

Post-Transition of the Blue Box Program to Extended Producer Responsibility and Results of District 2 Service Delivery Options Review

Date: March 13, 2024

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.

In addition, it includes commercial or financial information that belongs to the City and has potential monetary impacts.

SUMMARY

The purpose of this staff report is to provide City Council with an update on the transition of the Blue Box Program to Extended Producer Responsibility, including the City's potential role in the Post-Transition Phase (2026 and beyond).

As directed by Council, staff pursued discussions with Circular Materials for Toronto to continue to provide curbside recycling collection post-transition. These discussions ceased in early 2024 due primarily to Circular Materials' requirement for a cost of service to be provided within their required timeframe, which the City was unable to meet due to upcoming procurements. As a result, Circular Materials confirmed they were not open to further discussions or direct negotiations with the City related to Blue Box collection service post-transition.

In relation to receipt of recycling post-transition, this report provides an update on the bid the City submitted in response to Circular Materials' Request for Proposals for Receiving Facilities (also known as transfer stations).

Additionally, the report provides an overview of the options analysis undertaken for curbside waste collection in District 2 once the current contract expires in August of 2026 and the recommended path forward.

RECOMMENDATIONS

The General Manager of Solid Waste Management Services recommends that:

1. City Council direct City staff to pursue competitive procurement of daytime curbside collection services in District 2 to ensure collection services continue following the expiration of the current agreement on August 2, 2026.
2. City Council authorize the General Manager, Solid Waste Management Services to negotiate and enter into any service agreements or amending agreements with any Blue Box Program administrator, and/or their designate, for the City of Toronto to be contracted to provide services, based on terms and conditions outlined in Confidential Attachment 1, for the management of blue box materials at the City's transfer stations until December 31, 2035, on terms acceptable to the General Manager, Solid Waste Management Services and in a form satisfactory to the City Solicitor.
3. City Council direct the General Manager, Solid Waste Management Services to implement curbside collection routing changes as a result of no longer collecting eligible Blue Box materials to re-optimize collection services and to investigate potential efficiencies and synergies within collections and litter operations and return to Council for direction as required.
4. City Council authorize the General Manager, Solid Waste Management Services or their designate to negotiate and enter into any new agreements or amending agreements necessary for the City's continued litter vacuum operations until December 31, 2026, based in part on the recommendations on pricing set out in Confidential Attachment 1 to the March 13, 2024 report from General Manager, Solid Waste Management Services, and on terms satisfactory to the General Manager, Solid Waste Management Services and in a form satisfactory to the City Solicitor.
5. City Council direct that Confidential Attachment 1 remains confidential in its entirety in accordance with the provisions of the *City of Toronto Act, 2006*, as it involves 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.

FINANCIAL IMPACT

Financial impact considerations are outlined in Confidential Attachment 1. Exact future financial impact will depend on whether the City of Toronto is a successful proponent for the Receiving Facilities Request for Proposal. If the City of Toronto is the successful proponent, it is anticipated that negotiations with the Blue Box Program administrator, and/or their designate, will be complete by the end of 2024.

The outcome of the Request for Quotations to procure a service provider for daytime curbside collection of Green Bin Organics, Yard Waste, garbage, and non-eligible recycling from District 2, beginning on August 3, 2026, is unknown until the completion of the procurement process.

The financial impact associated with the extension of the litter vacuum contract in the east is also unknown until negotiations with the current contractor is complete.

The financial impact of the outcome of the Receiving Facility Request for Proposals, the Request for Quotations for daytime curbside collection in District 2, and the extension of the litter vacuum contract in the East will be estimated and included for consideration as part of the 2025 Budget process.

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

DECISION HISTORY

At its meeting on October 11, 2023, City Council adopted 2023.IE6.3 entitled "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, to report back to the Infrastructure and Environment Committee on the review and analysis of potential service delivery options for District 2, as it relates to the City of Toronto's role in the recycling system in the post-transition phase of the transition of the Blue Box Program to Extended Producer Responsibility.

City Council also directed the General Manager, Solid Waste Management Services to continue to work towards reaching a negotiated comprehensive service agreement with the Issuing Authority, and report back to City Council with the outcomes of any negotiations.

The City Council Decision document can be viewed at:
<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE6.3>

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:
<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE1.8>

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 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 model. This transition shifted the operational and full financial responsibility for the management of post-consumer Blue Box Materials from eligible sources² to the producers of paper, packaging, and packaging-like products.

The responsibility for the management of garbage, organics, yard waste, bulky items, and recycling from non-eligible sources³ remains with the City.

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

As the Common Collection System Administrator, Circular Materials⁴ is responsible for contracting waste haulers to collect blue box materials from eligible sources and bring them to receiving facilities (transfer stations). Circular Materials has contracted Reverse Logistics Group to be the Common Collection System Operator to oversee the day-to-day operations of agreements.

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, and at the direction of City Council, Solid Waste Management Services negotiated an agreement (Transition Agreement) with Circular Materials to provide recycling services, including collection, transfer, haulage, and promotion and education, to producers until the transition phase ends on December 31, 2025. As a result, Toronto residents will continue to receive the excellent Blue Box services to which they are accustomed, until the end of 2025.

Since the City transitioned on July 1, 2023, the dedicated Extended Producer Responsibility Unit within Solid Waste Management Services has shifted its focus to two (2) key areas, including: (i) oversight of the management of the Transition Agreement

1 The provincial recycling program is called the “Blue Box Program” whereas Toronto’s program is called the “Blue Bin Program”.

2 Includes single-family households, multi-residential buildings, schools, long-term care facilities and retirement residences.

3 Non-residential locations including businesses, municipal facilities and offices, charities, institutions and religious organizations.

4 Circular Materials is also a Producer Responsibility Organization representing the interests and discharging the regulatory responsibilities of their member producers.

with Circular Materials; and (ii) planning for the City's role in recycling in the post-transition phase (2026 and beyond).

Update on Transition Agreement with Circular Materials

Transitioning nearly 850,000 residences and other eligible sources to Extended Producer Responsibility has been a monumental undertaking for the City. However, with a dedicated unit, skilled and knowledgeable subject matter experts, and strong contract management experience, City Council's goal of a seamless transition for its residents has been successfully achieved.

Preparing Toronto for the Post-Transition Phase

Throughout 2023, staff have been preparing for the post-transition phase and how it will impact the Division, the City, and its ratepayers. Specifically, staff have been working to determine what role, if any, the City should recommend City Council to pursue.

Issuing Authority's Receiving Facility Request for Proposals

As described in the [Supplemental Report: Update on the Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility](#) considered by City Council at their October 11, 2023 meeting, the Issuing Authority released their Receiving Facility Request for Proposals (RFP) on September 27, 2023 for the receipt, consolidation, and loading of recycling materials post-transition.

Solid Waste Managements Services staff reviewed the Request for Proposals requirements and determined it was of benefit to the City to prepare a bid submission. Staff worked closely with other Divisions, including Legal Services, Fleet Services, and Corporate Health and Safety, to draft a comprehensive and competitive submission.

In addition to staff analysis of requirements, professional consulting and financial services were leveraged to confirm that the City can provide the operational services and meet the technical aspects of the Statement of Work. The City's historic tonnage data, recycling storage capacities, and operational knowledge were reviewed and analyzed to calculate the available space at the City's transfer stations versus the daily usage/demand. Recommendations were then developed indicating the most efficient use of space at all receiving facilities to meet Circular Materials' Receiving Facility RFP requirements.

Staff submitted a proposal by the submission deadline of January 24, 2024. Results of the procurement process are expected to be announced by April 30, 2024. With decades of extensive experience in handling waste materials, strategic transfer station locations, and existing capital infrastructure, the City is well positioned to deliver on the

service requirements being sought at competitive pricing. For additional details see Confidential Attachment 1.

Discussions with Circular Materials for Post-Transition Recycling Collection Services

When City Council considered Report [IE6.3: Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility](#) at its October 11, 2023 meeting, it was decided that the financial, technological, and other risks were too great for the City to submit a proposal in response to the Issuing Authority's Collection of Blue Box Material from Residences and Facilities Request for Proposals. As directed by City Council, staff were available and accessible for any continued conversations with Circular Materials regarding post-transition Blue Box operations in Toronto to determine if direct negotiations related to collection of recycling were a viable option.

On October 17, 2023, staff emailed a letter to Circular Materials, highlighting City Council's direction to continue to work collaboratively towards reaching a negotiated service agreement with the Issuing Authority and to conclude any negotiations by March 31, 2024. In addition, the letter offered official notification that the City was interested in continuing to provide Blue Box service provision on behalf of producers after transition is complete.

Staff received a response from Circular Materials on December 18, 2023 stating that they were "amenable to initiating discussions with the City relating to potential Collections Operations for the post-transition phase".

Staff met with representatives from Circular Materials on January 11, 2024 to better understand the priorities and limitations of each party on the work required for the post-transition phase. As anticipated, the City's pricing for post-transition service provision was critical for Circular Materials to understand before engaging in further discussions. However, as stated in the staff report considered by City Council at their October 11, 2023 meeting, the City is unable to provide a post-transition price for collections services until after the competitive procurements for curbside daytime collection in District 2 and front-end (multi-residential) collection across the city are completed.

The unpredictability associated with competitive market conditions subjects the City to significant financial and unnecessary risk. Therefore, staff advised Circular Materials, during the meeting that the City can only provide accurate pricing for post-transition collection service delivery after determining market pricing and securing contracts, which is anticipated to occur prior to year-end. Unfortunately, despite the City's best efforts exploring alternative approaches to achieve a workable solution, Circular Materials confirmed their position in a letter dated February 5, 2024, stating their inability to continue negotiations regarding Blue Box collection services due to the inability of both parties to align on mutually acceptable contract terms. Specifically, the unknown pricing details and the resources associated with technological requirements for the management of contamination were identified by Circular Materials as key barriers.

As a result of Circular Materials' decision, the City will not provide post-transition eligible recycling collection services to its residents. Please see Confidential Attachment 1 for further details.

Sale of Blue Bins

As of January 1, 2026, the City will not be providing recycling collection services to eligible sources under contract to Circular Materials. As of this date, the City is also not required to supply or maintain recycling bin assets for single-family homes or any other eligible source that uses curbside recycling bins to set out their blue box materials, such as some multi-residential buildings, schools, or long-term care facilities on City services. The responsibility of recycling bin provision will fall on producers of blue box materials, which has been delegated through the Common Collection System Administrator (Circular Materials) to their contracted recycling collection service provider. Prior to the Request for Proposal closing date, the City received inquiries from multiple interested parties, however, as the outcome of the procurement process is unknown at the time of this report, the City has not yet been approached by the successful proponents to enter into an agreement for the sale of its recycling bin assets. Council has previously provided the General Manager, Solid Waste Management Services the authority to negotiate and execute agreements to sell or dispose of the blue bins.

Toronto's Role Post-Transition: Impact to the Integrated Waste Management System

Producers taking over the management of eligible recycling in Toronto in the post-transition phase will impact Solid Waste Management Services' operations. The management of garbage, organics and recycling from non-eligible locations will remain the responsibility of the City.

Table 1 - Toronto's Post-2025 Role in Eligible Recycling

Phase	Promotion & Education	Collection	Receiving Facility	Haulage
Transition: July 1, 2023 to Dec. 31, 2025	Contracted with Circular Materials to deliver services			
Post-transition: January 1, 2026 onwards	No Role	No Role	To be determined pending outcome of RFP by April 30, 2024	To be determined

In planning for the City's potential role in the management of eligible recycling after 2026, staff have reviewed and assessed how the functional areas may be impacted, including staff, equipment, and processes. There will be an impact to daytime curbside collections' operations in Districts 3, 4 and locations on nighttime collection as these

areas receive service through in-house forces. See Confidential Attachment 1 for further details.

Potential Service Delivery Scenarios for Waste Collection in District 2

Report [IE6.3: Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility](#) was drafted to provide time-sensitive information to City Council regarding the issuance of a Request for Proposals for recycling collection services in Toronto. This report provided an overview of the statement of work and agreement, and staff recommendation to not submit a bid due to several factors that would put the City at financial risk.

The report also detailed the impact that this could have on the City's integrated waste management system and recommended that three (3) scenarios for collection service delivery models in District 2 be further explored as post-transition options should there be no further role in eligible recycling collection, given that the current District 2 contract ends in 2026. The scenarios, ranging from issuing a Request for Quotation for contracted services to bringing District 2 in-house through City Council direction or managed competition, were presented as options to mitigate potential impacts that might be felt regarding assets and the displacement of staff positions and potential cascading impact to other City Divisions (as stipulated in the Collective Bargaining Agreement).

Staff required time to perform a detailed analysis of the three (3) scenarios, including reviewing the feasibility of each scenario that takes into consideration primary factors such as land space and availability, assets and staff required to perform the work. Ensuring that the primary factors are in place for August 3, 2026, when the current District 2 daytime collection contract expires, is especially critical.

Based on the analysis, scenarios 2 and 3 (whereby daytime curbside collection services in District 2 are delivered by City staff and equipment), are not feasible and therefore are not being recommended at this time.

Per City Council direction from [Item - 2023.IE6.3](#), Solid Waste Management Services' staff will continue to engage with People & Equity Division staff and the local unions representing Division staff through Collective Agreements.

The following section of the report provides an overview of each scenario (Table 2 below) and the outcome of the analysis that has informed the staff recommendation for daytime collection services in District 2.

Table 2: Scenario Descriptions

Scenario	Description
<p>Scenario 1: Status Quo <i>Issue a Request for Quotation for Daytime Curbside Collection Services for non-eligible recycling, garbage, organics, and other waste streams.</i></p>	<p>In this scenario, Solid Waste Management Services would undertake a competitive procurement process to retain an external contractor for daytime curbside collections in District 2, following the expiration of the current contract term (August 2026). The procurement call document - a Request for Quotations - would be issued to allow the successful bidder enough time to have staff, equipment, fleet, and processes in place by August 2026.</p>
<p>Scenario 2: Managed Competition <i>Initiate a Managed Competition Process for City staff to bid on the Request for Quotation for Daytime Collection Services.</i></p>	<p>Managed competition is a procurement process that accepts bid submissions from both external contractors (private) and in-house (public) service providers. In principle, a managed competition process is designed to solicit the most cost-effective service delivery, regardless of service provider.</p> <p>This scenario would allow in an-house bid team, comprised of City staff, to prepare and submit a bid for the provision of curbside collection services in District 2. This process entails working with City partners, including Purchasing & Materials Management Division, People & Equity – Employee Relations, Legal Services, and engagement of Toronto Civic Employees Union 416.</p>
<p>Scenario 3: Service In-House <i>Realignment of the City’s Integrated Waste Management System – Collection Operations</i></p>	<p>This scenario re-aligns impacted unionized staff positions from Districts 3 and 4 and nighttime collection and collection vehicles, to collect waste, organics, yard waste, and non-eligible recycling sources from District 2. This scenario eliminates the need to undertake a competitive procurement process to retain a contracted service provider (external or in-house bid), while continuing to maintain positions and vehicles in a similar capacity.</p>

Timeline Constraints

Regardless of the scenario implemented, new daytime curbside collection operations in District 2 must be fully operational by August 3, 2026, after the current District 2 daytime curbside collections contract expires. That provides just over two (2) years to completely prepare and implement all operational changes, which is a limited timeline to work within. Staff explored the feasibility of implementing each scenario within this time constraint.

Base Requirements for Scenarios 2 and 3

Staff, equipment, and a collection yard are base requirements for Scenarios 2⁵ and 3, whereby City staff could perform the collection work in District 2. Current collection operations in Districts 3 and 4, and the current District 2 contractor operations were used as a basis to determine the number of staff positions, vehicles, compressed natural gas fueling stations, and operations yard space required to perform the work in District 2.

The analysis showed that additional positions and staff would need to be hired as the number of potentially displaced positions in Districts 3, 4 and nighttime collection would not be sufficient to collect garbage, organics and non-eligible recycling in District 2. Additional vehicles would also need to be purchased.

Staff and Equipment

Staff determined that hiring and training additional staff is feasible, however the process would introduce significant additional operating and capacity pressures for Solid Waste Management Services and other Divisions, such as Fleet Services, People & Equity, Purchasing & Materials Management, etc. Purchasing new vehicles in time for August 3, 2026, is also challenging due to uncertainties surrounding the waste industry marketplace, as municipal blue box programs continue to transition to Extended Producer Responsibility and recycling collection contracts are awarded by the Issuing Authority. The current lead time for suppliers to manufacture collection vehicles is approximately two (2) years. The volume of collection service changeovers and contract initiations over the next several years leading up to 2026 may further impact the supply chain for collection vehicles, resulting in lengthier manufacturing timelines. Therefore, the timely delivery of new vehicles cannot be guaranteed and poses a significant risk to service delivery that is difficult to mitigate.

Collection Yard

At the time report IE6.3 was written, a comprehensive review of yard availability for collection operations was not completed. Since the report was adopted by City Council in October 2023, staff have reviewed the feasibility of several options, from purchasing space and finding space within the City's existing operations yards, to returning to an operations yard that previously supported daytime curbside collection operations before District 2 was contracted out in August 2012.

Acquisition of Land and Review of Existing Yard Space

Due to the size of District 2 collection operations, finding suitable operations yard space in the city presents a significant immediate challenge. Solid Waste Management Services engaged CreateTO and Corporate Real Estate Management to support its search and analysis of yard space across the city. Corporate Real Estate Management, who oversees and executes property acquisitions on behalf of City divisions, informed staff that finding and acquiring industrial property suitable for District 2 daytime curbside collection operations would be a complex and costly process, and the acquisition

⁵ For the impact analysis, it was assumed that the City bid team won the competitive procurement.

timeline alone (i.e. does not include time to develop the land) is approximately 12 to 18 months.

In 2021, CreateTO, who oversees the City's existing real estate portfolio undertook a review of the City's 95 industrial properties and found that it does not have a sufficient supply of industrial land to support Division and Agency requirements. As part of the current analysis, Solid Waste Management Services reviewed co-location opportunities and intensification at existing operations yards. However, it was confirmed through preliminary research that there is no existing operations yard space across the city capable of housing District 2 collection operations in time for August 2026.

Use of Ingram Yard for District 2 Daytime Curbside Collection Operations

Before District 2 daytime curbside collection operations was contracted out in 2012, the area was serviced by City staff with a fleet that operated out of the City-owned Ingram Yard located at 86 Ingram Drive. Although the footprint and size of the operations yard remain mostly unaltered since 2011, the use of the yard has changed from an operations yard to an administrative work location with some on-road operations.

Following the contracting out of District 2 daytime curbside collections, Ingram Yard was converted to an administrative and operational support office building for employees who were displaced from the former 505 Richmond Street West office, which was sold for re-development. This was also seen as an opportunity to centralize Solid Waste Management Services collections administrative and operational support services staff that were located at the Scarborough Civic Centre. To accommodate this change and to consolidate the location for administrative support services staff, renovations were done to the interior of the building, including transforming the staff assembly area and locker rooms into office space. In addition, with the expansion and realignment of Solid Waste programs over the years, additional administrative support units now operate from Ingram Yard.

With the conversion of the waste collection fleet from diesel to compressed natural gas over the last several years, new capital infrastructure would be required at Ingram yard to accommodate the installation of compressed natural gas pumps for each vehicle. This directly impacts the number of parking spaces as each vehicle would require a dedicated parking spot specifically spaced out for fuelling purposes. This process is estimated to take five (5) years to complete.

Operations Yard Feasibility Findings and Conclusion

The analysis showed that there is insufficient existing operations yard space required to accommodate the fleet vehicles and staff at existing divisional operations yards or across other city yard assets. Furthermore, the cost and time required to re-develop an existing operations yard (5+ years) or acquire industrial space to construct a new operations yard (5+ years) is a major constraint in terms of timing, given that an operations yard solution would be required by August 2026.

Recommended Scenario for District 2 Daytime Curbside Collection Operations

After a thorough analysis and review of each scenario, staff recommend proceeding with scenario 1 (status quo operations): the issuance of a Request for Quotation to procure contracted waste collection services for District 2 daytime curbside collection operations. The analysis includes consideration of the guiding principles approved by City Council in February 2023.⁶ This approach is recommended because it is the only scenario that can be achieved within the time constraints that require a fully operational system by August 3, 2026. Furthermore, it does not require significant capital investment, or have the same risk exposure associated with managed competition and bringing the service provision in-house for daytime curbside collection in District 2.

See Table 3 for a rolled-up summary of the ability of each scenario to meet the time constraints.

Table 3 - Results of the Timeline Analysis

Scenario	Leadtime Required	Ability to meet timelines
Competitive Procurement (status quo)	2 years	High ability to meet timeline
Managed Competition*	5+ years	Inability to meet timeline
In-house Collection Services	5+ years	Inability to meet timeline

* Based on the City winning the competitive procurement

Management of Blue Box Materials from Non-Eligible Sources

Section 4 of [Ontario Regulation 391/21: Blue Box](#) defines Eligible Sources for the Blue Box Program as "any residence or facility in an eligible community". This includes single-family homes, multi-residential dwellings (apartments, condominiums, townhouses), City-operated retirement homes, non-profit long-term care homes, and public and private schools. Public space is also defined as an eligible source, beginning on January 1, 2026 for Toronto, and includes outdoor areas in a park, playground, or sidewalk and a public transit station or stop.⁷

The City also provides Blue Box Program services to non-eligible sources, such as: small commercial businesses; charities, institutions, and religious organizations; and City Divisions, Agencies, and Corporations. During transition, Blue Box Materials from non-eligible sources are co-collected with the Blue Box Materials from eligible sources to maintain efficient collection. Since producers are not responsible for managing Blue Box Materials from these non-eligible sources, the cost to manage is borne by the City. However, the Common Collection System Administrator has explicitly stated that non-

6 Item - 2023.IE1.8: Update on the Transition of Toronto's Blue Bin Recycling Program to Extended Producer Responsibility, <https://secure.toronto.ca/council/agenda-item.do?item=2023.IE1.8>

7 This requirement is subject to only a portion of the public space locations. Servicing to the balance of locations would still be required.

eligible source Blue Box Materials cannot be co-collected with eligible source materials beginning January 1, 2026. The City will continue to collect and process Blue Box Materials from these non-eligible sources.

The City has the staff, vehicles, and equipment needed to continue to provide Blue Box collection and transfer services for non-eligible sources, however the City will need to procure a new processing contract to continue the full management of this material and will work to secure this ahead of 2026. It is estimated that the City will need to procure processing and marketing services for the management of approximately 7,000 tonnes of Blue Box Material from non-eligible sources per year.

Public Space Recycling

Presently, little is known about the producers' approach to establishing a public space recycling collection system. In July 2023, the Canadian Beverage Container Recycling Association decided to halt plans for their public space recycling program (Recycle Everywhere) and has since been removed as a registered Producer Responsibility Organization⁸. It is also unknown at this time if the City will have any role in public space recycling as the Issuing Authority has yet to initiate a process for retaining this service.

Starting January 1, 2026, producers are required to provide a community (as in a municipality) with an amount of blue box receptacles that is determined by a formula based on the population of the community. In Toronto's case, it is estimated that this amounts to approximately 7,500 receptacles. Compared to the current 15,000 recycling bins in City parks and recycling receptacles in street litter bins, the regulation fails to match the City's current public space recycling infrastructure. Furthermore, the breadth of recycling bins located at transit stops and stations are above and beyond the City's public space receptacle infrastructure. Therefore, if producers solely rely on the formula in the Regulation with which to base their infrastructure needs (approximately 7,500 receptacles), resident access to recycling infrastructure would be even further limited.

Staff have continuously advocated to the Province to increase producer obligations in public space recycling, however final regulations have not reflected increased responsibility for producers in this area. Staff will continue efforts by engaging producers, Circular Materials as the Common Collection System Administrator, the Resource Productivity and Recovery Authority, the Province, and other stakeholders to develop an approach for ensuring public space recycling obligations are met.

⁸ <https://rpra.ca/2023/09/canadian-beverage-container-recycling-association-ends-the-recycle-everywhere-program-in-ontario/>

Continued Advocacy

On January 1, 2026, all municipal Blue Box programs in Ontario will have transitioned to the extended producer responsibility model. On that date, additional producer responsibilities, as outlined in the Blue Box regulation, will come into effect, including: Provision of blue box collection services to non-municipally serviced multi-residential buildings, schools, and private schools (not including post-secondary) and not-for-profit retirement homes and nursing homes.

Throughout 2024, City staff will continue to work with other municipalities and the Association of Municipalities of Ontario to support Toronto's interest in maintaining high quality and accessible recycling services that ensure waste is diverted from landfills.

This may include:

- Engaging with the Resource Productivity and Recovery Authority to offer Toronto's support in building the registry that will allow multi-residential buildings, schools and not-for-profit retirement homes and nursing homes to receive blue box collection services.
- Advocating to the provincial government to maintain producer obligations for public space recycling.
- Working with municipal partners on a template agreement that outlines municipal expectations for cooperating with Blue Box collection services on issues such as coordination of collection days, rules regarding litter and the operation of trucks on municipal roads.

Establishing a New Baseline and Re-Optimization of the City's Integrated Waste Management System

Pursuing status quo operations in the short-term allows for time under the new recycling system to transition to a standardized program that will be implemented province-wide in 2026. As previously noted, the removal of Blue Box collection from the Division's portfolio will have an impact to operations performed by City staff, particularly collection services in Districts 3 and 4, and locations on nighttime collection. As the removal of blue box services accounts for approximately a third of materials collected, it will also impact the balance of materials collected each week and routing. This fundamental shift in the City's role in the post-transition phase creates a need to establish a new baseline in terms of operations and to re-optimize service delivery of the integrated waste management system.

Collection Route Optimization to Rebalance Staffing and Equipment

The removal of recycling City wide will create staffing and equipment imbalances within the operation. Continuing with the current collection schedule may not be operationally

feasible going forward. To optimize City collection services, changes to routes and rebalancing of areas may need to occur.

To minimize the impact of changes to residents and operations, staff will review changes to material collection weeks to ensure collection days are maintained as much as possible.

To address the imbalances, staff will work with Strategic Public and Employee Communications on a comprehensive and extensive communications strategy to communicate any changes to all impacted customers.

Re-Optimizing City Beautification and Litter Vacuum Operations

Areas of opportunity for re-optimization of the City's integrated waste management system may include a review of City-beautification and litter vacuum operations. Currently, litter vacuum operations are performed under two separate contracts, one for the west end of the city and another for the east end of the city. The litter vacuum contract in the east expires on December 31, 2024, whereas the contract in the west end expires on March 31, 2027. To allow for the exploration of any system re-optimization opportunities, Solid Waste Management Services is seeking delegated authority to extend the contract for the east ending on December 31, 2024, for up to two additional years. This also aligns with January 1, 2026 when the City will no longer collect Blue Box Materials from eligible sources in District 3, 4 and nighttime locations, which may impact City staff positions. With positions being lost due to the collection of Blue Box material not being done by the City, the review of litter operations is an opportunity to determine if there can be a strategic realignment of the impacted positions.

As more information about the standardized Blue Box Program that is to be implemented by January 1, 2026 (after all municipal recycling programs have transitioned) becomes available, Solid Waste Management Services will continue to review its integrated waste management system and look for opportunities to re-optimize the collection system.

Next Steps

Following City Council's consideration and approval of the report recommendations, staff will issue a Request for Quotations in Spring 2024 to procure a service provider for daytime curbside collection of Green Bin Organics, Yard Waste, and non-eligible recycling from District 2, beginning on August 3, 2026. Staff will report back to City Council on the outcome of the Request for Quotations by Q4 2024. Solid Waste Management Services will also amend any impacted collection contracts to terminate eligible recycling collection service provision effective January 1, 2026, as this responsibility will transfer to producers via the Issuing Authority's contracted recycling collection service provider.

Once the results of the District 2 daytime collections procurement and the outcome of Circular Materials' receiving facility procurement are known, staff will review the entire integrated waste management system to establish a new baseline and identify opportunities for service re-optimization.

Staff will continue to advocate the Province of Ontario and the Resource Productivity and Recovery Authority in an attempt to further diversion efforts from multi-residential buildings, public spaces, and non-eligible sources that are not captured by [O.Reg. 391/21: Blue Box](#).

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1 - Confidential Details Pertaining to Toronto's Transition to Extended Producer Responsibility