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Legislation Details (With Text)

File #:	F2023-17	Status:	Placed on File
Type:	Report	In control:	City Council
File created:	3/15/2023	Final action:	3/15/2023
Title:	Inspector General's follow-up to audit of Department of Streets and Sanitation commercial and high-density residential recycling enforcement		
Sponsors:	Dept./Agency		
Indexes:	Inspector General, Miscellaneous		
Attachments:	1. F2023-17.pdf		

Date	Ver.	Action By	Action	Result
3/15/2023	1	City Council	Placed on File	

OFFICE OF INSPECTOR GENERAL 23

of the Department of

March 2, 2023

MARCH 2, 2023

## DEBORAH WITZBURG | INSPECTOR GENERAL FOR THE CITY OF CHICAGO 11

# Introduction

The City of Chicago Office of Inspector General (OIG) has completed a follow-up to its December 2020 audit of the Department of Streets and Sanitation's (DSS) enforcement of recycling requirements for commercial and high-density residential buildings (i.e. those with five or more units). Based on DSS's responses, OIG concludes that DSS has fully implemented two corrective actions, partially implemented one corrective action, and has not implemented four corrective actions related to the audit findings.

The purpose of the 2020 audit was to determine whether DSS ensured that building owners provided recycling collection services as required by the Chicago Recycling Ordinance. The Ordinance states that owners or occupants of commercial and high-density residential buildings "shall contract with a private hauler, or cause a contract to be entered into with a private hauler, for the provision of source-separated recycling services [...]."<sup>1</sup> The City is required to provide buildings found in violation of this requirement 30 days to come into compliance. Continued noncompliance can result in fines ranging between \$500 and \$5,000 per day. The Ordinance also requires private haulers to submit annual reports detailing the source, type, and amount of recyclables collected. Such information would assist DSS in calculating waste diversion rates, setting goals, and monitoring progress toward those goals.<sup>2</sup> If private haulers do not submit the annual reports, DSS can notify the Department of Business Affairs and Consumer Protection (BACP) and prevent the renewal of the private hauler's business license.<sup>3</sup>

In addition, OIG evaluated DSS' enforcement of reporting requirements for the City's licensed private haulers-companies engaged in hauling refuse and recyclables from commercial and high-density residential buildings. OIG found that DSS did not thoroughly enforce the Ordinance. DSS's Mobile Electronic Ticketing System (METS) did not allow DSS staff to issue citations for Ordinance violations, creating a significant barrier to enforcement. DSS did not maintain a list of commercial and high-density residential buildings subject to the Ordinance; further, DSS did not ensure that private haulers submitted complete, accurate, and timely annual reports detailing the buildings they served and the amount and type of materials hauled.

Based on the results of its audit, OIG recommended that DSS,

- configure METS to allow DSS staff to issue citations for violations of the Ordinance;
- consistently record and monitor the outcomes of recycling inspections to determine, for example, whether building owners received 30-day notices and ultimately came into compliance or were issued citations;<sup>4</sup>

<sup>1</sup> Municipal Code of Chicago (MCC) § 11-5-30 (a).

<sup>2</sup> The waste diversion rate-the percentage of waste generated that is diverted from landfills by recycling, reuse, composting, and other diversion means-is a key performance indicator in any recycling program.

<sup>3</sup> MCC § 11-5-220(e).

<sup>4</sup> People can make complaints about lack of required recycling services at commercial and high-density residential buildings through the 311 Call Center and the CHI311 app, this creates a work order in its software system, Salesforce. In response to the complaint, DSS staff inspect the building to determine whether there are recycling services. If not, DSS staff should issue a notice that the owner or occupants have 30 days to come into compliance. If the building is still not in compliance after 30 days, DSS staff should issue a citation.

- develop a program, with the City's chief sustainability officer, to enforce the Ordinance proactively, in addition to responding to complaints;<sup>5</sup>
- ensure that haulers submit complete, accurate, and timely reports;
- review each annual report and notify the Department of Business Affairs and Consumer Protection (BACP) of noncompliant haulers so that it can withhold renewal of the hauler's business license until the hauler files a complete report;
- develop procedures to incorporate private haulers' diversion data into a Citywide waste diversion rate;
- review the design of the annual report to ensure it supports the City's recycling goals; and
- ensure that private haulers report all customers who decline recycling services and consider requiring each hauler

to submit a list of buildings it serves.

In its response to OIG's audit, DSS described corrective actions it would take. In May 2022, OIG inquired about corrective actions taken by DSS in response to the audit. Based on DSS's follow-up response, OIG concludes that DSS fully implemented two corrective actions, partially implemented one, and did not implement the remaining four. Specifically, DSS has updated METS to allow issuance of citations for violations of the Ordinance; improved its use of Salesforce, ensuring that staff record and monitor the outcomes of recycling complaints; and reminded private haulers to submit their annual reports by the required deadline. DSS has worked with BACP to suspend the business licenses of private haulers who did not comply. OIG urges DSS to develop a proactive approach to enforcing the Ordinance and review the design of the annual hauler report to ensure that it captures the information necessary to assess whether the City is meeting its recycling goals. Additionally, DSS should ensure that private haulers submit accurate and complete reports, report customers who decline recycling services, and consider requiring private haulers to submit a list of buildings served. Below, OIG summarizes its two audit findings and recommendations, as well as DSS's response to the follow-up.

OIG thanks the staff and leadership of DSS for their cooperation during the audit and responsiveness to the follow-up inquiries.

5 In June 2020, Mayor Lightfoot appointed the City's first chief sustainability officer to coordinate sustainability efforts across City departments and "help advance the mayor's environmental and climate agenda." City of Chicago Office of the Mayor, "Mayor Lightfoot Announces Chief Sustainability Officer to Join Administration," June 11, 2020, accessed February 6, 2023, <<https://www.chicago.gov/city/en/depts/mayor/Dress%20room/press%20releases/2020/june/ChiefSustainabilityOfficer.html>>

## II | Follow-Up Results

In May 2022, OIG followed up on its December 2020 audit of DSS's enforcement of recycling requirements for commercial and high-density residential buildings (i.e. those with five or more units).<sup>6</sup> DSS responded by describing the corrective actions it has taken and providing supporting documentation. Below, OIG summarizes its two original findings, the associated recommendations, and the status of DSS's corrective actions in response to those recommendations. OIG did not observe or test implementation of the new procedures in this follow-up; thus, it makes no determination as to their effectiveness, which would require a new audit with full testing.

**| Finding 1: DSS does not ensure that commercial and high-density residential building owners provide recycling services.**

### **OIG Recommendation 1 |**

OIG recommended that DSS work with the Department of Law (DOL) and the Department of Assets, Information and Services (AIS), if necessary, to configure METS to allow DSS staff to issue citations for violations of the Ordinance.

### **State of Corrective Action 1 | Fully Implemented**

DSS, DOL, and AIS updated METS in February 2021 to allow DSS staff to issue citations for violations of the Chicago Recycling

Ordinance. In March 2021, DSS trained its staff on the updated steps for enforcement. DSS is now able to compile citation reports from METS for high-level review.

## OIG Recommendation 2 |

OIG recommended that DSS consistently record and monitor the outcomes of recycling inspections to determine, for example, whether building owners received 30-day notices and ultimately came into compliance or were issued citations.

## State of Corrective Action 2 | Fully Implemented

DSS has improved its use of Salesforce, ensuring that staff record and monitor the outcomes of recycling inspections. Staff can document a variety of inspection data, including the date of an inspection and Ordinance compliance outcomes. Staff can also attach photos to the Salesforce record, and use Salesforce reports to monitor the number of complaints received and compliance outcomes.

## OIG Recommendation 3 |

OIG recommended that DSS, in coordination with the City's new chief sustainability officer, develop a proactive approach to enforcing the Ordinance, in addition to responding to complaints. An effective approach would likely require DSS to,

6 City of Chicago Office of Inspector General "Department of Streets and Sanitation Commercial and High-Density Residential Recycling Enforcement Audit," December 2, 2020, <<https://iachicaao.org/wp-content/uploads/2020/12/DSS->Commercial-and-High-Density-Recycling-Audit.pdf>.

- a. create and maintain a complete and accurate list of buildings subject to the Ordinance, as well as the buildings' compliance statuses. This may require the assistance of other City departments (e.g., Law, Buildings, and Planning and Development);
- b. set goals for the number and frequency of inspections, and measure its performance against those goals;
- c. develop a random or risk-based method of selecting which buildings to inspect; and
- d. define a standardized inspection process for determining compliance with all provisions of the Ordinance, including the building owners' duty to implement education programs informing occupants about recycling services.

## State of Corrective Action 3 | Not Implemented

DSS has not implemented a proactive enforcement strategy and currently only responds to complaints about a lack of recycling services. The Department stated it will use eight new staff positions approved in the 2022 budget to develop programs to enforce the recycling ordinance.

Regarding the complaint-based approach, DSS has distributed a standardized recycling inspection process to staff to promote consistent and effective inspections. The process provides guidance regarding on-site inspection procedures, the documentation of outcomes in Salesforce, and the issuance of 30-day notices and citations in METS. These are new changes which should improve the Department's response to complaints.

OIG maintains that to ensure commercial and high-density residential building owners provide recycling services, DSS should develop a proactive enforcement approach to enforce the Ordinance, in addition to responding to complaints alleging lack of recycling services.

**| Finding 2: DSS does not ensure that private haulers submit complete, accurate, and timely annual reports detailing the buildings they served, and the amount and type of materials hauled. DSS also cannot determine program outcomes and diversion rates.**

## OIG Recommendation 4 |

OIG recommended that DSS ensure that private haulers submit complete, accurate, and timely annual reports. As required by the

Ordinance, DSS should review each report and notify BAOP of noncompliant haulers.

## State of Corrective Action 4 | Partially Implemented

In January 2022, DSS reminded private haulers to submit their annual reports by the February 28 deadline. The Department subsequently worked with BACP to suspend business licenses for noncompliant private haulers. Instead of undertaking a detailed review of the annual reports for completeness and accuracy, DSS is focused on improving reporting and reducing redundancies by analyzing relevant processes across all City departments involved in waste management. While OIG recognizes the importance of a broad waste management review, OIG urges DSS to review haulers' annual reports to ensure accuracy and completeness.

### OIG Recommendation 5 |

OIG recommended that DSS review the design of the annual report to ensure it supports the City's recycling goals. Such review would include,

- a. determining data collection goals and conclusions to be drawn from the reports; and
- b. ensuring the reports are designed to accurately capture the data necessary to evaluate the goals and make conclusions.

## State of Corrective Action 5 | Not Implemented

The private hauler reports remain unchanged. DSS stated that it is working with a mayoral fellow to identify all departments with similar data collections responsibilities and that it will pursue a software solution, to be implemented in 2023, that will replace the private hauler reports. As DSS pursues a software solution, OIG urges the Department to set data collection goals and ensure the electronic format can measure relevant data.

### OIG Recommendation 6 |

OIG recommended that DSS develop procedures to incorporate elements of private haulers' diversion rates into a Citywide waste diversion rate.

## State of Corrective Action 6 | Not Implemented

DSS is working with a mayoral fellow to identify all City Departments involved in waste management and with the chief sustainability officer to establish metrics for reporting waste diversion. OIG urges DSS to continue to work with the chief sustainability officer to incorporate the private haulers' diversion rates into the Citywide waste diversion rate.

### OIG Recommendation 7 |

OIG recommended that DSS ensure that private haulers report customers who decline recycling services and consider requiring each private hauler to submit a list of buildings served.

## State of Corrective Action 7 | Not Implemented

DSS received information from private haulers on customers who declined recycling services. However, the Department does not maintain a list of these customers or use the information to schedule inspections. DSS stated it will consider this recommendation as part of its review of waste management regulations. OIG maintains that DSS should collect this information pursuant to MCC § 11-5-190, which requires private haulers to report it to the Department. DSS acknowledged the information could help it develop a proactive enforcement approach. Samuel Diaz

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