

Region of Waterloo
Engineering and Environmental Services
Waste Management

To: Sustainability, Infrastructure and Development Committee

Meeting Date: August 13, 2024

Report Title: Downtown Waste Collection Changes

1. Recommendation

That the Regional Municipality of Waterloo (Region) take the following action with respect to curbside waste collection service for Industrial, Commercial and Institutional (IC&I) properties located in designated downtown areas as set out in report EES-WMS-24-003, dated August 13, 2024:

- A. Approve Region administered and funded waste collection, processing and disposal service as identified as Option 1 in the Downtown Waste Services Review, as follows:
 - i. Conversion to automated cart collection for organics and garbage collection
 - ii. Maintain blue box recycling, including dedicated cardboard collection
 - iii. Provision of a minimum of twice-weekly collection in the tri-city designated downtowns and weekly collection for the designated township downtowns and Belmont Village
 - iv. Expansion of the tri-city designated downtown collection areas to include the full geographic extent of their respective existing Business Improvement Areas (BIAs)
 - v. Discontinuation of designated downtown public space/litter container collection service
 - vi. Delegation of waste by-law enforcement authority to local area municipalities

- B. Direct staff to negotiate and amend the recently executed residential waste collection contract with Halton Recycling Ltd. dba. Emterra Environmental to undertake this work, using provisional pricing provided under RFP P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo, with contract commencement on March 2, 2026, to align with the termination of the existing waste collection contract.

- C. Discontinue the provision of blue box recycling, garbage and organics to non-eligible sources, as defined by the new Blue Box Regulation (O. Reg. 391/21), for those

properties located outside of the designated downtowns and that were previously eligible for Region administered blue box collection service.

2. Purpose / Issue:

The purpose of this report is to receive approval to provide a cart-based curbside waste collection services in the designated downtowns on the same timeframe as the new residential collection contract that starts March 2, 2026.

3. Strategic Plan:

Approval to continue waste collection in the downtowns meets the 2023-2027 Corporate Strategic Plan priorities to steward our natural environment and shared resources as we grow: We will work to protect the Region's natural environment, biodiversity, trees, and water under Strategic Priority 2, Climate-aligned growth. With the introduction of organics collection, we can work towards our goal to extend the life of our landfill and reduce carbon emissions.

4. Report Highlights:

- Under the current curbside waste collection contract, approximately 1,500 downtown IC&I (industrial, commercial and institutional) customers across the tri-Cities and Townships, receive curbside waste collection at a cost of approximately \$650,000 per year. This does not include the cost of processing or landfilling.
- The Municipal Act requires municipalities to pick-up waste only from residential properties. The Region is not required to provide waste collection services to businesses under the Municipal Act, but have done so historically, funded from the tax levy.
- On February 21, 2023, Council directed staff to examine the level of service for curbside waste collection for IC&I properties in the designated downtown collection areas that currently receive collection service and report back with options for consideration.
- Dillon Consulting was retained to undertake the Downtown Service Review in March 2023. Throughout the review, interest holders were extensively consulted for their feedback and suggestions. The scope of work included a jurisdictional review of other comparable Ontario communities as well as a survey of downtown businesses to gather data. Site visits of the Burlington BIA (Halton Region) were also arranged on August 7 & 9, 2024 for interest holders to observe cart-based collections in the Burlington downtown core.

- The Downtown Waste Service Review identified that Option 1 where the Region continues to be responsible for downtown waste service, with a new automated cart-based collection system, as the most beneficial for both the Region and Area Municipalities, given its alignment with economies of scale, resource availability, waste diversion and service consistency.
- The new service levels will encourage diversion, through collecting organics (new) and maintaining blue box recycling even though the collection locations are considered non-eligible under the new Blue Box regulation. Based on data collected from the service level review, the automated cart collection methodology is expected to reduce litter, reduce greenhouse gas emissions and improve pest control while at the same time managing the volume of waste generated.
- Service will be expanded to all IC&I eligible properties that are within the existing BIA boundary based on MPAC property codes.
- Given economies of scale and tight timelines to ensure automated cart collection can be successfully implemented in the designated downtown areas by the end of the existing contract on March 2, 2026, it is recommended that staff negotiate an amendment to the recently awarded residential waste collection contract with Halton Recycling Ltd. dba. Emterra Environmental to undertake downtown waste collection services based on provisional pricing provided by Emterra Environmental as part of P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo.
- Estimated collection costs for Option 1 are expected to be in the range of \$1,000,000 and \$1,250,000 annually while waste processing costs (green bin organics and blue box recycling) are estimated to be in the range of \$1,200,000 annually. One-time capital costs for the supply and provision of carts are estimated to be approximately \$750,000. Costs for landfill disposal are not included as garbage will be received for disposal at the Region's landfill with no tipping fee imposed.

5. Background:

When the Region of Waterloo (Region) assumed curbside waste collection service in 2000, each city had different downtown collection frequencies, and businesses in the townships had various levels of service. With each successive collection contract award, refinements have been undertaken and as part of the existing collection contract (T2015-217), there was a Region-wide re-alignment of downtown services that continued with bagged garbage and recycling collection.

The seven Area Municipalities current service levels are:

Area Municipality	Weekly Service Level
Downtown Galt, Downtown Hespeler and Downtown Preston (Cambridge)	Six days garbage
Downtown Kitchener	One day recycling
Uptown Waterloo	
Belmont Village (Kitchener)	
Ayr (North Dumfries)	One day garbage
New Hamburg (Wilmot)	One day recycling
Elmira and St. Jacobs (Woolwich)	
Wellesley	No collection

As the Region's contract for downtown waste services nears its end in March 2026, the Region commissioned Dillon Consulting Limited (Dillon) to undertake a comprehensive Downtown Waste Services Review. The review highlights that the Region provides varying levels of waste collection services across its downtown Area Municipalities that are currently financed by a tax levy. The service level review aimed to evaluate current waste management practices, devise potential new strategies and consult interest holders to determine future waste collection options.

Current Waste Set Out and Types of Waste

At the beginning of the study, exact waste volumes from the downtowns were unknown as accurate waste audit data is not available. The types of waste as well as set-out times fluctuate due to the variability in businesses in the downtown cores and by-law enforcement is challenging. This has led to some Area Municipalities collecting waste that has been improperly set out during the day. As critical data for determining the number of collection days, it is important to determine the amount of garbage which is set out each week. From January to February 2024, Dillon staff conducted surveys with downtown businesses in-person and online to determine the types of businesses utilizing the Region's waste collection service, how often the waste was set out, and the type of waste set out. 243 responses were recorded, with majority of the businesses restaurants, followed by retail stores and professional care services.

The survey reports:

- 86% of the businesses set out one to two bags/containers of garbage a week
- 80% of the businesses set out one to two containers of recycling a week
- 74% of the businesses set out one to two bundles of cardboard a week

Approximately 30% of the waste in the garbage is packaging and 30% is food waste. Currently the Region does not provide Green Bin organics collection for businesses, with the food waste being landfilled.

In accordance with the new blue box regulation, a producer-controlled non-profit organization called Circular Materials (CM) has responsibility for implementing the new program across Ontario. Under this regulation, businesses in the downtowns are considered non-eligible by the Province for producer controlled blue box service.

As outlined in report EES-WMS-23-004, the Region's transition to the new producer responsibility Blue Box program occurred in March 2024 and at that time, staff negotiated and executed agreements with existing curbside collection contractors to continue collection and processing of non-eligible sources not covered in the new blue box regulation to ensure continuity of services to sites currently receiving collection, until the end of transition at the end of 2025.

Recommended Service Levels and Properties to Receive Service

Who will be responsible?

The upcoming collection contract expiration provided an opportunity to review downtown waste collection practices. During the review process, Dillon engaged in a thorough analysis, including interest holder consultations and jurisdictional reviews for informed decision-making. Three draft options were developed for consideration as follows:

Option One: This option maintains the Region's current role in administering and funding all aspects of waste collection, processing and disposal services. It features the implementation of automated cart-based collection for garbage and the introduction of a new automated cart-based organics collection program. Blue box recycling collection (either conventional blue box or automated cart is to be determined) and dedicated cardboard collection would also continue. Under this option, the Region assumes full cost responsibility.

Option Two: Under this option, Area Municipalities administer the collection, processing and disposal of waste, enjoying greater autonomy over service levels (number of pick up days, types of waste streams). The Region would partially fund these services, with Area Municipalities shouldering the residual costs.

Option Three: This option represents a hybrid of the first two options, with Area Municipalities responsible for managing waste collection while the Region administers processing and disposal services.

Option One emerged as the most beneficial for both the Region and Area Municipalities, given its alignment with economies of scale, resource availability, waste diversion and service consistency. Interest holder feedback expressed varying levels of concern about each option, with key issues including the operational feasibility, potential administrative burden and cost implications. Interest holders indicated that Option One would likely face lesser resistance due to its streamlined nature and the Region's ability to secure better pricing through large-scale contracts.

How and when will the waste be collected?

Changing waste collection to an automated cart-based service has benefits to businesses including reduced litter from windy days and pest control, creating consistency in containers and aesthetics curbside, and reducing injuries for workers. The Region is also aware that while most businesses will be able to accommodate cart storage, some will not, and staff is committed to working with the Business Improvement Association and businesses to overcome this. As cart collection in downtowns has been successfully implemented in other municipalities with a similar historic configuration, staff expect that for a small number of businesses an operational plan can be developed.

The survey and jurisdictional review indicate that garbage, organics and recycling can be collected two days a week in the cities, and weekly in the townships. Providing organics collection, particularly for restaurants, will reduce the need for garbage service and divert that material from the landfill. Garbage will be collected in a 360 L cart which has the capacity of five to six bags. Organics will be collected in a 100 L cart which has the capacity of one bag. Cart size options may be available to meet business needs. Region staff will monitor this service level and adjust to meet the needs of the businesses while also ensuring a clean, pest free and comfortable downtown experience. If the need is demonstrated, the Region could add another garbage, organics and/or recycling collection day with Council approval. Collection dates and times are still to be determined and are part of operationalizing the program.

While recycling for businesses in the downtown is not included in the regulation, continuing to provide this service is essential in diverting material from landfill and maintains service for businesses. Details on processing still need to be determined, however, it is envisioned that carts will be utilized for collection as well as continuation of dedicated bundled cardboard collected manually.

Who will get the service?

Businesses who currently receive Region waste services are based on the year 2000 BIA boundaries. Dillon recommends the service area be expanded to include all the businesses in the present BIA boundary, based on information from Municipal Property Assessment Corporation (MPAC) for consistency and fairness. Any future expansions of the BIA boundary will be reviewed by the Region and require Council approval.

Businesses would be required to fully participate in the diversion programs (organics and recycling) to receive garbage collection. Business needs that do not align with the Region's service would be required to get private service.

Litter containers in the BIAs are considered containers for public open spaces and are included in the Blue Box regulation for pick up. As such, the Region will discontinue this service as public open space waste collection (parks, trails, etc.) is not a Regional responsibility. Area Municipalities are currently responsible for litter containers in parks and open spaces. In addition, with the changes to the Blue Box regulation, Area Municipalities now have an opportunity to receive public open space recycling through Circular Materials, providing an opportunity for better alignment of public space waste collection.

Recycling for non-eligible sources, as defined by the Blue Box Regulation (O. Reg. 391/21), for approximately 465 properties located outside of the designated downtowns will be discontinued. These properties (e.g. places of worship, residences converted to businesses, etc.) were previously eligible for Region administered blue box collection service, however will also be removed from the Region's garbage and organics services for consistency. Most IC&I properties in the Region are responsible for their waste collection through private providers. This change would create service level consistency amongst the IC&I properties.

Communication and Implementation Plan

Converting the downtowns to an automated cart-based system will be a significant change for the businesses. Extensive education and outreach will be required to support businesses with information on sorting, cart placement and storage locations. This program change will require on-going monitoring, education and possible enforcement. Details will be included as part of the comprehensive communications and implementation plan being developed for the next residential waste collection contract, including any additional resourcing needs required for a successful roll-out. The communications and implementation plan is currently planned to be presented to Committee later this fall.

Other tasks will include defining roles and responsibilities to reduce overlap between the

Region and Area Municipalities for waste services and leverage by-law enforcement activities.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities: During the spring/summer of 2023, the Region and Dillon met multiple times with interest holders (e.g. Regional and local Councillors, CAOs, Economic Development City and Township staff, Public Works City and Township staff) to discuss the service level review and process, discuss information required from each BIA and to gather feedback on the strengths, weaknesses and opportunities of the current waste management practices.

During the spring/summer of 2024 the Region and Dillon met with each of the three cities, separately, which included local councillors, regional councillors, city staff and members of the BIA; and the CAOs of the townships to present on the service level review process, business survey results, and gather feedback on the draft options presented.

A site visit to Halton Region to observe a cart program was also offered to demonstrate a cart-based program in a city downtown.

Feedback was also received, via letter, from executive level staff from the City of Kitchener and the City of Waterloo to the Director of Waste Management and the Commissioner of Engineering and Environmental Services.

Public: During the spring/summer of 2023 the Region and Dillon met with interest holders (e.g. executive directors, business owners, property owners) to discuss the service level review and process, discuss information required from each BIA and to gather feedback on the strengths, weaknesses and opportunities of the current waste management practices.

In early 2024 Dillon surveyed business representatives to understand the type and volume of waste that is currently placed curbside. Based on an understanding of the Region's current state including interest holder engagement, and the jurisdictional reviews, a set of draft options have been developed for managing curbside waste in the downtown areas.

During the spring/summer of 2024 the Region and Dillon met with business interest holders to present on the service level review process, business survey results, and gather feedback on the draft options presented.

7. Financial Implications:

As set out in COR-TRY-24-013 (P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo) dated May 7, 2024, the Waste Management Operating Budget will require the following estimated increases over the 2025-2027 budgets to accommodate the new residential collection contract: \$7.0 million (2025), \$7.1 million (2026) and \$1.7 million (2027).

Approving the Region administered and funded waste collection, processing and disposal service as identified as Option 1 in the Downtown Waste Services Review as set out in this report will require further increases to the Waste Management Operating Budget currently estimated at \$1.9 million in 2026 (10 months) and an additional \$0.4 million in 2027 (\$2.3 million total), subject to negotiation. The total estimated operating budget increases for both the residential and downtown waste collection is as set out in the table below:

Operating Budget (\$M)	2024	2025	2026 (10 Months)	2027 (Full Year)
Estimated Collection Budget per report COR-TRY-24-013 for Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo	\$17.2	\$24.2	\$31.3	\$33.0
Projected budget increase per report COR-TRY-24-013	\$0.0	\$7.0	\$7.1	\$1.7
Revised budget requirement to include downtown Waste collection as outlined in this report EES-WMS-24-003	\$17.2	\$24.2	\$33.2	\$35.3
Increase required to continue downtown Waste collection	\$0.0	\$0.0	\$1.9	\$2.3

Approving Option 1 will also require additional funding for one-time capital costs for the supply and distribution of the carts in the amount of \$750,000. Delivery is expected in the fall of 2025 and early 2026 requiring \$500,000 to be added to the 2025 capital budget and \$250,000 to the 2026 capital budget to be funded from the Waste Management Capital Reserve.

8. Conclusion / Next Steps:

If approved, the Region will negotiate the downtown waste collection service to be ready for March 2026, using provisional pricing provided with P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo.

Another update including finalized collection costs will be provided to Committee in the spring of 2025.

9. Attachments:

Appendix A: Downtown Service Review - Executive Summary

Prepared By: Olivia Kwok, Manager, Waste Collection and Diversion

Reviewed By: Mike Ursu, Acting Director, Waste Management

Approved By: Katie Johnson, Acting Commissioner, Engineering and Environmental Services