

# Post-transition of Toronto's Blue Box Program to EPR

City of Toronto's Role Following the  
Blue Box Transition Post-2026  
Presentation to City Council  
October 11-13, 2023



# Presentation Overview

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1. Background of Extended Producer Responsibility and Summary to Date
2. Request for Proposals: Residences & Facilities Collections for City of Toronto
3. Request for Proposals: Receiving Facilities for City of Toronto

# Background

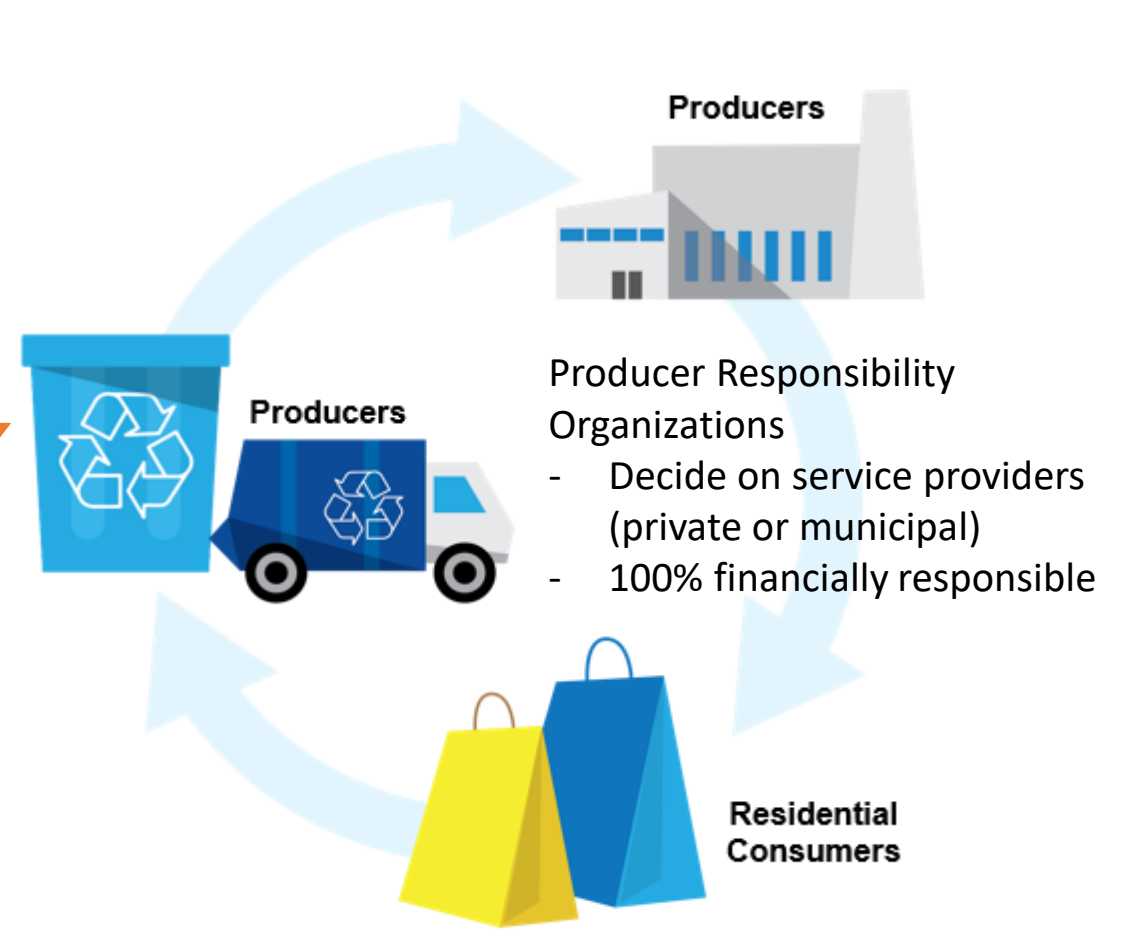


# Extended Producer Responsibility

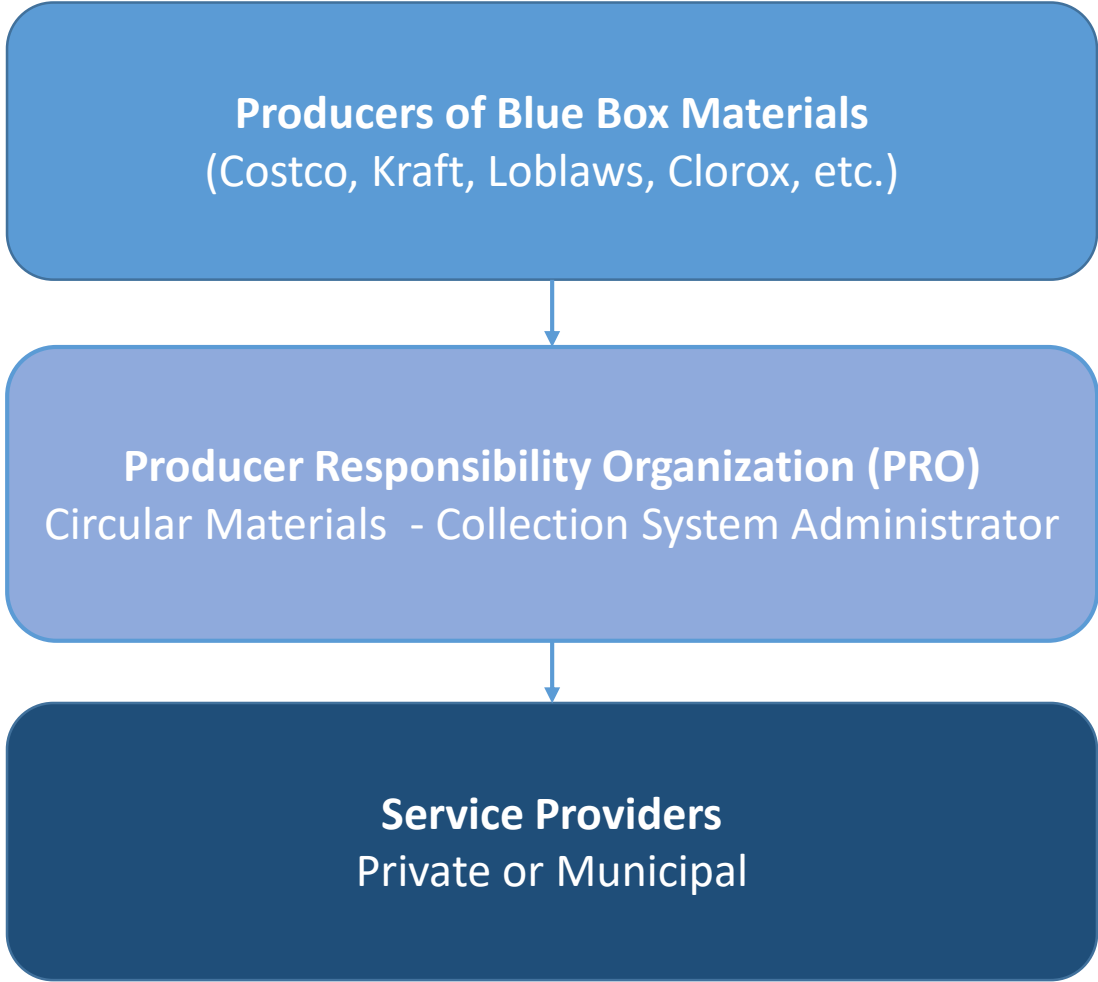
## Pre 2023 Shared Industry Funding



## As of July 1, 2023 EPR (**Current**)



# EPR For Collection Services

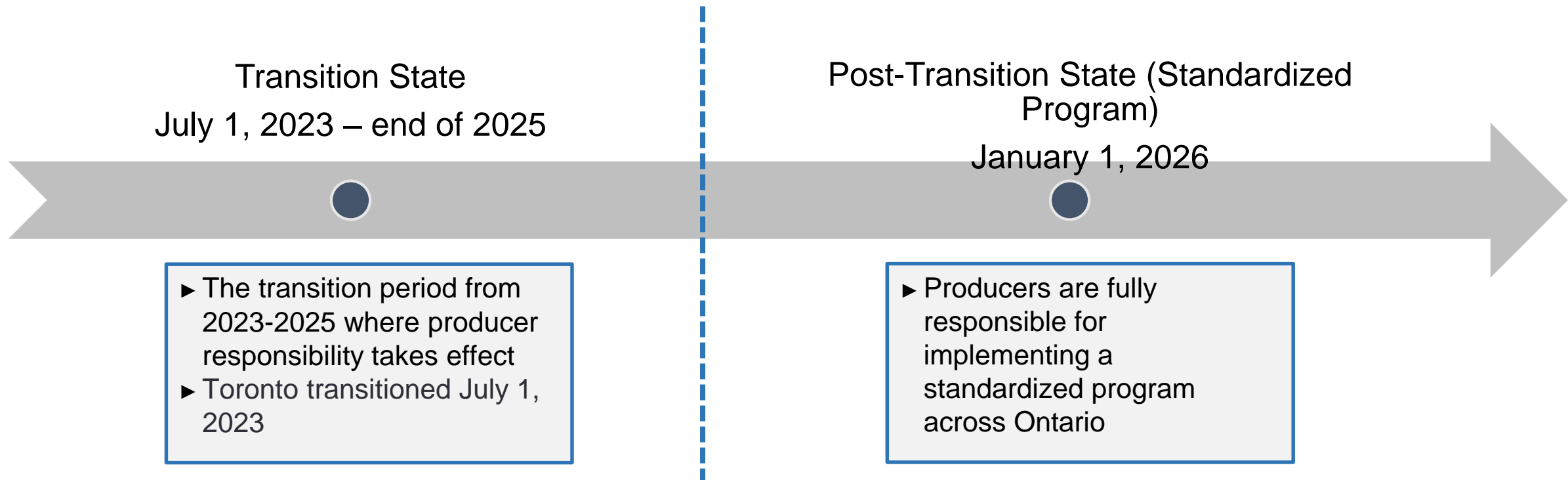


Procure services from a Producer Responsibility Organization (PRO) to meet Regulatory requirements vs individually trying to meet obligations.

Procurement of services either directly negotiated or through Request for Proposals (RFP) with providers (municipalities / private). The service provider and collection methodology is the Collection System Administrator's decision.

Deliver service based on negotiated contract or RFP.

# EPR Transition Timeline



# Transition of Toronto's Blue Box Program to EPR

City negotiated and entered into an agreement with Circular Materials for the continuation of recycling collection, transfer, haulage, customer service and promotion and education services during the transition period (July 1, 2023 to December 31, 2025)

## Result

- Seamless transition for customers
- Full cost recovery for the City
- Agreement aligns with City Council's Guiding Principles to:
  - maintain City's high customer service standards
  - maintain residents' positive experience with the program
  - prioritize waste diversion
  - minimize impacts on jobs

Successful contracted service delivery since July 2023, led by a dedicated contract management team and supported by a specialized and dedicated EPR unit



# Post-2026: Standardized Blue Box Program

Following City Council direction, staff engaged Circular Materials with a proposal to continue providing recycling services City-wide post 2026 (after transition)

**July 25, 2023** - Circular Materials confirmed to the City that they did not want to directly negotiate with service providers and would issue an RFP in the fall

**August 23, 2023** - Circular Materials issued an RFP for recycling collection services which closes November 29, 2023

- Interested bidders were required to sign a Non-disclosure Agreement to gain access to the call documents



# Disclosure of Toronto Blue Box Collection RFP

**September 20, 2023** - Infrastructure and Environment Committee adopted Item 2023.IE6.3 including a motion requesting the Province to require the Issuing Authority (on behalf of Producers) to make the RFP public

**October 5, 2023** - Resource Productivity and Recovery Authority (RPRA) gave their consent to Circular Materials to release City of Toronto data and information, provided the City consent to the release of their own data

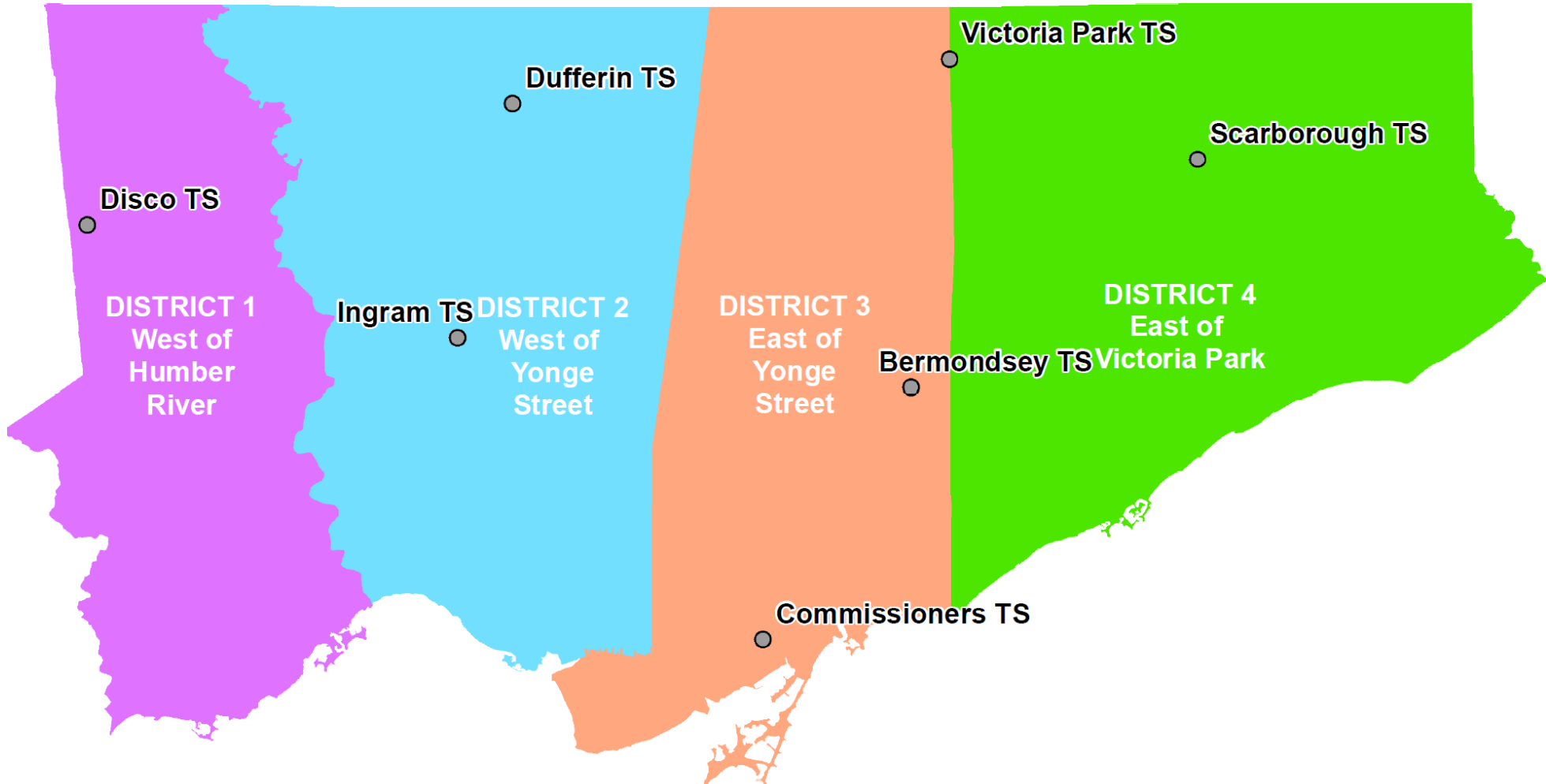
**October 6, 2023** – Circular Materials sought and was provided consent from the City to release the RFP, including any information on Toronto. The City did not request an NDA, nor were staff consulted prior to the RFP release on the data in question

**October 11, 2023** – Collection RFP for Toronto became public

# Request for Proposals: Residences & Facilities Collections for City of Toronto



# Curbside Collection Map with Transfer Stations



# Positive RFP Aspects

- **Collection Area** – The collection area has been defined as the City of Toronto boundaries. Various other regions have been amalgamated for recycling collections which poses a challenge for municipal service providers bidding or negotiating an operations contract.
- **Collection Day** – Current recycling collection day has been maintained. As a result, there will not be an alternate day for recycling collections (e.g. not having garbage / organics on Tuesday with recycling on Friday).
- **Customer Service** – Side-door collection service for registered properties with individuals that have mobility challenges has been maintained.
- **Collection Methods** – Preserves cart-based single-stream curbside collection for Toronto households.

# Operational Challenges and Concerns

**Contract Term** - spans multiple collective bargaining agreements and third-party contracts.

**Initial Term – January 1, 2026, to December 31, 2032 (7 years)** with three option years at sole discretion of Circular Materials (total up to 10 years).

1. **District 1** – would require the City to obtain a cost from its current contractor to meet the obligations in the Issuing Authority’s RFP as well as a contract extension
2. **District 2** – would require the City to put an RFP to the market for collection services matching the Issuing Authority’s RFP requirements
3. **City Wide Front End Collection** – would require the City to put an RFP to the market for collection services matching the Issuing Authority’s RFP requirements
4. **City Wide Front End Collection** – would require the City to put an RFP to the market for the provision and maintenance of bins (or alternatively, include requirements in the City-Wide Front End Collection RFP)

**With the Collections RFP submission due November 29, 2023, determining and confirming costing for the above work is not possible. As a result, if the City was to bid, the price provided to the Issuing Authority would be done so without knowing the actual cost of service at the time of bidding. This would expose the City to significant risk.**

# Operational Challenges and Concerns

**Collection Zones** - Bidders are required to submit proposals for each District independently of one another.

- Result could be that the City wins 1, 2, 3 or all 4 Districts
  - If all 4 Districts are not awarded to the City there will be fragmented City services and communications
- There is an option for Alternative Proposals, however the submissions must be provided in addition to the base Proposal

**Transfer Stations** - Locations are unknown. The locations will be shared 3 months before the start of the contract.

- Bidders are to assume they are within a one-hour travel distance
- Risk in not knowing location in order to build into pricing (vehicles, staff, fuel, routing)
- City trucks may be required to go to other municipalities to use their transfer stations versus City-owned sites
- Transfer station locations was the most common question asked by potential bidders

**Contamination** - Reasonable commercial efforts to reduce the quantity of Non-Blue Box Material (garbage) collected in Blue Bins to no more than 4% by weight (currently ~30%). Contractor must submit a plan which is at the cost of the contractor.

- The RFP does not clearly outline the role of the PROs and accountability in promotion and education to address contamination

# Operational Challenges and Concerns

## Staffing / Contractor Relations

- Labour Disruption - (a) If there is a lawful or legal strike, lockout or work slowdown or other lawful or legal labour disruption or job action... the Contractor shall, at the Contractor's cost and expense, during the lawful labour disruption Period: (i) use commercially reasonable efforts to continue performance of the Work.
  - Potential to protract a City-wide labour stoppage
  - Alternate service providers (labour and vehicles) not readily available to step in with the scale of need
  - Challenge to hire and train temporary labour which could be a safety risk
  - Not enough DZ non-union staff to collect all routes
- Circular Materials may direct the Contractor (City) to replace a Subcontractor where, at its determination acting reasonably, the Subcontractor is found to be the cause of complaints and/or failing to deliver the Work with all costs borne by Contractor (City).



# Operational Challenges and Concerns

## Technology and Reporting Requirements

- The Contractor's AVL/GPS system shall provide, at all times, unrestricted and direct access by Circular Materials and allow Circular Materials to filter for
  - a) ID number; b) Driver's name; c) Route(s); d) Collection category; e) Area served; etc.
- Artificial Intelligence camera technology that streams real-time videos of all Blue Bin tips into trucks to record non-recycling material (Circular Materials may choose not to proceed with AI, however pricing is required).
- Circular Materials retains all property rights in the documentation and data to perform the agreement.
- City required to waive all rights, including any and all moral rights, in and to the documentation and data and shall obtain such waivers from all applicable personnel of the City.

# Other General Challenges and Concerns

## Customer Service

- Contractors are responsible to establish their own customer contact centre. This can result in there being up to four different phone numbers and email channels for missed collection, bin repairs etc.
- Contractors must include in the bid and are responsible to purchase and deploy Blue Bins to all residences.
  - Either arrange with the City of Toronto to utilize its carts or provide new carts
  - Should the Contractor choose to purchase new carts, there would be upwards of 530,000 carts already at homes that must be replaced. The logistics to swap out carts will be costly for the Contractor and the City, and inevitably cause customer complaints.
  - New City-wide curbside collection carts is an estimated cost of \$40-50 million. If addressed more strategically, this cost could be lower with less impact to the residents. If the City was to continue collection service, this cost and the inevitable service disruption would not exist.

# Summary of Major Challenges and Concerns

Many operational, reporting, technological, financial and staffing concerns with the terms and conditions in the Circular Materials RFP

- Would be reliant on sub-contractors for D1, D2 and Front End
- Unable to accurately cost out a bid, which exposes the City to significant risks
- Labour relations, privacy, data ownership and reporting issues
- Risk / cost to secure and stand up technology requirements within the required timeframe
- May only be awarded one district and as a result it could fragment City services and communications

City not collecting residential Blue Bins will result in:

- Inconsistent customer service and public education City-wide between waste streams
  - City is responsible for garbage, organics/yard waste, bulk items
  - Circular Materials though their contractor(s) is responsible for recycling
  - Although challenging, this is a more straightforward approach than the City collecting recycling in only a District or two
- All recycling-related customer concerns sent to Circular Materials or their contractor(s) for attention

# Staff Recommendation

1. City Council support the decision of City staff to not submit a bid in response to the Circular Materials, as the Common Collection System Administrator, and Reverse Logistics Group, as the Common Collection System Operator, Request for Proposals for services to collect Provincially-regulated blue box material from residences and facilities as defined in O. Reg. 391/21: Blue Box in City of Toronto Districts, beginning January 1, 2026.
2. If Recommendation 1 is adopted, City Council authorize the General Manager, Solid Waste Management Services, to negotiate and enter into any agreements to sell City recycling carts from eligible residences and facilities, and for the funds from the sale to return to Solid Waste Management Services' utility rate, as an exception to section 195-12.2 of the Code.
3. City Council support the decision of City staff to decline any request from Circular Materials and Reverse Logistics Group, received after December 31, 2023, to negotiate a Blue Box Materials service agreement with the City of Toronto.

# Request for Proposals: Receiving Facilities for City of Toronto



# General RFP Details

- Issued September 27, 2023, with an award anticipated April 30, 2024
- Circular Materials may enter into 1 or more contracts with 1 or more successful proponents (work in 1 or more districts, part of a district, or parts of different districts)
- Contract term
  - January 1, 2026 – December 31, 2032
  - 3 additional 1-year option years
- Contract does not have to be awarded to the lowest cost or the highest scoring bidder
- RFP appears to include language that allows for concurrent negotiations while the RFP process is underway (Receiving Facility RFP, Section 5.11 Issuing Authority Rights(b)(vi))

# Overview of Scope of Work

- Haulage not included in RFP. The Producer Responsibility Organizations pick up their share of Blue Box Materials from facilities
- If a legal strike occurs, “use commercially reasonable efforts to continue performance of the Work ...”
- Includes receipt of materials from all eligible sources, including public spaces
  - The Contractor shall not mix collected material from eligible sources and collected materials from public space receptacles on a tipping floor or during consolidation & loading onto outbound vehicles
- 25% contingency capacity at receiving facilities to minimize unloading delays
  - This is a significant risk in bidding as capital expansion costs are unknown and all expansions and operational amendments are subject to approval from the Ministry of the Environment, Conservation and Parks
- Staff are undergoing a review to determine feasibility of submitting a bid, however, staff believe direct negotiations will result in less risk, better value and more operational flexibility for both organizations.



# Thank You

