

## Staff Memo

A message from Heather Dzurko, Manager Waste Management

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**Date: June 5, 2025**

**To: Waste Management Advisory Committee (WMAC)**

**From:** Heather Dzurko

**Re: Post Transition Blue Box Planning - Diversion and Cost Considerations for Depot Services**

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### Background

On April 1, 2024, the City of Kawartha Lakes (KL) Blue Box (BB) program transitioned to producers. During transition, until December 31, 2025, the following arrangements are in place for managing BB materials:

- 1) KL Collection Contract with Miller Waste was amended to:
  - a. Remove original scope of work for managing curbside collection of BB material (resulting in a reduction in our curbside waste collection contract costs). \*\*Circular Materials Ontario (CMO), through Reverse Logistics Group (RLG) hired Miller to provide BB service during the transition period (April 1, 2024 – December 31, 2025).
  - b. Add separate provisions for the collection of Non Eligible Source (NES) BB materials (includes cost per stop and processing cost) through the transition period.
  - c. Remove bin service for depot collection of all BB material (both eligible and non-eligible, resulting in a reduction in our depot costs). \*\* CMO hired Miller to provide these services during the transition period.
- 2) KL entered into an agreement with Miller to permit the use of the transfer station at the Lindsay Ops Landfill for consolidating BB materials that they are managing for producers (resulting in revenue). This agreement expires at the end of the transition period as will the revenues received.
- 3) KL entered into an agreement with CMO for providing BB collection at the depot during transition. The agreement includes revenue to offset our operating costs and fee adjustment for the proportion of NES materials included in the program. At the end of the transition period, the agreement and resulting funding will cease. There is currently no option to extend.
- 4) KL entered into an agreement with CMO to support BB public education efforts including providing information through the municipal calendar and a waste app.

This agreement will also end at the end of the transition period. There is an option to enter into a new agreement to support BB public education efforts through municipal calendar only (CMO will manage their own app).

- 5) No tipping fees apply to residential BB material received at the depots. This is because CMO is funding the program through the transition period and fees cannot be applied to those materials as part of the agreement.
- 6) Consistent with historical process, tipping fees are applied to commercial, industrial, and, institutional BB material received at the depots, as these sources are NES, not included in the agreement with CMO. The information below relates to commercial recycling received at the depots:
  - a. The 5-year average annual revenue received for commercial recycling is about \$5,500, for managing an average of 38 tonnes of material, from approximately 285 commercial visits, based on a report from the landfill scale software.
  - b. In 2024, the landfill scale software recorded a significant decline in the amount of commercial recycling received at the landfills (total 27 tonnes). The reason for this is currently unknown.
  - c. Over 90% of the quantity of commercial recycling is received at the Lindsay Ops site, followed by Somerville, and then Fenelon in terms of quantity of material and number of customers.
- 7) KL stopped receiving BB funding from the province through the Datacall during transition of the BB program (resulting in a loss in revenue in the 2025 budget).

On January 1, 2026, the BB program (as defined in O.Reg. 391/21, under the Ontario Resource Recovery and Circular Economy Act) will transition to full producer responsibility. Once the program fully transitions to producers, the following changes are expected:

- 1) Curbside collection of eligible BB material will be completely separate from KL waste collection services, i.e. there will be no co-collection of recycling with garbage and there will be no ability to comingle NES BB materials with eligible BB materials (as a result of the expected increase costs from separate collection of NES materials, Council has decided not to provide this service).
- 2) Potential changes to the BB program and delivery (i.e. BB materials, routes, types of approved containers, etc.). Details will be developed and implemented by CMO and we expect to include those in our waste calendar.

- 3) The contractor collecting BB materials at the curb will be different from our garbage service provider. We will have two separate trucks travelling on our roads; one for waste collection and one for recycling with different routes and collection schedules (at this time we expect the days to remain the same).
- 4) It is currently unknown if producer managed BB material will come to the Lindsay Ops transfer station for consolidation (there will be a loss in revenue previously received by Miller for using this location to manage materials if we do not continue to provide this service to producers). Staff are actively working to confirm the intent of the new BB service provider and evaluating our options for use of the facility as part of our budgeting process for 2026.
- 5) It is currently unknown if CMO will support depot collection service for eligible or NES materials (resulting in an increase in net operating costs for the site). At this point, the direction is that all KL landfills are considered convenience depots and will not be supported. Confirmation from CMO not expected until sometime in Q3 2025.

## Post Transition Diversion Impacts

Based on historical information available, estimated quantities of BB for curbside and depot services are broken down as follows:

Type of Collection	% NES	Tonnes Eligible BB	Tonnes NES	Total Tonnes BB
Depot	4.9	475	25	500
Curbside	2.0	5,390	110	5500
Total	2.3	5,865	135	6000

It should be noted that these estimates are based on several assumptions, and the actual quantity of NES material and Depot material may vary to some extent from estimates provided.

The percent NES at depots reported to CMO is determined based on the number of non-eligible properties using MPAC codes from the 2022 tax roll return divided by total eligible and NES number of properties. Landfill software tracking reports noted slightly higher quantities of commercial recycling were received at the depots as noted earlier.

The percent curbside NES stops were calculated by dividing the number of NES stops determined through a survey by the total number of stops in the municipality (does not consider that commercial stops likely set out more materials than residential stops). The

curbside NES quantity was revised following the updated NES stop count provided by Dillon. The potential quantity of material not managed through producers (curbside NES and depot materials from NES and residential materials) is estimated to be 610 tonnes/year.

## Post Transition Cost Considerations

The following table summarizes expected shifts in costs post transition (2026)

Service	During Transition (2025)	Post Transition (2026)
Eligible Curbside Recycling Collection	\$0	\$0
Curbside Collection and Processing of Non-Eligible BB	\$75,000	\$0 <sup>1</sup>
Depot Bin Service and Processing Cost - Eligible and NES BB material combined	\$0	\$232,000 <sup>2</sup>
Compensation for Depot Operation, and Transfer Station Rental	-\$571,000	\$0 <sup>3</sup>
Public Education Reimbursement	-\$20,000	-\$14,000
NES Tipping Fees	-\$5,000	-\$18,000 <sup>4</sup>
Total Net Cost of Service	-\$521,000	\$200,000
Overall Potential Impact to 2026 budget		\$721,000

- 1- This cost is dependent on Council not providing NES collection at the Cost of the City. Council has made a decision not to provide NES BB service estimated at \$745,000. Staff are exploring other options to support NES services, which may come at additional cost in 2026 if considered.
- 2- Estimated using known costs and accounting for expected changes to services. This estimate does not reflect any pricing included in proposals under the existing procurement process. Cost will depend if Council still recommends providing BB service at Depots (and CMO does not offer to provide this service).
- 3- There may be some revenue if the new BB service provider wants to lease the transfer station to consolidate their curbside BB materials.
- 4- Will depend on decisions about charging tipping fees for BB services at the landfill. \$18,000 revenue assumes we would charge for all NES recycling received at the landfill depot.

## Decisions Required to Support Post Transition Service Delivery

- 1) KL to provide Residential BB material services at Depots
  - Continue BB services at all or just some sites

As summarized above considerations include:

- Cost to provide this service currently estimated at \$232,000/year (confirm through review of RFP submissions). An agreement for these services would include some sort of provision to end the contract if CMO was to confirm they would assume this responsibility.
- CMO to confirm if they will provide depot service to any KL sites by Q3 of 2025
- Some costs could be recovered by applying a tipping fee to BB materials received at the landfill depots. Estimated \$66,500 if we apply a \$140/tonne fee to 475 tonnes of material per year.
- Costs could be mitigated by reducing the sites that provide this service. This impact based on a review of RFP submissions may be provided to Council in a report.
- Depot BB currently contributes to about 2% of the residential diversion rate.

Consider a recommendation to continue providing BB services at all depots, to make recycling accessible to residents who cannot participate in curbside recycling program for whatever reason. If the program is no longer supported by CMO, recommend applying tipping fees for disposal of materials at depots.

## 2) How will KL support NES BB service needs

- No service provision or financial support
- Support curbside only service through joint RFP with County of Peterborough
- Recover cost of a curbside service through a commercial tax levy
- Support depot only service through joint RFP with County of Peterborough
- Waive tipping fees for NES at depots if no curbside service available

Considerations relevant to this decision include:

- Council has passed a resolution to stop providing curbside collection services post transition but that staff consider options through a joint RFP. This process is currently ongoing and results of that process will be provided to Council.
- Audits estimate that about 60% of all NES rely on KLs curbside collection program.

- KL conducted a survey of NES businesses to gather input on BB service. About 90% of respondents are interested in a joint collection program. However, only 65% would consider paying a tax levy to obtain this service, while 35% would prefer to hire their own service provider if they have additional payments for the service.
- Some businesses have asked if landfill depots will be accepting BB material at the depots at no charge. An estimated \$18,000 revenue would be generated to offset operating costs of this service if a tipping fee is applied to NES BB material.

Consider making a recommendation to continue to receive commercial recycling at landfill depots, and continue to charge a tipping fee for managing this material.

### 3) Corporate NES BB collection requirements

City departments will be meeting to discuss how to manage NES materials moving forward and 2026 operating budget will reflect any changes in cost. An estimated 24 locations or 3.3% of NES locations receiving BB curbside collection are City owned facilities (community centres, roads depots, City Hall, etc.).

### 4) KL enter into an agreement with CMO to provide BB content in our municipal calendar. Recycle Coach app will be separately contracted and paid for by CMO.

Consider making a recommendation to continue to provide BB content through the municipal calendar. KL would receive \$13,000 under the agreement with CMO to provide this service.

### 5) KL to enter into lease agreement with the new BB service provider if a reasonable agreement for financial compensation can be negotiated.

Considerations relevant to this decision include:

- This would make best use of the front end loader at the landfill that is used for other purposes at the landfill as well.
- This would continue to provide a source of revenue for the site to offset operating costs

- At some point in the future the City may want to consider use of the transfer station for other purposes unrelated to managing blue box materials.

Consider recommending that the City enter into a lease agreement with the service provider (Emterra) to lease the transfer station building at Lindsay Ops landfill site starting in 2026, for a couple of years, with optional renewal periods.

### Timelines/Next Steps

Task	Timeline
NES Business Consultation/Survey	Closed May 9 <sup>th</sup>
NES and Depot services RFP	Issued April 24 <sup>th</sup> closes May 20 <sup>th</sup> Council June 24 <sup>th</sup> or July 22 <sup>nd</sup> Notice of Award in August
NES Business Consultation Support Implementation/Communications depending on recommendations	July-October 2025
Updates to tipping fees – recommendations approved by Council for implementation in 2026 consolidated fees bylaw update	Could be considered as part of the June Meeting