

**To: Warden and Members of County Council**

**From: Director of Public Works**

## **Municipal Blue Box Program Update – Transition to Full Extended Producer Responsibility**

### **RECOMMENDATIONS**

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- 1. That County Council authorize staff not to pursue Circular Materials Ontario’s upcoming Request for Proposal for recycling collection services;**
- 2. And further, that County Council authorize staff to investigate options for the provision of Blue Box collection services for non-eligible sources and report back to County Council;**
- 3. And further, that County Council authorize staff to investigate the service continuation of Convenience (drop-off) Depots to receive Blue Box materials from eligible and non-eligible sources and report back to County Council;**
- 4. And further, that County Council authorize the Chief Administrative Officer and the Director of Public Works to negotiate and execute amendments to waste management service agreements with the City of Woodstock and Township of South-West Oxford to reflect the changes associated with the transition of the municipal Blue Box Program to the province-wide common recyclable collection system.**

### **REPORT HIGHLIGHTS**

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- The purpose of this report is to provide County Council with an update on the new Blue Box regulation ([O. Reg. 391/21](#)) and the associated municipal transition of regulatory responsibilities that will make Producers accountable and financially responsible for end-of-life management of their paper products, packaging and packaging-like materials under a full Extended Producer Responsibility (EPR) model.
- Transitioning all of Ontario’s existing municipally operated Blue Box Programs to full EPR will occur over three years between July 2023 and December 2025. Oxford County, including its Area Municipalities, will transition on December 31, 2025. Starting January 1, 2026, the Producers have full regulatory authority over the residential Blue Box Program, removing the responsibility from Ontario municipalities.
- Circular Materials Ontario (CMO), a non-profit Producer Responsibility Organization (PRO) has been selected as the administrator of the regulatory-mandated province-wide common collection system for the new Blue Box Program in Ontario and has been collaborating with municipalities to establish collection services during and after the transition period (2023 – 2025).

- Blue Box services to non-eligible sources (e.g., industrial/commercial/institutional (IC&I), Business Improvement Areas (BIAs), churches, for-profit nursing homes, retirement facilities, municipal buildings, commercial farms, etc.) or the collection of material not prescribed in the regulation are not currently envisioned as part of the new province-wide common collection system managed under the full EPR approach.
- Staff do not recommend the County's participation in the competitive long-term procurement process for Blue Box curbside recycling collection services on behalf of the Producers due to the inherent risks; capital and operational investment requirements; lack of service price competitiveness; limited ability to influence the recycling collection level of service; and inability for co-collection with other waste materials (i.e. municipal solid waste, organics).

### **Implementation Points**

In preparation for transition to full EPR, Oxford County, as the waste management authority, will continue to provide County municipal blue box program data (inclusive of its contracted waste collection service providers) to the Resource Productivity and Recovery Authority (RPPRA) and CMO in order to establish the province-wide common collection system.

Staff will continue to participate in the municipal working group hosted by CMO to keep informed of program development as CMO procures collection services and establishes the common collection system for implementation across Oxford County starting January 1, 2026. Staff will also continue to liaise with other municipalities and PROs to understand if and how they intend to provide collection services of non-eligible sources (i.e. IC&I, convenience depots) using municipal resources or through negotiations directly with PROs.

Ongoing discussions will continue with City of Woodstock and Township of South-West Oxford staff regarding service level impacts and development of feasibility analysis of alternative collection services to non-eligible sources (i.e. IC&I, convenience depots).

Staff will continue to keep County Council informed of updates and key milestones as the January 1, 2026 transition timeline approaches.

### **Financial Impact**

No financial impacts are associated with the recommendations contained within this report for 2023.

The County will continue to receive Blue Box Program funding until the end of 2025, covering approximately 50% of program costs. As of January 1, 2026, 100% of the costs associated with the collection, material processing, promotion and education, provision of containers, etc. that align with the new Blue Box Regulation will be assumed by the Producers. At this time, the County and its contracted service providers, will no longer be financially or operationally responsible for the provision of Blue Box Program services to eligible sources as prescribed by the regulation.

Because of this regulatory change, the County’s Waste Management budget will see the elimination of Blue Box-related funding and program expenses pertaining to the current municipal Blue Box program resulting in a net program savings of approximately \$2 million annually starting in 2026 as illustrated in Table 1 below.

Table 1: Blue Box Transition Estimated 2026 Budget Impact

	<b>2026 Budget Impact</b>
<b>Revenue Loss:</b>	
Stewardship Funding	-\$1,600,000
Material Revenue Sales	-2,000,000
Recycling Container Sales	-22,000
<b>Total Revenue</b>	<b>-\$3,622,000</b>
<b>Net Cost Savings:</b>	
Oxford County	\$3,130,000
City of Woodstock	2,300,000
Township of South-West Oxford	167,000
Collection Services for Non-eligible Sources	TBD
<b>Total Program Costs</b>	<b>\$5,597,000</b>
<b>Preliminary Budget Impact</b>	<b>\$1,975,000</b>

However, pending further analysis and decisions by Council, these savings could be reallocated to support Blue Box services to non-eligible sources, continued operation of Convenience (drop-off) depots and/or further waste reduction programming needs (e.g. the introduction of a County-wide organics collection program) which support the County’s Zero Waste directive. Recommendations will be brought forward for consideration as part of the 2026 Business Plan and Budget.

## Communications

County staff have had ongoing discussions with its municipal service providers (City of Woodstock and Township of South-West Oxford) relating to transitioning the Blue Box Program to full EPR and the anticipated impacts on the current municipal program.







Further communication efforts included a presentation at the April 26, 2023 County Council meeting followed by staff delegations (Attachment 1) to each of the Area Municipality Councils in May and June 2023. Feedback from Area Municipality Councils centred on concerns over non-eligible sources currently receiving Blue Box Program services who will potentially find themselves without this service as of January 1, 2026, as well as the increase in the number of collection vehicles required to provide curbside collection services within the County and associated greenhouse gas emissions.

Overall, transitioning to full EPR will require comprehensive communication with residents and businesses to ensure they are aware of and prepared for changes to the Blue Box program. Targeted communication will also be required at an early stage for groups not encompassed in the new program (e.g. IC&I, churches, for-profit nursing homes and retirement facilities).

Public Works will work with Strategic Communication & Engagement to establish a long-term communication plan in 2025. In the interim, information will be added to the Waste Management section of the Oxford County website ([Wasteline.ca](http://Wasteline.ca)) to explain upcoming changes and will be linked to local Area Municipal webpages for access as well.

Report No. PW 2023-30 will be circulated to Area Municipalities for information.

## Strategic Plan (2020-2022)

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
			4.i. 4.ii.		

## DISCUSSION

### Background

As noted in Reports [PW 2019-44](#), [PW 2020-21](#) and [PW 2020-58](#), the Province of Ontario is transitioning the current municipal Blue Box Program to a new full EPR regulatory framework starting on July 1, 2023, through to December 31, 2025 (transition period). The new Blue Box Regulation (O. Reg. 391/21) was filed on June 3, 2021, and amended in April 2022, by the Ministry of the Environment, Conservation, and Parks (MECP) under the *Resource Productivity and Circular Economy Act, 2016* (RRCEA).

Under the new regulation, Producers will be accountable and financially responsible for collection and processing of paper products, packaging and packaging-like materials for recycling and end-of-life management. The transition date identified in the regulation for Oxford County and its eight Area Municipalities is December 31, 2025.

### Blue Box Regulatory Framework

Under the new Blue Box Program, Producers are represented by PROs and are responsible for the implementation of a province-wide common collection system. Producers are defined in the regulation as the brand holder that added blue box packaging to products and/or the manufacturer of paper (newspapers, promotional material, etc.) and packaging like products (aluminum foil, plastic wrap, etc.) for Ontario consumers. Producers also include importers and retailers if the brand holder is located outside of Canada.

Under the common collection system, designated (acceptable) Blue Box materials will be standardized across the Province. This means that the same list of acceptable materials will be collected regardless of where residents live in Ontario. The list of acceptable materials prescribed under the new Blue Box Regulation has also significantly increased due to new material definitions, as illustrated in Figure 1 below.

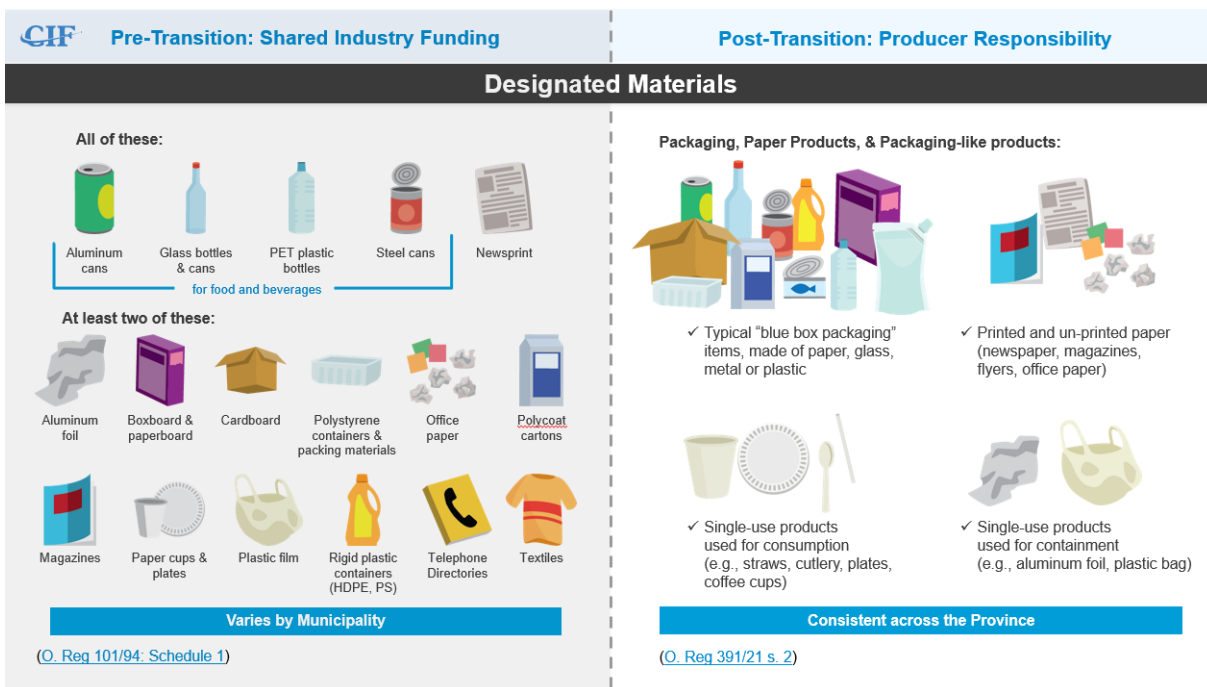


Figure 1: Designated Acceptable Materials under the New Blue Box Program

Instead of regulating materials based on material composition, the new Blue Box Regulation prescribes acceptable materials by their intended use (e.g. packaging, paper products and packaging-like material). This means that, regardless of material composition, the Producer must manage any paper products and packaging materials that they produce through to end-of-life. Between this change in definition and the stringent diversion rates that the Producers must achieve under the new regulation, Ontario should see a significant increase in Blue Box materials diverted from eligible sources across the province.

## Transition Schedule

The new regulation also includes a schedule that outlines when municipal Blue Box Programs will transition to full EPR during the transition period (2023-2025). Where possible, the MECP schedule shown in Figure 2 accommodated preferred transition dates as identified by municipalities, but also considered geographical catchments, material tonnages, and costs.

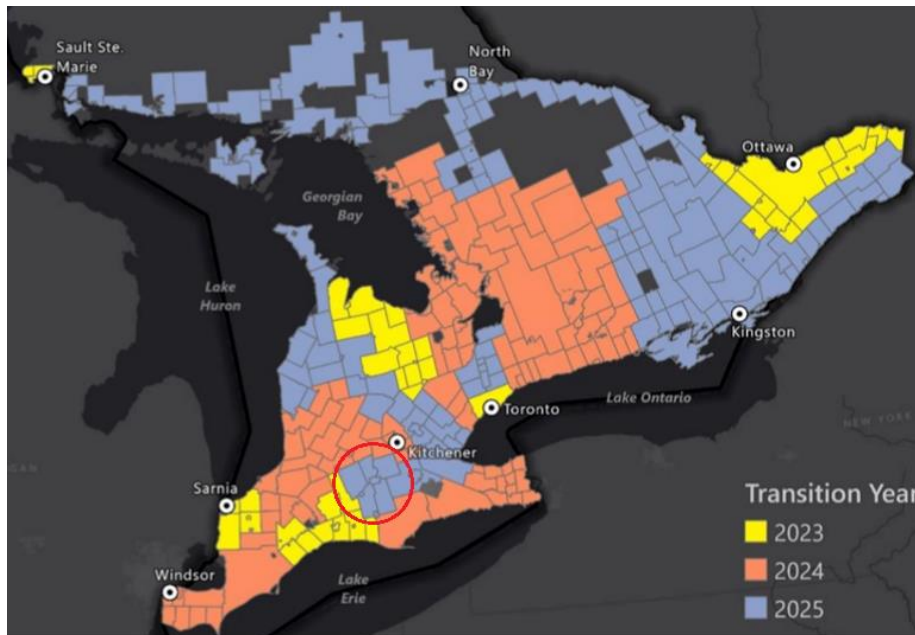


Figure 2: Blue Box Program Municipality Transition Schedule

Oxford County and its eight Area Municipalities are considered one catchment area and are scheduled to transition to full EPR on December 31, 2025. Transitioning on the very last day of the transition period means that Oxford County will not have to take on any of the transitional planning and administrative burdens that come with transitioning early.

During the transition period (July 1, 2023 to December 31, 2025) there will be no change to the current municipal Blue Box program in Oxford County. As the waste management authority, the County, and its contracted municipal and private service providers, will continue to administer the Blue Box collection program and will continue to receive 50% stewardship funding for material collected from eligible sources.

## Comments

Since the release of the new Blue Box Regulation, as amended, CMO and potentially other PROs will assume responsibility for the implementation of a province-wide common Blue Box collection system in accordance with regulatory requirements. As per the new Blue Box Regulation (O. Reg. 391/02), Oxford County and its eight Area Municipalities are scheduled to transition their municipal Blue Box program to CMO by January 1, 2026. Once transitioned to the PROs and/or their Producers, the curbside collection of residential Blue Box material and subsequent processing will become their responsibility, both financially and operationally.

## Procurement of Blue Box Collection Services

CMO is managing and has initiated procurement for the front end of the Blue Box system including curbside residential collection, depot collection, public space collection, promotion and education and processing of Blue Box materials.

Of relevance to Oxford County, CMO is planning to issue a competitive Request for Proposal (RFP) in Q4, 2023 for long-term Blue Box collection service contracts for municipalities scheduled to transition in 2025, including Oxford County. While municipalities are not specifically excluded from bidding on these RFPs, the RFP evaluation appears to be primarily aimed at private sector proponents who will have the option of providing collection services to one or more catchment areas. Proponents also have the option of using sub-contractors to deliver contracted services and could potentially consider partnering with municipalities to submit a joint proposal where the municipality would serve as a subcontractor to collect within their own boundary as part of a larger catchment area.

Contract terms from previously released collection RFPs by CMO for catchment areas that include municipalities transitioning in 2023 and 2024 have included requirements for:

- collecting from one or more catchment areas;
- using designated recycling trucks to collect from eligible sources only;
- collection to occur by municipality meaning that a collection vehicle cannot contain materials from two or more municipalities within a catchment area;
- no co-collection of recycling with another waste stream; and
- daily transfer of recyclables to receiving facility within a 60-minute (driving time) radius.

In consideration of potentially submitting a bid proposal to CMO for the Oxford County catchment area, staff has considered the following three potential bidding options:

1. Oxford County submits a proposal as Primary Bidder or as subcontractor to other Bidder(s) and acquires necessary resources (fleet, collection drivers, staff).
2. Oxford County submits a joint proposal with a private waste management firm that would provide necessary resources, with County serving as a contract administrator.
3. Area Municipalities submit a joint proposal as Primary Bidder or as subcontractor(s) to other Bidder(s) and acquire necessary resources.

Oxford County as Primary Bidder (Option 1) would be competing with private-sector waste vendors with industry expertise and would need to provide the best value for the Producers in order to be selected as the successful Bidder. Preparation of a cost-efficient bid proposal would be compromised by economies of scale disadvantages, significant capital and operational investment requirements and limited staffing resources. Such bids would also require the County to assume increased risk associated with contractual obligations, non-performance penalties (liquidated damages) and potential financial loss.

Submission of a joint proposal with a private waste management firm (Option 2) would not require any capital investment; however, we expect there would be little incentive for a private firm to partner with the County since they would likely be submitting their own bid in response to CMO's RFP. There is greater risk of contract default under this scenario, as the County would be relying on a third party to deliver collection services in accordance with CMO contractual obligations and performance requirements.

Option 3 would be at the discretion of each Area Municipality and their contractual obligations would be with CMO or the successful Bidder. As such, the County would have no involvement with program management under this scenario.

Staff recommend that the County not participate in the competitive procurement process for the provision of collection services of eligible sources within the Oxford County catchment area as doing so would require significant capital and operational investment (i.e. collection fleet and drivers) and would also require the County to assume notable inherent risks.

Being the successful Bidder, or serving as a subcontractor with another Bidder, would not provide any advantage in dictating the level of service beyond contractual requirements established by CMO.

Further, based on the service level stipulated in the current Recycling Collection RFP, it is staff's understanding that co-collection of recyclables with other waste materials (i.e. municipal solid waste, organics) is not permitted and that recyclable materials collected from different Area Municipalities can not be mixed in the same collection vehicle (i.e. collection truck would need to offload after collection in a given Area Municipality before moving to start collection in another Area Municipality). As such, there is no ability to consider curbside co-collection of recycling material with other waste materials in order to reduce the size of the collection fleet needed.

### Post-Transition Period

In 2026, following the province-wide transition of the municipal Blue Box program to full EPR, Producers will be required to collect designated materials from eligible sources as defined in the Regulation. Producers will also have the ability to change the level of service within the parameters of the regulatory framework. Some of the anticipated changes are:

- Eligible versus Non-Eligible Sources
- Collection System Program (frequency, set outs)
- Recycling Collection from Public Spaces
- Convenience Depot Collection

#### Eligible versus Non-Eligible Sources

The Blue Box Program under full EPR will see an expansion of services to more eligible sources. Under the new regulation and province-wide common collection system, Blue Box collection services will be provided to single-family homes, multi-residential homes, non-profit retirement and non-profit long-term care (LTC) facilities, and schools.

Non-eligible sources, as defined under the new Blue Box Regulation are IC&I properties (including BIAs), private LTC organizations (for profit), municipal buildings or facilities, daycare facilities, places of worship, campgrounds, and commercial farms (without a residence). While these properties were never considered an eligible source under the former Blue Box Program, municipalities did provide services to these properties if they were located along a curbside collection route and could meet the program set out requirements. Municipalities provided this service with the understanding that it was ineligible for 50% stewardship funding and would be funded from recycling revenue and the tax levy.



Under the new Blue Box Program, Producers are not required to service non-eligible sources and have indicated that service to these locations will be discontinued effective January 1, 2026. As such, any consideration to continue collection from these non-eligible sources that are part of current municipal collection programs (e.g. downtown BIA areas) will be at the municipalities' expense. It is unknown exactly how many non-eligible sources currently participate in the County's Blue Box Program. However, we do know from historical audits that approximately 450 tonnes (5%) of Blue Box materials collected annually originates from non-eligible sources.

County and Area Municipality Councils expressed a strong interest in maintaining collection services for these non-eligible sources to prevent recyclable materials from being landfilled and to continue to support the County's goal of achieving zero waste. Concerns were also raised with separate collection vehicles that would be travelling the roads to collect recycling on behalf of Producers in addition to municipal garbage collection vehicles.

The complexities around designing and delivering a program to non-eligible sources are significant and may result in increased collection costs due to the loss of economies of scale as historically seen with the municipal program. Many other Ontario municipalities are similarly considering how best to address this issue. Staff will continue to investigate viable options for recycling collection (curbside, drop off depot) and funding mechanisms in collaboration with municipal counterparts.

#### Collection System Program

Details of the province-wide common collection system have not been finalized; however, residents may notice service changes to the curbside Blue Box Program such as:

- Recycling collection day may not occur on the same day as garbage collection;
- Bi-weekly recycling collection is the minimum frequency identified in the new Blue Box regulation;
- Blue Box collection may be single-stream or multi-stream for all Area Municipalities;
- The use of clear plastic bags for recycling set-outs and/or non-blue box containers may not be permitted;
- Potentially separate collection system (e.g. curbside, drop-off depot, etc.) for certain material types like cardboard, glass, Styrofoam, etc.; and
- Customer service inquiries will be the responsibility of the Producers/PROs.

#### Recycling Collection from Public Space

Producers will be required to meet public space accessibility targets (e.g. parks, playgrounds, sidewalks and transit stops/transfer stations) by 2026 based on a population density formula provided in the regulation. The regulation does not include public-facing areas of municipal buildings or facilities (e.g. community centres, libraries, arenas) nor does it include businesses or not-for-profit organizations in BIAs or other locations.

The regulation also does not require Producers to use the public space recycling sites that are currently being used by the municipality.

### Convenience Depot (Drop-Off Depots) Collection

Under the new full EPR model, Producers will not be required to collect Blue Box material from Convenience (drop-off) depots within the County (Oxford County Waste Management Facility, Woodstock Enviro Depot, Tillsonburg Transfer Station and the Township of South-West Oxford Beachville Fire Hall). The acceptable drop-off material varies by location but includes Blue Box material, Styrofoam, film plastic and cardboard.

CMO has advised municipalities that Producers/PROs may consider the collection of Blue Box material from convenience depots (eligible source material only) if feasible and in order to meet the regulatory collection/diversion targets. Staff will continue to investigate whether municipal convenience depot collection can be included as part of the PRO/Producer recycling collection program.

### Blue Box Transition Plan

Between now and January 1, 2026, staff will continue to refine and implement a Blue Box Transition Plan that prepares stakeholders, staff, assets, and operations for the changes occurring at that time. The transition plan may include sub-plans outlining the following areas:

- Asset Transition Plan
- Staff Transition Plan
- Customer Service Plan
- Non-eligible Sources (IC&I/Depot) Collection Plan

The Transition Plan implementation will continue through the end of 2026, encompassing one complete service year under full producer responsibility. The Transition Plan will change and grow with the County's and its Area Municipalities' needs over its implementation period. The Transition Plan will coordinate with other changes proceeding as part of the County's Zero Waste Plan, which also introduces changes to programs and services.

Producers/PROs are responsible for program promotion and education, as well as distribution of appropriate containers for curbside set-outs prior to January 1, 2026. Staff will continue to participate in the municipal working group facilitated by CMO to monitor the progress during the transition period and to inform the development of the Transition Plan as noted above.

### Area Municipal Waste Management Agreements

The County, as the waste management authority, is responsible for all aspects of service delivery including waste collection. On behalf of Oxford County, the Township of South-West Oxford and the City of Woodstock are currently contracted through service agreements to provide curbside recycling collection (and other waste management undertakings) within their respective municipalities.

With the implementation of the new Blue Box regulation, residential Blue Box collection services will no longer be a municipal responsibility and existing waste collection service agreements with the Area Municipalities will need to be amended to reflect service delivery changes prior to January 1, 2026.

## **Conclusions**

The full EPR model for Blue Box material places fundamental onus on Producers to manage the full lifecycle management of paper products, packaging and packaging-like materials used in consumer products and is expected to incentivize innovative techniques for product packaging and resource recovery as part of the circular economy. A province-wide common collection system is expected to increase recycling by expanding acceptable materials that will be consistently collected across Ontario municipalities.

Participation in the upcoming RFP to provide collection services within the Oxford County catchment area is not recommended due to the inherent risks associated with contract performance requirements, limited ability to influence the level of service and inability to institute co-collection of recyclables with other waste materials (i.e. municipal solid waste, organics).

Under the new EPR approach, the potential discontinuation of collection services for non-eligible sources (i.e. certain IC&I businesses, convenience recycling depots) that have been part of municipal collection programs and the resulting potential impact on overall landfill diversion is a concern. As part of the overall transition plan, staff will continue to evaluate viable options for the collection of recyclable material from non-eligible sources for Council's consideration prior to January 1, 2026.

## **SIGNATURES**

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### **Report Author:**

Original signed by

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Original signed by

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### **Approved for submission:**

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Chief Administrative Officer

## **ATTACHMENT**

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Attachment 1 - Transitioning the Blue Box Program to Extended Producer Responsibility –  
Update, May 2023