



# Agenda Item

## Orange City Council

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Item #: 3.6.

6/9/2026

File #: 26-0332

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Jarad Hildenbrand, City Manager

**FROM:** Christopher Cash, Public Works Director

### 1. SUBJECT

First Amendment to Agreement with CR&R Incorporated for Integrated Solid Waste Management suspending the Road Mitigation Payment and updating fees paid to the City

### 2. SUMMARY

The City proposes to amend its Restated and Amended Agreement No. 5444.B with CR&R Incorporated, suspending the existing Road Mitigation Payment and replacing the payment with a Franchise Fee based on the demonstrated value of CR&R Incorporated's extraordinary use of the public right-of-way used for solid waste collection, effective July 1, 2026. The new encroachment-based Franchise Fee will remain at the same amount as the current Road Mitigation Payment, with ongoing Consumer Price Index escalation, resulting in no impact to established solid waste collection rates.

### 3. RECOMMENDED ACTION

Approve First Amendment to Agreement with CR&R Incorporated to suspend the existing Road Mitigation Payment and adopt a new encroachment-based Franchise Fee set at the same annual dollar amount as the Road Mitigation Payment currently in effect; 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 City and CR&R Incorporated have maintained a solid waste franchise agreement since 2009. The current Restated and Amended Agreement No. 5444.B was approved by the City Council and executed in February 2024. The Agreement establishes a ten-year term commencing March 1, 2024, and expiring February 28, 2034, with a mutual option to extend for one additional five-year period upon 24 months' prior written notice.

In addition to providing services, Agreement No. 5444.B requires CR&R to make various annual

payments to the City as consideration for the exclusive franchise. All annual payments are adjusted each July 1 based on the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim metropolitan area (CPI) for the prior 12-month period ending December and are paid in four (4) equal quarterly installments. Included as payment to the City is the Road Mitigation Payment that is based on the road repair costs relative to the pavement damage from solid waste trucks to local streets.

In June 2025, the California Court of Appeals, in the case of Rogers v. Redlands (Rogers), determined that fees based on the projected deterioration cost of solid waste trucks on City streets were invalid as a de facto toll. As a result of the Rogers decision, the City retained HF&H to quantify a different methodology for establishing the payment of fees to the City by CR&R (see attachment). HF&H's analysis examined the City's existing master fee schedule to identify existing fees that closely resemble the activity of solid waste pick up. The Encroachment Renewal Inspection Fee of \$52.00 per month was identified as the most appropriate benchmark. This fee applies to regular, recurring disruptions of the right-of-way that do not involve construction, physical damage to, or repair of City property, the same essential character as the temporary weekly displacement of curbside parking caused by solid waste container placement.

HF&H calculated the encroachment value on a per-account, per-year basis as follows for the use of the trash carts space: the \$52.00 monthly Renewal Inspection Fee was annualized to \$624.00, then divided by seven to reflect once-per-week collection frequency, yielding an annual per-account encroachment value of \$89.14. This per-account figure was then applied to all residential and commercial accounts served via the public right-of-way under the Agreement. The combined maximum encroachment value is \$2,373,248 per year. Under the proposed amendment, staff recommends that the Franchise Fee replace the Road Mitigation Payment on a dollar-for-dollar basis. The fee will be \$2,131,182.31 as of July 1, 2026. The establishment of the new fee is revenue neutral and does not impact already established solid waste rates.

## **7. ATTACHMENTS**

- First Amendment to Agreement with CR&R