



# **Agenda Report**

## **Fullerton City Council**

**MEETING DATE:** MARCH 3, 2026

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

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

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

**SUBJECT:** WASTE INFRASTRUCTURE SYSTEM ENTERPRISE AGREEMENT BETWEEN THE COUNTY OF ORANGE AND CITY OF FULLERTON FOR MUNICIPAL SOLID WASTE DISPOSAL RATE

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### **SUMMARY**

Staff requests City Council approve a new Waste Infrastructure System Enterprise Agreement (WISE Agreement) with the County of Orange to establish updated municipal solid waste disposal rates and services for a ten-year term ending June 30, 2036.

### **PROPOSED MOTION**

1. Approve WISE Agreement with the County of Orange for Municipal Solid Waste Disposal Rates and Services.
2. Authorize City Manager, or designee, to execute the WISE Agreement on behalf of the City and make minor modifications as necessary, in a form approved by the City Attorney.

### **ALTERNATIVE OPTIONS**

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

### **STAFF RECOMMENDATION**

Staff recommends the Proposed Motion.

## CITY MANAGER REMARKS

None.

## PRIORITY POLICY STATEMENT

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

## FISCAL IMPACT

This item has no General Fund impact. The solid waste hauler cost structure incorporates new landfill solid waste disposal rates in the Agreement with the County and reflected in customer service rates.

## BACKGROUND AND DISCUSSION

The County of Orange (County), through Orange County Waste and Recycling (OCWR), operates the County-owned landfill system which includes three active landfills and approximately 20 inactive sites. Orange County cities participated in the Waste Disposal Agreement (WDA) since 1997 which guaranteed landfill capacity and disposal rates at least 10% below non-contract customers. The parties amended the WDA several times and, most recently, for a one-year extension in 2025.

OCWR developed the successor Waste Infrastructure System Enterprise (WISE) Agreement as the WDA approached expiration. The Orange County City Managers Association (OCCMA), representing cities and districts that rely on the landfill system, began negotiations in late 2024 and secured a one-year WDA extension in 2025 and rate adjustment per the existing agreement through June 30, 2026, allowing additional time for negotiations.

### *County Increased Rate and Impact*

The County informed OCCMA that the WDA limits annual rate increases to the Consumer Price Index (CPI) which does not reflect escalating operational, regulatory and environmental compliance costs. The County requires additional capital to fund the Brea Olinda Landfill closure and expand capacity at the San Juan Capistrano Landfill over the next decade. The original 2024 WISE proposal would have increased disposal rates from \$42.65 per ton in FY 2024–25 to \$82.00 in FY 2025–26, reaching nearly \$107.00 by the end of the initial term of the agreement.

OCCMA negotiated a phased rate structure for the first three years of the WISE agreement, with CPI-based adjustments added annually thereafter, in addition to any hauler-related cost increases associated with the Consumer Price Index for All Urban Consumers (CPI-U), capped by the 2009 Solid Waste Handling Services Agreement with Republic Services at 6% per year.

The City's Solid Waste Handling Services Agreement with Republic Services treats landfill disposal costs charged by OCWR as a direct pass-through expense. The City does not retain or markup disposal fees. Instead, the hauler cost structure incorporates

disposal rate increases approved under the WISE Agreement and reflects in customer service rates.

The following table shows the projected impact on disposal rates for the standard residential (96 Gal 3-cart) and commercial (3 CY 1x Weekly) service rates in Fullerton for the next three years:

<b>Fiscal Year</b>	<b>Contract Disposal Rate</b>	<b>Impact to Residential Rate (Monthly)</b>	<b>Impact to Commercial Rate (Monthly)</b>
2025-26	\$43.76 / ton		
2026-27	\$67.00 / ton	\$2.04*	\$16.94*
2027-28	\$74.00 / ton	\$0.62*	\$5.10*
2028-29	\$81.00 / ton	\$0.62*	\$5.10*
2029-30	\$81.00 / ton + Blended CPI	Unknown	Unknown

\*Estimate based on available data

The disposal rate will adjust annually beginning in FY 2029–30 based on a blended Consumer Price Index consisting of the national Water, Sewer and Solid Waste Index and the Los Angeles–Long Beach–Anaheim area. This blended CPI averaged approximately 4.3 percent based on the average annual 12-month CPI changes from 2021 through 2025.

#### *WISE Agreement Components*

Negotiations primarily focused on disposal rates, however, OCCMA settled several important provisions in the WISE Agreement to help stabilize rates and protect rate payers from significant future rate adjustments.

- Include annual review and notification provisions to ensure continued OCCMA participation, enhancing transparency and oversight of OCWR’s financial status and WISE Agreement implementation.
- Implement annual “true-up” process beginning in 2030 to review OCWR operating costs, revenue and tonnage. This process may result in a freeze on rate adjustments. Additionally, the review will include an independent consultant analysis if fifty percent of cities vote to initiate a “meet and confer” process.
- Remove language that would have made cities financially responsible for hauler non-payment.
- Adopt a blended CPI index (60% Solid Waste, Water and Sewer; 40% All Urban Consumers).
- Remove requirement to send all residential organic waste to OCWR. The County will offer optional organic waste processing services.

Cities must adopt the WISE Agreement by April 30, 2026 to avoid disposal rates up to 10% higher. Cities representing at least 50% of the waste disposed at County landfills must ratify the agreement to meet the WISE Agreement ‘Participation Threshold’. The

agreement term runs ten years, through June 30, 2036, with one optional ten-year extension.

The WISE Agreement also continues the revenue sharing component for out of county imported waste established under the WDA. However, the County must prioritize waste from jurisdictions that have entered WISE Agreements if imported waste adversely affects the County's ability to receive and dispose of waste from those jurisdictions with agreements.

Finally, the City's Solid Waste Management services provider, currently Republic Services, must sign the revised Franchise Hauler Acknowledgement form, noted in Appendix 4 of the agreement.

Attachments:

- Attachment 1 – Draft Fullerton WISE Agreement
- Attachment 2 – Draft Service Coordinator Designation Form

cc: Interim City Manager Eddie Manfro