

Organic Recycling Contract Creates Unnecessary Costs For the City of Ottawa

Ottawa, July 09, 2014 – Auditor General Ken Hughes concludes that Ottawa’s green bin recycling contract with Orgaworld has incurred more than \$7 million in unnecessary costs and the total could go even higher in the coming years.

“Ottawa has been paying a premium to send some of its leaf and yard waste to Orgaworld on one hand while not being able to meet guaranteed volumes at the plant on the other. Together these penalties to date total \$7.7 million,” said Mr. Hughes on the tabling of his report to Council.

The City of Ottawa entered into a 20 year recycling contract with Orgaworld worth over \$140 million dollars to handle 80,000 to 100,000 tonnes a year of organic waste. Since the volumes have not been realized this could lead to further payments.

“City staff gave the impression that 100,000 tonnes was easily achievable, had little discussion of options and did not properly identify the risks to Council,” said Mr. Hughes.

The audit, which was begun in 2011 and was updated this year, made a number of additional findings:

- There were fundamental errors leading up to the eventual contract:
 - Pilot project data was not correctly interpreted and the analysis was incomplete
 - Cost savings for internal processing of leaf and yard waste were not factored into the business case
 - A ramp up period for the contract was not considered in the Request for Proposal
- The mixture of household waste and leaf and yard waste was never clearly defined
- Management failed to exercise due diligence in the process
- Much of the analysis and documentation could not be located
- Communications to Council were ambiguous

The audit makes ten recommendations, all of which were agreed to by management. They include consideration of terminating the contract with Orgaworld and considering other alternatives such as constructing a City-owned facility or a new contract with another supplier.

The Audit of Procurement Practices Related to the Source Separated Organics Contract is available on the Auditor General’s Web site at www.ottawa.ca

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