



Agenda Report

Fullerton City Council

MEETING DATE: APRIL 15, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: STEPHEN BISE, P.E., PUBLIC WORKS DIRECTOR

PREPARED BY: JEROME JOAQUIN, PUBLIC WORKS ADMIN. MANAGER
MICHELLE DURON, SOLID WASTE AND RECYCLING SPECIALIST

SUBJECT: SECOND AMENDMENT TO AGREEMENT BETWEEN THE COUNTY OF ORANGE AND CITY OF FULLERTON FOR WASTE DISPOSAL

SUMMARY

Request for City Council authorization to extend the Waste Disposal Agreement with the County of Orange through June 30, 2026.

PROPOSED MOTION

1. Approve Waste Disposal Agreement one-year extension, including a 2.6% CPI disposal fee increase, through June 30, 2026.
2. Authorize City Manager to execute the agreement and make minor modifications, as necessary.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

The City Manager recommends approval of the 2.6% CPI increase. The City will continue to monitor over the next year, and be involved with the discussions on the WDA extension.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

The proposed amendment extends the Waste Disposal Agreement (WDA) by one year to allow continued negotiations for a successor agreement and includes a 2.6% Consumer Price Index (CPI) disposal fee increase, per the current WDA escalation formula. Stakeholders would use the one-year extension to evaluate the proposed successor agreement 92.3% cost increase, infrastructure plans and future fee adjustments to ensure valid and stable disposal rates. All cities and sanitary districts would receive monthly updates beginning October 2025 if the Orange County City Managers Association (OCCMA) committee and Orange County Waste and Recycling (OCWR) do not reach mutually agreeable terms by September 30, 2025.

In accordance with the existing agreement with Republic Services, these County-imposed disposal rate increases a pass-through cost. The franchised City hauler, Republic Services, bears responsibility to cover any County disposal rates increases. Franchise agreement terms entitle Republic to recover increased disposal costs through a pass-through mechanism, subject to City review and approval. The WDA extension has no General Fund fiscal impact.

BACKGROUND AND DISCUSSION

The City of Fullerton disposes of solid waste at landfills owned and operated by the County of Orange through OCWR under a county-wide agreement known as the WDA. Cities and sanitary districts agree to exclusively deposit solid waste at County of Orange landfills under the WDA in exchange for low and stable disposal rates. The current WDA began in 2009 and subsequently amended to extend the term through June 30, 2025.

The OCCMA, representing the City of Fullerton along with the remaining cities and sanitary districts, is negotiating a successor agreement to the WDA with OCWR and needs additional time 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 the landfills. OCWR presented a proposed successor agreement to the WDA, titled the Waste Infrastructure System Enhancement (WISE) agreement, at an Orange County City Manager summit on November 7, 2024.

The WISE agreement originally 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. It also proposed a capital expenditure allocation for County landfill infrastructure.

The 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 OCCMA committee-requested extension under the terms of the proposed amendment, which generally provides for a *12-month extension and a 2.6% CPI disposal fee increase*, per the WDA escalation formula. 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 rate increase on July 1, 2026. All cities and sanitary districts would receive monthly updates beginning October 2025 if the OCCMA committee and OCWR do not reach mutually agreeable terms by September 30, 2025.

The City finds that executing the Second Amendment is in the public interest since it would ensure stable disposal rates and collaboration between all cities and sanitary districts in Orange County for an additional year.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Proposed Second Amendment WDA

cc: City Manager Eric J. Levitt