

ATTACHMENT ● TO SCHEDULE A
STATEMENT OF WORK FOR ELIGIBLE COMMUNITY RESIDENCE AND FACILITY
COLLECTION
for
MASTER SERVICES AGREEMENT
Number 2022 -●

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STATEMENT OF WORK

STATEMENT OF WORK NUMBER: ●

This statement of work (“Statement of Work”) is given pursuant to the Master Services Agreement (“MSA”), made as of ● BETWEEN ● (“Contractor”) and Circular Materials, a federal not-for-profit corporation, having a place of business at 1 St. Clair Avenue West, Suite 700, Toronto ON M4V 1K6, operating as Circular Materials Ontario (“CMO”, and with the Contractor, each a “Party” and collectively the “Parties”), with an effective date of ● (“Statement of Work Effective Date”).

NOW, THEREFORE, in consideration of the promises, mutual covenants, and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties acknowledge and agree to all covenants, terms and conditions as stipulated in the MSA, as follows:

1. Beginning on the applicable Statement of Work Eligible Community Service Commencement Date listed in Exhibit 7, the Contractor shall perform the Work required by this Statement of Work for all Eligible Sources located within the applicable Eligible Community listed in Exhibit 7 that are in existence on such date. For clarity, the Contractor shall perform the Work required by this Statement of Work for an Eligible Source located within an Eligible Community listed in Exhibit 7 on the applicable Statement of Work Eligible Community Service Commencement Date even if such Eligible Source is not included in the number of Eligible Sources listed in Exhibit 2 or referenced in Exhibits 3 or 4.
2. The Work under this Statement of Work shall include all the Contractor’s other obligations under the MSA.
3. The time period during which the Work required by this Statement of Work is to be performed is from the earliest Statement of Work Eligible Community Service Commencement Date listed in Exhibit 7 until December 31, 2025. Pursuant to Section 2.1(b) of the MSA, CMO and the Contractor may, by Change Order, extend this Statement of Work for up to three (3) further periods of one (1) year each. The initial term and any such additional term or terms are herein referred to as the “SoW Term”.
4. The full compensation for the Work under this Statement of Work shall be as set forth in Exhibit 8, which excludes Value Added Taxes. Value Added Taxes are payable by CMO to the Contractor on the price of the Statement of Work.
5. In the event of the termination of the MSA in accordance with Section 7.5 of the MSA, CMO shall only pay for the Work authorized by this Statement of Work which is performed prior to the termination date. For the purposes of clarity, CMO shall not be liable to make any other payments in connection with this Statement of Work as a result of such termination of the MSA.
6. Capitalized terms not defined in this Statement of Work shall have the meaning set out in the MSA.
7. This Statement of Work forms part of, and is subject to and governed by, the MSA.
8. Attached and forming an integral part of this Statement of Work are the following exhibits:
 - i. Exhibit 1 – Scope of Work and Other Provisions;
 - ii. Exhibit 2 – Eligible Sources;
 - iii. Exhibit 3 – Multi-family Buildings;
 - iv. Exhibit 4 – Retirement Homes, Long-Term Care Homes and Schools;

- v. Exhibit 5 – Non-Eligible Sources;
- vi. Exhibit 6 – Blue Box Material Accepted in Collection System;
- vii. Exhibit 7 – Service Commencement Dates; and
- viii. Exhibit 8 – Compensation.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the terms and conditions of this Statement of Work are acknowledged and agreed to by the Parties as of the date first listed above.

[Contractor]

By: _____
Name:
Title:

By: _____
Name:
Title:

We have authority to bind the Contractor.

[CMO]

By: _____
Name:
Title:

By: _____
Name:
Title:

We have authority to bind CMO

EXHIBIT 1: SCOPE OF WORK AND OTHER PROVISIONS

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

“COLLECTION” means the collection of Blue Box Material from an Eligible Source located within an Eligible Community listed in Exhibit 7 and delivery of the collected Blue Box Material to a RF.

“COLLECTION SERVICES” means the portion of the Work required by this Statement of Work.

“ELIGIBLE SOURCES” means, collectively, (i) eligible sources as defined in the Regulation and (ii) sources agreed by the Parties to be eligible sources for the purposes of the MSA.

“FACILITY” has the meaning set out in the Regulation.

“HAZARDOUS WASTE” means: (i) a hazardous and special product or HSP as defined by Ontario Regulation 449/21 under the (Ontario) Resource Recovery and Circular Economy Act, 2016; or (ii) a hazardous waste as defined in Revised Regulations of Ontario 1990, Regulation 347 under the (Ontario) Environmental Protection Act.

“NEW ELIGIBLE SOURCE” means a new eligible source as agreed to by the Parties for the purposes of this MSA.

“NON-BLUE BOX MATERIAL” means material that is not Blue Box Material.

“NON-COMPLIANT” means Blue Box Material that is set out incorrectly, inappropriately or improperly prepared including the following reasons:

- (i) Container contains Non-Blue Box Material;
- (ii) Blue Box Material not properly sorted;
- (iii) Recycling container is not suitable; or
- (iv) Cardboard is oversized.

“NON-ELIGIBLE SOURCE” means a source within an Eligible Community listed in Exhibit 7 that is not an Eligible Source.

“RECEIVING FACILITY” or “RF” means any facility designated by CMO as the point where the Contractor is to unload Blue Box Material, including any alternate facilities identified by CMO for use when an RF is unable to accept Blue Box Material.

“RESIDENCE” has the meaning set out in the Regulation.

“SINGLE STREAM” means Stream 1 and Stream 2 materials combined.

“SOW TERM” has the meaning set out in Section 3 of this Statement of Work.

“STATEMENT OF WORK EFFECTIVE DATE” has the meaning set out in the recitals to this Statement of Work.

“STREAM 1” has the meaning set out in Section 3.3(f)(i) of Exhibit 1 to this Statement of Work.

“STREAM 2” has the meaning set out in Section 3.3(f)(ii) of Exhibit 1 to this Statement of Work.

“TRANSITION DATE” means the transition date for an Eligible Community set forth in the document of the (Ontario) Ministry of Environment, Conservation and Parks entitled “Blue Box Transition Schedule” and dated June 1, 2021.

“VALUATION TYPE” or “VALTYPE” means the source of Blue Box Material including single-family residences, multi-family residences, long-term care homes, retirement homes, schools, depots and public space. The ValType shall be recorded on weighscale tickets at an RF.

ARTICLE 2
SCOPE OF COLLECTION SERVICES

2.1 Scope of Collection Services

- (a) The Contractor shall provide Collection Services, including picking up, Collection Vehicle compacting to a maximum compaction rate agreed to by the Parties, hauling of material to a RF and unloading by material stream for Blue Box Material from Eligible Sources, including single-family residences, multi-family residences and facilities, including long-term care homes, retirement homes and schools, to each Eligible Source in a manner that meets or exceeds the standard, level, scope and quality of collection services the Eligible Source (or, for a New Eligible Source, a similar Eligible Source) received immediately prior to the Transition Date and complies with the terms of the MSA.
- (b) Without limiting the generality of the foregoing, the Collection Services shall meet the applicable requirements of the Regulation, including Sections 22, 23 and 27.
- (c) The Contractor shall retain responsibility for, and control of, Blue Box Material from the point of collection through to delivery to an RF.
- (d) CMO shall not be obligated to join or instigate litigation to protect the right of the Contractor. The Contractor may independently enforce its rights under this Statement of Work against third party violators, including but not limited to seeking injunctive relief.

ARTICLE 3 SERVICE PROVISION

3.1 Set-Out Location

- (a) The Contactor shall provide curbside Collection Services for Blue Box Material from all Eligible Sources that are Residences and Facilities that set out garbage at curbside in an Eligible Community listed in Exhibit 7. Where the location of the curbside containers is not obvious, as may be the case with multi-family buildings, the Contractor shall be responsible for arranging with each Eligible Source to determine the collection point for Blue Box Material at the property.
- (b) The Contractor shall provide containerized Collection Services for Blue Box Material from all Eligible Sources that are Residences and Facilities that set out garbage in containers such as carts or front-end bins in an Eligible Community listed in Exhibit 7. The set-out locations will vary by Eligible Source. The Contractor shall work with the specific addresses to determine the optimal set-out location of the recycling containers, which best meets the needs of the Eligible Source and the Contractor.

3.2 Addition or Removal of Eligible Sources

CMO and the Contractor may add New Eligible Sources or remove existing Eligible Sources, and make related revisions to the relevant exhibits, by Change Order, pursuant to Section 8.8 of the MSA.

3.3 Blue Box Material to be Collected

- (a) The Contractor will collect the Blue Box Material listed in Exhibit 6 from Eligible Sources that is placed in containers (including both Contractor-provided and Customer-owned containers).
- (b) The Contractor will not scavenge, or permit its employees or Subcontractors to scavenge, any Blue Box Material that has been set out for collection during Contractor's performance of the Work.
- (c) The Contractor will use best efforts to reduce the quantity of Non-Blue Box Material in collected Blue Box Material to no more than four percent (4%) by weight.
- (d) If the average amount of Non-Blue Box Material collected from Eligible Sources in an Eligible Community (including Residences and Facilities) in any rolling six (6) month period exceeds four percent (4%) the Contractor will, within ninety (90) calendar days, prepare and submit to CMO a plan that includes identification of sources of Non-Blue Box Material and strategies and supporting measures to mitigate the amounts of Non-Blue Box Material. The Contractor will implement the plan and provide quarterly reporting to CMO detailing the progress and outcomes of the plan. If improvement does not occur within ninety (90) calendar days after the start of plan execution, the Contractor will work with CMO to establish additional changes and to adopt best practices recommended by CMO.
- (e) The Contractor may not collect, and collected Blue Box Material may not contain, any packaging containing Hazardous Waste.
- (f) Blue Box Material is to be collected from Eligible Sources in the Eligible Communities listed in Exhibit 7 in two streams as follows (as such terms are generally described in Exhibit 6):
[NTD: revise if Contractor is collecting a single stream.]

- (i) Stream 1 – Paper Products and the following types of Paper Packaging:
 - paper laminates
 - kraft paper carry-out bags
 - kraft paper – non-laminated
 - corrugated cardboard
 - boxboard and other paper packaging
- (ii) Stream 2 – Plastic Packaging, Metal Packaging, Glass Packaging and the following types of Paper Packaging:
 - gable top containers
 - aseptic containers

3.4 Blue Box Material from Non-Eligible Sources

Other than for Non-Eligible Sources that are included in the count set out in Exhibit 5, the Contractor shall keep separate, and maintain separation of, Blue Box Material from Eligible Sources and Blue Box Material from Non-Eligible Sources. For clarity, the Contractor may only mix the Blue Box Material from Eligible Sources and Blue Box Material from Non-Eligible Sources included in the count set out in Exhibit 5. The Contractor, at its discretion, may remove Non-Eligible Sources from the count of Non-Eligible Sources set out in Exhibit 5. CMO may propose the removal of Non-Eligible Sources from the count of Non-Eligible Sources set out in Exhibit 5 through a Change Order.

3.5 Collection Containers

The Contractor is responsible for replacing a damaged or missing container when requested by an Eligible Source.

3.6 Non-Compliant Material

If Non-Compliant Material was tagged prior to the Statement of Work Eligible Community Service Commencement Date, the Contractor shall, if Blue Box Material is Non-Compliant, place in a prominent location a non-compliance notification tag that identifies the specific problem(s) and reason(s) for non-compliance.

3.7 Unloading Blue Box Material

- (a) The locations of the RF(s) for each Eligible Community will be provided by CMO no later than ninety (90) calendar days prior to the Statement of Work Eligible Community Service Commencement Date for the Eligible Community.
- (b) Contractor will deliver all collected Blue Box Material to the RF identified by CMO. The Contractor will not release Blue Box Material to anyone other than the RF or dispose of any collected Blue Box Material without prior written authorization from CMO.
- (c) Delivery to an RF shall adhere to the following steps:

- (i) The inbound Collection Vehicle shall pass over the weighscale without exception. The operator of the Collection Vehicle must provide information such that a weighscale ticket with all required data can be generated;
 - (ii) The Collection Vehicle shall go to the designated tipping floor area of the RF. Each of the fibres and containers must be deposited into the appropriate tipping floor area. A Collection Vehicle operator must take instruction from the tipping floor supervisor and only empty when permitted;
 - (iii) Selected Collection Vehicles will be directed to return to the weighscale after emptying the first compartment to get a split weight (estimated 10% of Collection Vehicles by Eligible Community will be directed to split weigh). After split weighing, a Collection Vehicle will return to the tipping floor area for the second compartment and empty the contents of the Collection Vehicle. The Collection Vehicle will then return to the weighscale to obtain a tare weight;
 - (iv) The Collection Vehicle must empty the fibre and container compartments on every trip to the RF. The Collection Vehicle operator must ensure each compartment is completely emptied before moving to the next tipping floor area and before leaving the property. The Collection Vehicle operator shall not clean out the Collection Vehicle in a manner that causes or may cause fibre materials to be commingled with containers or vice versa;
 - (v) If the Collection Vehicle experiences a bulkhead failure, the Collection Vehicle operator shall work with the tipping floor supervisor to separate the two streams; **[NTD: revise if Contractor is collecting a single stream.]**
 - (vi) Every Collection Vehicle must have a tare weight taken once every two months without exception. To alleviate the potential for backup and delays on the weighscale, tare weight timing will be staggered; and
 - (vii) In the event an RF is unable to accept Blue Box Material from a Collection Vehicle, the Contractor shall immediately notify CMO and the Collection Vehicle shall proceed to another RF as directed by CMO.
- (d) The Collection Vehicle operators shall comply with all operational protocol and procedures of an RF during unloading of Blue Box Material.

ARTICLE 4
RECORD KEEPING AND REPORTING REQUIREMENTS

4.1 Record Keeping and Reporting Requirements

- (a) The Collection Vehicle operator will provide the necessary information to the RF representative such that the following data may be collected for each inbound vehicle:
 - (i) Date and time;
 - (ii) Originating Eligible Community ID number;
 - (iii) Valtype (i.e., the type or the majority fraction of combined loads from single-family residences, multi-family residences, long-term care homes, retirement homes, schools) as applicable to the load;
 - (iv) Blue Box Material onboard (e.g. Stream 1, Stream 2, or a Single Stream material type);
 - (v) Contractor ID number;
 - (vi) Collection Vehicle number;
 - (vii) Scale ticket number;
 - (viii) Gross weight (tonnes);
 - (ix) Tare weight (tonnes, including by split load if applicable); and
 - (x) Net weight (tonnes; tonnes by compartment – Stream 1, Stream 2, where split-weighting occurs).
- (b) The Contractor shall ensure that detailed records are kept for the Blue Box Material that is collected and delivered to a RF including a record of the number of Collection Vehicles emptied per day, the weight in metric tonnes of each load, and where the load was delivered such that a cross-correlation between RF records and Contractor records can be made.
- (c) Within sixty (60) calendar days of the end of a calendar year, the Contractor shall annually provide a report to CMO, in a form approved by CMO, outlining kilometres driven and fuel consumed by Collection Vehicles in the delivery of the Work under this Statement of Work. The report will be organized to display information by Collection Vehicle category and where Collection Vehicles are used for a specific Valtype the information for Collection Vehicles will be listed separately.
- (d) The Contractor shall, in addition to the records specified above, maintain, and provide to CMO, in a format acceptable to CMO, a monthly, summary report of Blue Box Material collected (by Eligible Community and by route within each Eligible Community) under this Statement of Work. This shall include Monthly Blue Box Material Collected Report: Collection summary by Valtype, weight of each collection vehicle, material stream (weigh scale receipts must be maintained and made available in a format and manner as requested by CMO).
- (e) The Contractor shall:

- (i) electronically transfer all Collection Data to CMO; and
- (ii) make all Collection Data available for transfer to, and access by, CMO,

via an Application Programming Interface or web-based portal, in a format, and in accordance with other requirements, established by CMO.

ARTICLE 5
DOCUMENTATION AND PAYMENT

5.1 Documentation and Payment

- (a) Starting in the first calendar month after the Statement of Work Eligible Community Service Commencement Date for an Eligible Community, the Contractor shall submit to CMO a monthly work report for the Work performed in the prior calendar month for such Eligible Community. The monthly work report must be submitted within the first fourteen (14) calendar days after the start of the calendar month.
- (b) Each monthly work report submitted by the Contractor shall be in a form acceptable to CMO and shall include the following in respect of the period covered by the applicable monthly work report:
 - (i) total number of Eligible Sources serviced;
 - (ii) total number of Non-Eligible Sources serviced;
 - (iii) number of Eligible Sources added or removed through a Change Order during the calendar month, accompanied by the names and addresses of Facilities impacted; and
 - (iv) Blue Box Material collection summary report that complies with the requirements of Section 4.1(d) of this Exhibit 1.
- (c) If requested by CMO, the Contractor shall provide Collection Vehicle weighscale records.
- (d) For clarity, the Contractor may only be paid for Work under this Statement of Work every calendar month provided the Contractor has submitted monthly work reports in accordance with Section 5.1(a) of this Exhibit 1 for such calendar month.
- (e) For greater certainty, except as expressly set out in the MSA there shall be no increase to the prices set out in the Statement of Work for any changes to the Contractor's responsibilities.

EXHIBIT 2: ELIGIBLE SOURCES

No.	Eligible Community	Number of Single-Family Residences	Number of Multi-Family Residences	Number of Facilities	Total Number of Eligible Sources
1.					
2.					
3.					

***NOTE: In the event of a conflict or inconsistency between the information presented in Exhibit 2, Exhibit 3 and Exhibit 4, the information presented in Exhibit 2 shall be used to resolve the conflict or inconsistency.**

***NOTE: The Contractor is to complete this Exhibit with current information prior to execution of the Statement of Work. CMO holds no responsibility or liability for actual figures that are different from the figures presented in this Exhibit.**

EXHIBIT 3: MULTI-FAMILY BUILDINGS

No.	Eligible Community	Building Name (as available)	Street Address	Number of Dwelling Units
1.				
2.				
3.				

***NOTE: The Contractor is to complete this Exhibit with current information prior to execution of the Statement of Work. CMO holds no responsibility or liability for actual information that is different from the information presented in this Exhibit.**

EXHIBIT 4: RETIREMENT HOMES, LONG-TERM CARE HOMES AND SCHOOLS

No.	Eligible Community	Facility Name	Street Address
1.			
2.			
3.			

***NOTE: The Contractor is to complete this Exhibit with current information prior to execution of the Statement of Work. CMO holds no responsibility or liability for actual information that is different from the information presented in this Exhibit.**

EXHIBIT 5: NON-ELIGIBLE SOURCES

No.	Eligible Community	Name of Non-Eligible Source	Address of Non-Eligible Source	Number of Non-Eligible Sources at Address
1.				
2.				
3.				
Total				

***NOTE: The Contractor is to complete this Exhibit with current information prior to execution of the Statement of Work. CMO holds no responsibility or liability for actual figures that are different from the figures presented in this Exhibit.**

EXHIBIT 6: BLUE BOX MATERIAL ACCEPTED IN COLLECTION SYSTEM

No.	Eligible Community	Blue Box Material accepted by the Eligible Community for this Statement of Work
1.		
2.		
3.		

***NOTE: The Contractor is to complete this Exhibit with current information prior to execution of the Statement of Work. CMO holds no responsibility or liability for information that is different from the information presented in this Exhibit.**

EXHIBIT 7: SERVICE COMMENCEMENT DATES

The table included below lists the Statement of Work Eligible Community Service Commencement Date when services, forming the Work described by this Statement of Work, are to commence in each Eligible Community (e.g. Residence and Facility Collection Services will begin on date A in Eligible Community B).

No.	Statement of Work Eligible Community Service Commencement Date	Eligible Community
1.	A	B
2.		

EXHIBIT 8: COMPENSATION

- 1.1 For each calendar month during the SoW Term, the Contract Price for the Work performed under this Statement of Work in accordance with the requirements of the MSA shall be calculated as:
- (a) the Unit Price multiplied by the total number of Eligible Sources in Exhibit 2 at the start of the applicable calendar month (provided that the Unit Price shall be prorated for Eligible Sources that did not receive Collection Services for the entire calendar month). For clarity, the number of Eligible Sources listed in Exhibit 2 shall be used in the calculation of the Contract Price even if the number of Eligible Sources listed in Exhibit 2 is not the actual number of Eligible Sources at the start of the applicable calendar month; plus
 - (b) for each New Eligible Source added during the applicable calendar month, the Unit Price prorated based on the number of Business Days during the calendar month after the effective date of the Change Order that added the New Eligible Source; less
 - (c) a charge for the Blue Box Material from Non-Eligible Sources, based on (1) the total tonnes of Blue Box Material collected in the applicable calendar month, according to records provided pursuant to Section 5.1(b) of Exhibit 1, divided by (2) the total number of Eligible Sources listed in Exhibit 2 plus the total number of Non-Eligible Sources listed in Exhibit 5 (both based on counts set out in the applicable exhibit at the start of the applicable calendar month), multiplied by (3) the total number of Non-Eligible Sources included in the count set out in Exhibit 5 at the start of the applicable calendar month plus any other Non-Eligible Sources that contributed to the total tonnes of Blue Box Material collected in the applicable calendar month, multiplied by (4) the Non-Eligible Source Blue Box Material Tonne Price.

For the purposes of this Statement of Work, “Unit Price” means ● **[NTD: Set out applicable Unit Price.]** and “Non-Eligible Source Blue Box Material Tonne Price” means ● **[NTD: Set out applicable price.]**

1.2 Fuel Price Adjustment

- (a) Diesel Fuel
 - (i) If the Contractor utilizes diesel fueled Collection Vehicles for the performance of Collection Services, for the first calendar month immediately following the first anniversary of the Statement of Work Effective Date and for each subsequent calendar month in which diesel fueled Collection Vehicles are used for the performance of Collection Services, then:
 - A. the Unit Price shall be adjusted to account for changes in the cost of diesel fuel. The diesel fuel price adjustment shall be (1) twenty percent (20%) of the Unit Price for the prior calendar month multiplied by (2) the percent change in the Southern Ontario Diesel Price published in the table of Fuel Prices located at <https://data.ontario.ca/dataset/fuels-price-survey-information> (“Diesel Fuel Index”) over the prior calendar month (“Percent Change for Diesel”) multiplied by (3) the percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is diesel, relative to all fuels used (i.e., diesel and compressed natural gas) for Collection Vehicles in the applicable calendar month. The diesel fuel price adjustment amount will be added to or subtracted from the Unit Price; and

B. the Non-Eligible Source Blue Box Material Tonne Price shall be adjusted to account for changes in the cost of diesel fuel. The diesel fuel price adjustment shall be (1) twenty percent (20%) of the Non-Eligible Source Blue Box Material Tonne Price for the prior calendar month multiplied by (2) the Percent Change for Diesel multiplied by (3) the percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is diesel, relative to all fuels used (i.e., diesel and compressed natural gas) for Collection Vehicles in the applicable calendar month. The diesel fuel price adjustment amount will be added to or subtracted from the Non-Eligible Source Blue Box Material Tonne Price.

(ii) An example of the payment adjustment calculation is shown below:

A. Diesel Fuel Price Adjustment = Unit Price for the prior calendar month x 0.20 x (Percent Change for Diesel) x percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is diesel, relative to all fuels used for Collection Vehicles in the applicable calendar month.

B. Diesel Fuel Price Adjustment = Non-Eligible Source Blue Box Material Tonne Price for the prior calendar month x 0.20 x (Percent Change for Diesel) x percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is diesel, relative to all fuels used for Collection Vehicles in the applicable calendar month.

(b) Natural Gas

(i) If the Contractor utilizes compressed natural gas fueled Collection Vehicles for the performance of Collection Services, for the first calendar month immediately following the first anniversary of the Statement of Work Effective Date and for each subsequent calendar month in which natural gas fueled Collection Vehicles are used for the performance of Collection Services, then:

A. the Unit Price shall be adjusted to account for changes in the cost of natural gas. The natural gas price adjustment shall be (1) twenty percent (20%) of the Unit Price for the prior calendar month multiplied by (2) the percent change in the Ontario Compressed Natural Gas Price published in the table of Fuel Prices located at <https://data.ontario.ca/dataset/fuels-price-survey-information> (“Natural Gas Index”) over the prior calendar month (“Percent Change for Natural Gas”) multiplied by (3) the percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is compressed natural gas, relative to all fuels used (i.e., diesel and compressed natural gas) for Collection Vehicles in the applicable calendar month. The natural gas price adjustment amount will be added to or subtracted from the Unit Price; and

B. the Non-Eligible Source Blue Box Material Tonne Price shall be adjusted to account for changes in the cost of natural gas. The natural gas price adjustment shall be (1) twenty percent (20%) of the Non-Eligible Source Blue Box Material Tonne Price for the prior calendar month multiplied by (2) the Percent Change for Natural Gas multiplied by (3) the percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is compressed natural gas, relative to all fuels used

(i.e., diesel and compressed natural gas) for Collection Vehicles in the applicable calendar month.. The natural gas price adjustment amount will be added to or subtracted from the Non-Eligible Source Blue Box Material Tonne Price.

- (ii) An example of the payment adjustment calculation is shown below:
 - A. Natural Gas Price Adjustment = Unit Price for the prior calendar month x 0.20 x (Percent Change for Natural Gas) x percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is compressed natural gas, relative to all fuels used for Collection Vehicles in the applicable calendar month.
 - B. Natural Gas Price Adjustment = Non-Eligible Source Blue Box Material Tonne Price for the prior calendar month x 0.20 x (Percent Change for Natural Gas) x percentage of fuel (measured by volume) used in the Eligible Communities for the calendar month for the Collection Vehicles that is compressed natural gas, relative to all fuels used for Collection Vehicles in the applicable calendar month.

1.3 Consumer Price Index Price Adjustment

- (a) For the first calendar month immediately following the first annual anniversary of the Statement of Work Effective Date and for each subsequent annual anniversary:
 - (i) the Unit Price shall be adjusted to account for changes in the Consumer Price Index and the adjustment shall be equal to eighty percent (80%) of the Unit Price for the prior calendar month (“Prior Calendar Month”), multiplied by the CPI Change. The Consumer Price Index price adjustment amount will be added to or subtracted from the Unit Price; and
 - (ii) the Non-Eligible Source Blue Box Material Tonne Price shall be adjusted to account for changes in the Consumer Price Index and the adjustment shall be equal to eighty percent (80%) of the Non-Eligible Source Blue Box Material Tonne Price for the Prior Calendar Month, multiplied by the CPI Change. The Consumer Price Index price adjustment amount will be added to or subtracted from the Non-Eligible Source Blue Box Material Tonne Price.
- (b) An example is shown below:
 - (i) Consumer Price Index Price Adjustment = Unit Price for the Prior Calendar Month x 0.80 x (CPI Change)
 - (ii) Consumer Price Index Price Adjustment = Non-Eligible Source Blue Box Material Tonne Price for the Prior Calendar Month x 0.80 x (CPI Change)
- (c) For the purposes of this Section 1.3, CPI Change means (1) the average of the values for the CPI Table for each of the twelve (12) consecutive calendar months ending with the Prior Calendar Month (the “Current Period”) divided by (2) the average of the values for the CPI Table for each of the twelve (12) consecutive calendar months ending immediately prior to the start of the Current Period.

- (d) For the purposes of this Section 1.3, CPI Table means the Consumer Price Index, monthly, not seasonally adjusted – Ontario (Table 18-10-0004-01)(Formerly CANSIM 326-0020) (<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000401>). The CPI Table shall be subject to revision as agreed by the Parties in the case Statistics Canada materially changes such index or discontinues or replaces it.