

Subject: Recycling Collection to Non-Eligible Sources Following End of Provincial Transition Period December 31, 2025

Report to: Public Works Committee

Report date: Tuesday, March 4, 2025

Recommendations

1. That after December 31, 2025, curbside recycling collection services to non-eligible sources **BE ALLOWED TO LAPSE** when recycling collection fully transitions to producers;
2. That the Commissioner of Public Works, **BE AUTHORIZED** to execute the necessary amending agreements, in a form satisfactory to the Director of Legal and Court Services, for purposes of implementing the changes to the Region's two waste collection contracts to effect the changes to curbside collection services to non-eligible sources;
3. That staff **BE DIRECTED** to advise local area municipalities and all other interested parties of Niagara Region's decision regarding the changes to curbside recycling collection services to non-eligible sources;
4. That staff **BE DIRECTED** to develop and implement a communication strategy leading up to December 31, 2025, to advise owners and operators of non-eligible sources about the change; and
5. That the necessary amendments to By-law No. 2022-32 **BE PREPARED** and **PRESENTED** to Council for consideration before December 31, 2025.

Key Facts

- The purpose of this report is to recommend that Council transition away from providing curbside recycling collection services to non-eligible sources (industrial, commercial, and institutional properties) after December 31, 2025, when the Province's transition to full producer responsibility concludes.
- Starting January 1, 2026, as part of the new residential Blue Box program, Circular Materials will no longer collect recycling from non-eligible sources.

- Niagara Region's cost to continue to provide recycling collection to non-eligible sources is estimated to be up to \$3.5 million annually, about \$2.0 million more than current costs. This increase is because the scope of work under the current Contract with Miller and GFL would require amendment, as Circular Materials will not permit collection of recyclables from non-eligible sources on the same truck as residential recycling.
- Approximately 4,375 non-eligible source properties across Niagara region currently use curbside recycling services provided by the Region.
- Staff hosted webinars for local chambers of commerce and Designated Business Areas (DBA) associations to outline changes under the new Blue Box Program and its impacts.
- Staff initially forecasted a 5.2% increase in the 2026 net budget requisition. This is forecasted to rise to 9.6% if the Region decides to fund recycling collection for non-eligible sources, to supplement the Province's recycling program.
- Staff will report back later this year with recommendations on additional services to be changed or reduced under Blue Box Regulation 391/21, including drop-off depot collection, special event recycling, and public space recycling. Should these services continue, Niagara Region would be financially responsible.

Financial Considerations

Annual Estimated Cost to Continue Recycling Collection - \$2.9M - \$3.5M

Under the current collection contract, curbside recycling collection services are provided to non-eligible source properties if they meet specific eligibility criteria. The total annual cost for Niagara to provide these services under co-collection is approximately \$1.5M (including non-recoverable HST). This is based on 1,900 tonnes per year and 4,375 properties, resulting in a cost of approximately \$770 per tonne or \$334 per property.

Starting January 1, 2026, responsibilities for residential recycling collection transition fully to Circular Materials, and co-collection of residential (eligible) and commercial (non-eligible) recyclables will cease. Continuing to offer recycling collection services to supplement the provincial program with separate recycling collection and processing for non-eligible sources will cost approximately \$2.9M - \$3.5M (including non-recoverable HST) translating to approximately \$1,500 - \$1,800 per tonne or \$655 to \$790 per property.

Consistent with budget report CSD 44-2024, the forecasted 5.2% increase in the 2026 net budget requisition is based on the current cost of \$1.5M for collection and processing of recyclables from non-eligible sources.

The various collection scenarios for non-eligible sources, detailed further in this report, will have the following impact on the 2026 forecasted net budget requisition:

2026 Forecasted Net Budget Requisition per CSD 44-2024	2026
Net Budget Requisition (in millions of dollars)	\$47.9
% Increase	5.2%
2026 Forecasted Net Budget Requisition Based on Scenarios	2026
Provide Separate Collection with no collection day changes	9.6%
Provide Separate Collection with Route Optimization – recycling collected on different days than garbage and organics for non-eligible sources outside the DBA	8.3%
Provide Separate Collection - Inside DBA Only	3.9%
Allow recycling services to lapse when recycling collection fully transitions to Producers	2.1%

There are many assumptions and unknowns included in the 2026 forecasted net budget requisition and will be re-evaluated with the 2026 budget cycle. Allowing recycling collection service for non-eligible sources to lapse after the provincial transition period ends represents an estimated future cost avoidance of \$3.5M per year under the current contract.

Appendix 1 of Confidential Memo PW 9-2025 provides detailed financial information from the collection contractors for each of the options mentioned above. Estimated processing costs are also included in the relevant collection options.

Analysis

Five Collection Options

Staff reviewed five collection options for servicing non-eligible sources after December 31, 2025. These options, listed from highest to lowest estimated cost, include:

1. Provide collection services for non-eligible sources: Provide separate recycling collection with no service level changes to the user.
2. Provide Separate Collection with Route Optimization: Maintain the service level for non-eligible sources while improving efficiency and reducing costs (scheduling separate collection days for recycling and other waste materials) for non-eligible sources outside Designated Business Areas (DBAs)
3. Provide separate recycling collection for non-eligible sources inside the DBAs only.
4. Local Area Municipalities pay: Provide current enhanced recycling collection services in four (4) local area municipalities, which is paid for by these municipalities.
5. Allowing recycling collection to lapse for all non-eligible sources when recycling collection fully transitions to Producers on January 1, 2026.

50% of Non-Eligible Source Properties Recycle Curbside

Non-eligible source properties currently receiving recycling collection from Niagara Region (4,375 properties) are primarily small to medium-sized businesses, such as restaurants, hair salons, retail stores and more. This represents about 2.5% of the total properties receiving waste collection services from Niagara Region.

Of the non-eligible source properties receiving service, approximately 1,014 (23%) are located inside DBAs, while the remaining 3,361 properties (77%) are located outside DBAs and are collected weekly on residential routes.

The estimated tonnage of recyclables from non-eligible sources is approximately 1,900 tonnes per year, or roughly one truckload of recyclables per day. By comparison, the total amount of recycling collected across Niagara Region (from both residential and depot collections) was approximately 40,000 tonnes in 2023.

When recycling collection service for non-eligible sources lapses following the end of the transition period, these properties will need to hire private service providers or take their recyclables to a drop off depot.

As part of Niagara Region's waste collection services, local area municipalities can request, and pay for, additional curbside services, referred to as Enhanced Level of Service (ELOS). As such, the current collection contract contemplates these services. With allowing the recycling collection service to lapse, it must be noted that a price was obtained to continue to provide ELOS, which provides extra pick-up days over and above the weekly pickup. At present there are four (4) municipalities (Grimsby, Niagara-on-the-Lake, St. Catharines and Thorold) that have this service. The new price provided by the contractors to maintain current ELOS recycling shows an increase ranging from 100% to 300%, depending on the local area municipality. Further discussions will take place with the four municipalities on this particular option; whether to continue or stop the existing ELOS recycling services.

Non-eligible source properties that currently receive curbside garbage and organics collection will continue to receive these services.

To engage with affected parties, staff hosted a series of webinars for local chambers of commerce and DBA associations. In addition, staff also conducted a presentation to a broader group of Niagara business representatives during one of their Regional Business Improvement Area (BIA) meetings. These sessions provided an overview of the changes under the new Blue Box Program and discussed the impacts on municipalities, businesses, and other non-eligible sources. The engagement process also included a call to action, encouraging participants to advocate to the provincial government for regulatory changes.

Some participants expressed concerns that their recycling collection services could be discontinued, and they were dissatisfied with the regulations that would affect services in their sector. As a direct result of this engagement, the St. Catharines Downtown Association BIA has issued a letter to the province, advocating for action on the issue with other participants indicating they will do the same.

Province Signaled Intent to Reform Framework in 2020

In 2020, the Province of Ontario expressed its intent to reform the Industrial, Commercial, and Institutional (IC&I) waste framework. However, to date, the Province has not taken any action on this issue. On November 28, 2023, Niagara Region, through the Office of the Regional Chair, submitted a letter to the Minister of

Environment, Conservation and Parks advocating for changes in how non-eligible sources are managed after December 31, 2025.

The advocacy efforts are ongoing, but as of the writing of this report, there have been no significant developments regarding amendments or regulated solutions under the Blue Box regulation that would allow for the co-collection of recycling materials from non-eligible sources alongside eligible sources. This remains a service gap that the Province needs to address.

Given this, staff is proceeding under the assumption that the current regulatory policy will remain unchanged.

It should be noted that not all Ontario municipalities collect recyclables from non-eligible sources, as this service is not mandated under the Municipal Act, 2001. However, Staff continues to monitor municipalities that are currently providing recycling collection to non-eligible sources, who are also making decisions about this issue and future service levels. The following table summarizes staff findings as of the date of this report.

No Decision	8	Niagara, Brantford, Essex-Windsor, Ottawa, Peterborough, Markham, Sault Ste. Marie, Sudbury
Will Service	6	Peel, Toronto, Barrie, Sarnia, Halton, Hamilton
Will Service only inside DBAs	1	Waterloo
Will not Service	8	Guelph, Chatham Kent, Norfolk, Kingston, Thunder Bay, Durham, Simcoe, Prince Edward County

Once changes have been approved, and prior to December 31, 2025, staff will undertake a comprehensive communication strategy to advise interested parties of the upcoming changes.

Additional Service Decisions will be Required

In addition to recycling collection services for non-eligible sources, staff will report back to Committee later this year with recommendations regarding other services that will be

changed or reduced under Blue Box Regulation 391/21, such as Blue Box drop-off depot collection services, special event recycling collection and public space recycling.

Alternatives Reviewed

Five collection options were reviewed and details on these options are listed in this report with associated costs detailed in Confidential Memo PW 9-2025. Staff are recommending allowing recycling collection service to lapse for all non-eligible sources (inside and outside DBAs) after December 31, 2025, when the provincial transition period ends given the high costs associated with this service, and the impact on the taxpayer, starting in 2026.

From a financial standpoint, the cost of providing recycling collection to non-eligible sources at the current level of service is prohibitive. Alternatively, reducing the level of service to inside the DBA only, will result in savings of approximately \$0.60M (42%) from the current cost. This option covers approximately only 25% of existing service clients.

Relationship to Council Strategic Priorities

The recommendation highlighted in this report strategically enforces Council's priority of an Effective Region by delivering fiscally responsible and sustainable core services as it relates to its waste management programs.

Other Pertinent Reports

PWC-C 8-2024 - A Matter of Commercial Information Supplied in Confidence and a Position to be Applied to Negotiations under s. 239(2)(i) and (k) of the Municipal Act, 2001 -Recycling Collection to Non-Eligible Sources under Blue Box Regulation O. Reg 391/21

CSD 44-2024 - Waste Management 2025 Operating Budget and Requisition

Confidential PW 9-2025 - A matter of financial information related to the waste collection contract and a position to be applied to negotiations under s. 239 (2) (i) and (k) of the Municipal Act. 2001 with regards to recycling collection to Non-Eligible Sources at the end of the provincial transition period on December 31, 2025.

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