



**Report on Catch Basin and Sewer Cleaning,
Including Waste Transportation and Disposal,
for Various Boroughs**

(calls for tenders 19-17453 and 19-17357)

**(Sections 57.1.10 and 57.1.23 of the *Charter of
Ville de Montréal, metropolis of Québec*)**

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SUMMARY

The Office of Inspector General conducted an investigation upon receiving a two-part denunciation involving *Beauregard Environnement Ltée* (hereinafter “*Beauregard*”), a company that had been awarded ten (10) catch basin cleaning contracts (call for tenders 19-17453) and three (3) sewer cleaning contracts (call for tenders 19-17357).

According to the first part of the denunciation, *Beauregard* is actually headed by *Michel Chalifoux*, which would make it ineligible for public contracts, since *Mr. Chalifoux* and his company at the time, *Chalifoux Sani-Laurentides*, was on the list of ineligible businesses (hereinafter “*RENA*”) subsequent to an investigation by the Competition Bureau of Canada.

Despite the claims by *Michel Chalifoux* and his spouse, *Dany Fréchette*, that he was only a volunteer consultant to her, *Beauregard’s* president, there is an overabundance of facts showing that he was actually the company’s driving force in bidding on calls for tenders 19-17357 and 19-17453, and in performing the resulting contracts. In fact, the investigation conducted by the Office of Inspector General reveals that it was *Michel Chalifoux* who:

- Prepared *Beauregard’s* bids, in particular by developing the company’s bidding strategy and prices for call for tenders 19-17453;
- Was actively involved in the performance of the contracts related to calls for tenders 19-17357 and 19-17453;
- Served as contact person for *Beauregard* during the Office of Inspector General’s investigation; and
- Managed relations with *Beauregard’s* main subcontractor for the purpose of performing the contracts related to calls for tenders 19-17357 and 19-17453, namely 9108-4566 *Québec inc.*, which transported the sludge collected in *Ville de Montréal’s* catch basins and sewers (hereinafter, “*Entreprises Pesant*”).

Furthermore, it should be noted that under an agreement reached with the Prosecution, only *Michel Chalifoux’s* former company pleaded guilty. Consequently, the first part of the denunciation is unfounded given that *Michel Chalifoux* was not listed in *RENA* and was eligible for public contracts, as was *Beauregard*.

According to the second part of the denunciation, the prices submitted by *Beauregard* in response to call for tenders 19-17453 were significantly lower than market prices due to its illicit disposal of sludge collected from the catch basins.

Not knowing if the sludge was being disposed of by being dumped directly into *Ville de Montréal’s* sewers or elsewhere, the Office of Inspector General proceeded to follow *Beauregard’s* trucks performing the contracts related to call for tenders 19-17453. In addition, although the denunciation only pertained to contracts related to call for tenders 19-17453 for catch basin cleaning, information obtained during the investigation led the Office of Inspector General to also review other contracts awarded to *Beauregard* in a similar field, namely, those related to call for tenders 19-17357 for sewer cleaning.

The investigation revealed that *Beauregard*, through its transport subcontractor, *Les Entreprises Pesant*, was wrongfully dumping sludge on *Pascal Pesant’s* farmland, which had



been collected after cleaning Montréal catch basins and sewers. In addition, the investigation led to the determination of several other contractual breaches in the performance of both catch basin and sewer cleaning contracts:

- Catch basins that were not cleaned were billed to the Pierrefonds-Roxboro borough;
- Catch basin flow tests, which had to be conducted systematically, were not done but still billed to the Côte-des-Neiges—Notre-Dame-de-Grâce borough;
- The decanting period of thirty (30) minutes following the cleaning of the last catch basin, though explicitly required in the specifications, was not systematically performed, which had the effect of increasing the resulting weight when the sludge collected from the catch basins was weighed;
- Sludge weight was overbilled in several respects.

The investigation also found that Beaugard, through Michel Chalifoux in particular, was aware that the sludge was being dumped on Pascal Pesant's farmland. Based on this situation, which had been going on since 2016, it can be inferred that in submitting its bids, which had been prepared by Michel Chalifoux, Beaugard intended to use the same practices with Les Entreprises Pesant, which was not complying with the sludge disposal requirements set out in the specifications.

In so doing, both Michel Chalifoux, Beaugard, Pascal Pesant and Les Entreprises Pesant committed a fraudulent act under Ville de Montréal's by-law on contract management, in the version in effect at the time of the events. Similarly, by overbilling for the sludge resulting from catch basin and sewer cleaning on a periodic and repeated basis, Beaugard was committing a second type of fraudulent act. The same conclusion can be drawn for Michel Chalifoux, who reviewed Beaugard's invoices before submitting them.

Section 57.1.10 of the Charter of Ville de Montréal, metropolis of Québec provides two (2) cumulative conditions for intervention by the Inspector General. The Inspector General must have determined that one of the requirements in the call for tender documents or a contract was not observed. Second, she must be of the opinion that the seriousness of the breach observed justifies rescinding the contract.

The multiple contractual breaches observed following the investigation have been listed above. In terms of the severity of dumping sludge on farmland, there was clearly a flagrant violation by Beaugard of the mandatory and basic requirements in the specifications, whereas this was a key consideration in the specifications, and a separate price was involved for the first time for the disposal of the catch basin and sewer sludge.

With respect to the deliberate violation of Ville de Montréal's decanting requirements, it is all the more serious given the importance given by Ville de Montréal to this contractual obligation that was clearly communicated in the specifications to potential co-contractors through highlighting, bold text and capital letters. The other violations revealed by the investigation are just as indicative of the company's tendency to disregard its contractual commitments.

In short, the Inspector General believes that the two (2) conditions required by section 57.1.10 of the Charter of Ville de Montréal have been met in this case and, consequently, she is



rescinding the ten (10) contracts related to call for tenders 19-17453 and two (2) of the three (3) contracts related to call for tenders 19-17357 that were awarded to Beauregard.

Regarding the third contract related to call for tenders 19-17357, namely, the one awarded by the Plateau-Mont-Royal borough council, the Inspector General cannot rescind it. In fact, the contract for this borough is the only one that was started after the meetings between Beauregard and Les Entreprises Pesant employees began. Therefore, despite any doubts regarding the disposal of sludge in accordance with the specifications, the investigation is unable to determine non-compliance at this point in time.

However, the Inspector General believes that in acting as it did, Beauregard has irremediably undermined the relationship of trust contractually binding it to Ville de Montréal. Therefore, she recommends that the Plateau-Mont-Royal borough council rescind the contract it awarded to Beauregard subsequent to call for tenders 19-17357.

Furthermore, because of their aforementioned violations of the provisions of Ville de Montréal's by-law on contract management in effect at the time of the events, and in light of the new penalty provisions adopted in 2020, the Inspector General believes that an ineligibility period of five (5) years would be appropriate for Michel Chalifoux and Beauregard, and three (3) years for Pascal Pesant and Les Entreprises Pesant.

Lastly, the investigation revealed certain issues related to Ville de Montréal's general management of sludge disposal, which resulted in two (2) recommendations. The first recommendation is that Ville de Montréal obtain from the successful bidder a commitment letter from the disposal site indicated in its bid confirming acceptance of waste specifically generated through the performance of the contract.

With respect to the second recommendation, the Inspector General believes that in order to reduce travel, limit costs and curb illegal dumping, Ville de Montréal should look into the possibility of using its existing temporary storage sites or setting up new sites for the interim management of the sludge generated in the performance of its future catch basin and sewer cleaning contracts.



Table of Contents

1. Preliminary remarks.....	1
1.1 Details	1
1.2 Applicable standard of proof.....	1
1.3 Notice to interested parties.....	1
1.4 Glossary.....	2
2. Context of the Office of Inspector General's investigation	3
2.1 Denunciation received	3
2.2 Calls for tenders 19-17357 and 19-17453.....	3
2.2.1 <i>Call for tenders 19-17357</i>	4
2.2.2 <i>Call for tenders 19-17453</i>	4
3. Beauregard's business operations and Michel Chalifoux's role.....	5
3.1 Allocation of roles at Beauregard according to Dany Fréchette and Michel Chalifoux	6
3.2 Facts revealed by the investigation as to Michel Chalifoux's role	6
3.2.1 <i>Bid preparation</i>	7
3.2.2 <i>Involvement in contract performance</i>	8
3.2.3 <i>Internal management of investigations involving Beauregard, including the investigation by the Office of Inspector General</i>	12
3.2.4 <i>Management of relations with Beauregard's main subcontractor</i>	13
3.3 Beauregard's response to the Notice	13
3.4 Conclusion as to Michel Chalifoux's role.....	15
3.5 Competition Bureau case	15
4. Performance of contracts related to calls for tenders 19-17357 and 19-17453	16
4.1 Catch basin cleaning (call for tenders 19-17453)	17
4.1.1 <i>Beauregard's contractual obligations</i>	17
4.1.2 <i>Investigation's findings</i>	17
4.1.3 <i>Beauregard's response to the Notice</i>	18



4.1.4	<i>Analysis and conclusion</i>	19
4.2	Systematic flow tests for certain catch basins (call for tenders 19-17453).....	19
4.2.1	<i>Beauregard's contractual obligations</i>	19
4.2.2	<i>Investigation's findings</i>	20
4.2.3	<i>Beauregard's response to the Notice</i>	20
4.2.4	<i>Analysis and conclusion</i>	20
4.3	Decanting and discharge of supernatant liquid after catch basin cleaning (call for tenders 19-17453)	21
4.3.1	<i>Beauregard's contractual obligations</i>	21
4.3.2	<i>Investigation's findings</i>	21
4.3.3	<i>Beauregard's response to the Notice</i>	24
4.3.4	<i>Analysis and conclusion</i>	24
4.4	Weighing of sludge resulting from catch basin cleaning (call for tenders 19-17453) and sewer cleaning (call for tenders 19-17357)	25
4.4.1	<i>Beauregard's contractual obligations</i>	25
4.4.2	<i>Investigation's findings for trucks that had cleaned catch basins (call for tenders 19-17453)</i>	25
4.4.3	<i>Beauregard's response to the Notice and analysis</i>	29
4.4.4	<i>Investigation's findings for trucks that had cleaned the sewer pipes (call for tenders 19-17357)</i>	30
4.4.5	<i>Beauregard's response to the Notice and analysis</i>	35
4.4.6	<i>Conclusion regarding sludge weighing</i>	36
4.5	Disposal of sludge resulting from catch basin cleaning (call for tenders 19-17453) and sewer cleaning (call for tenders 19-17357)	36
4.5.1	<i>Beauregard's contractual obligations</i>	36
4.5.2	<i>Beauregard's operating methods with respect to sludge transfer and disposal</i>	37
4.5.3	<i>Investigation's findings</i>	38
4.5.4	<i>Beauregard's response to the Notice and analysis</i>	49
4.5.5	<i>Pascal Pesant and Les Entreprises Pesant's response to the Notice</i>	51
4.5.6	<i>Findings related to sludge disposal</i>	51



4.6	By-law on contract management.....	52
4.6.1	<i>RGC 2018</i>	52
4.6.2	<i>Amendments to RGC 2018</i>	52
4.6.3	<i>RGC to be applied in this case</i>	53
4.6.4	<i>Violations of section 14 of RGC 2018</i>	54
4.6.5	<i>Recommendation regarding the period of ineligibility</i>	56
5.	Conclusions and Recommendations	59
5.1	Contracts awarded to Beauregard rescinded.....	59
5.2	Recommendations to Ville de Montréal	61

1. Preliminary remarks

1.1 Details

Under section 57.1.8 of the *Charter of Ville de Montréal, metropolis of Québec* (R.L.R.Q. c. C-11.4, hereinafter the “Charter of Ville de Montréal”), the Inspector General’s mandate consists in overseeing contracting processes and the performance of contracts by Ville de Montréal or a related legal person.

The Inspector General does not conduct criminal investigations, but rather investigations of an administrative nature. Throughout this report, wherever the term “investigation” is used, it means an investigation of an administrative nature, and under no circumstances shall it be interpreted as referring to a criminal investigation.

1.2 Applicable standard of proof

The Inspector General has the duty to deliver quality reports that are timely, objective, accurate and presented in a manner that will ensure that the individuals and organizations under her authority are able to act in accordance with the information provided.

In support of her opinions, reports and recommendations, the Inspector General imposes upon herself the burden of proof of the civil standard of the balance of probabilities.¹

1.3 Notice to interested parties

Before making the results of her investigation public and, if applicable, employing the powers conferred upon her under subsections 57.1.10 and 57.1.23 of the *Charter of Ville de Montréal* in accordance with her duty of procedural fairness, the Inspector General sends to the persons involved a Notice to Interested Parties (the “Notice”) stating the relevant facts gathered in the course of the investigation.

Upon receipt of the Notice, the persons concerned may submit in writing any comments, representations or observations they believe relevant to or likely to influence the Inspector General’s decision.

Such a Notice was sent on February 27, 2020 to the attention of the winning bidder of calls for tenders 19-17357 and 19-17453, namely Beauregard Environnement ltée, to the president of its subcontractor for sludge transport, Pascal Pesant from Les Entreprises Pesant, and Michel Chalifoux. A Notice was also sent to the twelve (12) boroughs that

¹ Evidence is sufficient if it renders the existence of a fact more probable than its non-existence (see Article 2804 of the *Civil Code of Québec*).



awarded Beauregard Environment Ltée a contract related to calls for tenders 19-17357 and 19-17453.

It bears mentioning that the response time to the Notice was extended twice due to exceptional circumstances related to COVID-19.

The facts and arguments invoked by Beauregard Environnement Ltée were taken into account by the Inspector General and are covered in this report. Michel Chalifoux did not respond personally to the Notice sent to him.

Pascal Pesant, for his part, responded that he had no comments to make regarding the Office of Inspector General's investigation other than what he had already told the investigating officers, and that he would be awaiting a decision.

Lastly, the facts and arguments raised by the three (3) boroughs that responded to the Notice were taken into account by the Inspector General.

1.4 Glossary

Given the scope and duration of this case, a short glossary of the key stakeholders and a few preliminary remarks are provided to facilitate the reader's understanding.

Name or title	Role or position
Beauregard Environnement Ltée	Successful bidder for various contracts related to the calls for tenders for sewer (19-17357) and catch basin cleaning (19-17453)
Michel Chalifoux	President of Beauregard until 2011; spouse of Dany Fréchette
Dany Fréchette	President and Secretary of Beauregard since 2011; spouse of Michel Chalifoux
Beauregard transfer site employee	Responsible for the concrete slab where sewer and catch basin sludge is temporarily dumped; former employee of Les Entreprises Pesant
Les Entreprises Pesant (9108-4566 Québec inc.)	Beauregard subcontractor responsible for transporting sludge from the transfer site
Pascal Pesant	President of Les Entreprises Pesant; owner of farmland in Saint-Hermas where sludge from sewer and catch basin cleaning was dumped

Beauregard Environnement Ltée operates under twenty-five (25) other names, including Enviro Sani-Nord and Sani-Nord.

In addition to its head office in Mirabel, Beauregard owns a transfer site in Saint-Jérôme with the sign “Sani-Nord” (hereinafter, the “transfer site”). This is the disposal site for sludge collected from sewer and catch basin cleaning during the performance of contracts related to calls for tenders 19-17357 and 19-17453.

2. Context of the Office of Inspector General’s investigation

2.1 Denunciation received

The Office of Inspector General received a denunciation in May 2019 involving two (2) separate issues. According to the first issue, Beauregard was actually headed by Michel Chalifoux, which would make it ineligible for public contracts, since Michel Chalifoux and his company at the time, Chalifoux Sani-Laurentides, were listed in the register of ineligible businesses (hereinafter, “RENA”) following an investigation conducted by the Competition Bureau of Canada (hereinafter, the “Competition Bureau”).

The second issue related to the denunciation concerns the tendering and eventual performance of contracts by Beauregard. It has been alleged that the prices submitted by the company in response to call for tenders 19-17453 were significantly lower than market prices because of its illegal disposal of sludge collected from the catch basins.

The investigation conducted by the Office of Inspector General therefore sought to shed light on these allegations, which will be respectively covered in sections 3 and 4 of this decision.

2.2 Calls for tenders 19-17357 and 19-17453

Although the denunciation only pertained to contracts resulting from call for tenders 19-17453 for catch basin cleaning, information obtained during the investigation led the Office of Inspector General to also examine other contracts awarded to Beauregard in a similar field, namely, those related to call for tenders 19-17357 for sewer cleaning.

As detailed below, subsequent to the above two (2) contracting processes, Beauregard was awarded a total of thirteen (13) contracts from twelve (12) separate boroughs.



2.2.1 Call for tenders 19-17357

On February 25, 2019, Ville de Montréal issued call for tenders 19-17357 on the SEAO e-tendering system involving contracts for the cleaning and televised inspection of sewer lines, including the transport and disposal of waste, for nine (9) boroughs (hereinafter, “call for tenders 19-17357”). The bids were opened on March 21, 2019.

As shown in the table below, between May 7 and August 15, 2019, three (3) boroughs awarded a contract related to call for tenders 19-17357 to Beauregard:

Contracts obtained by Beauregard Environnement Itée following call for tenders 19-17357			
Borough	Contract term	Date of award	Value of contract
Verdun	24 months	May 7, 2019	\$165,586.54
Plateau-Mont-Royal	24 months	June 3, 2019	\$261,453.15
Outremont	24 months	August 15, 2019	\$131,140.49

2.2.2 Call for tenders 19-17453

On April 15, 2019, Ville de Montréal issued call for tenders 19-17453 involving contracts for sixteen (16) boroughs for the purpose of cleaning and complete emptying of catch basins and valve chambers, including waste transport and disposal for various boroughs (hereinafter, “call for tenders 19-17453”). The Pierrefonds-Roxboro borough was added when addendum 1 was issued. The bids were opened on May 7, 2019.

Beauregard submitted a bid for each of the seventeen (17) boroughs included in call for tenders 19-17453. Ultimately, between June 3 and September 10, 2019, Beauregard was awarded a contract related to call for tenders 19-17453 by ten (10) boroughs, as shown in the table below:

Contracts obtained by Beauregard Environnement Itée following call for tenders 19-17453			
Borough	Contract term	Date of award	Value of contract
Côte-des-Neiges— Notre-Dame- de Grâce	36 months	June 3, 2019	\$992,349.23
Outremont	36 months	June 3, 2019	\$133,641.19

Contracts obtained by Beaugard Environnement Itée following call for tenders 19-17453			
Borough	Contract term	Date of award	Value of contract
Pierrefonds-Roxboro	36 months	June 3, 2019	\$200,852.41
Anjou	12 months and 12 months optional	June 4, 2019	\$70,088.76
Saint-Laurent	12 months and 24 months optional	June 4, 2019	\$80,239.13
Villeray—Saint-Michel—Parc-Extension	36 months	June 4, 2019	\$634,275.68
Mercier—Hochelaga-Maisonneuve	36 months	July 2, 2019	\$558,488.19
Saint-Léonard	36 months	July 2, 2019	\$413,210.15
Sud-Ouest	24 months	August 12, 2019	\$233,953.43
Ville-Marie	36 months	September 10, 2019	\$805,296.40

3. Beaugard’s business operations and Michel Chalifoux’s role

Before addressing the actual performance of the contracts related to calls for tenders 19-17357 and 19-17453, it is important to provide a backdrop for Beaugard’s business operations by examining the first part of the denunciation received by the Office of Inspector General. Note that said denunciation was claiming that Beaugard was actually headed by Michel Chalifoux, thus making the company ineligible for public contracts since Mr. Chalifoux was listed in RENA subsequent to an investigation by the Competition Bureau.

However, based on the verifications carried out by the Office of Inspector General and detailed in section 3.5 below, the Competition Bureau’s investigation did not result in Michel Chalifoux being listed in RENA.

However, as revealed further below, the investigation conducted by the Office of Inspector General confirms that Michel Chalifoux in fact played a key role within the company. This will be particularly relevant to section 4.5 below, namely, the dumping of sludge collected by Beaugard in Ville de Montréal’s catch basins and sewers onto farmland owned by his subcontractor’s president, Pascal Pesant.



3.1 Allocation of roles at Beauregard according to Dany Fréchette and Michel Chalifoux

The allegation that Beauregard is in reality headed by Michel Chalifoux has been denied by him and his spouse, Dany Fréchette, either through the information appearing in the Enterprise Register (hereinafter, “REQ”), in their communication with Office of Inspector General investigators, or in Beauregard’s response to the Notice.

First, according to REQ information, Michel Chalifoux was the president of Beauregard until November 30, 2011, at which point his spouse, Dany Fréchette, became the company’s president and secretary. Since then, no formal function has been attributed to Michel Chalifoux in the REQ either as a director, officer or shareholder.

Second, during the three (3) telephone calls that he himself made to the Office of Inspector General followed by his meetings with investigating officers, Michel Chalifoux mentioned each time that his spouse, Dany Fréchette, was Beauregard’s president. For her part, Dany Fréchette told investigators that after having held several positions at the company she owns, she has now been “assigned” a more administrative managerial function and that others have taken over at the technical level.

As for Michel Chalifoux’s role, both he and Dany Fréchette have maintained that he is only a consultant for the company. They pointed out that Michel Chalifoux is neither a director, officer, or an employee of Beauregard. Furthermore, Dany Fréchette has repeatedly insisted that Michel Chalifoux is acting only as a mentor for her, on a volunteer and non-remunerated basis.

Michel Chalifoux said that he is involved in the cleaning of residential septic systems and does not work much, namely about thirty (30) hours a week, without any salary. His explanation for not being paid was that his accountant had told him that following the sale of his company in 2011, he no longer needed any short-term income.

With regard to the municipal side, Michel Chalifoux would merely provide an opinion about Beauregard’s bids, but would not be involved in the company’s daily business in this area.

3.2 Facts revealed by the investigation as to Michel Chalifoux’s role

The investigation conducted by the Office of Inspector General showed a different picture, and revealed that Michel Chalifoux:

- Prepared Beauregard’s bids, in particular by developing the company’s bidding strategy and prices for call for tenders 19-17453;
- Was actively involved in the performance of the contracts related to calls for tenders 19-17357 and 19-17453;

- Served as contact person for Beauregard during the Office of Inspector General's investigation; and
- Managed relations with Beauregard's main subcontractor for the purpose of performing the contracts related to calls for tenders 19-17357 and 19-17453, namely 9108-4566 Québec inc., which transported the sludge collected in Ville de Montréal's catch basins and sewers (hereinafter, "Entreprises Pesant").

Each of these elements is covered in the subsections that follow.

3.2.1 Bid preparation

(i) Bids in general

First, with respect to the bids in general, Dany Fréchette told investigators that "basically, I'm the one who signs" and her technician handles everything. She said that sometimes she would approve rates, bonds and other elements related to the bids.

Michel Chalifoux told investigators that he would often be consulted during bid preparation because of his experience in the field. He noted that he was able to say whether or not it was worth submitting a bid for a given call for tenders.

(ii) Bid preparation for call for tenders 19-17453

With respect to call for tenders 19-17453 specifically, Dany Fréchette acknowledged that she had Michel Chalifoux write up the bid because of his expertise and experience in this area. She admitted that he suggested prices to her and she would approve them. Michel Chalifoux admitted that he was heavily involved in drafting the bid for call for tenders 19-17453, since the municipal contract coordinator was about to leave the company.

With respect to Beauregard's strategy regarding call for tenders 19-17453, Dany Fréchette stated that they had submitted a bid for several boroughs, but did not expect to be awarded all of them. When investigating officers asked her which were their preferred boroughs and what was her company's strategy if they were awarded more, she did not provide any details and simply said that they made some adjustments and things turned out for the best, as they were ultimately awarded slightly fewer contracts.

It should be noted that Beauregard's bid, though signed by her, contained an order of preference from the company for boroughs covered by call for tenders 19-17453.

When asked about this, Michel Chalifoux explained in detail the bid strategy that was used and the prices submitted by Beauregard, while maintaining having taken into account the different equipment that had to be assigned to each contract based on each borough's



specific characteristics and the geographical proximity of the boroughs with others he was familiar with. In this respect, he said he had spoken with “my project managers” and that they had no knowledge of some of the boroughs, unlike others with whom he had a history.

Call for tenders 19-17453 differed from calls for tenders from prior years in that the price schedule contained a separate and distinct item for the disposal of the catch basin sludge. In fact, it was the significant difference between the prices submitted by Beaugard and the other bidders’ prices for this item that was brought up in the denunciation leading to this case.

When this issue was brought up by investigating officers, Dany Fréchette said that she did not know the sludge disposal price submitted by her company by heart. When she was shown the price that had been submitted by Beaugard for one borough, which was higher than the prices submitted for other boroughs, she concluded that it may have been because they did not want to be awarded the contract for that particular borough.

From the outset, Michel Chalifoux accurately and correctly estimated the price ranges per tonne for the disposal of sludge submitted by Beaugard and mentioned that they reflected the company’s desire to be awarded the contract for that borough or not.

(iii) Bid follow-up

Lastly, Michel Chalifoux’s contribution was not limited to preparing Beaugard’s bid for call for tenders 19-17453. In fact, he told investigating officers that he had reviewed all the bids after the bid opening date and found that there was a significant difference between them and the competition, citing concrete and specific examples to support this. Although Dany Fréchette said that she was responsible for Beaugard’s financial operations, she did not mention having done such a comparison.

Furthermore, when investigating officers told her that Beaugard had been awarded three (3) contracts for cleaning Ville de Montréal’s sewers, namely, the contracts related to call for tenders 19-17357, she claimed not to be aware of it. She justified this oversight by the high volume of mail she said she received. Note that the meeting with Ms. Fréchette took place in December 2019, whereas the contracts had been awarded to Beaugard between May and August 2019.

For his part, Michel Chalifoux was well aware that Beaugard was performing the above three (3) sewer cleaning contracts.

3.2.2 Involvement in contract performance

As mentioned earlier, Dany Fréchette maintained that she was no longer directly involved in performing contracts, as others had since taken over at the technical level. As for Michel Chalifoux’s role, both he and Dany Fréchette told investigating officers from the start that Mr. Chalifoux was not involved in carrying out the municipal contracts that Beaugard was awarded. They said that investigators should speak with the company’s municipal contract coordinator for more information on this subject.

However, not only did their statements provide information that indicated the opposite, but these elements were corroborated by the statements made by Beaugard employees as well as other evidence. As the following sub-points demonstrate, the investigation revealed that Michel Chalifoux was actively involved in performing contracts and that Beaugard employees would report to him.

(i) Statements made by Dany Fréchette

First, Dany Fréchette acknowledged that Michel Chalifoux was very involved, in particular by helping the sales team and the municipal contract coordinator from an operational standpoint. She admitted that some people may report to Michel Chalifoux, but noted that there were also people who reported to her. It depended on Michel Chalifoux's know-how and expertise.

According to Dany Fréchette herself, such involvement on Michel Chalifoux's part may consist in participating in dispatching work crews and repairing mechanical problems in trucks. He may also make decisions at times.

(ii) Statements made by Beaugard employees

An employee at Beaugard's Saint-Jérôme transfer site agreed in this respect. He stated that Michel Chalifoux had "his nose everywhere" in the company's business, namely, in drawing up the truck operators' schedules, in mechanical repairs, and more generally in all departments. To his knowledge, Beaugard's municipal contract coordinator would report to Dany Fréchette and Michel Chalifoux, and possibly to the human resources manager.

In addition, this employee, along with Beaugard truck operators assigned to the contracts related to call for tenders 19-17453, stated that the company's bosses were Michel Chalifoux and his spouse.

However, the employees appeared uncertain about Michel Chalifoux's precise title. In fact, the same transfer site employee somewhat hesitatingly stated that Michel Chalifoux's title at Beaugard was "managing director." In this respect, it should be pointed out that during interviews with the truck operators assigned to the contract related to call for tenders 19-17453, the Office of Inspector General's investigators were given the following business card with the vehicle registrations.



Note that “Sani-Nord” is one of the twenty-five (25) other names under which Beaugard operates, and is the name displayed at the company’s transfer site in Saint-Jérôme.

(iii) Statements made by Michel Chalifoux

Michel Chalifoux’s statements were inconsistent, in two (2) different respects, with his initial claim that he would not be involved in the performance of municipal contracts. Moreover, these rebuttals, which acknowledged a limited-duration involvement on his part, actually contain additional inconsistencies based on all the evidence.

In fact, Michel Chalifoux first said that he had to be very involved in operations in the fall of 2019, so that they could finish the contracts in three (3) Montréal boroughs before the winter. However, his statements instead show extensive knowledge of changes in the performance of the contracts related to calls for tenders 19-17357 and 19-17453. Such knowledge is namely based on a direct relationship between himself and Beaugard employees who were performing the contracts, as shown by the following parts of his statements:

- Throughout the interview, he mentioned several facts reported by Beaugard employees, including the condition of the catch basins, the quantity of sludge that was collected, exceptions to the daily rule of dumping sludge at the transfer site, mechanical problems with the trucks, and the presence of borough employees who would follow them from time to time to monitor the work.
- In addition to being aware of the productivity rate in terms of the number of catch basins cleaned per day that he had anticipated when preparing the Beaugard bid, Michel Chalifoux indicated the proven productivity rate and the volume of sludge removed from the catch basins for several boroughs specifically.

- He mentioned losing money in two (2) boroughs in particular as the catch basins had not been cleaned for three (3) years and his employees were unable to complete the target number of catch basins per day.
- The investigation revealed that Michel Chalifoux would review each invoice before it was issued. He was aware of and described in detail the internal invoicing process step by step and knew who handled it.
- When investigating officers told him during the interview about problems they had noted during the course of the investigation, Michel Chalifoux said that in addition to learning these facts himself, “you never told my employees about them either.” Other times, he responded that he would have to talk about it with the employees concerned to correct the situation.
- A few times, Michel Chalifoux used possessive pronouns when referring to Beaugard employees and would say “my employees” and “my guys.”

Second, Michel Chalifoux said having had to oversee the person who would normally be responsible for the above management work, namely, Beaugard’s municipal contract coordinator. He explained that this was necessary when she was starting out (late spring, early summer 2019), since because of her recent arrival at the company, she would not be able to “take the heat.” He said that he subsequently handed over the reins of contract management to her.

However, in addition to the previously mentioned elements, the following parts of his statements reveal that his involvement in operations, which was much more than a temporary contribution, was ongoing:

- Michel Chalifoux told investigating officers that he had called Ville de Montréal’s procurement officer three (3) times in relation to the award and performance of the contracts related to call for tenders 19-17453.
- He also took part in a startup meeting via conference call, namely the Côte-des-Neiges—Notre-Dame-de-Grâce borough meeting held on June 11, 2019.
- During the performance of the contract in the same borough, Michel Chalifoux said that he had another discussion with Ville de Montréal’s project manager after the latter refused to accept the weight tickets from the built-in electronic scale in a Beaugard truck. Instead, the Ville de Montréal project manager insisted for an official weighing to be done using an approved calibrated scale.
- Michel Chalifoux said that he had spoken with the municipal contract coordinator to remind her of Beaugard’s obligations when boroughs reported truck weighing anomalies to the company during the performance of the contracts.



- When the municipal contract coordinator informed him that she would be assigning an operator who was not familiar with municipal contracts at the end of the operating season to complete cleaning operations before the snow arrived, Michel Chalifoux indicated that he had reminded her of the weighing compliance requirements.

The investigation also revealed two (2) examples of how Michel Chalifoux was more aware of contract performance than the Beauregard municipal contract coordinator:

- Calls for tenders 19-17357 and 19-17453 require truck operators to decant the load they are carrying and dump the excess water before weighing their truck. To do so, they must stop for thirty (30) minutes. While the Beauregard municipal contract coordinator said that all employees were instructed to systematically comply with this obligation, Michel Chalifoux maintained that because of technical differences, vacuum truck 917 in the company's fleet would take two (2) to three (3) hours to complete the full decanting process. In other words, the truck's operators would not do the decanting, as Michel Chalifoux explained that "his guys" had told him that they would let the supernatant liquid decant on the concrete slab at the Beauregard transfer site and then pump it.
- One borough required that flow tests be done each time a catch basin was cleaned. When this topic was brought up with the municipal contract coordinator in October 2019, about four (4) months after the contract was awarded, she mentioned that she was not aware how they were done. Michel Chalifoux explained not only how the tests had to be done, but also said that Beauregard had purchased a specialized truck to do them.

3.2.3 Internal management of investigations involving Beauregard, including the investigation by the Office of Inspector General

In Beauregard's response to the Notice, the list of duties assigned to Dany Fréchette included handling claims, complaints, legal proceedings or other action against the Company. The investigation instead revealed that this role was handled by Michel Chalifoux.

In fact, Michel Chalifoux would contact the Office of Inspector General. In addition, he was the one who would call back when investigating officers were trying to reach the municipal contract coordinator. Michel Chalifoux mentioned that Dany Fréchette had asked him to make the calls, or was present during the call. However, she did not speak.

Moreover, Beauregard also had a permit for its Saint-Jérôme transfer site that allowed it to clean septic tanks, catch basins and grease traps. Whereas Dany Fréchette was not aware of what the permit entailed, maintaining that whatever they were doing they were most likely allowed to do, Michel Chalifoux explained in detail the obligations and other reporting required by law in this respect.

When investigating officers attempted to talk to Dany Fréchette about the administrative monetary penalties which the Beaugard transfer site had incurred, in particular in 2019, by the Ministère de l'Environnement et de la Lutte contre les changements climatiques (hereinafter, "MELCC"), she claimed that the company had not received such infringement notices for its transfer site. Michel Chalifoux, for his part, confirmed that such infringement notices had been issued and he could describe their content.

3.2.4 Management of relations with Beaugard's main subcontractor

Other tasks assigned to Dany Fréchette in Beaugard's response to the Notice included "supplier management and negotiations." With regard to Beaugard's main subcontractor for the contracts related to calls for tenders 19-17357 and 19-17453, namely, Les Entreprises Pesant, which was in charge of transporting the sludge from the Saint-Jérôme transfer site, the investigation revealed that:

- The president of Les Entreprises Pesant, Pascal Pesant, claimed that he had spoken over the phone with Michel Chalifoux on a few occasions. He made no mention of Dany Fréchette.
- Similarly, Beaugard's response to the Notice only referred to exchanges between Michel Chalifoux and Pascal Pesant. No mention was made of such contacts with Dany Fréchette.
- Michel Chalifoux mentioned that he would review all the invoices and supporting documents submitted by Les Entreprises Pesant himself.
- One of Les Entreprises Pesant's drivers mentioned that Michel Chalifoux was the one who asked them to change the destination where the sludge was to be dumped, as will be described in greater detail in subsection 4.5 below.

3.3 Beaugard's response to the Notice

With respect to how the company operates, Beaugard basically reiterated the version of events initially conveyed by Dany Fréchette and Michel Chalifoux. Dany Fréchette was acting as the real president of Beaugard, as she had the role of administrative and financial manager with the following tasks:

- Financial management (e.g. accounting, cash flow, invoicing and receivables, payroll and reimbursement of employee expenses);
- Management of legal affairs (claims, complaints, legal proceedings or other action against the company);



- Supplier management (negotiating with suppliers and management of IT and telephony equipment requirements).

As for Michel Chalifoux, Beaugard recalled that he was neither an employee, director or officer, and that nothing prevented him from acting as a mentor to Dany Fréchette. While he would occasionally provide his technical expertise and some advice related to bid preparation, which was a welcome knowledge transfer for training successors, he was not the one drafting the bids.

This task was the responsibility of Beaugard's commercial division, headed by a manager who had been with the company since 2007, and a technician, employed by Beaugard since 2006 and described as a key employee of the company due to her efficiency and expertise acquired during more than thirty (30) years in the field. In its response, Beaugard implied that special circumstances were involving in preparing the bids for calls for tenders 19-17357 and 19-17453 given the imminent departure of the company's former municipal contract coordinator.

However, rather than assign this task to these "key" employees with more than thirteen (13) years of experience, the Inspector General noted that Michel Chalifoux was consulted and provided the required interim presence. Beaugard noted that the business manager was in fact responsible for final bid approval. Similarly, Beaugard's response mentions that the new municipal contract coordinator would occasionally consult Michel Chalifoux on certain matters.

With respect to the statements made by its employees, Beaugard found them to be unconvincing, in particular because of the uncertainty shown by the transfer site employee regarding Michel Chalifoux's actual title. The company responded that its understanding was that some employees gave uncertain answers as they were caught off guard by various questions, while being unaware of the company's overall internal management or history. Beaugard also mentioned that employees acknowledged that Dany Fréchette was a member of management.

Beaugard's response was along the same lines as the statements made by Pascal Pesant and his employee. As subcontractors, they cannot be aware of Dany Fréchette and Michel Chalifoux's precise titles and functions at the company. In addition, because of what Beaugard characterized in its response to the Notice as "faults" committed by Les Entreprises Pesant, namely dumping sludge on its farmland (which will be discussed more fully in Section 4.5), Beaugard believed that their credibility should be questioned.

Lastly, regarding the environmental violation notices which Beaugard had received, the company responded that Dany Fréchette was indeed aware of them. However, the reason she did not mention them in response to the investigating officers' question was that she felt they did not apply since they were several months old.

Moreover, the company also made sure to mention that it had challenged the violation notices and that the penalties were only based on negotiated settlements, without any admission, to avoid the court process.

3.4 Conclusion as to Michel Chalifoux's role

In light of the preceding, namely multiple inconsistencies in the statements made by Dany Fréchette and Michel Chalifoux, the Inspector General is simply unable to subscribe to the theory that Michel Chalifoux is merely a volunteer consultant or mentor.

On the contrary, there is an overabundance of facts, including those obtained from the main interested parties themselves, indicating that Michel Chalifoux was being deliberately vague about his role at Beauregard, and that in reality, he was the real driving force behind the company's bid on calls for tenders 19-17357 and 19-17453, and then for the performance of the related contracts.

3.5 Competition Bureau case

A final aspect must be addressed before proceeding to the actual performance of the contracts related to calls for tenders 19-17357 and 19-17453, namely, the part of the denunciation alleging that, since he was the real head of Beauregard, Michel Chalifoux would make the latter ineligible for public contracts because of being listed in RENA subsequent to an investigation by the Competition Bureau.

It is true that on November 22, 2011, following an investigation by the Competition Bureau, criminal charges were laid against a number of companies and individuals, including Michel Chalifoux and the company he owned, Chalifoux Sani Laurentides inc., for bid-rigging related to municipal and provincial contracts involving specialized sewer services.

The case was closed on February 8, 2016 when Chalifoux Sani Laurentides Inc. pleaded guilty and was fined \$118,000 for participating in a bid-rigging scheme in order to secure municipal contracts for specialized sewer services. The charges against Michel Chalifoux were stayed.

It is important to note that neither Beauregard nor Dany Fréchette were among the companies or individuals charged. In its response to the Notice, Beauregard added that it had no legal relationship with Chalifoux Sani Laurentides inc. and that, following an agreement reached with the Prosecution, Michel Chalifoux agreed to be subject to a prohibition order within the meaning of the *Competition Act* for a period of five (5) years starting on February 8, 2016. The company reproduced the wording of its response to the Notice:

[TRANSLATION] *"The Court prohibits Michel Chalifoux from carrying out any act that favours the recurrence of the offence set out in section 47 of the Act, specifically refraining from communicating, directly or indirectly, with his competitors for the purpose of exchanging information, entering into an agreement or arrangement relating to calls for*



tenders concerning the cleaning of catch basins, manholes, manhole-catch basins, pipes, culverts along various roads and pumping stations, catch basin maintenance, rental of pumping trucks, sewer system scrubbing, and sewer pressure cleaning in breach of the provisions of the Competition Act.”

Since then, still based on Beauregard's response to the Notice, there had been no alleged breaches by Michel Chalifoux of the above order, or any proceedings undertaken or offences committed.

In short, the Inspector General noted that only Chalifoux Sani-Laurentides inc. was listed in RENA. Therefore, this is sufficient to dispose of the portion of the denunciation alleging Michel Chalifoux and Beauregard's ineligibility to public contracts as unfounded. However, she noted that the transfer of Beauregard's management from Michel Chalifoux to Dany Fréchette occurred eight (8) days after charges had been laid by the Competition Bureau.

4. Performance of contracts related to calls for tenders 19-17357 and 19-17453

As mentioned earlier, the second part of the denunciation involved the illegal dumping of sludge collected from the catch basins. Not knowing if the sludge was being disposed of by being dumped directly into Ville de Montréal's sewers or elsewhere, the Office of Inspector General proceeded to follow Beauregard's trucks performing the contracts related to call for tenders 19-17453.

In addition to confirming that sludge was being dumped elsewhere than at an accredited disposal site as required by the specifications, i.e. on Pascal Pesant's farmland, the investigation revealed other contractual breaches in the performance of both the catch basin cleaning contracts and the sewer cleaning contracts.

For ease of understanding, the investigation's findings will be covered according to the various performance phases of the contracts related to calls for tenders 19-17453 and 19-17357, namely:

1. Catch basin cleaning;
2. Systematic flow tests following the cleaning of certain catch basins;
3. Decanting of sludge collected from catch basins and dumping of supernatant liquid;
4. Weighing of sludge resulting from catch basin and sewer cleaning; and
5. Sludge disposal.

Lastly, it should be noted that since physical surveillance of Beauregard's trucks was only done at the time of the performance of the catch basin cleaning contracts related to call for tenders 19-17453, the first three (3) subsections will only deal with the performance of

these contracts, while the last two (2) subsections will include both these contracts and the sewer cleaning contracts related to call for tenders 19-17357.

4.1 *Catch basin cleaning (call for tenders 19-17453)*

4.1.1 *Beauregard's contractual obligations*

As the first stage in the performance of the contracts related to call for tenders 19-17453, the technical specifications require the contractor to use a vacuum truck to thoroughly clean the catch basins by removing all debris and sludge from the catch basins via siphoning or manually. To do so, the contractor must lift the catch basin grille, clean the catch basin, and mark the catch basin cover with paint to indicate that it was cleaned.



Two (2) photographs taken by the Office of Inspector General showing the catch basins and cleaning operation

In its bid, Beauregard entered a unit price of approximately \$13 per cleaned catch basin in the Pierrefonds-Roxboro borough.

4.1.2 *Investigation's findings*

With regard to catch basin cleaning as such, the investigation revealed several omissions during surveillance of Beauregard trucks.

In fact, on October 8, 2019 in the Pierrefonds-Roxboro borough, investigating officers observed and videotaped that at least fifteen (15) consecutive catch basins located between addresses 17563-18411 on Rue Antoine-Faucon were marked by a Beauregard

employee as having been cleaned without actually being cleaned and without the catch basin grille having been lifted.

As shown below by the GPS itinerary of the truck involved, the aforementioned fifteen (15) catch basins were 950 metres long. The Beauregard truck covered this route in six (6) minutes, corresponding to about twenty-four (24) seconds per catch basin, including travel time.



GPS log from October 8, 2019 for Beauregard truck 909 and daily operations report produced by the truck driver

The above fifteen (15) catch basins were indicated as having been cleaned in the daily report submitted by the driver of truck 090 in the borough, as shown in the image above. They are part of the total ninety (90) catch basins that were invoiced that day and subsequently paid by the Pierrefonds-Roxboro borough.

Moreover, the daily reports reproduced above also reveal deficiencies in the documentation of the work that was done. In fact, Clause B.03 of the Technical Specifications stipulates that when inspecting the catch basins, the contractor must document his observations as well as any anomalies and deficiencies that are encountered, and record them in a daily report submitted to the borough, which then uses this information to monitor the work and address any problems as required.

However, for all twenty-five (25) daily reports submitted by the driver for work carried out in the Pierrefonds-Roxboro borough and analyzed as part of the investigation, the column indicating whether or not the catch basin associated with the street address has been cleaned is still blank.

4.1.3 Beauregard's response to the Notice

Beauregard admitted that the truck operator should have filled out the daily reports in a more detailed manner. However, the company denied having invoiced any cleaning operations that were not carried out.

It argued, on the one hand, that the lack of any details on the employee's daily report did not mean that the catch basins had not been cleaned. Beauregard added that, on the other hand, based on GPS data, the engine RPM had increased and that a "flag" could be seen on the map², meaning that the pump was turned on. According to the company, the engine RPM can only increase when the pump is switched on. Beauregard therefore concluded that the work had been done.

4.1.4 Analysis and conclusion

The evidence of "flags" from the truck's GPS data is not reliable. In fact, in conducting an in-depth analysis of the evidence, in particular for the purposes of section 4.3 below, the Office of Inspector General found that such "flags" would sometimes appear in incongruous locations (e.g. on the highway during a truck's return trip to Beauregard's facilities), or did not appear at all even though investigating officers had seen the catch basins being cleaned. This was in fact why the Office of Inspector General excluded the "flags" from its analysis.

Hence, in light of the investigating officers' findings, corroborated by video clips and GPS data, and of Beauregard's admission regarding the writing up of the daily reports, the Inspector General concludes that these initial breaches are founded.

4.2 Systematic flow tests for certain catch basins (call for tenders 19-17453)

4.2.1 Beauregard's contractual obligations

After cleaning the catch basins, the contractor may have to perform flow tests. In this respect, clause K.00 of the technical specifications for the contract stipulates that the contractor must inject pressurized water into the catch basin drain and ensure that there is a normal flow of water.

Only the Côte-des-Neiges—Notre-Dame-de-Grâce borough required that such flow tests be systematically carried out for each catch basin to be cleaned as part of the contract under call for tenders 19-17453. The startup meeting minutes in fact showed that borough representatives were particularly insistent on the flow tests being performed.

² These are the blue triangles shown in the previous image.



As mentioned earlier in subsection 3.2.2, the minutes indicated that Michel Chalifoux attended the meeting via conference call and demonstrated a clear understanding of how the tests were to be done. In fact, Michel Chalifoux told investigators that Beaugard had purchased a specialized truck for flow testing that was equipped with water tanks and a rotary nozzle, connected to a hose, used specifically to inject pressurized water into the catch basins.

In its bid, Beaugard entered a unit price of \$20 per flow test.

4.2.2 Investigation's findings

Beaugard's truck 917 was monitored for two (2) days while operating in the Côte-des-Neiges—Notre-Dame-de-Grâce borough. During the monitoring, investigators observed that the truck's rotary nozzle, used to perform the flow tests, had not been systematically used following the cleaning of each catch basin.

However, for those two (2) days, the daily report submitted to the borough by the driver of truck 917 showed an identical number of catch basins cleaned versus the number of flow tests that had been carried out. All of these operations were invoiced to and paid by the borough. The borough thus paid for flow tests that had not been done by Beaugard.

4.2.3 Beaugard's response to the Notice

Beaugard began by stating that the procedure it would use to conduct flow tests complied with good industry practices.

The company then said that its employee who operated truck 917 and the invoicing that was done both confirmed that all the flow tests had been completed.

Lastly, Beaugard maintained that it had no benefit in not using the truck that was specifically acquired for this contract. Moreover, the company noted that using the rotary nozzle increased its workload and decreased productivity, reducing the number of catch basins that can be cleaned each day from 100 to 55.

4.2.4 Analysis and conclusion

With regard to the total number of catch basins that can be cleaned per day, without any studies or other calculations, the figures put forward in Beaugard's response cannot be verified, and in that respect, the argument cannot be accepted.

In terms of Beaugard's invoicing, it obviously depended on what the employee assigned to operations entered in his daily report. Therefore, it has no probative value on its own.

In short, in light of the investigating officers' findings in particular, the Inspector General concludes that the flow tests that were not done were still invoiced and therefore this second category of breaches is founded.

4.3 Decanting and discharge of supernatant liquid after catch basin cleaning (call for tenders 19-17453)

4.3.1 Beauguard's contractual obligations

As a third step in the performance of the contracts related to call for tenders 19-17453, the contractor had to decant the water in the dump bed of his truck (hereinafter, "supernatant liquid") prior to discharging it into the municipal sewer system downstream of the previously cleaned sections.

To do so, there is "a minimum **mandatory stationary wait period of at least 30 minute** between the time a truck has been filled and it is discharged into the sewer to allow the waste to decant" [TRANSLATION]. The words are in bold and underlined in the technical specifications.

Clause Q.02 of the Technical Specifications also indicates the importance of the minimum duration of thirty (30) minutes for decanting by indicating that the stop time is "**MANDATORY.**" "Mandatory" is in bold and upper-case letters in the technical specifications.

Failure to comply with the minimum wait period of thirty (30) minutes may logically have one of the two (2) following consequences:

- The truck operator has discharged the non-decanted supernatant liquid at the site, in which case more material and sludge is released into Ville de Montréal's sewer system, increasing the risk of fouling and sedimentation in the system, whereas the catch basins are specifically designed to prevent the release of such materials into the sewer system; or
- The truck operator does not discharge the supernatant liquid contained in his truck's dump bed, in which case the weight of the waste billed to Ville de Montréal will be higher.

4.3.2 Investigation's findings



Michel Chalifoux himself pointed out that the project managers of the various boroughs were very insistent in their discussions about the dump truck load having to be decanted prior to weighing and then disposing of the sludge.

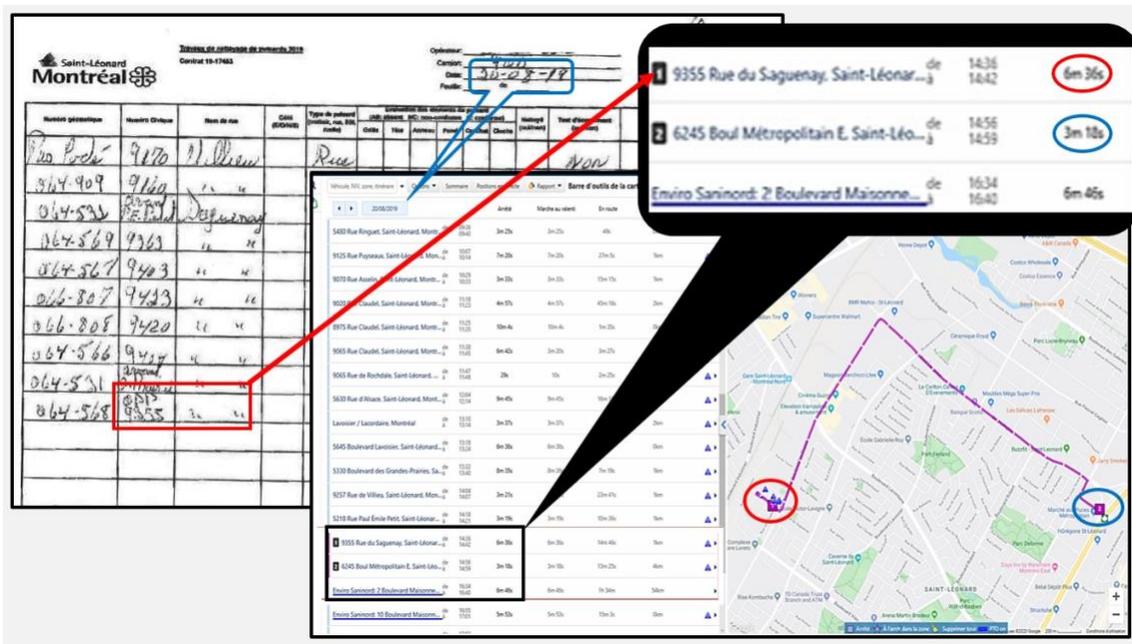
However, apart from Beauregard's municipal contract coordinator, who maintained that all employees were directed to systematically take thirty (30) minutes for decanting as stated in the technical specifications, neither Michel Chalifoux's statement nor that of the three (3) truck operators assigned to performing the contracts under call for tenders 19-17453 concluded that this obligation was being systematically met:

- An operator of truck 909 in the Pierrefonds-Roxboro borough stated that he would empty the supernatant liquid in his truck's dump bed once (1) or twice (2) a day, but sometimes he would not, because too many leaves would come out and he did not want to dump them into the sewer system.
- An operator of truck 911 in the Ville-Marie borough claimed that no decanting had to be done before dumping the supernatant liquid in the truck bed. The operation would take approximately five (5) minutes and he did not have to tilt the dump bed. He said that he would systematically dump the supernatant liquid before weighing the rest of the load.
- An operator of truck 917 in the Côte-des-Neiges—Notre-Dame-de-Grâce borough mentioned that he did not have to wait thirty (30) minutes because, in his opinion, all the solid materials in the truck's dump bed were already at the bottom of the bed. The rest was water with some suspended matter (e.g. leaves), and he said that he would dump all of the water into the sewer system.
- As previously mentioned in subsection 3.2.2, Michel Chalifoux maintained that due to technological features, the water and particulate matter in the dump bed of truck 917 would be crushed, and a full decanting would therefore take two (2) to three (3) hours.

With the exception of truck 917, Michel Chalifoux said that decanting was done in a systematic and continuous manner, and that if the investigating officers would review the trucks' GPS data, they may find that the trucks were stopped fifteen (15) to twenty (20) minutes before leaving the boroughs.

Whereas the period of time mentioned by Michel Chalifoux was actually less than the thirty (30) minutes required in the specifications, the Office of Inspector General proceeded to perform a sample analysis of the GPS data of the trucks operating in seven (7) boroughs that had awarded a contract under call for tenders 19-17453.

Samples of five (5) consecutive days of operation were randomly selected, and if no breach was noted in the decanting requirement at the end of operations, the sample was extended to ten (10) days of operation. As shown in the example below, the stop time was calculated from the last stop point identified in the borough via the GPS data and was corroborated using the last catch basin marked as cleaned in the truck operator's daily operations report.



Daily operations report produced by the Beaugard truck driver operating in the Saint-Léonard borough on August 20, 2019 and GPS log for the same truck

The daily operations report produced by the driver of the Beaugard truck operating in the Saint-Léonard borough on August 20, 2019 showed that the last catch basin that was cleaned and billed to Ville de Montréal on that day was located near 9355 Rue du Saguenay. The truck's GPS data confirmed a stop of approximately six (6) minutes at that location. The only other stop recorded by the GPS system before the truck reached the Saint-Jérôme transfer site was a stop of about three (3) minutes near the Metropolitan Expressway. The 30-minute decanting time at the end of the day's operations required by the specifications was therefore not observed.

As can be seen in the following table, in most of the boroughs where a final analysis³ could be done, the 30-minute decanting requirement was never met.

³ For the Anjou borough, frequent anomalies in truck 911's GPS data were observed, namely, trips indicating a jump from one point to another on the map, all while passing through buildings. For the Outremont borough, the daily reports by Beaugard truck operators obtained by the Office of Inspector General were in a format that did not contain the street address of the catch basins that were cleaned, thus making it impossible to cross-check the last address in the borough indicated by the truck's GPS data. Therefore, no determination could be made as to whether the decanting requirement was met in these two (2) boroughs.



Borough name	Date of analyzed operations	Number of breaches noted in decanting requirements
Ville-Marie	October 7 to 11, 2019	5/5
St-Léonard	August 20 to 27, 2019	5/5
Mercier—Hochelaga-Maisonneuve	September 9 to 13, 2019	5/5
Pierrefonds-Roxboro	September 17 to October 1, 2019	0/10
St-Laurent	October 7 to 19, 2019	0/10

4.3.3 *Beauregard's response to the Notice*

In its response, Beauregard stated that “the decanting requirements in the technical specifications are general requirements and random rules, whereas decanting must be done based on the specific circumstances of each case” [TRANSLATION]. There is not only one standard for decanting; several factors come into play such as weather conditions and catch basin contents.

Hence, by issuing instructions to its employees to perform decanting several times during the day rather than thirty (30) minutes at the end of the day, Beauregard was complying with “best practices and good industry practices.” According to Beauregard, Ville de Montréal would not be adversely affected by the use of this method.

4.3.4 *Analysis and conclusion*

Beauregard’s more than astonishing characterization of the provisions in the contract binding it to Ville de Montréal was perplexing. Far from being a “general requirement” or “random rule,” the 30-minute wait period was specifically required of the contractor under call for tenders 19-17453, with added emphasis via bold characters, underlining and upper-case letters. Moreover, in accordance with the specific terms of the specifications, Ville de Montréal expected the contractor to perform the work diligently, while even adding to the contractual documents that this contractor was considered “a partner dedicated to preserving the longevity of municipal infrastructures”⁴ [TRANSLATION] Moreover, as mentioned earlier, call for tenders 19-17453 was the first tender to include a separate item on the price schedule for the volume of sludge removed from the catch basins.

It was therefore perfectly legitimate and understandable for Ville de Montréal to ask the contractor to observe a predefined decanting period before discharging the supernatant liquid into the municipal sewer system downstream of the already cleaned sections, since

⁴ Clause B.06, b).

in doing so, it was making sure to protect its infrastructure and would be paying only for the volume of sludge that was actually removed.

In this case, not only was the evidence clear as to Beaugard's failure to comply with its obligation to systematically perform decanting for thirty (30) minutes, but the company's response to the Notice is in itself a corroboration when it states that employees were instructed to perform the decanting several times during the day and not thirty (30) minutes at the end of the day. The Inspector General therefore concludes that this third category of contractual breaches was founded.

4.4 *Weighing of sludge resulting from catch basin cleaning (call for tenders 19-17453) and sewer cleaning (call for tenders 19-17357)*

4.4.1 Beaugard's contractual obligations

As the natural continuation of the previous step, once the sludge was removed from the catch basins and sewers and properly decanted, it had to be weighed. This obligation, along with the next one, namely, disposal by the contractor directly to a MELCC-authorized site, was firmly regulated by both call for tenders 19-17453 and call for tenders 19-17357. Following weighing and disposal of the sludge, the contractor was required to give the weight tickets to Ville de Montréal.

Whereas the specifications stated that the sludge was to be weighed on a daily basis directly at the disposal site, Beaugard would instead temporarily store it at its Saint-Jérôme transfer site. Because this site does not have a scale, Beaugard would use the scale of a company located on a nearby street.

With respect to this fourth obligation regarding sludge weighing, the investigation revealed breaches in the performance of both the catch basin cleaning contracts and the sewer cleaning contracts. They will be reviewed in that order.

4.4.2 Investigation's findings for trucks that had cleaned catch basins (call for tenders 19-17453)

For these contracts, the breaches mainly resulted from the monitoring of Beaugard's trucks.

(i) Inclusion of weight of non-discharged supernatant liquid



As shown in section 4.3 above, Beaugard did not observe the decanting requirement in three (3) of the five (5) boroughs analyzed. In addition to these determinations resulting from the analysis of GPS data, there are also the observations from the monitoring of Beaugard's trucks and Michel Chalifoux's statements, which revealed that the weight of the supernatant liquid was wrongly included in the total weight of the collected sludge.

On August 28, 2019, Office of Inspector General investigators monitored truck 911 while it was operating in the Anjou borough. The truck was seen to have dumped the supernatant liquid midway through the day of operations, cleaned approximately twenty (20) other catch basins, and then left the borough after its operations were completed. without decanting or dumping the supernatant liquid that was in its dump bed a final time.

The truck was then weighed, after which it dumped the contents of its dump bed at Beaugard's transfer site. The total volume of the truck's load, obtained when it was weighed, which in fact included the weight of the non-dumped supernatant liquid, was billed to and paid for by the borough.

Moreover, according to Michel Chalifoux's statement, such an inclusion of the weight of the non-dumped supernatant liquid would not be an isolated incident for the Côte-des-Neiges—Notre-Dame-de-Grâce borough nor one without an impact on the weight shown by the truck.

In fact, as previously mentioned, Michel Chalifoux pointed out that truck 917 that was operating in the above borough would take two (2) to three (3) hours to decant the contents of its dump bed. According to Michel Chalifoux, dirty water would remain inside the truck and when the load was dumped at the Beaugard transfer site, it created a "wave of water" that was difficult to contain and quantify. He said that "his guys" told him that they would let the water decant on the concrete slab at the transfer site and then pump it. This means that the weight of the water was included in the total weight of sludge billed to the borough.

(ii) Inclusion of weight of water in the trucks' side and auxiliary tanks

On August 27, 2019, after completing its operations in the Côte-des-Neiges—Notre-Dame-de-Grâce borough, truck 917 was weighed. The truck was then driven to the Beaugard transfer site and, after discharging the contents of its dump bed, an investigating officer witnessed the truck operator emptying the truck's two (2) side water tanks. The truck's total weight, obtained during a weighing that included the weight of the water in the two (2) side water tanks, was billed to and paid by the borough.

When Michel Chalifoux was met and told of this determination, he replied that the operator of truck 917 would rarely empty the water tanks because he would need them the next day for the cleaning operations. He added that he was not aware that the operator had emptied the tanks and that he would talk to the truck operator about it.

In other words, Michel Chalifoux's surprise had to do with the operator not keeping the water in the tanks for the next day's operations rather than the fact that the sludge weight

was incorrect due to the truck's side water tanks not first being emptied. Note that as the contractor that was awarded the contracts under call for tenders 19-17453, Beauregard could obtain a free permit to temporarily use fire hydrants for its water supply. Therefore, it did not need to keep any water in the trucks' tanks from one day to the next.

Moreover, Michel Chalifoux minimized the impact the water tanks could have on the weight of the truck by stating that the tanks on truck 917 only contained a total of five hundred (500) gallons of water, and not fifteen thousand (15,000) gallons. Note that five hundred (500) gallons of water correspond to about two (2) tonnes, and that the price submitted by Beauregard for the Borough of Côte-des-Neiges—Notre-Dame-de-Grâce was \$75 per tonne.

Still on August 27, 2019, after completing its operations in the Anjou borough, truck 911 went to get weighed. The truck was then driven to the Beauregard transfer site, and after dumping the contents of its dump bed, an investigating officer saw the truck operator clean the outside of the truck with water from the truck's auxiliary water tank. The truck's total weight, obtained during a weighing that included the weight of the water from the aforementioned auxiliary water tank, was billed to and paid by the borough.

(iii) Use of a ruler and photograph of the rear of the truck

A review of the invoice submitted by Beauregard for the performance of the contracts under call for tenders 19-17453 revealed that on twenty-five (25) occasions, instead of an official weight ticket, Beauregard had only submitted photographs of the rear of a truck's dump bed showing the quantity in inches. The company included as supporting document with these photos a chart for converting the height measured in inches to the equivalent quantity in litres. A truck number was written by hand on the conversion chart to show that it applied to the photographed truck. An example of this billing method is provided below.

Parts of an invoice produced by Beaugard for the borough (from left to right): conversion chart, photograph of the rear of the truck, daily work order and Beaugard's invoice

The above image shows a photographs of what appears to be the rear of truck 877 that operated in the Villeray—Saint-Michel—Parc-Extension borough on July 31, 2019. According to the Beaugard employee's daily work order, the truck's dump bed contained 15 inches of sludge. Referring to the conversion chart on the left, 15 inches would correspond to approximately 2,106 litres. Therefore, Beaugard invoiced 2.10 tonnes of sludge to the borough.

Michel Chalifoux noted that this practice would only be used if the scale owned by the company next to the Beaugard transfer site was not available for some reason or other when the truck operators came by.

However, a review of these invoicing elements raises several questions as to their reliability, including the following:

- The photographs of the rear of the trucks make it difficult to confirm the actual amount of sludge contained in the trucks. In fact, the contrast in the photographs often created very dark images, with the one reproduced above being one of the clearest ones.
- The photographs were not dated, with a handwritten note added, as shown in the photo reproduced above. However, the investigation revealed that in some cases, the photos transmitted by Beaugard as supporting documents were in fact

⁵ Note that the arrows and 15" written in yellow on the photo of the truck were added by the Office of Inspector General for ease of understanding.

photographs of another day of operations and did not represent the work being billed.

- According to the handwritten notes at the top of the page, the conversion charts should apply to several Beauregard trucks, although some of them were done on Chalifoux Sani-Laurentides inc. letterhead. However, no information was provided to certify that the charts actually applied to the trucks in question. In addition, it was noted on occasion that the conversion chart submitted by Beauregard with its invoice did not correspond to the truck that had carried out the operations, as its number did not appear at the top of the page.

Note that the six (6) different Ville de Montréal boroughs that received such supporting documents with Beauregard's invoice still made the payment.

4.4.3 Beauregard's response to the Notice and analysis

Beauregard's answer is based on two (2) arguments.

First, with respect to the inclusion of the weight of the water in the trucks' side tanks and auxiliary tanks, Beauregard responded, while denying the investigation's findings in this respect, that it had no impact on the amounts invoiced to Ville de Montréal. According to the company, "as the residual water in the tank at the beginning and at the end of the weighing is the same, it all balances out and the City is not billed more because of the water in the tank" [TRANSLATION].

Beauregard's argument only has merit if the truck was systematically weighed a second time with full tanks and a dump bed emptied of any sludge, or if the truck's tare weight, namely, its reference empty weight, was established at the start of the season with full water tanks. However, the GPS data and the trucks' weight tickets do not support this hypothesis since, according to this data, less than 16% of the trucks were weighed a second time. Furthermore, no documents provided by Beauregard show how its trucks' tare weight was determined. Moreover, the weight tickets obtained from Beauregard instead show that the tare weight of trucks 911 and 917 fluctuated several times throughout the performance of the contracts.

Second, with respect to the use of the ruler and the conversion chart, Beauregard maintained that this was an acceptable alternative that would even benefit Ville de Montréal. In fact, by calculating the sludge weight in this way, the result would always be lower than that obtained on the neighbouring company's scale. The company claimed that its employees carefully calculated the sludge quantities using a ruler, and that the conversion charts, one of which bore the Chalifoux Sani Laurentides inc. letterhead, could be used for the Beauregard trucks since they were of the same type. Lastly, the company claimed that it had no choice but to use this method because to complete the contract on



time, Beaugard did not hesitate to have its employees work on weekends while assuming overtime costs. However, the neighbouring company's scale was closed on weekends.

The analysis conducted by the Office of Inspector General confirmed that, based on the supporting documents submitted by Beaugard, the measurement using the conversion chart may be theoretically more beneficial for Ville de Montréal than the weight obtained from the scale adjacent to the transfer site. However, in practice, two (2) major qualifications are required.

First, there is a major difference between using the ruler-based measurement versus a scale in that the supernatant liquid must first be dumped so that the truck operator can open the door at the back of the dump bed to measure the height of the sludge in the truck. The supernatant liquid does not need to be dumped when a scale is used. In other words, by not rigorously decanting and dumping the supernatant liquid, Beaugard made it difficult to compare a scale-based weight and one obtained using a ruler, in addition to billing Ville de Montréal for the weight of the supernatant liquid.

Second, to be accepted as such, the results of the ruler-based measurement had to be reliable. However, as previously mentioned, the investigation has shown that they were not. In fact, the contrast in the photographs that were provided did not enable the sludge in the trucks' dump bed to be clearly assessed. Second, the investigation shows that some of these undated photographs were taken on days other than those for which they were submitted. Lastly, in some instances, the truck numbers written on top of the conversion chart submitted by Beaugard with its invoice did not match the number of the truck that performed the operations.

For these reasons, the arguments put forward by Beaugard cannot be accepted and the Inspector General has concluded that the breaches detailed above are founded.

4.4.4 Investigation's findings for trucks that had cleaned the sewer ducts (call for tenders 19-17357)

With respect to the performance of the three (3) sewer cleaning contracts related to call for tenders 19-17357, the Office of Inspector General performed a cross-analysis of the trucks' GPS data, as well as the weight tickets and invoices submitted by Beaugard. The cross-analysis revealed that Beaugard overcharged two (2) of the three (3) boroughs (Outremont and Verdun).

4.4.4.1 Outremont borough

In fact, in the Outremont borough, on five (5) occasions, the invoice submitted by Beaugard tallied the weight of the sludge collected that day as well as the previous days, since the sludge had not been systematically dumped at the end of each day of operations.

This determination was first made on the basis of the information entered by Beaugard employees on their daily work orders, reproduced below.

BON DE TRAVAIL / WORK ORDER 38905
 Date: 23-09-19
 Journée - Day: Lundi

BON DE TRAVAIL / WORK ORDER 38906
 Date: 24-09-19
 Journée - Day: Mardi

TRUCK 817 (Left Form):
 Gauge before: 0
 Gauge after: 13
 Description des travaux: nettoyer réseau d'égout selon le contrat puis verser selon le diamètre du branchement = entre Pratt et Antoine Bédard, une rampe = entre Pratt et Antoine Bédard, 69 cours du Garage = entre le bassin des débris et le cours du Garage. 582 mètres.

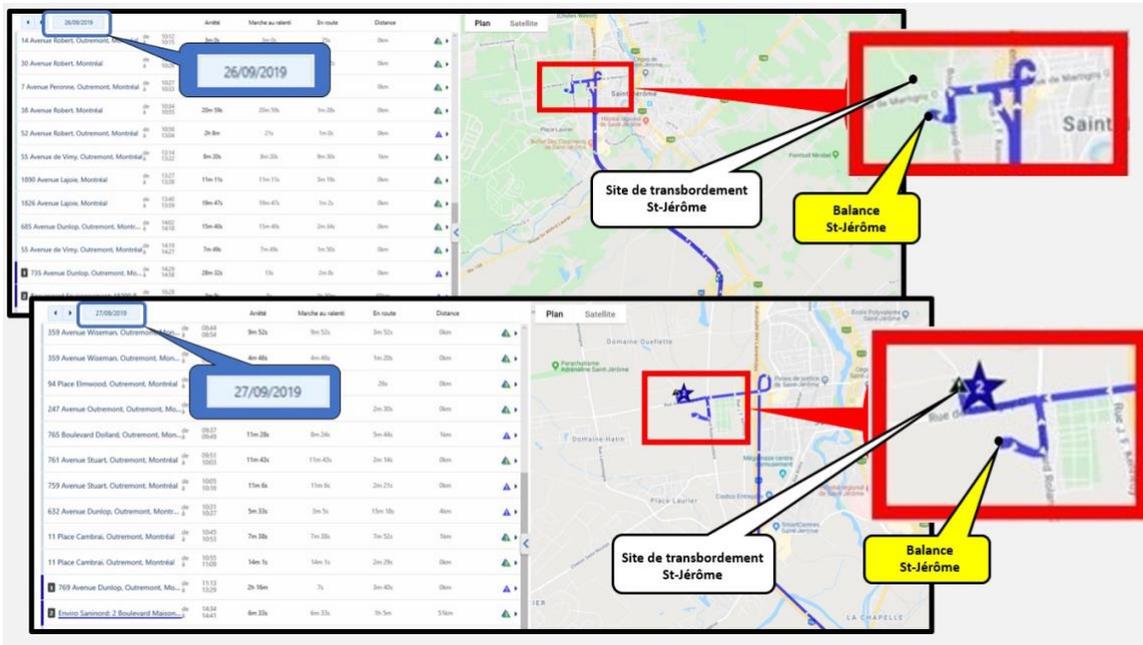
TRUCK 872 (Right Form):
 Gauge before: 5
 Gauge after: 13
 Description des travaux: nettoyer réseau d'égout selon le contrat puis verser selon le diamètre du branchement = entre Lajoie et Van Hous, de l'entrée de l'égout = entre Mc Carthum et Bellard, 67 route = entre Mc Carthum et Bellard. 388 mètres.

Daily work orders by the operator of truck 817 that had cleaned the Outremont borough sewers on September 23 and 24, 2019

As shown on the work orders of September 23 and 24, 2019, the operator of truck 872 performed work in the Outremont borough and collected sludge from the sewers. As evidenced by the operator's comments (blue box), the sludge was not dumped and remained in the truck's dump bed. Hence, the gauge measurement (red box) increased from 0 to 13 inches during the two (2) days the sludge accumulated in the truck.

The daily work orders of September 25 and 26, 2019 also revealed that the sludge accumulated during these days of operation remained in the truck's dump bed, and was only dumped at the end of September 27. Hence, the quantity of sludge entered by the truck operator increased from 13 to 16, from 16 to 20, and from 20 to 25 inches.

The truck's GPS data were also analyzed by the Office of Inspector General and showed that the sludge was only dumped on September 27.



GPS log for September 26 and 27, 2019 for truck 872 owned by Beauregard

However, as indicated in the table below, the invoice produced by Beauregard on September 30, 2019 shows that the company charged the borough each day for the weight entered on the weight ticket, while the weights for September 24 to 27, 2019 also included the weight of the sludge accumulated over the previous days.⁶

Days of operation in the borough	Did the truck dump the contents of the dump bed?	Weight indicated on weight ticket	Quantities shown on operator's work order	Weight charged to the borough
September 23	No	2,730 kg	0" to 5"	2.73 tonnes
September 24	No	5,420 kg	5" to 13"	5.42 tonnes
September 25	No	5,630 kg	13" to 16"	5.63 tonnes
September 26	No	6,190 kg	16" to 20"	6.19 tonnes
September 27	Yes	7,800 kg	20" to 25"	7.8 tonnes

Sewer cleaning work continued on September 30 and October 1, 2019 in the same manner, namely, without dumping the sludge between the first and second days, with the truck operator entering on his daily work order that the amount of sludge in the dump bed

⁶ Note that the truck was not weighed at the end of September 25, 2019, but rather the following morning before returning to the borough for the daily operations.

increased from 0 to 5 and then from 5 to 10 inches. As with the work carried out from September 23 to 27, the truck's GPS data were analyzed and confirmed that the sludge was only dumped at the transfer site on October 1.

Regarding billing, the invoice dated September 30 showed that 1.8 tonnes of sludge were charged to the borough based on the weight ticket obtained that day. Though the October 1 invoice only showed 1.04 tonnes, it was not because Beauregard had subtracted the total from the day before. Rather, the invoice was based on the "Supervac 2000" conversion chart, which indicated that a 10-inch measurement, and not just the five (5) inches accumulated on October 1, would be equivalent to 229.1 imperial gallons, i.e. 1.04 tonnes.

Days of operation in the borough	Did the truck dump the contents of its dump bed?	Weight indicated on weight ticket	Quantities shown on operator's work order	Weight charged to the borough
September 30	No	1,800 kg	0" to 5"	1.8 tonnes
October 1	Yes	N/A	5" to 10"	1.04 tonnes

Note that these two (2) invoices dated September 30 and October 1, 2019 were paid by the Outremont borough.

4.4.4.2 Verdun borough

With respect to the Verdun borough, the invoice submitted by Beauregard included, on six (6) occasions, the tonnes of sludge collected that day as well as the previous days, since the sludge had not been systematically dumped at the end of each day of operation. There were three (3) periods of overbilling: August 22-23, August 26-29, and September 3-5, as summarized in the table below.



Days of operation in the borough	Did the truck dump the contents of its dump bed?	Weight indicated on weight ticket	Weight indicated on operator's work order	Weight charged to the borough
First overbilling period				
August 22	No ⁷	4,540 kg	4,540 kg	4.54 tonnes
August 23	Yes	7,500 kg	2,960 kg	7.5 tonnes
Second overbilling period				
August 26	No	4,420 kg	4,420 kg	4.42 tonnes
August 27	No	4,960 kg	4,960 kg	4.96 tonnes
August 28	No	6,980 kg	2,020 kg	6.98 tonnes
August 29	Yes	10,540 kg	3,560 kg	10.54 tonnes (5.61 tonnes) ⁸
Third overbilling period				
September 3	No	1,860 kg	1,860 kg	1.86 tonnes
September 4	No	3,940 kg	3,940 kg	3.94 tonnes
September 5	Yes	5,400 kg	5,400 kg	5.4 tonnes

Contrary to the Outremont borough, the daily work orders for the truck operator assigned to the Verdun borough contained no indication of whether the sludge collected that day had been left in the truck's dump bed or not. The Office of Inspector General therefore relied on the truck's GPS data which, as shown in the two (2) above examples for the

⁷ The truck's GPS route shows that it reached the Saint-Jérôme transfer site, but did not stop there for more than two (2) minutes. In fact, the settings in the GPS application used by Beaugard were such that a stop of less than two (2) minutes was not recorded by the system as being a stop point. This amount of time is much too short for sludge to be dumped.

⁸ Beaugard's invoices were inverted for August 29 and 30: the company mistakenly submitted the August 29 weight ticket and entered 10,540 kg for August 30, while invoicing 10.54 tonnes for that day. Beaugard invoiced 5.61 tonnes for August 29 by submitting the August 30 weight ticket and entering 5,610 kg. Beaugard's response to the Notice was that this was a clerical error made in good faith.

Outremont borough, made it easy to determine whether the truck went to the Beaugard transfer site after being weighed on the neighbouring company's scale.

Moreover, note that the truck operator's work orders for August 23, 28 and 29 indicate a different weight than that shown on the weight ticket, thus reflecting a net sludge weight for the weight of the sludge collected in the previous days. However, Beaugard still billed the accumulated sludge weight to the Verdun borough on a daily basis.

The image shows three documents related to a sewer cleaning operation on August 23, 2019:

- Work Order (BON DE TRAVAIL / WORK ORDER):** Issued by Beaugard Environnement. It specifies the location as 4555 rue de Verdun, Verdun. The weight of sludge is recorded as 2,960 kg.
- Weight Ticket (BON DE PONDAGE):** Dated August 23, 2019. It shows a cumulative weight of 7,500 kg.
- Invoice (Facture):** Issued by Beaugard Environnement. It lists two items: 'NETTOYAGE ET INSPECTION TELEVISÉE DES CONDUITES' for 7.50 tonnes and 'DEGOUTS SELON LE CONTRAT' for 19.7257 tonnes.

Work order of the truck operator who cleaned the sewers in the Verdun borough on August 23, 2019 showing a net sludge weight of 2,960 kg, weight ticket dated August 23, 2019 showing a cumulative sludge weight of 7,500 kg, and Beaugard invoice indicating that 7.5 tonnes of sludge were charged for August 23, 2019

The borough paid the invoice for all these days of operation.

4.4.5 Beaugard's response to the Notice and analysis

In its response, Beaugard provided certain clarifications regarding work that had been done elsewhere than in the boroughs in question. In fact, the trucks' GPS data indicated that the trucks had done work in other boroughs and in cities other than Montréal, without having gone to the transfer site to dump the sludge. This therefore initially suggested that the sludge had remained in the trucks' dump bed and was then tallied and billed to Ville de Montréal. However, in light of the supporting documents submitted by Beaugard, the Office of Inspector General excluded said data from its analysis.



However, no evidence was submitted by Beaugard to refute the investigation's findings indicated above regarding the cumulative overbilling that occurred in the Outremont and Verdun boroughs.

4.4.6 Conclusion regarding sludge weighing

In light of the preceding, the Inspector General concludes that the contractual breaches related to sludge weight overbilling are founded.

4.5 Disposal of sludge resulting from catch basin cleaning (call for tenders 19-17453) and sewer cleaning (call for tenders 19-17357)

As part of the final step in the performance of the catch basin and sewer cleaning contracts, recall that Beaugard's illegal sludge disposal was the focal point of the denunciation received by the Office of Inspector General.

4.5.1 Beaugard's contractual obligations

As can be seen from the thirteen (13) clauses and other related references found in the various documents part of calls for tenders 19-17453⁹ and 19-17357¹⁰, Ville de Montréal places particular importance on sludge disposal. Considered as waste in the specifications, the disposal of sludge is strictly regulated and must be carried out in accordance with the provisions of the *Environment Quality Act* applicable to them. In particular, sludge must be weighed and disposed of at an MELCC-accredited waste disposal facility.

Under the clauses of the contracts related to calls for tenders 19-17453 and 19-17357¹¹, the contractor may use the services of a subcontractor, but the latter's subcontract must

⁹ See Clauses 10.29.02 of the contract; 10.27.01 (3) of the contract appendix; B.01, C.01.02, L.00, O.00, Q.02, Q.03 and Q.04 of the technical specifications; 1.08 and 7.07 of the governance; 7.00 of the bid form; and the price schedule.

¹⁰ See Clauses 10.29.02 of the contract; 10.28.01 (3) of the contract appendix; B.01, C.01.02, F.00, I.00, K.02, K.03 and K.04 of the technical specifications; 1.08 and 7.07 of the governance; 7.00 of the bid form; and the price schedule.

¹¹ Respectively, clauses 10.19.06 and 10.19.07, and 10.19.05 and 10.19.06.

comply with the main contract, and the contractor remains responsible for the full coordination and proper execution of the subcontracted portion.

4.5.2 Beauregard's operating methods with respect to sludge transfer and disposal

Whether resulting from the performance of the contracts under calls for tenders 19-17453 and 19-17357, or from contracts with other municipalities, residential or commercial customers, all the sludge collected by Beauregard was mixed on the same concrete slab at its Saint-Jérôme transfer site.

However, this site could only take the sludge temporarily for lack of space. Furthermore, Beauregard did not have an MELCC-accredited waste disposal facility. As a result, in its bids, Beauregard indicated that it would transport the sludge collected from the catch basins and sewers to HDJS Gascon Ltée's disposal site in Ontario (hereinafter, "Gascon").

To do so, Beauregard used the transport services of the subcontractor mentioned earlier, Entreprises Pesant. Pascal Pesant said that his company would make three (3) or four (4) trips a day, three (3) days a week from the Saint-Jérôme transfer site.

Although section 1.06.22 of the governance for calls for tenders 19-17453 and 19-17357 required bidders to list their subcontractors, Beauregard did not indicate Les Entreprises Pesant in its bids.

Lastly, it should be noted that for nine (9) of the ten (10) boroughs that awarded Beauregard a contract related to call for tenders 19-17453, the company submitted a price of \$40 per tonne for sludge disposal, including transportation.¹² Other bidders without an accredited disposal centre submitted prices ranging from \$95 to \$125 per tonne. Only one bidder had its own accredited disposal facility, which enabled it to submit a lower price, i.e. approximately \$52 per tonne.

¹² As mentioned earlier, Beauregard submitted a price of \$75 per tonne for the Côte-des-Neiges—Notre-Dame-de-Grâce borough.



4.5.3 Investigation's findings

The investigation revealed the following:

- The sludge collected from catch basin and sewer cleaning for the contracts under calls for tenders 19-17357 and 19-17453 was dumped on farmland in Saint-Hermas owned by Pascal Pesant (hereinafter, "Pascal Pesant's farmland"),
- Beaugard and Les Entreprises Pesant have had an agreement since 2016 whereby the latter handles sludge transport from the transfer site. The terms of the agreement, including the price of \$28 per tonne, transportation and disposal included, were negotiated to Michel Chalifoux's knowledge and have been the same since 2016.
- The sludge collected by Beaugard has been disposed of on Pascal Pesant's farmland since the start of the agreement between the two (2) companies,
- Michel Chalifoux knew when submitting his bid that sludge was being dumped on Pascal Pesant's farmland.

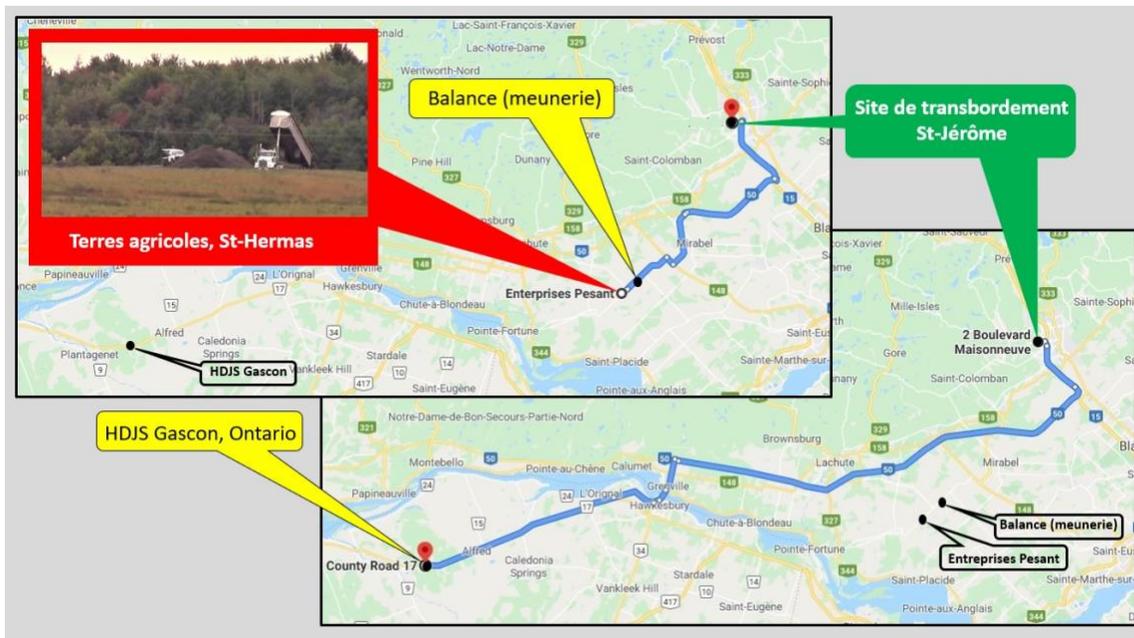
4.5.3.1 Findings related to monitoring Les Entreprises Pesant's trucks

Office of Inspector General investigators conducted six (6) surveillance operations of Les Entreprises Pesant trucks from June 18 to October 3, 2019. Each time, the following determinations were made:

1. Les Entreprises Pesant's trucks, or those of its replacement,¹³ loaded the sludge collected at Beaugard's transfer site into their trucks' dump beds;
2. The trucks were weighed on the scale that belonged to a mill in Saint-Hermas, right next to Pascal Pesant's farmland.
3. They dumped the trucks' load on Pascal Pesant's farmland; and
4. At no time did they go to the Gascon site in Ontario.

The first map below shows the route taken by Les Entreprises Pesant's trucks, while the second shows the route that would have been taken if the trucks had gone to the Gascon site.

¹³ When questioned, Pascal Pesant confirmed having used a friend's transport company when needed to replace him.



Above, a map showing the route taken by *Entreprises Pesant* trucks from the Saint-Jérôme transfer site to the scale owned by the mill in Saint-Hermas, and then to Pascal Pesant's farmland, including a photograph of sludge being dumped on October 3, 2019. Below, a map showing the route leading from the Saint-Jérôme transfer site to the Gascon site in Ontario.

For these six (6) surveillance operations of Les *Entreprises Pesant* Company trucks, various pieces of evidence reveal that sludge collected from catch basins for the performance of contracts under call for tenders 19-17453 was dumped at the Saint-Jérôme transfer site in the days preceding the trips made by Les *Entreprises Pesant*.

For example, while investigators followed a truck owned by Les *Entreprises Pesant* on October 3, 2019, the latter's invoice, reproduced below, stated that 42,790 kg of sludge from the Mercier—Hochelaga-Maisonneuve borough was transported that day.¹⁴ Similarly, the monthly shipping and receiving log for waste at the Beauregard transfer site indicated that about 23 tonnes of sludge were received the day before in three different Ville de Montréal boroughs.

¹⁴ As will be explained in section 4.5.3.4 (iv) below, Beauregard told *Entreprises Pesant* which points of origin to indicate on their invoices based on an approximate determination of the sludge received the previous day. Thus, as sludge from the Mercier—Hochelaga-Maisonneuve borough was dumped at the transfer site on October 2, 2019, Les *Entreprises Pesant* mentioned that one of the trips made on October 3, 2019 contained only sludge from this borough, even though in reality it did not only come from this borough.

BEAUREGARD ENVIRONNEMENT		Octobre 2019			
REGISTRE MENSUEL DE RÉCEPTION ET D'EXPÉDITION DE MATIÈRES RÉSIDUELLES AU CENTRE DE TRANSFERT DE BOUES DE SAINT-JÉRÔME					
Date	Ref	Clients / dispo	Matières (boues)	Volume total	
2019-10-02	19-17453	Mercier-Hochelaga	Boues et sable non contaminés	4.54	
2019-10-02	19-17453	Pierrefonds-Roxboro	Boues et sable non contaminés	9.22	
2019-10-02	19-17453	Ville-Marie	Boues et sable non contaminés	10.44	

Date du billet	# Bil	Quantité	Description	Montant à la source
03-10-19	44499	39,400	Voyage de terre Provenance: Mercier-Hochelaga	28,00\$
03-10-19	44499	42,790	Voyage de terre Provenance: Mercier-Hochelaga	28,00\$
03-10-19	44499	30,000	Voyage de terre Provenance: Diverses	28,00\$
03-10-19	44499	39,190	Voyage de terre Provenance: MTQ	28,00\$
04-10-19	44500	42,400	Voyage de terre Provenance: Mercier-Hochelaga	

TP	TV	Gr
14		
42,790	Voyage de terre	
	Provenance: Mercier-Hochelaga	

Above, an excerpt from the monthly shipping and receiving log for waste at the Saint-Jérôme transfer site showing that sludge was brought in on October 2, 2019 from three (3) Ville de Montréal boroughs. Below, an invoice and daily work order from Les Entreprises Pesant showing the transport of sludge on October 3, 2019 from the Borough of the Mercier—Hochelaga-Maisonnette borough.

4.5.3.2 The agreement between Beaugard and Les Entreprises Pesant

(i) Content of the agreement

According to all the witnesses that were met, including Pascal Pesant, Michel Chalifoux and the Beaugard transfer site employee, who is also a former employee of Les Entreprises Pesant, there was no written contract between Beaugard and Les Entreprises Pesant. There was only a verbal agreement between the two (2) companies.

Said verbal agreement provides for total remuneration of \$28 per tonne for Les Entreprises Pesant, including transportation and disposal costs. An invoice submitted in 2020 by Les Entreprises Pesant showed that this price always stayed the same.

(ii) Negotiation of the agreement

While all the witnesses agreed on the content of the agreement, the statements gathered by the Office of Inspector General show certain inconsistencies regarding when the agreement was negotiated and by whom. These inconsistencies mainly originated from Michel Chalifoux and Dany Fréchette.

In fact, according to most of the witnesses who were interviewed, including Pascal Pesant, Les Entreprises Pesant had been in charge of transporting the sludge found at the aforementioned site since 2016. According to them, the agreement was negotiated under Beauregard's management.

Then there was the question of who at Beauregard took part in the negotiations. When questioned, Pascal Pesant first made a quick reference to a conversation he had had with Michel Chalifoux that began the relationship between his company and Beauregard. He quickly corrected himself to state that he had asked the Saint-Jérôme transfer site personnel about the sludge and then pretended not to be aware of Michel Chalifoux's full name.

An employee at the transfer site who had previously worked for Les Entreprises Pesant claimed that he was the one who put Michel Chalifoux in contact with Pascal Pesant.

Michel Chalifoux and Dany Fréchette repeated several times that the agreement dated from the time of National Vacuum, a company whose assets Beauregard had purchased in 2016, and that Beauregard had simply continued using the methods put in place by the previous company. However, Pascal Pesant had never mentioned National Vacuum to investigators. It should also be noted that Beauregard made no further mention of National Vacuum in its response to the Notice.

Regarding Pascal Pesant, Michel Chalifoux said that he did not know him personally, had never seen him in person, and had only spoken to him over the phone. Dany Fréchette said that she would only see invoices from Les Entreprises Pesant come through.

4.5.3.3 Decision to dump the sludge on Pascal Pesant's farmland

(i) First times sludge was dumped on Pascal Pesant's farmland

The investigation revealed that shortly after the agreement was made between Les Entreprises Pesant and Beauregard, sludge from Beauregard began to be dumped on Pascal Pesant's farmland.

In fact, Pascal Pesant explained that they had brought a few loads to the Gascon site, but were always told that there was some problem or other with the sludge (e.g. too much sawdust or water). Pascal Pesant said he then inquired about other uses for the sludge,



and since he thought that it could be used as cover material for rock caps on his farmland, he spread the sludge at these locations. He maintained this opinion, although he later found waste such as “pieces of paper” and credit cards in the sludge spread out over his farmland.

The Beauregard transfer site employee who had previously worked for Les Entreprises Pesant initially told investigators that he had not been aware that the sludge was being dumped on Pascal Pesant’s farmland rather than at the Gascon site. He said that he had only found out about it recently, after the Office of Inspector General went to the Gascon site.

However, the transfer site employee quickly admitted having known about it for much longer, since about 2017. At the same time, he said that he did not believe that other people at Beauregard were aware that the sludge was being dumped on Pascal Pesant’s farmland. He stated having made three (3) or four (4) trips to the Gascon site himself, but they were always told that there was too much dirt or sawdust. He concluded by saying that there may have been fifty (50) trips, namely, ten (10) trips per week for a month, to the Gascon site. Given that the agreement began in 2016, this meant that the sludge started being dumped on Pascal Pesant’s farmland that same year.

This was corroborated by Pascal Pesant’s statement. In fact, when asked how many trips were made to the Gascon site, he said he did not know. When asked if it was more than ten (10), Pascal Pesant replied “no, it has to be less than ten (10).”

Moreover, the investigation revealed that a representative of a transport company whose president is a friend of Pascal Pesant’s replaced him, when needed, to transport Beauregard’s sludge in 2019. Even he confirmed that he would dump the loads on Pascal Pesant’s farmland and not at the Gascon site.

The investigation thus revealed that sludge from the Beauregard transfer site was being dumped on Pascal Pesant’s farmland as of 2016.

(ii) Decision to dump the sludge on Pascal Pesant’s farmland

Pascal Pesant said that he did not ask for anyone’s permission to spread the sludge over his farmland and that he was the one who decided to dump it there. He said that he was not acting in bad faith and saw it as an opportunity to raise the value of his land.

With respect to Michel Chalifoux, Pascal Pesant said that he did not tell him about dumping the sludge on his farmland and that Michel Chalifoux probably thought the sludge was being disposed of at the Gascon site.

4.5.3.4 *Michel Chalifoux's knowledge*

Despite the aforementioned statement by Pascal Pesant, several elements revealed by the investigation instead support that Michel Chalifoux was aware of sludge being dumped on Pascal Pesant's farmland.

(i) Michel Chalifoux's statement

First, when informed by investigators of the general content of the determinations in 4.5.3.1 above with respect to the dumping of sludge on Pascal Pesant's farmland, Michel Chalifoux responded that he thought a small portion of the sludge was dumped on Pascal Pesant's land, but not all the loads. The Inspector General therefore noted that Michel Chalifoux acknowledged being aware that at least part of the sludge was being dumped on Pascal Pesant's farmland.

(ii) Steps taken by Michel Chalifoux to confirm the sludge disposal site

Next, there were the very few steps taken by Michel Chalifoux to confirm the sludge disposal site.

In this respect, Michel Chalifoux argued that he simply made sure with a former Beaugard employee that the Gascon permit allowed him to accept the company's sludge. He said that he never spoke to Gascon's owner, never went to that company's site, and never did any additional checks other than verify the invoices submitted by Pascal Pesant. Note that the invoices from Les Entreprises Pesant that were reviewed by the Office of Inspector General did not include any supporting documents from the Gascon site.

In fact, Michel Chalifoux said that Pascal Pesant would send him his invoice, and then corrected himself and said "send us" his invoice. Next, according to Michel Chalifoux, Beaugard was in charge of the weight tickets and the quantities entered, for the approvals and transmission to billing for payment. He said, having checked the invoices himself, that Pascal Pesant never entered his hours of work, only the number of trips made per day, along with weight-related information, which was important since he was paid per tonne.

Moreover, according to Pascal Pesant, Michel Chalifoux asked him verbally whether he was going to Gascon and he said yes.

(iii) Signs ignored by Michel Chalifoux

This lack of validation contrasted with the three (3) signs which an experienced contractor such as Michel Chalifoux could see.



The first sign was undoubtedly the price of \$28 per tonne, including disposal and transport costs to Ontario, proposed by Les Entreprises Pesant since 2016. Michel Chalifoux said he thought the price was reasonable and very competitive. However, he said that before doing business with Les Entreprises Pesant, he would transport the sludge to Waste Management at a cost of about \$85 per tonne. Since he was satisfied that the price difference could be explained by the fact that Gascon was recycling and reusing the sludge, Michel Chalifoux maintained that this is why they did not delve into the matter further.

The second indicator was the use of the scale at the mill in Saint-Hermas, near Pascal Pesant's farmland. While Gascon's owner mentioned that his site had a calibrated and certified scale, which was corroborated during a visit to the site, no invoices from Les Entreprises Pesant obtained by the Office of Inspector General contained any weight tickets from the Gascon site. Moreover, as shown on the map reproduced in section 4.5.3.1, using the mill's scale is a long detour and therefore makes no sense for anyone travelling between the Saint-Jérôme transfer site and the Gascon site in Ontario.

When these observations were mentioned to Michel Chalifoux, who, as previously mentioned, claimed to check all invoices from Les Entreprises Pesant, he replied that if the scale at the mill was being used, it was likely because neither Les Entreprises Pesant or Gascon had one themselves. However, the Gascon site did in fact have a scale. Moreover, Pascal Pesant said that Michel Chalifoux had never asked him to submit an invoice from Gascon.

The third sign is related to the second one. The hours indicated on the various weight tickets from the mill which were attached to Les Entreprises Pesant's invoices generally showed a difference of about ninety (90) minutes between the various runs to complete the return trip to the transfer site. Michel Chalifoux himself estimated the travel time from the Saint-Jérôme transfer site to the Gascon site in Ontario at about one and a half (1-1/2) to two (2) hours for a one-way trip. When it was brought to Michel Chalifoux's attention that the invoices he claimed to have checked showed that it was impossible for Les Entreprises Pesant to make such a round trip in ninety (90) minutes, he was unable to provide an explanation.

At the end of the meeting, Michel Chalifoux admitted that perhaps he should have looked into the matter further, but said that he trusted Pascal Pesant.

(iv) Notes added to Les Entreprises Pesant's invoices at Michel Chalifoux's request

As previously mentioned, the investigation revealed that one of the employees at the Beauregard transfer site was a former employee of Les Entreprises Pesant and acted as an intermediary between Michel Chalifoux and Pascal Pesant.

This was supported by the fact that since September 2019, he had been in charge of preparing Les Entreprises Pesant's invoices for Beauregard. He assumed these duties after Michel Chalifoux had told him that he was concerned about the lengthy delays in receiving invoices from Les Entreprises Pesant in late summer 2019. Although he

mentioned that Pascal Pesant was not a close friend but only a good acquaintance, the employee at the Beaugregard transfer site said that he did the work in question for free and that it took him one (1) to two (2) hours per week.

The investigation revealed that, in addition to checking Les Entreprises Pesant's invoices, Michel Chalifoux had contacted the transfer site employee to have certain elements added to the invoices. In fact, as shown in the following example, Les Entreprises Pesant's invoices contained a note specifying the origin of the sludge for each trip made by the company.

Facture

Client:
 Nom: Beaugregard Fosses Septique
 Adresse: 18160 J.A. Bombardier
 Mirabel, Qc. J7J 0H5
 Telephone: 1-800-781-1107

Date: 29-10-19
Facture: D-0037

Date du billet	# Bill	Quantite	Description	Montant a la tonne	Total
18-10-19	37238	28,480 kg	Voyage de terre Provenance: St-Jean-sur-Richelieu	28,00\$	797,44\$
18-10-19	37238	36,020 kg	Voyage de terre Provenance: Ville-Marie	28,00\$	1008,56\$
21-10-19	37239	25,250 kg	Voyage de terre Provenance: Anjou	28,00\$	707,00\$
21-10-19	37239	29,030 kg	Voyage de terre Provenance: MTQ	28,00\$	812,84\$
21-10-19	37239	33,070 kg	Voyage de terre Provenance: Outremont	28,00\$	925,96\$
Sous-Total					4251,80\$
TPS 5%					212,59\$
TVQ 9,975%					424,12\$
Grand Total					4888,51\$

Invoice from Les Entreprises Pesant dated October 29, 2019 showing several sludge trips, some from Villede Montréal boroughs

The Beaugregard transfer site employee confirmed that it was Michel Chalifoux who had asked that the origin of the sludge be indicated on Les Entreprises Pesant's invoices. He added that this information had not been included early on in the agreement in 2016. He did not appear to see the purpose of these notes, saying that he found them a little ridiculous, because all the sludge was mixed together on the concrete slab at the transfer site, thus making it difficult to subsequently determine the precise source.

For his part, Pascal Pesant said that he was unaware of the origin of the sludge transported by his company. He did not write the note; it was added when the invoice was

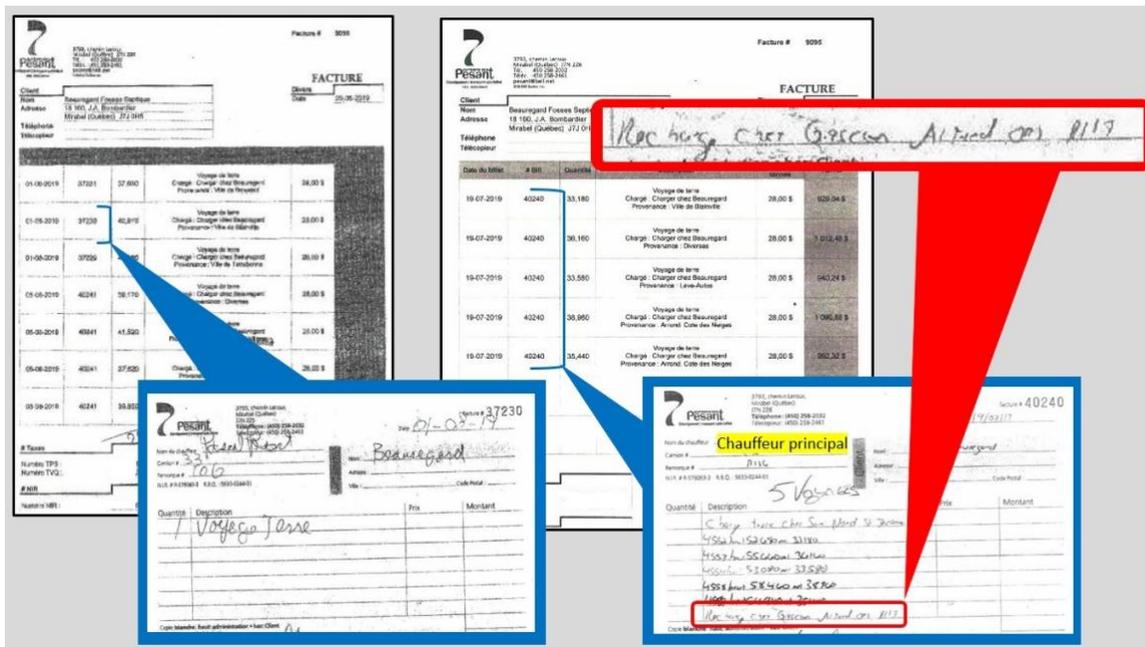
produced. He believed that the information came from a Beaugard employée, but he did not know who.

Michel Chalifoux noted that a daily operating log stating the origin of the sludge was a requirement to operate an MELCC-accredited transfer site. He said that it was the municipal contract coordinator or the transfer site employee who told Pascal Pesant what origin to put on their invoices based on an approximate determination of the majority of sludge that was collected that week.

The evidence shows that Michel Chalifoux, namely through the transfer site employee, had a note added to Les Entreprises Pesant's invoice, even though the latter did not see the need to do so.

The investigation revealed that a second note was added to Les Entreprises Pesant's invoices, namely "Dump at Gascon, Alfred, Ontario." Although the note did not appear on the daily work orders produced in 2016, Les Entreprises Pesant's main driver systematically entered it on his daily work orders in 2019, despite the fact that all the loads of sludge were dumped on Pascal Pesant's farmland. Note that this main driver made more than 85% of the sludge trips for Les Entreprises Pesant in 2019.

As with the addition of the previous note, Pascal Pesant stated that he did not tell his main driver to indicate "Dump at Gascon, Alfred, Ontario" on the work orders. In fact, as shown on the images below, the few times in 2019 when he transported the sludge himself from the transfer site, Pascal Pesant did not indicate such a note on his daily work orders.



Left, a daily work order dated August 1, 2019 filled out by Pascal Pesant, and right, a daily work order dated July 19, 2019 filled out by Les Entreprises Pesant's main driver with the note: "Dump at Gascon, Alfred, Ontario"

As with the addition of the previous note, Pascal Pesant stated that he did not tell his main driver to indicate “Dump at Gascon, Alfred, Ontario” on the work orders. Les Entreprises Pesant’s main driver stated that the note “Dump at Gascon, Alfred, Ontario” was added early on in the agreement with Beaugard, once again at the request of the latter’s employees. He then specifically named the Beaugard transfer site employee who had previously worked for Les Entreprises Pesant.

However, contrary to the addition of the previous note, the latter indicated that he was the one who told Les Entreprises Pesant to enter the note regarding dumping the sludge at the Gascon site. He rather assumed that the drivers would enter the note at the start when they were actually going to the Gascon site, and may have inadvertently continued the practice.

Moreover, this transfer site employee claimed that Les Entreprises Pesant’s main driver had called him after his meeting with Office of Inspector General investigators to inform him that he told the investigators that it was he who had asked that the note be added. The transfer site employee said that the main driver had told him he did not know what to say and therefore gave his name.

Lastly, the transfer site employee also said that Michel Chalifoux did not ask him to add such a note to the work orders, and that he would have remembered if he had.

However, this statement is inconsistent with the following facts revealed by the investigation that were presented above:

- The transfer site employee acted as an intermediary between Michel Chalifoux and Les Entreprises Pesant;
- Notes regarding the origin of the sludge were added to Les Entreprises Pesant’s invoices at Michel Chalifoux’s request, including through the transfer site employee;
- Pascal Pesant did not add the note “Dump at Gascon” on his own daily work orders and said that he did not tell his main driver to put the note on his own work orders;
- Les Entreprises Pesant’s main driver stated that it was the transfer site employee who told him to add “Dump at Gascon” on his daily work orders.

The Inspector General therefore believes that it was the Beaugard transfer site employee who, in his role as an intermediary between Michel Chalifoux and Les Entreprises Pesant, asked the latter’s main driver to add “Dump at Gascon.”



(v) Spontaneous responses from Michel Chalifoux and Beauregard employees regarding sludge disposal

During a call on October 24, 2019 between Michel Chalifoux and the lead investigating officer on the case, the latter informed Michel Chalifoux that the investigation covered all phases of the performance of the catch basin cleaning contracts, including sludge disposal. Michel Chalifoux then spontaneously replied that the investigators could follow Les Entreprises Pesant's truck and that it was headed to the Gascon site.

A similar situation occurred when investigators met, on the same day, with one of Les Entreprises Pesant's drivers at the Saint-Jérôme transfer site. Even before they had asked him any questions, he immediately told them that he was going to the Gascon site. The investigation revealed that the driver had spoken to Pascal Pesant a few minutes before meeting with the investigating officers and that the sludge that was subsequently transported by Les Entreprises Pesant on October 24, 2019 was the only sludge associated with the performance of the contracts under calls for tenders 19-17453 and 19-17357 that was dumped at the Gascon site.

(vi) Relationship between Beauregard and Les Entreprises Pesant since the start of the Office of Inspector General's investigation

Michel Chalifoux and Dany Fréchette stated that since late October 2019, Beauregard was no longer transporting any sludge to Gascon, which now refused to receive any following the Office of Inspector General's visit. According to all the witnesses that were met, Michel Chalifoux had opened an account in Beauregard's name with Waste Management to transport the sludge to it.

According to Les Entreprises Pesant's main driver, it was Michel Chalifoux who asked to have the sludge transported to Waste Management from then on. Pascal Pesant noted that Les Entreprises Pesant was henceforth to be paid at an hourly rate rather than their previous rate of \$28 per tonne.

Despite the fact that Michel Chalifoux said that he believed that at least a small portion of the sludge was being dumped on Pascal Pesant's farmland, Les Entreprises Pesant remained Beauregard's carrier. When he was met on December 12, 2019, Michel Chalifoux justified his decision to maintain Beauregard's relationship with Les Entreprises Pesant because he had a good relationship with Pascal Pesant.

Subsequently, the Office of Inspector General's investigators informed Michel Chalifoux and Dany Fréchette of the general content of the findings listed in section 4.5.3.1 with respect to the dumping of sludge on Pascal Pesant's farmland.

Dany Fréchette then said she was "not happy" to hear that Les Entreprises Pesant was not going to Gascon, and that had she known, she would not have maintained the agreement. Michel Chalifoux replied that he was "really not pleased" to such an extent that they would probably be ending their relationship with Les Entreprises Pesant and possibly buying a truck and a loader to transport the sludge themselves.

However, an invoice submitted by Les Entreprises Pesant to Beaugard in 2020 showed that Les Entreprises Pesant was still transporting the sludge and that it was still being paid \$28 per tonne. The weight tickets attached to the invoices still came from the Saint-Hermas mill, while Waste Management's site had a scale.

4.5.4 Beaugard's response to the Notice and analysis

Beaugard's response mainly centered on three (3) separate aspects, which will each be addressed in turn.

(i) Agreement between Beaugard and Les Entreprises Pesant

From the outset, Beaugard confirmed that a verbal agreement with Les Entreprises Pesant had been in effect for about three (3) years at the time of the events.

The company then stated that the terms of the contract were discussed between Pascal Pesant and "at least two (2) Beaugard employees," namely, the transfer site employee and the former municipal contract coordinator. However, the company reiterated that Michel Chalifoux was not involved in these discussions.

Lastly, Beaugard wrote that the terms of the contract were clear and that the disposal site was as well. Beaugard confirmed this verbally several times to Pascal Pesant.

In light of the extent of Michel Chalifoux's involvement in Beaugard revealed by the investigation, it would be strange for him to put two (2) employees in charge of negotiating and binding the company on such a critical issue to his operations, without ever being aware of the terms of the agreement.

In fact, the response twice mentioned that it was Michel Chalifoux himself who had asked "Pascal Pesant directly" whether he was dumping the sludge at the Gascon site. Moreover, as shown in subsection 4.5.3 above, Michel Chalifoux intervened several times in the relationship between Beaugard and Les Entreprises Pesant, in particular by asking that notes be added to the invoices produced by Les Entreprises Pesant.

The investigation thus supports that there was some kind of involvement on Michel Chalifoux's part in finalizing the agreement with Les Entreprises Pesant, either directly or indirectly, by being aware of and approving the terms negotiated by the Beaugard employees.

(ii) Statement by Beaugard about Les Entreprises Pesant as subcontractors in its bids



Beauregard stated that its municipal contract coordinator reported that Les Entreprises Pesant was present at the startup meeting with each borough. Ville de Montréal would therefore have been aware of the existence of the subcontract and would have agreed to it. According to Beauregard, Ville de Montréal also received all of Les Entreprises Pesant's invoices during the performance of the contracts. Hence, Ville de Montréal did not incur any harm in the lack of denunciation of Les Entreprises Pesant in Beauregard's bids.

The Office of Inspector General verified the minutes of each startup meeting, whenever one was held.¹⁵ There was no mention of Les Entreprises Pesant as subcontractor. In addition, the invoices submitted by Beauregard to Ville de Montréal consisted of its own invoices, the employees' daily work orders and weight tickets from the scale next to the transfer site, or a conversion chart with a photograph of the rear of the truck. No invoices from Les Entreprises Pesant had been sent to Ville de Montréal, and the Office of Inspector General obtained them by requesting them from Beauregard.

(iii) Knowledge of sludge being dumped on Pascal Pesant's farmland

According to Beauregard, it was clear from the contract documents provided in its bids to Ville de Montréal that the sludge from the catch basins and sewers would be taken to the Gascon disposal site in Ontario. This had been clearly explained to Pascal Pesant, who then confirmed that his company would be complying with the request.

By dumping the sludge on Pascal Pesant's farmland, Les Entreprises Pesant unilaterally changed the terms of the contract that bound it to Beauregard, without obtaining the latter's consent. The company said that it fully disapproved of Les Entreprises Pesant's actions.

However, even after Michel Chalifoux and Dany Fréchette were told in December 2019 of the investigation's findings regarding the dumping of sludge on Pascal Pesant's farmland, to which they each responded as being "not happy," Beauregard continued to use Les Entreprises Pesant's transport services in January and February 2020. There was no follow-up on this in Beauregard's response.

Moreover, Beauregard maintained that having done business with Les Entreprises Pesant in the past, a company with an unblemished past, Beauregard therefore trusted its capacity to carry out the work and had no reason to put the co-contractor's good faith into question. In addition, Beauregard believed that it had conducted reasonable and necessary checks to ensure compliance with its contract.

First, Pascal Pesant had himself verbally confirmed to Michel Chalifoux that he was dumping the sludge at the Gascon site. Second, Michel Chalifoux could not infer that because Les Entreprises Pesant was using the mill's scale the sludge was not being dumped at Gascon. According to Beauregard, disposal sites often do not have a calibrated scale, and therefore Les Entreprises Pesant may have had to have the weighing done

¹⁵ The Villeray—Saint-Michel—Parc-Extension and Saint-Léonard boroughs did not hold any startup meetings.

elsewhere. Lastly, Les Entreprises Pesant's work orders contained a note confirming that the sludge was being disposed of in accordance with Beaugard's bids.

Based on the fact that Pascal Pesant said that he had not asked for anyone's permission to dump the sludge on his farmland and did not tell Michel Chalifoux about it, Beaugard therefore concluded that neither Michel Chalifoux or Beaugard management, namely Dany Fréchette, the business manager and the municipal contract coordinator, had been aware that Les Entreprises Pesant was dumping the sludge on its farmland. Consequently, it cannot be held liable for the latter's actions.

This presentation by Beaugard does not stand up to the facts gathered during the course of the investigation and presented previously, starting with the statements made by Michel Chalifoux himself and the transfer site employee. In fact, while this Beaugard employee admitted to knowing that the sludge was being dumped since 2017, even 2016, Michel Chalifoux acknowledged believing that least a small portion of the sludge was being dumped on Pascal Pesant's farmland, even though it was not all the loads. These two (2) pieces of evidence were not addressed in Beaugard's response.

As for the verifications that were done by Beaugard, without reiterating the entire presentation made under subsection 4.5.3.4, the evidence instead shows that said verifications were largely inadequate based on the above statements made by Michel Chalifoux and all the other signs that he could see, such as the inconsistency of the times on the weight tickets with a round trip to the Gascon site in Ontario, to name just one example. On the contrary, by not checking the plausibility of the note to dump the sludge at Gascon, Beaugard deliberately breached its contractual obligations, and Michel Chalifoux, despite his knowledge of these irregularities, took no steps to correct them.

4.5.5 Pascal Pesant and Les Entreprises Pesant's response to the Notice

Pascal Pesant responded that he had no comments to make regarding the Office of Inspector General's investigation other than what he had already told investigating officers, and that he would be awaiting a decision.

4.5.6 Findings related to sludge disposal

Based on the evidence gathered during the course of the investigation, the Inspector General concluded that Les Entreprises Pesant had dumped sludge collected during the performance of various contracts related to calls for tenders 19-17357 and 19-17453 on Pascal Pesant's farmland. She also concluded that Beaugard, namely via Michel Chalifoux and the transfer site employee, was aware that this was taking place. Based on



this situation, which had been going on since 2016, it can be inferred that in submitting its bid, Beaugard intended to use the same practices with Les Entreprises Pesant, which was not complying with the sludge disposal requirements set out in the specifications. This fifth category of contractual breaches is therefore founded.

4.6 *By-law on contract management*

Pursuant to section 573.3.1.2 of the *Cities and Towns Act*, on June 18, 2018, Ville de Montréal adopted by-law on contract management 18-038 [*Règlement sur la gestion contractuelle*] (hereinafter, “RGC 2018”). Section 3 of RGC 2018 provides that this by-law is deemed to be an integral part of all contracts entered into by Ville de Montréal, including all subcontracts directly or indirectly related to them. RGC 2018 therefore applies to all contracts awarded to Beaugard, as well as the subcontract between Beaugard and Les Entreprises Pesant.

4.6.1 *RGC 2018*

Section 14 of RGC 2018 namely prohibits the commission of fraudulent acts or any other act that may affect the integrity of the performance of any Ville de Montréal contract or subcontract:

[TRANSLATION] “14. No one may, directly or indirectly, when preparing or submitting a bid, or as part of a mutual agreement contract or the performance of any Ville de Montréal contract, engage in or attempt to engage in collusion, bribery or fraudulent practices, or take part in or attempt to take part in any other act that may affect the integrity of the tendering process or selection of the co-contracting party by mutual agreement, or the performance of any contract.”

According to sections 23 and 27 of RGC 2018, any person in breach of section 14, as well as any related person and any person on whose behalf they were acting at the time of the violation, automatically becomes ineligible for Ville de Montréal contracts and subcontracts for a period of five (5) years.

4.6.2 *Amendments to RGC 2018*

On March 23, 2020, the City Council of Ville de Montréal adopted amendments to RGC 2018 that came into effect on March 30, 2020 (18-038-1, hereinafter, “RGC 2020”). Two (2) of them are of particular interest to the matter at hand.

First, the wording of section 14 of RGC 2020 has been slightly revised, while generally having the same effect. Instead of prohibiting collusion, corruption, fraudulent practices or any other act that may affect integrity, the section now refers to fraud, fraudulent tactics or any other act likely to affect integrity:

[TRANSLATION] “14. No one may, directly or indirectly, when preparing or submitting a bid, or as part of a mutual agreement contract or the performance of any Ville de Montréal contract, engage in or attempt to engage in fraud, fraudulent tactics or take part in or attempt to take part in any other act that may affect the integrity of the tendering process or selection of the co-contracting party by mutual agreement, or the performance of any contract.”

Second, Ville de Montréal has reviewed the penalties that may apply in the event of a violation of section 14. Three (3) types of penalties now apply under section 24 of RGC 2020, either individually or in combination:

- Declaration of ineligibility for the offender, any related person, as well as any person on whose behalf said person was acting at the time of the offence, for a period of up to five (5) years;
- Monetary penalty;
- Any specific control measures appropriate to the offence that was committed.

RGC 2020 also specifies the procedure which Ville de Montréal must follow before imposing a penalty (sect. 24.1) and the factors that may be taken into account in determining the penalty to be imposed (sect. 24.2).

4.6.3 RGC to be applied in this case

RGC 2020 was adopted after the investigation and the transmission of the Notice on February 27, 2020, but before this report was submitted by the Office of Inspector General. Therefore, an amended Notice was sent to Beauregard, Pascal Pesant and Les Entreprises Pesant inc., as well as to Michel Chalifoux.

In its response, Beauregard was in favour of applying RGC 2018, arguing that its actions should be judged on the basis of the provisions of the tender documents and associated appendices, including the RGC, as they stood when the bids were submitted. Beauregard has completely rejected the idea that the amendments and penalties in RGC 2020 may apply to its case, since it believes this would be contrary to the principle of non-retroactivity of laws.

It is true that RGC 2018 was in effect when calls for tenders 19-17357 and 19-17453 were issued and the related contracts were concluded. It is also true that under section 7.04 of the contract governance related to calls for tenders 19-17357 and 19-17453, Beauregard stated having reviewed RGC 2018.

Hence, the Inspector General is in partial agreement with Beauregard's position, believing that the facts revealed by the investigation should be assessed on the basis of the 2018 version of section 14. However, the Inspector General believes that the ineligibility rules



under RGC 2020 should be applied. In fact, by stipulating a possible maximum period of ineligibility of five (5) years rather than an automatic period of five (5) years, these rules may benefit the offenders under Ville de Montréal's application of sections 24.1 and 24.2. Under the general principles of applicable law, in the event of the liberalization of a penalty that would occur after the act in question has been committed but before the penalty is imposed, an offender is presumed to be able to benefit from it.

However, the monetary penalty and the specific control measure should not be enforceable in this case, since given that they did not exist in one form or another in RGC 2018, Beauregard could not enter into the contract knowing that these were consequences for which it was liable.

4.6.4 Violations of section 14 of RGC 2018

First, under the law, fraudulent acts are a type of fraud in the form of “trickery, clever or crude stratagems for the purpose of deception” [TRANSLATION] without necessarily being criminal offences.¹⁶

Four (4) criteria must be met to prove a fraudulent act, namely that there was an error concerning a co-contractor, its materiality, the intent to deceive the other co-contractor, and the fact that the fraud originated from the latter or was known by him.¹⁷

In light of the above findings, the Inspector General believes that the investigation revealed that two (2) types of fraudulent acts were committed in the preparation of bids and in the performance of the contracts under calls for tenders 19-17357 and 19-17453.

4.6.4.1 Sludge dumped on Pascal Pesant's farmland

First, Michel Chalifoux and Beauregard committed a fraudulent act by assuring Ville de Montréal, both in the company's bids prepared by Michel Chalifoux and subsequently, that the sludge collected in cleaning the catch basins and sewers would be disposed of at the Gascon site, even though Michel Chalifoux knew that it would be dumped on Pascal Pesant's farmland.

For their part, Pascal Pesant and Les Entreprises Pesant dumped the sludge collected from the catch basins and sewers on their farmland, contrary to the specifications and

¹⁶ BAUDOIN, Jean-Louis, Pierre-Gabriel JOBIN and Nathalie VÉZINA, *Les obligations*, 7^e éd., Éditions Yvon Blais, Cowansville, 2013, par. 229.

¹⁷ *Id.*, par. 223 and following; KARIM, Vincent, *Les obligations*, Vol. 1, 4^e éd., Wilson & Lafleur, Montréal, 2015, par. 1106.

what the note “Dump at Gascon, Alfred, Ontario” written on most of their daily work orders suggested.

Second, the error induced by Michel Chalifoux, Beauregard, Pascal Pesant and Les Entreprises Pesant definitely pertained to an essential element of the contracts under calls for tenders 19-17357 and 19-17453, namely, the disposal of sludge at an MELCC-accredited disposal site. Along with sewer and catch basin cleaning, these were essential obligations which Beauregard and Les Entreprises Pesant had to meet, as evidenced by the thirteen (13) clauses and other references in the various tender documents. In addition, by offering an unusually low price on several of its bids for the disposal of cleanup waste, knowing that it would not be dumping the waste at an authorized site, Beauregard was misleading Ville de Montréal and therefore had an unfair advantage over other bidders whose proposed prices met the specifications in this respect.

Third, there is undeniable evidence that the sludge was intentionally dumped on the farmland. Les Entreprises Pesant and Pascal Pesant, for their part, agreed for their invoices to contain false and misleading information suggesting that their trucks had gone to Gascon. Beauregard’s bids were prepared by Michel Chalifoux, who stated in them that the sludge would be disposed of at the Gascon site, whereas he knew that would not be the case.

Lastly, for the same reasons, it has been shown that the fraudulent act was unquestionably committed by Les Entreprises Pesant and Pascal Pesant, while their trucks were dumping the sludge on Pascal Pesant’s farmland, as well as by Beauregard and Michel Chalifoux, the latter being the one who prepared Beauregard’s bids.

4.6.4.2 Repeated overbilling in relation to sludge weight

The second type of fraudulent act was repeated overbilling by Beauregard and Michel Chalifoux in relation to the sludge weight that was invoiced, which he was aware of because he reviewed all the invoices. It evidently pertains to a key element of the contracts under calls for tenders 19-17357 and 19-17453, namely, the price paid by Ville de Montréal for sludge disposal.

Intent, for its part, can be established in a number of ways. With respect to the decanting requirement, Michel Chalifoux himself acknowledged that the Ville de Montréal project managers were very insistent on it in their discussions. However, not only does the investigation prove that Beauregard did not comply with this obligation, but the company’s response to the Notice described these contractual requirements as being “general” and “random rules,” and noted that Beauregard gave instructions contrary to the specifications by having its employees perform the decanting several times during the day rather than



thirty (30) minutes at the end of the day. The net result of these actions was to increase the volume of the sludge that was measured and then invoiced to Ville de Montréal.

Furthermore, both Michel Chalifoux's statements regarding the inclusion of the weight of the water in the trucks' side tanks and use of a ruler-based measurement with undated photos with a poor contrast showed that the importance of establishing an accurate and reliable weight for the sludge invoiced to Ville de Montréal was minimized.

As for the cumulative billing when performing the sewer cleaning contracts in the Outremont and Verdun boroughs, these were not isolated errors, since the investigation revealed in each of these boroughs that there had been two (2) and three (3) overbilling periods, respectively. Furthermore, three (3) daily work orders produced for the Verdun borough showed that the truck operator took the time to calculate a net weight for the sludge collected the previous days. However, Beauregard still billed the cumulative sludge weight to the Verdun borough.

Lastly, with respect to the criterion whereby Beauregard committed the fraudulent act, that is undeniable, as Beauregard would issue the invoices, which were first checked by Michel Chalifoux.

4.6.5 Recommendation regarding the period of ineligibility

As two (2) violations of section 14 of RGC 2018 were identified in this report and brought to Ville de Montréal's attention, the latter shall therefore determine the appropriate penalty and the period of ineligibility for public contracts, as the case may be, in accordance with sections 24 and following of RGC 2020.

Under section 57.1.8 of the *Charter of Ville de Montréal*, the Inspector General's legislative mandate includes the power to recommend to City Council any measure aimed at preventing any breach of integrity in the awarding of contracts by Ville de Montréal or their performance, as well as any measures aimed at promoting compliance with Ville de Montréal's legal provisions and requirements with respect to the awarding of contracts or contract performance.

Since the declaration of ineligibility has the direct effect of preventing future breaches of integrity on the part of the offender while promoting compliance with the RGC by other bidders, the Inspector General feels authorized to recommend, based on this report, that Beauregard and Michel Chalifoux be declared ineligible for Ville de Montréal contracts and subcontracts for a period of five (5) years. Furthermore, the Inspector General recommends that Pascal Pesant and Les Entreprises Pesant be declared ineligible for a period of three (3) years.

These recommendations are based on the Inspector General's following assessment of the non-exhaustive list of five (5) factors that must be considered in determining the penalty to be imposed under section 24.2 of RGC 2020:

[TRANSLATION] “24.2. Ville de Montréal shall determine the penalty to be imposed under section 24 based, namely, on the following factors:

- 1) Benefits derived from the commission of the offences;
- 2) Degree of planning associated with the offence and period during which it was committed;
- 3) Impact of the violation for Ville de Montréal;
- 4) Prior offences and penalties for similar acts;
- 5) Adopting measures to reduce the likelihood of other offences being committed.”

(i) Benefits derived from the commission of the offences

The low prices submitted by Beaugard for sludge disposal, made possible by the company not having to pay any fees to an MELCC-accredited disposal site, gave it a competitive advantage over other bidders. In this respect, the fact that Beaugard was awarded contracts related to calls for tenders 19-17357 and 19-17453, with Michel Chalifoux’s assistance, as were Pascal Pesant and Les Entreprises Pesant in their capacity as subcontractors, constitutes a benefit derived from the commission of fraudulent acts related to the illegal dumping of sludge.

Furthermore, there were also the benefits derived by Beaugard, with Michel Chalifoux’s help, related to the various instances of overbilling.

Pascal Pesant, for his part, charged for his backfilling operations without worrying about the legality of such activities.

(ii) Degree of planning associated with the offence and period during which it was committed

Upon initial examination, the degree of planning on the part of Michel Chalifoux and Beaugard may not appear extensive, as it involved making a false statement in the company’s bids and dumping sludge on farmland. However, it should be reiterated that the evidence reveals that Michel Chalifoux, a representative of Beaugard, asked that a note confirming that the sludge was being transported to the Gascon site be added to Les Entreprises Pesant’s work orders.

Given the evidence that there was an agreement between Les Entreprises Pesant and Beaugard that preceded the submission of bids in 2019 by several years, it can be concluded that a significant degree of planning in this respect was involved on Beaugard’s part.



There was a similar situation with respect to overbilling. While it may seem relatively easy to overbill when invoices are based on weight tickets, it is also important to consider what preceded the weighing. However, Beauregard's response reveals that with regard to the decanting operation, instructions were given to Beauregard employees that violated the company's contractual obligations under call for tenders 19-17453.

With respect to the period during which the offence was committed, it is notable for the illegal dumping of sludge dating back to the start of the performance of the contracts under calls for tenders 19-17357 and 19-17453. The overbilling occurred periodically and repeatedly.

The Inspector General has concluded, however, that the degree of planning of the violation of the by-law on contract management by Pascal Pesant and Les Entreprises Pesant was not as great as in the case of Michel Chalifoux and Beauregard. In fact, the investigation shows that Beauregard used Pascal Pesant to dispose of the sludge, but Mr. Pesant still agreed to have false entries added to his company's invoices.

(iii) Impact of the violation for Ville de Montréal

The impact on Ville de Montréal is twofold. First, Ville de Montréal ended up paying for services that were not rendered in the case of the sludge dumped on farmland rather than disposed of at an accredited site, as well as overpaying for services that were overcharged.

Second, the illegal dumping resulted in Ville de Montréal failing to meet its obligations under the *Environment Quality Act*, namely, of preventing the discharge of contaminants into the environment and ensuring that its sludge, considered waste in its contractual documents, is disposed of in accordance with the law.

The impact of the illegal dumping arises from both the actions of Michel Chalifoux and Beauregard, as well as those of Pascal Pesant and Les Entreprises Pesant. As such, there is no distinction between the contractor and the subcontractor in terms of the impact on Ville de Montréal.

(iv) Prior offences and penalties for similar acts

None of the offenders in this case, namely Michel Chalifoux, Beauregard, Pascal Pesant or Les Entreprises Pesant, had been imposed previous penalties for similar acts.

(v) Adopting measures to reduce the likelihood of other offences being committed

Far from adopting such measures, Beauregard continued to use Les Entreprises Pesant's transport services in January and February 2020, even after Michel Chalifoux and Dany Fréchette were informed in December 2019 of the investigation's findings regarding the dumping of sludge on Pascal Pesant's farmland. As previously stated, Beauregard provided no clarifications in this respect in its response to the Notice, and other than a statement in which it disapproved of the actions of Pascal Pesant and Les Entreprises

Pesant, the company did not mention having stopped doing business with them or what corrective measures were implemented to prevent the breaches revealed by the Office of Inspector General's investigation.

Similarly, despite Michel Chalifoux telling investigative officers that he believed that a small portion of sludge was being dumped on Pascal Pesant's farmland, Beaugard denied having violated RGC 2018 in its response to the Notice. On the contrary, even when Beaugard saw in the Notice all the facts revealed by the above investigation, it instead chose to maintain that Michel Chalifoux was not a member of Beaugard management, but rather a volunteer consultant and mentor, with no actual title, who provided advice on numerous occasions to different departments, without hiring the company.

In its response to the Notice, Beaugard also did not refer to any action taken to meet the decanting requirements in the specifications or to prevent the risk of overbilling.

Given these circumstances, there is concern of a high risk of repeat offences.

As Pascal Pesant chose not to comment in his response to the Notice, it cannot be known whether he implemented any corrective measures at Les Entreprises Pesant.

In light of the above, the Inspector General believes that a period of ineligibility of five (5) years would be appropriate for Michel Chalifoux and Beaugard, and of three (3) years for Pascal Pesant and Les Entreprises Pesant.

5. Conclusions and Recommendations

5.1 *Contracts awarded to Beaugard rescinded*

Section 57.1.10 of the *Charter of Ville de Montréal* states two (2) cumulative criteria that allow the Inspector General to intervene to rescind a Ville de Montréal contract:

1. She must find a breach of one of the call for tender or contract document requirements, or that some of the information provided as part of the contract-awarding process is false;
2. She must be of the opinion that the seriousness of the breach observed justifies rescinding the contract.

In this case, the investigation enabled the Inspector General to determine that several requirements of calls for tenders 19-17357 and 19-17453 were not met:

- Catch basins that were not cleaned were billed to the Pierrefonds-Roxboro borough;



- Catch basin flow tests, which had to be conducted systematically, were not done, but still billed to the Côte-des-Neiges—Notre-Dame-de-Grâce borough;
- The decanting period of thirty (30) minutes following the cleaning of the last catch basin, though explicitly required in the specifications, was not systematically performed, which had the effect of increasing the resulting weight when the sludge collected from the catch basins was weighed;
- The sludge weight was overbilled in several respects;
- The sludge resulting from the catch basin and sewer cleaning was dumped on Pascal Pesant's farmland;
- Fraudulent acts under RGC 2018 were observed.

In terms of the severity of dumping sludge on farmland, there was clearly a flagrant violation of the mandatory and basic requirements in the specifications, whereas this was a key consideration in the specifications, and a separate price was involved for the first time regarding the disposal of the catch basin and sewer sludge.

With respect to the deliberate violation of Ville de Montréal's decanting requirements, it is all the more serious given the importance given by Ville de Montréal to this contractual obligation that was clearly communicated to potential co-contractors through highlighting, bold text and capital letters. The other violations revealed by the investigation are just as indicative of the company's tendency to disregard its contractual commitments.

In short, the Inspector General believes that the two (2) conditions required by section 57.1.10 of the Charter of Ville de Montréal have been met in this case and, consequently, she is rescinding the ten (10) contracts under call for tenders 19-17453 and two (2) of the three (3) contracts under call for tenders 19-17357 that were awarded to Beaugard.

With respect to the third contract under call for tenders 19-17357, namely the contract granted by the Plateau-Mont-Royal borough council, the Inspector General cannot rescind it as the investigation could not establish whether there was a breach of any of its requirements.

In fact, as mentioned in subsection 4.4.5, while the truck's GPS data initially suggested that sludge had been collected in other boroughs and then tallied and billed to the Plateau-Mont-Royal borough, said data were excluded following an analysis of the supporting documents submitted by Beaugard in its response to the Notice. With respect to the dumping of sludge on Pascal Pesant's farmland, the contract for this borough is the only one that was started after investigators began meeting employees from Beaugard and Les Entreprises Pesant's employees. Therefore, despite any doubts regarding the disposal of sludge in accordance with the specifications, the investigation is unable to determine non-compliance at this point in time.

However, the Inspector General believes that in acting as it did, Beaugard has irremediably undermined the relationship of trust contractually binding it to Ville de Montréal. Therefore, she recommends that the Plateau-Mont-Royal borough council rescind the contract it awarded to Beaugard subsequent to call for tenders 19-17357.

5.2 *Recommendations to Ville de Montréal*

To conclude, the Inspector General wanted to make a few comments regarding Ville de Montréal's oversight of sludge disposal, both via tender specifications and more generally.

Calls for tenders 19-17357 and 19-17453 required bidders to include the authorization certificate issued by MELCC for the disposal site they would be using for the performance of the contracts. The investigation revealed that several bidders had copies of certificates from one or more disposal sites and would only make a photocopy which they would include with their bids.

As the present case shows, including such a photocopy with a bid does not in itself provide Ville de Montréal with a guarantee that the successful bidder has an agreement with said site and that Ville de Montréal's sludge will be disposed of there.

In addition, there is the fact that several companies do not own a disposal site and instead temporarily use a transfer site. At these interim sites, the company mixes the sludge that was collected during operations across all the areas it covers. Ville de Montréal's sludge is thus mixed with sludge from other municipalities or individual customers. Therefore, even if the contractor provides a weight ticket from the disposal site, it is difficult for Ville de Montréal to make sure that the disposal of its sludge was actually carried out.

These findings have led to two (2) recommendations. The first recommendation is that Ville de Montréal obtain from the successful bidder a commitment letter from the disposal site indicated in its bid confirming acceptance of waste specifically generated through the performance of the contract.

Note that since a new catch basin cleaning call for tenders was already under way, investigators from the Office of Inspector General met with Procurement Department representatives after the Notices were sent and informed them of the above-mentioned findings. The Inspector General would like to point out that the Procurement Department quickly decided to issue an addendum to address the issues that were noted, including the requirement for such a commitment letter.

With respect to the second recommendation, the Inspector General believes that Ville de Montréal should have a catch basin and sewer sludge management plan. The latter should be consistent with the approach outlined in the Office of Inspector General's report on contaminated soil management, which, after consulting Ville de Montréal's various key



players, including the Environment Department, recommended using interim storage sites to reduce travel, contain costs and curb illegal dumping.¹⁸

In fact, on the one hand, this case demonstrates that the measures implemented by Ville de Montréal are not sufficient to counter fraudulent acts such as those observed in this case. On the other hand, it would be unrealistic for Ville de Montréal to follow every truck cleaning its infrastructures, especially since the volume of sludge resulting from such work is relatively small compared to other waste Ville de Montréal has to manage.

In light of these findings, Ville de Montréal should look into the possibility of using its existing temporary storage sites or setting up new sites for the interim management of the sludge generated during the performance of its future catch basin and sewer cleaning contracts.

¹⁸ See the “*In-depth investigation: Contaminated soil management*” section in the 2019 mid-year report of the Office of Inspector General, page 8 and following.

FOR THESE REASONS,

The Inspector General

RESCINDS all the contracts awarded to Beauregard Environnement Ltée following call for tenders 19-17453, namely:

- The contract awarded by the Côte-des-Neiges—Notre-Dame-de-Grâce borough council on June 3, 2019 under resolution CA19 170158;
- The contract awarded by the Outremont borough council on June 3, 2019 under resolution CA19 16 0200;
- The contract awarded by the Pierrefonds-Roxboro borough council on June 3, 2019 under resolution CA19 29 0153;
- The contract awarded by the Anjou borough council on June 4, 2019 under resolution CA19 12119;
- The contract awarded by the Saint-Laurent borough council on June 4, 2019 under resolution CA19 08 0262;
- The contract awarded by the Villeray—Saint-Michel—Parc-Extension borough council on June 4, 2019 under resolution CA19 14 0166;
- The contract awarded by the Mercier—Hochelaga-Maisonneuve borough council on July 2, 2019 under resolution CA19 27 0215;
- The contract awarded by the Saint-Léonard borough council on July 2, 2019 under resolution CA19 13 0168;
- The contract awarded by the Sud-Ouest borough council on August 12, 2019 under resolution CA19 22 0215;
- The contract awarded by the Ville-Marie borough council on September 10, 2019 under resolution CA19 240383;

RESCINDS two (2) of the contracts awarded to Beauregard Environnement Ltée following call for tenders 19-17357, namely:

- The contract awarded by the Verdun borough council on May 7, 2019 under resolution CA19 21 0097;



- The contract awarded by the Outremont borough council on August 15, 2019 under resolution CA19 16 0289;

RECOMMENDS to the Plateau-Mont-Royal borough council to rescind the contract awarded to Beauregard Environnement Ltée on June 3, 2019 under resolution CA19 25 0175.

INFORMS Ville de Montréal of the breach by Beauregard Environnement Ltée and Michel Chalifoux of Section 14 of the by-law on contract management in its version in force at the time of the facts described above.

RECOMMENDS that, in accordance with the provisions of the by-law on contract management currently in force, Beauregard Environnement Ltée and Michel Chalifoux be listed on Ville de Montréal's Register of Ineligible Persons for a period of five (5) years.

INFORMS Ville de Montréal of the breach by 9108-4566 Québec inc. and its president, Pascal Pesant, of section 14 of the by-law on contract management (RGC) in its version in force at the time of the facts described above.

RECOMMENDS that, in accordance with the provisions of the by-law on contract management currently in force, 9108-4566 Québec inc. and its president, Pascal Pesant, be listed on Ville de Montréal's Register of Ineligible Persons for a period of three (3) years.

RECOMMENDS that Ville de Montréal require the successful bidder of a contract involving the disposal of waste at accredited disposal sites to provide it with a letter of commitment from said centre in which the latter agrees to take the waste from the successful bidder specifically for the purposes of contract performance.

RECOMMENDS that Ville de Montréal have a plan for the management of sludge generated during the performance of its future catch basin and sewer cleaning contracts, namely by exploring the possibility of operating its existing temporary storage sites or setting up new sites for the transitional management of such sludge.



SENDS, pursuant to section 57.1.10 of the *Charter of Ville de Montréal*, a copy of this decision to the Mayor and to the City Clerk, who shall forward it to the City Councils concerned.

REPORTS the findings, in accordance with section 57.1.18 of the *Charter of Ville de Montréal*, to the Anti-Corruption Commissioner.

SENDS, pursuant to section 57.1.18 of the *Charter of Ville de Montréal*, the relevant information that was gathered to the Autorité des marchés publics with regard to its mandate under Chapter V.2 of the *Act Respecting Contracting by Public Bodies*.

The Inspector General,

Brigitte Bishop

ORIGINAL SIGNED