



# NEWPORT BEACH

## City Council Staff Report

March 24, 2026  
Agenda Item No. 8

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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**TITLE:** Waste Infrastructure System Enterprise Agreement (WISE Agreement)

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### **ABSTRACT:**

The City of Newport Beach participates in a landfill Waste Disposal Agreement (WDA) with the County of Orange that provides guaranteed landfill capacity and disposal rates. As the WDA neared expiration, the Orange County City Managers Association (OCCMA), negotiating on behalf of Orange County cities, secured a one-year extension of the WDA through June 30, 2026, allowing additional time for negotiations. Orange County Waste & Recycling (OCWR) and OCCMA have now developed and agreed to a new, 10-year WDA, now referred to as the Waste Infrastructure System Enterprise (WISE) Agreement, with an effective date of July 1, 2026.

### **RECOMMENDATIONS:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Approve the Waste Infrastructure System Enterprise Agreement (WISE Agreement) with the County of Orange, to succeed the existing landfill waste disposal agreement, and authorize the Mayor and City Clerk to execute the agreement.

### **DISCUSSION:**

Through negotiations with OCCMA, OCWR indicated the current WDA limits annual rate increases to the Consumer Price Index, and does not account for rising operational, regulatory and environmental compliance costs. OCWR 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 next 10-year term. Additionally, OCWR's initial new replacement landfill agreement proposed increasing disposal rates from \$43.76 per ton (FY 2025-26 rate) to \$82 in the first year and rates were projected to rise to nearly \$107 by 2035.

OCCMA and OCWR undertook extensive negotiations and reached a more balanced WISE agreement that includes a phased-in rate structure for the first three years of the term. Per the new WISE agreement which will be effective July 1, 2026, the landfill disposal rates will increase annually as shown below. Starting in FY 2029-30, the rates will then increase annually based on CPI.

<b>Fiscal Year</b>	<b>Contract Rate</b>
2026–27	\$67/ton
2027–28	\$74/ton
2028–29	\$81/ton
2029–30	\$81/ton + CPI

The new landfill disposal costs will be passed along to the City through its four, waste collection and disposal contracts. Additionally, the City’s non-exclusive commercial franchise haulers will be required to adopt an amended Franchise Hauler Acknowledgment (Attachment B), which will be integrated into their franchise agreements and allow them to receive the same landfill disposal rates as the City.

The following key provisions were also negotiated and included in the WISE Agreement:

- An annual “true-up” process will begin in 2030 that may freeze CPI adjustments depending on OCWR’s cost recovery and tonnage revenue. Cities may initiate a ‘meet and confer’ process with review by an independent consultant.
- Review and annual notification language to ensure continued OCCMA participation to improve transparency and oversight of OCWR’s financial status and implementation of the landfill 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 must be sent to OCWR; the County will offer optional organic waste processing services.

Cities must adopt the WISE agreement by April 30, 2026, to avoid being charged “non-participant” disposal rates which are up to 10% higher. The “participation threshold” for the WISE agreement to become effective requires that cities that represent at least 50% of the refuse disposal sent to the County landfills ratify the document. The WISE agreement is for 10 years, running through June 30, 2036, with one optional 10-year extension.

### **FISCAL IMPACT:**

With the adoption of the WISE agreement, City general fund annual refuse disposal costs are projected to increase by approximately \$1,500,000 starting in FY 2026-27 (from \$9,568,081 to \$11,120,420); then increasing up to approximately \$2,450,000 in additional

costs in FY 2029-30 (from \$9,568,081 to \$11,994,938); and then by a CPI adjusted rate thereafter. The proposed FY 2026-27 Operating Budget will include sufficient funding to cover any cost increases for the upcoming fiscal year. Refuse collection and disposal costs will be expensed to the following Municipal Operations Department accounts.

<b><u>Account Name</u></b>	<b><u>Org Number</u></b>	<b><u>Object Number</u></b>
Contracted Services	0108551	811017
Beach Trash Can Collection	0108551	811031
Residential Refuse Collection	0108551	851006

Additional necessary funding for future years will be programmed during the annual budget process.

### **ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

### **NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

### **ATTACHMENT:**

Attachment A – Waste Infrastructure System Enterprise Agreement