

AGENDA STAFF REPORT



DATE: March 23, 2026

TO: Honorable Mayor and City Council

THRU: Patrick Gallegos, City Manager

FROM: Iris Lee, Director of Public Works

SUBJECT: **Approving and Authorizing the Waste Infrastructure System Enterprise Agreement with the County of Orange**

SUMMARY OF REQUEST:

That the City Council adopt Resolution 7752:

1. Approving the Waste Infrastructure System Enterprise (WISE) Agreement with the County of Orange for municipal solid waste disposal rates and services; and,
2. Authorizing the City Manager, or their designee, to execute the agreement and supporting documents on behalf of the City and make minor modifications as necessary.

BACKGROUND AND ANALYSIS:

Solid waste disposal at Orange County (County) landfills is governed by a Waste Disposal Agreement (WDA) under which cities and sanitary districts (Participating Agencies) agree to exclusively deposit certain waste at the County's landfills in exchange for low and stable disposal rates. The City entered into the current WDA in 2009 and approved an amendment in 2016 to extend the term through June 30, 2025 (First Amendment).

In January 2022, Orange County Waste & Recycling (OCW&R) notified cities of its intent to revise the WDA as the WDA neared expiration. OCW&R presented a proposed successor agreement to the WDA, titled the Waste Infrastructure System Enterprise (WISE) agreement, in November 2024.

In December 2024, the Orange County City Manager Association (OCCMA) formed a committee comprised of subject matter experts to negotiate the WISE agreement terms on behalf of the Participating Agencies and requested an extension of the WDA to allow time for such negotiations. OCW&R agreed to the OCCMA's proposed amendment (Second Amendment), which provided a 12-month extended term under the current WDA and a 2.6% disposal fee increase in

accordance with the Consumer Price Index (CPI) escalation calculation included in the current WDA. On April 28, 2025, the Seal Beach City Council adopted the Second Amendment via Resolution 7635, extending the term of the WDA to June 30, 2026. The extended term allowed OCCMA time to conduct due diligence and negotiate with the County.

The current WDA limits annual rate increases to CPI and does not account for rising operational, regulatory, and environmental compliance costs given the changing landscape of waste management in the State of California, particularly related to organics mandates and programs. OCW&R also indicated that additional capital was needed to fund the Brea Olinda landfill closure and to significantly expand the capacity of the landfill in San Juan Capistrano over the course of the 10-year term. OCW&R's initial WISE proposal would have increased the WISE contract disposal rates from \$43.76 per ton (FY 2025-26 WISE contract rate) to \$82.00 in the first year (87% increase) and were projected to rise to nearly \$107.00 by 2035.

Through negotiations, OCCMA reached an agreement on a phased WISE contract rate structure for the first three (3) years of the WISE Agreement. Starting in FY 29-30, the WISE contract rate includes a CPI increase.

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

Effective July 1, 2026, the increased WISE contract disposal rates will in turn result in increased residential and commercial customer bills in addition to the regular annual increase related to the CPI adjustment. This is because the City's current solid waste franchise agreement allows Republic Services (Republic) to automatically adjust its solid waste rates upon an increase in tipping fees (like the WISE contract rate) once per year provided certain noticing and other criteria are met. The FY 2026-27 solid waste rate schedule, which includes both the disposal and service component increases, is attached for City Council review as Attachment C.

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

- Beginning in 2030, an annual “true-up” process that may freeze CPI adjustments depending on OCW&R'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 OCW&R'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 is sent to OCW&R; the County will offer optional organic waste processing services.

On January 27, 2026, the Orange County Board of Supervisors adopted the WISE Agreement. Cities must adopt the WISE Agreement by April 30, 2026, to avoid disposal rates 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.

Separately, the City is continuing to negotiate with Republic on an Amended and Restated Solid Waste Franchise Agreement to address compliance with state mandates for organic waste imposed by SB 1383 Short-Lived Climate Pollutants and CalRecycle's corresponding regulations and to generally modernize the City's solid waste franchise agreement. The City's existing solid waste franchise agreement was entered into in 1997 and has only been amended once in that time. The adoption of the WISE Agreement with the County is separate from the City's solid waste franchise agreement with Republic. The City needs to consider and take action on the WISE Agreement regardless of negotiations with Republic in the City's solid waste franchise agreement.

The City finds that executing the WISE agreement is in the public interest since it will ensure stable disposal rates.

ENVIRONMENTAL IMPACT:

This item is not subject to the California Environmental Quality Act (CEQA) because it is an administrative activity of a governmental agency that will not result in a direct or indirect impact to the environment and is therefore not a "project" under Section 15378(b)(5) of the state CEQA Guidelines. Further, and in the alternative, if this item were considered a "project" this item would not be subject to CEQA pursuant to Section 15061(b)(3) of the state CEQA Guidelines because it can be seen with certainty that approval of an agreement amendment with the County of Orange will not have a significant impact on the environment.

LEGAL ANALYSIS:

The City Attorney has approved the agreement and resolution as to form.

FINANCIAL IMPACT:

The WISE contract disposal rate of \$67 per ton will be effective on July 1, 2026, an increase from the current rate of \$43.76. Per the City's existing solid waste hauler agreement, it will be reflected as a pass-through rate for the solid waste collection accounts.

Republic's solid waste collection rates are based on a "blended" formula. Landfill disposal fees (commonly referred to as "tipping fees") make up 30% of the overall rate, which are affected by the WISE contract. The remaining 70% is subject to an annual Consumer Price Index (CPI) adjustment. Below is a table that shows the proposed changes in selected rates to provide examples of impacts on Republic rates. As residential customers are billed on a bi-monthly basis, rates are shown both monthly and bi-monthly. Commercial customers are billed monthly. See Attachment C for a full rate schedule.

Customer Class	FY 25-26 monthly	FY 25-26 bi-monthly	FY 26-27 monthly	FY 26-27 bi-monthly
Single Family Residential	\$24.56	\$49.12	\$28.92	\$57.84
Multi-Family Residential	\$23.66	\$47.32	\$27.86	\$55.72
Commercial, 3 yard, once per week	\$208.28	n/a	\$245.20	n/a

Appropriations and revenues will be included in the proposed FY 2026-27 budget.

STRATEGIC PLAN:

This item is not applicable to the Strategic Plan.

RECOMMENDATION:

That the City Council adopt Resolution 7752:

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2. Authorizing the City Manager, or their designee, to execute the agreement and supporting documents on behalf of the City and make minor modifications as necessary.

SUBMITTED BY:

Iris Lee

Iris Lee, Director of Public Works

NOTED AND APPROVED:

Patrick Gallegos

Patrick Gallegos, City Manager

Prepared by: Lauren Barich, Management Analyst

ATTACHMENTS:

- A. Resolution 7752
- B. WISE Agreement
- C. FY 2026-27 Republic Services Rate Schedule

Waste Infrastructure

System Enterprise (WISE) Agreement

MARCH 23, 2026





EXECUTIVE SUMMARY

- Action Requested
 - Adopt the WISE Agreement with Orange County Waste & Recycling (OCW&R)
- Why
 - Adoption ensures stable long-term disposal rates, modernizes terms, and maintains participation benefits
- Impact
 - Phased disposal rate increases beginning Fiscal Year 2026-2027
 - Residential / Commercial bills will increase in July 2026 per franchise terms with Republic Services
- Term
 - 10 years, with one optional 10-year extension



BACKGROUND

- The current Waste Disposal Agreement (WDA) governs disposal at OCW& landfills. Cities and sanitary districts deposit waste at OCW&R landfills for stable rates. The City entered into the WDA in 2009.
- OCW&R introduced the new WISE Agreement as WDA neared the June 30, 2025 expiration date.
- Upon review, the Orange County City Manager Association (OCCMA) requested a 12-month extension to negotiate for better terms. Cities, including Seal Beach, adopted amendments to extend the WDA term to expire June 30, 2026.
- Why a new agreement?
 - Current WDA limits increases to CPI only and does not reflect rising operational, regulatory, and environmental compliance costs.
 - OCW&R needs capital for landfill closure and capacity expansion.



KEY PROVISIONS NEGOTIATED

- Rate Structure
 - Phased rates for FY 2026-27 through FY 2028-29.
 - CPI adjustments begin FY 2029-30.
 - Slower increases than originally proposed by OCW&R.
 - Annual "true-up" process starting in 2030.
 - May freeze CPI adjustments depending on OCW&R cost recovery and tonnage revenue.
 - Cities may initiate "meet and confer" with review by an independent consultant.



KEY PROVISIONS NEGOTIATED (*continued*)

- Transparency and Oversight
 - Annual review and notification provisions, ensuring OCCMA participation and visibility.
- Risk Mitigation
 - Removed language that would make cities financially responsible for hauler non-payment.
- Blended CPI index adopted.
 - Blended CPI: 60% Solid Waste/Water/Sewer + 40% All Urban Consumers.
- Organics Flexibility
 - Removed requirement to send all organics to OCW&R; OCW&R to offer optional organic processing services.
 - Staff does not recommend executing the optional organics agreement.
- Cities must adopt WISE by April 30, 2026 to secure these rates; otherwise, cities are subject to a 10% increase.



FINANCIAL IMPACT

- Republic Services rates use a blended formula for annual increases
 - 70% is adjusted based on CPI
 - 30% is adjusted based on landfill tipping fees (WISE)
 - Under the City's solid waste hauler agreement, an increase in tipping fees is passed directly through to solid waste collection accounts.
 - Per WISE, the tipping fees will increase from \$43.76 to \$67 per ton on July 1, 2026.
 - Original request prior to OCCMA negotiations: \$82 per ton

Republic Services Customer Rates

Customer Class	FY 25-26 monthly	FY 25-26 bi-monthly	FY 26-27 monthly	FY 26-27 bi-monthly
Single Family Residential	\$24.56	\$49.12	\$28.92	\$57.84
Multi-Family Residential	\$23.66	\$47.32	\$27.86	\$55.72
Commercial, 3 yard, once per week	\$208.28	n/a	\$245.20	n/a

WISE Rate Structure

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2029-30	\$81.00/ton + CPI

ALTERNATIVES AND RECOMMENDATIONS

- Alternatives
 - OCW&R owns all of the landfills in Orange County.
 - In theory, waste could be taken outside of the County. In practice, this would be more expensive due to increases in labor and transportation fees, in addition to being subject to public disposal rates outside of the County.
 - As far as we know, no cities are not signing WISE.
- Recommendation
 - Execute the WISE Agreement to ensure stable disposal rates, which is in the public interest.





THANK YOU!
