



City Council Meeting Staff Report

Meeting Date: May 26, 2026

SUBJECT: Consideration and Adoption of Resolution Authorizing Approval of Memorandum of Understanding Between Yuba County, City of Wheatland and Olivehurst Public Utility District Regarding a Loan for the South County Infrastructure Project

PREPARED BY: Bill Zenoni, City Manager

RECOMMENDATION:

Staff recommends that the Wheatland City Council consider adoption of a resolution authorizing approval of a Memorandum of Understanding between Yuba County, City of Wheatland and Olivehurst Public Utility District regarding a County loan of up to \$10,000,000 for the South County Infrastructure Project.

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.

The estimated construction cost of this project is \$115.6 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 Board of Directors of the Yuba Water Agency had previously agreed to loan Wheatland and OPUD the remaining funds required to complete construction of the project. However, as a result of the recent catastrophic failure of the penstock at the New Colgate Powerhouse, Yuba Water Agency withdrew its financial support for the construction phase of this project. City of Wheatland and OPUD staff have been diligently working to backfill the resulting funding gap. The Yuba County Board of Supervisors, on April 28, 2026, unanimously 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, subject to Wheatland and OPUD securing the remaining necessary funding. The loan would be repaid by Wheatland and OPUD from future wastewater conveyance capacity fees.

The MOU presented for approval describes how the parties will collectively fund the project. Separate loan agreements between Wheatland and Yuba County and OPUD and Yuba County identifying the loan amount for each agency and the repayment terms will be developed and presented for City Council approval. The attached MOU was approved by the OPUD Board of Directors on May 7, 2026.

FISCAL IMPACT:

There is no direct fiscal impact associated with this action. A loan agreement between the City of Wheatland and Yuba County will be developed which specifies the amount of funds the City will be borrowing and the terms of the loan. This loan agreement will be presented to the City Council for approval.

ATTACHMENTS:

- A. Resolution w/Exhibit