

**Region of Waterloo**  
**Engineering and Environmental Services**  
**Waste Management**

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**To:** Planning and Works Committee  
**Date:** March 5, 2024  
**Report Title:** Blue Box Transition Details Update

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**1. Recommendation**

For information.

**2. Purpose / Issue:**

The purpose of this report is to update Regional Council on the status of transitioning the Region's existing blue box program to the Province of Ontario's producer responsibility model.

**3. Strategic Plan:**

This report supports the Climate Aligned Growth, and Resilient and Future Ready Organization strategic pillars by promoting source separation and keeping items out of landfill and through the transfer of recycling costs of eligible sources to the producers as directed by the Province.

**4. Report Highlights:**

- The Provincial government approved a new recycling regulation in 2021 that moves full financial and operational responsibility of the blue box program from municipalities to producers.
- A producer-controlled, non-profit organization called Circular Materials (CM) has responsibility for implementing the new recycling program across Ontario on behalf of all producers.
- The transition of the blue box program is occurring across the province between 2023 and 2025, with the Region of Waterloo transitioning its program on March 2, 2024.
- As there is no legislated obligation for the Region to continue to provide blue box service following the March 2, 2024 transition date and given resource and time constraints, Council approved that the Region opt-out of administering the blue box program on behalf of CM, during the transition period.
- CM has negotiated agreements directly with the existing curbside collection contractors in order to fulfill their legislated obligations through transition, with curbside collection services remaining status quo through transition.

- Not all sites currently serviced by the Region's existing residential curbside collection contract are part of the new recycling legislation. These sites are referred to as non-eligible sites. As directed by Regional Council in August 2023, staff are negotiating agreements with the current collection contractors to continue to provide recycling collection to the designated non-eligible sites during the transition period only.
- Staff are reviewing potential options to manage blue box recyclables from non-eligible properties post transition (i.e. post 2026). This includes conducting a Downtown Service Level Review, working collaboratively with area municipal staff and businesses, to review options for recycling in downtown cores post transition, where the majority of non-eligible properties are located.
- The new legislation does not cover blue box recycling services at the Cambridge and Waterloo Public Drop Off locations. However, the Region has entered into a short-term agreement with CM to continue to provide these services during the transition period only. CM will not operate/fund blue box recycling drop-off depots post transition and staff will be reviewing options for consideration that will be presented to Committee at a later date.
- The Region is finalizing an agreement with Waste Management Canada, who are under contract with CM to manage blue box materials post collection. Under this agreement, blue box materials will continue to be dropped off status quo by the existing curbside contractors at both the Cambridge and Waterloo Waste sites and in turn, the materials will be transferred for offsite processing at producer designated processing facilities during transition.
- The Region has entered into a Promotion and Education Agreement with CM to continue to promote blue box recycling and participate in public engagement opportunities during the transition period only.
- Curbside collection of garbage, organics, bulky and large metal items, yard waste and Christmas trees will continue status quo as part of the Region's existing curbside collection contract.

## **5. Background:**

The Government of Ontario introduced provincial legislation that changes how blue box materials are managed and collected in Ontario.

The Blue Box Regulation, made under the Resource Recovery and Circular Economy Act, is a key component of the Government of Ontario's Strategy for a Waste Free Ontario: Building the Circular Economy. Under this new regulation, municipalities and First Nation communities in Ontario will move from the current system, which splits costs of the blue box program equally between municipal taxpayers and producers, to a new system, which requires the producers to be 100 per cent financially and operationally responsible for the blue box program.

The transition of blue box services across the province occurs between July 1, 2023 and December 31, 2025, with the Region transitioning its blue box program on March 2, 2024. Refer to Council Reports EES-WMS-23-001, 003 and 004 for more information.

The majority of our residents should not be impacted during the transition of the blue box program, as the existing levels of service are required to be maintained through the transition period. CM has awarded the curbside recycling collection to the Region's

existing contractors, Miller Waste Systems and Emterra Environmental, for the transition period only.

Under the current curbside waste collection contract, a small number of industrial, commercial and institutional customers (approximately 1500 to 2000 locations) receive curbside blue box collection. Municipalities are not required to provide waste services to businesses, and under the new blue box regulation, these locations are not considered eligible for blue box collection. Examples of non-eligible sites are municipal facilities, shelters, daycares, and places of worship with the majority of these non-eligible sites being commercial establishments within the designated downtown collection areas of each local municipality.

Staff are negotiating a recycling collection agreement with our current contractors to continue to provide non-eligible sites with blue box recycling service during the transition period only. Throughout the remainder of 2024, staff will be reviewing potential options to manage non-eligible locations post transition (i.e. after 2026), including downtown core collection areas. In this regard, staff are currently conducting a thorough Downtown Service Review and staff will report back to Committee with recommendations for future waste service options, including recycling service alternatives once the study is complete.

Blue box materials are also accepted at our public drop off facilities in Cambridge and Waterloo, although the volume of materials is considerably less than what is collected curbside and most of this material is generated from the commercial sector. Post collection management of this material has been arranged with CM for the duration of the transition period with recycling material collected at the Public Drop off locations to be shipped off-site to CM's designated sorting facility. Similar to non-eligible locations, CM will not operate/fund recycling drop-off depots after January 1, 2026. Staff will be reviewing options for Committee consideration at a later date.

Staff are also working with our existing contractors to review cost recovery opportunities for assets already in the community, such as blue boxes and recycling carts, as well as sell the remaining recycling-related inventory whenever possible.

## **6. Communication and Engagement with Area Municipalities and the Public**

**Area Municipalities:** Staff will be available to support municipal colleagues and provide updates to local municipal Councils regarding the blue box transition including potential implications/opportunities post transition. Staff will also provide updates and information from the Downtown Service Level review, which is currently ongoing, as well as the new curbside collection contract that launches in Q2 / Q3 of 2026. Local municipal council updates are anticipated to occur in Q3 of this year.

Staff continue to engage with area municipal staff to discuss potential implications and opportunities regarding public space recycling, adding new developments to the recycling program and dealing with on-going construction issues.

**Public:** The producers have committed to maintaining the existing blue box program status quo during transition so the impact on residents should be minimal. During transition, the producers will be fully responsible for all blue box education, engagement and resolving all customer service issues. However, to assist the producers, and to

support a seamless transition, the Region has entered into an agreement with CM to continue to provide promotion and education during the transition period. Blue box related information is included in the popular 2024 Waste Management Annual Calendar and in the Region's Waste Whiz App. An overview of the blue box transition communications plan is attached as Appendix A.

Starting January 1, 2026, the producers may implement changes across the province to enhance the blue box program including collection frequency, collection day, collection container (carts), and acceptable material. All promotion and education of the blue box recycling program post transition will be the responsibility of the Producers.

## **7. Financial Implications:**

The 2024 Waste Management operating budget includes a net levy reduction of \$1.9 million related to the transition of the Blue Box Program. This consists of a net reduction of approximately \$3.3 million related to collection, processing and marketing of Blue Box materials, partially offset by a corresponding budgeted expense of \$1.4 million for the provision of Blue Box services for non-eligible sites and the Region's Public Drop Off Facilities that aren't included in the new regulation. These costs are expected throughout the Region's transition period which ends December 31, 2025.

Staff is currently finalizing negotiations with the current collection contractors to provide recycling collection to the non-eligible sites, and with CM to cover recycling services at the Cambridge and Waterloo Public Drop off Sites. The results of these negotiations along with the agreements for the Region to provide promotion and education support for blue box recycling, administration of blue box distribution, cost recovery of blue box recycling assets, etc. will be reported back to Committee with detailed financial implications at a later date in 2024.

## **8. Conclusion / Next Steps:**

Curbside collection of blue box materials will continue status quo through the transition period, including collection for all non-eligible sites. Staff will continue to work on options for Committee consideration on how to manage non-eligible locations post transition with the majority of this work to be informed by the Downtown Service Level Review. Staff anticipate reporting back to Committee on the outcome of the Downtown Service Level Review by mid-2024 as well as a more fulsome Committee update on other blue box opportunities for consideration post transition in Q4 of 2024 or Q1 of 2025, which would include service level options and cost implications.

Staff will continue to update websites, social media and call centre software to reflect the recycling service level changes as of March 2, 2024.

## **9. Attachments:**

Appendix A: 2024 Blue Box Transition Communication Overview

**Prepared By:** Deanna Dakin, Project Manager, Programs and Communications

Dave Johnstone, Manager, Waste Collection and Diversion

**Reviewed By:** Jon Arsenault, Director, Waste Management

**Approved By:** Jennifer Rose, Commissioner, Environmental and Engineering Services