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The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2024-WR-3
Date: April 3, 2024

Subject:

Sole Source of Promotion and Education Services to be Provided by The Regional Municipality of Durham for Circular Materials Ontario for the Blue Box Program under Extended Producer Responsibility

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That staff be authorized to negotiate a sole source agreement with Circular Materials Ontario, for the Regional Municipality of Durham to provide promotion and education services for the Blue Box program for an initial term of eighteen months, from July 1, 2024, to December 31, 2025, with the option to extend the agreement for three additional one-year periods, for an estimated revenue of \$159,000 for the initial contract term and \$480,000 over the full term; and
 - B) That the Commissioner of Finance be authorized to execute the necessary documents for the negotiated agreement.
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Report:

1. Purpose

- 1.1 The purpose of this report is to obtain Regional Council authorization to negotiate a sole source contract with Circular Materials Ontario (CMO) for the Regional Municipality of Durham (Region) to provide promotion and education services for the Blue Box program which will be delivered by/on behalf of the producers under the Extended Producer Responsibility regime starting July 1, 2024.

2. Background

- 2.1 The Region of Durham currently creates promotional messaging and maintains online tools for Durham residents to successfully participate in the Blue Box recycling program for all eight local area municipalities. These tools include waste guides and collection schedules, waste website widgets and a mobile waste app.
- 2.2 In June 2021, the Province of Ontario released Regulation 391/21 Blue Box under the Resource Recovery and Circular Economy Act, 2016, which shifts the financial and operational responsibility of recycling from municipalities to the organizations that produce packaging, paper, and packaging-like products, with the Regulation taking full effect provincewide on January 1, 2026.
- 2.3 The Region will transition its curbside Blue Box collection program to producers on July 1, 2024. During the transition period from July 1, 2024, to December 31, 2025, producers must maintain collection service at the same level currently offered by municipalities. They are also obligated to promote recycling and educate residents so they are equipped to participate in the Blue Box program.
- 2.4 CMO, the administrator of the new Common Collection System (CCS), is a Producer Responsibility Organization (PRO) contracted by producers to oversee Blue Box collection, management, and promotion and education services for eligible sources under the Regulation. CMO was founded by seventeen of Canada's leading food, beverage and consumer products manufacturers, restaurants, and retailers.

3. Previous Reports and Decisions

- 3.1 Report #2017-COW-178 "Update on the Regional Municipality of Durham's Participation and Opportunities to Influence the Implementation of the Waste Diversion Transition Act, 2016, the Resource Recovery and Circular Economy Act, 2016, and the Ministry of the Environment and Climate Change's Strategy for a Waste-Free Ontario: Building the Circular Economy" directed staff to work cooperatively with other Ontario municipalities and producers to establish Extended Producer Responsibility (EPR) programs beneficial to Durham residents.
- 3.2 Report #2020-COW-15, Council Resolution – Blue Box Resolution, established the Region's support for a successful transition to EPR.

4. Agreement with Circular Materials

- 4.1 CMO has requested that the Region continue to promote and provide education on the Blue Box program to single family dwelling residents. CMO will directly deliver promotion and education information for multi-residential properties. Under the proposed agreement, CMO will provide compensation based on household counts for the Region to continue promotion and education activities for blue box materials.
- 4.2 Under the proposed agreement, the Region would continue to populate the waste app and website with information for residents regarding acceptable Blue Box materials and recycling collection schedules. The Region's waste app currently has over 137,000 downloads, with approximately 24,000 new users added in 2023. The Region will include Blue Box information in the printed Waste Guide, which is currently distributed with new resident kits and available at waste events. The Region will also continue to incorporate Blue Box information in presentations to schools and community groups. These resources provide residents with easy access to program information and will supplement the Blue Box outreach provided by CMO across the province.
- 4.3 Households in the Town of Whitby are not included in the waste app revenue as the Town of Whitby maintains the waste app for Whitby residents. The Region provides waste app services for the City of Oshawa and City of Oshawa households are included in the waste app revenue to be received by the Region.
- 4.4 The Town of Whitby also produces and prints a few thousand waste collection calendars annually that include Blue Box information. These are distributed to residents through Town facilities and mailed out as requested. In recognition of the cost of this waste collection calendar, the Region and Town of Whitby will share the revenue equally for Town of Whitby households in the second year of the contract with CMO (January 1, 2025 – December 31, 2025) and any subsequent optional year.
- 4.5 The City of Oshawa will receive a co-branded printed waste guide tailored to Oshawa residents, developed and printed by the Region in lieu of revenue sharing under the agreement with CMO.
- 4.6 This revenue from the CMO agreement will offset the Region's costs for the waste app and the waste guides. As more residents transition to the waste app, the Region will continue to receive value, as the printed annual waste collection calendars are no longer distributed to households.

5. Financial Implications

- 5.1 In 2022, material costs for the Blue Box program were \$158,000, excluding staff costs, as reported to the Resource Productivity and Recovery Authority (RPRA) annual data call. These expenditures included printed waste calendar mailout, which was discontinued in 2023.
- 5.2 In 2024, the Region will continue to receive funding from RPRA for approximately 50 per cent of the Blue Box program operating costs incurred from January 1 to June 30, 2024, in addition to any revenue from marketed materials and Waste Management Facility user tipping fees.
- 5.3 Should the Region choose to execute an agreement with CMO in 2024, staff will streamline promotion and education activities for the Blue Box program to work within the annual contracted budget.
- 5.4 If the Region and CMO decide not to execute the agreement for promotion and education activities, CMO will be responsible for providing these activities to residents.
- 5.5 The revenues from the proposed agreement will offset the material costs associated with Blue Box program information.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Goal 1.2 Increase waste diversion and resource recovery.

7. Conclusion

- 7.1 The Regional Municipality of Durham staff recommends entering into a sole source agreement with Circular Materials Ontario effective July 1, 2024, to December 31, 2025, to ensure service continuity for the Regional Municipality of Durham's residents and continued ease of access to information, and that the Commissioner of Finance be authorized to execute the agreement with Circular Materials Ontario.
- 7.2 Staff will continue to evaluate the program and work with CMO to determine whether to maintain promotion and education activities once the Regulation takes full effect on January 1, 2026.

7.3 For additional information, contact: Andrew Evans. Director, Waste Management Services, at 905-668-4113, extension 4102.

Respectfully submitted,

Original signed by:

Ramesh Jagannathan, MBA, M.Eng., P.Eng., PTOE
Acting Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer