



## **Staff Report for Council Meeting**

**Date of Meeting:** May 13, 2020

**Report Number:** SRCS.20.14

**Department:** Community Services  
**Division:** Public Works Operation

**Subject:** **SRCS.20.14 – Blue Box Transition to Producer Responsibility**

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### **Purpose:**

To update Council on the proposed transition of the Blue Box program from municipalities to producers and to recommend a preferred transition year and approach as requested by the Association of Municipalities of Ontario (AMO).

### **Recommendation(s):**

- a) That Council supports Richmond Hill's preferred Blue Box transition timing and approach as follows:
  - (i) Transition the Blue Box program to producer responsibility in 2025, the third year of transition;
  - (ii) Continue to provide Blue Box collection services on behalf of producers should both parties arrive at mutually agreeable commercial terms;
- b) That staff be directed to report back in the fall of 2020 with comments on the proposed Blue Box provincial legislation for Council's consideration;
- c) That the City Clerk be directed to forward a copy of this resolution to the Association of Municipalities of Ontario, York Region and the Ontario Ministry of the Environment, Conservation and Parks.

### **Contact Person:**

Vlad Gaiu, Manager, Energy and Waste, Public Works Operations, extension 2524

Grant Taylor, Director, Public Works Operations, extension 2966

### **Report Approval:**

**Submitted by:** Darlene Joslin, Commissioner of Community Services (Acting)

**Approved by:** Mary-Anne Dempster, Interim City Manager

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All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner and City Manager. Details of the reports approval are attached.

### **Background:**

#### **Waste Management is an integrated program across York Region**

Municipal waste management services in York Region include the collection and disposal of garbage, recycling, organics, yard waste, appliances and other types of residential waste. Responsibilities are split between the local municipalities and the Region. Local municipalities collect solid waste from the community, while the Region processes and disposes of these materials. All local municipalities contract with private vendors to provide waste collection services and transport collected materials to a number of Regional processing sites depending on the waste stream.

#### **Municipal blue box program costs are rising and a sustainable solution is needed**

Richmond Hill's Blue Box program began in 1988 and remains one of the City's most successful waste diversion programs, collecting approximately 13,500 tonnes of recyclables each year. This represents approximately 25% of all waste collected from residential properties in the City. Recyclables are transferred to the York Region Material Recovery Facility (MRF) for processing, where they are sorted, bailed and then sold to local and international markets.

Currently producers of the materials that end up in the Blue Box are required to pay 50% of the collection and processing costs for Ontario's Blue Box program with municipalities funding the other 50%. For Richmond Hill, the Blue Box program costs are approximately \$1.6M annually and include door-to-door collection, administration and resident education. The City receives annual funding of approximately \$680,000 from producers to help offset collection costs, and the Region receives a corresponding funding allotment to offset processing costs.

In recent years, the Blue Box program has experienced significant challenges. End markets, such as China, have set strict standards for the quality of recycling materials they will accept. This has resulted in lower global demand for Blue Box materials. Early in the program, recycling materials were easy to separate and recycle (glass, tin cans and newspapers). Today, packaging has become more complex and multi-material, which makes it difficult, if not impossible, to separate the recyclable components. This, together with misinformation and uncertainty about the recyclability of various products, has made it more difficult and significantly more costly for municipalities to process and market Blue Box materials.

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### **The Waste-Free Ontario Act will transition operational and financial responsibility for the Blue Box to producers**

The 2016 *Waste Free Ontario Act* aims to move Ontario towards a circular economy where waste is recognized as a valuable resource. The Act proposes to transfer operational and financial responsibility for Ontario's Blue Box recycling program from municipalities to producers. Producers are private organizations that supply the paper products and packaging materials accepted in the Blue Box and include manufacturers, importers and distributors. Once transitioned, producers will be fully responsible for managing the lifecycle of their products and packaging, from design and production to sale and final disposal.

Assigning the cost of recycling to producers is intended to incentivize better product and packaging design. For example, to lower waste management costs, producers can eliminate excessive packaging and use materials that are easier to recycle. It will also encourage producers to reduce the use of virgin materials in order to make greater use of the recycled materials they collect. The concept of full producer responsibility is not new and has been embraced by several European countries and the Province of British Columbia. It recognizes that Producers are in the best position to manage the full lifecycle of their products.

### **Municipalities support the transition to full producer responsibility**

Municipalities support the transition, as it will reduce municipal costs and lower waste generation. It will also create a consistent province-wide recycling program that will make recycling easier and less confusing for residents. However, for the transition to be successful, municipalities and AMO are advocating for the following principles:

- Maintain current Blue Box service levels including weekly collection from all single-family and multi-residential properties
- Maintain or improve the range of materials currently accepted in the Blue Box
- Ensure a seamless transition for residents
- Ensure that Blue Box materials do not 'leak' into the garbage or organic streams after the transition of the Blue Box program to producers

### **The Blue Box program will transition between 2023 and 2025**

The Province has announced that transition of the Blue Box program will occur between 2023 and 2025 with one third of Ontario households transitioning in each year. To inform the drafting of regulations, the Province is consulting with a small group of representatives from producers, municipalities (including York Region and AMO) and the waste management industry. Richmond Hill waste management staff are working with York Region and AMO to ensure that Richmond Hill's concerns and interests are represented during these consultations. The Province plans to release regulations in the fall 2020 at which time staff intend to bring forward comments on the proposed legislation for Council endorsement.

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AMO has requested that municipalities prepare for transition by working with their Councils to pass a non-binding resolution by June 30, 2020, indicating their preferred transition approach and year (i.e. 2023, 2024 or 2025). This will assist the Province in the drafting of regulations and it provides municipalities the chance to declare their preference in the transition process. In response, York Region is preparing to take a staff report forward in June 2020 with a recommended transition year for processing, and has requested member municipalities approach their local Council prior to this date, with a recommended transition strategy and preferred transition year for collection.

The purpose of this staff report is to update Council on the implications of the proposed transition of the Blue Box program from municipalities to producers and to recommend a preferred transition year and approach, as requested by the AMO and York Region.

### Impacts of transition for Richmond Hill

Due to the integrated waste management system in York Region, transitioning to full producer responsibility is not as simple as removing the collection of Blue Box materials from the other waste collection services offered by the City. As an example, recyclables are currently co-collected with organic materials in the same collection vehicle. Removing recycling collection will affect how the remaining waste collection services are delivered.

In addition, staff have identified the following potential impacts for Richmond Hill:

- Customer service impacts:
  - Producers could choose to collect recycling on a different day or to collect less often
  - Producers may choose to opt out of collection from parks, in the downtown core or at super mailboxes
  - During and after transition, residents are likely to continue to look to the City to resolve customer service issues related to Blue Box collection
- Contract penalties may be applied against Richmond Hill if the City exits the recycling component of its current waste collection contract prior to contract expiration in 2027
- Impacts to connected municipal waste programs such as resident education (e.g., waste calendar), curbside enforcement, comments on planning applications
- Coordination with other City services such as winter maintenance and the windrow program

For these reasons, staff recommend selecting a transition approach that maintains current customer service levels and minimizes costs, to ensure a seamless transition for residents.

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### **Staff recommend continuing collection of recyclables on behalf of producers for a fee and transitioning in 2025**

While few details are available at this time regarding the transition approach and the new regulations, staff expect that municipalities will have the option to continue to collect Blue Box materials on behalf of producers if they are able to reach a mutually beneficial agreement with producers. Therefore, staff recommend that the City declare its preference to collect recyclables on behalf of producers, for a fee, leveraging the existing waste collection contract with Miller Waste until the expiration of the current contract. This approach will minimize costs while reducing the potential impacts to customer service levels by leveraging the efficiency of the existing integrated waste collection program.

If the City is not able to reach an agreement with producers, staff recommend that Richmond Hill fully transition the blue box program to producers in 2025 (i.e. transition collection responsibility to producers). This would allow time for producers to experience the inevitable challenges and learning that will happen in the first years of blue box program operation. Transitioning in year three (2025) will also minimize any potential penalties for exiting the recycling component of the current waste collection contract with Miller Waste.

It is important to note that due to the shared responsibility for waste management between York Region and the lower tier municipalities, the choices made by York Region and the other lower tier municipalities may influence Richmond Hill's choice and the associated outcomes. As an example, York Region currently provides processing for Blue Box materials collected by the lower-tier municipalities (i.e. sorting and finding end markets). If York Region chooses to transition its processing role to Producers before the City does, Richmond Hill may be responsible for new costs previously covered by York Region, such as transportation costs to processing facilities.

### **Financial/Staffing/Other Implications:**

The recommendations of this staff report do not have any financial or staffing implications at this time as the Council declaration is non-binding and allows Richmond Hill to make changes as more details on the transition become available. However, future financial considerations as a result of the Blue box program transitioning to producers will include:

- Reduction in municipal collection costs for recyclables
- Potential costs if Richmond Hill exits the recycling component of its current waste collection contract
- Additional costs for:
  - Transportation to recycling facilities if York Region exits Blue Box processing provision prior to Richmond Hill's transition of Blue Box collection. These costs are currently York Region's responsibility.

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- Materials that may “leak” out of the Blue Box to the garbage and green bin
- Collection from municipal recycling containers at super mailboxes and in the downtown core.

These costs will be assessed as more information becomes available and will be brought to council through subsequent staff reports.

### **Relationship to the Strategic Plan:**

The intent to transition to Blue Box program to producer responsibility is in keeping with Strategic Plan Goal Four, Wise Management of Resources. The City will continue working with York Region municipalities, AMO and the Province to ensure that residents continue to have access to convenient and reliable recycling services, while reducing municipal costs and improving environmental outcomes.

### **Conclusion:**

The Waste Free Ontario Act will transition the responsibility and cost of the Blue Box program from municipalities to producers. The Province intends to release regulations by fall 2020 and transition is planned to occur between 2023 and 2025, with one third of Ontario households transitioning in each of those years. AMO and York Region have requested that municipalities prepare for transition by working with their Councils to pass a non-binding resolution by June 30, 2020, indicating their preferred transition year (i.e. 2023, 2024 or 2025) and approach.

Richmond Hill supports the transition as it will reduce municipal costs, lower waste generation and make recycling easier for residents. However, it is anticipated that the transition will affect customer service levels, education programs, enforcement and coordination of service delivery. In addition, there may be financial costs associated with transition if Richmond Hill exits the recycling component of its contract with Miller Waste prior to the contract end date (2027).

In order to minimize these impacts, Richmond Hill’s waste management staff are working towards a preferred outcome, which aims to maintain current service levels and collection efficiencies throughout the transition years to provide a seamless transition for residents. To achieve this preferred outcome, staff recommend that Richmond Hill pursue a transition approach where Richmond Hill will continue to collect Blue Box materials on behalf of producers as part of its waste collection contract with Miller Waste, until the expiration of the current contract or sooner, if dictated by the Province.

If the City is unable to reach an agreement with producers, staff recommend that Richmond Hill exits the Blue Box service provision and transition the Blue Box program to producers in year three (2025) of the proposed transition time line. Exiting the collection of Blue Box in year three, will allow producers time to stabilize and improve their collection services and minimize any potential costs for exiting the recycling component of the current contract with Miller Waste.

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The Council declaration contained in this report regarding the preferred transition approach and timing is non-binding and does not guarantee the actual outcome. It is only meant to inform the transition strategy and draft regulations.

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### Report Approval Details

Document Title:	SRCS.20.14 Blue Box Transition to Producer Responsibility.docx
Attachments:	
Final Approval Date:	Apr 23, 2020

This report and all of its attachments were approved and signed as outlined below:

**Vlad Gaiu - Apr 21, 2020 - 8:50 PM**

**Grant Taylor - Apr 22, 2020 - 11:52 AM**

**Darlene Joslin - Apr 23, 2020 - 2:54 PM**

**MaryAnne Dempster - Apr 23, 2020 - 3:02 PM**