



TOWNSHIP OF EDWARDSBURGH CARDINAL DISCUSSION ITEM

Committee: Committee of the Whole – Administration & Operations

Date: October 15, 2024

Department: Operations

Topic: Blue Box Transition – Ineligible Sources

Background:

In 2016, the Government of Ontario passed the Resource Recovery and Circular Economy Act, requiring producers to operate and pay for the collection and reuse, refurbishment and recycling of Blue Box materials. On April 14, 2022, the government made amendments to the regulation to clarify the process for creating the province-wide system for collecting Blue Box materials that will be operated by producer responsibility organizations (or PROs) on behalf of producers. The intent of this Act is for Blue Box producers to become fully accountable and financially responsible for collecting and recycling their Blue Box materials when consumers discard them. The Township transitions to this new producer responsibility organization collection system starting February 1st, 2025.

Under the current recycling program for Blue Box materials operated by Stewardship Ontario on behalf of stewards under the Blue Box Program Plan and *Waste Diversion Transition Act, 2016*, Municipalities shared fifty percent of the costs of providing recycling services to residential properties. Blue Box materials collected from Industrial Commercial and Institutional Properties (IC&I) were subtracted from the steward payments to Municipalities, meaning Municipalities paid for the costs of providing Blue Box services to IC&I properties. (IC&I properties include businesses, industrial establishments, restaurants and places of worship). Participation rates vary amongst the IC&I sector as many of the larger businesses use a private service provider due to the volume of recyclable materials generated such as cardboard. Some IC&I properties with smaller volumes of recyclable materials use the municipally provided curbside collection service.

Table 1 below shows a breakdown of revenue and expenses for our current curbside collection of garbage and recyclables for 2021 to 2023.

Table 1: 2021 – 2023 Curbside Collection Costs

Year: 2021				
Description	Revenue	Expenses	User Fee	Taxation
Stewardship Ontario	\$54,934.27			
Garbage Bag Sales	\$324,774.50			
Bag Supplies/Misc.		\$24,817.54		
Curbside Collection Contract		\$364,357.80		
Legal		\$1,373.76		
Total	\$379,708.77	\$390,549.10	97.2%	2.8%
Year: 2022				
Description	Revenue	Expenses	User Fee	Taxation
Stewardship Ontario	\$66,920.70			
Garbage Bag Sales	\$310,957.25			
Bag Supplies/Misc.		\$40,846.08		
Curbside Collection Contract		\$342,388.81		
Legal		\$1,034.50		
Total	\$377,877.95	\$384,269.39	98.3%	1.7%
Year: 2023				
Description	Revenue	Expenses	User Fee	Taxation
Stewardship Ontario	\$83,701.23			
Garbage Bag Sales	\$304,302.00			
Bag Supplies/Misc.		\$33,218.37		
Curbside Collection Contract		\$351,474.71		
Total	\$388,003.23	\$384,693.08	100%	0%

Discussion:

The Resource Recovery and Circular Economy Act Regulations set out the obligations for the PRO’s to collect materials from certain classes of properties or eligible sources. Regulation 391/21 does not require the PRO’s to collect from ineligible sources and the PRO’s have indicated that they will not incur the costs to provide Blue Box recycling services to these properties. The PRO’s have offered to collect from ineligible sources during the transition period of February 1st, 2025 to January 1, 2026 if Municipalities wish to pay the costs of collection and processing of this material. After January 1, 2026, the PRO’s have indicated that they will not collect this material or process this material as part of their obligations.

Ineligible sources include IC&I properties, not for profit organizations, community buildings such as arenas and libraries, daycares, churches or places of worship, campgrounds without permanent year round residents and commercial farms. In areas where there is a mixture of residential and commercial operations (Spencerville Home

Hardware), the residential portion is eligible and the commercial operation is ineligible. Of the 3,176 properties serviced in our Township 103 or 3.24% are considered ineligible sources. It should be noted that participation rates vary amongst these properties.

Circular Materials (CM) on August 27th informed staff that Emterra Environmental Inc. has been identified as the preferred proponent to provide residences and facilities Blue Box services commencing on our transition date. The contract starts February 1st 2025 and runs through to December 31, 2025. HGC Management Inc. will be performing the collection on Emterra's behalf.

Staff is seeking direction from Council on how to proceed with Blue Box collection services for ineligible sources until January 1, 2026.

Options for Council to consider are:

1. Continue to provide curbside Blue Box recycling services to ineligible sources and fund the cost through taxation.

Continuing to provide Blue Box recycling services will ensure the Municipality continues to support waste diversion and the environment by collecting and processing blue box recyclable materials. Future budgets will need to be increased to provide the resources to continue to provide this service. Staff notes that churches are not subject to property taxes and the costs to provide this service to these properties will be paid by all property tax categories. There are two options to consider if Council wishes to continue collections services.

HGC Management Inc, on behalf of Emterra Environmental Inc., has offered to continue to collect blue box recycling from ineligible sources at a cost of \$8.66 per stop per month with a processing cost of \$200.00 per tonne. Continuing to provide blue box recycling services to the 103 ineligible sources during the 11 months will cost \$ 12,469.78 plus HST (\$9811.78 for collection and \$2658.00 for processing of the 3.24% of tonnage collected). The processing fee of \$200.00 plus HST per tonne is set by Circular Materials. Competitive bids from other service providers for collections and processing is not possible at this time or practical to obtain during transition. A service contract would need to be developed and executed between the Township and HGC Management Inc. to provide this service. It should also be noted that HGC Management Inc. would not accept any additional ineligible services, meaning that if a new business opened, HGC Management Inc. would not collect its recycling. Further, it should also be emphasized that this agreement would only be offered until December 31, 2025, beyond that the Township is on its own.

2. Continue to provide curbside Blue Box recycling services to ineligible sources but charge them a user fee for the service.

Consideration can be given to provide blue box collection services as a user fee to the properties that receive this service. Staff can contact these ineligible source owners to explain the options and give them a choice to continue to use the Municipal curbside collection service or opt to use a private service provider. This option will achieve the same benefits of waste diversion as option one, but will not affect the property tax rates. Some of the ineligible source properties are already using private service providers to manage their recyclable materials and will not require this service. The estimated cost per property would be approximately \$121.06 per year.

3. Cease to provide Blue Box recycling services to ineligible sources.

Should Council choose this option, ineligible sources will need to meet the requirements of, Regulation 103/94 Industrial Commercial and Institutional Source Separation Programs under the Environmental Protection Act R.S.O. 1990. Regulation 391/21 does not require the Municipality to provide blue box recycling services to ineligible sources and in the previous Regulation 101/94, these sources were not part of the Stewards funding obligations.

Not providing blue box recycling services could impact the garbage collection system if the businesses use the Municipal garbage collection service. Recyclable material, regardless of the source of this material, is something that the Municipality has been working to divert from landfill.

Post transition considerations:

Should Council wish to continue to provide blue box recycling services beyond 2025 for ineligible sources through a contract service, further service procurement will be required as the PRO's have indicated they will not permit blue box materials from ineligible sources to be mixed and processed with the materials they are obligated to collect and process from eligible sources.

Budget Impacts:

The 2025 operating budget can include a nominal cost to continue to provide recycling services to ineligible sources. The 2026 budget for recycling will need to be increased if council wishes to continue Blue Box collection from ineligible sources.

The decision of Council may impact other operating budgets such as garbage collection, bylaw enforcement and road operations to deal with recyclable material being disposed of in the garbage stream or roadside dumping of material. The impact of this is unknown.

Conclusion:

Staff request direction from council on how it wishes to proceed with collection of recyclables from in-eligible sources. Upon receiving direction, staff will bring back a report on operational changes required during this transition as well as an updated by-law.



Director of Operations