



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 2, 2015

ITEM NUMBER: CC-11

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA APPROVING AN AMENDMENT TO THE 2009 WASTE DISPOSAL AGREEMENT WITH THE COUNTY OF ORANGE

DATE: MAY 20, 2015

FROM: PUBLIC SERVICES DEPARTMENT/ADMINISTRATION

PRESENTATION BY: ERNESTO MUNOZ, PUBLIC SERVICES DIRECTOR

FOR FURTHER INFORMATION CONTACT: MIKE KOZIEL, MANAGEMENT ANALYST, (714) 754-5024

RECOMMENDATIONS:

1. Adopt Resolution No. 15-15 (Attachment 1) amending the Waste Disposal Agreement (WDA) between the County of Orange and the City of Costa Mesa to allow for the continued importation of waste at the County's three (3) landfills and to extend the terms of the WDA through June 30, 2025.
2. Authorize the Mayor and the City Clerk to sign and execute the agreement.

BACKGROUND:

The disposal of solid waste at Orange County landfills is governed by a 2009 Waste Disposal Agreement in which cities in the County (including the City of Costa Mesa) agreed to deposit their solid waste at the County's three (3) landfill facilities in return for low, stable disposal rates. The term of the current WDA began on July 1, 2010 and runs through June 30, 2020, with importation of waste from outside the County at County landfills set to expire on June 30, 2016.

The WDA is a great example of the County and cities working in collaboration and strategically leveraging a countywide asset. The solid waste revenues are utilized by the County: to maintain the landfill system; to preserve funds for landfill closure costs; to address post-closure maintenance; and to mitigate long-term risk and environmental liabilities. The cities benefit from additional services provided by the County. These services include permanent household hazardous waste collection facilities; green waste acceptance at no charge to cities to assist in compliance with state recycling mandates; and support of city programs to meet state diversion requirements.

ANALYSIS:

With the success of waste diversion and recycling in recent years combined with slow recovery from the Great Recession, the resulting effect has caused in-County waste generation to dramatically decrease which in turn has created a reduction in revenues. A committee of City Managers representing Orange County cities participated with the County in preparing a framework to address the reduction in revenues and to ensure rate stabilization for local residents and businesses. The proposed Amendment (Attachment 2) to the WDA sets forth the continuation of future importation to offset the revenue reduction and establishes a fair-share allocation of net importation revenues to cities. An in-depth review of County resources concluded the amount of imported waste combined with in-County waste will remain below total disposal tonnage projections contemplated in the current WDA. The proposed 5-year extension of the WDA to 2025 will provide additional stability to the system in light of more stringent legislative and regulatory requirements such as AB 1826, AB 1594, and the 75% recycling target of AB 341.

ALTERNATIVES CONSIDERED:

The alternative to this Council action would be to reject the amendment, resulting in a potential loss of the revenues to the City listed as per Appendix 5 of the Amendment to the WDA and per the terms detailed in the Amendment. If the agreement was rejected, it would also potentially show a lack of interest in maintaining cooperation in a long-term partnership between the County of Orange and the City of Costa Mesa and other Orange County cities resolving to adopt the amendment.

FISCAL REVIEW:

There is no fiscal impact to the City's General Fund in FY14-15 relative to this agreement. As detailed in the attached Amendment to the Waste Disposal Agreement, pursuant to section 3.6, the participating city allocation includes an Initial Payment of \$117,936 per the allocation percentage of 2.18% of the total. The City would also receive a share of future revenues from FY 2018-19 to FY 2024-25 based on the percentage of actual tonnage of waste received at County landfills in those years.

LEGAL REVIEW:

The City Attorney's office has reviewed the attached Amendment to the Waste Disposal Agreement and has approved it as to form.

CONCLUSION:

In order to provide stable rates for residents and businesses, continue service levels, ensure long-term capacity, maintain long-term partnerships between the City and the County, and share net importation revenues with cities, staff recommends that the City Council adopt Resolution No. 15-15 amending the Waste Disposal Agreement (WDA) with the County of Orange; and authorize the Mayor and the City Clerk to sign and execute the agreement. Upon approval by the Orange County cities, the proposed Amendment to the WDA will be considered by the Board of Supervisors at their earliest available meeting.

ERNESTO MUNOZ
Public Services Director

MIKE KOZIEL
Interim Management Analyst

STEPHEN DUNIVENT
Interim Finance Director

- ATTACHMENTS:
1. [Resolution No. 15-15](#)
 2. [Amendment to WDA](#)

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