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Amended Blue Box Program Update #2 Information Report

Report Number: 2018-15

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Executive Summary

- In 2016, Ontario passed The *Waste-Free Ontario Act*, which is the greatest change to municipal Blue Box recycling programs since 1989 and will impact both municipal Blue Box collection and material processing contracts and how collection services are delivered.
- The new legislation transfers up to 100% of Blue Box program costs to Stewardship Ontario thereby shifting the costs to deliver Blue Box programs from property taxpayers to consumers.
- Municipalities will have new service delivery options – to transition to the new system and act as collection service providers on behalf of Stewardship Ontario; to opt out of providing Blue Box collection service altogether; or stay with the status quo and continue to receive 50% funding.
- The new legislation only impacts Blue Box recycling. Newmarket will continue to retain responsibility for garbage, Green Bin and yard waste collection programs.
- The new legislation will impact the Town's Blue Box collection contract Green For Life (GFL), however clauses have been incorporated into the agreement with respect to this possible change.

Purpose

This report is an update on Report 2017-35 Amended Blue Box Program Update and provides an outline of the Province of Ontario's new Blue Box funding plan and the potential impact to Newmarket's recycling programs.

Background

Ontario's new Blue Box Plan has tight deadlines

The Province passed new legislation in November 2016 that shifts responsibility for the Blue Box recycling program from municipalities to product stewards. Product stewards are companies that supply any of the designated Blue Box materials into the Ontario marketplace such as Loblaw's, Toronto Star, Unilever, Nestle, Canadian Tire, Walmart, LCBO and Sobeys. The stewards are represented by Stewardship Ontario.

On December 19, 2017, a draft Blue Box Plan outlining the new program was released by Stewardship Ontario for review and comment.

Originally, The Minister of the Environment required a final plan be submitted to him by February 15, 2018; with Ministerial approval to proceed with implementing the new Blue Box plan expected by June 2018. These dates have now been changed with decisions being moved to after the Provincial Election which will impact the overall timelines.

Key objective of the new plan is to shift from 50% to 100% funding

The new Blue Box Plan requires producers of blue box packaging to have full financial and operational responsibility for all municipal Blue Box services and deliver them based on the following principles:

- Preserve the integrity of residential recycling while improving environmental outcomes; Increase provincial diversion to 75%
- A seamless transition resulting in uninterrupted Collection service to residents;
- Avoid disruption of existing communities' contracts and ensure an open and competitive market;
- Minimize disruption to communities' capital assets;
- Provide for continuous improvement of environmental outcomes;
- Expand and harmonize the list of items accepted in the blue box system;
- No negative impact to existing Blue Box curbside recycling services

Discussion

The new plan calls for the elimination of an estimated 400 municipal recycling contracts

The new plan calls for the elimination of an estimated 400 municipal recycling contracts using a multi-year transitioning process.

Stewardship Ontario is the agency leading the transition. Stewardship Ontario estimates it will require two years of planning before the first set of municipalities can begin to transition in 2020, the transition process could take 5 years or longer due to change in approval dates.

The plan is to divide Ontario into 'catchment' areas.

Stewardship Ontario has proposed a catchment system to organize and coordinate the transition of municipalities to the new system. Municipalities will be aggregated into an undefined number of logical clusters, or catchment areas. These catchment areas will be developed based on geography, transportation corridors, existing infrastructure, the status of curbside collection and processing contracts, and the amount of available blue box material.

Each catchment area will be given an eligibility date for which year (i.e. 2020-2025) the communities within that catchment will be able to transition. The catchments and their eligibility year will only be known during the two-year planning phase (i.e. 2018-2020). In all likelihood, Newmarket will not know its transition year until 2019 or 2020.

For a municipality to transition and enter into an agreement with Stewardship Ontario for maximum funding, the requirements are:

- Municipality must be free of both collection and processing contract obligations
- Municipality must be in an 'open' catchment zone
- Municipality must agree to comply with Stewardship Ontario's collection terms and requirements

Stewardship Ontario also recommending changes to Blue Box items acceptance list

The Minister has requested Stewardship Ontario provide a standardized province-wide Blue Box program. This will be helpful as people move from one municipality to another. Province wide promotion and education campaigns will reduce the public's confusion about what is and what is not recyclable in the Blue Box.

While the list of acceptable Blue Box materials has not yet been finalized and approved by the Minister of the Environment, it is likely that empty paint cans, aerosol cans, #3, #7 plastics may be excluded from curbside Blue Boxes under the Stewardship Ontario program.

Discussions are currently underway between the Minister and Stewardship Ontario to determine if plastic bags and Styrofoam will be added to the list of acceptable Blue Box items.

Municipalities will have collection service delivery options

As part of the transition process, Stewardship Ontario is proposing that municipalities have the option to choose how they wish to continue their collection role.

OPTION #1: Municipality becomes the "Collection Contract Administrator" on behalf of Stewardship Ontario

A municipality can transition to the new system and provide collection services as a collection contract administrator on behalf of Stewardship Ontario. Under this Option, the

municipality would receive up to 100% funding for a base line program as defined by Stewardship Ontario.

As the collection contract administrator, the municipality would continue to deal with residents directly on Blue Box issues.

Since many municipalities have long-term collection contracts in place, if a municipality wants to transition but they have an existing long term contract:

1. Stewardship Ontario will establish a benchmark level of compensation to allow the municipality to transition under the municipalities' existing contract.
2. Municipality can attempt to break their existing contract and pay any associated cancellation penalties

The Northern 6 contract with GFL ends in 2026, without the optional extension(s) and with delays in the transition process already occurring, timing of change over may line up with the contract.

OPTION #2 – Municipality can “Hand over the keys” to Stewardship Ontario

Municipalities have the option of opting out of providing Blue Box collection services altogether. Under this option, Stewardship Ontario would hire the collection contractor through a public tender process. There would be no local responsibility or participation in recycling services to residents.

Under this option, the municipality would not deal with residents on Blue Box issues or service complaints. Residents would be referred to Stewardship Ontario or their collection contractor.

OPTION #3 – Municipalities can remain “Status Quo” with their current recycling program and receive 50% funding from Stewardship Ontario

Since there is no legislative requirement for municipalities to transition to the new Stewardship Ontario funding model, municipalities have the option to remain status quo. Under this option a municipality would continue on with their current Blue Box program and receive 50% funding from Stewardship Ontario similar to the current WDO cost sharing funding program.

In the 2017 budget year, Newmarket was allocated \$384,000 from York Region as the Town's share of the WDO funding the Region received from Stewardship Ontario to offset the cost of Newmarket's recycling programs.

Option #1 and #2 provide increased funding

Options #1 and #2 both reduce the cost burden to municipalities for delivery of the Blue Box program.

Option #1 has minimal disruption to residents as the system remains the same with the exception of a possible change in mix of recyclables collected.

Option #2 removes the municipality completely from any interaction with residents about the Blue Box collection service as residents would contact Stewardship Ontario directly.

Option #3 is the least disruptive for residents, with the municipality retaining total program control; but provides the lowest amount of funding at 50% of program costs.

Conclusion

Municipalities must transition to maximize funding

After reviewing the draft Blue Box plan, and based on the available information to date, staff support transitioning to the new system under either Option #1 or Option #2 funding model.

Once more is defined during the process with respect to timing, eligible materials, logistics, baseline level of service etc., Staff will be seeking Council approval of "intention to transition" upon the Minister's approval of the draft plan following the Provincial Election.

Further, Municipalities can decide if they wish to transition once their catchment area and transition year is known, likely in 2020. Therefore even after Council gives direction as to which Option to proceed there is still another step when the decision can be changed.

It is important to note that Stewardship Ontario will only fund a "baseline recycling program". Therefore there is a possibility that not all recycling services currently offered by the Town will be fundable.

Special programs such as Customer Service, outreach and special events would be the financial responsibility of the municipality.

In addition, clarification is still needed from Stewardship Ontario if collection from municipal facilities would be fundable.

New Blue Box Plan also impacts Material Processing

York Region is a 2-tier system governed by the Regional Municipality of York Act 1994. The Act states local municipalities are responsible for collection and York Region is responsible for processing and disposal.

Stewardship Ontario has indicated it plans to transition the over 70 municipal processing facilities across Ontario to attain further efficiencies.

Local municipal and York Region waste management staff will continue to work collaboratively to coordinate the transition process with a goal of reducing any negative impacts.

Business Plan and Strategic Plan Linkages

This report aligns with the Town's key strategic directions in Living Well, being Well-equipped and Managed, and Well-respected through encouraging environmental protection, being fiscally responsible, providing service excellence, enhanced community engagement and promoting partnership opportunities.

This report also aligns with Council's 2014-2018 Strategic Priorities in regards to Ensuring Effective & Efficient Services: explore partnerships and collaborative projects with other agencies and service providers as identified.

Consultation

Newmarket and all local municipal staff are continuously updated by the Region of York during regularly scheduled meetings and conference calls on updates of the Amended Blue Box Program.

Human Resource Considerations

None.

Budget Impact

None at this time

Attachments

None.

Contact

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Approval



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