Bluewater Recycling Association

Q1 Board of Directors Meeting Highlights
Held at Bluewater Recycling MRF
March 19th, 2026

Executive Summary

The first quarter of 2026 has been defined by the full implementation of Ontario's producer-run Blue Box system, new investments in processing infrastructure, continuing service and procurement challenges in several communities, and growing pressure on plastics recycling markets. At the same time, the sector is seeing notable innovation in battery recovery, flexible plastics collection, and automated collection systems. For members, the quarter reinforces three priorities: operational adaptability, clear resident communication, and sustained advocacy for practical regulations that match on-the-ground realities.

Operational Report

IC&I Recycling Program Transition

Further clarification regarding Industrial, Commercial, and Institutional (IC&I) recycling collection responsibilities was received on October 1, 2025. This clarification confirmed that Producer Responsibility Organizations (PROs) are not responsible for IC&I Blue Box collection. Beginning in 2026, PROs are no longer voluntarily provide IC&I recycling services to municipalities, and municipalities must determine how they intend to manage IC&I recycling programs moving forward.

Following receipt of this clarification, the Bluewater Recycling Association (BRA) immediately began preparations to implement separate IC&I recycling routes. Given the significant operational changes required, this was a substantial undertaking that had to be completed within a very short timeframe.

In approximately three months, BRA successfully implemented the following steps:

- Procurement of red lids to identify IC&I recycling bins
- Development of new IC&I recycling routes across our service areas
- Recruitment and training of new IC&I collection drivers
- Creation of promotional and educational materials explaining the program changes
- Deployment of staff to deliver materials and update lids on IC&I bins at commercial properties

While every effort was made to communicate these changes as effectively as possible, the compressed timeline meant that some properties may have received shorter notice than we would have preferred. We appreciate the patience and cooperation shown by businesses and municipal partners as these changes were implemented.

Launch of Separate IC&I Recycling Routes

Beginning January 1, 2026, BRA officially transitioned to collecting IC&I recycling on separate routes.

This change means that recycling collection for commercial properties may now occur on a different day than their waste collection and the residential recycling collection within the community. Residential waste and recycling collection schedules remain unchanged.

All IC&I recycling bins are now serviced on a biweekly collection schedule. This decision was based on both operational efficiency and data collected through an audit of IC&I bin usage. The audit revealed that many commercial bins previously serviced on a weekly basis were often not full or were not consistently set out for collection. As a result, there was sufficient capacity within most bins to move to a biweekly service model.

Biweekly collection is also significantly more efficient from an operational perspective. Commercial routes involve longer travel distances and lower overall tonnage compared to residential routes. Adjusting the frequency allows BRA to operate the program more efficiently in terms of truck hours, fuel consumption, and material volumes delivered to the facility.

For businesses that find their current recycling capacity insufficient under the biweekly model, additional recycling bins are available and can be delivered at no additional service charge.

Future IC&I Program Costs

As previously communicated, BRA has chosen to maintain IC&I recycling rates for 2026, with the only increase being the CPI adjustment. However, the reality of operating separate IC&I routes is that they are significantly more expensive than the previous integrated collection system.

Dedicated trucks must now travel longer distances while collecting smaller volumes of material, which increases the cost per tonne of collection. While BRA has absorbed these additional costs during the transition period, this approach is not financially sustainable in the long term.

By the end of this month, municipalities will receive formal correspondence outlining the projected IC&I program costs effective January 1, 2027.

Municipalities will also be asked to provide written confirmation by June 30, 2026 indicating whether they intend to continue participating in the IC&I recycling program for 2027.

Municipalities will have three primary options moving forward:

1. Continue providing IC&I recycling services without adjusting the charge to commercial properties for the cost of collection.
2. Pass through some or all of the IC&I recycling costs to the commercial properties generating the material.
3. Discontinue IC&I recycling collection entirely.

BRA’s recommendation would be Option 2. It is important for municipalities to continue offering recycling services to the commercial sector. If IC&I recycling were discontinued, many businesses could choose to landfill recyclable materials, which would place additional pressure on landfill capacity and undo much of the progress that has been made through the Blue Box program over the years.

At the same time, it is not reasonable for residential taxpayers to subsidize the recycling costs generated by commercial properties. Passing through some or all of these costs ensures that recycling services remain available while maintaining fairness for residents.

Processing Changes During the First Quarter

Significant operational changes also occurred at the Material Recovery Facility (MRF) during the first quarter.

The facility now operates primarily as a transfer station for residential Blue Box materials, while continuing to process commercial recycling internally.

During January, a number of operational adjustments were implemented, including:

- A reduction of five processing staff positions
- A transition to a new operating shift of 9:30 AM to 6:00 PM
- Reconfiguration of the tipping floor into two separate chambers

The tipping floor is now divided into:

- One area for residential material, which is compacted and shipped to the designated PRO MRF for processing
- One area for commercial material, which continues to be processed on-site

Commercial material is typically processed each morning between approximately 9:30 AM and 12:30 PM, after which residential material is compacted and transferred for shipment.

I am extremely proud of how our staff have adapted to these changes. While January required some operational adjustments and minor process improvements, the team has embraced the new system and operations are now running very smoothly.

Collection Operations

Winter conditions always present operational challenges for collection services, and this past holiday season proved particularly difficult. Several winter storms moved through the region over the Christmas and early January period, resulting in multiple road closures across our service area.

In situations where weather conditions make it unsafe to operate collection vehicles, BRA may be required to cancel or reschedule collection.

Our general service approach during severe weather is as follows:

- Weekly collection services: If collection cannot be completed safely, the service will be cancelled and resume the following week.
- Biweekly collection services: If collection cannot occur, we will make every effort to reschedule the collection either on the weekend or during the following week, as we recognize that going a full month without collection is not acceptable.

Fortunately, we appear to be moving past the worst of the winter weather and anticipate more consistent collection operations moving forward.

During January and February, we also allowed a transition period for IC&I customers adjusting to the new program. During this time, residential trucks occasionally collected IC&I bins if the property was unaware their collection day had changed or if their lid had not yet been updated.

Beginning in March 2026, residential trucks will no longer collect IC&I bins. Commercial properties must ensure their recycling bins are placed out on their designated IC&I collection day in order to receive service.

Fleet and Infrastructure Improvements

BRA is currently completing an upgrade to its Compressed Natural Gas (CNG) fueling station, which is expected to be completed by June 2026.

This project includes upgrades to the facility's compressors as well as an expansion of the fueling rail, which will allow additional trucks to fuel simultaneously and reduce fueling time. These improvements are necessary as BRA continues transitioning its fleet toward cleaner fuel sources, with approximately 95% of the fleet expected to operate on CNG.

In addition, BRA has entered into an agreement to begin receiving Renewable Natural Gas (RNG) once it becomes financially feasible to do so. If carbon credit markets strengthen as anticipated, BRA hopes to begin fueling portions of the fleet with RNG in the near future.

This transition could potentially allow certain vehicles in the fleet to operate in a carbon-negative capacity, representing an important step forward in BRA's commitment to environmental sustainability.

Administrative and Municipal Engagement

During the first quarter, BRA staff have continued to engage with municipal partners to support them in navigating the evolving regulatory landscape.

This work has included presentations to municipal councils and staff explaining the IC&I program changes, discussing future recycling program options, and exploring opportunities for organics diversion programs such as green bin collection.

These conversations are important as municipalities continue to adapt to the changing waste management environment, and BRA remains committed to working collaboratively with our partners to ensure long-term program sustainability.

Industry Report

1. Ontario and Canadian Policy Landscape

Ontario's Blue Box transition is now complete. As of January 1, 2026, municipalities are no longer responsible for operating or funding the residential Blue Box program, with producers assuming full financial and operational responsibility through the producer-run framework. This marks the end of the legacy Stewardship Ontario model and solidifies a province-wide shift to extended producer responsibility.

While the policy transition is significant, the quarter also showed that implementation remains uneven. Several articles point to community-level disruption, including container changes, missed collections, and uncertainty around overflow materials. The experience in Petrolia and the Ontario regulator's intervention regarding overflow collection demonstrate that procurement outcomes and service design can create substantial public frustration if local operating conditions are not well understood in advance.

At the federal level, plastics policy also remains active. Canada's Federal Court of Appeal upheld the federal listing of plastic manufactured items as toxic under CEPA, leaving the single-use plastics framework in place. In parallel, the federal government is engaging on proposed amendments that would continue domestic prohibitions on certain single-use plastics while allowing manufacture, import, and sale for export. Together, these developments suggest the broader direction of policy remains toward tighter oversight of problematic materials, but with some economic flexibility being considered for export markets.

2. Infrastructure, Technology, and System Modernization

One of the most constructive developments this quarter was the opening of two new WM material recovery facilities in Cambridge and the Greater Napanee area. These facilities reportedly provide processing capacity for roughly 30 percent of Ontario's blue box volumes and include optical sorters, artificial intelligence, and robotics. Their opening supports the province's new unified material list and signals continued investment in modern processing capability.

Modernization is extending well beyond MRFs. Waste sector operators are continuing to automate residential collection routes, but the reporting makes clear that automation is not simply a truck purchase. Route performance depends on durable carts, proper set-out practices, compatibility between trucks and containers, and disciplined procurement planning. Municipalities and service providers that underestimate these system dependencies risk replacing one operational problem with another.

A related industry trend is the continued evolution of transfer stations and recycling facilities away from older, simpler processing approaches. Baling at transfer stations is becoming less central as more material is directed to specialized facilities with advanced sorting technology. This signals a broader industry move toward consolidation, data-driven processing, and higher-performance infrastructure.

3. Market Conditions and Material-Specific Trends

The quarter's most concerning market signal was the continuing deterioration of PET recycling economics in the United States. Multiple plant closures over the past year, including Evergreen facilities in Ohio and New York and other previously announced shutdowns, have reportedly removed roughly one quarter of U.S. PET recycling capacity. Articles attribute the pressure to weak demand from brand owners, cheaper virgin resin, and increasing volumes of imported recycled resin.

For Ontario and Canadian stakeholders, these developments matter even when the closures occur elsewhere. Weak end markets can undermine confidence across the recycling value chain and reinforce the importance of secure domestic demand, stable policy signals, and thoughtful material design. The reporting also suggests concern that similar market pressure could spread beyond PET to other plastic resins.

At the same time, there were more positive material-specific developments. Polypropylene cups reached a threshold allowing them to be described as widely recyclable in much of the U.S., and Vancouver expanded curbside flexible plastics collection for apartments and condos using dedicated pink carts. These examples suggest that hard-to-manage materials can move into better recovery systems when collection pathways, resident instructions, and end-market acceptance improve.

4. Emerging Concerns: Tires, Batteries, and Service Credibility

Ontario's tire recovery system emerged as another major concern. Reporting indicates that reduced recovery targets have allowed compliance on paper while stockpiles of used tires continue to grow in practice. Dealers, municipalities, and fleets are reportedly experiencing inadequate collection even as environmental handling fees continue to be charged. The central lesson is that regulatory targets must be calibrated to real system behaviour; if they are not, stockpiling and reputational damage can quickly follow.

Battery recovery was a more encouraging story. San Francisco launched what is described as the first fully automated public drop-off bin system in the United States for battery-embedded products. This is notable because embedded batteries remain one of the fastest-growing and most challenging waste streams due to safety risks, product complexity, and the value of recoverable critical minerals. While the model is urban and specialized, it points toward a future in which difficult materials are managed through more convenient and purpose-built recovery systems.

Across the entire industry, one common theme stands out: credibility matters. Whether the issue is blue box overflow, tire stockpiles, or battery safety, the sector's success depends not only on policy design but on whether residents and customers experience services as reliable, understandable, and safe.

5. Strategic Takeaways for General Members

Policy is no longer the only story. The transition to EPR has moved from concept to implementation. The focus is now on service outcomes, contract performance, and resident experience. Luckly for our members service has not been an issue.

Infrastructure investment is accelerating. New MRF capacity and modern sorting technology are positive signs, but system benefits will only be realized if collection programs remain stable and materials arrive in a usable condition.

Markets remain fragile. Plastics recycling, especially PET, continues to face meaningful headwinds. Members should watch end-market developments closely and support policy tools that improve domestic demand and circularity.

Innovation is expanding collection boundaries. Battery recovery, flexible plastics collection, and automation planning show that the industry is continuing to evolve beyond traditional curbside models.

Communication and advocacy still matter. In periods of change, misinformation and public frustration can move faster than technical explanations. Strong member voices remain important in explaining the realities of collection, processing, and regulation.

Conclusion

Overall, Q1 2026 was a quarter of transition, adjustment, and mixed signals. Ontario's producer-run Blue Box framework is now firmly in place and supported by new infrastructure, but rollout challenges show that policy change alone does not guarantee public confidence. At the same time, plastics market instability and operational concerns in tire recovery underscore the need for durable end markets and practical regulation. Encouragingly, innovation in battery recovery, flexible plastics collection, and automated operations points to a sector that is still adapting and investing. For general members, the quarter reinforces the value of staying informed, communicating clearly, and advocating for a recycling system that is both ambitious and workable.