



## CITY OF BANNING STAFF REPORT

**TO:** CITY COUNCIL

**FROM:** Arturo Vela, Interim City Manager

**PREPARED BY:** Patrick Safari, Capital Improvement Projects Manager  
Nathan Smith, Deputy Director of Public Works/City Engineer

**MEETING DATE:** February 10, 2026

**SUBJECT:** Consideration of Resolution 2026-19, to Authorize the City Manager to Execute Amendment No. 1 to the Reimbursement Agreement with SFPP, L.P., a Delaware Limited Partnership, for additional Costs Associated with the Relocation of Pipeline Facilities owned and Operated by SFPP in Relation to the Sun Lakes Boulevard Extension Project.

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### **RECOMMENDATION:**

Approve Resolution 2026-19

### **BACKGROUND:**

SFPP, L.P. is a limited partnership that operates an oil pipeline owned by Kinder Morgan in the Sun Lakes Boulevard Extension Project area. The pipeline is located within an easement that conflicts with the alignment of Sun Lakes Boulevard Extension. Through development of the project and in consultation with Kinder Morgan, it became necessary to relocate the oil pipeline to accommodate Kinder Morgan encroachment requirements.

On October 22, 2024, the City Council adopted Resolution 2024-170 approving a Reimbursement Agreement with SFPP for costs associated with the Design and Relocation of pipeline facilities owned and operated by Kinder Morgan in relation to the Sun Lakes Boulevard Extension Project in the amount of \$3,711,119. The cost encompasses the entire relocation project, broken down into four key phases: engineering, permitting, construction and inspections.

During final design, unforeseen site conditions and design refinements have resulted in increased costs for construction, and SFPP's construction inspections. Initially, Kinder Morgan estimated the construction cost at \$3,428,446, but following the project's bidding process, the final cost rose to \$4,668,738 for the relocation of 1,200 feet of 20-inch oil pipeline. The total cost of the relocation project will be \$5,027,989 for all four phases (Engineering, Permitting, Construction and Inspections). This staff report recommends amending the existing agreement to cover these verified, necessary increases to ensure the timely completion of the project and maintain compliance with all regulatory and safety standards.

### **JUSTIFICATION:**

Approval of this Amendment will allow the scheduled construction of the Sun Lakes Boulevard Extension to move forward without delay or risk of interruption to the project timeline and funding obligations.

SFPP has submitted detailed backup documentation, including revised construction cost estimate from their contractor. City staff have reviewed the estimate and found the costs to be reasonable, necessary, and directly attributable to the project.

**FISCAL IMPACT:**

The project costs are eligible and expected to be fully reimbursed through the Transportation Uniform Mitigation Fee (TUMF) Funds administered by Western Riverside Council of Government (WRCOG) and Measure Regional Arterial (MARA) funds administered by the Riverside County Transportation Commission (RCTC). Both grants will provide funding totaling \$33,500,000 which will include design, construction, environmental monitoring, utilities relocation and environmental permitting.

The project shall be funded through Measure "A" Account No. 101-4900-431.93-16. City staff will submit monthly reimbursement invoices to RCTC and WRCOG.

Appropriation from the Measure "A" Fund for the full amount to expenditure Account No. 101-4900-431.93-16 is required to fund Amendment No. 1.

**ALTERNATIVES:**

Do not approve Resolution 2026-19 and provide alternate direction to staff.

**BUDGETED?:**

Yes

**CONTRACT/AGREEMENT:**

Yes

**ATTACHMENTS:**

1. [Resolution 2026-19.docx](#)
2. [Resolution No. 2024-170.pdf](#)
3. [Kinder Morgan-Cost Estimate.pdf](#)