



STAFF REPORT

Meeting Date: September 22, 2026

SUBJECT: Consideration of a Presentation and Update on the Status of an Agreement Between Olivehurst Public Utility District (OPUD) and the City of Wheatland Regarding the South Yuba County Regional Wastewater Project

PREPARED BY: Sean Grayson, City Manager

RECOMMENDATION:

Staff recommends that the Wheatland City Council receive the presentation and update and provide any needed direction.

DISCUSSION:

The City of Wheatland and Olivehurst Public Utility District, along with Yuba County and Yuba Water Agency have, for the past six years, been working together to develop a regional solution to wastewater treatment needs in South Yuba County. The City of Wheatland's wastewater treatment plant is aging, has limited treatment capacity to accommodate infill growth and does not meet current environmental standards for disposal of municipal wastewater. A portion of the City's wastewater treatment plant is located on the river side of the Bear River Levee, which leaves the plant at risk for potential flooding.

The South Yuba County Regional Wastewater Project will result in construction of a wastewater conveyance system from Wheatland to the OPUD wastewater treatment plant. The project has been separated into two segments. The first segment is Wheatland's responsibility and will transport wastewater from Wheatland up Spenceville Road, Jasper Lane and South Beale Road to Pump Station No. 3 on Rancho Road. The second segment will be managed by OPUD and will continue the pipeline from Pump Station No. 3 to the OPUD wastewater treatment plant. Both Wheatland and OPUD have received bids for their portions of the project and are ready to award contracts once the project financing has been finalized.

OPUD and the City have been working to create a term sheet that outlines conditions and responsibilities for both agencies as it relates to the various stages and contracts involved in the project. Both agencies have tentatively approved a term sheet that is in legal review. Either the term sheet will be incorporated into amendments to the three agreements between OPUD and the City or an MOU will be developed to direct the implementation of the conditions of the term sheet. The updated agreements and/or MOU will be in a format approved by the City Attorney. OPUD has indicated they intend to call a special meeting to approve the agreements or MOU in the future. Given the timing of contract awards and the initiation of the Wheatland portion of the project, staff is requesting in another agenda item for the City Council to approve two construction contracts and a construction management contract for the Wheatland portion of the project referred to as "Contract 1". Staff will proceed to work with the

awardees toward pre-construction activities but will not issue a notice to proceed unless and until the agreements are amended or an MOU is approved by both OPUD and the City.

FISCAL IMPACT:

There is no direct fiscal impact associated with this action. The estimated construction cost of this project is more than \$100 million. This regional solution has been endorsed by the State Water Resources Control Board, which has approved a \$75 million grant to fund a major portion of the project. The Yuba County Board of Supervisors approved a Memorandum of Understanding (MOU) with Wheatland and OPUD wherein the County committed to loan up to \$10 million for the construction phase of the project. The Estom Yumeka Maidu Tribe of the Enterprise Rancheria (Enterprise) has also approved an MOU with OPUD and Wheatland for an additional \$10 million loan. The landowner and developer AKT has offered to partner with the City for pre-payment of impact fees up to \$5 million. A \$23 million loan and \$3.9 million grant from the United States Department of Agriculture is pending approval for the project.

ATTACHMENTS:

None