

## Report to Civic Works Committee

**To:** Chair and Members  
Civic Works Committee

**From:** Kelly Scheer, P.Eng., MBA, FEC  
Deputy City Manager, Environment & Infrastructure

**Subject:** Contract Amendment: RFP 19-02 Recycling Collection  
Garbage & Yard Waste Collection

**Date:** January 9, 2024

## Recommendation

That, on the recommendation of the Deputy City Manager, Environment & Infrastructure, the following actions **BE TAKEN**:

- a) Approval **BE GIVEN** to exercise the contract amendment provisions of section 20.3e of the Procurement of Goods and Services Policy for RFP 19-02 Recycling Collection Garbage & Yard Waste Collection, for a cost exceeding the threshold limits outlined in section 20.3 (a) and (b);
- b) The proposed amended price to change the frequency of collection of curbside Blue Box Program materials for an additional total annual cost of approximately \$650,000 more than the original price submitted by Miller Waste Systems Inc., **BE ACCEPTED**, it being noted that these additional costs are in the City's best interest in order to align the terms and conditions of the agreement that the City has with Circular Materials Ontario, the Producer Responsibility Organization that is paying the majority of Blue Box Program costs during the transition period (July 1, 2023 to December 31, 2025);
- c) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this contract amendment; and
- d) The Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required to give effect to these recommendations.

## Executive Summary

Ontario's Blue Box program is transitioning to producer responsibility over the period of July 1, 2023, to December 31, 2025 (transition period). London is in the first wave of municipalities to transition its existing Blue Box program which occurred July 1, 2023. Circular Materials Ontario (CMO), a Producer Responsibility Organization (PRO), has contracted the City of London to continue to provide Blue Box recycling collection services through the transition period with Miller Waste systems Inc. (Miller Waste) acting as a sub-contractor to the City of London.

The result of CMO's agreement with the City between July 1, 2023 and December 31, 2025 coupled with the implementation of the Green Bin program and a change in collection frequency has modified the original contract with Miller Waste in the following areas:

1. More recycling pickups (change in frequency of collection)
2. Additional requirements from CMO as part of Blue Box transition
3. Unforeseen markets conditions that have occurred since 2019 and CMO has agreed to address

The proposed contract amendment price is approximately \$650,000 more per year than the original price submitted by Miller Waste (pre Blue Box transition) based on the number of stops currently being served and the inflation adjusted (September 2023) original unit rates provided at time of submission. The majority of additional costs will be

recovered through the City's agreement with CMO. There is no additional funding being requested for the Blue Box program. Remaining costs are covered in the base budget of the proposed 2024 - 2027 Multi-Year Budget for the years 2024 and 2025.

This report recommends amending the general operating details of the existing contract the City has with Miller Waste (RFP 19-02) to align with the agreement the City has with CMO to provide Blue Box recycling collection services through the transition period.

In addition, this report recommends amending the unit rate price provided in Miller Waste's submission to RFP 19-02 to change the frequency of curbside Blue Box collection services when the Green Bin Program is implemented in accordance with Section 20.3 (a) and (b) of the Procurement of Goods and Services Policy.

## Linkage to the Corporate Strategic Plan

Municipal Council continues to recognize the importance of waste management and the need for a more sustainable and resilient city in the development of its 2023-2027 Strategic Plan for the City of London. Specifically, London's efforts in waste management address the following Areas of Focus; Climate Action and Sustainable Growth and Well-Run City.

On April 23, 2019, the following was approved by Municipal Council with respect to climate change:

Therefore, a climate emergency be declared by the City of London for the purposes of naming, framing, and deepening our commitment to protecting our economy, our eco systems, and our community from climate change.

On April 12, 2022, Municipal Council approved the Climate Emergency Action Plan which includes Area of Focus 5, Transforming Consumption and Waste as Part of the Circular Economy.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter

Relevant reports can be found at [www.london.ca](http://www.london.ca) under Council and Committees meetings include:

- Updates: Blue Box Transition (April 24, 2023 meeting of Civic Works Committee (CWC), Item #2.1)
- Updates: Blue Box Transition and Next Steps (January 10, 2023 meeting of CWC, Item #2.2)
- Updates: Blue Box Transition and Next Steps (June 21, 2022 meeting of CWC, Item #2.4)
- Award of Contract (Request for Proposals 19-02) – Recycling Collection (City-Wide) and Garbage and Yard Waste Collection in a Portion of London (August 12, 2019 meeting of CWC, Item #2.4)

#### 1.2 Background

The *Resource Recovery and Circular Economy Act, 2016* and the *Waste Diversion Transition Act, 2016*, authorize the transition of the financial and operational responsibility for managing designated packaging, paper and packaging-like products from municipalities to the producers of such products and packaging. This transition changes the existing shared responsibility model for the Blue Box Program into a producer-led responsibility model, often referred to as 'full' or 'extended producer responsibility'.

On June 3, 2021, the Province of Ontario adopted Ontario Regulation 391/21: Blue Box, which stipulated the transition timeline and schedule, designated materials, eligible and non-eligible sources, management targets, and detailed the transition of the Blue Box Program to producers. Subsequently, this Regulation was amended with Ontario Regulation 349/22: Blue Box on April 14, 2022.

As a municipality transitions its Blue Box Program, most of the financial and operational responsibility for the end-of-life management of their eligible paper, packaging, and packaging-like materials (e.g., aluminum foil, paper bag, beverage cup, etc.,) designated materials will transition to producers.

The City of London and many neighbouring municipalities transitioned on July 1, 2023. During the transition phase, approximately 30 to 35 per cent of Ontario municipalities will transition in each of the three transition years.

CMO is the PRO responsible for establishing the common collection system for Ontario (e.g., sets the rules and requirements for implementing the common collection system including the choices of how municipalities may or may not be involved, how recyclable materials will be to be handled, and where they are to be processed before being sent to end markets).

### **1.3 Summary of Current Municipal Council Direction & Contract Arrangements**

In April 2023, Municipal Council delegated authority to the Deputy City Manager, Environment and Infrastructure or designate, to negotiate, approve and execute agreements with CMO for the City to provide Blue Box collection services through the Blue Box program transition period. Other specific arrangements were made with Miller Waste and CMO for receiving and operating the City-owned MRF.

The contract with CMO has been executed. The execution of the contract included Miller Waste carrying on as the collection contractor and using the City's existing contract with Miller Waste as the foundation. The City currently has a contract (RFP 19-02) with Miller Waste to provide collection of Blue Box materials city-wide as well as provide garbage and yard waste collection in areas that are not collected by City staff.

## **2.0 Discussion and Considerations**

### **2.1 Discussion**

The general operating details of the existing contract with Miller Waste need to be amended so it is aligned with the agreement the City entered with CMO. In addition, the unit rate provided by Miller Waste in their response to RFP 19-02 to change the frequency of curbside Blue Box collection requires adjustment because of unforeseen market conditions at the time of submission. This was also approved by CMO.

The required general operating details amendments include but are not limited to:

- Contamination rate (non-program materials/non-recyclable materials) reduced from 7% by weight to 4% by weight;
- Assisting with the implementation of additional programs to reduce contamination;
- Additional data management and change order submission processes;
- Handling and managing ineligible stops as part of the CMO-defined collection system;
- Preparation in 2025 to add additional, regulated materials to the Blue Box program; and
- Preparation and submission of an annual fuel emissions report.

Unforeseen market conditions include:

- Increased costs for collection vehicle parts, repairs and maintenance;
- Increased cost to procure additional collection vehicles for increased collection frequency;
- General supply chain issues and cost increases for collection related items;
- Increased health and safety and training costs because of employee turnover; and
- Employee retention incentives because of shortage of collection vehicle operators.

## 2.2 Procurement Process

RFP19-02 was conducted in 2019 and awarded to Miller Waste with a contract start date of August 31, 2020. The awarded contract was for a period of four (4) years with four (4) additional one (1) year options. The City is currently within the original four (4) year contract period.

The proposed contract amendment price is approximately \$650,000 more per year than the original price submitted by Miller Waste (pre Blue Box transition) based on the number of stops currently being provided service and the inflation adjusted (September 2023) original unit rates provided at time of submission in 2019.

The majority of additional costs will be recovered through the City's agreement with CMO. There is no additional funding being requested for the Blue Box program.

This report recommends amending the general operating details of the existing contract the City has with Miller Waste (RFP 19-02) to align with the agreement the City has with CMO to provide Blue Box recycling collection services through the transition period.

In addition, this report recommends amending the unit rate price provided in Miller Waste's submission to RFP 19-02 to change the frequency of curbside Blue Box collection services when the Green Bin Program is implemented in accordance with Section 20.3 (a) and (b) of the Procurement of Goods and Services Policy where:

- a. No amendment to a contract shall be made unless the amendment is in the best interest of the City.
- b. No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work.

## 2.3 Future Report to Civic Works Committee

The Provincial Government has been undertaking a number of consultations with industry and most recently with municipalities in regards to extended producer responsibility legislation as part The *Resource Recovery and Circular Economy Act, 2016*.

There is the potential for additional changes in 2024 that may impact municipalities. City staff are involved in these discussions. Financial impacts are possible and will be subject of a future report that addresses the Blue Box program and related recycling matters and the status of Blue Box program funding as part of transition. This report will also help inform the mid-year Budget Monitoring report.

## 3.0 Financial Impact/Considerations

Most of the estimated additional amended annual contract cost proposed by Miller Waste will be recovered by the City's agreement with CMO. Any remaining costs have been accommodated in the base budget of proposed 2024 - 2027 Multi-Year Budget for the years 2024 and 2025. It is currently envisioned that recycling responsibility will further transition in 2026 and 2027 when the transition period ends.

Blue Box transition has created a level of uncertainty on Blue Box Program costs as the transition is relatively new (six months old). More certainty will be created in the first six months of 2024 and further details will be provided in the six month Budget Monitoring report.

## **Conclusion**

Proceeding with the proposed contract amendment will align the requirements of the agreements that the City has with Miller Waste and CMO for the Blue Box Program transition period and minimize contract administration complications. The majority of additional costs will be recovered through the City's agreement with CMO. Remaining costs are covered in the base budget of the proposed 2024 - 2027 Multi-Year Budget for the years 2024 and 2025.

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