

## **Appendix A**

### **Excerpts from the Blue Box Program Plan**

#### **Cost Containment Strategy**

The following text is taken directly from the Blue Box Program Plan (Section 7.4.2):

“Given the potential for Blue Box Program costs to double within five years, it is in the interests of Stewards and municipalities to pursue all possible strategies for containing costs. Furthermore, environmental performance of the system should also be considered along with cost performance when considering expanding programs to add materials with little potential to significantly increase diversion but with higher than average management costs (e.g., plastic film). At some point, it is more economically and environmentally beneficial to focus on other waste diversion programs (e.g., organics) where the cost per unit of diversion achieved will be much lower.

In principle, all stakeholders in the province’s recycling system (i.e., municipalities, Stewards, WDO, the provincial government and citizens) benefit from promoting a self-sustaining blue box system, i.e., a system where it is increasingly more cost effective (and environmentally preferred) to divert materials from disposal through increased recycling, reuse and waste reduction. Stewardship Ontario will continue to work, in partnership with other stakeholders, toward the goal of a self-sustaining system. The province, which has passed the *Waste Diversion Act*, has a key ongoing role to play in supporting efforts toward this goal.

Stewardship Ontario will continue to investigate options by which Stewards costs and overall program costs can be contained and introduce them for adoption by municipalities. These efforts may include, but are not limited to, the following:

#### (1) Identification of True Market Value of Materials

Through arrangements made by municipalities with their contractors, end markets, or both, it has become apparent that some municipalities are not currently receiving the true market value for many of their recovered materials. Stewardship Ontario will identify where these shortfalls in revenues exist and then, working in cooperation with municipalities, investigate and develop alternatives to increase revenues to municipalities and to reduce Blue Box Program costs. For example, the steel industry is exploring the option of acting as the end market for all recovered steel packaging. Over time, this could allow municipalities to send their materials to selected brokers who will then be paid a fee to clean and densify the material prior to shipping it to the steel end market. This is

expected to result in significantly higher revenues to municipalities, which will, in turn, reduce industry's required financial contribution. Similar approaches are being considered for a number of other recyclables.

#### (2) Opportunities to Amalgamate Programs

Through the use of program funds, Stewardship Ontario will look to work with municipalities to identify where excess program capacity exists and then, through financial incentives, provide alternative opportunities to eliminate unnecessary infrastructure to the benefit of all parties. This may not necessarily mean that existing facilities in municipalities will close. For example, one municipality may choose to receive and sort a fibres stream from its own municipality and its neighbouring municipality, while its neighbour's facility processes all containers from the two municipalities, using a backhauling transportation system. Two facilities would still be used, but they would be smaller, specialized systems (e.g., as is now done in the City of Ottawa), where economies of scale can be realized and overall costs reduced.

#### (3) Development of Program Benchmarks

By identifying key program benchmarks (e.g., dollars spent per percentage point of diversion achieved in a municipality), and taking into consideration site and situation factors, Stewards and municipalities will be able to identify those programs that have costs in excess of program averages. From this information, they will be able to focus attention on those programs, identify the underlying cost drivers and then work to develop specific solutions for those municipalities. Possible solutions could include implementing program changes, modifications to contract language for future service agreements, or other means identified over the course of the program reviews.

#### (4) Examination of New and Emerging Recycling Technologies

Stewardship Ontario will investigate new and emerging technologies that will help increase program efficiencies and/or increase market value for materials. Investments in capital infrastructure, supported by industry sectors, could provide opportunities to introduce better systems to Ontario that will reduce program costs. Municipalities will be encouraged to send their materials to specific locations for testing. Stewardship Ontario will then work with municipalities to incorporate system changes into their programs, where these changes can reduce program costs.

(5) Other Opportunities

As industry becomes more aware of the specific cost drivers within specific municipal recycling programs, other opportunities to reduce these costs will be investigated.”

Some – although not all – of these policies and practices will be instituted through WDO and Stewardship Ontario through a 5 year Recycling Effectiveness and Efficiency Fund (described below).

**Recycling Effectiveness and Efficiency Program**

This text is taken directly from the Blue Box Program Plan (Section 6.6):

**“Guiding Principles**

The Minister’s Program Request Letter to the WDO for a Waste Diversion Program for Blue Box wastes states 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 AMO/Stewardship Ontario Task Group has agreed to the development of the dedicated Effectiveness and Efficiency Fund. Ten per cent of the 50% funding contribution to be made annually by obligated companies in support of municipal recycling programs will be directed to support improvements in the effectiveness and efficiency of residential recycling programs and to provide incentives to municipalities to achieve superior performance. The goal of the Fund is to reduce the net costs of municipal recycling to Ontario residents and to increase diversion of Blue Box wastes.

Four key principles were developed to help guide the development of this funding program:

**Principle 1: There should be no cross subsidization between municipal Blue Box recycling and other waste diversion program funding.**

Funding provided by Stewardship Ontario for recycling programs will be dedicated to residential recycling programs only. The same principle is expected to apply to other WDO initiated program activities in the future (e.g., HSW programs, organics, etc.).

**Principle 2: A balance is required between funding to support Ontario-wide system benefits and funding for local/regional funding needs and opportunities.**

Flexibility is required in allocating the funds. These percentages will not be binding, but for planning purposes, the following guidelines are recommended for year one and may be changed in the future at the discretion of the Stewardship Ontario Board:

- Provincial: Up to 30% of funds allocated across the province to address province-wide issues (e.g., replicable local market development projects, technology transfer, communication/education best practices, etc.);
- Regional: Up to 20% of funds to promote regional efficiencies among municipal programs (i.e., including MRF rationalization); and
- Local: The balance of funds to address cost efficiency and effectiveness issues at the local operational level (e.g., multi-family recycling, collection efficiencies, etc.).

**Principle 3: The funding program should be dedicated to improving current system efficiency and investing in new cost effective diversion. The fund should invest in diversion in a cost effective manner.**

The fund should be used both to improve the performance of existing residential recycling programs (e.g., increasing the recovery of materials that are currently recycled) and add new materials in a cost effective manner. Efficiency measurements (e.g., a “net cost per tonne” diverted) may be developed for considering applications for funding. It is recognized that any new tonnes added into the municipal recycling system will likely increase the total and net system costs.

**Principle 4: Savings generated by municipalities should be reinvested in their waste diversion system for continuous improvement and innovation.**

In developing the fund guidelines, although the principle is not binding, this principle was introduced as a means of encouraging greater investments in municipal waste diversion programs across the province.

**Program Funding**

The Effectiveness and Efficiency Fund is expected to support projects in two ways. The first will be a process of open applications for effectiveness and efficiency improvements by municipalities from across the province for which

50% of eligible project costs will be covered (i.e., for approved applications). The second process will invite municipal applicants (and their potential partners) to respond to priority project areas that are identified through Stewardship Ontario (and approved annually by the MIPC and the WDO Board, Section 5) with broad consultation with municipalities, waste management experts and affected industry sectors. It is expected that the Fund will support:

- Research and Analysis Studies: including, but not limited to, collection and processing system improvements and innovative communications ideas;
- Pilot and Demonstration Projects: including, but not limited to, research and development studies, technology transfer projects and local market development projects; and
- Capital funding/new technologies: Stewardship Ontario will review capital funding opportunities on a case-by-case basis.

### **Funding Allocation Process**

In consultation MIPC, the rules and procedures for the Fund will be finalized by Stewardship Ontario and the program will be launched (i.e., the first investments made) in 2004. The Fund is expected to include the following elements:

- Ten per cent (of the 50% stewards' cash contributions) is to be allocated to the Fund annually, beginning in 2004. The actual percentage will be evaluated in future years (i.e., capping or increasing this percentage) as the success of the Fund is reviewed;
- Priorities for the proactive component of the Fund will be established on an annual basis by Stewardship Ontario in active consultation with municipalities, waste management experts and affected industry sectors. These priorities will be reviewed and revised annually with input from the WDO and the approval of the Stewardship Ontario Board;
- Applicants will be required to fill out an "intent to apply" form before submitting a detailed application to ensure that a proposed project meets the Fund's goals and objectives;
- A peer review panel of public and private sector waste diversion experts will be selected by the MIPC to conduct a technical review of applications received. The review process will be confidential and no municipal representative or private interest will be involved in reviewing applications where there may be a potential or perceived conflict of interest;
- Stewardship Ontario technical staff will review technically accepted applications that match the Fund priorities and recommend approval (or rejection) to the MIPC;
- Recommendations supported by the MIPC will be forwarded to the Stewardship Ontario Board for review and approval. The Stewardship Ontario Board will make the final recommendations on funding to the WDO Board;

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- Disagreements on application recommendations at the MIPC will be referred back to Stewardship Ontario staff for further information and review. In the event that a consensus still cannot be reached when a recommendation from Stewardship Ontario staff returns to the MIPC, the majority opinion (with dissenting comments) and split recommendations (with comments) will be forwarded to the WDO Executive Director and the Stewardship Ontario Board. The final decision on applications where a consensus has not been reached will rest with the Stewardship Ontario Board;
- The MIPC will serve as the forum of appeal for applicants whose proposals have been rejected;
- Interim and final reports will be required for all projects. All final project reports will be in the public domain. Projects will be reviewed by Stewardship Ontario staff and the results will be evaluated against the objectives set out in project proposals;
- Applications will be processed in a timely manner (i.e., less than 90 days); and
- Each year, a report on the effectiveness of the Fund will be prepared by Stewardship Ontario for review of MIPC and WDO.”

**Appendix B**  
**Cost Containment Strategy (from WDO website)**

<p><b>Market Development</b>                  For materials with low value, insufficient market capacity and quality problems</p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Prepare green procurement protocols</li> <li>- Assess additional market development levies required to support materials with low revenues</li> <li>- Analyze alternative glass markets</li> <li>- Investigate color sorting technologies for glass</li> <li>- Investigate inclusion of composite cans</li> <li>- Initiate detailed cost and quality analysis of single stream (first of two years of Ontario operational experience)</li> <li>- Assess impact of increasing recovery of 'other papers' on paper markets</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Adopt green procurement protocols</li> <li>- Implement market development fees as component of material specific levies</li> <li>- Investigate cooperative marketing service</li> <li>- Implement alternative glass processing and end use applications Request For Quotation (RFQ) process</li> <li>- Continue detailed cost and quality analysis of single stream (second of two years of Ontario operational experience)</li> <li>- Investigate expanding polycoat materials to include other cartons, cups and bags</li> <li>- Investigate markets for other household papers</li> <li>- Implement mixed plastic RFQ process</li> <li>- Investigate plastic film market technologies and applications</li> <li>- Implement plastic film RFQ process</li> </ul>
<p><b>Best Practices for Revenues</b>                  Highest revenue based on basket of goods and by material considered in relation to processing costs (capital and operating) and contract arrangements with various revenue sharing arrangements</p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Design cooperative marketing service</li> <li>- Develop policy to account for "unrealized revenues";</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Implement cooperative marketing service</li> <li>- Hold workshops to introduce Model Collection and Processing</li> </ul>

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<p>incorporate into Datacall</p> <ul style="list-style-type: none"> <li>- Incorporate revenue protocols in Model Collection and Processing Tenders/Requests for Proposals (RFP); hold workshops to introduce to those municipalities tendering within next year</li> <li>- Assess Material Recycling Facility (MRF) residue composition (to see if aluminum and other recyclables that have been collected are not being processed)</li> <li>- Implement audits of aluminum used beverage can (UBC) recovery rates</li> <li>- Upgrade processing equipment to maximize aluminum recovery from residuals</li> <li>- Implement detailed cost and quality analysis of single stream collection</li> </ul>	<p>Tenders/RFPs to those municipalities tendering within next year</p> <ul style="list-style-type: none"> <li>- Implement maximum aluminum UBC, plastic containers and papers recovery program</li> </ul>
<p><b>Diversion Targets</b></p> <p>Material specific targets designed to promote recovery of the next least costly unit of waste, linked with setting of stewards' fees to discourage selection by stewards of materials that are not widely accepted in Blue Box programs</p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Review and set revised material specific recovery targets, as required</li> <li>- Assess opportunities for packaging reduction that result in program cost reductions</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Review and set revised material specific recovery targets, as required</li> <li>- Assess opportunities for packaging reduction that result in program cost reductions</li> </ul>
<p><b>Municipal Allocation Model</b></p> <p>Currently rewards more efficient municipal programs (higher diversion rate at lower than average cost) with a greater share of funding. Further adjustments will be developed to make the model more sensitive to the relative efficiency and diversion performance of programs.</p>	



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<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Re-calibrate municipal “pay out” model to make the model more sensitive to the relative efficiency and diversion performance of programs</li> <li>- Consult with municipalities on proposed changes to municipal “pay out” model</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Monitor and re-calibrate as required</li> <li>- Notify municipalities of changes to municipal “pay out” model</li> </ul>
<p><b>Policy Framework</b></p> <p>Policies on GAAP for capital costs, allocation methodologies, accounting for inventories, unmarketable materials and revenue sharing agreements, and regulatory requirements regarding mandatory materials and service levels</p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- WDO (through Municipal-Industry Programs Committee or MIPC) to detail principles to guide capital cost reporting, cost allocation, eligibility of costs for non-recyclable, inventory or stockpiled materials, and revenue sharing</li> <li>- WDO (through MIPC) to recommend changes to Reg. 101 including mandatory and optional materials, minimum service levels</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Review policies annually and recommend modifications as required</li> </ul>
<p><b>Year Over Year Increases</b></p> <p>Based on population growth, increase in materials marketed, cost of living increases, verified changes in material market conditions and new investments supported by documentation submitted in advance</p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Modify data call to request details of planned program expansions and 3 year capital cost budgets</li> <li>- Revise annual Blue Box Program Plan (BBPP) cost estimates for next two years taking into consideration</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Review and revise annual Blue Box Program Plan cost estimates taking into consideration reported costs, estimated population growth and tonnage increases, projected COLA, range of revenues by material type, expansion plans and capital cost</li> </ul>

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<p>reported costs, estimated population growth and tonnage increases, projected COLA, range of revenues by material type, expansion plans and capital cost projections and other items as identified</p> <ul style="list-style-type: none"> <li>- Calculate projected annual cost increase by municipality for use as reference during verification of financial Datacall submissions</li> <li>- Inform municipal programs of annual cost increase calculation and reference methodology</li> <li>- Require Chief Financial Officer to sign Financial Datacall</li> <li>- Implement follow-up surveys and program audits as required for submissions exceeding projected annual growth rates</li> <li>- Refer results of surveys and audits to Efficiency and Effectiveness (E&amp;E) Fund</li> </ul>	<p>projections and other items as identified</p> <ul style="list-style-type: none"> <li>- Calculate projected annual cost increase by municipality for use as reference during verification of financial Datacall submissions</li> <li>- Implement follow-up surveys and program audits as required for submissions exceeding projected annual growth rates</li> <li>- Refer results of surveys and audits to Efficiency and Effectiveness Fund</li> </ul>
<p><b>Effectiveness and Efficiency Fund</b></p> <p>Dedicate a share of the Effectiveness and Efficiency Fund to provide financial assistance to programs with inefficiencies identified through financial data analysis, to fund efficiency program audits and to identify and promote best practices in municipal waste diversion</p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Fund short-term investments in least efficient programs with potential for quick returns</li> <li>- Allocate portion to new technologies R&amp;D</li> <li>- Assess and provide incentives for best practices</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Review allocation to E&amp;E fund annually</li> <li>- Focus investments in identified best practices</li> </ul>
<p><b>Best Practices for Cost Efficiency</b></p> <p>Examples of best practices for cost efficiency could include service sharing, new technologies, tags-on-bags or pay-as-you-throw systems and community partnership building, pending review and evaluation</p>	

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<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Establish WDO Blue Box Efficiency Team to assist poor performers to improve performance</li> <li>- Promote processing service sharing (including use of Efficiency and Effectiveness Fund as appropriate)</li> <li>- Prepare Model Collection and Processing Tenders/RFPs; hold workshops to introduce to those municipalities tendering within next year</li> <li>- WDO (through MIPC) to identify cost drivers for programs with costs in excess of program averages and diversion lower than program averages</li> <li>- Undertake analysis to identify Best Practices, in co-operation with the Ontario Centre for Municipal Best Practices</li> <li>- Hold municipal workshops to introduce Best Practices</li> <li>- Assess performance of programs that have implemented service sharing arrangements</li> <li>- Initiate analysis for paper collection and processing with detailed cost and quality analysis of single stream (first of two years of Ontario operational experience)</li> <li>- Initiate analysis for plastics collection &amp; processing (first of two years of operational experience)</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Continue WDO Blue Box Efficiency Team to assist poor performers to improve performance</li> <li>- Continue promoting processing service sharing (including use of Efficiency and Effectiveness Fund)</li> <li>- Hold workshops to introduce Model Collection and Processing Tenders/RFPs to those municipalities tendering within next year</li> <li>- Continue to undertake analysis to identify Best Practices, in co-operation with Ontario Centre for Municipal Best Practices</li> <li>- Hold municipal workshops to update Best Practices</li> <li>- Continue best practice analysis for paper collection and processing with detailed cost and quality analysis of single stream (second of two years of Ontario operational experience)</li> <li>- Continue best practices analysis for plastics collection &amp; processing (second of two years of operational experience)</li> </ul>
<p><b>Cost Bands to identify extraordinary Blue Box costs</b></p>	
<p><b>Year 1</b></p> <ul style="list-style-type: none"> <li>- Cap the combined indirect and direct administration cost categories (at a maximum of 1% for programs that contract out and 3% for those that manage their own program)</li> </ul>	<p><b>Years 2 to 5</b></p> <ul style="list-style-type: none"> <li>- Using minimum of three years cost data, identify municipal programs with costs outside agreed cost bands by primary cost categories reflecting municipal diversity</li> </ul>

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<p>- Develop definition of cost bands and filtering criteria and outline filtering process and dispute resolution process for use in identifying, examining, and if necessary assessing the legitimacy of extraordinary Blue Box costs</p>	<p>- Apply filtering criteria and implement filtering process to assess legitimacy of outliers</p>
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**Appendix C**  
**Effectiveness and Efficiency Policies and Practices**  
**(as reviewed by MIPC)**

**Setting Annual Fund Priorities**

Annually, following broad consultation with municipalities, waste management experts, and affected industry sectors, Stewardship Ontario, in consultation with the Municipal-Industry Programs Committee will develop funding priorities for the Fund.

*Process*

- 1) Stewardship Ontario will work through the Municipal Affairs Committee (MAC) to solicit broad municipal input to the development of funding priorities.
- 2) Stewardship Ontario will convene a meeting with representatives from Ontario Waste Management Association to solicit their input to the priority list. Stewardship Ontario will also solicit input from its Materials and Packaging Advisory Committee and will invite comment on the priority areas being developed in its regular communications with stewards.
- 3) The draft set of priorities will be sent to the WDO Board for review and will be posted on Stewardship Ontario's website for public comment.
- 4) By September 30<sup>th</sup> (i.e. in future years; 2004 timing is necessarily different), Stewardship Ontario will post the list of priorities for the following calendar year and a set of instructions regarding how to apply for targeted priority projects. The final list of priority areas will be reviewed by MIPC and the WDO Board. Priorities (and monies available through the E&E Fund) will be set no later than the end of September each year.

**Application and Review Process**

Applicants will be required to fill out an "Intent to Apply" form before submitting a detailed application. Applications will be evaluated by independent peer reviewers (process described below). Stewardship Ontario technical staff will review all proposals deemed acceptable under the peer review process and, taking into consideration funding availability, timing and emerging program priorities (e.g., achieving targets, unforeseen problems, etc.) will make recommendations to MIPC on those that should receive funding. Funding applications will be received on a "continuous review" process (i.e., rather than against pre-set deadlines).

*Process*

- 1) Stewardship Ontario is preparing a 1 to 2 page "Intent to Apply" form. This form will be used by Stewardship Ontario technical staff to ensure that applicants' proposals meet the Fund's goals, objectives and, as

- appropriate, address the targeted areas.
- 2) Once the intent to apply has been approved, full applications will be received (electronically wherever possible) by Stewardship Ontario staff and a peer review team will be selected.
  - 3) To ensure confidentiality, all correspondence between applicants and the E&E Fund will go through Stewardship Ontario technical staff/project officers. Successful and unsuccessful applicants will be informed in writing by Stewardship Ontario.

### **Peer Review Process**

A peer review panel of public and private sector waste diversion experts is to be selected by MIPC to conduct a technical review of applications received.

The peer review process is based on the model that has been developed by the Federation of Canadian Municipalities (FCM) for its \$250 million Green Municipal Fund program. FCM has assembled a group of 40+ content experts from across Canada to conduct technical reviews of municipal projects (in the five Green Fund areas) that are given the go-ahead to submit a detailed proposal by FCM technical staff. Each application is scored by (usually) two reviewers independently – i.e., each person scores the project, and then a final/consensus score is developed by one of the two appointed reviewers. Projects must pass a “technical hurdle” of 600 out of 1,000 points under the Green Fund program in order to be recommended by FCM staff to proceed through the approval process.

One of the successful elements of the FCM process is that applicants file proposals electronically and FCM staff and peer reviewers also conduct their assessments electronically. An important, but unrelated issue, is that the success of the Green Municipal Fund program is constrained by the time it takes to finalize approvals (7 months). In response to this learning, Stewardship Ontario proposes a maximum 90 day review commitment. The review process will be confidential (i.e., applicants will not know which peer reviewer is evaluating their proposal) and no municipal or private sector reviewer will evaluate applications where there may be a potential or perceived conflict of interest. Peer reviewers will be assigned specific applications by Stewardship Ontario staff according to their particular expertise. Peer reviewers can refuse to evaluate a project if they feel they do not have the technical competency to review a specific application or if they do not have the time available to meet the deadline.

### *Process*

- 1) It is proposed that a “pool” of up to 12 Ontario peer reviewers be selected and “trained” (i.e., on the fund objectives, electronic review procedures, conflict of interest issues, etc.) for the 2004 review process. Half of the nominees will be from the municipal sector (i.e., nominated by MAC) and half from the private sector (to be

- nominated by the Stewardship Ontario Board). Stewardship Ontario will prepare an outline respecting the qualifications and arrangements for peer reviewers for MIPC review.
- 2) For most applications, two reviewers will be assigned to each project and Stewardship Ontario will also assign the consensus role. For most applications, one public sector appointed reviewer and one private sector appointed reviewer will form the project review team.
  - 3) Although the peer reviewers will conduct most of their business electronically, it is proposed that the panel (i.e. all reviewers as a group) meet face-to-face twice each year (and by conference call as necessary between meetings). These face-to-face meetings will provide feedback on the application process, discuss progress on the targeted funding areas, etc.
  - 4) Applications that are rejected by the peer reviewers can be re-submitted based on (anonymous) feedback from peer reviewers and discussions with Stewardship Ontario technical staff. As noted earlier, all contact with applicants will be channelled through Stewardship Ontario project officers so that reviewers' identities will remain confidential. (*Note* – the purpose of this rule is to ensure that applicants do not try to exert influence on individual peer reviewers who have been assigned to review their project).
  - 5) Peer reviewers will be paid out of pocket expenses and a moderate per diem. Both public sector and private sector reviewers will be eligible to apply for the per diems, but will not be required to do so. Both public and private sector peer reviewers will be responsible for notifying their employers of this arrangement.

### **Approvals and Appeals**

Recommendations supported by MIPC will be forwarded to the Stewardship Ontario Board for review and approval. The Stewardship Ontario Board will make the final recommendations on funding. Disagreements on application recommendations at MIPC will be referred back to Stewardship Ontario staff for further information and review. In the event that a consensus still cannot be reached when a recommendation from Stewardship Ontario staff returns to MIPC, the majority opinion (with dissenting comments) and split recommendations (with comments) will be forwarded to the WDO Executive Director and the Stewardship Ontario Board. The final decision on applications where a consensus has not been reached will rest with the Stewardship Ontario Board.

MIPC will serve as the forum of appeals for applicants whose proposals have been rejected.

## Annual Fund Review

Each year, a report on the effectiveness of the Fund will be prepared by Stewardship Ontario for the review of MIPC and WDO. The actual percentage (i.e., 10%) will be evaluated in future years (i.e., capping or increasing this percentage) as the success of the fund is reviewed.

### *Process*

The Annual Recycling Effectiveness and Efficiency Fund report should be prepared no later than the end of the first quarter of the following calendar year and will include a recommendation on the appropriate percentage for the Fund for the next calendar year.

## Eligibility Criteria

The following are proposed as eligible and ineligible expenses for the Ontario Recycling Effectiveness and Efficiency Fund Program:

### a) Eligible Expenses

- costs associated with professional, technical personnel, consultants and contractors who are directly involved in the technical, engineering, environmental and/or financial feasibility study but are not employed by the funding recipient or project partners (*note* – salaries of “internal” staff hired for a specific project and dedicated overhead costs will be allowed as an eligible in-kind expense – these costs do not qualify for financial aid under the Blue Box Program Plan and, as such, cannot be reported on the Financial datacall);
- Travel to a manufacturer, dealer, or supplier to select installations, materials or equipment (*note* - this will be an allowable expense for the E&E fund, but it will be strictly contained – i.e. limited to no more than 2 technical and/or staff per municipality. It will be required that any trip includes a detailed report on findings - i.e. to be shared with other municipalities).
- approved project operating and capital costs.

### b) Ineligible expenses

- Recipients/partners general overhead costs including operating costs related to the general maintenance and repair;
- All in-kind commitments;
- The cost to purchase or lease land;
- Office space/expenses;
- Conference and conference travel costs (*note* – attending conferences will not be eligible, but, for example, a project proposal



for conference/ workshop development costs – but not attendance - for a “targeted” topic area will be considered);

- Any rebated PST, GST or other costs; or
- Other expenses not listed as “eligible”.

Direct municipal costs to support a project (i.e., municipal staff/managers directly involved in a project) are not eligible as in-kind contributions as they are already incorporated into the 50% reimbursement from the Blue Box Funding program.

### **E&E Projects Eligible for up to 50% Funding**

A “long list” of potential projects that will be eligible for up to 50% E&E funding in the second half of 2004 is presented below. This is not intended to be an all inclusive list. Municipalities are encouraged to file an intent to apply for any project idea that might increase the diversion of Blue Box material or reduce Blue Box program costs. Project ideas that have the most impact in these two areas will be favourably received.

- *Improving recycling program collection efficiencies* – Considerable effort could be placed on transferring the lessons learned/best practices to demonstrate direct efficiencies and to avoid unnecessary costs in the future. This work would include recyclables/organics co-collection issues, only a portion of which will be eligible through E&E.
- *Northern and rural recycling issues* – The fund could support/promote studies to examine bi-weekly service, shared service opportunities such as transportation/back haul arrangements, etc.
- *Market development projects* – Less transportation of recyclables lessens environmental impacts, lowers recycling net costs and reduces the reliance on large single markets. This area could result in expanded opportunities to recycle more materials. This could also include support to regional marketing or material specific programs to amalgamate smaller quantities from several programs.
- *Single stream program research* – Much will be learned as more single stream (i.e. collecting containers and fibres together) recycling programs are launched in the province. Are they more efficient than “the best” two stream programs (i.e. keeping containers and fibres separate in the collection truck)? Will the results from some of the large programs be applicable to smaller programs?
- *“Direct” incentives* – e.g., rewards – Should a portion of E&E funding go toward top performing programs (i.e., as direct “cash” incentives)? Should the program reward individual achievements (e.g., rewarding a random “recycler of the month” in a community for 100% material capture)?

- *New and emerging technologies for recycling* – As recycling moves to more of a focus on processing than collection in order to achieve marketable commodities, new technologies are being developed (e.g., butterfly screens). This area may be where true cost savings and increased market potential for commodities can be achieved in the long term.
- *Technical training* – As a means of helping program operators stay on top of the latest technologies and learn how to maximize the potential of their recycling systems, the E&E fund might be used to design, develop or attend technical training programs.
- *Learning tours* – Strategies related to reducing recyclables that are discarded (i.e. maximizing the use of the Blue Box) should be supported. This might include organized tours of municipal programs and facilities for staff of other municipalities and/or secondments of municipal staff to assist municipalities that need a “head start”.
- *Greenhouse gas/environmental impact studies* – Models have been developed to measure/model greenhouse gas (GHG) reduction impacts of different waste diversion scenarios (including high recycling rates).

E&E priorities will be examined and will evolve each year to respond to changing recycling program practices and priorities.

### **Summary of E&E Fund Policies and Practices**

- Interim and final reports (i.e., report on technical results, diversion impacts, costs and cost savings, etc.) are required for all projects;
- All final project reports will be in the public domain and will be posted on Stewardship Ontario’s website
- Projects will be reviewed by Stewardship Ontario staff and the results will be evaluated against the objectives set out in project proposals;
- Every effort will be made to properly invest the funds available each year. If funds in one year are not fully allocated, they can be rolled into the next year, as long as all funds are expended by the end of June of the following calendar year (or the remaining monies must be distributed to municipalities in the same manner as the primary funds from the Blue Box Program Plan i.e., as per the Municipal Pay Out Formula).
- Payments will be made by Stewardship Ontario at project initiation, interim report and final report stages (percentages to be determined);
- Projects that significantly diverge from the original objectives of the study (i.e., without written consent from Stewardship Ontario) or do not meet the study objectives can be refused payment; and

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- An annual forum (e.g. mid fall) will be considered in future years by Stewardship Ontario to share results/plan for E&E fund activities for the next year.