

## Blue Box Transition - Collection Options

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## Report Summary

This report provides information regarding the legislated change to a full producer responsibility model for the Blue Box program and provides a recommendation regarding the collection of Blue Box materials during the nine (9) month transition period to full producer responsibility.

## Resolution

THAT the City of Greater Sudbury authorizes the General Manager of Growth and Infrastructure to enter into agreements with Circular Materials Ontario to provide continued collection, and promotion, and education of Blue Box materials during the transition period of April 1, 2025, to December 31, 2025, as outlined in the report entitled “Blue Box Transition – Collection Options” from the General Manager of Growth and Infrastructure presented at the City Council meeting on May 14, 2024.

AND THAT any surplus in 2025 related to Blue Box collection be contributed to Tax Rate Stabilization Uncommitted.

## Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to Asset Management and Service excellence as well as Climate Change as outlined in the 2019-2027 Strategic Plan and to the Community Energy and Emissions Plan goal to achieve 90% solid waste diversion by 2050. City Council continues to recognize the important role of waste diversion on the longevity of landfill assets and, convenient customer service delivered in an environmentally sustainable manner balanced with economic feasibility.

## Financial Implications

If approved, any one-time savings in 2025 resulting from opting-in to provide Blue Box collection services during the transition period will be contributed to the tax Rate Stabilization Reserve – Uncommitted.

## Background

On June 3, 2021, the Ontario Minister of Environment, Conservation and Parks approved Ontario Regulation 391/21 Blue Box under the Resource Recovery and Circular Economy Act, 2016. The regulation shifts the operational and financial responsibility for the Blue Box programs from municipalities to the producers of materials designated to the Blue Box program.

The regulation is being implemented in two phases:

- 1) Transition (July 1, 2023, to December 31, 2025) – this phase enables the producers to transition eligible communities and First Nations over a period of two and a half years.
- 2) Post-transition (starting January 1, 2026) – the full producer responsibility common collection system comes into effect including regulatory targets and provincial standardization of Blue Box materials.

This report focuses on the phase one - “Transition”.

Circular Materials Ontario (CMO) is the organization administering the new Blue Box collection system for eligible sources as defined in the regulation (refer to Appendix A). All Ontario communities must engage with CMO to establish their new Blue Box system which starts on their designated transition date.

The City of Greater Sudbury transitions on April 1, 2025. Blue Box and green cart materials are currently co-collected and therefore, there is a potential impact to green cart collection services. The City must decide the best path to deliver these services with the least impact to existing service levels and the most advantageous financial outcomes.

The transition period is intended to be smooth without noticeable changes for residents. CMO’s intent during the transition period is to make best efforts to deliver the same Blue Box services as are already provided by the municipality prior to transition (refer to Appendix B). Since the City of Greater Sudbury offers roadside and depot Blue Box collection services, CMO has provided the City with an opportunity to:

- 1) Opt-in and receive financial compensation to operate the Blue Box program as a contractor for CMO during the transition period; or
- 2) Opt-out and hand-over full operational and financial responsibility for the Blue Box program to CMO.

## Analysis

The outcome of the analysis of information available at this time indicates that opting-in would be the preferred path based on the following key points:

- Opting-out has a higher probability of requiring the unbundling of the Blue Box and green cart collection service which has the potential to significantly increase green cart collection costs. Furthermore, the unbundling of co-collection would likely double the number of trucks required to provide collection of green cart and Blue Box materials resulting in increased emissions to provide existing services.
- The consequences of opting-out could mean that the cost to provide the roadside non-residential Blue Box program (Yellow Box) would increase by nearly 300%, and the 13 residential waste transfer depots in lieu of roadside collection would no longer include Blue Box collection services or the City would have to absorb the cost of continuing Blue Box services at these sites.
- Opting-out will result in minimal cost savings and will require several service alterations.

- Opting-in is most likely to maintain the existing Blue Box and green cart service levels throughout the transition period.
- Subject to confidential negotiation processes, it is anticipated that opting-in will provide the highest return for a one-time cost savings in 2025 since the costs associated with collection, administration and, promotion and education for eligible sources are expected to be recovered from producers. Actuals savings will be calculated once negotiations are completed and will be reported back to Committee in a future report.

## **Next Steps**

### Transition

At the direction of Council, Staff will negotiate and execute agreements to continue providing Blue Box collection and, promotion and education services during the transition period of April 1, 2025, to December 31, 2025. Should negotiations be unsuccessful, Staff would return to Council to provide any anticipated service level and financial impacts.

### Post-Transition

The establishment of the provincial common collection system on January 1, 2026, may lead to changes to the Blue Box program including changes to collection frequency, type of container (e.g., boxes, bags, carts), or collection in two streams (i.e. collection of paper materials in one box and container products in another box). Based on the producers' service requirements in the new legislation, there will be changes to Blue Box services currently provided by the City (refer to Appendix B) and the cost to deliver those services and potentially the cost to deliver green cart services. Staff are awaiting information regarding the post-transition collection system and will provide an update to service levels and financial impacts once CMO makes more information available.

## **Conclusion**

The best option is for the City to maintain existing Blue Box and green cart services and manage the cost of green cart collection is to opt-in to continue to provide Blue Box collection services on behalf of CMO during the transition period.

Continuing Blue Box collection services during the transition period will ensure that Blue Box and green cart co-collection services remain mostly unaffected until December 31, 2025. Maintaining existing service levels provides more time for post-transition changes to be communicated to residents and affords residents and businesses additional time to prepare for changes. Furthermore, the City and community will benefit from a one-time savings in the 2025 budget.

## **Resources Cited**

Ontario Regulation 391/21 Blue Box - Accessed online: <https://www.ontario.ca/laws/regulation/r21391>

Resource Recovery and Circular Economy Act, 2016 - Accessed online: <https://www.ontario.ca/laws/statute/16r12>