



Staff Report for Committee of the Whole Meeting

Date of Meeting: February 19, 2025

Report Number: SRCS.25.02

Department: Community Services
Division: Public Works Operation

Subject: **SRCS.25.02 - Blue Box Transition - Waste Collection Contract Update**

Purpose:

To provide Council with an update on the required amendments to the City's residential waste collection contract with Miller Waste Systems as a result of the Blue Box Program transition to Extended Producer Responsibility (EPR); and to receive direction on procuring a new, long-term waste collection contract.

Recommendations:

- a) That staff report SRCS.25.02 be received.
- b) That the Mayor and the Clerk be authorized to execute any necessary documentation to amend the existing waste collection contract SS-30-17 to remove residential recycling collection services; amend the cost per tonne for organics collection; and enact a 1-year optional contract extension.
- c) That a Request for Proposal (RFP) be issued for the provision of new long-term residential waste collection services commencing in April 2028.

Contact Persons:

- 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.

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Key Messages:

- The Blue Box Program in Ontario is transitioning to an Extended Producer Responsibility (EPR) framework on January 1, 2026.
- EPR transfers the responsibility for collection of recyclables from municipalities to producers. The City's waste collection contract must be amended to reflect changes related to EPR.
- The transition of the Blue Box Program to producer responsibility represents an overall cost avoidance that is significantly offset by the increased cost to collect organics in a dedicated truck.
- Richmond Hill's current collection contract expires March 31, 2027, and requires amendments to reflect the new ERP framework. A one-year extension available in the original contract will be required to allow sufficient time to procure a new long term waste collection contract.

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 the 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 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 Waste") who has been a long-standing contractor with the City, providing excellent customer service and value to Richmond Hill for over 25 years. The current contract with Miller Waste started on April 1, 2019, expires on March 31, 2027, and includes two optional one-year extensions. The contract includes waste collection services for single-family homes, multi-residential buildings, municipal buildings, downtown core residences and small businesses.

Richmond Hill's Blue Box Program began in 1988 and currently represents 21% of all waste collected by the City. Once collected, recyclables are transferred to the York Region Material Recovery Facility where they are sorted, bailed, and then sold to local and international markets to be recycled into new products and packaging.

Currently, producers of materials accepted in municipal Blue Box Programs are required to pay 50% of the collection and processing costs. For Richmond Hill, the total cost to collect blue box materials is approximately \$1.4 million annually. From 2002 to 2024, the City received compensation for 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.

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Blue Box Regulation

In June 2021, The Ministry of Environment, Conservation and Parks released 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 materials financially and operationally responsible for the collection and end-of-life management of their products and packaging.

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. This includes no longer being responsible for blue box related complaints, missed collections and requests for new or replacement blue boxes. Once transitioned, municipalities will also no longer receive annual funding from producers, since producers will be responsible for all collection and processing costs for the Blue Box Program. As a result, the City's existing residential waste collection contract with Miller Waste will need to be amended to remove recycling collection services commencing January 1, 2026.

Discussion:

Amending Existing Waste Collection Contract

Blue box materials are collected weekly from single-family homes and are co-collected in the same truck with green bin organic waste. The collection trucks are split into two compartments to separate the materials and avoid cross-contamination. Co-collecting recyclables and organics (simultaneously with one vehicle) increases efficiency for the City and the collection contractor – thereby reducing the collection cost per stream. As of January 1, 2026, Richmond Hill will no longer be responsible for the collection of recyclables from eligible sources including single-family homes and multi-residential buildings. Staff have been in discussions with Miller Waste to assess the impacts of deleting collection of residential recycling from the existing contract.

Under the current shared responsibility model, the City paid approximately \$1.4 million for collection of recyclables in 2023 and received approximately \$760,000 in funding from producers. Therefore, the net blue box collection cost to the City was \$640,000. This cost was expected to increase to \$800,000 by 2026 as a result of growth and inflation adjustments. Although removing the blue box collection service represents a cost avoidance for the City of \$800,000 per year, it also causes a loss of collection efficiency as recyclables and organics can no longer be collected in one truck, as per the new regulation. Therefore, Miller Waste informed the City that their cost to collect organics will increase as of January 1, 2026.

Staff and Miller Waste have negotiated a mutually acceptable tentative agreement that includes a one-year extension to the contract. As per this tentative agreement, the City would pay Miller an additional \$640,000 annually for organics collection, effective January 1, 2026. Benchmarking indicates that other municipalities are facing similar if not greater cost escalations than Richmond Hill, ranging from a 25% to 150% increases

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over previous contract pricing. In some cases, contracts include a fee for early termination of recycling collection while others are also experiencing an increase to the organic waste collection rate due to the loss of co-collection efficiency.

Given the benchmarking results, staff believe that both the current contract pricing for waste as well as the proposed organics collection adjustment effective January 1, 2026, remain competitive and continue to provide good value to the City for the services rendered.

Procuring a New Waste Collection Contract

The current waste collection contract term ends March 31, 2027, with two optional one-year extensions. If Council endorses the amended optional one-year extension as recommended, it will extend the contract to March 31, 2028, which will allow adequate time for a competitive procurement process to secure a new long-term waste collection contract commencing April 2028. The City's public procurement process ensures transparency and accountability while providing the flexibility to weigh the proponents' experience, expertise, resources, and cost.

To procure a new long-term residential waste collection contract, a lead time of approximately 3 years is required and is broken down as follows:

- **RFP/Contract Development (6 months):** This includes a comprehensive review and update of current contract clauses to ensure alignment with any new requirements.
- **Procurement Process (6 months):** Activities include evaluating submissions, conducting interviews with potential proponents, and awarding the contract.
- **Implementation Phase (24 months):** This allows time for the successful proponent to acquire new waste collection vehicles and undertake other required capital investments to effectively deliver the services.

To meet these timelines, staff will begin developing the RFP in early 2025 for an April 1, 2028, contract start.

Financial Implications:

The transition of the Blue Box Program to producer responsibility represents an overall cost avoidance that is offset by the increased cost to collect organics in a dedicated truck. The table below summarizes the annual cost impact of the recommended contract amendments in 2026 dollars.

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Annual Impact to Waste Collection Contract Budget (2026):

Impacted Services	Annual Cost
Savings from removal of residential recycling collection services	\$1,560,000
Loss of annual blue box funding from producers	-\$760,000
Subtotal cost avoidance - removal of recycling from waste collection contract	\$800,000
Organic collection rate increase	-\$640,000
Total annual budget impact (cost avoidance/savings)	\$160,000

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.

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Report Approval Details

Document Title:	Blue Box Transition - Waste Collection Contract Update.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 - 11:39 AM

Tracey Steele - Feb 5, 2025 - 2:12 PM

Darlene Joslin - Feb 6, 2025 - 8:53 AM