

Frequently Asked Questions

Zero Waste Sonoma Household Hazardous Waste Facility Financing Amendments — City Council Meeting of October 20, 2026

Overview

What is Council being asked to do on October 20, 2026? Adopt a resolution approving two amendments: the First Amendment to the Zero Waste Sonoma (ZWS) Joint Powers Agreement, and the First Amendment to the Central Disposal Site and Former Landfills Settlement Agreement.

Why now? ZWS wants to borrow up to \$16 million from the County of Sonoma to build a permanent household hazardous waste (HHW) facility in Windsor. That loan cannot proceed unless every member agency approves the JPA amendment and every party to the Settlement Agreement signs its amendment. Sebastopol is one of the last approvals outstanding.

Is Council approving the \$16 million loan itself? No. The Credit Agreement is between ZWS and the County only. It is attached for information; the City is not a party and is not asked to approve it.

Is Council approving the HHW facility? No. The resolution does not authorize construction or approve the project. The facility will go through its own environmental review.

The HHW Facility and Why Financing Is Needed

What is Zero Waste Sonoma? ZWS (formally the Sonoma County Waste Management Agency) is a joint powers authority made up of the County and all nine incorporated cities, including Sebastopol. It runs regional programs such as household hazardous waste collection and disposal.

What is the proposed facility? A permanent HHW collection facility at 5885 Pruitt Avenue, Windsor, on property ZWS already owns. It may also house ZWS staff and administrative offices.

What does it do for Sebastopol residents? It improves access to HHW drop-off in the northern part of the county and helps keep hazardous materials out of the Central Disposal Site.

Why borrow from the County instead of a bank? Cost. At 4% over 24 years, a \$16 million loan costs about \$8.3 million to \$11.3 million less than commercial borrowing at 7% to 8%. That is roughly \$346,000 to \$470,000 less in debt service each year, before commercial financing fees. Actual savings depend on the final loan amount, draw schedule and terms.

The County–ZWS Credit Agreement (Information Only)

What are the main loan terms?

Term	Draft Credit Agreement
Borrower / lender	ZWS / County of Sonoma
Maximum amount	\$16 million revolving line of credit
Use of funds	Development and construction of the HHW facility only; no operating losses
Minimum draw	\$50,000 per advance
Draw period ends	Certificate of occupancy issued, or an outside date in 2030
Interest rate	4% per year; 8% default rate
Payments during construction	None required; interest accrues and is added to the balance
Repayment	Quarterly, up to 24 years after the draw period ends
Prepayment	Allowed any time, no penalty
Late fee	6% of a payment more than 5 days late
Security	First lien on the ZWS Waste Management Agency Fee (tip fee)

Who repays the loan? ZWS alone. Repayment is a general obligation of ZWS secured by its tip fee. Section 4.2 states the debt is not an obligation of any member agency, and Section 9.13 bars the County from pursuing member agencies if ZWS defaults.

What happens if ZWS defaults? The County can stop further advances and call the full balance due. Its remedies run against ZWS and the pledged tip fee, not against Sebastopol.

First Amendment to the JPA Agreement (Exhibit A)

What does it change? It adds one new section, 3.B.xv, to the 2017 Amended and Restated JPA Agreement. Everything else stays the same.

What does the new section allow? Any member may, at its sole discretion, give ZWS (a) contributions, (b) payments of public funds, (c) advances such as loans or lines of credit, or (d) personnel, equipment or property instead of cash. Government Code section 6504 already permits this; the amendment makes it explicit in the JPA.

Does it commit Sebastopol to lend or contribute money? No. Any support is voluntary. Any advance or in-kind support requires a written agreement approved by both the ZWS Board and the governing body of the member providing it.

Why is it needed if state law already allows it? The JPA lets ZWS take on debt but does not expressly say members may lend to it. The amendment removes any doubt that the County can lend to ZWS for the HHW facility.

Who has to approve it? All ten member agencies, by unanimous consent.

First Amendment to the Landfill Settlement Agreement (Exhibit B)

What is the Settlement Agreement? A 2015 agreement between the County and the eight “Committed Cities” that send waste to Republic Services: Cloverdale, Cotati, Healdsburg, Rohnert Park, Santa Rosa, Sebastopol, Sonoma and Windsor. It governs funds the County collects on that waste to cover environmental liabilities at the former urban landfills and the Central Disposal Site.

Why does Sebastopol have to approve it? Those funds can be used only for purposes listed in the Settlement Agreement. Lending them to ZWS is a new purpose, so every party must agree.

Which funds would be lent to ZWS? Four reserve funds, with a combined balance of about \$21.17 million as of October 31, 2025:

- County Contingent Liability Reserve Fund (unexpected events at former urban landfills; unfunded Central Disposal Site liabilities if Republic defaults)
- Central Disposal Site (CDS) Leak Fund (unexpected events at the Central Disposal Site)
- Sonoma Leak Fund (former Sonoma Landfill)
- Healdsburg Leak Fund (former Healdsburg Landfill)

What exactly changes? Section 6.6 is rewritten so the County Contingent Liability Reserve Fund may also be used as a revolving line of credit to ZWS, under an agreement requiring full repayment by 2054. A new paragraph allows the three leak funds to be used for the same line of credit.

Which fund is not touched? The Former Urban Landfill Fund stays the primary fund for long-term liabilities at the closed urban landfills. The Committed Cities Contingent Liability Fund, held by the County for the cities, is also not a source of the loan.

What protections are built in? The County must make reasonable efforts to get full repayment so the loan does not impair the Settlement Agreement's purposes. The parties acknowledge the loan may not be fully repaid before the Waste Delivery Agreements expire. Money owed by ZWS but not yet repaid is not counted as available to cover landfill liabilities during the repayment period.

When does it take effect? Only when signed by the County and all Committed Cities.

What It Means for Sebastopol

Does this cost the City anything? No direct cost. The action authorizes no City expenditure, loan, guarantee, pledge or new rate. Section 4 of the resolution states this expressly.

Could Sebastopol be on the hook if ZWS cannot repay? Not under the documents as drafted. The City is not a borrower, lender, guarantor or party to the Credit Agreement. The loan is solely a ZWS obligation, and the County agrees not to pursue member agencies for a ZWS default.

Could garbage rates go up? The loan is repaid from the ZWS tip fee charged on waste entering the County system. Any future ZWS fee or budget change for debt service would be a separate ZWS Board decision, where Sebastopol has a seat. Lower-cost County financing is expected to reduce that pressure compared with a commercial loan.

What is the main risk? While money is out on loan to ZWS, it is not available as reserve cash for landfill problems. That reduces the backup resources if an unexpected environmental issue arises at a former landfill or the Central Disposal Site. The risks are manageable as:

- The Former Urban Landfill Fund remains the primary source for closed-landfill costs.
- At the Central Disposal Site, Republic's obligations, its parent-company guaranty and state-required financial assurance provide additional protection.
- Advances are drawn over time and replenished as ZWS repays.
- Environmental cleanup costs usually arise gradually, not all at once.

- The amendment creates no automatic repayment obligation for Sebastopol.

Where do the other agencies stand? Per the staff report, every other city and town has approved both amendments. Sebastopol is on the October 20, 2026 agenda. The County Board of Supervisors acts on the Settlement Agreement amendment in winter 2027.

What happens if Council says no or asks for changes? Both amendments require every party's approval, so declining either one, or asking for material revisions, would delay or stop the financing in its current form.