

How the Multi-Benefit Conveyance Program Works

In the “MORE WATER Act”

January 2026

Section 3 of the MORE WATER Act establishes a programmatic authorization for Reclamation assistance to Federal and non-Federal conveyance projects where individual projects do not need to get Congressional authorization as long as they fit within the parameters of the program. This conveyance program has multiple benefit features. Below are some questions and answers about how this program works.

1) What is a multi-benefit conveyance project?

A multi-benefit conveyance project is a project that in addition to Federal grant funding for water supply, includes additional grant funding for either the environment or safe drinking water for low-income communities [subsection (a)(5)]. The environmental or safe drinking water funding can be used anywhere in the region of the project, so it doesn't need to be physically connected to the conveyance project. This allows for circumstances where the more cost-effective options for environmental or low-income safe drinking water benefits are not physically connected to the project but are in region affected by the project.

2) Does every project authorized under this program need to be multi-benefit?

No. For projects funded under the program that cost less than \$800 million, only half of the projects need to be multi-benefit [subsection (f)(1)]. The other half of the projects that cost less than \$800 million are eligible for Federal grant funding up to 50% of the project costs to pay for conveyance facilities that provide solely water supply benefits, which can include irrigation or general drinking water or any combination of the two [subsection (e)(2)]. This reflects a recognition that many conveyance projects are just moving water for irrigation and general drinking water benefits.

The other half of projects funded by the program that cost less than \$800 million, and all projects that cost more than \$800 million, must be multi-benefit [subsection (f)(1)]. This is intended to provide incentives for designing a flexible set of environmental benefits and safe drinking water benefits for low-income communities into the largest conveyance projects and half of those under \$800 million in cost.

3) How is funding allocated for multi-benefit projects?

Federal funding can provide up to 50% of the cost of multi-benefit projects, to be allocated as follows [subsection (e)(3)]:

- Federal funding up to 30% of the project cost can be spent flexibly on water supply or other benefits.
- Additional Federal funding of 20% of the project cost must be used to provide quantified, significant safe drinking water benefits (potable water consistent with Federal and State standards) for low-income populations or for quantified, significant environmental benefits in the region of the projects.

- The project proponent must negotiate the project's specific safe drinking water benefits for low-income populations or environmental benefits with one or more stakeholders representing these interests. Subsection (e)(4).

4) *What is the reason for requiring negotiations with stakeholders to determine environmental and safe drinking water benefits for low-income communities in the region of the project?*

The bill provides major flexibility in the types of quantified, significant environmental and safe drinking water benefits for which Federal funding can be used, anywhere in the region of the project. To make it credible that the environmental and safe drinking water benefits are real, it is important that people representing those interests sign off on the benefits.

Consider one example from the California projects to restore the capacity of San Joaquin Valley canals that has been eroded by subsidence. One potential environmental benefit for these projects would be voluntary buyouts of agricultural entities on lands adjoining the canals where continued groundwater pumping is causing further subsidence and major cost increases in the canal capacity correction projects. These projects could be a win-win for increasing water supply at a reasonable cost and also providing environmental benefits through creating terrestrial habitat that recreates natural habitat conditions in the area. For such efforts to be credible environmental benefits, it is important that representatives of environmental interests agree that the blocks of terrestrial habitat involved will provide significant benefits for species that use them.

Stakeholders who can sign off on safe drinking water benefits for low-income communities include any of the following [subsection (a)(13)]:

- nonprofit organizations with a demonstrated track record of supporting improved access to safe drinking water for low-income communities in the region of the applicable project and no financial conflicts of interest with the project proponent or project sponsors;
- elected officials representing benefiting low-income communities and any agency exercising primary enforcement responsibility for public water systems in the State; or
- an Indian Tribe receiving safe drinking water benefits.

Stakeholders who can sign off on environmental benefits include any of the following [subsection (a)(13)]:

- nonprofit organizations with a demonstrated track record of supporting environmental restoration in the region of the applicable project, including species or species habitat, and no financial conflicts of interest with the project proponent or project sponsors; or
- an Indian Tribe, if the project is within the current or former reservation or aboriginal territory of the Indian Tribe.

5) *What types of safe drinking water benefits for low-income communities might be funded?*

A broad range of quantified, significant safe drinking water benefits for low-income communities is permissible [subsection (f)(2)], including:

- direct delivery of safe drinking water to a low-income community or other resource or facility accessible to the community;

- indirectly by supporting a low-income ratepayer assistance program for a project sponsor, a member agency of a project sponsor, or a drinking water district in the region of the conveyance project;
- indirectly by contributing to a Federal or State program that assists in delivering safe drinking water to low-income communities;
- indirectly through an exchange, including banking water in a groundwater basin during times of excess and subsequent delivery of an equivalent quantity of water to the low-income community;
- indirectly, by paying for enhancement, repair, or upgrades to a Bureau of Indian Affairs conveyance facility in the region of the project or
- any other direct or indirect means to provide safe drinking water to a low-income community.

The funding must be used to provide safe drinking water benefits (potable water consistent with Federal and State standards) for low-income populations [subsection (a)(11)], since low-income communities often cannot pay for water treatment themselves. Delivery of water for drinking purposes is sufficient if either [subsection (f)(2)(B)]:

- facilities exist to treat the water that is to become safe drinking water; or
- the stakeholders representing the applicable low-income communities agree that there are viable plans and funding sources (including Federal or State funding) to treat the delivered water or exchanged water that is to become safe drinking water.

Nothing in the bill requires a water district benefiting from the conveyance project to pay for treatment of water delivered to low-income communities, other than low-income communities with which the water district has existing contractual relationships to deliver treated water [subsection (f)(2)(D)].

6) What types of environmental benefits might be funded?

A broad range of quantified, significant environmental benefits is permissible [subsection (f)(3)], including:

- benefits to threatened or endangered species or other species of concern;
- benefits that improve aquatic or terrestrial habitats in the region of the proposed conveyance project;
- additional flows to an inland water body, including the Great Salt Lake, either directly or indirectly through an exchange;
- contributions to a Federal or state program that provides environmental benefits in the region of the project;
- delivery of additional water to wildlife refuges, either directly or indirectly through an exchange; or
- strategically designed actions that simultaneously achieve environmental and other benefits, such as habitat restoration or efforts to restore species that improve the operation of the conveyance project or have water supply or flood protection benefits.

7) Do projects have to involve both environmental benefits and safe drinking water benefits for low-income communities?

Any individual project can involve either environmental benefits or safe drinking water benefits for low-income communities [subsection (a)(5)].

The Secretary must ensure that the collective group of multi-benefit projects funded have a mix of environmental benefits and safe drinking water benefits for low-income communities [subsection (f)(4)]. To the maximum extent practicable at least half of the projects must have environmental benefits, and at least half must have safe drinking water benefits for low-income communities. Projects with both types of benefits count in each category, so there could be more than half of the projects having each type of benefits.

8) Do project sponsors have to negotiate agreements with stakeholders representing environmental or safe drinking water interests before beginning construction on a project?

No, construction of the core conveyance project may begin while the eligible entity sponsoring the project is negotiating the specific contours of safe drinking water for low-income community benefits or environmental benefits [subsection (f)(5)]. This provision allows for up to two years of initial construction funding solely for water supply benefits, as long as

- The project proponent commits to add environmental benefits or safe drinking water benefits for low-income communities when they receive additional Federal funding later;
- They are in active negotiations with representatives for low-income communities or the environment; and
- They submit their proposal for additional Federal funding for safe drinking water benefits for low-income communities or the environment, based on an agreement with applicable stakeholders for those interests, within two years of first receiving Federal construction funding for the project.

After two years of initial construction funding for any Federal benefit, remaining project funding over any subsequent five-year period must be allocated 60% for any of a broad range of benefits including water supply, and 40% for safe drinking water for low-income communities or environmental benefits [subparagraph (D) of subsection (f)(5)]. These proportions match the 30%-20% split between Federal funding for any of a broad range of benefits including water supply, and Federal funding for safe drinking water for low-income communities or environmental benefits. The project sponsors and stakeholders representing multi-benefit interests can come to an agreement to modify this funding ratio for any five-year period.

9) What forms of cost-share can be used to meet the 50% requirement for non-Federal funding?

Permissible forms of the non-Federal cost share include the following [subsection (e)(5)]:

- reimbursable funding allocated pursuant to any statutory authority, if the eligible entity has entered into a repayment contract for that funding;
- a loan under the Water Infrastructure Finance and Innovation Act of 2014 (33 U.S.C. 3901 et seq.) or another Federal lending program;
- amounts made available from a State revolving fund pursuant to the rules of the applicable State; or
- other non-Federal sources of funding, including State funding.