



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Arturo Vela, Interim City Manager

PREPARED BY: Shah Nawaz, Deputy Water/Wastewater Director

MEETING DATE: October 28, 2025

SUBJECT: Consideration of Resolution 2025-151, Authorizing the Department of Water Resources Urban and Multibenefit Grant Amendment No. 2, Acceptance, and Execution for the Meadow Lark Lane Water Improvements for Drought Relief Project.

RECOMMENDATION:

Adopt Resolution 2025-151

BACKGROUND:

In October 2021, following the passage of the State Budget Act of 2021 and Trailer Bill AB 148, the California Department of Water Resources (DWR) launched the Urban and Multibenefit Drought Relief Grant Program for Fiscal Year 2022. The competitive program made \$200 million available for drought-relief projects exceeding \$2 million, with no local match requirement, and prioritized projects that could be rapidly implemented to address immediate drought impacts. Eligible projects included new groundwater production wells, well rehabilitation, system interties, and other water system improvements that enhance drought resilience, with special consideration given to disadvantaged communities such as the City of Banning.

In December 2021, the City was awarded \$2,475,000 in grant funding under this program ((Agreement # 4600014457, attached) for the reconstruction of Well M-12A, replacing the original Well M-12, which had collapsed and ceased producing water; thus, creating an urgent water supply concern during ongoing drought conditions. Furthermore, in 2022, an Amendment No. 1 (attached) to the Grant Agreement was issued by DWR which split the Well M-12A project into two (2) phases; drilling and equipping respectively.

To date, DWR has reimbursed the City for all but \$247,500 (representing 10% retention) of the total grant amount. Completion of Well M-12A has been delayed to mid-2026 due to material procurement challenges, including long lead times associated with the electrical switchgear and motor control center.

The original grant agreement required completion of Well M-12A by December 31, 2025. Because delays made that deadline unattainable, the remaining retention would have been subject to forfeiture. However, DWR staff informed the City that the retention could still be reimbursed if the City completed an alternative drought-relief project with a clear nexus to the original grant intent.

City staff evaluated potential candidate projects and DWR approved the Meadow Lark Lane Water Improvements Project, which includes replacement of approximately 675 linear feet of aging, leak-prone small-diameter water main and associated service laterals. The engineer's estimate for this project is approximately \$235,000, which is anticipated to be fully funded by the remaining retention of \$247,500.

JUSTIFICATION:

Since DWR has agreed to amend (Draft Amendment No. 2, attached) the original grant agreement to allow an alternate project in lieu of forfeiting the remaining \$247,500 retention, it is both operationally and fiscally prudent for the City to utilize these funds for the Meadow Lark Lane Water Improvements Project. Replacing the aging and leak-prone pipeline along Meadow Lark Lane, between N. Alessandro Street and N. Durward Street, will improve water system reliability, reduce future water loss and emergency repair costs, and ensure the City maximizes the full value of the State's drought-relief funding.

FISCAL IMPACT:

This alternate project is expected to be fully reimbursable, as the current engineer's estimate is below the available \$247,500 grant retention amount. If the lowest responsive and responsible bid exceeds the retention amount, City staff will adjust the project scope as needed to ensure total costs remain within the available grant funding.

ALTERNATIVES:

Do not approve as recommended and provide an alternative direction.

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [Resolution No. 2025-151.docx](#)
2. [Grant Agreement # 4600014457 - Draft Amendment 2.pdf](#)
3. [Grant Agreement # 4600014457 - Amendment 1.pdf](#)
4. [Original Grant Agreement # 4600014457.pdf](#)