



STAFF REPORT

Meeting Date: October 13, 2026

SUBJECT: Consideration of an Update on the State Water Resources Control Board Grant and Updated Agreements 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 update and provide any needed direction.

DISCUSSION:

The City of Wheatland and Olivehurst Public Utility District (OPUD) , 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.

On September 22, 2026, an update on the project and the status of financing was provided to the City Council. Direction was provided to confirm with the State Water Resources Control Board (SWRCB) that the project can be considered fully funded and can move forward to bid award.

On September 30, 2026 a joint meeting of both the OPUD and City of Wheatland regional wastewater ad hoc committees was held with Yuba County staff and District 4 Supervisor Gary Branford. The consensus of all parties was that the contract 1 and contract 2 projects are fully funded and should move forward as soon as possible. There was also consensus that the three agreements between OPUD and the City should be updated and adopted by the OPUD Board and the City Council as soon as possible.

On October 1, 2026, City and County staff met with the SWRCB for a grant kick-off meeting. It was collectively determined that the project is fully funded and can move forward with award of bids. The next steps in the grant process include the City's submission of the Final Budget for approval including actual values of bid and awarded contracts. The City will be required to include an executed loan agreement with both Yuba County and the Estom Yumeka Maidu Tribe of the Enterprise Rancheria for their contribution to the project with the final budget submission. Additionally, the City will need to submit updates to the three agreements between OPUD and Wheatland executed by both agencies with the final budget. Upon approval of the Final Budget by the SWRCB, the City can seek and obtain reimbursement for construction costs for the project.

The two construction contracts and the construction management contract for contract 1, Wheatland's segment, are on the agenda for October 13, 2026, for consideration of award. The updated agreements are anticipated to be complete and available for approval at the City Council meeting on October 27, 2026. The City and County are developing the loan agreements and anticipate their adoption by the first November Board and Council meetings.

The City continues to work towards a \$23 million loan and \$3.9 million grant from the USDA. This would round out the funding for the City's obligations to the future contract 3 upgrade of the OPUD treatment facility and to transition short-term funding from the County and the Enterprise Rancheria to long-term debt services over the 40 years of the USDA loan.

The City, County, and OPUD have identified a grant management consultant who we anticipate a contract with in the next month. This consultant will coordinate the invoicing between the City and OPUD as well as compile the documents required by the SWRCB for submission for reimbursement.

Lastly, the City will need to create and manage a financial strategy to pay invoices while waiting at least 90 days for grant reimbursement for those expenditures over the next three years of the project. The City anticipates utilizing a single source funder to bring together the various funding sources in addition to short-term cash flow funding to bridge funding until all long-term financing can be transferred to debt services. A resolution allowing the City to join the California Municipal Public Finance Authority is on the agenda for October 13, 2026. There is no cost in joining the authority and their proposal for comprehensive funding will return to the City Council for approval when complete.

FISCAL IMPACT:

There is no direct fiscal impact associated with this action.

ATTACHMENTS:

None.