



CONTINUOUS IMPROVEMENT FUND

2015 CIF Operations Plan



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Table of Contents

1 – Introduction	1
2 – Operating Directives	2
3 – 2014 in Review	4
3.1 The 2014 Operation Plan Successfully Engaged Municipalities.....	4
Table 1 – 2014 REOI Results.....	4
3.2 The Fund Continues to Deliver Tangible Results.....	5
3.3 Wasteshed Optimization Remains Challenging	5
3.4 Outreach and Training Opportunities Remain Very Popular	5
3.5 Progress is Being Made in Addressing the Changing Waste Stream	6
3.6 New Resources are Delivering Additional Value.....	6
4 – 2015 Fund Priorities.....	7
5 – Grant Opportunities.....	8
5.1 System Rationalization	8
Table 2 – Funding Projections By Waste Shed.....	8
5.2 Cost Saving Initiatives.....	9
5.3 Addressing Problematic Materials	9
5.4 Blue Box Harmonization.....	9
5.5 Individual and Collective Grant Budget Summary	10
Table 3 – 2015 Open Grant Budget	10
6 – Centre of Excellence	11
6.1 Better Practice Compliance and WDO Datacall Support	11
6.2 Development of Better Practices and Tool Kits	11
6.3 Research into Materials Management.....	11
6.4 Support for RFP and Tender Development	12
6.5 Training Initiatives.....	12

6.6	Outreach Services.....	12
6.7	Performance Auditing	13
6.8	Centre of Excellence Budget Summary	13
	Table 4 – 2015 Centre of Excellence Budget	14
7	– Fund Administration.....	15
7.1	Fund Income.....	15
	Table 5 – CIF Income Sources	15
	Table 6 – CIF Expenditures.....	16
	Table 7 – CIF Fund Analysis.....	17
8	– Summary.....	17
9	– Appendices	18
	Appendix 9.1 2009 to 2014 CIF Financial Statement.....	19
	Appendix 9.2 Governance.....	20
	Chart 1 – CIF Organizational Structure	20
	Chart 2 - 2015 CIF Committee Membership.....	21
	Chart 3 - 2015 CIF Project Committee Membership	23
	Appendix 9.3 Fund Administration.....	23
	Chart 4 - Approval Limits	29
	Appendix 9.4 Conflict of Interest.....	30
	Appendix 9.5 Funding Guidelines	31
	Appendix 9.6 Appeal Procedure	33

A note to the reader:

At the time of publication of this document, discussions were underway between the Ministry of the Environment and Climate Change and various stakeholders about the future of producer responsibility programs in Ontario. Additionally the outcome of the arbitration between stewards and municipalities over the 2014 Blue Box steward obligation had not yet been resolved. With the potential for a change in the mandate of the CIF and uncertainty over future funding levels, it was decided that CIF would issue the 2015 CIF Operations Plan as an interim plan subject to further review in the first quarter of 2015.

1 – Introduction

The Continuous Improvement Fund (CIF) is the result of a partnership between the Association of Municipalities of Ontario (AMO), the City of Toronto, Stewardship Ontario (SO) and Waste Diversion Ontario (WDO). The CIF commenced operations on May 1, 2008 under a Memorandum of Agreement (MOA) signed by the program partners which has since been extended several times. The Fund’s mandate is to improve the effectiveness and efficiency of Ontario’s municipal blue box programs. This mandate is fulfilled through the identification and development of best practices and technological and market based solutions and provision of funding and training to municipalities.

The CIF’s Operation Plan is developed on an annual basis to meet the objectives established in the Fund’s original Strategic Plan and as agreed to periodically by the program partners and approved by the Municipal Industry Program Committee (MIPC) and WDO Board (see Appendix 9.2). The 2015 Operations Plan continues to reflect direction received from MIPC in 2011 to focus on system rationalization and develop a Centre of Excellence.

2 – Operating Directives

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

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

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

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

In July 2011, the partners approved additional funding for the CIF and an extension of the program to the end of 2013 with a requirement that all funding be allocated by June 2015. At the same time MIPC adopted a resolution directing the CIF to cease distribution of funds on the basis of the principles identified above. Instead, funds were to be allocated based on the merits of regionalization projects and the development and operation of a knowledge based centre of expertise to promote best practices (Centre of Excellence), to develop training and to address materials management issues. MIPC further directed the CIF to undertake a province wide analysis of Blue Box processing infrastructure (the MIPC Provincial Blue Box Processing Infrastructure Study), close the

Fund to new applications, reject all non-infrastructure related applications under consideration and set aside \$10 million in funds to support the outcomes of the study.

In 2012 the partners provided additional funding to the CIF for 2013 and authorized a three year extension of the Fund's mandate to the end of 2016. That same year, the CIF completed the Provincial Blue Box Processing Infrastructure Study on behalf of MIPC and provided MIPC with recommendations for allocation of the remaining funds. MIPC subsequently adopted the CIF's recommendations, which included taking a balanced approach to the pursuit of rationalization efforts, development of the Centre of Excellence and continued support for cost savings initiatives.

This year's Operations Plan continues to reflect the direction received from MIPC regarding allocation of funding to support program standardization, rationalization and cost containment. The Plan places continued emphasis on the development of the Centre of Excellence and considers priorities identified by stakeholders during the AMO spring 2014 consultation process such as provision of additional funds for depot development, material analysis, waste audits, training and multi-residential diversion opportunities.

3 – 2014 in Review

The CIF continues to be one of the most significant catalysts of change in the waste management industry. Its financial and technical support has allowed stakeholders to develop best practices, improve services to Ontarians, divert new materials, construct new facilities and deliver real cost savings. As of October 31, 2014, the CIF has invested \$47.3 million into the Provincial Blue Box Program and leveraged over \$67.2 million in additional investments to support 568 projects.

3.1 The 2014 Operation Plan Successfully Engaged Municipalities

The 2014 CIF Operations Plan continued to build on the success of past efforts and direction received from MIPC in 2011 to focus on regionalization efforts and development of a Centre of Excellence. As in past years, it also considered priorities identified through consultation with CIF stakeholders. The Plan was implemented, in part, through release of the CIF's 2014 Request for Expressions of Interest (REOI) and once again the response was overwhelmingly positive.

The 2014 Plan proposed a budget of \$5.425 million in response to feedback provided to CIF by its stakeholders that many municipalities would not be able to make substantial capital or program investments in the midst of a municipal election year. Despite this constraint, 37 applications worth approximately \$6.7 million were received from municipalities and stakeholders in response to the 2014 REOI process. They included:

Table 1 – 2014 REOI Results

Item	Project Value	Funding Request	Funding Approved
System Rationalization	\$80,000	\$60,000	\$16,950
Cost Saving Initiatives	\$4,315,482	\$2,122,809	\$1,856,639
Problematic Materials	\$748,680	\$400,000	\$106,361
Blue Box Harmonization	\$225,030	\$139,500	\$28,080
Centre of Excellence	\$1,296,630	\$698,203	\$451,672
Total	\$6,665,822	\$3,420,512	\$2,459,702

The 2014 REOI process provided a total of \$2.5 million in funding to 29 projects ranging from waste audits and market research, to 'nexgen' processing equipment and further efforts to optimize multi-residential diversion. Approximately \$1.86 million in funding was provided towards ten cost savings initiatives. This latest block of investments is expected to deliver combined savings of at least \$600,000/yr with an ROI of under four years.

3.2 The Fund Continues to Deliver Tangible Results

As a follow up to completion of the 2008-2013 Review of the fund, CIF staff initiated an audit of completed projects to assess actual results vs initial objectives. An initial review of 56 projects (i.e., 15% of closed projects) worth approximately \$10 million was completed. The projects were selected randomly across the CIF's portfolio of closed projects. The study demonstrated that actual savings were within 5% of original projected savings suggesting that the remaining results identified in the five year review remain valid.

In the first quarter of 2014, staff also completed an indepth analysis of the \$2.8 million investment made into development of the multi-residential sector. The report highlighted that the investments made between 2008 and 2011 generated over \$250,000 in savings, increased program capacity by over 46%, captured an additional 3,700 MT/yr of material and increased service to almost 20,000 units.

In addition to these grant opportunities, the 2014 operational year saw the successful completion of an additional 46 projects the results of which are being consolidated and reviewed for key learnings that will lead to the establishment of better practices and help inform future funding allocation.

3.3 Wasteshed Optimization Remains Challenging

2014 saw completion of a four year effort to build out and optimize the Northwestern Ontario wasteshed in accordance with the MIPC Optimization Study. The effort is noteworthy because it demonstrated that regionalization did not deliver the savings anticipated in the Optimization Study. It was found that while cost savings were achieved, rising transportation costs and lack of competitive processing options are the main drivers of cost increases in this area.

3.4 Outreach and Training Opportunities Remain Very Popular

Two conferences, two training courses and five outreach sessions were delivered throughout the year as part of the CIF's commitment to developing core competency

amongst program operators. The CIF continues to enjoy strong attendance at its Ontario Recyclers Workshops and the fund's quarterly e-newsletter has a regular following of over 1,000 subscribers. Specialized training was delivered to a total of 40 attendees on topics including: Contract Management and Promotion and Education. Outreach sessions were delivered in five communities across Ontario to over 100 attendees and over 150 organizations utilized the CIF's best practice related templates resulting in continued year over year improvements in municipal best practice scores and datacall compliance.

3.5 Progress is Being Made in Addressing the Changing Waste Stream

This year the CIF also completed an analysis of the cost implications of the changing composition of the Blue Box in an effort to bring light to the implications of the changing paper and packaging waste stream on system costs. The study highlights the need to maximize diversion in order to minimize system cost impacts. Consistent with this conclusion, CIF co-funded a promotional campaign in Eastern Ontario to maximize the capture of this inexpensive to divert waste stream. The project is also intended to help municipalities effectively utilize their OCNA/CNA in-kind lineage.

The CIF also completed phase one of a multi-year analysis of material density under different collection systems. This work combined with waste audits funded under the 2014 REOI process is expected to lead to more accurate analysis of activity based costing by material type.

CIF also completed an analysis of the current glass market and municipal perspective on further market investment. The Fund continues to closely monitor current developments in order to help stakeholders determine how best to deal with this material from both a policy and operational perspective.

While 2013 saw investments by the CIF to address materials such as expanded polystyrene and laminated paper packaging, this year efforts were directed towards the growing challenges with the fibre market. Newsprint volumes and quality continue to decline and current efforts are intended to aid municipalities in understanding the extent to which the issues can be addressed through technological solutions.

3.6 New Resources are Delivering Additional Value

Working with our municipal partners, CIF completed eight small municipal P&E projects, four Waste Reduction plans and three RFPs and/or tenders as part of the CIF's efforts to harmonize programs across Ontario. These efforts bring programs into best practice compliance, lead to greater program consistency and deliver long term cost savings.

Staff also worked with WDO on improvements to the WDO Datacall process in response to stakeholder concerns resulting in a more simplified and efficient process. This year, in response to stakeholder concerns, CIF has funded work to develop materials marketing resources. The new resources are intended to help stakeholders maximize profits from the sale of their Blue Box commodities.

This year CIF once again led a co-operative procurement of blue boxes, carts and bags. In addition to the cost savings achieved through bulk purchase of containers, the initiative eliminated the need for participating municipalities to invest in individual procurement processes. A unique feature of the CIF procurement practice is a 'plastic resin closed loop' assurance. Blue Boxes available through CIF's program contain resin generated from the processing of containers collected through Ontario's residential collection program. Municipal participation remains strong, especially for the purchase of blue bags.

Overall, 2014 proved to be another very successful year with ever increasing levels of positive feedback being received from the Fund's municipal stakeholders.

4 – 2015 Fund Priorities

The CIF's current mandate extends to the end of 2016 and the Fund continues to operate under MIPC's 2011 directives. With this in mind, the 2015 CIF Operations Plan builds on its previous year's success by continuing development of initiatives in support of stakeholder's identified priorities. They include individual or collective grant opportunities that:

- Encourage system rationalization
- Generate cost saving initiatives
- Address problematic materials
- Facilitate program harmonization; and

Centre of Excellence activities that include:

- Best Practices compliance & Datacall support
- Development of Best Practices & tool kits
- Research into materials management
- Support for RFP & Tender development; and
- Develop new training opportunities

Strategic priorities will include standardization of service contracts and depot operations. In response to feedback from participants of the 2014 AMO spring consultation process, additional funds will be provided for depot development, waste audits, new training opportunities and multi-residential diversion opportunities.

5 – Grant Opportunities

5.1 System Rationalization

The CIF currently has initiatives underway in five distinct waste sheds across the Province. Applications under this category will support work already underway or seek to develop new initiatives consistent with the MIPC Optimization Study. Projects that involve multiple municipalities demonstrating an interest in exploring opportunities to work together to improve operational efficiencies will be given priority. Table 2 summarizes identified waste shed initiatives, the current stage of development and projected funding requirements. It should be noted that some aspects of these initiatives are already funded through the 2014 REOI process.

Table 2 – Funding Projections By Waste Shed

Location	Current Status	2014	2015	2016
NW Ontario	Analysis & Implementation	\$88,000	\$550,000	\$250,000
NE Ontario	Options Development	\$48,200	\$100,000	\$1,100,000
E Ontario 1	Options Development	\$41,000	\$500,000*	\$50,000
E Ontario 2	Options Testing	\$68,100	\$50,000	\$10,000
SW Ontario	Options Development	\$141,000*	\$500,000	\$250,000
Total		\$386,300	\$1,700,000	\$1,660,000

* Funded under the 2013 REOI

Interest in cooperative wasteshed initiatives continues to grow with the escalating cost of Blue Box diversion and as municipalities become aware of the success of the CIF projects currently underway. The 2015 CIF Operations Plan provides an additional \$1.2 million in funds to continue development these important projects throughout the Province.

5.2 Cost Saving Initiatives

The annual budget for cost savings activities continues to be oversubscribed year over year demonstrating the ongoing commitment of municipalities to investments that reduce system costs. The 2015 Operations Plan anticipates a continued interest from municipalities in this area of program improvement and includes an allocation of up to \$2.5 million to support these efforts. Projects submitted under this category must be capable of demonstrating a clear payback within less than 8 years.

5.3 Addressing Problematic Materials

The packaging stream continues to evolve and change at an ever increasing pace placing municipalities under pressure to make ongoing system investments to address resulting issues. Research to identify and quantify these changes and develop solutions to address the related system impacts is funded through the Centre of Excellence (see Section 6.3). Applications submitted under this category will typically involve implementation of viable program level solutions to address these issues. Fundable initiatives can include promotional efforts that enhance the recovery of plastic and other packaging, reduce contamination and improve the processing and the marketability of materials. In many cases, the investments do not have viable paybacks and do not meet the funding requirements of Section 5.2. Nonetheless, they may be of sufficient political value to program partners to warrant CIF support and are considered for funding on a case by case basis. Management of expanded polystyrene, polycoat containers and mixed broken glass remain areas of priority. The 2015 Operations Plan includes \$500,000 in funding to respond to these pressures.

5.4 Blue Box Harmonization

One of the key challenges with the Blue Box program in Ontario is the diversity in service levels and materials collected between municipalities. This variation leads to confusion amongst residents and hampers inter-municipal cooperation. Harmonization, which refers to the move towards a consistent Blue Box program across Ontario, requires amongst other things, the development and delivery of consistent contracts, services and high quality promotion and educational materials.

The 2015 Operations Plan seeks to provide continued support for multi-municipal projects of this nature. It includes funding of up to \$300,000 to assist municipalities to work with their neighbours to develop consistent services and joint initiatives such as multi-municipal service agreements and promotional campaigns.

5.5 Individual and Collective Grant Budget Summary

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

Table 3 – 2015 Open Grant Budget

Item	2015 Budget
System Rationalization	\$1,200,000
Cost Saving Initiatives	\$2,500,000
Addressing Problematic Materials	\$500,000
Blue Box Harmonization	\$300,000
Total	\$4,500,000

Note: Disbursements include tax

6 – Centre of Excellence

In 2011 MIPC agreed to support development of a Centre of Excellence (the Centre) as a means of disseminating and building on the knowledge and experience gained through the CIF and to provide added value to both municipalities and stewards. Each year interest in the Centre continues to grow exponentially. As in past years, the Centre will continue to focus on identification and development of best practices, management of problematic materials, training opportunities and assistance with procurement and management of contracted service. The 2015 Operations Plan allocates \$965,000 in supporting funding as outlined below.

6.1 Better Practice Compliance and WDO Datacall Support

Completion of the annual WDO Datacall can be challenging to even the most experienced municipal staff. In past years 40% of the MIPC Blue Box Coordinator's time was included in the CIF budget to allow the CIF to offer Datacall support to program administrators. This service proved to be very popular and will be continued in 2015 as an 'as requested' service.

6.2 Development of Better Practices and Tool Kits

Identification of better practices and continued efforts to encourage the adoption of those practices by municipalities remains a priority for the CIF. In 2013, the CIF completed a review of its investments in multi-residential programs and developed a summary of better practices for the sector. Development of a guide on better practices in depot operations is currently underway. Applications to develop, prove out and promote best practices will be considered under this category. A budget of \$200,000 has been set aside to support these projects and others that might be proposed by stakeholders.

6.3 Research into Materials Management

As identified in Section 5.3 above, overcoming the challenges associated with the ever changing packaging stream remains a priority challenge for all program stakeholders. Potential solutions that address cost effective diversion and management of multilaminates, expanded polystyrene and glass plus degrading material quality issues all remain priority concerns. In 2014, the CIF also completed a preliminary analysis of the cost impact of the changing waste stream. Further analysis to assist stakeholders to determine the activity based cost of managing individual materials is also an area of fundable research. The 2015 Operations Plan includes \$100,000 to facilitate this work.

6.4 Support for RFP and Tender Development

Over 69% of municipal services are currently contracted out to the private sector making effective procurement and contract management an ongoing priority for the CIF. The CIF continues to look for opportunities to engage with municipalities to develop best practice compliance rfps and tenders and to assist municipalities in bringing competition to their bid processes. Applications under this section potentially include hiring consultants to assist with rfp and/or contract development, develop better template language and work with the private sector to reduce barriers to competition within geographical areas. Up to \$75,000 has been included in the 2015 Operations Plan to support this important work.

6.5 Training Initiatives

As more and more of municipal operations are contracted out, the role and skill set requirements of municipal staff has been changing. The development of new training opportunities that strengthen program administrator and operator competency remains a top priority for CIF. Proposals to develop and effectively deliver training on a provincial or local level will be considered. The Plan includes a budget of \$200,000 to develop and deliver these initiatives.

6.6 Outreach Services

Each year the CIF delivers two, one-day workshops (Ontario Recyclers Workshop - ORW) and a series of outreach sessions throughout the spring. These sessions will continue to be the CIF's mainstay point of contact with municipalities. The ORWs are open to all stakeholders and typically attract approximately 130 participants in person or via webcast. The primary focus of the sessions is to:

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

The spring AMO outreach sessions serve as an opportunity to engage with municipalities in face-to-face discussion about local issues and the operation of the CIF. This information is used to develop CIF priorities and for the upcoming budget cycle. These sessions have proven to be very popular, attracting municipal staff that does not normally attend the CIF's ORWs. The sessions are also used to deliver basic training and timely information about the Blue Box Program Plan (BBPP), WDO Datacall and current political and operational trends. Participants, who are typically not full-time waste management professionals, gain a better understanding of the importance of issues such

as best practice compliance and cost containment and their implications to local municipalities. This information ultimately allows municipalities to make more informed and better business decisions.

The CIF will consider proposals to develop value-added informational and/or training modules that can be delivered as part of these events. The 2015 Operations Plan includes \$140,000 to continue delivery of these outreach services and for provision of related project support on an as-needed basis.

6.7 Performance Auditing

Regular performance auditing is a key aspect of good program management. In 2012 and 2014, CIF provided funding for program auditing. Municipal support for these initiatives has been very strong and the CIF has received numerous requests to continue providing funding for auditing services on an ongoing basis. The 2015 Operations Plan will, therefore, include up to \$250,000 in support of the completion of additional audits with preference given to communities and program activities which have not been considered in previous years.

6.8 Centre of Excellence Budget Summary

The 2015 Operations Plan allocates up to \$965,000 to continue the development of a knowledge-based Centre of Excellence. The Centre's 2015 initiatives are summarized in Table 4.

Table 4 – 2015 Centre of Excellence Budget

Item	Proposed 2015 Budget
Best Practices Compliance & Data Call Support	Incl. in Admin Budget
Development of Better Practices and Tool Kits	\$200,000
Research into Materials Management	\$100,000
Support For RFP & Tender Development	\$75,000
Training Initiatives	\$200,000
Outreach Services	\$140,000
Performance Auditing	\$250,000
Total	\$965,000

Note: Disbursements include tax

7 – Fund Administration

The following section of the 2015 CIF Operations Plan provides an overview of the fund’s current financial status and administrative performance.

7.1 Fund Income

Table 5 below summarizes contributions and income received to date from various sources. From 2008 to 2010, the CIF received 20% of the obligated steward payments to municipalities. For 2011, the CIF received 10%. For 2012, the CIF received a flat rate of \$4,450,757 representing approximately 5%. For 2013, the CIF was provided with \$4.62 million (5%) in additional funds and a mandate to continue operations for an additional three years to the end of 2016. For 2014, the CIF was provided with \$2 million in new funds. It is important to note that while the current Memorandum of Agreement under which the CIF operates ends December 2016, grant payments to municipalities will continue until the remaining projects are completed.

Table 5 – CIF Income Sources

CIF Funding: Actuals & Projected 2008 – 2014							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Projected
MIPC Funding	\$12,939,000	\$15,044,719	\$16,410,098	\$9,013,449	\$4,450,757	\$4,618,014	\$3,000,000
Investment Income*	\$180,340	\$119,865	\$358,034	\$446,397	\$401,905	\$326,196	\$317,588
E&E Fund** Closure & Other		\$2,787	\$1,112,947				
Cumulative Total	\$13,119,340	\$28,286,711	\$46,167,790	\$55,627,636	\$60,480,298	\$65,424,508	\$68,742,096

*Investment income corrected in 2014 to match Stewardship Ontario audited data

** Effectiveness and Efficiency Fund

A summary of the CIF project funding commitments and expenditures projected to year end 2014 is presented in Table 6 below. It is important to recognize that funding commitments do not necessarily represent final project expenditures. It is not unusual for smaller projects such as recycling plans and communications strategies to come in under budget and, in some cases, for projects to be entirely withdrawn by the proponent. Only after the projects in any given year are fully closed can the final expenditure for that year be reconciled by CIF staff.

Table 6 – CIF Expenditures

CIF Grants and Expenditures: Actuals & Projected 2008 - 2014							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Projected
Admin & Project Support	\$273,989	\$1,130,305	\$940,264	\$983,802	\$647,273	\$639,675	\$624,542
Grants	\$954,101	\$13,279,500	\$11,230,570	\$6,021,794	\$2,973,077	\$8,631,091	\$3,118,659
Centre of Excellence					310,027	\$245,886	\$711,082
MIPC Reserve, WDO & AMO Transfers			\$1,717,717*			\$3,450,000	\$1,000,000
Cumulative Total	\$1,228,090	\$15,637,895	\$29,526,446	\$36,532,042	\$40,462,419	\$53,429,071	\$58,883,354

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

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

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

Table 7 – CIF Fund Analysis

Projected Expenditures					
	2014	2015	2016	2017	2018
Fund Balance beginning of year	\$11,967,187	\$9,830,492	\$3,755,355	\$1,304,644	\$389,197
Total Revenue	\$2,317,588*	\$160,000	\$100,000	\$50,000	\$0
Total Project Approvals	(\$3,118,659)	(\$4,500,000)	(\$1,500,000)	\$0	\$0
Centre of Excellence	(\$711,082)	(\$965,000)	(\$250,000)	(\$215,000)	\$0
Admin & Project Support	(\$624,542)	(\$770,137)	(\$800,711)	(\$750,447)	(\$389,197)
Fund Balance end of year	\$9,830,492	\$3,755,355	\$1,304,644	\$389,197	\$0

*net of arbitration transfer plus investment income

In 2010 MIPC withheld \$3 million in funds from the CIF for its own purposes. At the end of 2014 it is projected that there will be \$1,717,717 million remaining. These funds are allocated at the discretion of MIPC.

In summary, the budget for 2015 provides \$5.465 million in new grant opportunities to support the priorities established by the Fund partners and stakeholders.

8 – Summary

To date, the CIF has funded 568 projects with a combined value of over \$114 million. Through these projects the CIF has made strategic capital and research related investments that have had a significant impact on the long term effectiveness and efficiency of Ontario’s Blue Box program. The 2015 Operations Plan will build on this success through the investment of a further \$5.465 million in project funding and continued development of the Centre of Excellence.

9 – Appendices

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

Appendix 9.1 2009 to 2014 CIF Financial Statement

The following table summarizes financial statements received from Stewardship Ontario. It shows invoiced expenditures received to date and does not include outstanding commitments on open grants.

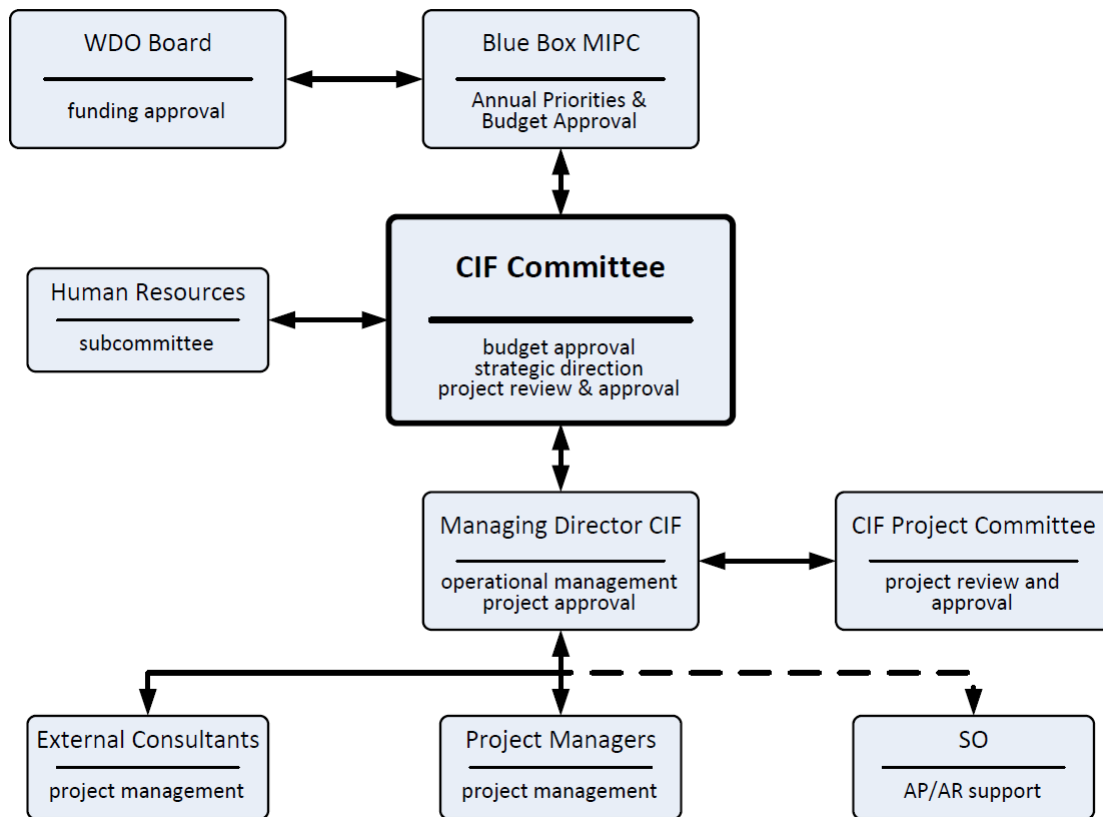
Income Sources	Year ended December 31, 2009 (Actual)	Year ended December 31, 2010 (Actual)	Year ended December 31, 2011 (Actual)	Year ended December 31, 2012 (Actual)	Year ended December 31, 2013 (Actual)	As of Sept 30, 2014 (Actual)
Income Sources						
Cash forward from previous year	\$ 12,845,351	\$ 25,091,110	\$ 39,111,467	\$ 37,042,720	\$35,905,645	\$31,879,962
Municipal contributions	\$ 15,044,719	\$ 16,410,098	\$ 9,013,449	\$ 4,450,752	\$1,168,014	\$4,500,000
Interest	\$ 135,911	\$ 359,599	\$ 446,394	\$ 401,906	\$326,196	\$238,191
Other	\$ 2,787				\$221	
E&E Fund transfer*		\$ 1,112,947				
Total Income	\$ 28,028,768	\$ 42,973,754	\$ 48,571,310	\$ 41,895,378	\$37,400,076	\$36,618,153
Expenditures						
Administration	\$ 652,101	\$ 586,042	\$ 594,196	\$ 533,014	\$485,282	\$878,463
Promotion	\$ 61,028	\$ 94,699	\$ 33,523	\$ 20,235	\$36,211	\$ -
Project Support	\$ 417,176	\$ 259,524	\$ 356,083	\$ 94,024	\$118,406	\$254,639
Best Practices	\$ 1,472,289	\$ 2,421,299	\$ 9,147,539	\$ 4,278,401	\$4,204,375	\$2,946,194
Innovation	\$ 33,574	\$ 261,182	\$ 698,573	\$ 661,396	\$268,548	\$ -
Emerging Technologies	\$ 21,000	\$ 62,783	\$ 369,607	\$ -	\$989	\$ -
Communications	\$ 280,490	\$ 176,758	\$ 329,069	\$ 100,320	\$139,301	\$ -
Centre of Excellence				\$ 302,343	\$267,003	\$147,204
Total Expenditures	\$ 2,937,658	\$ 3,862,287	\$ 11,528,590	\$ 5,989,733	\$5,520,115	\$4,226,500
Year End (Cash Basis)	\$ 25,091,110	\$ 39,111,467	\$ 37,042,720	\$ 35,905,645	\$ 31,879,961	\$32,391,653

*Effectiveness and Efficiency Fund

Appendix 9.2 Governance

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

Chart 1 – CIF Organizational Structure



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

The CIF Committee membership is established as follows:

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

The membership of the Committee for 2015 is shown below.

Chart 2 - 2015 CIF Committee Membership

Representing	Member
Chair	TBA
Association of Municipalities of Ontario	Monika Turner Ken Brothers (alternate)
City of Toronto	Vince Sferrazza
Stewardship Ontario	Sherry Arcaro Pat Chauvet David Pearce (alternate)
Member at Large	TBA
WDO Observer	Will Mueller
MIPC Municipal Observer	Alec Scott
CIF	Mike Birett

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

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

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

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

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

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

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

The membership for the CIF Project Committee for 2015 is shown below.

Chart 3 - 2015 CIF Project Committee Membership

Representing	Member	End of Term
Chair	Mike Birett	NA
Association of Municipalities of Ontario	Erwin Pascual Linda Churchill	Dec 2016 Dec 2016
City of Toronto	Annette Synoweic	Dec 2015
Stewardship Ontario	Sherry Arcaro Pat Chauvet	Dec 2016 Dec 2016
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. The committee makes its decisions on a consensus basis.

Appendix 9.3 Fund Administration

WDO Board Approval

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

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

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

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

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

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

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

MIPC Responsibilities

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

As such, MIPC is responsible for:

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

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

CIF Committee Responsibilities

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

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

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

In particular, the CIF Committee is responsible to:

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

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

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

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

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

Each Committee member is responsible to:

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

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

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

CIF Director Responsibilities

The responsibilities of the CIF Director are:

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

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

Stewardship Ontario Responsibilities

The responsibilities of the Stewardship Ontario to the CIF are:

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

CIF Project Committee Responsibilities

The responsibilities of the CIF Project Committee are:

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

Chart 4 - Approval Limits

Item	CIF Director	Project Committee	CIF Committee
Projects	< \$50k per project	< \$250k per project	> \$250k per project
Contracted Staff	< \$150k per contract	< \$250k per contract	> \$250k per contract
Outreach Services	< \$50k per purchase order	< \$250k per purchase order	> \$250k per purchase order

Appendix 9.4 Conflict of Interest

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

Appendix 9.5 Funding Guidelines

In October 2014, CIF Committee adopted an updated set of guidelines for the evaluation of funding applications. The approved system more closely aligns the CIF project evaluation process with current CIF funding directives.

The current evaluation system considers applications under three primary categories including: Cost Savings, Diversion and Centre of Excellence.

Cost Savings and Diversion applications are based on the following criteria:

- Criterion 1: Increased Cost Effectiveness
- Criterion 2: Increased Blue Box Diversion
- Criterion 3: Regionalization Benefits
- Criterion 4: Payback Period and Return On Investment
- Criterion 5: Project Implementation Measures/Aspects

Applications submitted under the Center of Excellence category are evaluated under the following criteria:

- Criterion 1: Applicability and Potential
- Criterion 2: Project Implementation Measures/Aspects

Under each criterion are a series of sub-criteria which are evaluated on a scale of -5 to +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 conditions that must be met for a project to receive funding:

- An appropriate payback period, (for Cost Savings projects);
- An overall Consensus Criterion Score of at least 25; and
- The project must not have been started before the application was submitted.

Cost Saving Projects must have a payback period of less than eight years. Applications submitted under the Diversion and Centre of Excellence categories may involve projects where accurate calculation of a payback is difficult (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.

The evaluation form is completed by staff and a recommendation made to the CIF Director, CIF Project Committee or CIF Committee depending on the required approval

authority as noted in Appendix 9.3, Chart 4 above. Funding recommendations at a level higher than the minimum amount, for any category, are based on the total score received in the evaluation process for the project in question. The CIF provides incentives for early adopters of new ideas, technology and best practices. Additional points are awarded under selected criteria to recognize this effort. Notwithstanding the aforementioned guidelines, CIF Committee may elect to award funding solely on the merits of the project as outlined by the proponent.

For more information on the CIF application process, refer to the CIF web site found at: <http://cif.wdo.ca/>

Appendix 9.6 Appeal Procedure

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

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

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

* * *

CIF Fund Partners:

