



Ontario Recycler Workshop

Wednesday, April 18
9:00 a.m. to 4:30 p.m.

1







Ontario Recycler Workshop

Andy Campbell,
Director, CIF

2






Welcome!

- Approximately 70+ people in Barrie
- Expecting 50+ online
- Audience members include:
 - municipal councillors, recycling & waste staff & other staff members
 - industry association representatives
 - program representatives, consultants & other stakeholders


3






Today's Program & Housekeeping

Full day session (to ~4:30 p.m.) with program & project updates

- For webcast viewers
 - 1 sound slider (hover over black bar)
 - 2 webcast technical assistance
 - 3 "Questions/Comments"
 - no response via console
 - check email
 - 4 link to slides & resources

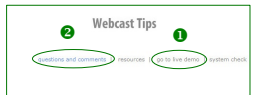


4






Special Webcast Features

- Go to Webinar session for live demo this afternoon
 - 1 – click on "go to live demo" (at left), in ORW notice or on ORW webpage
 - 2 – sign in anytime – keep it open for later
- "Questions/Comments"
 - 2 – send questions for speakers anytime & input to breakout/discussion topics





5

Snapshot...Today's Program

- AMO Workshop Part I
- Morning break
- AMO Workshop Part II
- Lunch
- WDO update
- BB Optimization Report & Consultation Part I
- Afternoon break
- BB Optimization Report & Consultation Part II

6


Today's Speakers & Workshop Leaders

- This morning
 - Monika Turner, AMO
 - Dave Gordon, York Region
 - Alec Scott, MIPC
 - Mike Birett, CIF
- This afternoon
 - Guy Perry, StewardEdge Inc.
 - Aaron Burman, Resource Recycling Systems
 - Jim Frey, Resource Recycling Systems
 - Neil Menezes, StewardEdge Inc.




AMO Consultation

Monika Turner, AMO
Dave Gordon, York Region
Alec Scott, MIPC
Mike Birett, CIF


AMO Consultation

Blue Box Funding
and
Best Practices




Consultations So Far

Date	Location	Scope
Feb. 26 to 28	ROMA/OGRA Toronto	<ul style="list-style-type: none"> • Discussion with over 100 municipal leaders on Blue Box (BB) and Waste Management Issues and Concerns
Mar. 20	Chatham	<ul style="list-style-type: none"> • Workshop session on BB & Waste Policy, Best Practices (BP) & Funding • 10 attendees
Mar. 27	Smiths Falls	<ul style="list-style-type: none"> • Workshop session on BB & Waste Policy, BP & Funding • 45 attendees



Here's What We Heard

- CNA / OCNA "in kind" payment is inappropriate and should change to cash or be capped at a predictable level
- Funding distribution needs to be clear and recognize different challenges facing diverse communities
- Best Practices (BP) scores need to recognize useful changes to programs



Here's What We Heard

- Net Cost per tonne needs to consider the impact of transportation costs if it is to be used as a comparator
- Different funding distribution, e.g. on the basis of recovered tonnage, may be appropriate for smaller programs
- Consistent material collection will lead to greater efficiency



Goals & Objectives

- What do we want to achieve?
 - Update your knowledge about the Blue Box (BB) program, funding & key players
 - Explore your concerns about BB Funding
 - Get your input on potential AMO policy on steward obligation; funding distribution & emergent issues

13



Desired Outcomes Today

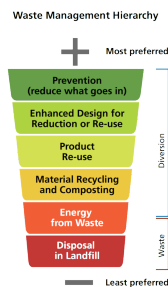
- Update you on the current issues with BB
- Understand your concerns with the Pay-In & Pay-Out Funding Models and potential opportunities

14



Part I

Policies and EPR



15



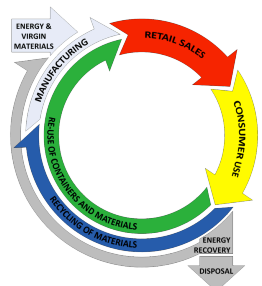
Who is AMO

- Association of Municipalities of Ontario is a non-profit organization representing almost all of the 444 Ontario's municipalities on issues of common interest
- Mandate - to support and enhance strong and effective municipal government in Ontario
- Promotes the value and interests of municipalities in Ontario and Canada's political system

16



EPR – AN UPHILL BATTLE



17



Blue Box – Towards 50% EPR

- “Blue Box” is our brand representing municipal success in capture of Printed Materials & Packaging
 - producers and first importers obligated since 2004 to fund **up to 50%** of program net costs
 - producers pay to estimated “best practices” costs and expect municipalities to control recovery rates and net costs
- BUT....
 - only producers can modify products and packaging to make them cheaper to recover and recycle

18



EPR Successes

- 100% EPR–**Used Tires Program**
 - September 2009 – collection, transportation & processing of on-road and off-road tires including passenger, truck and off-road tires
 - 95% recovery rate reported in 2010
- 100% EPR–**Waste Electrical & Electronic Equipment (WEEE)**
 - April 1, 2009–Phase 1 including computer equipment and televisions
 - April 1, 2010–Phase 2 including cell phones, cameras and other household electronics

19



MHSW – 2 Phases at 100% EPR

- 100% EPR–**Municipal Hazardous or Special Waste (MHSW)**
 - July 1, 2010 – all costs including collection through final diversion or disposal for Phase 1 & Phase 2 materials
 - program rollout coincided with unpopular HST & ECO FEES issue made program politically untenable at first
 - AMO, SO, MWA & RPWCO reached agreement on revised program in January 2012 - revised Agreement effective April 1
 - February 9 2012 Minister directed SO to adopt a new methodology that “fully recovers the costs incurred on the delivery of the program”
 - phase 3 materials not yet covered



20



Minister’s Letter & Comments

February 9, 2012 direction to WDO:

- “the government is committed to ensuring programs
 - maximize diversion
 - are sustainable
 - are fair for everyone”
- government wants to **renew and refocus attention** on our waste diversion goals

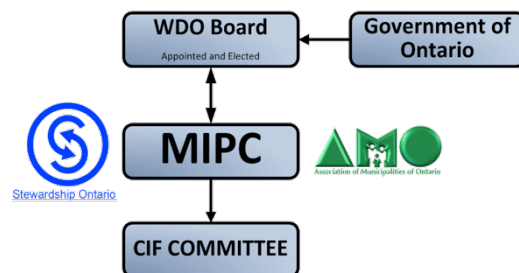
February 27, 2012 – Minister Bradley:

- producers should assume any cost there would be of diverting that [MHSW] waste from landfills in the province
(Hansard: February 27th, 2012)

21



Organizations & Relationships



22



New Committee Structures

- New AMO Waste Management Task Force
- New Joint AMO/MWA Technical Advisory Group
- MIPC Municipal Membership

23



Municipal Industry Program Committee (MIPC)

- Established under section 5 of the BBPP as the negotiating interface between Industry and municipal interests
 - negotiates funding
 - advises WDO on Blue Box policy issues
 - provides fiscal oversight and approves CIF operational planning
- Equal representation by municipal appointees and Stewardship Ontario appointees
 - AMO reps and City of Toronto
 - SO reps
 - WDO CEO as non-voting chair

24



BLUE BOX – HISTORICAL CONTEXT

25



Origin of BB to WDA 2002

- From its start in Kitchener in the early 1980's "Blue Box" represents a made in Ontario solution
- 3 Rs Regulations – 1994
 - municipalities > 5000 population must have BB
 - 5 mandatory + 2 other materials collected
- Waste Diversion Act, 2002
 - provided for 50% funding of municipal net costs
 - created WDO as an oversight agency
- O. Reg. 273/02 – Blue Box Waste
 - prescribed [designated] materials as BB wastes
 - Identified Stewardship Ontario as the IFO for BB

26



BBPP 2003

- Blue Box Program Plan produced by WDO & SO in December 2003
 - rules for designation of stewards
 - sets diversion targets (currently 60%)
 - funding rules including:
 - calculation of net costs incurred by municipalities
 - municipal funding allocation formula
 - E&E funding incentive
 - plan & funding for R&D (later the E&E Fund)
 - P&E plan and funding
 - special provisions for CNA/OCNA and LCBO

27



New Rules since BBPP

- CNA/OCNA – November 2005 – all fees paid as "in-kind" instead of cash
- Cost Containment Plan – August 2005
 - Municipal Blue Box recycling programs will, where possible, work to operate at best practices to minimize gross and net Blue Box program costs
- KPMG - 2007 - Blue Box Program Enhancement and Best Practices Reports

28



WDA Review 2008 & 2009

- Section 44 of the Waste Diversion Act required the minister to review the Act after 5 years
- Towards Zero Waste Future discussion paper released in October 2008
 - promoting concepts of "Zero Waste" & "Extended Producer Responsibility"; more focus on reduction & re-use; and examination of roles & responsibilities
- Waste to Worth – Minister's Report released in October 2009
 - increased focus on 100% EPR implementation; Landfill Levies & banned materials; and WDO Governance
 - proposed BB 100% EPR dropped from agenda in July 2010

29



What We've Heard - Recap

- | | |
|--|--|
| <ul style="list-style-type: none">• CNA/OCNA should be cash or capped at an acceptable rate.• Funding distribution method needs to be clear & transparent.• Best Practices scores should recognize useful areas for improvement. | <ul style="list-style-type: none">• Consider Transportation Costs.• Smaller programs may benefit from funding based on recovered tonnage• Consistent material collection |
|--|--|

Do you agree? Are we on the right track?

30

AMO
Association of Municipalities of Ontario

Discussion & Questions on Part 1

Let us know your priority issues

- Blue Box
- MHSW
- E Waste / WEEE
- Tires
- Other

Webcast Participants

Please use the “questions and comments” function on your screen to send in your comments and issues for this section.

A moderator in the room will bring them forward to be addressed.

Webcast Tips

Questions and comments | go to live stream | screen share

31

AMO
Association of Municipalities of Ontario

Part II

Funding & the Pay-Out Model

32

AMO
Association of Municipalities of Ontario

Funding Basics / Current Process

Step 1. - How much we spent – WDO Datacall

Step 2. - Steward Obligation Baseline

Step 3. - Negotiation

Step 4. - Steward Fee Calculation & CNA/OCNA

Step 5. - Funding Distribution – Pay-Out

33

AMO
Association of Municipalities of Ontario

Step 1 - WDO Datacall – key information

- Gross Costs
 - MRF; depot & collection capital costs
 - MRF; depot & collection operational costs
 - Promotion and Education (P&E) costs
 - administration staff costs
- Revenues
 - material sales
 - other revenue including sale of Blue Boxes
- Tonnes

34

AMO
Association of Municipalities of Ontario

Datacall - Generation Estimates

- Stewards report generation to Stewardship Ontario based on actual sales
- Stewardship Ontario inflates these generation estimates to account for generation from non-obliged producers
- Stewardship Ontario allocates generation to programs based on:
 - large or “not large” municipality
 - 2005 to 2007 curbside audits
 - bale audits since 2008

35

AMO
Association of Municipalities of Ontario

Step 2 - Steward Obligation Baseline

- SO's Basis for negotiation
 - estimate of baseline costs of operating system
 - programs assessed in 9 peer groups on basis of:
 - population
 - urban type – urban; regional or rural
 - population density
 - location – northern or southern Ontario
 - service delivery type – collection or depot basis
 - de minimis programs under 5000 population costs accepted as reported

36



Steward Obligation Baseline

- Steward Obligation Baseline is the sum of:
 - For **non de minimis** programs:
 - + average collection and depot cost of best performing 50th percentile for each group
 - + estimated MRF processing + transportation costs
 - + P&E + Training + Blue Box Container costs
 - + Admin Costs
 - and for **de minimis**
 - + program costs as reported

37



Steward Obligation – Next Steps

- Other issues for 2012:
 - programs with less than 30% collection were moved to depot based groups
 - P&E was adjusted to \$1.20 per household
 - BB life was changed from 5 years to 10 years
 - transportation costs were introduced to account for moving material from smaller MRFs
 - formula housekeeping for better consistency
- MIPC may consider changing entire model architecture and principles

38



Step 3 - 2012 Negotiation Outcome

DATACALL RESULTS

Total Reported Gross Cost: **\$298.5 M**
 Total Reported Revenue: **\$95.2 M**
 Total Reported Net Cost: **\$203.1 M**

COMPARISON COSTS

BP Model Estimated Gross: **\$270.3 M**
 3 Year Average Revenue: **\$86.0 M**

FINAL NEGOTIATED

Best Practices Net Cost: **\$187.7 M**
 2012 Steward Obligation: **\$93.4 M**

39



Step 4 - Steward Fee Calculation

Total Steward Obligation is made up of:

1. Municipal Funding Obligation
2. WDO Operating Costs
3. MOE Enforcement Cost
4. Stewardship Ontario Program Investments
5. Stewardship Ontario BB Related Operational Costs
6. Miscellaneous Costs and Waste Audit Costs

In 2012, Municipal Funding totaled \$93.4 million

In 2012, items 2 to 7 totaled \$9.1 million

40



CNA/OCNA

- CNA/OCNA newsprint stewards pay obligation in newspaper advertising space instead of paying cash.
- Some benefit to this in terms of easing Promotion and Education costs
- Impact of newspaper advertising is decreasing as readership declines.
- Newsprint obligation is very volatile, ranging from 1.3 million dollars in 2004 to 3.5 million dollars this year, making it difficult for MIPC to do long range projections.
- Steward calculation includes difficult to understand concepts:
 - “activity based cost” of newsprint sorting;
 - separation of costs into materials recovered as newsprint and materials recovered as “printed paper” (aggregated costs)
 - allocation of non CNA/OCNA materials to CNA/OCNA category

41



Step 5 - Distribution of Municipal Funding

Not everyone gets 50% of what they spent

recall: “total amount paid to all municipalities under the program [shall be] equal to 50 per cent of the total BP net costs”

50% of our reported net costs = \$101.5 M

50% of the negotiated BP net cost = \$93.4 M

3.8% goes to CNA/OCNA as non-cash in-kind funding

4.8% goes to fund CIF

Total 2012 Funds for Distribution → \$85.4 M (42%)

Funding is distributed in 3 buckets: Net Cost; Best Practices & Performance

42



2012 Net Cost Funding



2012 Net Cost Funding bucket represented 30% of total \$ 85.4 M available funds

Represents 12.6% of \$203.1 M Reported Net Costs

All programs received 12.6% of their Reported Net Costs

Represents a guaranteed minimum funding level

43



2012 Best Practices Funding



2012 BP Funding bucket represented 25% of total \$ 85.4 M available funds

– Represented 10.5% of \$203.1 M Reported Net Costs

– **Best Practice Score from Section 3.4 of the Datacall**

– All programs with the same BP Score got the same percentage of their tonnage based share of funding

44



2012 Performance Funding



Performance bucket represented 45% of total \$ 85.4 M available 2012 funds

Represented 18.9% of \$203.1 M Reported Net Costs

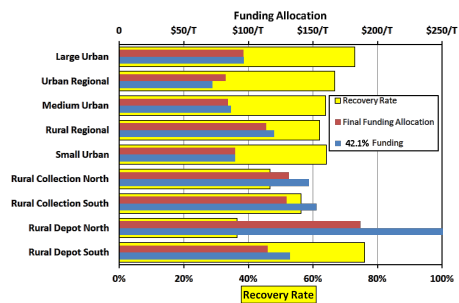
“Performance” includes:

- × Efficiency = net cost per tonne recovered
- × Effectiveness = tonnes recovered per tonne generated

45



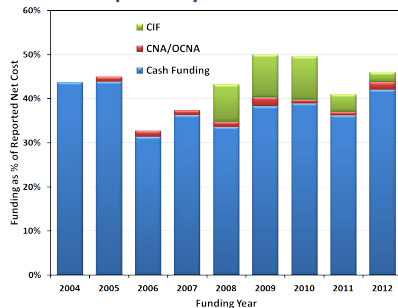
2012 Funding Distribution by Group



46



Graph of Payout Since 2004



47



Workshop 2 – Your Input on Existing Funding Model

- Did the previous method of funding work for you?
 - what did you like?
 - what did you not like?
 - did you understand why you got what you did?
 - did you feel that you would get more if you made program improvements?
- Please ask for clarification on any of the previous slides

Webcast Participants


Please use the “questions and comments” function on your screen to send in your comments and issues for this section.

A moderator in the room will bring them forward to be addressed.

Webcast Tips

Questions and comments | Home | Search | Sign Out | System Check

48



BREAK

Webcast Participants

Please use the “questions and comments” function on your screen to send in your comments and issues for this section.


A moderator in the room will bring them forward to be addressed.

After the break, please go to one of the 4 flip charts for the discussion phase of the presentation.

We will be asking each group to record ideas on a series of concepts to be considered in the re-design of the model.

Each concept will be covered by a few introductory slides followed by a 10 minute period to record your groups’ comments. After all of the concepts are covered, we will be asking one group to report key findings for each topic area.


49



Part III

2013 Funding Distribution Model Re-Design

50




2012 Funding Summary Recap

- Principles of current model are:
- 30% for Net Cost
- 25% for Best Practices
- 45% for Performance that includes :
 - net cost per tonne
 - recovery rate

We’ve heard that this isn’t working for everyone.


51



Key Concepts for Discussion

1. Payment to Net Costs
2. Best Practices
3. Performance Payments
 - Net Cost per tonne
 - Recovery Rate
4. Other considerations
 - Program Groups & de minimis programs
 - Rewards and penalties
 - CNA/OCNA
 - Other


52



Payment to Net Costs

- Currently represents 30% of funding distributed.
- Pays a minimum percentage of reported net costs to all programs that participate in the annual datacall
- NOT based on performance or demonstrated BP

53




Payment to Net Cost Options

Options for Net Cost Payments include:

1. Increasing or decreasing the percentage from current 30%
2. Setting upper and/or lower bounds in \$ / tonne amounts
3. Applying net cost to only some aspects (e.g. collection only)
4. Other

54



Association of Municipalities of Ontario

Webcast Participants

Please use the “questions and comments” function on your screen to send in your comments and issues for this section.

A moderator in the room will bring them to one of the groups to be included in their comments.


5 minute group session

NET COST DISCUSSION

Webcast Tips

Questions and comments

55




Association of Municipalities of Ontario

Best Practices Issues

- Existing BP Questions do not apply to all programs
 - special marking matrix required for fair scoring
 - are we following up after implementation?
 - do we need new BP?
 - SO doesn’t believe current WDO BP drive efficiency
- Current BP funding is related to tonnage based funding share and not reported net cost

56




Association of Municipalities of Ontario

Best Practices Options

Options for BP include:

1. Eliminate BP evaluation
2. Establish new and more relevant BP
3. Develop enforcement and follow up protocols for BP
4. Consider new basis for funding or continue to use tonnage based allocation
5. Other

57



Association of Municipalities of Ontario

Webcast Participants

Please use the “questions and comments” function on your screen to send in your comments and issues for this section.

A moderator in the room will bring them to one of the groups to be included in their comments.


10 minute group session

BEST PRACTICES DISCUSSION

Webcast Tips

Questions and comments

58




Association of Municipalities of Ontario

Performance Background

- “Performance” is considered to be:
 - “efficiency” or net cost per tonne
 - “effectiveness” or recovery rate, i.e. rate of marketable material recovered per estimated tonne generated
- Many factors affect both factors including:
 - real system optimization
 - geographic location including severe weather and transportation challenges
 - market share and competitive position of program

59



Association of Municipalities of Ontario

Recovery Rate Issues

- 90% of programs reported recovery rates between 11% and 88%
- Programs outside of this range generally:
 - only operated for part of the year (new and emergent programs);
 - had their recovered materials reported by other programs in a group;
 - reported other programs’ materials

60



Recovery Rate Options

Options for Recovery Rate Restrictions include:

1. restrict tonnages to a fixed range for funding distribution
2. accept tonnages as reported for funding distribution
3. set an optimal recovery rate (e.g. current BBPP target)
4. Other

61



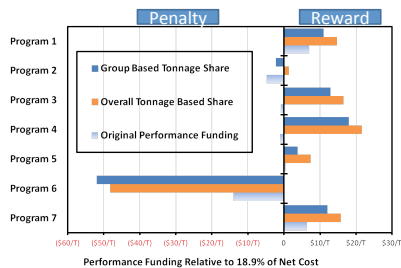
Performance Funding Issues

- Current model tries to 'normalize' net costs using an "E&E factor"
- Model uses complicated statistics that are hard to explain
- Model rewards better than average performers and penalizes below average performers
- Model transfers money from lower performing groups to better performing groups
- Should there be an optimal recovery rate?

62



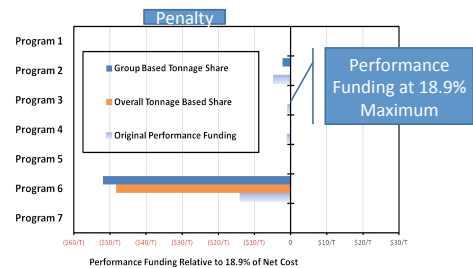
Performance Funding Options



63



Performance Funding Options No Reward



64



Performance Funding Options

Options for Performance Funding include:

1. Continue with E&E type calculation despite its complication;
2. Base performance funding on program tonnage relative to all other programs;
3. Base performance funding on program tonnage relative to other programs in program group;
4. Recognize or reject the concept of rewards; and
5. Set optimal recovery rate at BBPP target.
6. Other

65



Webcast Participants

Please use the "questions and comments" function on your screen to send in your comments and issues for this section.

A moderator in the room will bring them to one of the groups to be included in their comments.


10 minute breakout

PERFORMANCE DISCUSSION

Webcast Tips

Questions and comments | Questions | Give feedback | System check


66



10 minute group session

OTHER CONCERNS


67



de minimis or Excluded Program Issues

- Should we have a de minimis or excluded program category?
- How would you define a de minimis or excluded program?
 - tonnage or \$ amount
 - population
 - don't want to fill out detailed datacall
 - sufficiently different from other programs
- What consequences might there be if we include this category?

68



CNA/OCNA Issues

- Is there a way to control the year to year funding variation?
- Municipalities find newspaper advertising value is decreasing
- Municipalities believe that CNA/OCNA generation should be limited to stewards' reported levels
- Should the rates be based on "card rates" or the regular rate municipalities pay for ads?

69



Special Funds

- 3 to 7 Plastics
 - to promote the development of plastics recycling and supply chains for these materials
- Directed Improvement Fund
 - could apply lost performance funding on a program by program basis to specific improvements
- Start-up Program Fund
 - bonus funds for new & emergent programs

70



What have we missed in the discussion so far?

10 minute group session

OTHER CONSIDERATIONS DISCUSSION

Webcast Participants


Please use the "questions and comments" function on your screen to send in your comments and issues for this section.

A moderator in the room will bring them to one of the groups to be included in their comments.

Webcast Tips

Questions and comments | Home | Go to live stream | Logout/Close

71



Webcast Participants

Please use the "question/comments" function on your screen to send in additional comments and issues for the wrap up.

A moderator in the room will bring them forward to be addressed.

WRAP UP DISCUSSION

30 minute wrap up

Please select a presenter from your group to deliver the key findings for your section. We will rotate through the groups by topic.


Group 1 will present "Net Cost Concerns"

Group 2 will present "Best Practices Concerns"

Group 3 will present "Performance Concerns"

Group 4 will present "Other Considerations"

72



Next Steps

- Follow up survey
- Presentation of preliminary findings at MWA AGM on May 16
- Development of revised Pay-out model
- Timeline to MIPC bargaining and adoption by WDO board
- 2013 payments to municipalities


73



Future Sessions

Date	Location and Details
April 24 th	Workshop Session - Kenora
April 24 th to 27 th	Northwestern Ontario Municipal Association Conference – Kenora Trade Show Booth
May 2 nd & 3 rd	Ontario Small Urban Municipalities Conference Huntsville Trade Show Booth
May 9 th	Workshop Session – North Bay
May 9 th to May 11 th	Federation of Northern Ontario Municipalities Conference North Bay Trade Show Booth

74



Other Concerns


We want your continued input on the redesign of the funding model and other aspects of the Blue Box program. Please send concerns and comments to:

Monika Turner
AMO Director of Policy
MTurner@amo.ca





or

Alec Scott
MIPC Municipal Blue Box Coordinator
archenv@sympatico.ca

75



Morning Wrap-Up

76



Enjoy Your Break






77