

AGENDA ITEM 9A

Date: May 19, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Gordon Copley, Director of Finance

Subject: Conduct Public Hearing and Consider Adoption of Ordinance No. 77, entitled:

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, AMENDING ORDINANCE NO. 73 TO ADJUST CHARGES FOR RESIDENTIAL SOLID WASTE SERVICES TO REFLECT AND PASS THROUGH ADJUSTMENTS TO TIPPING FEES PAID BY THE DISTRICT TO DISPOSE OF SOLID WASTE AT LANDFILLS

BACKGROUND

In June of 2022, the Board of Directors adopted Ordinance No. 73 establishing new residential solid waste rates for Fiscal Years 2022-2023 (FY 2023) through 2027 (Rate Setting Period). The updated rate schedule included 3% annual increases to cover the District's anticipated revenue requirements over the Rate Setting Period. Part of the District's revenue requirements included tipping fees to Orange County Waste & Recycling (OCWR) for disposal at the Orange County (OC) Landfills. At the time the residential solid waste rates were approved, the OC Landfill tipping fee was \$38.34 per ton for FY 2023, and the adopted rate schedule allowed for annual tipping fee increases of up to 3%.

The current OCWR Waste Disposal Agreement (WDA) between the District (and other local agencies in Orange County), which establishes the tipping fee amount, expires June 30, 2026. On January 27, 2026, the Orange County Board of Supervisors approved the Orange County Waste and Recycling (OCWR) Waste Infrastructure System Enhancement (WISE) agreement, which will increase the tipping and gate fees at the County run landfills, effective July 1, 2026. Under this revised WISE Agreement, OCWR landfill tipping fees will increase to \$67.00 per ton in FY 2026-2027, \$74 per ton in FY 2027-2028 and \$81.00 per ton in FY 2028-2029. Agencies that do not enter into the new WISE Agreement will have to pay even higher fees to take waste to the OCWR landfills.

On March 3, 2026, the Board of Directors approved the WISE Agreement and directed Staff to prepare and send a Proposition 218 Notice and schedule a public hearing to consider adjusting residential solid waste user fees to pass through the landfill tipping fee increases.

DISCUSSION

Because the current adopted residential solid waste rate schedule did not anticipate the significant tipping increases that will be charged by OCWR beginning July 1, 2026, the District will not

generate sufficient revenue to cover future disposal expenses unless the current fees are increased. As a result, District Staff engaged IB Consulting, LLC to evaluate the cost associated with the increased tipping fee rates to determine its financial impact on the District and its customers. The attached Tipping Fee Pass-Through Analysis prepared by IB Consulting (Attachment 1) calculates the additional tipping fee cost to the District under the new WISE Agreement and the resulting increase in residential solid waste rates that will result if this cost is passed through to customers.

The year-one increase to \$67.00 per ton noted above will result in an additional estimated cost to the District in Fiscal Year 2026-2027 of \$566,654. These uncompensated expenses are expected to further compound in future periods placing the District in a financially unsustainable position. Passing through this cost to customers will result in a \$27.63 dollar per ton per EDU annual increase in the solid waste disposal rate for FY 2026-2027, an approximately 36% percent increase. The Table below demonstrates how this was calculated.

Pass-Through Analysis			
Step #	Pass-Through (\$/EDU)		FY 2027
Tipping Fees (Solid Waste - Black Cart)			
	OC Landfill Rate (Actual)	\$/ton	\$67.00
	OC Landfill Rate (Projected)	\$/ton	\$43.18
1	Δ in \$/ton		\$23.82
2	× Projected Solid Waste (Black Cart) Tonnage		23,789
	Annual Δ Tipping Fees		\$566,654
3	÷ Projected EDUs		20,510
	Incremental Increase per EDU		\$27.63

The proposed Ordinance would amend Ordinance No. 73 to adjust the scheduled Annual Curbside Solid Waste Collection and Additional Solid Waste Cart Fees for Fiscal Year 2026-2027 to pass through this incremental increase. The adjusted Annual Curbside Solid Waste Collection Fee will be \$241.48, which is the current rate of under Ordinance No. 73 plus the pass-through adjustment, as shown below:

FY 2027 Proposed Annual Rates (\$/EDU)	
Noticed + Pass-Through	FY 2027
Noticed Residential Solid Waste Rate	\$213.85
Pass-Through Adjustment	\$27.63
Adjusted Residential Solid Waste Rate (\$/EDU)	\$241.48

The adjusted Additional Solid Waste Cart Fee will be \$50.83, which is the current rate under Ordinance No. 73 plus one-third of the EDU pass-through rate, as shown below:

FY 2027 Proposed Annual Additional Cart Fee (\$/Cart)	
Noticed + Pass-Through	FY 2027
Noticed Additional Cart Fee	\$41.62
Pass-Through Adjustment (1/3 of an EDU)	\$9.21
Adjusted Additional Cart Fee (\$/Cart)	\$50.83

For Fiscal Years 2027-2028 through 2030-2031, the proposed Ordinance would authorize automatic annual adjustments to the Curbside Solid Waste Collection Fee and Additional Solid Waste Cart Fee to pass through actual future increases or decreases in the tipping fees pursuant to the provisions in Government Code section 53756. District Staff will calculate the annual adjustments based on the actual changes in tipping fees per ton paid by the District, projected tons of solid waste collected and disposed of at landfills, and the projected total number of EDUs and must mail notice of the rate adjustments to each customer / parcel owner at least 30 days before they take effect.

Midway City Sanitary District has consistently delivered high-quality services to the community while maintaining the second-lowest solid waste service rates in the County. Even with rate adjustments to pass through the increased tipping fee costs under the WISE Agreement, the District would continue to be the second lowest-priced provider of quality solid waste services. (See Attachment 2 – 2025 OCWR Trash Rate Survey)

FISCAL IMPACT:

Adoption of Ordinance No. 77 would permit the District to recover a projected \$566,654 in additional costs from the increase to tipping fees pursuant to the WISE Agreement in Fiscal Year 2026-2027. In future years, the automatic pass-through adjustment provision in the Ordinance would allow the District to recover any actual incremental increased costs resulting from continued tipping fee increases. The cost of mailing annual notices of rate adjustments due to the pass-through is estimated to be approximately \$13,566 per year.

PROPOSITION 218 PROCESS:

Pursuant to Proposition 218, the District sent notice of a public hearing to all property owners within the District of each parcel within the District that would be charged the new rates and charges as shown on the County Recorder’s Assessment Roll. The notice was mailed on April 3, 2026. The notice set a public hearing for May 19, 2026, at 5:30 p.m. at the District’s headquarters.

At the conclusion of the public hearing, the Board must consider property owner written protests against the adoption of the rates and charges. If more than 50% of property owners submit written protests against the adoption of the new rates and charges, the Board will not be permitted to adopt the ordinances.

There are 20,510 parcels receiving solid waste services from the District. Consequently, the District must receive at least 10,226 protests to prevent the Board from adopting Ordinance No.

77. As of writing this Staff Report associated with the aforementioned Proposition 218 notices, the District has received one notices of protest.

If the District does not receive written protests from a majority of property owners receiving service from the District, the Board may adopt the ordinance. The ordinance continues the District's policy of collecting its user fee charges on the tax rolls, which are collected by the County with the regular property taxes on December and April of each fiscal year.

STAFF RECOMMENDATION

Staff recommends that the Board:

1. Open the public hearing to accept public testimony.
2. Close the public hearing.
3. Consider written property owner protests.
4. If less than a majority protests were received, consider adoption of Ordinance No. 77.
5. Adopt Ordinance No. 77:

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, AMENDING ORDINANCE NO. 73 TO ADJUST USER CHARGES FOR RESIDENTIAL SOLID WASTE SERVICES TO REFLECT AND PASS THROUGH ADJUSTMENTS TO TIPPING FEES PAID BY THE DISTRICT TO DISPOSE OF SOLID WASTE AT LANDFILLS

6. Direct the General Manager to publish and/or post the attached Summary of Ordinance 75 in accordance with Health and Safety Code section 6490.

ATTACHMENTS

1. March 30, 2026 IB Consulting, LLC Technical Memorandum: Tipping Fee Pass-through Analysis (pg. xx)
2. OCWR 2025 Trash Rate Survey (pg. xx)
3. Ordinance No. 77 (pg. xx)
4. Proposed Ordinance No. 77 Summary for Publication (pg. xx)



31938 Temecula Parkway, Suite A #350, Temecula, CA 92592

Technical Memorandum: Tipping Fee Pass-Through Analysis

Agency: Midway City Sanitary District
Recipient: Robert Housley, James Eggart
Date: March 30, 2026

Background

Midway City Sanitary District (District) engaged IB Consulting to perform a comprehensive cost-of-service study in 2022 to update its residential solid waste rates. A Public Hearing was held on June 21, 2022, establishing new solid waste rates for Fiscal Years 2022-2023 (FY 2023) through FY 2027 (Rate Setting Period). The updated rate schedule included 3% annual increases to cover the District's anticipated revenue requirements over the Rate Setting Period. Part of the District's revenue requirements included tipping fees to Orange County Waste & Recycling (OCWR) for disposal at the Orange County (OC) Landfills. The OCWR tipping fee makes up a portion of the residential solid waste collection fees paid by the District's customers. At the time of the rate study, the OC Landfill tipping fee was \$38.34 per ton for FY 2023, and the adopted rate schedule allowed for annual tipping fee increases up to 3%.

However, the current Waste Disposal Agreement (WDA) between the District and OCWR expires, on or before June 30, 2026, and a new successor agreement has been approved. The new Waste Infrastructure System Enterprise (WISE) agreement will increase landfill tipping fees to \$67.00 per ton in FY 2027, a projected \$74.00 per ton in FY 2028, and \$81.00 per ton in FY 2029. Thereafter, the WISE Agreement provides for tipping fees to increase pursuant to an inflationary formula, subject to adjustments for certain circumstances. These tipping fee increases are not currently reflected in the District's residential solid waste collection fees.

During the cost-of-service study, the revenue requirement for solid waste disposal services was determined over the 5-year rate study period. The revenue requirement captured operating and maintenance expenses, including salaries, benefits, utilities, tipping fees, repairs, and other general costs. Annual unit rates per Equivalent Dwelling Unit (EDU) were then developed for residential solid waste customers based on the number of EDUs assigned to each parcel. In addition, the study evaluated and developed a separate fee for additional cart requests beyond the standard three-cart system. Additional carts are collected simultaneously with the existing three-cart collection routes and do not require additional staffing or route modifications. Accordingly, the additional cart fee reflects the marginal cost of providing the cart and associated disposal impacts. This approach provides a clear connection between the costs incurred and the total customers served, resulting in a cost-based rate structure in compliance with Proposition 218. Table 1 shows the noticed residential solid waste rates and the additional cart fee for the rate study period.

Table 1: FY 2023 – FY 2027 Annual Rates

Noticed Annual Rates						
Service Line		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential Solid Waste	\$/EDU	\$189.99	\$195.69	\$201.57	\$207.62	\$213.85
Additional Cart Fee	\$/cart	\$36.96	\$38.07	\$39.22	\$40.40	\$41.62

As mentioned above, in the previous cost-of-service study, residential solid waste rates and additional cart fees increased each year by 3% and included projected tipping fees for residential solid waste disposal at the OC Landfills. Table 2 shows the projected tipping fees embedded in the residential solid waste rate schedule (i.e., increased by 3%) from the cost-of-service study, and the actual fees charged by OCWR in each fiscal year.

Table 2: FY 2023 – FY 2027 Tipping Fees

Tipping Fees (Solid Waste - Black Cart)						
Projected Fees		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
OC Landfill Rate (Projected)	\$/ton	\$38.34	\$39.50	\$40.69	\$41.92	\$43.18
OC Landfill Rate (Actual)	\$/ton	\$38.34	\$41.31	\$42.65	\$43.76	\$67.00

Because the current adopted residential solid waste rate schedule did not anticipate these levels of increases, the District will not generate sufficient revenue to cover FY 2027 disposal expenses. To address this funding gap in FY 2027 and beyond, the District intends to propose adjustments to the District’s solid waste collection fees to pass through the FY 2027 tipping fee increase and to authorize automatic annual pass-through adjustments pursuant to Government Code Section 53756 for future tipping fee increases. If the District does not adopt the proposed adjustments to pass through the anticipated future tipping fee increases by OCWR, it will not be able to fully recover its costs for providing solid waste collection services to its residential customers.

Tipping Fee Analysis

For FY 2024 through FY 2026 of the cost-of-service study, the projected tipping fees are within a couple of dollars of the actual cost. However, there will be a significant increase in FY 2027 due to the adoption of the WISE agreement. As a result, the District is no longer able to cover the shortage through reserves and must increase rates to match the costs it is incurring. The following steps were utilized in developing the pass-through amount for FY 2027:

1. Calculated the difference between the projected and actual OC Landfill tipping fees.
2. Multiplied that difference by the projected black-cart tonnage for FY 2027 to determine the total additional cost.
3. Divided the total additional cost by the projected number of EDUs to determine the pass-through rate.

Table 3 illustrates steps 1 through 3 above to derive the incremental pass-through per residential solid waste EDU.

Table 3: FY 2027 Pass-Through Analysis

Pass-Through Analysis			
Step #	Pass-Through (\$/EDU)	FY 2027	
Tipping Fees (Solid Waste - Black Cart)			
	OC Landfill Rate (Actual)	\$/ton	\$67.00
	OC Landfill Rate (Projected)	\$/ton	\$43.18
1	Δ in \$/ton		\$23.82
2	× Projected Solid Waste (Black Cart) Tonnage		23,789
	Annual Δ Tipping Fees		\$566,654
3	÷ Projected EDUs		20,510
	Incremental Increase per EDU		\$27.63

Automatic Pass-Through Adjustments

The Ordinance adopted by the District in 2022 did not include a pass-through provision allowing the District to recover any increases above the assumed tipping fees charged by OCWR. Therefore, to ensure compliance with Proposition 218, the District must hold another Public Hearing to authorize the pass-through of future tipping fee cost increases above those reflected in the current rates. A new Proposition 218 Notice must be mailed to each record owner of each parcel at least 45 days prior to the Public Hearing. If there is no majority protest against the proposal, the District may pass through the additional tipping fee increases for the next five years.

For any future increases in tipping fees, the pass-through provision will authorize the District to make automatic annual adjustments to residential solid waste collection fees and additional cart fees to pass through actual increases or decreases in landfill tipping fees, without holding a public hearing each year. The annual tipping fee pass-through adjustments will be calculated based on the actual changes in tipping fees per ton paid by the District, projected tons of solid waste collected and disposed of at landfills, and the projected total number of EDUs. Before implementing the increased fee through an automatic adjustment, the District must give notice at least 30 days before the adjustment's effective date.

Conclusion

The initial solid waste collection fee adjustment and authorization for automatic annual pass-through adjustments must go through the Public Hearing proceedings as outlined in Proposition 218. However, subsequent pass-through adjustments may be automatically implemented under Government Code – Section 53756 without holding another Public Hearing, provided that:

1. Any increase in rates shall not exceed the costs of providing service.
2. The District shall provide all customers a minimum 30-day written notice prior to implementing pass-through adjustments.

The residential solid waste rate for FY 2027 will be the current noticed rate (Table 1) plus the pass-through adjustment (Table 3) and will reflect the updated cost of providing services to each parcel. Table 4 shows the proposed rate per EDU for FY 2027.

Table 4: FY 2027 Proposed Residential Solid Waste Rate (\$/EDU)

FY 2027 Proposed Annual Rates (\$/EDU)	
Noticed + Pass-Through	FY 2027
Noticed Residential Solid Waste Rate	\$213.85
Pass-Through Adjustment	\$27.63
Adjusted Residential Solid Waste Rate (\$/EDU)	\$241.48

The additional cart fee for FY 2027 will be the current noticed rate (Table 1) plus one-third of the EDU pass-through rate (Table 3) and will reflect the updated cost of providing service. Table 5 shows the proposed updated additional cart fee for FY 2027.

Table 5: FY 2027 Proposed Additional Cart Rate (\$/Cart)

FY 2027 Proposed Annual Additional Cart Fee (\$/Cart)	
Noticed + Pass-Through	FY 2027
Noticed Additional Cart Fee	\$41.62
Pass-Through Adjustment (1/3 of an EDU)	\$9.21
Adjusted Additional Cart Fee (\$/Cart)	\$50.83

For FY 2028 through FY 2031, the annual tipping fee pass-through adjustments will be calculated based on the actual changes in tipping fees per ton paid by the District, projected tons of solid waste collected and disposed of at landfills, and the projected total number of EDUs.



COUNTY OF ORANGE

Waste & Recycling

Our Community. Our Commitment.

TRASH RATE SURVEY

2025

CITY	RESIDENTIAL RATE	COMMERCIAL RATE	HAULER	
Aliso Viejo	\$ 25.51	\$ 149.89	CR&R	
Anaheim	\$ 29.47	\$ 218.73	Republic Services	
Brea	\$ 31.27	\$ 192.44	Republic Services	
Buena Park	\$ 26.11	\$ 186.52	EDCO	
Costa Mesa	\$ 29.88	Franchise Hauler List	Costa Mesa Sanitary District	
Cypress	\$ 25.25	\$ 174.20	Valley Vista Services	
Dana Point	\$ 26.13	\$ 185.72	CR&R	
Fountain Valley	\$ 29.35	\$ 249.82	Republic Services	
Fullerton	\$ 27.97	\$ 239.73	Republic Services	
Garden Grove	\$ 29.74	\$ 238.37	Republic Services	
Huntington Beach	\$ 29.06	\$ 233.05	Republic Services	
Irvine	\$ 24.82	\$ 188.47	Waste Management	
La Habra	\$ 30.10	\$ 182.75	CR&R	
La Palma	\$ 26.32	\$ 169.61	EDCO	
Laguna Beach	\$ 27.00	\$ 229.42	Waste Management	
Laguna Hills	\$ 25.02	\$ 154.00	CR&R	
Laguna Niguel	\$ 24.81	\$ 165.59	CR&R	
Laguna Woods	\$ 24.88	\$ 172.31	CR&R	
Lake Forest	\$ 25.02	\$ 174.79	CR&R	
Los Alamitos	\$ 14.54	\$ 151.70	Universal Waste	
Midway City Sanitary District	\$ 17.30	\$ 146.37	Midway City Sanitary District	
Mission Viejo	\$ 26.84	\$ 184.78	Waste Management	
Newport Beach	\$ 25.49	Franchise Hauler List	CR&R	
Orange	\$ 25.36	\$ 187.93	CR&R	
Placentia	\$ 44.86	\$ 222.66	Republic Services	
Rancho Santa Margarita	\$ 26.21	\$ 169.14	CR&R	
San Clemente	\$ 26.78	\$ 178.90	CR&R	
San Juan Capistrano	\$ 28.15	\$ 178.38	CR&R	
Santa Ana	\$ 27.71	\$ 226.40	Republic Services	
Seal Beach	\$ 24.56	\$ 208.28	Republic Services	
Stanton	\$ 27.09	\$ 196.11	CR&R	
Tustin	\$ 20.66	\$ 151.16	CR&R	
Villa Park	\$ 40.81	\$ 199.88	Republic Services	
Westminster	\$ 17.30	\$ 146.37	Midway City Sanitary District	
Yorba Linda	\$ 34.18	\$ 206.51	Republic Services	
Unincorporated OC:	Area			
Unincorporated Rossmoor	FA1	\$ 24.41	\$ 189.27	CR&R
Unincorporated BP & YL Islands	FA2	\$ 30.27	\$ 214.74	Republic Services
Unincorporated Orange Islands	FA3	\$ 23.29	\$ 189.27	CR&R
Unincorporated OPA/Canyons	FA5 CA-1	\$ 26.40	\$ 302.89	Waste Management
Unincorporated El Modena Islands	FA5 CA-2	\$ 23.29	\$ 189.27	CR&R
Unincorporated North Tustin	FA6	\$ 27.79	\$ 302.89	Waste Management
Unincorporated Emerald Bay	FA7-B	\$ 34.07	\$ 302.89	Waste Management
Unincorporated South County	FA8	\$ 23.88	\$ 219.01	Waste Management
Unincorporated Rancho Mission Viejo	FA9	\$ 24.41	\$ 189.27	CR&R

Residential Rates are based on Single Family standard sets of refuse, recycling, and green waste carts (Monthly fee)

Commercial Trash Rates are based on 3 cubic yard bins (Monthly Fee for 1X/weekly pickup)

*Costa Mesa residential waste collection services are administered by the Costa Mesa Sanitary District

*Newport Beach residential refuse collection is provided by the City and no disposal fees are collected; however, a recycling rate of \$6.39/month per residential unit is included in their municipal bill

*Seal Beach Utility Services provides water and trash collection for residences, the fee for trash collection is included with the water bill

*Westminster residential waste collection services are administered by the Midway City Sanitary District

*BP = Buena Park; YL = Yorba Linda

ORDINANCE NO. 77

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, AMENDING ORDINANCE NO. 73 TO ADJUST CHARGES FOR RESIDENTIAL SOLID WASTE SERVICES TO REFLECT AND PASS THROUGH ADJUSTMENTS TO TIPPING FEES PAID BY THE DISTRICT TO DISPOSE OF SOLID WASTE AT LANDFILLS

WHEREAS, pursuant to the Sanitary District Act of 1923, Health & Safety Code §§ 6400 et seq., the Midway City Sanitary District (“District”) has the authority to acquire, plan, construct, reconstruct, alter, enlarge, lay, renew, replace, maintain, and operate garbage dumpsites and garbage collection and disposal systems, and to adopt ordinances and regulations relating to the provision of solid waste services and facilities; and

WHEREAS, Health & Safety Code Section 5470 et seq. further authorizes the District to adopt fees and charges for the solid waste services and facilities furnished by the District; and

WHEREAS, the District provides curbside solid waste collection services (Curbside Container Service) and related programs to owners and tenants of single-family dwellings, dwelling units within small multi-family residential facilities, and certain other users within the District; and

WHEREAS, on June 21, 2022, in accordance with Proposition 218, the District Board of Directors adopted Ordinance No. 73 adjusting user fee rates for residential solid waste services and adopting findings related thereto; and

WHEREAS, the District intends to ensure that sufficient revenues are collected to adequately manage, operate, and maintain its solid waste facilities and equipment and to continue to provide Curbside Container Service and related programs to District residents and residential property owners; and

WHEREAS, pursuant to the requirements of Proposition 218 adopted by the voters of the State of California in November 1996, the District’s consultant and staff have identified the operational costs and revenue requirements of the District, and have identified the appropriate residential solid waste fee adjustments to cover said operational costs and capital costs of the District; and

WHEREAS, pursuant to the requirements of Proposition 218 the District provided notice of the proposed residential solid waste fee adjustments to the

record owners of each parcel upon which the fees are proposed for adjustment, setting a public hearing for May 19, 2026, and describing the basis upon which the amount of the proposed adjustments were calculated and the reasons for the proposed adjustments in fees; and

WHEREAS, on May 19, 2026, the Board of Directors conducted the public hearing provided for in the Proposition 218 Notice, at which time the Board of Directors heard all objections and protests to the proposed adjustments in solid waste users' fees; and

WHEREAS, the Board of Directors has considered all of the valid written protests received in opposition to the proposed residential solid waste fee adjustments, totaling _____, which failed to constitute a majority of the record owners of the 20,510 parcels subject to the District's residential solid waste services.

NOW, THEREFORE, the Board of Directors of the Midway City Sanitary District does hereby ordain as follows:

SECTION 1. **FINDINGS.** The Board of Directors of the Midway City Sanitary District hereby makes the following findings:

- A. In 2022, the District's consultant, IB Consulting, LLC, conducted a comprehensive Rate Study, which analyzed the District's costs to provide solid waste services and identified the estimated funds necessary to operate, maintain, replace and upgrade the District's solid waste collection system, equipment, and facilities and to maintain adequate reserves. The Rate Study also analyzed the District's cost to service additional residential solid waste carts requested by users of the District's Curbside Container Service and estimated the charge per each additional cart necessary for the District to recover such costs.
- B. Based on the Rate Study prepared by IB Consulting, LLC, on June 21, 2022, the Board of Directors adopted Ordinance No. 73 adjusting solid waste fees for residential solid waste services and adopting findings related thereto.
- C. The Board of Directors hereby reaffirms the findings set forth in Section 1 of Ordinance No. 73.
- D. Ordinance No. 73 provided for annual increases in the residential solid waste fee of three (3) percent beginning July 1, 2022, and continuing through and including July 1, 2026, to cover the District's anticipated revenue requirements over this period.

- E. Part of the District's revenue requirements include "tipping fees" paid to dispose of residential solid waste collected by the District at landfills. At the time of the Rate Study, the "tipping fee" was \$38.34 per ton for the July 1, 2022, through June 30, 2023 period, and the adopted fee schedule allowed for annual "tipping fee" increases of up to three (3) percent.
- F. Pursuant to the Waste Infrastructure System Enterprise (WISE) Agreement entered into with the County of Orange in 2026, "tipping fees" payable by the District to dispose of the solid waste it collects at Orange County landfills will increase to \$67.00 per ton beginning July 1, 2026, and said "tipping fees" are projected to increase further in future years.
- G. The residential solid waste fees established pursuant to Ordinance No. 73 do not reflect the substantial increases in "tipping fees" anticipated to occur commencing on July 1, 2026, and as a result, the District will not generate sufficient revenue from residential solid waste fees to cover its projected disposal costs beginning July 1, 2026.
- H. The District's consultant, IB Consulting, LLC, prepared a Tipping Fee Pass-Through Analysis, which analyzed the incremental additional costs to the District to dispose of residential solid waste collected by the District as a result of the anticipated increase in "tipping fees" under the WISE Agreement beginning July 1, 2026, and the estimated increase in the Annual Curbside Solid Waste Collection Fees and Annual Additional Solid Waste Cart Fees necessary for the District to recover such incremental additional costs. The District's consultant has also recommended that the District authorize automatic pass-through adjustments to the Annual Curbside Solid Waste Collection Fees and Annual Additional Solid Waste Cart Fees pursuant to Government Code section 53756 to pass through actual increases or decreases in "tipping fees" in future years.
- I. The Board of Directors has received the analysis from IB Consulting, LLC.
- J. The Board of Directors has determined the following with regard to the residential solid waste fees and charges for solid waste service established by this Ordinance: (i) the fees and charges are not imposed as a condition of approval of a development project, as defined in California Government Code section 66001; (ii) the fees and charges are established upon a rational basis between the fees charged each customer and the service provided to each customer; (iii) the revenues derived from the fees and charges do not exceed the estimated reasonable cost to provide the capital facilities, equipment and solid waste services for which they are levied; (iv) the revenues derived from the fees and charges shall not be used for any

other purpose than that for which the fees and charges are imposed; (v) the fees and charges do not exceed the proportional cost of the solid waste service attributable to each consumer; (vi) the fees and charges are imposed on solid waste services which are provided to the consumer; and (vii) the fees and charges are not levied for general governmental services.

- K. The Board of Directors has determined that the residential solid waste fees established by this Ordinance are appropriate, represent the estimated revenue needed to adequately finance the operations, capital improvements, equipment, and debt obligations for the District, and will not cause the revenues derived from the fees to exceed the estimated reasonable cost to provide the capital facilities, equipment, and solid waste services for which the fees are levied.
- L. The adoption of this Ordinance and the establishment of such users' fees is statutorily exempt under the California Environmental Quality Act ("CEQA") pursuant to the provisions of Public Resource Code section 21080(b)(8) and Section 15273 of the CEQA Guidelines because, (i) the increased rates and charges are for the purpose of meeting operational and maintenance expenses of the solid waste collection system, meeting financial reserve requirements and needs, and obtaining funds for capital projects and equipment purchases necessary to maintain solid waste collection service within the District, and (ii) the rates and charges constitute the creation of funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

SECTION 2. SOLID WASTE SERVICE FEE ADJUSTMENTS. Based on the Tipping Fee Pass-Through Analysis prepared by IB Consulting, LLC, and pursuant to the provisions of Health and Safety Code Section 5471, effective July 1, 2026, the solid waste service fees established by Section 2 of Ordinance No. 73 are hereby adjusted as follows:

- A. The owner of each parcel of land requesting or required to receive Curbside Collection Service from the District shall pay an annual solid waste collection fee in the following amounts for each unit of service ("EDU"):

	Annual Curbside Solid Waste Collection Fees
	FY 2026/27
Per EDU	\$241.48

- B. In addition to the fee charged pursuant to Subsection A, above, the

owner of each parcel of land requesting the District to provide and service solid waste carts in addition to the solid waste carts provided as part of the basic Curbside Collection Service shall pay an annual fee in the following amounts for each such additional cart:

	Annual Additional Solid Waste Cart Fees
	FY 2026/27
Per Cart	\$50.83

SECTION 3. AUTOMATIC PASS-THROUGH ADJUSTMENTS FOR INCREASES IN TIPPING FEES.

In accordance with and pursuant to Government Code Section 53756, beginning on July 1, 2027, and continuing through July 1, 2030, the Annual Curbside Solid Waste Collection Fees and Annual Additional Solid Waste Cart Fees set forth in Section 2 shall be automatically adjusted to account for and pass through the actual increases or decreases in the amount of fees the District is required to pay to dispose of the solid waste it collects from residential customers at landfills (“Tipping Fees”). The amount of any such annual adjustments shall be calculated by the General Manager of the District or his or her designee based on the actual changes in the amount of Tipping Fees per ton the District will be charged, projected tons of solid waste to be collected by the District from residential customers and disposed of at landfills, and the projected number of equivalent dwelling units. Any such automatic adjustments shall not exceed the District’s costs of providing residential curbside solid waste collection services. Data documenting the amount of the increase or decrease in Tipping Fees and the basis for all adjustment calculations shall be made available to the public upon request. The General Manager of the District or his or her designee shall cause notice of any automatic adjustment made pursuant to this Section 3 to be given pursuant to subdivision (a) of Government Code Section 53755, as it may be amended from time to time, and/or other applicable law, not less than 30 days before the effective date of the adjustment.

SECTION 4. COLLECTION. The provisions of Section 3 (Collection) of Ordinance No. 73 shall remain in full force and effect and continue to apply to the adjusted Curbside Solid Waste Collection Fees and Additional Solid Waste Cart Fees established by this Ordinance No. 77.

SECTION 5. EXEMPTIONS AND APPEALS. The provisions of Section 4 (Exemptions and Appeals) of Ordinance No. 73 shall remain in full force and effect and continue to apply to the adjusted Curbside Solid Waste Collection Fees and Additional Solid Waste Cart Fees by this Ordinance No. 77.

SECTION 6. EFFECT ON PRIOR ORDINANCES. Provisions of prior ordinances and resolutions inconsistent herewith are hereby repealed to the extent of such inconsistency. Except as otherwise amended by this Ordinance No. 77, the provisions of Ordinance No. 73 shall continue in force and effect.

SECTION 7. SAVINGS CLAUSE. If any provision of this Ordinance or the application to any person or circumstances is held invalid by court order, the remainder of the Ordinance or the application of such provision to other persons or other circumstances shall not be affected.

SECTION 8. EFFECTIVE DATE. The secretary of the Board of Directors of the District shall certify to the adoption of this Ordinance and shall cause a summary of the same to be published once in a newspaper of general circulation as provided by law, and this Ordinance shall be in full force and effect upon the expiration of one week from the date of such publication.

ADOPTED, SIGNED AND APPROVED this 19th day of May, 2026.

Chi Charlie Nguyen, President

ATTEST:

Sergio Contreras, Secretary

MIDWAY CITY SANITARY DISTRICT

ORDINANCE NO. 77
SUMMARY FOR PUBLICATION

**ADJUSTMENTS TO RESIDENTIAL SOLID WASTE FEES TO
INCLUDE PASS-THROUGH COSTS FROM INCREASED
TIPPING FEES CHARGED BY THE COUNTY OF ORANGE**

EFFECTIVE ONE WEEK AFTER PUBLICATION

On May 19, 2026, the Board of Directors of the Midway City Sanitary District (“District”) adopted Ordinance No. 77 amending Ordinance No. 73 to adjust the District’s charges for residential solid waste services to reflect and pass-through adjustments to tipping fees paid by the District to dispose of solid waste at landfills.

Ordinance No. 77 provides that, effective July 1, 2026, the annual curbside solid waste collection fee for FY 2026-2027 will be increased to \$241.48, and the annual additional solid waste cart fee for FY 2026-2027 will be increased to \$50.83.

Ordinance No. 77 also provides that, in accordance with and pursuant to Government Code Section 53756, beginning on July 1, 2027, and continuing through July 1, 2030, the annual curbside solid waste collection fee and the annual additional solid waste cart fee shall be automatically adjusted to account for and pass through the actual increases or decreases in the amount of fees the District is required to pay to dispose of the solid waste it collects from residential customers at landfills.

Ordinance No. 77 also provides that the provisions of Section 3 pertaining to Collections and Section 4 pertaining to Exemptions and Appeals of Ordinance No. 73 shall remain in full force and effect and continue to apply to the adjusted curbside solid waste collection fees and additional solid waste cart fees established by Ordinance No. 77.

A certified copy of Ordinance No. 77 is posted in the office of the Clerk of the Board located at 14451 Cedarwood Street, Westminster, CA 92683.

For additional information, contact the District at (714) 893-3553.

I, Sergio Contreras, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that Ordinance No. 77 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 19th day of May, 2026, by the following vote of the members of the Board:

Ayes:

Noes:

Absent:

Sergio Conteras, Secretary