

Region of Waterloo
Engineering and Environmental Services
Waste Management

To: Planning and Works Committee
Meeting Date: January 10, 2023
Report Title: Blue Box Transition Update

1. Recommendation

For information.

2. Purpose / Issue:

The purpose of this report is to provide Council with an update on the Blue Box program and its transition to full producer responsibility in March 2024.

3. Strategic Plan:

This supports the Corporate Strategic Plan's Environment and Climate Action Focus Area Strategic Objective 3.3: Direct more waste away from landfill, improve recycling and better manage organic waste.

4. Report Highlights:

The new Blue Box Regulation (amended April 2022) moves the responsibility for providing recycling services (funding and operation) from municipalities to producers that generate packaging, paper and similar products.

Transitioning all of Ontario's existing municipally operated blue box programs to full producer responsibility will occur over a three-year period between July 2023 and December 2025. This includes curbside collection, material sorting and processing of blue box material, in addition to resident education and promotion.

Given the complexity of this transition and the short transition period, producers, through the lead producer responsibility organization, Circular Materials Ontario (CMO), have inquired whether municipalities would consider continuing administering blue box collection service utilizing existing contracts during the transition period only.

Costs associated with collection, promotion and education aligned with the regulation

are expected to be recovered from producers. However, costs such as collection from what have been defined as ineligible sites in the regulation or collection of materials not prescribed in the regulation would not be covered.

The Region of Waterloo transitions in March 2024 and are currently contemplating if a suitable agreement can be reached to administer blue box collection services during our transition period from March 2024 to the end of 2025.

If no agreement can be reached by Q2 of 2023, the Region can “Opt-Out” of blue box service starting March 2024, and it will be incumbent on the producers to arrange for alternative blue box collection and processing until the end of transition. Curbside collection of garbage, organics, bulky and large metal items, yard waste and Christmas trees would continue as part of the Region’s existing curbside collection contract.

Regardless of what happens during transition, the Region will no longer be financially or operationally responsible for the blue box program starting March 2nd, 2024.

5. Background:

Currently, Ontario municipalities with a population of at least 5,000 are required to provide a blue box management system and producers of blue box materials are required to compensate municipalities for approximately 50 per cent of the costs to operate the program on an annual basis.

In 2021 (and amended in 2022), the provincial government introduced a new recycling regulation that changes how the blue box program is funded and operated. The recycling program will transition from a model of shared industry funding (split between municipalities and producers) to one of full producer responsibility. This new approach to waste management makes producers (companies that make and import packaging/products) fully responsible for the waste generated from their products and packaging.

Service Level Impacts and Non-Eligible Sites

The majority of our residents should not be affected during the transition of the blue box program. However, the following service level impacts associated with industrial, commercial and institutional properties are expected under the new blue box regulation.

Service	During Transition (March 2024 to December 2025)	Post Transition (After 2026)
Multi-residential sites	Cart recycling collection at	Recycling collection at all

Service	During Transition (March 2024 to December 2025)	Post Transition (After 2026)
(Apartments over 6 units, Townhouses)	facilities currently receiving Region of Waterloo service.	multi-residential facilities provided by CMO.
Single family homes, semi-detached homes, duplexes, Small apartment buildings (3-6 units)	Blue box recycling collection at eligible homes currently receiving Region of Waterloo service.	Recycling collection at all eligible homes provided by CMO.
Seasonal campgrounds	Cart or blue box recycling collection at campgrounds currently receiving Region of Waterloo Service.	Recycling collection at all seasonal campgrounds provided by CMO.
Not-for-profit retirement and Long-term care homes	Cart or blue box recycling collection at facilities currently receiving Region of Waterloo Service.	Recycling collection at all not-for-profit retirement and long-term care homes provided by CMO.
Schools (private / public)	Cart recycling collection at facilities currently receiving Region of Waterloo Service.	Recycling collection at all schools provided by CMO.
Public Spaces alongside residential routes	Cart or blue box recycling collection at Public spaces currently receiving Region of Waterloo Service.	One blue bin per 600 residents in all public spaces provided by Producers/PROs.
Businesses* *Residential units attached to a business would still be eligible for Producer-supplied recycling service in 2026.	Businesses in the designated downtown areas will continue to receive collection based on Council approval.	Businesses in the designated downtown areas will not receive CMO recycling service.
Facilities (Places of worship, municipal facilities, daycares, charities, not-for-profit organizations and shelters)	Cart or blue box recycling collection at facilities will continue to receive collection based on Council approval.	Facilities will not receive CMO recycling service.
Commercial farms* *Residential units attached to a commercial farm would	Blue Box collection service if on a residential route and in	Commercial farms will not receive CMO recycling

Service	During Transition (March 2024 to December 2025)	Post Transition (After 2026)
still be eligible for Producer-supplied recycling service in 2026.	residential quantities.	service.
Public Drop-off Depot	Available at our Waterloo and Cambridge site.	Expected that they will not receive CMO service, and staff will evaluate options.

Producer Responsibility Procurement

As the provincial Blue Box collection system administrator, CMO is managing procurement for the front end of the Blue Box system including curbside collection, depot collection, public space collection, promotion, and education, and receiving and consolidating material. Individual producers or producer responsibility organizations (PROs) are also responsible for post-collection processing and marketing of blue box materials. CMO is responsible for the majority of blue box material in the province and has initiated a number of procurement processes as described below.

Transition Collection Offer

In May 2022, all municipalities were presented with a Master Services Agreement (MSA) to temporarily provide residence and facility (curbside) collection of blue box materials during the transition period, typically by utilizing existing municipal curbside contracts. Several revisions to the MSA have occurred based on municipal and other stakeholder feedback and for Waterloo Region, the transition period is from March 2, 2024 to December 31, 2025. To-date, CMO has been focusing negotiations with municipalities transitioning in July 2023 and have not yet formally reached out to Region of Waterloo staff regarding a Transition Collection Offer. Staff are expecting communications to begin in January, 2023.

Collection Request for Proposal

The Transition Collection Offer covers the transition period up to December 31, 2025. For longer-term collection procurement, beyond January 1, 2026, after all municipalities across the province have transitioned, CMO has issued a request for proposal (RFP). Depending on a municipality's response to the Transition Collection Offer, this RFP would allow service commencement on a municipality's transition date (for those municipalities that did not accept the Transition Collection Offer) or on January 1, 2026 (for those municipalities that accepted the Transition Collection Offer). It is anticipated

that the contract term will be a minimum seven years. The collection RFP that incorporates the Region of Waterloo catchment area closes on March 31, 2023.

Receiving Facility Request for Proposal

In May 2022, CMO launched a RFP for facilities to receive blue box materials from one or more catchment areas and consolidate them at a receiving facility where the materials would be loaded into transfer vehicles for eventual transfer to a processing facility. The RFP would require entering into a 7-year contract (with 3, 1-year extensions). The receiving facility RFP for the Region of Waterloo catchment area closes on February 3rd, 2023.

Although the Region currently undertakes material handling/transfer of blue box materials at our sites in Cambridge and Waterloo, the RFP, as structured, is a commercial agreement aimed primarily at private sector proponents. While municipalities are not specifically excluded, the evaluation criteria are clearly directed to the private sector. In addition and based on internal review by Region staff, it was concluded that the constraints, risks (including financial) and unknowns associated with being the successful proponent and establishing and operating a receiving facility pursuant to the RFP are significant. Therefore, the Region is not contemplating a submission for this RFP.

Post Collection Request for Proposals

CMO has advertised three RFPs respectively for preconditioning, mechanical plastic processing, and plastic sorting. The closing date for these RFPs is March 23, 2023. Similar to above, these RFPs are structured commercial agreements aimed at private sector proponents. In addition, the Region's existing materials recycling facility in Waterloo is nearing end-of-life operational capacity and its location, removed from easy highway access, severely limits interest from producers to play an operational role under the new producer responsibility framework. Therefore, similar to the Receiving Facility RFP, the Region is not contemplating pursuing submissions for post collection processing of blue box materials.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Area Municipality Communication:

The new Blue Box regulation will expand access and management of recyclables to elementary and secondary schools, long-term care and retirement homes (not-for-profit) as well as parks, transit stops and public spaces post transition (i.e. starting January 1, 2026). Region staff have submitted all the requested documentation and reports,

including details required at a lower tier municipal level, to the Resource Productivity and Recovery Authority (RPRA), which oversees the blue box transition.

Over the coming months, staff will continue to reach out to affected local stakeholders (i.e. school boards, area municipalities, etc.) to clarify potential impacts and how best to proceed to ensure as seamless and effective transition as possible.

Public/Stakeholder Engagement:

The producers have committed to maintaining the existing blue box program during transition so the impact on residents should be minimal. However, starting January 1, 2026, the producers may implement changes across the province to enhance the blue box program including collection frequency, collection container (carts), and acceptable material. Any promotion and education of the new recycling program would be the responsibility of the producer.

7. Financial Implications:

There are no immediate financial implications associated with this report. Future financial implications arising from the transition to full producer responsibility will impact the Region starting in 2024 and are dependent upon whether the Region enters into an agreement with CMO and will be budgeted accordingly.

In the 2022 budget, Blue Box related costs including curbside collection and the processing of these materials is approximately \$10.6M which is partially offset by Blue Box funding of \$4.1M and revenue from the sale of recyclables of \$3.0M. Therefore, the net cost is approximately \$3.5M.

8. Conclusion / Next Steps:

The Region is currently waiting for CMO to provide a statement of work and financial information to staff associated with their Transition Collection Offer so that a determination can be made on whether it is in the Region's best interest to pursue an agreement.

If an agreement is not feasible, CMO will be required to arrange collection, transfer and processing of blue box material in addition to resident education and collection issue resolution, effective as of the Region's transition in March 2024.

Staff will continue discussions with CMO and report back to Committee in Q2 of 2023 at the latest with recommended next steps regarding managing blue box materials as well as anticipated financial implications through the transition period and beyond.

9. Attachments:

None.

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