



## CITY COUNCIL MEETING STAFF REPORT

Meeting Date: January 27, 2026

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**SUBJECT:** Consideration and Adoption of Resolution Authorizing Execution of Agreements Between Olivehurst Public Utility District and City of Wheatland Regarding Provision of Regional Wastewater Treatment Services

**PREPARED BY:** Bill Zenoni, City Manager

**RECOMMENDATION:**

Staff recommends that the Wheatland City Council consider adoption of a resolution authorizing execution of a Wastewater Treatment and Operations Agreement and a Capacity Purchase Agreement with Olivehurst Public Utility District.

**DISCUSSION:**

For the past several years, City staff have been working closely with Olivehurst Public Utility District, City Engineer Dane Schilling, Yuba County and the Yuba Water Agency to develop a regional wastewater treatment solution that will meet the current and future needs of the City of Wheatland and South Yuba County.

Since the beginning of this effort, the following has been accomplished:

- A feasibility analysis of multiple regional service alternatives was completed by Wheatland.
- A decision was made by the Wheatland City Council to select Olivehurst Public Utility District (OPUD) as the City's preferred regional partner.
- Yuba Water Agency agreed to fund, on a grant/loan basis (with an option for the loan portion to be forgiven), design and environmental clearance for both agencies to design a regional conveyance system connecting Wheatland to OPUD for purposes of wastewater treatment.
- Yuba Water Agency also agreed to fund a consulting team to work with both agencies to complete an application to the California State Water Resources Control Board Clean Water State Revolving Fund program for grant funding of the project.
- The City Council adopted Resolution No. 04-23 on January 24, 2023, authorizing submittal of a grant application to the State Water Resources Control Board. The State Water Resources Control Board, in September 2025, adopted its Intended Use Plan which allocated \$75 million in grant funding to Wheatland and OPUD to fund a portion of the \$155 million cost of the project. The Yuba Water Agency Board of Directors has agreed to fund up to \$80 million in loans to Wheatland and OPUD for the remaining project costs.

The City Council adopted Resolution No. 07-23 on February 28, 2023, approving the framework for two interagency agreements with the Olivehurst Public Utility District – a Wastewater Treatment and Operations Agreement and a Capacity Purchase Agreement. A similar resolution was adopted by the OPUD Board of Directors. The resolutions adopted by both agencies reflect the conceptual deal points agreed to by both parties. Since the City Council action in February 2023, City staff and the City Engineer have been working closely with OPUD staff

to develop agreements incorporating the suggested deal points. The two agreements were approved by the City Council in draft form on July 23, 2024. Subsequent to that date, staff from the City and OPUD have worked to finalize the two agreements as the South Yuba County Regional Wastewater Project has become more defined. The updated agreements were approved by the OPUD Board of Directors on January 15, 2026 and are now ready for approval by the Wheatland City Council. It is recommended that the Mayor be authorized to execute the two agreements in substantially the form presented.

#### Capacity Purchase Agreement

The core of this agreement is that OPUD is committing to provide Wheatland wastewater treatment services for 1.5 million gallons per day (mgd). Wheatland will purchase a portion of the remaining plant capacity at the OPUD wastewater treatment plant. Once purchased, Wheatland will own approximately .40 mgd in the plant that will be reserved for Wheatland. Wheatland will then purchase capacity in the plant from future connection fees as development occurs, up to 1.5 mgd of flow. 1.5 mgd of capacity is sufficient to meet Wheatland's demand for approximately 40 years (based on an assumed four percent per year growth). Once Wheatland owns capacity in the plant, the City also becomes responsible for capital repair and replacement at the plant. The agreement defines how Wheatland will share in these costs. The City of Wheatland will also own capacity in the shared transmission pipeline.

#### Wastewater Treatment and Operations Agreement

The Wastewater Treatment and Operations Agreement defines how Wheatland will pay for services on an ongoing basis. The agreement states that Wheatland will reimburse OPUD for a fair share of treatment costs based on the volume of flow Wheatland sends to the OPUD treatment plant.

#### **FISCAL IMPACT:**

There is no immediate fiscal impact associated with this action.

#### **ATTACHMENTS:**

1. Resolution Authorizing Execution of Agreements with Olivehurst Public Utility District
2. Capacity Purchase Agreement
3. Wastewater Treatment and Operations Agreement
4. Capacity Purchase Agreement (Redline)
5. Wastewater Treatment and Operations Agreement (Redline)