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MEMORANDUM

TO Legislative Committee

FROM Ballard Spahr LLP

DATE June 3, 2026

RE Federal Legislative Update

This memo provides a Federal Legislative Update for items appearing on the agenda for the June 8, 2026, Legislative Committee Meeting.

Federal Report

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1. Congressional Overview

Since the last update, the dominant story has been the race to finish the fast-tracked "Reconciliation 2.0" package funding ICE and Border Patrol for the remainder of President Trump's term. After the Senate Judiciary and Homeland Security committees released their text on May 4, the Homeland Security and Governmental Affairs Committee advanced its portion, moving the package toward the floor. As drafted, the combined package totals roughly \$72 billion: about \$30.73 billion to hire, pay, train, and equip ICE personnel through fiscal year 2029, \$22.57 billion for Customs and Border Protection personnel, \$2.5 billion to the Homeland Security Secretary for general immigration enforcement, and \$1 billion for White House ballroom security upgrades. CBO estimates the Homeland Security title alone would increase deficits by about \$32.5 billion over 2026–2035. As of this writing, the bill must still pass the Senate, the House must vote to pass the amended Senate version, and the President must sign it. Leadership has little margin given fiscal hawks' unease over the topline, the flexible immigration enforcement allocation, and ongoing concerns about absent ICE oversight provisions.

The Farm Bill sits in the Senate following House passage on April 30. The House passed the Farm, Food, and National Security Act of 2026 (H.R. 7567) which, if ultimately enacted, would be the first full farm bill since the prior one expired in 2023. The roughly \$390 billion measure reauthorizes USDA programs through FY2031, including farm support,

conservation, nutrition, trade, research, forestry, and crop insurance. The Senate Agriculture Committee has not yet marked up the bill, with Senate Democrats signaling fights over pesticides and the SNAP cost-shift to states, and is expected either to amend the House text or advance the committee's own version.

On defense, the FY2027 National Defense Authorization Act has reached the drafting stage in the House, where the Armed Services chairman released a roughly \$1.15 trillion chairman's mark on May 26, with committee markup set for June 4 and floor consideration expected later this year; a portion of the President's larger defense request is slated to move separately through reconciliation rather than the NDAA itself. Members are already lining up amendments—among them, a renewed bipartisan push by Senators Warren and Sheehy to attach "right to repair" provisions requiring contractors to provide the technical data the military needs to maintain its own equipment, which defense lobbyists resisted during last year's conference.

On the broader FY2027 budget, appropriators have begun their work, generally at levels below the current year. The House Appropriations Committee has advanced its FY2027 Agriculture/FDA bill, set modestly below FY2026, with additional bills to follow and early House measures trending below current-year funding. More House and Senate markups are expected through the summer and, given the pace, a continuing resolution before the September 30 deadline is widely viewed as likely.

Finally, implementation of last year's reconciliation law, the One Big Beautiful Bill Act, or OBBBA (H.R. 1, P.L. 119-21) is entering its most consequential phase for states and counties. The Medicaid "community engagement" (work) requirement, becomes mandatory for certain Medicaid populations no later than December 31, 2026, and will require participants to prove 80 hours per month of work or qualifying activity to retain coverage. The Centers for Medicare & Medicaid Services (CMS) is required to issue the federal implementing rule by early June 2026, though an earlier guidance deadline already slipped, leaving the timing uncertain, and states intending to go live in January 2027 must begin notifying affected enrollees over the summer. Six-month eligibility redeterminations for the Medicaid expansion population also begin at the end of December 2026, and the SNAP administrative cost-share and error-rate provisions phase in across FY2027 and FY2028.

II. Executive Branch Updates

a. Administration Updates

b. Update on Proposed ICE Immigration Detention Facility in Gilroy

The proposed federal detention facility at 7240 Holsclaw Road near Gilroy is an active development. Construction work is underway at the site, with demolition having begun approximately two weeks ago. The Department of Homeland Security has confirmed it secured a \$26.5 million lease for 24.5 acres over a 20-year period. The federal government

has not formally confirmed the specific plans for the site, nor has it disclosed who would operate the facility. The Department of Homeland Security has declined to answer questions about operations, stating only that ICE is actively working to expand detention space nationwide.

At its May 19 board meeting, the County of Monterey Board of Supervisors voted to formally oppose the facility, on the basis that it would impact the County's two largest economic industries: agriculture and hospitality. These two industries account for over \$6 billion in revenue and employ almost 80,000 workers. Development of the proposed facility would impact both the stability and productivity of the regional workforce and economy. The Ballard Team worked to draft a formal opposition letter expressing these concerns to the Administrator of the US General Services Administration.

c. Executive Order Updates

On May 29, President Trump signed an executive order titled "Removing Unnecessary and Counterproductive Restrictions on Access to Federal Lands," rescinding two longstanding directives on off-road vehicle use on public lands: Executive Order 11644 (Nixon, 1972) and Executive Order 11989 (Carter, 1977). Those orders required federal land managers to designate off-road vehicle areas under criteria meant to minimize damage to soil, watershed, vegetation, and wildlife. The new order calls those criteria vague and outdated, arguing that existing statutes such as NEPA, the Endangered Species Act, and the Federal Land Policy and Management Act now provide a sufficient framework, and directs the Interior, Agriculture, and other agencies to begin rulemakings to rescind or revise the implementing regulations.

The practical effect is not immediate. The order does not by itself reopen any trails or reverse existing closures; it sets in motion a rulemaking process that will determine how off-road access is managed going forward, potentially across Bureau of Land Management, Forest Service, and some National Park System lands. The administration frames it as part of a broader push to prioritize recreation, energy development, logging, and mining on public lands, reversing the prior administration's conservation emphasis.

On May 29, President Trump signed an executive order titled "Realigning United States Core Childhood Vaccine Recommendations with Best Practices from Peer, Developed Countries," directing a review and potential overhaul of the childhood vaccine schedule. It builds on a December 2025 presidential memorandum under which HHS completed a scientific assessment comparing U.S. childhood immunization recommendations with those of peer nations. That assessment found the United States recommends more childhood vaccines than any peer country, in some cases more than twice as many doses as some European nations, and identified a set of "consensus vaccines" recommended across all peer nations. The order sets a policy of aligning the core childhood schedule with peer-country practices while preserving access to currently available vaccines, and it directs the CDC and its Advisory Committee on Immunization Practices to review the assessment and update the childhood and adolescent schedule, with added flexibility for parents and doctors on the timing and sequencing of doses.

Actual changes will depend on the ACIP and CDC review process. Notably, the order specifies that vaccines remaining on the ACIP-recommended, CDC-adopted schedule should continue to be covered without cost sharing by private insurance and covered by Medicaid, the Children's Health Insurance Program, and the Vaccines for Children Program. It also directs HHS to inform state governments and health officials and to make the assessment available as a resource for their consideration of state vaccination laws.

III. Appropriations Update, including Community Project Funding Requests

We are thrilled to report that both Senator Padilla and Senator Schiff have advanced the San Lucas Clean Drinking Water project at the \$4,000,000 level. The Ballard Team will continue to monitor the Appropriations process for updates.

FY27 Projects to be submitted	Description	Submissions	Funding Requested	Submitted to House/ Senate Committee	Draft Funding Level	FY 2027 Awarded Funding
San Lucas Clean Drinking Water (PWF)	Partial funding request for a project to permanently address water quality problems in San Lucas, which have occurred since 2006 and caused its residents to live under bottled water orders.	Sen. Padilla 3/13	\$4,000,000	\$4,000,000		
		Sen. Schiff 3/6	\$4,000,000	\$4,000,000		
		Rep. Lofgren 3/15	\$4,000,000	\$4,000,000		
Nacimiento and San Antonio Dams and Reservoirs Safety Project (MCWRA)	Partial funding request for the Nacimiento and San Antonio Dams Reservoirs Safety Projects (sometimes referred to as the Low-Level Outlet Works Rehabilitation Project) to ensure the safe operation of the dams during the state mandated replacement of the San Antonio Dam spillway.	Sen. Padilla 3/13	\$6,000,000			
		Sen. Schiff 3/6	\$6,000,000			
		Rep Panetta 3/4 ; 3/11	\$6,000,000			
		Rep Lofgren 3/15	\$6,000,000			
Nacimiento Lake Drive Repaving Project (MCWRA)	Funding request to repave a degraded two-mile segment of Nacimiento Lake Drive, directly over the Nacimiento Dam crest. The road serves emergency responders, residents, and recreational visitors.	Sen. Padilla 3/13	\$2,100,000			
		Sen. Schiff 3/6	\$2,100,000			
		Rep Panetta 3/4 ; 3/11	\$2,100,000			
		Rep Lofgren 3/15	\$2,100,000			

Reclamation Ditch Restoration (MCWRA)	Funding request to rehabilitate 6.8 acres within the existing Salinas Reclamation Channel (Reclamation Ditch No. 1665) system and maintain lands to support public use and enjoyment and improve the riparian zone and waterway.	Sen. Padilla 3/13 Sen. Schiff 3/6 Rep. Lofgren 3/15	\$500,000 \$500,000 \$500,000			
Salinas Regional Soccer Complex (PWFP)	Partial funding request for the next phase expansion of the Salinas Regional Soccer Complex, envisioned to become the most significant sports complex between Los Angeles and San Francisco, with the potential to serve 18,000 children/ youth weekly (plus their families). This project is in partnership with the Salinas Regional Soccer Authority.	Sen. Padilla 3/13 Sen. Schiff 3/6 Rep. Lofgren 3/15	\$4,719,200 \$4,719,200 \$4,719,200			
Skate Park and BMX Pump Track (PWFP)	Partial funding request for development of a bike and skate park in Salinas. The site, and its connection to multi-use trails, offers unique regional recreation options for the tri-county area. This project is in partnership with the Salinas Regional Soccer Authority.	Sen. Padilla 3/13 Sen. Schiff 3/6 Rep. Lofgren 3/15	\$3,000,000 \$3,000,000 \$3,000,000			

IV. Advocacy

a. OBBBA

The One Big Beautiful Bill Act (OBBBA), was signed into law on July 4, 2025, and was an effort by Congressional Republicans to re-balance the federal budget and included many permanent extensions of provisions of the Tax Cuts and Jobs Act, the elimination of taxes on tips and overtime pay, along with the expansion of HSA eligibility and childcare credits. OBBBA also contained several elements that Republican leadership has referred to as “savings” provisions, while Democrats maintain that these are funding cuts notably, to Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

On May 21st, the County reached out and requested an updated one-pager outlining the impacts of OBBBA on the County's Departments and services. Already the County has seen a 1.8% decline in children's Medi-Cal enrollment and an approximate 4% decrease in active cases. There are approximately 15.9% of adults without health insurance and 5.3% of children without health insurance, but the trends are worsening over-time. Overall, the trends in decreased enrollment mirror the broader impacts of workload requirements, renewal demands, and other policy changes highlighted in OBBBA. The Ballard Team worked to incorporate new figures from the Department of Social Services and The County of Monterey Health Department on Medi-Cal enrollment. The updated one-pager allowed Board Members to represent the effects of OBBBA to state legislators during the CSAC legislative conference.

b. Panetta CPF Audit

Rep. Panetta's office reached out for information on the status of past CPFs projects secured for Monterey County. Specifically, his office wanted to know if the County had been reimbursed, if the project was completed and if the scope had changed. The Ballard Team secured updates for the following projects:

FY 23 Castroville Seawater Intrusion Project : \$900,000

Design, engineering, and construction of a supplemental well in northern Monterey County to reduce groundwater extraction and mitigate seawater intrusion.

As of 2026 the EPA is still holding funds as the Water Resources Agency (Agency) wraps up the federal funding requirements. The project has not changed and the Agency received responsible bids last summer, but delays on the federal side have slowed its ability to move the project along. The Agency is nearly finished with the federal funding requirements and intends to execute a construction contract within the next month.

FY 23 - Monterey County Family Justice Center- \$275,000

This project would fund the Monterey County Family Justice Center in King City. The Family Justice Center model is about providing the most effective, efficient, meaningful and compassionate services possible to victims of domestic violence, sexual assault, human trafficking, child abuse, and their children. No one agency or organization can possibly address all the needs of survivors. Family Justice Centers and other co-located, multidisciplinary models are providing the structure and the foundation to offer flexible, holistic services that can meet the needs of victims and survivors where they are. The Monterey County Family Justice Center (MCFJC) will bridge the gap in training needed by these agencies by cross-training MCFJC partners and developing protocols that provide a network of services for victims and will greatly improve access to services. The funds will be used to improve our current building in order to co-locate service providers and hire navigators and related personnel to staff the center.

The County has not yet been reimbursed for the project, which has not started; the scope of the project has not changed. The MCFJC is having difficulty getting a document from the

architect company, which is necessary before it can begin requesting funds. Facilities has stepped in and the document is currently being finalized. MCFJC was hopeful that the document would be submitted at the end of May/beginning of June and that it can continue to move forward in the process.

FY 23 - U.S. 101 Lane Widening—"South of Salinas Project"- \$1,000,000

This project was requested by and awarded to the Transportation Agency for Monterey County (TAMC), and the Ballard Team supported TAMC to respond to Rep. Panetta. The US 101 Auxiliary Lane project provides near-term operational improvements and addresses safety issues along northbound US 101 south of Salinas by extending the existing northbound acceleration lane at Spence Road to Eckhardt Road creating an auxiliary lane to allow adequate space for trucks to accelerate from Spence Road and to provide a deceleration lane for traffic exiting to Eckhardt Road. Caltrans and the Transportation Agency for Monterey County identified this project as a near-term safety improvement along the US 101 – South of Salinas corridor while the long-term plans are being developed to convert this expressway to a freeway by eliminating uncontrolled intersections and railroad crossings. The current expressway design combined with the agricultural operations contribute to a much higher than average collision rate due to conflicts between high-speed through traffic and slow-moving vehicles entering or exiting the adjacent agricultural fields and related services.

This project was completed consistently with the scope of the project description in the CPF award, and Rep. Panetta attended a ribbon cutting ceremony in December 2023. Todd Muck, AICP, Executive Director at the Transportation Agency for Monterey County (TAMC) was not aware of any difficulty in getting the funds reimbursed.

The next stage of the project is to remove all 11 at-grade median openings between Airport Road and Chualar to eliminate all left turn movements onto and off US 101 and all U-turns. This project is funded and scheduled to start construction in October of this year. The long-term goal for this corridor is to replace the obsolete interchanges at Abbott and Chualar and connect the replacement interchanges with frontage roads. The first phase of this work will focus on the Chualar interchange. TAMC has a pending BUILD grant application for this project phase. TAMC is also working on a State SB 1 Trade Corridor Congestion Program grant application that will be submitted in November.

FY 24 - Carmel River FREE - \$3,000,000

The Carmel River Floodplain Restoration and Environmental Enhancement Project is a multi-benefit, green infrastructure project that will recreate hydrological connectivity, restore habitat, and reduce flood hazards in the Carmel River Watershed.

Public Works, Facilities and Parks has been in communications with Caltrans in regard to the funding. Caltrans can release the funds once the project Right of Way Clearance is completed, which can't happen until it is fully fund and the utility relocations are under agreement—which are all waiting on FEMA funds. The project has not otherwise changed in scope.

c. Engagement with Panetta on NSFLTP Grant

In September 2024, PWWP determined that it was prudent for the County to move forward with applying for a federal grant under the Nationally Significant Federal Lands and Tribal Projects (NSFLTP) Program for the Palo Colorado Road Storm Damage Repair Project. Rep. Panetta's staff had encouraged the County to pursue this competitive grant opportunity. According to PWWP, the project is essential for the rehabilitation and improvement of Palo Colorado Road, a crucial access route to the Los Padres National Forest containing several key recreational facilities. At the time of the grant request, Ballard helped facilitate support letters for the grant from then Sen. Padilla, Sen. Butler, and Rep. Panetta.

As you know, Palo Colorado Road is approximately 8 miles in length serving as the *only* access road from the scenic Big Sur Coastline along Highway 1 to the pristine Los Padres National Forest in the Santa Lucia Mountains of Monterey County, California. Unfortunately, Palo Colorado Road has been battered by the impacts of climate change beginning in 2016 when the Soberanes Fire burned over 132,000 acres in Monterey County resulting in a Federal Disaster declaration. The fire left damage to Palo Colorado Road and burn scars in the surrounding hillsides. Winter storms in 2016 and 2017 exacerbated the roadway damage as large amounts of water inundated the burn scarred hillsides and canyons causing mudslides, slip outs, fallen trees and debris flows created a safety risk for the traveling public and resulted in road closures, emergency repairs and a second declaration of Federal Disaster. While Monterey County PWWP worked diligently with the Federal Emergency Management Agency (FEMA) to repair and rehabilitate much of the roadway, approximately 3.8 miles (from milepost 4.0 to 7.8) remain severely damaged and closed. The road is unusable to the public due to landslides, large road slip outs (1/4 lane-1 1/2 lane in width), and damaged and washed out culverts; local residents and visitors remain without access to vital recreational facilities and homes. Current roadway conditions also hinder emergency response.

The Palo Colorado Road Storm Damage Repair Project will rehabilitate and significantly improve safety and resilience of this key regional roadway providing access to Los Padres National Forest and regional recreation facilities. The Project will improve drainage systems, and stabilize the surrounding hillsides in effort to bolster the roadway against the escalating threats of climate change and prevent future closures. The Project will include the installation of soldier-pile walls and soil nail walls, slope stabilization, construction of drainage improvements and addition of guardrails for safety.

The closure of this portion of the road has eliminated access to important recreational areas, including the Bottchers Gap Trailhead and Campground, Skinner Ridge Trail, Little Sur Trail, Camp Pico Blanco, and Mill Creek Redwood Preserve. Investing in the repair and restoration of Palo Colorado Road will bring numerous benefits to our community. Restoring access to key recreational facilities and unimpeded access for emergency response is crucial for both local residents and visitors.

The Ballard team is actively engaging with Rep. Panetta's staff on the NSFLTP grant and the FEMA-obligated disaster relief funds tied to the Palo Colorado work. Rep. Panetta's staff communicated to us that the Trump Administration has been reluctant to post notices of funding opportunity for various programs, including the NSFLTP, but will apply pressure where they can. It is our understanding that the NSFLTP program is essentially paused, and we will continue to confirm the status of the grant application. Rep. Panetta's office working directly with the Federal Highway Administration to support the County in this inquiry.

Attachment(s):

V. Federal Bill/Issues Track