



CITY COUNCIL REPORT

Title Extended Producer Responsibility - Depots & Processing

Meeting Date March 11, 2025

Submitted By Mandi Parker, General Manager - Waste and Environment

Presented By Mandi Parker, General Manager - Waste and Environment

Summary

The Alberta Government has approved a regulation where the producer of printed paper and packaging (PPP) is responsible for the lifecycle of the material. The Alberta Recycling Management Authority (ARMA) is the oversight body that has created bylaws and policies to meet the Alberta Regulation.

Circular Materials is currently the only Producer Responsibility Organization (PRO) for PPP and is who would be responsible for delivering the recycling program for registered communities across the province including in Alberta.

The program starts on April 1, 2025, and is for residential recycling that is currently provided by the City of Lethbridge.

Administration has been working together with Circular Materials to negotiate the terms and conditions for the City of Lethbridge to deliver depot and recycling processing services to the citizens of Lethbridge. Included in the attached presentation is depots and processing contracts. This means that the City of Lethbridge will be a contractor for the delivery of these residential recycling services. There is the possibility that these services will be provided by another contractor at a later date. A presentation has been included in Attachment 1.

Recommendation(s)

That Council:

1. Authorize the City Manager to execute and manage statements of work for depots and processing with Circular Materials, upon terms and conditions satisfactory to the City Manager;
2. Direct the City Manager to pay off the debt associated with the Material Recovery Facility (3 debentures) totaling \$7,588,244 from the Waste & Environment accumulated surplus.

Financial

The depot contract ensures that the costs of operations and service delivery are covered.

To meet the cost scenarios moving forward, the debt on the material recovery facility needs to be removed from the equation. The debt of \$7,588,244 can be paid out of the accumulated surplus.

- Total amount required from accumulated surplus to pay off loan balances as of March 31st would be **\$7,588,244**
- This would result in total interest savings of **\$1,456,856** over the life of the loan (Remaining payment of \$9,045,100 less \$7,588,244 payout)
- There is no stop-loss payment penalty upon payment of the loans (confirmed by Province).

Accumulated Surplus Balance as at Dec 31, 2024	18,283,811
<u>Less:</u>	
Post Closure Liability at Dec 31, 2024	(9,197,551)
Post Closure Monitoring Liability at Dec 31, 2024	(4,803,345)
Remaining Balance	<u>4,282,915</u>
Payment of MRF Debt on March 31, 2025	(7,588,244)
Unfunded Portion of Post Closure Liability	<u><u>\$ (3,305,329)</u></u>

The Municipal Government Act does not have requirements to fully fund post closure liabilities, however, it is best practice to have funds set aside for liability purposes. Within the existing rate structure administration believes that the unfunded portion of the post closure liability can be accommodated under the current budget/EPR contracts and reassessed during the next operating budget cycle. If the post closure liability is not fully funded by that time rate increases will need to be considered in future budget cycles.

Background and Prior Decisions

Extended producer responsibility (EPR) shifts the physical and financial burden of collecting, sorting, processing and recycling waste to product producers and away from local governments and taxpayers. Alberta's new EPR system will focus on single-use products, packaging and paper products, as well as hazardous and special products. EPR means producers take responsibility at end-of-life for the products and packaging they put on the market. EPR programs incent producers to design products that are more durable and recyclable so materials and components can remain in the economy for as long as possible.

A presentation on EPR was given to council on November 30, 2015 [View Meeting - OnBase Agenda Online \(lethbridge.ca\)](#).

Alberta's approach aligns with producer-run programs in other jurisdictions, empowering producers to:

- create local recycling markets
- design cost-effective and efficient recycling programs
- demonstrate environmental responsibility

There are two systems in place for EPR. Single-use products, packaging and printed paper products (PPP) and Hazardous and Special Products (HSP).

PPP includes the following materials from the residential sector:

- paper products such as newspapers, packaging, cardboard, printed paper and magazines
- plastics (both rigid and flexible)
- metal and glass

Currently, the Government of Alberta and Alberta municipalities jointly fund management of household hazardous wastes. Alberta's EPR system for HSP will replace Alberta's existing household hazardous waste program and expand upon the materials accepted.

HSP products include:

- consumer-sized solid, liquid, and gaseous products that are flammable, corrosive, and toxic
- batteries
- pesticides

The Alberta Recycling Management Association (ARMA) will provide oversight to the EPR programs. Circular Materials is the designated producer responsibility organization (PRO) for the

PPP. They will be responsible for the lifecycle of the packaging. The PRO for HSP will be Product Care. They will be responsible for the hazardous type products.

On December 10, the City's EPR team presented to council and opted into the EPR program and administration executed the contract for collection services. On December 10, 2024, in the public session of [City Council - 12/10/2024 9:30:00 AM - OnBase Agenda Online](#).

Engagement

The City of Lethbridge has participated in Alberta Environment and Protected Areas engagement and webinars on EPR. Additionally, the W&E department has been involved in The Alberta Municipalities EPR working group, the ARMA pilot for registration and the ARMA Mid-sized cities working group.

Recommendation and Option(s) Analysis

[One of the options is to "Opt out" of EPR and have Circular Materials contract a third party to deliver this service. If this is selected, there would be a financial risk to the organization as there are sunk costs that would need to be covered, assets that would need to be divested or alternatively managed and positions that would need to be contemplated.

The City of Lethbridge has already opted into the program at the December 10, 2024 City Council Meeting. To minimize the service level impacts to the residents of Lethbridge, avoid stranded assets and maintain our diversion targets, the following is recommended.

- Authorize the City Manager to execute and manage the service contracts with Circular Materials and this service delivery change; By providing the depot and processing services at this time to Circular Materials, there is cost recovery for the depot program and processing contract (provided the MRF debt is removed from the equation) that will provide the City with potential future opportunity to be a contractor for the recycling program.
- Direct the City Manager to pay off the debt associated with the Material Recovery Facility (3 debentures) totaling \$7,588,244 from the Waste & Environment accumulated surplus.

Attachment(s)

1. EPR Presentation Depots & Processing
2. Confidential Attachment

Link(s)

1. November 30, 2015 [View Meeting - OnBase Agenda Online \(lethbridge.ca\)](#).
2. On December 10, 2024, in the public session of [City Council - 12/10/2024 9:30:00 AM - OnBase Agenda Online](#).

Approvals

Department Director: Joel Sanchez

City Manager: Lloyd Brierley