

CIF

CONTINUOUS IMPROVEMENT FUND

Interim 2014 CIF Operations Plan



Published December 2013

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A note to the reader:

At the time of publication of this document, the 2014 Blue Box steward obligation had not yet been established. As a result, the potential for the CIF to receive additional funds could not be anticipated. In light of this uncertainty, the 2014 CIF Operations Plan was approved by CIF Committee, at its December 2013 meeting, as an interim plan subject to further review upon the determination of the 2014 steward obligation.

1 – Introduction

The Continuous Improvement Fund (CIF) is the result of a partnership between the Association of Municipalities of Ontario (AMO), the City of Toronto, Stewardship Ontario (SO) and Waste Diversion Ontario (WDO). The Fund's mandate is to improve the effectiveness and efficiency of Ontario's municipal blue box programs. This mandate is fulfilled through the identification and development of best practices and technological and market based solutions and provision of funding and training to municipalities.

The CIF commenced operations on May 1, 2008 under a Memorandum of Understanding (MOU) signed by the program partners which initially was in effect from 2008 to the end of 2011. In July 2011 the partners approved additional funding for the CIF and an extension of the program to the end of 2013 with a requirement that all funding be allocated by June 2015. In 2012 the partners provided additional funding to the CIF and authorized a three year extension of the Fund's mandate.

The CIF's Operation Plan is developed on an annual basis to meet the objectives established in the Fund's original Strategic Plan and as agreed to periodically by the program partners and approved by the Municipal Industry Program Committee (MIPC) and WDO Board (see Appendix 9.2). The 2014 Operations Plan continues to reflect direction received from MIPC in 2011 to focus on system rationalization, i.e. efforts to encourage municipalities to work together within geographical areas, and develop a Centre of Excellence.

To date, the CIF has invested almost \$44.1 million into the Provincial Blue Box Program and leveraged over \$66.5 million in additional investments to support 531 projects. As of June 2013, the Fund has achieved an estimated annual savings of over \$11.3 million per year, improved municipal best practice compliance by over 27% and identified, tested and proven a number of operational better practices to improve program delivery.

2 – Operating Directives

The CIF's Strategic Plan (available on CIF's website www.wdo.ca/cif) was developed by MIPC in 2007 prior to initiation of the Fund. The emphasis of the Strategic Plan was to develop projects according to the funding proportions as outlined below:

- Implementation of best practices – 50%
- Investment in innovative initiatives – 25%
- Promotion & communication, knowledge sharing – 10%
- Project management and support – 10%
- Emerging technologies – 5%

In 2009, the CIF Committee expanded upon the Strategic Plan and established the following priorities:

- 70% of the funds were to be spent on efficiency projects (i.e. lowering / controlling costs).
- 30% of the funds were to be spent on effectiveness projects (i.e. increasing Blue Box material capture).
- Efficiency projects should focus on material recovery facility optimization & rationalization and new technology.
- 60% of the effectiveness funding should focus on ways to increase the collection and processing of packaging materials not currently collected in municipal Blue Box programs but are part of the packaging waste stream.
- Provide higher levels of project funding to early adopters of improved processes and technologies to encourage municipalities to make these program changes.

In July 2011 MIPC adopted a resolution directing the CIF to cease distribution of funds on the basis of the principles identified above. Instead, funds were to be allocated based on the merits of regionalization projects and the development and operation of a knowledge based centre of expertise to promote best practices (Centre of Excellence), to develop training and to address materials management issues. MIPC further directed the CIF to undertake a province wide analysis of Blue Box processing infrastructure (the MIPC Provincial Blue Box Processing Infrastructure Study), close the Fund to new applications, reject all non-infrastructure related applications under consideration and set aside \$10 million in funds to support the outcomes of the study.

In 2012 the partners provided additional funding to the CIF for 2013 and authorized a three year extension of the Fund's mandate to the end of 2016. That same year, the CIF completed the Provincial Blue Box Processing Infrastructure Study on behalf of MIPC and provided MIPC with recommendations for allocation of the remaining funds. MIPC subsequently adopted the CIF's recommendations, which included the release of over \$12 million in funding, forming the basis of the CIF's 2013 Operations Plan.

This year's Operations Plan continues to reflect the direction received from MIPC regarding allocation of funding to support program standardization, rationalization and cost containment. The Plan also places emphasis on the continued development of the Centre of Excellence and considers priorities identified by stakeholders during the AMO spring 2013 consultation process.

3 – CIF Accomplishments to Date

The CIF continues to be one of the most significant catalysts of change in the waste management industry. Its financial and technical support has allowed stakeholders to develop best practices, improve services to Ontarians, divert new materials, construct new facilities and deliver real cost savings. Selected successes include:

- Projected \$11.3 million in annual savings
- Return on investment of 4.3 years on cost reduction related projects
- Addition of over 10,000 tonnes of plastics to Ontario's Blue Box program
- Best practise compliance increase of 27% amongst reporting municipalities
- Improvement in program service levels to over 1 million households
- Construction of 25 transfer and compactor systems
- Increase of 100,000 tonnes of new processing capacity
- Development of domestic markets for thermoform PET and 3-7 plastics

CIF project funding, training and technical support for municipalities has more than doubled municipal compliance with the WDO prescribed best practices, expanded program accessibility and increased diversion of new material. CIF investments in new infrastructure have added additional processing capacity into the market and optimized transfer and hauling systems resulting in improved competition, lower processing prices and created a more effective supply chain.

Through the development of strategic partnerships with program stakeholders, the CIF has established and continues to develop stable, domestic supply chains for many of the problematic materials currently available in the printed paper and packaging stream. These efforts have focused on key issues such as thermoform PET, 3-7 plastics, plastic film and expanded polystyrene, collectively representing over 12% of the waste stream.

The CIF has built an extensive knowledge base on Blue Box diversions and provided technical support and funding to over 70% of municipalities with Blue Box programs in Ontario. Its support efforts span the development of program standards and best practices, identification and evaluation of new technologies and development and delivery of program specific training. In summary the Fund remains a valued and effective mechanism for delivering effective change in the system.

3.1 2013 In Review

The 2013 CIF Operations Plan continued to build on the success of past efforts and direction received from MIPC in 2011 to focus on regionalization efforts and development of a Centre of Excellence. It also considered additional priorities identified through consultation with CIF stakeholders. The Plan was implemented, in part, through release of the CIF’s 2013 Request for Expressions of Interest (REOI). Response to the REOI proved to be overwhelmingly positive.

The Plan proposed a budget of \$12.025 million to fund new initiatives in support of the identified priorities. Sixty applications worth approximately \$29.1 million were received from interested municipalities representing an oversubscription of available funds of approximately \$3.5 million. They included:

Table 1 – 2013 REOI Results

Item	Project Value	Funding Request
System Rationalization	\$12,144,000	\$6,696,000
Cost Saving Initiatives	\$15,180,902	\$7,813,589
Blue Box Harmonization	\$740,000	\$252,500
Communication & Education	\$248,500	\$231,500
Blue Box & Cart Subsidies	\$384,000	\$242,000
Centre of Excellence Initiatives	\$420,000	\$265,000
Total	\$29,117,402	\$15,500,589

In addition to these grant opportunities, throughout 2013 the CIF developed and delivered a series of new training programs, information sessions, guides and templates in response to stakeholder requests for additional training, tools and resources. Efforts to address problematic materials including expanded polystyrene and flexible film packaging and fund related pilot projects were undertaken in cooperation with key stakeholders. Staff also worked with WDO on improvements to the WDO Datacall process in response to stakeholder concerns.

Overall, 2013 proved to be a very successful year with ever increasing levels of positive feedback being received from the Fund’s municipal stakeholders.

4 – 2014 Fund Priorities

The CIF's current mandate extends to the end of 2016 and the Fund continues to operate under MIPC's 2011 directives. With this in mind, the 2014 CIF Operations Plan proposes to build on the success of last year's efforts and continue development of initiatives in support of stakeholder's identified priorities as outlined below:

Section 5: Individual or Collective Grant Opportunities

- Encouraging system rationalization
- Pursuing cost saving initiatives
- Addressing problematic materials
- Facilitating program harmonization

Section 6: Centre of Excellence Activities

- Developing new training opportunities
- Providing new tools and resources for program operators
- Coordinating WDO Datacall requirements and CIF activities

5 – Grant Opportunities

5.1 System Rationalization

The 2013 REOI process received 8 applications worth over \$12.1 million related to system rationalization opportunities. A total of \$1,961,786 in funding was provided in support of six of these initiatives.

Through these applications and work already underway by staff, the CIF has identified five geographical waste sheds where municipalities are interested in exploring opportunities to work together to improve operational efficiencies. Typically, these joint efforts take approximately three years to fully develop the options and working relationships to bring the initiative to a point where a capital investment would be appropriate. Table 2 identifies these waste shed initiatives, the current stage of development and projected funding requirements, recognizing that some aspects of these initiatives are already funded through the 2013 REOI process.

Table 2 – Funding Projections By Waste Shed

Location	Current Status	2013	2014	2015
NW Ontario	Implementation	\$436,310*		
NE Ontario	Options Development	\$56,500*	\$500,000	
E Ontario 1	Options Development	\$84,750*		\$1,475,520
E Ontario 2	Options Testing	11,300*	\$203,520*	\$250,000
SW Ontario	Options Development	\$115,580*	\$660,413*	\$1,500,000
Total		\$704,440	\$1,363,933	\$3,225,520

* Funded under the 2013 REOI

Growing interest in this type of activity is expected as other municipalities become aware of the success of the projects currently underway. The 2014 CIF Operations Plan provides an additional \$1.75 million in funds to continue development of similar projects throughout the Province.

5.2 Cost Saving Initiatives

The 2013 REOI process received 26 applications proposing various cost saving projects worth over \$15 million. These applications tend to be capital investments that generate tangible paybacks to the benefit of stewards and municipalities alike. Approximately \$6.1 million in funding was provided to 21 of these projects. The 2014 Operations Plan anticipates a continued interest from municipalities to engage in this area of program improvement and includes an allocation of up to \$1.75 million to support these important efforts.

5.3 Addressing Problematic Materials

The packaging stream continues to evolve and change and municipalities are under constant pressure to make system investments to address these issues. In 2013, the CIF undertook work with partners such as the Canadian Plastics Industry Association (CPIA) and Stewardship Ontario to examine the cost implications of managing various problematic materials. While research of this nature is funded through the Centre of Excellence (see Section 6.3), there is frequently ensuing capital investments that are proposed. In many cases the investments do not have viable paybacks and do not meet the funding requirements of the CIF. Nonetheless, there may be investments of sufficient political value to program partners to warrant CIF support. In 2013, expanded polystyrene and mixed broken glass were identified as priority areas of market instability. The 2014 Operations Plan includes \$800,000 in funding to respond to these pressures.

5.4 Blue Box Harmonization

One of the key challenges with the Blue Box program in Ontario is the diversity in service levels and materials collected between municipalities. This variation leads to confusion amongst residents and hampers inter-municipal cooperation. Harmonization, the move towards a consistent Blue Box program across Ontario, requires amongst other things, the development and delivery of consistent and high quality promotion and educational materials. In 2013, seven upper tier municipalities from the Greater Golden Horseshoe Area with a population of over 7.37 million residents came together to develop a \$600,000 joint promotional campaign with funding from the CIF and Stewardship Ontario.

The 2014 Operations Plan seeks to provide continued support for projects of this nature. It includes funding of up to \$300,000 to assist municipalities with the development of promotional campaigns and materials that enhance the recovery of plastic and other packaging, reduce contamination, improve the overall quality of communications with residents and implement policies that restrict disposal of residential recyclables.

5.5 Individual & Collective Grant Budget Summary

Table 3 below summarizes grant opportunities available to individual stakeholders and groups seeking to work together on topical or geographically related initiatives consistent with identified stakeholder priorities.

Table 3 – 2014 Open Grant Budget

Item	2014 Budget
System Rationalization	\$1,750,000
Cost Saving Initiatives	\$1,750,000
Addressing Problematic Materials	\$800,000
Blue Box Harmonization	\$300,000
Total	\$4,600,000

Note: Disbursements include tax

6 – Centre of Excellence

In 2011 MIPC agreed to support development of a Centre of Excellence (the Centre) as a means of disseminating and building on the knowledge and experience gained through the CIF and to provide added value to both municipalities and stewards. The 2013 REOI solicited proposals from respondents for projects that might be appropriate for the Centre. Several potential themes were proposed based on priorities previously identified by stakeholders during needs assessment work undertaken by CIF staff. They included:

- Best Practices compliance and data call support;
- Marketing materials;
- Developing requests for proposals (RFPs) and tenders;
- Training opportunities;
- Performance managing contractors;
- Strategic program decision making; and
- Program cost savings opportunities.

Feedback received from municipalities during the AMO 2013 spring consultation process reaffirmed municipal interest in most of these themes and several related proposals were received through the 2013 REOI process.

The 2014 Operations Plan will continue development of the Centre along these themes with \$825,000 in supporting funding as outlined below.

6.1 Better Practice Compliance and WDO Datacall Support

Many municipalities struggle with completion of the annual WDO Datacall. Forty percent of the MIPC Blue Box Coordinator's time was included in the 2013 CIF budget to allow the CIF to offer WDO Datacall support to program administrators. This service proved to be very popular and allowed the CIF to better demonstrate to municipalities the linkages between the CIF's various services and resulting municipal program performance in the WDO Datacall. This service will be continued in 2014 as an 'as requested' service.

6.2 Development of Better Practices and Tool Kits

Identification of better practices and continued efforts to encourage the adoption of those practices by municipalities remains a priority for the CIF. In 2013, the CIF completed a review of its investments in multi-residential programs and developed a summary of better practices for the sector. In 2014, the CIF proposes to build on this

effort by conducting a review of its depot projects and develop a guide on better practices in depot operations. This project will encompass its work on compactor systems, signage, site layout and operations.

Over the past two years, the CIF has also received requests from municipalities for the Centre to develop a methodology for auditing curbside material received at a private sector MRF, school education resources and bilingual promotional materials. A budget of \$150,000 has been set aside to support these projects and others that might be proposed by stakeholders.

6.3 Marketing Materials & Blue Box Harmonization

As identified in Section 5.3 above, overcoming the challenges associated with the ever changing packaging stream remains a priority for all program stakeholders. In 2013, the CIF undertook work with stakeholders including CPIA and SO to examine issues associated with the management of flexible film packaging and expanded polystyrene (EPS). Proposals were also received under the 2013 REOI process to continue this work to include examination of paper laminates and film in more depth. The CIF has also received numerous requests from municipalities to develop a more reliable benchmark against which to judge marketing efforts. The 2014 Operations Plan includes funds to facilitate this work.

The CIF allocated \$1.55 million in 2013 to fund initiatives that would lead to harmonization of the Blue Box program in Ontario. This area was under subscribed during the 2013 REOI process suggesting that the CIF will have to develop an engagement strategy in order to make further inroads into this issue. Research into the cost implications of achieving a harmonized program was initiated in 2013 as a starting point for this discussion. This work will also continue into 2014.

A total of \$100,000 has been budgeted to facilitate continued support of these initiatives.

6.4 Support for RFP and Tender Development

With over 69% of municipal services currently contracted out to the private sector, effective procurement and contract management remains a priority for the CIF. In 2012 the CIF designed and delivered a successful contract management course in response to municipal requests. This initial effort was built on a thorough overhaul of the CIF's collection and processing RFP template's undertaken in 2013. The 2014 Plan will include finalizing these templates for publication and completion of a review of RFP results based on use of the CIF templates for 'lessons learned'.

CIF staff will also review the WDO Datacall to identify upcoming municipal contracts and offer the support of the Centre to interested municipalities to aid them in the development of their RFP(s) and subsequent contract(s).

Up to \$75,000 has been included in the 2014 Operations Plan to support this important work.

6.5 Training Initiatives

The development of new training opportunities remains a top priority for CIF stakeholders. Most recognize the need to strengthen program administrator and operator competency, particularly in the areas of service procurement and contract management. In 2012, a new one-day contract management course was developed and delivered as the first output of this initiative. A second course on benchmarking and assessing program performance was developed and delivered in 2013 as part of the Centre's work plan for that year along with a second offering of the contract management course. The 2014 Operations Plan reflects a continued emphasis on training through the development and delivery of:

- a new project management course;
- a new basic training course for new waste management staff;
- development of an on-line training package for delivery in 2015; and
- delivery of the CIF's contract management and new performance assessment courses.

The Plan includes a budget of \$200,000 to develop and deliver these initiatives.

6.6 Outreach Services

Each year the CIF delivers two, one day workshops (Ontario Recyclers Workshop) which continue to be the CIF's mainstay point of contact with municipalities. The sessions are open to all stakeholders and typically attract approximately 80 participants with an additional 30 to 40 participating via webcast. The primary focus of the sessions is to:

- deliver updates from program partners;
- report out on CIF projects; and
- provide timely information on topical waste management issues.

The 2014 Operations Plan includes continued delivery of this valued service. Over the past two years the CIF has also worked with AMO to deliver its spring outreach sessions to its members throughout the Province. The Fund has also delivered additional outreach sessions to rural Ontario municipalities by partnering with various organizations

such as AMCTO. These sessions have proven to be very popular, attracting municipal staff that does not normally attend the CIF's spring or fall conferences (Ontario Recyclers Workshop). Key to their success is the delivery of basic training and timely information about the Blue Box Program Plan (BBPP), WDO Datacall and current political and operational trends. Participants, who are typically not full time waste management professionals, gain a better understanding of the importance of issues such as best practice compliance and cost containment and their implications to local municipalities. This information ultimately allows municipalities to make more informed and better business decisions.

The 2014 CIF Operations Plan provides \$50,000 to continue delivery of these outreach services and for provision of related project support on an as needed basis.

6.7 Performance Auditing

In 2012 the CIF partnered with SO and municipalities to complete a comprehensive update of curbside waste composition data throughout the Province. Municipal support for this initiative was very strong and the CIF has received numerous requests to provide funding for further auditing efforts. The 2014 Operations Plan will, therefore, include up to \$250,000 in support of the completion of additional audits with preference given to communities which were under represented in the previous study.

6.8 Centre of Excellence Budget Summary

The 2014 Operations Plan allocates up to \$825,000 to continue the development of a knowledge-based Centre of Excellence. The Centre's 2014 initiatives are summarized in Table 4.

Table 4 – 2014 Centre of Excellence Budget

Item	Proposed 2014 Budget
Best Practices Compliance & Data Call Support	Incl. in Admin Budget
Development of Better Practices and Tool Kits	\$150,000
Marketing Materials & Blue Box Harmonization	\$100,000
Support For RFP & Tender Development	\$75,000
Training Initiatives	\$200,000
Outreach Services	\$50,000
Performance Auditing	\$250,000
Total	\$825,000

Note: Disbursements include tax

7 – Fund Administration

The following section of the 2014 CIF Operations Plan provides an overview of the fund’s current financial status and administrative performance.

7.1 Fund Income

Table 5 below summarizes contributions and income received to date from various sources. From 2008 to 2010, the CIF received 20% of the obligated steward payments to municipalities. For 2011, the CIF received 10%. For 2012, the CIF received a flat rate of \$4,450,757 representing approximately 5%. For 2013, the CIF was provided with \$4.62 million (5%) in additional funds and a mandate to continue operations for an additional three years. The WDO Board has also stipulated that the CIF must allocate all funding to projects by the end of June 2015 although it is recognized that the grant payments to municipalities will continue past that date as projects continue to close out after that date.

Table 5 – CIF Income Sources

CIF Funding: Actuals & Projected 2008 – 2013						
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected
MIPC Funding	\$12,939,000	\$15,044,719	\$16,410,098	\$9,013,449	\$4,450,757	\$4,618,014
Investment Income	\$180,340	\$135,911	\$359,599	\$446,394	\$401,960	\$376,632
E&E Fund* Closure & Other		\$2,787	\$1,112,947			
Cumulative Total	\$13,119,340	\$28,302,757	\$46,185,401	\$55,645,244	\$60,497,961	\$65,492,607

*Effectiveness & Efficiency Fund

A summary of the CIF project funding commitments and expenditures projected to year end 2013 is presented in Table 6 below. It is important to recognize that funding commitments do not necessarily represent final project expenditures. It is not unusual for smaller projects such as recycling plans and communications strategies to come in under budget and, in some cases, for projects to be entirely withdrawn by the proponent. Only after the projects in any given year are fully closed can the final expenditure for that year be reconciled by CIF staff. Grant commitments reported for a given year are restated annually as CIF staff close out projects and confirm final costs.

Table 6 – CIF Expenditures

CIF Grants and Expenditures: Actuals & Projected 2008 - 2013						
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected
Admin & Project Support	\$273,989	\$1,130,305	\$940,264	\$983,802	\$647,273	\$659,689
Grants	\$954,101	\$13,279,500	\$11,230,570	\$6,021,794	\$3,308,204	\$8,979,055
Centre of Excellence						\$301,936
MIPC Reserve & WDO Transfer			\$1,717,717*			\$3,450,000
Cumulative Total	\$1,228,090	\$15,637,895	\$29,526,446	\$36,532,042	\$40,487,519	\$53,878,199

* Unspent portion of \$3 million in funds allocated by MIPC for its own purposes.

The CIF Committee requires that there is sufficient administrative oversight and support for the program until all funds are expended. While it is possible that the CIF will receive additional monies in future years, this is neither guaranteed nor has it been assumed for the purposes of administering the Fund.

The financial analysis provided in Table 7 below builds on the three year plan outlined in the 2013 Operations Plan and presents a proposed strategy for the allocation of the remaining funds through to the closure of the CIF in 2016. Plans remain unchanged to award the majority of project grants by 2015 to comply with current WDO directives. Sufficient funds will be held back to operate the Centre of Excellence through 2016 and cover administrative costs associated with the wind down of Fund operations in 2017 and report out on project results.

Table 7 – CIF Fund Analysis

Projected Expenditures					
	2013	2014	2015	2016	2017
Fund Balance beginning of year	\$20,010,442	\$11,614,408	\$5,639,448	\$2,058,707	\$1,230,223
Total Revenue	\$1,544,646*	\$200,000	\$160,000	\$100,000	\$50,000
Total Project Approvals	(\$8,979,055)	(\$4,600,000)	(\$2,500,000)	\$0	\$0
Centre of Excellence	(\$301,936)	(\$825,000)	(\$500,000)	(\$200,000)	(\$120,000)
Admin & Project Support	(\$659,689)	(\$749,960)	(\$740,741)	(\$728,484)	(\$618,789)
Fund Balance end of year	\$11,614,408	\$5,639,448	\$2,058,707	\$1,230,223	\$541,434

*net of WDO in-kind transfer plus investment income

In 2010 MIPC withheld \$3 million in funds from the CIF for its own purposes. At the end of 2013 it is projected that there will be \$1,717,717 million remaining. These funds are allocated at the discretion of MIPC.

In summary, the budget for 2014 provides \$4.6 million in new funding for priority issues such as provincial system optimization, program harmonization and cost savings grants to municipalities. Up to \$825,000 is also provided for the operation of the Centre of Excellence.

8 – Summary

To date, the CIF has funded 531 projects with a combined value of over \$110 million. Through these projects the CIF has made strategic capital and research related investments that have had a significant impact on the long term effectiveness and efficiency of Ontario’s Blue Box program. The 2014 Operations Plan will build on this success through the investment of a further \$5.425 million in project funding and operation of the Centre of Excellence.

9 – Appendices

- 9.1 Consolidated Financial Statement
- 9.2 Governance
- 9.3 Fund Administration
- 9.4 Conflict of Interest
- 9.5 Funding Guidelines
- 9.6 Appeal Procedure

Appendix 9.1 2008 to 2013 Financial Statement

The following statement summarizes invoiced expenditures only and does not include outstanding commitments. Refer to Table 6 of the report for a summary of total actual and projected commitments.

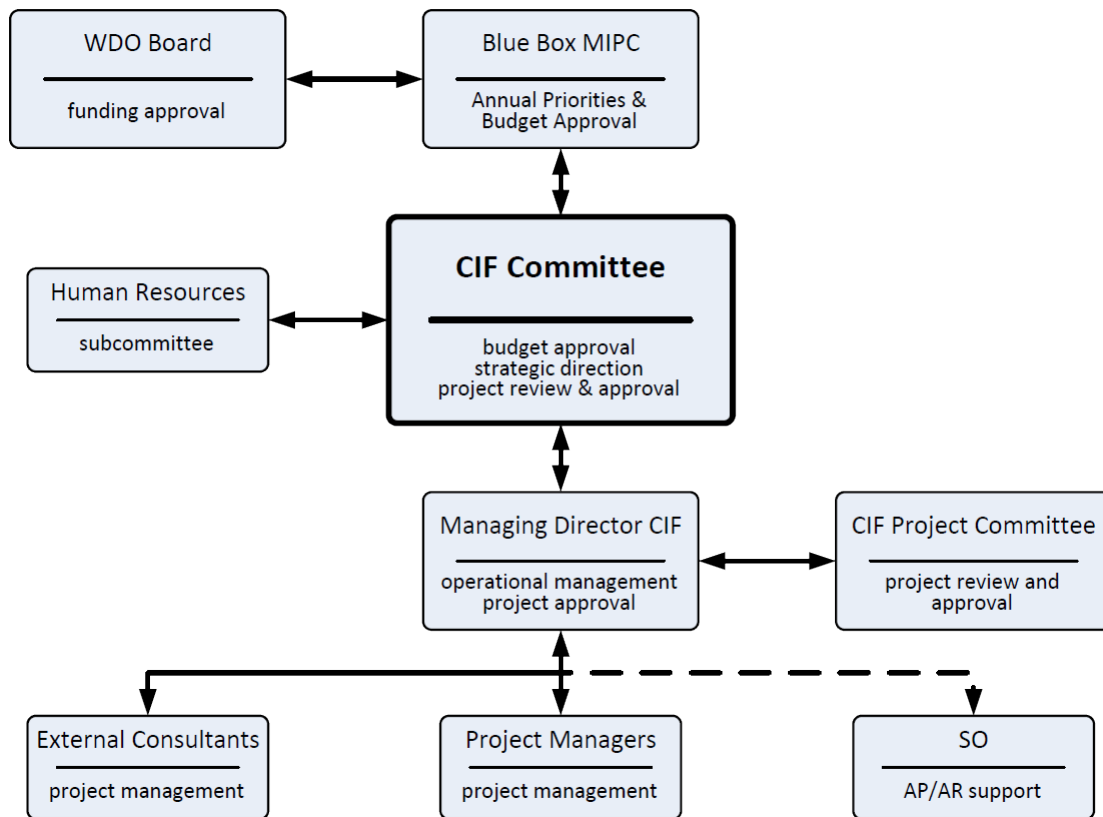
Income Sources	Year ended December 31, 2008 (Actual)	Year ended December 31, 2009 (Actual)	Year ended December 31, 2010 (Actual)	Year ended December 31, 2011 (Actual)	Year ended December 31, 2012 (Actual)	As of Sept 30, 2013 (Actual)
Income Sources						
Cash forward from previous year	\$ -	\$ 12,845,351	\$ 25,091,110	\$ 39,111,467	\$ 37,042,720	\$35,905,645
Municipal contributions	\$ 12,939,000	\$ 15,044,719	\$ 16,410,098	\$ 9,013,449	\$ 4,450,752	\$ 876,014
Interest	\$ 180,340	\$ 135,911	\$ 359,599	\$ 446,394	\$ 401,906	\$ 281,550
Other		\$ 2,787				
E&E Fund* transfer			\$ 1,112,947			
Total Income	\$ 13,119,340	\$ 28,028,768	\$ 42,973,754	\$ 48,571,310	\$ 41,895,378	\$ 37,063,209
Expenditures						
Administration	\$ 198,484	\$ 652,101	\$ 586,042	\$ 594,196	\$ 533,014	\$ 363,309
Promotion	\$ 18,859	\$ 61,028	\$ 94,699	\$ 33,523	\$ 20,235	\$ 36,211
Project Support	\$ 56,646	\$ 417,176	\$ 259,524	\$ 356,083	\$ 94,024	\$ 95,246
Best Practices	\$ -	\$ 1,472,289	\$ 2,421,299	\$ 9,147,539	\$ 4,278,401	\$ 3,698,787
Innovation	\$ -	\$ 33,574	\$ 261,182	\$ 698,573	\$ 661,396	\$ 268,548
Emerging Technologies	\$ -	\$ 21,000	\$ 62,783	\$ 369,607	\$ -	\$ -
Communications	\$ -	\$ 280,490	\$ 176,758	\$ 329,069	\$ 100,320	\$ 126,301
Centre of Excellence					\$ 302,343	\$ 142,924
Total Expenditures	\$ 273,989	\$ 2,937,658	\$ 3,862,287	\$ 11,528,590	\$ 5,989,733	\$ 4,731,326
Year End (Cash Basis)	\$ 12,845,351	\$ 25,091,110	\$ 39,111,467	\$ 37,042,720	\$ 35,905,645	\$ 32,331,883
Total Outstanding Committed on Approved Projects	\$ 897,455	\$ 11,952,426	\$ 20,001,450	\$ 15,122,373	\$ 12,994,093	\$18,635,372

*Effectiveness and Efficiency Fund

Appendix 9.2 Governance

The WDO Board and MIPC developed the CIF under the Blue Box Program Plan setting the overall authorities and budget. The CIF Committee establishes the strategic priorities, approves large projects as well as provides direction to the CIF Project Committee and to the CIF Director who operates the program on a day-to-day basis (see Chart 1).

Chart 1 – CIF Organizational Structure



The CIF Committee is a subcommittee of MIPC and is therefore governed by the overall guidelines and rules established by WDO, subject to any policy the CIF Committee adopts within its delegated authority.

The CIF Committee membership is established as follows:

- One voting representative from the Associations of Municipalities of Ontario;
- One voting representative from the City of Toronto;
- Two voting representatives from Stewardship Ontario;
- One voting independent member-at-large selected by voting members;
- One non-voting independent Chair selected by the voting members;
- One alternate member from Stewardship Ontario;
- One alternate member representing Toronto and the Associations of Municipalities of Ontario;
- The Chief Executive Officer Waste Diversion Ontario as an observer; and
- The CIF Managing Director as an observer.
- MIPC BB Program Coordinator as an observer

The membership of the Committee for 2014 is shown below.

Chart 2 - 2014 CIF Committee Membership

Representing	Member
Chair	TBA
Association of Municipalities of Ontario	Monika Turner TBA (alternate)
City of Toronto	Vince Sferrazza
Stewardship Ontario	Sherry Arcaro Rick Denyes Pat Chauvet (alternate)
Member at Large	TBA
Chief Executive Officer WDO	Michael Scott
MIPC Municipal Observer	Alec Scott
Managing Director CIF	Mike Birett

The term of the municipal and steward members are reviewed and appointed annually by their respective organizations. The Chair and member-at-large are nominated and appointed annually by the other members.

The Committee will make its decisions based on a majority vote basis. The CIF Committee will vote on issues as required and the passing/adoption of a resolution requires that:

- Four of five voting members vote in favour of the resolution if all members are present;
- A simple majority of members vote in favour if not all members are present but when a quorum is present; and
- A quorum of Committee members is present when at least four voting members are present.

The “Alternate member”, as noted in Chart 2, will attend in the absence of a Committee member. The Committee member who cannot attend can assign his voting privilege (proxy) to the Alternate member or another member of the Committee with advance notice to the Committee Chair. The Committee will use the WDO By-law related to meeting attendance recording.

The Human Resources Subcommittee is comprised of the CIF Committee Chair, Stewardship Ontario’s Executive Director (or delegate) and the Association of Municipalities of Ontario’s Executive Director (or delegate).

A CIF Project Committee has been established to assist with the development of the CIF program and evaluate projects. The members of the CIF Project Committee are as follows:

- Two municipal members from the Association of Municipalities of Ontario;
- One municipal member from the City of Toronto;
- Two Stewardship Ontario members
- CIF staff; and
- Other experts as required (project specific).

The membership for the CIF Project Committee for 2014 is shown below.

Chart 3 - 2014 CIF Project Committee Membership

Representing	Member	End of Term
Chair	Mike Birett	NA
Association of Municipalities of Ontario	Erwin Pascual Linda Churchill	Dec 2014 Dec 2014
City of Toronto	Annette Synoweic	Dec 2015
Stewardship Ontario	Rick Denyes Sherry Arcaro	Dec 2014 Dec 2014
MIPC Municipal Member (Observer)	Alec Scott	NA

The term of the municipal and Stewardship Ontario members on the Project Committee would be two years with an option to extend. The committee makes its decisions on a consensus basis.

Appendix 9.3 Fund Administration

WDO Board Approval

As an outcome of the 2007 MIPC negotiations, it was agreed by all parties that funds provided to municipalities under the Blue Box Program Plan would be allocated to create the Continuous Improvement Fund (CIF) effective January 01, 2008 and staff was retained in May 2008 to develop an operations plan. On September 18, 2008 the WDO Board adopted the following resolution allowing the CIF to start full operations:

WHEREAS Waste Diversion Ontario has entered in an Agreement dated October 17, 2007 with the Association of Municipalities of Ontario, Stewardship Ontario and the City of Toronto (the "CIF Agreement") providing for the establishment of the Continuous Improvement Fund (the "CIF");

WHEREAS the CIF is to be used to fund projects that (i) will increase cost – effectiveness, improve performance and/or increase the diversion of blue box materials in one or more of a predefined set of priority areas; (ii) can be implemented across multiple municipalities and/or represent collaborative efforts on behalf of two or more municipalities to share facilities, resources and expertise; and (iii) will generate quantifiable, measured positive results;

WHEREAS overall responsibility for the administration of the CIF pursuant to the terms of the CIF Agreement resides with the Municipal Industry Program Committee for the Blue Box Program Plan (“MIPC-BB”) of Waste Diversion Ontario;

WHEREAS Waste Diversion Ontario wishes to establish a framework of delegated authority for the administration of the CIF;

Upon motion duly made, seconded and carried, it was resolved that:

- 1. Overall responsibility for the day to day administration of the CIF pursuant to the CIF Agreement is hereby delegated to MIPC-BB, subject to such directions and limitations as may be issued or imposed by the Board of Directors of Waste Diversion Ontario from time to time;*
- 2. The role of MIPC-BB in the administration of the CIF shall be as set out in the CIF Agreement and the Continuous Improvement Fund 2008 Operations Plan,*
- 3. MIPC-BB is authorized to delegate any or all of its powers and responsibilities with respect to the day to day administration of the CIF as it may see fit to the CIF Committee (as defined in the Operations Plan) which, in turn, may delegate such powers and responsibilities with respect to the day to day administration of the CIF as it may see fit to the CIF Project Committee (as defined in the Operations Plan);*
- 4. MIPC-BB and any sub-committees of the Board to which the powers of MIPC-BB may have been delegated shall implement the CIF Strategic Plan, dated December 2007 and approved by the WDO Board on December 17, 2007, within the budget established annually by the Board of Directors of Waste Diversion Ontario;*
- 5. Contracts with a value of more than \$50,000 will be executed by a signing officer of WDO.*

MIPC Responsibilities

The Municipal Industry Program Committee (MIPC) developed the CIF program and is responsible to ensure that the CIF Committee effectively implements funding opportunities for municipalities to invest funds to improve the effectiveness and efficiency of the Blue Box program in Ontario. MIPC has stated that it wants the CIF Committee to act as independently as possible to fulfill the objectives outlined in the CIF Strategic Plan and this Operations Plan.

As such, MIPC is responsible for:

- Approving, on an annual basis, the CIF budget and program objectives and priorities;
- Delegating operational control and financial expenditure control of the CIF Fund to the CIF Committee;
- Reviewing and revising, as necessary, the CIF Strategic Plan; and
- Hearing and deliberating funding appeals from applicants as outlined in Appendix 9.6.

On September 17, 2008 MIPC adopted a resolution adopting the 2008 CIF Operations Plan and delegated authority to the CIF Committee to undertake the fiduciary responsibility and control required to fulfill the objectives of the Plan.

CIF Committee Responsibilities

The role of the CIF Committee is one of stewardship and to act as a governing board of directors. The Toronto Stock Exchange Committee on Corporate Governance adopted the following 'best practice guidelines' for a board of directors:

- "The Board of Directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:
- Development and adoption of a strategic plan;
- The identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training and managing senior management;
- A communications policy for the corporation; and
- The integrity of the corporation's internal control and management information systems."
- Effective Boards are involved in the broad strategic policy related activities of an organization rather than in micro-management of the day-to-day operations.

The CIF Committee is responsible to ensure that the CIF is in compliance with its obligations under the Blue Box Plan and CIF Agreement and to oversee the operations of the organization.

In particular, the CIF Committee is responsible to:

- Establish an annual budget and program priorities for approval by MIPC;
- Develop and implement blue box waste diversion program effectiveness and efficiency projects and funding opportunities and monitor the effectiveness and efficiency of those programs;
- Seek to enhance public awareness of and participation in blue box waste diversion programs;
- Seek to ensure that programs developed under CIF affect Ontario's marketplace in a fair manner;
- Establish a dispute resolution process for disputes between a funding applicant and the CIF Director or CIF Project Committee;
- Ensure the effectiveness of the approved projects is being monitored;
- Approve projects within the designated budget limits; and
- Access the accomplishments of the CIF and determine, on an annual basis, if the CIF should continue.

The CIF Committee is also responsible for managing its own affairs including:

- Appointing the Chair and Member-at-Large;
- Constituting the Human Resources Subcommittee;
- Developing the organization's strategic plan in conjunction with MIPC;
- Approving the annual CIF Operations Plan and budget;
- Monitoring the organization's performance against the Strategic Plan, Operations Plan and budget; and
- Maintaining the integrity of the organizations' internal financial, operating and administrative controls and management information systems.

The CIF Committee is also responsible to identify risks associated with the organizations' activities and to take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.

Each Committee member has a fiduciary responsibility to act in the best interests of Waste Diversion Ontario while carrying out these obligations. Members are under a fiduciary duty to carry out the duties of their office honestly and in good faith, in the best interests of Waste Diversion Ontario and with the care, diligence and skill of a reasonably prudent person.

Each Committee member is responsible to:

- Become generally knowledgeable about the business of recycling and waste diversion;
- Maintain an understanding of the regulatory, legislative, business, social and political environments within which Waste Diversion Ontario operates;
- Prepare for and attend meetings;
- Participate fully and in a meaningful way in the CIF Committee's deliberations and discussions;
- Establish an effective, independent and respected presence and a collegial relationship with other directors;
- Be vigilant to ensure that the organization is being properly managed and is in compliance with its obligations;
- Act with integrity;
- Use his or her ability, experience and influence constructively;
- Be available as a resource to the CIF Committee and staff;
- Respect confidentiality;
- Advise the Chair before introducing significant and previously unknown information at a CIF Committee meeting; and
- As necessary and appropriate, communicate with the Chair and the CIF Director between meetings.

The CIF Committee Chairperson will participate in the Human Resources Subcommittee. This subcommittee is responsible for the hiring and performance reviews of the CIF Director.

Committee members who are not employees of Stewardship Ontario, Waste Diversion Ontario, the Association of Municipalities of Ontario or any municipality in Ontario will be eligible for an honorarium and expenses for each meeting as per the current CIF Expense Policy.

CIF Director Responsibilities

The responsibilities of the CIF Director are:

- Develop and implement projects consistent with the strategic priorities identified by the CIF Committee;
- Evaluate and approve projects within the Committee's priorities and the established approval limits outlined in the Project Approval Limits table below;
- Report to the CIF Committee, MIPC, WDO Board as required with appropriate notice;

- Develop and administer an annual budget;
- Hire, manage performance and supervise staff;
- Ensure project reporting and evaluation is completed;
- Develop an annual operations plan and year-end review;
- Prepare agendas and minutes for the CIF Committee and Project Committee;
- Facilitate CIF Project Committee meetings;
- Manage stakeholder relationship development;
- Represent the CIF at conferences and public functions;
- Process appeals for rejected projects;
- Develop benchmarks, milestones and evaluation criteria;
- Negotiate with project partners and stakeholders;
- Manage and review consulting agreements;
- Participate in the coordination of all project logistics; and
- Report regularly to the CIF Committee on the activities of the Fund.

Stewardship Ontario Responsibilities

The responsibilities of the Stewardship Ontario to the CIF are:

- Supply all financial accounting services including management reports as required by the CIF Director;
- Participate on the CIF Project Committee;
- Assist with preparation of promotion and education events such as the Ontario Recyclers Workshop; and
- Invest CIF reserves to maximize interest revenue according to the policies and procedures required by the Stewardship Ontario Board and financial auditors

CIF Project Committee Responsibilities

The responsibilities of the CIF Project Committee are:

- Evaluate and approve projects within the CIF Committee's priorities and the established approval limits outlined in the table below;
- Promote the CIF to stakeholders, municipalities and industry;
- Operate on a consensus basis for decision making; and
- Liaise with the CIF Committee and MIPC as requested.

Chart 4 - Project Approval Limits

Project Type	CIF Director	Project Committee	CIF Committee
Best Practices	< \$50k per project	< \$250k per project	> \$250k per project
MRF Rationalization	< \$50k per project	< \$250k per project	> \$250k per project
Best Practices Implementation	< \$50k per project	< \$250k per project	> \$250k per project
Multi-residential	< \$50k per project	< \$250k per project	> \$250k per project
Benchmarking & Audits	< \$50k per project	< \$250k per project	> \$250k per project
Communications & Education	< \$50k per project	< \$250k per project	> \$250k per project
Innovation	< \$50k per project	< \$250k per project	> \$250k per project
Emerging Technologies	< \$50k per project	< \$250k per project	> \$250k per project
Other	< \$50k per project	< \$250k per project	> \$250k per project

Appendix 9.4 Conflict of Interest

All staff, members of the CIF Committee and Project Committee are bound by the same set of confidentiality and conflict of interest rules as established by Waste Diversion Ontario and set out in its By-Law Number 2008-1 “A by-law relating to the Code of Conduct of Waste Diversion Ontario”.

Appendix 9.5 Funding Guidelines

The current evaluation criteria are based on the following elements:

- Criterion 1 – Increased Cost Effectiveness
- Criterion 2 – Increased Blue Box Diversion
- Criterion 3 – Other Program Performance Improvements
- Criterion 4 – Regionalization Benefits
- Criterion 5 – Payback Period and Return On Investment
- Criterion 6 – Project Implementation Measures/Aspects

The evaluation form is completed by staff and the CIF Project Committee depending on the approval authority level required in the CIF Operations Plan. In practice, applicable elements are evaluated on a scale of 1-5 based on the proponent's submission. The CIF seeks clarification from the proponents if necessary in an effort to ensure that the project is fairly evaluated.

There are three mandatory criteria that must be passed for a project to receive funding:

- An appropriate payback period;
- A Consensus Criterion Score for Criteria 6 of at least 50; and
- Either a Consensus Criterion Score of at least 80 in Criterion 1,2,4 or 5, or an overall total score of at least 75 points.

Projects must have a payback period of less than eight years. There may be some project applications which include elements where accurate calculation of a payback is not possible to calculate (e.g., promotion and education, best practice compliance). Projects of this nature that pass all other mandatory criteria will continue to be recommended for funding as in past years. Funding at a level higher than the base funding in each range is based on the total points received in the evaluation process.

The CIF also wants to provide incentives for early adopters of new ideas, technology and best practices. Additional points are awarded under Criterion 5 to recognize this effort. Notwithstanding the aforementioned guidelines, CIF Committee may elect to award funding solely on the merits of the project as outlined by the proponent.

Appendix 9.6 Appeal Procedure

A proponent who wishes to appeal a decision regarding a project or the amount of funding approved must provide a written justification addressed to the CIF Director. The appeal must be dated within 30 days of the date of reception of a formal written notice of rejection or of receipt of the project decision. All notices of rejection must clearly spell out this appeal process. The appeal will be examined as follows:

- CIF Director decisions are appealed to the CIF Project Committee;
- CIF Project Committee decisions are appealed to the CIF Committee;
- CIF Committee decisions are appealed to MIPC; and
- MIPC decisions are appealed to binding arbitration as established under the arbitration rules of the Province of Ontario. Each party is responsible for their own costs of arbitration.

In all cases staff, the CIF Committee and MIPC will work with the appellant to clarify the decision and review any additional information to mitigate the issue.

* * *

CIF Funding Partners:

