



City Council Meeting Staff Report

Meeting Date: November 25, 2025

Subject: Consideration and Adoption of Resolution Approving Resolution of Necessity for Acquisition by Eminent Domain of Certain Real Property and Construction, Pipeline and Access Easement Interests in Certain Real Property for the Wheatland Regional Sewer Pipeline Project

Prepared By: Bill Zenoni, City Manager

Recommendation: Staff recommends that the Wheatland City Council conduct a public hearing to receive input from affected property owners and, upon concluding the public hearing, consider adoption of a Resolution of Necessity for acquisition by eminent domain of certain real property and temporary construction easement interests in certain real property for the Wheatland Regional Sewer Pipeline Project.

Discussion: The City of Wheatland's wastewater treatment plant (WWTP) was constructed in 1969. This facility treats wastewater to a secondary level with no disinfection, with effluent discharged to the Bear River through an infiltration field located in the floodplain directly adjacent to the Bear River. The WWTP has received only very minor upgrades since construction and has now outlived its useful life. Further, Wheatland's WWTP does not meet current environmental standards for disposal of municipal wastewater and is at risk of failure due to outdated failing equipment.

The City Council and staff began exploring options for a solution to the wastewater treatment issues approximately seven years ago. For the past five years, the Wheatland City Council and City staff have been working closely with staff and elected officials from Yuba Water Agency, Yuba County and Olivehurst Public Utility District (OPUD) to develop a cost-effective regional solution to wastewater treatment needs in South Yuba County. The project that has been developed, the South Yuba County Regional Wastewater Project (a combination of the Wheatland Regional Sewer Pipeline Project and the OPUD South County Sewer Project), will provide reliable wastewater service for Wheatland residents while protecting groundwater and surface water. Phase 1 of the project includes the construction of pipelines and pump stations to transport wastewater from Wheatland to OPUD's existing wastewater treatment plant as well as minor upgrades to the OPUD facility. The cost of this phase of the project is estimated at \$155 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 remaining \$80 million cost will be funded by Wheatland (\$3 million), OPUD (\$10 million) and loans from the Yuba Water Agency to Wheatland and OPUD. The City of Wheatland and OPUD have also applied for additional grant funding from the Federal Economic Development Agency.

Phase 1 of the project will involve three construction contracts. The first contract will be 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 design of this portion of the project is 100% complete. It is anticipated that a construction contract will be awarded and construction will begin in February 2026 and be completed by December 2027. The second contract will be awarded by OPUD and will continue the pipeline from Pump Station No. 3 to the OPUD wastewater treatment plant. Work under this contract is scheduled to begin in April 2026 with a completion date of December 2027. The

final Phase 1 contract will involve improvements to the OPUD plant with construction underway from October 2026 to September 2028.

It is anticipated that the City of Wheatland will begin directing wastewater to OPUD by June 2028. After that, the City's WWTP will be decommissioned.

In order for the City's portion of the project to proceed on schedule, it is necessary for the City of Wheatland to acquire portions of real property from three landowners, and easements for construction, pipeline or access purposes from 14 property owners. The City has been in negotiations with the 17 property owners for the past several months.

The City retained Integra Realty Resources, an independent appraiser, to evaluate the fair market value for each property interest necessary for the project as required by Government Code section 7267.2. The individual appraised values were summarized and included in the offer package sent by the City to each of the landowners impacted by the project. The City's representatives spent significant time attempting to communicate and negotiate with landowners in acquiring the necessary property interests for the project.

To date, two property owners have signed their agreements. Good faith negotiations continue with the remaining property owners. However, if the City is unable to finalize agreements with these property owners, it may be necessary to proceed utilizing the eminent domain process. The power of eminent domain will be used by the City only as a last resort to obtain the needed property interests necessary for the project after negotiations have failed.

In order for the project to remain on schedule, and to avoid the risk of losing \$75 million in grant funding from the State Water Resources Control Board, the City must protect its rights to continue forward with the project schedule. Adoption of the proposed Resolution will allow the City to move forward with the project while continuing to negotiate in good faith with the remaining property owners to reach a mutually acceptable settlement amount. Each of the 17 property owners were provided a notice of the November 25th public hearing, sent by US mail. The notice advised the property owners of their right to be heard at the November 25, 2025 public hearing and to speak on the following conditions that the Council will be considering:

1. Whether the public interest and necessity require the project.
2. Whether the project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.
3. Whether the subject property sought to be acquired is necessary for the project.
4. Whether the offer required by Section 7267.2 of the Government Code has been made to the owners of record.

In order for the City Council to adopt a Resolution of Necessity, the Council must find (by 4/5ths vote) that these four conditions have been met.

1. The Public Interest and Necessity Require the Proposed Project
The Project will protect the health and safety of the citizens of Wheatland and the surrounding region by removing a significant threat to local groundwater and surface water resources by providing a safe and reliable wastewater treatment solution to the City's substandard and failing wastewater plant.
2. The Project is Planned or Located in a Manner That will be most Compatible with the Greatest Public Good and the Least Private Injury
Various alternative construction routes were considered during the design phase of this project. The selected route was determined to be the most efficient, cost effective and least disruptive alternative to the greatest number of property owners. Existing public rights-of-way were utilized to the greatest extent possible to avoid impacts to private properties.

3. The Real Property to be Acquired is Necessary for the Proposed Project

The properties identified for fee acquisition or pipeline easements, and temporary construction/access easements are necessary for the project to proceed. Since pipelines are by definition linear and continuous, a certain amount of private properties are necessary to construct a continuous pipeline. In addition, the location and size of the pump stations are dictated by engineering principals.

4. The Offer of Just Compensation Has Been Made

Independent third-party appraisals from Integra Realty Resources, a California licensed Certified General Real Estate Appraiser, were prepared and presented to each property in order to determine the fair market value of the property, pipeline easement, access easement or temporary construction easements. The City made a settlement offer to each of the landowners based on the appraised value for each of their properties in accordance with Government Code section 7267.2. In addition, property owners who question the city-provided appraisals are offered reimbursement to engage their own certified appraiser.

It should be noted that the value of or compensation for specific properties is not at issue at this meeting. The value of a specific property will be determined by appraisals and compensation will be determined by good-faith negotiations or, if necessary, by the court.

Fiscal Impact: Funding for the necessary property and right-of-way acquisition costs at the properties' appraised values is included in the total Project cost estimate.

Attachment:

Resolution of Necessity