

## **Report to Committee of the Whole**

**Date:** 6/9/2025  
**From:** Chad Kean, Manager of Public Works  
**Re:** Blue Box Transitioning – Non-Eligible Sources

### **RECOMMENDATION**

THAT the Committee of the Whole receive this report for information and discussion;  
AND THAT the Committee directs staff to proceed with Option \_\_\_\_, as outlined in this report to bring forward to the June 23<sup>rd</sup> Regular Council Meeting for approval.

### **BACKGROUND**

Further to the similar report titled “Blue Box Transitioning – Non-Eligible Sources” that was presented to the Committee of the Whole on April 14, 2025 for information, the purpose of this report is to review the options for non-eligible sources at post transition, commencing on January 1, 2026.

#### **Current Level of Service:**

Our Municipality (Merrickville-Wolford) transitioned on October 1, 2023, with a current level of service of curbside pickup in the Village only (waste and recycling picked up by a contractor retained by the Village as Limerick Environmental). This is denoted as “opting-in” for curbside with Circular Materials during the transitioning period.

A second level of service is maintaining and operating a Depot for waste and recycling for all residents (as not all receive curb side pickup). This is denoted as “opting-in” for Depot Operations. Our staff and contractor manage the Depot.

#### **Blue Box Regulation:**

On June 3, 2021, the Ontario Minister of Environment, Conservation and Parks (MOECP) approved Ontario Regulation 391/21 Blue Box under the Resource Recovery and Circular Economy Act, 2016. The regulation shifts the responsibility for collection, hauling, processing and marketing of blue box (BB) materials, including related promotion and education activity, from communities to producers of paper products, packaging, and packaging-like products. As a result, these producers will become fully financially and operationally responsible for the residential Blue Box Program at ‘post transition’ commencing on January 1, 2026. The body that is responsible for organizing and facilitating the full producer responsibility is Circular Materials (CM).

## ANALYSIS

### **Blue Box Regulation – Eligible and Non-Eligible Sources**

The regulation states what entities must be serviced by producers during the transition period (July 1 2023, to December 31, 2025) and post transition (starting January 1, 2026). These entities are referred to as eligible sources (i.e., residential homes, multi-residential buildings, elementary/secondary schools, some long-term care/retirement homes and some public spaces).

Under the regulation, producers have no legal obligation to collect blue box material from non-eligible sources (i.e., businesses and other institutions not listed above and denoted as Industrial, Commercial, and Institutional “IC&I”) during or post transition. Therefore, costs associated with providing blue box collection and processing services to non-eligible sources will continue to be borne by the Village of Merrickville-Wolford if it chooses to continue servicing these sources.

Non-eligible sources include:

- industrial or commercial properties (not including residential units on the property),
- not-for-profit organizations,
- municipal buildings or facilities,
- daycares,
- places of worship (not including a residential home on the property),
- campgrounds and trailer-parks for temporary stay, and
- commercial farms (not including a residential home on the farm property).

The Village of Merrickville-Wolford had previously paid the costs to collect, haul and process non-eligible source blue box materials – with a reimbursement from Stewardship Ontario for BB material through data collected in DataCall and submitted annually by municipalities to Stewardship Ontario.

Under the previous Blue Box Program, communities were permitted to commingle eligible and non-eligible source blue box material with fees or property taxes covering the costs to provide the service to the non-eligible sources. These costs were considered reasonable because of the ability to commingle the two sources of material.

During the transition period, Circular Materials (CM) has permitted communities to continue to commingle and pay for the collection and processing of the BB materials from non-eligible sources, if an arrangement is made. An arrangement was made between CM and the Village of Merrickville-Wolford during the transitioning period for a calculated penalty of \$200 per metric tonne of BB material to account for the costs to receive and process materials from non-eligible sources.

Of the options to determine the calculation of the penalty / deductible for non-eligible sources, CM had originally provided a standard 25% deduction. During the transitioning phase with multiple municipalities presenting concerns with this approach, an option was created to utilize MPAC codes and have endorsed by MPAC. Staff undertook this exercise and obtained a reduced rate of 3.78% (in lieu of 25%) for the penalty / deduction.

Example: If there was 19 MT of BB material in a month, the calculation / deduction / values would be:

$$19 \text{ MT} \times 3.78\% \times \$200 = \$143.64$$

Note 1: Based on 2023 to 2024 (24 months), the average monthly amount of BB that was transported from the Depot was 19 MT.

### **Current MPAC / Site Review of Non-Eligible Counts**

Within the Village of Merrickville, staff believe there are 456 eligible stops, and 16 are non-eligible sources, for a total number of curb side stops of 472.

Within the Municipality, there appears to be 1330 eligible stops, and 57 non-eligible sources. These numbers / stops includes the Village of Merrickville.

For clarity, a residential unit with a commercial business is considered:

- 1 stop for the resident
- 1 stop for non-eligible

### **Options for Non-Eligible Sources**

As noted, commencing January 1, 2026, CM will no longer permit their contractors to collect BB materials from non-eligible sources. Therefore, The Village of Merrickville-Wolford will need to decide how to manage the blue box materials generated by non-eligible sources.

#### **Option 1: Provide separate collection and processing service to non-eligible sources.**

Staff could receive competitive bids or discuss an additional scope of work with the planned transitioning and/or current contractor for blue box collection, hauling and processing services to the non-eligible sources in a dedicated service program.

This option would result in continued level of service to non-eligible sources with some possible service level changes to ensure the BB material from the non-eligible sources is not commingled with blue box material from residential sources. Staff are unsure at this time which facilities are able to accept our non-eligible source material.

This could be explored for in-house operations – whereas additional staff and resources would be required.

**Option 2: Provide separate collection and processing service at the Depot only for non-eligible sources.**

Staff could receive competitive bids or discuss an additional scope of work with the planned transitioning and/or current contractor for blue box collection, hauling and processing services at the Depot only, and eliminate current curb-side services for non-eligible sources / IC&I. Staff are unsure at this time which facilities are able to accept our non-eligible source material.

**Option 3: Terminate blue box service to non-eligible sources.**

This option would result in the Village of Merrickville-Wolford assuming no responsibility for the collection of non-eligible source material beginning January 1, 2026, both for curb-side pick and collection at the Depot. Non-eligible sources would need to arrange for private collection of blue box materials.

This option would result in minimal administrative work, however, would need to be supported by a strong promotion and education campaign to inform the non-eligible sources of service changes. The risk with this option is the non-eligible sources may not be able to arrange for private collection which is likely to result in increased BB material tonnage in the garbage stream, increased costs to manage the garbage stream, and use of valuable space in the landfill.

## BUDGET/LEGAL IMPLICATIONS

There are costs associated with each option as presented, in various degrees.

**Option 1** would be a third party pick up at the curb with processing and hauling costs.

Costs could be reduced from retaining a third party if in-house staff undertook the physical pick up of BB material – however the impacts are removing existing Public Works Staff from the current large range of items that they are to undertake within the Municipality.

**Option 2** would have dedicated bins at the Depot (rental costs) with processing and hauling costs.

**Option 3** is minimal staff costs, however the fear of increased BB material in the waste stream and in the landfill site is a substantial cost over time.

## CONCLUSION

The level of service and applicable financial impacts are recommended to be reviewed by Council.

All parties are expected to make every effort to ensure the success of the new program. We are concerned with ensuring the continued success of the blue box recycling program. If transition results in a program that is less convenient or accessible for residents, there is concern that recyclables will end up in the municipal garbage stream, increasing costs and taking up valuable landfill capacity.

Submitted by:

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Chad Kean, Manager of Public Works

Approved by:

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Darlene Plumley, CAO