

Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility

Date: September 8, 2023

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report is about labour relations or employee negotiations.

The attachment to this report is about a plan to be applied to any negotiations carried on or to be carried on by or on behalf of the City of Toronto.

SUMMARY

This report provides the outcome of discussions with the System Administrator (Circular Materials) for the post-transition phase of the Blue Box transition to Extended Producer Responsibility, beginning January 1, 2026, specifically whether the City of Toronto would play a continued role in service provision on behalf of producers past December 31, 2025.

This report also summarizes key considerations following a review of the Issuing Authority's (comprised of Circular Materials and Reverse Logistics Group) Request for Proposals, which is seeking a collections service provider for eligible sources in the City of Toronto post-2025. Based on an extensive and collaborative multi-divisional review of the Request for Proposal and its technology, operational, asset, staffing and other service requirements, staff are recommending to not respond to the tender and have prepared an alternative workplan with supporting City Council recommendations and further detail outlined in Confidential Attachment 2.

RECOMMENDATIONS

The General Manager of Solid Waste Management Services recommends that:

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.
4. City Council direct the General Manager, Solid Waste Management Services to review and analyze potential service delivery options for waste collection (excluding Provincially-regulated blue box recycled materials) from District 2 beginning July 1, 2026, including issuing a competitive tender to the private sector, pursuing managed competition, and bringing collection services in-house to be performed by City of Toronto staff.
5. City Council direct the General Manager, Solid Waste Management Services to report back to the Infrastructure and Environment Committee in the first quarter of 2024 on the review and analysis of potential service delivery options for District 2 beginning July 1, 2026, as authorized in Recommendation 4.
6. City Council authorize the General Manager, Solid Waste Management Services, to negotiate and enter into any agreements or amending agreements necessary for professional services such as a financial analysis firm or a management consulting firm to support the review and analysis authorized in Recommendation 4.
7. City Council direct that Confidential Attachment 1 remain confidential in its entirety for five years from the date that City Council adopts this report titled "Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility", dated September 8, 2023, as it contains a position, plan, procedure, criteria or instruction to be applied to any negotiation carried on or to be carried on by or on behalf of the City.
8. City Council direct that Confidential Attachment 2 remain confidential in its entirety until December 31, 2024 as it relates to labour relations or employee negotiations.

FINANCIAL IMPACT

The are financial implications resulting from this report, outlined in Confidential Attachment 2.

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

Background

On June 3, 2021, the Honourable Jeff Yurek, Ontario Minister of the Environment, Conservation and Parks announced the release of [O. Reg. 391/21: Blue Box](#) (the Regulation) to transition the Blue Box Program¹ from a Shared Industry Funding Model (joint municipal and producer responsibility) to a full Extended Producer Responsibility (EPR) model. This transition shifted the operational and full financial responsibility for the management of post-consumer Blue Box Materials from eligible sources (e.g. single-family households, multi-residential buildings, schools, and long-term care facilities) to the producers of such products and packaging. Municipalities are no longer obligated or permitted to directly provide Blue Box services to their residents.

Preparing Toronto for Transition

The shift to Extended Producer Responsibility is occurring in two (2) phases:

- The transition phase: July 1, 2023 - December 31, 2025
- The post-transition phase: January 1, 2026 onwards

During the transition phase, the Regulation requires producers to become responsible for blue box collection and processing for approximately one-third of the province in 2023, another third in 2024, and the final third in 2025. The Regulation also requires that producers maintain current municipal Blue Box Programs and service levels for these transitioning municipalities, such as minimum frequency of service provision and collection method (curbside versus bulk collection) through the three-year transition phase, to be maintained. The Regulation designated that Toronto be part of the 2023 transition.

¹ The provincial recycling program is called the "Blue Box Program" whereas Toronto's program is called the "Blue Bin Program".

Program changes are permitted only once producers have complete responsibility over all Blue Box Programs across Ontario by 2026, and the province-wide system enters the post-transition phase. These changes could include the addition of materials accepted in the Blue Box Program, introduction of alternative collection methods, new collection containers, et cetera.

With delegated authority received from City Council, staff successfully negotiated and entered into an agreement with Circular Materials, a registered Producer Responsibility Organization (PRO) that was also acting as the System Administrator on behalf of all registered PROs for the transition phase. For the duration of the transition phase, the City will continue providing collection, transfer, haulage, customer service (311), and promotion and education services for Blue Box Materials from eligible sources. The agreement aligns to City Council's Guiding Principles by maintaining 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. Furthermore, the agreement ensures a seamless transition for Toronto residents and has secured full cost recovery for the City, covering expenses related to services being delivered under this contract, which in turn helps to offset impacts to the Solid Waste utility rate.

After nearly four (4) years of preparation, the City of Toronto successfully transitioned its Blue Bin recycling program to producers on July 1, 2023. To ensure a seamless transition without disruptions or impacts to residents, at the direction of City Council, Solid Waste Management Services opted to be a contracted service provider to producers until December 31, 2025, when the transition phase ends. Under the expertise of dedicated contract management staff and a specialized and dedicated EPR Unit, the City will continue to deliver unparalleled Blue Box service provision to residents until December 31, 2025.

Determining the City of Toronto's Role in the Blue Box Program Post-Transition

By January 1, 2026, all municipal Blue Box Programs in Ontario will have transitioned to EPR as producers become fully responsible for a standardized common collection system province wide.

With direction received from City Council in February 2023, staff initiated meetings with the Blue Box Program System Administrator (Circular Materials) to explore the potential for continued provision of Blue Box collection, transfer, and haulage services on behalf of producers for the post-transition phase.

As the discussion was covered under a Confidentiality Agreement with Circular Materials a summary of these efforts is captured in Confidential Attachment 1.

Issuing Authority's Procurement for Collection Service Provision in Toronto

On August 23, 2023, the Issuing Authority issued their RFP seeking recycling collection service providers for the City of Toronto. To gain access to the documents, the City was required to first execute a Confidentiality Agreement and complete a Registration Form. This was completed and the documents were received by staff on August 24,

2023. Due to the Confidentiality Agreement, all discussion of the RFP details is contained in Confidential Attachment 1.

Respecting all terms and conditions in the Confidentiality Agreement, the RFP was reviewed by several Solid Waste Management Services' staff and key Divisions that perform a critical role in the delivery of Blue Box services, such as Fleet Services, Technology Services, People & Equity, and Legal Services. Upon completion of the review, staff are recommending to not bid on the Request for Proposal for the reasons outlined in Confidential Attachment 1.

City's Integrated Waste Management System

This section of the report illustrates how the City's waste system is organized and includes key elements such as timelines and service providers, that'll help City Council to understand the approach that was used to inform staff recommendations.

Solid Waste Management Services' integrated waste management system is in part structured by the garbage collection method (as in front-end containerized bin or curbside bin garbage collection), collection service provider (as in contracted or City staff) and separated by Districts. Table 1 outlines the collection methods and service provider for City customers.

Table 1 – Overview of the City's Collection System

Collection Method	District 1	District 2	District 3 (includes Toronto Islands)	District 4
Daytime Curbside *	Contractor 1: Green for Life until June 30, 2028, plus two 1-year option years	Contractor 2: Green for Life Until August 2, 2026	City Staff	City Staff
Front-end**	Contractor 3: Green for Life Until June 26, 2026			
Nighttime collection***	City Staff			

* Includes single-family households, low-rise multi-residential buildings, City facilities, charities, religious institutions

** Includes multi-residential buildings, schools, City facilities

***Includes residential units above commercial, commercial locations

Starting January 1, 2026, the City and its contracted service providers will no longer be contracted to provide recycling collection services from eligible sources. The responsibility for the collection of recycling from non-eligible sources, garbage, organics, yard waste, and bulky items will remain with the City and its contracted service provider.

Table 2 – Collection of waste streams

Waste Stream	District 1	District 2	District 3	District 4	Front-End (city-wide)	Nights (city-wide)
Recycling from Eligible Sources	P	P	P	P	P	P
Recycling from Non-Eligible Sources	C	C	C	C	C	C
Garbage	C	C	C	C	C	C
Organics	C	C	C	C	C	C
All other waste streams (yard, waste, e-waste, etc.)	C	C	C	C	C	C

P – producer responsibility

C – City staff or contracted staff

Next Steps

Following City Council’s direction, Solid Waste Management Services will take steps to prepare for the workplan recommended in Confidential Attachment 2. This entails working with appropriate Divisions and consultants to undertake the work.

Solid Waste Management Services will report back to City Council in the first quarter of 2024, to provide an update on how the work is progressing following Council's adoption of staff recommendations.

CONTACT

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SIGNATURE

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Solid Waste Management Services

ATTACHMENTS

Confidential Attachment 1 - Issuing Authority's Procurement for Collection Services in Toronto

Confidential Attachment 2 - Recommended Workplan and Next Steps