

Monterey Peninsula Water Management District

Federal Legislative Report

Legislative Committee Meeting

September 2, 2026

Prepared by The Ferguson Group

Congressional Outlook: Key Priorities for MPWMD

1

Appropriations

FY 2027 Energy & Water bill advancing; House committee approved \$1.86B for Bureau of Reclamation (13% increase). Seaside Monitoring Wells not included in FY 2027 Senate CDS portfolios; repositioning for FY 2028 cycle.

2

MORE WATER Act & ENR Markup

Senate ENR Committee markup July 29 advanced 39 bills, including S. 3738 (MORE WATER Act, Padilla) and S. 3732 (Water Security and Drought Resilience Act, Gallego). Both reauthorize key Bureau of Reclamation programs critical to Pure Water Monterey and western water storage.

3

WRDA 2026

District win: Section 219 reimbursement authority included in both chambers' bills (House T&I July 14, Senate EPW July 15). Senate version also includes SRF/WIFIA reauthorization and PFAS provisions. Conference expected fall 2026.

4

Delegation Engagement

Ongoing engagement with Rep. Panetta, Sen. Schiff, and Sen. Padilla offices focused on FY 2028 earmark positioning, Section 219 reimbursement, and water supply priorities.

Executive Summary: What Changed Since the May 26 Meeting

- District's biggest win: Section 219 reimbursement authority secured in both the House and Senate WRDA 2026 bills, allowing local sponsors to build first and be reimbursed by the Corps. Priority is protecting the language through conference.
- WRDA 2026 advanced in both chambers (July 2026): House T&I approved H.R. 9497 (131 studies, 10 projects); Senate EPW approved S. 4949 (61 studies, 15 projects, SRF/WIFIA reauthorization). Conference negotiations underway.
- Senate ENR Committee markup (July 29): Advanced 39 bills including MORE WATER Act (S. 3738, Padilla) and Water Security and Drought Resilience Act (S. 3732, Gallego). Both reauthorize Bureau of Reclamation programs critical to western water supply and storage.
- FY 2027 Energy & Water Appropriations: House committee-approved bill (\$1.861B for Bureau of Reclamation, a 13% increase; \$9.775B for USACE) awaits floor action. Senate subcommittee markup expected fall 2026.
- EPA PFAS rulemaking: May 18 proposed rules (PFOA/PFOS compliance extension to 2031; possible rescission of four other standards) moving through comment process. Nearly \$1B in Emerging Contaminants grant funding remains a key opportunity.
- One Big Beautiful Bill: \$889M for western water infrastructure through Bureau of Reclamation, including \$540M for California canal and storage projects (Delta-Mendota, Friant-Kern, Shasta Dam).
- Corps deauthorization review: Monterey's Environmental Infrastructure authority and California's statewide EI authority were NOT proposed for deauthorization. California has 32 authorities on the proposed list (29 EI); comment period closed August 19.
- Colorado River Post-2026 Framework EIS released July 31. Adaptive management approach for 2027-2036; California faces 440,000 AF annual cuts for 2027-2028.
- June delegation meetings (Padilla, Schiff, and Panetta offices): Offices receptive to water supply reliability and disadvantaged community projects. Following the FY 2027 CDS outcome, strategy shifting to FY 2028 repositioning and competitive grants.
- Farm Bill: Senate action still pending following April House passage (222-200) with ACWA-supported rural water and conservation provisions.

FY 2027 Appropriations Status

Bureau of Reclamation

\$1.861 Billion

House Committee (13% increase over FY 2026)

Water & Related Resources: \$1.675B
(51% above Admin request of \$1.292B)

5 Reclamation CPF items totaling \$17M

Army Corps of Engineers

\$9.775 Billion

House Committee (6% decrease from FY 2026)

Construction: \$2.382B
O&M: \$6.255B
66 CPF projects totaling \$842M
Admin requested \$6.663B (36% cut); House restored \$3.1B

Total E&W Bill

\$58.5 Billion

\$461M above FY 2026 enacted
Defense: \$35B | Non-defense: \$23.5B
House Committee approved May 20, 2026

MPWMD Relevance

- Seaside Groundwater Basin Monitoring Wells (\$750K): Not included in FY 2027 Senate CDS portfolios from Sen. Padilla or Sen. Schiff. CDS lists favored more construction-ready projects. Strategy: reposition for FY 2028 cycle while pursuing competitive Reclamation grants.
- Bureau of Reclamation increase benefits Pure Water Monterey funding pipeline (Water and Related Resources account up 14% over FY 2026).
- WaterSMART: House bill included \$83M (per May quarterly report). Senate action on WaterSMART authorization remains a priority.
- Senate E&W subcommittee markup and full committee action expected fall 2026. Conference/omnibus timeline uncertain.

Senate ENR Committee: 39-Bill Markup (July 29, 2026)

ADVANCED TO FULL SENATE

39 bills reported out of committee, including two key Reclamation reauthorizations

MORE WATER Act (S. 3738, Padilla)

- Reauthorizes expiring Bureau of Reclamation water recycling programs
- Raises the ceiling on available assistance: increases the Title XVI per-project cap from \$30 million to \$50 million
- Reauthorizes Reclamation environmental restoration program for salmon habitat in Sacramento Valley; addresses drinking water deficits affecting California communities

Water Security & Drought Resilience Act (S. 3732)

- Sen. Gallego's Senate version of Rep. Costa's Every Drop Counts Act; amends the WIIN Act to authorize assistance under the storage program
- Creates a funding opportunity for groundwater recharge, conjunctive use, and small-scale storage projects, similar to the Title XVI opportunity for water reuse: up to 25% federal support for eligible, approved projects
- Modifies the existing program to make it more applicable and available to projects like those that would benefit MPWMD

Why This Matters for MPWMD

- Pure Water Monterey provides 60%+ of Peninsula water supply with a 2.7:1 federal leverage ratio; the higher Title XVI cap expands room for future expansion funding
- S. 3732's recharge, conjunctive use, and small-scale storage opportunity aligns directly with the District's Seaside Basin work
- Sen. Padilla (S. 3738) and Sen. Gallego (S. 3732) both engaged through ENR Committee

Next Steps

- Monitor full Senate floor scheduling for S. 3738 and S. 3732
- Coordinate with Sen. Padilla and Sen. Gallego offices on amendments or companion House legislation
- Prepare MPWMD fact sheet highlighting benefits of both bills to the District

WRDA 2026: Section 219 Reimbursement Win in Both Chambers

DISTRICT WIN: The District's requested Section 219 reimbursement authority is included in both the House bill and the Senate bill: local sponsors can build first and be reimbursed by the Corps. Goal: preserve the language in the final conferenced bill.

House: H.R. 9497 (T&I, July 14)

- Section 219 reimbursement fix adopted in Manager's Amendment
- 131 new project feasibility studies; 10 new infrastructure projects
- High Hazard Dam Rehab Grant Program (5-year reauthorization)
- Expanded drought resilience authorities; nature-based flood risk reduction
- Approved unanimously (66-0)

Senate: S. 4949 (EPW, July 15)

- Reimbursement authority included: federal share may be provided as grants or reimbursements
- 61 feasibility studies, 15 construction projects
- Drinking Water SRF (\$16.5B) and Clean Water SRF (\$14B) reauthorizations
- WIFIA reauthorization at \$65M/year
- Lead service line and PFAS remediation provisions; water workforce programs

Path Forward and MPWMD Relevance

- Reimbursement authority would materially improve cash-flow flexibility for the Stormwater Diversion & Recycling Project and any future Section 219 work.
- Conference negotiations expected through fall 2026, with target completion by year-end. Priority: protect the reimbursement language through conference.
- Senate SRF and WIFIA reauthorizations are significant for MPWMD infrastructure financing; PFAS provisions could support Peninsula water quality initiatives.

Additional Water Legislation & Policy Updates

Farm Bill (H.R. 7567)

- House passed April 30, 2026 (222-200 vote)
- Includes ACWA-supported provisions: EQIP, CREP, Emergency Watershed Program
- Rural Water Circuit Rider and Distressed Water Systems Assistance programs
- Household well/wastewater support: \$20M/year (FY 2027-2031)
- Senate Agriculture Committee draft text released June 2026

EPA PFAS Strategy (May 18, 2026)

- Maintains PFOA/PFOS drinking water standards
- Optional 2-year compliance extension (to 2031) for eligible systems
- Proposes rescinding standards for PFHxS, PFNA, HFPO-DA (GenX), hazard index
- Nearly \$1B in new Emerging Contaminants grants; \$4B via SRFs; \$6.5B via WIFIA
- Public hearing held July 7, 2026

ESA & Species Management

- House Natural Resources Committee advancing ESA overhaul legislation
- NOAA/NMFS updated take rules for anadromous fish (Federal Register July 17)
- Implications for MPWMD: steelhead habitat and water operations in Carmel River watershed
- Northwest Endangered Salmon Predation Prevention Act (H.R. 9621) introduced

One Big Beautiful Bill / Reconciliation

- \$1B to Bureau of Reclamation through 2034 for water conveyance and storage
- \$889M announced for western water projects (July 2026)
- \$540M for California: Delta-Mendota (\$235M), Friant-Kern (\$200M), San Luis (\$50M), Shasta Dam (\$40M)
- DHS funded through Sept 30, 2026; FEMA, Coast Guard, Secret Service included

Congressional Delegation Engagement & FY 2028 Strategy

TFG conducted meetings with Rep. Panetta, Sen. Schiff, and Sen. Padilla offices focused on water supply priorities, earmark lessons learned, and positioning for the FY 2028 CDS cycle (early CY 2027).

Delegation Feedback & Earmark Status	Recommended FY 2028 Strategy
- Seaside Monitoring Wells not included in FY 2027 CDS portfolios from either Sen. Padilla or Sen. Schiff - Senate CDS lists favored more construction-ready projects; other Monterey County water projects were submitted instead - Congressional offices interested in water supply reliability projects with demonstrated benefits to disadvantaged communities - Offices receptive to proposals showing economic impacts on growers and regional economy - Offices willing to engage on new project concepts as FY 2028 priorities are developed - Section 219 reimbursement language included in both House and Senate WRDA bills, a significant advocacy win - Ongoing engagement with Sen. Padilla on WIFIA repayment-term extensions and WaterSMART/Title XVI priorities	- Reposition Seaside project for FY 2028 earmark cycle: emphasize construction readiness, DAC benefits, and seawater intrusion prevention - Pursue competitive Bureau of Reclamation grants (WaterSMART, Title XVI) in parallel to strengthen project profile - Identify additional project candidates well before the FY 2028 cycle; present options to delegation offices later in CY 2026 - Frame projects around water supply reliability, groundwater protection, and drought resilience themes that resonate with offices - Plan Washington, D.C. visit to meet with BOR, USACE, Appropriations Committees, and CA delegation (target: late fall 2026 or Jan/Feb 2027) - Develop fact sheets demonstrating economic impact on growers and disadvantaged community benefits for strongest positioning

Congressional Landscape

- 119th Congress, 2nd Session: Appropriations and authorization cycles in full swing heading into fall recess.
- House T&I Committee (Water Resources & Environment Subcommittee): Completed WRDA 2026 markup July 14.
- Senate EPW Committee: Completed WRDA 2026 markup July 15. Bipartisan advancement with SRF/WIFIA reauthorizations.
- Senate ENR Committee: July 29 markup advanced 39 bills, including MORE WATER Act (S. 3738, Padilla) and Water Security and Drought Resilience Act (S. 3732, Gallego). Both reauthorize key Bureau of Reclamation programs.
- House Appropriations: FY 2027 E&W bill approved by full committee May 20. Floor action pending. Community Project Funding (earmarks) included.
- Senate Appropriations: FY 2027 E&W subcommittee markup expected fall 2026.
- Budget reconciliation (One Big Beautiful Bill) signed into law July 4, 2025. Delivered \$1B for Bureau of Reclamation through 2034. Ongoing appropriations transparency dispute between Congress and OMB.

Agency Updates

U.S. Army Corps of Engineers

- Deauthorization review: 249 authorities proposed nationwide (180 Environmental Infrastructure); ~\$3.64B balance to complete. Comment closed Aug 19; final list goes to Congress.
- California: 32 authorities proposed, 29 of them EI (nearly all never-funded Section 219 authorities from P.L. 102-580).
- Good news: Monterey's Stormwater Diversion & Recycling authority (WRDA 2022) and California's statewide EI authority (WRDA 2007) were NOT proposed for deauthorization.
- Monitor final list; track FY 2027 workplan for Monterey-area inclusions.

Bureau of Reclamation

- Published guidance encouraging engagement with local BOR offices on project delivery improvements (Secretarial Order 3399 implementation).
- \$889M western water investment announced (One Big Beautiful Bill funds).
- Colorado River Post-2026 Framework EIS released July 31: adaptive management for 2027-2036.
- WaterSMART grants: Monitoring NOFOs for applicable programs.

EPA

- PFAS Comprehensive Strategy (May 18): Maintains PFOA/PFOS MCLs; offers optional 2-year compliance extension; proposes rescinding PFHxS/PFNA/GenX standards.
- \$170M in competitive water infrastructure grants (noted in May quarterly report).
- Updated PFAS destruction/disposal guidance and CCL 6 (Contaminant Candidate List) published.
- ACWA submitted comments on PFOA/PFOS compliance deadline extensions.

DOI / FEMA / Other

- Colorado River storage at 36% capacity; Reclamation proposed releasing up to 1/3 of water from Flaming Gorge.
- Cameron Hamilton nominated to lead FEMA. Agency has had three temporary leaders since Jan 2025.
- The EPA RealWaterTA initiative is providing engineering and financial support to local utilities.

Opportunities & Risks

+ Opportunities

- MORE WATER Act (S. 3738) and Water Security and Drought Resilience Act (S. 3732) advancing to Senate floor: near-term wins for Pure Water Monterey funding pipeline and western water storage.
- Section 219 reimbursement authority in both WRDA bills: the District's biggest win this period; enactment would let local sponsors build first and be reimbursed.
- Monterey's EI authority and California's statewide EI authority were not proposed for Corps deauthorization, preserving both federal pathways.
- FY 2027 Bureau of Reclamation 13% funding increase strengthens grant competitiveness for Seaside Basin projects.
- EPA PFAS compliance extension (to 2031) provides planning time for MPWMD and regional partners.
- One Big Beautiful Bill's \$1B for Reclamation conveyance/storage may create indirect benefit opportunities.
- WaterSMART grant NOFOs expected; MPWMD grant strategy for Seaside Basin in development.

! Risks & Watch Items

- FY 2028 earmark positioning: Seaside Monitoring Wells not in FY 2027 Senate CDS; must strengthen construction readiness and DAC narrative for FY 2028 cycle.
- WRDA conference risk: reimbursement language must survive conference; sustained delegation attention required through year-end.
- Appropriations timeline uncertainty: CR through December 11 is expected; final action will depend, in part, on results of mid-term elections.
- PFAS standards rollback (PFHxS, PFNA, GenX): Could reduce federal remediation resources available to California communities.
- ESA regulatory changes: House overhaul efforts could affect steelhead protections relevant to Carmel River operations.
- Appropriations transparency dispute (OMB data access) complicates congressional oversight of federal spending.
- The potential for a change in party control of one or both chambers of Congress creates significant uncertainty regarding the outcomes of the upcoming "Lame Duck" session and the general policy direction next year.

Immediate Next Steps

1	Begin FY 2028 earmark positioning: identify construction-ready project candidates and DAC benefit narratives.	Fall 2026
2	Monitor Corps final deauthorization list submission to Congress (Monterey and CA statewide EI authorities not on proposed list).	Fall 2026
3	Monitor S. 3738 (MORE WATER Act) and S. 3732 (Water Security and Drought Resilience Act) for Senate floor scheduling; prepare fact sheet.	Fall 2026
4	Track WRDA 2026 conference to protect the Section 219 reimbursement authority secured in both bills.	Fall 2026
5	Advance Seaside Basin competitive grant strategy; identify applicable WaterSMART and Reclamation NOFOs.	Ongoing
6	Monitor FY 2027 Senate E&W subcommittee markup for WaterSMART and BOR funding.	Fall 2026
7	Plan D.C. visit: BOR, USACE, Appropriations Committees, and CA delegation (late fall or Jan/Feb window).	Q4 2026
8	Review EPA PFAS rulemaking final action for implications on Monterey Peninsula water systems.	Q4 2026

Key Appointments & Other Developments

Key Appointments

- Cameron Hamilton nominated to lead FEMA (May 2026). Previously served briefly last spring; fired by Trump administration then rehired. FEMA has had three temporary leaders since January 2025.
- ACWA Executive Director: Karla Nemeth begins September 1, 2026, replacing interim director Marwan Khalifa. Nemeth is current Director of California Department of Water Resources.
- Appropriations transparency: Senate Approps Vice Chair Murray and House Ranking Member DeLauro filed an amicus brief (May 2026) urging the D.C. Circuit to uphold restoration of OMB's public apportionment website, central to congressional oversight of federal spending.

Other Developments of Note

- Colorado River: Post-2026 framework released July 31 establishes adaptive management for 2027-2036. Lake Powell releases could range 5.0 to 12.0 MAF. California faces 440,000 AF annual cuts (2027-2028). Interior Secretary met with seven basin state governors.
- Corps "Building Infrastructure, Not Paperwork" initiative announced, aiming to streamline project delivery and reduce permitting delays.
- Bureau of Reclamation Call to Action Memo urging engagement with local offices on Secretarial Order 3399 implementation for improved project delivery.
- ACWA Federal Affairs Committee adopted official positions on key bills and recommended establishment of a cybersecurity working group for water sector.
- Water and data center demand emerging as national policy issue, with growing scrutiny of water use by large-scale computing facilities.
- The potential future requirements at the federal, state, and local level regarding enhanced cybersecurity safeguards on water systems.

Questions & Discussion

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