



Blue Box Transition to Full Producer Responsibility

June 7, 2022

Welcome & Thanks for Joining!

- **150+** registrants
- Scheduled for 10:00am to 11:30am
- All participants will be automatically muted due to size; however...
 - Pose a question using the **Q&A** button OR
 - through the **Chat Box** (all attendees will see your question)
- Questions will be answered in sequence
- Material will be available once approval has been provided to all registrants

Agenda

1. Background
2. Common Collection System MSA and SOWs
3. Response and Next Steps
4. Other Updates

Blue Box Regulation

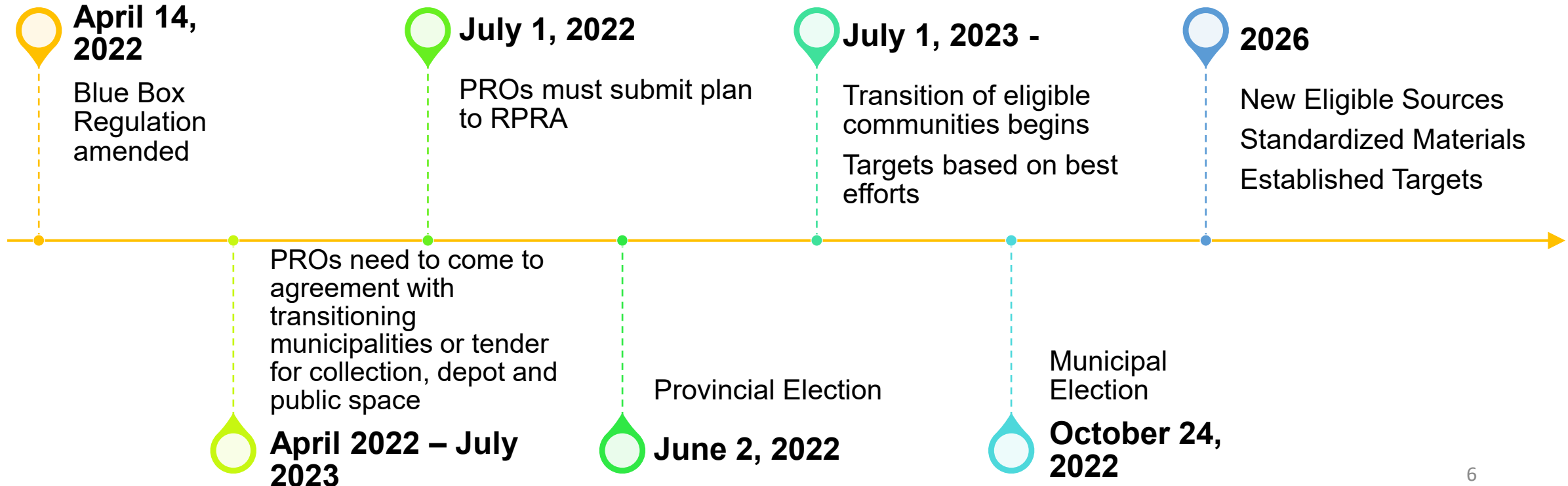
- Regulation was finalized June 3
- Producers fully responsible for operational and financial management of program
 - Municipalities potentially a service provider if commercial terms can be agreed
- The final regulation includes the following provisions:
 - Establishment of a province-wide common collection system that transitions all current municipal programs and expands servicing to
 - all communities regardless of size (except Far North)
 - all residential dwelling types
 - all schools,
 - all publicly run retirement homes and long-term care facilities, and
 - more public spaces
- An enhanced and standardized list of materials that will need to be collected and recycled
- High, progressive, and enforceable targets
- Certainty for planning to ensure a seamless transition.

Regulatory Amendments

- Producers were seeking amendments to simplify the Regulation and the requirements for the Common Collection System
- Amendments finalized April 14, 2022
 - Make each producer responsible for meeting collection requirements
 - Require PRO/s (with 66% of aggregate weight of BB material supplied) to establish how they will establish a province-wide collection system and operate a post-collection system by July 1, 2022
 - Exempt producers of newspapers (>70% of material newspaper) from responsibilities to collect, manage, and deliver P&E
- A number of minor changes to remove dates that have passed and ensure more consistent language

Blue Box Timeline

PROs moving quickly to have servicing in place for first transitions on July 1, 2023



Municipal Objectives for Transition

1. Ensure a smooth transition of municipal-led servicing to producer-led servicing.
2. Encourage collective action / collaboration between PROs and producers and ensure accountability
3. Protections to ensure stability of the common collection system
4. Ensure customer service and environmental protection objectives are met
5. Preserve and/or enhance competition

Release of MSA & SOWs

- Released May 11th
 - Master Services Agreement
 - Statements of Work for
 - Eligible Community Residence and Facility Collection
 - Eligible Community Depot Collection
 - Eligible Community Public Space Collection
 - Eligible Community Promotion and Education
 - Pricing Explanatory Note
 - Calculator released to assess compensation
 - Transition Survey (by June 30, 2022 – indication amended to July 15, 2022 with additional MSA and SOWs changes)

Broad Concerns with MSA & SOWs

1. New Requirements
2. Increased Financial Risk
3. Imbalance of Power
4. Compensation Terms

- * Currently goes beyond just transitioning current contracts
- * Concerns will vary based on each municipal government's situation

New Requirements on Existing Contracts

- New health and safety training requirements (i.e., to be developed by CMO)
- Insurance values that may be higher than typical contracts
- Notification and reporting requirements (e.g., all accidents involving personal injury to the Contractor's personnel or the public, or damage to any property, must be reported to CMO within one hour)
- Restrictions on the use of spare vehicles, i.e. spare vehicles can be used for 75 days or less per calendar year.
- Collection vehicles disinfected inside and outside on weekly basis
- A dedicated toll-free telephone service with capability of transferring calls to CMO's telephone system with operation between 7:00am to 6:00pm

Terms that add Financial Risk

- Service Level Failure Credits
- Potential rejection of contaminated loads
- Development and implementation of contamination plan

Table 6.1: Service Level Failure Credits

No.	Infraction	Amount	Unit
1.	Failure to perform collection during times specified (Exhibit 2)	\$500	Per incident
2.	Failure to behave courteously or appropriately (Section 3.9(j) of this Exhibit 1)	\$1,000	Per incident
3.	Failure to resolve a claim of damage to property within thirty (30) calendar days (Section 3.8(a)(iii) of this Exhibit 1)	\$1,000	Per calendar day after the 30th calendar day until the claim is resolved
4.	Failure to submit a report within the required time (various Sections of this Exhibit 1)	\$500	Per calendar day until the report is submitted
5.	Submission of an inaccurate report (various Sections of this Exhibit 1)	\$1,000	Per inaccurate report
6.	Failure to clean up spillage of pollutants, including oil and fuel, within the time specified or promptly pay for clean up or disposal costs (Section 3.1(l) or 3.4(p) of this Exhibit 1)	\$5,000	Per incident
7.	Failure to clean up regular spills, including Blue Box Material within the time specified (Section 3.1(l) or 3.4(p) of this Exhibit 1)	\$500	Per incident
8.	Failure to provide necessary information to weighscale operator at RF to complete weighscale ticket (Section 3.7(c) of this Exhibit 1)	\$500	Per incident

Imbalance of Power

- CMO has sole discretion:
 - to remove any supervisor or employee and the contractor
 - to find any work to not to be in compliance with the MSA, and the contractor at their own expense shall rectify the issue and pay costs to CMO to monitor, observe and inspect the work
 - to approve the contractor's health and safety program and safety plan
 - to force replacement of the subcontractor at their cost
- Change management

Compensation Terms

- Depot and curbside costs based on 2020 Datacall plus CPI and fuel adjustment –
 - Doesn't consider new contracts; changes in contracts; extension repricing; contracts that include pricing ...
 - Depot pricing assumes a minimum of 25% non-eligible materials
 - Fuel adjustments quarterly and only if above \$0.05/litre from last quarter
- Administrative costs are based on current Datacall information (i.e., 3-5% of the contract) which does not accurately reflect actual costs
- Public space based on per stop cost plus CPI and fuel
- P&E - \$1.50 per eligible source (curbside) & \$1.00 per eligible source (depot)

M3RC Letter & Response

- M3RC sent a letter May 26th outlining concerns and seeking simplified terms and condition and compensation that reflects actual costs
- Ongoing discussions throughout with PROs and producers
- Response from CMO received June 3:
 - Update of MSA and SOW will be shared June 15th
 - Establishment of a Municipal Working Group

What You Not Interested in Providing Some or Any Type of Service Provision

- If your Council is not interested in providing some or all services to producers
 - Complete the survey and indicate this or send a letter if you want to articulate more points
 - Contact CMO to understand how they are going to proceed to establish services for your community
 - Will need to work together to ensure smooth transition
- Producers still required to meet CCS requirements

Next Steps

- Your Councils should be making decisions on your engagement in providing services to producers
- Given municipal elections this fall, delegated authority to senior staff to make these decisions may be required depending on your Council's ability to complete business over the summer
- We expect some counter proposal from CMO but not clear at this point on the details
 - But expect timeline pressure will be high for decisions this summer

CMO RFP for Receiving Facilities

- Expect an RFP released today for receiving facilities for the common collection system
- If you have an existing MRF or transfer station you may want to respond
- RFP will have details of the catchments
- Understand timing to respond is based on when eligible communities in the catchment transition
 - Timeline is tight for those catchments with 2023 transitions
- Look at the terms and timelines closely if you have a facility and would like to continue to see it utilized as a transfer point
- Processing contracts will come later from each PRO

Updates - Provincial Election

- PC Majority
- Commitments Related to Waste (Made-in-Ontario Environment Plan)
 - Update the Strategy for a Waste-Free Ontario to reflect the province's roadmap to reduce and divert waste over the next 10 years.
 - Consult on ICI waste reform framework to improve the current waste diversion activities within this sector
 - Path for compostable packaging (e.g., standards)
 - Consult on organic waste disposal ban by 2030
 - Cut red tape on approvals to support end markets and processing infrastructure
 - Seek input on proposed changes to better define the environmental assessment process for advanced recycling facilities

Other Updates

- RPRA Interpretation – Foam cylinders (not included in the definition of pressurized container)
- Municipalities as Producers
- RPRA Service Provider Working Group

Thanks and Questions

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