project operations and other matters where there is a federal nexus.



Overview

The decision in *Seven County Infrastructure Coalition et al. v. Eagle County* marks the Supreme Court’s first major NEPA ruling in two decades. NEPA requires federal agencies to prepare an Environmental Impact Statement (EIS)—a comprehensive technical report analyzing the effects of a proposed federal action and a reasonable range of alternatives, including a no-action alternative—when significant environmental impacts are anticipated.

Seven County concerned a proposed 88-mile railroad line in northeastern Utah. Under federal law, the U.S. Surface Transportation Board (Board) is responsible for approving new rail line construction. The project aims to connect an oil-rich area in Utah to the national rail network, enabling the transport of crude oil to refineries along the Gulf Coast. The Board prepared a 3,600-page EIS analyzing the effects of a range of alternatives.

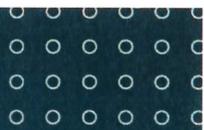
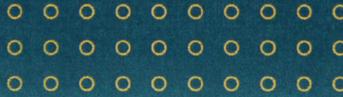
The U.S. Court of Appeals for the D.C. Circuit vacated the EIS, finding it deficient for failing to analyze reasonably foreseeable impacts, including increased oil drilling in Utah and expanded refining activity along the Gulf Coast. According to the D.C. Circuit Court, these upstream and downstream impacts fell within NEPA’s scope and required review.

Outcome

The U.S. Supreme Court disagreed. It held that the Board was not obligated to analyze the environmental effects of oil drilling or refining, as those activities would come from separate projects that fall outside the agency’s statutory authority. The Court reaffirmed its earlier decision in *Department of Transportation v. Public Citizen* (2004), where it held that an agency is not a legally relevant “cause” of an environmental effect if it lacks the power to prevent that effect.

Because the Board lacks authority over separate projects for oil and gas development or refining, the Court reasoned, it need not evaluate the consequences of those projects in its EIS for the rail line. The Court stated that while some indirect effects may still fall within NEPA, “when the effects of an agency action arise from a separate project—for example, a possible future project or one that is geographically distinct from the project at hand—NEPA does not require the agency to evaluate the effects of that separate project.”

The opinion went on to emphasize that NEPA decisions are entitled to “substantial judicial deference”—not only regarding which environmental effects are analyzed but also on which alternatives are considered in the EIS and, importantly, on agency determinations of



feasibility. In a key footnote, the Court stated that the judiciary has “only a limited role” in reviewing agency compliance with NEPA.

Implications

For local communities, water agencies, and Tribal Nations with projects that depend on the NEPA process, this ruling offers a couple of key takeaways. The first is straightforward. The scope of environmental effects analyzed in an EIS will continue to be limited by the authority of the federal agency. In practical terms, this result helps to limit “analysis paralysis” that agencies might otherwise experience.

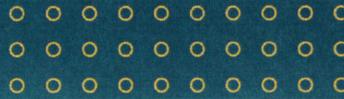
A more complex implication relates to judicial deference—particularly deference to a federal agency’s choice of alternatives and its feasibility analysis. While NEPA is described by the Court as “purely procedural,” NEPA reports are routinely used by federal agencies to compare options and inform substantive decisions, including long-term plans for water supply project operations. Under this ruling, courts are unlikely to second-guess a federal agency’s selection of alternatives or scrutinize determinations on the feasibility of those alternatives.

Broad judicial deference in NEPA cases places greater importance on the administrative process itself. For non-federal partners involved in federal supply water projects, consistent and proactive engagement in the agency-led NEPA process—particularly in the development of alternatives leading up to the Draft EIS—will be more critical than ever.



BBK

BEST BEST & KRIEGER LLP
ATTORNEYS AT LAW



FEDERAL REPORT



**PARTNER AND DIRECTOR OF
GOVERNMENT AFFAIRS**

Ana D. Schwab

☎ (202) 370-5311

✉ ana.schwab@bbklaw.com

📍 Washington, D.C.



PARTNER

Lowry A. Crook

☎ (202) 370-5328

✉ lowry.crook@bbklaw.com

📍 Washington, D.C.



**ASSISTANT DIRECTOR OF
GOVERNMENT AFFAIRS**

Madeline Voitier

☎ (202) 923-1563

✉ madeline.voitier@bbklaw.com

📍 Washington, D.C.



**ASSISTANT DIRECTOR OF
GOVERNMENT AFFAIRS***

Christopher Keosian

☎ (202) 370-5297

✉ christopher.keosian@bbklaw.com

📍 Washington, D.C.

**Not admitted to the practice of law*



LEGISLATIVE COORDINATOR*

Alex Dunn

☎ (202) 370-5308

✉ alex.dunn@bbklaw.com

📍 Washington, D.C.

**Not admitted to the practice of law*



June 23, 2025

TO: Government Affairs and Community Outreach Committee, Upper San Gabriel Valley Municipal Water District
FROM: Steve Baker
SUBJECT: July 2, 2025, Legislative Update

On June 24, the Governor and legislative leaders reached an agreement on a budget. The agreement seeks to resolve a projected \$16 billion deficit. All told the 2025 budget includes \$321.1 billion total spending and includes \$15.7 in reserve. The Governor has until July 1 to sign the budget. It is likely the Legislature will have a September budget that takes into account Federal action on their budget.

Policy committees are also meeting to consider bills that came from the opposite houses prior to the July 18 deadline. The Legislature will take a one month summer break beginning July 18.

Delta Conveyance

Since our last briefing, the bulk of our time and effort has been spent on the Governor's proposal to streamline permitting of the Delta Conveyance. Anything that can be done to reduce permitting and expedite construction will save significant costs to water contractors. By way of background, the Delta Conveyance Project has been pursued by state water managers since the 1940s. The project would transport water around the Delta via a 44 mile tunnel, paid for by state water contractors. The Governor's plan would:

- **Simplify permitting.** The proposal would simplify permitting for the project by eliminating certain deadlines from existing State Water Project water rights permits — recognizing that the State Water Project should continue serving Californians' water needs indefinitely. The proposal would also strengthen enforcement of the Water Board's existing rules for permit protests.
- **Confirm funding authority.** The proposal confirms that the Department of Water Resources has the authority to issue bonds for the cost of the Delta Conveyance Project, to be repaid by participating public water agencies.
- **Prevent unnecessary litigation delays.** The proposal narrows and streamlines judicial review of future challenges to the Delta Conveyance Project, building on models that have served other large public works projects.
- **Support construction.** The proposal streamlines the authority to acquire land, supporting ultimate construction of the Delta Conveyance Project.

The Legislature has rejected the Governor's plan to include the streamlining proposal in the budget and has deferred consideration to later in the year. Upper Water has joined a broad coalition to support the proposal. The Upper Water staff has reached out to the San Gabriel Valley Legislative Caucus, and we have been reaching out to those same folks in Sacramento. Meanwhile, opposition from Delta communities and

environmental groups has been intense. Northern California legislators are also opposed. We will continue working on this in an effort to bring resolution prior to the September 12 adjournment.

Bills of Interest

We've communicated Upper Water's position on bills you have taken positions on. We look forward to continuing to inform the Legislature of the bills that Upper Water supports and opposes.

AB 259 (Rubio, D-Baldwin Park). This bill has to do with open meetings. This bill eliminates the sunset on previous legislation that allows legislative bodies to utilize teleconferences. Upper Water is in support. The bill is next in front of the Senate Local Government Committee.

SB 601 (Allen, D-Santa Monica). This bill seeks to "Trump proof" water quality rules. Upper Water is opposed. This has been one of the more controversial bills this year. The bill seeks to enshrine Biden-era water quality rules into state law. The bill was heard in the Senate Environmental Quality Committee on April 7, and then the Senate Judiciary Committee on April 29. The Judiciary Committee hearing went late into the evening. Both committees required significant amendments that have the effect of narrowing the bill. Upper Water staff will analyze the latest set of amendments to see if they remove our opposition. The bill will be heard next by the Assembly Judiciary Committee.

SB 72 (Caballero, D-Merced). This bill establishes a California Water Plan including long term water supply targets. Upper Water is in support. The bill will be heard by the Assembly Water, Parks, and Wildlife Committee on July 1.

AB 428 (Rubio, D-Baldwin Park). The bill allows water corporations to form joint powers agreements for the purpose of obtaining insurance. Upper Water is in support. The bill is pending in the Senate Energy, Utilities and Communications Committee.

AB 523 (Irwin, D-Thousand Oaks). This bill would allow a representative at a public agency member of the Metropolitan Water District (MWD) to appoint a proxy if that agency only has one representative on the board. The bill is sponsored by Eastern Municipal Water District. Upper Water is in support. The bill is pending on the Senate floor.

SB 31 (McNerney, D-Stockton). This bill expands the ability to utilize recycled water. Upper Water is in support. The bill is scheduled in the Assembly Environmental Safety and Toxic Materials Committee on July 1.

SB 350 (Durazo, D-Los Angeles). This bill establishes a low income water rate assistance program. Upper Water is opposed unless amended. When this bill was heard in the Senate Energy, Utilities and Communications Committee on April 18, several legislators expressed reservations with the bill. In particular, some Senators are concerned the bill could disrupt existing rate assistance plans offered by some water agencies. Upper Water

has some retailers with rate assistance programs. Another issue with the bill is it does not have a funding source, and it covers waste water facilities. The bill was held and is now a 2-year bill.

SB 394 (Allen, D-Santa Monica). This bill allows a civil action for stealing water from a fire hydrant. Upper Water is in support. The bill is being heard by the Assembly Judiciary Committee on July 1.

SB 454 (McNerney, D-Stockton). This bill establishes a PFAS mitigation program. Upper Water is in support. The bill is pending in the Assembly Appropriations Committee.

SB 599 (Caballero, D-Merced). This bill expands atmospheric river research. Upper Water is in support. The bill is pending in the Assembly Water, Parks, and Wildlife Committee.

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MEMORANDUM

Date: July 16, 2025
To: Government and Community Affairs Committee and Board of Directors
From: General Manager
Subject: Federal Bill Summaries and Advocacy Positions with Coalition Letter

Recommendation

Approve staff recommendations for the following federal bills: H.R. 2766 / S. 2014, H.R. 3035 / S. 1760, and S. 1481. As well provide a brief description of the

Federal Bill Analysis

H.R. 2766 / S. 2014 – Special District Fairness and Accessibility Act

Introduced: in the House on April 9, 2025, Rep. Pat Fallon [R-TX-4], and in the Senate on June 10, 2025, by Sen. John Cornyn [R-TX].

Summary: The Special District Fairness and Accessibility Act would establish the first formal federal definition of a “special district.” It also directs the White House Office of Management and Budget to issue guidance ensuring that federal agencies recognize special districts as local governments, thereby granting them access to applicable forms of federal financial assistance. A similar effort last year—H.R. 7525—passed the U.S. House of Representatives with broad bipartisan support and advanced through the Senate Homeland Security and Governmental Affairs Committee with only one “no” vote. Upper Water previously supported similar legislation to this bill in the 118th congress.

Action: On April 9, 2025, the House bill was referred to the Committee on Oversight and Government Reform. The Senate companion bill was referred to the Committee on Homeland Security and Governmental Affairs on June 10, 2025.

STAFF RECOMMENDATION: Support

H.R. 3035 / S. 1760 – Restoring WIFIA Eligibility Act

Introduced: in the House on April 28, 2025, by Rep. Jim Costa (D-CA-21), and in the Senate on May 14, 2025, by Sen. John R. Curtis (R-UT).

Summary: The Restoring WIFIA Eligibility Act seeks to amend the Water Infrastructure Finance and Innovation Act (WIFIA) of 2014 to revise how certain financial assistance is treated for budgetary purposes. Specifically, it ensures that if a project is fully repaid with non-federal revenue and the recipient is not a federal agency, any assistance provided through WIFIA will be classified as non-federal under the Federal Credit Reform Act of 1990. This technical change is designed to expand access to WIFIA loans and loan guarantees by removing a budget classification barrier that currently limits support for state, local, and other non-federal infrastructure projects.

Action: On April 28, 2025, H.R. 3035 was referred to the Committee on Transportation and Infrastructure, specifically to the Subcommittee on Water Resources and Environment. The Senate companion bill was referred to the Committee on the Budget on May 14, 2025.

STAFF RECOMMENDATION: Support

S. 1481 – LOCAL Infrastructure Act(Lifting Our Communities through Advance Liquidity for Infrastructure)

Introduced: in the Senate on April 10, 2025, by Sen. Roger F. Wicker (R-MS).

Summary: The LOCAL Infrastructure Act would amend the Internal Revenue Code of 1986 to reinstate advance refunding bonds, a financing tool which allows state and local governments to refinance existing tax-exempt municipal bonds at lower interest rates—similar to refinancing a mortgage. This method was commonly used prior to its repeal in 2017 to reduce borrowing costs and free up funds for public infrastructure projects such as schools, hospitals, and roads. The bill would amend the Internal Revenue Code to restore this option and help governments save money on debt service.

Action: On April 10, 2025, the bill was referred to the Committee on Finance.

STAFF RECOMMENDATION: Support

H.R. 1356 – Mudslide Recovery Act

Introduced: on February 13, 2025, by Rep. Norma Torres (D-CA-35).

Summary: The Mudslide Recovery Act would direct the Secretaries of the Interior and Homeland Security, through FEMA, to establish a pilot grant program to repair damage from mudslides that occur after wildland fires. The program would provide competitive grants to states, tribal governments, local governments, fire departments, and eligible nonprofits. The bill authorizes \$5 million annually in appropriations from FY2026 through FY2032 to support the program.

Action: On February 13, 2025, the bill was referred to the House Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings, and Emergency Management.

STAFF RECOMMENDATION: Support

Coalition letter in support of WaterSMART programs

In accordance with prior authorization, consistent with the legislative priorities and recognizing the significance the WaterSMART program to the organization, Upper Water has signed a letter supporting federal funding for WaterSMART programs. The U.S. Bureau of Reclamation's FY2026 budget proposal eliminates all funding for WaterSMART programs. This funding is vital for advancing water conservation, drought resilience, and ecosystem restoration projects in our service area and the San Gabriel Valley watershed. Upper Water's endorsement reflects its commitment to supporting the collaborative efforts and innovative programs that have benefitted the community.