

Request for Proposals

Blue Box Plastics Recycling Enhancement Initiative



and

**Waste Diversion Ontario's
Continuous Improvement Fund**

December 05, 2008

REQUEST FOR PROPOSAL

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1-1
1.1	PURPOSE OF THIS DOCUMENT	1-1
1.2	BACKGROUND	1-2
1.2.1	<i>Stewardship Ontario's Plastics Market Development Program.....</i>	<i>1-2</i>
1.2.2	<i>WDO's Continuous Improvement Fund.....</i>	<i>1-2</i>
1.3	PLASTICS RECYCLING ENHANCEMENT INITIATIVE - GUIDING GOALS AND PRINCIPLES	1-2
1.3.1	<i>Goals of the Plastics Recycling Enhancement Initiative.....</i>	<i>1-2</i>
1.3.2	<i>Guiding Principles.....</i>	<i>1-3</i>
1.4	PROJECT TIMING AND MILESTONES	1-4
2.0	PROJECT INFORMATION AND SCOPE.....	2-1
2.1	ANTICIPATED FUNDING APPROACH AND ALLOCATION	2-1
2.1.1	<i>Funding Approaches.....</i>	<i>2-1</i>
2.1.2	<i>Funding Allocation</i>	<i>2-1</i>
2.2	RESPONDENT REQUIREMENTS	2-3
2.3	AGREEMENTS WITH MUNICIPALITIES	2-3
2.4	PLASTICS MATERIALS TO BE MANAGED.....	2-3
2.5	MATERIAL QUANTITIES TO BE MANAGED	2-6
3.0	PROPOSAL EVALUATION AND CONTRACT AWARD	3-1
3.1	EVALUATION COMMITTEE.....	3-1
3.2	CLARIFICATIONS	3-1
3.3	DETERMINATION OF PREFERRED RESPONDENTS AND SUCCESSFUL RESPONDENTS	3-1
3.3.1	<i>Step 1: Determination of Preferred Respondents</i>	<i>3-1</i>
3.3.2	<i>Step 2: Determination of Successful Respondents</i>	<i>3-4</i>
4.0	PROPOSAL SUBMISSION REQUIREMENTS, FORMAT AND CONTENT.....	4-1
4.1	SUBMISSION AND CLOSING DATE.....	4-1
4.2	INQUIRIES	4-1
4.3	AGREEMENT TO ABIDE BY THE ESTABLISHED PROCESS	4-1
4.4	RFP ADDENDA.....	4-2
4.5	DECLARATION OF SUBMISSION	4-2
4.6	IRREVOCABLE PROPOSAL	4-2
4.7	RIGHT TO DISQUALIFY	4-2
4.8	RIGHT NOT TO PROCEED	4-2
4.9	INTERVIEWS	4-3
4.10	REQUIREMENT TO SIGN AN AGREEMENT.....	4-3
4.11	PROPOSAL FORMAT AND CONTENT	4-3
4.11.1	<i>Proposal Format.....</i>	<i>4-3</i>
4.11.2	<i>Proposal Content</i>	<i>4-4</i>

Attachments

Appendix A: Agreement to Abide by the Established Process Form

Appendix B: Declaration of Proposal Submission Form

REQUEST FOR PROPOSAL

1.0 Introduction

1.1 Purpose of This Document

The purpose of this Request for Proposals (RFP) is to solicit Proposals from third parties (Respondents and singularly a Respondent) for the re-processing of Blue Box plastic packaging¹ recovered from Blue Box programs across the Province of Ontario and marketing of the resultant product(s). The RFP is issued jointly by Stewardship Ontario and the Continuous Improvement Fund (CIF) of Waste Diversion Ontario (WDO). Ultimately, the project objective is to develop new re-processing capacity for Blue Box plastics. Stewardship Ontario and the CIF intend to provide funding towards one or more of the plastics re-processing projects that are determined to meet Stewardship Ontario's and the CIF's project goals and award criteria.

Information on Stewardship Ontario can be found at www.stewardshipontario.ca and information on WDO's Continuous Improvement Fund can be found at www.wdo.ca/cif/.

This RFP was developed in part based on feedback received from providers of technologies and systems for processing of Blue Box plastic packaging, through a Request for Expressions of Interest (REOI) process that was managed by Stewardship Ontario from June to September 2008. The purpose of the REOI was not to pre-qualify Respondents for the RFP, but rather to gather sufficient information with which to determine the best approach to move forward on this initiative. Therefore, this RFP is open to all parties with experience and expertise in re-processing and marketing mixed post consumer and/or industrial plastics, regardless of whether the parties participated in the initial REOI process.

It should be noted that since the issuance of the REOI, the CIF has agreed to partner with Stewardship Ontario on the release of this RFP and to support this initiative financially, consistent with its three year CIF Strategic Plan.

The focus of this RFP, in terms of the target materials, is on #1-#7 rigid Blue Box plastic packaging (including streams where bottle grade #1 & #2 may have been removed through prior processing) and/or recyclable Blue Box film plastic from Ontario households. Proposals for processing *only* post consumer bottle grade #1 and/or #2 plastics from Blue Box programs will **not** be considered.

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 (the "Act").

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 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 in the Province of Ontario that provide/manage residential recycling programs in their communities.

REQUEST FOR PROPOSAL

1.2 Background

1.2.1 Stewardship Ontario's Plastics Market Development Program

Ontario's Blue Box Program Plan² (2003) provides for material specific market development fees where there are market barriers to increasing the recycling of specific Blue Box materials. Specifically, Stewardship Ontario implements market development activities to:

- 1) help ensure there is sufficient market capacity for recovered Blue Box materials; and
- 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 Plan focused on mixed broken glass. With a \$2.5 million investment from Stewardship Ontario, the program met with success with the signing of 7-year contracts between five major municipalities in Ontario and Montreal-based Unical Inc., to establish a new plant in September 2008 in Brampton, Ontario for the processing of the municipalities' mixed broken glass.

Building on that success Stewardship Ontario, in collaboration with the CIF, is soliciting Proposals for the re-processing of Blue Box plastic packaging and marketing of the resultant product(s). Markets for some recoverable Blue Box plastic packaging are not stable and recycling rates are in need of improvement. As such, Stewardship Ontario has worked with the CIF to prepare this RFP with the goal of helping to develop sustainable markets for Blue Box plastic packaging in Ontario.

1.2.2 WDO's Continuous Improvement Fund

The CIF is a funding program developed through the cooperation of the Association of Municipalities of Ontario (AMO), the City of Toronto (Toronto), Stewardship Ontario and WDO. Its purpose is to support improvements to municipal Blue Box programs in Ontario. The development of processing infrastructure for mixed Blue Box plastic packaging is consistent with the three year strategy of the CIF. While this RFP specifically contemplates the development of such infrastructure and the marketing of the resulting product(s), the CIF will also consider funding for municipal Blue Box collection and processing system changes required to make the Respondent's overall approach to mixed plastics recycling more likely to succeed.

1.3 Plastics Recycling Enhancement Initiative - Guiding Goals and Principles

1.3.1 Goals of the Plastics Recycling Enhancement Initiative

Stewardship Ontario's and the CIF's joint goals for this Blue Box plastics recycling enhancement initiative are as follows:

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

REQUEST FOR PROPOSAL

Goal #1 – To support WDO, Ontario stewards and municipalities in their efforts to cost effectively collect, process and market additional recyclable Blue Box plastics, particularly those currently with low recycling rates.

Goal #2 – To engage existing and new plastics re-processors along with interested municipalities in the development of improved and/or new capacity for municipal Blue Box plastics recycling, particularly for those plastics currently with low recycling rates.

Goal #3 – To deploy Stewardship Ontario plastics market development funding (\$1.9 million available) matched by the CIF (also \$1.9 million towards this specific project), for a total of \$3.8 million, to stimulate the development of long term and sustainable new capacity for recycling #1-#7 rigid Blue Box packaging and Blue Box film plastics in Ontario.

1.3.2 Guiding Principles

Six key principles underpin the joint Stewardship Ontario and CIF approach to this Blue Box plastics recycling enhancement initiative:

Principle #1 – The project requires a commitment of municipal Blue Box plastics tonnage

Stewardship Ontario will undertake investments in the development of re-processing capacity 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 Blue Box plastics, it is recognized that collaboration with municipalities (in part to ensure a reliable supply of material) is required to ensure success. Consequently, successful Respondents will be required to enter into agreements with one or more municipalities to, among other things, secure their Blue Box plastics feedstock, before any funding is provided.

Principle #2 – CIF funds are used to support municipalities

CIF funds are to benefit municipalities and must be spent on projects / infrastructure that divert municipal Blue Box materials from within Ontario.

Principle #3 – The project will leverage Stewardship Ontario and CIF funds

Stewardship Ontario's and the CIF's combined percentage funding contribution will be no more than fifty percent of the total project cost. Investments may take the form of grants or loans (or a blend of both).

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

This RFP is a competitive bid process. Interested parties will be required to submit Proposals to meet Stewardship Ontario's and the CIF's requirements.

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

Stewardship Ontario and the CIF recognize the competitive nature of the marketplace and that there can be confidential elements of Respondents' technologies or business processes. As such, Stewardship Ontario and the CIF will take all reasonable measures to ensure the confidentiality

REQUEST FOR PROPOSAL

of submissions will be maintained and that only that information agreed within the contractual agreement among the parties will be released into the public domain.

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

Stewardship Ontario's and the CIF's primary investment criterion is to support projects that will increase the recycling of plastic packaging with the most favourable effect on residential recycling costs. The goal of the project is to add new re-processing capacity in Ontario or to make existing Ontario infrastructure more capable of recycling Blue Box plastics in a sustainable manner by preparing material for higher value applications and by having the flexibility to respond to changing product specifications.

1.4 Project Timing and Milestones

The major steps and timelines that Stewardship Ontario and the CIF will follow in examining and developing opportunities for the long term management of Blue Box plastics are as follows:

December 05, 2008	Post RFP for plastics recycling enhancement initiative
February 06, 2009	Last date for submission of written questions
February 20, 2009	Last date for issuance of addenda
March 05, 2009	RFP Closing Date
Early April 2009	Proposal evaluations completed; preferred Respondents identified
Mid April 2009	Commence negotiations with preferred Respondent(s) towards entering into agreement(s) with successful Respondent(s).
Summer, 2009	Possible second round of Request for Proposals and review initiated (as deemed required if this RFP does not result in a successful Respondent(s))

Note the above dates and milestones are subject to change at the discretion of Stewardship Ontario and the CIF.

REQUEST FOR PROPOSAL

2.0 Project Information and Scope

2.1 Anticipated Funding Approach and Allocation

2.1.1 Funding Approaches

This Blue Box plastics recycling enhancement initiative RFP is intended to provide grants and/or loans of up to \$3.8 million for one or more projects. Stewardship Ontario and the CIF are not looking for equity participation in any venture. As set out in section 4 of this RFP, Respondents are required to provide in their Proposal, details of the amount and proposed terms of funding they are seeking. While Stewardship Ontario and the CIF are open to considering alternative funding approaches that may be suggested by the Respondent, three basic funding options have been identified to date:

Option 1 - If the Respondent requests up-front grant funding to finance capital works, Stewardship Ontario and the CIF require that the Respondent post security commensurate with the funding provided, to protect the funders in event of Respondent default. For this funding option, the RFP requires that the Respondent provide security in the form of a Performance Bond in the amount of 50% of the requested funding. The Performance Bond is not required at the Proposal submission stage, however Stewardship Ontario and CIF funding will not be provided until the necessary security is in place (i.e. as part of Stewardship Ontario's and the CIF's funding agreement with the successful Respondent(s)).

Option 2 - If the Respondent requests grant funding in increments as various project milestones are achieved, the Respondent will need to demonstrate to Stewardship Ontario and the CIF that each milestone (agreed upon in advance) is complete. Stewardship Ontario and the CIF would, when fully satisfied that a milestone is complete, provide a funding increment payment. This option does not require the Respondent to post security, as the funding payments are not made until milestones are demonstrated to be complete. It should be noted that under this funding option, Stewardship Ontario and the CIF will require that one of the payment milestones will be for commissioning and testing of the facility to demonstrate that it performs as proposed.

Option 3 - The Respondent may propose that Stewardship Ontario and the CIF provide a loan at low or no interest rate.

Respondents may propose different, perhaps innovative, funding/security arrangements for Stewardship Ontario's and the CIF's consideration.

2.1.2 Funding Allocation

The total potential funding available through this RFP to support Blue Box plastics market and infrastructure development is \$3.8 million. Respondents are encouraged to seek out other funding sources for other related project aspects.

Stewardship Ontario and the CIF will consider Proposals dealing with recycling of specific post consumer plastic packaging and/or Proposals for a combined management strategy dealing with

REQUEST FOR PROPOSAL

some or all post consumer plastics packaging. Proposals for processing *only* post consumer bottle grade #1 and/or #2 plastics from Blue Box programs will *not* be considered.

At this stage, it is contemplated that funding will be available for both #1-#7 rigid plastics projects and for Blue Box film plastic projects.

Stewardship Ontario and the CIF will together provide no more than 50% of total project funding. Further, Respondents must demonstrate a substantial financial commitment by at least matching through their own means (i.e., including the Respondent's direct investment project financing but not including other potential third party contributions to the project) the funding amounts requested of Stewardship Ontario and the CIF.

Stewardship Ontario and CIF staff are prepared to work with successful Respondents in searching out/securing additional project funding from other sources as requested and as appropriate.

A second "round" of Request for Proposals may be scheduled for the summer of 2009 (with Proposals likely due in late 2009, although the specific timing has not been set) in the event the total funding available is not committed through the first round of Proposals.

While it is intended that this will be a collaborative funding initiative between Stewardship Ontario and the CIF, neither Stewardship Ontario nor the CIF is obligated under this RFP to fund any Proposal and either party may fund projects independently (consistent with their respective mandates). Stewardship Ontario and the CIF will, at their sole discretion, apportion the available \$3.8 million amongst one or more selected Respondents' projects. CIF funding will first be allocated towards municipal collection and processing systems changes required to make the Respondent's overall approach to mixed plastics recycling more likely to succeed and then to the re-processing aspects of the project.

In general, it is anticipated that funding will be distributed amongst the successful Respondents based on the following:

- the amount of funding requested by a Respondent in comparison with the scale of the proposed project;
- the extent to which a Respondent creates improved and/or new re-processing capacity for Blue Box plastics;
- the extent to which a Respondent's proposed new processing capacity will be met through municipal tonnage commitments; and
- the financial implications to municipalities of any required changes to their Material Recovery Facility (MRF)/collection systems in order to accommodate a Respondent's Proposal.

Other factors not listed above may affect Stewardship Ontario's and the CIF's funding allocation, depending on the nature of the Proposals received.

REQUEST FOR PROPOSAL

2.2 Respondent Requirements

Stewardship Ontario and the CIF are seeking Proposals from providers of re-processing capacity for Blue Box plastic packaging recovered from Blue Box programs across the Province of Ontario. The source of the plastic materials for which funding will be available will be municipal material from MRFs serving municipal Blue Box programs in the Province. To meet Stewardship Ontario's and the CIF's stated goals for this initiative, it is a requirement that Respondents must be incorporated, private sector processors that prepare (i.e., re-process) the plastic materials for direct use by end markets to produce products that can be demonstrated to have economically sustainable markets. Stewardship Ontario and the CIF are *not* seeking Proposals that involve simply preparing the plastic materials for brokering to others.

As stated under Principle #6 above, the primary goal of this funding program is to add new re-processing capacity or to make existing infrastructure more capable of recycling Blue Box plastic packaging in a sustainable manner by preparing material for higher value applications and by having the flexibility to respond to changing product specifications. It is a requirement that this improved or new capacity is, or will be, located in the Province of Ontario. Respondents may apply for funding to upgrade an existing Ontario based plastics processing facility, but the Proposal must clearly demonstrate that new and higher value Blue Box plastics re-processing capacity is being added through the project.

To be consistent with Stewardship Ontario's and the CIF's stated project goals, Proposals that involve preparing the plastic materials into a fuel product will not be considered.

2.3 Agreements with Municipalities

As stated under Principle #1 above, successful Respondents will be required to enter into agreements with one or more municipalities (in part to ensure a reliable supply of material). This will require that a separate agreement exists between a successful Respondent and the municipality(ies) to address matters between these parties such as material supply, anticipated/allowable contamination rates, cost/revenue terms and term (length) of contract.

Agreements between the Respondent and the municipality(ies) do not have to be in place at the Proposal submission stage, however, the agreements must be finalized during the negotiations stage. Funding will not be provided for a successful Respondent's project until a written agreement exists between the municipality and the successful Respondent.

A separate agreement will be developed among Stewardship Ontario, the CIF and any successful Respondent to set out the terms of the funding agreement among these parties. Stewardship Ontario and the CIF will only enter into an agreement with successful Respondents and not with municipalities.

2.4 Plastics Materials to be Managed

Respondents may submit Proposals to manage the following plastic materials:

- #1-#7 rigid Blue Box plastic packaging (including streams where bottle grade #1 & #2 may have been removed through prior processing); **or**

REQUEST FOR PROPOSAL

- Blue Box film plastic; **or**
- both of these material streams.

For information, Figure 1 below shows the generation and recycling of plastics by resin for Ontario for 2007.

Figure 1 - 2007 Blue Box Plastics Generation and Recycling (All Ontario)

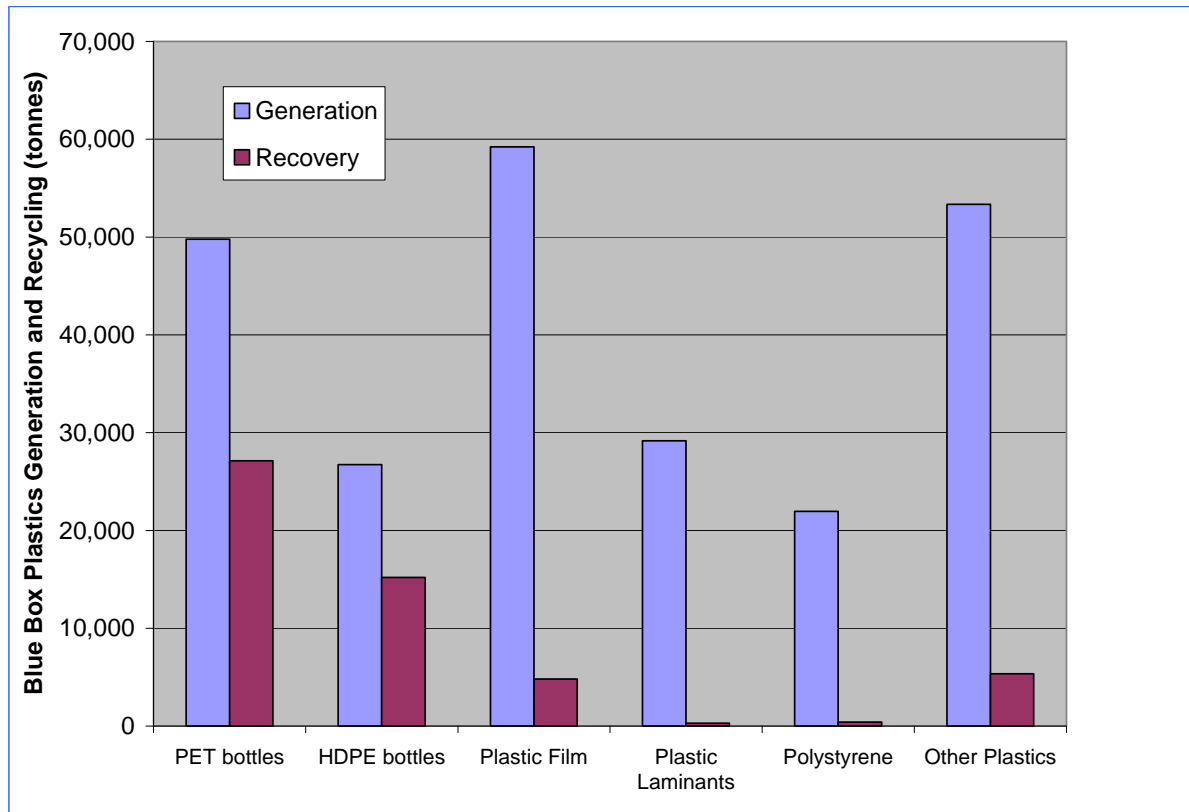


Figure 1Notes:

1. Generation and recycling 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.

Table 1 shows the quantities of plastics generated by region while Table 2 shows the quantities recovered by region.

REQUEST FOR PROPOSAL

Table 1 - 2007 Blue Box Plastics Generation in Ontario by Region⁽¹⁾

	East	West	Central	North	Total
PET Beverage Bottles	23,646	7,214	7,542	2,875	41,276
PET Other Bottles & Jars	4,773	1,484	1,529	598	8,384
PET Other Packaging	3,467	1,091	1,137	445	6,140
HDPE Beverage Bottles	2,734	806	860	299	4,699
HDPE Other Bottles & Jugs	12,750	3,894	4,121	1,516	22,281
PVC Bottles & Jars	734	228	231	93	1,286
Other Bottles, Jars & Jugs Total	3,149	993	1,020	408	5,570
Polystyrene Packaging	12,993	3,773	4,044	1,361	22,171
Wide Mouth Tubs & Lids	7,249	2,249	2,352	891	12,741
Large HDPE & PP Pails & Lids	2,680	802	838	306	4,626
Polyethylene PE Plastic Bags & Film - Packaging	36,641	10,593	11,081	3,884	62,199
Laminated/Other Plastic Bags & Film	15,703	5,004	5,081	2,074	27,862
Other Rigid Plastic Packaging	12,084	3,817	3,892	1,568	21,360
All Plastics	138,603	41,946	43,728	16,319	240,597

Table 2 - 2007 Blue Box Plastics Recycling in Ontario by Region⁽¹⁾

	East	West	Central	North	Total
PET	12,177	3,389	4,040	1,111	20,717
HDPE	7,094	1,768	2,016	573	11,451
FILM	2,993	567	255	230	4,045
TUBS	1,139	436	368	45	1,989
PS	114	105	6	33	257
MIXED	3,528	1,033	968	914	6,443
Commingled	5,051	1,679	1,098	472	8,300
TOTAL	32,095	8,976	8,751	3,379	53,201

Table 1 and 2 Notes:

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 recycling of plastics. This report is available at:

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

The potential increases in recycling of various Blue Box plastics packaging streams, in the range of 16,800 to 29,500 tonnes per year, estimated by R.W. Beck are outlined in Appendix C of that report. Respondents to this RFP 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 and

REQUEST FOR PROPOSAL

municipality-specific tracking of the recycling of municipal plastics can be found on the WDO website (www.wdo.ca) under the section on municipal information.

2.5 Material Quantities to be Managed

As shown in Figure 1, various plastic materials streams are currently experiencing low recycling rates and this RFP is intended to improve or develop new marketing capacity for these materials. Respondents may submit Proposals to manage as much of these various plastics streams as desired and as is available, however Proposals will only be considered if they manage the following quantities at a minimum:

- 2,500 tonnes/yr for a single resin/material (e.g. film); and/or
- 5,000 tonnes/yr for a mixed residential plastics stream

Respondents do not necessarily have to supply their new processing capacity entirely from a municipality. However, as noted under section 2.1.2 (Funding Allocation) and section 3.3.1 (Step 1: Determination of Preferred Respondents - Criterion #4), Stewardship Ontario and the CIF will consider in their evaluation of Proposals and funding allocation, the extent to which a Respondent's proposed new processing capacity will be met through municipal tonnage commitments.

REQUEST FOR PROPOSAL

3.0 Proposal Evaluation and Contract Award

3.1 Evaluation Committee

Proposals will be evaluated by an evaluation team comprising Stewardship Ontario staff, WDO's CIF representatives, selected consultants and potentially other experts at the discretion of Stewardship Ontario and the CIF. All decisions on whether a submission to the RFP meets (or to what degree it meets) the stated requirements will be taken by consensus.

Respondents shall sign, and return with their submission, the enclosed "Agreement to Abide by the Established Process" Form, included in Appendix A. See Section 4.3.

3.2 Clarifications

Stewardship Ontario and the CIF reserve the right to request clarification information from Respondents on the content of their Proposal at any time after the RFP Closing Date, including during the evaluation stage. Stewardship Ontario and the CIF reserve the right at their discretion to hold clarification meetings with some or all of the Respondents, including during the evaluation stage. All correspondence related to clarifications must be in writing. Stewardship Ontario and the CIF are under no obligation to request that a Respondent provide missing or deficient information.

Stewardship Ontario and the CIF may request that site visits be conducted to the Respondent's reference facility(ies) or other appropriate facility(ies), during the evaluation stage or during the negotiations stage.

3.3 Determination of Preferred Respondents and Successful Respondents

Determination of successful Respondents with whom Stewardship Ontario and the CIF propose to sign an agreement, will be done in a two-step process:

- Step 1: Determination of preferred Respondents through the evaluation of Proposals submitted in response to this RFP; and
- Step 2: Negotiations and due diligence investigations with the preferred Respondents to determine successful Respondents.

This RFP process, including the 2-step evaluation process, may result in one or more preferred Respondents and one or more successful Respondents being selected.

Details of the two evaluation steps are provided below.

3.3.1 Step 1: Determination of Preferred Respondents

To be considered for funding, Respondents must demonstrate to the satisfaction of Stewardship Ontario and the CIF that they have the financial capacity, demonstrated technology, plans to secure feedstock tonnage and end market arrangements in place to ensure a high likelihood of project success. Respondents will be evaluated on a competitive RFP basis and preferred

REQUEST FOR PROPOSAL

Respondents will be selected on the basis of the evaluation completed by the Proposal evaluation team.

The selection of the number of preferred Respondents will be determined by the extent that one or more Proposals satisfy Stewardship Ontario's and the CIF's stated goals and guiding principles and such determination is at the sole discretion of Stewardship Ontario and the CIF.

Proposals will be scored out of 100 points and the evaluation criteria and weightings are as follows:

1. Financial strength of the Respondent and Respondent's ability to meet timelines – 20 %
2. Demonstrated technical viability of the technology/process and Respondent's experience with the technology/process – 25%
3. Value for Stewardship Ontario and CIF funds invested – 20 %
4. Strength of the Respondent's: plans to secure feedstock tonnage from municipal sources; marketing plan; and relationship with end users – 25%
5. Potential for cost-effective expansion of the technology/process if successful –10 %

Details of the each of the above evaluation criteria are discussed below.

Criterion #1 - Financial strength of the Respondent and Respondent's ability to meet timelines. Scoring under this criterion will consider, but is not limited to, the following:

- a) the Respondent's financial status and the extent to which the Respondent is deemed likely to maintain operation of the project for at least the duration of the contract contemplated and likelihood of meeting the project milestones; and
- b) the reasonableness and viability of the project timelines proposed and how soon benefits from implementation of the project will be realized.

Criterion #2 - Demonstrated technical viability of the technology/process and Respondent's experience with the technology/process. Scoring under this criterion will consider, but is not limited to, the following:

- a) the extent to which the Respondent currently prepares (re-processes) the target plastic materials for direct use by end markets to produce marketable products that can be demonstrated to be economically sustainable;
- b) the extent of the Respondent's experience and expertise in dealing with plastics and/or plastics recycling (with post consumer plastics in general and specifically the plastic grades proposed to be managed);
- c) the extent to which the Respondent has done what is being proposed successfully before and the magnitude (scale) of the proposed development is within the Respondent's capabilities, as demonstrated through the reference facility(ies);

REQUEST FOR PROPOSAL

- d) the quality and clarity of the technology/process description and drawings in the Proposal;
- e) the reliability of the proposed technology/process and equipment, as demonstrated through the reference facility(ies);
- f) the degree to which the technology/process has the ability to respond to fluctuations in feedstock quantity/composition and quality;
- g) the extent to which the technology/process has built-in contingency measures to minimize unforeseen interruptions of operations; and
- h) whether the products produced meet Stewardship Ontario's and the CIF's requirements (example, not a fuel).

Criterion #3 - Value for Stewardship Ontario and CIF funds invested. Scoring under this criterion will consider, but is not limited to, the following:

- a) the quantity of Blue Box plastics to be processed and diverted through the development of re-processing capacity, with a preference for Proposals that demonstrate greater value to municipalities by diverting higher quantities of municipal plastics;
- b) the quantities to be processed (including both post consumer material and any industrial, commercial and institutional (IC&I) material if applicable), the requested funding amount, the rationale for the amount proposed and whether the funding amount and terms are acceptable and in line with the proposed development;
- c) whether the Respondent's financial stake in the project is clear and meets Stewardship Ontario's and the CIF's requirements, and other potential funding partners/amounts are clearly identified; and
- d) the financial implications to municipalities of any required changes to their MRFs/collection systems in order to accommodate a Respondent's Proposal.

Criterion #4 - Strength of the Respondent's: plans to secure feedstock tonnage from municipal sources; marketing plan; and relationship with end users. Scoring under this criterion will consider, but is not limited to, the following:

- a) the extent to which the Respondent demonstrates it has, or is actively pursuing a means to secure municipal tonnage;
- b) the extent to which a Respondent's proposed new processing capacity will be met through municipal tonnage commitments (or planned commitments), as well as the security of supply of the plant feedstock tonnage requirements over and above the municipal commitments and the corresponding risk to project success (in the event of a non-municipal plant feedstock supply shortfall);
- c) whether similar products have been produced/marketed before, as demonstrated at the reference facility(ies);

REQUEST FOR PROPOSAL

- d) whether higher value and sustainable end markets and closed loop recycling end use applications are proposed, and whether the product quality proposed is consistent with these end markets;
- e) the viability of the Respondent's marketing plan including process and operations flexibility to respond to new/changing end market specifications or future potential end market applications; and
- f) the status/relationship of the Respondent's identified end markets (as demonstrated through the required market letters of interest/commitment).

Criterion #5 - Potential for cost-effective expansion of the technology/process if successful. Scoring under this criterion will consider, but is not limited to, the following:

- a) the extent to which the technology/process has the ability to be readily expanded or replicated economically, to provide additional capacity for the same feedstock and/or capacity for other municipal Blue Box plastics; and
- b) the extent to which future expansion potential fits into the Respondent's overall plans.

3.3.2 Step 2: Determination of Successful Respondents

Stewardship Ontario and the CIF will conduct negotiations with, and additional due diligence of, the preferred Respondents identified under Step 1, with the objective of identifying one or more successful Respondents. As discussed in section 2.1.2 (Funding Allocation), Stewardship Ontario and the CIF may, at their sole discretion, apportion the available \$3.8 million amongst one or more successful Respondents. The determination of the number of successful Respondents will be reflected by the outcome of the negotiations and due diligence investigations and is at the sole discretion of Stewardship Ontario and the CIF.

At the negotiations stage, preferred Respondents must be prepared to review all matters related to their Proposal submission that Stewardship Ontario and the CIF feel warrant more detailed discussion. This will include, but not necessarily be limited to, the matters discussed below.

At the negotiations stage, preferred Respondents must be prepared to present a business case (including capital and annual operating costs) of the project, demonstrating the cost/benefit to Stewardship Ontario and the CIF.

At the negotiations stage, preferred Respondents will be required to finalize agreements with one or more municipalities. The conditions of these agreements (e.g.: the contract timeframe; material quantity commitments; the type of materials to be processed; assumptions regarding material composition and quality; arrangements regarding contamination, etc.) and whether these conditions serve to increase the likelihood of long term project success, will be considered in the determination of successful Respondents. As part of these discussions Stewardship Ontario and the CIF will need to understand whether the Respondent has a future processing capacity growth plan and whether there are plans to increase the amount of municipal capacity over time, with preference given to Proposals that demonstrate greater value to municipalities by diverting higher quantities of municipal plastics.

REQUEST FOR PROPOSAL

During the negotiations stage, Stewardship Ontario and the CIF may conduct additional due diligence investigations including site visits to the preferred Respondents' reference facilities. The outcome of such site visits will be considered in the determination of successful Respondents.

REQUEST FOR PROPOSAL

4.0 Proposal Submission Requirements, Format and Content

4.1 Submission and Closing Date

One (1) original and six (6) copies of the submission are to be submitted by **Thursday March 05, 2009** – 4:00 pm Eastern Daylight Savings Time to the following location:

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

Fax or emailed submissions will not be accepted.

The submission shall include:

1. A signed copy of the Agreement to Abide by the Established Process Form (Appendix A) and the Declaration of Proposal Submission Form (Appendix B);
2. Acknowledgement of all Addenda (if applicable) and,
3. A Proposal with the content and in the format specified in the RFP.

The submission shall be enclosed in one, sealed envelope. The Respondent's return address and name shall be placed on the sealed envelope.

4.2 Inquiries

All questions or clarifications related to this RFP must be directed in writing to the attention of Guy Perry of Stewardship Ontario at: gperry@stewardshipontario.com.

Any interpretation, correction or change in the RFP shall be made by addendum. Any interpretation, correction or change in the RFP made in any other manner shall not be binding, and Respondents shall not rely upon any such interpretation, correction or change.

4.3 Agreement to Abide by the Established Process

It is vital to Stewardship Ontario and the CIF that the process leading to the acceptance of a Proposal and the conclusion of an agreement for re-processing capacity be seen to be open, transparent, and fair; that each of the Respondents be treated equally; and that no Respondent derive, or be seen to derive, intentionally or otherwise, any special advantage or information that is not equally available to all other Respondents.

Respondents shall sign and append to their Proposal, the enclosed "Agreement to Abide by the Established Process" Form, included in Appendix A. Failure to indicate agreement by returning the signed form will result in disqualification of the submission.

REQUEST FOR PROPOSAL

4.4 RFP Addenda

Respondents shall promptly examine the RFP upon receipt. Any errors, omissions, or ambiguities discovered therein should be reported to the person named in Section 4.2 (Inquiries). Addenda will be issued to respond to questions received in writing from Respondents. Addenda may also be issued to provide clarifications and/or new information relevant to the RFP. Questions must be received by February 6, 2009, the last date for submission of written questions.

Stewardship Ontario and the CIF reserve the right to distribute any question received from a Respondent to all the Respondents via addendum, without naming the source of the question.

Unless confirmed by addendum, Respondents shall not take into consideration any instructions or answers modifying the RFP.

Addenda to this RFP will be posted on the Stewardship Ontario website on or before February 20, 2009, the last date for issuance of addenda. The CIF website will contain a link to the Stewardship Ontario website for the purposes of this RFP process, but addenda related to this RFP will not appear on the CIF website. It is the responsibility of Respondents to periodically check the Stewardship Ontario website for addenda updates.

Respondents are to acknowledge in their Proposal cover letter receipt of all Addenda issued.

4.5 Declaration of Submission

Respondents are required to complete and submit a Declaration of Proposal Submission with their Proposal. The required Form is included in Appendix B and is to be appended to the Respondent's Proposal.

4.6 Irrevocable Proposal

A Proposal, once submitted, may be accepted by Stewardship Ontario and the CIF, in whole or in part, for a period of 90 days from the Closing Date and is irrevocable during that period.

4.7 Right to Disqualify

Stewardship Ontario and the CIF reserve the right, in their sole discretion, to disqualify Proposals that are not submitted in strict compliance with the requirements of the RFP.

4.8 Right Not to Proceed

Stewardship Ontario and the CIF reserve the right not to proceed with the negotiations and contract and to reject any or all of the submissions. Stewardship Ontario and the CIF may request further clarification of a Proposal from the Respondent. While Stewardship Ontario and the CIF are not obligated to consider Proposals that do not strictly comply with the requirements of the RFP, they nevertheless reserve the right to do so and specifically reserve the right to waive strict compliance with the requirements of the RFP.

REQUEST FOR PROPOSAL

4.9 Interviews

Interviews may be undertaken following the evaluation of the RFP submissions by the evaluation team. Neither Stewardship Ontario nor CIF has any obligation to meet with Respondents whose Proposals are rejected.

4.10 Requirement to Sign an Agreement

Stewardship Ontario and the CIF require that an agreement be executed by a successful Respondent prior to any funding being provided. The agreement will require:

- the Successful Respondent(s) to include Stewardship Ontario and/or the CIF as an Additional Insured on their business insurance policies;
- the Successful Respondent(s) to provide proof of insurance and a valid certificate of insurance annually;
- Limitation of Liability language in Stewardship Ontario's and the CIF's favour;
- that Stewardship Ontario and the CIF not have any consequential damages on behalf of the Successful Respondent(s); and
- hold harmless language in Stewardship Ontario's and the CIF's favour and/or an Indemnification Agreement.

4.11 Proposal Format and Content

4.11.1 Proposal Format

The Proposal is to be organized into the following main sections (i.e., the following sections form the Proposal Table of Contents):

Proposal Table of Contents

1. Introduction
2. Respondent Description
3. Agreements (or Planned Agreements) with Municipalities
4. Description of Proposed Plastics Re-Processing Technology/Process
5. Facility Development Schedule
6. Materials Marketing Plan
7. Project Funding Details
8. Reference Facilities
9. Exceptions

Appendices: Declaration Forms, Letters, other Support Materials

REQUEST FOR PROPOSAL

4.11.2 Proposal Content

Requirements associated with, and the minimum information that should be provided in each of the Proposal sections identified in section 4.11.1 are described below.

Section 1 – Introduction

This section should provide a brief introduction to the Respondent and an overview of the proposed project for which funding is being sought. Include any relevant background information that does not fit well into one of the other Proposal sections.

Section 2 – Respondent Description

Provide a description of the Respondent including its corporate and project management team. This section of the submission should include:

- a) for the lead Respondent, a brief description of the firm's history and current operations (e.g. How long has the Respondent been in business? How long has the Respondent been conducting the business as proposed in the Proposal? Number of locations. Ownership structure. Annual turnover (sales, tonnes of production));
- b) a description of the Respondent's experience and expertise in dealing with plastics and/or plastics recycling (noting experience in dealing with post consumer plastics in general and specifically the plastic grades proposed to be managed);
- c) a description of the Blue Box plastics re-processing business being proposed and a discussion on how this project fits into the Respondent's overall plans, whether (and how much) future expansion is proposed, etc.

The Respondent should provide details on its current financial condition. This should include:

- a) A recent credit rating report from Standard & Poor's, Moody's Investor Services or Dominion Bond Rating Service; or
- b) If the above noted credit rating report is not available, the Respondent should provide the following financial information:
 - Copies of annual audited or unaudited financial statements and annual reports or other similar financial information for each of the last three fiscal years;
 - Details of any material events that may affect the entity's financial standing since the last annual or interim financial statements provided;
 - Details of any bankruptcy, insolvency, company creditor arrangement or other insolvency, company creditor arrangement or other insolvency proceeding in the last three fiscal years.

Section 3 – Agreements (or Planned Agreements) with Municipalities

This RFP requires that successful Respondent(s) must enter into agreement(s) with one or more municipality(ies) to address matters between these parties such as material supply (quantities and

REQUEST FOR PROPOSAL

term), anticipated/allowable contamination rates and cost/revenue terms. Many of the details of the municipal agreements will be considered/evaluated under Step 2 of the evaluation phase as described in section 3.3.2.

At the Step 1 stage of the evaluation (see section 3.3.1 for details), Stewardship Ontario and the CIF will consider the strength of the Respondent's plans to secure feedstock tonnage from municipal sources. To this end, Respondents should provide the following:

- a) details of the Respondent's plans to secure tonnage from municipal sources including the plastic material(s) type, source and quantities planned to be sourced through municipalities;
- b) in the event the Respondent has already initiated discussions with municipalities towards an eventual material supply agreement or if agreements with municipalities for material supply have already been reached, provide details (for example, append any letters of interest or actual agreements to the Proposal if available).

Respondents do not necessarily have to source all of the material for the proposed new processing capacity from a municipality. Where this is the case, however, Respondents should provide:

- a) an indication of the extent to which a Respondent's proposed new processing capacity will be met through municipal tonnage commitments or planned commitments (i.e., what portion of the total proposed re-processing capacity will be municipally sourced); and
- b) a discussion on the source of the plant feedstock material over and above the municipal feedstock, and an indication of the security of supply of this non-municipal plant feedstock tonnage.

Section 4 – Description of Proposed Plastics Re-Processing Technology/Process

Provide the following information to fully describe the proposed plastics re-processing technology/process:

- a) a location plan drawing and a description of the location of the proposed facility;
- b) a general arrangement drawing(s) showing key plant areas and layout of all major equipment elements;
- c) if applicable, a description of any anticipated upgrades required to municipal plant/equipment for collection and/or processing to accommodate the Respondent's Proposal;
- d) a process flow diagram or schematic, cross-referenced with a mass balance, that together provide a clear quantitative description of the processing operation and the anticipated quantities of feedstock that:
 - are converted to products for direct end market use;
 - are passed through the plant for processing/disposal by others; and

REQUEST FOR PROPOSAL

- become residue at the Respondent's facility or downstream re-processors markets.
- e) a process narrative providing a qualitative description of each sequential processing operation in terms of its inputs and outputs and the key equipment involved including a description of the specific equipment that clean, sort and compound the plastics;
- f) a written description indicating the nature of the expected feedstock, how the proposed technology/process will manage fluctuations in feedstock quantity and composition and how the technology/process is able to deal with potential contaminants such as; other containers (e.g. non-plastic contaminants, laminated plastic packaging), PLA, film (if the plant is not designed to process film);
- g) a written description on the measures proposed to increase reliability and minimize unforeseen shutdowns of the technology/process such as redundancy or other design features; and
- h) a written description of the expandability of the technology/process/building, addressing:
 - how replicable or modular the technology/process is;
 - how expansion at the proposed facility would be implemented;
 - what additional new capacity for the same feedstock could be created through expansion; and
 - what additional new capacity for other Blue Box plastics could be created through expansion.

Section 5 – Facility Development Schedule

- a) provide a written description of the anticipated approvals required and how the Respondent plans to obtain the necessary approvals;
- b) provide a schedule identifying the start and completion dates of each major project task, showing at a minimum:
 - securing of project financing;
 - design phase;
 - securing of permitting / approvals;
 - construction phase; and
 - start-up and anticipated commissioning periods.

Section 6 – Materials Marketing Plan

Provide details on the marketing plan for the re-processed materials, including:

- a) identification of the proposed products and their target markets, and an indication of the potential benefits of these markets to Stewardship Ontario/CIF in relation to their stated goals;

REQUEST FOR PROPOSAL

- b) an indication of the status of the target markets in relation to the Respondent (i.e., already established, developing, undeveloped target markets only) (Letters of interest/commitment from end users should be provided in the Proposal, to verify the Respondent's market status claims);
- c) a written description of the sustainability of the products produced including a discussion of the flexibility of the process and operations to respond to new/changing end market specifications or future potential end market applications and to meet the quality specifications that identified markets require; and
- d) an indication of whether any of the proposed end use markets plan to utilize the re-processed plastic in packaging applications (i.e., closed loop recycling), either initially or in the future.

Section 7 – Funding Details

Respondents are required to clearly indicate the amount of funding being sought through Stewardship Ontario and the CIF, and the rationale. To this end Respondents are to provide:

- a) the total project cost and funding amounts, including if applicable an estimated breakdown of the project costs for any anticipated municipal collection and/or processing upgrades required to accommodate the Respondent's Proposal;
- b) the amount and percent of funding being provided by the Respondent and the amount and percent of funding being requested as a loan and/or grant from Stewardship Ontario and CIF;
- c) if applicable, the blend of loan and/or grant being requested;
- d) details (amount, percent of total funding for the project) of any other investors/funding sources; and
- e) the preferred funding option (see section 2.1.1) and any relevant details to allow a clear understanding of the proposed funding approach.

Section 8 – Reference Facilities

In order to illustrate the successful application of the technology/process proposed, provide the following information on at least one and up to three reference facilities:

- a) reference facility name and location;
- b) corporate name, contact name and address, facility address (if different), phone number and email address for the reference facility owner and operator;
- c) reference facility technology/process description and a comparison (similarities, differences, proposed improvements) to the technology/process proposed under this RFP;
- d) the annual quantity, type and sources of the plastic materials processed at the reference facility;

REQUEST FOR PROPOSAL

- e) the date the reference facility began operating, the number of years the reference facility has been in full commercial operation, the running time (availability factor) for the facility for the most recent year of full commercial operation; and
- f) the product stream(s) produced at the reference facility, the markets for these products and contact information for the principal market.

Section 9 – Exceptions

In the event that a Respondent wishes to propose exceptions to any specified requirements of the RFP, such exceptions must be clearly identified in this section of the Proposal.

For each exception, the following information should be provided:

- a) reference to specific section of this RFP to which the exception applies;
- b) a description of the exception; and
- c) the rationale for the exception and its financial implication to the extent quantification is possible.

Should a Proposal contain significant exceptions, that at Stewardship Ontario's and the CIF's sole discretion render the Proposal non-responsive to Stewardship Ontario's and the CIF's needs, Stewardship Ontario and the CIF reserve the right to declare the Proposal non-compliant and not consider it further.

Appendices – Declaration Forms and Letters, other Support Materials

The Respondent's Proposal must include the following, which should be located in clearly marked appendices:

- a) Completed and signed Agreement to Abide by the Established Process Form (see Appendix A);
- b) Completed and signed Declaration of Proposal Submission Form (see Appendix B);
- c) If applicable and if available, letter(s) of interest regarding potential agreement(s) between the Respondent and municipality(ies) or actual agreement(s) between the Respondent and municipality(ies); and
- d) Letters of interest/commitment from proposed end markets.

Respondents are invited to include any additional materials to support their Proposals in other appendices.

REQUEST FOR PROPOSAL

APPENDIX A

AGREEMENT TO ABIDE BY THE ESTABLISHED PROCESS FORM

The Respondent acknowledges that it is vital to Stewardship Ontario and the CIF that the process leading to the acceptance of a Proposal and the conclusion of an agreement for re-processing capacity be seen to be open, transparent, and fair; that each of the Respondents be treated equally; and that no Respondent derive, or be seen to derive, intentionally or otherwise, any special advantage or information that is not equally available to all other Respondents.

The Respondent therefore agrees that:

1. All communications between the Respondent and Stewardship Ontario, including any request for further information beyond that contained in the RFP, shall be conducted between only those representatives of Stewardship Ontario (see section 4.2 (Inquiries) for the Stewardship Ontario representative for this RFP) and of the Respondent who have been authorized and designated for that particular purpose.
2. Other than communications between the designated representatives of Stewardship Ontario and the Respondent, there shall be no communication between Stewardship Ontario and the Respondents or any of their respective officers, employees, agents or other representatives, and no giving of information with respect to the RFP process and the agreement for the provision of re-processing capacity.
3. Any attempt on the part of the Respondent, or any of its employees, agents or other representatives, to contact any person other than the designated representative of Stewardship Ontario with respect to the RFP process or the agreement for the provision of the re-processing capacity, or any violation of the provisions of this "Agreement to Abide by the Established Process," shall be grounds for disqualification of the Proposal, and Stewardship Ontario may, in its sole discretion, in addition to any other rights or remedies available at law, reject any potential or actual submission or Proposal submitted by that Respondent.
4. The Respondent must accept and agree to observe the contents of this "Agreement to Abide by the Established Process," inform their staff thereof, and ensure compliance therewith.
5. This "Agreement to Abide by the Established Process" shall be signed by a person who has the authority to bind the Respondent and shall be submitted with the Proposal.

IN WITNESS WHEREOF the Respondent has executed this Agreement to Abide by the Established Process.

Date

[name of Respondent]

Per:

[Signature of Authorized Signing Officer]

[Print name and position]

REQUEST FOR PROPOSAL

APPENDIX B

DECLARATION OF PROPOSAL SUBMISSION

The Respondent:

- 1) Warrants that the information contained in its submission is true and correct in all respects.
- 2) Confirms that no person, firm or corporation has any interest in the RFP 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 submission is tendered by the Respondent without any connection, knowledge, comparison of figures or arrangements with any other person or persons submitting an RFP for the same work and is in all respects fair and without collusion or fraud.
- 4) Confirms and warrants that no director, officer or employee of Stewardship Ontario, Waste Diversion Ontario, Association of Municipalities of Ontario, Corporations Sharing Responsibility 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 RFP or in the supplies to be used therein, or in any of the monies to be derived therefrom.

Dated at _____ **this** _____ **day of** _____ **, 2009.**

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 contact at the Respondent respecting this
Proposal are:

1.	2.
Name _____	_____
Title _____	_____

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