



# COUNTY OF WELLINGTON

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## COMMITTEE REPORT

**To:** Chair and Members of the Solid Waste Services Committee  
**From:** Das Soligo, Manager of Solid Waste Services  
**Date:** Tuesday, April 09, 2024  
**Subject:** **Blue Box Transition – Future County Role in Recycling**

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### Background:

On June 3, 2021, the Ministry of the Environment, Conservation and Parks (MECP) released the Blue Box regulation (Ontario Regulation 391/21) that transitions the current Blue Box Programme to full producer responsibility, a system where producers of printed paper and packaging (PPP) are responsible for managing and funding all aspects of recycling in the residential sector. Currently, up to 50% of the cost of municipal recycling programmes are funded by producers. Once a municipality's blue box programme has transitioned, the full cost of these programmes will be paid for by producers.

Producer Responsibility Organizations (PROs) are funded by producers and have been enlisted to assist producers of PPP in meeting their regulatory requirements under the Blue Box Programme. PROs are expected to provide collection, management and administrative services to producers to aid them in meeting their regulatory obligations.

The primary organization representing producers, is Circular Materials (CM). As the PRO which has signed on the most and the largest producers, CM has come to dominate the space and is now acting on behalf of the other, smaller PROs by generating rules which will apply to transitioning communities. CM has implemented the transition in some communities and will be doing so for the remainder of the province by the end of 2025.

As an attachment to the Blue Box regulation, the MECP released a transition schedule which indicates that all Ontario municipalities will transition between July 1, 2023 and December 31, 2025. The County of Wellington's blue box programme is scheduled to transition on July 1, 2025. As has been reported previously, if 100% of the costs of operating the County's recycling programme are compensated for, it is estimated that the transition will result in \$1.8 - \$2 million in annual savings.

Full producer responsibility for recyclables was initially limited exclusively to materials generated in the residential sector. Following feedback from municipalities and waste management associations, the list of eligible sources was expanded to include;

- Schools
- Municipally or not-for-profit operated long-term care and retirement homes
- Parks and playgrounds
- Transit stations

Sources of recyclables that will be ineligible for services under the full producer responsibility regime include;

- Municipal buildings and facilities
- Industrial, commercial and institutional organizations, including Business Improvement Areas
- Places of worship
- Not-for-profit organizations

There will be potential service impacts for the industrial, commercial and institutional sector (IC&I) as these organizations will lose access to all recycling services, unless they pay for them on their own accord, or unless municipalities decide to continue to provide these services. The cost for an individual business to hire a contractor to provide recycling services may be prohibitive, and the loss of recycling services will likely result in many organizations choosing to dispose of their recyclables in the waste stream.

Post transition, municipalities will no longer be required to provide any recycling services to residents or businesses. However, municipalities who own an operational landfill site have a vested interest in diverting materials from landfill, in order to preserve scarce capacity.

CM has indicated that they require municipalities to notify whether they will provide continuity for these services by March 15, 2024. As the County was not supplied with the information required to make an informed decision on this topic by the deadline, CM granted an extension for this notification until the end of April.

### **Recycling Service Options:**

Staff have identified several potential opportunities for the County to maintain limited recycling services to residents and/or businesses:

- **Allow residents to use Depots for recycling disposal**
- **Allow businesses to use Depots for recycling disposal**
- **Establish business recycling collection routes in downtown areas**

County Council may wish to cease its role in providing recycling services post-transition, as there will be costs associated with maintaining service continuity. Staff recommend that County Council consider the County's long-term role in recycling, beyond the transition period (July 1 – December 31, 2025). While there are temporary opportunities being offered to municipalities to reduce or eliminate costs associated with maintaining service continuity for recycling, these offers are expected to be unavailable at some point post-transition, whether immediately or within three years of the transition formally ending, on January 1, 2026.

Any long-term programme costs must be weighed against the benefits of recycling service continuity, including landfill preservation, allowing residents and businesses convenient access to recycling opportunities and reducing greenhouse gas emissions associated with landfilling waste and extracting raw material resources.

The following sections will provide analysis of the above service options.

## **Allow Residents to Use Depots for Recycling Disposal**

Following the transition period, producers are required to implement a standardized Provincial Blue Box Programme across Ontario that meets the regulatory requirements set by the province, which will be effective January 1, 2026. Communities which currently provide curbside collection service, will continue to receive a comparable service level post-transition. Communities that only provide depot drop-off services to their residents, will either have this service level maintained, or a curbside collection programme may be initiated at the discretion of CM.

The County decided to opt-out of providing curbside collection services during the transition period, and so the producers will arrange to provide curbside collection services for this time, and beyond, as they implement the province-wide recycling system on January 1, 2026. However, the County currently allows residents to drop recyclables off at its waste facilities. Through CM, the producers will be offering compensation to municipalities to continue services at these depots during each municipality's transition period.

Approximately 1,000 County residents do not currently have access to curbside collection service, due primarily to unassumed roads not being able to be serviced by collection vehicles. CM will be obligated to provide these residents with service, whether through the County's depot system, or by implementing a collection solution. The County has not received an offer from CM to provide access to service for these 1,000 residents, although staff expect an offer to be received in the near future.

An offer from CM has been received for compensation to continue to allow residents to dispose of recyclables at County waste facilities for the six-month transition window. While the agreement allows for three one-year extensions to this offer, it must be agreed upon by both parties. Producers are not currently required to offer any compensation for depot generated recyclables beyond January 1, 2026, and so staff believe a conservative approach is to assume this compensation will not be available beyond that time. The offer ranges from \$6,331 - \$15,332 a month, depending if the Circular Materials arranges for bin haulage from the County's waste facilities, or if the County utilizes its roll-off fleet.

The County's roll-off fleet is currently hauling all recycling bins to processing or transfer destinations. Maintaining this task will not result in additional workload, and as the costs for the fleet are primarily fixed costs, it will be most advantageous to the County to accept the higher rate, which will result in \$92,000 in revenues for the six-month transition period (\$184,000 annually, if the compensation agreement is extended post-transition). Furthermore, should the County Council wish to maintain existing service levels of giving residents the option of using waste facilities to dispose of recycling, the roll-off fleet can maintain the hauling operations in a continuous manner.

During the transition period, there will not be processing fees charged for recyclables delivered from the waste facilities generated from the residential sector. Beginning in 2026, it is estimated that processing fees of \$250 per tonne will be charged for this material. In reviewing 2023 data for residential recyclables (747 tonnes) delivered to County waste facilities, staff project processing fees would cost \$187,000 annually.

This is considered a conservative estimate, as the producers may continue to compensate for this material if they are required to, or if they are not reaching targets laid out by the Province. Furthermore, Council has previously directed staff to shift the usage of waste facilities to a Diversion Centre Model through the Solid Waste Services Strategy. This model is most effectively enabled through a minimum waste fee at the sites. A minimum fee to utilize waste facilities would incentivize

residents to use the curbside collection service for materials that can be managed there, and these materials will be the responsibility of the producers.

### **Allow Businesses to Use Depots for Recycling Disposal**

The transition to full producer responsibility in Ontario is somewhat flawed in the sense that producers are not obligated to provide any recycling services to businesses and institutions. This means that businesses currently participating in the County's blue box programme, will be left without a free or cost-effective service option. For this reason, there is a potential role for the County in providing continuity for recycling services in filling this gap and keeping divertable materials out of landfill..

During the transition period and beyond, the County will not receive any compensation for the use of our waste facilities, for recyclables generated by the industrial, commercial and institutional (IC&I) sector. However, allowing this material to be accepted at the County's transfer stations will not have a significant cost impact, as the estimated IC&I tonnage delivered to waste facilities is approximately 80 tonnes a year. With a processing rate estimated to be \$250 per tonne, the annual cost to recycle IC&I generated materials that are delivered to waste facilities is expected to cost approximately \$20,000. It is possible that the estimate for processing IC&I generated recyclables is not high enough. As businesses lose access to the County provided service of curbside collection of recyclables post-transition, more may utilize a waste facility drop-off option.

### **Establish Business Recycling Collection Routes in Downtown Areas**

During the transition period and beyond, the IC&I sector will lose access to curbside recycling collection services, unless they take the initiative to hire a contractor to provide this service. However, for most small generators of recyclables, hiring a contractor to provide curbside service will be cost prohibitive. In particular, the small businesses that operate in downtown areas are often the most reliant on curbside collection of recyclables, for their recycling needs.

Larger businesses and industries are more likely to have the space, funds and quantity of cardboard and other recyclables to justify hiring bin services to meet their recycling needs. Businesses in downtown areas typically do not have the space or volume of recyclables to take a similar approach. With this service gap identified, the County may choose to continue its current role of providing recycling services to downtown area businesses, post-transition.

Staff requested a quotation from its contractor to provide a weekly recycling collection service in 14 identified downtown areas across the County. Waste Management (WM) provided a quotation with some elements which differ from the current curbside collection service. The quotation includes the following features and specifications;

- All downtown areas will be collected on Mondays, with collection beginning as early as 6am
- Recyclables set out to the curb must be contained in 64 gallon, wheeled carts
- All recyclables (containers and paper products) will be commingled into a single stream
- The term of the agreement will be one year, with options to renew one-year at a time and with Consumer Price Index (CPI) adjustments applied annually
- The cost of the service will be \$96,574, including all processing fees. Carts will be delivered to businesses for a one-time fee of \$6,668

As not all businesses in the downtown areas will desire a cart or will plan on participating in a downtown recycling collection programme, staff could pre-register businesses to get a true idea of

how many will use the service. The above quotation is based on 100% participation in the collection service. Pre-registering businesses can reduce the quoted price, while also avoid providing a cart to a location that does not wish to receive one.

### **Summary:**

In alignment with the goals and guiding principles of the Solid Waste Services Strategy, staff recommend that County Council provide service continuity to fill gaps in recycling services between current service levels, and those that the producers will deliver. Doing so will continue to provide residents with convenient options to dispose of their recyclable materials, while allowing businesses to continue to have access to recycling services. The result of achieving recycling service continuity post-transition, will be greater satisfaction for residents and businesses while conserving landfill capacity through the diversion of recyclable materials.

Convenience and affordability enable greater participation in diversion programmes. Closing the post-transition service gaps will capture up to 20% of the County's total recycling tonnage. Some of this tonnage would surely be lost to landfill without these service continuity measures. This estimated maximum tonnage that could be captured through continuing to provide the current recycling options, equals approximately 5% of the County's annual waste tonnage that is disposed of in landfill. Over the operating life of the Riverstown landfill's Phase II development, these measures could add over a year of landfill capacity.

The combined estimated annual cost of these measures is \$303,600. It is possible that the annual costs will be reduced as some residents who currently use waste facilities for their recycling needs, embrace the convenience of what is expected to be a single stream, cart-based curbside collection model. Pre-registering businesses for inclusion in the downtown area recycling collection route will also reduce the quoted cost of that service. Lastly, the annual compensation that CM may offer beyond the transition period would cover much of the total recycling expenditures required to provide service continuity.

Given the convenience factor for residents and downtown businesses, the environmental benefits of landfill conservation and greenhouse gas emission reductions, staff recommend that the County continue to maintain the current level of recycling services post-transition. If this recommendation is followed, the incremental budget impact will be more than offset by the estimated \$1.8 - \$2 million in reduced expenditures that is expected to be realized as the County's recycling system shifts to full producer responsibility.

### **Strategic Action Plan:**

This report relates to the following objectives and priorities in the County's Strategic Action Plan:

- Making the Best Decisions for the Betterment of the Community

### **Recommendation:**

That the County maintain continuity for recycling services, as outlined in the report, beyond the transition to full producer responsibility.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Das Soligo', with a stylized, flowing script.

Das Soligo  
Manager of Solid Waste Services