



**SUPPLEMENTAL AGENDA ITEM
AGENDA STAFF REPORT**

Control: 26001487

MEETING DATE: 06/23/2026

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): All Districts

SUBMITTING AGENCY/DEPARTMENT: OC Waste & Recycling

DEPARTMENT CONTACT PERSON(S): Tom Koutroulis, 714-834-4122
Robert Sedita, 714-834-4118

REASON ITEM IS SUPPLEMENTAL: Due to unforeseen delays in finalizing the agreements with the haulers, this Agenda Staff Report and attachments were finalized after the filing deadline to the Clerk of the Board.

JUSTIFICATION: This item cannot be moved to a later date as the amendment includes rate adjustments that need to be approved by July 1, 2026.

SUBJECT: Amendment to Unincorporated Franchise Agreements for Waste Collection Services

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	No Legal Objection	DISCUSSION 3 Votes Board Majority

Budgeted: N/A	Current Year Cost: N/A	Annual Cost: N/A
Staffing Impact: No		Sole Source: No
Current Fiscal Year Revenue: N/A	Funding Source: N/A	County Audit in Last 3 years: No
Levine Act Review Completed? N/A		

Prior Board Action: 1/27/2026 #15, 4/26/2022 #43, 6/8/2021 #3, 5/25/2021 #S84A

RECOMMENDED ACTION(S):

Authorize OC Waste & Recycling Director or designee to execute amendments to the Exclusive Franchise Agreements for discarded materials management services for unincorporated franchise areas and make minor non-material edits as may be required without further Board approval.

SUMMARY:

Approval of the amendments to the Exclusive Franchise Agreements for discarded materials management will meet the requirement of matching the rates of the Waste Infrastructure System Enterprise agreements and maintain compliance with state and federal regulations.

BACKGROUND INFORMATION:

OC Waste & Recycling (OCWR) is responsible for managing Orange County's (County) solid waste disposal system. The system consists of three active regional landfill operations, twenty closed solid waste disposal sites, and four household hazardous waste collection centers. OCWR administers 11 Exclusive Franchise Agreements providing ongoing commercial and residential discarded material management services for the unincorporated parts of the County. Exclusive Franchise Agreements were approved by the Board of Supervisors (Board) on December 15, 1998, each for a 10-year term. On December 19, 2006, the Board extended the Franchise Agreements for three years, effective July 1, 2007, through June 30, 2010, On December 8, 2009, the Board approved a 10-year extension for the Exclusive and Non-Exclusive Franchise Agreements, effective July 1, 2010, through June 30, 2020. On June 23, 2020, the Board approved a one-year extension to the Agreements, effective July 1, 2020, through June 30, 2021. OCWR issued an RFP on February 1, 2021, and awarded new Exclusive Franchise Agreements on June 8, 2021. Franchise Area 7A was subsequently amended administratively on January 3, 2023, adding 2 cubic yard (CY), 3 CY, and 4 CY waste collection bin rates to the County Franchise Agreement that were unintentionally omitted from the original agreement. Franchise Area 2 was subsequently amended on April 26, 2023, removing Hammer Island within the City of Placentia from the Franchise Agreement, due to its annexation into the City of Placentia.

On January 27, 2026, the Board approved the Waste Infrastructure System Enterprise (WISE) and Organics Services Agreement (OSA) providing updated waste disposal and optional organic processing to Cities and Sanitation districts in the County. Under the WISE Agreement associated landfill rates were increased; (Year 1: \$67/ton, Year 2: \$74/ton, Year 3: \$81/ton, Year 4: \$81 + Consumer Price Index [CPI]). Additionally, the OSA allows jurisdictions to bring preprocessed organic waste to OCWR organic facilities for processing and diversion at a guaranteed rate of \$67/ton. Under the WISE Agreement, the County of Orange is treated as a city and charged the same rates as the WISE Agreement and OSA signatories. Franchise Haulers that provide services to County unincorporated areas are being directed to participate in the OSA to ensure that the County continues to be compliant with state organic diversion requirements. Because OCWR operates as a full cost recovery model, these associated increases reflect operational costs for the agency, increasing construction costs, costs associated with diversion legislation such as Senate Bill (SB) 1383, Assembly Bill (AB) 341 and AB 1826, while planning for future demands on the waste system and continuing to meet current and future regulatory compliance.

The existing Exclusive Franchise Agreements allow for a passthrough of disposal costs. OCWR has worked with its 3 (three) Exclusive Franchise Haulers to assess the disposal cost impacts to residential and commercial rates and has utilized its consultant Hilton Farnkopf & Hobson (HF&H) to analyze the current components of the residential and commercial rate structures for waste services, to calculate an appropriate disposal rate increase related to the WISE and OSA rate increases. An analysis was done for each Franchise Area independently to ensure only direct costs for disposal were being included and no costs were being shared or subsidized by another Franchise Area or cost center. The rate analysis also included the annual CPI increase outlined within the Exclusive Franchise Agreements.

Based on the analysis of the impacts of the increased disposal rates, residential rates are proposed to increase between \$0.79 and \$2.63 per month and commercial rates and proposed to increase between \$4.94 and \$21.15 per month. This equates to a seven percent to 13.29 percent increase in residential costs and a 6.18 percent - 15.17 percent increase in commercial costs. The rate breakdown for the disposal increase is outlined below in Table's 1 and 2.

Table 1: Total Rate Increase Including CPI and WISE Disposal Adjustment Effective July 1, 2026

Sector	Franchise Area 2	Franchise Area 4	Franchise Area 7-A	Franchise Area 1	Franchise Area 3	Franchise Area 5 CA-2	Franchise Area 9	Franchise Area 5 CA-1	Franchise Area 6	Franchise Area 7-B	Franchise Area 8	Low	High	Median
	Republic Services	Republic Services	Republic Services	CR&R	CR&R	CR&R	CR&R	Waste Management	Waste Management	Waste Management	Waste Management			
Residential Curbside Excluding Additional Recycling and Organics Carts (1)	12.69%	N/A	N/A	12.87%	12.42%	10.53%	13.29%	7.01%	11.99%	9.42%	12.42%	7.01%	13.29%	12.42%
Multi-Family and Commercial Refuse Cart and Bins (2)	12.22%	12.97%	6.18%	13.67%	14.09%	11.22%	15.17%	9.73%	10.15%	9.37%	12.58%	6.18%	15.17%	12.22%

Table 2: Rate Impacts

Sector	Franchise Area 2	Franchise Area 4	Franchise Area 7-A	Franchise Area 1	Franchise Area 3	Franchise Area 5 CA-2	Franchise Area 9	Franchise Area 5 CA-1	Franchise Area 6	Franchise Area 7-B	Franchise Area 8	Low	High	Median
	Republic Services	Republic Services	Republic Services	CR&R	CR&R	CR&R	CR&R	Waste Management	Waste Management	Waste Management	Waste Management			
Residential														
WISE Disposal Increase	\$ 2.63	N/A	N/A	\$ 2.16	\$ 1.96	\$ 1.52	\$ 2.27	\$ 0.79	\$ 2.22	\$ 1.85	\$ 2.01	\$ 0.79	\$ 2.63	\$ 2.01
CPI Increase	\$ 1.21	N/A	N/A	\$ 0.98	\$ 0.93	\$ 0.93	\$ 0.97	\$ 1.06	\$ 1.11	\$ 1.36	\$ 0.96	\$ 0.93	\$ 1.36	\$ 0.98
Commercial														
WISE Disposal Increase	\$ 17.64	\$ 20.02	\$ 4.94	\$ 18.29	\$ 19.10	\$ 13.66	\$ 21.15	\$ 17.35	\$ 18.63	\$ 16.26	\$ 18.80	\$ 4.94	\$ 21.15	\$ 18.29
CPI Increase	\$ 8.59	\$ 8.93	\$ 9.06	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 12.12	\$ 12.12	\$ 12.12	\$ 8.76	\$ 7.57	\$ 12.12	\$ 8.76

Additionally, due to the adoption of the OSA, organics and manure rates were adjusted based upon the new OSA rate. Included in the amendments are the established residential manure bin rates for the areas serviced by Waste Management (WM). Residential customers within these Franchise Areas had fallen under the commercial bin service rates, due to the adopted rate sheet not including residential bin services. While commercial and residential rates for bins are equal, the amendments to WM's Franchise Areas 1, 6, 7A, & 8 include bin rates within the residential section of the rate sheets in addition to the existing commercial bin rates. The amendments and associated rate sheets for Board approval take into account the fiscal year (FY) 2026/2027 WISE and OSA rates. OCWR will provide for Board approval future amendments accounting for the FY 2027/2028 & FY 2028/2029 rate adjustments based upon the adopted WISE rates. Following FY 2028/2029, rates will increase by the CPI outlined within the Exclusive Franchise Agreements.

FINANCIAL IMPACT:
N/A

STAFFING IMPACT:
N/A

REVIEWING AGENCIES/DEPARTMENTS:
N/A

- ATTACHMENTS:**
- Attachment A - FA 1 - CRR - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
 - Attachment B - FA 2 - Republic - Exclusive Franchise Agreement (2021-2031) 2nd Amend
 - Attachment C - FA 3 - CRR - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
 - Attachment D - FA 4 - Rainbow- Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
 - Attachment E - FA 5 CA - 1 - WM - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
 - Attachment F - FA 5 CA - 2 - CRR - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
 - Attachment G - FA 6 - WM - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment

Attachment H - FA 7A - Republic Services - Exclusive Franchise Agreement (2021-2031) 2nd Amend
Attachment I - FA 7B - WM - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
Attachment J - FA 8 - WM - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment
Attachment K - FA 9 - CRR - Exclusive Franchise Agreement (2021-2031) - 1st_Amendment