

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ ~~October 5, 2023~~²

Introduction

This document describes the methodologies to calculate the amount Circular Materials (CM) will pay municipalities with whom it has an agreement to:

- Collect blue box materials from residences and facilities and deliver these materials to a CM receiving facility;
- Operate existing depots and transport blue box materials collected at the depots to a CM receiving facility;
- Collect from public space recycling receptacles and deliver these materials to a CM receiving facility; and
- Deliver local promotion and education (P&E) where the municipality provides residence and facility collection and/or depot collection.

The methodologies are designed to expedite the transition of 37665 Ontario communities to extended producer responsibility (EPR) by setting out understandable, transparent and reasonable methodologies to calculate rates of payment to partner municipalities.

Payments are based on the actual costs reported by municipalities in the Datacall and published by the Resource Productivity and Recovery Authority (RPRA). Reported collection costs will be adjusted from the year in which the costs were incurred (i.e. 2020) to the municipality's transition year to reflect changing operating and inflationary conditions.

Residence and Facility Statement of Work

During transition, CM is offering to contract with municipalities to continue existing residence and facility collections services.

A municipality's 2020 Residential Collection Cost per Stop will be calculated as follows:

1. If a municipality reported zero Residential Processing Costs in the 2020 Datacall, the average processing cost per tonne (based on municipalities reporting processing costs) will be multiplied by the municipality's tonnes collected and the result will be deducted from the municipality's 2020 Residential Collection Costs prior to the calculation of the Residential Collection Cost per stop.
2. Then the Residential Collection Cost per stop will be calculated as follows:

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ **October 5, 2023**

(Reported 2020 Residential Collection Costs) ÷
 (number of ~~stops:~~ single-family and multi-family households served + retirement homes served + and long-term care homes units served + schools served ~~collected on residential routes~~ + public space recycling receptacles collected on residential routes)

Sources of information for the denominator are set out in the following table. Municipalities will be asked to complete the referenced Exhibits.

Data	Source
Number of households served	Households Served in 2020 as reported in the 2020 Datacall (submitted in 2021)
Number of retirement homes and long-term care homes and schools <u>units</u> served	Residence and Facility Statement of Work (SoW) Exhibit 4: Retirement Homes, Long-Term Care Homes and Schools
Number of schools collected on residential routes	Residence and Facility SoW Exhibit 4: Retirement Homes, Long-Term Care Homes and Schools
Number of public space recycling receptacles collected on residential routes	Public Space SoW Exhibit 2: Public Space Container Locations and Container Types

A municipality's 2020 Residential Collection Cost per Stop will be adjusted as follows:

To reflect an increase in CPI: apply the change in CPI as published by the Government of Canada to 80% of the reported Residential Collection Cost per Stop	To adjust from 2020 to 2021 ¹	All municipalities
	To adjust from 2021 to 2022 ²	
	To adjust from 2022 to 2023 ³	
	To adjust from 2023 to 2024 ⁵	Municipalities transitioning in 2024 and 2025
	To adjust from 2024 to 2025 ⁵	Municipalities transitioning in 2025

¹<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413&pickMembers%5B0%5D=1.14&cubeTimeFrame.startMonth=01&cubeTimeFrame.startYear=2021&referencePeriods=202101%2C20210101>

²<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413&pickMembers%5B0%5D=1.14&cubeTimeFrame.startMonth=01&cubeTimeFrame.startYear=2022&referencePeriods=20220101%2C20220101>

³ Will apply the rate when available.

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ ~~October 5~~, 2023²

To reflect an increase in fuel costs: apply the change in the applicable fuel index ⁴ to 20% of the reported Residential Collection Cost per Stop	To adjust from 2020 to 2021 ⁵	All municipalities
	To adjust from 2021 to 2022 ⁷	
	To adjust from 2022 to 2023 ⁶	
	To adjust from 2023 to 2024 ⁸	Municipalities transitioning in 2024 and 2025
	To adjust from 2024 to 2025 ⁸	Municipalities transitioning in 2025

The adjusted Residential Collection Cost per Stop plus the Administration Factor will be multiplied by the number of ~~eligible stops sources served~~ to yield the payment due to a municipality under the Residence and Facility Statement of Work.

Adjustments to the number of ~~stops eligible sources~~ and the Residential Collection Cost per Stop during the term of the contract are described in the Statement of Work Compensation Exhibit.

Charges for non-eligible sources ⁷

As eligible sources are used to calculate payments to municipalities, CM will not be incurring collection costs for non-eligible sources.

As the administrator of the common collection system, CM will be incurring costs to receive and transfer blue box material from non-eligible sources. The cost to receive and transfer material from non-eligible sources will be based on bid prices in response to an RFP for receiving facilities to be operated as part of the common collection system.

Producer responsibility organizations (PROs) will be incurring costs to process and market blue box material from non-eligible sources commingled with blue box

⁴ For diesel fuel, Southern Ontario Average Diesel Retail Prices published by Ontario. For natural gas, the Ontario Average Natural Gas Retail Prices published by Ontario.

⁵ [Fuels price survey information - Datasets - Ontario Data Catalogue](#)

⁶ Will apply the rate when available.

⁷ Non-eligible sources are locations that are collected on residential collection routes that are not households, retirement homes, long-term care homes or schools. Examples of non-eligible sources include municipal buildings, churches and businesses.

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ ~~October 5, 2023~~ ~~2~~

material from eligible sources. An average price to process and market materials net of revenue will be set through discussions among the PROs.

These costs (“Non-Eligible Source Blue Box Material Price”) will be the basis for calculating the deduction from the amount due to a municipality for residence and facility collection services. The amount to be deducted from payments due to a municipality will be calculated as follows:

- The total kilograms collected will be divided by the total number of stops to yield the kilograms collected per stop;
- The kilograms collected per stop will be multiplied by the number of non-eligible sources to yield total kilograms collected from non-eligible sources; and
- Total kilograms collected from non-eligible sources will be multiplied by the Non-Eligible Source Blue Box Material Price to yield the amount to be charged to a municipality to receive and manage blue box material collected from non-eligible sources on residential collection routes.

Depot Statement of Work

During transition, CM is offering to contract with municipalities to operate existing depots and transport blue box materials collected at the depots to a CM receiving facility.

A municipality’s *Residential Depot/Transfer Costs* may be adjusted as follows:

1. If a municipality reported zero Residential Processing Costs in the 2020 Datacall, the average processing cost per tonne (based on municipalities reported processing costs) will be calculated and deducted from the municipality’s 2020 Residential Depot/Transfer Costs.

$$2020 \text{ Residential Depot/Transfer Costs (including processing costs)} - (\text{Average Processing Cost/Tonne} \times \text{Municipality's Tonnes Collected})$$
$$= 2020 \text{ Residential Depot/Transfer Costs (net of processing costs)}$$

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ ~~October 5,~~ 2023²

2. If a municipality delivers collected material to a transfer facility (single-family, multi-family and/or depot), the municipality's 2020 Residential Depot/Transfer Costs will be adjusted to remove the costs associated with transfer operations. Based on operational experience, it is assumed that 70% of Residential Depot/Transfer Costs represent the operation of depots and the transportation of depot materials to a facility for processing.

$$\text{Reported 2020 Residential Depot/Transfer Costs} \times 70\% = \text{2020 Residential Depot Costs}$$

A municipality's 2020 Residential Depot Collection Costs will be adjusted as follows:

To reflect an increase in CPI: apply the change in CPI as published by the Government of Canada to 80% of the reported Residential Depot Costs	To adjust from 2020 to 2021 ⁸	All municipalities
	To adjust from 2021 to 2022 ⁹	
	To adjust from 2022 to 2023 ¹⁰	
	To adjust from 2023 to 2024 ¹³	Municipalities transitioning in 2024 and 2025
	To adjust from 2024 to 2025 ¹³	Municipalities transitioning in 2025
To reflect an increase in fuel costs: apply the change in applicable fuel index ¹¹ to 20% of the	To adjust from 2020 to 2021 ¹²	All municipalities
	To adjust from 2021 to 2022 ¹⁵	
	To adjust from 2022 to 2023 ¹³	

⁸<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413&pickMembers%5B0%5D=1.14&cubeTimeFrame.startMonth=01&cubeTimeFrame.startYear=2021&referencePeriods=20210101%2C20210101>

⁹<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413&pickMembers%5B0%5D=1.14&cubeTimeFrame.startMonth=01&cubeTimeFrame.startYear=2022&referencePeriods=20220101%2C20220101>

¹⁰ Will apply the rate when available.

¹¹ For diesel fuel, Southern Ontario Average Diesel Retail Prices published by Ontario. For natural gas, the Ontario Average Natural Gas Retail Prices published by Ontario.

¹² [Fuels price survey information - Datasets - Ontario Data Catalogue](#)

¹³ Will apply the rate when available.

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ ~~October 5, 2023~~³²

reported Residential Depot Collection Costs	To adjust from 2023 to 2024 ¹⁶	Municipalities transitioning in 2024 and 2025
	To adjust from 2024 to 2025 ¹⁶	Municipalities transitioning in 2025

A municipality's adjusted Residential Depot Costs represent the total annual payment to a municipality under the Depot Statement of Work. Adjustments to the Residential Depot Costs during the term of the contract are described in in the Statement of Work Compensation Exhibit.

Charges for non-eligible sources ¹⁴

As a municipality's Residential Depot Costs are net of collection costs associated with materials from non-eligible sources, CM is not incurring depot collection costs for non-eligible sources.

As the administrator of the common collection system, CM will be incurring costs to receive and transfer blue box material from non-eligible sources. The cost to receive and transfer material from non-eligible sources will be based on bid prices in response to an RFP for receiving facilities to be operated as part of the common collection system.

PROs will be incurring costs to process and market blue box material from non-eligible sources commingled with blue box material from eligible sources. An average price to process and market materials net of revenue will be set through discussions among the PROs.

These costs ("Non-Eligible Source Blue Box Material Price") will be the basis for calculating the deduction from the amount due to a municipality for depot collection services. The amount to be deducted from payments due to a municipality will be calculated as follows:

- Total kilograms collected at depots multiplied by 25% (or another percentage if substantiated for a specific depot) to yield total kilograms collected from non-eligible sources; and

¹⁴ Non-eligible sources are locations that are collected on residential collection routes that are not households, retirement homes, long-term care homes or schools. Examples of non-eligible sources include municipal buildings, churches and businesses.

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~ October 5, 2023

- Total kilograms collected from non-eligible sources multiplied by the Non-Eligible Source Blue Box Material Price to yield the amount to be charged to a municipality to receive and manage blue box material delivered to depots by non-eligible sources.

Statements of Work Compensation Exhibit Unit Price

Explanatory Note

Revised ~~March 9~~**October 5, 2023**

Public Space Statement of Work

~~The adjusted Residential Collection Cost per Stop¹⁵ will be multiplied by the number of public space recycling receptacles collected on residential routes to yield the payment due to a municipality under the Public Space Statement of Work. Adjustments to the data used in the calculation during the term of the contract term are described in the Statement of Work Compensation Exhibit.~~

Promotion and Education Statement of Work

During transition, CM is offering to contract with municipalities that are delivering residence and facility collection and/or depot collection to provide local promotion and education (P&E).

Municipalities report their P&E costs in the Datacall category *Residential Promotion and Education Costs*.

As 48 of the municipalities reporting in the 2020 Datacall did not report P&E costs in the 2020 Datacall, utilizing actual reported 2020 P&E costs as the basis for payment under the P&E Statement of Work would not yield an equitable approach for all municipalities.

The P&E payment per household served is calculated as follows:

- The 48 municipalities that reported zero P&E costs were removed from the calculation;
- The 18 First Nations that reported P&E costs were removed from the calculation (as separate offers will be made to First Nations); and
- P&E costs reported by the remaining municipalities were averaged.

Based on this calculation, the P&E payment offer is \$1.50 per household served in eligible communities that are providing Residence and Facility Collection and \$1.00 per household in eligible communities that are providing only Depot Collection.

¹⁵~~The calculation methodology for the adjusted Residential Collection Cost per Stop is described in the Residence and Facility Statement of Work section.~~