



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 25-290

Meeting Date: 5/20/2025

TITLE:

SECOND AMENDMENT TO THE WASTE DISPOSAL AGREEMENT WITH THE COUNTY OF ORANGE

DEPARTMENT: PUBLIC WORKS DEPARTMENT/GENERAL SERVICES
DIVISION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: PATRICK BAUER, DEPUTY PUBLIC WORKS DIRECTOR, 714-754-5029

RECOMMENDATION:

Staff recommends the City Council approve the Second Amendment to the Waste Disposal Agreement with the County of Orange.

BACKGROUND:

The City currently operates under a non-exclusive hauling franchise system which allows for a competitive market for services to multi-family residents and businesses receiving commercial solid waste service. This non-exclusive system consists of seven (7) waste haulers that provide weekly/recurring service. Residential service, including smaller multi-family residences, is provided under a separate Costa Mesa Sanitary District exclusive franchise.

Solid waste disposal at Orange County landfills is governed by a Waste Disposal Agreement (WDA) under which various cities, including Costa Mesa, and sanitary districts agree to exclusively deposit certain waste at the County of Orange's landfills in exchange for low and stable disposal rates. The current WDA was entered in 2009 (Attachment 1) and subsequently amended to extend the term through June 30, 2025 (Attachment 2).

ANALYSIS:

The current WDA between all Orange County cities/sanitary districts and the County of Orange expires on June 30, 2025. In January 2022, OC Waste & Recycling (OCW&R) notified cities of its intent to revise the WDA to align with legislative requirements such as Senate Bill 1383, which requires local governments to divert organic waste, such as food scraps and landscaping waste, away from the landfills in an effort to reduce greenhouse gas emissions and preserve landfill capacity. OCW&R presented a proposed successor agreement to the WDA, titled the Waste Infrastructure System Enhancement (WISE) agreement, at an Orange County City Manager's summit on November 7, 2024.

The WISE agreement proposed increasing the landfill disposal rate from the current rate of \$42.65 to \$82 per ton (a 92.3% increase). It also proposed a rebate program for composted organic waste and an allocation of capital expenditures for organics recycling infrastructure at County landfills.

The Orange County City Manager Association (OCCMA) formed a committee in December 2024 to negotiate a successor agreement to the WDA and requested an extension of the current WDA to allow time for such negotiations. OCW&R has agreed to the OCCMA committee's requested extension under the terms of the proposed amendment, which generally provides for a 12-month extension of the current WDA and a 2.6% disposal fee increase, per the escalation formula in the current WDA.

The extension period will allow stakeholders to conduct due diligence on a successor agreement to the WDA as well as evaluate costs, infrastructure plans, and future fee adjustments. If the OCCMA committee and OCW&R do not reach mutually agreeable terms by September 30, 2025, OCW&R will still continue to work on an agreement and provide monthly updates to all cities/sanitary districts beginning in October 2025.

Staff believes that executing the Second Amendment is in the public interest since it will ensure stable disposal rates and collaboration between all cities/sanitary districts in Orange County for an additional year. The contract rate in the agreement is set at \$43.76 per ton, which is a 2.6% fee increase. All Orange County cities and special districts must approve this amendment in order for it to take effect by the targeted July 1, 2025, deadline.

Staff requests City Council approval of the Second Amendment to the WDA with the County of Orange.

ALTERNATIVES:

The City Council could choose not to approve the Second Amendment to the WDA. However, without the proposed Amendment, Costa Mesa customers could encounter unstable disposal rates as haulers may pay higher landfill rates and potentially utilize alternative out-of-county landfills to dispose of material.

FISCAL REVIEW:

There is no fiscal impact to the City Budget with the approval of the recommended action.

LEGAL REVIEW:

The City Attorney's Office has reviewed this agenda report, the proposed Second Amendment, and approves them both as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item works toward achieving the following City Council goal:

- Maintain and enhance the City's infrastructure, facilities, equipment, and technology.

CONCLUSION:

Staff recommends the City Council approve the Second Amendment to the Waste Disposal Agreement with the County of Orange.