



ADMINISTRATION COMMITTEE

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Agenda Report

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Agenda Item No: 7.

FROM: Robert Thompson, General Manager
Originator: Lan C. Wiborg, Director of Environmental Services

SUBJECT:

ORANGE COUNTY WASTE AND RECYCLING WASTE INFRASTRUCTURE SYSTEM ENTERPRISE AGREEMENT AND ORGANIC SERVICES AGREEMENT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve the Waste Infrastructure System Enterprise (WISE) Agreement and the Organic Services Agreement with Orange County Waste and Recycling to receive and dispose of Orange County Sanitation District's (OC San) solid waste (grit, screenings, drying bed materials and any solids that cannot be beneficially reused) at Orange County Waste and Recycling's landfills for a term of 10 years from July 1, 2026 through June 30, 2036 for a total amount not to exceed \$18,000,000 which includes the phased-in unit price per ton approach and the associated escalation costs; and
- B. Approve up to one (1) additional, 10-year renewal agreement.

BACKGROUND

Orange County Waste and Recycling (OCWR) is responsible for managing Orange County's (County) solid waste disposal system. The system consists of three active regional landfill operations, three organic processing facilities, 20 closed solid waste disposal sites, and four household hazardous waste collection centers. Since 2013, OCWR has been providing OC San with a low-cost, in-county option to properly dispose up to 50 tons per day (tpd) of solid waste generated from the grit, screenings, drying beds, as well as from special projects such as Supercritical Water Oxidation (SCWO) at the Frank Bowerman Landfill located in the city of Irvine. In addition, OCWR provides an option for limited disposal of solids that cannot be beneficially reused at the Prima Deshecha Landfill located in the city of San Juan Capistrano.

On April 8, 1997, the Orange County Board of Supervisors (Supervisors) approved Waste Disposal Agreements (WDAs) for a contract term of 10 years (1997-2007) with local jurisdictions and sanitation districts whereby jurisdictional tonnage is dedicated to County landfills in exchange for stable and competitive disposal rates. On June 22, 2004, the Supervisors approved the extension of the WDAs to June 30, 2010.

On March 24, 2009, the Supervisors approved WDAs for an additional 10-year contract term (2010-2020) and on December 15, 2015, approved the First Amendment to extend the expiration date of the 2009 WDAs from June 30, 2020, to June 30, 2025. The WDAs included the free disposal of residential Processed Green Material for use as Alternative Daily Cover at County landfills, until the change in regulations with Assembly Bill (AB) 1594 and Senate Bill (SB) 1383 implementation in 2020 removed diversion credit for the material and redefined unprocessed organic material as regular waste.

On May 20, 2025, the Supervisors approved the Second Amendment to extend the term from June 30, 2025, to June 30, 2026, to provide additional time for the parties to complete negotiations regarding the successor agreement to the WDA referred to as the WISE Agreement. Local jurisdictions and sanitation districts are also being offered new organic processing services (to assist them in meeting their SB 1383 organic diversion mandates) under an optional Organic Services Agreement (OSA). The majority of the language found in the WISE Agreement is carried over from the existing WDAs and includes the County's commitment to indemnify cities for all landfill related environmental liability.

WISE Agreement

The WISE Agreements that were approved by the Supervisors on January 27, 2026, are the result of extensive negotiations between the County of Orange and the Orange County City Managers Association (OCCMA) Subcommittee which was tasked with negotiating on behalf of the cities and sanitation districts including OC San. Rates are structured with automatic annual escalation based on the Consumer Price/Waste Industry Index (CPI) increases intended to ensure that revenue increases along with inflationary increases to the costs of managing the Waste Infrastructure System.

The County proposed two options for jurisdictions to agree to regarding the WISE Agreement. Each option presented provides for an analysis allowing for adjustments to ensure appropriate cost recovery. These options are outlined below.

Option 1: \$ 73 /ton in year 1 and then increasing by CPI every July 1st in subsequent years.

Option 2: Phased-In Approach (Year 1: \$67/ton, Year 2: \$76/ton, Year 3: \$78/ton, Years 4-10: Rate + CPI)

The County provided these options to the OCCMA Subcommittee to present to OCCMA and the sanitation districts, including OC San, which take part in the WDAs. Additionally, both options continue the revenue sharing from imported waste delivered to the County's solid waste disposal system with the jurisdictions taking part in the WISE Agreement. Based on the options presented, the Option 2 Phased-In Approach was selected as the approved WISE Agreement rate structure. The Option 2 rate will allow for a phased increase in rates within the County over three years, while providing OCWR the revenue to continue its operations and programs to meet its regulatory requirements, resulting in a stable landfill system to the residents of Orange County. Additionally, Option 2 continues the revenue sharing from imported acceptable waste received by the County as outlined within Section 3.6(F) of Attachment A, with jurisdictions participating in the WISE Agreement.

Organic Services Agreement (OSA)

In addition to the disposal of waste, the WISE Agreement had originally included organics processing for jurisdictions to take part in and deliver preprocessed organic waste to the County’s organic facilities. OCWR-produced compost and mulch are high quality products that have received US Composting Council’s STA Certification as well as OMRI Listed® by the Organic Materials Review Institute, which is certified for use in organic farming and gardening under the USDA National Organic Program.

The OSA allows jurisdictions to bring preprocessed organic waste to OCWR organic facilities for processing and diversion at a guaranteed rate. The HF&H Consultant’s rate model assessed costs for organics operations and required infrastructure and is proposing an Organic Contract Rate of \$67 per ton. Additionally, under the OSA, jurisdictions and their residents are entitled to receive free Seal of Assurance Testing (STA) Certified bulk compost and mulch which will assist participating jurisdictions in meeting their SB 1383 Recovered Organic Waste Procurement requirements. Jurisdictions and other non-contract customers that choose not to participate in the OSA, will be able to purchase finished compost and mulch at market rates set by the OCWR Director.

Summary of the relevant Rate Adjustments:

| | 2025 Rate | 2026-2028 Proposed Rates |
|----------------------------------|-------------|---|
| WDA, Amendment No. 2 | \$48.14/ton | N/A |
| WISE Agreement | N/A | Year 1: \$67/ton Year 2: \$76/ton Year 3: \$78/ton Years 4-10: Rate + CPI |
| Organic Services Agreement (OSA) | N/A | \$67/ton + CPI |

RELEVANT STANDARDS

- Maintain and adhere to appropriate internal planning documents (2025 Strategic Plan, 2017 Biosolids Master Plan, etc.)
- Protect OC San assets
- Sustain 1, 5, 20-year planning horizons
- Ensure the public’s money is wisely spent
- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities

PROBLEM

OC San’s current one-year extension of the existing WDA Amendment No. 2 with OCWR is expiring on June 30, 2026, with no remaining renewal options, an agreement is needed to routinely haul solid waste to the various in-county landfills.

PROPOSED SOLUTION

Approve the WISE Agreement and OSA with OCWR for a term of ten years from July 1, 2026, through June 30, 2036, and up to one additional ten-year renewal amendment to ensure operational resiliency, rate stability, and uninterrupted service.

TIMING CONCERNS

OC San will need the WISE Agreement and OSA signed and processed before the WDA expires on June 30, 2026 to ensure there is no lapse in service.

RAMIFICATIONS OF NOT TAKING ACTION

If the agreement is not approved, OC San will not have an in-county option to dispose of the solid waste collected by OC San and its member agencies. Out-of-county alternatives pose logistical challenges and significant cost increases.

PRIOR COMMITTEE/BOARD ACTIONS

June 2025 - Approved Amendment No. 2 of the OC Waste and Recycling Waste Disposal Agreement, extending the initial term of the Agreement from June 30, 2025 to June 30, 2026, for a total amount not to exceed \$748,000 which includes the unit price per ton for solid waste disposal and the associated escalation costs.

June 2015 - Approved Amendment No. 1 of the OC Waste and Recycling Waste Disposal Agreement, extending the initial term of the Agreement from June 30, 2020 to June 30, 2025.

November 2012 - Approved a Waste Disposal Agreement with the County of Orange (Orange County Waste and Recycling) for the County to receive and dispose of the Orange County Sanitation District's biosolids at the Prima Deshecha Landfill, subject to available capacity, for the period commencing on December 1, 2012 through June 30, 2020, with a renewal option of 10-years in a total annual amount not to exceed \$3,605,288.

ADDITIONAL INFORMATION

N/A

CEQA

The WISE Agreement and OSA are exempt from CEQA review pursuant to CEQA Guidelines Section 15061(b)(3).

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2024-25 and 2025-2026, Section 5, Page 6, Contractual Services - Solids Removal) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- WISE Agreement and OSA
- OCWR January 27, 2026 - Agenda Staff Report