



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Robert Fisher, Acting City Manager

PREPARED BY: Art Vela, Public Works Director

MEETING DATE: July 8, 2025

SUBJECT: Consideration of Resolution 2025-108, Authorizing the Submittal of a Grant Application Under the Bureau of Reclamation WaterSMART: Title XVI WIIN Act Water Reclamation and Reuse Program for Fiscal Year 2023 and for Fiscal Year 2024 for up to 25% of the Total Project Costs, Up To \$30 Million, for the Wastewater Treatment Plant and Recycled Water Upgrades and Authorizing the City Manager to Executed Related Grant Agreement to Receive Funding

RECOMMENDATION:

Adopt Resolution 2025-108.

BACKGROUND:

The City of Banning Wastewater Treatment Plant (WWTP), also known as the Water Reclamation Facility, provides for the collection, treatment, and disposal of municipal sewage. The City has recognized that the WWTP is in need of capacity and treatment improvements in order to keep up with the City's growth as well as to produce recycled water supply to bolster its water supply portfolio and to meet impending wastewater effluent discharge quality permit requirements.

On December 13, 2022, the Utility Authority approved Resolution 2022-14UA, "Awarding a Professional Services Agreement to N2W Engineering to Provide Owner Advisor Services and Preliminary Engineering for the Wastewater Treatment Plant Improvement Project in a "Not-to-Exceed" amount of \$1,576,430. Resolution 2022-14UA, attached hereto, provides additional background on the City's goal for improving the WWTP.

In anticipation of the Wastewater Treatment Plant and Recycled Water Upgrades project, amongst other reasons (i.e. increasing operating costs, capital improvements, debt service obligations and reserve balances), the City Council approved Ordinance 1587, adopting new water and wastewater rate schedules, which would increase rates for a five-year period (FY 2022/2023 to FY 2026/2027).

On February 25, 2025, City Council adopted Resolution 2025-30, "Awarding a Progressive Design- Build Agreement for Phase 1 to AECOM Lyles JV for Project No. 2022- 01W "Wastewater Treatment Plant and Recycled Water Upgrades" in the Amount of \$3,998,627 and Approving a 10% Contingency for a Total Project Budget of \$4,398,490." This project was kicked off on April 21, 2024.

2023 Title XVI Funding Opportunity

In September 2023, the Bureau of Reclamation (BOR) issued a new Notice of Funding Opportunity (NOFO) for grants under the WaterSMART: Title XVI WIIN Act Water Reclamation and Reuse Program

for fiscal years 2023 and 2024 ("Title XVI Program"). Through the Title XVI Program, BOR provides financial and technical assistance to local water agencies for the planning, design, and construction of water reclamation and reuse projects.

The Title XVI Program provides up to a maximum of 25% of the total cost of planning, design, and/or construction, up to a maximum of \$30 million per project. To be eligible for funding under this NOFO, the project must have a completed Title XVI feasibility study submitted to BOR for review by November 7, 2023, for applications submitted under the first submittal period and by August 30, 2024, for applications submitted under the second submittal period. Completed feasibility studies must be found by BOR to meet all necessary requirements by February 7, 2024, for applications submitted under the first submittal period and by November 29, 2024, for applications submitted under the second submittal period.

A Feasibility Study was prepared by N2W Engineering, reviewed by staff and submitted prior to the November 7, 2023 deadline. On February 13, 2024, the City received notification that BOR approved the Feasibility Study on January 31, 2024.

The Title XVI Program allows applicants to apply for both fiscal year allocations. Awards for both fiscal years cannot collectively exceed the allowable funding (i.e. 25% or \$30 Million).

City staff and N2W Engineering finalized a Title XVI Program grant application for the FY 2023 funding allocation and submitted the grant application prior to the deadline. Unfortunately, the City was notified that its grant application was not selected for funding.

An informative debrief meeting was held between City staff and BOR staff to understand where the FY 2023 grant application fell short. Following the debrief call, staff and N2W Engineering began working on an updated and improved grant application for the FY 2024 Title XVI Program funding opportunity ("FY 2024 Title XVI Grant Application"), which was later completed and submitted prior to the deadline (September 30, 2024).

On January 14, 2025, the City was notified that the FY 2024 Title XVI Grant Application was selected for funding with an award amount of \$16,194,576.

JUSTIFICATION:

As part of the grant funding process, BOR requires that an official resolution be adopted by the applicant's governing body committing the City to the financial and legal obligations associated with receipt of a financial assistance award. Additionally, the official resolution must identify the individual with legal authority to enter into an agreement; state that the governing body has reviewed and supports the application submitted; and that the City will work with BOR to meet established deadlines for entering into a grant or cooperative agreement.

City staff has been working alongside with BOR to get through the post award process. The last remaining item prior to the execution of a grant or cooperative agreement is the submittal of the official resolution, as required.

FISCAL IMPACT:

The approved Feasibility Study identifies a total project cost of \$93,487,328 which was developed as a high level and conservative estimate for purposes of the Title XVI Program grant application. City staff and N2W Engineering have progressed in preliminary engineering efforts and research related to construction costs and has prepared refined cost estimates indicating projected costs of \$64,778,302. If the City is awarded Title XVI Program funding, it would receive up to \$16,194,576.

The Wastewater Treatment Plant and Recycled Water Upgrades project is anticipated to be funded as follows:

Funding Source	Estimated Funding Source Balance on 7/1/2025	Amount to be Allocated to WWTP Project
Fund 661 - Water Improvement Fund	\$3,632,861.34	\$3,085,000
Fund 680 - Wastewater Operation Fund	\$7,991,840.23	\$1,773,726
Fund 681 - Wastewater Improvement Fund	\$11,035,587.18	\$6,500,000
Fund 682 - Tertiary Fund	\$8,375,653.38	\$9,725,000*
Fund 683 - BUA Wastewater Fund	\$2,500,000	\$2,500,000
FY 2024 Title XVI Program Funds	\$16,194,576	\$16,194,576
Other Funding (IBank Loan or Revenue Bonds)	\$25,000,000	\$25,000,000
	TOTAL	\$64,778,302

* The amount allocated to the project from the Tertiary Fund exceeds the estimated 7/1/2025 balance, although the amount allocated is what is expected to be available at the end of the three-year project; the Tertiary Fund generates approximately \$450,000 per year.

The approved rate schedules included in Ordinance 1587 anticipated debt financing in the amount of \$25,000,000 to cover the costs of the WWTP Improvement project. Debt financing will be discussed at the July 8, 2025 City Council meeting.

ALTERNATIVES:

Do not adopt Resolution 2025-108, which would make the City ineligible to receive Title XVI Program funding.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. [Resolution_2025-108_BOR_Title_XVI_Grant_Agreement \(1\).docx](#)
2. [Final Banning WaterSMART Application.pdf](#)
3. [FY 2024 Title XVI Grant Award Letter.pdf](#)
4. [Attach X SR Resolution 2022-14 UA, Award Owner Advisor WWTP.pdf](#)
5. [SR 2025-30 Awarding PDB Contract.pdf](#)