

CIF

CONTINUOUS IMPROVEMENT FUND

2011 CIF Operations Plan



Table of Contents

TABLE OF CONTENTS	2
1 – INTRODUCTION	3
2 – STRATEGIC PLAN	4
3 – COMMUNICATION STRATEGY	5
4 – FUND PRIORITIES AND FOCUS	6
4.1 BEST PRACTICES	6
4.2 PROMOTION AND EDUCATION	8
4.3 INNOVATION & EMERGING TECHNOLOGIES	8
4.4 PROJECT SUPPORT	9
4.5 GENERAL FUNDING GUIDELINES	9
5 – APPLICATION AND EVALUATION PROCESS	10
6 – FINANCIAL	12
7 – APPENDICES	15
APPENDIX 7.1 GOVERNANCE	16
APPENDIX 7.2 FUND ADMINISTRATION	19
APPENDIX 7.3 DECLARING A CONFLICT OF INTEREST	25
APPENDIX 7.4 APPEAL PROCEDURE	26
APPENDIX 7.5 EVALUATION SCORECARD	27

1 – 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 improve the effectiveness and efficiency of municipal blue box programs. The CIF's role is to also identify and assist in the implementation of best practices, emerging technologies and innovation that will lead to increased recovery of blue box material while promoting cost effectiveness. The stewards' obligation to the CIF commenced on January 1, 2008 with the operation of the fund starting on May 1, 2008.

The Memorandum of Understanding for the operation of CIF program between program partners was originally in effect from 2008 to the end of 2010. In July 2010 the WDO Board approved additional funding for the CIF resulting in the program partners extending the time frame for the program to the end of 2011 with a requirement that all funding be allocated by June 2013. For 2011 the CIF comprises 10% of the annual financial obligations of the stewards to municipalities under the Blue Box Program Plan.

The CIF Operation Plan is developed on an annual basis to meet the objectives established in the 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 fourth 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.

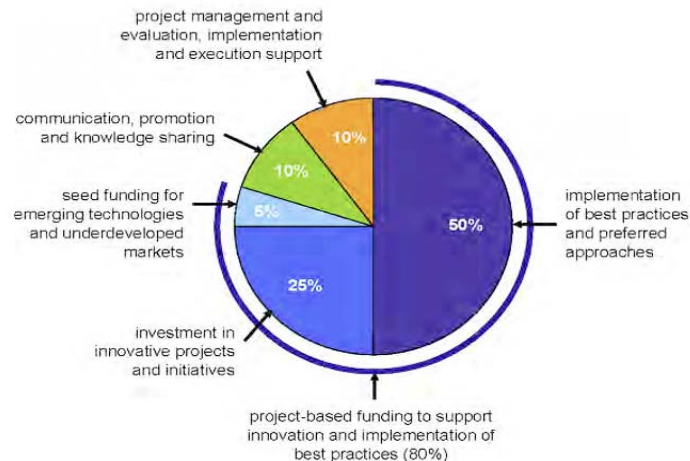
The 2011 CIF Operations Plan presents the current CIF Committee priorities and budget allocations.



2 – Strategic Plan

Waste Diversion Ontario's Municipal Industry Program Committee (MIPC) developed the CIF Strategic Plan (available on CIF's website www.wdo.ca/cif) for the CIF in 2007. The emphasis of the Strategic Plan was to develop projects with municipalities according to the funding proportions outlined in Figure 1.

Figure 1 - Strategic Plan Priorities



Starting 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 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.

For 2011 the funding allocations will continue to be consistent with the CIF Strategic Plan. Further, the CIF will focus on a specific series of initiatives and projects as identified in Section 4 of this report.

3 – Communication Strategy

The CIF does more than just provide project financing to municipalities; it provides opportunities for municipalities to engage each other and share their projects so that there is an effective transfer of knowledge and dissemination of successful ideas to effectively improve the blue box program in Ontario.

The CIF has a communication strategy that addresses five distinct sets of issues and sets out a plan to:

- Meet with municipalities as frequently as possible at their workplaces to provide assistance and discuss opportunities to improve their blue box programs;
- Strengthen two-way communications between CIF and our clients, so that we can better communicate with and assist them in developing their projects;
- Develop clear and consistent messages to promote better understanding of CIF's goals, project opportunities and priorities;
- Establish CIF's image and reputation as a promoter of best practices and innovation, and a valued partner to municipalities who want to expand and enhance the efficiency of their blue box programs; and,
- Create a set of communication tools, including a regular e-newsletter for clients, a semi-annual conference and a website.

An important focus for the communications throughout 2011 will be the sharing of project success stories. There is no better way to encourage the adoption of best practices and innovative techniques in blue box collection and processing than to publicize the successful experiences of communities across the province that are improving the efficiency and effectiveness of their programs with the assistance of CIF funding. Project stories will be highlighted in the newsletter, on the website and in presentations at Ontario Recycler Workshops and industry conferences.

Enhancing two-way communications with our clients is a priority. Opportunities for direct engagement include the twice-yearly Ontario Recycler Workshops, regular Plastics Projects teleconferences, the discussions and activities of the Multi-residential Recycling working group, and direct contacts and visits by CIF staff to communities across Ontario.

To assist in gathering client feedback and evaluating the success of the communications strategy, CIF uses monitoring and measurement techniques to gauge client and stakeholder interest in the issues raised in communications. Specifically, CIF staff conduct mini-surveys and polls through the regular CIF Connections e-newsletter. The CIF also measures client and stakeholder response to different themes and topics that are discussed in the newsletter. The CIF has also undertaken annual surveys of municipalities to assist in determining budget priorities and client satisfaction.

4 – Fund Priorities and Focus

In 2010 the CIF was very successful encouraging municipalities to undertake new effectiveness and efficiency projects through a Request for Expressions of Interest (REOI) process. The priorities for the REOI were established in the 2010 CIF Operations Plan. Through this process applications for over 160 projects were received with funding requests for over \$20 million dollars.

For 2011 the CIF funding will focus on the following issues:

- Support municipalities to implement the collection and recycling of more plastic packaging;
- Continue to support the development of larger, regional MRFs;
- Improve the efficiencies and effectiveness of MRFs through training and technology improvements;
- Innovation to reduce greenhouse gas emissions and improve fuel economy on collection vehicles;
- Reduce curb side and multi-residential costs by encouraging the use of program monitoring systems such as radio frequency identification (RFID) technology for carts and route management software;
- Support small municipalities in developing promotion and education plans;
- Support the WDO best practice for all municipalities to have current waste recycling plans; and
- Development of better and best practices.

4.1 – Best Practices

In 2009 MIPC implemented payment of steward fees to municipalities for 2010 based, in part, on the best practices identified by KPMG in 2007¹. WDO is collecting information from municipalities through its annual data call to determine compliance with the following eight fundamental best practices:

- Development and implementation of an up-to-date plan for recycling as part of an Integrated Waste Management Plan;
- Multi-municipal planning approach to collection and processing of recyclables;
- Establishing defined performance measures including diversion targets and monitoring and a continuous improvement program;
- Optimization of operations in collections and processing;
- Training of key program staff in core competencies;
- Appropriately planned, designed, and funded promotion and education program;

¹ KPMG; “Blue Box Program Enhancement and Best Practices Assessment Project”, July 31, 2007

- Established enforced policies that induce waste diversion; and
- Following generally accepted principle (GAP) for effective procurement and contract management.

In 2010 the CIF assisted over 90 municipalities with training and funding to create current waste recycling plans. A review of the 2009 WDO data call results indicates that there are likely 100 other municipalities that need to update their plans. For 2011 the CIF will continue to assist municipalities to develop recycling plans by:

- Funding 75% of the cost of an integrated recycling plan up to a maximum of \$15,000 each for municipalities that have never developed a plan or whose plan is older than five years; or
- Fund 90% of the cost of a joint integrated recycling plan up to a maximum of \$45,000 if neighbouring municipalities develop a coordinated plan.

The CIF and Stewardship Ontario have been funding the development of additional plastic packaging recycling capacity in Ontario to support the marketing of these materials by municipalities. By mid 2011 it is expected that these new operations will have more than sufficient capacity to handle the existing 3-7 rigid plastics collected by municipalities. Municipalities will be able to increase the range of 3-7 plastics that they collect or add these materials if they currently do not provide recycling of them. MIPC and the CIF Committee encourage municipalities to support these Ontario plastics re-processing markets and will require it as a condition in the CIF funding agreements. For 2011 the CIF will assist municipalities to introduce the collection of these materials to their program by:

- Developing and delivering training workshops across the province on how to successfully add ridged 3-7 plastic packaging;
- Funding up to 60% of the promotion and education material specifically directed to increasing the collection of 3-7 plastic packaging;
- Working with municipalities to effectively mitigate increased costs if significant program changes are made part way through a MRF or collection contract;
- Fund 50% of the cost of up to 200,000 new recycling containers that will be used for the collection of 3-7 mixed plastics. These containers are to have a capacity of at least 22 gallons with a preference for 24 or 25 gallons and have a high percentage of post consumer resin from the Ontario blue box program. Funding for up to 50% of the MRF upgrades if a business case supports the use of bagged collection; and
- Work with municipalities to issue joint tenders for the purchase of these containers to ensure effective purchasing economies of scale.

In 2009 CIF developed a best practice policy (see www.wdo.ca/cif) to implement adequate collection capacity in multi-residential buildings. The policy provides a framework for funding recycling bin containers to meet the capacity requirements determined through a thorough evaluation process. The requirement to utilize RFID tags on the carts purchased through the CIF leads to the opportunity to fully automate the management of cart inventories in Ontario. In 2011 CIF will:

- Fund up to \$35 per unit to evaluate and implement the best practice policy in multi-residential recycling;
- Fund 50% of the cost for additional multi-residential collection bins or overhead carts to achieve the best practice capacity of one blue box per unit. CIF has budgeted a total of \$250,000 for this;



- Work with municipalities to jointly tender for the purchase of these containers to ensure effective purchasing economies of scale; and
- Fund the upgrade of existing cart inventories with RFID and barcode technologies.

4.2 – Promotion and Education

Municipalities across the province have developed award winning promotion and education programs for the blue box program and have determined that this investment does increase waste diversion. The challenge for some municipalities is that there are insufficient budgets to develop municipal specific media and deliver the message. In 2010 the CIF developed an online promotion and education toolkit to assist smaller municipalities to develop promotion and education plans. Over 35 municipalities have used this toolkit and received funding for their programs. The CIF also developed an online promotion and education tool for the multi-residential sector with over 50 municipalities participating in the program and funding. Funding for both of these programs will continue for 2011 for municipalities that have not previously accessed this program funding. For 2011 the CIF will:

- Expand access to the web based application that CIF developed for standardized print promotion and education material for multi-residential programs; and
- Fund up to 70 municipalities who have not previously accessed this grant with less than 10,000 households up to \$5,000 each for print media production and mailing costs if they have a current P&E strategy.

4.3 – Innovation & Emerging Technologies

Innovation falls into a number of project types: MRF upgrades, plastics processing, automated collection and new technologies. The 2011 budget provides funding for each of these important areas of focus. In 2011 CIF will implement the strategy by:

- Working with the City of Toronto to develop upgrades to its material processing capabilities;
- Investigate and support ways to train MRF operators on preventative maintenance and equipment maintenance;
- Develop blue box transfer stations to reduce haulage costs and enable the transfer of material to regional MRF facilities;
- Support the implementation of RFID technologies on carts for inventory, maintenance and collection routing management;
- Investigate opportunities to introduce new fuel efficient collection vehicles using compressed natural gas, hybrid or other technologies;
- Support MRF equipment and facility upgrades with a focus on plastics handling and fibre clean-up; and
- Working in conjunction with municipalities and Stewardship Ontario to develop a long-term solution to managing plastic packaging.

4.4 – Project Support

The CIF Strategy allocates funds for project support to municipalities and to CIF staff for research and assistance. Funds have been used to retain consultants for small municipalities, conduct research on better and best practices, general assistance to municipalities to develop contracts and to undertake project evaluations.

In 2011 general assistance to municipalities will continue to be funded with a specific focus on contract development and best practice evaluation. A recent survey of municipalities also indicated that municipalities are struggling with staff resources and are requesting more assistance from the CIF for the development and management of projects that would be funded by the CIF.

4.5 – General Funding Guidelines

Municipalities and their contractors can submit applications to the CIF for projects either through the CIF website or through the annual Request for Expression of Interest (REOI) process. The 2011 budget has provided a list of projects and budget allowances (see Table 4 in Section 6) that are the first priority for the CIF. An REOI for these projects will be issued by mid January 2010.

Unallocated funds, after considering all expressions of interest/formal applications, will be made available on a first come, first serve basis for municipalities to develop and implement projects other than those listed to achieve their own performance goals. CIF will support these projects using its current evaluation process (see Section 5 and Appendix 7.5) and funding ranges (see Table 1) to determine funding

CIF Committee may also consider funding projects at higher funding levels if it determines that a project can provide significant long-term improvements to the blue box program in Ontario.

The CIF Strategic Plan has a focus on projects that affect change as quickly as possible and attempts to direct funding assistance for projects that are ready to be implemented at the MRF or curbside. As such, the CIF does not approve funding for projects such as studies, master plans or waste audits that do not lead to an improvement in the performance and costs of the blue box program in the short term. It is recognised though that proper study and analysis is part of a successful project and that some of these costs are directly related to the implementation phase of a project. Therefore, project costs on a case-by-case-basis may include external costs for study elements that are integral to the implementation decision of a project and would be payable only if the final project is implemented.

Table 1 - 2011 Funding Ranges

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



5 – Application and Evaluation Process

The CIF updated its application process in 2009 to address suggestions and comments received from municipalities. The application changed from a Microsoft Excel spread sheet to an online form. The focus of the new system is to get the main details of the proponent's projects in an expeditious format so that CIF staff is aware of potential projects. The CIF staff is then able to work with the applicant to refine the project and application to ensure that the CIF objectives are met.

The 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

A copy of the evaluation form is in Appendix 7.5. 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 practise, applicable elements are evaluated on a scale of 1-5 based on the proponent's submission. Staff seek clarification from the proponents if necessary 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 60 points.

Currently projects must have a payback period of less than eight years. There may be some project applications, such as for promotion and education or best practice development, where it is not possible to calculate a payback period and therefore only the latter two mandatory criteria apply. Projects that pass this hurdle will be recommended for minimum funding within the appropriate Priority Area(s) as outlined in Table 1. 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 recognise this.

Small, rural and northern communities may have difficulty raising funds for recycling projects due to their limited tax base. Operational costs and capital costs are also inherently more expensive due to geographical obstacles and economies of scale. The CIF wants to encourage program improvements in these municipalities but the costs of doing a study or project that may cost \$20,000 to \$50,000 is significantly higher per capita compared to larger municipalities. The CIF

has the ability to assist small communities by funding projects directly from its project support budget.

The CIF Committee may also fund a project at higher levels than that noted in Table 1 if there are sufficient funds and the project provides a long-term strategic opportunity.

Applicants have the ability to appeal the funding decisions by following the procedure outlined in Appendix 7.4.

6 – Financial

The CIF received 20% of the obligated steward payments to municipalities for 2008, 2009 and 2010. The WDO Board approved funding at the 10% level for 2011. The Board has also stipulated that the CIF must allocate all funding to projects by the end of June 2013. It is recognized that the CIF payments to municipalities may continue past that date, as projects may not be completed by the end of June 2013.

A statement for the CIF for 2008 and 2009 is provided in Table 2.

Table 2 - 2008 & 2009 Financial Statement

	Year ended December 31, 2009 (Actual)	Year ended December 31, 2008 (Actual)
Sources		
Carry forward from previous year	\$9,564,210	0
Steward contributions	\$15,044,719	\$12,939,000
Interest	\$465,428	\$180,340
Total Sources	\$25,074,357	\$13,119,340
Uses		
Administration	\$652,101	\$198,484
Promotion	\$61,028	
Project Support	\$417,176	\$56,646
Best Practices	\$1,472,289	
Innovation	\$33,574	
Emerging Technologies	\$21,000	
Communications	\$280,489	
Committed on Projects	\$9,839,086	\$3,300,000
Total Uses	\$12,776,743	\$3,555,130
Balance	\$12,297,614	\$9,564,210

Table 3 provides a summary of the CIF budget for 2011 based on the funding priorities outlined in the CIF Strategic Plan. This budget assumes \$9 million in revenues from the stewards in 2011 as well as estimates of investment income. The CIF Committee requires that there is sufficient administration oversight and support for the program until all funds are expended. The budget allocation for project management therefore includes these administrative expenses for 2012 and 2013 as these expenses need to be funded from current revenue sources.

Table 3 - 2011 CIF Budget

Funding Commitments	Actual Committed 2008 & 2009	Approved 2010 Budget	2010 Commitments		Projected 2010	2011 Budget	2012 Budget	2013 Budget
			as at November 28/10					
Project Management	\$1,385,154	\$2,682,060	\$973,000		\$1,150,000	\$1,671,400	\$1,134,400	\$1,044,900
Best Practices	\$11,929,859	\$10,647,000	\$10,651,000		\$11,000,000	\$3,767,141	\$1,000,000	
Innovation	\$2,208,690	\$9,314,000	\$834,000		\$900,000	\$10,240,310		
Emerging Technologies	\$418,700	\$1,820,000	\$29,000		\$40,000	\$2,211,300		
Communication	\$389,750	\$3,659,000	\$280,000		\$325,000	\$4,624,250	\$300,000	
Total Expenses plus New Commitments	\$16,332,153	\$28,122,060	\$12,767,000		\$13,415,000	\$22,514,401	\$2,434,400	\$1,044,900
Total Annual CIF Funding	\$27,984,000	\$16,410,098	\$8,205,049		\$16,410,098	\$9,013,449	\$0	\$0
Investment Income	\$645,767	\$200,000	\$135,000		\$280,000	\$200,000	\$100,000	\$25,000
Previous Year Unallocated CIF carry forward		\$12,362,031	\$12,297,614		\$12,297,614	\$16,685,659	\$3,384,707	\$1,050,307
E&E Carry forward		\$649,959	\$929,904		\$1,112,947	\$0	\$0	\$0
Total Revenue	\$28,629,767	\$29,622,088	\$21,567,567		\$30,100,659	\$25,899,108	\$3,484,707	\$1,075,307
Balance at Year End	\$12,297,614	\$1,500,028			\$16,685,659	\$3,384,707	\$1,050,307	\$30,407

The funding priorities for 2011 are discussed in Section 4 of this report. These priorities are listed in Table 4 and represent \$14.6 million of the total 2011 budget. An REOI for 2011 will request municipalities to submit project applications within these budget limits and the CIF Committee may need to adjust these budget allocations based on the actual submissions.



Table 4 - 2011 CIF Priorities

<u>Priority</u>	<u>Allocation</u>
New plastic tonnage	
MRF upgrades	\$1,000,000
Increase curb side container capacity	\$600,000
Plastics P&E training	\$80,000
Fund P&E at 60%	\$1,000,000
Multi-residential	
Carts / overhead bins	\$250,000
Add RFID to existing carts	\$500,000
RFID implementation	\$250,000
Collection and transfer vehicle fuel efficiencies	\$500,000
MRF & transfer infrastructure	
MRF regionalization & transfer station construction	\$3,000,000
Compactor bins for depots	\$1,000,000
Eastern Ontario MRF	\$2,000,000
Toronto MRF	\$2,000,000
Preventative maintenance training & evaluation	\$250,000
Waste Recycling Plans	\$1,000,000
Small Municipal P&E	
\$5000 each for municipalities less than 10k households	\$175,000
Fibre handling	\$1,000,000
Total	\$14,605,000

It is estimated that there will be approximately \$3.4 million remaining in the CIF budget for other projects if all of the funds are allocated to priority projects as indicated in Table 4. These remaining funds will be available to other municipal projects that meet the effectiveness and efficiency guidelines of the CIF. There is also \$2.85 million in unallocated funds that were withheld by MIPC through the 2010 budget process that are to be allocated at the discretion of MIPC.

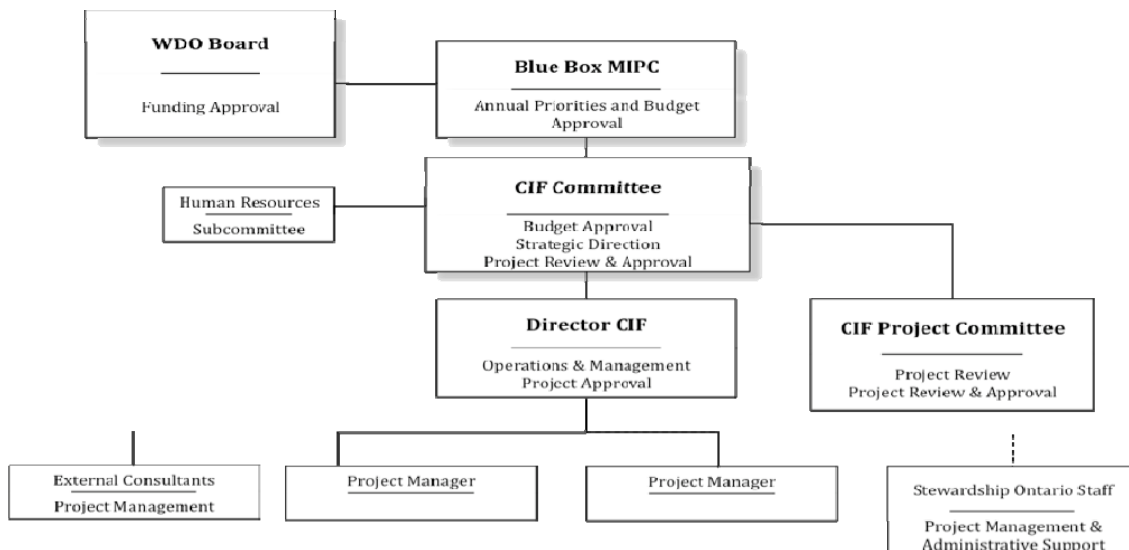
7 – Appendices

- 7.1 Governance
- 7.2 Fund Administration
- 7.3 Declaring a Conflict of Interest
- 7.4 Appeal Procedure
- 7.5 Evaluation Scorecard

Appendix 7.1 – 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;
- One alternate member representing Toronto and the Associations of Municipalities of Ontario;
- The Executive Director Waste Diversion Ontario as an observer; and
- The CIF Director as an observer.

The membership of the Committee for 2011 is shown in Table 5.

Table 5 – CIF Committee Membership

Representing	Member	End of Term
Chair	Doug Thomson	November 2011
Association of Municipalities of Ontario	Michael Garrett Milena Avramovic (alternate)	November 2012
City of Toronto	Geoff Rathbone	November 2012
Stewardship Ontario	Lyle Clarke Rick Denyes Guy Perry (alternate)	November 2012 November 2012
Member at Large	Jerry Powell	November 2011
Executive Director WDO	Interim Executive Director David Merriman	NA
MIPC Municipal Member (Observer)	Alec Scott	NA
Director CIF	Andy Campbell	NA

The term of the municipal and steward members are 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 5, 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 2011 is shown in Table 6.

Table 6 – CIF Project Committee Membership

Representing	Member	End of Term
Chair	Andy Campbell	NA
Association of Municipalities of Ontario	Erwin Pascual	June 2012
	Jerry Biersteker	September 2012
City of Toronto	Steve Whitter	June 2012
Stewardship Ontario	Rick Denyes	June 2012
	John Dixie	June 2012
MIPC Municipal Member (Observer)	Alec Scott	NA
CIF Staff	Mike Birett	NA
	Clayton Sampson	NA
	Anne Boyd	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.

The City of Toronto has indicated that it is unable to provide a member for part of 2011 due to staff resource limitations. Toronto has agreed that the CIF staff can appoint another municipal representative to replace its vacancy until such time as Toronto is able to fill its spot.

Appendix 7.2 – Fund Administration

WDO Board Approval

The stewards were obligated as of January 1, 2008 to fund the Continuous Improvement Fund and staff was 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.*

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 Appendix 7.4.

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.

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 7; 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.

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 Table 7;
- 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 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 7.

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 contracts will be funded by the project itself and will be managed by the assigned project manager (CIF or SO staff).

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 7;
- 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 7 – 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 7.3 – Declaring a 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 it's By-Law Number 2008-1 "A by-law relating to the Code of Conduct of Waste Diversion Ontario".

Appendix 7.4 – 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.

Appendix 7.5 – Evaluation Scorecard

Continuous Improvement Fund
Project Application Consensus Evaluation Summary

Applicant: _____ **Review Date:** _____

Project Name: _____ **CIF Project #:** _____

Criterion	Consensus Criterion Score	Criterion Weighting	Overall Weighted Score
1: Increased Cost Effectiveness	0	30	0.0
2: Increased Blue Box Diversion	0	20	0.0
3: Other Program Performance Improvements	0	10	0.0
4: Regionalization Benefits	0	20	0.0
5: Payback Period and Return On Investment	0	30	0.0
6: Project Implementation Measures/Aspects	0	20	0.0
Total:		130	0.0

Funding Recommendation

Project Payback	Did the project have a payback period less than 8 years(Yes/No)?	No
Projects Funded at the Minimum Level	Did the project have a Consensus Criterion Total score of at least 60, a Criterion 6 score of at least 50 and an acceptable payback?	No
Projects Funded above the Minimum Level	Did the project have a Consensus Criterion Score of at least 80 in Criterion 1,2,4, or 5, a Criterion 6 score of at least 50 and an acceptable payback?	No

Project Budget	Project Budget
Innovation	\$0
Emerging Technologies	\$0
Best Practices	\$0
Promotion and Education	\$0
Total	\$0

Project Funding Range	Base Funding Level	Maximum Addition Funding	Base Funding	Additional Funding	Total Funding	Funding Percentage
Innovation (67-75%)	67%	8%	\$0	\$0	\$0	#DIV/0!
Emerging Technologies (75-100%)	75%	25%	\$0	\$0	\$0	#DIV/0!
Best Practices (25-50%)	25%	25%	\$0	\$0	\$0	#DIV/0!
Promotion and Education (50%)	50%	0%	\$0	\$0	\$0	#DIV/0!
Total			\$0	\$0	\$0	#DIV/0!

Reviewers	Comments / Recommendation
CIF Staff	
CIF Project Committee	
CIF Committee	

Note: Only the consensus evaluation summary is retained for official records.

Continuous Improvement Fund - Project Application Evaluation

Project #: _____ 0

Evaluation Criterion 1: Improved Cost Effectiveness

Evaluator: _____

Sub Criterion	Evaluation Considerations		Scoring Basis and Rationale <i>(Evaluator to provide notes/rationale for score proposed)</i>	Score	Weight	Weighted Score
	General	Refinements/Preferences Based on Project Specifics <i>(Refine / add new evaluation considerations based on project specifics)</i>	Scoring Basis: 0: sub-criterion not addressed; 1: minimal impact/improvement and Best Practices not applied; 5: significant impact/improvement, stated preferences are met and Best Practices fully applied			
a) Improvement in Cost Effectiveness Compared to Current Program	Use WDO Data Base	Consider next lease cost tonne if appropriate.		0	40	0
b) Improvement in Cost Effectiveness Compared to Other Municipalities	Use WDO Data Base	Consider next lease cost tonne if appropriate.		0	40	0
c) Improvement in Cost Effectiveness Compared to Theoretically Achievable	Evaluator judgement based on other programs and consideration of project specifics			0	20	0

Total : 100 0

Continuous Improvement Fund - Project Application Evaluation

Project #: 0

Evaluation Criterion 2: Increased Blue Box Diversion

Evaluator: _____

Sub Criterion	Evaluation Considerations		Scoring Basis and Rationale <i>(Evaluator to provide notes/rationale for score proposed)</i>	Score	Weight	Weighted Score
	General	Refinements/Preferences Based on Project Specifics <i>(Refine / add new evaluation considerations based on project specifics)</i>				
			Scoring Basis: 0: sub-criterion not addressed; 1: minimal impact/improvement and Best Practices not applied; 5: significant impact/improvement, stated preferences are met and Best Practices fully applied	0 - 5		
a) Improvement in residential Blue Box Diversion Compared to Current Generation Rate	Audit Data	Consider new capacity and/or improvements based on tonnage or volume, as applicable> Consider increase in quality and/ or value of materials.		0	40	0
b) Improvement in residential Blue Box Diversion Compared to Current Capture Rate	Audit Data	Consider improvements based on tonnage or volume, as applicable Consider increase in quality and/or value of materials.		0	40	0
a) Improvement in residential Blue Box Diversion Compared to Other Municipalities	Audit Data	Consider improvements based on tonnage or volume, as applicable Consider municipal grouping.		0	20	0

Total : 100 0

Continuous Improvement Fund - Project Application Evaluation

Project #: _____ 0

Evaluation Criterion 3: Other Program Performance Improvements

Evaluator: _____

Sub Criterion	Evaluation Considerations		Scoring Basis and Rationale <i>(Evaluator to provide notes/rationale for score proposed)</i>	Score	Weight	Weighted Score
	General	Refinements/Preferences Based on Project Specifics <i>(Refine / add new evaluation considerations based on project specifics)</i>	Scoring Basis: 0: sub-criterion not addressed; 1: minimal impact/improvement and Best Practices not applied; 5: significant impact/improvement, stated preferences are met and Best Practices fully applied			
a) Ability to Adapt to Changes in Material Mix	Seasonal changes to mix; Future changes in mix			0	30	0
b) Ability to Process New Materials	Preference for #1-7 plastics (ex bottle grade #1-2); Preference for film plastic			0	30	0
c) Transferability of Funded Program Features to Other Municipalities				0	40	0

Total : 100 0

Continuous Improvement Fund - Project Application Evaluation

Project #: _____ 0

Evaluation Criterion 4: Regionalization Benefits

Evaluator: _____

Sub Criterion	Evaluation Considerations		Scoring Basis and Rationale <i>(Evaluator to provide notes/rationale for score proposed)</i>	Score 0 - 5	Weight	Weighted Score
	General	Refinements/Preferences Based on Project Specifics <i>(Refine / add new evaluation considerations based on project specifics)</i>	Scoring Basis: 0: sub-criterion not addressed; 1: minimal impact/improvement and Best Practices not applied; 5: significant impact/improvement, stated preferences are met and Best Practices fully applied			
a) Extent of Regionalization Proposed Relative to the Waste Shed				0	40	0
b) Extent of Proven Collaboration for Obtaining Regionalized Tonnes				0	30	0
c) Opportunity Cost Per Tonne for the Regional Tonnes	How do the savings compare?			0	30	0

Total : 100 0

Continuous Improvement Fund - Project Application Evaluation

Project #: _____ 0

Evaluation Criterion 5: Payback Period and Return On Investment

Evaluator: _____

Sub Criterion	Evaluation Considerations		Scoring Basis and Rationale <i>(Evaluator to provide notes/rationale for score proposed)</i>	Score 0 - 5	Weight	Weighted Score
	General	Refinements/Preferences Based on Project Specifics <i>(Refine / add new evaluation considerations based on project specifics)</i>	Scoring Basis:			
a) Payback Period (years) and/or Return on Investment	Preference for shorter payback periods	0: Eight years or greater 1: Five years 3: Three years 4: Two years 5: One year or less		0	30	0
b) Project Budget	Defined budget, reasonableness of costs	1: poorly defined budget 3: well defined budget 5: Costs seem appropriate, budget includes projected maintenance impacts		0	20	0
c) Risk of Achieving Proposed Payback	Defined project schedule, funding, contractor negotiations, inclusion of other partners	1: High Risk 3: Medium Risk 5: Low Risk		0	20	0
d) Early Adopter	Is the project novel?	1: More than seven similar projects 3: Three to six similar projects 5: Less than three similar projects		0	20	0
e) Timing of Payback	Preference for (in preferred order) immediate, then short-term, then longer-term			0	10	0

Total : 100 0

Continuous Improvement Fund - Project Application Evaluation

Project #: 0

Evaluation Criterion 6: Project Implementation Measures/Aspects

Evaluator: _____

Sub Criterion	Evaluation Considerations		Scoring Basis and Rationale <i>(Evaluator to provide notes/rationale for score proposed)</i>	Score 0 - 5	Weight	Weighted Score
	General	Refinements/Preferences Based on Project Specifics <i>(Refine / add new evaluation considerations based on project specifics)</i>	Scoring Basis: 0: sub-criterion not addressed; 1: minimal impact/improvement and Best Practices not applied; 5: significant impact/improvement, stated preferences are met and Best Practices fully applied			
a) Extent of Project Readiness		1: No budget or Council approval 4: Budget approved but project not started 5: Budget approved and project underway		0	20	0
b) Management Team Experience		1: inexperienced team 3: Qualified team 5: Qualified staff, consultants and contractor involvement		0	20	0
c) Project Risks		1: High risk 5: Low risk		0	10	0
d) Monitoring and Reporting		1: Plan needs to be developed 5: Complete plan identified with budget provision.		0	10	0
e) Quality of Application	Clarity, completeness and accuracy of presentation			0	20	0
f) Project Schedule	Clarity of presentation; Reasonableness of timeline assumptions; realistic project timing			0	20	0

Total : 100 0