

Supplemental Report: Update on the Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility

Date: October 10, 2023

To: City Council

From: General Manager, Solid Waste Management Services

Wards: All

SUMMARY

This report is supplemental to [Item - 2023.IE6.3](#) titled "Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility", which was considered by the Infrastructure and Environment Committee meeting on September 20, 2023 and is being considered by City Council at its October 11-13, 2023 meeting. This supplemental report, to be read in conjunction with report Item - 2023.IE6.3, provides City Council with a preliminary summary of the key details and staff considerations related to the Issuing Authority's Receiving Facility Request for Proposals, which was publicly posted on September 27, 2023.

Receiving facilities, referred to as "transfer stations" in Toronto, are facilities that receive recycling and waste materials that are collected from Toronto households and are consolidated for transfer to a processor.

FINANCIAL IMPACT

Report [Item - 2023.IE6.3](#) titled "Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility" was considered by the Infrastructure and Environment Committee meeting on September 20, 2023 and is being considered by City Council at its October 11-13, 2023 meeting. Financial implications resulting from report Item - 2023.IE6.3 are outlined in that report's Confidential Attachment 2. There are no additional financial implications resulting from this supplemental staff report.

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

DECISION HISTORY

At its meeting on February 7, 2023, City Council adopted 2023.IE1.8 entitled "Update on the Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility". Amongst other decisions, City Council directed the General Manager, Solid Waste Management Services, and/or designate, to report back to the Infrastructure and Environment Committee with the outcome of discussions with registered Producer Responsibility Organizations for the post-transition phase from January 1, 2026 onwards.

The City Council Decision document can be viewed at: [Agenda Item History - 2023.IE1.8 \(toronto.ca\)](#)

At its meeting on June 15, 2022, City Council adopted IE30.8 entitled "Entering into Agreements with Producer Responsibility Organizations for the Blue Box Program". Amongst other parts of the decision, City Council authorized the General Manager, Solid Waste Management Services to negotiate and enter into any service agreements or amending agreements with any Producer Responsibility Organization(s) registered with the Resource Productivity Recovery Authority, and/or their designate, for the City of Toronto to be contracted to provide recycling collection and management services, based on terms and conditions outlined in Confidential Attachment 1 to the report (May 11, 2022) from the General Manager, Solid Waste Management Services, for the management of blue box Materials until the end of the transition phase pursuant to the Resource Recovery and Circular Economy Act, 2016 or any regulations thereunder, on Update on Blue Box Producer Responsibility Negotiations Page 3 of 17 terms acceptable to the General Manager, Solid Waste Management Services, the Deputy City Manager, Infrastructure and Development Services or designate, and the Chief Financial Officer and Treasurer 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=2022.IE30.8>

At its meeting on October 1 and 4, 2021, City Council adopted IE24.11 entitled "Blue Box Regulation that Transitions the City of Toronto's Blue Bin Recycling Program to Producers". Amongst other decisions, City Council requested the General Manager, Solid Waste Management Services to report back 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 phase from July 1, 2023 to December 31, 2025.

The City Council Decision document can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE24.11>

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 Update on Blue Box Producer Responsibility Negotiations Page 4 of 17 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 phase 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 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=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 March 31 and April 1, 2016, City Council adopted PW11.2 entitled "New Provincial Waste Management Framework Legislation - Bill 151: Waste-Free Ontario Act". Amongst other decisions, City Council requested the City Manager and/or designate to continue negotiations with provincial officials to advance the City's priorities

for Bill 151: Waste-Free Ontario Act, which includes advocating for the movement of the Blue Box Program to Extended Producer Responsibility.

The Public Works and Infrastructure Committee decision document can be viewed at: <https://secure.toronto.ca/council/agenda-item.do?item=2016.PW11.2>

COMMENTS

Request for Proposals for Post-Transition Receiving Facilities for Toronto

On September 27, 2023, the Issuing Authority (Circular Materials and Reverse Logistics Group) publicly released a [Request for Proposals for Receiving Facilities in Toronto](#) seeking a proponent to provide centralized locations to receive Blue Box Materials¹ from recycling collection vehicles for unloading, consolidation, and loading onto outbound vehicles provided by Producer Responsibility Organizations for the post-transition period.

This Request for Proposals was released after the September 20, 2023 meeting of the Infrastructure and Environment Committee. However, since the two (2) procurements are inter-related, staff wanted to provide City Council with a preliminary summary of the procurement document at the same time it's considering a staff report pertaining to the procurement of Blue Box collections in Toronto (Item - 2023.IE6.3).

The agreement term is seven (7) years, beginning January 1, 2026 until December 31, 2032. There are three (3) additional one-year option years, which could potentially extend the agreement until December 31, 2035. Table 1 provides an outline of the procurement timeline.

Table 1: Receiving Facility Request for Proposals Timeline

Item	Date
Request for Proposal issued	September 27, 2023
Registration Deadline	December 13, 2023
Question submission deadline	December 13, 2023
Deadline for issuance of addenda	December 20, 2023
Proposal Submission Deadline	January 10, 2024
Clarifications and/or interviews, if required	Prior to March 31, 2024
Anticipated communication to proponents	Prior to April 30, 2024

¹ Blue Box Materials are to be accepted from all eligible sources, including from parks and public spaces.

Key Terms and Conditions

The following listing identifies key terms and conditions included in the Request for Proposal, which will require further review and assessment:

- The Issuing Authority may enter into one or more final Master Service Agreements with one or more successful proponents.
- Potential bidders may submit a bid to enter into an agreement for the entire city, a single district, multiple districts, or for parts of different districts. The RFP includes information on estimated projected collected blue box material tonnes by district however it is not clear if the RFP requires one (1) facility per district or if it allows for multiple facilities in a district to manage the estimated project tonnes.
- The Request for Proposals is for the receipt and consolidation of Blue Box Materials and does not include the haulage of those Materials to a processor, which is currently being done by the City during transition under its agreement with Circular Materials. Rather, for post-transition, Producer Responsibility Organizations will pickup their proportion of Blue Box Materials from the receiving facilities.
- Blue Box Materials from eligible sources (includes single family households, multi-residential buildings, schools and long-term facilities) must be separated from materials from parks and public spaces.
- Potential bidders must retain a twenty-five (25) per cent contingency capacity at their receiving facilities to minimize unloading delays.
- Facilities are to receive inbound vehicles and outbound vehicles between 7 a.m. to 7 p.m. on business days.
- Contractor will be required to take samples of collected material monthly and store the samples until they are picked-up.
- There are thirteen (13) infractions that could result in damages incurred by the contractor, ranging from \$500 to \$2,500 per incident. Examples of infractions include failure to submit accurate reports, failure to collect samples of collected material, and failure to prevent mixing of materials from non-eligible sources.
- If a legal labour disruption were to occur during the agreement term, the contractor is to use commercially reasonable efforts to continue performing the work. A contingency plan for how Blue Box Materials is to be managed during any labour disruption is to be included with a bid proposal.
- Performance security, in the form of a performance bond, letter of credit, or certified cheque, must be provided by the successful proponent and included in the price envelope of the proposal package. The performance bond shall be for a dollar amount equal to twenty-five (25) per cent of the highest projected annual contract price during the term.

Next Steps

Solid Waste Management Services staff undertook an initial review and assessment of the agreement requirements to provide an update to City Council. A further and more thorough review and analysis by subject matter experts within the Division is currently underway to determine the feasibility of the City meeting the agreement requirements, which will determine whether or not the City can submit a bid proposal. In particular, staff are taking into consideration: the capabilities of the City's transfer station network; current physical capacity and permit limitations; financial impact; capital infrastructure requirements; and any impact to operations, staff, and assets. Staff are also building and evaluating different scenarios that could be used to address some requirements.

When conducting their review, staff will take into consideration the applicability of City Council's Guiding Principles to maintain the City's high customer service standards and residents' positive experience with the program, prioritizing the protection of the environment and waste diversion; and minimizing the impact on City jobs.

In conjunction with the report back requirement of Recommendation 5 in report Item 2023.IE6.3, staff will also report back to the Infrastructure and Environment Committee in the first quarter of 2024 with the outcome of staff's evaluation of the Receipt and Transfer Request for Proposal and whether staff submitted a bid for this work. Using the delegated authority granted by City Council to the General Manager of Solid Waste Management Services in report Item 2023.IE1.8, staff will determine if submitting a bid, and the associated performance security, is in the best interest of the City and whether to submit a proposal.

CONTACT

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SIGNATURE

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