



## 2017 CIF Operations Plan



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# 1 – Introduction

The Continuous Improvement Fund (CIF or the Fund) is a partnership between the Association of Municipalities of Ontario (AMO), the City of Toronto, Stewardship Ontario (SO) and Resource Productivity and Recovery Authority (RPRA).

The Fund commenced operations on May 1, 2008, under a Memorandum of Agreement (MOA) signed by the program partners. Operation of the CIF fulfills specific directives of Minister Stockwell's original program request letter (September 23, 2002) to Waste Diversion Ontario (WDO) requiring establishment of a waste diversion program for Blue Box waste and the obligations of Section 6.6 of the current Blue Box Program Plan (BBPP).

The Fund's mandate is to improve the effectiveness and efficiency of Ontario's municipal Blue Box programs. This mandate is fulfilled through the provision of funding, technical support and training to aid municipalities and program stakeholders in the identification and development of best practices and technological and market based solutions that lead to program improvements.

The CIF Operations Plan (Plan) is developed on an annual basis to meet the objectives set out in the Fund's Three-Year Strategic Plan (2016-2018) and as agreed to periodically by the program partners and approved by RPRA. This year's Plan continues to focus on the Municipal Industry Program Committee's (MIPC's) directives of 2011 to focus on system rationalization and development of a Centre of Excellence (CofE). At the same time, it reflects the program partners' desire to balance those directives with the CIF's ongoing efforts to identify and fund opportunities to contain costs and generate savings through program improvements.

This year's Plan recognizes also that legislative changes introduced under Bill 151, Waste Free Ontario Act 2016, has the potential to fundamentally alter Blue Box program delivery in Ontario. While implementation details have yet to be introduced, this major program shift will likely see "brand holders" assuming a greater degree of operational and financial control for collection, processing and marketing of printed paper and packaging in Ontario.

## 2 – Current Operating Directives

The CIF's original strategic plan was developed in 2007 prior to initiation of the Fund. Over the years, the CIF's focus and priorities have changed to reflect varying directives from the Fund partners, WDO and MIPC.

On September 23, 2015, the WDO Board rescinded its delegated authority over CIF from MIPC and resolved to have CIF report directly to WDO. At the same time, CIF was asked to develop a new three year strategic plan (<http://thecif.ca/about-cif/cif-operations-plans/>) to span the period of 2016-2018. The new strategic plan, as approved by WDO, places an emphasis on:

- Promoting Blue Box System Optimization
- Encouraging Cost Containment Initiatives
- Developing Best Practices through the CIF Centre of Excellence
- Building a Waste Composition Audit Database

The 2017 CIF Operations Plan continues to reflect the program partners' desire to balance allocation of funding to support implementation of the CIF 2016-2018 Strategic Plan (Strategic Plan) with the needs of stakeholders identified through the CIF's annual consultation process. Consistent with comments made during the 2015 consultation process, municipalities and other stakeholders participating in this year's consultation saw an ongoing need to focus CIF's efforts on assisting municipalities with:

- Transitional issues associated with the new legislation;
- Modeling and activity based cost analysis of program operation;
- Funding of waste composition studies; and
- Advancement of new multi-residential diversion strategies.

Notable new suggestions made during the 2016 consultation included requests to focus on:

- Facilitation of peer to peer information sharing through working groups;
- Program reviews of underperforming municipalities;
- Continued assistance with Requests for Proposal (RFPs), contract development and contract management; and
- Research into markets and mixed waste processing options.

## 3 – 2016 in Review

2016 proved to be another successful year for the CIF with record attendance at CIF functions, strong growth in publication readership and website traffic, and another fully subscribed funding cycle. Significant progress was also made on achieving the key objectives of the Strategic Plan. The year was also dominated by ongoing concerns with market stability for core Blue Box materials and the implications of new legislation which impacted the nature and delivery of CIF projects.

### 3.1 The CIF has Completed 541 Projects to Date

As of September 30, 2016, the CIF has received and reviewed a total of 931 project proposals and provided \$56.6 million in funding to 671 of those projects with a combined value estimated at over \$135 million. With 541 of those projects completed, the CIF represents an extraordinary commitment to advance Blue Box waste diversion not found elsewhere in North America.

Over the twelve months preceding release of this year's Plan, a total of 57 projects were completed. This total includes a broad range of cost savings and cost containment projects, promotion and education (P&E) and multi-residential initiatives, and numerous others associated with development and/or implementation of better practices, procurement, training and regionalization initiatives. Collectively they represented just over \$3.7 million in CIF funding.

### 3.2 The CIF REOI Process Continues to Attract Good Applications

Implementation of the CIF's Strategic Plan is fulfilled, in part, through the provision of funding to municipalities and other program stakeholders to undertake projects that are consistent with the goals and objectives of the Strategic Plan. Funding in any given operating year is traditionally offered by the CIF through an annual Request for Expressions of Interest (REOI) process. Despite the current political uncertainty, municipalities and other program stakeholders continue to demonstrate a strong commitment to improving the Blue Box program. The CIF's 2016 REOI process provided \$4.565 million in potential project funding and received 43 funding applications with a combined project value of \$14.2 million with a total funding request of \$6.83 million. Proposed projects dealt with a broad range of issues ranging from costs savings opportunities through to fundamental research initiatives. Table 1 below summarizes the REOI results by funding category.

**Table 1 – 2016 REOI Results**

Item	2016 Budget	Project Value	Funding Request	Funding Approved
System Optimization	\$1,200,000	\$100,000	\$49,999	\$0
Cost Saving Initiatives	\$1,000,000	\$5,257,182	\$2,386,590	\$968,147
Transitional Support in Response to New Legislation	\$1,000,000	\$1,550,150	\$875,150	\$440,240
Cost Containment Initiatives	\$300,000	\$3,916,036	\$1,790,500	\$1,083,290
Blue Box Harmonization	\$100,000	\$5,000	\$5,000	\$0
Centre of Excellence	\$965,000	\$3,359,873	\$1,720,962	\$1,467,735
<b>Total</b>	<b>\$5,465,000</b>	<b>\$14,188,241</b>	<b>\$6,828,201</b>	<b>\$3,959,412</b>

+Note: Project Value, Funding Request and Funding Approved excludes taxes

A total of \$3,959,412 in funding to 30 projects was provided through the 2016 REOI process. The approved projects included traditionally funded activities such as assistance with RFP and contract development and funding for waste composition studies. New funding was also provided to support development of new toolkits and resources to aid municipalities in managing their programs more effectively. Strong interest continued to be shown for the CIF's offering of assistance with program performance reviews and activity based program cost analysis.

The CIF also received almost \$900,000 in funding requests from municipalities seeking assistance in prepare themselves and their programs to adapt to the pending new legislation. Applications were also submitted seeking funding to aid municipalities in exploring options to develop new multi-residential diversion and mixed waste processing initiatives. These applications are significant because they highlight municipal forward thinking towards new sources of untapped diversion. Approximately \$2 million was also provided to 15 cost saving and cost containment related initiatives. This latest block of investment is expected to deliver combined avoided cost increases and savings of up to \$2 million/yr with a projected ROI of approximately one year.

### 3.3 Blue Box System Optimization Yields Mixed Results

Development of efficient ‘hub and spoke’ supply lines or regionalization initiatives has been a standing directive from MIPC and WDO to CIF. These types of efforts remain one of the primary objectives of the CIF’s Strategic Plan.

This year efforts saw the conclusion of five such CIF sponsored regionalization initiatives. In all cases, the impending legislative changes led the prospective municipal and/or private partners to conclude that there was too much uncertainty to warrant entering into any sort of long term inter-municipal arrangements and the projects were terminated. While disappointing, in all cases one or more of the municipalities involved continues to develop projects consistent with the original CIF’s waste shed optimization recommendations. These efforts leave the door open to restarting the cooperative efforts once the timing and details of the new legislation are known.

Amongst the 2016 REOI applications was one new ‘waste shed’ optimization project for the Lake Huron North Shore area and several other applications submitted under the category of legislative transitional support that will lead to further Provincial level program optimization as detailed in Section 5.3 below. At the present time, the CIF has four remaining optimization initiatives across the Province at varying stages of development.

### 3.4 Cost Savings & Containment Initiatives Have Proven More Successful

Over the past year, 10 cost savings and cost containment projects have been successfully closed out generating estimated savings of \$693,000/year. The associated projects spanned a range of MRF and infrastructure related improvements through to P&E campaigns designed to maximize the capture of fibre in Eastern Ontario Blue Box programs. As noted above, this year’s REOI process will commit funding of approximately \$2 million to 15 new related initiatives. Amongst these projects will be new efforts to contain rising program costs through improved P&E, optimization of multi-residential services and major MRF retrofits to address the ongoing change in consumer packaging design.

### 3.5 Development of a Comprehensive Waste Composition Database

In 2013, the CIF began funding waste composition studies with the objective of developing a publically available, province-wide dataset of compositional information with representation across the nine Municipal Datacall Groupings. In December 2015, WDO negotiated an agreement under which SO and CIF would jointly fund a series of municipal waste composition studies over a period of three years. The first set of studies, approved under the Terms of Reference, were initiated in 2016 and funding for the 2017 set was approved in the same year.



**Table 2 – CIF Waste Composition Studies by Municipal Datacall Grouping**

Datacall Group	Waste Composition Studies since 2013 (funding year)				
	TOTAL	2016*	2015	2014	2013
1	7	3	2		2
2	7	2	2	2	1
3	3	1		1	1
4	7	2	2	2	1
5	3	1	1		1
6	2	1	1		
7	1			1	
8	0				
9	2		1	1	

\*Recommended for funding

Funding for waste composition studies under the 2016 REOI process had not yet been approved at the time of publication of this Plan. It is expected, however, that the CIF will commit over \$200,000 to fund ten studies in nine additional municipalities throughout 2017. These studies will augment limited data for Groups 3, 5 and 6.

### 3.6 2016 CIF Centre of Excellence Highlights

Interest in the CIF Centre of Excellence (CofE) has grown with each passing year. The CofE now provides a broad range of services as noted in Table 4 (Section 6) below and its services are regularly oversubscribed by interested municipalities. Some of the highlights of activities undertaken in 2016 through the CofE are noted below.

Blue Box material market stability remained a prevalent issue for the industry throughout 2016. In response, the CIF initiated an overhaul of the CIF's "Ontario Price Sheet". The new price sheet is intended to help stakeholders more effectively compare their program performance with other standards and represents a first step by the CIF to develop more effective metrics for marketing Blue Box commodities. Efforts continued to consolidate the Fund's understanding of markets for problematic markets with a recent commitment to undertake a review of core Blue Box plastics markets. The stability of the mixed broken glass and mixed plastics markets were also monitored closely throughout the year as staff worked to complete recent MRF infrastructure investments in glass clean up systems and 'nex-gen' optical sorters.

Work continued on the CIF's efforts to assist municipalities in reviewing MRF performance and undertaking material specific activity based cost analyses of their program operations. These efforts included the formation of working groups focused on MRF, depot, multi-residential and collections related activities to share information and strategize solutions to common issues.

Recognizing that nearly two thirds of Blue Box related services are contracted out to the private sector, staff continued to develop the Fund's capacity to support municipal efforts to effectively procure and manage these services through the development of best practice compliant RFPs, contracts and contract management protocols. Year to date, staff assisted a record number of municipalities with issues ranging from RFP and contract development and release through to dealing with contractor performance management challenges. By way of example, staff was involved in successfully negotiating the sale and repurposing of surplus transfer equipment between a group of Ontario municipalities, assisting with the resolution of a contract dispute between a group of municipalities and their processor and negotiating a successful processing contract extension. Collectively these three initiatives resulted in a one time savings of over \$750,000. Staff's fourth quarter work plan for 2016 includes completing a full refresh of its web- based resources on this subject.

The CIF continues to provide its very popular Co-operative Container Procurement Program (CCPP) for Blue Boxes, carts and reusable bags. This competitive procurement process which, in addition to achieving significant cost savings through bulk purchase prices, eliminates the need for participating municipalities to expend resources on individual procurement processes. Municipal participation in the CCPP continues to grow, especially for the purchase of Blue Boxes. Nearly 20 municipalities have already purchased more than 80,000 boxes during the first eight months of the current two year agreement. For smaller municipalities, the Blue Box prices made available through the CIF are nearly half of what they had been paying in previous years.

### **3.7 Stakeholders are Interested in What the CIF Has to Say**

As part of the CIF's commitment to develop a Centre of Excellence, the Fund's communications activities were reworked to include a series of new initiatives intended to improve the quality and caliber of information shared with stakeholders. Key amongst these initiatives was a shift from a quarterly newsletter format to a weekly blog which permitted more timely and focused messaging. The new format has proven to be very popular with a marked increase in readership and follow up action by readers while simultaneously reducing development costs. The CIF currently has approximately 1,000 regular subscribers to its mail outs despite a recent effort by staff to cull the list in compliance with current legislation.

2016 also saw the migration of the CIF's website to an independent domain and new Open Source Software platform ([www.thecif.ca](http://www.thecif.ca)). The new platform provides greater functionality, a mobile-responsive site and reduced operating costs. At the same time, staff has begun building out new topic specific content in response to customer requests. Mid-year results show a clear increase in web traffic of about 22% to an average of 800 'hits'/month.

In addition to these new initiatives, the CIF continued to deliver its annual conference and outreach services. The Fund hosted the 21<sup>st</sup> Ontario Recycler Workshop (ORW) in June showcasing the latest CIF projects, introducing new concepts and better practices and facilitating networking amongst stakeholders. The two day event attracted the largest ever ORW audience with more than 180 people taking part in person and by webcast. Outreach sessions were held again in six communities across the Province and despite winter storm conditions nearly 120 participants attended the events. In addition, CIF staff engaged in separate meetings with 53 municipalities and/or groups of municipalities to discuss issues such as the new legislation, planning for the future, the Municipal Datacall, program cost allocation and local needs.

## 4 – 2017 Fund Priorities

The CIF's 2017 Operations Plan is intended to meet the Fund's obligations under its Three-Year Strategic Plan (2016-2018) while building on past successes and addressing priorities identified by stakeholders during the spring consultation process. As in previous years, the Plan includes funding for projects submitted by individual and collective groups of stakeholders and for activities of broad application through the CIF Centre of Excellence. With the passage of the Waste Free Ontario Act, this year's Plan envisions a shift from funding of long term infrastructure development to focusing on assisting municipalities with the impending change.

Since the Fund's inception, the vast majority of CIF expenditures have been directed towards long term improvements to the Province's Blue Box collection and processing infrastructure. With no time line established for the transition of the existing program or clear vision of how it will operate under the new legislation, there is the potential for the CIF's investments to be jeopardized if they are rendered obsolete or surplus under the new program. It would be undesirable for the Fund to inadvertently bind a municipality or grantee to a certain collection or processing strategy that might not be supported under the new program. In light of this fact, CIF Committee resolved at their August 25, 2016 meeting to reduce the maximum allowable payback period from eight years to five on eligible projects. Additional scrutiny and application of new funding conditions is also expected in considering future investments.

Support for this view was echoed during consultation with municipalities during the first two quarters of 2016. They expressed concern with pursuing further regionalization efforts in light of the impending change and recommended that CIF concentrate on short term cost containment and cost savings initiatives, providing additional assistance to municipalities to develop transitional plans, funding of more data collection activities (e.g., waste composition studies and performance audits) and creation of working groups to improve information sharing and learning opportunities. This year's Plan reflects these priorities by:

- consolidating and increasing funding for cost containment and cost savings initiatives;
- consolidating and decreasing funding for regionalization & harmonization initiatives;
- increasing funding for transitional support;
- increasing support for program performance analysis; and
- increasing information sharing opportunities.

The Plan has also prioritized efforts to provide greater support to municipalities in procuring contract services during transition and working with programs with cost or recovery issues to undertake root cause analyses and develop viable action plans where possible. While the CIF has always attempted to address issues with the greatest potential for improvement, this initiative will define a new municipal engagement strategy to be rolled out immediately and continued during the transition period. Full funding from CIF is expected to be required since, in most cases, municipalities are unlikely to have the resources to undertake this type of activity.

# 5 – Grant Opportunities

## 5.1 System Optimization

Blue Box system optimization is a priority of the CIF's Strategic Plan. This year's Operations Plan continues to support this priority but at a reduced level compared with prior years. Appropriate initiatives include funding for individual municipalities and/or groups of municipalities seeking to implement systemic change on a geographical basis. Typical projects include harmonization of services amongst neighbouring communities, development of multi-municipal service agreements and joint delivery of high quality promotion and educational materials to address strategic priorities. Projects that involve multiple municipalities demonstrating an interest in exploring opportunities to work together to improve operational efficiencies will be given priority.

It is recognized that municipalities may be reluctant to do further work in this focus area until the uncertainty surrounding the new legislation is resolved. In the absence of a timeline for resolution of this issue, the 2017 Plan proposes to also explore opportunities for improvement by examining municipal programs that are 'outliers' within their respective Municipal Datacall Grouping. The current Municipal Datacall funding model categorizes reporting municipal programs into nine groupings for comparative analysis. Each group's performance is bell curved resulting in identified 'outliers' (i.e., those programs whose cost or recovery is outside the norm for their group). Evaluating these outlier programs for the root cause of their apparent performance issue(s) and providing funding to overcome the challenges, where appropriate, will benefit all parties in managing system costs and improving the current funding model.

The 2017 CIF Operations Plan provides a total of \$500,000 in funds in support of systemic optimization initiatives throughout the Province.

## 5.2 Cost Saving and Cost Containment Initiatives

The CIF has historically funded cost savings initiatives. In recent years it was also recognized that cost containment projects, defined as initiatives that control or mitigate long term rising costs also warrant funding. They often involve implementation of program level solutions to enhance material recovery, reduce contamination and improve the processing and the marketability of problematic materials. The CIF's budget for both types of activity continues to be oversubscribed year over year and the importance of this work is recognized in the CIF's Strategic Plan as one of the Fund's four strategic priorities. With these facts in mind, this year's Operations Plan includes an increased allocation of up to \$1.8 million to support these efforts.

Projects submitted as cost savings initiatives must be capable of demonstrating a clear payback within less than five years. Applications submitted as cost containment initiatives often do not

generate a project payback and do not meet the funding requirements of cost savings initiatives and, as such, are funded on a case by case basis, typically at lower levels than their cost saving counterparts.

### 5.3 Transitional Support in Response to New Legislation

In 2015, the CIF committed \$1 million per year for three years (i.e., 2016 to 2018) to assist municipalities in dealing with the implications of the Waste Free Ontario Act (2016) subject to the development of acceptable funding criteria. This year's Plan includes provision of up to \$1.55 million in combined funding for this purpose. This total represents the unspent balance (i.e., \$550,000) of funds made available through the 2016 REOI process plus the \$1 million allocated for 2017 under the three year commitment. All such projects are subject to review by CIF Project Committee, at a minimum, and must focus on addressing the implications of the legislation on Blue Box program operations. Funding for political purposes or lobbying efforts is not eligible.

### 5.4 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 – 2017 Open Grant Budget**

Item	2017 Budget
System Optimization	\$500,000
Cost Saving Initiatives	\$1,800,000
Transitional Support in Response to New Legislation	\$1,550,000
<b>Total</b>	<b>\$3,850,000</b>

+Note: Disbursements include tax

## 6 – CIF Centre of Excellence

In 2011, MIPC agreed to support development of a Centre of Excellence (CofE) 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. Commitment to development of the CIF CofE remains a priority of the CIF Strategic Plan and, as such, is a core part of the 2017 Operations Plan.

Each year interest and participation by stakeholders in the CofE has been growing. As in past years, the CofE 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 services. This year's Plan allocates \$1,330,000 in supporting funds as outlined below.

### 6.1 Development of Better Practices and Tool Kits

Identification of better practices and continued efforts to encourage the adoption of those practices by municipalities remains an ongoing priority for the CIF. Development of guides on better practices and cost allocation in depot operations and compactor selection was completed earlier this year. A budget of \$250,000 has been set aside to develop up to 10 new sets of better practices based on the learnings of the CIF. These new information sources will be shared through the CIF's outreach efforts discussed in Section 6.5 below and profiled on the CIF's new website. Unsolicited proposals to develop, prove out and promote best practices will be considered under this category where they include evidence of broad interest amongst stakeholders and have a clear plan for dissemination of the resulting learnings.

### 6.2 Research into Materials Management

There have been growing concerns for several years over the stability of markets for traditional Blue Box materials and the implications of the changing packaging stream on program operating costs. In 2017, the CIF plans to review current market conditions associated with primary plastic streams and conduct a study to examine the viability and costs of separating glass out of curbside programs. Further work is also planned to examine potential solutions that address cost effective diversion and management of 'multi-laminates' and expanded polystyrene. The 2017 Operations Plan includes \$200,000 to facilitate this work and relevant unsolicited proposals submitted by interested parties.

### 6.3 Support for RFP and Tender Development

With almost 70% of municipal services contracted out to the private sector and the uncertainty associated with markets and the pending new legislation, municipalities are increasingly turning to the CIF for guidance with procurement processes and contract management issues. Recognizing that many of these contracts are seven years, or longer, in duration, the CIF continues to look for opportunities to engage with municipalities to develop best practice compliant 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, developing better template language and working with the private sector to reduce barriers to competition within geographical areas. Up to \$100,000 has been included in the 2017 Operations Plan to support this important work.

### 6.4 Training Initiatives

The CIF has developed and delivered a broad range of program related training since the inception of the CofE. Development of the CIF's first on-line training curriculum is expected to be completed in the fourth quarter of 2016. The 2017 Plan includes a budget of \$230,000 to deliver this new service and, subject to a review of the initial offering, transfer the CIF's remaining curricula to the new, on-line format.

The 2017 budget will include allowances for the development of new training opportunities, solicited through the CIF's annual REOI process, that strengthen program administrator and operator competency. This will include development of a new 'train the trainer' program for multi-residential program operators. As in past years, training opportunities will be timed to occur with other events to minimize participant travel cost. The budget will also include provision for consultant and/or CIF staff support to assist program administrators with Blue Box Datacall and Best Practice compliance related issues on an 'as requested' service.

### 6.5 Outreach Services

The CIF continues to see strong participation in all of its public events. The 2017 Plan includes provision for the CIF's annual conference (i.e., Ontario Recyclers Workshop or ORW) and spring outreach sessions. These sessions will continue to be the CIF's mainstay point of contact with municipalities and will be supplemented with topical one day training sessions. 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 funded projects, and provide timely information on topical waste management issues. The spring CIF outreach sessions serve as an opportunity to engage with municipalities in face-to-face discussions about local issues and the operation of the CIF. This information is used to develop priorities for the Fund's upcoming budget cycle.



New to 2017 will be the development of four, municipal staff working groups which were piloted in 2016 to explore new means of disseminating the learnings of the CIF and aid in prioritizing CIF research activities. The new groups are structured to reflect municipal staff functions including: MRF operators, multi-residential program coordinators, collection service coordinators, and depot operators. Participation to date has been encouraging with the groups providing a sounding board for CIF staff to solicit input on topics and concerns from program operators.

In support of these initiatives, the CIF will consider proposals to develop value-added informational and/or training modules that can be delivered as part of these events and/or on-line services. The 2017 Operations Plan includes \$150,000 to continue delivery of these services and for provision of related project support on an as-needed basis.

## **6.6 Performance Auditing and Waste Composition Studies**

In 2015 WDO negotiated a three year agreement under which CIF and SO would jointly fund a series of four season waste composition studies for a select number of interested municipalities. Funding for the 2016 and 2017 calendar years was provided through the CIF's 2016 budget. The 2017 Operations Plan includes funding for additional studies that would be completed in calendar year 2018. That said, not all municipalities wish to secure studies through this process or will be eligible to participate. To provide reasonable access to funding, the CIF will accept applications to cost share additional composition studies with interested municipalities, budget permitting.

Municipalities have also expressed strong interest conducting program performance audits to identify opportunities for improvement with their facilities and services. The 2017 Operations Plan includes provisions to continue offering funding for these types of worthwhile activities on a cost sharing basis. A total of \$100,000 has been included in the 2017 budget to support completion of additional performance audits and \$300,000 for waste composition studies with preference given to communities and program activities which have not been considered in previous years.

## **6.7 Centre of Excellence Budget Summary**

The 2017 Operations Plan allocates up to \$1,330,000 to continue the development of the CIF Centre of Excellence in support of the CIF's Strategic Plan. The CofE's 2017 budget is summarized in Table 4.

**Table 4 – 2017 Centre of Excellence Budget**

Item	2017 Budget
Development of Better Practices and Tool Kits	\$250,000
Research into Materials Management	\$200,000
Support for RFP and Tender Development	\$100,000
Training Initiatives	\$230,000
Outreach Services	\$150,000
Performance Audits	\$100,000
Waste Composition Studies	\$300,000
<b>Total</b>	<b>\$1,330,000</b>

+Note: Disbursements include tax

## 7 – Fund Administration

The following section of the CIF 2017 Operations Plan provides an overview of the Fund's current financial status and administrative performance.

Table 5 summarizes contributions and income received to date from various sources. Provision of funding for the CIF has varied over the years with the most recent contribution being a commitment of \$4.2 million in 2016.

**Table 5 – CIF Income Sources**

<b>CIF Funding: Actuals &amp; Projected 2008 – 2016</b>			
	<b>2008-2014 Consolidated Actual</b>	<b>2015 Actual</b>	<b>2016 Projected</b>
MIPC Funding	\$61,026,032	\$1,500,000	\$4,200,000
Investment Income	\$2,165,541	\$153,945	\$150,893
E&E Fund Closure* & Other	\$1,115,734	\$987,113	\$.00
<b>Cumulative Total</b>	<b>\$64,307,307</b>	<b>\$66,948,365</b>	<b>\$71,299,258</b>

\*Effectiveness and Efficiency Fund

A summary of the CIF project funding commitments and expenditures projected to year end 2016 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.

Prior year's operating plans have also segregated out remaining funds associated with the MIPC Reserve. This item represented a block of \$3 million MIPC set aside for their own self-directed use. On August 10, 2016, the WDO Board resolved to allow AMO to draw against the remaining funds under specified conditions. In light of this decision, the funding commitment has been consolidated with "Grants" in Table 6 and will no longer be reported on separately.

**Table 6 – CIF Expenditures**

<b>CIF Grants and Expenditures: Actuals &amp; Projected 2008 - 2016</b>			
	<b>2008-2014 Consolidated Actual</b>	<b>2015 Actual</b>	<b>2016 Projected</b>
Admin & Project Support	\$5,268,151	\$691,982	\$679,280
Grants	\$44,345,895	\$3,561,712	\$3,873,057
Centre of Excellence	\$1,193,354	\$999,981	\$2,141,810
WDO & AMO Transfers	\$4,607,279	\$579,956	\$0
<b>Cumulative Total</b>	<b>\$55,414,679</b>	<b>\$61,248,310</b>	<b>\$67,942,457</b>

The financial analysis provided in Table 7 presents the current plans for the allocation of the remaining funds through to the end of 2018 which reflects the term of the CIF's current Strategic Plan. Sufficient funds have been allocated to operate the CoE through this period and to cover administrative costs associated with the wind down of Fund operations over a period of up to 18 months thereafter and report out on remaining project results. While it is possible that the CIF will receive additional monies in future years, this is neither guaranteed nor has any assumption been made about future funding for the purposes of administering the Fund.

**Table 7 – CIF Fund Analysis**

<b>Projected Expenditures</b>				
	<b>2015 (Actual)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Prior Year Fund Balance	\$13,499,907	\$10,887,290	\$12,605,968	\$6,723,783
Total Revenue	\$2,641,058	\$4,350,893	\$112,324	\$76,674
Total Project Approvals	(\$3,561,712)	(\$3,873,057)	(\$3,850,000)	(\$2,700,000)
Centre of Excellence	(\$999,981)	(\$2,141,810)	(\$1,330,000)	(\$1,500,000)
Admin & Project Support	(\$691,982)	(\$679,280)	(\$814,510)	(\$832,446)
<b>Fund Balance end of year</b>	<b>\$10,887,290</b>	<b>\$8,544,036</b>	<b>\$6,723,783</b>	<b>\$1,768,011</b>

+Note: Net of transfers to partners

## 8 – Summary

As of September 30, 2016, the CIF has funded 671 projects with a combined value of over \$135 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 2017 Operations Plan will build on this success through the investment of a further \$5.18 million in project funding and continued development of the Centre of Excellence.

# 9 – Appendices

- 9.1 Consolidated Financial Statement
- 9.2 Governance
- 9.3 Funding Guidelines
- 9.4 Appeal Procedure

## Appendix 9.1 2012 to 2016 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 Dec. 31, 2012 (Actual)	Year ended Dec. 31, 2013 (Actual)	Year ended Dec. 31, 2014 (Actual)	Year ended Dec. 31, 2015 (Actual)	As of June 30, 2016
<b>Cash forward</b>	\$37,042,720	\$35,905,645	\$31,879,962	\$29,216,829	\$28,011,710
Municipal contributions	\$ 4,450,752	\$1,168,014	\$3,307,279	2,837,114	\$2,103,473
Interest	\$ 401,906	\$326,196	\$314,074	\$153,945	\$113,174
Other		\$221	(\$1,157,279)		\$12,965
<b>Total Income</b>	\$41,895,378	\$37,400,076	\$34,344,036	\$32,207,888	\$30,241,322
<b>Expenditures</b>					
Administration	\$533,014	\$485,282	\$480,653	\$543,480	\$247,504
AMO Admin Reserve Balance				\$22,646	\$209,080
Promotion	\$20,235	\$36,211			
Project Support	\$94,024	\$118,406	\$172,189	\$193,560	\$70,734
Best Practices	\$5,040,117	\$4,613,213	\$4,194,960	\$2,619,147	\$2,506,984
Centre of Excellence	\$302,343	\$267,003	\$251,998	\$335,768	\$449,965
AMO Transfer			\$27,407	\$500,000	
Rideau Lake Loan				\$14,924	\$38,656
<b>Total Expenditures</b>	\$5,989,733	\$5,520,115	\$5,127,207	\$4,229,525	\$3,522,923
Posted in following year				\$33,347	(\$33,347)
<b>Year End Fund Balance</b>	<b>\$35,905,645</b>	<b>\$31,879,962</b>	<b>\$29,216,829</b>	<b>\$28,011,710</b>	<b>\$26,685,052*</b>

\*Fund balance as of June 30, 2016

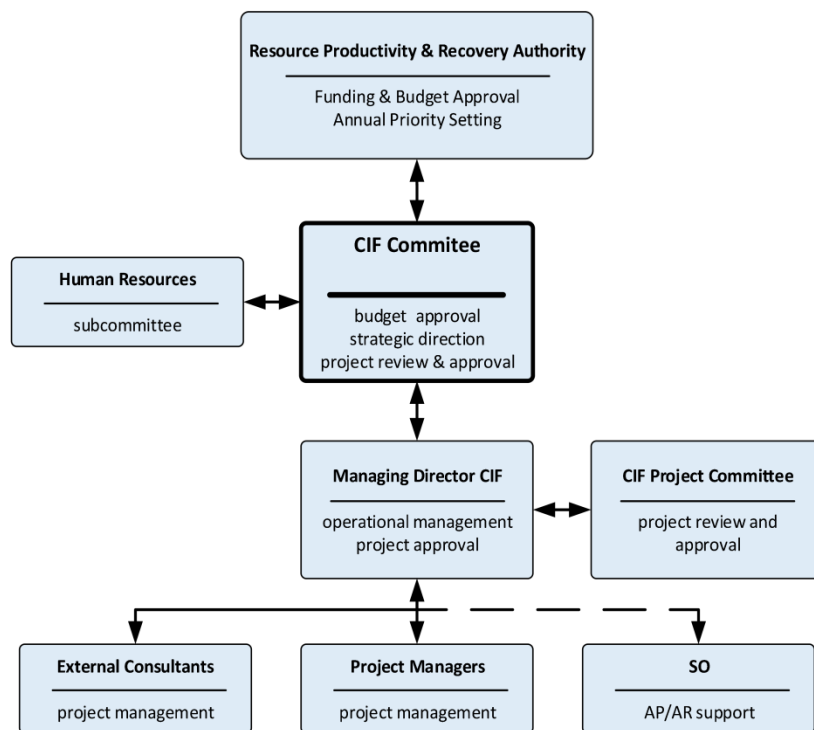
## Appendix 9.2 Governance

The CIF fulfills the requirements of Section 6.6 of the Blue Box Program Plan and the Minister's original Program Request Letter to WDO for a Waste Diversion Program for Blue Box Wastes that:

- 7 (c) *"The proposed funding rules under the program will include ... a funding performance incentive to encourage program efficiency and effectiveness."*
- 8) *"The program will include a plan, with funding provisions, outlining research and development activities to support and increase the effectiveness and efficiency of Blue Box diversion."*

The CIF operates as a committee of RPRA and is, therefore, governed by the overall guidelines and rules established by RPRA, subject to any policy the CIF Committee adopts within its delegated authority. RPRA is responsible for setting the overall authorities, strategic priorities and budget for the CIF. The CIF Committee develops and recommends strategic priorities and the annual budget for approval from RPRA. The CIF Committee 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 membership is established as follows:

- One voting representative from the Association 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 the City of Toronto and the Association of Municipalities of Ontario;
- The Chief Executive Officer of RPRA as an observer; and
- The CIF Managing Director as an observer.

The membership of the Committee for 2017 is shown below.

**Chart 2 - 2017 CIF Committee Membership**

<b>Representing</b>	<b>Member</b>
Chair	Doug Thomson
Association of Municipalities of Ontario	Ken Brothers Monika Turner
City of Toronto	Vince Sferrazza
Stewardship Ontario	Cullen Hollister David Pearce
Member at Large	Jerry Powell
RPRA Observer	Mary Cummins
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 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.

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 2017 is shown below.

**Chart 3 - 2017 CIF Project Committee Membership**

Representing	Member	End of Term
Chair	Mike Birett	NA
Association of Municipalities of Ontario	Linda Churchill Erwin Pascual	December 2018
City of Toronto	Annette Synoweic	December 2018
Stewardship Ontario	Cullen Hollister David Pearce	December 2018 December 2018

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

## Appendix 9.3      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 five 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. 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 website found at:  
[www.thecif.ca](http://www.thecif.ca).

## Appendix 9.4      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 RPRA; and
- RPRA 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 RPRA will work with the appellant to clarify the decision and review any additional information to mitigate the issue.