



2013 CIF Operations Plan



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1 – Introduction

The Continuous Improvement Fund (CIF) is a program that was developed through a partnership between the Association of Municipalities of Ontario (AMO), the City of Toronto, Stewardship Ontario and Waste Diversion Ontario (WDO). Its mandate is to improve the effectiveness and efficiency of Ontario's municipal blue box programs. This mandate is fulfilled through the provision of funding and training to municipalities, the identification and development of best practices, and technological and market solutions that lead to increased diversion and cost effectiveness. The CIF commenced operations on May 1, 2008.

The original Memorandum of Understanding (MOU) between the program partners for the operation of the CIF program lasted from 2008 to the end of 2011. In July 2011 the partners approved additional funding for the CIF resulting in an extension of the program to the end of 2013 with a requirement that all funding be allocated by June 2015. In 2012 the partners provided additional funding to the CIF and authorized a three year extension of the fund's mandate. The CIF Operation Plan is developed on an annual basis to meet the objectives established in the Strategic Plan and as agreed to periodically by the program partners and approved by the Municipal Industry Program Committee (MIPC) and WDO Board.

The 2013 Operations Plan reflects direction received from MIPC regarding the allocation of \$10 million in funds held back by MIPC in 2011 and the transfer of \$3.45 million in funds to WDO in 2013 to cover the impact of the unexpected increase in the Canadian Newspaper Association (CNA)/Ontario Community Newspaper Association (OCNA) in-kind obligation. It also discusses the development of the planned Centre of Excellence and addresses any outstanding applications. As in past years, the CIF will continue to 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.

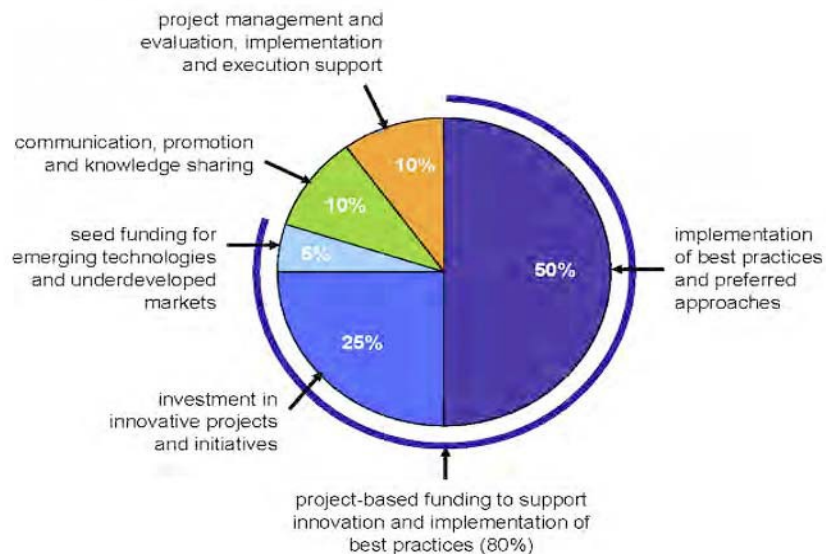
Consistent with its current mandate, the CIF will continue to endeavor to distribute funding equitably amongst municipalities within the context of its strategic and operational objectives.

To date, the CIF has made significant capital investments that have had a direct and positive impact on the long term effectiveness and efficiency of Ontario's Blue Box program. Additionally, the CIF has identified, tested and proven a number of operational better practices to improve program delivery and with 471 funded projects and an additional 25 under review, the organization represents a significant knowledge resource. The 2013 Operations Plan seeks to build on this success.

2 – CIF Strategic Plan

The CIF's Strategic Plan (available on CIF's website www.wdo.ca/cif) was developed by MIPC 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 & rationalization and new technology;
- 60% of the effectiveness funding should focus on ways to increase the collection and processing of packaging materials not currently collected in municipal Blue Box programs but are part of the packaging waste stream;
- Provide higher levels of project funding to early adopters of improved processes and technologies to encourage municipalities to make these program changes.

In July 2011 MIPC adopted a resolution to develop a new set of strategic directions and a new mandate for the CIF. While MIPC has not yet formalized a new mandate for the CIF, it did direct the CIF to cease distribution of funds on the basis of the principles identified in Figure 1 (above) and, instead, directed CIF to allocate funds based on the merits of regionalization projects and to develop and operate a knowledge based centre of expertise to promote best practices, to develop training and to study materials management issues with Blue Box programs in Ontario. To support these new directives, MIPC directed the CIF to set aside \$10 million in CIF funds to support system rationalization efforts.

During the 2012 MIPC negotiations, the partners agreed to provide an additional \$4.62 million in funding to the CIF for 2013 and authorized a three year extension of the fund's mandate. In July of 2012 the CIF completed the Provincial Blue Box Processing Infrastructure Study and provided MIPC with recommendations on allocation of the \$10 million holdback and possible 'next steps' to act on the results of the study. MIPC subsequently adopted the CIF's recommendations in August of 2012.

The 2013 Operations Plan reflects the objectives established in the Strategic Plan and direction from MIPC regarding allocation of funding to support program standardization, rationalization and cost containment. The Plan also provides funds for the development of a Centre of Excellence and considers other priorities identified by stakeholders during the AMO spring 2012 consultation process.

3 – Fund Administration

The following section of the 2013 CIF Operations Plan provides an overview of the fund's current financial status, human resource requirements and administrative activities.

3.1 Financial

From 2008 to 2010, the CIF received 20% of the obligated steward payments to municipalities. For 2011, the CIF received 10%. For 2012, the CIF received a flat rate of \$4,450,757 representing approximately 5%. For 2013, the CIF was provided with \$4.62 million (5%) in additional funds and a mandate to continue operations for an additional three years. The WDO Board has also stipulated that the CIF must allocate all funding to projects by the end of June 2015. It is recognized that the CIF's payments to municipalities may continue past that date, as projects may not be completed by the end of June 2015.

In September of 2012, Stewardship Ontario informed MIPC that the 2013 CNA/OCNA in-kind obligation would increase to over \$6 million representing a doubling of the prior year's obligation. In response to municipal concerns, the WDO, at its December 12th board meeting, adopted a resolution directing the transfer of \$3.45 million from the CIF to the WDO to be used to nullify the impact of the in-kind increase on the 2013 Blue Box Program cash pay-out to municipalities.

At the February 2013 meeting of CIF Committee, the 2013 Operations Plan was amended to redirect \$3.45 million to the WDO in accordance with the December 2012 directive.

A consolidated financial statement for the CIF for 2008 to 2011 is provided in Table 1.

Table 1 - 2008 to 2011 Financial Statement

	Year ended Dec 31, 2011 (Actual)	Year ended Dec 31, 2010 (Actual)	Year ended Dec 31, 2009 (Actual)	Year ended Dec 31, 2008 (Actual)
Sources				
Cash carry forward from previous year	\$39,111,467	\$25,091,110	\$12,845,351	\$.00
Municipal contributions	\$9,013,449	\$16,410,098	\$15,044,719	\$12,939,000
Interest	\$446,394	\$359,599	\$135,911	\$180,340
Other			\$2,787	
E&E Surplus transfer		\$1,112,947		
Total Sources (Cash Basis)	\$48,571,310	\$42,973,754	\$28,028,768	\$13,119,340
Uses				
Administration	\$594,196	\$586,042	\$652,101	\$198,484
Promotion	\$33,523	\$94,699	\$61,028	\$18,859
Project Support	\$356,083	\$259,524	\$417,176	\$56,646
Best Practices	\$9,147,539	\$2,421,299	\$1,472,289	
Innovation	\$698,573	\$261,182	\$33,574	
Emerging Technologies	\$369,607	\$62,783	\$21,000	
Communications	\$329,069	\$176,758	\$280,490	
Total Uses (Cash Basis)	\$11,528,590	\$3,862,287	\$2,937,658	\$273,989
Year End Balance (Cash Basis)	\$37,042,720	\$39,111,467	\$25,091,110	\$12,845,351
Total Outstanding Committed on Approved Projects	\$15,173,246	\$22,410,923	\$9,839,086	\$3,300,000
MIPC Holdback balance	\$2,802,500	\$2,850,000		
Unallocated Funds at Year End	\$19,066,974	\$13,850,544	\$15,252,024	\$9,545,351

A summary of the CIF project funding budget for 2013 is presented in Table 2. This budget includes transfer of \$3.45 million to WDO and allocation of \$12.125 million towards grants, development of the Centre of Excellence and project support. It is expected that the CIF will achieve the noted grant level in 2013 as there are already 25 municipal applications valued at almost \$14 million remaining to be evaluated from the 2011 REOI process. The CIF intends to allocate the funds by the end of 2013 provided sufficient applications of quality are obtained. The balance of remaining unallocated funds in the CIF's reserves is expected to be distributed in 2014. These remaining funds will be used to support implementation of results from new research planned for 2013 subject to new direction from the CIF Committee and MIPC.

Table 2 - 2013 CIF Project Budget

Project Funding: Actuals 2008 – 2011 continued below >>				
	2008 Actual	2009 Actual	2010 Actual	2011 Actual
Grants	\$733,147	\$10,114,093	\$11,410,028	\$7,649,376
Centre of Excellence				
Project Support	\$223,251	\$491,428	\$265,332	\$294,100
Annual Value of Project Approvals	\$956,398	\$10,605,521	\$11,675,360	\$7,943,476

Project Funding: Projected and Budgeted 2012-2016						
	Projected 2012	2013 Budget	2014 Budget	2015 Budget	2016 Budget	Total Budget
Grants	\$2,968,279	\$11,050,000	\$3,000,000	2,000,000		\$52,374,923
Centre of Excellence	\$160,545	\$975,000	\$750,000	\$700,000	\$150,000	\$2,735,545
Project Support	\$116,571	\$100,000	\$75,000	\$50,000	\$50,000	\$1,665,682
Annual Value of Project Approvals	\$3,245,395	\$12,125,000	\$3,825,000	\$2,750,000	\$200,000	\$56,776,150

This budget assumes \$4.62 million in additional revenues will be received from municipal funding in 2013 as well as additional estimated income from investment of unfunded committed funds. The CIF Committee requires that there is sufficient administrative oversight and support for the program until all funds are expended. This is reflected in the total administration and promotion line item in Table 3. While it is

possible that the CIF will receive additional monies in future years, this is neither guaranteed nor has it been assumed for the purposes of administering the fund budget. The administration, project support and promotion budget is capped at 10% of the total fund as required by the CIF Strategic Plan. As funding is reduced and efforts to close out the project files and disseminate the results, it is expected that this directive will not be possible on a year over year basis but is projected to average 10% over the duration of the fund.

The financial analysis of the CIF monies provided in Table 3 considers the available cash and projected expenditures. These projected expenditures anticipate residual uncommitted funds of \$43,770 at the end of 2016.

Table 3 – CIF Fund Analysis

Fund Analysis					
	Projected 2012	2013	2014	2015	2016
Opening Fund Balance	\$19,066,974	\$19,696,918	\$8,437,726	\$4,101,971	\$721,693
Total Revenue	\$4,750,757	\$4,929,288	\$200,000	\$100,000	\$0
Total Project Approvals	(\$3,128,824)	(\$11,050,000)	(\$3,000,000)	(\$2,000,000)	\$0
Centre of Excellence	(\$160,545)	(\$975,000)	(\$750,000)	(\$700,000)	(\$150,000)
Project Support	(\$116,571)	(\$100,000)	(\$75,000)	(\$50,000)	(\$50,000)
Total Admin & Promo	(\$714,873)	(\$613,480)	(\$710,755)	(\$730,278)	(\$477,923)
WDO Transfer		(\$3,450,000)			
Closing Fund Balance	\$19,696,918	\$8,437,726	\$4,101,971	\$721,693	\$43,770

In 2010 MIPC withheld \$3 million in funds from the CIF for its own purposes. At the end of 2012 it is projected that there will be \$1.746 million remaining. These funds are allocated at the discretion of MIPC.

In summary, the budget for 2013 provides \$9 million for provincial system optimization and cost savings grants to municipalities, \$1.55 million to support Blue Box harmonization, \$300,000 for the purchase of recycling containers and \$200,000 for small municipal promotion and education initiatives representing a total of \$11,050,000 in project funding. It also includes \$975,000 for operation of a Centre of Excellence (see Table 4 for details), \$713,000 in project support, promotional and project management costs and a one-time transfer of \$3.45 million to WDO.

3.2 Human Resources

The original staff complement of the CIF included the Director, two full time Project Managers and a Multi-Residential Project Coordinator. It was initially thought that the staffing level would be reduced as the fund wound down. As a result, the first of the Project Manager positions was eliminated at the end of 2011. Through the current project review it has become apparent that the open projects are suffering from a lack of oversight and that the CIF is not fully capitalizing on potential learnings or results. This deficiency is illustrated by the lack of progress on the proposed Centre of Excellence which was budgeted for development in 2012. Three years into its operation, it is clear that with the extension in the CIF's mandate, additional resources will be needed to disseminate and build on project learnings, develop new best practices and train municipal staff and contractors.

The 2013 budget reflects the change in resource requirements necessary to complete existing and future work and fulfill the CIF's mandate. In August 2012, the Project Manager vacancy was filled and training of the new staff person commenced. This position is expected to be fully operational by the start of the new calendar year. Additionally, the CIF secured 40% of the MIPC Blue Box Coordinator's time to assist with development of the new Centre of Excellence and improve coordination of MIPC policy and CIF operational activities. This additional resource is included in the 2013 budget with an expectation that the position will become full time after October of 2013. The CIF's 2013 budget also includes continued project support in the form of contract part-time and casual administrative and project support services. These resources will assist with closing out files, managing the multi-residential portfolio and developing new initiatives based on project learnings.

3.3 Project Portfolio Review

The CIF currently has 274 active projects and an additional 197 completed projects on its books. With MIPC's decision to extend the mandate of the CIF for an additional three years, the CIF undertook a review of the project portfolio and the CIF's current financial

commitments. In many cases projects have been delivered under-budget resulting in additional uncommitted funds. In other cases, municipalities have elected not to pursue approved projects freeing up previously committed funds. At the time of the development of the 2013 Operations Plan, this work was still underway so the extent of the savings is unknown but will help to inform the 2014 budget process.

Coincident with this work, the CIF is also reviewing active projects to evaluate timeline slippage and the caliber of the deliverables. Staff are re-engaging with municipalities, where necessary, to ensure suitable outcomes are achieved and are evaluating options for projects that have not yet been initiated.

3.4 Systems Review

As described in Section 3.3, the CIF is currently conducting a review of its project portfolio and addressing, amongst other things, administrative issues to facilitate the closure of open files and determine a projected timeline and plan for winding down the fund. A similar review of the CIF's financial administrative processes was also completed in the third quarter of 2012 with the intention of streamlining and simplifying those processes. A review and overhaul of the CIF's communications systems is currently underway and is described in detail below.

3.5 Communications and Outreach

As the CIF transitions away from its primary role as a funding agency towards its new mandate as a Centre of Excellence, the importance of communication and outreach will increase. It is anticipated that over half the portfolio of projects will reach completion in 2013. Improved efforts in evaluating the results of these projects, disseminating the findings and encouraging stakeholders to act on those findings will be key to the continued success of the CIF. The fund's communications strategy plays a central role in disseminating project results and, through the Centre of Excellence, reaching out to stakeholders to effectively learn from and utilize the findings of these projects. A budget of \$60,000 has been included to continue and expand the fund's communications efforts. This strategy has traditionally consisted of three main elements:

Outreach Meetings

- Meetings with individuals to provide hands on assistance and discuss opportunities to improve their Blue Box programs
- Meetings with groups of municipalities to provide program and policy updates and discuss regional initiatives

Electronic Communications

- Quarterly dissemination of the CIF newsletter, “Connections”, to provide baseline contact with fund stakeholders and information on current projects and activities
- Public events
- Twice a year delivery of the Ontario Recycler Workshop (ORW) to disseminate project results and discuss priority issues
- Training
- Annual training activities to promote usage of recognized better practices and support compliance with Datacall requirements

360 Degree Feedback

- Formal and informal survey and solicitation of feedback and input from fund stakeholders, service providers and participants into organizational decisions

Five initiatives have been established for 2013 related to the delivery of the communications strategy are described below.

3.5.1 Promotion of Better Practices and Project Learnings

This strategy will continue to serve as the mainstay of the CIF’s communications efforts but with several important changes. First, there will be a much greater emphasis placed on identifying and communicating project results and identified better practices through the established channels such as ORWs and Connections. This ‘results’ based information will be complemented with new ‘non-project’ information relevant to better program management. The MRF preventative maintenance training provided to municipalities in the fall of 2011 is an example of this value added activity.

3.5.2 Web Site Overhaul

Secondly, the CIF will be overhauling its website and existing tools and services. This action is intended to improve access to project information and services resident on the CIF’s web site and to improve the overall quality of the visitor’s experience.

3.5.3 New RSS (Really Simple Syndication) Feed

Finally, the CIF plans to launch a new blog or RSS feed ‘equivalent’ service. Feedback from stakeholders suggests that more frequent communications would help reduce confusion about CIF activities and improve promotion of current and new services.

Development of the Centre of Excellence brand will also require more timely and frequent communications. This tool will ensure the CIF is in regular contact with its stakeholders between issues of Connections and provide an additional mechanism through which to push new information.

3.5.4 Stakeholder Outreach

Municipal and stakeholder outreach will continue to remain a priority of the CIF as it continues to work with individual communities and groups of municipalities to explore regionalization and cost saving opportunities. The CIF completed a series of outreach consultations across the Province in 2012 and plans to continue this activity as a ‘push-pull’ strategy to disseminate program and policy information while simultaneously soliciting feedback. This activity is funded out of the Centre of Excellence (see Section 5).

3.5.5 Stakeholder Feedback

CIF will continue to gather stakeholder and client feedback to evaluate its performance through existing channels. Specifically, CIF staff will continue to conduct mini-surveys and polls through the e-newsletter, at workshops and meetings.

3.6 Policy Support

The landscape surrounding Ontario’s Blue Box Program Plan is shifting as a result of harmonization efforts occurring on a national and international level involving Blue Box and other EPR programs. While the CIF is not directly involved in policy development, it does play a direct role in implementing Blue Box Program Plan associated policy. CIF policy activities help to inform policy development efforts by AMO and SO and vice versa. This relationship is illustrated by the work CIF has done over the past years to implement the current WDO best practices and MIPC regionalization directives.

Most stakeholders agree that the current recognized best practices are in need of replacement with more meaningful practices. The CIF supports the common desire to develop meaningful performance standards and proposes to engage with its stakeholders as the lead agency in the development of new better practices in 2013 for future consideration by WDO and MIPC.

4 – 2013 Fund Priorities

During the first three years of operation, the CIF successfully engaged with municipalities across Ontario on a broad range of projects and activities. To date, the CIF has received 644 applications and awarded funding to 471 projects. By mid-year 2011, applications from municipalities for best practice projects exceeded the available CIF budget.

For 2012, funding to the CIF was reduced to \$4.45 million versus over \$16 million in 2010. This reduction in funding levels and the directive from MIPC to set aside \$10 million to act on the results of the MIPC provincial Blue Box Processing Infrastructure Study forced the closure of the fund to new applications, the rejection of all non-infrastructure related applications and put the remaining infrastructure related projects on hold pending the outcome of the study.

MIPC's decisions in 2012 to: extend the CIF for an additional three years; provide the CIF with \$4.62 million in additional funding for 2013 and their acceptance of the CIF's recommendations for the disbursement of the \$10 million holdback provides new direction for the CIF. The CIF's 2013 funding opportunities have been developed with this in mind and considers other priorities identified by stakeholders during the AMO spring 2012 consultation process including:

- Harmonization of the Blue Box program;
- Increased focus on problematic materials;
- System rationalization with interested municipalities;
- Support for cost savings initiatives;
- Improved training;
- Provision of additional tools and resources;
- Improved linkages between Datacall requirements and CIF activities.

The following sections outline how these and other priorities as amended by CIF Committee at its February 2013 meeting are to be implemented through the 2013 budget process.

4.1 MIPC Directed Funding Initiatives

In August 2012, MIPC directed the CIF to set aside up to \$4 million to support municipalities seeking to act on the results of the MIPC Provincial Optimization Study. MIPC also agreed to allocate up to \$4 million in CIF funds to support municipal projects

intended to achieve cost savings irrespective of their alignment with the study recommendations. These amounts were subsequently reduced to \$3 million each by the CIF Committee, to accommodate the \$3.45 million transfer to WDO discussed in Section 3.1 of this report. The CIF intends to release these funds through a spring REOI process as it has done in past years along with an additional \$3 million to address cost saving opportunities. This will result in the release of \$9 million in funding for infrastructure related projects. It is noted that the CIF currently has \$14 million in such requests under review suggesting these funds will be fully allocated. The current evaluation process will continue to be used as outlined in Section 6.

4.2 Blue Box Harmonization

Harmonization of Blue Box programs on a province wide scale will increase public participation and reduce user confusion. At MIPC's direction, the CIF also allocated up to \$1.55 million to fund initiatives that would lead to harmonization of the Blue Box program in Ontario. These funds could conceptually be spent on efforts to improve consistency in the types of materials collected through curbside and depot based programs and commercial outlets, standardization of collection methodologies and contracts, consistent P&E and other activities that move the Province towards a common program and national harmonization. The \$1.55 million fund is intended to support primary research and demonstration projects with the costs of province-wide initiatives being funded from other sources included in the 2013 and 2014 Operations Plans. The CIF is, for example, currently involved in an analysis of the cost implications of managing film plastics province-wide and anticipates further work of this nature (see Section 5) to continue its efforts to improve the consistency of program delivery.

4.3 Increasing Curbside Capacity

Increasing curbside capacity requires investments in larger containers to contain the increased amounts of bulky low density plastic materials. As in past years, the CIF will continue to support municipalities with the purchase of large blue boxes or other container types containing high post consumer resin content (i.e., >60%) if they are implementing additional plastics recycling or re-launching/enhancing their current program with a goal of recovering more materials. WDO has identified that providing large collection containers to residents is a best practice. These containers are to have a capacity of at least 22 gallons with a preference for 24 or 25 gallons (or larger). Participation will be prioritized with priority being given to programs that have not utilized the fund extensively to date as outlined in Section 6. The CIF has set aside \$300,000 for this purpose.

4.4 Promotion and Education

Municipalities continue to struggle with the development of high quality promotion and educational materials for both internal (e.g., MRF staff) and public use. Municipalities require assistance to enhance their recovery of plastic and other packaging, to reduce contamination and improve the overall quality of their communications with residents. To assist municipalities, the CIF will continue to provide support for promotion and education initiatives. Up to \$200,000 has been set aside in the 2013 budget to finance this initiative. Participation will again be prioritized with priority being given to programs which have not utilized the fund extensively to date as outlined in Section 6.

5 – Centre of Excellence

In 2011 MIPC agreed to support development of a Centre of Excellence as a means to build on the knowledge and experience gained over the past three years of the CIF's operations and to provide value to both municipalities and stewards.

The planned Centre of Excellence will be strategic in nature and focused on provision of tools and services rather than funding. It will play an active role in advising senior municipal staff and politicians on Blue Box issues from a business management perspective and prepare them for the potential impacts of Extended Producer Responsibility (EPR) or its potential variants.

The Centre will couple this strategic effort with enhanced outreach efforts, development and delivery of practical tools and program guidance to assist municipalities with implementation of best practices. A needs assessment conducted in 2011 and reaffirmed in 2012 demonstrated that small municipalities were interested in technical assistance and guidance on issues such as:

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

Nearly two thirds of municipal recycling programs manage less than a 1,000 tonnes of Blue Box recyclables annually. Collectively, however, they manage more tonnage than the City of Toronto. In many instances they have unit operating costs exceeding five times their regional peers and are very interested in opportunities to reduce program costs. These facts make them a priority for the new Centre.

The priorities for larger, regional municipalities tend to be more strategic in nature including support for greater efforts on:

- Adoption of a consistent Blue Box basket of goods across the province;
- Standardization of service levels and greater cooperation between municipalities;
- Action to address problematic materials.

Development of a Centre of Excellence can address many of these objectives and the 2013 Operations Plan has been developed with these identified needs in mind. The planned Centre is expected to be complementary to the CIF. As the Centre engages municipalities, it will identify high value infrastructure projects for consideration for funding by the CIF.

5.1 Centre of Excellence 2013 Objectives

The Centre has four global objectives for 2013 including:

- Advising senior municipal staff and politicians on the implications of full/partial EPR on their waste management operations and encouraging them to be proactive;
- Development of tools and services for small municipalities to improve and standardize programs;
- Defining better practices for the optimization of the Blue Box program and assistance to municipalities to comply with WDO prescribed or otherwise recognized better practices; and
- Work with key stakeholders to address problematic materials within the waste stream.

5.2 General Support Services

The CIF Operations Plan 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.

This work will continue into 2013 with general assistance to municipalities providing a specific focus on contract development and best practice evaluation. As more and more municipal services are contracted out, it becomes increasingly apparent that assistance with development of better RFP's and contracts is a key concern for all stakeholders.

During AMO's spring 2012 outreach consultation process, it was made clear that many municipalities find the current WDO Datacall confusing and onerous. There is strong interest in having the CIF provide additional resources to assist municipalities with program administrative functions such as Datacall submissions and best practice compliance. A total of up to \$75,000 has been allocated to meet these needs.

5.3 Stakeholder Advisory Service

The CIF has successfully demonstrated its ability to provide to municipalities and stakeholders advance notice and tactical guidance on impending changes to Ontario's Blue Box program and other waste management issues. This tactical information has allowed municipalities to make better business decisions. The 2013 operating budget for the Centre will include \$50,000 to continue provision of this service. The intent is to ensure that municipal leaders are prepared to make informed decisions about operating as service providers in an EPR environment and can begin adapting their business models and operations accordingly.

5.4 Development of Better Practices and Tool Kits

An additional \$150,000 has been allocated to continue the identification of better practices at an operational level and to work with municipalities to adopt those practices. This effort is expected to take the form of analysis and study of possible better practices and the development of implementation strategies and tool kits for small municipalities. Examples of this work include the CIF's new audit guidelines that, coupled with outreach activities throughout the province, allow the CIF to work effectively with groups of municipalities to gain optimal benefits from the adoption of best practices.

From feedback received during the 2012 outreach consultation, it was clear that many municipalities struggle with completion of the annual WDO Datacall. With the inclusion of 40% of the MIPC Blue Box Coordinator's time in the CIF 2013 budget, the CIF will now be able to offer Datacall support to program managers. This new service will allow the CIF to demonstrate the linkages between the recognized better practices, a municipality's program performance in the Datacall and their resultant funding.

5.5 RFP and Recycling Plan Support

The 2013 budget places a growing emphasis on assisting municipalities to develop better and more consistent procurement processes for waste management services and improved contract management. It is clear that many municipalities have limited controls over their contractors and greater effort in this area is required. It is known, for example, that many isolated municipalities see no value in issuing an RFP for collection services because of the lack of competition in their jurisdiction. The CIF proposes to investigate development of new services and strategies in conjunction with select municipal partners to address this issue for potential broader application in 2013.

Up to \$175,000 has been allocated to this initiative to update the current suite of templates provided on the CIF website and to assist municipalities to utilize this information to develop their upcoming RFPs, tenders and contracts.

5.6 Training Initiatives

Up to \$300,000/yr. was set aside in 2012 for a period of 3 years to develop and deliver focused training to municipalities. Most stakeholders agree with the need to strengthen program administrator and operator core competency, particularly in the areas of service procurement and contract management. In 2012, a new one-day contract management course was developed and delivered in November as the first output of this initiative. The 2013 Operations Plan reflects a continued emphasis on assisting municipalities to comply with the current WDO best practices or other recognized operational or business management practices through the development and provision of up to four new courses designed on this more portable one-day intensive training model..

5.7 Management of Problematic Materials

One of the key successes of the CIF is unquestionably the role it played in working with stakeholders to overcome the system barriers preventing the recycling of 3-7 plastics and thermoform PET. Further work is, however, required to address outstanding issues with film, paper laminates and Expanded Polystyrene (EPS). Work on film and EPS is already underway and will continue into 2013 along with a new initiative to examine paper laminates. A total of \$150,000 has been budgeted to facilitate further study of these priority problem materials.

5.8 Performance Auditing

Effective monitoring and measuring is critical to ensuring programs are performing as anticipated. In 2012 the CIF provided training and funding to MRF owners and operators to assist them in developing effective preventative maintenance programs. The CIF has allocated \$75,000 in 2013 to assist municipalities in developing additional programs to improve the management of curbside collection, promotion and education activities and MRF residue.

5.9 Ontario Recycler Workshops

The Ontario Recycler Workshops (ORW) will continue to be a mainstay mechanism to report out on CIF project results and Centre of Excellence initiatives. Funds for delivery of two events per year have been included in the CIF administrative budget.

5.10 Centre of Excellence Budget Summary

The 2013 Operations Plan allocates up to \$975,000 to develop a knowledge-based Centre of Excellence. The Centre's 2013 initiatives are presented in Table 4.

Table 4 – Centre of Excellence Budget

Item	Proposed 2013 Budget
General Support Services	\$75,000
Stakeholder Advisory Services	\$50,000
Best Practice Development & Tool Kits	\$150,000
RFP, Tender and Recycling Plan Support	\$175,000
Training	\$300,000
Problematic Materials Management	\$150,000
Performance Auditing	\$75,000
Total	\$975,000

6 – 2013 Funding Guidelines

The CIF budget was oversubscribed in 2011 (i.e. the value of the approvals and outstanding project applications exceeded available funds) and, in response, the CIF stopped accepting new applications in September 2011. Twenty five infrastructure related applications, valued at approximately \$14 million remain on hold and unevaluated from amongst those submitted during the 2011 REOI process.

The 2013 Operations Plans proposes to open the fund for applications in the first quarter of the year to disburse the \$10 million (less the \$3.45 million transfer required by WDO as detailed in Section 3.1) set aside by MIPC in 2011 (as detailed in Section 4.1 - MIPC Directed Funding Initiatives and 4.2 - Blue Box Harmonization). This action will be accomplished through an REOI process to solicit new applications. Consideration will also be given to the existing 2011 applications at that time. The CIF intends to continue use of the current application and evaluation system in determining funding of projects submitted under the initiatives described in Sections 4.1 and 4.2. This system, developed in 2010, remains valid and will ensure consistency and fairness in the treatment of this round of applications.

The current evaluation criteria are based on the following elements:

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

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

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

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

overall total score of at least 75 points.

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

The CIF also wants to provide incentives for early adopters of new ideas, technology and best practices. Additional points are awarded under Criterion 5 to recognize this effort.

Applicants also have the ability to appeal the funding decisions by the procedure outlined in Appendix 8.4.

7 – Summary

To date, the CIF has 471 funded projects and an additional 25 under review. Through these projects the CIF has made strategic capital and research related investments that will have a significant impact on the long term effectiveness and efficiency of Ontario's Blue Box program. The 2013 Operations Plan will build on this success through the investment of a further \$11.05 million in funding and \$975,000 to develop a Centre of Excellence.

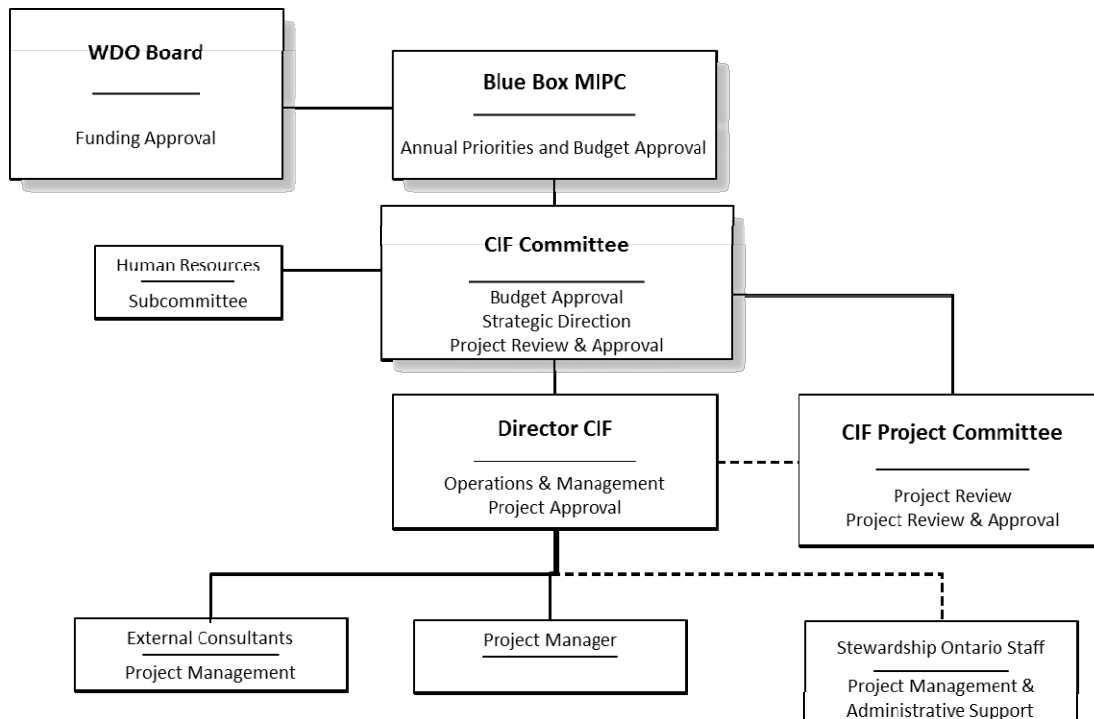
8 – Appendices

- 8.1 Governance
- 8.2 Fund Administration
- 8.3 Declaring a Conflict of Interest
- 8.4 Appeal Procedure

Appendix 8.1 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 Chief Executive Officer Waste Diversion Ontario as an observer; and
- The CIF Managing Director as an observer;
- MIPC BB Program Coordinator as an observer.

The membership of the Committee for 2012/2013 is shown in Table 5.

Table 5 – CIF Committee Membership

Representing	Member	End of Term
Chair	Doug Thomson	November 2013
Association of Municipalities of Ontario	Michael Garrett Monika Turner (alternate)	November 2013
City of Toronto	Vince Sferrazza	November 2013
Stewardship Ontario	Lyle Clarke Rick Denyes Sherry Arcaro (alternate)	November 2013 November 2013 November 2013
Member at Large	Jerry Powell	November 2013
Chief Executive Officer WDO	Michael Scott	NA
MIPC Municipal Observer	Alec Scott	NA
Managing Director CIF	Mike Birett	NA

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

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

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

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

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

The membership for the CIF Project Committee for 2013 is shown in Table 6.

Table 6 – CIF Project Committee Membership

Representing	Member	End of Term
Chair	Mike Birett	NA
Association of Municipalities of Ontario	Erwin Pascual Linda Churchill	June 2012 June 2014
City of Toronto	John Baldry	June 2014
Stewardship Ontario	Rick Denyes Sherry Arcaro	June 2012 June 2014
MIPC Municipal Observer	Alec Scott	NA

The term of the municipal and Stewardship Ontario members on the Project Committee would be two years with an option to extend. At the time of printing terms for members indicated as “June 2012” were under review. The committee makes its decisions on a consensus basis.

Appendix 8.2 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,*
- 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 fulfill the objectives outlined in the CIF Strategic Plan and this Operations Plan. As such MIPC is responsible for:

- Approving, on an annual basis, the CIF budget and program objectives and priorities;
- Delegating operational control and financial expenditure control of the CIF fund to the CIF Committee;
- 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 8.4. 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 fulfill the objectives of the Plan.

CIF Committee Responsibilities

The role of the CIF Committee is one of stewardship and to act as a governing board of directors. The Toronto Stock Exchange Committee on Corporate Governance adopted the following 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. This subcommittee is responsible for the hiring and performance reviews of the Director CIF staff position.

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 Recycler 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 8.3 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 its By-Law Number 2008-1 “A by-law relating to the Code of Conduct of Waste Diversion Ontario”.

Appendix 8.4 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.