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SECOND AMENDMENT TO WASTE DISPOSAL AGREEMENT

Between

THE COUNTY OF ORANGE, CALIFORNIA

and the

CITY OF COSTA MESA

June 30, 2025

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County Amendment Authorization Date

\_\_\_\_\_, 2025

County Notice Address:

Director, OC Waste & Recycling  
601 N. Ross Street  
5<sup>th</sup> Floor  
Santa Ana, CA 92701

City Amendment Authorization Date

\_\_\_\_\_, 2025

City Notice Address:

CITY OF COSTA MESA  
Attn: Kevin Gaxiola  
77 Fair Drive  
Costa Mesa, CA 92626

## SECOND AMENDMENT TO WASTE DISPOSAL AGREEMENT

THIS **SECOND AMENDMENT TO THE WASTE DISPOSAL AGREEMENT** (“Second Amendment”) is made and dated as of the date indicated on the cover page hereof between the County of Orange, a political subdivision of the State of California (the “County”), and the City of Costa Mesa, a general law city, designated on the cover page of this Agreement and party to this Agreement (the “City”).

### RECITALS

The County owns, manages, and operates a Waste Infrastructure System to manage municipal and solid waste generated within Orange County, California or imported from outside Orange County, California pursuant to contractual agreements (hereafter used referred to as “Disposal System” or “Waste Infrastructure System”). The Waste Infrastructure System collectively includes active Class III sanitary landfills (“County Landfills”), resource recovery, recycling and organics programs, infrastructure and operations, and regional household hazardous waste collection centers and other waste management related systems as may be deemed necessary by the County.

The County is also responsible for the long-term management of 20 closed landfills as required under Applicable Law.

County Landfills are used for the management of municipal solid waste pursuant to legislation including, but not limited to, the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code) (the “Act”) and the Short-lived Climate Pollutants Reduction Act (“SB 1383”). County Landfills are also subject to other state and federal regulations designed to ensure that landfill operations minimize the impacts to public health and safety and the environment.

The City, in the exercise of its police power, its powers under the Act, and other Applicable Law, has entered into a franchise or other agreement with or issued permits or licenses to one or more private haulers for the collection, recycling, diversion, and disposal of municipal solid waste generated within the City.

The City and the County have historically provided for the management of municipal solid waste through Waste Disposal Agreements (“WDAs”), wherein the County agreed to provide disposal capacity for waste generated in the City, and the City agreed to deliver or cause the delivery of waste generated in the City to the Disposal System, as more specifically set forth in, and subject to the terms and conditions of the WDAs. In 2009, the Parties entered into a new WDA (referred to as the “Original WDA”). In 2016, the Original WDA was amended by the Parties (“First Amendment”), whereby the Parties updated certain terms and extended the term through June 30, 2025. (The Original WDA and its corresponding First Amendment are referred to in this Second Amendment as the “Current WDA”.)

In response to passage of several pieces of legislation that require significant reductions in the disposal of organic waste, and in light of the approaching expiration of the Current WDA, the County held two City Manager Summits in November 2024 proposing terms of a new WDA.

The Orange County City Manager Association (“OCCMA”) has established a Committee (“OCCMA Committee”) including representatives of cities and sanitary districts to review the terms of the proposed new WDA. The OCCMA Committee requested a 12-month extension of the Current WDA to allow for additional time to negotiate mutually agreeable terms for a new WDA, and obtain approval from the respective governing bodies. The County is agreeable to OCCMA’s requested extension to the Current WDA on terms as

provided in this Second Amendment.

The City has determined that the execution of this Second Amendment by the City is in the best interest of the City and will serve the public health, safety, and welfare by continuing the waste disposal services historically provided under the Current WDA while the Parties: (1) engage in due diligence related to a new WDA, in order for the City to evaluate the cost/benefit of a new WDA, which is expected to include the City and OCCMA obtaining more comprehensive and detailed information on the County's plans for infrastructure expansion and improvements, the financial and operational conditions of the existing Waste Infrastructure System, and the components, timing, and procedures for future contract fee increases; and, (2) negotiate the terms and conditions of a new WDA.

The County has determined that the execution by the County of this Second Amendment will serve the public health, safety, and welfare by continuing to provide a stable, predictable, and reliable supply of municipal solid waste and the resulting service payment revenue to the Disposal System, while the Parties exchange information and conduct negotiations with the County goal of ensuring that any negotiated Contract Rate in the new WDA covers the full cost of operations and infrastructure O&M and development needed to ensure indemnification and regulatory compliance..

Official action approving this Second Amendment and determining it to be in the public interest and authorizing its execution and delivery was duly taken by the City on the City authorization date indicated on the cover page hereof.

Official action approving this Second Amendment and determining it to be in the public interest and authorizing its execution and delivery was duly taken by the County on the County authorization date indicated on the cover page hereof.

It is, therefore, agreed as follows:

**1. Extended Term.**

(a) Section 6.1 (A) of the Current WDA is deleted in its entirety and replaced with the following:

"Extended Term. This Agreement shall continue in full force and effect until 11:59 p.m. on June 30, 2026 (the "Extended Term"), unless earlier terminated in accordance with its terms, in which event the Extended Term shall be deemed to have expired as of the date of such termination."

(b) Section 6.1 (B) is deleted in its entirety.

(c) Section 6.1 (C) of the Current WDA is deleted in its entirety and replaced with the following:

"Contract Rate Negotiations During Extended Term. If the Orange County City Manager Association's committee tasked with negotiating the terms of a successor to this Agreement with the County and recommending approval of the same to the Parties (the "Committee") and the County have not reached mutually agreeable terms of a successor to this Agreement including, but not limited to, proposed revisions to the Contract Rate, by September 30, 2025, the County shall, and it is expected that the Committee will provide, updates to all Participating Cities, and their respective governing bodies as may be deemed necessary, regarding the status of negotiations on a monthly basis until mutually agreeable terms are reached or the Extended Term expires."

In recommending any revisions to the Contract Rate, in addition to the circumstances described in Section 4.2(A), the Committee and County may take into consideration factors including, but not limited to, the following:

- (i) actual cost of operations;
- (ii) population growth;
- (iii) increase or decrease in available tonnage;
- (iv) economic and disposal market conditions in the Southern California region;
- (v) changes in transportation and technology;
- (vi) changes in transportation costs;
- (vii) closure and expansion of nearby landfills;
- (viii) capacity of the Disposal System;
- (ix) long-term infrastructure needs; and
- (x) available reserves which are in excess of the amount reasonably required as reserves.

(d) Appendix 2 of the Current WDA is deleted in its entirety and replaced with the following:

APPENDIX 2

Cumulative County Acceptable Waste Tonnage Target to be Used for Purposes of Section 4.2(B)

<i>Fiscal Year</i>	<i>County Acceptable Waste Tonnage</i>	<i>Cumulative County Acceptable Waste Tonnage</i>
FY 2025-26	3,166,659	3,166,659

**2. Contract Rate.**

(a) The first paragraph of Section 4.2(A) of the Current WDA is deleted in its entirety and replaced with the following:

“(A) Establishment of Contract Rate. During the Extended Term, the Contract Rate payable by each Franchise Hauler shall be \$43.76 per ton, contingent on the delivery to the Disposal System of an amount of Acceptable Waste at least equal to the Cumulative Tonnage Targets identified in Appendix 2, and subject to adjustment necessary to reflect the circumstances set forth in this Section 4.2, subsections (i) through (z).”

Note: Subsections (i) through (z) found in the Current WDA remain unchanged.

**3. Effectiveness of Second Amendment.**

The provisions of this Second Amendment shall not become effective unless and until this Second Amendment has been executed by the County and all of the Participating Cities, and shall become effective once that occurs.

**4. Representations and Warranties of the Parties.**

Each of the parties to this Second Amendment represent and warrant that it is a political subdivision of the State of California validly existing under the Constitution and laws of the State and that it has duly authorized the execution and delivery of this Second Amendment to each other party.

**5. Remaining Terms.**

All other terms and conditions of the Current WDA not specifically changed by this Second Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, COUNTY and CITY have caused this Second Amendment to be executed by their duly authorized officers or representatives as of the day and year first above written.

County of Orange

City of Costa Mesa

By \_\_\_\_\_  
Director, OC Waste & Recycling

By \_\_\_\_\_  
John Stephens, Mayor

Date \_\_\_\_\_

Date \_\_\_\_\_

Approved as to Form

Approved as to Form

By \_\_\_\_\_  
County Counsel

By \_\_\_\_\_  
Kimberly Hall Barlow, City Attorney

Date \_\_\_\_\_

Date \_\_\_\_\_