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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MAY 27, 2013
FROM:	JAY STANFORD, M.A., M.P.A. DIRECTOR, ENVIRONMENT, FLEET & SOLID WASTE
SUBJECT:	HOUSEHOLD SPECIAL WASTE PROGRAM UPDATE

RECOMMENDATION

That, on the recommendation of the Director – Environment, Fleet & Solid Waste, the following actions **BE TAKEN** with respect to the Household Special Waste Program:

- a) the attached proposed By-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of June 11, 2013 to approve the agreement with Recycling Council of Ontario to fund a portion of the City’s Household Special Waste Program;
- b) staff **BE DIRECTED** to expand the service area of the Household Special Waste Depot to include Elgin County it being noted that Council will need to approve agreements with individual municipalities before their residents can use the Depot on a full cost recovery basis; and
- c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this matter.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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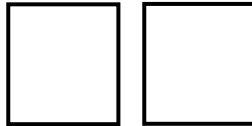
Relevant reports that can be found at www.london.ca include:

- Stewardship Ontario Funding of the City’s Household Special Waste Program (April 2, 2012 meeting of the Civic Works Committee (CWC), Agenda Item #3)
- Stewardship Ontario Funding of the City’s Household Special Waste Program (August 16, 2011 meeting of the Community and Neighbourhoods Committee (CNC), Agenda Item #6)
- Extension of Household Special Waste Recycling and Disposal Service (May 17, 2011 meeting of CNC, Agenda Item #7)
- Extension of Household Special Waste Recycling and Disposal Service (January 18, 2011 meeting of the CNC, Agenda Item #6)
- Extension of Household Special Waste Recycling and Disposal Service (July 21, 2010 meeting of the Board of Control, Agenda Item #11)
- Update: Interim Business Plan for Green Bin Program and Zero Waste Strategies (May 10, 2010 meeting of Environment and Transportation Committee (ETC), Agenda Item #13)
- Interim Business Plan For The Green Bin Program and Zero Waste Strategies (January 11, 2010 meeting of ETC, Agenda Item #11)
- Update on Household Special Waste Program and Agreements (November 10, 2008 meeting of the ETC, Agenda Item #2)

BACKGROUND

PURPOSE

The purpose of this report is to seek approval to enter into a new agreement with the Recycling Council of Ontario (RCO) for funding of a portion of the City’s Household Special Waste (HSW) program and to expand the service area of the HSW Depot to include Elgin County. RCO has received a contract from the Province of Ontario to be the administrator of selected HSW funds.



DISCUSSION

RCO Funding Agreement

Until June 30, 2008, municipalities were responsible for all aspects of collecting and managing Municipal Hazardous and Special Waste (MHSW). Since then, Stewards (companies responsible for bringing MHSW into the market place) and/or the Province have been responsible for a portion of the costs associated with MHSW materials. The amount funded by the Stewards and/or Province has changed several times as shown in Table 1.

Table 1: Estimated Cost Sharing for Different EPR Structures

Period		London	Stewards	Province
a	Up to June 30, 2008	100%	0%	0%
b	July 1, 2008 to June 30, 2010	75%	25%	0%
c	July 1, 2010 to June 30, 2011 – Original Program	10%	90%	0%
d	July 1, 2010 to June 30, 2011 – Revised Program	10%	60%	30%
e	July 1, 2011 to September 30, 2012	30%	45%	25%
f	October 1, 2012 onwards	40%	50%	10%

Notes

- a) All costs are paid by Ontario municipalities.
- b) Stewards responsible for post-collection costs of 9 materials representing approximately 50% of materials handled at London’s HSW Depot.
- c) Stewards responsible for collection and post-collection costs of 22 materials representing approximately 80% of materials handled (all materials except used oil) and 90% of the costs. Used oil generates revenue and therefore is less expensive to handle than the other materials.
- d) Province assumed responsibility for some of the materials that were added to the program on July 1, 2010 and other materials that were added to the program on July 1, 2011 became the responsibility of the municipality. The Province agreed to temporarily cover the cost of the materials that the municipalities were responsible for.
- e) Stewards responsible for collection and post-collection costs of 9 materials representing approximately 50% of materials and 60% of the costs of the materials handled at London’s HSW Depot. The proposed funding agreement covers 45% of the HSW depots costs. Province is responsible for collection and post-collection costs of approximately 20% of materials handled (25% of costs) and the City is responsible for collection and post-collection costs of approximately 30% of materials handled.
- f) The Province revised the funding formulae for many materials and stopped funding a number of materials.

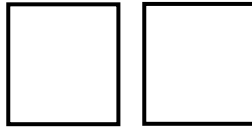
As of October 1, 2012, the RCO became responsible for managing the Province’s (Ministry of Environment) fund that pays participating municipalities eligible costs associated with the management of Phase 2 materials under the MHSW Program. These waste streams include rechargeable batteries, florescent light bulbs and tubes, portable fire extinguishers and mercury-containing devices.

In April 2013 the RCO notified all municipalities that in order to receive reimbursement from the Phase 2 program the agreement in Appendix A must be signed and returned by June 30, 2013. The agreement has been reviewed by Environment, Fleet & Solid Waste, Legal Services and Risk Management.

Highlights of the MHSW agreement are:

- Funding of a portion of the cost to collect the Phase 2 materials (approximately \$10,000 per year; this does not cover all the operating costs and none of the capital costs nor administration costs)
- 100% funding of all post collection (recycling/disposal) costs for the Phase 2 MHSW materials (approximately \$50,000 per year)
- Additional funding will be available for promotion and education

The total HSW program cost in 2012 was approximately \$700,000 (includes City budgeted costs plus post collection recycling/processing costs paid for directly by stewards). The actual amount paid by London was approximately \$220,000.



The new funding arrangement reduces funding to the City and will result in City costs increasing annually by approximately \$60,000 to \$80,000 as compared to the previous funding arrangement. The proposed agreement still provides significant funding towards the City's HSW programs (approximately 60% between industry and the Province via RCO) and it is recommended that the City sign the agreement.

This budget change was anticipated and accounted for in the 2013 budget; therefore no additional funds are being requested for 2013. For 2014, this matter will be addressed in the draft budget.

City staff have reported to Committee and Council on a number of occasions that the role of extended producer responsibility (EPR) and the need for increased (not decreased) funding from industry stewards for Blue Box (Blue Cart) recycling and HSW is key to these programs being sustainable in the future. City staff have also noted that there continues to be uncertainty with EPR funding and the ongoing review of the *Waste Diversion Act*.

Currently the Regional Public Works Commissioners of Ontario (RPWCO) and the Association of Municipalities of Ontario (AMO) are leading the charge for municipalities with respect to ongoing dialogue with the Province on the future of industry funding for waste diversion programs. Both these organizations have made presentations and submissions to the Province on behalf of municipalities. London staff provide ongoing input to both of these organizations with respect to waste management challenges and opportunities. The reduction of HSW funding is an example where industry has been permitted by the Province to amend its funding obligations from previous agreements (as noted on Table 1). These are the types of changes being strongly opposed by RPWCO and AMO.

Expansion of Service Area of HSW Depot

Some of the municipalities from Elgin County using the City's Manning Drive Regional Material Recovery Facility have expressed an interest in their residents being allowed to use the City's HSW Depot. This arrangement would benefit the City as other municipalities using the facility would pay a portion of the facility's cost. The arrangement benefits the other municipalities as it gives their resident's access to a HSW Depot at a far lower cost than establishing their own depot.

It should be noted that residents from Middlesex County have been allowed to take HSW materials to the City's permanent HSW Depot at the W12A Landfill for a fee since 2003. Approximately 250 County residents used the HSW Depot in 2012 (about 3% of all users) which cost the County \$3,000. There have been no operational issues with Middlesex County residents using the HSW Depot in 10 years.

There is sufficient capacity at the Depot to accommodate additional users. The number of users to the HSW has dropped from a peak of 11,000 visitors in 2009 to 9,000 visitors in 2012 because residents are now able to take some MHSW materials (e.g., paint and batteries) back to participating retail outlets for recycling.

This matter was raised with the W12A Landfill Public Liaison Committee (PLC). The W12A Landfill PLC objects in principle to any waste from outside London being managed at the W12A landfill and to the increase in traffic.

Currently, the Environmental Compliance Approval (ECA) for the HSW Depot limits the service area for the Depot to the City of London and the County of Middlesex. The ECA will need to be amended to increase the Service Area to include Elgin County before material from Elgin County can be accepted. The cost to amend the ECA will be \$1,400.

It is recommended that the service area of the HSW Depot be expanded to include Elgin County. Agreements, similar to the agreement with Middlesex County, will need to be negotiated with individual municipalities in Elgin County before their residents will be allowed to use the Depot.

ACKNOWLEDGEMENTS

This report was prepared with assistance from David Munteer, Solicitor; Joy Jackson, Manager, Risk Management; and Mike Losee, Manager, Solid Waste Engineering.

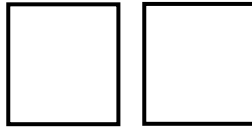
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PREPARED BY:	
WESLEY ABBOTT, P. ENG. DIVISION MANAGER SOLID WASTE MANAGEMENT	
PREPARED AND RECOMMENDED BY:	REVIEWED & CONCURRED BY:
JAY STANFORD, M.A., M.P.A. DIRECTOR, ENVIRONMENT, FLEET & SOLID WASTE	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER

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Appendix A: By-law to Approve an Agreement for Phase 2 Funding of the City of London's Household Special Waste Program with the Recycling Council of Ontario

- c. Martin Hayward, City Treasurer & Chief Financial Officer
 Grant Hopcroft, Director, Intergovernmental & Community Liaison
 Chris Traini, County Engineer, County of Middlesex



APPENDIX A

Bill No.
2013

By-law No.

A By-law to approve an Agreement for Phase 2 Funding of the City of London's Household Special Waste Program with the Recycling Council of Ontario; and to authorize the Mayor and Clerk to execute the Amending Agreement.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, as amended, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10 of the *Municipal Act, 2001*, as amended provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the health, safety and well-being of persons;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Phase 2 Funding Agreement to be entered into between The Corporation of the City of London and Recycling Council of Ontario regarding funding for the City of London's Household Special Waste Program, attached hereto as Schedule 'A' to this By-law, is hereby approved.
2. The Mayor and City Clerk are authorized to execute the Agreement approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on June 11, 2013

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading –
Second reading –
Third reading –

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SCHEDULE A

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