

Staff Report



To	Committee of the Whole
Service Area	Infrastructure, Development and Enterprise Services
Date	Monday, December 7, 2020
Subject	Update on Transition of Blue Box and Electrical and Electronic Equipment Programs to Individual Producer Responsibility

Recommendation

1. That the City of Guelph request that the Ontario Ministry of the Environment, Conservation and Parks accommodate the City's original request to transition its Blue Box program to full producer responsibility at the earliest transition date, January 1, 2023, or, in the event that this is not possible, that the City of Guelph receive full funding for the operation of the City's Blue Box program based on 100% of reported costs until such time as the program is transitioned to producer responsibility.
 2. That the City's preceding resolution be forwarded to the Ontario Ministry of the Environment, Conservation and Parks.
 3. That staff be authorized to enter into negotiations with producers or producer responsibility organizations for the purposes of developing transition strategies with respect to Blue Box services to be transitioned under the proposed Blue Box Transition regulation of the Waste Free Ontario Act once it is enacted.
 4. That the City continue to provide a waste collection service for Electrical and Electronic Equipment at the Public Drop-off depot and analyze the program's performance during the first year to determine direction with respect to future program offerings.
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Executive Summary

Purpose of Report

The purpose of this report is to provide an update on the transition of Blue Box programs and Electrical and Electronic Equipment to Individual Producer Responsibility under the Waste Free Ontario Act.

Key Findings

Blue Box

On May 25, 2020, Council resolved that the City of Guelph state that the preferred transition date to the Ministry of Conservation and Parks (MECP) for Guelph's Blue Box program as required under the Waste Free Ontario Act is January 1, 2023. The primary reason for requesting the earliest possible transition date to the Ministry

was financial. The current Blue Box program is cost shared 50/50 between municipalities and producers of Blue Box materials. Under the proposed wind up plan and draft regulation released by the MECP for consultation on October 23, only transitioned municipalities would be eligible for full producer funding. The remaining municipalities would remain under the 50/50 cost sharing model. Based on the Transition Schedule in the draft regulation, the City's program will transition to producer responsibility sometime, although not specified, in 2025. Staff continue to monitor and advocate for Guelph's interests and will report back to Council as new information becomes available.

Electrical and Electronic Equipment (EEE)

Effective January 1, 2021, producers of information technology, telecommunications and audio visual equipment will be environmentally and financially responsible for collecting, reusing, refurbishing or recycling products at their end-of-life. Producers, through Producer Responsibility Organizations (PROs) may solicit municipalities, businesses or other organizations to become a service provider to collect products on their behalf. The City was approached by a PRO to collect Electrical and Electronic Equipment (EEE). Based on the amount of compensation offered, staff are recommending that the City continue to accept EEE from residents at the Public Drop-off (PDO) depot. Staff will analyze the program's performance during the first year to determine direction with respect to future program offerings.

Financial Implications

Blue Box - Based on steward reimbursements received in 2020 under the 50/50 cost sharing model for managing the Blue Box program, taxpayers of Guelph are burdened with an additional \$1.76 million each year the transition is delayed.

Electrical and Electronic Equipment (EEE) – Based on compensation offered to date by a PRO, the City would receive funding of approximately \$31,450 per year, which covers the cost of resources to manage the program at the PDO depot. PROs are still forming and registering with Resource Productivity and Recovery Authority and more offers are anticipated and will be reviewed for the most cost effective and efficient proposal for the City.

Report

Background

Staff continue to monitor and prepare for changes to how waste will be managed in Ontario, and in particular how the new producer responsibility framework will impact City waste operations. The new framework makes producers individually responsible and accountable for their products and packaging at end-of-life, and is an outcome of the Waste-Free Ontario Act.

In total there are four programs mandated by the Province to "wind-up" operations as the province transitions to its new producer responsibility framework; as well as additional proposed amendments to the provincial Food and Organic Waste Policy Statement. The MECP and Resource Productivity & Recovery Authority (RPRA) have been consulting further on the proposed changes this fall. A status update on the programs is shown in the table below.

Program	Status
Used Tire Program	Transition completed December 31, 2018; service is now offered to residents by over 80 registered used tire collectors in the City
Municipal Hazardous Special Waste	Transition completed for batteries June 30, 2020; service now offered to residents by producers Transition effective June 30, 2021 for remaining materials; the MECP has not yet released information on proposed approach or draft regulations
Electrical and Electronic Equipment (EEE)	Transition effective December 31, 2020 Further details are included in the report below.
Blue Box program (Printed Paper and Packaging)	Transition starting January 1, 2023 and complete by December 31, 2025 City staff submitted comments in response to the RPRA's consultations on Stewardship Ontario's (SO) proposed plan to wind-up the Blue Box Program and transition it to the new Individual Producer Responsibility (IPR) framework, as well as, the MECP's invitation for further dialogue on ERO 019-2579 – Proposed Blue Box Transition Regulation Further details are included in the report below.
Food and Organic Waste Policy Statement	City staff submitted comments in response to the Minister's invitation for further dialogue on ERO 019-2498 – Proposal to Amend the Food and Organic Waste Policy Statement .

The City continues to provide services for the recovery of EEE, MHSW and Blue Box material. As part of the Solid Waste Management Master Plan scope, Dillon Consulting has been tasked to develop a transition strategy to inform whether the City should fulfill any producer obligations by operating as a contracted service provider under the producer responsibility framework. While the development of a transition strategy for the remaining services is underway, this report focuses on the Blue Box and EEE program.

Blue Box

On May 25, 2020, Council resolved that the City of Guelph state that the preferred transition date to the MECP for Guelph's Blue Box program as required under the Waste Free Ontario Act is January 1, 2023. The primary reason for requesting the earliest possible transition date to the Ministry was financial. Throughout the Ministry's consultation process, the City has advocated for financial parity for all municipalities. The current Blue Box program is cost shared 50/50 between municipalities and producers of Blue Box materials. Under the proposed wind up plan and draft regulation released by the MECP for consultation on October 23, only transitioned municipalities would be eligible for full producer funding. The remaining municipalities would remain under the 50/50 cost sharing model.

Despite staff's advocacy to the Ministry, the draft regulation did not take into account Council's resolution on its preferred transition date of January 1, 2023. Based on the Transition Schedule in the draft regulation, the City's program will transition to producer responsibility sometime, although not specified, in 2025. As a result and based on steward reimbursements received in 2020 under the 50/50 cost sharing model for managing the Blue Box program, taxpayers of Guelph are burdened with an additional \$1.76 million each year the transition is delayed. From the perspective of the Guelph taxpayer, this means that they will continue through taxation to cover a portion of the Blue Box program.

Staff are recommending Council formally send a resolution to MECP to request the Ministry to accommodate the City's original request to transition its Blue Box program to full producer responsibility at the earliest transition date, January 1, 2023, or, in the event that this is not possible, that the City of Guelph receive full funding for the operation of the City's Blue Box program based on 100% of reported costs until such time as the program is transitioned to producer responsibility.

Electrical and Electronic Equipment (EEE)

The Ontario Electronic Stewardship (OES) recycling program will wind up on December 31, 2020. Beginning January 1, 2021, producers of information technology, telecommunications and audio visual equipment will be environmentally and financially responsible for collecting, reusing, refurbishing or recycling products at their end-of-life. Under the new producer responsible regulation, producers who supply products into the Ontario market will be required to establish and operate EEE collection and management systems when consumers discard them.

Producers will have the choice to work with PROs to operate EEE collection and management systems on their behalf to meet their legislative obligations and targets. PROs may solicit municipalities, businesses or other organizations to become a service provider to collect EEE on their behalf.

The PDO depot at the Waste Resource Innovation Centre became a registered collector under the OES program in 2015 and currently receives compensation for EEE waste collection from Greentec, an EEE electronic recycling processor under the OES program. Greentec compensates the City for a portion of the cost of collection and transportation. In 2019, the City collected 170 tonnes of EEE at the PDO depot for a total payment of \$14,000 at approximately \$82/tonne.

PROs are still forming and registering with RPRA to become a service provider. To date, the City has been approached by one (1) PRO, to become a service provider to collect EEE on behalf of producers. Currently, the City has been offered compensation at \$185 per tonne for collection of EEE and more offers are anticipated.

Based on the amount of EEE collected in 2019, the new compensation would be approximately \$31,450 per year for the PDO depot. The funding is sufficient to cover resources such as staff time and overhead costs to manage the program since the PDO depot remains operational to accept other waste from residents. Provision of bins, transportation and recycling costs are covered by the PRO. As a result of the funding offered, staff are recommending to continue to provide a waste collection service for EEE from residents at the PDO depot. In addition to financial considerations, by leveraging the City's PDO depot operation, community

familiarity, and convenience, barriers to recovery are reduced thereby helping to ensure current levels of EEE diversion are maintained.

Staff will analyze the program's performance during the first year to determine direction with respect to future program offerings as other EEE collection sites are set up and offered by the private sector.

Financial Implications

Blue Box

Early estimated financial implications are as reported in the December 2nd Waste Free Ontario Act – Update and Key Considerations staff report ([Report# IDE-2019-121](#)). Work is ongoing through the Solid Waste Resources Master Plan update to refine potential impacts with respect to revenues, expenditures and assets related to the Blue Box program. Implications and recommendations to Council will be presented as part of the SWMMP update process. Based on steward reimbursements received in 2020 under the 50/50 cost sharing model for managing the Blue Box program; taxpayers of Guelph are burdened with an additional \$1.76 million each year the transition is delayed.

Electrical and Electronic Equipment (EEE)

A PRO has offered to compensate the City at \$185 per tonne for EEE. Based on the tonnes of EEE collected in 2019, the compensation would be approximately \$31,450 per year. The funding covers the cost of resources to manage the program as the PDO depot remains operational to accept other waste from residents. PROs are still forming and registering with RPRA and more offers are anticipated and will be reviewed for the most cost effective and efficient proposal for the City.

Consultations

City staff are members of the Regional Public Works Commissioners of Ontario, as well as participants in the Municipal Resource Recovery and Research Collaborative, which includes the Association of Municipalities of Ontario, the City of Toronto, the Regional Public Works Commissioners of Ontario and the Municipal Waste Association. We have consulted with these organizations to ensure the City supports a consistent approach to the IPR framework transition and will continue to work with these parties to advocate to the MECP and RPRA for Guelph's interests.

The City will also be seeking input from the Public Advisory Committee on the Strategy Framework as part of the scope of the Solid Waste Management Master Plan.

Staff are consulting with other City departments including Finance, Communications, Human Resources and Legal Services and will continue to keep Council continually informed of any changes and key milestones as the transition moves forward.

Strategic Plan Alignment

Working together for our future: Develop a long-term financial and resource strategy that is achievable and affordable.

The new producer responsibility framework offers an opportunity for the City to recoup full funding for operating the EEE and Blue Box programs or, if

conditions imposed by producers do not support full cost recovery, transfer operations to the producers.

Sustaining our future: Mitigate climate change by reducing Guelph's carbon footprint.

One of the overall objectives of the province's circular economy approach is improved resource management through greater recovery, waste reduction, reuse, and recycling, including promotion of design-for-the-environment that would increase the environmental performance of the EEE and Blue Box program.

Attachments

None

Departmental Approval

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