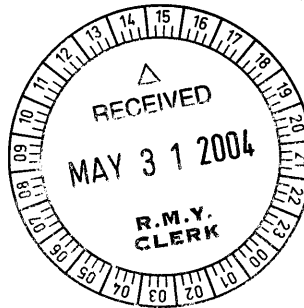


May 26, 2004

Mr. Denis Kelly
Regional Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y 6Z1



REGION OF YORK
CLERK'S OFFICE

FILE No. - *P27*

RE: **WASTE DIVERSION ONTARIO (WDO)**
FUNDING (5.1)

Dear Mr. Kelly:

This will confirm that at the meeting of Council held on May 25, 2004, the following motion was approved:

"Whereas Waste Diversion Ontario (WDO) has committed to provide Ontario Municipalities with 50% funding of their blue box recycling programs starting in 2004;

And whereas the WDO Board of Directors has announced that all current and future municipal blue box recycling program funding payments will be made to the upper tier municipalities;

And whereas the Town of Markham and the Region of York currently share blue box recycling program costs;

And whereas the Town of Markham's 2004 WDO funding payment based on 2002 blue box costs is approximately \$700,000;

Therefore, the Town of Markham requests:

That the Region of York reimburse the Town of Markham it's share of the 2004 WDO funding payment of approximately \$700,000;

And that the Region of York in partnership with the Town of Markham negotiate a revenue sharing formula for future WDO funding and material revenues that provides a financial incentive to meet and exceed the Provincial waste diversion target of 60% by 2008;

And that this Report be forwarded to the Clerks of the Area Municipalities for information."

Yours sincerely,



Sheila Birrell
Town Clerk

Copy to: Clerks, Area Municipalities
Stan Bertoia, General Manager, Construction & Utilities
Claudia Marsales, Manager, Waste Management
The Corporation of The Town of Markham • 101 Town Centre Boulevard, Markham, Ontario L3R 9W3
Website: www.markham.ca • Tel: 905-475-4744 • Fax: 905-479-7771



**REPORT TO COMMUNITY SERVICES AND
ENVIRONMENT COMMITTEE**

TO: Mayor and Members of Council

FROM: Stan Bertoia, P. Eng., Construction and Utilities

PREPARED BY: Claudia Marsales, Manager Waste Management

DATE OF MEETING: May 10, 2004

SUBJECT: Waste Diversion Ontario (WDO) Funding

RECOMMENDATION:

WHEREAS Waste Diversion Ontario (WDO) has committed to provide Ontario Municipalities with 50% funding of their blue box recycling programs starting in 2004;

AND WHEREAS the WDO Board of Directors has announced that all current and future municipal blue box recycling program funding payments will be made to the upper tier municipalities;

AND WHEREAS the Town of Markham and the Region of York currently share blue box recycling program costs;

AND WHEREAS the Town of Markham's 2004 WDO funding payment based on 2002 blue box costs is approximately \$700,000;

Therefore, the Town of Markham requests:

THAT the Region of York reimburse the Town of Markham it's share of the 2004 WDO funding payment of approximately \$700,000;

AND THAT the Region of York in partnership with the Town of Markham negotiate a revenue sharing formula for future WDO funding and material revenues that provides a financial incentive to meet and exceed the Provincial waste diversion target of 60% by 2008;

AND THAT this Report be forwarded to the Clerks of the Area Municipalities for information.

PURPOSE:

The purpose of this report is to request that the Region of York redistribute Markham's share of WDO funding and develop a formula to apportion the revenues the Region receives from the sale of recyclable material.

BACKGROUND**WDO Funding Approved**

On June 27, 2002, Bill 90, the Waste Diversion Act, 2002, received Royal Assent. The Act promotes the reduction, reuse and recycling of wastes by establishing a permanent non-government corporation called Waste Diversion Ontario (WDO) to fund municipal blue box recycling programs.

In February 2004, the Board of Directors of the WDO approved a five-year Blue Box Program Plan that will reimburse municipalities up to 50% of their net blue box program costs starting in 2004.

WDO funding has been designed to reimburse municipalities for the net cost of collecting and processing blue box materials and any associated promotion and education activities. Based on 2002 waste collection data, the 2004 WDO funding allocation for Markham is approximately \$700,000.

Region to receive WDO funding

At its meeting of February 25, 2003, Markham Council authorized the Commissioner of Community and Fire Services to enter into discussions with the Region regarding the sharing of WDO funding and recycling revenues generated from the sale of material collected by the Town.

Attached as Schedule A are copies of correspondence between the Town and the WDO requesting that Markham's WDO funding payment be paid directly to the Town. On March 26, 2004 the Executive Director of the WDO responded that all WDO funding would be sent to the upper tier municipalities for redistribution to area municipalities as determined by the upper tier municipality.

On April 9 and July 18, 2003, Markham staff met with Regional staff to discuss the sharing of recycling revenues. Regional staff indicated that all recycling revenues including WDO funding were to be retained by the Region.

ACCESSIBILITY CONSIDERATIONS:

There are no accessibility considerations with this report.

ENGAGE 21ST CONSIDERATIONS:

WDO funding and revenues from the sale of recyclables would contribute to Markham's environmental leadership in a manner that is consistent with Markham's goal of fiscal stewardship.

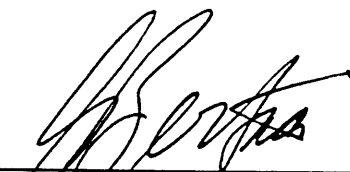
FINANCIAL CONSIDERATIONS:

Staff recommends that WDO funding be shared between the Town and the Region based on a funding allocation model that recognizes Markham's recycling collection and education costs to the Region's recycling processing costs. Collection and education costs currently represent 75% of total blue box recycling costs.

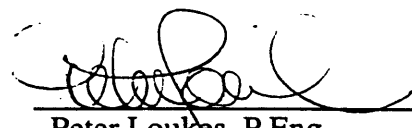
Markham contributes approximately 42% of the total regional blue box materials. As an incentive to advancing its diversion programs, it is also proposed that the Region share revenues from the sale of recyclable materials with Markham to provide a financial incentive to meet and exceed the Provincial diversion targets.

ATTACHMENTS:

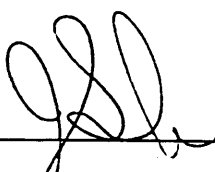
1. Letter dated June 17, 2003, sent to Glenda Gies of WDO
2. Letter dated July 12, 2003, from Glenda Gies of EDO to Stan Bertoia
3. Letter dated March 8, 2004, sent of Bas Balkisoon, Chair, WDO Board of Directors, WDO
4. Letter dated March 26, 2004, from Glenda Gies to Mayor Don Cousens



Stan Bertoia, P.Eng.
General Manager of Construction and
Utilities



Peter Loukes, P.Eng.
Director, Operations and Asset
Management



Jim Sales
Commissioner of Community and Fire
Services



Stan Bertola, B.A.Sc., P.Eng.
Director of Environmental Services

June 17, 2003

Ms. Glenda Gies
Executive Director
Waste Diversion Ontario
P.O. Box 113
Maple, ON
L6A 1R6

Dear Ms. Gies,

Re.: Blue Box Funding – 2002 Financial Datacall

As you are aware, the Region of York and the nine Area Municipalities have a unique framework for the delivery of waste management services. Prior to January 1, 2003, the area municipalities were responsible for all solid waste management costs including waste collection and disposal, blue box collection, processing, and education programs.

On January 1, 2003, all costs for waste disposal and blue box processing that were previously paid by the Area Municipalities became the responsibility of the Region of York. The Area Municipalities, including the Town of Markham, continue to pay for garbage and blue box collection and education programs.

On May 2, 2003, the Town of Markham received a letter from the WDO regarding Blue Box funding and the 2003 Municipal Data call. The 2002 WDO Instructions for Financial Datacall states:

"If a municipality is a lower tier municipality within a larger municipal structure...they should report only those costs that they actually expend. Charge backs from upper tier municipalities should not be reported by lower tier municipalities.... For example, if Markham has responsibility for Collection and York Region has responsibility for Processing, then Markham should report collection costs and York Region should report Processing Costs... If Markham is ultimately charged back for processing by York Region, this charge back should not be reported by Markham."

As outlined above, until December 31, 2002, Markham was responsible for all recycling collection and processing costs. It is therefore Markham's position that since it incurred the costs for recycling collection, processing and promotion in 2002, any WDO funding

applicable to 2002 expenditures should be paid directly to Markham and not to the Region of York for re-distribution to Markham.

A timely response would be greatly appreciated so that clarification on the status of WDO funding can be provided to Markham Council.

Sincerely,



Stan Bertoia, P.Eng.

General Manager, Construction and Utilities

Copies to John Livey, CAO
 Jim Sales, Commissioner of Community and Fire Services
 Peter Loukes, Director, Operations and Asset Management
 Andrew Campbell, Director, Solid Waste, Region of York



Waste
Diversion
Ontario

Attachment 2

CC
PV

July 12, 2003

Mr. Stan Bertoia
General Manager, Construction and Utilities
Town of Markham
101 Town Centre Boulevard
Markham, Ontario
L3R 9W3



Dear Mr. Bertoia:

Re: Blue Box Funding – 2002 Financial Datacall

Thank you for your letter of June 17, 2003 outlining the responsibilities of the Town of Markham and the Region of York for waste management services during 2002 and as of January 1, 2003.

During preparation of the 2002 Municipal Datacall, the Datacall Working Group of Waste Diversion Ontario (WDO) considered those municipalities where responsibilities for recycling services are shared between upper and lower tier governments. It is our understanding that arrangements regarding shared responsibilities among upper and lower tier governments vary and are the subject of negotiation between the two parties.

Therefore, as upper tier municipalities have been identified by the Province of Ontario as the level of government responsible for waste management services, it was decided by the Datacall Working Group that funding would be distributed by WDO to upper tier municipalities. Distribution of funding by each upper tier municipality to the relevant lower tier municipalities would then be subject to the agreement between the parties.

It was also decided that, when WDO distributes funding to an upper tier municipality, WDO will also issue a letter to the lower tier municipalities within that region informing them of the funding to facilitate discussions between the upper and lower tier municipalities.

Yours truly,
Waste Diversion Ontario

Glenda Gies
Executive Director

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W. Donald Cousens
Mayor

Glenda Gies ex. Dir. WDO
416-226-5113

March 08, 2004

Mr. Bas Balkissoon
Chair, WDO Board of Directors
Waste Diversion Ontario
45 Sheppard Avenue East, Ste. 920
Toronto, ON M2N 5W9

Dear Mr. Balkissoon:

Re.: WDO Municipal Blue Box Funding

The Town of Markham was delighted that Ontario's Minister of the Environment Leona Dombrowsky approved the Blue Box funding program, which will provide Ontario municipalities with 50% funding of their blue box recycling programs.

As you are aware, York Region and Markham have a unique framework for the delivery of waste management services. Until 2003, Markham was responsible for all costs related to recycling and completion of the MOE data call. On January 1, 2003, York Region assumed responsibility for blue box material processing and material revenues while Markham continues to be responsible for all costs related to blue box collection, promotion and education, and other associated costs.

On June 17, 2003, in a letter to Ms. Glenda Gies, Markham requested that all WDO Blue Box funding payments based on 2002 expenditures be paid directly to Markham.

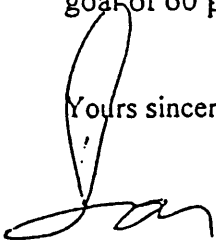
Ms. Gies response of July 12, 2003 indicated that WDO funding would be distributed by the WDO to upper tier municipalities for redistribution by the upper tier municipality to their lower tier jurisdictions. In a more recent telephone conversation with Claudia Marsales of our Waste Management Section, Ms. Gies indicated there might be some flexibility in the WDO's position regarding the direction of WDO payments.

It is Markham's position that since we incurred all costs for our recycling program until 2003, any funds related to 2002 costs should be paid directly to Markham. We agree that WDO funding based on 2003 costs and beyond should be negotiated with the Region of York

Markham has long been recognized for its investment and commitment to being a leader in waste diversion initiatives. We understand that this years 2004 WDO funding for Markham (based on the 2002 expenditures) is approximately \$700,000. This funding will help the Town of Markham continue to advance its waste diversion programs and we look forward to receiving the WDO funding as it becomes available.

Markham looks forward to working with Waste Diversion Ontario to achieve Ontario's goal of 60 per cent waste diversion.

Yours sincerely,



W. Donald Cousens
Mayor

Copies to

Members of Town of Markham Council
John Livey, Chief Administrative Officer
Jim Sales, Commissioner of Community and Fire Services
Peter Loukes, Director, Operations and Asset Management
Stan Bertoia, P.Eng, General Manager, Construction and Utilities
Claudia Marsales, Manager, Waste Management
Mike Garrett, CAO, Region of York
CAOs, Region of York Area Municipalities
Glenda Gies, Executive Director, Waste Diversion Ontario

Waste
Diversion
Ontario

Attachment 4

Peter
discuss this on
Monday STB

March 26, 2004

Mr. Donald Cousens
Mayor
Town of Markham
Anthony Roman Centre
101 Town Centre Boulevard
Markham, Ontario
L3R 9W3

Dear Mr. Cousens:

RE: WDO Municipal Blue Box Funding

Thank you for your letter dated March 8, 2004 providing a history of our discussions concerning Blue Box funding and requesting that Waste Diversion Ontario (WDO) reconsider its position regarding distribution of funding to the Town of Markham.

Please note that in my most recent telephone conversation with Claudia Marsales, I re-iterated the position taken by WDO's Municipal-Industry Programs Committee (MIPC) that Blue Box funding would be distributed to upper tier municipalities. Claudia indicated that the Town of Markham's position is unique and warrants reconsideration. I suggested she put forward her arguments for reconsideration by letter.

The Blue Box Program Plan was approved by the Minister of the Environment on December 22, 2003 with a commencement date of February 1, 2004. Funding for municipalities therefore becomes effective as of February 1, 2004 and will continue for the five year life of the Plan.

I understand that the Town of Markham incurred costs for recycling in 2002, however the funds being distributed in 2004 are intended to offset costs incurred in 2004. I understand that the Region of York is responsible for processing and marketing recyclables collected by Markham in 2004.

The Municipal Funding Allocation Model set out in the Blue Box Program Plan does not provide for funding allocation based on only one component of the recycling program (e.g. collection) nor does it provide funding based on the actual net costs incurred by any program. Markham's collection costs have been incorporated with the other system costs reported by the Region of York, and other lower tier municipalities in the Region of York, to calculate net Blue Box system costs for the province. In this way, Markham is not in a unique position, but

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WDO

is being treated the same as other similar regional, county and association based recycling programs where service delivery for various components of recycling programs are delivered by different service providers. In all such cases funding will be provided to the upper tier.

If you have any further questions, please contact me at your convenience.

Sincerely,
Waste Diversion Ontario

Glenda Gies

Glenda Gies
Executive Director

cc: Members of Town of Markham Council
John Livey, Chief Administrative Officer
Jim Sales, Commissioner of Community and Fire Services
Peter Loukes, Director, Operations and Asset Management
Stan Bertoia, P. Eng. General Manager, Construction and Utilities
Claudia Marsales, Manager, Waste Management
Mike Garrett, CAO, Region of York