



Staff Report for Committee of the Whole Meeting

Date of Meeting: February 19, 2025

Report Number: SRCS.25.01

Department: Community Services
Division: Public Works Operation

Subject: **SRCS.25.01 - Blue Box Collection Changes -
Non-Eligible Sources**

Purpose:

To provide Council with an update on the transition of the Blue Box Program to Extended Producer Responsibility (EPR) and to recommend an approach for collection of recyclables from non-eligible sources.

Recommendations:

- a) That staff report SRCS.25.01 be received.
- b) That the City continue providing recycling collection services, effective January 1, 2026, to:
 - i) City Facilities; and,
 - ii) 88 businesses currently receiving municipal collection in the downtown core Business Improvement Area (BIA).
- c) That a waste management fee of \$365 per year be implemented for each of the businesses currently receiving municipal waste collection in the downtown core BIA, effective January 1, 2026.
- d) That the City's Super Mailbox Recycling Program be terminated effective January 1, 2026.
- e) That recycling collection services be discontinued as of January 1, 2026, from the following:
 - i) religious institutions currently receiving service;
 - ii) non-profit organizations currently receiving service; and,
 - iii) daycare providers currently receiving service.

Page 2

- f) That collection of all waste streams be discontinued effective January 1, 2026, from industrial and commercial properties outside of the BIA currently receiving service.

Contact Person(s):

- Vlad Gaiu, Manager Energy & Waste, Public Works Operations, extension 2524
- Frank Quarisa, Direct Public Works Operations, extension 2935
- Tracey Steele, Commissioner Community Services, extension 2476

Report Approval:

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

Page 3

Key Messages

- Provincial legislation requires that the Blue Box Program in Ontario transition from municipalities to an Extended Producer Responsibility (EPR) framework by January 1, 2026.
- The new Blue Box Regulation requires producers to collect from eligible residential sources (single-family homes, multi-residential buildings, etc.) and select public space containers.
- Certain businesses and institutions that have historically received blue box services will become non-eligible sources under EPR. As a result, the City will need to implement certain service level changes effective January 1, 2026.

Background:

Waste Management in Richmond Hill

Municipal waste management services in Richmond Hill 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 York Region. Local municipalities collect 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 the collected materials to a number of Regional processing sites depending on the waste stream. Richmond Hill's residential waste collection services are contracted to Miller Waste Systems Inc. ("Miller Waste") who has been a long-standing contractor with the City, providing excellent customer service and value to Richmond Hill for over 25 years.

Richmond Hill's Blue Box Program began in 1988. Currently the City collects 11,800 tonnes of recyclables from houses and multi-residential properties each year, which represents 21% of all waste collected by the City. Once collected, recyclables are transferred to the York Region Material Recovery Facility for processing, where they are sorted, bailed, and then sold to local and international markets to be recycled into new products and packaging. For Richmond Hill, the total cost to collect blue box materials is approximately \$1.4 million annually. Currently, producers of the materials accepted in the blue box are required to pay 50% of these collection and processing costs.

Blue Box Regulation

In June 2021, the Ontario 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 from municipalities to Extended Producer Responsibility (EPR). This transition will make producers of recyclable materials financially and operationally responsible for the collection and end-of-life management of their products and packaging. Producers include companies such as Coca-Cola, Costco, Walmart and Loblaws that generate blue box materials in Ontario. The intent of this new regulation is

Page 4

to provide producers with financial incentives to reduce waste and improve recycling across the province.

The new Blue Box Regulation will:

- 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;
- establish diversion targets that producers will be required to meet; and
- implement a province-wide promotion and education program including a recycling app, guides, and a dedicated webpage for each municipality.

Richmond Hill, along with the rest of York Region, will transition on December 31, 2025. Starting January 1, 2026, the City will no longer be responsible for administering or funding the residential Blue Box Program. The new Blue Box Regulation will require producers to collect and process recyclables from eligible sources which include single-family homes, multi-unit residential buildings, public and private schools, retirement and long-term care homes, and some public space containers. Producers will not be required to collect from non-eligible sources such as businesses, non-profit organizations, City facilities, daycares, and religious institutions.

Blue box transition communications are already underway through the City website (RichmondHill.ca/BlueBox) and the 2025 Waste Calendar. Staff are developing a communication strategy for implementation in 2025 & 2026 that will help to inform residents and businesses about the changes resulting from the upcoming blue box transition.

Circular Materials - Producer Responsibility Organization

“Circular Materials” is a non-profit organization that is responsible for administering the common recycling collection system on behalf of producers in Ontario and will be contracting with service providers to collect and recycle blue box materials. Circular Materials has awarded the recycling collection contract for Richmond Hill, Markham, and Vaughan to Miller Waste Systems Inc., while GFL was awarded the contract for the Northern 6 York Region Municipalities. Both recycling contracts will commence January 1, 2026. City staff are working with Circular Materials to help ensure a smooth transition of the Blue Box Program and uninterrupted blue box collection service for residents.

Previous Council Direction (November 2023)

SRSC.23.23 provided an update to Council on the transition of the Blue Box Program to Extended Producer Responsibility (EPR). At the November 2023 Council meeting, staff were directed to:

- report back to Council with options and costs for collection of blue box materials from non-eligible sources; and,

Page 5

- pause the expansion of the Super Mailbox Recycling Program and bring back costs to Council to inform a decision on the future of the program.

The purpose of this staff report is to inform Council of the options and costs to continue recycling collection services from non-eligible sources and to recommend service level adjustments needed to prepare for the January 1, 2026, transition.

Discussion:

Non-Eligible Sources

Starting January 1, 2026, producers will take over collection of recycling from residential sources in Richmond Hill (i.e., eligible sources). However, producers will not be required to collect from non-eligible sources such as businesses, non-profit organizations, City facilities, daycares, and religious institutions. Richmond Hill's municipal waste collection services are currently provided predominantly to residential properties; however, the City currently provides collection service to the following non-eligible sources:

- 28 City facilities
- 88 businesses in the BIA
- 14 religious institutions
- 3 non-profit organizations
- 6 daycares
- 64 industrial and commercial properties
- 60 of the City's 375 super mailbox recycling containers (this is the number of recycling containers that exceeds the producer obligated amount)

These non-eligible sources are currently collected at a low "per stop" cost together with residential sources as part of the City's existing residential collection routes. The City must decide which of the non-eligible sources it will continue to collect via a dedicated recycling collection route(s).

Staff have received estimated quotes from waste service providers for a dedicated recycling collection route to service non-eligible properties. The curbside cost per stop is approximately 30 times higher than what the City currently pays, due to the increased drive time between collection stops, and loss of economies of scale and efficiencies. An analysis of the non-eligible sources and recommendations are provided below to assist in making service level decisions. It should be noted that while the City has no regulatory requirement to continue to provide recycling collection services to non-eligible sources, there are benefits for the City and its residents to continue to provide some of these services.

All municipalities in Ontario are facing the same decision - whether or not to continue collecting recyclables from non-eligible sources post transition. Some municipalities such as Newmarket have decided to discontinue collection of recyclables to non-eligible sources while other municipalities have declared their intent to continue offering some or all of the service. The City of Toronto, for example, intends to continue to collect

Page 6

recyclables from non-eligible sources with a cost recovery mechanism for certain non-eligible sources such as small businesses.

City Facilities

The City collects garbage, organics, and recyclables from 28 City facilities including community centres, arenas, libraries, and fire halls. Collection is managed through the waste collection contract with Miller Waste and material is collected on the same routes with multi-residential buildings. As of January 1, 2026, City facilities will not be eligible to receive recycling collection from producers under the new Blue Box Regulation.

Over the years, Richmond Hill has worked diligently to increase waste diversion from landfill through the recycling and organics programs mandated for residential properties. The City should continue to lead by example and therefore continue to provide 3-stream waste separation options in City facilities. The quote received for collection of recyclables from City facilities is comparable to the current collection costs. This is because recyclables from City facilities are collected with carts or front-end containers that can be integrated into Miller's existing private collection routes for industrial and commercial customers.

Recommendation

- No change. Continue to provide collection services for recyclables, garbage, and organics to the 28 City facilities currently receiving service.

Downtown Core Business Improvement Area (BIA)

Many of the properties in Richmond Hill's BIA have businesses at street level and residential units above. Staff estimate that 88 of these BIA businesses fronting Yonge Street between Major Mackenzie Drive and Crosby Avenue receive weekly municipal waste collection and their recyclables are collected with the residential units above them. The remaining 77 businesses in the BIA area manage their own waste at their own cost. As of January 1, 2026, producers will only be required to collect recyclable material from the residential units of the mixed-use properties. The City will continue to collect garbage and organics from both the businesses and residential units.

It currently costs the City \$22.85 per year for curbside collection of recyclables for each business in the BIA. Post transition, this cost is expected to increase to \$715.00 per year per business, based on the quotes received for a dedicated recycling route. If the City were to stop collection of recyclables from these businesses, the businesses would be required to procure private waste collection. Private collection for the businesses will likely require a change to carts or front-end containers. This will be problematic since most of these businesses in the downtown core are landlocked and do not have space on their properties for waste storage and collection (i.e., no parking lots or rear lane access).

Page 7

Due to the logistical challenges described above, staff recommend that recycling collection services for the 88 businesses in the BIA that currently receive municipal waste collection services be continued.

To offset the increased cost to provide recycling collection in a dedicated truck, a waste management fee can be charged to the 88 businesses currently receiving municipal waste collection. The initial proposed fee of \$365 per year, per business, would cover 50% of the recycling collection and processing costs and the City could cover the other 50%. This fee will be adjusted through the annual Tariff of Fees bylaw update and may include a phase-in to full cost recovery as approved by Council through the Tariff of Fees.

Recommendation

- Continue providing recycling collection services for the 88 businesses currently receiving municipal waste collection in the downtown core BIA effective January 1, 2026.
- Implement a waste management fee of \$365 per year for 2026, for each of the 88 businesses currently receiving municipal waste collection in the downtown core BIA, effective January 1, 2026.

Religious Institutions, Non-Profit Organizations and Daycares

The City's waste collection contract is intended to service residential and municipal properties, however, over the years, for various reasons, collection services have also been extended to 14 religious institutions, 6 daycares and 3 non-profit organizations. These properties are collected as part of the City's residential collection routes at no additional costs to the organizations. It currently costs the City \$22.85 per year for curbside collection of recyclables from each of these 23 properties. As mentioned earlier in this report, the cost to continue providing collection of recyclables after January 1, 2026, to these 23 properties will increase to approximately \$715.00 annually per location, given the need for a dedicated truck and route.

These 23 properties represent 17% of all the religious institutions, daycares and non-profit organizations operating in Richmond Hill. As a result, the service level being offered to these 23 properties is inequitable when compared to the remaining 116 similar organizations in Richmond Hill that do not receive municipal collection service. The remaining organizations generally have arrangements in place for private collection at their own expense.

Recommendation

- Discontinue collection of recyclables from the 14 religious institutions, 6 daycares and 3 non-profit organizations currently receiving municipal waste collection effective January 1, 2026.

Page 8

Industrial and Commercial Properties

Currently there are 64 industrial and commercial properties throughout the City outside of the BIA that receive municipal waste collection. These properties receive curbside collection along residential routes by Miller Waste at a low cost to the City. These properties represent a small subset of the more than 5,000 businesses in Richmond Hill.

As mentioned above for other non-eligible sources, the quote received to provide curbside recycling service to each of these properties after January 1, 2026, is 30 times higher than the current cost to the City. Much like the other non-eligible source categories, continuing the recycling collection service at the higher cost represents an inequity to other businesses in Richmond Hill that do not receive this service. These 64 industrial and commercial properties are for-profit organizations and have the necessary means and space onsite to coordinate and pay the cost of private waste collection. In addition, the receiving facilities that process the waste collected by the City only accept waste from residential sources, with a small exception provided for businesses in the BIA.

Recommendation

- Discontinue waste collection service of all streams to the 64 industrial and commercial properties outside of the BIA currently receiving municipal service, effective January 1, 2026.

Super Mailbox Recycling Program

The City, through Miller Waste, currently collects from 375 recycling containers located at Canada Post community mailbox locations, as part of the City's Super Mailbox Recycling Program. The program was implemented to reduce littering generated at community mailboxes. Collection is carried out as part of the regular weekly residential collection, which means there is currently 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 currently the same whether recycling is collected from residents' blue boxes or from recycling containers located at the community mailboxes.

Each year the City receives 40-50 requests from residents to add recycling containers to additional community mailbox locations. Benchmarking indicates that most municipalities in Ontario do not offer recycling at super mailboxes. Other than Richmond Hill, only Markham and parts of Peel Region offer this service. In November 2023, Council directed staff to pause the expansion of the Super Mailbox Recycling Program until costs to deliver this service post-transition are known and a decision by Council is made on the future of this program.

As of January 1, 2026, the new Blue Box Regulation will require producers to provide recycling collection to a specified number of public space containers, in addition to collection from residential sources. The number of public space containers producers

Page 9

must collect recyclables from is based on the population size of the local municipality. For Richmond Hill, producers will be required to collect from a maximum of 337 public space recycling containers. Eligible containers include the recycling containers at super mailboxes as well as the 22 waste containers in the downtown core. If producers collect from the 22 downtown core containers, the remaining 315 producer obligated public space containers can be used at super mailbox locations. This leaves 60 super mailbox container locations for which the City will need to determine whether continued collection at the City's cost is warranted.

Richmond Hill has three options for the Super Mailbox Recycling Program:

1. Status quo - Keep and continue to service all existing 375 super mailbox recycling containers but cap any further expansion of the program.

Producers will collect from 315 locations as part of their public space container obligations and the City will collect from the remaining 60 locations using a dedicated route. The quoted cost to collect recycling on a weekly basis from the remaining 60 containers is approximately \$42,900 per year. This option will reduce the amount of litter at the serviced super mailbox locations and reduce the cost related to litter complaints and clean ups. However, this approach does pose an inequity in service since no additional locations would be added to the program, including locations in newly constructed subdivisions.

2. Reduce the number of serviced super mailbox locations to the producer obligated number of 315.

Under this option, staff would monitor the usage of the existing 375 containers for the next six months to identify under-utilized containers. These would be removed at the end of 2025 in order to reduce the total number of super mailbox locations to the 315 locations that producers are obligated to collect from.

While this option would allow the City to continue a scaled back version of the existing program at no cost, it may prove difficult to equitably reduce the number of locations by 60. Criteria would be required to determine which containers to remove. This could include removal of containers from smaller super mailbox locations (i.e., based on number of homes served) or removing the locations that were added last to the program. The objective would be to continue to provide recycling containers to the larger and most problematic super mailbox locations. However, similar to the status quo option, this approach results in an inequity in service since no additional locations would be added to the program, including for newly constructed subdivisions.

3. Cancel the Super Mailbox Recycling Program and remove all recycling containers at super mailboxes.

Page 10

The primary rationale for this option is that the material collected at super mailboxes is producer obligated material and therefore it should be taken home by residents and collected at the curb from residential blue boxes, by producers, at their cost. The cost to the City to collect at the 60 super mailboxes, which cannot be accommodated as public use containers, would be approximately \$43,000.

This option would result in the removal of all 375 existing super mailbox recycling containers at the end of 2025 and would result in consistency throughout the City. Additionally, Canada Post does offer a Consumers' Choice Program through which residents can post a note on their mailbox stating they do not wish to receive unaddressed admail, and in doing so, no longer receive items such as flyers and restaurant menus, which are the bulk of items that end up in the recycling containers.

Given the increased collection costs and since the material collected by this program is mostly residential recycling that producers should be collecting, staff are recommending that the Super Mailbox Recycling Program be discontinued and all recycling containers from the 375 locations be removed. Communication materials will be developed to encourage residents to participate in Canada Post's Consumers' Choice Program. Staff will respond to litter complaints at super mailbox locations by implementing targeted clean ups and posting signs to remind resident not to litter and to bring their mail home to recycle it in their blue boxes.

Recommendation

Effective January 1, 2026, discontinue the Super Mailbox Recycling Program and remove recycling containers at the 375 locations currently included in the program. Develop City communications and signage encouraging residents to dispose of fliers and other unaddressed mail in their residential blue box and to inform residents of Canada Post's Consumers' Choice Program.

Financial Implications:

As described in SRCS.25.02 the transition of the Blue Box Program to producer responsibility represents an estimated cost avoidance of \$160,000. A portion of this cost avoidance will be used to fund the cost of collecting recyclables from certain non-eligible sources, such as the 88 businesses in the BIA and from City Facilities. The annual cost to continue collecting recyclables from these non-eligible sources is \$97,500. This cost can be partially offset by implementing a waste management fee for the 88 businesses currently receiving municipal collection in the downtown core BIA. Based on a proposed 50% cost allocation, the net proceeds from the waste management fee could be approximately \$31,500 per year. After factoring in the additional savings of \$13,000 from no longer offering free blue box exchanges, the annual budget impact of the blue box transition, is an overall cost avoidance of \$107,000 as illustrated in the table below.

Page 11

Annual Impact to Waste Collection Contract Budget (2026)

Impacted Services	Annual Cost
City savings due to transition of Blue Box Program to EPR (SRCS.25.02)	\$160,000
Additional cost to collect from non-eligible sources (BIA, City Facilities)	-\$97,500
Proposed revenue from waste management fee for 88 businesses in the BIA	\$31,500
Miscellaneous cost avoidance – no longer offering free exchanges of blue boxes	\$13,000
Annual Budget Impact (cost avoidance/savings)	\$107,000

Currently the processing costs for recyclables are funded by York Region. It is understood that York Region will continue to fund the processing costs of recyclables collected from non-eligible sources post transition, pending execution of a service level agreement outlining program terms and conditions, which will cap the number of non-eligible sources.

Relationship to Strategic Plan 2024-2027:

The transition of the Blue Box Program to Extended Producer Responsibility aligns with the Strategic Plan Pillar 1 priority actions of “Growing a Livable Sustainable Community”, which supports making decisions that meet the needs of today’s residents without compromising the ability of future generations to meet their own needs.

Page 12

Report Approval Details

Document Title:	Blue Box Collection Changes - Non-Eligible Sources.docx
Attachments:	
Final Approval Date:	Feb 6, 2025

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

Frank Quarisa - Feb 5, 2025 - 11:38 AM

Tracey Steele - Feb 5, 2025 - 2:05 PM

Darlene Joslin - Feb 6, 2025 - 8:54 AM