



Township of McKellar Report to Council

Prepared for: Mayor & Council

Department: Administration

Date: October 7, 2025

Report No: ADMIN-2025-17

Subject: Circular Materials Change Notice for Depot Operations Agreement

Recommendation:

Be It Resolved That the Council of the Corporation of the Township of McKellar does hereby receive Report ADMIN-2025-17; and

Further That Council authorizes the Mayor and Clerk to execute Change Order No. 1 to the Depot Operations Agreement No. 2024-00-120.

Background:

Ontario's Blue Box Regulation shifts recycling responsibility from Municipalities to producers under the Resource Recovery and Circular Economy Act, 2016. The Township of McKellar entered into its transition period starting July 1, 2024 and will be ending the transition period on December 31, 2025. The Township signed a Depot Operations Agreement with Circular Materials so that recyclables would continue to be deposited at the Township's Waste Transfer Station for collection.

January 1, 2026 marks the beginning of post transition, and brings changes to the Depot Operations Agreement by way of a Change Notice. The three main changes are:

- 1) Non-eligible materials (recycling coming from a commercial business, place of worship, school, campground, Municipal building etc..) will no longer be able to be co-mingled with residential bluebox material in the common collection system.
- 2) Compensation rates have changed, acknowledging that non-eligible material is no longer being compensated for.
- 3) the Term of the agreement is 3, 1 year extensions, resulting in a 3 year term.

Analysis:

Moving forward post transition, Industrial, commercial, and institutional (IC&I) waste is regulated separately from residential waste in Ontario. As of January 2025, IC&I will not be served by Circular Materials as per the Government of Ontario's regulation and not eligible to be collected at depots. There is movement on further amendments to the Bluebox Regulation to allow 2% of the Municipality's total recycling to be co-mingled with the common collection system (residential waste). McKellar would fall into this category, as our IC&I is a small portion of our total recyclable material. Municipalities all around the Province are pushing hard for this, so we anticipate that

amendments to the Regulation will be made prior to January 1, 2026, not causing disruption to our commercial businesses.

Circular Materials has commented that the 3 year term in the shortest length they are willing to go.

Financial:

Compensation outlined in the Change Notice has been adjusted to \$1,550.00 per month, down from the \$2,201.00 the Township received during the transition period. In 2024, the total operating cost of the Waste Transfer Station was \$94,129. Assuming approximately 50% of those costs relate to recycling, that equates to about \$47,000. The new compensation amount of \$18,600 annually falls short of covering even half of the depot's recycling-related expenses, but it reflects the maximum contribution Circular Materials is willing to provide.

Effective January 1, 2026, Emterra will serve as the designated Receiving Facility. Township staff are currently negotiating a rental fee agreement with Emterra regarding the two 40-yard recycling compactor bins. Since the recycling material collected in those bins is not owned by the Township, the responsibility for repair, maintenance, and replacement of the bins should not fall to the Township. Staff are exploring two potential options with Emterra:

- 1) Transfer of ownership of the compactor bins to Emterra, making them solely responsible for associated costs; or
- 2) Establishing a rental agreement under which the Township collects fees to offset future repair and maintenance expenses.

Changes for Ratepayers:

Effective January 1, 2026, the responsibility for recycling will transition from Municipalities to Circular Materials. All necessary signage and collection containers will be supplied by Circular Materials. Currently, it is uncertain if bins will be provided to residents in smaller municipalities, such as McKellar.

Circular Materials will also be the source of recycling information. Residents will be directed to a dedicated website, anticipated to be www.circularmaterials.ca/mckellar, which will go live closer to January 1. Starting in October, Circular Materials will initiate a province-wide communication campaign through social media, television commercials, and radio advertisements to inform every Ontario resident about the unified recycling process. Additionally, an app will be available to assist residents with recycling.

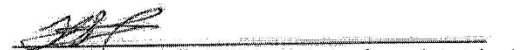
For any recycling-related inquiries from McKellar residents, they will be directed to the customer service lines of Emterra, RLG, and Circular Materials. Although we have not yet received the contact information, it will be posted on our website once available. Beginning January 1, the Township of McKellar will not handle recycling operations directly. We will continue to provide a depot (Transfer Station) for material drop-off.

Policies Affecting Proposal:

O. Reg. 391/21: BLUE BOX

Conclusion:

Circular Materials would like Change Orders to Depot Agreements fully executed by October 31, 2025. The proposed Change Order reflects the Province's shift in responsibility for blue box recycling. While the financial contribution does not fully offset the Township's recycling-related expenses, it represents the maximum support available under the new framework. Adoption of this Change Order will ensure continued service for McKellar residents throughout the post-transition period, while Township staff continue to negotiate bin ownership and rental terms with Emterra.

Respectfully submitted by:**Reviewed by:**
Karlee Britton, Clerk/Administrator
Thomas Stoneman, Public Works Superintendent**Attachment:** Change Order No. 1 to Depot Operations Agreement No. 2024-00-120

Change Order #1

September 17, 2025

Change Order #1
To
Eligible Community Depot Operations Agreement Number 2024-00-120

1. Background

WHEREAS Circular Materials ("CMO") and The Corporation of the Township of McKellar ("Contractor") entered into Eligible Community Depot Operations Agreement Number 2024-00-120 related to the collection Blue Box Material at Depots with an effective date of April 3, 2024 (the "Agreement");

AND WHEREAS, Contractor and CMO (each a "Party", and collectively the "Parties") jointly desire to enter into this change order respecting the collection of Blue Box Material at Depots for the applicable Eligible Community; and

AND WHEREAS pursuant to Article 8.8 of the Agreement the Parties have now agreed upon the terms of this change order ("Change Order #1");

NOW, THEREFORE in consideration of the promises and the mutual obligations and covenants herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CMO issues this Change Order #1, and CMO and Contractor hereby agree as follows:

2. Intention to Amend

The Agreement is modified only by the express provisions of this Change Order #1 and, except as so modified, the Agreement shall remain unchanged and in full force and effect.

3. Amendments

With effect from January 1, 2026 (the "Effective Date"), the Agreement is amended as set out in Schedule A to this Change Order #1.

4. Miscellaneous

- (a) This Change Order #1 is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- (b) If any provision of this Change Order #1 is determined by any court of competent jurisdiction to be invalid, illegal or unenforceable, that provision will be severed from this Change Order #1 and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the Parties.
- (c) This Change Order #1 will enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties.

Change Order #1

- (d) In the event of any inconsistency between the terms of this Change Order #1 and the terms of the Agreement, the terms of this Change Order #1 shall prevail to the extent of any such inconsistency.
- (e) This Change Order #1 (including, without limitation, Schedule A) constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any other understandings and agreements between the Parties with respect thereto, whether written or oral, and whether made prior to the date first written above.
- (f) Each of CMO and Contractor will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Change Order #1.
- (g) This Change Order #1 may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Change Order #1 by any Party by electronic transmission will be as effective as delivery of a manually executed copy of this Change Order #1 by such Party.
- (h) Any capitalized terms used herein but not defined shall have the meaning attributed.

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Change Order #1

IN WITNESS WHEREOF the parties have executed this Change Order #1 as of the Effective Date.

CIRCULAR MATERIALS

The Corporation of the Township of McKellar

By: _____
Name: Allen Langdon
Title: CEO

By: _____
Name: David Moore
Title: Mayor

By: _____
Name: Karlee Britton
Title: Clerk/Administrator

Change Order #1

**SCHEDULE A
AMENDMENTS TO DEPOT OPERATIONS AGREEMENT**

1. The following definitions are deleted from Section 1.1 Definitions:

"NON-ELIGIBLE SOURCE" means a source within an Eligible Community listed in Exhibit 5 that is not an Eligible Source.

"NON-ELIGIBLE SOURCE BLUE BOX MATERIAL UNIT PRICE" has the meaning set out in Exhibit 6.

"NON-ELIGIBLE SOURCE DEDUCTION" has the meaning set out in Section 3.3(a) of Exhibit 1.

2. Section 3.2(a) is deleted and replaced with the following:

"The Contractor will receive Blue Box Material as defined in the Regulation delivered by Eligible Sources to a Depot."

3. The words "as set out in Exhibit 4" is deleted from Section 3.2(e).

4. Section 3.3 is deleted in its entirety.

5. Section 4.1 is deleted and replaced with the following:

"4.1 Scope of Promotion and Education Services

- (a) The Contractor shall have primary responsibility for providing persons associated with Households the following information about Collection Services:
 - (i) the location of every depot collection site and its hours of operation;
 - (ii) a telephone number and email address at which persons may receive responses to questions or concerns relating to Collection Services.
- (b) The Contractor shall:
 - (i) distribute CMO's Promotional and Educational Materials at the direction of CMO;
 - (ii) support local Promotional and Educational events organized by CMO at the direction of CMO; and
 - (iii) use messaging and images provided by CMO in the Contractor's Promotion and Education Materials for the purposes of the Collection Services in this Agreement and for no other purpose.

Change Order #1

(c) The number of Households receiving Promotion and Education Services shall be recorded in Section 1.9(a) of Exhibit 6 and may be updated to reflect any Change Orders under this Agreement."

6. The chart in Exhibit 2: Staffed Depots in Eligible Communities is deleted and replaced with the following chart:

Eligible Community	Depot Name	Street Address	City	Postal Code	Days of Operation per Calendar Month	Hours of Operation per Day	Number of Streams of Blue Box Material Accepted
The Corporation of the Township of McKellar	McKellar Transfer Station	13 Lees' Road	McKellar	P2A 0B5	Summer Hours APR.15. - SEPT.15. Monday: 9:00 am - 4:00 pm Wednesday: 9:00 am - 7:00 pm Saturday: 9:00 am - 4:00 pm Sunday: 9:00 am - 7:00 pm Winter Hours SEPT.16 - APR.14. Monday: 9:00 am - 4:00 pm Wednesday: 9:00 am - 4:00 pm Saturday: 9:00 am - 4:00 pm Sunday: 9:00 am - 4:00 pm Stat Hol. - Open Holiday Mons	Summer: Monday = 7 hrs Wednesday = 10 hrs Saturday = 7 hrs Sunday = 10 hrs Winter: Monday = 7 hrs Wednesday = 7 hrs Saturday = 7 hrs Sunday = 7 hrs	1

Change Order #1

					Statutory Holidays = Closed Family Day, Easter Monday, Christmas Day, Boxing Day, New Years Day		
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7. Exhibit 4: Blue Box Material Accepted in Collection System is deleted in its entirety. The Table of Contents and paragraph 6 of the Recitals will be revised accordingly.
8. Section 1.9(c) and Section 1.11 of Exhibit 6: Compensation are deleted.
9. The definition of Residential Depot Operation Costs in Exhibit 6: Compensation is deleted and replaced with the following:

"Residential Depot Operation Costs" means \$1,550.00, effective January 1, 2026, and subsequently as adjusted in accordance with Section 1.10 of this Exhibit".
10. Section 1.9(a) of Exhibit 6: Compensation is deleted and replaced with the following:

"\$0.35 multiplied by 1,657 (the number of Households that receive depot only Promotion and Education Services for such calendar month) and divided by twelve (12); plus".