

ATTACHMENT 2

Framework for Phase One of the City of Toronto's Circular Food Innovators Fund

1) Goal

Phase One of the Circular Food Innovators Fund (CFIF) will support local small businesses (both for-profit and not-for-profit) in the delivery of their projects that can implement a new reuse system, or demonstrably enhance an existing reuse system, to enable the elimination of single-use and takeaway items in Toronto and help achieve a more circular food system for Toronto residents and businesses. The City of Toronto (the City) is currently planning to only have one intake period for application and award of CFIF funding during Phase One.

2) Definitions

For the purpose of the Circular Food Innovators Fund, the following definitions apply:

Circular economy: The circular economy aims to reduce waste and maximize resources by moving away from the linear take-make-and-dispose approach to a more circular system that focuses on product longevity, renewability, reuse and repair as well as resource recovery and regeneration. Instead of taking from the planet, a circular economy approach challenges us to be a part of the planet by taking less, using better and making sure our economies and our choices support the natural environment we rely on. The circular economy is not a sector, it is whole system transformation that requires change from all economic participants and alignment toward shared objectives.

Sustainable consumption: Sustainable consumption is the act of using resources to satisfy current needs and wants in a way that takes less from, and gives back to, the planet. Taking less, using better, wasting less, using what is left over and giving back to the planet are all sustainable consumption choices.

Food system: The food system refers to all the resources, activities and actors involved in the creation and movement of food and beverage products across the food value chain – from farm to the consumer. The resources used in the food system include both edible goods and non-edible inputs and outputs, such as energy and packaging materials. The food value chain includes food production, processing and manufacturing, distribution, food retail (sale) and food service (preparation of meals outside the home).

Circular food system: A circular food system provides healthy and culturally appropriate food for all while eliminating food waste, maximizing resource use and protecting and restoring natural ecosystems. In a circular food system, food and beverage products are sourced as locally as possible and produced, processed, packaged and distributed as sustainably as possible. A circular food system includes making sustainable consumption choices related to the production, processing, distribution, sale and preparation of food

and beverage products, such as taking less, using better, wasting less, using what is left over, and giving back to the planet, at any stage of the food value chain.

Reuse system: A business model in which reusable foodservice ware, provided to customers by a business for the delivery or takeaway consumption of food and beverage products, is collected, cleaned and redistributed back for reuse by the business. Reusable foodservice ware includes plates, bowls, cups, trays, glasses, straws, stirrers, condiment cups and utensils that are made of durable materials to stand up to frequent washing and reuse. A reuse system can be operated by a service provider or can be operated by a business selling food or beverage products for delivery or takeaway consumption. A reuse system may include not only the reusable foodservice ware itself, but also the infrastructure, such as collection bins and cleaning facilities, and support technology, such as mobile applications to coordinate reverse logistics of reusable foodservice ware or barcode tracking systems for the reusable foodservice ware.

3) Project Requirements

In Phase One of the CFIF, funded projects must implement a new reuse system, or demonstrably enhance an existing reuse system, that enables the elimination of single-use and takeaway items in Toronto and helps achieve a more circular food system for Toronto residents and businesses.

The CFIF seeks to support solutions that are market-ready or already in-market so that projects can implement actions that will increase the uptake of reuse systems in the sale of food or beverage products for delivery or takeaway consumption within the one-year timeframe of Phase One of the CFIF. As such, solutions that are pre-market, including ideation, prototyping, and proof of concept stages of development are ineligible for funding. Further, projects that are exclusively consumer education initiatives are not eligible for funding. Other ineligible projects include research and development initiatives and projects that switch to alternatives that are still designed for single-use. For example, projects that introduce compostable, biodegradable or recyclable alternatives to plastic or Styrofoam single-use products are ineligible as these substitutions are less valuable in a circular economy than eliminating waste altogether. Projects that are already approved for funding from another City of Toronto funding/grant program in same year of funding are also ineligible.

The City will not provide any in-kind support to recipients for their projects under the CFIF, such as access to City facilities, equipment, infrastructure and City staff knowledge and expertise. If any approvals and/or permits are required to implement the project, these must be obtained before any funds are provided. The City will not assist applicants in any approval or permit processes.

4) Timeframe

The City intends to launch the Phase One of the CFIF in Q1 2024. Phase One of the CFIF will only include one intake period for application and award of grant funding to

successful applicants. The funding will be distributed to successful grant applicants once they have signed a funding agreement with the City. The CFIF grants will be allocated for a term of approximately one-year, with the City's funding of the project anticipated to conclude by 2026. This timeframe may be subject to change based on program administration and implementation needs.

5) Funding Available

An initial budget of \$250,000 was included in the Council Approved 2023 Capital Budget for Solid Waste Management Services to implement Phase One of the CFIF. Any additional amount allocated to the CFIF beyond Phase One will be considered in other reports to Council, including, but not limited to, the City's annual budget process.

6) Funding Distribution

The City will consider funding requests starting at \$5,000 and up to a maximum of \$35,000 per applicant. The final number of successful grant applicants will be dependent on the number of applications received, the merits of each application, and the approved total funding available for Phase One of the CFIF, among other considerations.

Successful not-for-profit applicants may be funded up to 100 per cent of the total costs of the proposed project to a maximum of \$35,000. Successful for-profit applicants may be funded up to 75 per cent of the total costs of the proposed project to a maximum of \$35,000. Successful for-profit applicants will be required to provide confirmation of other revenue sources at the time of the application submission. The City will not guarantee that the total amount requested by a successful applicant will be granted. The decision to fund all or part of an applicant's request will depend on its alignment with City of Toronto strategic priorities, assessment criteria, and overall demand for funds in the CFIF, among other considerations.

For for-profit applicants, all funding will be withheld until a final report on project implementation is submitted and accepted as complete by the City. For not-for-profit applicants, 50 per cent of the total funds awarded will be provided following the submission of signed funding agreement with the City and the final 50 per cent of the total funds awarded will be held until a final report on project implementation is submitted and accepted as complete by the City.

7) Applicant Eligibility

The following applicants are eligible for funding:

- For-profit businesses, including business-to-business and business-to-consumer models
- Registered charitable and not-for-profit organizations, including Business Improvement Areas and academic institutions

Applicants must meet the following criteria to receive funding:

- The applicant must be a business that provides at least one of the following services, or must be a Business Improvement Area or academic institution that is working with a business that provides at least one of the following services:
 - food and beverage products for takeaway consumption, which may include food distributed by vendors at public markets and events; or
 - food and beverage products for delivery, which may include catering services; or
 - reuse system infrastructure for food businesses.
- The business must be a small business (i.e., less than 99 employees) (excluding academic institutions)
- The business receiving funds must be located within the boundaries of Toronto
- Any services funded through the CFIF must take place within the boundaries of Toronto, except for services being delivered by urban off-reserve Indigenous-led organizations which may provide culturally-based programming outside the boundaries of Toronto
- For-profit businesses must provide proof of their legal name and that they are an active business
- Not-for-profit organizations must have legal not-for-profit or charitable status or be an urban off-reserve Indigenous-led organization
- Business Improvement Areas must indicate what Bylaw number they are established under

Ineligible applicants include:

- For-profit educational institutions
- Owners of a business franchise
- Building managers and property owners
- Individuals
- Resident, neighbourhood and business associations
- Community groups including youth and school groups, service clubs and parent councils
- School boards
- Grant making organizations
- Organizations allied with political parties
- Chambers of commerce

8) Eligible Expenses

The City will only fund costs associated with the direct delivery of the proposed project described in the CFIF application.

Eligible costs include:

- Direct staff costs for the delivery, implementation, monitoring, and evaluation of the proposed project (e.g. salaries)*
- Direct non-staff costs for purchased services from contractors and consultants for project delivery, web design, translation, communications and/or marketing

- campaign services**
- Direct non-staff costs for fees/honoraria for professional skills instructors that are directly tied to project implementation**
- Overhead costs directly tied to the project (e.g., room/facility and event rental fees, utilities)**
- Marketing costs directly tied to promoting the project, including advertising and communication tools and materials (e.g., website, printing and distribution of marketing materials)**
- Capital costs for renovations required as part of the proposed project*
- Project materials and supplies, including product inventory (e.g., reusable containers) and equipment rental or purchase (e.g., washing stations)
- Project-specific subscription services (e.g., licensing an app to support use of reusable containers)
- Stipends and public transportation costs incurred by volunteers directly related to implementing the project**

*up to a maximum of 50% of total grant value

**up to a maximum of 15% of total grant value for each of the five expense categories (i.e., purchased services, skills instructors, overhead, marketing and volunteer stipends/public transportation costs)

9) Ineligible Expenses

Ineligible costs include, but are not limited to:

- Any cost incurred prior to the receipt of a letter of acceptance in the grant program and prior to entering into a funding agreement with the City
- Expenses and equipment unrelated to the intent described in the application form
- Costs associated with the regular operation of the business (i.e., costs not associated with the direct delivery of the proposed project)
- Funding of staff positions or volunteer honorariums not related directly to the project
- Event sponsorships and fundraising activities
- Direct financial compensation for the Board of Directors, individuals, or families
- Disbursement of City funds to provide additional grants/funding to other parties
- Fees and expenses for memberships, courses, conferences
- Fees and expenses for personal vehicles, maintenance and parking as well as long-term rental of vehicles
- Religious or political activities or proselytizing
- Deficit or debt repayment
- Purchase of property
- Hospitality (e.g., food, refreshments, alcohol)
- Gifts

10) Application

Applications will be accepted through an online application portal on a CFIF specific

webpage and will not be accepted after the application deadline. Eligibility criteria, application guidelines and other important information will be added to the online application portal to guide applicants through the application process.

Once the online application portal opens, the City will host virtual information sessions to answer questions about Phase One of the CFIF. All information, including the questions raised and answers provided in the information sessions, will be made publicly available to all interested applicants to ensure the application process is fair and transparent. All publicly available information about, and documents for, Phase One of the CFIF will be produced in a format that complies with the *Accessibility for Ontarians with Disabilities Act (2005)* and the City will respond to requests for accommodation.

Information sessions, the opening of the application process, the deadline for applications and other important information will be communicated on the CFIF webpage. The CFIF will also be promoted through a variety of City communications channels in an effort to attract a wide range of applicants that are representative of Toronto's diversity, including businesses owned by equity-deserving groups.

11) Assessment

After the application period has closed the CFIF applications received will be reviewed and scored by a Fund Review Committee using consistent and predetermined evaluation criteria. The Fund Review Committee will be comprised of City staff from a variety of City Divisions with expertise in the circular economy, the food system, local economic development and other relevant subject areas. Evaluation criteria will be made publicly available during the application period and will be designed to prioritize funding projects that may also deliver community benefits such as addressing food insecurity, accelerating climate action and supporting local food and green sector development. The evaluation criteria will give consideration to collaborations between multiple organizations and will also include consideration for projects that are submitted by eligible business owners and operators from Indigenous and equity-deserving groups.

The final decision as to which applications to fund will be made by the General Manager of Solid Waste Management Services, or their designate. The decision will be based on the information presented by the Fund Review Committee on the results of their assessment of applications against the program's evaluation criteria. All decisions concerning eligibility and funding amounts will be final and not subject to appeal.

12) Obligations of Grant Recipients

Successful applicants will receive a letter of acceptance in the grant program and will be required to sign a funding agreement with the City in order to receive any funds. The agreement will outline the terms and conditions for receiving the funds such as expected results, timelines, reporting requirements, payment schedule,

clear provisions for the use of funds, dispute resolution, agreement term and termination provisions, and the obligations of all parties to the agreement.

Grant recipients will be required to submit interim and final reports to the City, including financial documentation, to demonstrate how funds have been spent and to document interim progress and final impact made toward increasing the uptake of reuse systems in Toronto. Grant recipients will be provided with standardized reporting templates and, if needed, the City may conduct interviews with grant recipients to support the collection of data and information for the interim and final reports.

Grant recipients will also be asked to provide feedback to the City on Phase One of the CFIF to support the City in program evaluation and in developing Phase Two of the CFIF. This will help expand on Phase One to include supports for business innovation across the food value chain in effort to enable the full system transformation that is required to achieve a circular food system in Toronto.

13) Evaluation of the Circular Food Innovators Fund

Throughout implementation of Phase One of the CFIF, City staff will review the data and information received from grant recipients as part of the interim and final reports as well as the feedback provided by grant recipients to assess the success of the CFIF in increasing the uptake of reuse systems in the sale of food or beverage products for delivery or takeaway consumption.

To ensure that the CFIF informs, inspires and accelerates additional progress toward a circular food system in Toronto, City staff will also document lessons learned from Phase One and share results with other stakeholders in the circular economy ecosystem, including City staff, other levels of government, and the business community. To celebrate grant recipients and showcase the value add of reuse systems, the City may work with grant recipients to publish case studies on their successes. The decision to develop a case study is at the City's sole discretion. To maintain transparency and accountability, the City will publicly disclose the names of grant recipients, the location of the funded project and the funded amounts.