



CIF Windup Plan Amendment Proposal

CIF & RPRA Joint Consultation

Oct. 6, 2022

9:00 a.m. to 11:30 a.m.

Resource Productivity and Recovery Authority (RPRA)

- RPRA is the provincial regulator mandated to administer & enforce Ontario's circular economy laws
 - Windup of legacy waste diversion programs under the *Waste Diversion Transition Act* (WDTA)
 - Administration of new regulatory framework under the *Resource Recovery and Circular Economy Act* (RRCEA)
- RPRA oversees the operation & windup of the legacy Blue Box Program
 - Datacall, InKind Advertising Program
 - Oversight of CIF
 - Approval of the Stewardship Ontario Blue Box Windup Plan & the CIF Windup Plan
- Joint RPRA-CIF consultation on the proposed WUP Amendment
- Approval process for the proposed CIF WUP Amendment

Objectives

- Understand the proposal
- Address questions
- Provide clarifications
- Establish level of comfort
 - identify & understand concerns
 - discuss needed changes or improvements to the proposal, if appropriate
 - identify requests for 1:1 follow up
 - confirm proposal strengths

Agenda

The CIF Windup Plan Presentation & Q/A

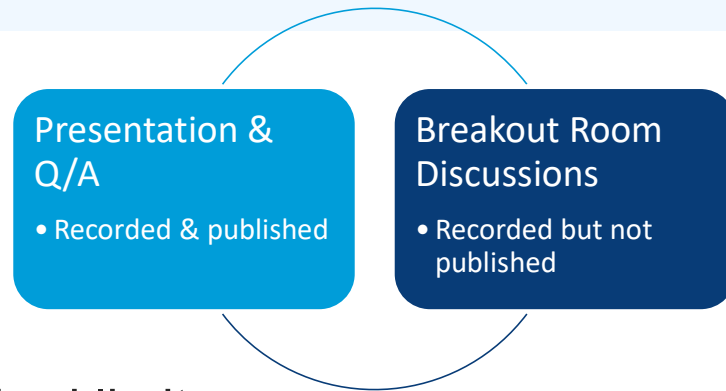
Breakout Room Discussions

- Understand & discuss concerns
- Understand & discuss desirables/what you like
- Suggestions for improvement to ensure success
- Identify 1:1 as needed/requested

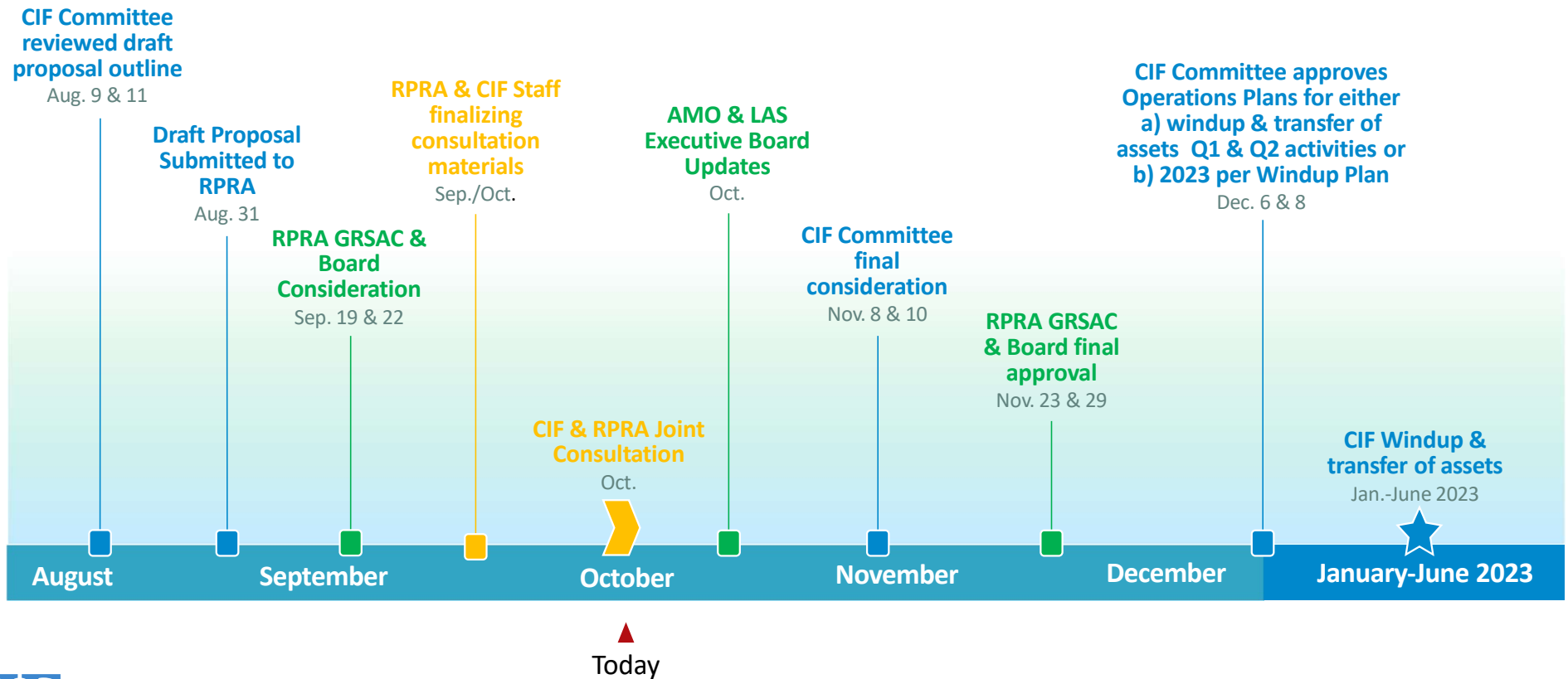
Wrap Up & Next Steps

Process

- Session time
 - will use as much time as needed up to established limit
- Facilitator role: keep on time/on track
 - if needed, further discussion topics can be identified on a “for later” list or 1:1 meetings
- Participant role: comment using a mix chat & verbal discussion
 - raise your hand or use raise hand icon
- Session is being recorded for reporting purposes
 - if you want to make a non-recorded comment, please let us know



Anticipated CIF WUP Amendment Consultation & Wrap Up Timeline



Background

Over two decades CIF provided

- Technical expertise, education & innovation funding in local communities
- Generation of strong data & research to support policy development
- Collective municipal financial support for M3RC

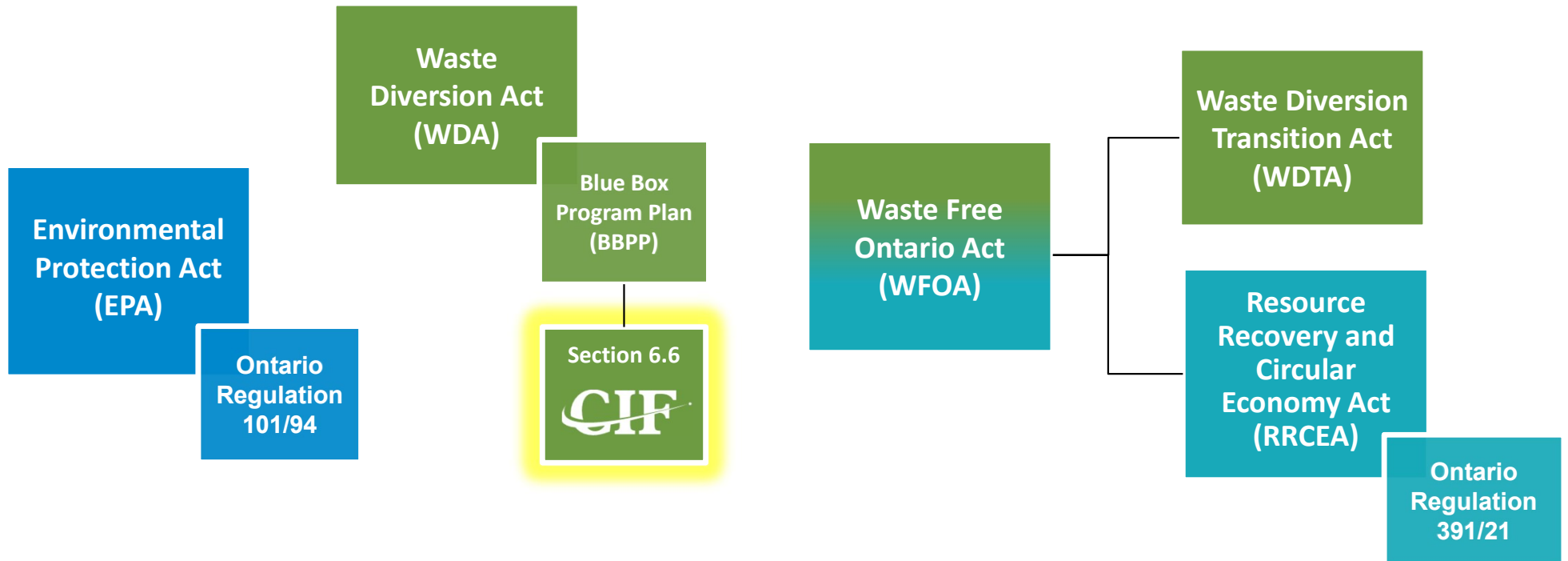
Since 2016 M3RC

- Led policy analysis & discussions & promoted Municipal collaboration
- Led development of discussion papers to consider new waste policy
- Coordinated efforts to ensure needs of local communities are met

Since new Blue Box regulation

- CIF & M3RC strengthened cooperation under joint Transition Working Group
 - CIF focused on technical research & workshops
 - M3RC focused on collaborative policy development
-

Legislation, Regulations, Minister's Direction & Policy Documents Guiding CIF



Operational	100% Muni/First Nations	100% Muni/First Nations	100% Producer
Financial	100% Muni/First Nations	50/50 Muni/First Nations + Stewards	100% Producer

Current WUP Direction/Amendment Options Considered

1

Status Quo



2

Extension of CIF
Windup Termination
Date



3

Transfer CIF Resources
& Assets to an
Aligned Organization



Amendment Options Considered: #1

1

Status Quo



Approved CIF WUP baseline directs CIF to:

- Wind up operations by December 2023/administrative closure Q2 2024
 - Provides 1 year of transition support only; no support for 2024 & 2025
- Disburse unused CIF Funds using the MFAM model

Current Plan for Disbursement of CIF Surplus Funds

Approved CIF Windup Plan requires that any surplus funds be distributed 'in accordance with Section 6.6 of the BBPP'

- Distribution of Blue Box Funds to Communities governed by the Municipal Funding Allocation Model (MFAM)

CIF disbursed \$1M of surplus funds in late 2021

- Used the 2021 MFAM which utilized three factors (Net Cost, Tonnes, Best Practice) to calculate variable share

In late 2021, RPRA approved a new, simplified MFAM calculator for 2022-25

- Uses only Net Cost – all programs receive the same % funding
- Therefore, any future CIF disbursement will use the new, simplified Net Cost based model

Mid Year 2022 Financial Status & Forecast

	<i>Actual 2021</i>	2022 Approved Budget	End Q2 2022 Forecast
CIF Reserve Balance Forward	\$10.32	\$11.15M	\$10.99M
Total Revenue to Reserve	\$2.99M	\$0.16M	\$0.50M
Transition Support	(\$0.85M)	(\$1.25M)	(\$0.80M)
AMO (MCTF)	(\$0, <i>Deferred</i>)	(\$0.50M)	(\$0.50M)
Municipal Disbursement	(\$1.0M)	TBD	TBD
Administration & Program Support	(\$0.47M)	(\$0.65M)	(\$0.55M)
Year End Fund Balance	\$10.99M	\$8.91M	\$9.64M

Disbursement of CIF Surplus Funds in Current Windup Plan

CIF Surplus Fund Estimate at end of 2023 as Proportion of Total Ontario 2020 Net Cost

$$\frac{\text{Est CIF Surplus for Disbursement at Windup } \$8.0\text{M}}{\text{Total Ontario 2020 net cost of } \$349,840,000} = 2.287\%$$

Step 1: Determine the Reporting Program's 2020 Blue Box Net Cost (From Datacall submission)

Smallest Program: 2020 Net cost \$2,746	Mid Size City: 2020 Net Cost \$2.56M	Regional Municipality: 2020 Net Cost \$8.37M	Largest Program: 2020 Net cost \$60.46M
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Step 2: Multiply the Reporting Program 2020 Net Cost by 2.287% (CIF 2023 Surplus/2020 Total Net Cost)

Smallest Program: \$2746 X 2.287% = \$63	Mid Size City: \$2.56M X 2.287% = \$0.058M	Regional Municipality: \$8.37M X 2.287% = \$0.19M	Largest Program: \$60.46M X 2.287% = \$1.38M
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Disclaimer: *This is an illustration.* Calculations are based on 2020 Datacall figures & the forecasted balance expected to remain within CIF at the end of 2023. The Datacall year figures will be set by RPRA, & the exact financial disbursement will be determined once the closing balance is confirmed.

Amendment Options Considered: #2

2

Extension of CIF
Windup Termination
Date



By 1 Year as contemplated in CIF WUP:

- Wind up operations by December 2024/administrative closure Q2 2025
 - Provides 2 years of transition support only; no support for 2025 or prep for 2026
- Disburse unused CIF Funds using the MFAM model

Amendment Options Considered: #3

3

**Transfer CIF Resources
& Assets to an
Aligned Organization**



To continue activities to support transition to Ontario's EPR framework

- Early windup of CIF at the end of 2022
- Transfer of approximately \$9.64M in surplus funds to a municipal waste organization
 - *funds* currently designated for disbursement to individual municipalities, recycling associations & First Nations communities
 - MWA, RPWCO, AMO/LAS

Local Authority Services (LAS)



- Created as not-for-profit by AMO in 1992
 - Subsidiary of AMO
- Mandated to work with Municipalities & public sector to:
 - Improve efficiency & support staff capacity
 - Develop data driven solutions
- Leverage economies of scale to offer services that assist municipalities in areas of:
 - Administrative services
 - Energy services
 - Digital partnerships
 - Commodity programs
- Potential fit for technical & operational recycling support services

Evaluation Criteria/Desired Attributes for Option 3 Considered

Financial Management

- adequately equipped to manage fund using public accounting practices
- sufficiently experienced with similarly sized budgets

Human Resource Capacity

- sufficiently resourced to manage staff, provide benefits & pension

Operating Timeframe

- potential to provide long term continuity of collective community support
- minimal ramp up time required; no service disruption

Stakeholders & Organization Membership

- ability & successful record of addressing needs & perspectives of all municipal & First Nation communities

Strategic Partnerships

- established working relationships with RPRA, Minister's office, other waste organizations (RPWCO & MWA), & First Nation communities

Proposed Goal Under New Organizational Structure



Provide long term continuity of current CIF & M3RC technical & policy activities for municipalities & First Nation communities during & post transition to the extended producer responsibility framework

Proposed Deliverables Under New Organizational Structure

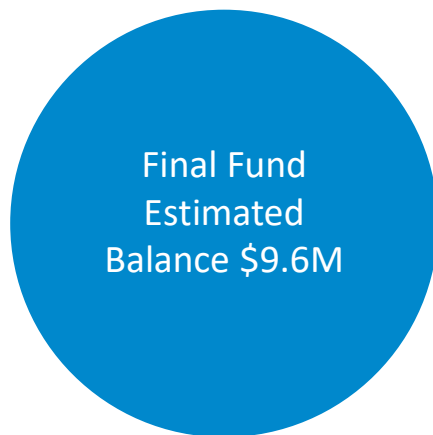
Specifically...

- Undertake research, education & direct local community support
- Develop tools, templates & facilitate sharing of information to reduce duplication
- Support & streamline liaison with RPRA & MECP
- Generate & consolidate field & local community data to support fact based policy development
- Continuity of CIF activities to support the BBPP during transition
 - Joint audit program with SO to calculate annual system performance
 - Continuance of the CIF Price Sheet to support the InKind pricing model

CIF Reserve Transfer & Potential Disbursements: Sample Illustration

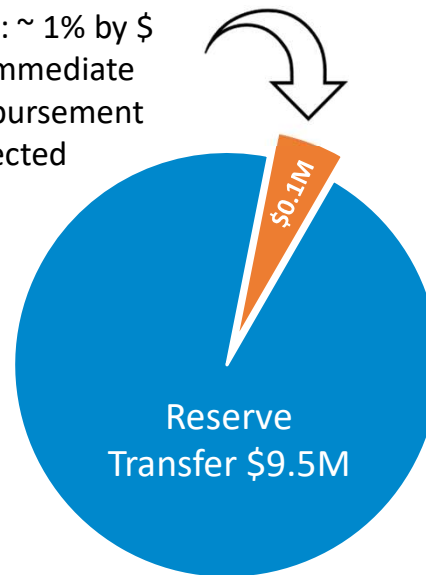
During Transition – 2023-25

Full Reserve Transfer
No Disbursements



Reserve Transfer Net of
Immediate Disbursement by First
Nation Communities, if requested

E.g.: ~ 1% by \$
IF immediate
disbursement
selected



Post Transition – 2026 +

Key Milestone

AMO/LAS intends to consider a review of the need for ongoing CIF services. Programs will have the opportunity to:

- Revisit & evaluate ongoing needs
- Be involved in discussion on any future direction, if any.

January 1, 2026
Projected Reserve Available
~ **\$4M ***

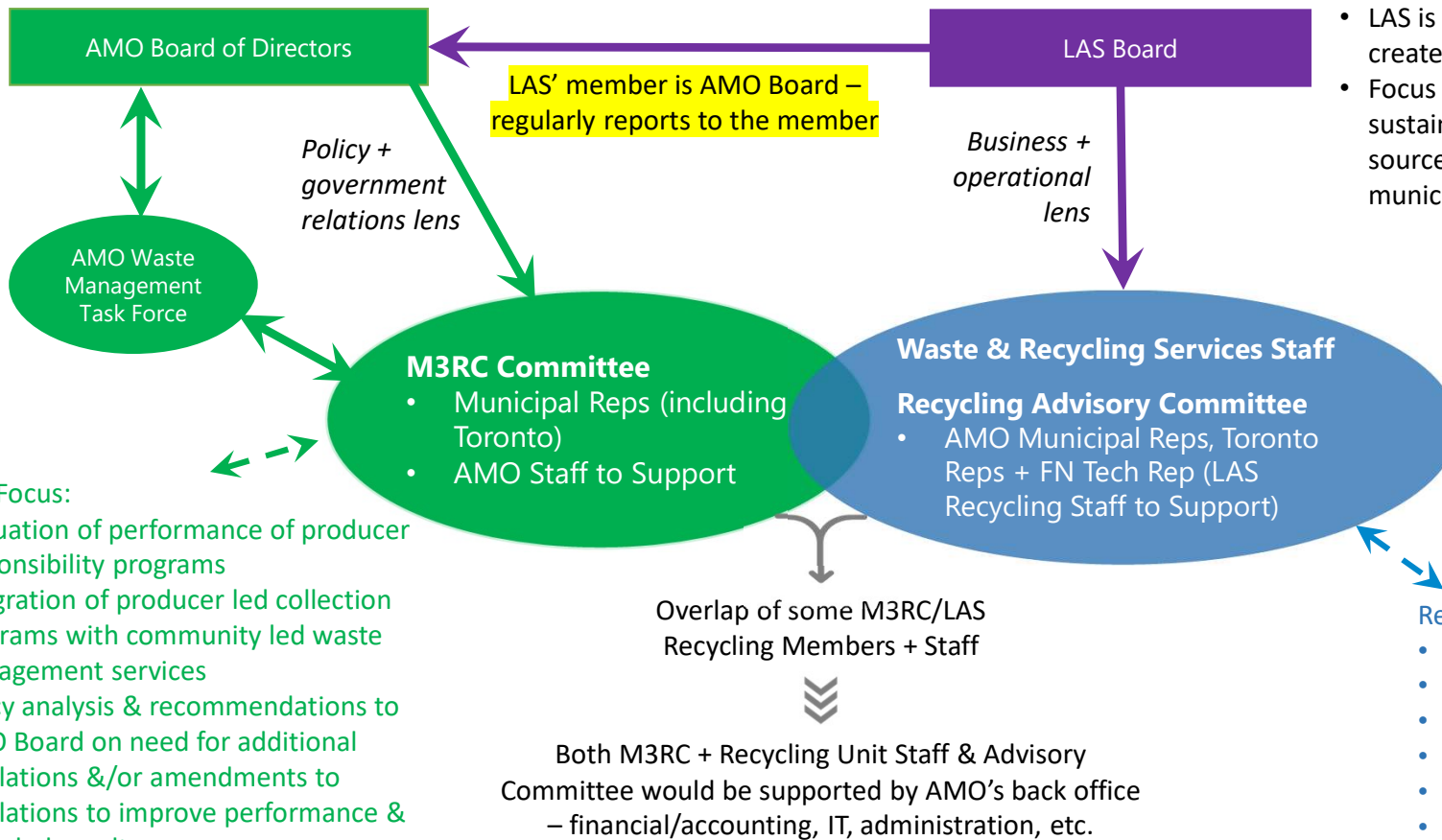
**if disbursement taken by
non-AMO Stakeholders*

Possible Funding Continuity

New Organizational Structure

- Annual Transition budget: \$1.5-2.0M
- Annual Post Transition budget: \$1.0-1.5M
 - Forecast Budgets include MCTF
 - ‘Legacy’ funding possible through 2027 if no disbursements
 - A new funding mechanism may need to be considered when CIF excess funds are exhausted

Proposed New Organizational Structure



- LAS is a not-for-profit corporation created by AMO in 1992
- Focus is competitively priced & sustainable co-operative business sources primarily for Ontario municipalities

M3RC Focus:

- Evaluation of performance of producer responsibility programs
- Integration of producer led collection programs with community led waste management services
- Policy analysis & recommendations to AMO Board on need for additional regulations &/or amendments to regulations to improve performance & intended results

Recycling Unit Focus:

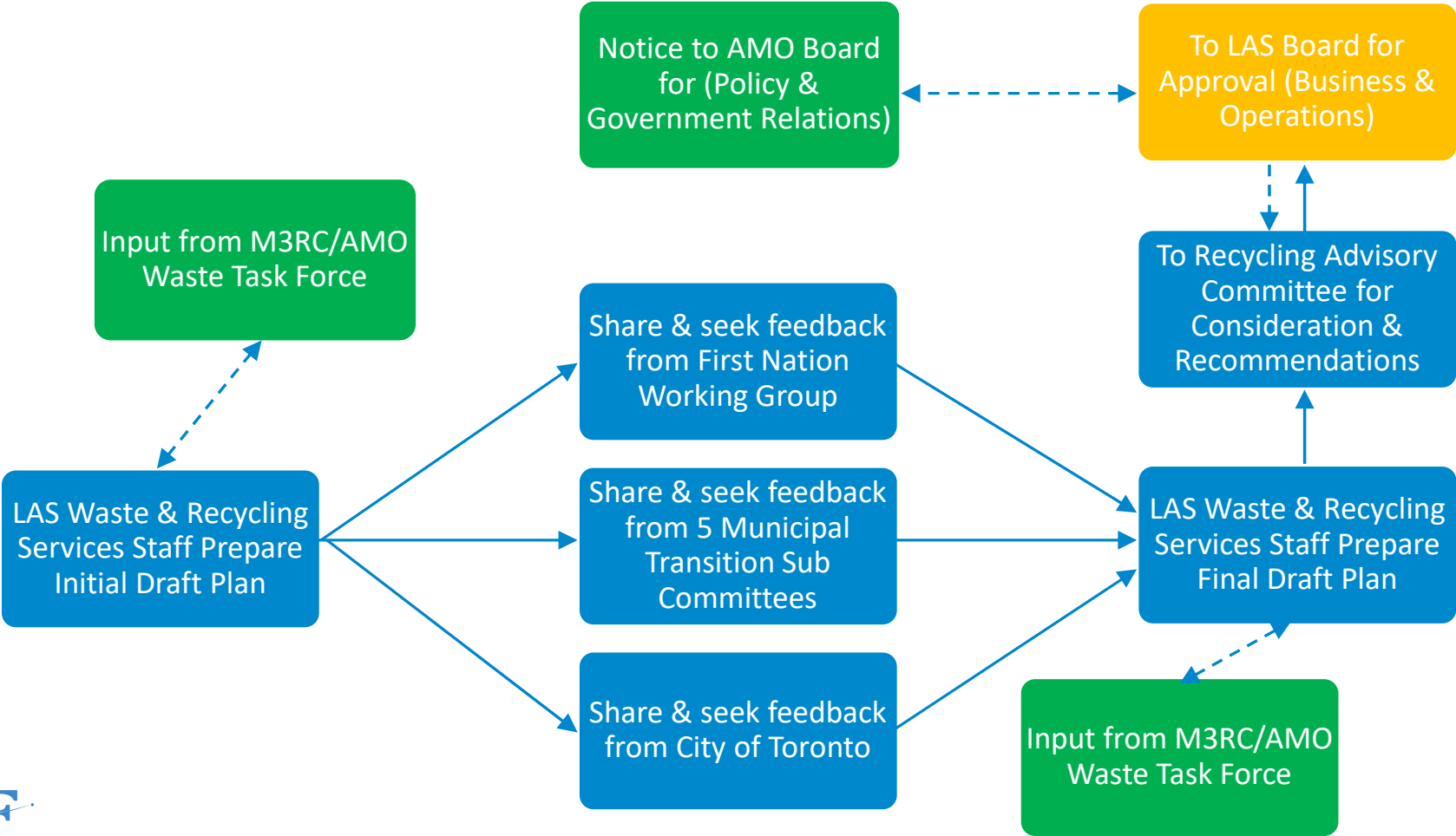
- Contracts & Fair Compensation
- Depot
- Change Mgt & Communications
- Post Collection Audits
- Data Monitoring & Reporting
- First Nations

AMO provides shared services (financial/accounting, IT, admin) to LAS

Transparency & Accountability

- Desirable to continue cooperation of the 3 primary groups
 - AMO Municipalities (includes RPWCO & MWA representation)
 - City of Toronto
 - First Nation Communities
- ‘Recycling Advisory Committee’ is the primary forum for member input & direction
 - Supported representatives on the 5 Transition Sub-Committees & First Nation Working Group
- Mechanisms will be integrated to ensure
 - Input from all members & sharing of plans & decisions

Sample Decision Flow: Annual Objectives & Operating Budget



Clarification Questions

Breakout Room Discussions

Report Back

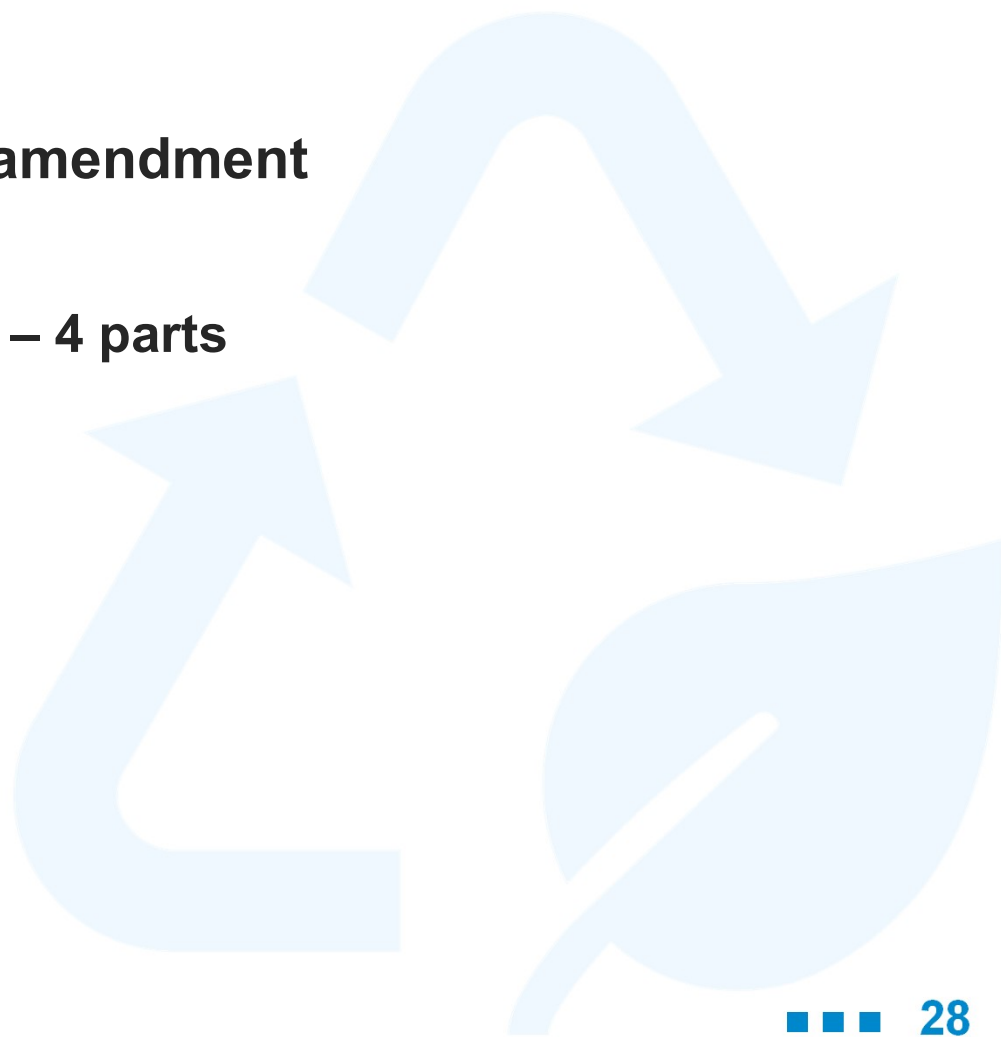
Wrap Up & Next Steps (1)

Community input on the proposed amendment

- M3RC & RPWCO

Formal Joint CIF & RPRA consultation – 4 parts

1. Leaders & service delivery SMEs
 - October 5, 6 & 18
2. One-to-one follow ups
3. Written feedback
 - Submit comments to CIF & RPRA
4. Consultation Report



Wrap Up & Next Steps (2)

During consultation staff will engage:

- AMO/LAS Executive
 - discuss feedback and seek approval for requests for modifications to the proposal
 - N.B.: AMO/LAS Executive to provide updates to AMO/LAS Boards

After consultation staff will engage:

- CIF Governance Committees
 - brief on/ask for approval of the Consultation Report & any final recommended changes to the CIF WUP Amendment Proposal resulting from the engagement process
- RPRA's GRSAC & Board
 - seek approval of the revised CIF WUP Amendment Proposal

If approved, staff will engage:

- CIF Governance Committees & AMO/LAS for approval of implementation plans

Thank you!

Watch Your Email for a Feedback Survey Link

