



Committee of the Whole Report

Report Number:	WM2024-008
Meeting Date:	November 5, 2024
Title:	Blue Box Transition Options for Non-Eligible Sources
Description:	Curbside Recycling Options for Non-Eligible Sources starting January 1, 2026
Author and Title:	David Kerr, Manager of Environmental Services

Recommendation(s):

That Report WM2024-08, **Blue Box Transition Options for Non-Eligible Sources**, be received;

That; starting January 1, 2026, Non-Eligible sources within the City of Kawartha Lakes will not receive curbside collection of recycling provided by the City of Kawartha Lakes;

That; the By-law for Collection and Management of Waste and Recyclables Within the City of Kawartha Lakes (By-Law 2016-144) be amended to incorporate Non-Eligible Source Collection details and remove the responsibility for the collection of non-eligible source material beginning January 1, 2026;

That the necessary By-Law be brought forward for consideration; and

That these recommendations be brought forward to Council for consideration at the next Regular Council Meeting.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of October 24, 2023, and in closed session, Council directed staff to continue collection of Non-Eligible Sources during the transition period from April 1, 2024 to December 31, 2025 and procure a contractor for that work. Miller was selected as the contractor for that work. As well, Council directed staff to report to them on options to best manage collection of recyclables from Non-Eligible sources post transition starting January 1, 2026.

This report addresses that direction.

The Blue Box Regulation (O Reg. 391/21) established that producers of recycling are responsible for the end-of-life management of these products from Eligible-Sources (residential locations, schools and non-profit long-term care homes/seniors residences). Producers are not responsible for the management of Non-Eligible sources such as:

- Industrial and commercial properties and Business Improvement Areas (not including residential units on the property)
- Commercial farms (not including a residential home on the farm property)
- Places of Worship (not including a residential home on the property)
- Daycares
- campgrounds & trailer-parks for temporary stay
- municipal buildings or facilities
- Not for profit organizations, shelters
- Post-Secondary Institutions (public or private)

Of note, properties such as BIA's having both residential and commercial units will also have both Eligible and Non-Eligible (IC&I) units.

Many of these Non-Eligible sources currently have their own service providers for the collection of Blue Box recyclables within the municipality but many are also part of the City's current collection service. Of the approximate 39,000 properties within the municipality that receive curbside collection of recyclables, it is estimated that approximately 700 of those stops fall into the category of Non-Eligible sources. This is less than 2% the total stops. The exact number of Non-Eligible sources will be

confirmed as part of the Integrated Waste Management Strategy report, completed by Dillon Consulting, to be received by year-end and reported to Council in 2025.

The producers have indicated they will not collect recyclables from Non-Eligible sources from municipalities, as they have no legal requirement to do this. Although, legally not required, but to ensure service continuity for what has been historically collected, the City (at their cost) continues to provide curbside collection and processing services to Non-Eligible sources free of charge. During this transition period, the Province has allowed recyclables from Non-Eligible sources to be blended in the collection trucks with recyclables from Eligible Sources as they have historically done. Although the producers cover the cost of the Eligible Sources, the City covers the cost of collecting and processing the Non-Eligible Sources. Currently, the estimated cost for this service is \$50,000/yr. This service will extend to December 31, 2025.

As of January 1, 2026, the Producers have advised municipalities they will no longer be allowed to blend the Non-Eligible sources with the Eligible Sources in the same truck or be processed together. Municipalities will be responsible for collection and processing of Non-Eligible Sources after January 1, 2026. The Non-Eligible Sources will have to be separated from the Eligible Sources. In this scenario, the City would be responsible for both the collection and processing, and therefore assume 100% of the costs of managing Non-Eligible Sources. The costs for processing and collection will be significantly higher for managing Non-Eligible sources after transition. Based on our current knowledge and recent discussions with contractors, the estimated cost for the City to collect and process the Non-Eligible Sources after January 1, 2026 will be around \$745,000. The producers have not indicated they will be providing any revenue back to municipalities for marketing of any processed recyclables.

It is important to note that the City also operates a depot at each of the five open landfill sites within the City to accept Blue box recyclables from both Eligible and Non-Eligible Sources. Also as of Jan 1, 2026, the Producers have indicated they will not allow the blending of Eligible and Non-eligible sources within the depot bins. However, they are not clear on how or if they will provide any funding for the depot bins or if Non-Eligible and Eligible Sources have to be dedicated to separate bins. Once the Producers provide additional clarity on this issue staff will review the options to manage depot bins in a separate report to council.

The City currently charges a tipping fee for all blue box material from the Non-Eligible Industrial/Commercial and Institutional Sources that are brought directly to one of our operating landfills outside of the regular curbside collection program.

As per Council direction, Staff have explored different options to best manage Non-Eligible sources after transition (as of January 1, 2026). This report provides a summary of those options, their pros and cons and the recommended courses of action.

Rationale:

Given that, the City has no statutory requirement to provide recycling collection to Non-Eligible Sources; staff have concluded the most economical way to proceed is to cease the curbside collection of Blue box recyclables from Non-Eligible Sources as of December 31, 2025.

After December 31, 2025, Staff will continue accepting Non-Eligible Sources for a recycling fee at all City landfills as they have done in the past. This accommodation will provide the opportunity for Non-Eligible Sources to recycle and eliminate the cost of collection. This will also minimize recyclables being landfilled and taking up valuable capacity. If Eligible sources destined for landfill depots (i.e. bins at landfill sites) are not subsidized by the Producers (which has yet to be confirmed), then consideration will be given that they too be charged a recycling tipping fee. Recycling services at the depots will be the topic of a future council report once the Producers provide further clarity.

Staff are of the opinion that the producers of Blue box recyclables should be responsible for managing all their materials regardless of the source of their consumption and that all property types should be required to recycle. This practice will help extend the life of our landfills which serve both Eligible and Non-Eligible sources. Staff will continue to engage with industry organizations and advocate this to the Minister of Environment, Conservation and Parks. As an action plan, Staff intend to send a letter to the Minister of Environment, Conservation and Parks advocating for the collection and processing of blue box recycling items from Non-Eligible Sources to be funded wholly by the producers.

The following table below provides information on how other municipalities in the province have decided to proceed with their respective Non-eligible curbside collection as of Jan 1, 2026.

Table 1 Municipal Decisions Regarding Servicing Ineligible Sources

Municipality	Servicing Non-Eligible Sources after Jan 1, 2026	Notes
City of Toronto	Yes	
Peel Region	Yes	
District of Muskoka	Yes-limited	Only servicing downtown BIA's
Chatham -Kent	No	
Kingston	No	
Norfolk County	No	
Guelph	No	Continue to service City facilities
Thunder Bay	No	
Barrie	Yes	
Simcoe	No	
Peterborough	Yes	
Peterborough County	Yes	
Northumberland	Yes	
Carleton Place	No	
The Nation Municipality	No	
Blind River	No	
Alfred and Plantegenet	Yes	
Brant	No	
Cornwall	Yes	
Hearst	No	
Orillia	Yes	

Source: CIF

It is important to note that there is considerable difference between urban municipalities and rural municipalities in that there are far less kilometres travelled between serviced units in an urban community. This is especially true when only Non-Eligible properties are being serviced. This means the City would be required to travel much greater distances in rural communities to service only these locations when compared to more urbanized neighbours. The economies of scale by servicing these locations alongside residential properties would be lost, resulting in a much greater cost to provide the same service.

Therefore, in order to save costs, staff recommend that the City assume no responsibility for the collection of Non-Eligible source material beginning January 1, 2026 and after. Non-eligible sources would need to arrange for private collection of blue box materials.

This recommendation has cost savings given the complexity of managing and administering multiple contracts as well as significant transportation costs. However, this option would need to be supported by a strong promotion and education campaign to inform the Non Eligible Sources of service changes. In addition, there may be other options for drop-off at landfill depots (i.e. bins at the open landfill sites) for Non-Eligible sources once additional clarity is provided by the Producers over the course of the next year. Although there is not a legislated requirement to manage Recyclables from Non-Eligible Sources, in the future it is not expected there will be a significant increase in blue box material in the garbage stream. Private collectors will be available to provide this service to Non-Eligible Sources. The Waste Management By-law will continue to restrict recyclables from being mixed with the regular garbage. Considering that the proportion of Non-Eligible sources to Eligible sources is less than 2% the overall impact to landfill space is minimal and less than 200 tonnes per year.

Other Alternatives Considered:

The following alternative options were considered:

Alternative 1- Provide separate collection/processing to Non-Eligible Sources

Under this option, staff would receive competitive bids or discuss an additional scope of work with the current waste collection contractor. The scope of services would be for blue box collection, hauling and processing to Non-Eligible sources in a dedicated service program (since Non-Eligible source material cannot be commingled with residential material post transition). A dedicated service might involve a cooperative procurement with neighboring communities, adding a scope of work onto the existing waste collection contract and dedicating one or more landfills with a bin for Non-Eligible source drop off. A dedicated service may also involve changing curbside collection frequency and schedule.

This option would result in continued service to Non-Eligible sources with some possible service level changes to ensure the blue box material from the Non-Eligible sources is not commingled with blue box material from residential sources.

This separate collection service will likely result in a higher cost post transition (January 1, 2026 onward). The collection costs are estimated to be approximately \$715,000 and the processing to be \$30,000. It is important to note that City facilities are also considered Non-Eligible sources and as such are included in this estimate. The processing cost is dependent on securing processing capacity for Non-Eligible source material. At this time, staff are unsure which facilities are able to accept our Non-Eligible source material and what the processing cost will be. As previously indicated the Producers are not expected to compensate the municipalities for the revenue from marketed recyclables after processing. However, for estimation of costs we have assumed processing to be \$200/tonne similar to the current cost. The actual cost for collection and processing will be determined through the procurement process.

Of interest, the majority of municipalities that do provide a service such as this are large urban areas, not mixed urban rural municipalities such as Kawartha Lakes.

As there are so many different types of businesses and Non-Eligible sources are scattered across the large area of our municipality this service would likely be of significant expense to the City and is not recommended.

Alternative 2- Provide separate collection/processing to a subset of Non-Eligible Sources

Under this option, staff would receive competitive bids or discuss an additional scope of work with the current waste collection contractor. Although it is possible to have a City-led service for this scope of work, it is unlikely there would be any cost savings due to the need for collection vehicles, staff and liability. The scope of services would be for blue box collection, hauling and processing to only a subset of the Non-Eligible sources in a dedicated service program (since Non-Eligible source material cannot be commingled with residential material post transition). This separate collection service would likely result in a higher cost post transition (January 1,2026 onward) and is dependent on securing processing capacity for Non-Eligible source material. At this time, staff are unsure of which facilities are able to accept our Non-Eligible source material.

Under this option, a subset of Non-Eligible sources could be serviced. For instance, just downtown core areas, City facilities, BIA's or businesses (under a specific size) could be included. Although this option would be less costly than servicing all Non-Eligible sources, there would be considerable disparity and fairness issues between what subset

would qualify for subsidization. Very few municipalities having a mixed urban/rural population similar to Kawartha Lakes offer this service.

As there would be an additional expense and it is not aligned with the producer pay mindset it is not recommended that this level of service be provided.

Alignment to Strategic Priorities

This recommendation aligns with the Strategic Priority of Healthy Environment, which promotes waste diversion and resource recovery through introduction of new Blue Box Regulations and Producer responsibility. The report puts the onus on the Producers of their products being responsible for recycling where possible.

Financial/Operation Impacts:

The recommendation to not service the Non-Eligible sources will have minimal financial costs to the City. There may be an estimated increase of up to 200 tonnes of recyclables entering the waste stream at an expected cost to the municipality of \$30,000 in landfill space savings. However, the City will recover some of these costs through tipping fees.

If the municipality were to service the approximate 700 Non Eligible Source stops, the costs would be considerable and in the \$750,000 range annually. This is a preliminary estimate and is based on general discussions with other municipalities and contractors. An option involving a subset of the Non Eligible Sources would be lower as less stops and volume would be collected but still at a significant incremental cost to the City.

Consultations:

City Treasurer

Continuous Improvement Fund (CIF)-A Municipal Waste Advisory Organization

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