

Subject: Update on the Provincial Blue Box Program Transition

File Number: ACS2023-PWD-SWS-0002

**Report to the Environment and Climate Change Committee on 5 June 2023
and Council 14 June 2023**

**Submitted on May 25, 2023 by Shelley McDonald, Director, Solid Waste Services,
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Ward: Citywide

Objet: Mise à jour sur la transition du Programme provincial de boîtes bleues

Dossier : ACS2023-PWD-SWS-0002

**Rapport au Comité de l'environnement du changement climatique le 5 juin 2023
et au Conseil le 14 juin 2023**

**Soumis le May 25, 2023 par Shelley McDonald, directrice, Services de déchets
solides, Direction générale des travaux publics**

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Environment and Climate Change Committee recommend Council:

- 1. Receive, for information, the outcomes of contract negotiations associated with the transition to the Provincial Blue Box Program under Individual**

Producer Responsibility and further details on the transition period (from July 1, 2023 to December 31, 2025); and

- 2. Delegate the authority to the General Manager of the Public Works Department to make consequential amendment(s) to the Solid Waste Management By-law No. 2012-370 arising from the implementation of Individual Producer Responsibility during the transition period; and**
- 3. Delegate the authority to the General Manager of the Public Works Department to finalize and execute a short-term, three-month extension (January 1, 2026 to March 29, 2026) for the residential curbside collection contract for collection services excluding recycling collection, with each of the existing curbside collection service providers, including the In-House Collections Group, in accordance with section 22(1)(d) of the Procurement By-law, and as described in this report.**

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'environnement et du changement climatique recommande au Conseil ce qui suit :

- 1. Prendre connaissance, à titre informatif, du résultat des négociations contractuelles entourant la transition du Programme provincial de boîtes bleues au régime de responsabilité individuelle des producteurs ainsi que d'autres précisions sur la période de transition du 1er juillet 2023 au 31 décembre 2025;**
- 2. Déléguer le pouvoir au directeur général, Travaux publics, d'apporter des modifications consécutives au Règlement sur la gestion des déchets solides no 2012-370 résultant de la mise en œuvre du régime de responsabilité individuelle des producteurs durant la période de transition;**
- 3. Déléguer le pouvoir au directeur général, Travaux publics, de parachever et de mettre à exécution la prolongation à court terme de trois mois (du 1er janvier 2026 au 29 mars 2026) des contrats de collecte de déchets en bordure de rues résidentielles, excluant la collecte du recyclage, avec chacun des fournisseurs actuels, y compris avec le Groupe interne de collecte des déchets, conformément à l'alinéa 22(1)(d) du Règlement sur les approvisionnements et comme il est décrit dans le présent rapport.**

EXECUTIVE SUMMARY

Four waste diversion programs in Ontario – used tires, batteries, waste electrical and electronic equipment, hazardous and special waste – have moved to a producer responsibility model under provincial legislation. The fifth program transitioning to producer responsibility, starting this year, is the management of both Ottawa’s blue and black bin material. This Provincial Blue Box Program transition will see all municipalities in Ontario move to a common collection system for recyclable materials (plastics, paper, glass, aluminum, steel, and others) where producers will have full responsibility for the system while adhering to regulatory requirements. Materials currently disposed of through Ottawa’s blue and black bin program will fall under the scope of the Provincial Blue Box Program.

The purpose of this report is to provide an update on the Provincial Blue Box Program transition to Individual Producer Responsibility (IPR) and is a follow-up to the Council-approved July 6, 2022 legislative report ([ACS2022-PWD-SWS-0002](#)). The report includes the result of contract negotiations delegated by Council to facilitate the transition period and details further impacts to the City including next steps. The report also seeks two distinct delegated authorities approvals. The first relates to consequential amendments to the Solid Waste Management By-law No. 2012-370 that may be required for alignment during the transition period. The second seeks approval to finalize an additional three-month curbside contract extension (January – March 2026) with existing service providers, for organics and waste collection only, to minimize operational and service impacts following the transition period.

The City of Ottawa has been preparing for the transition of the Provincial Blue Box Program to IPR since the Province introduced it in 2016. This transition, which includes both the blue and black bin recycling programs for Ottawa, represents a substantial change to recycling programs across Ontario. The concept of IPR intends to make producers of products and packaging environmentally accountable and financially responsible for their products, including recovering resources and reducing waste associated with products and packaging after consumers have finished using them. This transition is part of an overall shift to move towards a circular economy, where formerly discarded materials will be reused or recycled into new products and reintegrated into the market.

In 2021, the Ministry of the Environment, Conservation and Parks (MECP) released the final *Blue Box Regulation, 2021* ([Ontario Regulation 391/21](#)) for the transition to Individual Producer Responsibility. Included in the final regulation was a list of when

each municipalities would transition, with Ottawa's transition date identified as July 1, 2023. All municipalities will have transitioned to IPR by December 31, 2025. Throughout the "transition period", producers or a designated producer responsibility organization (PRO) are required to maintain existing recycling collection standards, as already established in Ontario municipalities. PROs are organizations that, under contract, represent producers of products and packaging to meet their regulatory obligations under the Provincial Blue Box regulation.

In 2022, Circular Materials Ontario (Circular Materials) was confirmed as the lead PRO and Common Collection System Administrator responsible for the operation of the common collection system in Ontario. Between May 2022 and April 2023, Circular Materials issued several iterations of a proposed Master Services Agreement and related Statement of Work documents detailing how Circular Materials would contract the services of municipalities for both the collection of recycling materials from eligible sources, as defined in the Blue Box regulation, and for the promotion and education of the program to residents.

Following Council's approval of the July 6, 2022 report ([ACS2022-PWD-SWS-0002](#)) which granted delegated authority to negotiate an agreement with producers and PROs for the City to continue collection during the transition period if the terms are suitable to the City, staff began negotiations with Circular Materials to collect on their behalf. After months of discussions, all conditions outlined in the report were met to the City's satisfaction.

The negotiated terms with Circular Materials will allow for the City to continue to provide status quo collection and customer service (i.e. bin delivery and customer inquiries) for residents during the transition period (July 1, 2023 to December 31, 2025). Despite anticipating minimal impacts to residents during the transition to the Province's Blue Box Program, some by-law amendments may be necessary to align with changes to the collected materials in the city's current program. This report seeks delegated authority for the General Manager of the Public Works Department to make necessary adjustments to the Solid Waste By-Law through the transition period, including but not limited to eliminating the fees charged at the Trail Road Landfill Facility for recycling collections.

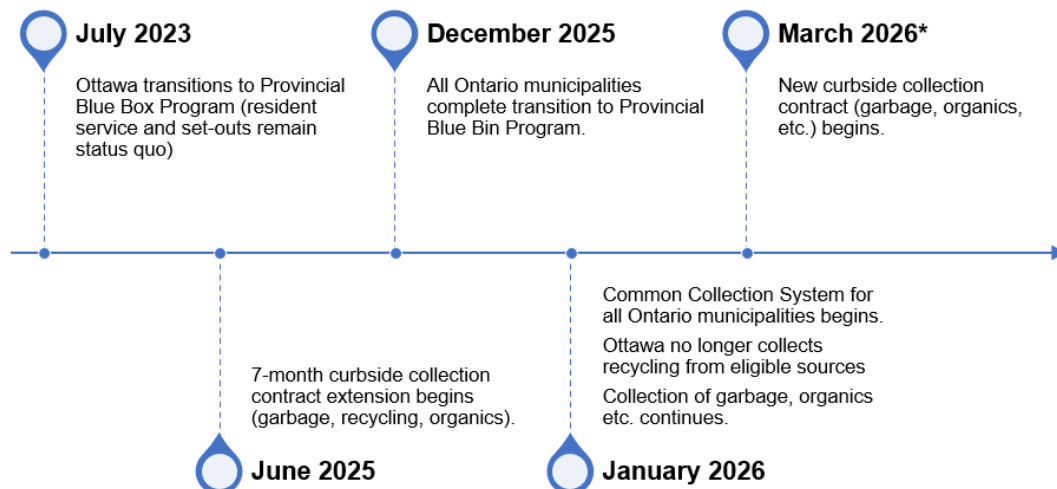
For the City of Ottawa to continue providing recycling collection services under contract with Circular Materials until the end of 2025, the collection contracts with current curbside service providers were extended to December 31, 2025. The residential curbside collection contract was set to expire on June 8, 2025, during the transition

period, with no available contract extensions. Through use of delegated authority, the collection contracts were extended.

Solid Waste Services is now seeking the delegated authority to further extend the curbside collection contracts for organics and waste collection only, for an additional three months (January to March 2026), to minimize operational risks following the transition period. Solid Waste Services worked with Procurement Services to initiate discussions with current curbside service providers to confirm their interest in the additional three-month contract and obtained pricing for the extension of collection services that no longer included recycling materials in order to align with the implementation of the common collection system.

Following Council's receipt and approval of this report, Solid Waste Services would execute a three-month contract extension for the collection of waste and organics through to March 29, 2026 and make amendments to the Solid Waste By-Law, where necessary for the transition period. Solid Waste Services will then report on the how the transition to the Provincial Blue Box Program is progressing and provide an update on the common collection system being planned post-transition, once further details are made available by producers through Circular Materials.

The timeline below provides an overview of key dates currently known by staff relating to the City's collection contracts and transition plan to the Provincial Blue Box Program:



*subject to Council-approval

Financial Implications

Finance Services worked closely with Solid Waste Services in determining the financial implications of the City continuing to collect blue and black bin materials on behalf of producers during the transition period. A financial model was built to analyze the monetary terms of the contracts negotiated with Circular Materials and calculated the compensation Circular Materials would pay to the City to collect materials and continued public education on their behalf. The agreed upon contract with Circular Materials will see the City compensated for almost of all its collection costs (in the order of 97 per cent to 98 per cent) with a potential shortfall in the last year of the transition period. However, the contract includes provisions for adjustments in growth and inflation that could help to offset this potential shortfall. Staff will be monitoring this contract closely and will be keeping Council informed through the annual budget process.

The total cost to extend the curbside collection contract with the City's existing service providers to cover the transition period, was below the threshold provided to Council in the confidential memo accompanying the July 2022 report. The extension contract value is \$38.04 million for the collection of garbage, recycling and organics for the period of July – December 2025. This will increase the total monthly amount paid by each household receiving curbside waste collection by 9.7 per cent or \$1.22 per month, starting in 2025. Given inflationary pressures, this amount is consistent with the latest two-year contract extension approved by Council in 2021, and on the lower end of collection contract cost increases seen by other Ontario municipalities in recent years.

In addition to the extension above, and as a risk mitigation strategy, pricing was requested from the curbside collection service providers for an additional three-month contract that no longer included recycling materials from January 1, 2026 to March 29, 2026, to align with the implementation of the common collection system. The pricing provided for this three-month contract extension amounted to \$16.5 million which was assessed to be reasonable and fair in current market conditions. The total monthly financial impact of the three-month curbside collection contracts for organics and waste with existing service providers would increase the solid waste user fee paid by households receiving curbside collection by approximately \$0.73 or 5.8 per cent starting in 2026.

RÉSUMÉ

Quatre programmes de réacheminement des déchets en Ontario : pneus usagés, piles et batteries, équipements électriques et électroniques, déchets dangereux et spéciaux - sont passés à un régime de responsabilité des producteurs aux termes de la loi provinciale. Le cinquième programme qui passe au régime de responsabilité des

producteurs à compter de cette année est celui de la gestion des déchets des bacs bleus et des bacs noirs. En vertu de cette transition du Programme provincial de boîtes bleues, toutes les municipalités de l'Ontario passeront à un système commun de collecte de matériaux recyclables (plastique, papier, verre, aluminium, acier et autres) et les producteurs en auront l'entière responsabilité tout en respectant des exigences réglementaires. Les matières qui sont traitées dans le cadre du programme des bacs bleus et des bacs noirs d'Ottawa relèveront dorénavant du Programme provincial des boîtes bleues.

Le présent rapport a pour objet de faire le point sur la transition du Programme provincial de boîtes bleues au régime de responsabilité individuelle des producteurs (RIP). Il s'agit d'un suivi du rapport législatif du 6 juillet 2022 approuvé par le Conseil ([ACS2022-PWD-SWS-0002](#)). Il contient les résultats des négociations menées pour le compte du Conseil afin de faciliter la période de transition ainsi que d'autres répercussions pour la Ville et les prochaines étapes. On y demande également l'approbation de deux pouvoirs délégués distincts. Le premier a trait à des modifications consécutives au Règlement n° 2012-370 sur la gestion des déchets solides qui pourraient s'avérer requises pour en assurer l'harmonisation durant la période de transition. Le deuxième demande l'autorisation de négocier une prolongation additionnelle de contrat de trois mois (de janvier à mars 2026) avec les fournisseurs actuels pour faire la collecte uniquement des matières organiques et des ordures, et ce, afin de réduire l'impact sur les opérations et le service après la période de transition.

La Ville d'Ottawa se prépare à la transition du Programme provincial de boîtes bleues au régime de responsabilité individuelle des producteurs (RIP) depuis son lancement par la Province. Cette transition, qui comprend les programmes de recyclage des bacs bleus et des bacs noirs pour Ottawa, constitue un changement considérable des programmes de recyclage en Ontario. Le concept de la RIP a pour but de rendre les producteurs de produits et d'emballages responsables de leurs produits d'un point de vue environnemental et financier, ainsi qu'au chapitre de la récupération des ressources et de la réduction des déchets associés à leurs produits et emballages après que les clients ont fini de s'en servir. Cette transition fait partie d'une transformation globale vers une économie circulaire en vertu de laquelle des matériaux rejetés dans le passé continueront d'être utilisés ou seront recyclés en de nouveaux produits et remis sur le marché.

En 2021, le ministère de l'Environnement, de la Protection de la nature et des Parcs (MEPNP) a publié le [Règlement de l'Ontario 391/21](#) - Règlement de 2021 sur les boîtes bleues - pour la transition au régime de responsabilité individuelle des producteurs. Le

règlement définitif présentait les dates auxquelles une liste de municipalités ferait la transition. Dans le cas d'Ottawa, la date était le 1^{er} juillet 2023. Au 31 décembre 2025, toutes les municipalités ontariennes auront fait la transition au régime de RIP. Pendant la « période transitoire », les producteurs ou les organismes de responsabilité des producteurs (ORP) doivent appliquer les normes en vigueur pour la collecte du recyclage déjà établies dans les municipalités ontariennes. Les ORP, liés par un contrat aux producteurs de produits et d'emballages, représentent ces derniers pour assurer qu'ils respectent leurs obligations réglementaires aux termes du Règlement provincial sur les boîtes bleues.

En 2022, Circular Materials Ontario (Circular Materials) a été confirmé à titre d'organisme de responsabilité des producteurs (ORP) principal et d'administrateur du système commun de collecte responsable de son fonctionnement en Ontario. De mai 2022 à avril 2023, Circular Materials a publié plusieurs versions d'un Accord principal de services (APS) et des énoncés de travaux connexes. On y décrivait la façon dont l'organisme travaillerait avec les municipalités pour faire la collecte de matières recyclables issues de sources admissibles, comme il est défini dans le Règlement sur les boîtes bleues, et pour faire la promotion du programme et la sensibilisation des résidents.

Suivant l'approbation par le Conseil du rapport du 6 juillet 2022 ([ACS2022-PWD-SWS-0002](#)) lequel déléguait au personnel le pouvoir de négocier une entente avec les producteurs et les ORP afin que la Ville puisse continuer de faire la collecte durant la période transitoire si les conditions convenaient à la Ville, le personnel a lancé les négociations avec Circular Materials pour faire la collecte en son nom. Après des mois de discussion, toutes les conditions décrites dans le présent rapport ont été remplies à la satisfaction de la Ville.

Selon les conditions négociées avec Circular Materials, la Ville continuera d'offrir à ses résidents les mêmes services de collecte et services à la clientèle (c.-à-d. livraison de bacs et réponse aux demandes des clients) pendant la période transitoire (du 1^{er} juillet 2023 au 31 décembre 2025). Même si l'on s'attend à peu de répercussions pour les résidents au cours de la période de transition du Programme provincial des boîtes bleues, il sera peut-être nécessaire de modifier quelque peu le règlement municipal afin de l'harmoniser aux changements dans les matériaux ramassés dans le cadre du programme actuel de la Ville. Le présent rapport vise à obtenir pour le compte du directeur général des Travaux publics une délégation de pouvoirs l'autorisant à modifier au besoin le Règlement sur les déchets solides pendant la période transitoire, incluant

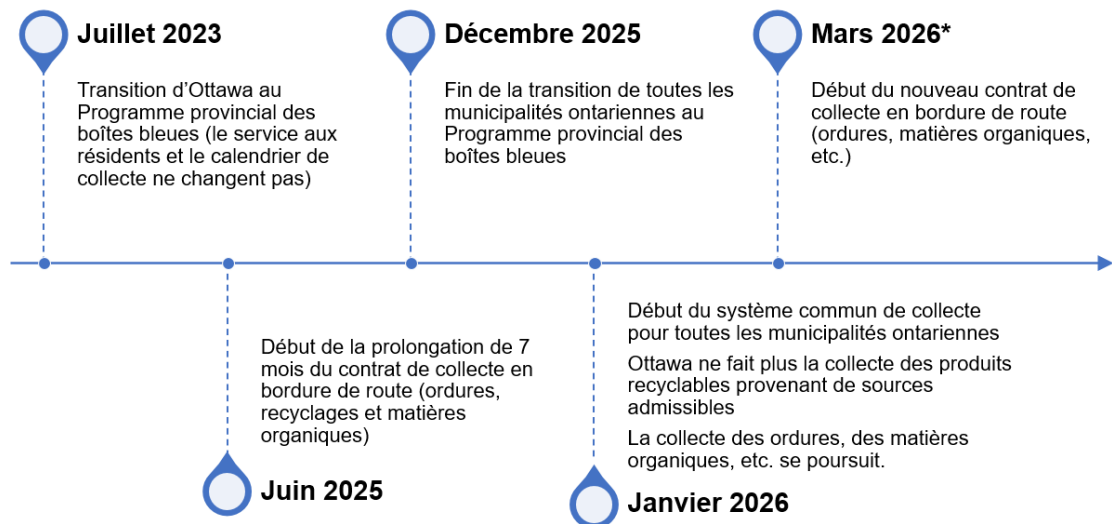
sans s'y limiter l'autorisant à éliminer les frais perçus à la décharge du chemin Trail pour la collecte de matières recyclables.

Afin que la Ville d'Ottawa puisse continuer de fournir le service de collecte de recyclage jusqu'à la fin de 2025 dans le cadre du contrat conclu avec Circular Materials, les contrats avec ses fournisseurs actuels de services de collecte de déchets ont dû être prolongés jusqu'au 31 décembre 2025. Si les contrats de collecte des déchets en bordure de route n'avaient pas été prolongés, ils seraient arrivés à terme le 8 juin 2025, à savoir durant la période transitoire. L'utilisation de la délégation de pouvoirs a permis de prolonger les contrats de collecte.

À présent, les Services des déchets solides demandent une autre délégation de pouvoirs dans le but de prolonger les contrats de collecte en bordure de route des matières organiques et des déchets uniquement, et ce, pour trois mois (de janvier à mars 2026) afin de réduire les risques pour les opérations suivant la période de transition. Les Services des déchets solides ont travaillé de concert avec les Services des approvisionnements pour lancer la discussion avec les actuels fournisseurs de services de collecte de déchets afin de confirmer leur intérêt à prolonger de trois mois leur contrat. Nous avons obtenu un prix pour cette prolongation de services, qui ne comprennent plus la collecte de matériaux recyclables, afin de nous harmoniser à la mise en œuvre du système commun de collecte.

Lorsque le Conseil aura pris connaissance du présent rapport et s'il l'approuve, les Services des déchets solides prolongeront de trois mois, soit jusqu'au 29 mars 2026, le contrat pour la collecte de déchets et de matières organiques, et nous apporterons, le cas échéant, les modifications requises au Règlement sur les déchets solides pour la période transitoire. Nous rendrons alors compte des progrès de la transition de la Ville au Programme provincial de boîtes bleues et nous ferons le point sur le système commun de collecte, dont la mise en œuvre est prévue après la transition, une fois que nous aurons obtenu d'autres précisions des producteurs par l'entremise de Circular Materials.

Le calendrier présenté ci-dessous donne un aperçu des dates importantes connues par le personnel pour le moment en ce qui concerne les contrats de collecte de déchets de la Ville et le plan de transition au Programme provincial de boîtes bleues :



*sous réserve de l'approbation du Conseil

Répercussions financières

La Direction générale des services des finances a travaillé de près avec les Services des déchets solides pour établir les répercussions financières pour la Ville si elle continuait de faire la collecte des bacs bleus et des bacs noirs pour le compte des producteurs durant la période transitoire. Un modèle financier a été conçu afin d'analyser les conditions monétaires des contrats négociés avec Circular Materials et de calculer la compensation financière que Circular Materials verserait à la Ville pour la collecte des matières et les services de sensibilisation continue du public en son nom. Selon le contrat conclu avec Circular Materials, la compensation versée à la Ville représenterait presque tous ses frais de collecte (de l'ordre de 97 à 98 pour cent), mais avec un manque à gagner possible au cours de la dernière année de la période de transition. Toutefois, le contrat inclut des ajustements en prévision de la croissance et de l'inflation qui pourraient aider à compenser ce manque à gagner possible. Le personnel surveillera de près ce contrat et tiendra le Conseil au courant dans le cadre du processus budgétaire annuel.

Le coût total pour prolonger le contrat de collecte en bordure de route avec les fournisseurs actuels de la Ville durant la période de transition était inférieur au seuil indiqué au Conseil dans la note de service confidentielle qui accompagnait le rapport de juillet 2022. Le contrat prolongé pour la collecte des ordures, du recyclage et des matières organiques coûte 38,04 millions de dollars pour la période de juillet à décembre 2025. Les frais imposés à chaque ménage pour la collecte des déchets en bordure de route augmenteront de 9,7 pour cent, soit de 1,22 \$ par mois, à compter de 2025. Compte tenu des pressions inflationnistes, ce montant cadre avec le coût des

récentes prolongations de contrats sur deux ans approuvées par le Conseil en 2021 et il se situe au bas des augmentations de coûts des contrats de collecte de déchets observées dans d'autres municipalités ontariennes au cours des dernières années.

Outre la prolongation mentionnée précédemment, et à titre de stratégie d'atténuation des risques, nous avons demandé à nos fournisseurs de collecte des déchets en bordure de route de nous faire un prix pour une prolongation additionnelle de contrat de trois mois (du 1^{er} janvier 2026 au 29 mars 2026), qui ne comprenait plus les matériaux recyclables, aux fins d'harmonisation avec la mise en œuvre du système commun de collecte. Le prix fourni pour cette prolongation de contrat de trois mois était de 16,5 millions de dollars, un montant jugé raisonnable et juste considérant les conditions actuelles du marché. Les répercussions financières mensuelles totales de ces contrats de trois mois pour la collecte en bordure de route des matières organiques et des ordures par nos fournisseurs actuels représenteront une hausse pour les ménages recevant déjà le service d'environ 0,73 \$ par mois, soit 5,8 pour cent à compter de 2026.

BACKGROUND

As part of the Province's Waste Free Strategy, the City of Ottawa, like all Ontario municipalities, is transitioning to the Provincial Blue Box Program Individual Producer Responsibility (IPR) model. For Ottawa, this includes both the Blue and Black Bin recycling programs. The concept of IPR intends to make producers of products and packaging environmentally accountable and financially responsible for their products, including recovering resources and reducing waste associated with their products and packaging after consumers have finished using them. This transition is part of an overall shift to move towards a circular economy, where formerly discarded materials will be reused or recycled into new products and reintegrated into the market. The transition is being driven by the 2016 enactments of the [Resource Recovery and Circular Economy Act, 2016](#) and the [Waste Diversion Transition Act, 2016](#).

Final Blue Box Regulation for the Transition to IPR

On June 3, 2021, the Ministry of the Environment, Conservation and Parks (MECP) released the final *Blue Box Regulation, 2021* ([Ontario Regulation 391/21](#)) for the transition to a common collection system based on Individual Producer Responsibility. On August 31, 2021, Council received an update ([ACS2021-PWE-SWS-0004](#)) on the regulation and its potential impacts to the City's Blue and Black Bin recycling programs. The final regulation identifies Ottawa as one of the first municipalities transitioning to

IPR on July 1, 2023, alongside London and Toronto, with approximately one third of Ontario's population transitioning each year moving forward through to the end of 2025.

During the transition period (July 1, 2023 – December 31, 2025), producers or a designated producer responsibility organization (PRO) are required to maintain existing recycling collection standards, as already established in Ontario municipalities. PROs are organizations that, under contract, represent producers of products and packaging to meet their regulatory obligations under the Provincial Blue Box regulation. PROs are required to manage recycling collection and processing on behalf of producers and report annually to the Resource Productivity and Recovery Authority (RPRA) on collection data, management of the recovered materials and promotion and education efforts. During the transition period, producers or designated PROs are also required to make "best efforts" to meet service delivery standards as set by the municipality and currently provided to Ontario residents and meet the material management targets set by the regulation beginning January 2026.

The regulation identifies eligible sources for collection that will be impacted by this transition, including all residences (curbside and multi-residential), depots, schools, not-for-profit long-term care homes and retirement homes (the City owns and operates four), and some public spaces. Certain sources of recycling materials currently serviced by Ottawa's collection system are excluded from the list of eligible sources. After the transition, the City will need to provide recycling services to City facilities, such as libraries, arenas, and administration buildings, as required under the [Ontario Regulation 103/94](#) for Industrial, Commercial and Institutional Source Separated Programs. Small businesses currently receiving collection under the City's Yellow Bag Program are also ineligible under the Provincial Blue Box Program.,

The regulation identifies designated Blue Box materials that will be permitted within the Provincial Blue Box program, including plastics, paper, cardboard, glass, aluminum, and steel. The list is extensive, including some products that are not currently included in Ottawa's recycling program such as single-use plastics and coffee cups. Other materials which are currently collected, such as books and hard cover periodicals, are excluded under the new program. Though these material changes are expected to result in minor impacts to the City's current recycling programs, the changes will be communicated to Ottawa residents.

Collection Contracts

Ottawa's current waste management system is extremely integrated and removing the recycling program from the city's collection service represents a substantial change to contracts and residents. Staff have reviewed the potential impacts on collections through the transition to IPR and discussed with other Ontario municipalities to develop mitigation strategies and inform the City's best path forward. These strategies had to consider both the curbside residential collection contract, as well as the multi-residential contract (formally referred to as the Multi Unit Residential and City Facilities Solid Waste Collection Contract). These contracts include waste, recycling and organics collection services for approximately 306,000 curbside properties, 2,150 multi-residential properties, 1,950 parks and public spaces, 300 small businesses, 240 schools (green bin program only), and 240 City facilities – some of which will not be eligible for the Provincial Blue Box Program's transition to Individual Producer Responsibility starting July 1, 2023. Council will have to decide whether to continue servicing those facilities post transition.

In response to the final regulation and to further explore the options for the City to collect on behalf of a PRO through the transition period, Council delegated authority to staff on November 24, 2021 ([ACS2021-PWE-SWS-0006](#)) to begin negotiations with PROs in preparation for the transition. This included discussions around the provision of recycling collection services on behalf of producers during the transition period (July 1, 2023 to December 31, 2025) to minimize the impacts to residents and maintain level of service where possible.

As a result of conflicts between the PROs and subsequent amendments to the regulation in April 2022, negotiations with the PROs during the transition period were delayed. This delay exposed the city to the potential risk that the negotiation timeframe with the PROs would fall within the October 2022 municipal election period, where, if enough Members of Council chose not to seek re-election, Council could have entered into a "lame duck" period as established by Section 275 of the *Municipal Act*, 2001. This would restrict Council until the end of the term from making any expenditures or incurring any other liability that exceeds \$50,000. In anticipation of this, Council approved additional delegated authority through a July 6, 2022 report ([ACS2022-PWD-SWS-0002](#)) for the following:

1. To negotiate an agreement with producers and PROs for the City to continue collection during the transition period if the terms are suitable to the City; and,

2. To negotiate any short-term collection contract extension with current service providers necessary to enable the City to provide recycling services until the end of the transition period.

The first part of the delegated authority authorized staff, where necessary, to enter into agreements to continue the collection of recyclable items through the IPR transition period of July 1, 2023 to December 31, 2025, based on guidelines outlined in the report that ensured the City's best interest.

If an agreement with the PRO was reached, the second part of the delegated authority authorized staff to enter an additional seven-month curbside collection contract extension (July 2025 to December 2025), under reasonable financial conditions, to minimize the risk of service disruptions to residents by working with well-established service providers. A confidential memo accompanied the July 6, 2022 report and outlined the expected financial impact of extending the curbside collection contracts by seven months. This memo detailed the financial implications and provided a financial envelope within which Solid Waste Services could extend the contracts using the approved delegated authority.

Concurrent to Council's receipt and approval of the July 6, 2022 legislative report, Circular Materials Ontario (Circular Materials) was identified as the lead PRO and Common Collection System Administrator to act on behalf of producers. This means that Circular Materials will oversee the administration of collection and processing of eligible materials throughout all of Ontario, promotion and education to residents on the recycling system, and achieve material management targets set out in the regulation.

Managed Competition Process

The current curbside collection contract was awarded through a Managed Competition Process. This process was established in 1998 by the former Regional Council for waste collection services to provide both accountability and transparency that could allow an in-house team to participate and submit bids for residential waste collection services for the Region. In 2005, this process was adopted by the City of Ottawa and carried through to the current collection contract, initially awarded in 2012 and extended numerous times through Council approval up to December 31, 2025. This process and the involvement of the City's In-House Collections Group requires Council approval or delegation of authority for curbside collection contract extensions, including any amendments that might typically fall under the purview of the Procurement By-law.

DISCUSSION

There are three distinct purposes of this report:

1. Update Council on the outcome of negotiations with Circular Materials Ontario and current service providers, including details about the collection of recyclable materials during the transition period for the Provincial Blue Box Program to IPR and update Council on further impacts to the City;
2. Seek delegated authority for the General Manager of Public Works to make amendments to the Solid Waste Management By-law as the transition to IPR transpires and where minor adjustments to the by-law may be required; and,
3. Seek Council approval for a three-month extension of contracted services for the curbside collection of organics and garbage only, as one of the mitigation strategies required to minimize the operational and service impacts of the transition to the January 1, 2026, common collection system launch under the Provincial Blue Box Program.

Recommendation 1: Results of Contract Negotiations Associated with the Provincial transition of the Blue Box Program to Individual Producer Responsibility and further impacts to the City

Outcomes of negotiations with Circular Materials Ontario (Circular Materials)

In 2022, Circular Materials Ontario (Circular Materials) was confirmed as the lead PRO and Common Collection System Administrator responsible for the operation of the common collection system in Ontario. This decision was based on Circular Materials meeting the requirement in the Blue Box regulation of representing the majority of producers that put materials into the Ontario market.

Between May 2022 and April 2023, Circular Materials issued several iterations of a proposed Master Services Agreement and related Statement of Work documents detailing how Circular Materials would contract the services of municipalities for both the collection of recycling materials from eligible sources, as defined in the Blue Box regulation, and for the promotion and education of the program to residents. Circular Materials was not interested in having separate agreements for each municipality, instead opting for agreements that could be broadly applied to any municipality collecting on their behalf. In addition to the Master Services Agreement, Circular Materials issued two Statements of Work for negotiation that would be applicable to the City of Ottawa:

1. Statement of Work for Eligible Community Residence and Facility and Public Space Collection – This agreement details the scope of services related to the provision of recycle bins and collection of Blue Box materials from eligible sources and describes the compensation formula based on the number of eligible collection stops for which a municipality would be paid; and
2. Statement of Work for Eligible Community Promotion and Education – This agreement details the scope of services related to the City collaborating with Circular Materials to develop and distribute promotion and education materials to eligible sources and describes the compensation formula based on the number of eligible stops that the education would inform.

To assess risk and identify any gaps between the service the City currently provides and what is required as part of the Circular Materials agreements, the terms outlined in the agreements were reviewed and compared to existing contracts and operational processes. Each clause was assessed for vulnerabilities to the City through a detailed risk assessment, developed in consultation with Solid Waste Services Operations, Finance, Procurement and Legal Services. Following months of negotiations with Circular Materials, all of the conditions of the Council-approved delegated authority were met.

The negotiated terms with Circular Materials will allow for the City to provide status quo collection and customer service (i.e., recycle bin delivery and customer inquiries through 3-1-1) for residents during the transition period (July 1, 2023 to December 31, 2025) and details the compensation for providing those services. In other words, the City will be contracted by Circular Materials to collect blue and black bin materials, continue with existing promotion and education efforts on their behalf and receive compensation for that work. The City, in turn, will continue to contract the collection services to the current waste collection providers under existing or extended contracts. Integrated waste collection will be unaffected, with residents continuing to use existing bins and following the current collection schedule. This also ensures no operational impacts on collection providers and no service or set-out changes for residents.

The agreements with Circular Materials will also allow for continued service to the non-eligible sources currently collected along residential routes, including small businesses registered under the City's Yellow Bag Program and City facilities. As noted earlier in this report, under the Blue Box regulation, producers do not have any obligations for the management of recyclables generated from these non-eligible sources, nor from public spaces collected separately from residential routes. Public spaces, defined in the

regulation as parks, transit stops and stations, will not be included in the services rendered under the contract with Circular Materials during the transition period. The city will continue to collect from public spaces under current programs. Public space containers for eligible materials and locations will fall under producer-responsibility beginning January 1, 2026. Post transition details on public space recycling locations and collection services have not yet been communicated by Circular Materials but it is expected that they will want to engage with municipalities to understand best practices and capture rates currently in place.

The terms of the contract require the City to review and approve monthly collection summary reports prepared by Circular Materials. These monthly reports are directly tied to the City's compensation and capture important collection details such as the date, type and weight of materials collected, along with route and truck details. Additional reporting requirements under these agreements include an annual report outlining the number of kilometres and fuel consumed by the collection vehicles which are necessary for Circular Materials' calculation of greenhouse gas emissions resulting from the collection of Blue Box materials as stipulated in the regulation. As required under the Statement of Work for public education and promotion, the city will continue to be primarily responsible for the promotion and education activities related to recycling services during the transition period and be required to incorporate Circular Materials promotion and education materials into the City's existing materials.

The contracts for the Master Service Agreement and two related Statements of Work were executed under the delegated authority approved by Council on July 6, 2022 ([ACS2022-PWD-SWS-0002](#)), on April 25, 2023. The executed Master Service Agreement and Statements of Work finalize the commercial agreements between the City of Ottawa and Circular Materials for both the collection of Blue Box materials and provision of promotion and education outreach from July 1, 2023 until December 31, 2025.

A model was prepared by Finance Services to calculate the expected compensation proposed by Circular Materials for the City of Ottawa to continue collecting recycling during the transition period in comparison to the known costs of the collection contracts for the same period. A number of scenarios adjusting for growth and inflation, which directly impact compensation over the term of the contract, were analyzed.

The agreed upon contract will see the City compensated for almost all of its collection costs (in the order of 97 per cent to 98 per cent) with a potential shortfall in the last year of the transition period. The contract does however include provisions for adjustments in

growth and inflation that could help to offset this potential shortfall; specifically, the City expects that growth over the next 2.5 years will increase compensation for the City. Potential savings incurred from the Provincial Blue Box Program transition to IPR offsets the loss of revenue generated from the selling of processed materials under the current Stewardship Ontario funding model. Any savings resulting from this program will be redirected to waste diversion initiatives, including the actions being developed and recommended to Council in the City's upcoming Solid Waste Master Plan (SWMP).

Extension of Curbside Collection Contracts under Delegated Authority

For the City of Ottawa to continue providing recycling collection services under contract with Circular Materials until the end of 2025, the collection contracts with current curbside service providers had to be extended until at least December 31, 2025.

The residential curbside collection contract was set to expire on June 8, 2025, during the transition period, with no available contract extensions. The current curbside service providers confirmed, in collaboration with Fleet Services, that the vehicles acquired for the existing curbside collection would be able to accommodate the short-term extension. This allowed the City to proceed with negotiations with Circular Materials for the collection of recycling until the end of the transition period and seek extension pricing from our current vendors.

In the confidential memo to Members of Council, issued as a separate attachment to the 2022 report ([ACS2022-PWD-SWS-0002](#)), it was noted that a price increase of up to 40 per cent could be expected to extend the curbside collection contracts with the current service providers for a seven-month short term contract and outlined the expected range for the contract extension values. The expected cost range provided to Council established a maximum threshold for the delegated authority to negotiate contracts with collection service providers. As expected, there was an increase in contract costs from service providers due to inflationary pressures on the costs for fuel, vehicles, vehicle maintenance, scarcity of labour and other factors. This is consistent with the latest two-year contract extension approved by Council in 2021 ([ACS2021-PWE-SWS-0002](#)). Information from the Association of Municipalities Ontario (AMO) indicated other municipalities had seen significant cost increases in recent contracts for recycling, ranging from 15 to 80 per cent.

The total cost to extend the curbside collection contract with the City's existing curbside service providers was below the 40 per cent threshold provided to Council in the confidential memo mentioned above. As part of the delegated authority obtained from

Council to negotiate agreements needed for the transition of the Blue Box Program to IPR, and in collaboration with Procurement Services, contract extensions with current curbside service providers for June 9, 2025 to December 31, 2025 based on the terms and conditions set out in the existing curbside contracts were executed. The extension contract value is \$38.04 million for the collection of garbage, recycling and organics. This will increase the solid waste user fee for each household receiving curbside waste collection by 9.7 per cent or \$1.22 per month, starting in 2025.

To minimize operational risks to the City, it is recommended to further extend the curbside collection contract by an additional three months from January 1, 2026 to March 29, 2026, for organics and waste collection only, as discussed in Recommendation 3.

In addition to the extension of the curbside contracts, the multi-residential collection contract is set to expire on June 1, 2025, with two possible one-year extensions. The City is continuing to explore the best options to ensure continued service for its multi-residential residents; through an extension to the current contract or the procurement of a new contract starting on June 2, 2025.

Regulatory Impacts of Blue Box IPR – Registration as a producer

In addition to producers becoming responsible for managing the recycling program in Ottawa for eligible sources under the Blue Box regulation, the definition of a producer may also apply to Ontario municipalities such as the City of Ottawa. As noted in the report to Council on July 6, 2022 ([ACS2022-PWD-SWS-0002](#)), discussions between RPRA and the Association of Municipalities Ontario's Municipal Resource Recovery and Research Collaborative (M3RC) for the applicability of producer requirements to municipalities were ongoing at that time. It has now been confirmed that producer requirements stipulated under *Blue Box Regulation, 2021*, are also applicable to municipalities and other not-for-profit organizations that generate over \$2 million gross annual revenue from products and services and supply over 9,000 kilograms of paper products per year to residents. Based on an internal review, the City of Ottawa exceeds the threshold for revenue and paper products supplied to residents. Starting July 1, 2023, the City will be responsible for the management of its paper products supplied to residents, as outlined in the regulation.

Producers of any eligible material must:

- Provide receptacles and collect Blue Box materials from residents;
- Register and annually report as a producer; and

- Implement a promotion and education program aimed at informing residents of the collection system details.

The City of Ottawa has registered with RPRA as a producer of paper products and has completed the reporting process for the supply of paper products to its residents in 2020 and 2021 and will be reporting 2022 data by May 31, 2023. The City has also paid the mandatory annual administration fees to RPRA totalling \$1,536.68. Implications of contracting the services of a PRO will be evaluated to determine how best to meet the legislative requirements as a producer. Should the City of Ottawa decide to sign on with a PRO to meet its producer requirements, as stipulated under the Blue Box regulation, a fee will be charged to the City for this service. Further work is underway to determine what this cost will be to the City on an ongoing annual basis. The pros and cons of enlisting the services of a PRO to manage the City's requirements as a producer will be reviewed with both Legal and Finance Services and discussed with other Ontario municipalities to determine how best to proceed.

Recommendation 2: Amendment(s) to the Solid Waste Management By-law No. 2012-370 arising from the implementation of Individual Producer Responsibility

In addition to future possible impacts to residents in 2026 as a result of the implementation of the Provincial Blue Box Program, the regulation impacts the collection of recycling materials at the curb and at the Trail Road Landfill Facility.

The City of Ottawa currently operates recycling collection depots at the Trail Road Landfill Facility, with bins for glass, metal and plastic and separate bins for cardboard. These bins are used by both Ottawa residents and customers from the institutional, commercial and industrial (ICI) sector. In 2021, the City collected 286 tonnes of recycling materials, 23.5 per cent of which was from residential customers. The cost to transport this material was \$63,335 and was offset by Stewardship Ontario funding that amounted to 50 per cent of the cost of processing the residential portion or approximately \$7,000.

Given that all residential customers have access to either curbside or multi-residential recycling services and that the majority of recycling materials received at the Trail Road Landfill Facility are from the ICI sector, which is not an eligible source under the Blue Box regulation as of July 1, 2023, the Trail Road Landfill Facility will no longer accept recycling material. Messaging will be developed to encourage residents to divert these materials in their recycling bins and to inform ICI customers about the need to use alternative recycling facilities to manage these materials on their behalf. The City's

website will be updated with this information and messaging will be communicated with customers at the Trail Road Landfill Facility ahead of the change.

As the City enters the transition period, and through discussions with our municipal working groups, it is expected that minor changes may be required to the Solid Waste Management By-law ([By-law No. 2012-370](#)). Staff is seeking delegated authority to make adjustments to the By-law, as needed, to ensure that the transition flows seamlessly, and report those changes to Council through the standard delegated authority reporting. An example of a By-law change that would be made is removing the pricing for recyclable materials that will not longer be accepted at the Trail Road Landfill Facility. This delegation of authority would only be exercised to ensure the by-law is consistent with the provincial regulation and the implementation of IPR throughout the transition period.

Recommendation 3: Curbside Collection Contract Extension Beyond 2025

As mentioned previously, the common collection system for the entire province starts on January 1, 2026 and details on impacts to residents of this new system are not yet known. The start date of January 1, 2026 was flagged as a risk from internal Solid Waste Services staff and external contractors for numerous reasons. In addition to being a statutory holiday, it is also the middle of a peak period for waste collection and surrounded by increased vacation time due to the holiday season. Additionally, Ottawa's winter weather always provides an element of uncertainty in January. All of these factors also impact the start a brand-new collection contract.

Work is almost complete on the next curbside collection contract procurement strategy that will be brought forward for Council approval in June 2023. The implementation planning process for the new collection contract will be detailed and time-consuming. Managing the contract change (i.e. potentially switching from the current vendors to new vendors or change of collection dates for residents) involves multiple departments, focused effort and dedicated resources. Additionally, the distribution of new collection calendar requires coordinated efforts with Canada Post for mail-out notifications. This, in combination with further changes associated with the launch of the common collection system by producers, could pose challenges to the city.

The City's Solid Waste collection contract management team as well as curbside collection contractors identified a potential risk with the new collection start date after reviewing the timelines of a new collection start date and the associated risks with the standardized Blue Box common collection system, as outlined above. The contract

change date of January 1, 2026 poses significant operational changes with a very high potential of service impacts to Ottawa residents.

To minimize operational impacts to curbside collection, this report also seeks additional delegated authority for Solid Waste Services staff to finalize and execute a three-month extension for the curbside collection contract for organics and garbage only. Council previously delegated authority ([ACS2022-PWD-SWS-0002](#)) to extend the curbside collection contracts up to the end of the transition period (December 31, 2025).

Solid Waste Services worked with Procurement Services to initiate discussions with current service providers to confirm their interest in the additional three-month contracts and obtained pricing for the extension of collection services that no longer included recycling materials from January 1, 2026 to March 29, 2026, to alleviate operational impacts associated with the implementation of the common collection system. The pricing provided for this three-month contract extension amounted to \$16.5 million and was reviewed by Finance Services to determine its impact to the average homeowner. The total monthly financial impact of issuing the three-month curbside collection contracts for organics and waste with existing service providers would increase the solid waste user fee paid by households receiving curbside collection by approximately \$0.73 or 5.8 per cent.

If approved by Council, the General Manager of Public Works will work with Procurement Services to finalize and execute the three-month contract extension for the curbside collection of organics and garbage from January – March 2026.

Next Steps

The province's transition of the Blue Box Program to a producer responsibility model will transform recycling for Ontario residents starting on January 1, 2026. In order to organize producers to continue collection services for Blue Box materials beyond 2025 through a standardized common collection program, Circular Materials released a Request for Proposal (RFP) on August 5, 2022, for collection service providers to bid on both:

1. The transition period for locations where municipalities opted to not collect on behalf of PROs; and
2. Beyond 2026 to administer the common collection system for Blue Box materials.

The RFP posted by Circular Materials required service providers to bid on entire catchment areas. The City of Ottawa is included in the catchment area spanning from

Prescott-Russell to Lanark. Staff considered the possibility of continuing to collect recycling on behalf of PROs beyond the transition period, beginning on January 1, 2026, to maintain service delivery to residents, if terms and conditions in the contract were reasonable and acceptable to the City. However, in order to consider bidding to continue collecting recycling materials along with other waste streams beyond 2026, the City of Ottawa would likely have to administer collection outside of the City's municipal boundaries or become a subcontractor to another service provider for collection, which is not feasible for the City in terms of risk or mandate. Based on this and the limited details shared by Circular Materials about the common collection system, the city did not respond to the RFP for collectors as the bid would have been incomplete and rejected. Staff will continue to engage with Circular Materials and municipal working groups as more details emerge on the post-transition common collection system to minimize, wherever possible, impacts to residents.

Further, Council will need to consider how to manage non-eligible sources post-transition. Options will be reviewed to determine how best to provide recycling services to City facilities, as required under [Ontario Regulation 103/94](#) and if service to small businesses under the Yellow Bag Program will continue. A recommendation will be brought for Council consideration in early 2025, once the details of the standardized common collection system for post-transition have been communicated by Circular Materials.

In the meantime, operational and business processes will be developed and implemented to ensure contract compliance as an administrator for the collection of Blue Box materials from eligible sources in Ottawa for Circular Materials, starting on July 1, 2023. Collaboration with other Ontario municipalities and advocacy through the AMO with RPRA and the MECP will continue up to the City's transition date and beyond to identify any concerns and resolve any issues experienced during transition.

Solid Waste Services will report back to Committee and Council to provide an update on the City's transition to the Provincial Blue Box Program and to provide an outlook on the standardized common collection system being planned post-transition, once further details are made available by producers through Circular Materials Ontario.

Further, staff have been working on a service level review to inform the procurement of the next long-term curbside collection contract, which will cover garbage, organics and special considerations starting in 2026. Recommendations for this contract will be brought forward to Committee and Council in September 2023.

FINANCIAL IMPLICATIONS

The financial implications have been identified and explained in the body of the report and are summarized in Table 1. Required changes will be submitted as part of the annual budget process in 2025 and 2026.

Table 1: Cost Increases Curbside Collection Contract Extensions (Single-Family Households)

	Extension for 2025	Extension for 2026
Monthly Impact of Curbside Collection Contracts	June 9 - Dec. 31 2025	Jan. 1 – March 29 2026
Rate Increase	\$0.64	\$0.63
per cent Increase based on 2021 rates	7.3 per cent	7.1 per cent
Tax Increase to Average Homeowner	\$0.58	\$0.10
per cent Increase of Total Average Tax Levy	0.4 per cent	0.1 per cent
Total Monthly Impact to Average Homeowner on Curbside Collection	\$1.22	\$0.73
per cent Increase of Monthly Impact over 2021 Monthly Cost	9.7 per cent	5.8 per cent
Total value of contracts (excluding Special Services and Collection Projects)	\$ 38,013,831	\$ 16,453,261

LEGAL IMPLICATIONS

There are no legal impediments associated with the implementation of the recommendations of this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide report

ACCESSIBILITY IMPACTS

Staff will ensure all applicable accessibility standards are adhered to during the execution of the initiatives and activities identified in this report. Any recommendations regarding the extension of contracts and the transition of the Provincial Blue Box Program to Individual Producer Responsibility, once approved, would be implemented according to the Integrated Accessibility Standards Regulation (IASR) of the Accessibility for Ontarians with Disabilities Act, 2005, (AODA) in addition to the City's Accessibility Design Standards (ADS), where applicable.

TERM OF COUNCIL PRIORITIES

This report aligns with the 2019-2022 Term of Council priority: Environmental Stewardship, and the outcome: The City is a leader in energy management and in conserving, recycling and reusing resources.

DISPOSITION

Upon Council's receipt and approval of this report, staff will move forward with finalizing the three-month curbside collection contract for garbage and organics. Furthermore, staff will work with colleagues within the City of Ottawa and counterparts from across the province to prepare for the transition of the Provincial transition of the Blue Box Program to Individual Producer Responsibility.