

a-BBPP Consultation Workbook: Municipalities & First Nations Communities, Module 1



Stewardship Ontario

Welcome to the Module 1 Consultation Workbook for Municipalities and First Nations Communities on the Proposal to Amend the Blue Box Program Plan

This workbook is designed to facilitate feedback on the topics covered during the Module 1 meeting on October 12 with municipalities and First Nations communities.

This workbook is organized by subject area. On each page of the workbook you will find the relevant slide(s) that were presented at the October 12 meeting, followed by, if applicable, supplementary information and then a question and answer box. This format will ensure you have all the information needed when providing your feedback to specific questions. You can also provide feedback at any time by using the [feedback button](#) on the Stewardship Ontario website.

All feedback received will be carefully considered as the proposal for an amended Blue Box Program Plan is developed.

Following the Module 2 meeting on October 27, 2017, you will receive a link to a similar workbook to solicit your feedback on the subjects that will be covered in Module 2.

Please complete and submit the consultation workbook by Friday, November 17, 2017.

If you have any questions regarding the workbook, please email Jennifer James at jjames@stewardshipontario.ca.

1. Your information: *

First Name

Last Name

Title

Organization

Email Address

Proposed Payment Approach for Non-Transitioned Communities

Minister's request



- Define the eligible costs to be included in calculating the net cost for the purpose of making payments to non-transitioned communities in accordance with section 11 of the Waste Diversion Transition Act (WDTA)
 - “results in the total amount paid to all municipalities under the program being equal to the applicable percentage [50%] of the total net costs incurred by those municipalities as a result of the program”

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Current eligible costs prevail



- The verified net cost incurred by non-transitioned municipalities and First Nations Communities will be used to calculate payments by Stewardship Ontario
- Existing eligible material sources and cost categories, as set out in the Datacall User Guide, will continue; but
- Excepting as noted on the following slides



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Outcome of proposed payment approach



- Moves from complicated cost containment formula and the municipal funding allocation model (MFAM) to straight 50% on verified eligible costs
- Conventions for reporting remain largely the same (i.e. through the RPRA Datacall)
- 90% of communities in Datacall will be receiving more money that they were under previous method

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Do you agree with the outcomes of the proposed approach for non-transitioned communities? Are there other outcomes you would like to see added?

Do you support the proposed method of calculating payments to non-transitioned communities? If not, what approach would you prefer we consider?

Do you support the proposed set of eligible costs? If not, what approach would you prefer we consider?

Proposed Ineligible Costs for Non-Transitioned Communities

Three new types of ineligible costs



1. Costs related to transition
2. Costs related to service level changes approved after August 14, 2017 (the release date of Minister's requirement letter)
3. Costs related to contract operations and management deficiencies
 - i.e. Penalties or fees incurred as result of service level failure credits, default or similar actions levied by contractor on community

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Ineligible transition costs



Examples of ineligible transition costs include:

- Activities undertaken in anticipation or preparation for transition
- Penalties or fees incurred to terminate contracts to facilitate transition
- Decommissioning, transferring, selling or otherwise disposing of assets associated with transition
- Amortized capital costs that extend beyond transition date
- Severance or other employee termination-related costs related to transition

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Ineligible service level change costs



Examples of ineligible post-August 14, 2017 service level changes include increased costs resulting from:

- Changes in the frequency of service
- Shift from multi-stream to single stream and vice versa
- Shift from depot to curbside collection
- New collection containers or carts (excluding replacements)

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Do you support the proposed set of ineligible costs? If not, what approach would you prefer we consider?

Transition Mechanism

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Minister's request



- Identify when and how the responsibility for the collection and management of PPP will be transferred smoothly from communities to Stewardship Ontario.
- “Providing choices for municipalities where Stewardship Ontario is to provide blue box services (i.e. transitioned communities):
 - These municipalities will decide whether they wish to act on behalf of Stewardship Ontario for the procurement and contract oversight of PPP collection services, and
 - These municipalities should also have an opportunity to participate in the post-collection management of PPP collected”

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Objectives of proposed approach



- Provide communities with a right of first refusal to act as collection contract managers or deliver collection themselves where they do so today
- Provide communities the opportunity to participate in the post-collection competitive procurement process
- Sufficient notice to service providers to make necessary financial and operational preparations
- Avoid stranded assets to the extent possible

- Ensure a seamless and orderly transition of the Blue Box Program to full producer responsibility

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Three Transition Criteria



Communities may transition by satisfying one of the following criteria:

1. All contracts for collection and/or management of PPP have expired such that the community is unencumbered by agreements;
2. All contracts for collection and/or management of PPP have been terminated early such that the community is unencumbered by agreements; or
3. A community self-delivers service (i.e. does not have contracts for collection and/or management of PPP)

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Pacing the transition to ensure operational stability



Criteria One: All contracts for collection and/or management of PPP have expired such that the community is unencumbered by agreements	Upon satisfying Criteria One communities may transition with no upper limit to number of transitioning communities.
Criteria Two: Contracts for collection and/or management of PPP have been terminated early such that the community is unencumbered by agreements	Communities wishing to transition under Criteria Two (early termination) will be selected by random lottery and capped once the total cost of transitioned communities has reached 20% of the 2016 annual net costs or an absolute number of communities transitioning is met.
Criteria Three: A community self-delivers service (i.e. does not have contracts for collection and/or management of PPP)	Communities that satisfy Criteria Three may transition with no upper limit to number of transitioning communities.

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4th transition mechanism proposed by some communities and service providers



Scenario: A collection contract expires sometime after its processing contract has expired:

- Stewardship Ontario enters into agreement with a community for the community to act as collection contract manager and meet prescribed performance standards;
- Community amends existing agreement with collection service provider to embed new performance standards
- Stewardship Ontario pays the community a price established through benchmarking of services (price offer established early to aid community decision-making)
- Once the term of original contract expires the collection service is retendered

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Supplementary Information

In cases where a community's collection and processing contract expirations do not expire at the same time (i.e. a-synchronous contract expiration), we propose that the municipal or First Nations communities implement yearly rolling collection contracts until the processing contract expires. As part of this consultation we welcome suggestions from communities that may be in this position.

Do you agree with the objectives of the proposed approach for transition criteria? Are there other objectives you would like to see added?

Do you support the proposed three transition criteria? If not, what approach would you prefer we consider?

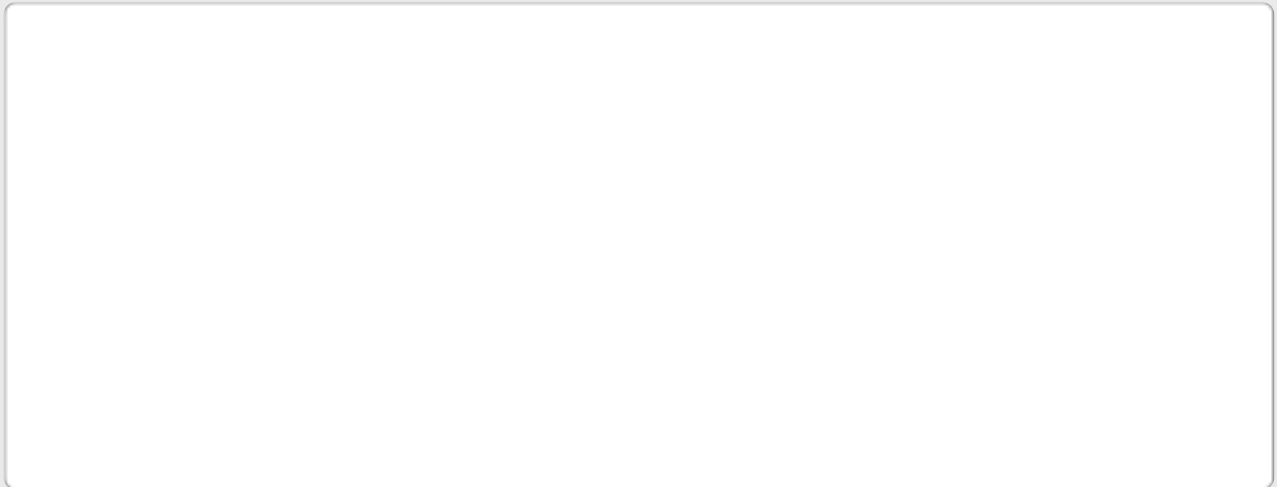
Do you support the fourth transition mechanism proposed by some communities and private sector companies? If not, what approach would you prefer we consider?

What kind of contract expiry scenarios do you anticipate? Would you support implementing yearly rolling collection contracts where there is a-synchronous contract expiry? If not, what approach would you prefer we consider?

Would you support the proposed methods for pacing transition to ensure operational stability and to ensure no service disruption as communities transition. This may include:

- **lottery for communities wishing early termination,**
- **yearly cap on transitions once costs have reached 20% of the 2016 net cost,**
- **an absolute number of transitioning communities is met.**

If not, what approach would you prefer we consider?



Proposed Transition Notice Periods

Transition notice periods to support orderly transition



Communities must provide notice, as follows:

1. One year where a community exercises right of first refusal (RoFR) to be a collector under contract to Stewardship Ontario; or
2. Two years where a community declines RoFR to act as a collector to Stewardship Ontario and intends to have Stewardship Ontario deliver collection services directly to residents.

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Supplementary Information

The notice periods are designed to ensure an orderly transition that will enable Stewardship Ontario to plan both financially and operationally. The two-year notification period will provide Stewardship Ontario with the lead time necessary to conduct its own tendering, build capacity for collection contract administration and establish on-going communications with residents.

Would you support the proposed notice periods for communities that wish to transition? if not, what approach would you prefer we consider?

Proposed Procurement of Collection Services

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Objectives of proposed approach



- Promote competition by ensuring a fair and open marketplace
- Facilitate cooperation among the various parties
- Provide communities with the choice to provide collection services, or not

Do you agree with the objectives of the proposed approach for collection services procurement? Are there other objectives you would like to see added?

Procurement of collection



Three scenarios are proposed for procuring and paying for collection services in transitioned communities:

1. A community chooses to act as an agent to tender collection and manage contracts on behalf of Stewardship Ontario
2. A community self-delivers collection using its own capital and labour; or
3. A community hands over collection tendering and contract management to Stewardship Ontario.

Scenario 1: Agent for Stewardship Ontario



For curbside and multi-family:

- Where a community incorporates Stewardship Ontario's performance standards and bid requirements into their competitive procurement, Stewardship Ontario will pay the prices charged by the successful proponent for services.
- Where a community deviates from Stewardship Ontario's performance standards and bid requirements (e.g. bundled bids, additional service requirements, etc.), Stewardship Ontario will pay based on ground-truthing against benchmarks.

For depots:

- Depots will be paid on a per tonne basis (using historic cost as a basis) to collect PPP that meets a quality standard.

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Scenario 2: Self-delivering



For curbside and multi-family:

- Where the community is self-delivering the collection services, Stewardship Ontario will pay a price based on a benchmark.

For depots:

- Depots will be paid on a per tonne basis (using historic cost as a basis) to collect PPP that meets a quality standard.

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Scenario 3: Exits collection of PPP



- Where a community does not wish to collect, Stewardship Ontario will issue a collection tender.
- Private depots will be paid to collect PPP that meets a quality standard.

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Would you support the three proposed collection procurement scenarios? If not, what approaches would you prefer we consider?

Proposed Procurement of Post–Collection Services

Minister's Request



- Stewardship Ontario establish a fair and open marketplace for the provision of Blue Box services

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Objectives of proposed approach



- Provide adequate lead-time for interested operators to participate in open tenders
- Promote competition by ensuring a fair and open marketplace
- Facilitate cooperation among the various parties
- Ensure the post-collection system evolves in a manner that optimizes the consolidation, transfer, processing and marketing of PPP
- Provide post-collection operator opportunity to propose comprehensive solutions

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Do you agree with the objectives of the proposed approach for post-collection services procurement? Are there other objectives you would like to see added?

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Competitive procurement of post-collection services



- Private sector companies as well as municipalities and First Nations communities will have opportunity to participate in competitive process.
- While communities will have first right of refusal to act as collectors, they will not be offered such rights for post collection, but they will be free to bid on providing these services, or perhaps participate as part of a coalition.

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Procurement of post-collection services process



- **Step 1:** Request for Expressions of Interest (REOI) to PPP processors to gauge processors' capacity to receive, process and market a defined list of PPP received from collectors
- **Step 2:** Request for Proposals (RFP) to PPP processors that are able to manage the defined list of PPP
 - Processors will be provided with details of the collection network in order to support the development of their bids

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Supplementary Information

While municipalities and First Nations communities will have first right of refusal to act as collectors, they will not be offered such rights for post collection, but they will be free to bid on providing these services, or perhaps participate as part of a coalition.

Would you support the proposed post-collection procurement approach? If not, what approach would you prefer we consider?

Expansion of Services

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Minister's request



- Stewardship Ontario to propose a timeline for offering collection services to multi-family residential buildings that are not serviced by municipalities and First Nations communities.
- Consider accommodating associated public spaces, parks and other related services provided by communities.
- Consider expanding collection services over time to communities not currently serviced.

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Objectives for multi-family service



- Prioritize the transition and stabilization of existing recycling systems before expanding to new services
- On-board multi-family buildings in a manner that is scalable and reflects Stewardship Ontario's ability to influence building owners' participation in the Blue Box Program

Objectives for public space



- Prioritize the transition and stabilization of existing recycling systems before expanding to new services

Objectives for service expansion to new communities



- Prioritize the transition and stabilization of existing recycling systems before expanding to new services
- Ensure necessary quality and cost controls are in place

Supplementary Information

The Minister's letter directs Stewardship Ontario to propose a timeline for offering collection services to multi-family residential buildings, public spaces and new communities. The priority through the transition period is to ensure a smooth transition and stabilization of existing recycling programs before expanding services.

Do you agree with the objectives of the proposed approach to expansion of services to:

- **multi-family buildings**
- **public spaces, and**
- **new communities and through new depots?**

Are there other objectives you would like to see added?

Multi-family proposed approach



- Once the program has stabilized, collectors would be eligible to receive a payment per multi-family household serviced if:
 - Qualification requirements are met
 - Multi-family residents deliver PPP to an accessible central storage area
 - Collector has written agreement with the building manager to gain access to the storage area
- Payments set to provide meaningful incentive to establish long-term relationships with multi-family property managers taking into account observed market pricing for comparable services

Public space proposal



- Stewardship Ontario will evaluate public space recycling provided by communities that provide collection services to Stewardship Ontario
- Stewardship Ontario will set criteria that must be met to ensure success (i.e. collected volumes do not degrade quality of materials collected in other channels)

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Service expansion proposal



- Stewardship Ontario will set conditions in the a-BBPP to be met before it expands service to new communities such as:
 - There is necessary infrastructure to service the community (e.g., road access, depot facilities)
 - There is expressed willingness by the community and its residents to participate in the Blue Box Program

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Adding new depots in service expansion communities



- Offer payments to depot collectors that are able to comply with the collector qualification standards.
- Depot operators must meet performance standards that include at a minimum:
 - PPP to be collected
 - Minimum number of weekly operating hours
 - Method by which collected PPP will be prepared for pick-up for introduction into the post-collection management system; and
 - Maximum percentage by weight allowable non-PPP in collected PPP.

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Would you support the proposed approach to expansion of services to:

- **multi-family buildings**
- **public spaces, and**
- **new communities and through new depots?**

If not, what approach(es) would you prefer we consider?



Your feedback is critical



- The Stakeholder and Indigenous Peoples Engagement and Communications Plan jointly prepared by Resource Productivity & Recovery Authority (the Authority) and Stewardship Ontario is now available.
- Phase 1: Begins with modular consultations with individual groups to discuss and gather feedback on proposed features of particular interest to them.
- Two modules for municipalities and First Nations communities:
 - **Module 1 – October 12:** Proposed transition process including eligibility criteria and proposed service procurement.
 - **Module 2 – October 27:** Definitions and performance requirements for the transitioned recycling system.

Today

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Phase 2: Draft a-BBPP



- The Authority and Stewardship Ontario will release a full draft of the a-BBPP proposal by December 22, 2017
- Consultation webinars for stakeholders will be held on January 8 and written feedback will be requested by January 15
- a-BBPP must be approved by the Stewardship Ontario Board and the Authority and submitted to Minister by February 15th 2018 deadline, along with a Consultation Report
- All consultation materials, including webinars and associated slide decks will be posted

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Supplementary Information

The Minister's direction letter received by Stewardship Ontario and the Resource Productivity and Recovery Authority (the Authority) on August 14 requires that the proposal for an amended Blue Box Program Plan be developed in consultation with stakeholders and Indigenous Peoples and submitted to the Minister by February 15, 2018.

Do you agree with the approach being taken to stakeholder consultation?

If not, what approach would you prefer we consider that would enable the proposal for an a-BBPP to be submitted to the Minister by the February 15th deadline?



Thank You!

Thank you for providing your feedback.

Please provide us with any additional feedback you think is relevant to the materials presented on October 12 [here](#).