CITY OF

NEWPORT BEACH

City Council Staff Report

July 14, 2026
Agenda Item No. 9

TO:	HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM:	Zachary Gentry, Municipal Operations Director - 949-644-3055, zgentry@newportbeachca.gov
PREPARED BY:	John Nelson, Acting Senior Management Analyst - 949-644-3197, jjnelson@newportbeach.gov
TITLE:	Approval of Amendment No. Two to Residential Solid Waste Collection & Recycling Contract (Contract No. 8823-1) with CR&R, Inc. - Exceedance to Rate Increase Allowance

ABSTRACT:

The City of Newport Beach (City) contracts with CR&R Incorporated (CR&R) for residential curbside trash collection, and recycling and organics collection and processing services. CR&R has requested a rate increase beyond contract allowance limits deriving from recent significant increases in County of Orange (County) landfill disposal rates and increases to energy costs. The contract allows for annual contract cost adjustments based on a specified formula, with an overall 5% maximum annual contract increase. Due to recent disproportionate increases in both County disposal fees and energy cost, CR&R is requesting a 19.2% increase for this next service year, increasing the annual cost from $8,377,467 to $9,958,229.

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) Authorize the Mayor and City Clerk to execute Amendment No. Two to Agreement for the Collection, Transportation, Processing and Diversion of Residential Recyclable Materials, Food Scraps, Green Waste and other Materials and Collection, Transportation and Disposal of Municipal Solid Waste Between the City of Newport Beach and CR&R, Incorporated increasing the annual cost to $9,958,229 (Contract No. 8823-1) for Fiscal Year 2026-27.

DISCUSSION:

CR&R is requesting a 19.2% rate increase for this fiscal year. Three factors are considered for the rate adjustment formula.

The first factor is landfill disposal cost increases. Orange County Waste & Recycling (OCWR) approved significant landfill disposal rate increases over the next three-year

period, starting July 1, 2026. Jurisdictions were to enter into OCWR's Waste Infrastructure System Enterprise Agreement (WISE) by April 30, 2026. The Newport Beach City Council approved this new County Landfill Disposal Agreement on March 24, 2026, with an effective date of July 1, 2026.

Per OCWR's agreement, the landfill disposal rates will increase annually as shown below. Starting in FY 2029-30, the rates will then increase annually based on CPI. Effective July 1, the landfill disposal rate increased $23.24, to $67 per ton. This increase (factor 1) is incorporated into CR&R's rate adjustment request.

Fiscal Year	Contract Rate	Annual % Increase
2026-27	$67/ton	53.1%
2027-28	$74/ton	10.4%
2028-29	$81/ton	9.5%
2029-30	$81/ton + CPI	CPI

The second factor relates to energy costs, the prescribed Producer Price Index (PPI) reflected a 36.5% increase from the year prior. This increase is incorporated into CR&R's rate adjustment request.

The third factor associated with the annual rate adjustment is titled 'All Other Costs' and refers to overhead costs. CR&R is requesting a 2.5% increase in this factor, which is the contract cap for this category.

As separate components, these three factors are incorporated into a single annual rate that can either increase or decrease for the operational period of July 1,2026 to June 30, 2027.

In summary:

1) Landfill disposal fees increased 53.1% from the previous year

2) Energy costs tied to a PPI are up 36.5% over the previous year; and

3) All other costs tied to a consumer price index are up 3.2% over the previous year but are capped at 2.5% maximum per the current contract.

As a share of total costs in comparison to last year, this amounts to a 19.2% overall rate increase.

Staff reviewed the rate increase request and formula calculation and agreed with both the landfill and contract capped energy cost increases (Attachment D). This would then result in an increase of 19.2% to the contract cost for service in FY 2026-2027, from $8,377,467 to $9,958,229, or an annual increase of $1,580,762 for this fiscal year. Monthly rates would increase from $698,122 per month to $829,852, or an increase of $131,730 per month.

FISCAL IMPACT:

The FY 2026-27 adopted budget includes sufficient funding for the rate increase, as the contract increase was anticipated and built into the budget development process. This expenditure will be charged to the Residential Refuse Collection account in the Municipal Operations Department, 0108551-851006.

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).

ATTACHMENTS:

Attachment A – CR&R Contract Rate Increase Request Letter
Attachment B – Amendment No. Two to Residential Solid Waste Collection & Recycling Contract with CR&R
Attachment C – Updated D-1 Compensation Schedule
Attachment D – 2026 Rate Adjustment Compensation Calculation