

# **CIF**

**CONTINUOUS  
IMPROVEMENT FUND**

## **2018 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, previously known as Waste Diversion Ontario). 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 to Waste Diversion Ontario (WDO) dated September 23, 2002 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 current Three-Year Strategic Plan (2016-2018) and as agreed to periodically by the program partners and approved by RPRA. This year's plan recognizes the potential for the current BBPP to be amended and trigger the wind down of the Fund. Municipalities have been working hard to support RPRA and SO as they respond to the Minister's request to propose amendments to the BBPP. There are, however, no guarantees the proposed amended BBPP (a-BBPP) will be approved or how long transition will take and the conditions under which it would occur. As a consequence, the 2018 CIF Operations Plan has been developed to focus on transitional support and continued provision of appropriate services under the CIF Centre of Excellence (CofE). Provision of funding opportunities for projects that would normally be funded by the CIF such as cost savings, program rationalization and regionalization will be postponed until clarity around the timing of a decision on the a-BBPP has been made available. It should be noted that a decision by the Minister of the Environment and Climate Change is not expected before April 2018 due to the requirement to post the proposal on Ontario's Environmental Registry. Consideration will be given to amending the Plan as required at that time.

## 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 (now RPRA) 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 strategic plan, as approved by WDO, placed 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 2018 CIF Operations Plan reflects the program partners' desire to focus the Fund's efforts on provision of transitional and related support services through the CIF Centre of Excellence in light of the potential for the existing BBPP to be amended in 2018. Elements of the strategic plan will continue to be supported where appropriate within this context while others, such as cost containment initiatives, will be put on hold until the Province has had an opportunity to make a decision on the proposed amendment to the BBPP.

Consideration has also been given to comments made during the CIF 2017 spring consultation process and annual municipal 'needs' survey including provision of support for:

- Transitional issues associated with the new legislation;
- Program analysis and cost modeling;
- Development of curbside compliance protocols; and
- Funding of waste composition studies.

## 3 – 2017 in Review

2017 was a year of dramatic change in the industry. Stakeholder efforts to expedite transition of the Blue Box Program (BBP) to full Extended Producer Responsibility (EPR) dominated much of the discussion across the Province. As a result, the CIF saw a significant drop in capital investments as municipalities assessed the implications of what could be a fundamental change in the direction of the BBP. In the midst of this fundamental shift in policy, North American markets also encountered significant upheaval as a result of implementation of the Chinese National Sword program. As a result, demands for the CIF's support services reached an all-time high as stakeholders sought technical support and guidance from CIF staff in an effort to understand the regulatory and market impacts on their programs. This shift in focus resulted in record attendance at CIF functions and continued strong demand for services offered under its Centre of Excellence banner. Publication readership and website traffic also continued to grow throughout the year as Fund staff generated new training and topical content.

### 3.1 583 Projects Completed to Date

As of October 30, 2017, the CIF has received and reviewed a total of 974 project proposals and provided \$58.5 million in funding to 696 of those projects with a combined value estimated at over \$135.8 million. A total of 583 projects were completed at the time of publication of this report. They span an extraordinary range of activities from market research through to ongoing capital investments that will ensure Ontario's BBP remains a leading example in the field of waste management into the foreseeable future.

Over the past twelve months the Fund has closed out a total of 43 projects in cooperation with its partners. Collectively they represented just over \$4.9 million in CIF funding including a range of cost savings, system rationalization, transitional support, promotion and education (P&E) and market research initiatives and several others associated with development and communication of better practices.

### 3.2 The CIF REOI Was Fully Subscribed Despite Political Uncertainty

Consistent with the goals and objectives of the Fund's Strategic Plan, a total of \$5.180 million in potential project funding was made available through this year's Request for Expressions of Interest (REOI) process. Unfortunately, the prospect of early transition of the Blue Box program to full EPR resulted in most municipalities putting major capital investments and program expansions on hold. Despite the political uncertainty, municipalities and other program stakeholders submitted 35 funding applications with a combined project value of \$14.9 million and total funding request of \$7.9 million. Proposed projects dealt with a broad range of issues ranging from cost savings opportunities through to transitional support. Table 1 below summarizes the REOI results by funding category.

**Table 1 – 2017 REOI Results**

Item	2017 Budget	Project Value+	Funding Request+	Funding Approved+
System Optimization	\$500,000	\$7,767,000	3,906,290	\$100,472
Cost Saving & Containment Initiatives	\$1,800,000	\$4,947,680	\$2,477,840	\$221,064
Transitional Support	\$1,550,000	\$762,865	\$658,670	\$439,191
Centre of Excellence	\$1,330,000	\$1,461,125	\$892,743	\$870,315
<b>Total</b>	<b>\$5,180,000</b>	<b>\$14,938,670</b>	<b>\$7,935,543</b>	<b>\$1,631,042</b>

+Note: excludes taxes

After review of the submitted applications, a total of \$1,713,501 in funding was provided to 26 projects in 2017. The approved projects included traditionally funded activities such as short term capital investments, assistance with RFP and contract development and funding for waste composition studies. Funding was also provided to support development of new toolkits, fund several pilot projects and assist a number of municipalities preparing for transition under the new legislation. Strong interest continued to be shown in data collection related activities such as waste composition studies, program performance reviews and activity based program cost analysis, in part, because of the recognition by municipalities that they need to review and assess their program performance.

### 3.3 Blue Box System Optimization Yields Mixed Results

This year saw the conclusion of two CIF funded regionalization initiatives. As with past regionalization efforts, these projects delivered positive, individual program improvements but fell short of the goal of optimizing services across the geographical waste shed involved. The projects demonstrate that municipalities can successfully come together to work on joint initiatives that coordinate, enhance or at least complement existing services. Initiatives that require consolidation of services across municipal boundaries can, however, be extremely challenging due to local interests and even competitive relationships between neighbouring municipalities.

Through the 2017 REOI process four new system optimization projects were approved at a combined total funding of \$100,472. The selected projects included: options analyses for two regional MRFs, a county-level service review for a group of municipalities in Eastern Ontario and a program harmonization project in Southwestern Ontario. The CIF has six remaining optimization initiatives across the Province at varying stages of development but expects they will either be put on hold or repurposed in light of the potential amendment of the BBPP.

### 3.4 Cost Savings & Containment Initiatives Continue to Deliver Success

The development and funding of cost savings and cost containment initiatives continues to be a 'bright spot' for the CIF. Over the past year (Sep 2016 to Sep 2017), 12 such projects have been successfully closed out generating reported savings of almost \$1,110,000/year.

The associated projects span a range of MRF and infrastructure related improvements through to proving out best practices in depot collection and transfer operations.

This year's REOI process will commit funding of approximately \$233,000 to six new cost saving and cost containment related initiatives with a projected ROI of 4.4 years. They include several compactor projects, a MRF production loss reduction initiative and several pilots intended to reduce the cost of managing problematic materials (e.g., expanded polystyrene and glass). This latest block of investment is expected to deliver a combined saving of \$220,000 per year or more with a projected ROI of approximately 4.4 years.

### 3.5 Transitional Support

The CIF began providing transitional support as a fundable project category in 2016. The 2017 REOI process received seven applications from municipalities seeking assistance to prepare themselves and their programs to adapt to the proposed amended BBPP. A total of \$439,191 in funding was provided to support these projects bringing the total number of transitional support projects funded by the CIF to 13 over the past two years. One project was completed in 2017 while the remaining projects are currently under development. They include five projects developing options to manage potentially stranded assets across the Province and seven developing cost allocation models. The completed project examined how recycling is defined in various jurisdictions around the world to assist stakeholders in setting reasonable diversion rates under the proposed a-BBPP.

### 3.6 Waste Composition Database Development Continues

In December 2015, WDO (now RPRA) 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 second set of studies, approved under the Terms of Reference (TOR), were initiated in 2017 and funding for the third and final dataset under the TOR was under consideration at the time of



publication of this report. This data has allowed the CIF to develop a publically available, province-wide dataset of compositional information with representation across the nine RPRA municipal groupings.

**Table 2 – CIF Waste Composition Studies by RPRA Grouping**

RPRA Group	Waste Composition Studies since 2013 (funding year)					
	TOTAL	2017*	2016	2015	2014	2013
1	11	3	4	2		2
2	9	3	1	2	2	1
3	4	1	1		1	1
4	9	2	2	2	2	1
5	3	0	1	1		1
6	3	1	1	1		
7	2	1			1	
8	1	1				
9	3	1		1	1	

\*Recommended for funding

Pending approval of the studies recommended under this year’s REOI process, it is expected that the CIF will commit \$315,000 to fund 13 new studies next year across eight of the nine RPRA Datacall groupings. This round of studies will augment limited data for Groups 6 to 9.

### 3.7 CIF Centre of Excellence Highlights

Development of the CIF Centre of Excellence (CofE) has been an ongoing priority of CIF Committee and is part of the CIF Strategic Plan. The CofE provides a broad range of services as noted in Table 4 (Section 6) below that are regularly accessed by municipalities across the Province. This year saw the completion of a number of important initiatives.

This year, York University completed an independent review of nearly 400 completed CIF projects. The researchers reviewed the reported results to confirm Fund staff had captured the key learnings and to assess the veracity of reported better practices. The information has, and will continue, to be used as part of the Fund’s plans to build out its web site with information about demonstrated better practices. By way of example, throughout 2017 Fund staff developed new web content focused on better practices in depot operations, public space and

signage, transportation and marketing and multi-residential recycling. New guidance information was also published on compactor selection and operations, overseas materials shipment and the BBP transition.

Consistent with the CIF's efforts to develop activity based models of core services, work was also begun on modeling collection services. These efforts were complimented with completion of two related pilot projects which examined the benefits of GIS mapping of collection routes and use of clear bags for garbage and recycling. Subsequent use of the GIS mapping data in the procurement of collection services for the municipality in which the pilot was undertaken resulted, in part, in an estimated \$300,000/yr savings over the previous contract. This example highlights the benefits of developing, testing and disseminating information on better practices.

As noted above, issues with market stability continued to raise concerns from municipalities operating processing facilities and those with revenue sharing agreements. Announcement of the National Sword campaign in China only served to heighten these concerns. In response, the CIF undertook a study of the North American plastics markets, worked with municipalities and their contractors to move stranded loads of materials and developed guidance documents related to current shipping requirements for out-of-province markets. The stability of the mixed broken glass was also monitored closely throughout the year. CIF and municipal investments in glass clean up systems at municipally-owned facilities appears to have resolved much of the issues associated with this stream.

Requests for assistance from municipalities procuring contracted services reached record levels as a result of the potential expedited transition of the BBPP. Staff was actively involved with municipal procurement activities across the Province and developed several new contract mechanisms to address issues municipalities are facing during the current period of uncertainty. Staff also delivered two one-day training sessions on service procurement to help address this need.

2017 also saw the successful deployment of the CIF's first online training project. The new course, which provides basic 'fundamentals' training for new waste management staff is intended to meet an important need as many of the senior staff in municipal waste management positions prepare to retire in the coming years. Since the course's launch in June of this year, 49 people have already enrolled with very positive feedback from participants. Earlier this year staff also delivered a new course dealing with effective communications (i.e., promotion and education). Both the procurement and communications course were sold out and received very positive reviews providing an indication of the popularity and value of CIF course materials.

Five new projects involving development of prospective better practices and one research project were approved through this year's REOI process at a combined funding of \$489,015. The projects will examine focus on approaches to minimizing the cost and level of contamination of the Blue Box stream under different circumstances (e.g., cart, bin and curbside programs).

New efforts to examine the effectiveness of procurement tools and develop domestic markets for glass will also be undertaken.

Not surprisingly, staff was also heavily involved in providing research and technical support to municipalities and other stakeholders developing issues papers related to, and considering the implications of, the proposed amendment of the BBPP. The CIF's working groups (i.e., depot, processing, collection and multi-residential) were actively engaged in this work and provided valuable insight into the various topics in addition to fulfilling their standing project work.

The CIF continues to provide its 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 50 municipalities have already purchased more than 210,000 blue boxes, 11,500 recycling carts and 32,000 reusable bags through the 19 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. The current CCPP is scheduled to end March 31, 2018 and CIF is receiving inquiries from municipalities regarding the possible continuation of the program through to transition.

### **3.8 CIF Communications Efforts Continue to Pay Off**

In 2016, the Fund invested considerable resources into overhauling its communications activities including shifting to weekly electronics news releases and revamping its web site to improve the quality and caliber of information shared with stakeholders. The new format continued to deliver positive results throughout 2017 while minimizing delivery costs.

The CIF currently has over 1,000 regular subscribers to its news service. 'Open' rates for CIF email traffic routinely average around 30% with readership of topical information typically averaging between 100-150 readers/article and specialty items, such as the CIF Price Sheet, being lower at around 50-60 readers/issue. Staff maintains a policy of limiting publication of articles and/or bulletins to two per week to avoid excessive communications with the Fund's stakeholders.

By comparison, the CIF's new website typically is visited by 900-1,000 viewers per month with approximately 87% of the viewers being from Canada and an additional 8% from the United States with the balance being from other countries. Not surprisingly, new content and upcoming events tend to be the primary areas of interest. Year over year, the site has seen a 56% increase in traffic, a 46% increase in specific page views and a 40% increase in return visitors suggesting the new content under development by Fund staff is resonating with the Fund's clientele. A feedback survey completed last month further supports these findings with very positive responses from survey participants about both the content and layout.

The CIF continued to deliver its annual conference and outreach services throughout 2017. The Fund hosted the 22<sup>nd</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 continues to attract consistent attendance levels of between 150 to 180 people in person and by webcast. Outreach sessions were held again in six communities across the Province with record attendance topping out at 140 participants. In addition, CIF staff engaged in separate meetings with over 67 municipalities and/or groups of municipalities to discuss issues ranging from problematic materials and local cooperation through to the implications of amending the BBPP.

## 4 – 2018 Fund Priorities

Unlike previous years, the CIF's 2018 Operations Plan recognizes that the needs of its clients have changed dramatically as a result of the potential amendment of the BBPP. Moreover, the CIF itself could be wound down as part of the amendment process. Any decision on whether the Province will authorize an amendment of the BBPP is not expected until after the end of the first quarter of 2018. The timing and scope of implementation of the proposed transition is, as of yet, unknown.

In light of this uncertainty, municipalities are not expected to engage in major capital investments and/or program changes. Rather, most are focusing efforts on reviewing their current programs to understand the implications of changes being proposed as part of the anticipated amendment of the BBPP. These assumptions were borne out by a 'needs survey' recently conducted by CIF staff. Preliminary results suggested respondents wish to see CIF focus its efforts on continued provision of support services and information during any possible transition of the BBP. Specifically, respondents expressed a need for assistance with program reviews, procurement activities and other types of transitional support. There appeared to be less interest in funding for cost savings and cost containment projects. Staff has also heard from a number of municipalities that they will be focusing efforts on promotion and education and other activities geared towards minimizing contamination at the curb or point of collection.

Current CIF funding policies limit investment in cost savings and cost containment projects to those capable of achieving a five year payback. In light of the possibility that municipalities may divest themselves of their Blue Box program assets and possibly turn over full responsibility for operation of local Blue Box programs to producers, it would be difficult to support offering grant opportunities until there is better clarity about the transitional timeline. It would also be inappropriate for the CIF to provide grants for projects of more than a short term nature in light of the fact that the Fund may be wound down as part of the transitional process.

With these issues in mind, this year's Plan will focus on assisting municipalities with preparing for possible adoption of the proposed a-BBPP. Funding and support services will continue to be offered as they relate to CofE activities and transitional support. Funding for cost containment, cost savings initiatives, regionalization and harmonization initiatives will be included in the 2018 budget but grant opportunities will be conditional upon the certainty of the Province's intentions and timing related to the proposed BBPP amendment and any associated impact on the continued operation and mandate of the CIF. Release of the annual CIF REOI process is expected to be put on hold until there is clarity on these issues. Should applications be accepted in 2018, applicants should expect a high level of scrutiny associated with the proposed completion date and relevance of the proposed project to the current political environment.

# 5 – Grant Opportunities

As noted above, grant opportunities described in this section will be included in the CIF's 2018 budget. Acceptance of applications, however, will be postponed until there is clarity around the proposed amended BBPP. Additional rules and conditions may be applied by CIF Committee at that time.

## 5.1 Program Performance Improvements

Blue Box system optimization is a priority of the CIF's Strategic Plan. This year's Operations Plan recognizes that municipalities have signaled a desire to review their program(s) and take action to improve program performance in light of the eventual transition of the BBPP. Potentially fundable initiatives include action by individual municipalities and/or groups of municipalities that achieve measurable changes in program performance. Possible projects can include harmonization of services amongst neighbouring communities, development of communication tools and campaigns and operational changes to reduce contamination or improve contract compliance.

Projects that demonstrate measurable impacts will be given priority. Eligible projects will be subject to strict completion timelines in order to ensure the benefits of the proposed work are achieved prior to transition of the Provincial BBP. The 2018 Operations Plan provides a total of \$500,000 in funds in support of this work.

## 5.2 Cost Saving and Cost Containment Initiatives

Recognizing that transition of the current BBP in Ontario will take years to complete, it is still in the interest of municipalities to invest in cost savings and cost containment initiatives. The importance of this work is recognized in the CIF's Strategic Plan as one of the Fund's four strategic priorities. Applications submitted as cost containment initiatives often do not generate a project payback. As such, they are funded on a case by case basis, typically at lower levels than their cost saving counterparts.

Projects submitted as cost savings and cost containment initiatives must be capable of demonstrating a clear payback or avoid cost benefit within less than five years in order to be considered. Additional restrictions may be placed on such applications by CIF Committee to address the current political environment. Such restriction may include, but not be limited to, shortened payback periods to ensure the projects can achieve their objectives prior to program transition.

This year's Operations Plan includes a budget of \$1 million to support these efforts.

### 5.3 Individual and Collective Grant Budget Summary

Table 3 below summarizes grant opportunities available to individual stakeholders and groups seeking to improve their program’s performance and/or reduce program costs subject to the implications of a possible amendment of the BBPP.

**Table 3 – 2018 Open Grant Budget**

<b>Item</b>	<b>2018 Budget+</b>
System Optimization	\$500,000
Cost Saving Initiatives	\$1,000,000
<b>Total</b>	<b>\$1,500,000</b>

+Note: Disbursements include tax

# 6 – CIF Centre of Excellence

Commitment to development of the CIF CofE remains a priority of the CIF Strategic Plan. This year's CIF 'needs' survey suggests the Fund's clients wish to see its role in disseminating information and providing support services remain a core part of the 2018 Operations Plan. With this in mind, the CofE will continue to focus on assisting municipalities and other stakeholders with transitional issues, 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 \$2,135,369 in supporting funds as outlined below.

## 6.1 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. Committee also agreed to roll over unspent funds from previous years to make full use of these allocated resources. The current unspent balance from funds made available through the 2016 and 2017 REOI processes \$1,065,369. This year's Plan will continue to make these unspent funds available for use in 2018. Provision of the final \$1 million, that was to be allocated for 2018 under the three year commitment, will be deferred for future consideration. 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.

## 6.2 Waste Composition Studies

The 2017 REOI process provided funding for the third and final round of waste composition studies required under the WDO (now RPRA) agreement under which CIF and SO jointly funded a series of four season waste composition studies. Notwithstanding the end of this agreement, municipalities have indicated a desire to have CIF continue funding further studies in 2018. They have also expressed strong interest in conducting additional program performance reviews to ensure their services are meeting contractual obligation and to aid in managing issues such as contamination levels. The 2018 Operations Plan includes provisions to continue offering funding for these types of worthwhile activities. A total of \$300,000 has been included in the 2018 budget to support completion of additional waste composition studies with preference to be given to communities and program activities which have not been considered in previous years.

## 6.3 Development of Better Practices and Tool Kits

While the potential transition of the Blue Box program could have far reaching implications to the roles and responsibilities of municipalities, many will continue to operate their programs



under the existing BBPP and ultimately continue operating as service providers to the producers post transition. Understanding and implementing better practices will, therefore, remain an important aspect of municipal operations into the foreseeable future. In light of this reality, identification of better practices and dissemination of project results will remain an ongoing priority for the CIF. The positive response to the current resources provided on the CIF web site suggests there is support for this continued priority. A budget of \$250,000 has been set aside to support this work in 2018. 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.

## 6.4 Outreach Services

The CIF continues to see strong participation in all of its public events. The 2018 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 funded under Training Initiatives as noted in Section 6.6 below. The ORWs are open to all stakeholders and typically attract approximately 130 participants in person or via webcast. The primary focus of the sessions continues to be: delivery of updates from program partners, reports on CIF funded projects, and provision of 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.

Funding will also be provided in 2018 for the continued operation of the CIF's four municipal working groups (i.e., MRF, depot, curbside collection and multi-residential operations) which were piloted in 2016 to explore new means of disseminating the learnings of the CIF and aid in prioritizing CIF research activities. The groups have proven to be very useful in serving as 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 2018 Operations Plan includes \$150,000 to continue delivery of these services and for provision of related project support on an as-needed basis.

## 6.5 Procurement and Contract Management Support Services

The majority of municipal waste management services continue to be contracted out to the private sector. Not surprisingly the potential for transition of the BBPP has resulted in a significant increase in the demand for support services from the CIF. Requests for assistance have varied from training through to assistance in development of procurement and contract

documents and guidance with contract management issues. Fund staff anticipates there will be a continued need for this service into the foreseeable future. Applications under this section potentially include consulting support to assist with development of service procurement documents and management of procurement processes and/or evaluate the implications of early termination of existing contracts. Up to \$100,000 has been included in the 2018 Operations Plan for this purpose.

## **6.6 Research into Materials Management**

Market stability remains an ongoing issue for municipalities and other stakeholders. Responsibility for diversion of printed paper and packaging will eventually fall to the producers under the new legislation. In the interim, however, many municipalities will remain invested in marketing decisions until at least 2020. It is, therefore, in the best interest of all stakeholders to continue co-funding identification of options for diversion of problematic materials and development of domestic markets. The 2018 Operations Plan includes \$100,000 to facilitate this work.

## **6.7 Performance Auditing**

Municipalities have indicated a desire to undertake additional quantitative analysis of their programs in light of the prospect of transitioning them under the amended BBPP. The intent of these studies is to ensure program services are meeting contractual obligations and to understand the financial implications of having to make any necessary changes to achieve compliance. A total of \$90,000 has been included in the 2018 budget to support completion of additional performance audits with preference to be given to communities and program activities which have not been considered in previous years.

## **6.8 Training Initiatives**

2017 saw the successful delivery of the CIF's first on-line training curriculum. The 2018 Operations Plan will include funding of up to \$80,000 for continued delivery of existing courses and development of the Fund's second on-line training curriculum which will be focused on procurement and contract management in light of the pressing need during transition of the BBPP. New course development will be solicited through the CIF's annual REOI process that strengthens program administrator and operator competency. As in past years, training opportunities will be timed to occur with other events to minimize participant travel cost. As in past years, 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.

## 6.9 Centre of Excellence Budget Summary

The 2018 Operations Plan allocates up to \$2,135,369 in support of the CIF's Strategic Plan and current priorities as summarized in Table 4.

**Table 4 – 2018 Centre of Excellence Budget**

<b>Item</b>	<b>2018 Budget+</b>
Transitional Support in Response to New Legislation	\$1,065,369
Waste Composition Studies	\$300,000
Development of Better Practices and Tool Kits	\$250,000
Outreach Services	\$150,000
Procurement and Contract Management Support Services	\$100,000
Research into Materials Management	\$100,000
Performance Auditing	\$90,000
Training Initiatives	\$80,000
<b>Total</b>	<b>\$2,135,369</b>

+Note: Disbursements include tax

## 7 – Fund Administration

The following section of the CIF 2018 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 – 2017</b>			
	<b>2008-2015 Consolidated Actual</b>	<b>2016 Actual</b>	<b>2017 Projected</b>
MIPC Funding	\$62,526,032	\$4,200,000	\$0.00
Investment Income	\$2,319,486	\$149,128	\$134,749
E&E Fund* Closure & Other	\$2,102,847	\$12,951	\$0.00
<b>Cumulative Total</b>	<b>\$66,948,365</b>	<b>\$71,310,444</b>	<b>\$71,445,194</b>

\*Effectiveness and Efficiency Fund

A summary of the CIF project funding commitments and expenditures projected to year end 2017 is presented in Table 6 below. Note that funding commitments do not necessarily represent final project expenditures. It is not unusual for projects 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 correctly reconciled.

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 is no longer reported separately.

**Table 6 – CIF Expenditures**

<b>CIF Grants and Expenditures: Actuals &amp; Projected 2008 - 2017</b>			
	<b>2008-2015 Consolidated Actual</b>	<b>2016 Actual</b>	<b>2017 Projected</b>
Admin & Project Support	\$5,960,133	\$578,274	\$664,262
Grants	\$43,430,395	\$3,875,295	\$1,253,153
Centre of Excellence	\$2,193,335	\$2,268,135	\$1,090,344
<b>Cumulative Total</b>	<b>\$51,583,863</b>	<b>\$58,305,568</b>	<b>\$61,313,327</b>

It should also be noted that \$5,187,235 in funds has, to date, flowed through the CIF to both WDO and AMO as part of negotiated agreements made by MIPC between 2013 and 2015. These funds are not recorded as contributions to CIF or expenditures by CIF because the funds were not made available to CIF for operating purposes.

The financial analysis provided in Table 7 presents the current plans for the allocation of the remaining funds through to the end of 2019 which reflects the term of the CIF’s current Strategic Plan. Sufficient funds have been allocated 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>2016 (Actual)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Prior Year Fund Balance	15,364,502	\$13,004,877	\$10,131,867	\$5,875,034
Total Revenue+	\$4,362,079	\$134,749	\$104,981	\$91,920
Total Project Approvals	(\$3,875,295)	(\$1,253,153)	(\$1,500,000)	(\$0.00)
Centre of Excellence	(\$2,268,135)	(\$1,090,344)	(\$2,135,369)	(\$0.00)
Admin & Project Support	(\$578,274)	(\$664,262)	(\$726,445)	(\$721,263)
Fund Balance end of year	<b>\$13,004,877</b>	<b>\$10,131,867</b>	<b>\$5,875,034</b>	<b>\$5,245,691</b>

+Note: Net of transfers to partners

## 8 – Summary

As of October 30, 2017, the CIF has funded 696 projects with a combined value of over \$135.8 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 2018 Operations Plan will build on this success through the investment of a further \$3,635,369 in transitional support, project funding and continued development of the Centre of Excellence. The total budget is summarized in Table 8 below. This budget represents a 27% decrease compared to the 2017 budget of \$5,993,931.

**Table 8 – Proposed 2018 Budget**

<b>Proposed 2018 Budget</b>	
<b>Item</b>	<b>Budget</b>
CIF Administration	\$726,445
Centre of Excellence	\$2,135,369
Open Grants	\$1,500,000
<b>Total</b>	<b>\$4,361,814</b>

# 9 – Appendices

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

## Appendix 9.1 2012 to 2017 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, 2013 (Actual)	Year ended Dec. 31, 2014 (Actual)	Year ended Dec. 31, 2015 (Actual)	Year ended Dec. 31, 2016 (Actual)	As of Sep. 30, 2017
<b>Cash forward</b>	\$35,905,645	\$31,879,962	\$29,216,829	\$28,011,710	\$27,284,448
Municipal contributions	\$1,168,014	\$3,307,279	\$2,837,114	\$3,153,473	\$1,062,951
Interest	\$326,196	\$314,074	\$153,945	\$148,955	\$134,577
Other	\$221	(\$1,157,279)		\$19,706	\$40,335
<b>Total Income</b>	<b>\$37,400,076</b>	<b>\$34,344,036</b>	<b>\$32,207,888</b>	<b>\$31,333,499</b>	<b>\$28,522,311</b>
<b>Expenditures</b>					
Administration	\$485,282	\$480,653	\$543,480	\$430,637	\$326,248
AMO Admin Reserve Balance			\$22,646	\$32,853	\$139,827
RPRRA Expensed				\$27,408	\$10,106
Promotion	\$36,211				
Project Support	\$118,406	\$172,189	\$193,560	\$120,230	\$158,672
Best Practices	\$4,613,213	\$4,194,960	\$2,619,147	\$2,758,756	\$3,009,804
Centre of Excellence	\$267,003	\$251,998	\$335,768	\$601,028	\$569,262
AMO Transfer		\$27,407	\$500,000		\$427,346
Rideau Lake Loan			\$14,924	\$45,137	
<b>Total Expenditures</b>	<b>\$5,520,115</b>	<b>\$5,127,207</b>	<b>\$4,229,525</b>	<b>\$4,016,049</b>	<b>\$4,641,265</b>
Accruals			\$33,347	(\$33,347)	(\$5,527)
<b>Year End Fund Balance</b>	<b>\$31,879,962</b>	<b>\$29,216,829</b>	<b>\$28,011,710</b>	<b>\$27,284,448</b>	<b>\$23,875,519*</b>

\*Fund balance as of September 30, 2017



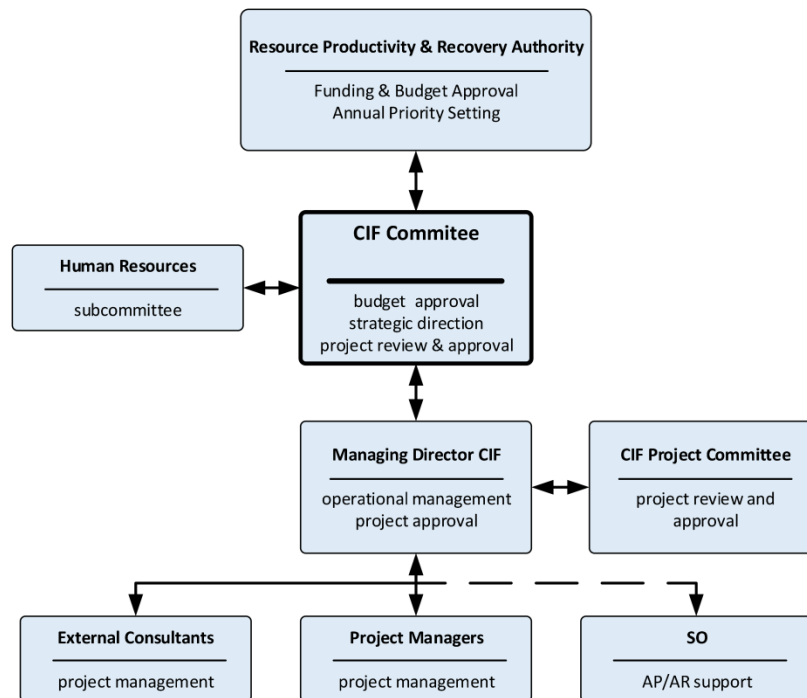
## Appendix 9.2 Governance

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 (now RPRA) 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 by 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 2018 is shown below.

**Chart 2 - 2018 CIF Committee Membership**

Representing	Member
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 RPRA 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 2018 is shown below.

**Chart 3 - 2018 CIF Project Committee Membership**

Representing	Member	End of Term
Chair	Mike Birett	NA
Association of Municipalities of Ontario	David Pressey Erwin Pascual	December 2018
City of Toronto	Charlotte Uetta	December 2019
Stewardship Ontario	Cullen Hollister Clayton Sampson	December 2018 December 2019

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. At their August 25, 2016 meeting, CIF Committee agreed to reduce the maximum allowable payback period to five years to ensure timely completion of projects within the remaining life expectancy of the CIF. In March 2017 made modifications to the weighting of the evaluation criteria to reflect current priorities as shown in the current evaluation as found of the CIF web site.

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.