



Staff Report for Committee of the Whole Meeting

Date of Meeting: November 15, 2023

Report Number: SRCS.23.23

Department: Community Services
Division: Public Works Operation

Subject: **SRSC.23.23 - Blue Box Transition Update**

Purpose:

To update Council on the transition of the Blue Box Program to Extended Producer Responsibility and to recommend an approach to ensure an efficient transition of the Blue Box Program.

Recommendation(s):

- a) That Council receive, for information, the outcome of contract discussions associated with the transition of Ontario's Blue Box Program to Producers, effective January 1, 2026 as outlined in SRCS.23.23.
- b) That the City of Richmond Hill not pursue Circular Materials upcoming Request for Proposal (RFP) for collection of blue box materials on behalf of Producers for the York Region catchment area beginning January 1, 2026.
- c) That staff report back to Council with options and costs for post-transition collection of blue box materials from non-eligible sources.
- d) That the expansion of the City's super mailbox recycling program be put on hold until post-transition costs to deliver this service are obtained and a decision by Council is made on this program.

Contact Person:

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Report Approval:

Submitted by: Tracey Steele, Commissioner of Community Services

Approved by: Darlene Joslin, 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 in Richmond Hill

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.

The City's residential waste collection services are contracted to Miller Waste Systems Inc. ("Miller") who has been a long standing contractor with the City, providing excellent customer service and value to the Richmond Hill community for over 25 years. The current contract with Miller started on April 1, 2019, expires on April 1, 2027 and includes an option to extend the contract term to April 1, 2029. The contract includes waste collection services for single family homes, multi-residential buildings, downtown core residents and small businesses, as well as municipal buildings.

Richmond Hill's Blue Box Program began in 1988 and involves collecting approximately 12,800 tonnes of recyclables each year. This represents approximately 25% of all waste collected by the City from residential properties. Recyclables are transferred to the York Region Material Recovery Facility for processing, where they are sorted, baled and then sold to local and international markets.

Currently, generators ("Producers") of the materials destined for the blue box are required to pay 50% of the collection and processing. For Richmond Hill, the cost to collect blue box materials is approximately \$1.4M annually. The City submits an annual datacall to the province, through the Resource Productivity and Recovery Authority ("RPRA"), to receive approximately 50% of the Blue Box Program cost from Producers to help offset collection and certain overhead costs. The Region receives a corresponding funding allotment to offset processing costs. RPRA is mandated by the Government of Ontario to enforce the province's circular economy laws and is responsible for enforcement of the new Blue Box Regulation as well as overseeing compliance with reporting requirements and diversion targets.

Blue Box Regulation and Transition Schedule

In June 2021, The Ministry of Environment, Conservation and Parks released the Blue Box Regulation (O.Reg. 391/21), which establishes the transition of the current Blue Box Program to Extended Producer Responsibility, making Producers of recyclable

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materials financially and operationally responsible for the end-of-life management of their products and packaging.

The new regulation will enact several changes to the Blue Box Program including:

- Establish a common recycling program across the province with a standardized list of acceptable materials regardless of where residents live in Ontario.
- Expand the list of acceptable recyclable materials including flexible plastic, Styrofoam, and single-use items, which are not currently accepted in Richmond Hill's Blue Box Program.
- Require Producers to collect recyclable materials from eligible sources including single-family homes, multi-residential buildings, not-for-profit long-term care and retirement homes, schools, and some public spaces.
- Establish diversion targets that Producers will be required to meet.
- Implement a province wide promotion and education program.

The Province has empowered RPRA to oversee the blue box transition to Producer responsibility. Ontario municipalities will transition their existing Blue Box Programs to full Producer responsibility between July 1, 2023, and December 31, 2025. Transition will gradually occur throughout the province with different geographical areas transitioning at various times. Richmond Hill, along with the rest of York Region, will transition on December 31, 2025.

Residents will continue to receive uninterrupted blue box collection services throughout the transition period. Starting January 1, 2026, the City will no longer be responsible for administering or funding the residential Blue Box Program. Producers will have full regulatory authority, removing the responsibility from Ontario municipalities.

Overall, the transition is intended to reduce municipal costs and reduce the amount of waste generated. It will create a consistent province-wide recycling program that will make recycling easier and less confusing for residents. However, some concerns with the transition remain despite advocacy efforts by municipalities and the Association of Municipalities Ontario ("AMO"). The main concerns with the transition include:

- Potential changes to collection schedules as there is no requirement for Producers to coordinate collection with other streams, meaning that recycling may be collected on a different day than garbage, organics and yard waste.
- Frequency of collection may change from weekly to bi-weekly pick up.
- Service level lapses and consistency (i.e. missed or delays in collection).
- Coordination with other City services such as road and sidewalk clearing activities.
- Potential that more blue box materials may 'leak' into the garbage or organic streams.

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- Potential for worse environmental outcomes for the Blue Box Program should diversion targets and reporting requirements not be enforced by RPRA on Producers.

Council Direction May 2020

Richmond Hill's blue box transition date of December 2025 was approved by Council in May 2020 (SRCS.20.14) when AMO requested municipalities to declare their preferred transition date. At that time, Council also directed staff to explore the feasibility of continuing to collect blue box materials, on behalf of Producers, if a mutually beneficial commercial agreement can be reached. The intent was to reduce any initial negative service level impacts, until the City's contract with Miller expires in 2027.

Overview of Circular Materials

"Circular Materials" is a non-profit organization that represents the Producers of materials accepted in the blue box. Circular Materials has assumed responsibility for administering the common collection system on behalf of Producers in Ontario and is responsible for procuring and awarding agreements for collection, processing and marketing of blue box materials.

Circular Materials has started to release Requests for Proposals ("RFPs") for services to collect blue box materials from residential sources post-transition (i.e. starting on January 1, 2026). The geographical collection areas for each RFP are made up of multiple municipalities, with the exception of the RFP for the City of Toronto. The blue box collection RFP that captures Richmond Hill will include collection from all of York Region and is anticipated to be released in Q4 2023.

Discussion:

Discussions with Producers Regarding Post-Transition Collection

Following Council direction in May 2020, staff engaged in discussions with Circular Materials and Miller to explore the feasibility of the City continuing to provide blue box collection services through the Miller contract, on behalf of Producers, until the April 2027 expiry of the current contract with Miller. Circular Materials informed staff that the City would need to submit a bid on the RFP for the entire York Region collection area to continue to provide blue box collection after January 1, 2026.

Circular Materials has advised that the RFP, as structured, is aimed primarily at private sector service providers and that only one collection contract will be awarded for the entire York Region catchment area. Circular Materials is not prepared to divide up the York Region catchment area by municipalities, as they prefer fewer collection and processing contracts to manage across the province and believe they can take advantage of economies of scale provided by the larger catchment areas and contracts.

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Based on this information, staff believe that it is not in the City's interest to bid on this RFP as it would require the City to take on the role of recycling collections contractor for all nine municipalities in York Region. This would require the City to make significant capital and operational investments and to take on the operational, legal and financial risks associated with providing blue box collection services for the entire York Region.

In addition, staff have reviewed the terms and conditions contained in previous RFPs released by Circular Materials and have identified the following additional risks:

- Contract penalties if blue box contamination levels exceed 4%. For comparison, Richmond Hill's current blue box contamination rate ranges between 15 to 20%.
- Contract penalties for not meeting service level specifications.
- Additional transportation costs depending on where the receiving facility for the blue box material will be located.
- Additional reporting requirements, which are not part of the City's contract with Miller and will result in increased costs.
- Potential financial losses if the compensation offered by Circular Materials does not cover the full actual cost of recycling collection.

Staff believe that the benefits of continuing to collect blue box materials on behalf of Producers do not outweigh the risks and negative financial impacts that will result if the City was to bid on the collection RFP for York Region. Therefore, staff do not recommend a submission for this RFP.

The recommendation to not pursue the post-transition collection RFP is consistent with the conclusion reached by other municipalities (Toronto, Peel Region, and other municipalities in York Region), who have all made similar recommendations to their Councils.

Waste Collection Contract Amendments

Should Council support staff's recommendation not to pursue the RFP for blue box collection for York Region, amendments to the waste collection contract with Miller will be required in order to remove the residential blue box services effective January 1, 2026. In anticipation of the blue box transition, termination clauses were added to Richmond Hill's current contract with Miller to allow the City to exit the recycling component of that contract. Staff are currently in discussions with Miller to determine if there will be any resulting financial impacts and will report back to Council in 2024 with this information and any further recommendations.

Eligible vs. Non-eligible Sources of Blue Box Materials

Starting on January 1, 2026, Producers will be required to collect blue box materials from the eligible sources, which include single-family homes, multi-residential buildings, schools and non-for-profit long-term care and retirement homes. The Blue Box Regulation does not require Producers to collect for the following non-eligible sources:

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- Municipal buildings (including municipal offices, community centres, libraries, areas and fire stations)
- Businesses in the Business Improvement Area (“BIA”)
- Not-for-profit organizations, charities, places of worship, daycares, and other small businesses

The City currently collects blue box materials from approximately 200 of these non-eligible locations which are collected along residential collection routes. These non-eligible locations, will not receive blue box collection under the Producer-led system and therefore the City will need to decide whether to continue to provide blue box collection to these locations after January 1, 2026, using contracted services. The cost to collect from these locations is expected to increase, as separate collection routes will be required. Staff will obtain quotes for these collection costs and return to Council in 2024, to obtain Council direction on whether or not to continue collection services for these non-eligible sources.

Processing of blue box materials is the responsibility of York Region. Staff will work with the Region to secure processing for materials from the non-eligible sources that Council decides to continue to collect.

Super Mailbox Recycling

The City, through Miller Waste, currently collects from 370 recycling containers located at Canada Post community mailbox locations, as part of the Super Mailbox Recycling Program. Each year the City receives 40-50 additional requests from residents to add recycling containers at community mailbox locations. Collection is carried out weekly, as part of the regular residential collection routes which means that there is no extra cost to the City for this collection service since the current waste contract is based on a cost per tonne model. In other words, the cost to the City is the same whether recycling is collected from a resident’s blue boxes or from recycling containers at the community mailbox.

As of January 1, 2026, Producers will only be obligated to provide recycling collection to a specified number of public space containers as defined in the Blue Box Regulation. For Richmond Hill, Producers will be required to collect from approximately 345 public space recycling containers. The City will need to decide if it will continue collection from the super mailbox containers that Producers will not be obligated to collect from. Similar to the non-eligible sources, the collection cost is expected to increase as a separate collection route will be required. Staff’s recommendation is to pause the expansion of the super mailbox recycling program until costs to deliver this service post-transition are obtained and a decision by Council is made on the future of this program. Staff intend to bring back costs and additional information to Council in 2024. In the interim, collection for the existing mailbox recycling containers would continue.

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Waste Collection By-Law

As a result of the blue box transition to Producer responsibility, Richmond Hill's Waste Management By-Law, 18-19, will need to be amended prior to January 1, 2026. Staff will conduct a review of the by-law to ensure it reflects the changes to the waste collection program requirements. The proposed Waste Management By-Law amendment will be brought to Council for approval.

Financial/Staffing/Other Implications:

There are no immediate financial implications resulting from this report. Financial considerations as a result of the Blue Box Program transitioning to Producers will be assessed as more information becomes available and will be brought to Council through subsequent staff reports and/or the annual budgeting process. Expected budgetary impacts will commence to be reflected in the 2025 and 2026 City budgets.

Relationship to Council's Strategic Priorities 2020-2022:

The intent to transition the Blue Box Program to full Producer responsibility is in keeping with Council Strategic Priorities of Balancing Growth and Green and Fiscal Responsibility. The City will continue working with York Region, the local municipalities, AMO, the Province, Circular Materials and Producers to ensure that residents continue to have access to convenient and reliable recycling services, while reducing municipal costs and improving environmental outcomes.

Climate Change Considerations:

Climate change considerations are not applicable to this staff report.

Conclusion:

As required by Provincial legislation, the City's Blue Box Program will transition to Extended Producer Responsibility on December 31, 2025. The City will no longer be responsible for administering or funding the residential Blue Box Program. Starting January 1, 2026, Producers of the materials accepted in the blue box will be responsible for funding and operating Ontario's Blue Box Program.

Circular Materials, the organization representing Producers, is issuing Requests for Proposals for collection services of blue box materials from residential sources. The RFP that includes Richmond Hill, requires that the proponent provides collection services for the entire York Region. Staff do not recommend that the City bid of this RFP, as this would require the City to provide recycling collection services for all nine municipalities in York Region. This would require the City to make significant capital and operational investments and to assume new financial, operational and legal risks to service the entire York Region.

Producers will not be required to collect blue box materials from non-eligible sources currently serviced by the City, including municipal buildings, businesses in the BIA and

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some of the City owned recycling containers at community mailboxes. Council will need to decide if it would like to continue blue box collection for these locations after January 1, 2026. Therefore, staff recommend that the expansion of the City's super mailbox recycling program be put on hold until post-transition collection costs are obtained and a decision by Council is made on this program. In 2024, staff will obtain post-transition collection costs for non-eligible sources and report back to Council to inform decisions on whether or not to continue collection services for each non-eligible source.

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Report Approval Details

Document Title:	SRCS.23.23 - Blue Box Transition Update.docx
Attachments:	
Final Approval Date:	Oct 31, 2023

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

Frank Quarisa - Oct 30, 2023 - 3:27 PM

Andreea Adari - Oct 30, 2023 - 3:33 PM

Gigi Li - Oct 30, 2023 - 4:08 PM

Tracey Steele - Oct 31, 2023 - 6:36 AM

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