FEBRUARY 10, 2021

STATEMENT TO THE COMMITTEE ON ETHICS AND GOVERNMENT OVERSIGHT AND THE COMMITTEE ON ENVIRONMENTAL PROTECTION AND ENERGY, SITTING JOINTLY, REGARDING THE OFFICE OF THE INSPECTOR GENERAL'S COMMERCIAL AND HIGH-DENSITY RESIDENTIAL RECYCLING ENFORCEMENT AUDIT

Thank you, Committee chairs and members, for the opportunity to speak to you this afternoon about the Office of Inspector General’s (OIG) 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 housing units.

The Chicago Recycling Ordinance requires owners or occupants of such buildings to “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.” The Ordinance further requires that the City provide 30 days for buildings found in violation of the hauling provision to come into compliance. Continued noncompliance can result in fines ranging from $500 to $5,000 per day. Finally, the Recycling Ordinance requires private haulers to submit annual reports detailing the sources, types, and amounts of recyclables they collect. This information facilitates calculating waste diversion rates, setting goals, and monitoring progress toward those goals.

The objective of OIG’s audit was to determine if DSS ensured that building owners and occupants secured the required recycling collection services and that private haulers submitted the required reports.

A. OIG FINDINGS

OIG found that DSS did not meaningfully enforce the Recycling Ordinance. While ward superintendents conducted informal inspections upon request, there was no standard inspections process and the outcomes of even those requested inspections that did occur were not recorded consistently. In fact, the Department’s Mobile E-Ticket (MET) citation system was not programmed to allow users to issue citations for Recycling Ordinance violations. This constituted a significant barrier to enforcement, of which DSS personnel themselves spoke. Notably, when the former Department of Environment (DOE) was responsible for enforcing the Ordinance, the City was capable of issuing citations. Then-Mayor Emanuel disbanded DOE in 2011, however, and transferred enforcement responsibility to DSS. The Department acknowledged
that it had not met its responsibility to enforce the Ordinance, focusing instead on operating the City’s blue cart recycling program for residential buildings with one to four units.

Although DSS did not maintain a list of buildings subject to the Recycling Ordinance, data from the Census Bureau’s 2018 American Community Survey shows that nearly 500,000 units, or about 41% of Chicago households, were in buildings with five or more units. In addition, there were approximately 60,000 licensed businesses in Chicago that were required to procure private refuse and recycling hauling services. Without enforcement of the Ordinance, many of these households and businesses may not be recycling.

OIG also found that DSS did not ensure that private haulers submitted the reports required under the Recycling Ordinance in a complete, accurate, and timely manner. The Ordinance requires haulers to provide these reports each year by February 28th or risk fines. Furthermore, the Ordinance requires the DSS commissioner to “review and approve the adequacy” of each annual report submitted by a private hauler and refer haulers to the Department of Business Affairs and Consumer Protection (BACP), which is authorized to withhold renewal of their business licenses until they file complete reports.

In 2018, there were 15 private waste haulers subject to the Recycling Ordinance’s reporting requirements. OIG found that, of the 15 required reports, DSS:

- possessed only nine, three of which were submitted after the February 28, 2019 deadline;
- obtained another four only after receiving our October 2019 request; and
- did not possess or obtain the remaining two.

Moreover, of the 13 reports OIG reviewed, 5 were incomplete. Finally, the Department did not review the adequacy of the reports or cite haulers who failed to submit them in a timely and complete manner. The data in these reports could help DSS calculate diversion rates, set appropriate goals, and monitor progress toward those goals.

B. OIG RECOMMENDATIONS

OIG recommended that DSS, working as necessary with the Department of Law and the Department of Assets, Information and Services, compile a complete and accurate address list of buildings subject to the Recycling Ordinance and configure the MET system to allow users to issue citations for recycling violations. We further 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. And we
recommended that DSS, in coordination with the City’s chief sustainability officer, develop a proactive enforcement program, in addition to continuing to respond to complaints through 311 and ward offices.

Regarding haulers, OIG recommended that DSS ensure that they submit complete, accurate, and timely reports. We also recommended that DSS, as required by the Recycling Ordinance, review each annual report and notify BACP of noncompliant haulers. Next, we recommended that DSS review the design of the annual reports to ensure it supports the City’s recycling goals, and that the Department develop procedures to incorporate private haulers’ diversion data into a citywide waste diversion rate. Finally, we recommended that DSS enforce the Ordinance provision requiring private haulers to report customers who decline recycling services, and consider requiring each hauler to submit a list of buildings it serves.

C. DSS’ RESPONSE

In response to OIG’s audit, DSS stated that it agreed with our findings and recommendations, and would implement corrective actions. DSS reported that it began working with the Departments of Law and Assets, Information and Services to revise citation processes and add the Recycling Ordinance to the MET system. DSS also noted that the City had engaged a consultant to conduct a comprehensive waste study, and was awaiting the results before developing a proactive enforcement strategy. Depending on its scope, the waste study may also inform any changes to the design, collection, and usage of private hauler reports. We note, however, that a number of OIG recommendations warrant fixes irrespective of consultant input and program changes ensuing from it, and do not require any meaningful budgetary considerations to immediately render aspects of the program more effective.

The occasion of an OIG performance audit is too often reported for its critique, when in fact it is an essential mechanism through which the City identifies and acts on opportunities for improvement. These engagements are therefore routinely marked by extensive cooperation and candor between OIG and auditee staff; that is certainly the case with our DSS audits. In closing, therefore, we note and express our gratitude to DSS for its cooperation and we look forward to evaluating the Department’s progress in fulfilling our recommendations. We also thank the Committee chairs and members for convening this hearing and giving us the opportunity to support legislative oversight of this crucial City function.

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