

From: Carolyn Lance [mailto:clance@georgina.ca]

Sent: Tuesday, June 9, 2020 11:14 AM

To: amo@amo.on.ca; nicole.stacey@ontario.ca; caroline.mulroneyco@pc.ola.org; Magill, Jonathan; Raynor, Christopher

Cc: Melissa Thorne; Rachel Dillabough

Subject: Blue Box Program Transition to Full Producer Responsibility

Good morning.

Please be advised that Town Council for the Town of Georgina at its May 6th meeting considered staff Report No. OI-2020-0011 entitled 'Blue Box Program Transition to Full Producer Responsibility' which has been attached for your review. Council passed the following motion in support of the suggested 2025 transition date. Please take note of No. 2 which refers to moving forward with an earlier transition date if the opportunity arises with the other N6 municipalities.

RESOLUTION NO. C-2020- 0130

Moved By Regional Councillor Grossi

Seconded By Councillor Sebo

1. That Council receive Report No. OI-2020-0011 prepared by the Operations & Infrastructure Department dated May 6, 2020 regarding the Preferred Timing for Blue Box Transition;
2. That Council approve the timing for transition of the Blue Box Program to full producer responsibility for collection on December 31, 2025 coinciding with the end of the current waste collection contract with the understanding that if there is an opportunity to move forward in conjunction with the other N6 municipalities and with the Region of York earlier than the 2025 date, that we do so accordingly.
3. That Council authorize staff to continue working in cooperation with the Northern Six (N6) municipalities in providing 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 Council authorize staff to communicate this resolution to the Association of Municipalities of Ontario (AMO), to Jeff Yurek, Minister of the Environment, Conservation and Parks, Caroline Mulroney, MPP for York-Simcoe, and the Regional Municipality of York.

Carried

Thank you for your consideration.



Carolyn Lance

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THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. OI-2020-0011

**FOR THE CONSIDERATION OF
COUNCIL
May 6, 2020**

SUBJECT: BLUE BOX PROGRAM TRANSITION TO FULL PRODUCER RESPONSIBILITY

1. RECOMMENDATIONS:

- 1. That Council receive Report No. OI-2020-0011 prepared by the Operations & Infrastructure Department dated May 6, 2020 regarding the Preferred Timing for Blue Box Transition;**
- 2. That Council approve the timing for transition of the Blue Box Program to full producer responsibility for collection on December 31, 2025 coinciding with the end of the current waste collection contract;**
- 3. That Council authorize staff to continue working in cooperation with the Northern Six (N6) municipalities in providing 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 Council authorize staff to communicate this resolution to the Association of Municipalities of Ontario (AMO), to Jeff Yurek, Minister of the Environment, Conservation and Parks, Caroline Mulroney, MPP for York-Simcoe, and the Regional Municipality of York.**

2. PURPOSE:

The purpose of this report is to provide a recommendation to Council on the preferred non-binding timing for the transition of the Blue Box program to full producer responsibility.

3. BACKGROUND:

The Province of Ontario, through the Made-in-Ontario Environment Plan, has committed to moving Ontario's existing waste diversion programs to a full producer responsibility model. The Ministry of the Environment, Conservation and Parks (the Ministry) has initiated the transition of the Blue Box program from municipalities to producers.

The Association of Municipalities of Ontario (AMO) has requested all municipal governments with Blue Box recycling programs to provide AMO with an indication of the municipality's preferred date for transition of the current Blue Box recycling programs to full financial and operational responsibility by producers of paper products and packaging.

Town of Georgina provides waste collection and disposal services to our residents in a two-tier Integrated Waste Management System within the Regional Municipality of York, where the Region will continue to be responsible for the processing and disposal of source separated organics, yard waste, and residual solid waste, and the local municipalities will continue to be responsible for the collection of all waste streams.

The Town of Georgina has a long term contract for current waste collection, including Blue Box collection, with GFL Environmental Inc. (GFL), which expires December 31, 2025.

4. ANALYSIS:

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 programs move 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.

York Region has noted the preference to have all local municipal Council decisions on preferred timing in order to pass a resolution that represents the whole integrated waste management system. The identified risks if the Town Council decides not to pass a resolution involve:

- Other Municipalities across the province will be identifying their preferred transition date, therefore it is important to support the AMO initiative to provide consistent messaging to the province
- If municipalities don't state a preference, the Province may create a methodology to determine how and when municipalities transition versus a preferred schedule in the forthcoming regulations that is based on each municipalities local circumstances i.e. existing contract expiry dates, capabilities etc., therefore this an important to the opportunity to articulate a preferred transition for our Municipality;
- Regional Municipality of York Council has set precedence for proactive approach in advocating to the province; if the Region cannot bring a report to Council it will deviate from their proactive approach with providing input to the provincial process.

It is possible that a transition to full producer responsibility could have significant changes to the existing Blue Box program, but details of such changes, are not known at this time. The current N6 joint collection contract with GFL ends 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.

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. Through the current Blue Box program the Town receives less than 35% of the 50% funding with the balance provided through in-kind services including advertising, etc. Likewise, post transition, staff do not expect full funding to be realized.

FINANCIAL ANALYSIS

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, funding in-kind and producer obligation has been inconsistent and has resulted in the Town receiving 30-35% annual funding.

Table 1 below identifies the Town’s net Blue Box program costs and resulting producer funding received for the last two 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	\$516,154	\$200,290	38.8%
2018	\$582,362	\$156,045	26.8%
2017	\$489,717	\$160,328	32.7%
2016	\$456,613	\$198,202	43.4%
2015	\$437,526	\$184,053	42.1%

Table 1 – Blue Box Program Funding

Historically, the Town’s Blue Box program accounts for 30% 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.

5. RELATIONSHIP TO STRATEGIC PLAN:

GOAL 4: "Deliver Exceptional Service"

- *Manage our Finances and Assets proactively.*

By considering the operational and financial implications of the Blue Box transition program at this early stage the Town is better able to proactively manage our finances.

6. FINANCIAL AND BUDGETARY IMPACT:

There is no budgetary impact resulting from this report. Staff will be reporting to Council regularly as the transition to the Extended Producer Responsibility program proceeds

7. CONCLUSION:

From the information presented in this report, it is recommended that the preferred year for transition be for 2025, the third and final transition year. While transitioning later will not provide a financial gain, it does provide more time to better understand and adapt to changes under a producer-led program. Furthermore, transitioning in year three better aligns with the end date of the current waste collection contract with GFL and reduces any potential increases to costs associated with the transition.

Staff will report back to Council through a future Council report as more details become known about the new Blue Box regulation and for approval of any future agreements with a Producer Responsibility Organization (PRO).

Prepared by:

Edgar Tovilla
Manager of Environmental Services

Recommended by:



Rob Flindall
Director of Operations and Infrastructure

Approved by:



Per

 Dave Reddon
Chief Administrative Officer