



New Provincial Blue Box Regulation and Preferred Program Transition Date

**General Committee
November 30, 2020**



Purpose

- **To provide an overview of the new Provincial Draft Blue Box Regulation**
- **Obtain Council's endorsement of comments regarding the Province's draft Blue Box Regulation**
- **Recommend a preferred Blue Box Program transition year for Markham**

Agenda

1. Draft Regulation – Timeline, Overview & Summary
2. Transition - Timing Options & Impact
3. Recommendations

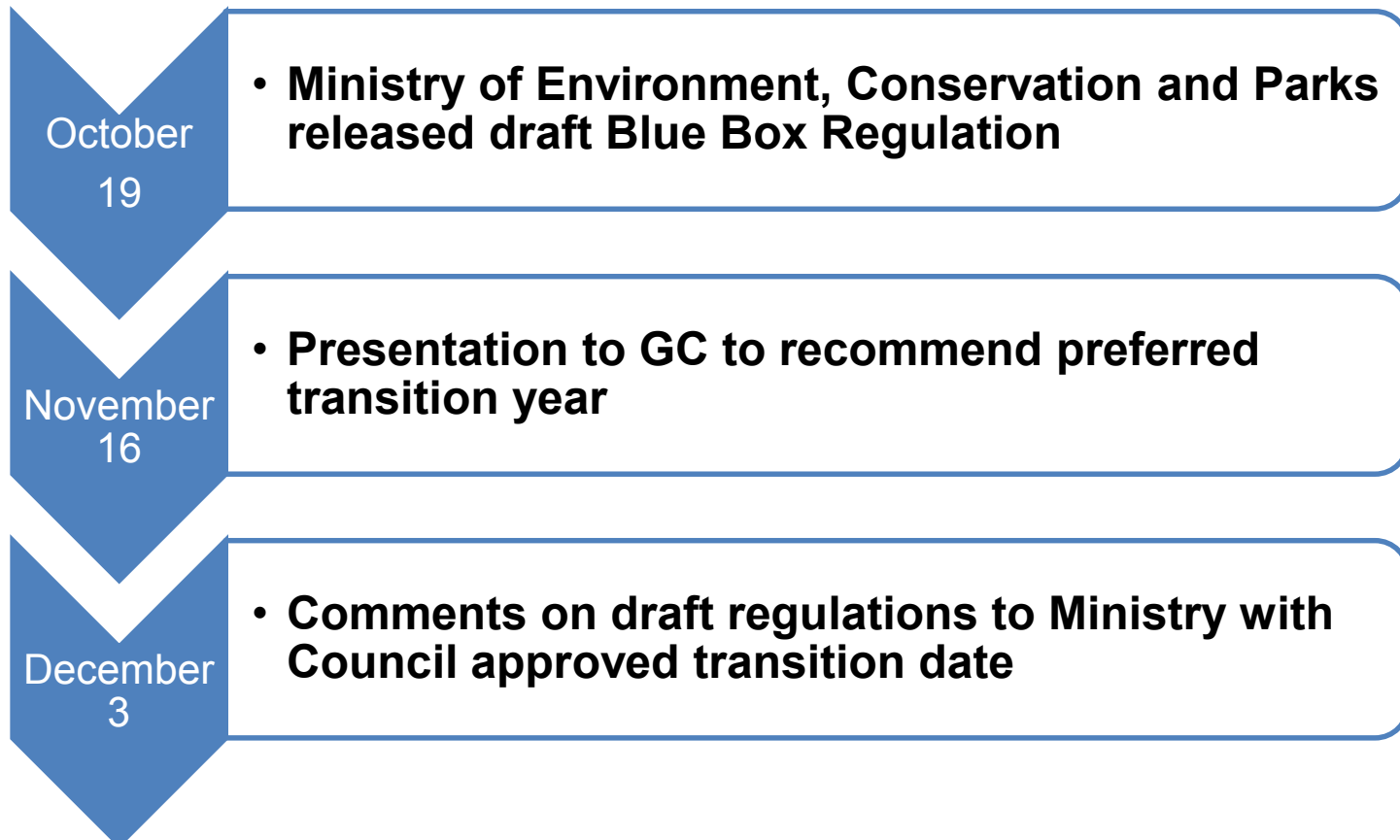


1. Draft Regulation Timeline, Overview & Summary



1A. Draft Regulation - Timeline

The Resource Recovery and Circular Economy Act, 2016 (RRCEA) shifts Blue Box recycling programs away from municipalities, making “Producers” of products and packaging fully responsible for the waste they create





1B. Draft Regulation - Overview

The Regulation is outcome based:

- Makes Producers financially responsible for their products and packaging
- Requires Producers to report on Blue Box materials diverted each year and to meet set diversion targets
- Expands and standardizes the scope of Blue Box materials across the province
- Provide Blue Box services to a variety of eligible sources
- Requires province-wide education and promotion

Key Principle is to shift cost of recycling from municipal property taxpayers to Producers so Producers are able control costs through their influences over:

- The type of products and packaging sold into the market place
- The materials used to make products and packaging
- How products and packaging are recycled at end-of-life

The Draft Regulation does not prescribe how the Producers should deliver the Blue Box Program post transition (2026+)



1C. Who are the Players?

Ministry of the Environment, Conservation & Parks

- Create outcome based regulation for Producers to establish a new Blue Box system for Ontario
- Minister said “In the case of the Blue Box program [this] will provide up to \$135-million per year, in relief for municipalities and ultimately the taxpayer.”

Resource Productivity and Recovery Authority (RPRA)

- Identified as the “Authority”
- Third-party regulator mandated by Ministry to enforce the regulation including registration, reporting, diversion targets, and compliance functions
- Formerly Waste Diversion Ontario (or WDO)

Stewardship Ontario

- Represents product Producers
- Will determine how services will be delivered
- Can retain “PRO”s (Producer Responsibility Organization) to provide collection services
- Can act separately to establish separate recycling programs (i.e. LCBO, Beer Store)

The Draft Regulation allows the Producers to design the Blue Box program to meet the prescribed service obligations and diversion targets



1D. Who are the “Producers”?

If your product is in the Blue Box, you are a “Producer”

The regulation defines Producers as:

- Brand Holder in Canada
- If Brand Holder not in Canada - Importer who supplies in Ontario
- If Importer not in Canada - Retailer who supplies in Ontario (including online shopping)





1E. What's in the Transitioned Blue Box?

Markham's Blue Box	Proposed Ontario Blue Box
a. Plastics #1-#7 • <u>EXCLUDES</u> styrofoam, black plastic, single-use plastic straws/cutlery, plastic bags, plastic film, candy/chip wrappers, stand up or zipper lock pouches, single-use cold drink cups and coffee cups b. Paper • <u>EXCLUDES</u> coffee cups/lids c. Glass • <u>INCLUDES</u> LCBO/Beer Store containers and packaging d. Metal/aluminium e. Beverage containers (i.e. juice boxes) f. Packaging-like product (incl. aluminum foil, wrapping paper, paper bags, cardboard boxes)	a. Plastics #1-#7 • <u>INCLUDES</u> styrofoam, black plastic, single-use plastic straws/cutlery, plastic bags, plastic film, candy/chip wrappers, stand up or zipper lock pouches, single-use cold drink cups and coffee cups b. Paper a. <u>INCLUDES</u> coffee cups and lids c. Glass a. <u>EXCLUDES</u> LCBO/Beer Store containers and packaging d. Metal/aluminium e. Beverage containers (i.e. juice boxes) f. Packaging-like product (incl. aluminum foil, wrapping paper, paper bags, cardboard boxes)

Transitioned Blue Box recycles more materials
Blue Box must be transitioned to expanded list by 2026



1F. What are the Collection Containers?

- The Regulation defines “Blue Box receptacle” as a container, bin, cart, bag or other receptacle that holds Blue Box material from which Blue Box material is collected

Item	Markham (Current)	During Transition (2023-2026)	Post Transition (2026+)	Comment to Ministry?
Blue Box receptacle	Blue Bins	Collects from any Municipal receptacle	Container, bin, cart, bag	✓
Every Resident has Blue Box	✓	✓	✓	✗
1 replacement a year within one week	✗	✗	✓	✓

During transition, Producers are required to collect materials in the Blue Box receptacle currently used by the municipality (i.e. box, blue bag, cart)



1G. Who will be Serviced? (Eligible Sources)

Item	Markham (Current)	During Transition (2023-2025)	Post Transition (2026+)	Comment to Ministry?
Permanent / seasonal dwellings	✓	✓	✓	✗
Multi-residential buildings	✓	✓	✓	✗
Public and private schools	✓	✓	✓	✗
Long-term care homes and retirement homes	✗	✓	✓	✗
Specific public spaces (certain municipal parks/playgrounds)	✓ Operations Collects	✓ Specific	✓ Specific	✓ All public spaces
Recycling Depots	✓	✗ If have curbside ✓ If no curbside		✓ Include depot with curbside



1G. Who will be Serviced? (Eligible Sources)

Item	Markham (Current)	During Transition (2023-2025)	Post Transition (2026+)	Comment to Ministry?
Municipal facilities (e.g. Civic Centre) and public-facing facilities (e.g. libraries)	✓	✓	✗	✓
Super Mailbox Blue Boxes	✓	✗	✗	✓
Small retail/businesses – In BIA	✓	✗	✗	✓
Small retail/businesses – Not in BIA	✗	✗	✗	✗
Assisted Collection (under 100 homes)	✓	✗	✗	✗ (Can be mitigated)

**Draft Regulation Comments: To include -
All public spaces, Depots, Municipal and Public-facing Facilities,
Super Mailboxes, BIA Small Businesses**



1H. What are the Service Levels?

Item	Markham (Current)	During Transition (2023-2026)	Post Transition (2026+)	Comment to Ministry?
Blue Box Content	✓	✓	✓ Expanded list	✓
Collection Frequency	✓ weekly	✓ weekly	✗ Bi-weekly	✓ weekly
Single stream Collection	✓	✓	✓	✗
Collect Depots, Municipal and Public-facing Facilities	✓	✓	✗	✓
Provide promotion and education	✓	✓	✓	✓

Staff further recommends that: Blue Box collection days align with Markham's green bin and garbage collection days, over a four day collection schedule

Draft Regulation Comments:

Weekly collection frequency, alignment of collection days/schedule, service levels during transition be maintained after transition (2026+)



11. What are the Diversion Targets?

- Draft Regulation requires Producers to achieve diversion targets based on the weight of Blue Box materials they supplied into the market place

Material Category	Proposed Target: 2026-2029	Proposed Target: 2030-onward
Paper	90%	90%
Glass	75%	80%
Metal	67%	75%
Rigid Plastic	55%	60%
Flexible Plastic	30%	40%
Non-Alcoholic Beverage Containers	75%	80%

- Municipalities no longer responsible to meet provincial diversion targets. Staff will calculate Markham's diversion rate using available data.

Draft Regulation Comments:
Producers to provide Diversion rate reporting for municipalities



1L. Draft Regulation - Summary

Item	Comments on Draft Regulation
Blue Box Content	Support expanded Blue Box content
Eligible sources	Add - All public spaces, Depots, Municipal and Public-facing Facilities (i.e. libraries), Super Mailboxes, BIA Small Businesses during and post transition 2026+
Collection Frequency	Add – weekly recycling collection post transition 2026+
Collection days	Request - Blue Box collection days to align with Markham's green bin and garbage collection days, over a four day collection schedule during and post transition 2026+
Overall Service Level	Provide service standards equal or exceed current municipal service level during transition and post transition 2026+

There are number of risks with the Blue Box transition:

- Potential Producer performance deficiencies during first years of transition
- Potential consumer confusion and poor compliance on Blue Box content
- Enforcement mechanisms to hold Producers responsible are unknown (not meeting service level obligations, targets)
- Producers have not officially commented on draft Regulation



2. Transition

Timing, Options & Impact



2A. AMO Resolution

In early 2020 - AMO requested Municipal Councils pass non-binding resolutions indicating:

- Collection service delivery preference (City administer / hand over keys)
- Preferred transition year (2023, 2024 or 2025)

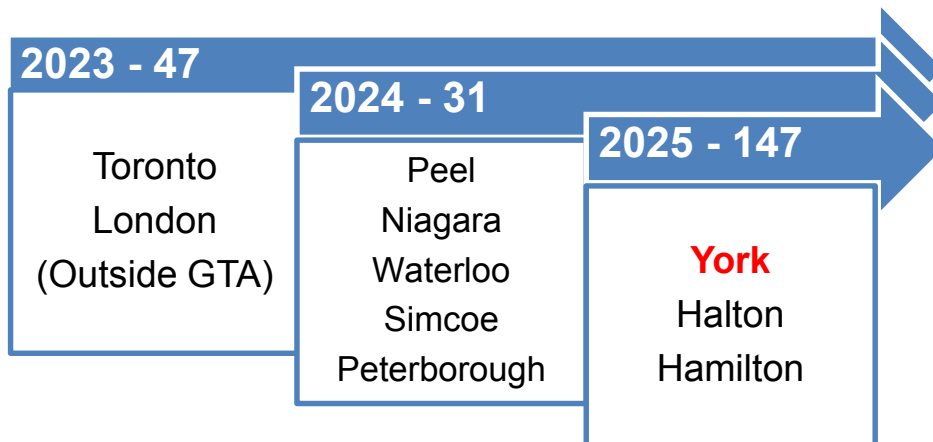
On May 26, 2020 Council passed the following resolutions:

- 1. THAT the City of Markham jointly with York Region and the Local Municipalities support 2025 as the preferred Blue Box transition date (Year 3) of the transition process;**
- 2. THAT the City of Markham elect to continue to provide Blue Box collection services to residents (post transition) on behalf of the product Producers should both parties arrive at mutually agreeable commercial terms;**
- 3. THAT the City of Markham reserve the option to amend Markham's transition date and collection service preference at any time if it is determined to be financially and operationally beneficial to the City;**



2B. Preferred Transition Year

- With input from AMO, the Ministry developed a draft transition schedule which also considered:
 - Municipal contracts expiry date/ability to extend
 - Municipal preference
 - Balancing net program costs and material managed
 - Geographic catchment areas
- The Ministry will issue a final schedule. Producers will be responsible for transitioning communities on or before the dates listed in the final Regulation
- There is currently no process detailed in the Regulation for municipalities to negotiate a different transition date directly with Producers



Markham is not currently listed as an 'Eligible Community' on the Draft Blue Box Transition Schedule



2C. Changes since May 2020 Resolution

- At the time of the May 2020 resolution:
 - Many unknowns related to the requirements of Blue Box regulation
 - City in the process of developing new waste collection contract
 - City staff made recommendations established on regional/local consensus based on current contract terms
- New draft Regulation is comprehensive and exceeded original expectation on Blue Box content, designated collection locations, and diversion targets
- Markham's new collection contract, beginning Sept 1, 2021, allows for early transition:
 - Can transition at any time during contract term
 - Scope of work for Blue Box collection is severable and can be transferred to Producers
 - Separate Blue Box collection vehicles (no co-collection)
 - Known transition costs
 - Services provided to all eligible sources



2C. City to Transition Early

May 2020 Resolution	Current Recommendations
Transition 2025	Transition 2023, or earlier than 2025
City administers Blue Box Program	To be determined: Both options are viable

Staff Recommends that:

- the City be added as an Eligible Community to the final Transition Schedule and be assigned to transition on January 1st, 2023
- If an earlier transition date is not provided, the City requests the right to negotiate directly with the Producers for a date earlier than the one indicated on the final Transition Schedule.
- If provided with the right to select the service delivery option, the City reserves the right to select the service delivery option determined to be the most financially and operationally beneficial for its residents.



2D. Early Transition – Financial Impact

Under the “Hand over the Keys” option, for each year that Markham transitions early, it would save approximately \$2 million a year. The City would not have to pay for the collection of recycling, but would no longer be receiving WDO money, and would have to pay Miller the Early Termination

Hand Over Keys	2023	2024	2025
Recycling Cost	\$4.67M	\$4.81M	\$4.95M
WDO Funds (40%)	(\$1.87M)	(\$1.92M)	(\$1.98M)
Opt-Out Penalty	<u>(\$0.93M)</u>	<u>(\$0.93M)</u>	<u>(0.93M)</u>
Net Savings	\$1.87M	\$1.96M	\$2.04M

If the City administers the program, on behalf of the Producers, in order to achieve cost neutrality with the Hand over the Keys option, the City would need to receive approximately 80% - 85% recovery of its total Blue Box collection contract costs (would include annual contract administration fee paid to City by Producers to manage the contract on behalf of the Producers)

**For each year that Markham transitions early,
it will save approximately \$2 million a year.**



2E. Early Transition - York Region Impact

York Region	Transfer, Processing/Disposal
Local Municipalities	Waste Collection

- *Municipal Act* gives Markham authority for waste collection
- Future transition arrangements for Markham's Blue Box collection services would be between the City and the Producers
- By the City transitioning prior to the Region, the role of processing/disposal currently provided by the Region would be impacted over the transition years
 - the Region acknowledges that the City can make its own transition timing decision for Blue Box collection, however, the Region has indicated that there will be negative financial impacts to the Region from a processing cost and revenue loss perspective

Region prefers that all 9 local municipalities and the Region transition together as an integrated waste system



3. Recommendations

1. THAT the presentation entitled “New Provincial Blue Box Regulation and Preferred Program Transition Date” be received;
2. THAT the City of Markham submit the attached document entitled “City of Markham Comments – ERO (Environmental Registry Ontario) Number 019-2579” and Council Resolution to the Minister of the Environment, Conservation and Parks and Ontario’s Environmental Registry as the City of Markham’s official comments on the draft Blue Box Regulation;
3. THAT the City of Markham requests that the Minister of the Environment, Conservation and Parks include Markham as an Eligible Community on the final Transition Schedule and be assigned the transition date of January 1st, 2023; and



3. Recommendations

4. THAT if an earlier transition date is not provided, the City of Markham requests the right to negotiate directly with the Producers for a date earlier than the one indicated on the final Transition Schedule; and
5. THAT the City of Markham requests that the eligible sources, as indicated by the Draft Blue Box Regulation, be expanded to include recycling depots in communities with curbside Blue Box collection, municipal facilities including public-facing community facilities, all public spaces, Blue Boxes located at Canada Post super mailboxes, and small retail businesses within Business Improvement Areas; and
6. THAT the City of Markham requests that the obligations for collection after the transition period (2026+) be equal to or exceed the service standards applicable in transitioning communities on August 15, 2019, specifically, increase Blue Box collection from every other week to weekly collection; and



3. Recommendations

7. THAT, if provided with the right to select the service delivery option, the City of Markham reserves the right to select the service delivery option determined to be the most financially and operationally beneficial for its residents and report back to Council on the preferred service delivery option; and
8. THAT Staff be directed to update Council following the release of the final Regulation and Transition Schedule by the Ministry of the Environment, Conservation and Parks; and
9. THAT the City Clerk be directed to forward a copy of this resolution and Comment Letter to the Association of Municipalities of Ontario, York Region and Local Municipalities and the Ontario Ministry of the Environment, Conservation and Parks; and
10. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.