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Preferred Timing for Blue Box Transition to Full Producer Responsibility Staff Report to Council

Report Number: 2020-31

Department(s): Public Works Services

Author(s): Amanda Romano, Waste Program Administrator

Meeting Date: May 19, 2020

Recommendations

1. That the report titled “Preferred Timing for Blue Box Transition to Full Producer Responsibility” dated May 19, 2020 be received; and,
2. That as requested by the Association of Municipalities of Ontario (AMO), that Council confirm that the preferred date to transition to full producer responsibility for collection of Blue Box material is December 31, 2025, coinciding with the end of the current Northern Six (N6) waste collection contract; and,
3. That the Town of Newmarket, in cooperation with the Northern Six (N6) municipalities, be willing to provide Blue Box collection services on behalf of producers, through future long-term collection contracts, subject to mutually agreeable financial and operational terms; and,
4. That the resolution be forwarded to the Association of Municipalities of Ontario and to Jeff Yurek, Minister of the Environment, Conservation and Parks, Christine Elliott, MPP for Newmarket-Aurora, and to the Regional Municipality of York Region.

Purpose

The purpose of this report is to provide a staff recommendation to Council on the preferred non-binding timing for the transition of the Blue Box program to full producer responsibility and to indicate the Town’s interest in remaining as a collection service provider for Blue Box material as requested by the Association of Municipalities of Ontario (AMO).

Similar reports are being provided to each Northern Six (N6) Council with respective resolutions being forwarded to York Region which will consolidate local municipal resolutions for Regional Council consideration prior to response to AMO before June 30, 2020.

Background

On August 15, 2019, the Minister of the Environment, Conservation and Parks issued direction letters to the Resource Productivity and Recovery Authority (RPRA) and Stewardship Ontario (SO) to begin to transition the management of Ontario's Blue Box program to producers of paper products and packaging (see Attachment #1).

It is proposed that all of Ontario's Blue Box programs be transitioned to full producer responsibility over a three-year period, starting January 1, 2023 and ending December 31, 2025. After this three-year period, producers will be fully responsible for Blue Box services (collection and processing) province-wide.

Currently, there are many program uncertainties including: an absence of a framework to transfer service responsibilities; establishment of province-wide service levels; and producer and municipal expectations. An Information Report dated February 3, 2020 was prepared to brief members of Council and the community on the this matter, titled "Blue Box Transition to Full Producer Responsibility" and can be found through the link: <https://www.newmarket.ca/TownGovernment/Documents/INFO-2020-05.pdf>

To assist in guiding further consultations with the Province, AMO has requested that municipal Councils provide resolutions from each municipality by June 30, 2020, outlining their non-binding preferences for:

1. Preferred year of transition to full producer responsibility (i.e. 2023, 2024, or 2025).
2. Interest in continuing to be a Blue Box material service provider to producers.
3. Rationale for the selected transition date.

Discussion

In August 2019, the Province of Ontario, through the Made-in-Ontario Environment Plan, committed to moving Ontario's existing waste diversion programs to a full producer responsibility model.

At this time, AMO has requested each municipality provide a non-binding transition date preference in order to gauge the overall picture as the Provincial Blue Box program moves towards full producer responsibility. This wide-reaching initiative is extremely complex and has significant uncertainties which will impact each municipality. Staff continue to be closely involved and are monitoring the development of this transition with a focus on cost reduction, service level maintenance/improvements, and convenience to our residents.

It is possible that a transition to full producer responsibility could have significant changes to the existing Blue Box program; however, details of such changes are not known at this time. The current waste collection contract between Green for Life Environmental Inc. (GFL) and the Northern Six municipalities (the Towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville and the Township of King) expires on December 31, 2025, which coincides well with the latest possible transition date. Transitioning at the end of the current waste collection contract also avoids the need to negotiate with our current contractor and avoids potential contract penalties. It also provides additional time to adequately communicate changes to residents and undertake educational initiatives for better clarity in the community.

Preparation of the post-2025 waste collection contract RFP will likely begin mid-2024, as such, staff will be able to incorporate knowledge learned from early transitioned municipalities into the post-2025 waste collection contract.

While there are theoretical increases in funding to municipalities following transition to full producer responsibility from approximately 50% to 100%, the actual financial benefit is difficult to quantify. The Town of Newmarket has been receiving less than 50 percent of the costs associated with operating the Town's Blue Box program. Likewise, post transition, staff do not expect full funding to be realized.

Under the proposed program, businesses and BIA's (Business Improvement Areas) would fall under the IC&I (Industrial, Commercial and Institutional) category, which is covered under a different regulatory framework at this time, and are excluded as eligible sources for recycling collection and processing. Since the Town provides an enhanced level of waste collection services for downtown Main Street, there will be an impact to recycling collection services for this area.

Conclusion

In response to a request from AMO, staff recommend that the preferred non-binding year for transition of the Blue Box program to full producer responsibility be December 31, 2025, which coincides with the end of the current waste collection contract with GFL. Although transitioning at the end of the third transition year will forego some financial opportunities, it does provide more time to better understand and adapt to changes under a producer-led program, incorporate those changes into the post-2025 waste collection contract, and avoids potential costs of negotiating the current waste collection contract.

Staff will continue to participate in consultations on transition plans and work collaboratively with the N6, York Region, and other municipal partners throughout the evolution of Ontario's Blue Box transition to full producer responsibility. As further details on this initiative become available, staff will report back to Council.

Business Plan and Strategic Plan Linkages

This report aligns with Council’s Strategic Priority regarding environmental stewardship through leading proactive planning and action related to climate change and other environmental initiatives.

Consultation

Currently, AMO is only seeking non-binding Blue Box transition year preferences from municipalities and many details remain uncertain as the Province progresses towards full producer responsibility. Once specifics are clarified, public consultation will be an important component of Councils’ future Blue Box transition position.

Human Resource Considerations

Not applicable to this report.

Budget Impact

Under current legislation, producers of printed paper and packaging are responsible for 50 percent of the net costs of operating Ontario's Blue Box program. However, the process for determining actual net costs and producer obligation has been inconsistent and often results in municipalities receiving less than the full 50 percent.

Table 1 below identifies the Town’s net Blue Box program costs and resulting producer funding received for the last five years:

Program Year	Blue Box Program Actual Net Costs	Blue Box Program Funding Received per Municipal Funding Allocation Model (RPRA Funding)	Percentage of Actual Net Costs Received through RPRA Funding
2019	\$951,363	\$368,163	39%
2018	\$914,772	\$332,533	36%
2017	\$959,025	\$341,660	36%
2016	\$872,088	\$383,930	44%
2015	\$900,340	\$384,491	43%

Table 1 – Blue Box Program Funding

Historically, the Town’s Blue Box program accounts for 30-35% of the Town’s overall solid waste budget. By transitioning early, there is a potential for some additional financial benefit. However, it is difficult to determine the exact amount as there may be collection impacts elsewhere with unknown cost implications (e.g., levied contamination penalties, uncertain collection requirements, or impacts to organics and garbage collection efficiencies).

Changes to the responsibilities of delivering Blue Box collection services will have an impact on future operating and capital budgets. Any associated costs as a result of changes including early termination to the existing contract remain unknown.

Attachments

Attachment #1 – Wind-up Direction Letters

Approval

Amanda Romano, Waste Program Administrator, Public Works Services

Mark Agnoletto, Acting Director, Public Works Services

Peter Noehammer, Commissioner, Development & Infrastructure Services

Contact

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