

Monterey Peninsula Water Management District

Federal Legislative Report

February 11, 2026

Prepared by The Ferguson Group

Congressional Outlook: Key Priorities

- ▶ Completing FY 2026 Appropriations - DHS
- ▶ Permitting Reform
- ▶ Surface Transportation Reauthorization
- ▶ Water Resources Development Act (WRDA) 2026
- ▶ Farm Bill
- ▶ Reconciliation
- ▶ FY 2027 Appropriations - EOY
- ▶ Western Water Legislation - EOY

Executive Summary

- **FY 2026 Appropriations Enacted**

\$750K MPWMD request pending in Corps workplan (due March 24)

- **Major Legislation Introduced**

MORE WATER Act (S. 3738): Large-scale recycling, new conveyance program

Storage Reauthorization Act: Expanded groundwater recharge eligibility

- **Senate ENR Hearing**

February 24: ~20 western water bills including storage and recycling

- **WRDA 2026 Timeline**

Request portals closed Feb 6; Committee action expected May-June

FY 2026 Appropriations Status

Bureau of Reclamation

\$1.6 billion
(11% decrease from FY25)

Army Corps of Engineers

\$10.4 billion
(\$1.8B increase)

MPWMD Priority Request

\$750,000 for Monterey Peninsula Stormwater Diversion and Recycling Project
Corps Environmental Infrastructure Section 219 Program

Next Step: Corps Workplan Release (Expected March 24, 2026)

MORE WATER Act (S. 3738)

Senator Alex Padilla | Senate ENR Hearing: February 24

Key Provisions

- **Large-Scale Water Recycling**

Reauthorized through 2031 | \$450M for FY2028-2032

- **New Water Conveyance Improvement Program**

50% federal cost-share | \$500M authorized FY2028-2032

- **WIIN Act Recycling Reauthorization**

Increased per-project cap: \$50M (up from \$30M)

- **Environmental Restoration Programs**

\$250M for habitat restoration including salmon recovery

MPWMD Relevance: Multiple new funding pathways for recycling partnerships, groundwater recharge, conveyance improvements, and conjunctive use projects

Additional Water Legislation

Storage Reauthorization Act

Senator Ruben Gallego (D-AZ)

- Expand Small Storage Program (150K-200K AF)
- \$20M annually FY2027-2033
- New Natural Water Retention Grants
- \$15M annually | 90% federal cost-share

Large-Scale Recycling Reauthorization

Sens. Cortez Masto & Curtis

- Extends \$450M program through 2032
- Bipartisan support
- House companion: H.R. 6204

✓ Sites Reservoir Approved

Trump Administration approved California's Sites Reservoir | \$780M+ federal funding unlocked

PFAS Standards Upheld

D.C. Circuit denied EPA's rollback request | All six PFAS drinking water standards remain in effect during litigation

WRDA 2026 Timeline & Priorities

February 6

May - June

Fall 2026

Request Portal
Deadline

Committee
Action

Expected
Enactment

MPWMD Priority Amendment

Section 219 Reimbursement Authority | Submitted to Rep. Panetta, Senators Padilla and Schiff

Congressional Landscape

Senate Energy & Natural Resources

Chair Mike Lee (R-UT) & Ranking Member Martin Heinrich (D-NM) | February 24 hearing on ~20 western water bills

Senate Environment & Public Works

Chair Shelley Moore Capito (R-WV) & Ranking Member Sheldon Whitehouse (D-RI) | Permitting reform stalled over renewable energy disputes

House Natural Resources & Transportation

Chair Bruce Westerman (R-AR) pushing SPEED Act for permitting reform | FEMA Reform Act expected in 2026

California Delegation: Senator Padilla (MORE WATER Act sponsor) & Senator Schiff (EPW Committee) & Rep. Panetta supporting MPWMD priorities

Agency Updates

Bureau of Reclamation

- \$1.6B total funding
- WaterSMART: \$15M (↓\$39M)
- Title XVI Recycling: \$12.5M (↓\$17.5M)
- WIIN Storage: \$62.5M

Army Corps of Engineers

- \$10.4B total funding
- \$3.17B for Construction, ~double the budget ask
- \$14.3M for Environmental Infrastructure
- Workplan due: March 24, 2026

Environmental Protection Agency

- \$8.8B total funding (↓\$300M from FY25; \$4.7B more than President's budget request)
- Clean Water SRF: \$1.64B | Drinking Water SRF: \$1.13B
- PFAS standards remain in effect per D.C. Circuit ruling
- Proposed narrowing of Clean Water Act Section 401 certification authority

CEQ: Repealed NEPA regulations | New 'CE Works' digital pilot for categorical exclusions

Opportunities & Risks

Opportunities

- MORE WATER Act creates multiple new funding pathways
- Storage Act offers 90% federal cost-share for nature-based projects
- Corps workplan opportunity for EI request
- WRDA 2026 Section 219 reimbursement authority
- Bipartisan support for water infrastructure remains strong

Risks

- Permitting reform stalemate could delay project approvals
- PFAS regulatory uncertainty continues during litigation
- Midterm election dynamics may compress legislative calendar
- BOR funding reductions may affect program availability
- Staff shortages bog down decision-making at Interior

Watch List

- Senate ENR Water & Power Subcommittee Hearing: February 24, 2026
- Corps FY 2026 Workplan Release: Expected mid-March
- Second reconciliation package: Republicans weighing timing before midterms

Immediate Next Steps

- **Monitor Corps Workplan Release**

Follow up with congressional delegation on Corps EI funding | District contact with SF District Office

- **Draft Letter of Support for MORE WATER Act (identify eligible projects to highlight)**

For Committee consideration by February 20 (before ENR hearing)

- **Track Senate ENR Hearing (February 24)**

Nearly 20 western water bills including storage and recycling legislation

- **Continue WRDA 2026 Engagement**

Section 219 reimbursement amendment advocacy with congressional offices

- **Begin FY 2027 Earmark Planning**

Deadlines expected mid-March | Similar request to FY26 Stormwater project or consider alternative priority projects

Key Appointments & Other Developments

Dr. Timothy Petty Confirmed as Commerce Assistant Secretary for Oceans and Atmosphere

Oversees NOAA and NMFS, key agencies for fisheries, marine habitat, and coastal resource management affecting California water operations

Rep. Doug LaMalfa, Western Caucus Chair, Dies at 65

Longtime GOP leader on energy, natural resources, and rural policy. His loss removes a key California Republican voice on water and natural resources issues in the House.

Hearing on Wildfire Impacts to Power and Water Infrastructure

House Natural Resources Water, Wildlife and Fisheries Subcommittee held an early January hearing on how worsening wildfires threaten critical watersheds and the reliability of electric infrastructure and fresh water supplies

WaterSMART Grants Expected Soon

Bureau of Reclamation WaterSMART grants expected to become available as soon as this quarter. MPWMD should prepare applications for eligible water recycling, efficiency, and drought resilience projects.