



Agenda Item No: 1.f

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: May 6, 2025

Submitted by: Samantha Byfield

From: Public Works

Subject:

Second Amendment to the Waste Disposal Agreement with the County of Orange

Financial Impact:

Fiscal Impact:

There is no fiscal impact associated with the recommended action.

Summary:

Solid waste disposal at Orange County landfills is governed by a Waste Disposal Agreement (WDA) under which cities and sanitary districts agree to exclusively deposit certain waste at landfills owned by the County of Orange (County) in exchange for low and stable disposal rates. The current WDA was entered into in 2009 and subsequently amended in May 2015 to extend the term through June 30, 2025. The Orange County City Manager Association (OCCMA) is currently negotiating a successor agreement to the WDA with OC Waste and Recycling (OCWR). Additional time is needed to finalize mutually agreeable terms and disposal fees.

The proposed Second Amendment extends the current WDA by one year to allow for continued negotiations and includes a 2.6% disposal fee increase, per the escalation formula in the current WDA. In accordance with the existing franchise agreement with Republic Services (Republic), the City's solid waste provider, the County-imposed disposal rate increases are a pass-through cost where Republic bears the responsibility to cover any County disposal rate increases. Franchise agreement terms entitle Republic to recover increased disposal costs through a pass-through mechanism, subject to City review and approval. Staff recommends the City Council approve the Second Amendment to the WDA.

Recommendation:

Recommended Action: It is recommended the City Council take the following actions to:

1. Approve the Second Amendment to the Waste Disposal Agreement with the County of Orange extending the agreement by one year and increasing the disposal fee 2.6% through June 30, 2026; and
2. Authorize the Interim City Administrator and/or his designee to execute all necessary documents, in a form approved by the City Attorney.

Strategic Plan Statement:

There is no specific Strategic Plan goal or objective associated with this Council action.

Discussion:

The City of Placentia disposes of solid waste at landfills owned and operated by the County through OCWR under the countywide WDA. Cities and sanitary districts agree to exclusively deposit solid waste at County landfills under the WDA in exchange for low and stable disposal rates. The current WDA began in 2009 and was subsequently amended to extend the term through June 30, 2025.

The OCCMA, representing the City of Placentia and the remaining cities and sanitary districts, is currently working to negotiate a successor agreement to the existing WDA with OCWR. Additional time is needed to finalize mutually agreeable terms and disposal fees. OCWR notified cities in January 2022 that it intended 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 landfills. OCWR presented a proposed successor agreement to the WDA, titled the Waste Infrastructure System Enhancement (WISE) agreement, at an OCCMA summit on November 7, 2024. The WISE agreement proposed increasing the landfill disposal rate from \$42.65 to \$82 per ton (a 92.3% increase) to account for operational costs and regulatory compliance. The WISE agreement also proposed a capital expenditure allocation for improving County landfill infrastructure.

As a result of the significant proposed increase, 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 negotiations. OCWR has agreed to the requested extension under the terms of the proposed Amendment which generally provides for a 12-month extension and a 2.6% Consumer Price Index (CPI) disposal fee increase, per the WDA escalation formula. In accordance with the existing franchise agreement with Republic Services (Republic), the City's solid waste provider, the County-imposed disposal rate increases are a pass-through cost where Republic bears the responsibility to cover any County disposal rate increases. Franchise agreement terms entitle Republic to recover increased disposal costs through a pass-through mechanism, subject to City review and approval. The extension period would allow stakeholders time to conduct due diligence on a proposed successor agreement to the WDA by September 30, 2025, as well as evaluate costs and infrastructure plans ahead of a larger expected increase on July 1, 2026. All cities and sanitary districts will receive monthly updates beginning October 2025 if the OCCMA committee and OCWR do not reach mutually agreeable terms by September 30, 2025.

Staff recommends the City Council approve the Second Amendment to the Waste Disposal Agreement with the County of Orange as it ensures stable disposal rates and collaboration between all cities and sanitary districts in Orange County for an additional year.

Fiscal Impact Summary:

The proposed amendment extends the WDA by one year to allow for continued negotiations for a successor agreement and includes a 2.6% CPI disposal fee increase, per the current WDA escalation formula. In accordance with the existing franchise agreement with Republic Services (Republic), the County-imposed disposal rate increases are a pass-through cost. Republic bears the responsibility to cover any County disposal rate increases. Franchise agreement terms entitle Republic to cover increased disposal costs through a pass-through mechanism, subject to City review and approval.

Attachments

