

Audit of Zero-Emission Buses

Envari Contract (Sprint 4)



Office of the
Auditor General
City of Ottawa



Why we did this audit

The City of Ottawa's Zero Emission Bus (ZEB) Program plans to phase in 450 ZEBs by 2027 and to have a fully electric bus fleet by 2036. The City had been working on a contract with Enviri Holding Inc. (Enviri), a wholly owned subsidiary of Hydro Ottawa Holdings Inc. (Hydro Ottawa), to deliver charging infrastructure to support the battery-electric buses. The objective of this audit sprint was to independently assess the final draft of the design-build contract between the City and Enviri.



What we found

As the City believed there to be benefits of working with Hydro Ottawa, the contract was being negotiated directly with Enviri and no competitive procurement was initiated. As the arrangement was structured as a design-build, limited requirements or specifications were established and further no fixed price or timeline was built into the contract.

We understand that keeping the requirements and scope high-level was largely due to the complexity and program uncertainties. Additionally, City Information Technology Services representatives were not engaged during the drafting of the contract to inform on system integration.

This, in addition to the "cost plus" basis of the contract and the fact that the overhead rate negotiated was on the high end as compared to benchmarked contracts, increased the risk of this contract to the City.

In response to this risk and given the unknowns at the time of contract negotiation, the City and Enviri have

established a set of protocols, which form part of the contract and provide the framework for the working relationship between the two parties. Ultimately, it is the responsibility of the City to monitor Enviri's adherence to protocols and their performance considering the reputational risk to the City if the contract is unsuccessful. The City will need the appropriate expertise to continuously oversee all aspects of this contract – from the design of the infrastructure and systems to the development of the work packages, procurement activities and performance and budget management.



We made three recommendations to ensure that:

- There is sufficient engagement with Information Technology Services representatives going forward to minimize system and integration risk;
- The necessary technical expertise is available and sufficiently dedicated to the oversight and monitoring of the Enviri contract through its life; and
- Expectations are established regarding overhead and profit margins with Enviri for future large-scale projects to ensure appropriate value-for-money is obtained.

For more details on this report please visit our [website](#).

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