



Waste Diversion Ontario

92 Caplan Avenue, Suite 511
Barrie, ON L4N 0Z7

Phone: 705-719-7913 Fax: 866-472-0107
E-Mail: andycampbell@wdo.ca Web: www.wdo.ca

Continuous Improvement Fund 2009 Operations Plan

2008 11 26





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1.0 Introduction

The Continuous Improvement Fund (CIF) is a program developed through Waste Diversion Ontario (WDO), the Association of Municipalities of Ontario (AMO), the City of Toronto and Stewardship Ontario to fund municipal blue box programs to improve effectiveness and efficiency. The identification and implementation of best practices, emerging technologies and innovation will lead to increased recovery of blue box material while promoting cost effectiveness.

The CIF comprises 20% of the annual financial obligations of the stewards to municipalities under the Blue Box Program Plan and is the successor to the Effectiveness and Efficiency Fund. The CIF program agreement among the partners is for three years starting in 2008 and could be extended should it demonstrate success in achieving its objectives and results. The stewards' obligation to the CIF commenced on January 1, 2008 with the operation of the fund starting on May 1, 2008.

The CIF Operation Plan is developed on an annual basis to meet the objectives established in the 3-year Strategic Plan as agreed to by the program partners and approved by the blue box Municipal Industry Program Committee (MIPC) and the WDO Board. This is the second annual operations plan for the Continuous Improvement Fund.

In general, the CIF will demonstrate a bias toward and seek to allocate its funding to projects that:

- Increase cost-effectiveness, improve performance and/or increase diversion of Blue Box materials in one or more of a predefined set of priority areas;
- 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
- Generate quantifiable, measured positive results.

The CIF will also seek to equitably distribute its funding in such a way that a majority of Ontario municipalities derive tangible benefits from either their direct participation in funded projects or the application of knowledge and results generated and shared by the CIF through other funded initiatives.

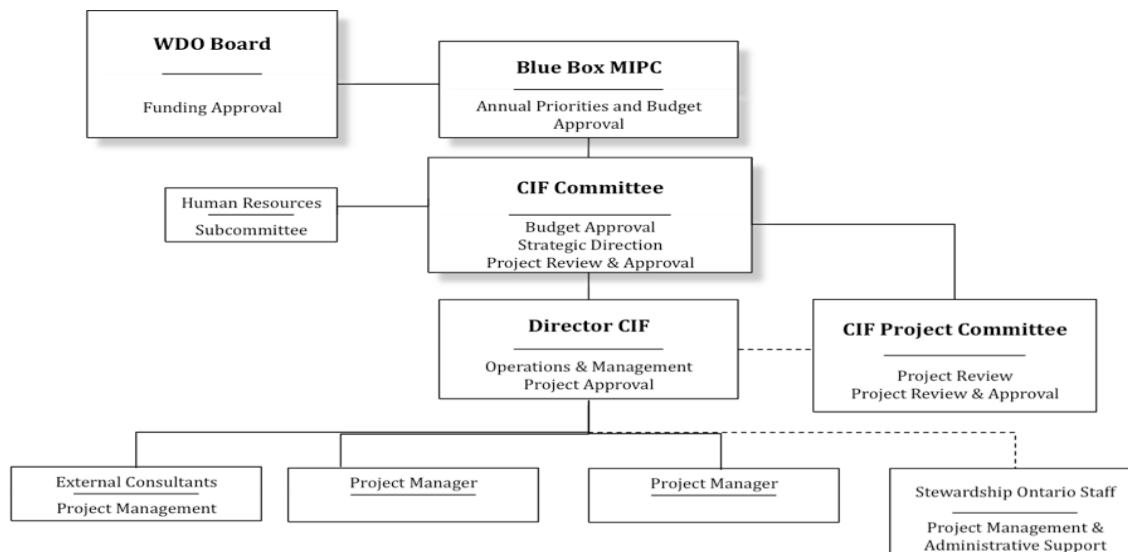
The 2009 CIF Operations Plan presents new CIF Committee priorities from the 2008 Plan and highlights the successes of the first year of operations.

2.0 CIF Management

2.1 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 (change from 2008 Plan);
- One alternate member representing Toronto and the Associations of Municipalities of Ontario (change from 2008 Plan);
- The Executive Director Waste Diversion Ontario as an observer; and
- The CIF Director as an observer.



The membership of the Committee for 2009 is shown in Table 1.

Table 1 - CIF Committee Membership

Representing	Member	End of Term
Chair	Doug Thomson	December 31, 2009
Association of Municipalities of Ontario	Michael Garrett Milena Avramovic (alternate)	September 2010
City of Toronto	Geoff Rathbone	May 2010
Stewardship Ontario	Derek Stevenson Guy Perry TBD (alternate)	May 2010 May 2010
Member at Large	Jerry Powell	September 2009
Executive Director WDO	Glenda Gies	NA
CIF Director	Andy Campbell	NA

The term of the municipal and steward members is two years with an option to extend their term. It is proposed that at least 50% of these members be replaced on an annual basis to ensure balance and infuse new ideas. The term of the Chair and member-at-large is one year with the option to extend the term.

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 an issue 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 Table 1, 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 and therefore meeting attendance will be recorded.

The Human Resources Subcommittee is comprised of the CIF Committee Chairperson, Stewardship Ontario’s Executive Director and the Association of Municipalities of Ontario’s Executive Director.

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 AMO;
- One municipal member from the City of Toronto;
- Two Stewardship Ontario members (in addition to the SO staff working on CIF projects);



- CIF staff; and
- Other experts as required (project specific).

The membership for the CIF Project Committee for 2009 is shown in Table 2.

Table 2 - CIF Project Committee Membership

Representing	Member	End of Term
Chair	Andy Campbell	NA
Association of Municipalities of Ontario	Rob Rennie	June 2010
	Jon Arseneault	June 2010
City of Toronto	John Baldry	June 2010
Stewardship Ontario	Phil Jensen	June 2010
	John Dixie	June 2010
CIF Staff	Mike Birett	NA
	Clayton Sampson	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.

2.2 Fund Administration

2.2.1 WDO Board Approval

The stewards were obligated as of January 1, 2008 to fund the Continuous Improvement Fund and staff were retained starting 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, a copy of which is appended hereto as Schedule "A" (the "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.

2.2.2 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 from blue box stewards to improve the effectiveness and efficiency of programs in Ontario. MIPC has stated that it wants the CIF Committee to act as independently as possible to fulfil 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;
- Review and revise as necessary the CIF Strategic Plan at least every 24 months; and
- Hearing and deliberating funding appeals from applicants as outlined in Section 2.4.

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 fulfil the objectives of the Plan.

2.2.2 CIF Committee Responsibilities

The role of the CIF Committee is one of stewardship and to act as a governing board of directors. A board of directors supervises, directs and oversees the business and affairs of the CIF. The Toronto Stock Exchange Committee on Corporate Governance adopted the following as one of fourteen '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 as per Table 3; 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 and approve the expenses 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.

2.2.3 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 Table 3;
- 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;
- Provide direction to Stewardship Ontario staff assigned to the CIF within the agreed to time commitments on CIF projects and administrative functions;
- Ensure project reporting and evaluation is completed;
- Develop an annual operation 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 quarterly to the CIF Committee on all expenditures authorized under the Director's authority as listed in Table 3.

2.2.4 Stewardship Ontario Responsibilities

The responsibilities of the Stewardship Ontario staff that are indirectly reporting to the CIF Director are:

- Ensure website material is up to date and posted;
- Prepare, monitor and evaluate all legal agreements for fund distributions to project partners;
- Supply all financial accounting services including management reports as required by the CIF Director;
- Project management on assigned projects;
- Provide the CIF Director with project summaries and status reports;
- Participate on the CIF Project Committee;
- Prepare promotion and education events such as the Ontario Recyclers Workshop;
- Invest CIF funds to maximize interest revenue according to the policies and procedures required by the Stewardship Ontario Board and financial auditors; and
- Issue RFPs, contracts and other legal documents as required on behalf of CIF.

Stewardship Ontario will provide legal services and be responsible for the funding agreements with project partners. Project specific legal issues such as the development of proposals or complex contacts will be funded by the project itself and will be managed by the assigned project manager (CIF or SO staff).

2.2.5 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 Table 3;
- Promote the CIF to stakeholders, municipalities and industry;
- Sign-off on final project evaluations before public posting to ensure lessons learned and results are clear and transferable to other municipalities;
- Operate on a consensus basis for decision making; and
- Liaise with the CIF Committee and MIPC as requested.

Table 3 - Project Approval Limits

Project Type	CIF Director	Project Committee	CIF Committee
Best Practices			
MRF Rationalization	< \$50k per project	< \$500k per project	> \$500k per project
Best Practices Implementation	< \$50k per project	< \$500k per project	> \$500k 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

2.3 Declaring Conflict

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 it's By-Law Number 2008-1 "A by-law relating to the Code of Conduct of Waste Diversion Ontario".

2.4 CIF Appeal Procedures

A proponent who wishes to appeal a rejection of a project 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. All notices of rejection must clearly spell out this appeal process. The appeal will be examined as follows:

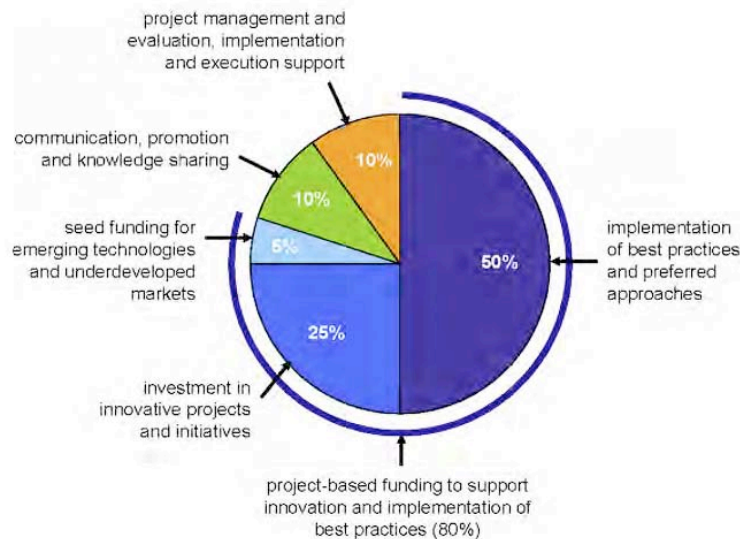
- CIF Director decisions are appealed to the CIF Committee;
- CIF Project Committee decisions are appealed to the CIF Committee;
- CIF Committee decisions are appealed to MIPC; and
- MIPC decisions are appealed to binding arbitration as established under the arbitration rules of the Province of Ontario. 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.

3.0 Fund Priorities and Focus

The Strategic Plan proposed an allocation of the CIF as shown in Figure 1.

Figure 1 - MIPC Strategic Plan CIF Allocation



The CIF Committee has expanded on these strategic priorities to provide further direction on allocating funds between efficiency (i.e. reducing costs) and effectiveness (i.e. increasing diversion). The Committee's guidance as of November 2008 is that 70% of the funds should be allocated to efficiency projects such as geographic optimization / rationalization, technology improvements and other projects. The 30% of the fund allocated to improving program effectiveness is to be allocated between projects that increase the capture rate of existing blue box material as well as new materials. A breakdown of the budget into these areas is provided in the financial section of this report.

The CIF Committee also wants to encourage municipalities to advance project schedules by funding early adopters at a higher rate. An example would be funding the first one or two installations of a novel technology at 70% as it is unproven and risky; then the next installations at 50% if it turns out to be a best practice; and subsequent installations only at 25% as the equipment is clearly shown to be a good business decision. The total funds allocated to proponents for this new technology in this example may be the same as if all projects were funded at 50% but it gives an incentive to make change sooner than later.

Cif will also proactively solicit and engage municipalities and industry through the use of Requests for Proposals (RFP) to develop projects that meet the CIF objects. In 2009 CIF will issue a number of RPFs for specific projects to encourage change in the blue box system. The first such project is to solicit partnerships between municipalities and industry to divert No. 1 through 7 non-bottle plastic packaging in conjunction with Stewardship Ontario's Market Development Fund. CIF funds will be utilized to develop municipal infrastructure and/or to support their long-term contractors to provide new and secure Ontario based processing capacity.

A key to the CIF is a proactive approach that staff will take with projects. CIF staff will work with municipalities and other proponents to ensure that projects meet the objectives of the CIF Committee and Strategic Plan. This may require CIF staff to undertake part of the project initiation and development where municipalities do not have sufficient resources. In addition, projects that can



leverage funds by partnering with the private sector, Federal, Provincial and/or other agencies will be pursued.

3.1 2008 Fund Results

The priority areas for the fund in 2008 were projects that demonstrated one or more of the following elements:

- Increased costs effectiveness;
- Increased blue box diversion;
- Improved program performance;
- Demonstrated an ability to be implemented across multiple municipalities and/or represent collaborative efforts; and / or
- Demonstrated an appropriate return on investment and/or payback period.

And focused in at least one of the following areas:

- Enabled the system to handle a changing mix of blue box materials;
- Managed a greater quantity of material;
- Processed No. 1 through 7 plastics excluding PET and HDPE bottles;
- Processed film plastic;
- Adopted recognized best practices; and/or
- Demonstrated effective management of total system costs.

Projects that were not funded by CIF were:

- Stand alone waste audits;
- Studies that duplicate work and results previously done through the Effectiveness and Efficiency Fund (E&E); and
- Studies that duplicate work and results previously done through CIF.

As of November 15, 2008 the following is a summary of the project types considered by CIF. In total forty-five projects have been reviewed of which fifteen have been approved (see Table 4). All projects that were under review but not approved or rejected in the Effectiveness and Efficiency Program were transferred to the CIF application process. CIF applications that have been withdrawn were applications to the Effectiveness and Efficiency Fund that were carried over to the CIF fund and deemed unacceptable in their current form for CIF.

Table 4 - Total Number of Applications

	Number of Projects
Under Review	22
Rejected	1
Approved	15
Withdrawn	7
Total Applications	45

The total project funding requests for the twenty-two applications currently under review are provided in Table 5. Additional information is still required to be provided by the proponents before CIF can determine if funding will be provided for these projects.

Tables 5 and 6 present the project applications and approved projects sorted in two ways; MIPC's Strategic Area and CIF Committee's Priority Area.

Table 5 - Current Projects Under Review

Sorted by MIPC Strategic Area	Number of Projects	Funding Request	Sorted by CIF Committee Priority Area	Number of Projects	Funding Request
Best Practices	16	\$6,058,129	Increase Existing Materials	11	\$1,920,629
Innovation	4	\$6,183,000	Increase New Materials	1	\$125,000
Emerging Technologies	1	\$40,000	Geographic Optimization	5	\$5,740,000
Communication & Education	1	\$50,000	Technology Improvements	5	\$4,545,500
Total	22	\$12,331,129	Other	0	\$0
			Total	22	\$12,331,129

Fifteen projects have been approved in 2008 as of November 15th (see Table 6) representing a CIF investment of \$2.8 million for projects with a total budget of \$11.5 million.

Table 6 - Approved Project Value

Sorted by MIPC Strategic Area	Number of Approved Projects	Approved Funding	Total Project Value		2008 Funding (\$millions)	Remaining Funds (\$millions)
Best Practices	3	\$181,900	\$213,900		\$6.935	\$6.753
Innovation	2	\$2,032,250	\$10,529,000		\$3.467	\$1.435
Emerging Technologies	1	\$308,700	\$441,000		\$0.693	\$0.384
Communication & Education	3	\$167,200	\$202,200		\$1.387	\$1.220
Project Support	6	\$109,500	\$109,500		\$0.677	\$0.568
Total	15	\$2,799,550	\$11,495,600		\$13.159	\$10.359
Sorted by CIF Committee Priority Area	Number of Approved Projects	Approved Funding	Total Project Value		2008 Funding (\$millions)	Remaining Funds (\$millions)
Increase Existing Materials	4	\$209,100	\$261,100		\$1.579	\$1.370
Increase New Materials	0	\$0	\$0		\$2.369	\$2.369
Geographic Optimization	6	\$109,500	\$124,500		\$5.527	\$5.418
Technology Improvements	3	\$2,340,950	\$10,970,000		\$2.763	\$0.422
Other	2	\$140,000	\$140,000		\$0.921	\$0.781
Total	15	\$2,799,550	\$11,495,600		\$13.159	\$10.359

A list of the approved projects is in Appendix 1.



4.0 Communication Strategy

A key component of the CIF strategy is to involve municipalities to improve the effectiveness and efficiency of their blue box programs. Therefore municipalities need to be aware of CIF operations, opportunities and results. The communication elements of the CIF operational budget include:

- Development of a dedicated website;
- Attendance and presentations at conferences;
- Distribution of fact sheets / handouts;
- Partnerships with organizations;
- Articles in trade magazines, “In the Loop”, “Need to Know”;
- Continued support and partnerships for Ontario Recycling Workshops;
- Advocacy efforts by members of the CIF Committee, CIF Project Committee and CIF staff;
- Project participants / municipalities will promote the advantages of the program improvement funded through CIF; and
- Outreach to municipalities by CIF staff.

Ten percent of the CIF budget is allocated to communications, promotion and knowledge sharing.

For 2008 the CIF website was completed (www.wdo.ca/CIF) and is updated on a regular basis. Staff presented CIF priorities and application procedures at AMO conferences and Board meetings, AMRC conferences and at two Ontario Recycler Workshops. The AMRC, AMO and Stewardship Ontario all carried articles in their newsletters concerning CIF.



5.0 Application Procedures, Approval and Reporting Process

5.1 Applications Submitted by a Municipality

The funding application process begins with the submission of an “intent to apply” which is filed electronically with Waste Diversion Ontario’s CIF Office. There are two parts to the application process:

- The completion of the Application Data Summary (see Appendix 2); and
- A detailed report that would become an attachment to the funding agreement.

The latter document would only be completed to explain large projects or if CIF staff intend to recommend the project for approval and enter into a funding agreement with the municipality.

Depending on the complexity and value of the application, CIF projects may progress through three stages of review:

- CIF Staff review;
- CIF Project Committee review; and
- CIF Committee review.

Project approval levels for each of the above groups are listed in Table 3.

If a project is approved participants must enter into a funding agreement with CIF (see Appendix 3).

A letter of decisions made by the Projects Committee, the CIF Committee and/or the CIF Director informs successful and unsuccessful applicants of the outcome of their application.

5.2 Applications Developed by CIF Staff

The CIF is to be more directed in its application to incite municipalities to introduce new blue box program efficiencies. CIF staff and its consultants may therefore have to develop a project and market it to the perspective municipality. As such staff will need to spend resources from the fund prior to having engaged a municipal partner.

The approval of projects and expenditures for staff developed projects will follow the approval levels and CIF Committee priorities as listed in Table 3.

5.3 Project Funding

The E&E Fund was the predecessor to the CIF and provided between 50% to 100% of the costs of a project depending upon the financial resources of the sponsor municipality and the need to “try something new”. The riskier or higher value added projects typically received more than 50% funding. The typical allocation was 50%.

CIF funds will be distributed on a case-by-case project evaluation basis to determine if the project meets the CIF objectives. If it meets the CIF priorities (outlined in Section 3) Table 7 can be used as a guide to determine the available funding for the project. A minimum 25% cost sharing can be expected if there are no other funding partners. If a third (or more) partner(s) were involved, it would be expected that the funding level reduce proportionately. For projects that CIF staff develop in a directed manner, the CIF may have to fund a significant amount of the project, as the partnering municipality has likely not budgeted for the program improvements.



Table 7 - 2009 Project Funding Ranges

Project Type	Funding Range
Innovation	67-75%
Best Practices	25-50%
Communication	50%
Emerging Technologies	75-100%

A typical funding payment schedule for large projects would be based on milestones developed as part of the project schedule. Smaller projects would be funded with a minimum of two finance draws. In all cases that last draw will be a minimum 25% and not be paid until the final project reports and evaluation are completed and approved.

5.4 CIF Project Evaluation

In most cases, individual projects will be selected, measured and evaluated based on their ability to help achieve one or more of the overarching objectives. In general, the CIF will demonstrate a bias toward and seek to allocate its funding to projects that:

- Increase cost-effectiveness, improve performance and/or increase diversion of blue box materials in one or more of a predefined set of priority areas;
- 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
- Generate quantifiable, easily measured positive results.

Individual performance metrics will be established and measured on a project-by-project basis as appropriate, and may include:

- Individual performance targets and expectations (e.g., meeting a pre-defined target Return on Investment (ROI));
- Relative performance expectations (e.g., achieving an X% reduction in cost per unit of volume, weight or per item, as appropriate);
- Ability to meet certain industry standards and/or benchmarks (e.g., an X% diversion rate); and
- Other common measures of return.

6.0 Financial

6.1 Administrative Issues

The financial accounting services for the CIF are provided by Stewardship Ontario. Stewardship Ontario has segregated CIF funds and expenditures in its general ledger to allow specific management accounting for CIF. Financial management reports will be provided monthly as well as a year-end audit and reconciliation of the CIF.

Steward payments to CIF will occur on a quarterly basis (see Table 8). Any surplus funds will be invested according to the policies and procedures of Stewardship Ontario's Board and its auditors to maximize the return on the investment. The investment revenues will accrue to the CIF on a monthly basis and be reconciled at year-end.

CIF accounting transactions are processed through Stewardship Ontario's accounting system and processes. Stewardship Ontario's finance staff will process payments after receiving authorization from the CIF Director with sufficient supporting documentation and evidence of project approval as shown in Table 3.

6.2 Budget

The municipal contribution of Stewardship payments to CIF for 2009 is approximately \$15.044 million (see Table 8). In addition there will be accrued interest starting May 1, 2008 and carry forward funds from 2008 for both the E&E Fund and unspent CIF funds.

Table 8 - 2009 Steward Payments

Steward Payments into CIF	Amount
April 30	\$3,761,180
June 30	\$3,761,180
September 30	\$3,761,180
December 1	\$3,761,180
Total CIF Contribution	\$15,044,720

The 2009 and 2008 expense forecast is shown in Table 9. The budget includes three full time staff to manage and deliver CIF projects as shown in the organizational chart (see Chart 1). Additional new expenses for 2008 and 2009 are those incurred by WDO for legal, administrative and WDO Board expenses as allowed for under the Memorandum of Understanding approved by the WDO Board in September 2008.

Table 9 - Budget Summary

GL Code	Item	2009 Budget	Approved 2008 Budget May to December	Projected 2008 Expenses
Project Management				
	Administration	\$674,080	\$272,883	\$272,593
	Promotion	\$200,000	\$100,000	\$50,000
	Consultants	\$1,712,000	\$300,000	\$150,000
	Sub total Project Management	\$2,586,080	\$672,883	\$472,593
Best Practices				
		\$12,958,000	\$5,000,000	\$181,900
Innovation				
		\$6,479,000	\$1,000,000	\$2,032,250
Emerging Technologies				
		\$1,296,000	\$690,000	\$308,700
Communication				
		\$2,592,000	\$200,000	\$167,200
	Total	\$25,911,080	\$7,562,883	\$3,162,643
	Total Annual CIF Funding	\$15,045,000	\$12,939,000	\$12,939,000
	Investment Income	\$200,000	\$400,000	\$200,000
	2008 Unspent CIF carry forward	\$10,676,357		
	2007 E&E Carry forward		\$500,000	\$700,000
	Balance at Year End	\$10,277	\$6,276,117	\$10,676,357

The resulting allocation of the funds for 2009 is shown in Table 10. The total budget identified in this table includes the new funds for 2009 as well as the estimated carry forward of unspent funds from 2008 and accumulated interest for 2008 and 2009. The values in this table are to be used as a guideline and some projects may fall into more than one area. The key element is the "Percentage of Total Budget" line at the bottom of the chart that indicates the overall direction of the CIF Committee on how CIF is to be spent on projects.

Table 10 - Proposed Fund Mix

Project Funding Level	MIPC Strategic Allocation	CIF Committee Priority Allocation	30% Effectiveness		70% Efficiency			2009 Budget (\$millions)
			40%	60%	60%	30%	10%	
			Increase Capture of Existing Materials	Increase Capture of New Materials	Geographic Optimization	Technology Improvements	Other	
25-50%	50%	Best Practices	\$1.555	\$2.332	\$5.442	\$2.721	\$0.907	\$12.958
67-75%	25%	Innovation	\$0.777	\$1.166	\$2.721	\$1.361	\$0.454	\$6.479
75-100%	5%	Emerging Technology	\$0.155	\$0.233	\$0.544	\$0.272	\$0.091	\$1.296
50%	10%	Communications	\$0.311	\$0.466	\$1.088	\$0.544	\$0.181	\$2.592
		Admin Project Support	\$0.229	\$0.344	\$0.803	\$0.401	\$0.134	\$1.912
2009 Budget (\$ millions)			\$3.028	\$4.542	\$10.599	\$5.299	\$1.766	\$25.235
Percentage of Total Budget			12%	18%	42%	21%	7%	



7.0 Appendices

1. Approved Project List
2. CIF Application Form
3. CIF Project Agreement

Appendix 1 - Approved Project List (Nov 2008)

Approved Projects							
App. #	Title	Description	Focus Area	Priority Area	Proponent	Funding Approved	Total Project Cost
100	Creating and Maintaining a Greener Black River-Matheson	The main objectives are to Increase the number of recycling depots in BRM from 1 to 3 and incorporate recycling into all municipal operations - ie. facilities, parks and picnic areas. Includes a promotion and education.	Best Practices	Increase Existing Materials	Township of Black River - Matheson	\$41,900	\$58,900
101	Improved Rural Recycling Depots Through Signage	Goals are to: 1) install proper signage at out lying depots; 2) maximize rural recycling depot site efficiency, increase participation, capture and minimize contamination.	Comm & Educ	Increase Existing Materials	West Nipissing	\$15,000	\$28,000
102	Cooperative Recycling Plan	Surrounding the City of Thunder Bay there are 6 rural municipalities (the Townships of Gilles, O'Connor, Oliver-Paipoonge, Neebing, Conmee and Shuniah) in very close proximity to each other and operate similar recycling programs. It has been recognized that given the similarity of programs and their proximity in location, it would be beneficial to cooperate on the development of a recycling plan that could be utilized by all the programs in the development of their recycling efforts.	Best Practices	Geographic Optimization	Township of Gilles	\$40,000	\$40,000
108	Consulting assistance	Investigation of QinetiQ automated waste reclamation system, assistance with London regional MRF issue.	Best Practices	Geographic Optimization	CIF Staff	\$5,000	\$5,000
110	Recycling Transfer Facility	Phase 1 - study the options for development of a blue box material transfer facility	Best Practices	Geographic Optimization	Fort Francis	\$15,000	\$15,000
113	Multi-res Recycling Coordinator	The Multi-Residential Working Group has recommended hiring a full or part-time coordinator to manage multi-res program improvements across Ontario.	Comm & Educ	Increase Existing Materials	CIF staff	\$120,000	\$120,000
116	40% Diversion	Increase diversion from 22% to 40% using depots and two stream collection through promotion and education.	Comm & Educ	Increase Existing Materials	Seguin Township	\$32,200	\$54,200
118	TiTech Optical Sorting	Install a two-valve TiTech Polysort Optical sortation system in the MRF.	Innovation	Technology Improvements	Hamilton	\$132,250	\$529,000
119	Bollegraaf Film Grabber	Install a Bollegraaf mechanical film grabber in the MRF.	Emerg Tech	Technology Improvements	Hamilton	\$308,700	\$441,000
122	Municipal Contracts Database	The goal is to provide an on-line resource to municipalities that will increase the quality of recycling contracts, transfer better/best practices into tenders and agreements, reduce contract administration and associated costs, harmonize tender processes and documents for service providers, and potentially provide a training resource for anticipated contract management course (EE project 341). The project team will: 1) gather, catalogue, review and annotate a database of municipal blue box contracts; 2) Develop a searchable index on a website to match user profiles; 3) Identify preferred practices and remove municipal ID, note challenges and opportunities in the documents and 4) Periodically update against current events ie: CIF, revised practices, new requirements.	Comm & Educ	Other	CIF staff	\$120,000	\$120,000
125	CIF Financial instruments	Determine effective means (such as loans, grants, debentures etc.) to leverage CIF funds	Best Practices	Other	CIF Committee	\$20,000	\$20,000
126	MRF rationalization study revisit	Update the status of MRFs in Ontario and present options for optimization and waste sheds.	Best Practices	Geographic Optimization	CIF Committee	\$24,500	\$24,500
127	Plastics RFP	Joint proposal call for new processing capacity for 1-7 plastics.	Innovation	Technology Improvements	CIF staff / Stewardship Ontario	\$1,900,000	\$10,000,000
128	Consulting Assistance	general staff support. Investigate rural glass processing options	Best Practices	Geographic Optimization	CIF Staff	\$5,000	\$5,000
129	Waste Management Plan	Objectives include: reduce the waste by maximising the existing recycling program within the City; use existing infrastructure and create user pay systems to increase waste diversion rates; improve current waste collection and disposal systems; provide public education regarding the waste management and recycling program. Plan will be used to initiate a long term waste management plan approved by Council and to have input from the residential, commercial and Industrial sectors within our municipal boundaries. It will be a priority of the plan to address all long term composting, curbside recycling, and additional waste diversion strategies.	Best Practices	Geographic Optimization	City of Timmins	\$20,000	\$35,000



Appendix 2 - Fund Application Forms

Memo

To: **Applicants to the Continuous Improvement Fund**

Date: 27 November 2008

Re: **Fund Application Procedures**



Introduction

The CIF Strategic Plan and the Annual Operations Plan govern the funding of projects under the Continuous Improvement Fund (CIF). The fund is intended to assist municipalities and direct investments that will improve the efficiency and effectiveness of **blue box programs** in Ontario. Sufficient information is to be provided by the applicant in the initial application to demonstrate that the project is focused on the priorities, diversion efforts and financial returns for its blue box program.

Projects must demonstrate one or more of the following elements:

- Increased costs effectiveness
- Increased blue box diversion
- Improved program performance
- Ability to be implemented across multiple municipalities and/or represent collaborative efforts
- An appropriate return on investment and/or payback period

Predefined blue box program priority areas are:

- Enable the system to handle a changing mix of blue box materials
- Ability to manage a greater quantity of material
- Ability to process No. 1 through 7 plastics excluding PET and HDPE bottles
- Ability to process film plastic
- Adoption of best practices (see link to WDO's Best Practices report)
- Effective management of total system costs

Projects that will not be funded by CIF are:

- Stand alone waste audits
- Studies that duplicate work and results previously done through the Effectiveness and Efficiency Fund (E&E)
- Studies that duplicate work and results previously done through CIF

In general, projects that effectively and efficiently implement change, not just study change, will be given the highest priority for funding through CIF. The implementation of projects over the three-year funding horizon of CIF is required to demonstrate that the investment by municipalities in their blue box programs can improve the system effectiveness and efficiency and drive long-term sustainability.

For 2009 the CIF Committee has established new effectiveness and efficiency guidelines for CIF.

These priorities are:

- 70% of the funds are to be spent on efficiency projects (i.e. lowering/controlling costs).
- 30% of the funds are to be spent on effectiveness projects (i.e. increasing blue box material capture).
- Efficiency projects should focus on material recovery facility optimization and 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 to encourage municipalities to make program changes.

Considering both the Strategic Plan priorities and the CIF Committee priorities in combination results a new funding allocation as shown in Table 1. These funding allocation percentages are to be used as a guide and CIF staff have been directed to develop projects with municipalities accordingly.

**Table 1 - CIF Committee Priorities**

Priority Area	Allocation of CIF
Increase capture of existing material types	12%
Increase capture of new packaging material types	18%
Geographic optimization / rationalization	42%
Technology Improvements	21%
Other	7%

The new project funding ranges for different project types is shown in Table 2.

Table 2 - CIF Funding Levels

Priority Area	Project Funding Range
Innovation	67-75%
Promotion, Education and Communication	50%
Emerging Technologies	75-100%
Best Practices	25-50%



Completion of a CIF Application

There are two parts to the application process for CIF:

- The completion of a the Application Data Summary
- A detailed report that would become an attachment to the funding agreement.

The latter document would only be completed to explain large projects or if CIF staff intend to recommend the project for approval and enter into a funding agreement with the municipality.

The CIF program is new and “continually improving”. If there are problems completing the application forms or suggestions for improvement please contact CIF staff at 705-719-7913.

How to Complete the Application Data Summary

The application form is in a Microsoft Excel spreadsheet that can be downloaded from Waste Diversion Ontario’s CIF website. The spreadsheet has a number of pages that can be selected by choosing the tab at the bottom:

- Project Description - *see Figure 1*
- Best Practices - *see Figure 2*
- Financial - *Operations Improvement* - *see Figure 3*
- Financial - *Best Practice Study* - *see Figure 4*
- Financial - *Other* - *see Figure 5*

Yellow shaded cells on some of these sheets have pre-defined option that can be selected by clicking on the cell. The financial sheets have greyed out areas that cannot be changed by the user. The explanation for each field that needs to be completed is listed below.

1. Project Description Sheet

Complete the contact information, description of project and a general description of how the project will increase the effectiveness and efficiency of the blue box program. As this is the initial application to CIF the descriptions does not need to be lengthy.

Project Type - Select the main project type from the list “Collection, MRF, Promotion & Education, Other”. If a project has more than one main element please comment in the description.

CIF Priority Area - Select the main area from the list - “Changing Mix of Materials, Greater Quantity of Materials, Number 3 - 7 Plastics, Film Plastics, Best Practice, Cost Management”. If a project has more than one main element please comment in the description.

2. Best Practices Sheet

This sheet is to describe elements of the municipality’s current and proposed program change in terms of “best practices”. The basis of the description of best practice is provided by the WDO’s KPMG “Blue Box Program Enhancement and Best Practices Assessment Project 2007”

(http://www.stewardshipontario.ca/bluebox/pdf/eefund/KPMG_final_report_vol1.pdf). WDO did not find a definitive list of best practice but rather some guidance for municipalities to consider when implementing program changes.

If there are multiple municipalities involved in the project please complete a best practice sheet for each one.



Municipal Program Type - Please select the program type as defined by KPMG from the list - “Small rural Southern, Small suburban southern, Small urban southern, Medium rural southern, Medium suburban southern, Medium urban southern, Large suburban southern, Large urban southern, Small rural northern, Small suburban northern, Small urban northern, Medium suburban northern”.

Fundamental Best Practice Type - Please select the best practice type as defined by KPMG from the list - “Integrated recycling plan, Multi-municipal approach, Establish performance measures, Optimized operations, Training Effective procurement, Promotion & Education, Enforcement of policies”.

Factors that appeared to positively affect program performance - Please select the yellow cells and choose Yes or No.
- In the white cells please enter the date and tipping fee.

Factors that appeared to negatively affect program performance - Please select the yellow cells and choose Yes or No.

Other Factors - Please enter the required data.

3. Financial Sheets

There are three types of financial sheets in the Excel spreadsheet. Only complete the one that relates to your specific project:

- Financial - *Operations Improvement* - see Figure 3
- Financial - *Best Practice Study* - see Figure 4
- Financial - *Other* - see Figure 5

The majority of this data is from the WDO annual datacall for 2006 and 2007. Some cells are automatically calculated and the formulas cannot be modified. If there are multiple municipalities involved in the project please complete a financial sheet for each one.

Municipal Costs - These costs are total gross program costs as defined by the WDO datacall and should be inclusive except for expenditures for contracted collection, contracted depot transfer and contracted material processing.

Contracted Costs - These costs are total gross program costs as defined by the WDO datacall and should be inclusive for expenditures for contracted collection, contracted depot transfer and contracted material processing.

Total Revenue - This costs is the total revenue as defined by the WDO datacall.

Project Cost - This cost is the budgeted cost of the proposed project inclusive of all capital and in-kind expenses.



Funding Request - Please state the value of the project that is to be funded by CIF.

How to Complete the Detailed Report

A detailed report is to be completed for projects that will be recommended for approval.

There is no standard format for this report but it must include specific information that is a requirement for attachment to the legal funding agreement (see Appendix 4 of the 2008 CIF Operations Plan). All projects also require a final evaluation report to ensure that the funds were properly spent and to demonstrate the improvements that resulted from the CIF and municipal investment.

The detailed report must at a minimum include:

- Project description
- Project team and qualifications
- Cost analysis
- Schedule A - Detailed deliverables and schedule
- Schedule B - Detailed budget
- Schedule C - Payment schedule
- Schedule D - Final evaluation report criteria

(Please note that staff may require the information in this report for larger projects prior to determining if they can support the project for approval.)



Figure 2 - Project Description Spreadsheet Tab

Continuous Improvement Fund Application Data Summary

Municipality:		Date:	
Project Name:		CIF Priority Area:	
Project Type:			
Contact Information:	<i>Name</i>		
<i>Street</i>		<i>Town</i>	<i>Postal Code</i>
<i>Telephone</i>		<i>Email</i>	

Description of Project

--

Description of how the project increases the effectiveness and efficiency of the Blue Box program (i.e. goals & objectices)

--

Please list the project team members.

--

Project Duration:

--

Project Completion Date:

--

Figure 3 - Best Practice Spreadsheet Tab

KPMG Best Practice Information

Municipal Program Type by Decision Tree Model:			
Fundamental Best Practice Type of Project:		Before Project	After Project
Please state if your municipality implements these factors that appeared to positively affect program performance:			
Promotion of environmental awareness as community focus - comprehensive menu of environmental programs that develops/reinforces a broad environmental ethic. (Yes/No)			
State the Council approval date of your existing integrated Waste Management Plan.			
Cooperation with other municipalities to share services / MRFs. (Yes/No)			
Staff who have established relationships with and knowledge of end markets. (Yes/No)			
At least one depot for Blue Box overflow, additional materials, or to serve multi-family who otherwise don't have Blue Box service. (Yes/No)			
Programs that forego revenue for low cost collection/processing from a local MRF can be very efficient. (Yes/No)			
Short distance to MRFs and markets. (Yes/No)			
Clear instructions to residents, operators, collectors, etc. . (Yes/No)			
Consistent enforcement of rules and garbage bag limits. (Yes/No)			
Staff consistency, especially on collection. (Yes/No)			
Collaborative P&E, with schools/civic organizations/young persons groups, etc. . (Yes/No)			
High availability of P&E such as local phonebooks, visible on trucks, calendars, etc. . (Yes/No)			
High tipping fees at landfills. (state residential fee per tonne)			
Please state if your municipality has these factors that appeared to negatively affect program performance:			
Long distance to MRFs and markets. (Yes/No)			
Contracts prepared by others and staff not fully trained/knowledgeable on terms, e.g., fuel surcharge amounts. (Yes/No)			
High MRF residue rates. (Yes/No)			
Poor baling of processed material - not dense enough. (Yes/No)			
Inconsistent collection or enforcement of rules. (Yes/No)			
Poor education of municipal/contractor employees. (Yes/No)			
No provision of free blue boxes. (Yes/No)			
High degree of seasonal residents. (Yes/No)			
High degree of private, narrow roads. (Yes/No)			
Dispersed population. (Yes/No)			
Poor location of MRF within municipality (not centralized). (Yes/No)			
Lack of waste audits of materials. (Yes/No)			
Waste management seen as a low importance by management. (Yes/No)			
Lack of skills and resources. (Yes/No)			
Recently established recycling program. (Yes/No)			
Other factors:			
Garbage bag limits (state number)			
Do your municipal bylaws require recycling. (Yes/No)			
Collection frequency (i.e. weekly, bi-weekly, other)			
Type of collection			
Processing contract renewal date.			
Collection contract renewal date.			

Note: Choose from the pick list for all yellowed cells.

Page 2 of 3

Figure 4 - Financial Operations Spreadsheet Tab

Financial Data - Operational / Capital Improvement Projects

	2006	2007	% Change over 2006	Projected Project Results	% Change over 2007
Households Served			# DIV/0!		# DIV/0!
Population			# DIV/0!		# DIV/0!
Recovery Rate			# DIV/0!		# DIV/0!
Marketed tonnes			# DIV/0!		# DIV/0!
Municipal Costs					
Residential collection cost			# DIV/0!		# DIV/0!
Residential depot/transfer cost			# DIV/0!		# DIV/0!
Residential processing cost			# DIV/0!		# DIV/0!
P&E admin staff cost			# DIV/0!		# DIV/0!
P&E material cost			# DIV/0!		# DIV/0!
Interest on municipal capital			# DIV/0!		# DIV/0!
Sub Total Municipal Cost	\$0	\$0	# DIV/0!	\$0	# DIV/0!
Contracted Costs					
Residential collection/transfer cost			# DIV/0!		# DIV/0!
Residential processing cost			# DIV/0!		# DIV/0!
Administration cost			# DIV/0!		# DIV/0!
Total Gross Residential Cost	\$0	\$0	# DIV/0!	\$0	# DIV/0!
Total Revenue			# DIV/0!		# DIV/0!
Total Net Residential Cost	\$0	\$0	# DIV/0!	\$0	# DIV/0!
Gross cost per tonne			# DIV/0!		# DIV/0!
Net Cost per tonne			# DIV/0!		# DIV/0!
	Total	Per HH	Per Population		
Project Cost		# DIV/0!	# DIV/0!		
Projected Annual Operations Savings		# DIV/0!	# DIV/0!		
Projected Annual Cost Avoidance		# DIV/0!	# DIV/0!		
Funding Request		# DIV/0!	# DIV/0!		
Life Expectancy for project capital (years):					
Payback (years):	# DIV/0!	Percent Funding Request		# DIV/0!	

Figure 5 - Financial Best Practice Study Spreadsheet Tab

Financial Data - Best Practice Study Projects				
Program Summary		2006	2007	% Change over 2006
	Households Served			#DIV/0!
	Population			#DIV/0!
	Recovery Rate			#DIV/0!
	Marketed tonnes			#DIV/0!
	Municipal Costs			
	Residential collection cost			#DIV/0!
	Residential depot/transfer cost			#DIV/0!
	Residential processing cost			
	P&E admin staff cost			#DIV/0!
	P&E material cost			#DIV/0!
	Interest on municipal capital			#DIV/0!
	Sub Total Municipal Cost	\$0	\$0	#DIV/0!
	Contracted Costs			
	Residential collection/transfer cost			#DIV/0!
	Residential processing cost			#DIV/0!
	Administration cost			#DIV/0!
	Total Gross Residential Cost	\$0	\$0	#DIV/0!
	Total Revenue			#DIV/0!
	Total Net Residential Cost	\$0	\$0	#DIV/0!
	Gross cost per tonne			#DIV/0!
	Net Cost per tonne			#DIV/0!
CIF Summary		Total	Per HH	Per Population
	Project Cost		#DIV/0!	#DIV/0!
	Funding Request		#DIV/0!	#DIV/0!
	Percent Funding Request	#DIV/0!		



Figure 6 - Other Projects

Financial Data - Small & Other Project Type on Approved List

Program Summary		2006	2007	% Change over 2006
	Households Served			#DIV/0!
	Population			#DIV/0!
	Recovery Rate			#DIV/0!
	Marketed tonnes			#DIV/0!

CIF Summary			Total
	Project Cost		
	Projected Annual Operations Savings (if applicable)		
	Projected Annual Cost Avoidance (if applicable)		
	Funding Request		
	Percent Funding Request		#DIV/0!
	Life Expectancy for project capital (years):		
	Payback (years):	#DIV/0!	



Appendix 3 - PROJECT AGREEMENT

Continuous Improvement Fund Project #XXX

THIS AGREEMENT made as of the □ day of □ 2008.

AMONG:

Waste Diversion Ontario,

a corporation without share capital incorporated under the laws of the Province of Ontario, having its place of business at:
45 Sheppard Ave East, Suite 920, Toronto, Ontario, M2N 5W9

(hereinafter referred to as the “WDO”)

- and -

Municipality XXXXXXXXX

a corporation incorporated under the laws of the Province of Ontario, having its place of business located at:
address

(hereinafter referred to as the “Municipal Partner”)

- and –

Stewardship Ontario,

a corporation without share capital incorporated under the laws of the Province of Ontario, having its place of business located at:
26 Wellington Street, East, Suite 601, Toronto, Ontario, M5E 1S2

(hereinafter referred to as “Stewardship Ontario”)

(Collectively referred to as “the Parties”)

WHEREAS a waste diversion program plan for blue box wastes has been established through WDO (the **Blue Box Program Plan**) in accordance with all the legislative requirements of the *Waste Diversion Act 2002* (Ontario) (the “**WDA**”);

AND WHEREAS a fund known as the “Continuous Improvement Fund” (occasionally herein referred to as the “CIF”) has been established through an agreement dated as of September 6, 2007 among the Association of Municipalities of Ontario, The City of Toronto, Stewardship Ontario and WDO under the Blue Box Program Plan;



AND WHEREAS WDO is desirous of partnering with the Municipal Partner to undertake a project in connection with certain aspects of the waste diversion program for blue box wastes;

AND WHEREAS Stewardship Ontario has been designated under the WDA as the industry funding organization for blue box waste and is responsible for the execution of the Blue Box Program Plan;

AND WHEREAS the Municipal Partner has applied to and is desirous of receiving funding from the Continuous Improvement Fund for the Project on the terms and subject to the conditions herein set out;

AND WHEREAS Stewardship Ontario, as custodian of the Continuous Improvement Fund, is to provide funding from the Continuous Improvement Fund for the Project; and

AND WHEREAS the day to day management of the Continuous Improvement Fund is being carried out under the supervision of the director of the Continuous Improvement Fund (the "**Director CIF**").

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants and agreements of the Parties contained herein, it is agreed as follows:

ARTICLE 1– ENGAGEMENT

1.1 Retainer. WDO hereby retains the Municipal Partner to undertake the project XXX (the "**Project**") as outlined in the following documents (hereinafter referred to as the "**Terms of Reference**":

- a. Application titled XXX (attached as Appendix A),
- b. Budget (attached as Appendix B).
- c. Payment Schedule (attached as Appendix C).

The Municipal Partner will provide staff to oversee the Project and to ensure that the final Project report document is practical and usable. The Municipal Partner shall scrutinize and review the progress of the Project and the completion of Project deliverables on an on-going basis and will provide written status reports to WDO as required from time to time, such reports to be in form and substance satisfactory to WDO, acting reasonably. The Municipal Partner shall provide these services without cost to either WDO or Stewardship Ontario.

1.2 Term of Agreement. This Agreement shall remain in full force and effect from the date hereof until all deliverables are completed and the final report is accepted and approved by the Director CIF, subject to earlier termination as hereinafter provided (see Section 4.1), with the said term being capable of extension by mutual written agreement of the Parties hereto.

1.3 Provision of Services. The Project shall be carried out by the Municipal Partner in consultation with the Director CIF. The Municipal Partner shall devote a sufficient amount of staff time and other resources to carry out the Project in accordance with the timelines, budget and other parameters set out in the appendices hereto.

1.4 Sub-Contractors. The Municipal Partner may, from time to time, sub-contract the performance of the services required to carry out the Project to other persons, firms and associations as detailed in Appendix A. It is agreed and acknowledged that any sub-contracting provided to the Municipal Partner



will be at the cost of the Municipal Partner, except as detailed in Appendix A, and the Municipal Partner will be fully responsible for the performance of the obligations hereunder and its obligations in relation to the Project whether or not such obligations have been sub-contracted to a third party.

1.5 Board Policy. The Municipal Partner shall act in accordance with any policy established by WDO and/or Stewardship Ontario.

1.6 Remuneration. In consideration of the services to be rendered by the Municipal Partner in relation to the Project hereunder, Stewardship Ontario shall pay to the Municipal Partner up to the sum of ***\$\$\$ plus GST***. Payments to the Municipal Partner shall be made according to the payment schedule detailed in Appendix C, linked to the Project deliverables within 30 days of receiving fully documented labour and expense invoices. Stewardship Ontario may withhold 25% of the total contract amount pending the submission of a final Project report that is acceptable to WDO.

Invoices are to include a reference to the Project title ("XXX") and the percentage of task completed (e.g. Component 1 is 25% complete) and are to be directed to:

***Waste Diversion Ontario
Continuous Improvement Fund Office
92 Caplan Avenue, Suite 511
Barrie, ON L4N 0Z7
Attention: Accounts Payable***

1.7 Expenses. Expenses include travel costs actually and properly incurred by the Municipal Partner in connection with undertaking the Project hereunder and as outlined in the Terms of Reference. The Municipal Partner shall include original statements and vouchers with invoices to support expense claims. Notwithstanding the foregoing, the Municipal Partner will not be entitled to obtain reimbursement for travel costs in excess of [\$1,000] unless prior approval of the Director CIF has been obtained for such travel.

ARTICLE II - COVENANTS

2.1 No Delegation of Services. The Municipal Partner shall not delegate or sub-contract the performance of the Project to anyone without the prior written consent of the WDO, except as set out in Appendix A.

ARTICLE III - CONFIDENTIALITY

3.1 Confidential Information. The Municipal Partner shall, and shall require each sub-contractor, to covenant and agree in writing, not to disclose to anyone any confidential information with respect to any material provided by and about the business or affairs of the WDO or Stewardship Ontario except as may be necessary or desirable to further the interest of the Project, but only as approved, in writing, by WDO and Stewardship Ontario. The Municipal Partner and its sub-contractors will sign confidentiality agreements with WDO and Stewardship Ontario as required relating to data supplied by WDO and/or Stewardship Ontario. This obligation shall survive the expiry or termination of this Agreement.

3.2 Return of Property. Upon expiry or termination of this Agreement, the Municipal Partner and its sub-contractors shall return to WDO any property, documentation, or confidential information which is the property of WDO.

ARTICLE IV- TERMINATION

4.1 Termination of Agreement. Either WDO or the Municipal Partner may terminate this Agreement by giving the other thirty (30) days notice. If this Agreement is so terminated, the liability of Stewardship Ontario for any unpaid portion of the Project Cost shall be limited to an amount that, in the opinion of Stewardship Ontario and WDO, is a reasonable payment for the Municipal Partner's partial performance of the Project to the date of termination. The Municipal Partner shall provide a written report to WDO summarizing all of the work undertaken in relation to the Project and the results achieved up to the date of termination, such report to be in form and substance satisfactory to WDO acting reasonably. If the Project is terminated and Stewardship Ontario has made a partial payment towards the Project Cost, WDO and Stewardship Ontario reserves the right to make public the deliverable(s) for which the Municipal Partner has been paid.

4.2 Survival. With the exception of the provisions of this Agreement concerning payment in Article One, confidentiality in Article Three, communications in Section 6.17 and any other provisions specifically stated to survive the termination of this Agreement, the obligations of the Parties under this Agreement shall terminate upon the termination of this Agreement.

ARTICLE V- RELATIONSHIP OF PARTIES

5.1 Relationship of Parties. It is acknowledged by the Parties hereto that the Municipal Partner is being funded by Stewardship Ontario in the capacity of Project funder. The Municipal Partner, WDO and Stewardship Ontario acknowledge that this Agreement does not create a partnership, agency or joint venture relationship between them and none of the Parties shall have any right to bind any of the other Parties hereto to any contractual obligations.

5.2 Indemnity. The Municipal Partner agrees to indemnify and hold harmless WDO and Stewardship Ontario in respect of any losses, costs, claims, damages or expenses incurred by either of them as a result of any act or omission of the Municipal Partner in carrying out its obligations under this Agreement or its obligations in relation to the Project.

ARTICLE VI - GENERAL CONTRACT PROVISIONS

6.1 Data and Publications

a. WDO and Stewardship Ontario shall be the owners of the copyright pertaining to the reports or other documents or data prepared under the terms of this Agreement or of the Project and the owners of all other intellectual property rights arising as a result of the Project. WDO and Stewardship Ontario retain the full capacity, free of all royalties or other charges, to publish or use, at any time, or times, any reports, data, or related documents or information, in whole or in part, produced under this Agreement in relation to the Project.

b. The Municipal Partner shall include the following copyright notice in at least one prominent place in the reports and other documents related to the Project, in the following manner:

© 200X Waste Diversion Ontario and Stewardship Ontario

All rights reserved. No part of this publication may be reproduced, recorded or transmitted in any form or by any means, electronic, mechanical, photographic, sound, magnetic or other, without advance written permission from the owner.

c. The Municipal Partner shall recognize and state in an appropriate manner, as approved by WDO and Stewardship Ontario, the support offered by WDO and Stewardship Ontario concerning the Project. Unless the Municipal Partner has received written notice to the contrary from WDO, the following shall be incorporated into the reports and other documents produced by the Municipal Partner or sub-contractor in connection with the Project:

This Project has been delivered with the assistance of Waste Diversion Ontario's Continuous Improvement Fund, a fund financed by Ontario municipalities and stewards of blue box waste in Ontario. Notwithstanding this support, the views expressed are

the views of the author(s), and Waste Diversion Ontario and Stewardship Ontario accept no responsibility for these views.

- d. The provisions of Section 6.16 shall survive the termination of the Agreement.

6.2 Communications

- a. The Parties recognize the importance of making information about the Project available for public use. The Municipal Partner shall cooperate in providing reasonable information on the Project to the public as directed by the Director CIF. WDO may separately contract for communications in addition to communications activities outlined in Appendix A. The Municipal Partner shall be responsible for replying to public and media inquiries regarding the Project for a period of 12 months after the final report has been approved by the Director CIF.
- b. The Municipal Partner shall assist WDO and Stewardship Ontario in developing a communications strategy for publicizing the findings of the Project for a period of 12 months after the final report has been accepted and approved by the Director CIF. WDO and/or Stewardship Ontario may separately contract for communications in addition to communications activities outlined in Appendix A.

6.3 Dispute Resolution

- a. If any dispute arises between or among any of the parties hereto as to their respective rights and obligations under this Agreement, the parties shall use the following dispute resolution procedures to resolve such dispute:
- b. The parties shall attempt to resolve disputes in the spirit of mutual cooperation through discussion and negotiations between the designated representatives of the parties within thirty (30) days of the date upon which notice of the dispute was first given by one party to the other(s) or as otherwise agreed upon;
- c. If the parties are unable to resolve the dispute in the manner aforesaid, each of the parties to the dispute shall have the right, on notice in writing to the other parties to the dispute, to require that such dispute be submitted to the senior executive officers of the parties to the dispute for discussion and resolution within thirty (30) days of the date of the notice requiring such dispute to be submitted to them or as otherwise agreed upon;
- d. In the event that the senior executive officers of the parties are unable to resolve such dispute, each of the parties to the dispute shall have the right, on notice in writing to the other parties to the dispute, to require that such dispute be submitted to the chairs of the Board of Stewardship Ontario and WDO and an individual designated by the Municipal Partner for discussion and resolution within thirty (30) days of the date of the notice requiring such dispute to be submitted to them or as otherwise agreed upon;
- e. If the representatives of the parties are unable to resolve the dispute, the Parties shall have the right to refer the matter to binding arbitration in accordance with the provisions of the Arbitration Act, 1991, S.O. 1991, c.17, as amended. Each of the parties to the dispute shall bear the cost of its own counsel and witnesses but the costs of the arbitration including the fees of the arbitrator(s), the cost of the court reporters and transcripts and the cost of the arbitration facility shall be borne equally by the Parties to the dispute. The arbitration shall take place in Toronto, Ontario, Canada, before a single arbitrator to be chosen jointly by the parties to the dispute. If the parties cannot agree on the choice of an arbitrator within thirty (30) days of the notice requiring such dispute to be submitted to arbitration, then any of the parties shall be entitled to apply to the Court for the appointment of an arbitrator; and
- f. The parties may determine the procedure to be followed by the arbitrator in conducting the proceedings, or may request the arbitrator to do so. The arbitrator shall issue a written award within thirty (30) days of completion of the hearing.

6.4 Notices. All notices, requests, demands or other communications (collectively “Notices”) by the terms hereof required or permitted to be given by one party to any other party, or to any other



person shall be given in writing by personal delivery or registered mail (postage prepaid), by facsimile transmission, or by email to such other party as follows:
to WDO at:

Waste Diversion Ontario
45 Sheppard Ave. East, Suite 920
Toronto, Ontario,
M2N 5W9
Attention: Glenda Gies
Email: glendagies@wdo.ca
Tel: (416) 226-5113 Fax: (416) 226-1368

with a copy to:
Continuous Improvement Fund Office
92 Caplan Avenue, Suite 511
Barrie, Ontario
L4N 0Z7
Attention: Mr. Andy Campbell, Director CIF
Phone: 705.719.7913 Fax: 866.472.0107
Email: andycampbell@wdo.ca

to the Municipal Partner at:
XXXXXXXXXXXX

City, Ontario, YYYYYYY

Attention: XXXXXXXX

Email: XXXXXXXX

Phone: XXXXXXXX Fax: XXXXXXXX

to Stewardship Ontario at:
Stewardship Ontario
26 Wellington Street East, Suite 601
Toronto, Ontario
M5E 5W9
Attention: John Dixie, Technical Services
Email: jdixie@stewardshipontario.ca
Tel: 647-777-3366 Fax: 416-594-3463

or at such other address as may be given by any such person to the other Parties hereto in writing from time to time.

All such Notices shall be deemed to have been received on the day when delivered, transmitted or e-mailed, or, if mailed, 72 hours after 12:01 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received 72 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted all Notices shall be given by personal delivery, facsimile transmission or e-mail.

6.5 Additional Conditions. The Parties shall execute such further and other documents, cause such meetings to be held, resolutions passed and by-laws enacted, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

6.6 Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

6.7 Time of the Essence. Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

6.8 Entire Agreement. This Agreement constitutes the entire Agreement of the Parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the Parties rely upon or regard as material, any representations or writings whatever not incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the Parties hereto. Any schedules referred to herein are incorporated herein by reference and form part of the Agreement.

6.9 Enurement. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

6.10 Assignment. None of the Parties shall assign any of its rights or obligations hereunder without the prior written consent of the other Parties.

6.11 Currency. Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.

6.12 Headings for Convenience Only. The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

6.13 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the Parties hereto agrees irrevocably to attorn to the non-exclusive jurisdiction of the Courts of such Province.

6.14 Gender. In this Agreement, words importing the singular number shall include the plural and vice versa, and words importing the use of any gender shall include the masculine, feminine and neuter genders and the word "person" shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

6.15 Calculation of Time. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, i.e. a day on which banks are open for business in the Province of Ontario, then the time period in question shall end on the first business day following such non-business day.

6.16 Legislation References. Any references in this Agreement to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

6.17 Severability. If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.



6.18 Transmission by Facsimile or E-mail. The Parties hereto agree that this Agreement may be transmitted by facsimile, e-mail or such similar device and that the reproduction of signatures by facsimile, e-mail or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

IN WITNESS WHEREOF the Parties have executed this Agreement effective the date first stated above.

By: _____

I have authority to bind the corporation.

Waste Diversion Ontario

By: _____

I have authority to bind the corporation.

Corporation of XXXXXXXXXXXX

By: _____

I have authority to bind the corporation.

Stewardship Ontario