

**Subject: Financial Statements for In-House Solid Waste Collection – External
Audit Results**

File Number: ACS2025-PWD-SWS-0009

**Report to the Environment and Climate Change on Committee 8 December 2025
and Council 10 December 2025**

**Submitted on 6 November, 2025 by Alain Gonthier, General Manager, Public
Works**

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Ward: Citywide

**Objet : États financiers pour la collecte des déchets solides par la ville –
résultats de la vérification externe**

Dossier : ACS2025-PWD-SWS-0009

**Rapport au Comité de l'environnement du changement climatique le 8 décembre
8 2025 et au Conseil le 10 décembre 2025**

**Soumis le 6 novembre 2025 par Alain Gonthier, directeur général, Travaux
publics**

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Environment and Climate Change Committee recommend Council receive this report for information.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'environnement et du changement climatique recommande au Conseil de prendre connaissance de ce rapport pour information.

BACKGROUND

On November 15, 2011, Ottawa City Council approved and awarded a six-and-a-half-year collection contract for Zone C3 (urban core) to the In-house Collections Group as part of the Solid Waste Curbside Collection and Services (Tender No. RFT01811-91027-T01) [report](#). Additionally, Ottawa City Council approved that the City (hereafter referred to as “In-house Collection Group”) could bid on the remaining four collection zones with a restriction that they could only be awarded a maximum of two additional zones. The In-house Collection Group followed a managed competition process that was overseen by a fairness commissioner and was subsequently awarded Zone C5 (east end) as the lowest successful bidder.

In awarding the contract for Zones C3 and C5 to the In-house Collection Group, Council also directed:

“That Council require an annual audit of expenditures for works awarded to the City, that Council require an annual information report, qualitative and quantitative in nature, relevant to this program, as suggested by the City Internal Auditor, and that such reports follow the usual Committee process.”

On April 24, 2019, Ottawa City Council approved the Solid Waste Residential Collection Contracts Renewal [report](#) which delegated authority to the General Manager of the Public Works Department to negotiate, finalize and execute a short-term, three-year curbside collection contract with each existing curbside collection service provider, including the In-house Collection Group, in accordance with section 22(1)(d) of the Procurement By-law ([By-law No. 50 of 2000](#)). These extensions were issued to the current service providers under similar terms and conditions as the existing contract, supplying curbside collection services in all five zones.

Since the 2019 three-year extension, Council approved the negotiation of an additional short-term extension to the current collection contract. This extension began on June 5, 2023 and is set to expire on March 29, 2026. The basis for the recommendation to extend the current contract rather than to procure a new long-term contract was to ensure curbside collection services to residents would continue without disruption as the City transitions to Individual Producer Responsibility. It's understood that during this time, the City will continue to communicate and mitigate several operational and financial risks as outlined in the Solid Waste Services Curbside Collection Contract Procurement Strategy [report](#) approved by Council July 7, 2021 and most recently through the Update on the Provincial Blue Box Program Transition [report](#), approved by Council on June 14, 2023.

This report presents both the department's performance report and the audited financial statement for Year 2 of the 2023-2026 extension, the twelve-month period from June 1, 2024 to May 31, 2025. Both the performance report and the financial statement are the responsibility of Solid Waste Services. The City's external auditor's responsibilities are discussed in the attached Auditor's report.

DISCUSSION

Financial Results

The methodology used by management to prepare the financial statements is consistent with the Managed Competition Protocol and the Internal Auditor's Report on incremental costs approved by Regional Council on May 27, 1998 and September 8, 1998, respectively. There are four fundamental concepts used in preparation of the in-house collection statements:

1. this is a "going concern" operation;
2. this is a unit-based contract;
3. expenditures and revenues are recorded on an accrual basis; and,
4. all incremental costs are included.

The twelve-month Statement of Operations for the In-house Collection Group ended on May 31, 2025, was audited by the City's external auditor, KPMG. The audit was designed in accordance with the Generally Accepted Auditing Standards to provide reasonable, rather than absolute, assurance that the statements are free from material misstatement. An unqualified opinion was issued on the statements whereby the Auditor found the financial statements accurate and compliant. The Statement of Operations and the Auditor's Report are provided in Document 1.

The In-House Collection Group operations resulted in operating surpluses for Year 2 of the 2023-2026 extension of \$1,843,248 for Zone C3 (urban core) and \$1,809,914 for Zone C5 (East end) for a total surplus of \$3,653,162. The total surplus is primarily attributed to lower labour costs, and lower than anticipated fleet costs which is a result of savings related to the purchase of new collection vehicles acquired through the contract extension in 2022.

Service Requests

In addition to providing the audited Statement of Operations for the In-house Collection Group, management also summarizes service requests received through 3-1-1 and ottawa.ca for both the In-house Collection Group zones and the contracted service zones.

If a resident submits a service request, a work order is created and issued to the appropriate service provider for review and resolution. Issue management is handled on a case-by-case basis with Solid Waste Services staff working closely with contractors, as required.

Table 1 – Service Requests for Solid Waste Collection in Year 2 of the current extension (June 1, 2024 to May 31, 2025)

Curbside Collection Performance Metrics – Service Requests Complaints June 1, 2024 to May 31 2025					
Call Type	In House Services	% of City Total	Contracted Services	% of City Total	City Total
	Zone C3 & C5		Zone C1, C2 & C4		
Garbage collection	2,999	41%	4,266	59%	7,265
Black Box collection	1,671	37%	2,885	63%	4,556
Blue Box collection	1,836	35%	3,366	65%	5,202
Organics / Yard Waste collection	6,070	36%	10,907	64%	16,977
Total Calls / year	12,576	37%	21,424	63%	34,000
Households	114,336	37%	197,522	63%	311,858
Average weekly service requests per 1000 households	2.12	-	2.09	-	2.10

*Household counts extrapolated/interpolated from previous known unit count breakdowns as the city does not do monthly data processing for house counts and a breakdown is not available for the midpoint (Dec 1, 2024) of 2024/2025.

In Year 2 of the current extension, Zones C3 and C5 received a weekly average of 2.12 calls per 1,000 households, slightly higher than the 1.84 calls recorded in Year 1. Similarly, Zones C1, C2, and C4, which are serviced by contractors, also experienced an increase in weekly average calls, rising from 1.81 to 2.09 calls per 1,000 households. Given the implementation of the new 3-item limit garbage policy in September 2024, it's not surprising to see the increased number of calls and requests for new or replacement blue, black and green bins. An extensive communications campaign accompanied the phased roll-out, aimed at encouraging residents to optimize their use of the City's waste diversion programs. This proactive outreach likely contributed to heightened public awareness and engagement, resulting in increased inquiries and bin-related service requests

ACCESSIBILITY IMPLICATIONS

Solid Waste Services adheres to the requirements of the Integrated Accessibility Standards Regulation of the Accessibility for Ontarians with Disabilities Act, (2005) in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the report recommendations.

LEGAL IMPLICATIONS

There are no legal impediments to Committee and Council's receipt of this report for information.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide report.

TERM OF COUNCIL PRIORITIES

The managed competition process has resulted in competitiveness in the marketplace.

SUPPORTING DOCUMENTATION

Document 1: Statement of Operations, City of Ottawa, In-house Collection – Zone 3 and Zone 5

DISPOSITION

Report forwarded for information pursuant to Solid Waste Services – Collection

Contracts: In-house Bid Authority – Managed Competition [report](#).