

October 8, 2026

Matt Torri
Department of Sanitation
1300 Perdido St
New Orleans, LA 70130

Joseph Giarrusso, III
Chief Administrative Office
1300 Perdido St
New Orleans, LA 70130

Re: Department of Sanitation Contractor Cost Analysis

Dear Mr. Torri and Mr. Giarrusso:

The New Orleans Office of Inspector General (OIG) is authorized to comment on “rules, regulations, policies, procedures, and transactions” for the purpose of preventing fraud, waste, and abuse, or promoting efficient and effective government.¹ The purpose of this letter is to discuss the City’s reliance on private contractors to perform services within the scope of City departments. During an ongoing evaluation involving the City of New Orleans (City) Department of Sanitation (Sanitation), OIG evaluators identified potential cost savings for the City in one of the contracts under review.² After review and analysis of the costs associated with the contract, OIG evaluators determined that the City could save approximately \$13,167,592 over the course of 10 years by hiring staff to perform the work in-house.

Sanitation was responsible for cleaning up illegal dumping in New Orleans and responded to illegal dumping service requests that were submitted through the City’s 311 Call Center. However, Sanitation workers attributed a backlog in responding to these complaints to limited resources. While Sanitation staff felt they were capable of responding to illegal dumping complaints in-house, they believed understaffing and underinvestment in Sanitation services resulted in poor services provided to New Orleans residents, including poor response times to illegal dumping. In an effort to remedy the backlog of illegal dumping complaints, Sanitation expanded the use of multiple existing contracts with MDL, a private contractor, to provide supplemental equipment and operators (front-end loaders and roll-offs) to address illegal dumping response services during the years 2022-2025.³

¹ City Charter Sec. 9-401(2); City Code Sec. 2-1120(2) and (10)(f).

² The results of the ongoing OIG evaluation of Sanitation’s illegal dumping response will be released when the evaluation is released in early 2027.

³ Sanitation did not use MDL to respond to illegal dumping complaints in 2026 due to budget constraints.

MDL charged hourly rates to provide supplemental equipment and experienced operators to assist with the collection of debris resulting from special events, such as Mardi Gras parades. This included rates for front-end loaders, roll-off trucks, and operators for both. Although the contract was originally intended to handle clean-up for special events, Sanitation used the contract to also provide illegal dumping response. However, MDL was not licensed to haul waste tires in the state and only cleaned general debris from illegal dump sites. Consequently, Sanitation staff were required to clean up all sites with illegally dumped tires and to revisit sites cleaned by MDL where loose tires were present, resulting in a duplication of efforts. OIG evaluators analyzed a sample of 686 illegal dumping complaints from 2025 and found that at least 22% of complaints involved illegally dumped tires, calling into question the efficiency of using a contractor who did not have the requisite tire haul licensing to respond to illegal dumping complaints.

In consideration of this duplication and the statements by Sanitation staff, OIG evaluators compared the cost of the illegal dumping response conducted by MDL to an in-house response operated by Sanitation. To do so, evaluators reviewed the MDL Special Events contracts and illegal dumping invoices, and sought information regarding the price of buying new, comparable heavy machinery (roll-off trucks, front-end loaders), and the estimated operating costs associated with this machinery. OIG evaluators also reviewed Sanitation staffing plans and personnel costs to estimate the costs associated with an in-house illegal dumping response.

Cost Analysis Comparing Illegal Dumping Contractor Costs to a Potential City-Operated Response

The OIG reviewed invoices from 2023-2025 and found that the Department of Sanitation paid MDL \$5,507,944 over the three years to assist with illegal dumping clean-up and response. For illegal dumping cleanup, the City paid MDL \$140.00 per hour for roll-off trucks and between \$225 and \$237.90 per hour for front-end loaders. On average, Sanitation paid MDL the full-time equivalents (FTE) of 1.76 front-end loaders and 3.42 roll-off trucks to clean up illegal dumping.⁴ This calculation included the time for use of the equipment and the associated operator on an annual basis. To make a clear cost comparison between the private contractor and Sanitation, the OIG calculated how much it would cost to use in-house Sanitation crews with the same equipment and staffing levels used by MDL during the years 2023-2025.⁵ Recognizing Sanitation's practice of assigning one additional laborer per front-end loader when responding to illegal dumping, OIG evaluators also included 1.76 FTE laborers for each front-end loader to ensure a conservative estimate.

The OIG's cost analyses used 2026 market prices for sanitation equipment, annual estimated operating costs for equipment, and the total cost of personnel (salary and benefits).⁶ The prospective analysis assumed an annual Consumer Price Index increase of 4.5 percent for MDL and a 4.5 percent increase in personnel costs and operating costs for Sanitation.

Based on these assumptions, the potential savings to the City by using Sanitation employees and equipment rather than a contractor appear to be substantial in this instance. Further, the analysis

⁴ OIG evaluators estimated the hours worked by dividing the hourly rate by the expenses paid to MDL for front-end loaders and roll-off trucks and then converting the annual hours worked into full-time equivalents.

⁵ Evaluators assumed that both entities provide similar levels of service with the same resources.

⁶ These estimates were each provided by City administrators. The OIG did not independently verify the figures.

may underestimate the cost savings, since it included additional laborers in the Sanitation costs and does not account for efficiencies such as using multiple shifts of workers to perform illegal dumping clean-up or assisting with Mardi Gras clean-up with the newly purchased equipment.

Retrospective Cost Analysis

As a baseline, the OIG estimated how much it would have cost the City to provide illegal dumping response services in-house, and compared it to the amount paid to MDL. This included the cost of purchasing comparable equipment, hiring operators, and hiring additional laborers to assist front-end loaders. From 2023-2025, the City paid MDL \$5,507,944 to assist with illegal dumping clean-up. According to the OIG's analysis, the City would have spent \$3,555,313 over the course of three years by bringing the operations in-house, resulting in \$1,952,631 potential economic loss prevented (PELP), or 35 percent of the cost paid to MDL.

Figure 1. 2023-2025 Retrospective Cost Analysis of Illegal Dumping Response

Time Period	MDL	In-House Sanitation	2023-2025 PELP	2023-2025 Cost Savings
2023-2025	\$5,507,944	\$3,555,313	\$1,952,631	35%

Source: OIG analysis based on contractor invoices, financial records, and cost estimates provided by Sanitation

Prospective Cost Analysis

OIG evaluators also performed a ten-year prospective cost analysis using the rates identified in the City's 2025 MDL invoices for waste management equipment (front-end loaders and roll-off trucks). The OIG estimated that the City would spend \$22,938,714 over the next ten years for a similarly structured contract with MDL to provide illegal dumping response. The same equipment and a similar staffing structure operated by the Department of Sanitation would cost the City approximately \$9,771,122, a savings of \$13,167,592, or 57 percent of the cost they might pay private contractors. While the City would spend \$417,865 more in the first year of the switch to in-house services due to the need to purchase new equipment, every year after the first, the City would save over \$1.2 million.

Figure 2. Ten-Year Prospective Cost Analysis of Illegal Dumping Response (2027 – 2036)

Time Period	MDL	In-House Sanitation	PELP	Cost Savings
Year 1 Costs	\$1,866,726	\$2,284,590	-	-
3-Year Costs	\$5,855,964	\$3,701,901	\$2,154,063	37%
5-Year Costs	\$10,212,313	\$5,249,640	\$4,962,673	49%
10-Year Costs	\$22,938,714	\$9,771,122	\$13,167,592	57%

Source: OIG analysis based on contractor invoices, financial records, and cost estimates provided by Sanitation

In both the retrospective and prospective analyses, using a private contractor was slightly cheaper during the first year of the contract (by less than \$450,000), due to the assumption that the City

would need to purchase all necessary equipment.⁷ After purchasing the requisite front-end loaders and roll-off trucks, the City would reap significant savings (over \$1.1 million per year) in both the 2023-2025 retrospective analysis and the ten-year prospective analysis.

Based on this analysis, the OIG recommends the City consider the feasibility of hiring adequate staff and acquiring the necessary resources to provide illegal dumping response services at the Department of Sanitation. Further, the OIG has found that on multiple occasions City Departments hire contractors to perform essential City services that could be performed by City employees. On April 6, 2026, the OIG published a public letter which found that the City could generate an additional \$710,000 to \$1.74 million annually by investing in EMS staffing instead of paying outside contractors to perform EMS services.⁸ These analyses highlight the need for the CAO and department heads to regularly assess the cost benefit of contracting with outside vendors to perform departmental services. Given the City's current fiscal constraints, it is critical to develop mechanisms that ensure public services are being provided in the most cost-effective manner.

Sincerely,



Edward Michel, CIG
Inspector General

⁷ This is a conservative assumption. Sanitation may already have some or all of this equipment available for use, which would lower the cost.

⁸ Ed Michel, Inspector General, Public Letter to Joseph Giarrusso, Chief Administrative Office, RE: New Orleans Emergency Medical Services Staffing and Response Time Concerns (April 6, 2026).