



Request for Expressions of Interest (REOI):

Stewardship Ontario Plastic Market Development Investment Program



June 30, 2008

Table of Contents

1. INTRODUCTION.....	1
1.1 PURPOSE OF THIS DOCUMENT	1
1.2 BACKGROUND – PLASTICS MARKET DEVELOPMENT	1
1.3 GUIDING PRINCIPLES	2
<i>Principle #1 – The project will favour a partnership approach.....</i>	<i>2</i>
<i>Principle #2 – The project will leverage Stewardship Ontario Funds</i>	<i>2</i>
<i>Principle #3 – The project will favour approaches with municipal collaboration.....</i>	<i>2</i>
<i>Principle #4 – The project will be awarded through a competitive process</i>	<i>3</i>
<i>Principle #5 – All information submitted will be held in confidence</i>	<i>3</i>
<i>Principle #6 – The project must demonstrate increased diversion of Ontario Blue Box plastics at the most favourable cost.....</i>	<i>3</i>
<i>Principle #7 – The project will not support burning of Blue Box Plastics</i>	<i>3</i>
<i>Principle #8 – The project will balance economic and environmental objectives</i>	<i>3</i>
1.4 OVERVIEW OF PLANNING, PROCUREMENT, AND IMPLEMENTATION PROCESS	3
2. PLASTICS STREAM TO BE MANAGED.....	4
2.1 COLLECTION OF BLUE BOX PLASTICS IN ONTARIO	5
3. INFORMATION TO BE PROVIDED IN THE EOI	6
3.1 INFORMATION REQUESTED	6
3.2 SUBMISSIONS	8
3.3 POINT OF CONTACT.....	8
3.4 FORMS AND DOCUMENTATION	8
3.5 INTERVIEWS.....	8
3.6 DEVELOPING THE REQUEST FOR PROPOSALS	9
Attachment A: Declaration of Expression of Interest (EOI) Submission	follows page 9

1. Introduction

1.1 Purpose of this Document

The purpose of this document is to solicit expressions of interest from potential providers of technologies and/or facilities for the management of Blue Box plastic packaging¹ recovered from Blue Box programs across the Province of Ontario. At Stewardship Ontario's sole discretion, Respondents providing acceptable submissions to this REOI will be invited to an interview to further explore the Respondent's submission. The intent is to ultimately issue a Request for Proposals (RFP) for the management of plastics collected in Ontario. The responses to this REOI and the interviews will assist Stewardship Ontario in developing the RFP scope to best meet the needs of municipalities and stewards and ensuring the project is attractive to the plastics recycling industry. Potential providers of technologies and/or facilities for the management of plastics are therefore strongly encouraged to respond to this REOI as this is the one opportunity for the potential Respondents to provide input to the RFP.

The scope of the subsequent RFP will be defined based on responses to this REOI. Expressions of interest are invited for the full range of Blue Box plastic packaging or for specific types (resins) of plastic packaging available from municipal recycling programs in the province. It should be noted that the purpose of the REOI is not to prequalify Respondents for an RFP, rather to gather sufficient information with which to determine the best approach to move forward on this process. While we strongly encourage interested Respondents to respond to this REOI, vendors do not have to participate in the REOI to submit to an RFP at a later date.

Stewardship Ontario is looking for ideas/applications that can provide markets for Blue Box plastics either as a mixed stream or for limited resin types. At this time Stewardship Ontario is open to considering a wide range of potential solutions. These will be considered in light of the existing infrastructure for managing Blue Box packaging and printed paper in Ontario, including the recent installation of optical sorting equipment for the recovery of PET and other packaging in a several recycling facilities and the fact that markets for PET and HDPE bottles are already well developed. Therefore, the primary focus is on plastics #3-#7. However, ideas/suggestions on how to improve markets for PET and/or HDPE or for providing additional value by including these materials within the broader mix of plastic packaging are invited and will be considered in assessing whether PET and/or HDPE should be part of the overall package to be managed.

1.2 Background – Plastics Market Development

Ontario's Blue Box Program Plan recommended, as part of its separately funded Market Development Program, material specific market development strategies where there are market barriers to increasing the recovery of specific Blue Box materials. Stewardship Ontario implements a program of market development activities to:

1. ensure there is sufficient market capacity for recovered Blue Box materials; and

¹ Blue Box plastic packaging refers to plastic packaging that is used for the containment, protection, handling, delivery and presentation of goods sold or delivered to consumers in Ontario, and not used exclusively for packaging products during their shipment from their place of manufacture to their place of distribution, and which is subject to Ontario Regulation 273/02 made under the Waste Diversion Act, 2002.

Companies that introduce printed paper and packaging into the residential market, known as stewards, are required to register and report annually to Stewardship Ontario the quantities of those materials and to pay fees to Stewardship Ontario to meet their commitments under the Waste Diversion Act. The Act requires that stewards pay 50% of the net system costs of blue box recycling - about \$62 million was distributed in 2007 to the 200 municipalities that provide/manage residential recycling programs in their communities.

2. enhance the revenue received for materials – to lower the overall net Blue Box system cost to both stewards and municipalities.

The first project under the Blue Box Program Plan² focused on mixed b glass. The project met with success with the signing of 10 year contracts between five major municipalities in Ontario and Montreal-based Unical Inc. to establish a new plant in Ontario for the processing of their mixed glass.

Building on this success, Stewardship Ontario, who invested \$2.5 million towards the mixed coloured glass project, is now interested in investigating options for the management of Blue Box plastics. Markets for many resins are not stable and recovery rates need improvement. As such, Stewardship Ontario has prepared this REOI for Market Development of Blue Box Plastic packaging.

As well as the intended scope of the project identified in Section 1.1, Stewardship Ontario:

- is looking for a plastic packaging management facility(ies) located or to be located in North America;
- for planning purposes, is looking for ideas/applications that can help divert/provide markets for a minimum of 2,500 tonnes/yr for a single resin and 5,000 tonnes/yr for a mixed plastics stream;
- will NOT consider market development programs where some or all of the plastics are initially or ultimately burned, either directly or as a fuel.

As part of the overall project, Stewardship Ontario is considering what level of investment is required to support the goal of diverting/providing markets for additional plastic packaging as described above.

1.3 Guiding Principles

Eight key principles underpin Stewardship Ontario's approach to market development for Blue Box materials:

Principle #1 – The project will favour a partnership approach

Stewardship Ontario will undertake investments in market development in partnership, where possible, with other parties (e.g., the private sector, municipal, provincial and federal interests). With the intent of this project to divert municipal plastics, it is recognized that collaboration with municipalities will be required to ensure success.

Principle #2 – The project will leverage Stewardship Ontario Funds

Stewardship Ontario's percentage contribution relative to the overall project cost will be negotiated. Investments may take the form of grants or loans (or a blend of both).

Principle #3 – The project will favour approaches with municipal collaboration

Municipal partners will not be required, but projects with municipal support or collaboration will be preferred (to guarantee material supply).

² http://www.stewardshipontario.ca/bluebox/plans/plans_docs.htm

Principle #4 – The project will be awarded through a competitive process

Stewardship Ontario intends to implement a Request for Proposal/competitive bid process for allocating market development funds. Stewardship Ontario will identify its market development priority areas and will invite interested parties to submit proposals to meet Stewardship Ontario's requirements at the lowest possible cost.

Principle #5 – All information submitted will be held in confidence

Stewardship Ontario recognizes the competitive nature of the marketplace and that there can be confidential elements of any technology. As such, Stewardship Ontario will guarantee confidentiality of submissions will be maintained and that no sharing of information will be undertaken throughout the course of this process.

Principle #6 – The project must demonstrate increased diversion of Ontario Blue Box plastics at the most favourable cost

Stewardship Ontario's primary investment criterion is to support projects that will increase the recovery of plastic packaging with the most favourable effect on net residential recycling costs per tonne for the management of plastics.

Principle #7 – The project will not support burning of Blue Box Plastics

Although thermal processing for the purposes of generating a gas/petroleum based product for reconstitution into a plastic product is acceptable, incineration or the production of a fuel for the purposes of generating energy is not an acceptable solution for this project (i.e., as outlined in the Waste Diversion Act where burning is prohibited).

Principle #8 – The project will balance economic and environmental objectives

Stewardship Ontario is looking for the lowest cost option bounded by environmentally and socially acceptable practices.

1.4 Overview of Planning, Procurement, and Implementation Process

The major steps that Stewardship Ontario plans to follow in examining and developing opportunities for the long term management of plastic materials, with the anticipated timelines, are summarized as follows.

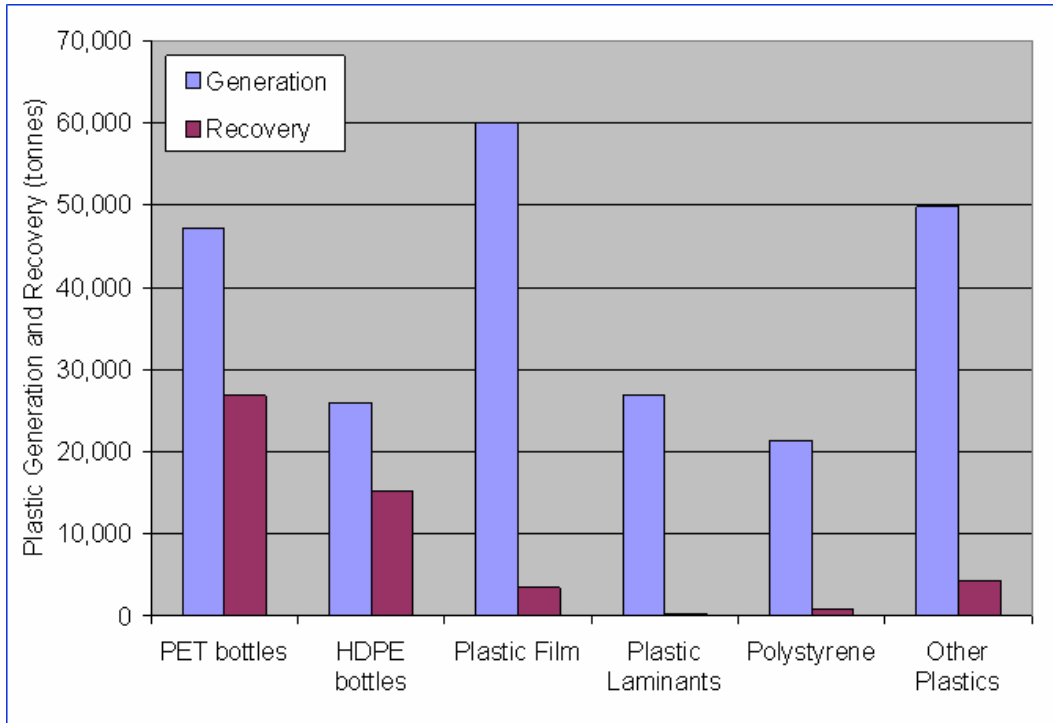
1. **June 2008** Post Plastics REOI on Stewardship Ontario website and notify plastics recycling industry
2. **July 2008** REOI closes (July 18). Review submissions to REOI. Conduct interviews starting July 21 (Note – the length of the interview process will depend on the number of responses to this REOI).
3. **October 2008** Prepare Request for Proposal (RFP) for plastics management incorporating findings from the REOI process.
4. **November 2008** Release RFP
5. **March 2008/09** RFP closes. Evaluate proposals, identify preferred proponents,
6. **May 2009** Negotiate and award appropriate contracts.
7. **June 2009** Project Implementation.

It should be noted that Stewardship Ontario reserves the right not to proceed to issue an RFP and may cancel the project at any time.

2. Plastics Stream to be Managed

Shown in Figure 1 is the generation and recovery of plastics by resin for Ontario for 2006.

Figure 1: 2006 Blue Box Plastics Generation and Recovery – All Ontario



Notes:

1. Generation and recovery of both PET and HDPE bottles do not include thermoformed PET and HDPE containers. Such non-bottle PET and HDPE containers are included in the “other plastics” category.
2. Other plastics also Includes all other formed rigid plastic containers i.e. #1, #3, #4, #5 and #7 jugs, tubs, lids, closures, trays, bottle pumps, cups, tubes etc.

Outlined in Table 1 are the quantities of plastics recovered by region. Table 2 shows the quantities recovered of each stream of plastics from the various regions in Ontario.

Table 1: 2006 Blue Box Plastics Generation in Ontario by Region (1)

	East	West	Central	North	Total
All Plastics	40,437	40,396	136,744	15,124	232,702
PET Beverage Bottles	6,974	6,943	23,245	2,700	39,862
PET Other Bottles & Jars	1,461	1,454	4,882	555	8,351
PET Other Packaging	1,108	1,111	3,682	421	6,321
HDPE Beverage Bottles	774	789	2,677	276	4,515
HDPE Other Bottles & Jugs	3,756	3,768	12,461	1,422	21,407
PVC Bottles & Jars	223	216	730	89	1,258
Other Bottles, Jars & Jugs Total	1,043	1,030	3,700	381	6,154
Polystyrene Packaging	3,608	3,717	12,722	1,238	21,285
Wide Mouth Tubs & Lids	2,131	2,105	6,941	828	12,006
Large HDPE & PP Pails & Lids	750	743	2,502	283	4,278
Polyethylene PE Plastic Bags & Film - Packaging	9,827	9,841	34,241	3,556	57,465
Laminated/Other Plastic Bags & Film	4,977	4,923	16,436	1,909	28,245
Other Rigid Plastic Packaging	3,805	3,757	12,525	1,467	21,554

Table 2: 2006 Blue Box Plastics Recovery in Ontario by Region (1)

Material	East	West	Central	Northern	Total
PET	3,389	3,932	12,530	808	20,659
HDPE	1,898	1,961	7,061	445	11,365
FILM	662	260	2,131	63	3,116
TUBS	532	364	967	111	1,974
PS	183	10	151	15	359
Mixed	1,055	710	3,995	314	6,074
Commingled	1,233	1,320	4,769	624	7,946
Total	8,952	8,558	31,604	2,380	51,493

Source: WDO 2006 Datacall

(1) East includes municipalities east of the Counties of Hastings and Renfrew.; Central includes municipalities around the Golden Horseshoe, including all municipalities within the Greater Toronto Area and bounded on the north by the Counties of Parry Sound and Nipissing; West includes municipalities of Wellington and those to the west; and North includes Parry Sound, Nipissing and all municipalities further north.

In 2007, R.W. Beck completed a study for Stewardship Ontario that examined the opportunities and costs of increasing the recovery of plastics.

http://www.stewardshipontario.ca/pdf/funding/plastics/Plastics_Market_Dev_Report.pdf

The potential increases in recovery of various Blue Box plastics packaging streams, in the range of 16,800 to 29,500 tonnes per year, estimated by R.W. Beck Report are outlined in Appendix C of that report. Respondents are welcome to review the report to understand the assumptions used to derive R.W. Beck's increased diversion scenarios. Respondents should be aware that the composition of the plastics in the residential waste stream is subject to change. Historical tracking of the recovery of plastics for municipal plastics can be found on the WDO website (www.wdo.ca).

2.1 Collection of Blue Box Plastics in Ontario

The majority of the Blue Box plastics collected in the province is either collected mixed with all other containers (i.e., as part of a "two stream" program) or mixed with all Blue Box materials (i.e., containers and fibres collected together in a "single stream"). Toronto, Peel, Halton and York, representing the source of almost one half of the Blue Box plastics in the province, collect materials in a single stream. The remaining plastics are collected in two stream collection programs. Plastic film and PS are collected in some programs with the fibres, some with the

containers. To address the question of whether or not to collect plastic film and PS, the City of Toronto intends to issue in July a Request for Sale for both.

Based on the most current information for 2007, of the 216 municipal recycling programs in Ontario:

- 118 collect film and of these, 34 are marketing a film product
- 149 collect tubs and lids, and of these, 38 are marketing a tubs and lids product
- 111 collect polystyrene, and of these, 23 are marketing a PS product, and
- 129 collect other bottles.

3. Information to be Provided in the EOI

The primary purpose of this REOI is to obtain sufficient information to develop a Request for Proposals document. A thorough evaluation of the submissions will be undertaken to understand the options available. Therefore, the more comprehensive the responses to the questions/requests for information, the tighter will be the focus and thoroughness of the RFP to make it attractive for private sector plastic recyclers to respond.

3.1 Information Requested

Stewardship Ontario is seeking through this REOI information on a wide range of potential solutions. Respondents are requested to address and provide the following information:

Technology

1. Provide a description of the technology/process you would propose to use for the sorting and processing of the plastics stream(s). Include a description of the specific pieces of equipment that sort the plastics. *Note: benchscale technologies are not acceptable; the process must be operational at a pilot scale.* Outline any other aspects that you feel are important in understanding your proposed technology solution.
2. Outline any specific research that you believe should be undertaken to increase the chances of success of the overall project (e.g., possible modifications to MRF processing to give a different/better stream of plastics; assessment of the reclaimer or end market technologies; etc.); Please indicate who you think should undertake this research.
3. What facility(ies) is utilizing the process similar to that outlined in item1? What is/are the plant capacities? Indicate the feedstock of plastics being processed (e.g., #1-#7, #3-#7; tubs and lids, etc.). What plastic product streams are generated by your process (by resin or combination of resins)? Please include a contact name and address for these reference facility(ies).
4. If the facility(ies) outlined in item #3 are not utilizing the technology/process exactly as described in item #1, describe the differences and why the new/proposed approach is preferred over that currently in use.

Proposed Option

5. Indicate the feedstock and quantities of plastic packaging you would like to process (and why) if an RFP is released for the management of Blue Box plastics in Ontario. Is your process/technology “modular” in nature? If yes, describe the ability to expand the plant size/capacity if required.
6. Propose your plant capacities for consideration by Stewardship Ontario. It is anticipated that the minimum plant capacity that would be considered is 2,500 tonnes/yr. For the

purposes of considering and evaluating EOIs, Respondents are requested to indicate their proposed processing capacity in one or more of the following capacity ranges:

- a. 2,500 to 5,000 tonnes/year
- b. 5,001 to 10,000 tonnes/year
- c. 10,001 to 20,000 tonnes/year
- d. >20,000 tonnes/year.

Provide comment on these proposed plant sizes/size ranges. Are they too restrictive or broad? What is the maximum size of the plant?

7. Municipalities currently bale all plastics for shipment to markets. Can your process handle baled materials? If not, describe the manner in which the materials would have to be shipped to your facility.
8. Would your process be able to include and manage the following materials, either separately or as a mixed feedstock (i.e. bales)?
 - a. PS
 - b. plastic film
 - c. PLA
9. Would your process be able to receive and sort polycoated packaging (e.g., aseptic and gabletop containers and polycoat coffee cups/ice cream tubs)? ?
10. Are there any other conditions that would have to be met regarding the materials shipped for processing at your facility? If so, please describe.
11. With the information currently available, are you able to comment on what the benefits/impacts and costs to the municipal system might be to meet these conditions and what changes might need to be made to the collection and processing systems currently in place in the province?

Representation and Contact Information

12. Do you have technology representation in North America? If yes, please provide details. If you do not have technology representation in North America, are you actively pursuing same?
13. The contract that would be let subsequent to the RFP process would involve Stewardship Ontario and likely multiple municipal partners. Would you require Stewardship Ontario to enter into any form of technology licensing agreement, guarantee of intellectual property or similar contractual arrangement or any other restrictive (or unrestrictive) contractual agreement? If so, please provide details.
14. Please provide a company name, contact name, mailing address, email address and telephone number for any further correspondence from Stewardship Ontario on this matter.

REOI and RFP Next Steps

15. Interviews under this REOI will be held at the discretion of Stewardship Ontario. It is currently proposed that they will be started the week of July 21st 2008 and in the City of Toronto. Stewardship Ontario reserves the right to hold the interview. Would you be willing to attend an interview under this process and would you be willing to arrange for Stewardship Ontario to visit any facilities identified in your submission
16. Are you interested in participating in a subsequent RFP for this project?

17. Please provide any additional comments you wish to share regarding this project and any subsequent RFP (See Section 3.4). What is required in the RFP to ensure a clearly defined scope and to ensure that good pricing is received from Respondents? How should the responses to the RFP be evaluated?

Financial Estimates

18. Please advise/comment on what level of total investment would be required for your proposed solution. Please indicate what level of the external funding would be adequate to support your proposed project. Respondents will be asked about their anticipated total project value, financing level requested from Stewardship Ontario, the form of the financing and any conditions on offers of financing will be asked as part of the interview process.

Collaboration

19. With the intent of this project to enhance the diversion of municipal plastics, comment on how collaboration can be enhanced to achieve commitment to this project.

3.2 Submissions

One (1) original and six (6) copies of the submission are to be submitted by **Friday, July 18, 2008** – 4:00 pm Eastern Daylight Savings Time to the following location:

Stewardship Ontario
26 Wellington Street East, Suite 601
Toronto, ON M5W 1S2
Attn: Guy Perry

Fax submissions will not be accepted unless otherwise approved by Stewardship Ontario. E-mail submissions will be accepted by the deadline and hard copies should be received by Stewardship Ontario within one business day following that date. Stewardship Ontario does not take any responsibility for undelivered email submissions. ***Given our schedule for this project submissions Stewardship Ontario will be reviewing and evaluating submissions immediately following the July 18 closing date. No addenda will be issued.***

3.3 Point of Contact

All questions or clarifications related to this Request for Expressions of Interest must be directed to the attention of: **Guy Perry**, gperry@stewardshipontario.ca or **Geoff Love**, glove@stewardshipontario.ca.

3.4 Forms and Documentation

In addition to provision of responses to the items noted above in Section 3.1, Respondents are required to complete and submit a Declaration of Expression of Interest with their EOI submission. The required form is included in Attachment A.

3.5 Interviews

The interviews to be undertaken immediately following the evaluation of the EOI submissions, will be scheduled by Genivar, who is serving as technical consultant to Stewardship Ontario on this project, immediately following the closing deadline.

3.6 Developing the Request for Proposals

At the current time, consideration will be given to each of the following elements when assessing proposals in response to the RFP for the processing/management of Blue Box plastics from Ontario's recycling programs:

- Risks and uncertainties associated with developing the facility;
- Expected reliability/dependability of the technology to manage one or more plastic resin types on an ongoing basis over the longer term;
- Nature and magnitude of Stewardship Ontario and municipal resources required for the development of the facility;
- Optimizing the value of the investments recently made in sorting equipment for plastics in MRFs in Ontario;
- Quantities of plastics required to obtain a sustainable project;
- Revenue sharing opportunities;
- Costs to municipalities for the management of their plastics (sorting, baling, other processing and shipping); and
- Any additional criteria deemed advisable by Stewardship Ontario.

Respondents are invited to comment on the appropriateness and comprehensiveness of these criteria.

ATTACHMENT “A”

DECLARATION OF EXPRESSION OF INTEREST (EOI) SUBMISSION

The Respondent

- 1) Warrants that the information contained in its EOI is true and correct in all respects.
- 2) Confirms that no person, firm or corporation has any interest in the EOI other than the Respondent and the persons, firms or corporations listed in Column I below who have the respective interest set out opposite under Column II:

Column I	Column II
_____ (insert NIL if this is the case)	_____

- 3) Confirms and warrants that this EOI is submitted by the Respondent without any connection, knowledge, comparison of figures or arrangements with any other person or persons submitting an EOI for the same work and is in all respects fair and without collusion or fraud.
- 4) Confirms and warrants that no officer or employee of Stewardship Ontario, is, will be, or has become interested, directly or indirectly, as a partner, stockholder, surety or otherwise, howsoever, in the facilities or services being the subject of the said EOI or in the supplies to be used therein, or in any of the monies to be derived therefrom.

Dated at _____ **this** _____ **day of** _____ **, 2008.**

I/We have the authority to bind
the Corporation

(Name of Respondent)

(Signature of Authorized Signing Officer)

(Position)

A. The address of the Respondent is:

Telephone: _____ Fax: _____

B. The persons to conduct at the Respondent
respecting this Proposal are:

1. Name _____ 2. _____

Title _____

Note: If more than one corporate entity is involved in the submission, the arrangements between the various entities must be described herein.