

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 20, 2018

Item 3, Report No. 12, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on March 20, 2018.

3 WASTE LEGISLATION UPDATE ON AMENDED BLUE BOX PROGRAM PLAN

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Deputy City Manager, Public Works, dated March 7, 2018, be approved; and**
- 2) That the presentation by the Manager, Solid Waste Management, and communication C3 titled “Waste Legislation Update”, dated March 7, 2018, be received.**

Purpose

To update Council on the draft Amended Blue Box Program Plan put forward by Stewardship Ontario December 22, 2017.

Recommendations

- 1. That this report be received for information.**

Report Highlights

- Stewardship Ontario was directed by the MOECC to produce an Amended Blue Box Program Plan, requiring the private sector to provide for residential Blue Box recycling collection, processing and marketing.
- Environmental Services staff have reviewed the plan and have provided comments through the consultation process.
- Stewardship Ontario has requested an extension to their submission deadline.

Background

New provincial legislation has put forward a system of full producer responsibility, where private sector companies will be responsible for the recovery and management of their products and packaging.

An overview of the Waste Free Ontario Act was provided as Item 9, Report 3, at Committee of the Whole on February 2, 2016. Based on this report, Council recommended that staff continue to collaborate with York Region and the Association of Municipalities of Ontario (AMO) throughout the legislative process. Since that time, the

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Waste Free Ontario Act has been enacted, replacing the Waste Diversion Act (2002). The new Act is comprised of two schedules, 1) the Waste Diversion Transition Act (WDTA) and 2) the Resource Recovery and Circular Economy Act (RRCEA). The legislation passed on June 1, 2016.

The Waste Diversion Transition Act (WDTA) provides an interim step to wind-up and transition existing diversion programs (Blue Box, Waste Electronic and Electrical Equipment (WEEE), Municipal Hazardous or Special Waste (MHSW), and Used Tires), with the goal of minimizing disruptions to recycling services.

The Resource Recovery and Circular Economy Act (RRCEA) ultimately creates a system of full producer responsibility where private sector companies are responsible for the recovery and management of their products and packaging. Through the new authority created under the WDTA, the Resource Productivity and Recovery Authority (RPRA) holds delegated authority for oversight, compliance and enforcement in support of the new Extended Producer Responsibility (EPR) regime. They oversee the various Industry Funding Organizations (IFO), made up of the private sector companies, brand holders, and other related commercial parties. Stewardship Ontario, as the IFO for paper products and packaging, continues to collect fees from private sector actors, and provide municipal grants which account for approximately 50 percent of net Blue Box program costs submitted annually by municipalities.

Previous Reports/Authority

[Waste Legislation and Waste Division Program Update - October 10, 2017](#)

[Waste Free Ontario Legislation Review - Comments from City of Vaughan – February 16, 2016](#)

Analysis and Options

The Minister of Environment and Climate Change requested a proposal be put forward for early transition of the Blue Box program to full producer responsibility.

The Minister of Environment and Climate Change (MOECC), directed RPRA and, Stewardship Ontario in August 2017, to produce a proposal to amend the Blue Box Program Plan (a-BBPP) in consultation with key stakeholders, that would outline the interim step to a full transition. This proposal was to be provided to the Minister by February 15, 2018.

Consultation on the proposed a-BBPP was held throughout the province between October and December 2017. Environmental Services staff attended an in-person session with Stewardship Ontario on October 12, and submitted written comments on November 24, 2017 and January 15, 2018, responding to elements of the draft

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proposal. In response to the a-BBPP, staff comments highlighted the need for fair and reasonable terms and a timely transition following the Minister's proposed timeline of 2023.

The draft proposal offered a mechanism and timeline for municipalities to transition from providing Blue Box recycling collection, processing and marketing of designated paper and packaging materials, to allow Stewardship Ontario to take over this responsibility.

The a-BBPP outlined three options for municipalities to transition. These options are not finalized and still subject to discussion.

1. Municipalities could amend/tender their collection contract using Stewardship Ontario terms and conditions and act as a contract manager. In this case, producers would fund up to 100 per cent of the costs using benchmarked fees. These costs could include the contract cost, a contract admin fee and the cost of outreach and education. The municipality would be required to meet standards set out in the contract terms and conditions, such as contamination rate (non-recyclables in the Blue Box).
2. The second option was to give Stewardship Ontario the sole responsibility to deliver the Blue Box program. In this case, the municipality no longer pays for this service, and would amend existing contracts that provide for Blue Box collection.
3. The third option was to continue to provide Blue Box services as we do today, and receive 50 per cent of verified Blue Box program costs from Stewardship Ontario using the current calculation.

Although the municipal sector was very responsive and involved in the consultation process, few of our recommended solutions were incorporated into the a-BBPP as drafted.

The drafted amended Blue Box Program included reduced service levels, unacceptably long timelines, and lacked detail on terms and conditions of service contracts and handling of stranded assets. Based on these and other unresolved issues, the plan did not achieve broad municipal support.

Stewardship Ontario and RPRA have requested an extension to the Minister's deadline, and stakeholders will continue to negotiate on the content and terms of the a-BBPP.

In early February, RPRA met with the Municipal 3Rs Collaborative (M3RC), which has

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representation from the Association of Municipalities of Ontario, Regional Public Works Commissioners of Ontario, Municipal Waste Association, and the City of Toronto. This group, and other affected stakeholders, reviewed concerns and opposition to elements of the draft a-BBPP proposed by Stewardship Ontario. As a result of these discussions, Stewardship Ontario and RPRA requested an extension to the Minister's deadline. During this extension, City staff will continue to work with our partners in York Region, and other stakeholder groups to advocate in the interests of our residents on this issue, and support a collaborative, timely process that recognizes municipal input. As well, staff will support a parallel process led by the M3RC which examines possible future regulation under the RRCEA.

Financial Impact

Adoption of this report will have no financial impact. As the City of Vaughan complies with the Waste Free Ontario Act, financial impacts will be brought forward for Council's consideration as part of future budget processes.

Broader Regional Impacts/Considerations

As Blue Box recycling becomes the responsibility of private sector companies, municipalities will no longer have legislated responsibilities to collect and process Blue Box materials. The City of Vaughan will continue to provide Blue Box collection service to residents through the transition period. The legislation does not impact resident services for garbage, organics, and leaf and yard waste collection, and we will maintain our existing relationship with York Region to process these materials.

Conclusion

City staff will continue to advocate in the interests of our residents during the extension to the a-BBPP consultation process, and support a collaborative, timely outcome that recognizes municipal recommendations. As well, staff will monitor and support a parallel process led by the M3RC which examines possible future regulation of the Blue Box program under the RRCEA legislation.

For more information, please contact: Jennifer Rose, Director, Environmental Services ext. 6116

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Attachments

1. Module 1 Comments submitted November 24, 2017
2. Module 2 Comments submitted November 24, 2017
3. City of Vaughan Staff Comments on Amended Blue Box Program Plan,
January 15, 2018

Prepared by

Kate Dykman, Manager, Solid Waste Management, ext. 6309

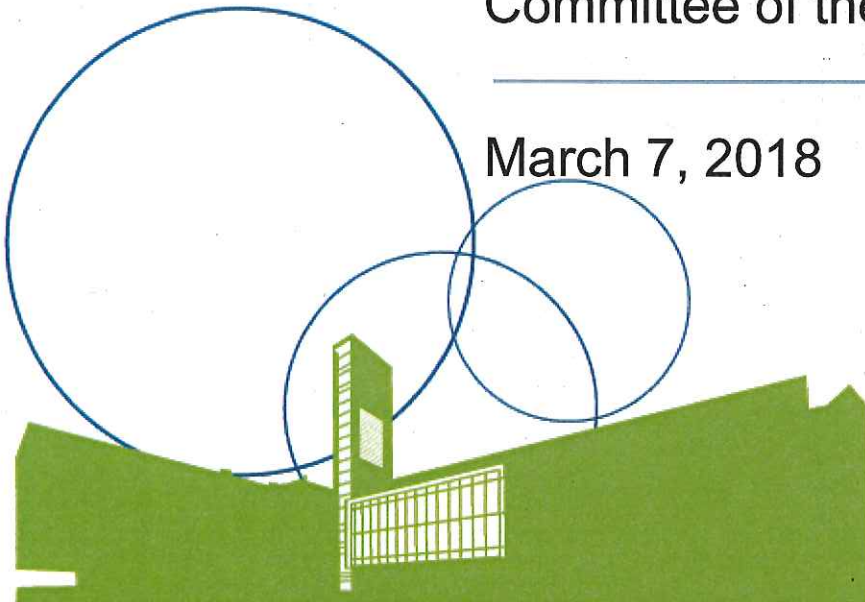
(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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COMMUNICATION	
CW	<u>(ws) Mar 7/18</u>
ITEM -	<u>3</u>

Waste Legislation Update

Committee of the Whole Working Session

March 7, 2018



Waste Legislation Update

Update on the new provincial legislation, and changes to the Blue Box Program Plan

The Province of Ontario enacted the Waste-Free Ontario Act June 1, 2016

- **Waste Diversion Transition Act**
- **Resource Recovery and Circular Economy Act**

The goal of the legislation is to divert more waste from landfills, build a circular economy for these materials, and reduce greenhouse gas emissions



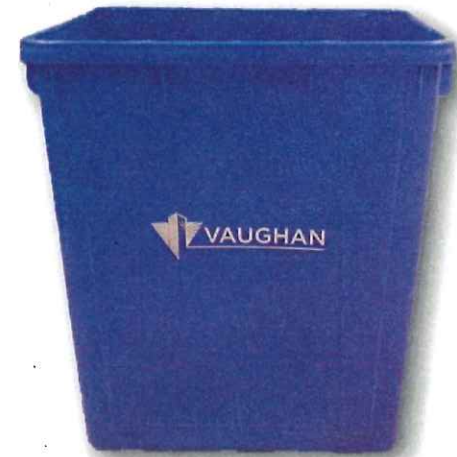
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Waste Legislation Update

Waste Diversion Programs

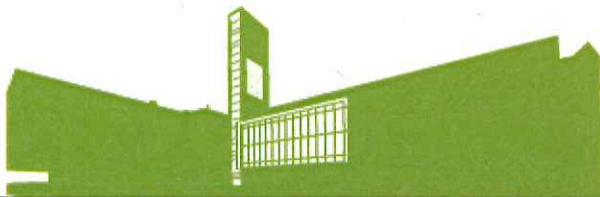
- Under the new legislation, private sector producers have responsibility for program design, and 100% of costs
- Municipalities will decide how they wish to transition these services under new program plans
- New oversight agency, Resource Productivity and Recovery Agency (RPPRA), will now enforce the Act and collect data



Consultation to Date

As per Council direction February 16, 2016, City of Vaughan staff have participated in consultation on the new legislation and regulations through the following channels:

- In-person meetings
- Board of Directors, Municipal Waste Association
- Staff comments through the Environmental Registry
- Staff comments to Stewardship Ontario on the amended Blue Box Program Plan



Municipal Sector Collaboration

Based on interest and support from Ontario municipalities, the Municipal 3Rs Collaborative advocacy working group formed early 2017:

- Association of Municipalities of Ontario
- Municipal Waste Association
- Regional Public Works Commissioners of Ontario
- City of Toronto



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REGIONAL PUBLIC WORKS
COMMISSIONERS OF ONTARIO



Early Transition of the Blue Box Program

Municipal 3Rs Collaborative successfully advocated for early transition of Blue Box Program Plan in July 2017, through an accord with producer representatives.

In August 2017, the Minister of the Environment and Climate Change (MOECC), directed the Resource Productivity and Recovery Authority and Stewardship Ontario, to produce an amended Blue Box Program Plan by February 15, 2018.



RPRA
Resource Productivity
& Recovery Authority

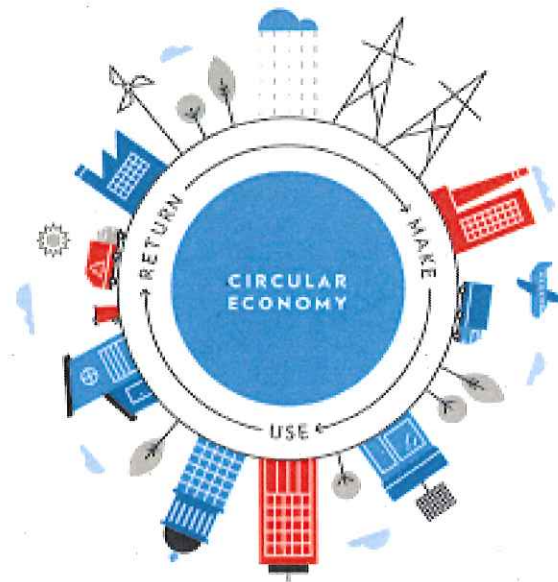


Stewardship Ontario



Ministerial Directive for amended Blue Box Program Plan

- Preserves the residential Blue Box program and improves environmental outcomes
- Increases Provincial diversion to 75%
- A seamless transition – uninterrupted collection services to residents
- Expand and harmonize a province wide list of items accepted in the blue box
- Avoid disruption of existing contracts
- No negative impact to existing Blue Box curbside recycling services



Full Producer Responsibility in Ontario

Currently we receive approximately 50% of the Blue Box program costs from Stewardship Ontario which is \$1.28 million annually for the City of Vaughan.

Under an amended Blue Box Program Plan, financial responsibility for Blue Box recycling collection and processing will be borne by the private sector.



Stewardship Ontario

amazon.ca

3M



Coca-Cola



KraftHeinz

Sobeys

Unilever



Overview of Transition Options in Draft Amended Blue Box Program Plan

In Stewardship Ontario's draft plan, municipalities would have the option to choose how they wish to continue their role during the transition phase:

- a. Enter into a contract with Stewardship Ontario as a collection service provider
- b. Opt out of providing Blue Box collection services altogether. Under this scenario Stewardship Ontario would be required to provide the service directly to residents through tendered contracts
- c. Continue as a non-transitioned municipality and operate under a shared cost/responsibility model and receive approximately 50% funding from Stewardship Ontario



Proposed transition process in draft amended Blue Box Program Plan



Delayed Submission, Consultation Extended

Consultation on the draft amended Blue Box Program Plan took place October 2017 to January 2018, and municipalities were organized and involved in each round of comments on the draft plan.

Although we anticipated the draft plan would be submitted to the MOECC in February, Stewardship Ontario chose to request an extension to the consultation process.



Next Steps

- The Municipal 3Rs Collaborative has indicated that they will continue to facilitate work within the municipal sector to propose regulations under the RRCEA in a concurrent process.
- Staff will remain engaged in these consultations, and share updates on the Blue Box Plan and other relevant program changes related to the new legislation.
- We anticipate Ministry approval on the Blue Box Program will be delayed until after the Provincial Elections, fall 2018.



Item:



Committee of the Whole (Working Session) Report

DATE: Wednesday, March 07, 2018

WARD(S): ALL

TITLE: Waste Legislation Update on Amended Blue Box Program Plan

FROM:

Stephen Collins, Deputy City Manager, Public Works

ACTION: FOR INFORMATION

Purpose

To update Council on the draft Amended Blue Box Program Plan put forward by Stewardship Ontario December 22, 2017.

Recommendations

1. That this report be received for information.

Report Highlights

- Stewardship Ontario was directed by the MOECC to produce an Amended Blue Box Program Plan, requiring the private sector to provide for residential Blue Box recycling collection, processing and marketing.
- Environmental Services staff have reviewed the plan and have provided comments through the consultation process.
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The Waste Diversion Transition Act (WDTA) provides an interim step to wind-up and transition existing diversion programs (Blue Box, Waste Electronic and Electrical Equipment (WEEE), Municipal Hazardous or Special Waste (MHSW), and Used Tires), with the goal of minimizing disruptions to recycling services.

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The Minister of Environment and Climate Change (MOECC), directed RPRA and, Stewardship Ontario in August 2017, to produce a proposal to amend the Blue Box Program Plan (a-BBPP) in consultation with key stakeholders, that would outline the

interim step to a full transition. This proposal was to be provided to the Minister by February 15, 2018.

Consultation on the proposed a-BBPP was held throughout the province between October and December 2017. Environmental Services staff attended an in-person session with Stewardship Ontario on October 12, and submitted written comments on November 24, 2017 and January 15, 2018, responding to elements of the draft proposal. In response to the a-BBPP, staff comments highlighted the need for fair and reasonable terms and a timely transition following the Minister's proposed timeline of 2023.

The draft proposal offered a mechanism and timeline for municipalities to transition from providing Blue Box recycling collection, processing and marketing of designated paper and packaging materials, to allow Stewardship Ontario to take over this responsibility.

The a-BBPP outlined three options for municipalities to transition. These options are not finalized and still subject to discussion.

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Although the municipal sector was very responsive and involved in the consultation process, few of our recommended solutions were incorporated into the a-BBPP as drafted.

The drafted amended Blue Box Program included reduced service levels, unacceptably long timelines, and lacked detail on terms and conditions of service contracts and handling of stranded assets. Based on these and other unresolved issues, the plan did not achieve broad municipal support.

Stewardship Ontario and RPRA have requested an extension to the Minister's deadline, and stakeholders will continue to negotiate on the content and terms of the a-BBPP.

In early February, RPRA met with the Municipal 3Rs Collaborative (M3RC), which has representation from the Association of Municipalities of Ontario, Regional Public Works Commissioners of Ontario, Municipal Waste Association, and the City of Toronto. This group, and other affected stakeholders, reviewed concerns and opposition to elements of the draft a-BBPP proposed by Stewardship Ontario. As a result of these discussions, Stewardship Ontario and RPRA requested an extension to the Minister's deadline. During this extension, City staff will continue to work with our partners in York Region, and other stakeholder groups to advocate in the interests of our residents on this issue, and support a collaborative, timely process that recognizes municipal input. As well, staff will support a parallel process led by the M3RC which examines possible future regulation under the RRCEA.

Financial Impact

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Conclusion

City staff will continue to advocate in the interests of our residents during the extension to the a-BBPP consultation process, and support a collaborative, timely outcome that recognizes municipal recommendations. As well, staff will monitor and support a parallel process led by the M3RC which examines possible future regulation of the Blue Box program under the RRCEA legislation.

For more information, please contact: Jennifer Rose, Director, Environmental Services ext. 6116

Attachments

1. Module 1 Comments submitted November 24, 2017
2. Module 2 Comments submitted November 24, 2017
3. City of Vaughan Staff Comments on Amended Blue Box Program Plan, January 15, 2018

Prepared by

Kate Dykman, Manager, Solid Waste Management, ext. 6309

a-BBPP Consultation Workbook: Module 1

Amended Blue Box Program Plan

1. Do you agree with the outcomes of the proposed approach for non-transitioned communities? Are there other outcomes you would like to see added?

We agree that using the Resource Productivity and Recovery Authority (the Authority's) existing Guide, provides a reasonable and balanced approach for both local governments and stewards. We disagree with the proposed approach in that some service level changes should be deemed eligible costs, as program changes are ongoing and are intended to improve system performance and recycling quantity and quality. These types of service improvements may be pre-planned and would be in the interests of both parties.

2. Do you support the proposed method of calculating payments to non-transitioned communities? If not, what approach would you prefer we consider?

We agree that using the Authority's existing Guide, provides a reasonable and balanced approach for both local governments and stewards and that municipalities should be paid the requisite percentage of their eligible costs.

We also agree that municipal costs associated with transition (such as legal fees, etc.) should be ineligible. Costs associated with potentially stranded municipal assets must be accounted for in the a-BBPP.

We assert that reasonable service level changes should not be deemed ineligible costs.

We do not accept the proposal to change "penalties or fees incurred by the municipality as a result of service level failure credits, default, or other such similar charges for failing to meet obligations" to an ineligible cost.

3. Do you support the proposed set of eligible costs? If not, what approach would you prefer we consider?

We agree that payments should be based on the requisite percentage of a municipalities verified net cost. The Authority's existing Guide provides a reasonable and balanced approach for both local governments and stewards.

4. Do you support the proposed set of ineligible costs? If not, what approach would you prefer we consider?

We agree that municipal costs associated with transition (such as legal fees, etc.) should be ineligible.

Given the long term investments made to create the integrated waste management system by resident taxpayers, we would argue that costs associated with potentially stranded municipal assets should be accounted for in the a-BBPP. The protocol for assessing the value of, and disposition of municipal assets not incorporated into the PPP post-collection management system ("stranded assets") should be

included in the a-BBPP. Municipalities are prepared to work with the Authority and Stewardship Ontario to develop this protocol.

We agree that using the Resource Productivity and Recovery Authority (the Authority's) existing Guide, provides a reasonable and balanced approach for both local governments and stewards. Some service level changes should be deemed eligible costs, as program changes are ongoing and are intended to improve system performance and recycling quantity and quality. These types of service improvements may be pre-planned and would be in the interests of both parties. In cases of conflict, a dispute resolution mechanism could be established and administered by the Authority with regards to what investments or operational changes should be considered as an eligible cost.

We do not accept the proposal to change "penalties or fees incurred by the municipality as a result of service level failure credits, default, or other such similar charges for failing to meet obligations" to an ineligible cost.

6. Do you agree with the objectives of the proposed approach for transition criteria? Are there other objectives you would like to see added?

We agree with the objectives established in the Minister's letter to the Authority and Stewardship Ontario on August 14, 2017.

7. Do you support the proposed three transition criteria? If not, what approach would you prefer we consider?

We assert that municipalities in long-term contracts should not be penalized for responsibly upholding their legislated responsibilities and should be subject to similar terms to transition to those with expiring contracts.

8. Do you support the fourth transition mechanism proposed by some communities and private sector companies? If not, what approach would you prefer we consider?

We support the fourth transition mechanism, to provide transition support for municipalities that have collection contracts and processing contracts that are asynchronous. It is our understanding that the fourth option allows for a municipality to transition under a number of different scenarios.

For better clarity, the various options that are available under Option four should be detailed further and examples provided.

It will be imperative to enable municipalities to transition using a suitable amendment to their contract where their collection contracts extend beyond their processing contract expiry or the alternative scenario where short term extensions to a collection contract are not able to be secured to extend to a longer term expiring processing contract.

9. What kind of contract expiry scenarios do you anticipate? Would you support implementing yearly rolling collection contracts where there is asynchronous contract expiry? If not, what approach would you prefer we consider?

There will be many contract expiry scenarios to consider.

Yearly, short-term contract extensions can be a viable option however alternatives must be developed as not all service providers will agree to these terms. Nor may it be the most cost efficient or effective method to utilize in all scenarios.

We would strongly advise that Stewardship Ontario, the Authority and municipalities work cooperatively with the existing Datacall data base to develop most likely transition scenarios to support transition planning. Special attention should be paid to upper and lower tier municipalities. Ensuring that all parties fully understand and plan for these dynamics will support effective transition planning and reasonable budgeting and fee setting.

10. Would you support the proposed methods for pacing transition to ensure operational stability and to ensure no service disruption as communities transition. This may include:

- lottery for communities wishing early termination,
- yearly cap on transitions once costs have reached 20% of the 2016 net cost,
- an absolute number of transitioning communities is met.

If not, what approach would you prefer we consider?

We believe that existing contracts, institutional arrangements and municipal decision-making processes ensure that transition will occur over a number of years and that reasonable projections for the pace of transition can be set out in the a-BBPP. The proposed lottery system selecting municipalities that can transition in a given year is not compatible with municipal contracts and budgetary processes.

11. Would you support the proposed notice periods for communities that wish to transition? if not, what approach would you prefer we consider?

A one-year timeline would be sufficient notification timeline for Stewardship Ontario to facilitate a seamless transition. The proposed two-year notification period for a municipality that does not wish to act as a collection tendering and contract management agent may be too lengthy. A consistent timeline would be preferable.

12. Do you agree with the objectives of the proposed approach for collection services procurement? Are there other objectives you would like to see added?

We agree with the objectives established in the Minister's letter to the Authority and Stewardship Ontario on August 14, 2017.

13. Would you support the three proposed collection procurement scenarios? If not, what approaches would you prefer we consider?

Stewardship Ontario has not provided sufficient detail on these key issues to constitute an acceptable a-BBPP. The basis for establishing benchmark payments are not defined and will likely result in ongoing disputes given the complexity of factors affecting program performance and costs across the province.

The methodology for establishing these benchmarks and how any disputes that might arise will be dealt with must be clearly set out in the a-BBPP.

Furthermore, key performance standards (collection frequency, minimum contamination rates, etc.) are not defined and necessary standard contract terms and conditions have not been specified. Suggestions made earlier by Stewardship Ontario that these details may only be forthcoming after the a-BBPP has been approved are not acceptable to municipalities. We are willing to review draft detailed service standards for collection of PPP to ensure these are included in the proposed a-BBPP.

14. Do you agree with the objectives of the proposed approach for post-collection services procurement? Are there other objectives you would like to see added?

We agree with the objectives established in the Minister's letter to the Authority and Stewardship Ontario on August 14, 2017.

Two additional objectives should be added:

- opportunity for municipalities to participate in the post-collection management of PPP collected
- avoiding stranded assets

15. Would you support the proposed post-collection procurement approach? If not, what approach would you prefer we consider?

Stewardship Ontario has not provided sufficient detail on these key issues to constitute an acceptable a-BBPP. How municipalities will be able to engage and participate in providing post-collection services needs to be explained more fully. Additionally, objectives and criteria for the development of the post-collection network need to address the Minister's directive on avoiding stranded assets.

16. Do you agree with the objectives of the proposed approach to expansion of services to:

- *multi-family buildings*
- *public spaces, and*
- *new communities and through new depots?*

Are there other objectives you would like to see added?

We agree with the objectives established in the Minister's letter to the Authority and Stewardship Ontario on August 14, 2017.

17. Would you support the proposed approach to expansion of services to:

- *multi-family buildings*
- *public spaces, and*
- *new communities and through new depots?*

If not, what approach(es) would you prefer we consider?

No we don't support the proposed approach. There are no specific actions or mechanisms for expanding services in the proposal from Stewardship Ontario and the drafting makes clear that this will not be a priority for Stewardship Ontario under the a-BBPP. This falls short of the expectations set out in the Minister's letter and in the provincial interests set out in the RRCEA for improved convenience,

accessibility and improved program performance and environmental outcomes. More effort should be given to defining how the a-BBPP will promote and support expanding BB services and specifically to establishing a timeline for transitioned municipalities to include currently un-serviced multi-residential buildings, public spaces and public institutions.

In keeping with the long-term goal of achieving zero waste, there should be an opportunity to recycle designated PPP wherever waste collection services are provided.

Consideration should be given to accommodating the collection of PPP from public spaces, parks and institutions that mirror residential sources and other related services currently being provided by municipalities including BIAs serviced as part of residential collection routes to ensure a seamless transition of current services.

18. Do you agree with the approach being taken to stakeholder consultation? If not, what approach would you prefer we consider that would enable the proposal for an a-BBPP to be submitted to the Minister by the February 15th deadline?

In alignment with the Municipal 3Rs Collaborative, we agree that there are a number of key areas that remain to be addressed and we are requesting the ability to review and comment on these topics as part of the a-BBPP.

These include:

- Obligated Stewards, including any proposed de minimis steward exemption or any other proposed exemption, to ensure alignment of the “products” and packaging to be managed under the a-BBPP with the requirement for producers to pay fees for managing these materials.
- Description of a-BBPP Delivery Model, including:
 - Role of the Authority,
 - Role of Stewardship Ontario,
 - Role of Municipalities (MIPC / Municipal 3Rs Collaborative),
 - Wind-up of CIF and repatriation of municipal funds, and
 - Mechanisms to ensure transition to the Resource Recovery & Circular Economy Act in a timely manner.
- The Program Agreement between the Authority and Stewardship Ontario and in particular the definition of what will constitute a material change under the a-BBPP.
- Steward and a-BBPP waste reduction efforts, specified in the Minister’s letter such as
 - Methods to increase the product’s or packaging reusability and recyclability,
 - Methods to facilitate the reduction of PPP,
 - Means to discourage difficult to recycle materials,
 - Mechanisms to identify and address difficult to recycle materials,
 - Providing effective economic methods to incent behavior changes leading to reduction of PPP,
 - Methods to “....work(ing) towards the circular economy by supporting reduce, reuse, recycling and reintegration of PPP materials into the economy”

- How green bin collection of PPP will be reflected in a-BBPP system costs and apply against targets.
- The protocol for assessing the value of, and disposition of municipal assets not incorporated into the PPP post-collection management system ("stranded assets").
- Method by which PPP collection and post-collection management contracts and operations will be held and relinquished upon wind-up of Stewardship Ontario to avoid competition barriers (to be reviewed by Competition Bureau).
- Procedures to ensure fair, open competition for collection and post collection services (to be reviewed by Competition Bureau).
- Province-wide and municipal promotion and education programs "incorporating clear rules to support residents' participation including standardized materials and services and improving program performance."
- The treatment of any in-kind funding from the Canadian Newspapers Association and Ontario Community Newspapers Association in transitioned and non-transitioned municipalities
- Management of problematic materials (i.e. film, polystyrene, polycoat, shredded paper, etc.)
- Data reporting requirements and audit provisions

a-BBPP Consultation Workbook: Module 2

Transition an Alternative Approach

Question

- 1. Do you prefer the catchment-based approach to pacing transition? If not, why not? What would you propose instead?**

Yes, the catchment-based approach is preferred to pacing transition as it addresses the concerns related to the uncertainty of a lottery system. In order to decide how we will transition, we require more detail on contract terms and conditions for municipalities that continue to provide Blue Box collection.

We look forward to working with Stewardship Ontario to confirm the details and principles including:

- Principles / criteria on how catchment areas will be identified, and prioritized
- Inclusion of non-serviced Blue Box municipalities in catchment areas
- No mandatory notification periods for a municipality who chooses to transition in accordance with the catchment transition date
- No annual quota or cap on number of catchment areas or number of qualifying municipalities choosing to transition in any given year

Also, the timeframe of 6.5 to 7 years is not acceptable to complete the transition of all catchment areas to full EPR. We support the collaborative process of negotiation between municipalities, SO and contractors put forward by the M3RC, being that a full transition within 4.5 years is reasonable and possible.

The City of Vaughan wishes to retain autonomy when deciding whether to transition or remain non-transitioned and receive the prerequisite percentage based on net verified costs. We would like to see municipalities that decline to transition initially, be able to transition in a subsequent year.

As we are part of York Region, we are in a unique situation with one processing contract and several different collection contracts. Given our integrated waste management system and shared services between York Region and our municipality, it is important that SO directly engage with our two tiers, to develop a transition plan that achieves a seamless service delivery to our residents with minimal costs, maximizing existing assets. We will participate in consultation sessions with Stewardship Ontario and York Region to create a reasonable transition solution model for our region.

Contamination Management Process

Question

- 1. Do you agree with the proposed contamination management process? Does this approach strike an appropriate balance between collaboration to achieve a common desired outcome and holding collectors accountable for meeting performance standards? If not, what alternative approach should we consider?**

No, we do not agree with the details provided so far on the proposed contamination management process as it does not represent a circular economy approach which is the ultimate goal of the Province. The intent of the Circular Economy Act is to maximize value and eliminate waste by improving the design of materials, products and business models. The prescribed goal is to minimize use of raw materials and energy throughout the system. Managing contamination at the curb is a downstream solution and it would be beneficial if the Stewards would commit to better design of packaging and products as an initial step towards the circular economy in the blue box program plan amendment.

Under the proposed contamination process, it is not effective to only hold the collectors and municipalities accountable for meeting performance standards. As the stewards would be responsible for developing and delivering promotion and education materials and developing new packaging and products, so should their responsibility extend in part to the contamination of the blue box which measures the effectiveness of their promotion and education campaigns. The proposal should outline the connection between promotion and contamination and present how the stewards will be held accountable.

The contamination management process should also give consideration to designated materials not captured and found in other streams. Audits should be carried out so that designated materials can be identified in each stream to determine allocation of responsibility for contamination related to products and packaging found in the municipally managed system. In addition, problem materials that are not recyclable but are advertised as recyclable should pay a disrupter fee with mandatory correction to advertising to minimize confusion among residents.

With steward accountability, the proposal will come closer to meeting the goals of the circular economy. Any consideration of contaminant targets or ceilings should be achievable and should also consider separate targets for single stream versus multi-residential, and public space programs.

Proposed Definitions

Questions

1. **Do you agree with the expanded definition of stewards? If not, why not and what would you propose instead?**

Stewardship Ontario did not provide a definition for a steward other than to indicate there is no material change to definition of steward expected from the current Blue Box Program Plan (BBPP).

More details on the definition being proposed by Stewardship Ontario is required to ensure that the terms of the Minister's Letter are met and that there is a defensible nexus between the obligated stewards and the a-BBPP programs provided.

2. **Do you agree with the expanded definition of PPP? If not, why not and what would you propose instead?**

The definition of hygienic products is not provided, making it unclear whether tissues, paper towels, and wipes are included. Given these products are managed through the current recycling system (i.e. green bin) and the specific reference included in the Minister's letter to address "*The methods for managing the materials shall allow for the material or part of the materials to be, in accordance with Ontario standards and regulations: used as a nutrient for improving the quality of soil, agriculture or landscaping*" it is in keeping with the Minister's directive to include them.

We want to see these and other materials included such as:

- Biodegradable materials,
- Flower pots,
- Teabags,
- Beverage system capsules, coffee-film bags and coffee pads from filter paper, which are disposed of together with the used coffee product,
- Disposable cutlery,
- Paper baking molds for larger baking (which are sold empty), and
- Baking dishes for smaller bakery products sold without baking.

We would like to see that where certain paper products that appear to be captured, we include comparable plastic products (i.e. paper and plastic plates).

We would like to see the transportation packaging definition capture e-commerce supplied by brand holders and first importers and include other Old Corrugated Cardboard (OCC) generated at home (i.e. wine & liquor transportation boxes, shipping boxes for new white goods etc.).

Standardized List of Targeted Materials

Questions

1. **Do you agree with the proposed approach to expanding and harmonizing the list of materials in the Blue Box program to include those materials for which end markets exist and expanding the list of materials as markets become available? If not, what approach would you prefer we consider?**

No we do not agree entirely with the approach proposed to expand and harmonize the list of materials in the Blue box program, specifically regarding targeting those materials for which end markets exist and expanding the list of materials as markets become available. Based on the Minister's direction, there should be no backsliding on materials currently collected in municipal programs.

Any materials without robust markets should be phased out, to prevent municipalities having the responsibility to collect and manage these materials at taxpayer expense. We see the intent of the Minister's letter supporting this point: *"this proposal will outline the first phase of transition for the Blue Box Program under the WDTA, and will set the stage for a second phase of the transition **that will result in individual producer responsibility** under the Resource Recovery and Circular Economy Act"*.

The Minister's letter speaks to creating a seamless transition that does not negatively affect Ontarians experience with and access to Blue Box services. Additionally, the Minister requests a move to a circular economy and continuous improvement of environmental outcomes. Potentially removing materials from existing Blue Box programs is not in keeping with this direction. While the suggestion that SO would *"conduct R&D to advance these outcomes"* has merit, the generality of this statement does not match the clarity provided by the Minister's letter. A disrupter fee to discourage stewards from supplying PPP into Ontario which cannot be sorted or recycled and a market development fee to those products or packaging which have weak markets or low yields to invest in further research would be more effective. There should also be consideration of a threshold that once a problematic product /package reaches an agreed upon limit in the residual waste stream and other municipally managed streams, municipalities will be compensated for the costs of managing the materials.

It is also worth noting some PPP could be managed in other systems such as green bin collection and mixed waste processing. If these materials are difficult to manage in Blue Box collection systems many of the difficulties can be overcome by including them in these alternative systems. For example, compostable residential PPP (e.g. shredded paper, molded pulp packaging, soiled pizza boxes) that is composted in municipal aerobic composting or anaerobic digestion facilities should be counted as diversion provided that obligated producers pay the cost of collection and processing the composted material and annual green bin audits are conducted in sample municipalities to verify quantities of PPP diverted.

Performance Targets

Questions

- 1. The Minister has requested a 75% diversion target. Do you think this is achievable using the approach outlined? If not, what else do you propose Stewardship Ontario consider? Why?**

It is difficult to determine if the 75% diversion target is achievable or not as there is no timeline set to measure against. The a-BBPP must include a specific date to ensure that improved environmental outcomes are achieved in a timely manner.

Furthermore, there needs to be a sound and transparent basis for calculating how progress towards meeting these targets will be monitored, calculated and reported.

- 2. The Minister has requested material-specific management targets. Do you support the introduction of material-specific targets? Are the proposed targets achievable in your view? If not, what do you see as the challenges? Are there any suggestions you could offer to address these challenges?**

Yes, we support the introduction of material-specific targets along with set timelines to achieve these targets and agreed upon methodologies in measuring these targets. Without timelines, it is difficult to answer whether or not the targets are achievable. Therefore, more detail is required on the basis for the proposed specific material categories and targets (i.e. paper products/packaging, glass packaging, plastic packaging, metal packaging). It is recommended that printed paper targets should be disaggregated from those being monitored and calculated for other paper products and for paper packaging. Similarly, there should be separate targets for ferrous metals from aluminum. Given the Minister's direction to improve environmental outcomes to support the transition to a more circular economy and zero waste, we prefer the use of a deposit return system for targeted plastics, as this is proven method to achieve greater diversion, and strongly advise that a higher plastics diversion (minimum of 50%) be put in place, given that this is the fastest growing component of PPP and more effective management of this material is a high priority for government, industry and consumers.

In order to measure progress towards reaching targets, an audit methodology should be transparent and agreed upon to be conducted on a regular basis to ground truth diversion rates and ensure they are being met both at the basket of goods and material specific levels in transitioned municipalities.

Targets should be reviewed, at a minimum, every three years with further disaggregation of these broad material (e.g. potentially separate targets for PET, HDPE, film, PS and other plastics) at each target review period. As targets are reached, they should be increased to encourage continuous improvement.

Furthermore, target dates should be established for all 23 paper and packaging material categories for them to meet a minimum threshold of 10% recovery (with plastic film at 15% based on its current diversion rate of 12.1%).

- 3. Do you support our proposed approaches to encourage improved environmental outcomes? If so, why and if not, what suggestions would you offer instead to address problematic materials? Do you support investigating the provision of recycled content credits for qualifying materials?**

In order to improve environmental outcomes, requirements should be set that if and when material specific targets are missed, stewards will invest in the following year to expand servicing, invest in research and development, and promotion and education specifically to improve the recycling performance of these materials.

Problematic materials should be subject to a disruptor fee in order to encourage stewards to engage with better packaging design for the environment. Steward fees should reflect costs associated with management of problematic materials, and include marketing fees that would educate the public on how to properly dispose of this packaging until a suitable end market is established. In addition, steward fees should also go towards research and development to stimulate end markets for problematic materials. Overall, the steward fees should be set with disincentives for problematic materials as a means to encourage better packaging design improving environmental outcomes.

Collection and Management Standards

Question

- 1. Do you agree with the proposed approach to maintaining existing service standards and the proposed triggers for determining eligibility for upgrading services? If not, what approach would you prefer we consider?**

The language used ("may") provides little incentive for continuous improvement. Additionally, the proposal states that the existing system will be "stabilized" but requires more detail on how it will be carried out.

The accessibility standard should be the same for all residents whether service is provided by a municipality, municipally contracted service or separate private sector contracted service. The collection standard should be based on the garbage collection service being provided so that Blue Box collection is as or more convenient.

The proposal should confirm that programming for public spaces and multi-residential buildings will maintain the same level of service and should confirm that services will be improved and expanded over time. Services should include permanent or seasonal single and multi-family households (including rental, cooperative or condominium residential) and senior citizen residences and long term care facilities, as well as public space recycling containers in residential areas, schools, parks, along transit corridors, events and festivals, campgrounds etc. A clear direction for public spaces and multi-residential buildings is important as municipalities are focusing on intensification through multi-residential buildings which is also encouraged by the Province through the Places to Grow Act.

John Coyne, Chair
Stewardship Ontario
1 St. Clair Ave. West, 7th Floor
Toronto, ON M4V 1K6

January 15, 2018

Dear Mr. Coyne:

Re: City of Vaughan Staff Comments on Draft Amended Blue Box Program Plan

This response letter comprises feedback from City of Vaughan staff on the draft amendment to the Blue Box Program Plan (a-BBPP) circulated on December 19, 2017. We have found that the proposed a-BBPP does not meet certain important aspects of the Minister's direction letter and municipal needs, and we have offered our recommendations to address these issues below. We see this consultation process as an opportunity to achieve a fair and reasonable transition, and look forward to seeing municipal feedback incorporated in the final draft plan.

Limit transition to 2023

The timeline proposed is seven years to transition municipal programs over to Stewardship Ontario and nine years until any recycling targets are to be achieved. This is four years beyond the target of 2023 set out in the *Strategy for a Waste-Free Ontario (2017)* and stretches over three provincial and municipal election cycles. The plan should limit the transition to the proposed 2023 timeline.

Define a transparent process for decision-making and dispute resolution

The proposed a-BBPP gives unilateral decision-making powers over key elements of the transition to Stewardship Ontario that affect municipal and other business interests. More balanced controls are necessary for the protection of all stakeholders. The a-BBPP should include decision-making criteria, how stakeholder feedback will be transparently addressed and a process for resolving disputes that may arise. In early submissions, M3RC has provided a recommended protocol to be included. We support the inclusion of that language into the a-BBPP.

Expand and harmonize list to improve environmental outcomes

The Minister's Direction Letter provided direction to expand and harmonize the list of obligated materials, improve packaging for reuse/recycling, and reduce use of materials that create confusion in sorting and contamination in processing. The a-BBPP as drafted maintains the existing Blue Box programs and proposes some reductions in the materials collected currently in York Region (i.e. aerosol and paint cans). Eliminating materials reduces service to residents and increases the amount of rejected material at the curb and the customer service work municipalities perform. Because these items would immediately become common contaminants in a service contract, we recommend existing material lists be maintained or expanded to avoid this outcome.

The a-BBPP should also include an expanded definition of obligated PPP which encompasses paper and plastic products managed in organics programs with funding provided to municipalities to support capital investment, processing and data collection costs. If this does not happen, we will see more PPP become (or remain) a landfill material, with little incentive to improve, and a continued cost borne exclusively by the municipal sector.

Make provisions for diversion/compensation for all materials for which fees are collected

The draft a-BBPP expands the list of materials for which stewards will pay fees, but new non-targeted materials will not be diverted to recycling in transitioned communities. The amendment does not contain a clear rationale for why some products currently collected through diversion programs (paper plates, empty aerosol cans, paper products managed in green bins) would not be included as targeted materials. At a minimum, non-targeted materials should have alternative diversion programs such as return-to-retail through individual producers or through funding for municipal green bin programs.

Provide the information necessary for municipal decision making

Key information that impacts the financial outcome is still required, including benchmark pricing, contamination rates and penalties, which need to be sufficiently defined. Municipalities require this information to compare cost/service scenarios to be able to make informed decisions, and prepare for new or different contractual relations, staffing and service terms. The a-BBPP proposes that communities will receive a per unit payment for contract administration. Information about eligible and ineligible costs under the umbrella of "administration" (such as wages of employees, vehicles, operation of call centres, etc.) are needed as part of the a-BBPP.

Incorporate municipal feedback in final catchment area decisions

The proposed approach to designing the catchment areas empowers SO with the final decision in the design of the catchment areas and does not include an opportunity for communities to provide feedback on the proposed catchments and timing. Where a disagreement arises, decisions should be made by the Authority or the Province with an option for arbitration.

Provide increasing payments and support approved service improvements for pre-transition communities

For communities willing to transition but unable to do so immediately, the stewards' payments should gradually increase from the current 50% to the full 100% during this time. This will relieve the unequal financial burden for communities transitioning later in the process due to catchment area or contract timelines. As well, should a service level be approved prior to the August 14, 2017 cut off, it should be made explicit that all associated costs of service improvements should be eligible.

Include non-commercial facilities typically serviced by municipalities as eligible sources

PPP is consumed and discarded in public spaces from residential sources. Public space recycling should be included, as it reinforces the consistent messaging and improves overall diversion of a provincial recycling program. We recommend the inclusion of the list of eligible sources as proposed by the M3RC:

- Multi-family households;
- Senior residences and long-term care facilities;
- Public space recycling containers in residential areas, elementary & secondary schools and parks;
- Municipally operated or contracted services to collect PPP similar to that generated by households (i.e. parades, sporting events, festivals and special events);
- Municipally owned and operated campgrounds with permanent and seasonal households;



- Publicly owned and operated buildings accessible to the public for community, recreational or educational purposes (i.e. libraries, arenas); and,
- Places of worship.

Fairly address legacy concerns regarding funding and minimize stranded assets

This includes agreement on the payment of eligible costs for non-transitioned municipalities, management of newspapers at no cost to municipalities, and collaborative efforts to minimize the potential for stranded assets. Establishing payments for non-transitioned municipalities was a key component of the parties being able to reach the Accord. Setting these annual payments drives an increasingly escalating and toxic dispute between municipal governments and stewards that went to arbitration in 2014 and continues to inhibit progress in the industry. The in-kind funding for management of newspapers does not fairly compensate municipalities, given the limitations on timing of ads and decreasing value of the medium. Vaughan residents have helped finance the York Region materials recovery facility, and would be impacted should it become a stranded asset through this process.

In line with recommendations and solutions provided by M3RC during the consultation process, we recommend the following to address these considerations:

- Use of definitions of eligible costs based on the current RPRA Datacall User Guide, as previously discussed during development of the Accord. We do not support Stewardship Ontario's move to modify those terms and introduce cost containment measures;
- Compensation for management of newspaper be provided in cash rather than in-kind, for both transitioned and non-transitioned communities;
- Procurement processes for post collection services that incent the use of existing capital infrastructure to get full value out of assets.

Reflect steward responsibility in managing contamination

Investments in province-wide promotion and education, and better PPP materials and design will directly impact the success of residential recycling in Ontario and curbside contamination levels. The amendment should link tracking of common contaminants across the Province with continuous improvement of communication materials. Residents want to recycle everything they can, and we need an inclusive program that captures packaging types popular in the marketplace. Clear labelling on packaging rather than current "recyclable where facilities exist" terminology is another way stewards should be required to support reduction in contamination and shifting consumer purchasing habits. Stewards producing packaging that often ends up as a contaminant in the stream should also be penalized as part of the contamination management process. The proposed a-BBPP must also include the planned contamination ceiling and targets, acknowledging different diversion outcomes for curbside, multi-residential and public space streams.

Contamination containment is not currently reflected in the costs that will be used to establish a benchmarked price. These additional costs must be included, and we want to indicate that should benchmarked cost recovery be deemed inadequate to justify acting as a service provider, municipalities will require the option to exit these agreements.



Set out and commit to maintain customer service standards

Customer service is a crucial component of the Blue Box program. We handle thousands of calls and questions each year from residents related to residential recycling. The a-BBPP should address customer service standards for communities where stewards will deliver the service directly, and provide adequate compensation for municipal service providers. Standards should maintain or exceed current levels of service to ensure no disruption to residents as a result of the transition.

Create transparency and timely tracking and reporting on targets

The a-BBPP should clearly define key terms, and the method for setting targets. We also encourage SO to incorporate third party verification to measure these targets. The original SO proposal stated that stewards would measure the recycling rate at the point where recovered PPP is actually reincorporated into new products. This would be the clearest measure of how the BBPP creates a circular economy for Blue Box materials.

The proposed target date of *"two years following the transition of all Communities"* is unacceptable. On the basis of the proposed SO controlled transition process, this date would fall 9 years after the assumed approval date for the a-BBPP which is two years beyond the 2023 date set in the Strategy for a Waste-Free Ontario established by the Ministry.

The number of categories should reflect the categories stewards are required to report, with a mechanism to track or incent the reduction of PPP or discourage use of problematic materials. Without this factor, there is no mechanism for improvement in the system, and we would expect to see costs of PPP continue to be borne by municipalities for disposal, counter to the goals of the circular economy.

Thank you for the opportunity to provide feedback on this first draft of the amended Blue Box Program plan, and we look forward to continuing to be involved in this process, and seeing the revised plan take shape with municipal input.

Regards,

A handwritten signature in cursive script that reads 'J. Rose'.

Jennifer Rose, B.Sc. MA, PMP, C. Tech
Director, Environmental Services
Public Works Department, City of Vaughan

