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TO:	CHAIR AND MEMBERS COMMUNITY AND NEIGHBOURHOODS COMMITTEE MEETING ON AUGUST 16, 2011
FROM:	JAY STANFORD, M.A., M.P.A. DIRECTOR- ENVIRONMENTAL PROGRAMS & SOLID WASTE
SUBJECT:	STEWARDSHIP ONTARIO FUNDING OF THE CITY'S HOUSEHOLD SPECIAL WASTE PROGRAM

RECOMMENDATION

That, on the recommendation of the Director – Environmental Programs & Solid Waste, the attached proposed By-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of August 29, 2011 to approve a new agreement with Stewardship Ontario for funding of the City's Household Special Waste Program.

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

- Extension of Household Special Waste Recycling and Disposal Service (May 17, 2011 meeting of the Community and Neighbourhoods Committee (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

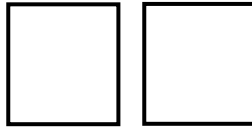
The purpose of this report is to seek approval to enter into a new agreement with Stewardship Ontario for funding of the City's Household Special Waste (HSW) program.

CONTEXT

Until June 30, 2008, municipalities were responsible for all aspects of collecting and management of Municipal Hazardous and Special Waste (MHSW).

Beginning July 1, 2008 Stewards (companies responsible for bringing MHSW into the market place) became responsible for recycling/disposal costs associated with nine MHSW materials. Municipalities still remained responsible for the collection of these nine materials as well as collection and recycling/disposal of all other MHSW materials.

On July 1, 2010, full Extended Producer Responsibility (EPR) was extended to 22 MHSW materials which represent almost all of the materials received at the HSW Depot except for used oil. Under full EPR, the Stewards (through Stewardship Ontario – SO) are entirely responsible for dealing with left over MHSW product and empty containers including collection and recycling/disposal costs.



Some Stewards introduced “eco-fees” on their products to cover the MHSW costs associated with their products. This led to a backlash from consumers and caused the Provincial Government to revise the MHSW program in October 2010.

Under the revised MHSW program the costs of some of the materials that were added to the program on July 1, 2010 will become the responsibility of the Ministry of the Environment (e.g., fire extinguishers, rechargeable batteries, compact fluorescent light bulbs, sharps, mercury-containing devices and pharmaceuticals) and the cost of some materials will remain with municipalities (e.g., aerosol containers, some pesticides). The revised MHSW program funding took effect on July 1, 2011.

The approximate cost sharing between the City of London, the Stewards and the Province under each of the different EPR structures is presented in Table 1.

Table 1 Estimate Cost Sharing for Different EPR Structures

Period	London	Stewards	Province
Up to June 30, 2008 ^a	100%	0%	0%
July 1, 2008 to June 30, 2010 ^b	75%	25%	0%
July 1, 2010 to June 30, 2011 – Original Program ^c	10%	90%	0%
July 1, 2010 to June 30, 2011 – Revised Program ^d	10%	60%	30%
After July 1, 2011 – Revised Program ^e	30%	45%	25%

Notes

- a) All materials responsibility of municipality.
- 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.
- 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.

DISCUSSION

Agreement with SO

The proposed agreement from SO to engage the City of London to manage the nine MHSW materials the Stewards are still responsible for is provided in Appendix A. The agreement has been reviewed by Environmental Programs & Solid Waste, Legal Services and Risk Management.

Highlights of the MHSW agreement are:

- payments of approximately \$120,000 per year to the City to provide MHSW collection services (this covers the majority of the operating costs associated with collecting the nine MHSW materials the Stewards are responsible for; it does not cover capital costs nor administration costs)
- 100% of all post collection (recycling/disposal) costs for the nine MHSW materials the Stewards are responsible for
- Additional funding will be available for promotion and education

As noted in Table 1, the new EPR structure and agreement with SO will result in the portion of MHSW costs the City is responsible for increasing from 10% to 30% as of July 1, 2011. This is because the City will be responsible for more materials and, as noted above, the new agreement with the Stewards for the materials they are responsible for does not cover all of the operating costs or the capital and administration costs.

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This will increase costs to the City by \$60,000 in 2011 and \$120,000 in 2012. As a result of previous announcements on this matter, the increase costs had previously been incorporated into the 2011 budget and have been incorporated into the 2012 draft budget.

The proposed agreement still provides significant funding towards the City's HSW programs and it is recommended that the City sign the agreement.

Agreement with Province

The Province is now responsible for 20% of the materials handled at the HSW depot. It is expected that the Province will engage not-for-profit organization to look at management of the materials they are responsible for and that the City will sign an agreement with this organization to provide services on their behalf. There is no public timeline outlining when this may occur.

ACKNOWLEDGEMENTS

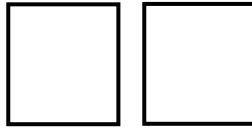
This report was prepared with assistance from David Mounteer, Solicitor; Joy Jackson, Manager and Mike Losee, Manager, Solid Waste Engineering.

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, ENVIRONMENTAL PROGRAMS & SOLID WASTE MANAGEMENT	PAT McNALLY, P. ENG. EXECUTIVE DIRECTOR, PLANNING, ENVIRONMENTAL AND ENGINEERING SERVICES

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Appendix A: By-law to approve a New Municipal Hazardous or Special Waste Service Agreement with Stewardship Ontario

- c. John Braam, P. Eng., Director of Water & City Engineer
- Martin Hayward, City Treasurer & Chief Financial Officer
- Chris Traini, County Engineer, County of Middlesex
- David Pearce, Director, Channel Management MHSW, Stewardship Ontario



APPENDIX A

Bill No.
2011

By-law No.

A By-law to approve a New Municipal Hazardous or Special Waste Service Agreement regarding funding for the City of London's Household Special Waste Program with Stewardship Ontario; and to authorize the Mayor and Clerk to execute the 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 New Municipal Hazardous or Special Waste Service Agreement to be entered into between The Corporation of the City of London and Stewardship 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 August 29, 2011

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading –
Second reading –
Third reading –

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SCHEDULE A