

Blue Box Regulation that Transitions the City of Toronto's Blue Bin Recycling Program to Producers

Date: August 27, 2021

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services

Wards: All

SUMMARY

The purpose of this report is to provide an update on Ontario Regulation 391/21 - Blue Box that the Province adopted on June 3, 2021 and that transitions the City of Toronto's (the City) Blue Bin Recycling Program to producers effective July 1, 2023. This report includes information about key elements of the adopted regulation and details potential impacts to Toronto's integrated waste management system, including the recycling system for single family households, multi-residential buildings, schools, and some facilities and public spaces. The report also describes potential scenarios for the City's future role in the new recycling system and details considerations and principles that will guide discussions with Producer Responsibility Organizations on transitioning the City's blue box management responsibilities to producers starting in 2023.

Information on preparatory activities for the transition and system change is discussed in the staff report, including an overview of business transformation and change management work, planned review of the utility rate model and user rates, and ongoing City-led Provincial policy and regulatory advocacy.

RECOMMENDATIONS

The General Manager of Solid Waste Management Services recommends that:

1. City Council direct the General Manager, Solid Waste Management Services, to report back in 2022, to the Infrastructure and Environment Committee, with an update on the status of any negotiations that may occur with registered Producer Responsibility Organizations, as well as the status of the producer rule making and allocation table and their impact on the City's blue box operations during the transition period from July 1, 2023 to December 31, 2025.

FINANCIAL IMPACT

There are no immediate financial implications resulting from this report. Future financial impact considerations will depend on the outcome of discussions with the Producer Responsibility Organizations that is anticipated to take place in 2022, and likely begin to be estimated in the 2023 Budget.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on February 2, 3 and 5, 2021, City Council adopted IE19.7 entitled "Extended Producer Responsibility Transition Update- Curbside Collection Strategy", without amendments.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE19.7>

At its meeting on September 30, October 1 and 2, 2020, City Council adopted IE15.4 entitled "Transition of Toronto's Blue Box Program to Extended Producer Responsibility". Amongst other decisions, City Council requested the General Manager, Solid Waste Management Services to report back on impacts to user fees and any change in the Solid Waste user fee program, and on the impact and proposed management of materials and sources not eligible for transition including costs.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IE15.4>

At its meeting on December 17 and 18, 2019, City Council adopted EX11.3 entitled "2020 Rate Supported Budgets - Solid Waste Management Services and Recommended 2020 Solid Waste Rates and Fees". Amongst other directions, City Council requested the General Manager, Solid Waste Management Services and/or designate to continue consulting and negotiating with Provincial Officials to ensure inclusion of the City's priorities in any new anticipated waste diversion regulations or policy statements that implement the *Resource Recovery and Circular Economy Act, 2016*, and the *Waste Diversion Transition Act, 2016*.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.3>

At its meeting on June 18 and 19, 2019, City Council adopted IE5.10 entitled "Management of Solid Waste Contracts under Transition to a Full Extended Producer Responsibility Model". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued

waste diversion operations throughout the transition period under the Waste Diversion Transition Act, 2016, based in part on the recommendations on pricing set out in the Confidential Attachment 1 to the report (May 15, 2019) from General Manager, Solid Waste Management Services, and on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE5.10>

At its meeting on April 25, 2019, the Infrastructure and Environment Committee referred Item IE4.6 entitled "Strategy for Future Solid Waste Management Processing Material Recovery Facilities (MRF) Service Contracts" to the General Manager, Solid Waste Management Services with the request to report to the May 23, 2019 Infrastructure and Environment Committee Meeting.

The Infrastructure and Environment Committee decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE4.6>

At its meeting on April 24, 25, 26, and 27, 2018, City Council adopted Item PW28.8 entitled "State of Toronto's Blue Bin Recycling Program". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations throughout the transition period under the Waste Diversion Transition Act, 2016, based in part on the confidential recommendations on pricing set out in Confidential Attachment 1 to the report (March 22, 2018) from the General Manager, Solid Waste Management Services, and on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW28.8>

At its meeting on September 19, 2017, Public Works and Infrastructure Committee adopted item PW23.6, entitled "Municipal Principles to Guide Transition of the Blue Bin Program". This report for information indicated that staff would update Committee and City Council regarding the progress developing an amended Blue Box Program Plan under the *Waste Diversion Transition Act, 2016*; the final amended Blue Box Program Plan submitted to the Minister of Environment and Climate Change for the transition period under the *Waste Diversion Transition Act, 2016*; and regulations or policy statements focusing on designated material and new diversion Program Plans under the *Resource Recovery and Circular Economy Act, 2016*.

The Public Works and Infrastructure Committee Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW23.6>

At its meeting on July 4, 5, 6, and 7, 2017, City Council adopted Item PW22.4 entitled "New Provincial Waste Management Framework Legislation - Bill 151: *Waste-Free Ontario Act, 2016* - Update" and requested that the General Manager, Solid Waste

Management Services report back to the September 19, 2017 Public Works and Infrastructure Committee, on a list of proposed principles that will guide the discussions and negotiations between the City and producers of designated materials collected in the City's waste diversion programs.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW22.4>

COMMENTS

Background

The *Resource Recovery and Circular Economy Act, 2016* and the *Waste Diversion Transition Act, 2016*, authorize the transition of the financial and operational responsibility for managing designated packaging, paper and packaging-like products from municipalities to the producers of such products and packaging. This transition changes the existing shared responsibility model for the Blue Box Program into a producer-led responsibility model, often referred to as "full extended producer responsibility".

Since the enactment of the *Waste Diversion Act, 2002*, the costs associated with the delivery of municipal residential blue box recycling services have been shared between municipalities and producers. Also, in recent years, the Blue Box Program has faced increased challenges of declining markets, lower tolerance for contamination (incorrectly placed items in the Blue Bin) and resulting increased processing costs. Full extended producer responsibility assigns producers full financial and operational responsibility for the end-of-life management of designated packaging and products that they supply into Ontario, which will relieve Ontario municipalities of these challenges.

Development of the Blue Box Regulation

Since the proclamation of the *Resource Recovery and Circular Economy Act, 2016* and the *Waste Diversion Transition Act, 2016*, the Ministry of the Environment, Conservation and Parks (the Ministry) has engaged stakeholders to seek input in developing a regulatory framework to transition management responsibilities from municipalities to producers. In late 2019 and into summer 2020, the Ministry created working groups (municipalities, producers, and service providers) and led group-specific and joint discussions on regulatory elements to inform the originally proposed Blue Box Regulation that was released for public consultation between October 19 and December 3, 2020. Throughout this process, City staff actively participated in working group discussions and provided several submissions directly to the Minister of the Environment, Conservation and Parks and Ministry staff, to advocate for positions that supported the best interest of Toronto residents and the City. In addition, Toronto City Councillor Jennifer McKelvie met with Andrea Khanjin (Member of Provincial Parliament for Barrie-Innisfil and Parliamentary Assistant to the Ministry of the Environment, Conservation and Parks) to further highlight key Toronto positions.

Key Elements of Ontario Regulation 391/21 - Blue Box

The Province adopted [O. Reg. 391/21 Blue Box](#) on June 3, 2021. This section of the report provides an overview of key regulatory elements, including transition timeline, designated materials, eligible and non-eligible sources, management targets and details on the transition of the Blue Box Program to producers. A detailed overview of O. Reg. 391/21 Blue Box Regulation is outlined in Attachment 1. A comparative review of the City's comments on the draft and final regulation can be found in Attachment 2.

Transition Period (2023 to 2025)

Transition of municipal recycling programs will occur from July 1, 2023 to December 31, 2025. During this period, municipalities will transition management responsibility for their Blue Box programs to producers as outlined in the Transition Schedule¹ that accompanies the regulation. Toronto is scheduled to transition on July 1, 2023. This date of transition was requested by Toronto City Council in a correspondence sent to the Minister of the Environment, Conservation and Parks on October 13, 2020.

During this transition, between July 1, 2023 and December 31, 2025, it is expected that there will be no changes to the City's current Blue Bin Recycling Program. Residents and multi-residential buildings that receive waste collection services from the City should experience no change to their collection day and schedule, service level, recycling containers, and the list of items they can put in their Blue Bins.

Standardized Program (2026 onwards)

After all municipal Blue Box programs have been transitioned to producers by the end of 2025, a standardized program (referred to as the Common Collection System) will be implemented province-wide. By 2026, a standardized curbside program will require producers to collect blue box recycling from each eligible community and at a frequency of at least every other week. They will also be required to provide containers sufficient for the storage of a common list of recyclable materials. A standardized list of eligible recyclable materials is anticipated to help address program ease-of-use and reduce contamination. Also during this period, producers can establish Alternative Collection Systems to help meet their regulatory targets and obligations. Examples of Alternative Collection Systems may include return to retail, or postage-paid mail-back programs for recyclable materials. This means that a producer could remove its packaging, paper, or packaging-like product from the list of items collected at curbside, and require residents to take these items to an Alternative Collection System if the producer can demonstrate that recovery rates would be equal to or better than collection through the common collection system. If producers fail to meet their material category management targets twice in a three-year period using the Alternative Collection System, the approval to use this alternative will be revoked and they will be required to meet management targets through the curbside collection system.

¹ https://prod-environmental-registry.s3.amazonaws.com/2021-06/Blue%20Box%20-%20Transition%20Schedule_2.pdf

Designated Materials

O. Reg. 391/21 includes a definition of designated materials and includes single-use packaging like products including aluminum foil, trays and boxes, and single-use food and beverage items like straws, cutlery, cups, and food service ware. This broader definition includes items that are not currently accepted in the City's Blue Bin Recycling Program, such as black plastic, hot and cold beverage paper cups, plastic film and plastic wrap. Flexible plastic used for protection or handling of food, such as cling wrap, sandwich or freezer bags are not included as designated products.

Locations that will Receive Services under O. Reg. 391/21 (Eligible Sources)

The City currently provides blue box recycling services to single family and multi-residential homes, long-term care homes, schools, some small commercial establishments, charities, institutions and religious organizations, and has recycling bins in parks and recycling compartments in City litter bins. The City collects approximately 176,000 tonnes of recyclables from these residential and non-residential sources.

For the transition period (July 1, 2023 to December 31, 2025) the regulation identifies eligible sources, or sources that producers must collect from and manage the designated recyclable materials. Such sources include single-family households, multi-residential buildings serviced by municipalities, schools, long-term care facilities, and some public spaces. Eligibility expands to include all non-municipally serviced multi-residential buildings, schools, non-profit long-term care and retirement homes, and some public spaces including parks, playgrounds, sidewalks, and transit stations and stops during post-transition (2026 onwards), when all municipalities have transitioned their Blue Box programs to producers.

Locations that are not included in O. Reg. 391/21 (Non-Eligible Sources)

Both during transition and after transition there are locations that producers are not responsible for with respect to the management of recyclables. These non-eligible sources include industrial, commercial and institutional establishments, municipal facilities such as community centres, libraries, and civic centres, and non-residential locations such as shelters and places of worship.

The City services approximately 7,560 non-eligible customers comprised of small commercial locations, City facilities, and charities, institutions, and religious organizations and manages approximately 10,000 tonnes of recycling from these locations. As these locations are not designated in O. Reg. 391/21 for producer responsibility, the City will not receive financial compensation for the continued provision of recycling services to these non-eligible sources. These locations are currently co-collected with eligible sources such as multi-residential buildings and civic centres that are collected along the same collection routes. This means the City will have to consider any operational and financial impacts of separating eligible sources from non-eligible sources. The full impact of the separation of eligible and non-eligible sources will not be known until discussions occur with Producer Responsibility Organizations. There may be opportunities for negotiating terms and conditions that

could be advantageous to both parties (for example, bundling of services to maintain integrated system efficiencies).

Management Targets

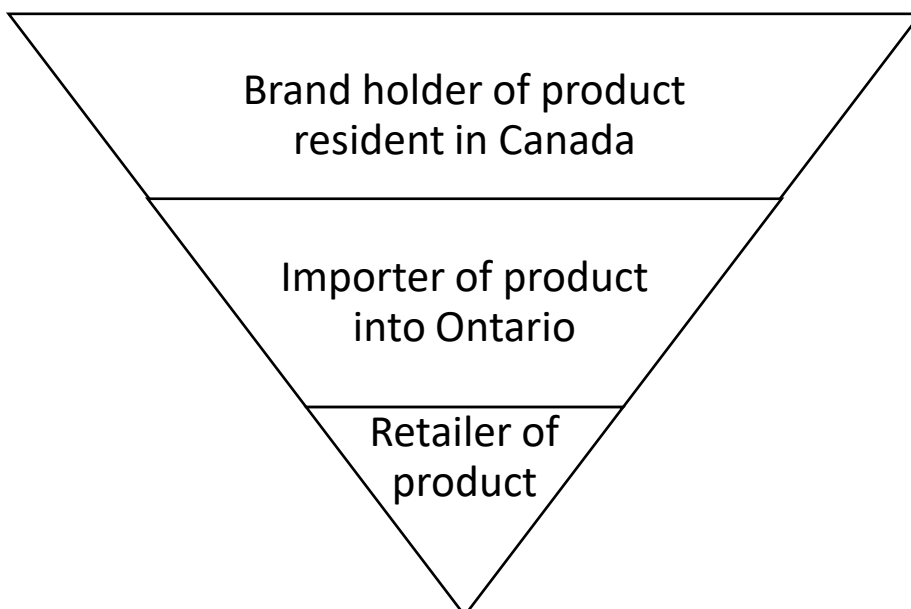
Under the new regulation, producers are required to meet specific management targets for six (6) material categories of products and packaging they supply to consumers in the Ontario marketplace. The six (6) material categories include paper, rigid plastic, flexible plastic, glass, metal, and beverage containers. Producers must also report on the quantities of certified compostable products and packaging they supply into Ontario, however these products currently do not have management targets in O. Reg. 391/21. Further consultation is expected on how these materials should be managed and no producer management target has yet been set for these materials.

Management targets require that producers recover a minimum percentage of each material category supplied into Ontario for the period 2026 to 2029, with higher recovery percentages to be achieved by 2030. The targets for each material category are outlined in Table 1 in Attachment 1. To count towards diversion targets, recovered resources must be marketed for re-use or marketed for use in new products or packaging. Collected materials that are managed through the creation of a fuel product, incinerated, or landfilled cannot be applied to meet their target obligations.

Producer Responsibility Organizations and the Annual Allocation Table

The entity with the closest connection to the designated material in a cascading hierarchy is designated the responsible producer. The new regulation also captures out of province retailers that supply recyclable materials to Ontario consumers through online sales. The hierarchy of responsible producers is outlined in Figure 1 below.

Figure 1 - Hierarchy of Responsible Producers



Obligated producers can retain the services of a Producer Responsibility Organization to meet their obligations under the regulation, including collecting and managing blue box materials. To form and be recognized as a producer service organization, a Producer Responsibility Organization must represent at least one (1) producer and be registered with the Resource Productivity and Recovery Authority (the Authority) by November 1, 2021.

Producer Responsibility Organizations that represent producers and have a total combined minimum of 20,000 tonnes of obligated blue box material supplied into Ontario in 2020 will be able to participate in developing the rules and procedures for all Producer Responsibility Organizations. Rules and procedures will include determining an Annual Allocation Table, which sets out how Producer Responsibility Organizations will be allocated all eligible sources requiring blue box services in the Ontario.

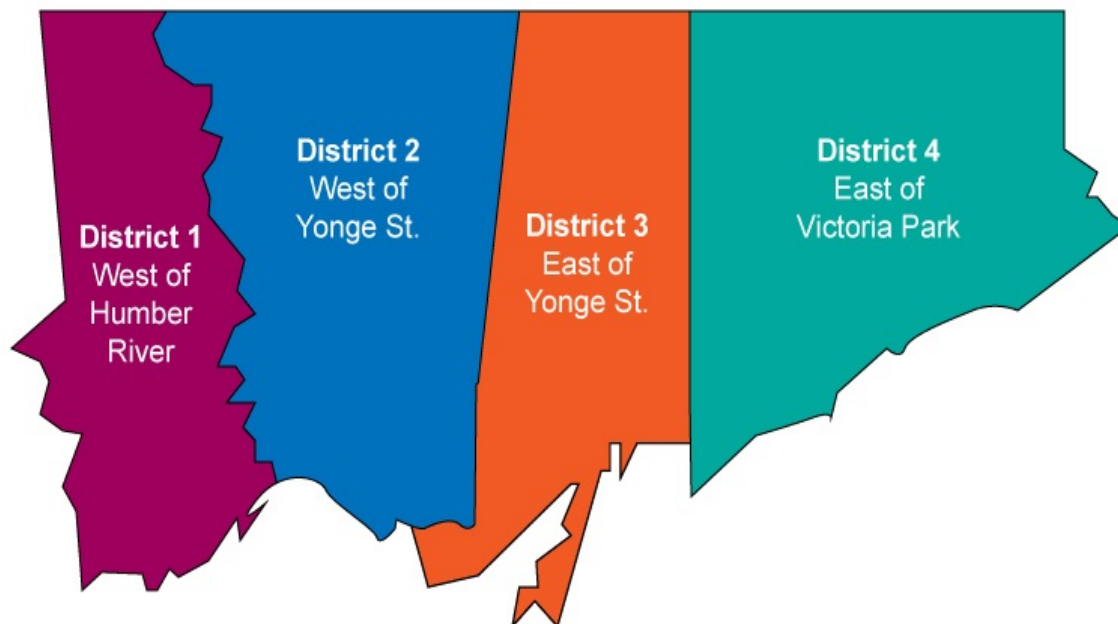
The regulation specifies that Producer Responsibility Organizations must submit the first Allocation Table to the Authority by July 1, 2022. There is also a provision that if a single Producer Responsibility Organization or more than one Producer Responsibility Organization representing a minimum of 66 per cent of all obligated blue box materials supplied into Ontario, they may submit the Allocation Table as early as January 1, 2022. The regulation also specifies that the Minister may amend or replace the rules and the allocation table submitted by the Producer Responsibility Organizations.

The Annual Allocation Table system assigns municipal Blue Box Program services in Ontario to one (1) of the registered Producer Responsibility Organizations. The City does not have the ability to choose or select a Producer Responsibility Organization to service Toronto. Producer Responsibility Organizations will also decide on how to meet their regulatory obligations by either tendering or negotiating for services with municipalities or private service providers.

City of Toronto's Role in the Future System

The City of Toronto is divided into four (4) collection districts from west to east. Daytime curbside collection operations of single family households and smaller multi-residential locations in Districts One (1) and Two (2), or west of Yonge Street, is performed by contractors and operations in Districts Three (3) and Four (4), or east of Yonge Street, are performed by City staff. The collection district map is provided in figure 2 below.

Figure 2 - City of Toronto Collection District Map



Front-end collection service of City locations that have their waste materials collected in bulk bins (includes large multi-residential buildings, schools, divisions, agencies and corporations) is performed by a contracted service provider. Locations on night collection routes, which includes mostly commercial locations and residential units above commercial, are serviced by City staff. City litter bins and park bins are also serviced by City staff.

Under the new regulation, municipalities have no regulatory obligation to continue to collect, transfer, and process designated blue box materials, nor to provide education on proper participation, sorting practices, or eligible sources. Toronto's scheduled transition date is July 1, 2023. As of the transition date, the responsibility will be transitioned to producers and the City will have no role in the future state unless the designated Producer Responsibility Organization and the City entered into a service contract mutually agreed upon by both parties.

It is possible that operation of the Blue Box Program in the city could be allocated to more than one Producer Responsibility Organization. Furthermore, Toronto's Blue Box Program could be integrated with other regional municipalities as they are not required to limit blue box service agreements to existing municipal boundaries or collection districts. It is anticipated that efficiencies will be sought by operating across regional groupings of municipalities or broader waste sheds. For example, this could include collection by type of housing or optimization of travel times to transfer stations or materials recycling facilities (such as combining collection in Toronto West (Etobicoke) with areas in Peel Region (Mississauga) or Toronto East (Scarborough) with areas in Durham Region).

Preliminary analysis of impacts to the City's Integrated Waste Management System

It is possible that the City could maintain a role in part or in full, through the transition period (July 1, 2023 through 2025) and possibly beyond 2026 for specific services, if there is interest from both the designated Producer Responsibility Organization and the City and a contractual agreement can be reached between the parties. A Producer Responsibility Organization may wish to contract the City to deliver services on their behalf, such as collection and haulage, and processing. Other service offerings could include access and use of City-owned transfer stations, use of City-owned Blue Bins, recycling bins in parks and litter bins, use of the City's comprehensive 311 customer service system to manage blue box-related inquiries and services, space in the City's direct mail pieces, integration of blue box-related messaging into various City waste diversion programs (for example the Community Reduce and Reuse Program, 3Rs Ambassador Volunteer Program, etc.).

Contractual agreements could take on many forms and variations. The Producer Responsibility Organization may choose to contract the City to collect materials from all eligible sources but take over processing responsibilities, which would require the City to amend the recycling processing contract. The Producer Responsibility Organization could also split collection responsibilities with the City, for example negotiating with the City to maintain collection operations in part of the city while taking direct responsibility for collection responsibilities in the remaining areas. Producers could also seek for the City to maintain other services, such as managing customer service, until they have established their own customer service centre and processes.

The City may also have no operational role in delivering services on the producers' behalf. This will require further review and impact analysis to determine the associated staffing implications as well as engagement with Toronto Civic Employees Union Locals 79 and 416.

The future operating state will remain unknown until discussions and negotiations with Producer Responsibility Organizations begin in late 2021 or in 2022. Leading up to Toronto's transition date of July 1, 2023, the City will be engaged by Producer Responsibility Organization(s) to discuss the terms and conditions of transitioning the City's Blue Box Program to producers. Although producers will be fully responsible for the management of designated materials from all eligible sources beginning on July 1, 2023, there may be an opportunity for the City to continue to deliver services on the producer's behalf for financial remuneration.

Impacts to the City's Blue Box Related Contracts

In the several years leading up the finalization of the Blue Box regulation, Solid Waste Management Services has taken steps to amend and negotiate extensions to relevant contracts, including processing and collection contracts, to align with the transition timeline. However, the full impact to the contracts will not be known until discussions with registered Producer Responsibility Organizations have taken place. Table 1 below lists blue box related contracts that will be impacted by the new regulation.

Table 1 - Blue Box Related Contracts

Contract	Term
Processing	February 1, 2020 - January 31, 2023 (Optional Extension - up to 48 months)
District 1 (Etobicoke) - Daytime Curbside Collection	Initial term 2014 to 2021 with two, one-year extension terms. Option Year 2 has been exercised to June 30, 2023. Active procurement, which includes a measure to end the recycling portion as required, is underway to secure a new contract with a 5-year term (July 1, 2023 to June 30, 2028, with two, one-year extension terms)
District 2 (East of Humber River, west of Yonge) Daytime Curbside Collection	Initial term 2012 to 2019, with two, one-year extension terms. Option Year 2 has been exercised to August 6, 2021 Contract extension for service provision to August 2026 in final negotiation stage, awaiting signature.
City-wide Front-End Collection	Initial term 2016 to 2026, no option years

Guiding Principles to Facilitate Negotiations with Producer Responsibility Organizations

Solid Waste Management Services, having decades of experience running an effective and efficient Blue Box Program, will offer its services on terms and conditions that meet the City's interests based on the following guiding principles to facilitate discussions with Producer Responsibility Organizations, all while balancing the financial impact to rate and tax payers, and staff.

- Transition of the Blue Box Program should minimize if not eliminate any negative impacts to residents' and rate payer's experience with and access to recycling services.
- The City's high customer service standards should be maintained as much as possible (for example, extensive use of multi-lingual promotional and educational materials, support for community engagements, side door collection for residents with mobility limitations, et cetera).
- Prioritize protection of the environment by reducing litter and maximizing diversion from landfill. The City has an aspirational goal of zero waste and circular economy, and has a climate action strategy that prioritizes efforts to reduce local greenhouse gas emissions, and will raise these issues in

discussions with Producer Responsibility Organizations to protect the City's environmental interests.

- Keep Toronto streets safe by prioritizing efforts to reduce traffic-related injuries during collection activities. The City is committed to Vision Zero and is implementing the Vision Zero Road Safety Plan to protect Toronto road users.

Solid Waste Management Services will provide an update to the Infrastructure and Environment Committee on the outcome of discussions with the designated Producer Responsibility Organizations, and will present a more detailed analysis of Toronto's transition plan and related impacts in 2022. This will include any financial, staffing and change related implications.

Wind-up of Stewardship Ontario and the Continuous Improvement Fund

On August 15, 2019, the Minister of the Environment, Conservation and Parks directed Stewardship Ontario to develop a wind-up plan for the Blue Box Program and submit it to the Authority for approval. Following consultation on the wind-up plan, on December 16, 2020, the Authority approved Stewardship Ontario's wind-up plan with some conditions. These conditions include assurance that Stewardship Ontario would develop a plan to maintain or minimize reduction in program performance during transition, including considering increasing its annual budget for promotion and education. Stewardship Ontario is also required to develop a plan to demonstrate that measures are in place to ensure that current program data is not accessible to parties that could potentially become a Producer Responsibility Organization under the new regulation. This was added to ensure no competitive advantage to any particular organization or future Producer Responsibility Organization.

The Continuous Improvement Fund, whose mandate is to improve the effectiveness and efficiency of municipal Blue Box programs through the provision of funding and technical support, also submitted a wind-up plan as part of Stewardship Ontario's wind-up plan. The Continuous Improvement Fund's wind-up plan was approved by the Authority on December 22, 2020. The approved plan specifies that all remaining funds be used to assist municipalities in preparing for the transition of Blue Box programs to producers.

To oversee the wind-up of the Continuous Improvement Fund during transition, two (2) committees have been struck by the Continuous Improvement Fund, including the Transition Services Committee and Windup Committee, both of which include a City of Toronto staff as a voting member. These committees have the mandate for ensuring compliance with Continuous Improvement Fund's wind-up plan and strategic plan.

Prior to the adoption of the Blue Box regulation, the Province of Ontario transitioned several other waste diversion programs to Extended Producer Responsibility under new regulations. Attachment 3 provides an overview and transition timelines of the other programs, including the management of tires, batteries, electrical and electronic equipment, and hazardous and special waste.

Preparing Toronto for Transition

Business Transformation and Change Management

The breadth of anticipated impacts to the City's business operations resulting from the transition of the City's Blue Bin Recycling Program to producers will extend well beyond Solid Waste Management Services. In addition to the impact felt by rate payers (mainly after the transition to a standardized program in 2026 onwards), the transition will also impact several interdivisional service partners, including, but not limited to: 311 for customer service support; Municipal Licensing & Standards for bylaw enforcement; Transportation Services for litter bins in the public realm and right-of-way enforcement; People & Equity for employee relations; Fleet Services for vehicular assets; and Parks, Forestry & Recreation for access to litter bins in parks.

To ensure a seamless transition for rate payers and City Divisions, significant work will be undertaken throughout 2021 and 2022, to prepare staff and residents for the change. A business transformation and change management consulting firm is being procured to guide and assist Solid Waste Management Services' staff as it transitions its business operations from the current state to the future extended producer responsibility state under the new Blue Box regulation. The scope of work consists of two (2) main areas of focus, including business transformation to assist the City transform its processes, procedures, policies, by-laws, operations, current contracts, customer service levels, and programs to align to the future state and change management to support staff through these changes and bring them on the change journey.

The consulting firm will work with staff to inform, navigate, prepare, and mitigate the impacts to staff, interdivisional service partners and rate payers. A comprehensive and extensive work plan will be established to minimize the impact of the transition on City operations. Work is anticipated to begin by fall 2021.

Ongoing Advocacy

Solid Waste Management Services staff continue to work collectively with other Ontario municipalities to ensure municipal and residents' needs are met. Through ongoing advocacy work with the Association of Municipalities of Ontario and the Municipal Resource Recovery and Research Collaborative, municipal priorities are communicated to the Ministry of the Environment Conservation and Parks, the Authority, and industry associations.

As the operators of the residential Blue Box Program for several decades, municipalities possess a wealth of experience and best practices knowledge, which are required to operate an effective and efficient system. Toronto's staff intends to share their learnings with producers to ensure that residents continue to receive a high level of service and minimal program disruption. Working with a policy and advocacy strategist and municipal partners, Toronto has helped to shape the new extended producer responsibility regulations in Ontario. Identifying municipal priorities, advising on areas of legislative or operational concern, clarifying producer accountability, minimizing residential impacts, and maintaining service levels are a few areas in which a united

municipal voice is critical. Toronto is not only an active participant in all joint municipal discussions, but Toronto is also taking a direct advocacy role to advance Toronto's interests.

In partnership with the Municipal Resource Recovery and Research Collaborative, the Continuous Improvement Fund has established a Transition Working Group to help municipalities prepare for the transition to extended producer responsibility. Five (5) subcommittees have been established under the Continuous Improvement Fund Transition Steering Committee (including contracts, change management, fair compensation, data reporting, and post-collection), with Solid Waste Management Services staff actively engaged in each.

Solid Waste Management Services staff are also a member of the Service Providers Advisory Group, which is led by the Authority. The objective of the Advisory Group is to represent the waste industry service providers' voice and to work closely with the newly established Industry Advisory Council, an entity introduced under the *Resource Recovery and Circular Economy Act, 2016*.

Solid Waste Management Services staff will also be actively participating in additional consultations being led by the Province on other policies that will impact the City's integrated waste management system including:

- Future management responsibilities for packaging and products certified as compostable;
- Future management responsibilities for the management of industrial, commercial and institutional waste not captured under existing waste diversion regulations; and
- The Administrative Monetary Penalties powers of the Authority to ensure that producers can be held accountable for their management responsibilities under the various waste regulations.

Next steps

Solid Waste Management Services will participate in consultations to help inform the future transitioned Blue Box Program and will continue to advocate in the best interest of the City of Toronto using the guiding principles outlined in this report. Staff will also use these guiding principles to help facilitate future discussions with the designated Producer Responsibility Organization(s). Solid Waste Management Services will report back to the Infrastructure and Environment Committee in 2022, with a staff report that will provide a status update and detail the outcome of negotiations with the Producer Responsibility Organization on the City's service offerings and future role under the new regulation. The report will also include a more detailed analysis of Toronto's transition to the new system, including the financial impact and impact to Solid Waste Management Services utility rates.

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SIGNATURE

Matt Keliher
General Manager
Solid Waste Management Services

ATTACHMENTS

Attachment 1 - Key Elements of the Blue Box Regulation

Attachment 2 - Comparison of the City of Toronto's Positions on the Draft Regulation vs. the Regulation

Attachment 3 - Other Regulations under the Resource Recovery and Circular Economy Act, 2016