

**FY26 Congressionally Directed Spending Requests
Senator Kelly & Senator Gallego**

Drinking Water, Wastewater, Water Supply, and Flood Control Projects

Overview:

The Senate Appropriations Committee is accepting requests for Congressionally Directed Spending projects for projects that improve drinking water systems, wastewater and stormwater control systems, water supply, and other flood control projects. Arizona stakeholders are invited to submit requests for projects that are eligible for the following accounts.

Please note that the information below reflects the latest guidance our office has received from the Senate Appropriations Committee and insights gained from prior CDS projects, but is intended for guidance purposes only. However, requestors are strongly encouraged to review this document to ensure this project is a good fit for Congressionally Directed Spending.

EPA - Drinking Water State Revolving Loan Fund: Projects that construct, modify, or improve drinking water systems or drinking water treatments plants that are publicly-owned or owned by non-profit entities are eligible for Congressionally Directed Spending from the Drinking Water SRF.

- **What can be funded?** Any project to improve a municipal or private non-profit drinking water system is eligible for funding to support improvements to drinking water systems. Any project that is eligible to receive funding through the [Drinking Water SRF program](#) is eligible for funding, including capital projects related to treatment, transmission and distribution, source development, storage, consolidation, land acquisition, and creation of new systems.

- **Restrictions:**
 - While for-profit entities are eligible for Drinking Water SRF funding, because of committee rules, projects which support for-profit entities are not eligible for CDS funding.
 - The Appropriations Committee gives preference to projects that are already included on a state's Drinking Water SRF Intended Use Plan (IUP), although projects that are not listed on the IUP are eligible.
 - All projects will need to comply with federal construction requirements, including Buy America requirements, and any relevant environmental or historic preservation regulations.
 - All projects eligible for SRF funding must be projects that improve service to current customers, not support future growth.

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- **Appropriations Subcommittee:** Subcommittee on Interior, Environment, and Related Agencies
- **Administering Agency:** Environmental Protection Agency
- **Cost Share:** There is a minimum 20% cost share requirement for any state or local water infrastructure grant funded through congressionally directed spending. However, non-funding from the State SRF (in Arizona, [this is WIFA](#)) is an eligible source of a cost-share.
- **Requirements:**
 - **Project Readiness:** All eligible projects must provide details on the status of the planning and environmental work.
 - **Sources of funding:** All eligible projects must provide a detailed description of all other sources of funding contributing to the total cost of the project.
 - **Confirmation of Federal Requirements:** All requestors must confirm that they will be able to comply with all applicable environmental and historic preservation laws, regulations, and Executive Orders.
 - **Project Purpose:** All requestors must describe how the project will meet applicable water standards—e.g. improve drinking water quality or improve surface/groundwater quality?
- **Process for Successful Applications:** If a project is successfully funded in the enacted FY26 appropriations bill, the funding will be distributed as a grant agreement to the requestor by the Environmental Protection Agency. Projects will need to confirm with EPA their budget and planning requirements prior to receiving fund and should expect that it will take several months after enactment of the appropriations law to receive funding. Information on the EPA's process for allocating funding to eligible projects [can be found here](#).

EPA – Clean Water State Revolving Loan Fund (Wastewater, Storm Water, and Water Quality projects): Projects that construct, modify, or improve clean water, storm water management, or water quality improvement systems, including wastewater treatment plants, that are publicly-owned or owned by non-profit entities are eligible for Congressionally Directed Spending from the Clean Water SRF.

- **What can be funded?** Any project to improve a municipal or private non-profit wastewater, stormwater, or water control system is eligible for funding to support system improvements under the Clean Water SRF. Any project that is eligible for the [Clean Water SRF](#) is eligible for funding, including wastewater treatment plants, interceptors, collectors, and lift stations, upgrade or replacement of failing

decentralized wastewater systems, sewer to septic projects, recharge facilities, water reclamation and reuse projects, stormwater management projects, or nonpoint source pollution prevention projects.

- **Restrictions:**
 - The Appropriations Committee gives preference to projects that are already included on a state's Clean Water SRF Intended Use Plan (IUP), although projects which are not listed on the IUP are eligible.
 - All projects will need to comply with federal construction requirements, including Buy America requirements, and any relevant environmental or historic preservation regulations.
 - All projects eligible for SRF funding must be projects that improve service to current customers, not support future growth.

- **Appropriations Subcommittee:** Subcommittee on Interior, Environment, and Related Agencies

- **Administering Agency:** Environmental Protection Agency

- **Cost Share:** There is a minimum 20% cost share requirement for any state or local water infrastructure grant funded through congressionally directed spending. However, non-funding from the State SRF (in Arizona, [this is WIFA](#)) is an eligible source of a cost-share.

- **Requirements:**
 - **Project Readiness:** All eligible projects must provide details on the status of the planning and environmental work.
 - **Sources of funding:** All eligible projects must provide a detailed description of all other sources of funding contributing to the total cost of the project.
 - **Confirmation of Federal Requirements:** All requestors must confirm that they will be able to comply with all applicable environmental and historic preservation laws, regulations, and Executive Orders.
 - **Project Purpose:** All requestors must describe how the project will meet applicable water standards—e.g. improve drinking water quality or improve surface/groundwater quality?

- **Process for Successful Applications:** If a project is successfully funded in the enacted FY26 appropriations bill, the funding will be distributed as a grant agreement to the requestor by the Environmental Protection Agency. Projects will need to confirm with EPA their budget and planning requirements prior to receiving fund and should expect that it will take several months after enactment of the appropriations law to receive funding. Information on the EPA's process for allocating funding to eligible projects [can be found here](#).

Army Corps of Engineers – Section 595 Arizona Water Projects: Drinking water, wastewater, water quality improvement, and water supply projects which are owned by public entities can receive Congressionally Directed Spending through the Army Corps' Section 595 water infrastructure account.

- **What can be funded?** Entities in Arizona are eligible to request the Army Corps provide assistance for water-related environmental infrastructure and resources protection and development projects. Projects may include wastewater treatment and related facilities, water supply and related facilities, environmental restoration, and surface water resource protection and development. The non-federal sponsor must assume full responsibility for operation and maintenance of the project upon completion.

These Army Corps projects are eligible to receive funding through Congressionally Directed Spending, although a requestor must have also sent a letter of interest to the Army Corps of Engineers Los Angeles District to express interest in the project. For more information, email Darrell Buxton at Darrell.W.Buxton@usace.army.mil.

- **Restrictions:**
 - Only public entities (cities, counties, towns, flood control districts, etc., are eligible for funding).
 - Projects solely for the purpose of removing or remediating contamination related to any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) are not eligible for Federal assistance under Section 595.
- **Appropriations Subcommittee:** Subcommittee on Energy and Water Development
- **Administering Agency:** Army Corps of Engineers
- **Cost Share:** Project costs are shared 75% federal, 25% non-federal. Costs of lands, easements, and rights-of-way are non-federal and are creditable towards the 25% non-federal cost share. The non-Federal sponsor may receive credit for the reasonable costs of design work completed for the project, prior to entering into an agreement with the Government.
- **Requirements:**
 - **Project Readiness:** All eligible projects must provide details on the status of the planning and environmental work.

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- **Sources of funding:** All eligible projects must provide a detailed description of all other sources of funding contributing to the total cost of the project.
- **Letter of Interest:** Requestors must have sent a letter of interest to the Army Corps of Engineers prior to requesting Congressionally Directed Spending. Interested applicants can ask Senator Kelly's office for more information on how to start
- **Process for Successful Applications:** If a project is successfully funded in the enacted FY26 appropriations bill, the funding will be distributed by the Army Corps of Engineers. The allocation process will begin about three months after enactment, and will be allocated to a project through an agreement between the Corps and the local recipient.

USDA – Watershed and Flood Prevention Operations: Projects that seek to protect and restore watersheds are eligible to receive Congressionally Directed Spending through the USDA Watershed and Flood Prevention Operations Program.

- **What can be funded?** Watershed and Flood Prevention Operations (WFPO) Program projects can fund a range of flood prevention, watershed protection, public recreation, fish and wildlife, agricultural water management, municipal and industrial water supply, and water quality management projects.

Under WFPO, a local project initiates a request for assistance thru their local NRCS office to develop a preliminary feasibility study (PIFR), which helps communities consider sustainable climate resilient solutions to address watershed resource concerns. Projects that have completed a PIFR are eligible to receive Congressionally Directed Spending for the project. Projects that haven't completed a PIFR are eligible to receive up to \$55,000 in funding to complete a PIFR.

More information on the WFPO [can be found here](#).

- **Restrictions:**
 - Any individual project may not exceed a watershed or sub-watershed size of 250,000 acres.
 - At least 20 percent of the project's benefits must be directly related to agriculture.
- **Appropriations Subcommittee:** Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies
- **Administering Agency:** USDA – Natural Resources Conservation Service

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- **Requirements:**
 - **Project Readiness:** All eligible projects must provide details on the status of the planning and environmental work.
 - **Sources of funding:** All eligible projects must provide a detailed description of all other sources of funding contributing to the total cost of the project
 - **NRCS Requirements:**
 - Requests **must** include the following information:
 - List the local sponsor
 - Confirm coordination with the Natural Resources Conservation Service State Conservationist
 - Indicate for which phase of the project funding is requested

- **Process for Successful Applications:** If a project is successfully funded in the enacted FY26 appropriations bill, the funding will be distributed to recipients by NRCS under a cooperative agreement. This process will take 2-3 months following enactment of the appropriations law to begin.

FEMA – Pre-Disaster Mitigation Grant (PDM) Program: Projects that fund efforts to reduce the risk of future natural hazards, including flood control projects, are eligible to receive Congressionally Directed Spending through the FEMA Pre-Disaster Mitigation grant program.

- **What can be funded?** The Pre-Disaster Mitigation grant program makes federal funds available to state, local, tribal and territorial governments to plan for and implement sustainable cost-effective measures. These mitigation efforts are designed to reduce the risk to individuals and property from future natural hazards. This funding is offered in addition to funds provided through other FEMA grant programs for projects that will support growing mitigation needs nationwide. This includes a wide range of flood control response projects, including projects which were eligible for the Building Resilient Infrastructure and Communities (BRIC) program.

- **Restrictions:**
 - FEMA PDM Grant program funding is provided by FEMA to the applicable state administrative agency – in Arizona, this is the [Department of Emergency and Military Affairs](#). Local applicants must work closely with DEMA to determine a project’s eligibility and apply for funding.
 - All proposed construction and upgrading activities must undergo an Environmental Planning and Historic Preservation (EHP) review, including

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approval of the review from FEMA, prior to undertaking any action related to the project.

- All applicants must have a FEMA-approved Hazard Mitigation Plan by the application deadline and at the time of the obligation of funds, except for planning grants.
- All applicants applying for mitigation projects must demonstrate the cost-effectiveness of the mitigation project through a Benefit-Cost Analysis or other documentation. Please use the [Benefit-Cost Analysis Toolkit](#) found on the FEMA website.

- **Appropriations Subcommittee:** Subcommittee on Homeland Security
- **Administering Agency:** Federal Emergency Management Agency
- **Cost Share:** The Pre-Disaster Mitigation Grant Program has a cost share requirement. All award recipients must provide a non-federal entity contribution supporting 25% of the total of all project costs.

Cost-Share Exceptions:

- Small, impoverished communities are eligible for up to 90% federal cost share and 10% non-federal cost share for their mitigation planning and project applications in accordance with the [Robert T. Stafford Disaster Relief and Emergency Assistance Act](#).
 - Small impoverished communities are defined as having 3,000 or fewer individuals identified by the applicant that is economically disadvantaged, with residents having an average per capita annual income not exceeding 80% of the national per capita income.
- **Requirements:**
 - **DEMA Coordination:** Because DEMA is responsible for administering all funding received from FEMA under the PDM program, any local applicants interested in receiving funding must discuss the project with DEMA staff prior to requesting funding from Senator Kelly's office. Applicants are encouraged to email israel.kiyogera@azdema.gov with questions.
 - **Project Readiness:** All eligible projects must provide details on the status of the planning and environmental work. Applicants should pay particular attention to the federal [EHP requirements](#).
 - **Sources of funding:** All eligible projects must provide a detailed description of all other sources of funding contributing to the total cost of the project. This must include details on how the local recipient will meet the cost-share.
 - **Process for Successful Applications:** If a project is successfully funded in the enacted FY26

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- appropriations bill, the funding will be distributed to recipients by FEMA to the state administrative agencies (DEMA), which will then provide funding directly to local recipients. DEMA will be required to complete a Notice of Funding Opportunity to confirm all aspects of a project comply with federal funding requirements. An example of a [previous year's NOFO](#) can be found here. Assuming eligibility requirements can be confirmed easily, funding should be disbursed within 6 months of enactment.