



Agenda Item

Orange City Council

Item #: 3.5.

4/28/2026

File #: 26-0136

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Christopher Cash, Public Works Director

1. SUBJECT

Agreement with the County of Orange for a Waste Infrastructure System Enterprise Agreement governing municipal solid waste disposal rates, terms, and services

2. SUMMARY

Approval of Waste Infrastructure System Enterprise Agreement for a ten-year term, effective July 1, 2026. This agreement will update Non-Contract Gate Rates and other charges and will provide a dedicated waste stream from local jurisdictions and sanitation districts at competitive rates while maintaining the County's Waste Infrastructure System.

3. RECOMMENDED ACTION

Approve the agreement with the County of Orange for municipal solid waste disposal rates and services; and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability

Goal 3: Enhance Public Communication Strategy and Quality of Life

6. DISCUSSION AND BACKGROUND

The County of Orange (County), through Orange County Waste & Recycling (OCWR), operates a County-owned landfill system with three active landfills and approximately 20 inactive sites. Since 1997, the City of Orange and other local cities have partnered with the County through Waste Disposal Agreements (WDAs), which guarantee landfill capacity and discounted disposal rates to participating cities. The current WDA has been amended several times and is currently set to expire on June 30, 2026.

In response to the upcoming expiration of the current WDA, OCWR developed the successor Waste Infrastructure System Enterprise (WISE) Agreement.

The current WDA limits annual rate increases to CPI and does not account for rising operational, regulatory, and environmental compliance costs. In addition to routine costs, OCWR specified that

additional capital is needed to fund the Brea Olinda landfill closure and to significantly expand the San Juan Capistrano landfill's capacity over the 10-year term. To address these costs, OCWR's initial WISE proposal would have increased disposal rates from \$43.76 per ton (FY 25-26 rate) to \$82.00 in the first year and was projected to rise to nearly \$107.00 by 2035.

The Orange County City Managers Association (OCCMA), representing cities, sanitary districts, and special districts that rely on the landfill system, coordinated a review of the proposed WISE Agreement and began negotiations in late 2024. In 2025, OCCMA secured a one-year extension of the WDA through June 30, 2026, allowing additional time to continue negotiations.

Through negotiations, OCCMA and OCWR agreed on a phased rate structure increase for the first three years of the agreement. Starting in FY 2029-30, the rate adjustments include a CPI increase only.

Fiscal Year	Contract Rate
2026-27	\$67.00/ton
2027-28	\$74.00/ton
2028-29	\$81.00/ton
2029-30	\$81.00/ton + CPI

The disposal costs contemplated under the WISE agreement are paid by the waste haulers as part of their solid waste services. Effective July 1, 2026, the increased disposal rates are expected to result in a 4.11% increase in monthly residential customer bills and a 9.5% increase in monthly commercial customer bills. These increases are in addition to any hauler-related service cost increases and in accordance with the terms of our Franchise Agreement with CR&R, and will be passed thru to the customer.

While the primary focus of the negotiations was tied to the disposal rate, OCCMA successfully negotiated the following key provisions:

- Beginning in 2030, an annual “true-up” process may freeze CPI adjustments depending on OCWR’s cost recovery and tonnage revenue. Cities may initiate a ‘meet and confer’ process with review by an independent consultant.
- Inclusion of review and annual notification provisions to ensure continued OCCMA participation to improve transparency and oversight of OCWR’s financial status and implementation of the WISE Agreement.
- Removal of language that would have made cities financially responsible for hauler non-payment.
- Adoption of a blended CPI index (60% Solid Waste, Water, and Sewer; 40% All Urban Consumers).
- Removal of the requirement that all residential organic waste be sent to OCWR; the County will offer optional organic waste processing services.

Cities must adopt the WISE Agreement by April 30, 2026, to avoid disposal rates that could be up to 10% higher. The ‘Participation Threshold’ for the WISE Agreement to become effective requires that cities that represent at least 50% of the disposal sent to the County landfills ratify the document. The

agreement is for 10 years, through June 30, 2036, with one optional 10-year extension.

The City of Orange will not be a participant in the County's optional Organic Recycling Program that was included as part of the WISE agreement process and will not be executing an optional Organic Services Agreement (OSA). The City's solid waste hauler operates its own organic waste processing facility which the City has been using as part of its solid waste services. CR&R's Anaerobic Digestion (AD) facility in Perris, CA, converts organic waste into renewable natural gas (RNG) and fertilizer. It handles over 300,000 tons of organic waste each year, producing RNG to power CR&R's collection fleet and nutrient-rich soil amendments for local agriculture.

7. ATTACHMENTS

- Agreement with Waste Infrastructure System Enterprise between the County of Orange and the City of Orange