



MANAGEMENT REPORT

Date: January 29, 2025
To: Infrastructure, Safety and Transportation Sub-committee
From: Emily Skelding, Supervisor of Waste Management
Report Number: ITS25-002
Attachments: None

Title: Update on Recycling Services and Options for Non-Eligible Sources (NES) Starting January 2026

Objective: To seek Council direction on servicing blue box materials for non-eligible sources for the period of January 2026 to November 2026.

Background: In early 2019, Ontario's Minister of the Environment, Conservation and Parks (MECP) announced a transition of the blue box program to full producer responsibility by 2026. Since May 1, 2024, the City has partnered with Circular Materials Ontario (CMO), a producer-led non-profit organization, to see the City through the transition phase ending December 31, 2025. During the transition phase, CMO has enabled the City to maintain its current contractor Canada Waste Management (CWM) and corresponding status quo services, while also covering the City's costs for providing legislated residential recycling services.

Starting January 1, 2026, the City of Stratford is no longer responsible for delivering the residential blue box program and the responsibility will entirely shift to producers in Ontario. This represents a significant financial benefit to the municipality and taxpayers, as it will no longer be responsible for the cost of residential recycling. Under the new regulations, the City can no longer determine its own level of recycling service. Without the initiation of new programs, this will result in reduced service in some areas.

The most significant impact will be on who does and does not qualify to receive service from CMO under the new regulations. Producers in Ontario through CMO will be providing recycling services to residents and other eligible sources such as elementary schools, public nursing homes, and multi-residential buildings. Non-eligible Sources (NES) are commercial, industrial or community properties that are not eligible for blue box services under the producer responsibility legislation. NES include small businesses, churches, private nursing homes, municipal buildings, and post-secondary institutions.

Council must determine whether the City will continue to provide blue box services for NES and, if so, establish the framework for these services moving forward. This report addresses these considerations with the additional intent of securing a contractor to bridge service delivery until November 2026.

Analysis: Providing recycling services for NES such as small businesses, would optimize recycling and diversion targets, which reduces landfill waste, conserves resources, and supports an overall healthier environment. Prior to this transition, the net costs for recycling services, including the NES, was over \$600,000 per year. If the City were to support recycling services for NES directly, it would be much lower than historical cost.

Currently, there are two main options for Council consideration: Continue supporting collection for NES or do not offer support for collection services to NES.

Option 1: Supporting Recycling Collection Services to NES

To continue supporting recycling services for NES, Staff recommend maintaining the current approach until the waste collection contract expires in November 2026. Leading up to this report, Staff have had discussions with the current contractor to obtain proposed service costs for this extension.

The estimated cost is \$355,000 for servicing NES for the 10-month period in 2026. This includes contractual adjustments resulting from the reduction in scope of the contract, monthly collection fees and recovery of a small amount of revenue from sale of recycling commodities.

When the broader Waste Collection contract is issued for 2026–2033, the RFP can include an option to price collection from these NES. The actual activity and cost data can be analyzed to determine if providing Blue Box services for NES is the desired service level during the next contract period. Staff expect net cost for the program to be in the range of \$200,000 annually.

If Council would like to consider full or partial cost-recovery from these NES, or a move to a depot style system located at the landfill, these discussions should occur before the reissuance of the Waste Collection RFP that will be early-mid 2026.

Option 2: Stop Supporting Collection Services to NES

In this case, the NES (small businesses, churches, private nursing homes, municipal buildings, and post-secondary institutions) would be responsible for the collection and processing of their own blue box materials.

A penalty would apply to break the 2019-2026 waste collection contract with the current collection contractor estimated at \$182,800. In this scenario, there is no other option than to break the contract due to the legislated changes.

Estimated Net Costs for Non-Eligible Blue Box Services For the Period of January-November 2026:

Option 1 - Continued Service for 10-Months ¹	\$314,000
Option 2 - No Service	\$182,800

1. Revenue recoveries not included, would be in the range of \$6,000 to \$25,000.

Staff Recommendation

Staff recommend that Council adopt Option 1: Continued Service, as it supports local small businesses with current service levels. The extension of the service/change in scope of the current contract allows the City to bridge services between the start of producer responsibility program to the start of the City’s new waste collection contract beginning November 2026. Option 1 aligns with One Planet principals regarding zero waste, as it supports the diversion of materials from the landfill which extends the useful life of the landfill and defers post-closure requirements.

Financial impact to current year operating budget:

Proceeding as recommended does not impact the 2025 budget. The 2025 budget includes \$780,000 in revenue from CMO to fully offset the costs of Blue Box-related collections, recycling operations at the City depot, and promotion and educational materials.

Financial impact on future year operating budget:

There will be an increase in the 2026 operating budget for either option, as neither the termination penalty, nor the continued service costs for NES in 2026 and beyond are included in the multi-year budgets.

Alignment with Strategic Priorities

Enhance our Infrastructure

This report aligns with this priority as it may contribute to increased diversion, that subsequently prolongs the useful life of the City’s landfill.

Alignment with One Planet Principles:

Zero Waste

Reducing consumption, reusing, and recycling to achieve zero waste and zero pollution.

Staff Recommendation: THAT Council approve the Change in Scope to Contract T2019-18 Waste Collections Contract with Canada Waste Management to provide Recycling Services to Non-eligible Sources (NES) for the period from January 1, 2026, to October 31, 2026, for a cost of up to \$355,000, including HST.

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Recommended by:

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