Review of the Green Lane Landfill Operations: Management of the Contracts Needs Improvement

WHAT’S WORKING WELL

Green Lane is an award-winning landfill site. The City has secured back-up landfill capacity for 10 years. The processes for review and payment of waste haulage invoices are effective and it appears that Green Lane operations are relatively well managed by City staff.

AREAS FOR CONTINUOUS IMPROVEMENT

Opportunities Exist for Reducing Landfill Operation Costs

We observed higher costs incurred as a result of some current practices. For example:

- The City can reduce current operating costs by $319,500 per year by optimizing tonnage to Green Lane although this will impact the site’s lifespan.
- The Fuel Surcharge Adjustment is not applied to the calculation of monthly minimum landfill fee and doing so would result in annual savings of $21,500 and a one-time recovery of $86,000.
- Non-competitive procurement practices should be used selectively and with well supported reasons.

There are opportunities for cost savings in the design of future contracts. For example:

- The Fuel Surcharge calculation for waste haulage could be improved in a manner that is fair yet more beneficial to the City.
- Determination of the guaranteed tonnage and the monthly minimum landfill fee should consider the Long Term Waste Management Strategy's impact on waste volumes.
- Determination of contract contingency amounts should be better supported by analysis and risk assessment.

More Comprehensive and Effective Controls Are Needed

We identified some process and control deficiencies:

- Operational risks in waste haulage, such as load weight compliance and subcontractor usage, require better monitoring.
- Change order requests do not include competitive quotes, do not provide sufficient information and are not approved timely.
- Review and processing of Operations and Engineering invoices and payment requests is not diligent and effective.
- A comprehensive landfill operational manual does not exist.

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

This audit makes 18 recommendations pertaining to the procurement and contract management of Green Lane operations. These recommendations could also be applied to construction and other capital activities at Green Lane.

Better procurement and management of these contracts would reduce costs, enhance efficiency of site operations and monitoring, and strengthen compliance with regulations, policies and procedures.

Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD, ICD.D, CFF
Auditor General