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REPORT NO. 2023-18

TO: Paul Sacco, Director
Department of Solid Waste

CC: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
The Honorable Chair and Members of the Board of County Commissioners
Barry Burton, County Administrator
Jill Silverboard, Deputy County Administrator and Chief of Staff

FROM: Melissa Dondero, Inspector General/Chief Audit Executive *md*
Division of Inspector General

SUBJECT: Investigative Review of the Municipal Recycling Reimbursement Grant Program Involving the City of Clearwater

DATE: August 4, 2023

The Division of Inspector General's Public Integrity Unit has completed an investigative review of the following allegation:

- The City of Clearwater (City) failed to provide required services per the Municipal Recycling Reimbursement Grant.

The Division of Inspector General uses the following terminology for the conclusion of fact/finding(s):

- **Substantiated** – An allegation is substantiated when there is sufficient evidence to justify a reasonable conclusion that the allegation is true.
- **Unsubstantiated** – An allegation is unsubstantiated when there is insufficient evidence to either prove or disprove the allegation.
- **Unfounded** – An allegation is unfounded when it is proved to be false or there is no credible evidence to support it.



To determine whether the allegation was substantiated, we reviewed policies, procedures, and appropriate records. We also contacted and interviewed staff and other parties, as needed. Our investigative review was performed according to the *Principles and Standards for Offices of Inspector General* and *The Florida Inspectors General Standards Manual* from The Commission for Florida Law Enforcement Accreditation.

Our investigative review of the allegation has determined that the allegation noted above was **Unfounded**.

The recommendations presented in this report may not be all-inclusive of areas where improvement may be needed; however, we believe implementation of the recommendations will strengthen the current internal controls.

We appreciate the cooperation shown by the staff of the Department of Solid Waste (DSW) during the course of this investigative review.

A. Background:

The Division of Inspector General received a complaint on March 1, 2023, that the City was not properly disposing of recycling refuse. The City collects recyclables from its residents and is supposed to transfer them to Waste Management's (WM) sorting facility in Tampa. However, in January 2023, the City acknowledged through a press release that it had been bringing its recyclables to the Pinellas County Solid Waste Disposal Complex's landfill instead. The Complainant was familiar with the Pinellas County (County) Municipal Recycling Reimbursement Grant Program (MRG) and alleged that the County potentially reimbursed the City for recycling activities that did not occur. The MRG was established by County Resolution (Resolution) 05-59 and is managed by DSW.

MRG funds, which historically total \$500,000 annually, are allocated to participating municipalities based on the incorporated population. Resolution 05-59 set forth that municipalities may request reimbursement for expenditures that are directly related to and in support of recycling. The MRG includes six categories of eligible expenditures, which include equipment, personnel, operating expenses, products made with recycled content, public education campaign, and construction of recycling facilities.

MRG funds are determined and distributed by fiscal year (FY). For example, municipalities may request reimbursement for expenditures made between October 1, 2022, and September 15, 2023, for the FY 2023 MRG funds. Municipalities submit reimbursement requests which outline expenditures, provide invoices and proof of payment, and demonstrate how such expenditures are directly related to and in support of recycling. DSW staff evaluate and approve reimbursement requests to determine whether expenditures are appropriately categorized, fully documented, and evidenced.



B. Investigative Activity:

During the course of the investigative review, we performed the following to obtain evidence to conclude on the allegation:

- Interviewed DSW management to determine potential County impacts and to develop opportunities for improvement.
- Consulted with the County Attorney to determine any potential legal ramifications if there was a breach of Resolution 05-59.
- Interviewed the Area Director of Recycling Operations for WM to confirm the information reviewed.
- Interviewed the City's interim Solid Waste Director to obtain a statement and to confirm events that occurred.
- Reviewed County records, including the Resolution, budget documents, and reimbursement records, as well as WM and City records.

C. Investigative Conclusions:

During the course of the investigative review, we determined the following facts to conclude on the allegation.

The City's press release in January 2023 acknowledged that it had stopped sending recyclables to WM and diverted recyclables to the County's Solid Waste Complex landfill. The IG determined that the City was allocated \$415,831 in MRG funds from FY 2018 through FY 2022, which ranged from \$82,821 to \$83,528 per fiscal year.

DSW advised that unbeknownst to them, the City was not fulfilling its recycling duties since at least June of 2022, which we confirmed through the City's online reporting portal. The portal shows recycling did not occur from June 2022 through December 2022, except for a period in November 2022.

According to DSW, it was impossible to quantify how much recyclable waste materials went to the County's landfill. Regarding the FY 2022 grant money, the City was reimbursed \$71,528 for personnel costs and \$12,000 for equipment costs for the work period of October 1, 2021, to January 31, 2022, which were allowable. The IG noted that the reimbursements were for recycling-related efforts prior to June 2022. This was the last MRG reimbursement paid to the City as of the date of this report.

According to the City, they had two tractor-trailer trucks break down that caused complications in their solid waste operations in June of 2022. The trucks were used to haul recyclables from the City to WM. Since the trucks were not operational, the City was unable to haul recyclables to WM. The recyclables were still able to be collected from



residents and were consolidated at the City's recycling center. The recyclables began to accumulate from June 2022 until October 2022. During these months, the recyclables were exposed to rain and the elements of outdoor weather, including Hurricane Ian, which caused the recyclables to become contaminated, and WM would refuse to process the recyclables. In addition, residents who normally recycle, dumped and mixed the regular trash with the recyclables making the proper processing of the recyclables a challenge. The City terminated its Solid Waste Assistant Director upon discovering they were responsible for sending the recyclables to the County's landfill.

The City confirmed for at least six months (July 2022 to December 2022), the City was not recycling at all, except for one load, which it brought to Waste Connections located in Saint Petersburg in November 2022. As of January 2023, the City had been hauling recyclables to either Waste Connections in Saint Petersburg or WM in Tampa. During our review, the City was negotiating rates with both companies and hired a consultant to assist with contracting and improving their overall solid waste operations. The City confirmed that they had discussions with DSW that indicated they preferred the City not to submit any recycling reimbursements until the City's recyclables program is functioning adequately.

Even though the City did not recycle for at least six months (June 2022 to December 2022), their prior submissions for reimbursement to the County were for allowable activities per Resolution 05-59. The City was not reimbursed for any costs incurred during the time period when they were not recycling. Therefore, we determined the allegation was unfounded.

D. Investigative Finding and Recommendations:

1. Resolution 05-59 Does Not Address When Municipalities Fail to Support Recycling Efforts.

The spirit of Resolution 05-59 was to promote recycling efforts. The City breached the spirit of the Resolution by not recycling and instead disposing recyclables at the County's landfill. The Resolution does not address or consider such actions. In addition, since the Resolution allows personnel costs to be reimbursed, the County could not recoup grant funds even though recycling did not occur during a portion of the year 2022.

Resolution 05-59 was adopted in 2005 and has met the needs of the County and the municipalities and there has not been a need to amend the Resolution. The City's actions caused a breach of trust within the community and with DSW. DSW indicated landfilling recycled materials is costly because landfill space is limited and is currently facing a capacity issue. However, the cost is unquantifiable since the amount of recyclables delivered to the landfill is not known.



DSW concluded the true impact to the County, and the solid waste community was a damaged reputation and the loss of the public's trust in recycling programs. The primary mission of DSW is outreach and to communicate the need to recycle sustainable material so that those items do not end up in the County landfill. DSW has indicated they are taking steps to modify the reimbursement program, which should include a review of the allowable reimbursements as it relates to personnel costs, as well as identify internal controls the County can implement.

We Recommend Management:

- A. Continue working towards amending Resolution 05-59 to provide the framework for a solid waste diversion program that incentivizes municipal recycling as opposed to subsidizing municipal recycling operation costs.
- B. Consider sanctioning the City from submitting future reimbursement for a period of time for breaching the trust of the County and for landfilling recyclables.

Management Response:

- A. **Management Concurs.** DSW's goal is to revise and revamp the program to best align with DSW's Master Plan and to include criteria that provide for meaningful outcomes. Resolution 05-59 would be amended or superseded by a new resolution to memorialize the revised MRG program. Management concurs that the revised program would not permit any form of subsidy for labor, equipment, or recyclable processing.
- B. **Management Concurs.** Management has sanctioned the City of Clearwater for the next annual MRG Program funding cycle and the City has complied.

MD/JN

