

Transition of the Blue Box Program to Extended Producer Responsibility: Post-Transition Plan

Date: October 16, 2025

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services

Wards: All

SUMMARY

The purpose of this report is to provide City Council with an update on Solid Waste Management Services' plans for the Post-Transition Phase (January 1, 2026 and beyond) of the Blue Box Program's transition to Extended Producer Responsibility (EPR), including: the impact of the final Blue Box Regulation amendments, joint collection schedule agreement with Circular Materials, post-transition operations, procurement and contract management, required by-law amendments, and advocacy.

This report also seeks authority to re-negotiate and extend existing agreements with Rehrig Pacific Company for agreement 47021231, Supply, Delivery and Maintenance of Recycling and Garbage Bins, and agreement 47019524, Design, Manufacture, Supply, Distribution and Maintenance of the Next Generation Green Bin (organics) for the City of Toronto's Solid Waste Management Services Division.

RECOMMENDATIONS

The General Manager of Solid Waste Management Services recommends that:

1. City Council authorize the General Manager, Solid Waste Management Services, until June 30, 2031, to negotiate, enter into and execute new revenue generating service agreements and amend and extend any existing service agreements with various Producer Responsibility Organizations (including as non-competitive procurements pursuant to Article 195-7.1 of the Code) for the purpose of the City providing waste management and related services for waste recovery materials (non-Blue Box Materials) regulated under the Resource Recovery and Circular Economy Act, 2016, as amended, such as hazardous and special products, electrical and electronic equipment, batteries, tires, and any new waste recovery material introduced through regulation, with the total term of each new service agreement and each extension of an existing service agreement not exceed five (5) years, on terms and conditions

acceptable to the General Manager, Solid Waste Management Services, and each in a form satisfactory to the City Solicitor.

2. City Council authorize the General Manager, Solid Waste Management Services (or designate), to negotiate, enter into and execute amending agreements with Rehrig Pacific Company to:

a. Extend the recycling and garbage bin contract (47021231) term from July 1, 2026, for an additional four (4) years and five (5) months to November 30, 2030 with no increase in the contract value.

b. Extend the green bin contract (47019524) term for an additional three (3) years, from December 1, 2027, to November 30, 2030 with no increase in the contract value.

3. City Council request the General Manager, Solid Waste Management Services' to continue to provide Blue Box Material collections to non-eligible City customers who are customers as of December 31, 2025 but not provide Blue Box Materials collection to new commercial customers or new multi-residential customers that join City collection services after January 1, 2026.

4. City Council direct the General Manager, Solid Waste Management Services to report back to the Infrastructure and Environment Committee, no later than the first quarter of 2027, on the results of the review and analysis of whether to continue to provide recycling collection and management services to non-eligible sources that are not captured in *Ontario Regulation 391/21: Blue Box*.

5. City Council amend Chapter 841 of the Code to align the provisions pertaining to the collection of recycled materials with Ontario Regulation 391/21: Blue Box, as further described in Schedule 1 to this report.

6. City Council amend Chapter 844 of the Code to align the provisions pertaining to the collection of recycled materials with Ontario Regulation 391/21: Blue Box, as further described in Schedule 1 to this report.

7. City Council amend Chapter 846 of the Code to align the provisions pertaining to the receipt of recycled materials with Ontario Regulation 391/21: Blue Box, as further described in Schedule 2 to this report.

FINANCIAL IMPACT

Joint Collection Schedule

With the execution of the joint collection schedule agreement with Circular Materials, Solid Waste Management Services will receive compensation for the inclusion of a recycling icon in the waste collection schedule. Circular Materials' funding formula for the consolidated collection schedules is \$0.22 per household for development, design,

and printing, with an additional \$0.13 per household for mailing, for a total of \$0.35 per household. For 2026, Circular Materials will compensate the Division for 462,000 households plus an additional 5,000 pieces for ad hoc requests from residents, for a grand total of 467,000 schedules. Based on the per household compensation, the Division can expect to receive \$163,450 in 2026. This funding will be used to offset the design, print and distribution of the collection schedule. If a joint collection schedule is pursued in future years, the same funding formula would apply.

Collection Bin Contract with Rehrig Pacific Company - Extension

The total cost of the extension of the contracts with Rehrig Pacific Company will vary based on the length of each proposed term extension and annual CPI adjustments applied to the current baseline rates, refer to Table 1 below for details. Funding for the extension period will be included in 2026 and future Solid Waste Management Services budget submissions.

The removal of the 524,000 recycling bins for eligible sources effective January 1, 2026 will result in bin maintenance savings of approximately \$1.8 million annually. Additionally, as part of the EPR transition, overall bin inventory and storage needs are expected to decline, due to the sale of City owned curbside residential recycling bins. In response, SWMS is anticipating a reduction in warehouse space requirements with Rehrig Pacific Company, resulting in a monthly savings of approximately \$20,000. These total savings of approximately \$2 million annually are reflected in the cost projections outlined below. All other current costs for both contracts will remain the same subject to annual CPI adjustments.

A large portion of the remaining contract value is due to the durability of the bins, which have exceeded their expected lifespan. Projections for the breaking of a bin ("breakage") are inherently difficult to make, so additional funds were built into the original contracts to account for potential increases in breakage rates.

Based on the savings realized from the durability of the bins and from the reduction of recycling bins resulting from the EPR transition, the current bin contract values, \$13.6 million for the garbage and recycling contract, and \$3.6 million for the organic contract, do not need to be increased to support these proposed contract term extensions. These estimates encompass both capital and operational costs, account for yearly CPI increases, and exclude taxes.

The table below outlines the estimated costs for each bin contract. Incorporating projected CPI adjustments based on economic factor tables from the Financial Planning Division. The projections also account for current and anticipated rates of bin breakage and replacement needs.

Table 1: Estimated Contract Extension Costs (CPI-Adjusted)

Contract	Term	Extension Period	Estimated Cost	Operating Costs	Capital Costs
Recycling & Garbage Bins - 47021231	Initial Term (Existing contract ending June 30, 2026 + extension term)	Jan 1, 2026-Nov 30, 2030	\$9,230,688	\$3,286,118	\$5,944,570
	Option year 1	Dec 1, 2030-Nov 30, 2031	\$1,989,655	\$708,316	\$1,281,339
	Option year 2	Dec 1, 2031-Nov 30, 2032	\$2,029,448	\$722,482	\$1,306,966
	TOTALS	Jan 1, 2026-Nov 30, 2032	\$13,249,791	\$4,716,915	\$8,532,875
	Estimated Remaining contract value (as of Dec 31, 2025)		\$13,583,238	-	-
Organics Bins - 47019524	Initial Term (Existing contract ending November 30, 2027 + extension term)	Jan 1, 2026-Nov 30, 2030	\$2,346,115	\$931,725	\$1,414,391
	Option year 1	Dec 1, 2030-Nov 30, 2031	\$505,700	\$200,831	\$304,869
	Option year 2	Dec 1, 2031-Nov 30, 2032	\$515,814	\$204,848	\$310,966
	TOTALS	Jan 1, 2026-Nov 30, 2032	\$3,367,630	\$1,337,404	\$2,030,226
	Estimated Remaining contract value (as of Dec 31, 2025)		\$3,559,592	-	-

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information as presented in the Financial Impact section.

DECISION HISTORY

At its meeting on April 23 and 24, 2025, City Council adopted item IE20.5 entitled "Transition of the Blue Box Program to Extended Producer Responsibility: Post-Transition Update". Amongst other decisions, City Council directed the General Manager, Solid Waste Management Services, to explore the feasibility of a collaborative cost-shared joint calendar with Circular Materials for 2026.

The City Council Decision document can be viewed at:
<https://secure.toronto.ca/council/agenda-item.do?item=2025.IE20.5>

At its meeting on April 17 and 18, 2024, City Council adopted item IE12.1 entitled "Post-Transition of the Blue Box Program to Extended Producer Responsibility and Results of District 2 Service Delivery Options Review". The report provided an overview of staff discussions with Circular Materials for post-transition recycling collection services, which ultimately resulted in the conclusion of potential City collection discussions.

The City Council Decision document can be viewed at:
<https://secure.toronto.ca/council/agenda-item.do?item=2024.IE12.1>

At its meeting on October 11, 2023, City Council adopted item 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 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 June 14 and 15, 2023, City Council adopted item IE4.1 entitled "Long-Term Residual Waste Management Options for the City of Toronto". Amongst other decisions, City Council directed the General Manager, Solid Waste Management Services to provide an interim report, through the Infrastructure and Environment Committee, no later than June 2024, with a final report to be provided by June 2025, with a strategy and policy framework for the circular economy transition in Toronto that is consistent with TransformTO and the City's carbon budget carbon accountability mechanism.

The City Council Decision document can be viewed at:
<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE4.1>

At its meeting on February 7 and 8, 2023, City Council adopted item 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 July 19-22, 2022, City Council adopted CC47.4, entitled "Delegation of Authority for the Remainder of the 2018-2022 Council Term." Among other measures, City Council granted the City Manager expanded authority to approve amending

agreement contracts up to \$3 million and to undertake related procurement and budget adjustments, provided City Council has approved the necessary funding in the operating or capital budget. The intent of these delegations was to ensure timely and flexible responses to evolving needs and opportunities during the final months of the 2018-2022 Council term.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.CC47.4>

At its meeting on October 1 and 4, 2021, City Council adopted item 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 September 30, October 1 and 2, 2020, City Council adopted item IE15.4 entitled "Transition of Toronto's Blue Box Program to Extended Producer Responsibility". Amongst other decisions, City Council authorized the General Manager, Solid Waste Management Services 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 until the latter of December 31, 2026 or the transition period end date indicated by the Resource Recovery and Circular Economy Act, 2016, or the Waste Diversion Transition Act, 2016, or any regulations thereunder, on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor and conditional on approved funding.

The City Council Decision document can be viewed at:

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

At its meeting on July 4-7, 2017, City Council adopted PW22.3, entitled "Amending agreement Contract for the Supply and Maintenance for Recycling and Garbage Bins." City Council authorize the General Manager, Solid Waste Management Services to negotiate and enter into a new amending agreement with Rehrig Pacific Company for the supply of new bins and maintenance of the existing recycling and garbage bins for a five (5) year term from December 1, 2017 to November 30, 2022 with the option to renew and extend the term of the agreement for five (5) additional one (1) year periods at the sole discretion of the General Manager, Solid Waste Management Services, all on terms and conditions satisfactory to the General Manager, Solid Waste Management Services and 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=2017.PW22.3>

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. More specifically, the Province proposed in 2021 that the producers of paper, packaging, and packaging-like materials would be fully responsible for the management of post-consumer Blue Box Materials from those locations that the Regulation classifies as eligible sources².

Meanwhile, the City would remain responsible for any Blue Box Materials that the City chooses to manage from those locations not classified by the regulation as eligible sources, which are often referred to as non-eligible sources³.

Additionally, the City remains responsible for managing garbage, organics, yard waste, and bulky items.

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

Circular Materials, acting as the Common Collection System Administrator⁴ on behalf of all registered Producer Responsibility Organizations in Ontario, is responsible for contracting waste haulers to collect Blue Box Materials from eligible sources and bring them to receiving facilities (transfer stations). 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.

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

2 As of 2021, included single-family households, multi-residential buildings, schools, long-term care facilities and retirement residences.

3 As of 2021, non-residential locations included businesses, municipal facilities and offices, charities, institutions and religious organizations.

4 Circular Materials is also a Producer Responsibility Organization that advocates for its member producers and discharges their regulatory responsibilities.

Blue Box Regulation Amendments & Impacts (ERO# 025-0009)

On June 4, 2025, the Province of Ontario posted proposed amendments to [O.Reg 391/21: Blue Box](#) (Blue Box Regulation) to the Environmental Registry of Ontario for public comment. The stated purpose of the proposed amendments was to "curb higher than expected cost growth while ensuring that the blue box continues to support resource recovery in Ontario". The comment period was open for 30 days, until July 4, 2025. Staff submitted comments to the Province on July 3, 2025. Please see Attachment 1 for the City's submission to the Province on the proposed amendments.

Blue Box Regulation Amendments

After consultation with both industry and municipal stakeholders, the Province proposed amendments that represented a significant departure from the Extended Producer Responsibility model it committed to in 2021. At that time, the stated goal of the original Blue Box regulation was to make producers responsible for the products and packaging that they place in the Ontario marketplace, motivating them to achieve the most efficient system to reduce waste going to landfill.

The Province posted thirteen (13) proposed amendments to the Environmental Registry of Ontario. While most of the proposed amendments could potentially impact the City's waste management operations in some way, the four (4) most significant proposed changes included: the removal of the planned expansion to multi-residential buildings, schools, long-term care homes and retirement homes not already on City service; removal of the expansion of public space collection; the delay of recovery targets for selected material categories; and allow energy recovery to count towards diversion targets.

On September 4, 2025, the Province released its decision on the regulatory amendments. The approved amendments ([O. Reg. 210/25: Blue Box](#)) will likely result in a significant amount of Blue Box Materials ending up in landfills, rather than being recovered and recycled by producers as originally envisioned. The final amendments to multi-residential collection, public space collection, and targets will have the most significant impact on the City's operations and are discussed below.

Multi-Residential Buildings - Regulatory Changes

Since the Blue Box Regulation was finalized in 2021, the City's operational plans and budget forecasts were based on the expansion of producer funded Blue Box recycling services to non-municipally serviced facilities in 2026. A long term multi-residential collections contract and a processing contract were procured and executed based on the understanding that multi-residential Blue Box Material collection would not be part of the City's suite of services after December 31, 2025.

While the initial proposed amendment called for a complete removal of the planned expansion to all multi-residential buildings, the final amendment delayed implementation by five (5) years to 2031. Multi-residential buildings currently on City collection services will be transitioned in January 2026 and will receive Blue Box collection from producers. However, any multi-residential buildings not on City collection services by December 31,

2025, as well as any newly constructed multi residential buildings, will not become eligible to receive producer funded Blue Box services until 2031.

The amended Regulation also changed the definition of a "facility" (multi-residential buildings are identified as "facilities" in the Regulation) from "more than one dwelling unit" to "six or more dwelling units". The City supported this proposal to ensure consistency with definitions in other regulations. However, it will have implications on operations from 2026 - 2031.

With these two (2) new regulatory changes, any new or privately serviced multi-residential building with six (6) or more units will **not** receive producer-funded Blue Box services until 2031.

The two (2) tables below provide a summary of locations for receiving producer-funded Blue Box services both during the transition phase (until December 31, 2025) and post-transition phase (beginning January 1, 2026) for both existing buildings (Table 2a) and newly constructed buildings (Table 2b).

Table 2a: Producer Collection for Existing Buildings

Existing Buildings		
	Transition Phase (Until Dec 31, 2025)	Post-Transition Phase (As of January 1, 2026)
Single Family (1-5 units)	Eligible Source (City collects on behalf of producers)	Eligible Source (Producers collect)
Multi-Residential (6+ units, City collection)	Eligible Source (City collects on behalf of producers)	Eligible Source (Producers collect)
Multi-Residential (6+ units, private collection)	Non-Eligible Source (Private Collector)	Deferred Eligible Source (Producer collection deferred until 2031)
Schools, Long Term Care, Retirement Homes (City Collection)	Eligible Source (City on behalf of producers)	Eligible Source (Producers collect)
Schools, Long Term Care, Retirement Homes (Private Collection)	Non-Eligible Source (Private Collector)	Deferred Eligible Source (Producer collection deferred until 2031)

Table 2b: Producer Collection for Newly Constructed Buildings

Newly Constructed Buildings Post-Transition Phase (As of January 1, 2026)	
Single Family (1-5 units)	Eligible Source (Producers collect)
Multi-Residential (6+ units)	Deferred Eligible Source (Producer collection deferred until 2031)
Schools, Long Term Care, Retirement Homes (Private Collection)	Deferred Eligible Source (Producer collection deferred until 2031)

Multi-Residential Recycling Service Provision Impacts

As the City strives to meet the Province's housing targets, Toronto will continue to see growth in the multi-residential sector well into the future. With the large number of new multi-residential buildings under construction or undergoing planning approvals⁵, the number of Toronto residents not receiving producer funded Blue Box services will quickly equal the size of a small municipality. According to the Canada Mortgage and Housing Corporation's (CMHC) Housing Market Outlook for 2025⁶, Toronto could potentially see upwards of 28,700 – 32,300 new multi-residential housing starts annually between 2025 and 2027.

Multi-Residential Buildings Receiving Front-End Collection

Staff considered the impacts if the City were to offer Blue Box collection services to multi-residential buildings on front-end collection⁷, not currently receiving City collection, as they won't be captured by the Regulation until 2031. For newly constructed buildings or existing multi-residential buildings wanting to join the City's waste management collection program, two (2) service provision scenarios were considered: i) offer only garbage and organics collection services, requiring buildings to find their own recycling collection provider; or ii) offer the full suite of collection services, including recycling collection at an additional fee. Table 3 provides an overview of the considerations for both scenarios.

⁵ [City of Toronto Development Pipeline 2024](#)

⁶ [CMHC's Housing Market Outlook for 2025](#), page 31

⁷ Multi-residential buildings on front-end collection tend to be the larger, high-rise developments.

Table 3: Considerations for Whether to Offer City Blue Box Recycling Collection to Producer Deferred Multi-Residential Buildings With Front-End Collection

Considerations	Scenario 1: Provide Only Garbage and Organics Collection	Scenario 2: Provide Garbage, Organics and Recycling Collection
Financial Implications	No impact to budget as previously planned	Increased operational costs for collection, transfer, haulage, and processing of recyclables
Service Implications	Two (2) service providers required (building must procure their own recycling collection provider)	One (1) service provider (City)
Contract Implications	No change	Attempt to negotiate change order to add collection of recyclable materials from these buildings
Operational Efficiency	No change	Reduction in efficiency anticipated as buildings may be spread throughout the city
Rate Implications	One (1) rate for all front-end collected multi-residential customers (building either receives producer collection or must procure recycling collection provider)	Two (2) rates for front-end collected multi-residential customers (higher cost for those with City recycling collection)
Customer Type (IT Systems)	One (1) front-end multi-residential customer type (no recycling)	Two (2) front-end multi-residential customer types (with or without recycling)
Customer Relations	City will not address any recycling questions (refer to property manager or Province)	Complications related to accurately identifying customer type for inquiries and service requests

Considerations	Scenario 1: Provide Only Garbage and Organics Collection	Scenario 2: Provide Garbage, Organics and Recycling Collection
Promotion and Education	No change - the City will not provide Blue Box collection services to any multi-residential buildings (as defined by Blue Box regulation)	Increased complexity and potential for customer confusion on the applicability of promotion and education to their building

Multi-Residential Buildings Receiving Curbside Collection

Staff also considered the impacts if the City were to offer collection of Blue Box Materials from curbside collected "multi-residential" locations (6 or more units)⁸ as they won't be captured by the Regulation until 2031. For newly constructed multi-residential locations that will receive curbside garbage and organics collection from the City, there are two (2) scenarios to consider: i) offer only garbage and organics collection services, requiring locations to find their own recycling collection provider; or ii) offer the full suite of services, including recycling collection at an additional fee. Table 4 provides an overview of the considerations for both scenarios.

Table 4: Considerations for Whether to Offer City Blue Box Recycling Collection to Producer Deferred Multi-Residential Buildings with Curbside Collection

Considerations	Scenario 1: Provide Only Garbage and Organics Collection	Scenario 2: Provide Garbage, Organics and Recycling Collection
Financial Implications	No change	Increased operational costs for collection, transfer, haulage, and processing of recyclables
Service Implications	Two (2) service providers required (location must procure their own recycling collection provider, which may be challenging to source due to its small unit count)	One (1) service provider (City)
Staff & Fleet Implications	No change	Additional staff and vehicles required to collect recyclable materials from these locations

⁸ Multi-residential buildings on curbside collection tend to be the smaller, mid and low-rise developments.

Considerations	Scenario 1: Provide Only Garbage and Organics Collection	Scenario 2: Provide Garbage, Organics and Recycling Collection
Operational Efficiency	No change	Expected reduction in efficiency due to potential low concentration of these dwellings within a given geographic area
Rate Implications	One (1) rate for all curbside collected multi-residential customers (location either receives producer collection or must procure recycling collection provider)	Two (2) rates for curbside collected multi-residential customers (higher cost for those with recycling collection)
Customer Type (IT Systems)	One (1) curbside multi-residential customer type (no recycling)	Two (2) curbside multi-residential customer types (with or without recycling)
Customer Relations	City will not address any recycling questions (refer to CM or property manager)	Complications related to accurately identifying customer type for inquiries and service requests
Promotion and Education	No change - the City will not provide Blue Box collection services to any multi-residential buildings (as defined by Blue Box regulation)	Increased complexity and potential for customer confusion on the applicability of promotion and education to their building

For low-rise six-plexes and other small housing developments that would typically receive curbside collection in residential areas, this presents an operational challenge. If the City were to provide recycling collection services to these locations, dedicated recycling collection trucks would be required because the current fleet will be collecting garbage and organics. These small housing developments tend to be located at infill sites sporadically across the city; therefore, impacting collection efficiency. Furthermore, many of the new small housing developments require collection vehicles smaller than the City's current fleet in order to safely maneuver in the limited space allocated for waste collection. The Division does not have the procurement of smaller waste collection vehicles in its capital plan as these smaller vehicles are not operationally efficient because they have less volume capacity for collection.

The volume of new homes which will fall into this category is unclear. However, as part of the push to increase the housing supply in Toronto neighbourhoods, the City proposed several directions, including expanding permissions for low-rise six-plexes as part of the [Mid-Rise Building Design Guidelines](#). These permissions would apply to new

builds and conversions of existing housing stock.⁹ This will result in more new developments requiring curbside waste collection, but the locations will not be eligible for producer-funded recycling collection until 2031.

Multi-Residential Next Steps

For the past four (4) years, the City has acted in good faith, revising its annual capital and operating budgets, residual waste management plan, and collection and processing contracts to align with the planned expansion of producer funded recycling services to public spaces and all multi-residential buildings starting in 2026. With the proposed amendments being introduced in June (with less than 6 months remaining in transition), staff had to delay elements of its transition planning until the Province released its decision on the final amendments.

Due to the Regulation amendments, staff examined the feasibility of providing recycling collection services to new multi-residential customers that join City waste management services after December 31, 2025. However, after careful consideration, staff determined that establishing a new collection program for new multi-residential customers was unfeasible to implement due to several challenges, including, but not limited to: inability to accurately project the number of new customers; financial impact; contract negotiations, information and technology considerations, and limited timeframe.

- Inability to Accurately Project Number of New Customers

[The Development Pipeline](#), as reported in the June 2025 Bulletin to City Council, tracks development projects with ten (10) or more residential units and represents potential multi-residential growth. There are proposed 739,432 residential units in 1,571 development projects that are under review or advancing through the City's development approvals processes. The Development Pipeline cannot predict when any one project will be built, but the magnitude of development is generally realized in a period of about 10 to 15 years. It is important to note that not everything in the Development Pipeline will come into existence; not every project under review will be approved, and not every approved project will be constructed. An applicant's decision to go through the development review process is not a guarantee the subject site will be developed immediately. As such, the Pipeline represents potential development in Toronto over medium to long term.

Between 2020 and 2024, an average of 17,888 units were built annually. This recent trend provides a basis for estimating future growth and assessing potential financial and operational impacts for SWMS. The Development Pipeline scale is significant; if fully realized, it could contribute to a significant increase in SWMS's current multi-residential client base. However, given that City Council typically approves twice as many units as are actually built over a five-year period and current challenges in the residential development market, this growth will likely materialize more gradually than in the past. It is important to note that the Development Pipeline does not capture smaller developments of 6 to 9 units, which fall under as-of-right construction managed through Toronto Buildings.

⁹ [City of Toronto proposes actions to unlock more homes citywide – City of Toronto](#)

The number of newly constructed multi-residential buildings that may request waste collection services (including recycling) from the City over the next 5 years cannot be accurately estimated because multi-residential buildings can choose their service provider (City or private). However, over the past 15 years, the Division has seen a steady net decrease in the total number of multi-residential customers, particularly for multi-residential buildings receiving front-end collection services. Multi-residential customers receiving curbside collection has remained relatively steady over the same period. Table 5 below provides a historical summary of multi-residential customer counts from 2017 - 2024. These are net counts that incorporate both new buildings joining the City's collection service as well as existing buildings leaving the City's collection service.

Table 5: Multi-Residential Unit Counts from 2017 - 2024

	Multi-Residential Front-End Collection	Multi-Residential Curbside Collection	Total
2017	362,666	43,403	406,069
2018	356,375	43,638	400,013
2019	355,422	43,626	399,048
2020	357,132	43,519	400,651
2021	354,436	43,780	398,217
2022	349,499	43,925	393,424
2023	341,251	43,824	385,075
2024	333,828	44,114	377,942

Based on this trend, staff do not anticipate a surge in buildings joining City collection services. High rates have frequently been sighted as justification for a building leaving City collection services and switching to a private service provider.

- **Potential Financial Impact**

To illustrate the potential financial impact of providing recycling collection to new multi-residential customers starting in 2026, staff estimated that approximately 7,500 new multi-residential units joined City waste collection services over the past 12 months. Assuming that a similar number of units join City service in 2026, the cost to cover recycling collection, transfer and haulage, and processing costs for this previously unaccounted for recycling material is estimated to be \$270,000 per year. This amount would increase annually with inflation factored into the calculation. A new rate could be required for these customers to align with a user pay waste collection operation.

- Collection and Processing Contract Negotiations

To accommodate the collection of this material, staff would need to renegotiate its front-end collection contract to add recycling collection for new multi-residential customers. The actual cost to undertake this additional work is unknown at this time, but negotiations would be partially based on the number of buildings, their locations and the market demand for the service. Consideration would also need to be given to the new processing contract and whether it would need to be renegotiated to manage additional Blue Box Materials. Both contract amendments will likely result in higher contract costs due to the last-minute change, if an agreement can even be reached. With all negotiations, a successful outcome is not guaranteed.

- Information & Technology System Changes

If the City were to provide Blue Box collection services to new multi-residential customers over the next five (5) years, significant changes to the City's various information and technology systems (311 Salesforce, TMMS/Maximo, SWAP and potentially vendor interfaces that support front-end data transmission) would be required. Application logic changes would be required to properly track the two (2) different multi-residential customer types and different data and business rules would need to be managed for both customer types. This may be both complicated to implement and challenging to accurately maintain over the next five (5) years.

Significant collaboration with other Divisions, including Customer Experience, Technology Services, and the Chief Information Security Officer, would be necessary to ensure all data is accurately managed. The time and effort necessary to properly test system changes would be significant, due to the number of potentially impacted applications. Staff have determined that there is insufficient time to complete the necessary development work and testing required to implement the changes by January 1, 2026.

- Insufficient Time to Plan, Implement, and Test Required System Changes

With less than two (2) months (at the time of City Council considering this report) from the beginning of the post-transition phase, it is not feasible for such substantial changes to be planned, implemented, and tested before becoming operational.

Due to the points above, Solid Waste Management Services' position is to only offer garbage and organics collection services for any potential new multi-residential customers and to not provide recycling collection services. To ensure these buildings are diverting recyclables from landfill, the City would require buildings to provide verification of their recycling collection service provider prior to accepting new multi-residential front-end customers. This approach is in alignment with all the preparations staff have undertaken thus far, based on the initial understanding that producers were to take over residential recycling. This approach would also apply to any new commercial locations that apply for City waste collection services.

Public Space Collection

Toronto's residential recycling collection program is operated separately from the public space recycling collection program (e.g. street bins and park bins), with distinct staff, vehicles and resources. Therefore, public space recycling was not considered an eligible source under the previous Blue Box Regulation ([O. Reg. 101/94: Recycling and Composting of Municipal Waste](#)), nor during the transition phase. The initial Regulation identified that public spaces would become eligible sources in the post-transition phase, commencing on January 1, 2026. However, the amended Regulation has fully removed the expansion of eligible spaces to public spaces, meaning collection and management of recycling from public spaces will not be paid for by producers.

For public space recycling collection to continue in Toronto, it must be fully financed by the City, as it is today. The budget required for public space recycling collection, transfer, haulage, processing, and disposal (as required) in 2025 is approximately \$12M. To project future budget impacts, this amount would need to be adjusted annually to reflect inflation.

Due to extremely high levels of contamination, the majority of recycling collected from public space bins is landfilled. Staff are currently negotiating a processing contract to manage the portion of Blue Box Material that is of adequate quality for processing. Despite the current high level of contamination and budgetary impact, staff are proposing the continuation of this service in 2026. Promotion and education efforts continue to focus on changing people's behaviour to properly sort and improve diversion of waste from landfill. Furthermore, if the Province changes course in the future and re-introduces public space as an eligible source, the City will have recycling infrastructure that could become part of future negotiations.

Recovery Targets

The initial proposed amendment recommended two (2) recovery target amendments: i) for all recovery targets to be delayed by 5 years until 2031; and ii) for the flexible packaging target to be reduced from 25% (from 2026 to 2029 and 40% from 2030 onwards) to 5%, with enforcement delayed until 2031. The City did not support either proposal. The proposed amendments would reduce the incentive for producers to invest in new recycling facilities and technologies, which would likely result in a significant amount of material being directed to landfill, rather than being successfully recovered and recycled by producers.

The proposed amendments were partially adopted. The current targets will be maintained, except for flexible plastics, but producers are only required to use "best efforts" to achieve targets in 2026 and 2027. Enforceable targets come into effect in 2028. The increase in targets originally prescribed for 2030 have been pushed back to 2032. The flexible plastic target has been reduced to 10% for 2026 - 2031 and 25% from 2032 onwards. While the final amendments are more productive than what was originally proposed, they are still a significant move backwards in increasing diversion from landfill in Ontario.

Energy Recovery Counting Towards Diversion Targets

The initial proposed amendment recommended the allowance of recyclable materials to be sent for energy recovery to comprise of no more than 15% of the management target. In addition, it allowed non-recyclable material to be used as a direct fuel source in an incinerator or as a feedstock to produce fuel. The City did not support this proposed amendment as it was contrary to the original intent of the Regulation and was not inline with the City's support for a circular economy or of the waste hierarchy, which prioritizes recycling ahead of energy recovery. This proposal would also reduce the incentive for producers to find higher value outcomes for diversion activities and efforts. The proposed amendment was approved with modifications. The use of energy recovery to count towards diversion targets is limited to processing residuals from recovery facilities where otherwise the material would be sent to landfill.

Please see Attachment 2 for a summary of the final Blue Box Regulation amendments.

Post-Transition Operations

Since the transition phase began in July 2023, Solid Waste Management Services' staff have worked diligently to prepare operations for the post-transition phase so impacts to residents are minimized as much as possible. This section of the staff report provides an overview of producer service levels and resident accommodations, customer service supports, joint collection calendar with Circular Materials, transfer station operations, and bylaw amendments. Extending the curbside collection bin contract and the management of Blue Box Materials from non-eligible sources is also detailed.

Advocating for a Post-Transition Role for the City of Toronto: Collections, Transfer & Haulage

Collection Services

As part of planning for post-transition operations in Toronto, staff explored all opportunities that would have the City continue to provide recycling collection, transfer, and haulage services on behalf of producers beginning January 1, 2026.

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. [Confidential Attachment 1](#) to IE6.3, which was made public on October 12, 2023, highlights the many reasons that the City was not in a position to submit a bid. Circular Materials was advised of this decision in a letter dated October 17, 2023. 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 April 17 and 18, 2024, City Council considered Report [IE12.1 - Post-Transition of the Blue Box Program to Extended Producer Responsibility and Results of District 2](#)

[Service Delivery Options Review](#). The report provides an overview of staff discussions with Circular Materials for post-transition recycling collection services, which ultimately resulted in the conclusion of potential City collection discussions. 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, a private waste management firm was contracted through a competitive process by Circular Materials to collect Blue Box Materials from eligible sources in Toronto.

Transfer & Haulage Services

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. At the direction of City Council, staff submitted a proposal by the submission deadline of January 24, 2024.

In July 2024, Circular Materials notified the City that they were not the preferred proponent. The City's proposal was rejected due to price, inability to segregate public space material from other Blue Box Materials from eligible sources, and a lack of fully enclosed storage at all the City's transfer stations. Of note, the requirement for fully enclosed storage of Blue Box Material was not explicitly outlined within the RFP call document.

Producer Service Levels

The Blue Box Regulation is outcomes-based and gives producers the freedom to design their own program within the requirements stipulated in the Regulation. Section 22(b), Obligations for curbside collection, requires producers to: (i) collected Blue Box Materials at least every other week; (ii) collect, in a single day, all blue box material set out for curbside collection; and (iii) to provide appropriate blue box receptacles for material storage until collection. The Regulation does not discuss contamination or what is to happen if recycle bins (Blue Box Materials) are left uncollected.

Circular Materials' Request for Proposals (RFP) for collection services in Toronto specified service level requirements for prospective bidders in Article 3, Service Provision. A full summary of the service level requirements is outlined in [IE6.3 - Confidential Attachment 1](#) (as noted above). A few key requirements stipulated in the RFP included:

- Set-Out: Contractor must collect all blue box materials that is set out on collection day.

- **Missed Collection:** If the Contractor becomes aware of a missed collection by 2 p.m. on the scheduled collection day and the set out matches the criteria for collection (as in free of contaminants), the container must be collected the same day or next collection day.
- **Non-Compliant Materials:** If the container contains non-compliant material (as in contaminants), the container must be left behind with a tag indicating why it was left behind.¹⁰
- **Contamination:** Contractors are to use reasonable commercial efforts to reduce the contamination to no more than four (4) per cent. There are no service level failure credits associated with failing to meet the contamination rate, however, the contractor must submit and implement a plan at their own cost.

Collection Accommodations

Front/Side Door Collection

Currently, residents that are unable to physically move their collection bins to the curb can apply to the City for accommodation to allow for front or side door waste collection. Circular Materials has confirmed their intention to continue this practice for the collection of recyclable materials. If a resident has been approved by the City for front or side door collection for garbage and organics, the City will notify Circular Materials so the resident can also receive front or side door collection of their Blue Box Materials.

Overflow Recycling

Understanding the occasional need for additional recycling capacity, the City has allowed residents to place additional recyclable materials out for collection in clear plastic bags. Circular Materials has confirmed that their service provider will continue to allow residents to place additional overflow recyclable materials at the curb in clear plastic bags for collection.

Bag-Only Customers

A small proportion of residents do not have sufficient space to accommodate any collection bins and are allowed to place their recyclables out for collection in clear plastic bags. A very small proportion of these customers live in single-family homes, but the majority of bag-only customers reside in Residential Units Above Commercial properties. Circular Materials has confirmed that their service provider will continue to allow these residents to place their recycling at the curb in bags for collection.

¹⁰ If this occurs, it may result in increased waste tonnages at our transfer stations and ultimately at Green Lane Landfill.

Dual Use Bin

Currently, less than 400 households use a single curbside collection bin to place both garbage and recycling at the curb for collection on alternate weeks. This accommodation is only provided in extreme cases where storage of two (2) collection bins (one for garbage and one for recycling) is not feasible. Residents at these locations use a unique garbage bin (different coloured lid) to place garbage at the curb one week and Blue Box Material at the curb the alternating weeks. Since these bins are garbage bin assets, they were not part of the sale of curbside residential recycling bins to Circular Materials.

Staff examined the feasibility of leasing access to the dual use bins to Circular Materials to collect Blue Box Materials bi-weekly. However, liability and indemnity concerns, insurance requirements, and accurate full cost accounting for bin access, maintenance, and replacement was deemed too complex for such a small group of customers. Circular Materials has been advised of this decision, and they are determining how these customers will place their Blue Box Materials at the curb for collection, while taking into account the physical space constraints of the location.

Customer Service for Recycling

Beginning in January 2026, residents will be required to contact Circular Materials' service provider for any recycling bin related service requests or program questions. A Toronto-specific website (circularmaterials.ca/toronto) and call centre (1-888-921-2686) are being established and will be operational by January 1, 2026.

Circular Materials has indicated that the call centre receiving Toronto resident calls will be operational from 7:00 am to 7:00 pm, Monday to Friday. Outside of operational hours, residents will be able to complete an online request form or will be required to call back the following business day.

Residents contacting 311 for recycling related enquiries will be transferred to the producer call centre for action. If a resident contacts the producer call centre for non-recycling related enquiries, they will be transferred to 311.

Minimizing any impacts to residents is of utmost importance to the Division. Such a fundamental shift in service provision will inevitably come with its own challenges, but staff are committed to ensuring residents are informed of the upcoming changes and supported to continue receiving the level of service to which they are accustomed. As indicated in a report to the Infrastructure and Environment Committee in April 2025 ([Agenda Item History - 2025.IE20.5](#)), a dedicated Customer Care team is being established to support collection operations with customer care needs following the transition phase. This team will work directly with individual residents to ensure their needs are being met by Circular Materials' collection service provider. Furthermore, staff will also work closely with Members of Council to ensure they are supported through the post-transition phase.

The City's Customer Care team will provide support to residents who may be experiencing challenges as a result of the transition. Residents are encouraged to call

Circular Materials' service provider for all recycling bin and collection related service requests. For all other material streams, residents are encouraged to call 311 for assistance. 311 will work closely with the City's Customer Care team to ensure that any escalated concerns will be relayed for to staff in Solid Waste Management Services. The team will be supplementary to the City's 311 call centre and will be able to provide both in person and telephone/email support to residents.

Uncollected Blue Bins

As noted in the Producer Service Level section above, the collection RFP states that the contractor is required to collect recycling within one (1) collection day and missed collections must be collected the same day or following collection day. Circular Materials is still determining how they will manage contamination in the City's cart-based collection program. If a blue bin contains non-Blue Box Materials, the bin may be pushed back and an "oops sticker" may be affixed to the bin with instructions on how residents can correct the issue before the next collection cycle. However, the potential use of this approach, or other contamination-reduction approaches, has not yet been fully determined by Circular Materials. Once this is better understood, additional information will be provided to Members of Council.

The City will not collect recycling bins that have been left uncollected at the curb due to contamination. Both the curbside residential blue bins and Blue Box Materials belong to producers, not the City, so the City cannot manage recycling materials from eligible sources.

It is important to note that "contamination" is not defined in the Regulation. Rather, "Blue Box Materials" is defined in the Regulation as the following: blue box packaging; a paper product; or a packaging-like product. The Regulation also indicates that "Blue Box Material" does **not** include the following:

- A material that is not primarily made from paper, glass, metal or plastic, or a combination of these materials.
- A material included in another designated class under section 60 of the Act.
- A pharmaceutical or sharp in respect of which there are collection or disposal obligations prescribed under Ontario Regulation 298/12 (Collection of Pharmaceuticals and Sharps — Responsibilities of Producers) made under the Environmental Protection Act.
- A material included in the Municipal Hazardous or Special Waste Program, if that program is in operation under the Waste Diversion Transition Act, 2016.
- A product designed for the containment of waste.
- A health, hygiene or safety product that, by virtue of its anticipated use, becomes unsafe or unsanitary to recycle.

- Blue box packaging that cannot be easily separated from hazardous waste within the meaning of Regulation 347 of the Revised Regulations of Ontario, 1990 (General — Waste Management) made under the Environmental Protection Act.
- An alcoholic beverage product and packaging.

Therefore, what was previously considered "contamination" under the City's Blue Bin Program, may no longer be a contaminant (for example: black plastics, coffee cups, etc.). Only materials that were never meant to go in the Blue Box will be considered as contamination. This includes items such as, but not limited to, dishes, garden hoses, toys, appliances, etc.

Toronto Municipal Code and Recycling Collection: Bylaw Amendments

As part of the work to prepare for the end of the Blue Box transition period on December 31, 2025, staff undertook a review of the waste-specific chapters in the City of Toronto Municipal Code to determine what amendments might be needed to reflect the changing role of the City regarding recycling, specifically for the collection and transfer of Blue Box Materials, as of January 1, 2026.

Changes to the Blue Box Regulation have added complexity to the management of recyclable materials. Therefore, the proposed bylaw amendments for Chapters 841 and 844 have been structured to simplify for the public the applicability of the bylaw, based on location type. Chapter 846 also needs to be amended to ensure alignment with Chapters 841 and 844 and the Blue Box Regulation.

Toronto Municipal Code Chapter 841, Waste Collection, Commercial Properties

Recycling (Blue Box) collection from residential units over commercial properties is addressed within this chapter. Since these properties are identified as eligible sources in the Blue Box Regulation, staff recommend amending the provisions of this Chapter regarding the City's role and oversight of recycling collection services apply, as listed in Schedule 1.

Toronto Municipal Code Chapter 844, Waste Collection, Residential Properties

Recycling (Blue Box) collection from single-family and multi-residential properties is addressed within this chapter. Since some of these properties are identified as eligible sources in the Blue Box Regulation, staff recommend amending the provisions of this Chapter regarding the City's role and oversight of recycling collection services apply, as listed in Schedule 1.

Toronto Municipal Code Chapter 846, Waste Management Facility

Acceptance of Blue Box Materials at City transfer stations is addressed within this chapter. As further detailed in Schedule 2, Solid Waste staff propose adding a section to Chapter 846 to delegate to the General Manager, Solid Waste Management Services, many of the same authorities provided in Chapters 841 and 844 with respect to waste collection and transfer. In addition, Schedule 2 also recommends clarifying the

acceptance of prohibited waste and adding a provision to enable the General Manager, Solid Waste Management Services or designate, to act on behalf of the City with respect to operating the City's closed landfills.

Joint Collection Calendar

Following direction received from City Council at their April 23 and 24, 2025 and July 23 and 24, 2025 meetings, Solid Waste Management Services staff began negotiations with Circular Materials to examine the feasibility of incorporating Circular Materials' recycling collection day information into the Division's waste collection schedule for 2026. Negotiations concluded in October and an agreement was reached to include recycling collection day information in the City's 2026 waste collection schedules that will be mailed to homes and posted in PDF format on the City's website.¹¹

The City will receive a payment from Circular Materials calculated at a rate of \$0.35 per household that receives a collection schedule. The distribution for 2026 will include 462,000 households. In addition, Circular Materials will fund 5,000 ad hoc printing requests, resulting in a payment to the City of \$163,450 from Circular Materials. These funds will be used to offset the design, print and distribution of the collection schedule. The agreement provides for a joint collection schedule for 2026 and 2027 with three (3) additional one-year option years up to 2031.

Transfer Station & Drop-Off Depot Operations

The City will continue to accept recycling from non-eligible sources at transfer stations and customers will be charged a fee to manage recyclable material to ensure full cost recovery.

Curbside Collection Bin Maintenance & Supply Contract

Per City Council direction, on November 28, 2022, an amended and restated agreement was executed with Rehrig Pacific Company that, among other things, moved up the termination date for the garbage and recycling bin contract end date to June 30, 2026.

Extending the garbage and recycling, and organic bin contracts ensures consistent service delivery, reduces administrative overhead, and leverages economies of scale across all curbside bin services. A unified renewal approach maintains continuity for residents while aligning bin inventories and maintenance schedules for streamlined operations. While the current contracts have different end dates the goal of this extension is to align both agreements to conclude simultaneously. This will result in differing extension lengths but will enable a consolidated future procurement for all bin types at the end of the extended term. Aligning contract timelines supports coordinated service planning, streamlined procurement, operational efficiencies and cost savings. By consolidating future procurement, the City can leverage economies of scale, reduce administrative overhead, and achieve more predictable budgeting for maintenance and replacement needs.

¹¹ Recycling collection day information will not be published on the City's mobile waste application.

Continued servicing via Rehrig Pacific Company offers financial and environmental benefits by enabling the City to reuse existing bin components and extend their useful life. Damaged bins are salvaged for reusable parts, reducing plastic waste and lowering overall maintenance costs for units not covered under warranty. This approach supports the City's broader circular economy goals by keeping materials in use longer and minimizing the need for new raw materials. The availability of new bins from the current contractor also presents a key advantage, as Rehrig maintains existing stock and can quickly produce additional units with minimal lead time.

As part of the contract extension period, staff will undertake a comprehensive breakage trend analysis to compare reported versus actual bin breakage rates across all bin types. This evaluation will inform future procurement planning by determining whether a full citywide bin replacement is warranted, or if a phased, partial replacement strategy would be more appropriate. The data collected will also support operational planning by helping prioritize replacement schedules and routing, for example, identifying areas with higher failure rates to stage rollouts accordingly under the next contract.

In 2024, over one million garbage and recycling bins were in use by various City customers, with 19,135 service requests issued for bin damage, including bin repairs and replacements, for both garbage and recycling bins. This indicates an annual repair rate of 1.84 per cent, for garbage and recycling bins. In 2024, 489,050 organic bins were in use, with 12,450 requests for bin repair. Indicating an annual repair rate of 2.55 per cent, for organic bins. These figures demonstrate that the current bins are performing reliably and are expected to remain serviceable through the extended contract period to 2032, surpassing their initially anticipated lifespan. The data collected on breakage rates will continue to be reviewed and used to help project future performance, ensuring that any upward trends in failure are identified early over the course of the extension. Currently, the most fiscally and environmentally responsible approach is to continue repairing and maintaining the existing bins rather than pursuing a full citywide replacement. Initiating a new 10-year procurement that includes full bin replacement is estimated at \$113 million and is not recommended at this time due to the existing bin durability. The agreement amendment sought is a more cost-effective option versus a full bin asset replacement procurement approach at this time.

Staff will closely monitor breakage trends such as specific bin types or geographic areas experiencing higher-than-normal failure rates. These trends will be communicated to the vendor and addressed through a targeted replacement strategy to ensure service levels are maintained.

The current supplier, Rehrig Pacific Company has met or exceeded key performance indicators for delivery timelines, equipment uptime, and maintenance response rates. Extending with the incumbent supplier minimizes service disruption, preserves existing warehouse and delivery infrastructure, enables cost savings, and allows time for SWMS to integrate revised Extended Producer Responsibility bin requirements into future specifications.

Under Extended Producer Responsibility, the City no longer will be collecting from eligible sources, as defined in O. Reg. 391/21. Consequently, the recycling bin portion of the City's contract with Rehrig Pacific Company will need to focus only on supplying,

delivering, and maintaining such bins for non-eligible customers. As recycling responsibilities for eligible customers shift to producers, SWMS will work with Rehrig Pacific Company to ensure new bins for eligible EPR customers are phased out in accordance with provincial regulations.

Given that the overall bin inventory and associated needs will change due to EPR transition, SWMS has negotiated revised warehouse space requirements with Rehrig Pacific Company. Any reduction or reconfiguration of warehouse capacity will be incorporated into the extension terms to optimize costs and reflect service demands.

Looking ahead, staff will explore potential opportunities to work with other municipalities for joint procurement if the specifications and term of their existing agreements align with future contracts. Additionally, based on the marketplace competitiveness to achieve the best value, staff will analyse various procurement models such as nRFP (Negotiated Request for proposal), RFP or RFQ. Options under review include fixed-term contracts, financial viability, continuation of services without disruption and regional collaboration. The timeline to complete a new procurement process is estimated to be at least two years, including market analysis, stakeholder engagement, and operational planning.

A detailed analysis of bin costs will also be conducted to forecast the impact of the Consumer Price Index (CPI) adjustments on overall bin service expenditures. This review will identify key cost drivers and potential mitigation strategies. The analysis will consider overall revenue and service costs to support sustainable and efficient service delivery.

Finally, this extension maintains quality collection infrastructure, ensuring residents can continue to participate effectively in waste separation and diversion programs. It also promotes financial sustainability by avoiding premature, large-scale, bin procurement, thereby maintaining budget predictability and aligning with the strategy's commitment to cost-effective, resource-efficient service delivery.

Management of Recycling from Non-Eligible Sources

As staff prepare for the provision of recycling collection and management services to its current non-eligible source customers in the post-transition phase, some challenges have been identified. The extent of the impact is not yet fully understood, but staff have begun to evaluate the challenges associated with providing recycling collection to non-eligible sources, including:

- ***Inefficient Collection Operations:*** handling such small tonnages is operationally cumbersome and inefficient as few customers are spread across the entire city
- ***Inefficient Transfer Station Operations:*** accepting Blue Box Materials at transfer stations will require triaging, which will impact queue lengths, to ensure recycling from eligible sources is not accepted
- ***Distinguishing Eligible from Non-Eligible Materials:*** Collection of Blue Box Materials from small commercial establishments will be challenging in cases where the residential units above those businesses place their recycling out for collection in

clear plastic bags - it will be very difficult to distinguish which bags contain non-eligible recycling

- *Complex Customer Service:* all customer service requests will first need to be triaged to determine if the caller is an eligible or non-eligible source, which is time consuming and vulnerable to error
- *Complicated Promotion and Education:* multiple customer types (those with or without City provided recycling services) will require multiple communication tools and messages that could increase confusion for residents, thus increasing confusion and customer service calls
- *Increased Collection and Processing Contract Costs:* the tonnages associated with non-eligible sources are a fraction of that from eligible sources, leading to a loss of economies of scale when seeking collection and processing service providers, which could result in increase costs

To mitigate these impacts, staff will examine the feasibility, impacts, pros, and cons of the City stopping recycling collection services at non-eligible sources, requiring these customers to source a private waste collection firm to manage their recyclable collection. There are risks associated with this action, which need to be explored further. Staff will monitor the program's operation over the next six (6) to nine (9) months and will report back to the Infrastructure and Environment Committee in Q1 2027 on the results of staff's analysis with a recommendation on whether or not to continue to provide recycling collection services to non-eligible sources.

Extended Producer Responsibility Contracts for Non-Blue Box Materials

Non-Blue Box materials that are part of producer responsibility programs under the Resource Recovery and Circular Economy Act, 2016 are managed through the City's Household Hazardous Waste Program in Solid Waste Management Services. These materials include batteries; hazardous and special products (ranging from oil filters, antifreeze, paint, solvents, pesticides, refillable propane containers to name a few); electronics (including lighting) and tires. There are few, and often only one, Producer Responsibility Organization at a time available to manage these materials or that can manage the volume generated by the City of Toronto, making procurement of services inefficient and/or not viable. For instances where it is not possible to procure product management services, it is important for the General Manager, Solid Waste Management Services to have the authority to negotiate and enter into agreements to ensure there are no service interruptions for our residents. Therefore, through this report, delegated authority for the General Manager, Solid Waste Management Service to enter such agreements is recommended.

Provincial and Federal Government Consultations

In addition to providing a response to the proposed amendments to the Blue Box Regulation, Solid Waste Management Services staff participated in a number of

provincial and federal government consultations that occurred during the summer of 2025. These consultations included: proposed amendments to the Resource Recovery and Circular Economy Act, 2016; proposed guidance for reporting to the Federal Plastics Registry; and proposals for a new regulation under the Ontario Highway Traffic Act to protect roadside workers. Please see Attachment 3 for a summary of the consultations and the City's advocacy efforts in response to the consultations.

Next Steps

Solid Waste Management Services staff will continue to work closely with Circular Materials to ensure a seamless program transition for residents. Although the City's collection of Blue Box Materials from eligible sources will end on December 31, 2025, the first two (2) months of 2026 will be used to finalize all outstanding transition contractual obligations, including: the transfer of Blue Box Materials received at the City's transfer stations at the end of December 2025; daily, monthly, and annual contractual reporting requirements; and final invoicing. To accommodate this work, the termination date of the City's contract with Circular Materials is being extended into Q1 2026. The contract extension will not include any financial or scope of work amendments.

After the post-transition phase begins, City staff will continue close communications with Circular Materials to ensure new accommodation households and new single-family accounts are accurately captured and serviced by Circular Materials. Furthermore, the City and Circular Materials will continue to inform each other of resident communication tools to ensure consistent messaging.

Ultimately no new City customers after 2025 (eligible/non-eligible) will have City operated recycling collection. The non-eligible customers who are currently on City service will be grandfathered into City recycling service for 2026. Staff will report to the Infrastructure and Environment Committee in 2027 with an update on how the post-transition phase is progressing and the results of monitoring the provision of recycling collection in public space, to small commercial establishments, City Divisions, Agencies and Corporations, charities, institutions and religious organizations and to determine if the City will cease collecting recycling from the non-eligible customers.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Toronto Comments on Proposed Blue Box Regulation Amendments

Attachment 2: Final Blue Box Regulation Amendments

Attachment 3: Provincial and Federal Consultations

Schedule 1: Chapters 841 and 844 Proposed Bylaw Amendments

Schedule 2: Chapter 846 Proposed Bylaw Amendments