Staff Report

To:	Mayor Bazinet and Members of Council
Report From:	Sean Thomas, Director of Community Services, Infrastructure and Operations
Meeting Date:	August 10, 2026
Subject:	Industrial, Commercial and Institutional (ICI) Recycling Collection Services
Attachment(s):	1) November 10, 2025, Staff Report – Blue Box Recycling for Non-Eligible Sources

Recommendation:
That Goderich Town Council direct staff to continue providing Industrial, Commercial and Institutional (ICI) recycling collection services on a full cost-recovery basis effective January 1, 2027, at an annual rate of $160 per recycling wheelie bin, per year, with the annual fee to be added to the property tax bill of each property receiving the service;

And That the Town's Fees and Charges By-Law be amended accordingly.

Report Summary:
The Province's transition to Extended Producer Responsibility (EPR) for recycling outlines the resulting impacts on Industrial, Commercial and Institutional (ICI) recycling services, and seeks Council direction regarding the Town's long-term funding model.

Following the transition of residential Blue Box recycling to producer responsibility, ICI recycling was excluded from the producer-funded system. During 2026, the Bluewater Recycling Association (BRA) absorbed the incremental costs associated with continuing ICI recycling while municipalities evaluated long-term service delivery options. Effective January 1, 2027, BRA will begin charging municipalities an annual fee of $160 per recycling wheelie bin.

Council is now required to determine whether the Town should continue subsidizing ICI recycling through the municipal tax levy, recover the full cost from participating commercial properties, or discontinue the municipal ICI recycling program.

Staff recommends continuing the service under a full cost recovery model beginning January 1, 2027.

Background and Analysis:
Ontario's transition to Extended Producer Responsibility (EPR) fundamentally changed the delivery of residential recycling across the province. Responsibility for collecting and managing residential Blue Box materials was transferred from municipalities to the producers of packaging

and paper products, with the intent of reducing the financial burden on municipal taxpayers while improving recycling outcomes.

On November 10, 2025, Council received a staff report outlining the transition to Full Producer Responsibility and approved the continuation of recycling services for municipal facilities classified as non-eligible sources under the new regulation. At that time, the focus was on maintaining uninterrupted service during the provincial transition rather than determining the long-term funding model for ICI recycling.

While the Province successfully implemented producer responsibility for the residential Blue Box program, a comparable framework for Industrial, Commercial and Institutional (ICI) recycling has not materialized. This has created a policy gap whereby municipalities must now determine whether commercial recycling should continue as a municipally supported service, operate on a full cost recovery basis, or be left to the private sector.

Recognizing the significance of this transition, the Bluewater Recycling Association absorbed the incremental costs associated with separating and servicing ICI recycling throughout 2026. This temporary measure provided municipalities with an opportunity to evaluate long-term service delivery without immediate financial impacts.

Effective January 1, 2027, BRA will implement an annual charge of $160 per recycling wheelie bin to recover the full cost of providing ICI recycling services.

BRA has advised that this fee reflects the operational realities of providing commercial recycling throughout a large and predominantly rural service area. Unlike residential curbside recycling, ICI collection routes require greater travel distances between collection points while servicing comparatively lower volumes of recyclable material. In addition, the materials collected through the ICI stream generally have lower commodity value, limiting the ability to offset program costs through recycling revenues.

Staff contacted BRA regarding the approach being taken by member municipalities. Of the 21 municipalities serviced by BRA, 14 municipalities continue to provide ICI recycling services. Of those, 10 municipalities have adopted a full cost recovery model by charging participating properties the annual cost of service, while 4 municipalities continue to absorb the cost through their municipal tax levy.

The absence of a consistent funding model among member municipalities reflects the fact that Ontario has not established a provincial framework for ICI recycling comparable to the residential Blue Box program. As a result, municipalities have been required to establish local policies based on financial considerations, service expectations and Council priorities.

Council is now being asked to establish the Town's long-term policy for the delivery and funding of Industrial, Commercial and Institutional (ICI) recycling services. In establishing this policy, Council may consider the following options:

Option 1 – Continue Funding Through the Municipal Tax Levy

The Town would continue providing ICI recycling services and absorb the annual program cost of approximately $39,840, based on the current inventory of 249 recycling wheelie bins. While this option maintains existing service levels for the business community, it transfers the cost of commercial recycling to the residential tax base and is inconsistent with the user-pay principles established through Ontario's Extended Producer Responsibility framework.

Option 2 – Full Cost Recovery (Staff Recommendation)

The Town would continue providing ICI recycling services while recovering the full cost of the program through an annual fee of $160 per recycling wheelie bin, applied to all properties receiving municipal ICI recycling service and collected through the property tax roll.

Staff recommends that the fee apply to all properties receiving the service to provide a consistent and financially sustainable funding model while avoiding the administrative challenges associated with voluntary participation.

Staff believes this option best reflects the intent of Ontario's Extended Producer Responsibility framework by ensuring that commercial recycling costs are borne by those receiving the service rather than the residential tax base. It maintains an established recycling program for the business community while supporting continued waste diversion.

Option 3 – Discontinue Municipal ICI Recycling Service

Council would elect to discontinue municipal ICI recycling collection. Businesses would then be responsible for arranging private recycling collection services. While this option eliminates municipal financial responsibility for ICI recycling, it may reduce recycling participation and increase the amount of recyclable material disposed of in the waste stream.

Linkage to the Corporate Strategic Plan (Choose all that apply):

☐ No. 1 Safe and Reliable Infrastructure
☐ No. 2 Welcoming and Caring Community
☐ No. 3 Strong Local Economy
☒ No. 4 Good Government
☒ No. 5 Environmental Stewardship

Linkage to Asset Management Plan:

This staff report is related to the following within the Town's Asset Management Program (Choose one):	And directly impacts (Choose all that apply):
☐ Road Network	☐ State of Good Repair/Replacement
☐ Water Network	☒ Municipal Levels of Service
☐ Sanitary Network	☐ Risk Management
☐ Storm Network	☐ Growth Impacts
☐ Fleet	☒ Financial Strategy
☐ Facilities	
☐ Land Improvements	
☐ Machinery and Equipment	

Financial Impacts and/or Source of Funding:
No financial impact is associated with this report.

Consulted With:
Deanna Hastie, Director of Corporate Service/Treasurer
Michelle Courtney, Bluewater Recycling Association

Approved By:
Janice Hallahan, Chief Administrative Officer