



Thinking
beyond
the box

Stewardship Ontario

Developing a Proposal for an Amended Blue Box Program Plan

Presented to: Ontario Municipalities and First Nations Communities in
Regional Meetings
November, 2017

It's hunting season



Regional meetings underway

- A series of regional meetings with interested municipalities and First Nations communities are being held to talk about what the proposals will mean to for you at the local level:
 - **November 9: Bracebridge, ON**
 - **November 10: Hamilton, ON**
 - **November 14: Perth, ON**
 - **November 15: London, ON**
 - **November 21: Sudbury, ON** – *also available via webcast*
 - **November 22: Thunder Bay, ON** – *also available via webcast*
- Invitations for the regional meetings went out on Oct. 17. You can also register at www.stewardshipontario.ca/a-bbpp

Today's agenda

1. Review of engagement & consultation process and next steps
2. Transition: An overview
3. Proposals on:
 - a. Non-transitioned communities: Payment approach
 - ✓ b. Transition mechanism
 - ✓ c. Procurement of collection services & contamination management
 - d. Procurement of post-collection services
 - e. Expansion of services
 - f. Definitions of Stewards and obligated paper products and packaging
 - ✓ g. Standardized list of targeted materials for collection
 - ✓ h. Performance targets
 - ✓ i. Collection and management standards
4. Next Steps

ENGAGEMENT AND CONSULTATION

Consultation Timeline



Questions? Feedback?

Please complete the Consultation Workbooks to provide feedback on modules 1 and 2.

<http://www.surveygizmo.com/s3/3901080/module-1>

<http://www.surveygizmo.com/s3/3947915/module-2>

For project updates and to submit questions and comments, please visit:

<http://stewardshipontario.ca/a-bbpps>





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TRANSITION: AN OVERVIEW

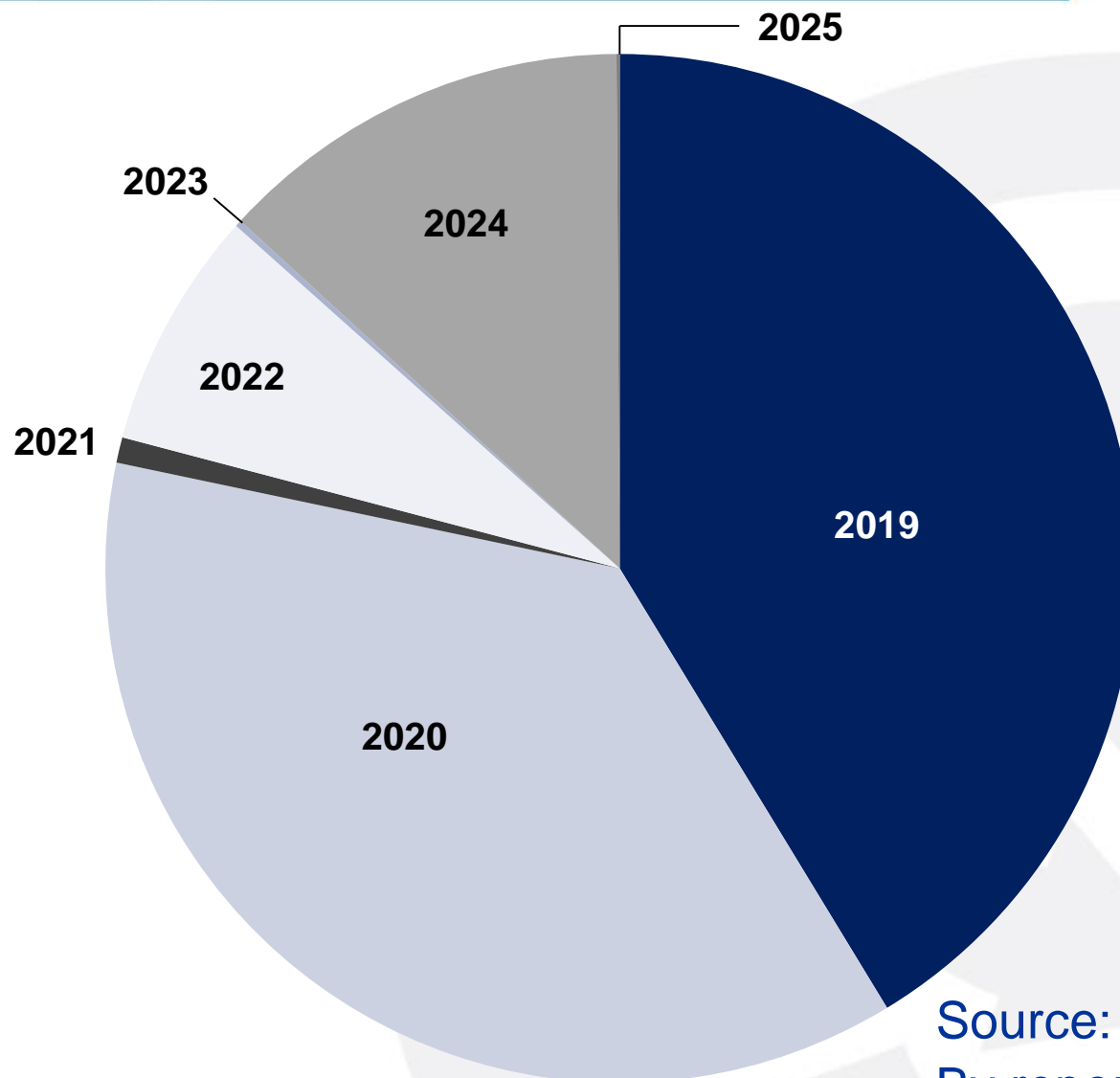
Transition objectives

- Stewardship Ontario to assume both financial and operational responsibility (and accountability) for PPP collection and management.
- Over time Stewardship Ontario will replace the agreements that exist today with hundreds of its own agreements with communities and service providers for collection and management of PPP.
- Increase diversion to 75% of the PPP supplied by stewards to residential households (plus material-specific management targets) where Stewardship Ontario has assumed responsibility.
- Ensure a seamless transition to producer responsibility with uninterrupted collection service to Ontarians

Anticipating the Pace of Transition



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Source: 2015 Datacall
By reported net cost ¹⁰

THE TRANSITION MECHANISM

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)

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

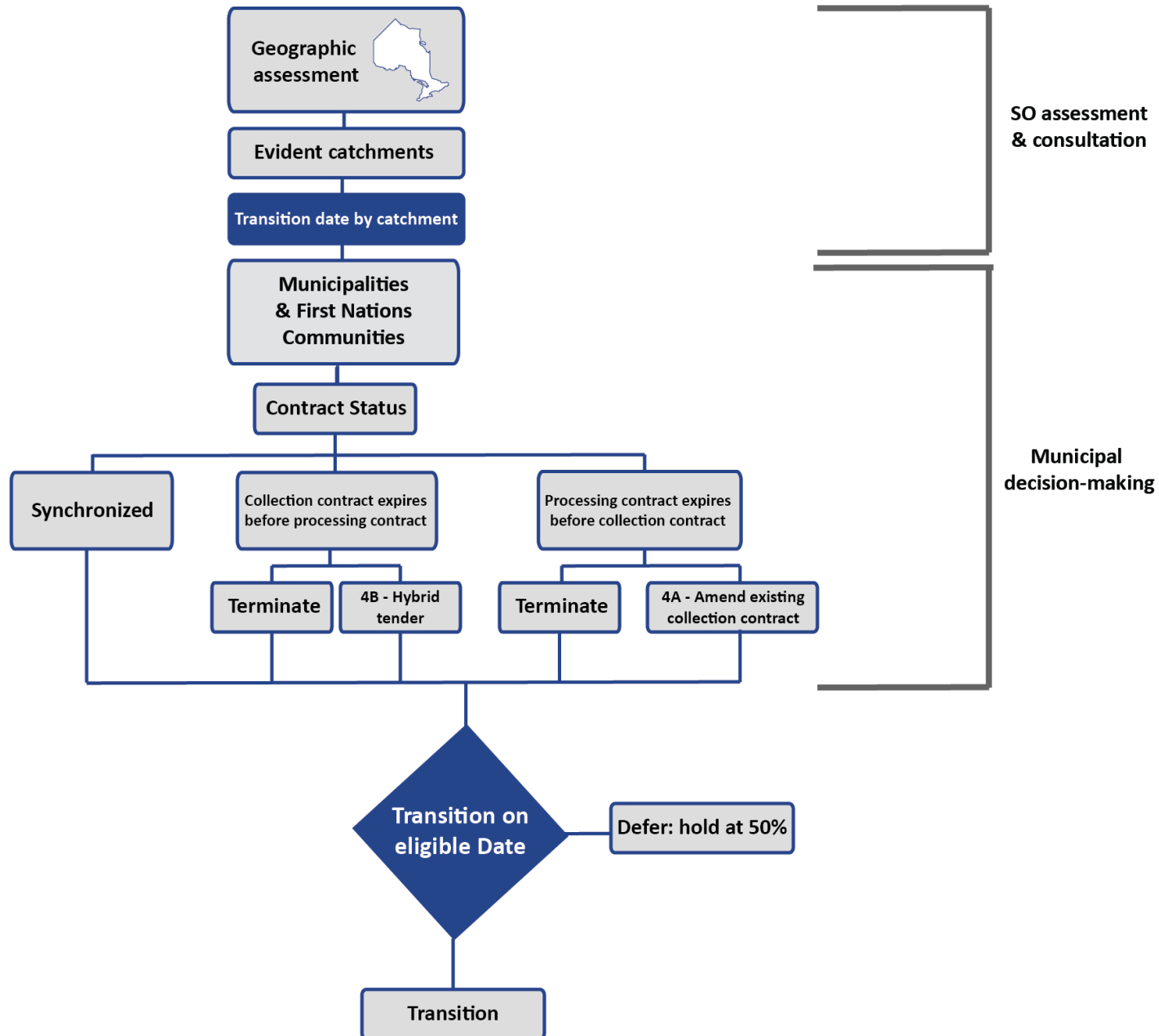
Alternate Approach: pacing transition by catchment

- Contract Amendment paves the way for a geographic-based transition
- The province could be divided into catchments, influenced by geography and informed by contract expiry dates
- Each year, one or more catchments would transition
- Increased certainty will provide communities and post-collection service providers with the ability to plan, order equipment and make commercial arrangements
- Communities could be informed at the launch of the program which year their catchment will transition

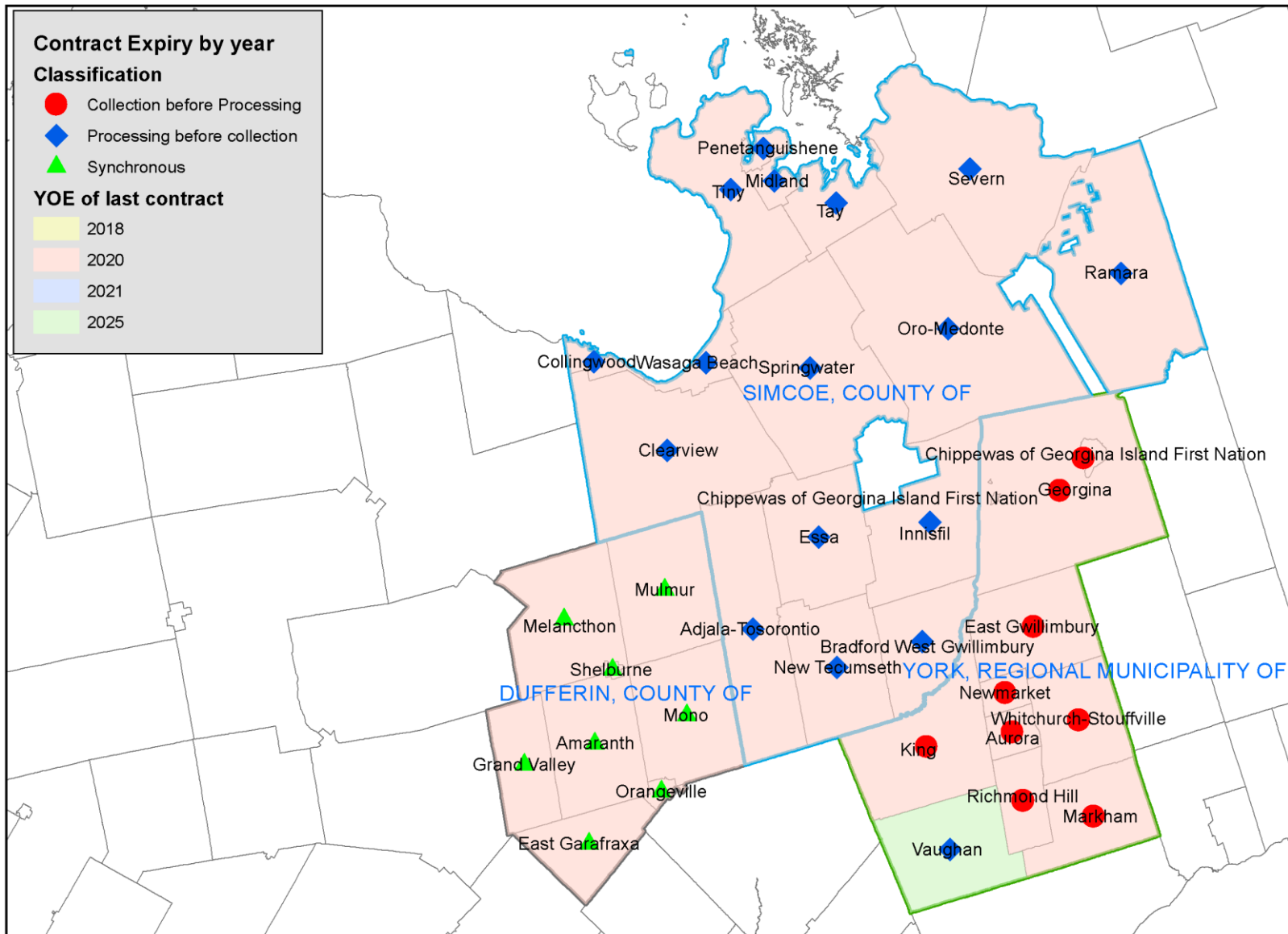
Transition support will be available

- Scenario: Where a community's collection contract is set to expire but processing contract continues and collection service providers cannot/will not roll forward year-to-year
- Stewardship Ontario will work with the community to competitively procure long-term collection service comprised of two sets of terms and conditions:
 - A set of terms and conditions for status quo collections under shared responsibility for the period until the processing contract expires; and
 - A set of terms and conditions for the subsequent period as a transitioned community.

Proposed Catchment Approach



Sample catchment approach



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.

PROPOSED PROCUREMENT OF COLLECTION SERVICES

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.

Examples of curbside and multi-family performance standards for collection services (1 of 2)

- Deliver a defined collection service (i.e. curbside, multi-family, depot collection, or some combination thereof) to a specified area
- Collect the standard list of PPP
- Collect in a prescribed manner:
 - Without limit on the quantity of in-scope PPP collected
 - Where it is to be collected
 - Minimum and maximum collection frequencies
 - Compacted in collection vehicles at a maximum ratio

Examples of curbside and multi-family performance standards for collection services (2 of 2)

- Ensure orderly, non-disruptive, and quiet operations
- Provide collection containers to residents
- Monitor the quality of PPP set out for collection (i.e. maximum percentage by weight allowable non-PPP)
- Ensure delivery of the collected material to the post-collection facility within a predetermined radius or drive-time
- Provide residents with call centre services to receive and action complaints and issues
- Participate in the reporting process

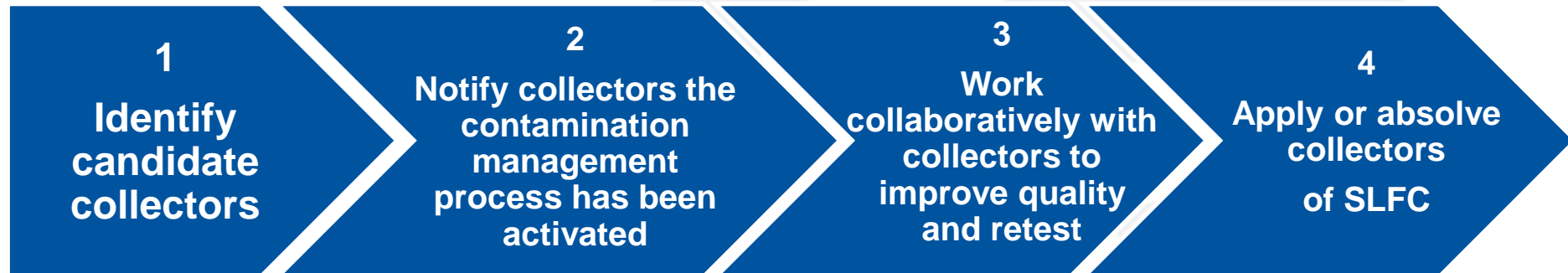
Contamination management process

- Consider contamination management process 12 months after transition
- Provide sufficient notice between activation of process and the measurement of contamination levels
- In collaboration with collectors implement as early as feasible resident P&E and other behavioral mechanisms to encourage residents to minimize contamination
- Develop a composition audit methodology and communicate that methodology to collectors
- Offer rewards to collectors operating below the contamination target
- Not assume the post-collection expense related to excessive contamination
- Only apply Service Level Failure Credits/Financial penalties (SLFC) as a measure of last resort

Contamination management process (cont'd)

- **A Contamination Ceiling** – the maximum level of acceptable contamination expressed as a percentage of non-PPP and non-targeted PPP in total collected volumes in-bound for post-collection management
- **A Contamination Target** as a percentage of non-PPP and non-targeted PPP in collected volumes in-bound for post-collection management

Contamination management process (cont'd)



Examples of collection contractor administration by communities

- Oversee the contracted collector to ensure its adherence to the performance standards
- Where non-PPP exceeds the maximum threshold, work with contractor to implement remedial measures
- Deliver prescribed P&E and ensure the contractor executes any P&E related tasks in its agreement with Stewardship Ontario

Payments for collection services delivered by private sector companies

- Payment terms for services (e.g. per household) resulting from procurement or benchmarking
- Financial top-ups or bonuses for achieving specified performance metrics (i.e., further reductions in non-PPP below maximum thresholds)
- Penalties for failing to meet specified performance metrics (e.g., exceeding maximum non-PPP thresholds)



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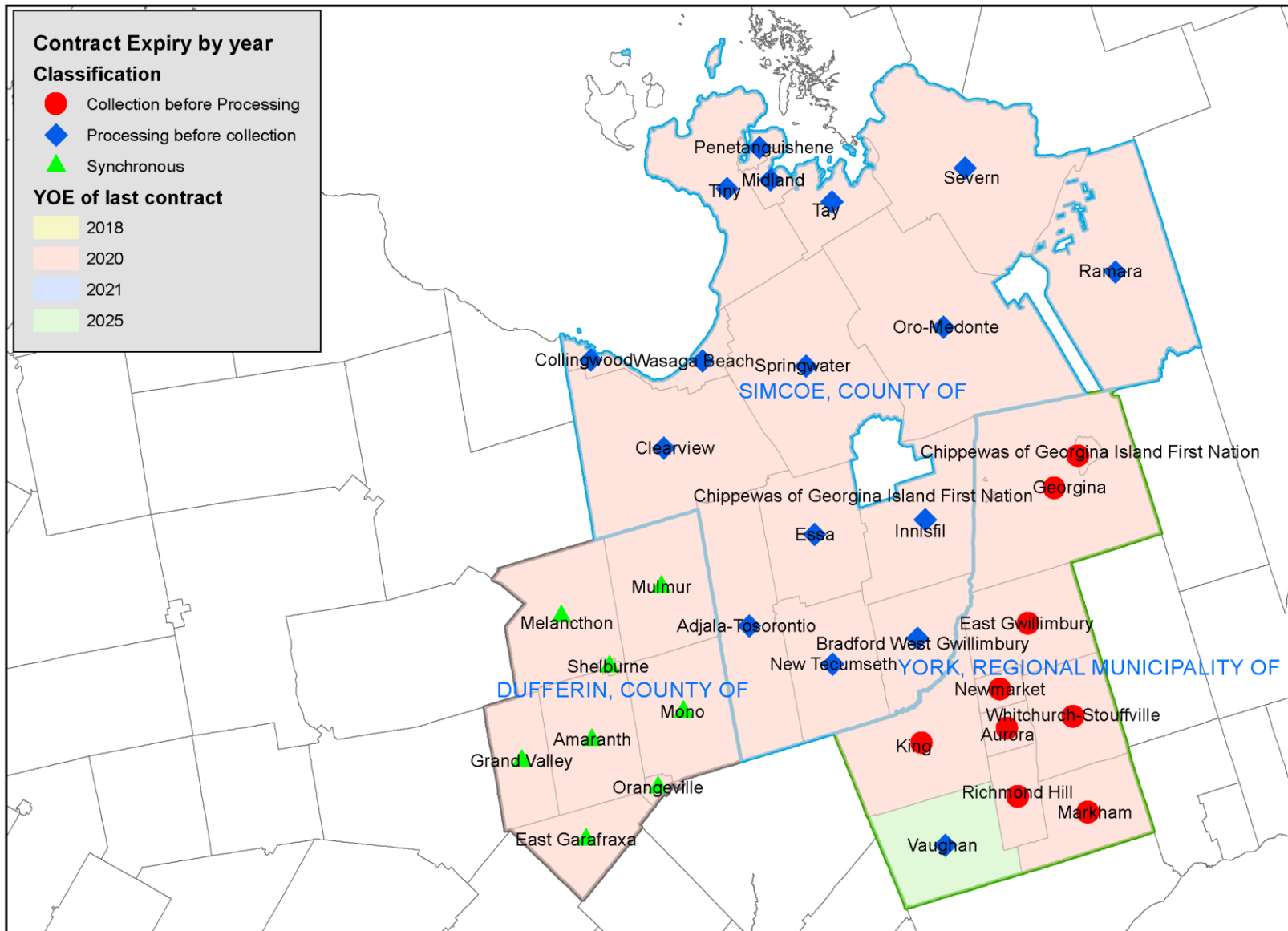
PROPOSED PROCUREMENT OF POST - COLLECTION SERVICES

Post-collection catchment



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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

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.

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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EXPANSION OF SERVICES: PROPOSED APPROACH

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.

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)

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

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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PROPOSED DEFINITIONS OF STEWARD AND OBLIGATED PACKAGING AND PAPER PRODUCTS

Definition of PPP is changing

- Paper products (**NEW**)
 - Paper for writing, printing and copying and other general use, but does not include books or paper products intended for hygienic use.
- Primary packaging (**EXPANDED**)
 - Aluminum pie plates, aluminum foil, corrugated cardboard boxes for moving or mailing items, plastic or paper-based beverage cups, Kraft paper bags, re-sealable plastic bags, tissue paper, wrapping paper.
 - These materials are similar to Primary Packaging, have a similar function to packaging and are found in the Blue Box.

There are some changes to the definition of PPP (Con't)

- Convenience packaging
 - This definition remains the same.
- Transport packaging
 - This category is new. The definition is intended to capture e-commerce packaging supplied by brand holders and first importers, but **not IC&I**.



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STANDARDIZED LIST OF TARGETED MATERIALS FOR COLLECTION

Proposed approach

- Establish a list of materials that are targeted in all transitioned communities because they can be sorted and have end markets
- Expand programs to include materials such as coffee cups and mixed rigid plastics that have sorting capabilities and end markets
- Initially exclude materials, such as coffee pods, and expanded polystyrene packaging that do not yet have robust end markets
 - Expand material list as end markets, sorting technologies become available
 - Conduct R&D to advance these outcomes

Observations regarding materials targeted for collection

- Material targeted for collection must have end markets
 - Today, anything shipped out of a MRF is claimed as diverted despite some of the materials shipped to downstream processors (esp. plastics) that is burned or landfilled;
 - Current diversion rates for plastics are lower than reported
- All materials targeted for collection must contribute to environmental performance
 - Materials will not be added that do not contribute to diversion performance
 - EFW is not an option in Ontario
- Materials are targeted for collection if they meet these conditions:
 - Availability of reliable end markets with sufficient capacity will drive decision if a material should be targeted for collection
 - Materials that are costly to manage yet have a reliable end market, must be targeted for collection
 - Operational and technological changes result as a work back from assessing what potential markets need in terms of material characteristics and quality

Difficult to manage materials accepted for collection

- Polycoat containers
- Hot and cold beverage cups
- PET Thermoforms
- Glass (except beer & ODRP glass on deposit)
- LDPE & HDPE Film (although degraded quality when collected commingled)

Notable recommended materials not on initial list of targeted materials

Material	Rationale	Enablers to collection
Non-PS Foam	Disruptive and contaminant in recycling process – incompatible with other materials	Unknown – research required.
PS Foam	Limited markets for clean foam. Not viable for curbside collection	Explore alternate methods of collection.
Polystyrene	Limited markets for clean homogenous materials.	Currently used as EFW / engineered fuel. Alternate markets need development
PLA	Not recycled if captured; degrades marketability/market value	Unknown – research required.

Notable recommended materials not on initial list of targeted materials

Material	Rationale	Enablers to collection
#7 plastics	Not recycled if captured; degrades marketability/market value	Currently used as EFW / engineered fuel. Alternate markets need development.
Aerosols	Hazardous to recycling workers	Determine if these can be managed safely.
Multi-laminates	No recycling solution at this time	Develop new recycling technologies. Creation of fuel.
Biodegradable plastics	Disrupter	Advances in organics processing – cannot be processed today in volume.
Packaging containing residue of hazardous, special or medical waste	Hazardous to recycling workers, contaminant	Alternate programs.

Questions we are working on...

- Can they be managed today (i.e. processed)?
 - If so, what are the end-markets? Where are they? Are they stable and can take steady volumes?
 - In the worst case, status quo scenario (i.e. single-stream cart based collection) can these materials be collected at a quality necessary for processing for shipments to end-markets. If so, how?
 - In general, what operational changes need to be made to collect and process to make them suitable for marketing?
- If not managed today, can markets be found or collection and management processes changed to make markets viable?

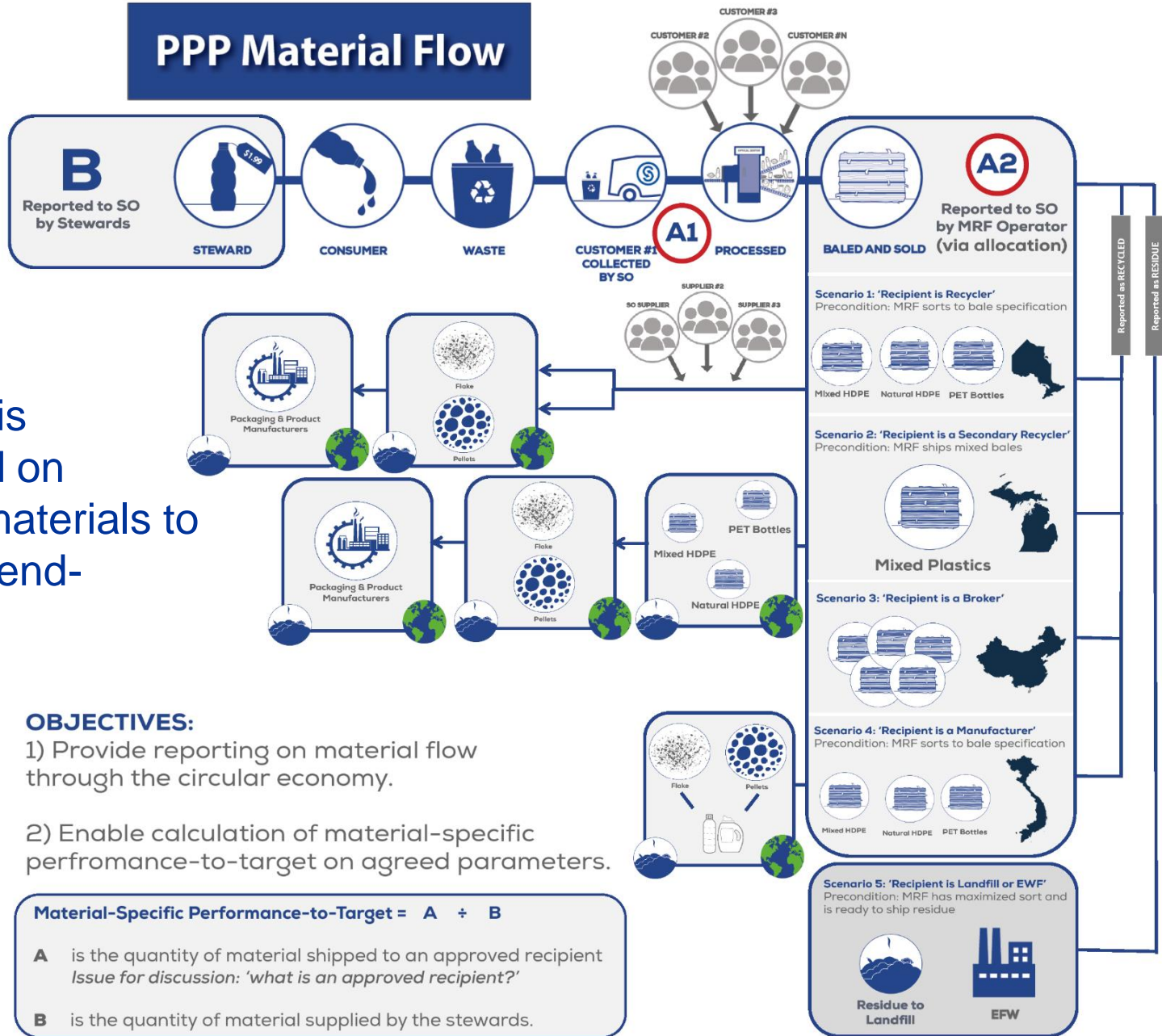
PERFORMANCE TARGETS

Attainable Targets + Appropriate Tools + Time = Success

BBPP (2004-2008)	BBPP (2008-present)	Amended BBPP
50%	60%	75%

- Stewards achieving a 64% diversion rate today.
- The Minister's prescribed overall target of 75% is anticipated to be achievable over a 2 year time period, on average, in transitioned communities and will be facilitated by:
 - Standardizing the list of materials;
 - Expanding collection to multi-family households and new communities.

PPP Material Flow



Diversion is predicated on shipping materials to approved end-markets

OBJECTIVES:

- 1) Provide reporting on material flow through the circular economy.
- 2) Enable calculation of material-specific performance-to-target on agreed parameters.

$$\text{Material-Specific Performance-to-Target} = A \div B$$

A is the quantity of material shipped to an approved recipient
Issue for discussion: 'what is an approved recipient?'

B is the quantity of material supplied by the stewards.

Proposed material-specific management targets

Stewardship Ontario is proposing the following material-specific management targets for four categories of PPP:

Material	Today*	Proposed	Improvement
Paper products/packaging	94%	95%	+ 1%
Glass packaging	73%	75%	+ 2%
Plastic packaging	35%	40%	+ 5%
Metal packaging	58%	65%	+ 7%

Targets apply only to transitioned communities (calculated on a per household prorated basis).

**Assumed based on changes to definitions of PPP and other proposed changes*

Send us your feedback

- All meeting materials posted here:
<http://stewardshipontario.ca/a-bbpp>
- Online Consultation Workbooks are available here:
<http://www.surveygizmo.com/s3/3901080/module-1>
<http://www.surveygizmo.com/s3/3947915/module-2>
- Please provide us with your feedback!