

October 1, 2025

Circulated via email: hwatson@dourodummer.on.ca

Heather Watson
Mayor
Township of Douro-Dummer

Re: Collection from IC&I Locations

Dear Mayor Watson,

In response to the request made by the Minister of the Environment, Conservation and Parks (MECP), the Producer Responsibility Organizations (PROs) representing producers obligated under the Ontario Blue Box Regulation consulted with municipalities and First Nations to support consideration of a collaborative and effective approach to IC&I. This included:

- August 15, 2025: consultation with municipalities on the draft approach;
- September 10, 2025: consultation with First Nations on the draft approach; and
- Between August 15 and September 10, 2025: the PROs considered feedback, assessed implications to the common collection system (CCS) and reached consensus on next steps.

As a result of these consultations, the PROs have agreed to allow the blending of eligible source and IC&I blue box material at depots with producers and municipalities assuming operational and financial responsibility for each party's respective proportionate share of the blended material. Due to several unresolvable challenges that emerged from the analysis and stakeholder engagement, the PROs have determined that it is not possible to provide curbside collection to IC&I locations in municipalities. An overview of these challenges is provided below.

Capacity: The CCS was procured for eligible sources included in Initial and Transition Reports. Further eligible communities with additional eligible sources were subsequently added by the MECP in December 2022 and February 2024. With these additions, the CCS has no remaining capacity for IC&I.

The CCS was procured to service eligible sources receiving collection prior to transition and single-family households eligible for curbside collection of blue box material in 2026, as reported in Initial and Transition Reports, plus allowances for natural growth based on historical year-over-year growth. CCS procurement and the resulting contracts did not include capacity for non-eligible source blue box material.

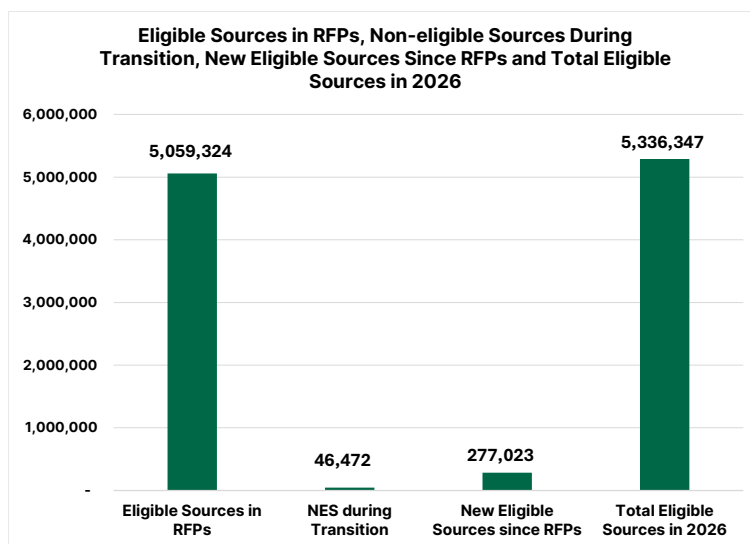
In response to requests from municipalities to provide sufficient time to prepare to service IC&I locations, CCS capacity procured for eligible sources was 'loaned' to non-eligible sources on a temporary basis during transition, on the understanding that the capacity

would become available again for eligible sources entering the system in 2026 and going forward.

Following the CCS procurement process, expansion of the MECP's Transition Schedule and the introduction of the MECP's Outside-of-Transition Schedule added more eligible sources to be serviced. The CCS capacity loaned to non-eligible sources during transition is required to service the new eligible sources in 2026 and natural growth going forward.

The graph presented in Figure 1 illustrates the number of non-eligible sources serviced during transition compared to the new eligible sources added since procurement, including the impact of these new eligible sources on the procured CCS capacity.

Figure1: CCS Capacity Utilization



The Total Eligible Sources in 2026 (in the right bar) is greater than the Eligible Sources in RFPs for which CCS services were procured (in the left bar) by the number of New Eligible Sources since RFPs. In addition to the eligible sources detailed in Table 1, the CCS is responsible for adding eligible sources arising from natural growth in 2027 and beyond. As illustrated, the CCS has no surplus capacity for non-eligible sources.

Any additional stops or increased quantity per stop would jeopardize service to eligible sources and may trigger the acquisition of additional collection vehicles. Procuring additional collection vehicles would require 18 to 24 months lead time based on current supply chain realities, leaving the CCS without sufficient collection vehicles to service the eligible sources on January 1, 2026. This would impact resident collection services, which compromises our commitment to provide a seamless transition to EPR for Ontarians.

Regulatory Obligation: Servicing IC&I creates risk for the CCS and producers in meeting regulatory obligations.

The final step in the transition to full extended producer responsibility is taking place in January 2026, requiring PROs to meet post-transition obligations set out in Ontario's Blue Box Regulation. This is a substantive change for the province of Ontario and requires considerable effort.

Implementing CCS IC&I blue box services within the six-month timeframe provided by the Minister on June 4, 2025 would create risk for disruption of services to eligible sources and compromises the ability of PROs to meet the regulatory obligations of their producers.

Regulatory Obligation: IC&I material in performance reporting is contrary to the Ontario Blue Box Regulation.

In developing the approach to IC&I services, PROs assumed that producers would not be required to deduct IC&I material from reporting in the six performance categories. RPRA has indicated that the Blue Box Regulation does not permit materials collected from the IC&I sector to be counted towards producers' performance requirements.

This poses a challenge as:

- Deducting IC&I from performance reporting significantly compromises the reconciliation of blue box material picked up by each PRO with blue box material supplied by each PRO's producers in each of the six performance reporting categories. This reconciliation process is already complex in meeting the regulatory reporting timelines. Further complications to this process cannot be borne.
- Deducting IC&I from performance reporting substantially increases sampling and auditing of collected materials which would further increase the preliminary cost recovery rates well above private sector service options.

Timing: The CCS and municipalities cannot complete the required tasks by January 1, 2026.

Municipalities report there is insufficient time for staff to complete their review and municipal councils to reach their decisions prior to the October 31, 2025 deadline for execution of IC&I service agreements. The October 31, 2025 deadline for execution of IC&I service agreements cannot be deferred given the January 1, 2026 timeline.

Eligibility: CCS cannot address the needs of IC&I locations serviced by municipalities.

CCS eligibility criteria for curb collection from IC&I are required to:

- Limit the amount of blue box material collected from IC&I locations as the CCS has no surplus capacity.
- Predict the quantity set out by an IC&I location to ensure accurate cost recovery rates to fully recover IC&I costs and to avoid charging producers for IC&I service (i.e., IC&I locations cannot set out more than the cost recovery rate covers); and
- Align curbside service with CCS curbside collection contracts.

The implications of the eligibility criteria for municipal buildings, BIAs and other IC&I locations are illustrated in the following table.

Table 1: CCS IC&I Eligibility Criteria Implications

	Would Not be Eligible	Would Be Eligible
Municipal buildings	<ul style="list-style-type: none"> • If collected more frequently than single-family curbside 	<ul style="list-style-type: none"> • If collected at same frequency as single-family curbside
BIAs	<ul style="list-style-type: none"> • If setting out more than 1 cart 	<ul style="list-style-type: none"> • If setting out 1 cart
Other IC&I	<ul style="list-style-type: none"> • If BBM placed beside container • If > 2% of single-family stops • Not on residential route 	<ul style="list-style-type: none"> • If all BBM in container • If < 2% of single-family stops • On residential route

Feedback from municipalities on the August 15, 2025 proposal indicated many IC&I sources do not meet the CCS eligibility requirements in the right column of Table 1. Municipalities would need to seek alternative solutions for their IC&I locations that would not be eligible as set out in the middle column of Table 1.

Costs: CCS cost recovery rates for small IC&I are higher than private sector quotes to municipalities.

Preliminary estimated CCS cost recovery rates for small IC&I are substantially higher than private sector costs being quoted to municipalities, according to recent media coverage, for IC&I service.

These preliminary estimated CCS cost recovery rates are likely to increase as a result of change notices to, and cost estimates from, affected CCS contractors. As final cost recovery rates cannot be set until the change notice process is complete, any municipal council decisions would be based on preliminary cost recovery rates that are subject to adjustment. Such uncertainty further complicates council decision-making processes.

CCS cost recovery rates for larger IC&I cannot be calculated as the quantity per IC&I set out cannot be predicted.

Alternative Options: Municipalities have other options to service IC&I.

Some municipalities have already contracted, or implemented procurement processes, for IC&I services in 2026.

Municipalities can leverage ‘at the curb’ efficiencies in their garbage and organics collection systems without encountering the complexity of EPR requirements.

The northern and rural communities identified by the MECP are already providing garbage and blue box collection services for larger IC&I.

Establishing the CCS has resulted in a private company operating in each community on the MECP’s Transition Schedule and Outside-of-Transition Schedule. Municipalities that did not previously have a private sector option available in their community may now be able to explore IC&I services from these companies.

Summary

We thank you for your feedback during the consultation process. After consultation and analysis, system capacity limitations, current regulatory obligations, and time constraints for both the CCS and municipalities make it impractical for the CCS to provide curbside collection from IC&I locations.

While it is not feasible for the CCS to provide curbside collection from IC&I locations, PROs have agreed to allow blending of eligible source and IC&I blue box material at depots with physically sharing of responsibility by producers and municipalities. The CCS will pick up its proportionate share of blue box material from required depots and will be responsible for management of this material. The municipality will be responsible to haul, consolidate if required and process the remaining blue box material accepted at the depot. Municipalities should make the appropriate arrangements to do so prior to January 1, 2026.

Municipalities with IC&I locations provided with curbside collection of blue box material by the CCS during transition should have alternative arrangements in place prior to January 1, 2026, as these IC&I stops will no longer be serviced by the CCS as of this date.

We welcome the opportunity to meet with you to address any questions.

Sincerely,

Allen Langdon
Chief Executive Officer, Circular Materials

Gordon Day
Vice President, Ryse Solutions

John Hayes
President, Landbell Canada (formerly H2 Compliance)

Cc:

Todd Davis, Chief Administrative Officer, Township of Douro-Dummer