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Town of Aurora

# Committee of the Whole Report

No. OPS24-022

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**Subject:** Blue Box Collection Changes – Non-eligible Sources

**Prepared by:** Luigi Colangelo, Manager of Public Works

**Department:** Operational Services

**Date:** December 2, 2024

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## Recommendation

1. That Report No. OPS24-022 be received; and
2. That the Municipality no longer collect recycling, garbage, and compost for non-eligible sources effective January 1, 2026, be approved; and
3. That staff be authorized and directed to do all things necessary to give effect to this resolution.

## Executive Summary

The purpose of this report is to provide Council with an update on the transition of the Blue Box Program to Extended Producer Responsibility (EPR) and specifically considers service levels and financial impacts regarding recycling collection for non-eligible sources, excluding municipal facilities.

- Producers will have full responsibility for collection of Blue Box recycling materials across Ontario when province-wide system becomes operational January 1, 2026.

- Section 4 of Blue Box Regulation 391/21, set forth by the province requires Producers to collect only from eligible sources.
- Historically many Ontario municipalities have collected waste from Industrial, Commercial and Institutional (ICI) properties but will discontinue this service due to legislation requiring Producer Responsibility Organization (PROs) to assume the collection.
- The Town of Aurora currently collects blue box materials from approximately 325 curbside ICI locations which are considered non-eligible sources under the legislation.
- Many factors considered by staff when evaluating the options for collecting non-eligible sources.
- Industry collection methods are being modernized as collection contractors move to cart-based (tote) systems to automate processes.
- Select ICI properties who have historically received an increased service level, when disposal of garbage and organics is the responsibility of running a business.

## Background

**Producers will have full responsibility for collection of Blue Box recycling materials across Ontario when province-wide system becomes operational January 1, 2026.**

On June 3, 2021, Ontario Regulation 391/21: Blue Box was filed under the Resource Recovery and Circular Economy Act, 2016 (RRCEA), which transitions the operational and financial responsibilities of managing packaging-like and paper products from Municipalities to Producers (PRO's). This transition changes the existing shared responsibility model of the current Blue Box Program to a Producer-led responsible model, often referred to as 'full' or 'extended producer responsibility'. Transition to EPR will occur in two phases:

- Transition: July 1, 2023 – December 31, 2025; and
- Post-transition: January 1, 2026, onwards.

All of York Region, including the Town, is scheduled to transition on January 1, 2026. Producers will have full control over all Blue Box recycling programs across Ontario when the province-wide system becomes operational in the post-transition phase.

Effective January 1, 2026, all municipal Blue Box Programs in Ontario will have transitioned to EPR and additional Producers will come into effect, including providing Blue Box collection services to non-municipally serviced multi-residential buildings, public and private schools (excluding post secondary) and not-for-profit retirement homes and long-term care homes.

Items accepted within the Blue Box Program will also expand common single use and packaging like products, such as paper and plastic cups, foils, trays, bags and boxes intended for home use. The new Blue Box Program will create a more uniform system across the province and broader access to recycling services.

Circular Materials, as the Common Collection System Administrator, is responsible for contracting waste haulers to collect blue box materials from eligible-sources and transport the material to receiving facilities (i.e. transfer stations). Reverse Logistics Group (RLG), contracted by Circular Materials, is the Common Collection System Operator overseeing the daily operations.

## Analysis

**Section 4 of Blue Box Regulation 391/21, set forth by the province requires Producers to collect only from eligible sources.**

The Blue Box Regulation specifies sources from which Producers are obligated to collect blue box recyclables. Eligible source is defined as “any residence or facility in an eligible community”. These sources include single-family homes, multi-residential buildings (apartment, condominiums, townhomes), not-for-profit long-term care and retirement homes, schools, private schools (excluding post secondary) and some public spaces (parks, playgrounds, transit stations and sidewalks).

Producers are not responsible for the collection of blue box material from the following non-eligible sources:

- Industrial, Commercial and Institutional (ICI) properties
- Daycares
- Places of worship
- Businesses in BIA's
- Not-for-profit /charitable organizations and shelters
- Post secondary institutions – public and private
- Municipal facilities and community Centres (libraries and arenas)

For properties that have both residential and commercial units, Producers are only required to collect from those units that are defined as an eligible source.

**Historically many Ontario municipalities have collected waste from ICI properties but will discontinue this service due to legislation requiring PROs to assume the collection.**

The original purpose of the Blue Box Program when implemented was to collect recyclable blue box material from residential premises; however, as the Program expanded, some municipalities extended collection to ICI locations (considered a 'non-eligible source') such as BIA's and small businesses.

The most common reasons ICI locations received municipal waste collection was because these locations are located along residential collection routes.

Collection from ICI properties is not considered a best practice and many Ontario municipalities either never provided collection for this group or are discontinuing the practice as the province has deemed them ineligible for service. ICI properties who currently receive recycling collection from the Town are considered a non-eligible source and will lose recycling collection once Producers assume blue box collection responsibility on January 1, 2026.

**The Town of Aurora currently collects blue box materials from approximately 325 curbside ICI locations which are considered non-eligible sources under the legislation.**

Of the 20,000 locations that receive curbside collection in Aurora, approximately 325 locations (1.6 per cent) are non-eligible sources. Blue box material is co-collected at the curb along the residential collection routes in the BIA and the Industrial Parkway corridor areas, resulting in route and collection efficiencies and economies of scale.

**Many factors considered by staff when evaluating the options for collecting non-eligible sources.**

The Town is part of a shared waste collection contract between the Northern Six (N6) municipalities comprising of the Town's of Aurora, East Gwillimbury, Georgina, Township of King, Newmarket, and Whitchurch-Stouffville. The collection contract has two 12-month extension options at the discretion of the N6. In preparation of potential regulatory changes, clauses were included to address a qualifying change in law should it occur.

CMO is the lead PRO and Common Collection System Administrator responsible for the operation of the common collection system in Ontario. They have indicated that they

will not collect from non-eligible sources post-transition. Blue box materials from non-eligible sources are not permitted to be mixed and processed with the materials they are obligated to collect and process from eligible sources. This means that collection of non-eligible sources by a PRO is not an option.

The following considerations were reviewed closely by staff on collection of blue box material from non-eligible sources:

- The Town has no regulatory requirement to provide recycling collection services to non-eligible sources.
- The cost of servicing non-eligible sources would be significantly higher than the per unit cost of servicing a residential property.
- Most non-eligible sources in Aurora are already using private service providers to manage their waste.
- Continued recycling collection for non-eligible sources currently receiving collection would be negatively perceived by other non-eligible sources not receiving collection that could result in a demand for all equal level of service for all non-eligible sources, which could be very costly to the Town.
- Continued recycling collection for non-eligible sources may generate increased complaints from residents as they would be subsidizing recycling collection of costs for commercial properties.

Staff evaluated options, industry best practices, and financial impacts and propose the following options for Council's consideration regarding recycling collection for non-eligible sources.

Option 1: Discontinue collection for all non-eligible sources.

Under this option, the Town would no longer provide recycling collection services to non-eligible sources as they would be responsible for procuring and paying for their own private recycling collection services (as most ICI's/BIA's locations manage their own waste and recycling). The Town would not be involved or responsible for overseeing recycling collection for these locations including enforcement. Currently, the Town of Newmarket's Council has approved to discontinue collection for their non-eligible sources. The remaining N6 will be presenting their reports to their respective Councils at the end of 2024, beginning of 2025 with a recommendation to discontinue service for non-eligible sources.

Ontario Regulation 391/21: Blue Box does not require the Municipality to provide blue box recycling services to non-eligible sources and in the previous Regulation (O. Reg.

101/94: Recycling and Composting of Municipal Waste), these sources were not part of the stewards funding obligations.

It is more important to understand that under this option, not providing recycling collection services could potentially impact garbage collection if businesses who use the Town's curbside collection program place blue box material in the garbage stream. In addressing this issue staff is recommending discontinuing all streams for non-eligible sources which will include, recycling, garbage and green bin. The Town should not be held accountable or responsible in managing waste streams for businesses.

Under Regulation 103/94, ICI establishments that meet specific type and size are required to source separate recyclables. An Office of the Auditor General of Ontario report from November 2021 noted that less than 2 per cent of all ICI establishments are not required to recycle.

#### Option 2: Continued collection for non-eligible sources receiving collection.

Under this option, the Town would continue to provide blue box collection services beyond 2026 to all currently serviced non-eligible sources. Negotiations would take place with the Town's current waste collection contractor, Green for Life (GFL), to continue to provide recycling collection services during the contract's extension years (2026 and 2027). Subsequently, provisions would need to be included in the next Waste Collection Contract to maintain recycling collection services for these locations.

Preliminary conversations with GFL have indicated that costs would change from a weight-based to a per collection stop basis and collection for non-eligible sources would need to transition to a cart-based system as the service level shifts from residential to commercial. This would result in increased costs to the Town as recycling carts would need to be procured and supplied to users.

The estimated cost to procure and supply recycling carts for the non-eligible sources is approximately \$28,000. This cost does not include costs for continued maintenance and replacement of broken or damaged carts and assumes one 95-gallon cart per location.

The estimated annual costs for continued recycling collection for non-eligible sources will be approximately \$192,660 plus processing costs estimates are \$31,000 annually. Processing costs are dependent on the weight of the blue box material collected and may fluctuate.

Council will also need to consider additional costs as staff have become aware that the Region's Material Recycling Facility (MRF), located in East Gwillimbury, may no longer be accessible for receiving blue box materials for non-eligible sources in 2026. In the current contract with GFL, there will be additional costs of \$2 per/km if blue box material is disposed outside of York Region and within the GTA. Further details on this matter are still being explored by Region staff and, once all has been confirmed, Town staff would provide an update to Council.

Non-eligible sources represent a very small amount of the total properties that receive curbside recycling collection provided by the Town. Preliminary cost estimates indicate that this option would cost the Town approximately 24 times more per serviced unit than the current curbside collection average cost.

**Industry collection methods are being modernized as collection contractors move to cart-based (tote) systems to automate processes.**

The waste collection industry is signalling change as they work towards a fully automated collection process which involves totes for recycling, waste and organics. This comprises automated trucks to collect the totes from curbside and has already been adopted by many municipalities/cities for all waste streams, e.g. Simcoe County and City of Toronto.

While it has not been confirmed by CMO, it is anticipated the contractor's collection process for recycling will change from manual to automated with carts, as of January 2026.

**Select ICI properties who have historically received an increased service level, when disposal of garbage and organics is the responsibility of running a business.**

Collection of waste, whether recycling, organics or garbage, forms part of a business owners' responsibility. The vast majority of ICI properties in Aurora deal with all disposal of waste from their establishments through private collection contracts. The collection of waste by the Town from select ICI properties is an increased service level and not provided equally to all those included in this defined sector.

Staff are recommending that the Town discontinue the collection of organics and waste when the recycling transition occurs with the province on January 1, 2026. Staff will work to inform the ICI properties of these changes to the service level allowing them time to make alternate arrangements for collection of waste and organics.

## Advisory Committee Review

Not applicable.

## Legal Considerations

As mentioned above, the Blue Box Regulation specifies sources from which Producers are obligated to collect blue box recyclables from. Producers are not required to collect from sources who are not eligible for collection even if they currently receive municipal collection and therefore, staff is recommending that the Town no longer collect recycling, waste and green bin or non-eligible sources starting on January 1, 2026.

## Financial Implications

The estimated annual cost for the Town to continue its provision of blue box collection services to non-eligible sources is \$251,660. Note that additional costs of \$2 per km will apply if the non-eligible sources recyclable material is disposed outside of York Region; however, the Region has indicated that they will continue to provide material processing support or possible funding to the lower tier municipalities post-transition but the details regarding this are still not available. Region staff are continuing to explore processing options should lower tier municipalities continue to provide collection to non-eligible sources. This estimated cost, on a per stop basis, would be \$772 per non-eligible location, compared to the Town's current average cost per location of \$32; representing a cost that would be 24 times higher than the Town's current cost per location.

In consideration of the unfavourable financial and other implications of Option 2, staff recommend that Council approve Option 1 – Discontinue collection for all non-eligible sources. This option would enable the Town to avoid any resultant incremental operating costs, as well as maximize blue box collection savings which can be re-directed toward the Town's infrastructure deficit as per Council's approved short term asset management plan funding strategy.

## Communications Considerations

The Town will inform the public about the information contained in this report by posting the report to the Town's website. If there are changes made to the schedule of Blue Box materials collection in the future, the Town will inform the public through its normal communications channels.



## Climate Change Considerations

The recommendations from this report does not impact greenhouse gas emissions or impact climate change adaptation.

## Link to Strategic Plan

The Blue Box Program transition reinforces the Strategic Plan goal of Supporting Environmental Stewardship and Sustainability for all through its accomplishment in satisfying requirements in the following key objectives within this goal statement:

Encouraging the stewardship of Aurora's natural resources: Assess the merits of measuring the Town's natural capital assets.

## Alternative(s) to the Recommendation

1. Continue to collect non-eligible sources.

## Conclusions

Providing municipal waste, recycling and green collection service to ICI properties is not considered a responsibility of Ontario municipalities. Collection practices and service levels can vary by municipality, in turn, municipalities are not legislatively required to provide waste collection services to ICI properties.

Providing recycling, waste and green bin collection post-transition involves offering a higher level of service to locations that municipalities are not legislatively required to collect from. As a result, consideration must be given to maintaining, expanding, modifying, or eliminating recycling collection from non-eligible sources including waste and green bin collection post-transition and the perception this will have by the community. In addition, the cost of servicing non-eligible sources will be significantly higher and should be strongly considered. Staff are therefore recommending the Town discontinue recycling, waste and green bin collection services to non-eligible sources effective January 1, 2026.

## Attachments

None.

## **Previous Reports**

OPS23-011, Blue Box Transition Update, June 6, 2023

## **Pre-submission Review**

Agenda Management Team review on November 14, 2024

## **Approvals**

Approved by Sara Tienkamp, Director, Operational Services

Approved by Doug Nadorozny, Chief Administrative Officer