



**OFFICE OF INSPECTOR GENERAL
CITY OF ALBUQUERQUE**



**INVESTIGATION REPORT
CASE NO. 14-201**

Solid Waste Management Department
Recycling Carts
Case No. 14-201
Executive Summary

The Office of Inspector General (OIG) conducted an investigation concerning the Solid Waste Management Department's (SWMD) recycling cart program. This investigation was predicated upon a tip received via the OIG hotline.

A complaint was brought forth relating to recycling carts recently purchased by SWMD for the current recycling program and citywide rollout of carts. The complaint alleged that there were 5,000 extra recycling carts purchased unnecessarily, which are going unused.

METHODOLOGY

- Review of purchasing documents
- Review of contracts for the carts
- Interviews of appropriate City personnel

Our investigation was conducted in accordance with fraud investigation techniques, which include-but are not limited to examination of records, documents, interviews with appropriate personnel, and other evidence-gathering procedures as necessary under the circumstances.

OBJECTIVE

- *Is there evidence to support the allegation of fiscal mismanagement?*

FINDING

- There is no evidence to prove that the Solid Waste Management Department purchased an excessive quantity of recycling carts nor is there evidence to prove they were wasteful in their spending.



CITY OF ALBUQUERQUE

Office of Inspector General

P.O. BOX 1293, ALBUQUERQUE, NM 87103

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Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Investigation: Recycling Carts
Solid Waste Management Department
14-201

FINAL

INVESTIGATIVE REPORT

ALLEGATION:

On October 10, 2013 the Office of Inspector General (OIG) received a tip via the OIG hotline. The tip was regarding a concern about “fiscal mismanagement” at the Solid Waste Management Department (SWMD) with regard to the recycling cart program.

According to the complainant, SWMD allegedly “ordered an extra 5,000 recycle carts” unnecessarily. The carts were allegedly ordered even after several SWMD employees expressed concerns to upper management that the extra carts were not needed. According to the complainant, “That’s 5,000; they cost \$47.00 a piece ... that’s \$235,000 for carts that we’re (SWMD) not going to use or are going to sit out”.

CONCLUSION:

In reviewing the facts of the case, although SWMD had a large quantity of recycling carts on hand, the OIG did not find the amount to be excessive or wasteful. We learned that by entering into a National IPA Contract, SWMD was able to get a better price per unit when ordering the recycling carts. It was also more cost effective to order a larger quantity of carts.

According to the Acting Director, SWMD plans to ask customers who received the 64-gallon recycling cart during the initial pilot program if they would like to replace that smaller cart with the new 96-gallon cart.

According to the Acting Director, there are also future plans to utilize the remaining carts in special programs.

INVESTIGATION DETAILS:

There have been a few recycling cart programs over the past several years. The chart below shows the different types of carts that have been ordered and how they have been utilized.

Program	Time Period	Number of Carts Ordered	Capacity	Color	Delivered To
Initial Program	2006	1,283	96 gallon	Green	Multi-family dwellings and City offices
Second Pilot	FY 2008 and FY 2009	12,640	64 gallon	Blue	Households (mainly westside)
Pilot Expansion	FY 2012	22,428	96 gallon	Blue	Households
City Wide Rollout	30-Aug-12	146,000	96 gallon	Blue	Households (* 141,185)
Additional ordered	10-Jul-13	1,872	96 gallon	Blue	Extra carts

* Out of the bulk order of 146,000 carts, SWMD planned to deliver 140,139 carts to residents; 141,185 carts were actually delivered.

SWMD decided that the blue 96-gallon cart was the “preferred” cart, and between the pilot expansion and the citywide rollout, a total of 170,300 blue 96-gallon recycling carts were purchased.

Interviews with SWMD Employees

Some SWMD employees told us they believed too many recycling carts had been ordered. The OIG learned that during the citywide rollout, there were days where SWMD was coming up short on deliveries, which may have been a factor in ordering additional carts. However, the OIG was also informed that there were instances in which there were carts remaining at the end of the delivery day. OIG was told that a couple of employees suggested that management wait and see how everything balanced out in the end before ordering additional carts. Additionally, participation in the program is not mandatory, and households can refuse a recycling cart. Any broken carts deemed repairable are refurbished and returned to SWMD’s on-hand inventory. The carts, including the lids, are covered under a ten-year warranty.

Purchasing

Purchasing documents for the recycling carts show that SWMD entered into a cooperative agreement -- a National IPA Contract -- with the City of Tucson. Purchase was for the carts themselves, as well as for assembly and delivery of the carts. The OIG learned that when large quantities are ordered in these types of cooperative agreements, you get the best price per unit.

Documents show that for the bulk order of the 146,000 carts purchased for the citywide rollout, the price per unit was \$47.05. The additional 1,872 carts ordered thereafter were priced at \$49.00 per unit.

In reviewing the purchasing documents, the OIG could not find the extra 5,000 carts that were referenced in the complaint.

Storage of the Carts

At the time the tip came in, the extra recycling carts were being housed at the former U.S. Armory, located at 400 Wyoming Blvd. NE. The carts were delivered directly to the former armory by Toter, the manufacturer of the carts. Upon completion of the citywide rollout, SWMD began the process of transferring the carts from the former armory to the SWMD facility, located at 4600 Edith Blvd. NE. Information provided to the OIG indicate, that there were 10,974 recycling carts remaining after the citywide rollout was completed.

Interview with SWMD Acting Director

The Acting Director for SWMD stated that prior to the full City rollout, there were approximately 146,000 households that did not have a recycling cart. Approximately 32,000 households already had carts from previous pilot programs. However, not all of the 32,000 carts were the correct color or the correct size. The Acting Director explained that the current program is based on the blue 96-gallon cart. The green carts and the blue 64-gallon carts from previous pilot programs are now considered “off-spec”. All the current messaging and education is for the blue 96-gallon cart, and it is important for the public to know that there is only one recycling program in the City of Albuquerque.

The Acting Director confirmed that participation in the program is not mandatory and that 1,398 of the delivered carts were refused by customers. From her calculations, she estimated there were 8,085 carts in inventory, including the refusals.

The OIG asked if anyone ever recommended that SWMD hold off on ordering more recycling carts, and to just wait and see how everything balanced out in the end. The Acting Director did not understand the concern about there being too many carts when there are approximately 179,000 households in need of a cart. Between the rollout and what remains in inventory, SWMD has not exceeded 179,000. The Acting Director indicated that if anything, SWMD is still short carts and will likely need to order more.

On-hand Inventory

SWMD always tries to have at least a couple of thousand carts on hand so that replacements can be provided immediately and the customer will have no delay in service. The windy season, which begins in March, is traditionally when customers tend to lose their carts. There are a number of losses during this time, and customers cannot be asked to wait a couple of months for

a new cart to come in. In addition to having carts on hand for warranty issues, SWMD also keeps carts on hand for special events, such as Balloon Fiesta.

Additional Plans and Projects

At the time the OIG spoke with the Acting Director, SWMD had plans to start replacing the off-spec carts with the carts that are in inventory. To date, the 1,283 green carts that were located in City offices and multi-family dwellings, have been replaced with the blue 96-gallon cart. With regard to the 64-gallon carts, SWMD planned for a warranty lid replacement program, which began January 16, 2014. According to the Acting Director, there are 10,882 of these smaller size carts, and most of the lids are quite worn or broken. Additionally, as the lids are replaced, SWMD will leave door hangers informing customers that the lid on their cart has been replaced, and that they can switch their current cart for a new 96-gallon cart. The switch from 64-gallon to 96-gallon will not be mandatory; however, it is anticipated that given the opportunity, most customers will want the bigger cart. Customers can place more materials in the bigger cart as there are now more materials that are recyclable.

The OIG learned that SWMD had actually planned to begin the lid and cart replacements in November (2013), and that is why they made sure to have the inventory on hand at that time. Given the delayed start for the replacements, there would have been a little more time in January and February (2014) to order more carts. However, the Acting Director did not know if she would have made the choice to wait being that the price for the carts was a good price. She indicated that the price of the units has already increased. She was unsure of the current price of the units, but stated SWMD will not get the same price on future orders.

As for the “off-spec” carts being replaced, the Acting Director indicated these will not go to waste. There are plans to integrate a subscription yard waste program in the next couple of years, and the green carts will be redistributed for that program. Although the blue, 64-gallon carts are not considered the standard program, there have been some requests for the smaller cart. Most of the requests come from the elderly and from those households that have stricter neighborhood association covenants.

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